



August 29th, 2022

Joint City and School Board Meeting

STAFFORD MUNICIPAL SCHOOL DISTRICT

BUDGET BOOK (To be Adopted)

FISCAL YEAR 2022-2023



CITIZEN'S GUIDE TO OUR BUDGET

WHAT IS THE STAFFORD MSD BUDGET?

The SMSD budget is an annually revised document that describes the financial performance and the detailed financial allocations made to maintain campus and department operations for the proposed budget year.

WHAT IS THE PURPOSE OF A BUDGET?

The objective of the budget is to communicate the financial plan about operations to the public, the Stafford Board of Trustees, the Stafford City Council and all members of the organization for each budget year.

WHAT ARE PROPERTY TAXES?

Property taxes are funds that are levied, assessed, and collected annually (ad valorem taxes) for the further maintenance of schools in the district and to pay bonds issued by SMSD.

WHAT IS A TAX RATE?

It is the amount of dollars levied per \$100 of taxable value (after exemptions). The resulting amount is called Ad Valorem Taxes.

WHAT IS AD VALOREM TAX?

Ad Valorem Tax is the Property Tax (after exemptions) that is placed on all the property within the district's jurisdiction. The appraised value is determined by the Fort Bend County Appraisal District and the Harris County Appraisal District. SMSD has a maintenance and operations tax of \$.9639 by law without a Tax Ratification Election for FY 21-22/ For FYI 22-23, the rate has gone down to .8546. The debt service rate is \$.2547. The total tax rate is \$.8546 + .2547 = \$1.1093

HOW ARE PROPERTY TAXES CALCULATED?

They are calculated by taking the taxable value (after exemptions) divided by 100 and multiplied by the tax rate:

Average Appraised Value	\$ 149,459
Less 20% Homestead Exemption	<u>29,892</u>
<u>Less \$40,000 State Exemption</u>	<u>40,000</u>
Total Taxable Value	\$ 79,567

SMSD Proposed Tax Rate \$1.0993/per \$100 valuation
\$79,567 = **\$795.67** x \$1.0993 = **\$874.68** Total Property Tax Due Per Year
\$100

WHAT IS THE EFFECT OF A ONE PENNY INCREASE IN TAXES FOR A RESIDENTIAL OWNER?

The effect is \$48 per year. (**\$795.67** x \$1.1693) = \$930 minus **\$883** = \$55.32 per year

WHERE CAN I GET ADDITIONAL INFORMATION ABOUT STAFFORD DISTRICT BUDGET?

- SMSD Web Page: <http://www.staffordmsd.org>
- Contact by email: jamezcua@staffordmsd.org or gmartinez@staffordmsd.org
- Write: Stafford Municipal School District
C/O Communications Office
1633 Staffordshire Road, Stafford, Texas 77477

Stafford MSD



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INTRODUCTION





INTRODUCTORY INFORMATION

Stafford Municipal School District

Principal Officials

BOARD OF TRUSTEES

Trustee Name

Manuel Hinojosa, President
Christopher Caldwell, Vice President
Ash Hamirani, Secretary
Jacqueline Jean- Baptiste
Dawn Reichling
Patricia Soza Montelongo
Suzette Thompson

CITY COUNCIL

Council Member

Term Expires

Cecil Willis Jr., Mayor
Virginia Rosas
Xavier Herrera
Wen Guerra
Ken Mathew
Alice Chen
Don Jones

2023
2022
2023
2024
2023
2024
2022

ADMINISTRATIVE OFFICIALS

Name of Official

Position

Years at SMSD

Dr. Robert Bostic	Superintendent	8 yrs
Dr. Almus Kadir	Chief Academic Officer	3 yrs
Dr. Dawn Dubose	Chief of Schools	3 yrs
Jesus J. Amezcua, CPA, PhD RTSBA, CPFIM	Interim Chief Financial Officer	2 months

OFFICIAL ISSUING REPORT

Name of Official

Position

Years at SMSD

Jesus J. Amezcua, CPA, PhD, RTSBA, CPFIM	Interim Chief Financial Officer	4 months
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35+ years in school districts/local govt.

Stafford Municipal School District

Consultants and Advisors

AUDITORS

Whitley Penn LLP
3737 Buffalo Speedway Suite 1600
Houston, Texas
77098

BOND COUNSEL

Orrick Inc.
609 Main Street, Suite
40th Floor
Houston, Texas 77002

DEPOSITORY BANK

Frost National Bank
3531 South Main Street
Stafford, Texas 77477

FINANCIAL ADVISOR

RBC Capital Markets
1001 Fannin Street, Suite 1200
Houston, Texas 77002

GENERAL COUNSEL

KBS Law Group
3700 Buffalo
Speedway
Houston, Texas 77098



Robert Bostic, Ph.D.
Superintendent of Schools

Board of Trustees
Manuel Hinojosa
President

Christopher Caldwell
Vice President

Ash Hamirani
Secretary

Jacqueline Jean-Baptiste

Christopher Caldwell

Dawn Reichling

Patrici Soza Montelongo

August 29, 2022

Members of the City Council
City of Stafford
1633 Staffordshire
Stafford, Texas 77477

Members of the Board of Trustees
Stafford Municipal School District
1633 Staffordshire
Stafford, Texas 77477

Dear Trustees:

We are pleased to present the Stafford Municipal School District's Annual Budget for fiscal year 2022-2023. This budget presents the district's finance and operations plan.

Introduction

In accordance with State requirements, we are presenting our projected budget to the Board of Trustees and to the City of Stafford community. We encourage you and our citizens to engage in positive dialogue in fine tuning our budget proposal for 2022-2023. Given the limited resources, our staff has developed a financial plan for the 2022-2023 General Fund, Debt Service Fund, and Food Service Fund Budgets. The development, review and consideration of the 2022-2023 budgets were completed with a detailed review of every revenue and expenditure item within the context of the department's mission, goals and financial policies. This document provides information on each of the fund budgets. In addition, we also provide information about our projected grants for 2022-2023, which we account as Special Revenue Funds.

The primary purpose of this document is to provide timely and useful information concerning the past, current, and projected financial status of the district, in order to facilitate financial decisions that support the educational goals of the school district. This budget's main focus is the education of Stafford MSD children and its instructional program with the fiscal resources available to the district. This budget addresses the essential needs of the district by directing resources to those areas that will assist our staff in carrying out the mission of SMSD.

With this budget, we are continuing to use a combination of site based budgeting and program budgeting. Budget allocations were made based on projected funding, and schools and departments were requested to prioritize their allocations based on their needs assessment. Furthermore, the district utilized program budgeting model to identify costs by function and program intent. The district also utilized its District and Campus Improvement Plan in the development of priorities and allocation for FY 2022-2023.

This budget document is the first step towards achieving these goals. It includes sound, prudent fiscal policies that will ensure the delivery of efficient and effective instructional programs. Stafford MSD is proposing a **balanced budget approach** for the General Fund, the Debt Service Fund and the Food Services Fund. Our financial plan and strategies are provided next in our report.

About Stafford MSD

Hidden between the metropolis of Houston and the growing East Fort Bend County, Stafford Municipal School District maintains its small-school environment while addressing educational needs of the 21st century. What began as a grassroots mission with 547 students has evolved into a mid-sized, 3A public school district with an enrollment over just 3,355.

The tree-lined complex is home to five campuses, addressing instructional needs of students from full-day Pre-Kindergarten through 12th grade. SMSD facilities are designed to allow all of its students to attend elementary and secondary schools without the disruption of ever-changing school attendance zones. Dual Language programs in Vietnamese-English and Chinese English are available at Kindergarten, 1st, and 2nd grades. All classrooms are equipped with instructional technology including computers, interactive white boards, and projectors.

The district prides itself in allowing students to participate in as many school activities and organizations as possible, provided that high academic standards are maintained. Students can participate in UIL academic competition in addition to UIL athletic programs including football, baseball, softball, basketball, volleyball, track, power-lifting, and cross-country. The district also is one of the very few 3A districts to offer boys and girls soccer and swimming. Stafford High School athletes have been named not only to all-district and all-state athletic teams but also to Academic All-State teams. The Mighty Spartan Band earned UIL Sweepstakes recognition for three consecutive years and Choir students earn places in area, region, and state choirs. The choral department also annually presents a full-scale musical production which includes students from kindergarten to 12th grade. FFA, JROTC, and DECA students have participated at state, national and international competitions.

As the only municipal school district in the state, the district partners with the City of Stafford by utilizing the city's municipal swimming pool and the Stafford Civic Center, both located within the district's complex. These facilities allow extension in curriculum by offering swimming lessons to second and fourth graders and by allowing the performing arts a formal venue for student functions. The city also provides use of the Stafford Centre, a full-performance venue, for fine arts programs and banquets and underwrites the cost for all high school juniors to prepare for SAT college entrance exams through a comprehensive SAT Preparatory Course.

Mission Statement

The Stafford MSD mission statement is as follows:

The mission of SMSD, a diverse and visionary learning community, is to prepare each student to become a critical thinker and an ethical, productive citizen, in the pursuit of excellence through an unwavering commitment to provide multiple life and learning experiences led by dedicated professional using innovative teaching techniques in an engaging learning environment.

SMSD shared beliefs

- . . . everyone can learn.
- . . . morality and integrity are important.
- . . . everyone is worthy of respect.
- . . . applied knowledge creates opportunities.
- . . . everyone has the responsibility to use resources efficiently.
- . . . work ethic is a key to success.
- . . . optimism fuels momentum.
- . . . individuals have the potential to become leaders.
- . . . fun is a positive component for life-long learning.
- . . . creativity flourishes in a safe environment that promotes innovation and self-expression.
- . . . trust is vital.
- . . . understanding diversity strengthens a community.
- . . . service to others promotes community and builds character.
- . . . everyone deserves fair and equal access to education.

Seven Strategic Areas

1. We will develop and implement a program that will address college and career readiness.
2. We will implement innovative, engaging, nonconventional, instructional, and enrichment activities to achieve the mission and objectives.
3. We will energize and integrate all aspects of our diverse community, businesses and parents into full support and implementation of the mission and objectives.
4. We will identify, attract, train and retain highly-qualified professionals who expand their jobs beyond official boundaries.
5. We will supplement existing school funding by development and fostering a financially supportive relationship with the SMSD business community while using creative approaches to research alternative funding sources to accomplish the mission and objectives.
6. We will continuously adapt our infrastructure to create an engaging learning environment.
7. We will make technology a priority and make sure it is flexible and reflective of current trends.

Strategic planning objective

1. 100% of SMSD students participate annually in at least one community service project and complete a minimum of 30 hours required for graduation.
2. 100% of SMSD students engage in problem-based learning every semester.
3. 100% of SMSD students participate annually in history or science fairs.
4. 100% of SMSD students demonstrate ethical behavior.
5. 100% of SMSD students graduate college and/or career ready.

Budget Process and Significant Changes

Legal Requirements in Preparing the Budget

The Texas Education Code requires that a local education agency prepare a budget of anticipated expenditures and revenues on or before August 20. The Board is required to adopt a budget before August 31. The budget must be itemized in detail according to classification (object) and purpose of expenditure (function) and be prepared according to General Accepted Accounting Principles.

The budget must be legally adopted before the adoption of the tax rate. The president of the Board of Trustees must call a public meeting of the Board of Trustees giving ten days public notice in a newspaper for the adoption of the budget. Any taxpayer in the district may be present and participate in the meeting. The budget must be adopted by the Board of Trustees, inclusive of budget amendments no later than August 31.

Budget Development Process

The budget development process comprises three stages: planning, preparation, and evaluation. The first phase, planning, involves defining the mission, goals, and objectives of campuses, divisions, and the district.

Once these plans and programs have been established, the preparation phase of budgeting begins by allocating resources to support them. During this phase, individual, as well as group training workshops, were held with principals and department directors to guide them in developing their budgets. Statistics, trends and budget to actual data have been utilized to make accurate projections and decisions for the district. The Human Resources Department played an important role assisting the Business Office in the budget process as they provided input in the development of compensation plans, stipend plans, and salary budgets utilizing established staffing guidelines.

Evaluation is the last step of the district's budget cycle, in which information is compiled and analyzed to assess the performance of each individual campus and department, as well as the district as a whole. This evaluation is carried out during the external audit process and the strategic planning process annual update.

The budgeting process for Stafford MSD was initiated on May 9, 2022, meeting through a joint meeting with SMSD Board and the Stafford City Council. The purpose of the joint meeting was to begin working very diligently with the administration to ensure that all financial resources are allocated effectively. As required by State law, a public hearing on the budget and tax rate will be held on August 29, 2022, at 7:00 P.M. in the Stafford Civic Center. Notice will be provided as required by Section 44.003 of the Texas Education Code. In addition, the district will concurrently post a summary of the proposed budgets on the SMSD website as required by Section 44.0041 of the Texas Education Code

The following calendar was scheduled and followed to review financial data over an eight-month period prior to adoption of the budget by the City Council and the Stafford MSD Board of Trustees.

2022-2023 Budget Workshop Calendar – Joint Body

Monday June 8, 2022	Budget Workshop – first meeting with the Board to discuss budget projections and goals
Monday, June 13, 2022	Budget Meeting – second meeting with the Board to discuss budget projections and salary increases
Wednesday, June 22, 2022	Budget Workshop – third meeting with the Board and Council to discuss detailed budget and personnel projections
Monday August 8, 2022	Budget Workshop – third meeting with the Board and Council to discuss detailed budget and personnel projections
Monday August 29, 2022	Special Meeting – public hearing on budgets followed by adopting budgets in accordance with TEC 11.303
Monday August 29, 2022	Special Meeting – public hearing on tax rates followed by adopting tax rate in accordance with TEC 11.303

CITY OF STAFFORD CITY COUNCIL



STAFFORD MSD BOARD OF TRUSTEES



Manuel Hinojosa

Board President, Position 2



Christopher Caldwell

Board Vice President, Position 6



Ash Hamirani

Board Secretary, Position 3



Jacqueline Jean-Baptiste

Board Member, Position 7



Dawn Reichling

Board Member, Position 1



Patricia Soza-Montelongo

Board Member, Position 5



Suzette Thompson

Board Member, Position 4

Budget Document Purpose and Basis for Presentation

This document, as a whole and the year-end Comprehensive Annual Financial Report (CAFR) are the primary vehicles used to present the financial plan and the results of operations of the district. This document was prepared in the format necessary to meet the requirements of the Association of School Business Officials (ASBO) *Meritorious Budget Award* program and the Government Finance Officers Association (GFOA) *Distinguished Budget Presentation Award* program. To receive these awards, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. These awards are for a period of only one year.

ASBO and GFOA presented their Budget Presentation Awards to Stafford Municipal School District for its 2009/2010, 2010/2011, 2011/2012 and 2012/2013. For Fiscal year 2013-2014, the GFOA also awarded the Budget Document to Stafford MSD.

However, the primary purpose of this document is to provide timely and useful information concerning the past, current, and projected financial status of the Stafford Municipal School District to facilitate financial decisions.

Budget Document Sections

The district's budget is organized into four major sections: *Introductory*, *Organizational*, *Financial*, and *Informational*. All sections include sub-sections that assist the reader in understanding all areas that drive the annual budget of Stafford

Municipal School District.

The **Introductory Section** provides a complete overview of the entire budget document. The Introductory Section is the budget in narrative form (charts, tables and graphs are used to assist the reader in this section as well as all other sections and sub-sections). This section includes the following sub-section: *introductory information*.

The **Organizational Section** describes SMSD – who we are, where we are located, how our organization is structured, how our financial system functions and the budgets thereto, and the significant areas that impact the finances of the District. This section informs the reader on the district’s budget policies and development process, long range goals, and the budget calendars used to adequately prepare and review the budget document. This section of the budget document includes the following sub-sections: *district information, enrollment information, academic information, accounting information, and significant budget and financial information*.

The **Financial Section** is typically what we consider to be “the budget.” This section is organized in a hierarchal order starting with the general fund. Charts, tables and graphs explain significant budget data. Included in this section are schedules for the General Fund, School Nutrition Fund and Debt Service Fund. Schedules are also provided that focus on key financial trends and the direct impact on the district’s fund balance. This section includes the following sub-sections: *budget information, general fund information, food service information, debt service information, construction fund information, grant information, and financial accountability information*.

The **Informational Section** is the final section of the budget document. This section is full of explanatory information such as account code explanations, terms often used in school finance, and other district-related information. This final section includes the following sub-sections: *performance measures section, personnel information, department information, tax information, and additional information*.

Amending the Budget

A budget is an estimate of planned expenditures and expected revenues. Many changes can take place between estimating for the proposed budget in March and April and the start of the new fiscal year in September. Program and operational changes will mean budget changes. These changes to the budget are made in the form of budget amendments. Any increase or decrease in the budget requires board approval. Changes to revenues also require budget adjustments before the end of the year. *Changes to expenditure between budget functions required board action*. All other changes are submitted by campuses and departments to the Business Office for review and processing.

Significant Changes

No significant changes have been made to the budget process or policies related thereto. The budget development process for the 2022-2023 began to see signs from an economic recovery. Generally, school districts expect an increase in tax revenues due to an increase in tax values. Even with the anticipation of increased revenues,

appropriations were carefully reviewed and increased by 10.6% from the adopted budget. Preliminary estimates from the Fort Bend and Harris County Appraisal Districts anticipate a 15 % increase in property values. Stafford MSD is projecting that the final valued will be approximately only 24% increase. This budget includes a \$1,300 salary increase for teachers and 2% for all other staff. The district has also opted to fund the after-school program from local resources. A balanced budget was achieved with these necessary changes.

Major Goals and Objectives of Budget Process

The following major goals and objectives have driven the budget process so that the focus is curriculum:

- To adopt a budget that is both consistent with SMSD's mission and strategic plan, achieving financial integrity and national recognition for excellence in academics by maximizing benefits from resources available.
- Provide resources necessary to support the SMSD curriculum and SMSD activities.
- Provide a compensation package that recruits, attracts, and retains highly qualified staff.
- Provide resources necessary to reach the goals established in all campus improvement plans as well as the district improvement plan; and
- Provide programs and opportunities for all students to exceed their educational goals.

Budget Highlights

Summary of Proposed Budgets

The District utilizes ***Governmental, Proprietary, and Fiduciary fund types***. The District's Governmental fund type is comprised of General Funds, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Proprietary Fund includes the Internal Service Fund. The Fiduciary fund type includes Agency Funds. It is important to note that the Department approves the annual budgets for the General Fund, Internal Service Fund and Debt Service Funds. Agency Funds and Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year end and are not subject to Board approval; the information presented on these funds is for information purposes only.

The annually adopted budget includes the general, food service, and debt service funds (which also serve as the highest area of public interest). The annual budget serves as the foundation for the district's financial planning and control. SMSD maintains budgetary controls throughout all of its financial systems in order to ensure compliance with legal provisions embodied in the appropriations approved by the Board and City Council.

The following table presents a comparison of the proposed expenditures for General Funds with a comparison of the estimated expenditures for fiscal year 2022-2023. The budget prepared for governance approval is as follows:

	General Fund	Food Service Fund	Debt Service Fund	Total Annual Budget
Estimated Revenues	\$ 38,981,391	\$ 2,253,549	\$ 9,367,752	\$ 50,602,692
Appropriations	\$ 40,381,391	\$ 2,253,549	\$ 9,367,752	\$ 52,002,692
Excess of Estimated Revenues over Expenditures	\$ (1,400,000)	\$ 0	\$ -	\$ (1,400,000)

The construction fund and grant entitlements have been included in this budget document for informational purposes only – not for formal approval. The total **proposed tax rate** for 2022/23 is **\$1.0993** per \$100 of valuation.

General Fund Summary

The general fund serves as the district’s primary operating fund. It accounts for all financial resources of the district except those required to be accounted for in another fund.

The 2021 tax rate for the general fund is currently **\$1.1693** which is the maximum tax rate allowable for SMSD without calling for a tax ratification election (TRE). District administration has plans to request the calling of a TRE for FY 2023/2024. Under current tax code, 17 additional pennies are available; The District is currently using 5 pennies. Only 3 additional pennies would be free of recapture – the other 9 cents would result in 80% of new collections staying in Stafford and remaining 20% going to the State for redistribution.

Stafford MSD is considered a “property wealthy” school district for the 2022/2023 school year. The district has exceeded the property wealth level set by the State each and every year since the start of “Robin Hood” or “***Chapter 41***” and the 87th Legislative session did not change this status for the upcoming biennium.

For fiscal year 2022-2023, there were a number of changes to the state funding elements. The formula elements that have been revised include:

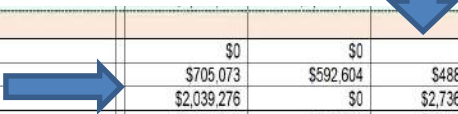
- ✓ an increased basic allotment (from \$5,040 in 2014–2015 to \$6,160 in 2022–2023),
- ✓ an increased equalized wealth level in Tier I (from \$504,000 in 2014–2015 to \$616,000 in 2022–2023),
- ✓ an increased guaranteed yield for the first level of Tier II from \$61.86 to \$98.56.

A 20% local homestead exemption (LHE) is currently offered to the taxpayers. The SMSD Board of Trustees approved the continuation of this tax benefit for the Stafford homeowners for the 2022 tax year. The state-wide election approved an additional increase to the Homestead exemption from \$25,000 to \$40,000 for tax year 2022. The increase in this exemption will reduce local taxes and the State of Texas will provide

additional State Aid to replace lost local revenues.

Stafford will be receiving the transitional allotment grant for hold harmless passed in 2019. The effect of this grant increases the allotment every other year, and it is expected to end in 2023-2024. In FY 22, there was no transitional grant, and in FY 23, it is projected at \$2.7M. A VATRE (Voter Approved Tax Ratification Election) Election will be needed to replace this funding, or the grant extended by the Legislature.

Below is a history of the grant allotment:

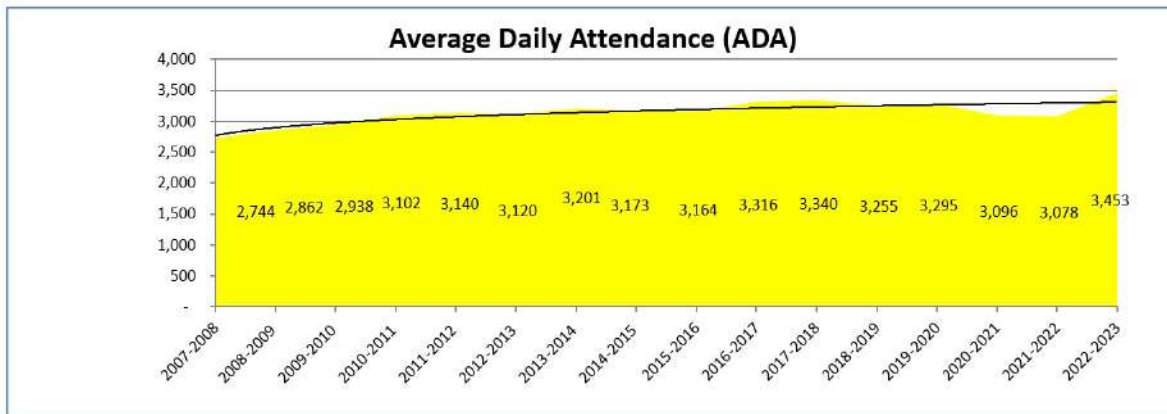


Foundation School Program (FSP) State Funding						
43.	FSP State Share of Tier I (Line 40 - Line 41 - Line 42)	\$0	\$0	\$0	\$0	\$0
44.	Tier II State Aid	\$705,073	\$592,604	\$488,725	\$346,282	\$198,629
45.	Other Programs	\$2,039,276	\$0	\$2,736,212	\$1	\$0
46.	Total FSP Operating Fund	\$2,744,349	\$592,604	\$3,224,937	\$346,283	\$198,629
State Aid by Fund Code / Object Code - Funding Source						
M&O State Aid		2020-21	2021-22	2022-23	2023-24	2024-25
47.	199/5812 - Foundation School Fund	\$2,744,349	\$592,604	\$3,224,937	\$346,283	\$198,629
48.	199/5811 - Available School Fund	\$1,602,565	\$1,647,184	\$1,385,428	\$1,381,236	\$1,553,891
I&S State Aid						
49.	599/5829- Existing Debt Allotment (EDA)	\$0	\$0	\$0	\$0	\$0
50.	599/5829 - Instructional Facilities Allotment (IFA) - Bonds	\$0	\$0	\$0	\$0	\$0
51.	599/5829 - Instructional Facilities Allotment (IFA) - Lease-Purchase	\$0	\$0	\$0	\$0	\$0
52.	I&S Hold Harmless (ASAHE for Facilities on TEA's Report)	\$31,648	\$29,767	\$43,712	\$40,653	\$37,809
53.	TOTAL FSP/ASF STATE AID	\$4,378,563	\$2,269,555	\$4,654,077	\$1,768,172	\$1,790,329
Local Revenue in Excess of Entitlement						
54.	Local Revenue in Excess of Entitlement	\$0	\$0	\$524,703	\$1,881,372	\$3,795,496
FSP Allocations and Adjustments Report						
ADDITIONAL INFO: (Not on TEA's Summary of Finances)		HB 3 2020-21	HB 1525 2021-22	HB 1525 2022-23	22-23 Law Cont'd 2023-24	22-23 Law Cont'd 2024-25
SUMMARY OF TOTAL STATE/LOCAL M&O REVENUE:						
55.	M&O Rev From State (not including Fund 599 & I&S Hold Harmless)	\$4,346,915	\$2,239,788	\$4,610,365	\$1,727,519	\$1,752,520
56.	Gross M&O Rev From Local Taxes	\$27,395,623	\$27,028,531	\$31,317,724	\$32,798,084	\$34,687,207
57.	Tier 1 Recapture	\$0	\$0	\$524,703	\$1,881,372	\$3,795,496
58.	Recapture - Copper Penny Level	\$0	\$0	\$0	\$0	\$0
59.	Net M&O Revenue From Local Taxes	\$27,395,623	\$27,028,531	\$30,793,021	\$30,916,712	\$30,891,711
60.	Less: Credit Balance Due State (only if Line 55 is less than zero)	\$0	\$0	\$0	\$0	\$0
61.	Net TOTAL STATE/LOCAL M&O REVENUE	\$31,742,538	\$29,268,319	\$35,403,386	\$32,644,231	\$32,644,231
SUMMARY OF TOTAL RECAPTURE:						
62.	Tier I Recapture	\$0	\$0	\$524,703	\$1,881,372	\$3,795,496
63.	Recapture - Copper Penny Tier II Level	\$0	\$0	\$0	\$0	\$0
64.	Total Recapture	\$0	\$0	\$524,703	\$1,881,372	\$3,795,496
65.	Less: Formula Transition Grant Funding Credit Against Recapture (if applicable)	\$0	\$0	\$0	\$0	\$0
66.	Total Recapture Payments Due TEA	\$0	\$0	\$524,703	\$1,881,372	\$3,795,496
State Aid Per Capita		\$10,252.67	\$9,506.62	\$10,252.67	\$9,453.63	\$9,453.63

ash reserves are limited in the fall based on prior trends; however, it is projected that a Tax Anticipation Note will be necessary to cover operating expenditures. The projected amount is expected to be \$4,500,000 for the months of November to December.

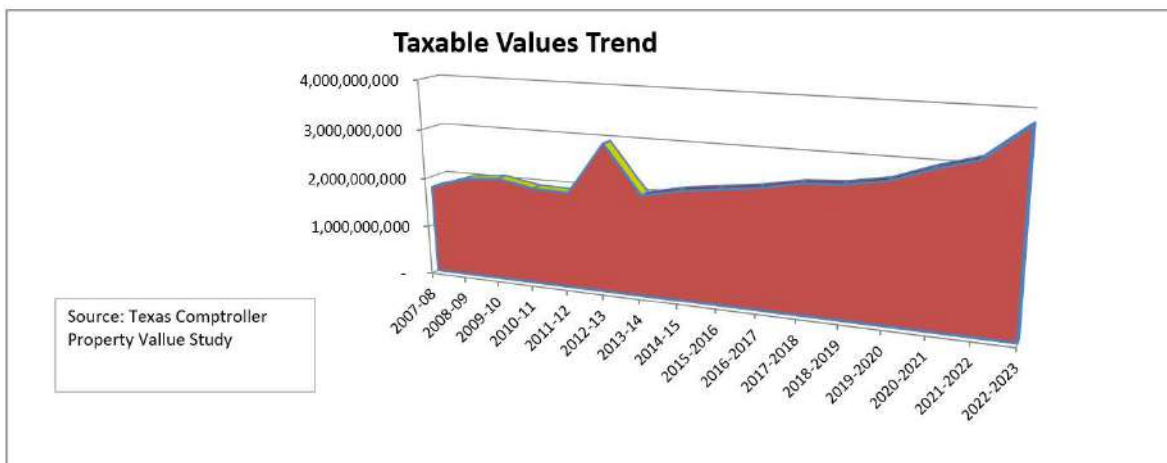
Taxable values from the Fort Bend CAD are in-line with forecasts made during the Vision and Planning (V&P) process. It was anticipated that the final 2022 taxable values will

increase from 2021. While taxable values, under a hold harmless school finance system, have very little positive or negative net impact on SMSD, they impact the debt service tax rate.



The district's enrollment has remained constant over the last school year while taxable values continued to climb (a major contributing factor to Chapter 41 status) up until the 2010 tax year. In 2011 through 2021, there were slight increases in taxable values. For 2022, the values have increased and the preliminary amount is projected at **\$3,785,977,768** or 24.2% increase from 2021 tax values. The charts below identify these trends accordingly. For FY 2022-2023, a projection of **3,453** ADA was used to calculate the state funding.

For fiscal year 2022-2023 (tax year 2022), values of **\$3,785,977,768** were used to calculate the local effort for the maintenance and operations tax efforts in the funding template. It was also used to calculate the necessary interest and sinking tax rate to meet the debt service obligations.



MCR

The state implemented a Maintenance Compressed Rate to reduce taxes when property values increase. The MCR is a function of preliminary values and the local home optional homestead exemption. The MCR for FY 21-22 was .8634 plus 5 golden pennies. The adopted maintenance rate for FY 21-22 was .9134.

Below is the calculation for FY 22-23:

79910	STAFFORD MSD
3785977768	
TY 2021 Value Lost to the Local Optional Homestead Exemption	\$112,138,220
TY 2021 Comptroller Certified School District Taxable Value for M&O Purposes (T2) (with \$25K HE)	\$3,163,542,823
TY 2021 Chief Appraiser's July 25th Certified Taxable Property Values from the Certified Appraisal Roll (with \$25K HE)	\$3,048,333,508
TY 2022 Chief Appraiser's July 25th Certified Taxable Property Values from the Certified Appraisal Roll (with \$40K HE)	\$3,785,977,768
CAD Value Growth (calculated)	24.20%
TY 2022 Property Value No Longer Subject to a Limitation on Appraised Value under Chapter 313, Tax Code	\$0
TY 2022 Property Value No Longer Subject to a Limitation on Appraised Value under Chapter 311, Tax Code	\$0
Total Exemption expiry (E) (per TEC §48.2551 (a))	\$0
Growth Net of Expiring Chapter 313 or 311 Agreements (calculated)	24.20%
TY 2022 Local Optional Homestead Exemption Value Loss	\$120,500,883
Local Optional Homestead Exemption Value Change (calculated)	\$8,362,663
Estimated TY 2022 Comptroller Certified School District Value for M&O purposes (T2) (with \$40K HE)	\$3,910,292,898
Prior Year (TY 2021) Maximum Compressed Tax Rate (MCR)	0.8639
Local Preliminary MCR = $(1.025((TY\ 2021\ DPV+E) * PYMCR)) / TY\ 2022\ T2$	0.7163
TY 2022 State Compression Percentage (lesser of PY State MCR or $(0.9134 * (1.025/1.0436)) - 0.003$)	0.8941
TEC §48.2552 TY 2022 Limitation on Maximum Compressed Tax Rate $(0.8941 * 0.9)$	0.8046
MCR (lesser of state or local compression) (greater of local compression limitation under TEC §48.2552)	0.8046

All MCR calculations and surveys must be approved by the Texas Education Agency. Below is the approval from TEA:

LPV Survey approval

You forwarded this message on Fri 7/29/2022 4:44 PM

kimberley.wall@tea.texas.gov

To: Bostic, Robert; Amezcua, Jesus

Fri 7/29/2022 2:35 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Robert Bostic and Jesus Amezcua,

Kim Wall has APPROVED the LPV Surveys.

Please contact Kim Wall at (512) 463-4809 or taxprograms@tea.texas.gov if you need further information or guidance.

Regards,

The TEA FSP System

Reply Reply all Forward

General Fund

Salaries and benefits account for approximately 77% of the general fund operating budget. The Board of Trustees has approved salary schedules and benefits offered for 2022/23, and the budget included a \$1,300 increase for teachers and 2% salary increase for all employees estimated cost is \$564,948.

The district administration has been closely reviewing all contract renewals, non-renewals, and terminations since February. Positions that have been vacated due to an employment action (resignation, retirement, non-renewal, or termination) have been analyzed by district administration, using appropriate data (enrollment forecasts, staffing ratios, etc.), to see if attrition can be used for the position. Final staffing decisions have been made by the Superintendent so master schedules could be prepared so campuses/departments can prepare for the start of the 2022/2023 school year.

SMSD has prepared the budget for the Board and City Council to consider with the following key assumptions as follows:

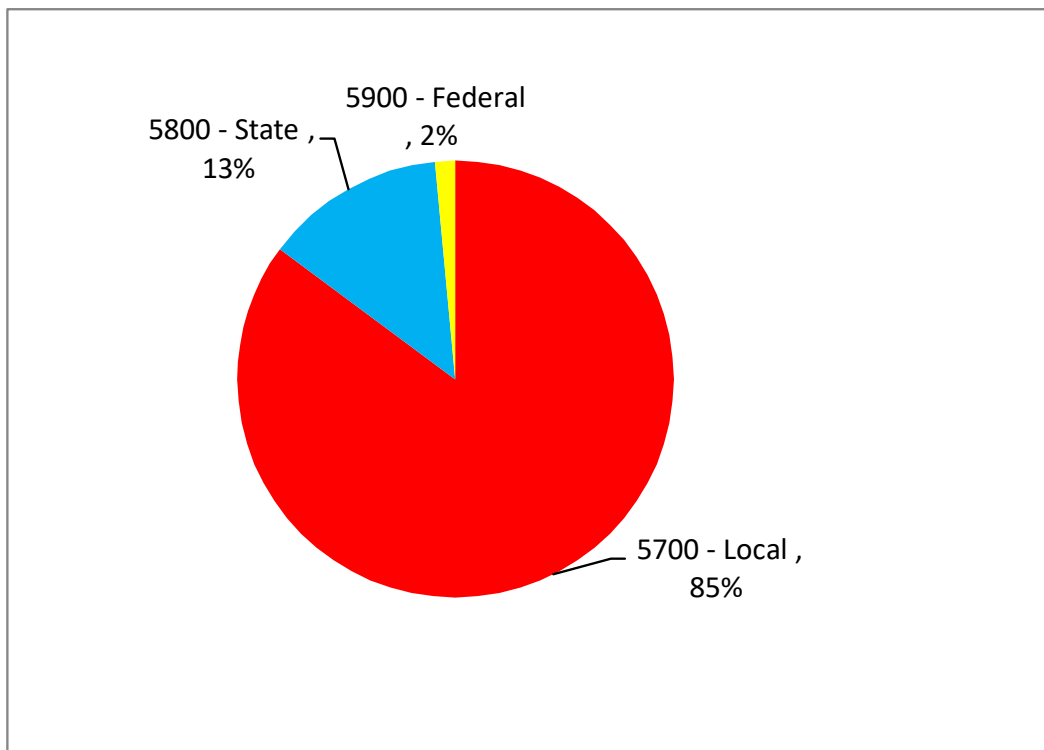
- Be balanced with access to reserve funds if possible
- Retain the 20% local homestead exemption
- Address all federal and state mandates

General Fund (continued)

- Meet SMSD's capacity and growth needs
- Manage the District's resources efficiently and effectively
- Maintain an adequate fund balance

Local property taxes continue to be the most significant revenue source for the District. The graph below shows that nearly 85 cents of every dollar collected at the District is from the local property taxpayers.

Revenue Sources



The pro-active review of budgeted items and the increase in property values has allowed the district administration to continue funding the following items in the budget:

- Implement a balance budget approach
- Instructional Focus
- Low student to teacher ratio
- C-Scope curriculum
- Dual Language Program
- Reading Recovery Program
- Quest Academy
- STEM Academy
- Multiple career pathways
- Wide selection of extra-curricular activities
- Longevity pay program

The general fund budget currently includes the following financial highlights:

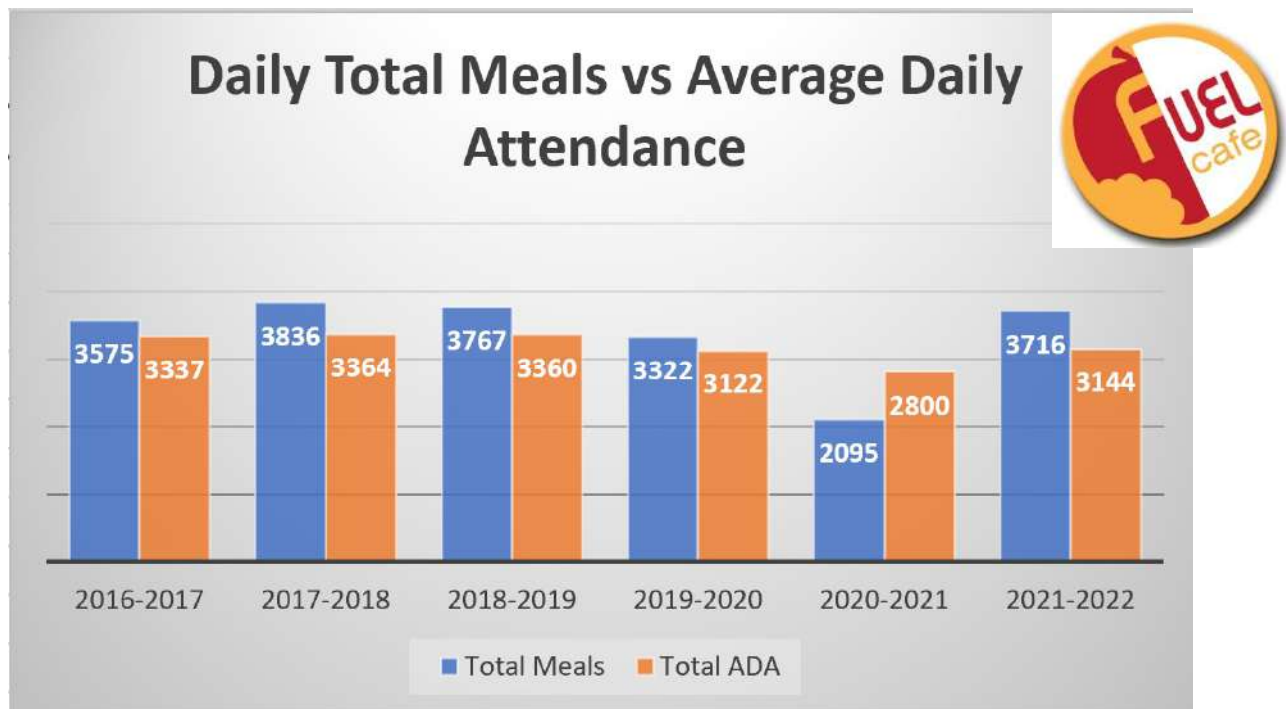
✓ Total Estimated Revenues (Inflows)	\$38,981,391
✓ Total Appropriations (Outflows)	\$40,381,391
✓ Excess Est. Revenues over ✓ Appropriations	\$ 1,400,000
✓ Starting Teacher Salary	\$58,465
✓ M&O Tax Rate per \$100 valuation (.8046 MCR +5 pennies)	\$.8546
✓ Local Homestead	20%

Food Service Fund Summary

Stafford Municipal School District cafeteria operations continue to demonstrate financial self-sufficiency through fiscal year 2021-2022. The food service fund has remained self-sufficient for several years and is projected to remain revenue neutral for 2022-2023.

The mission of the Stafford Municipal School District Child Nutrition Program and Fuel Café is to set the stage for the learning environment by encouraging student participation in the program and fostering an environment where students want to make healthy food and lifestyle choices. The strategy to achieve this goal was the development of Fuel Café which has been implemented at all five district cafeterias.

The chart below depicts an identifiable trend when comparing ADA levels versus the meals served by school year.

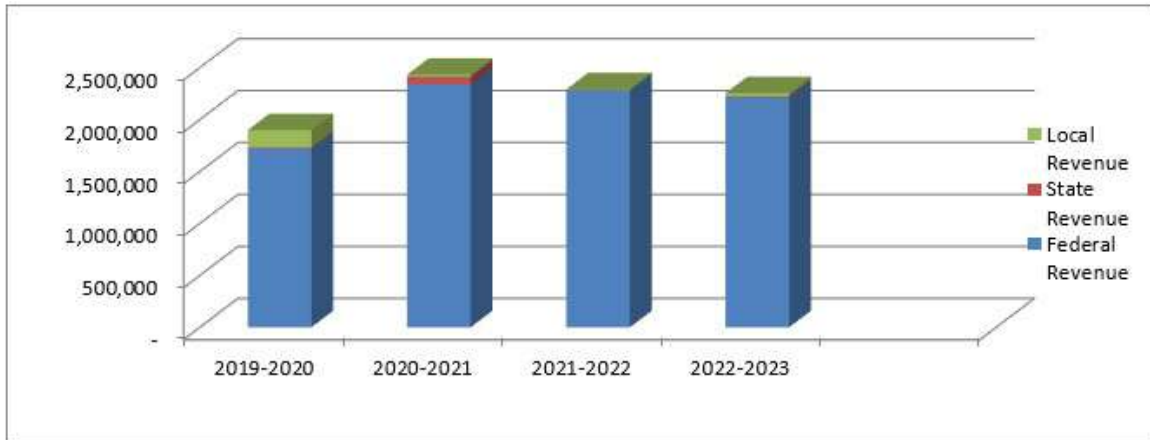


The child nutrition budget was prepared based on static enrollment and based on federal lunch and breakfast reimbursement. Students are offered a free lunch under the comprehensive lunch program.

Assumptions for expenditures includes a 2% pay increase for all staff , a 5 % increase in food cost and indirect cost allocation of 4.86%

Food Service Fund Summary (continued)

The trend for revenues by major category is as follows:



Efficient management of the food service program will allow it to continue funding the following initiatives and/or district directives:

- Manager Academy at ESC Region 4
- Staff development – Employee certification program
- Attendance based employee incentive program
- \$100,000 indirect cost allocation
- Outsourcing of maintenance related services

The following summary is based upon the factors stated above:

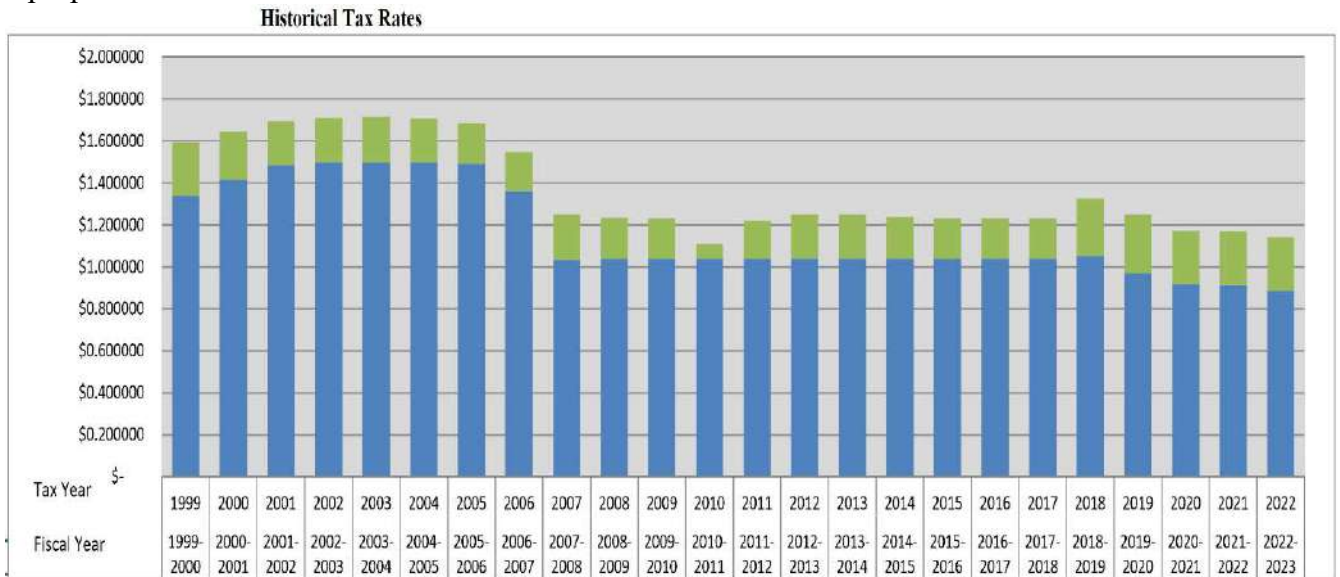
✓ Total Estimated Revenues	\$2,253,549
✓ Total Appropriations	\$2,253,549
✓ Excess Est. Revenues over ✓ Appropriations	\$ -0-
✓ Avg. number of meals served	3,716

Debt Service Fund Summary

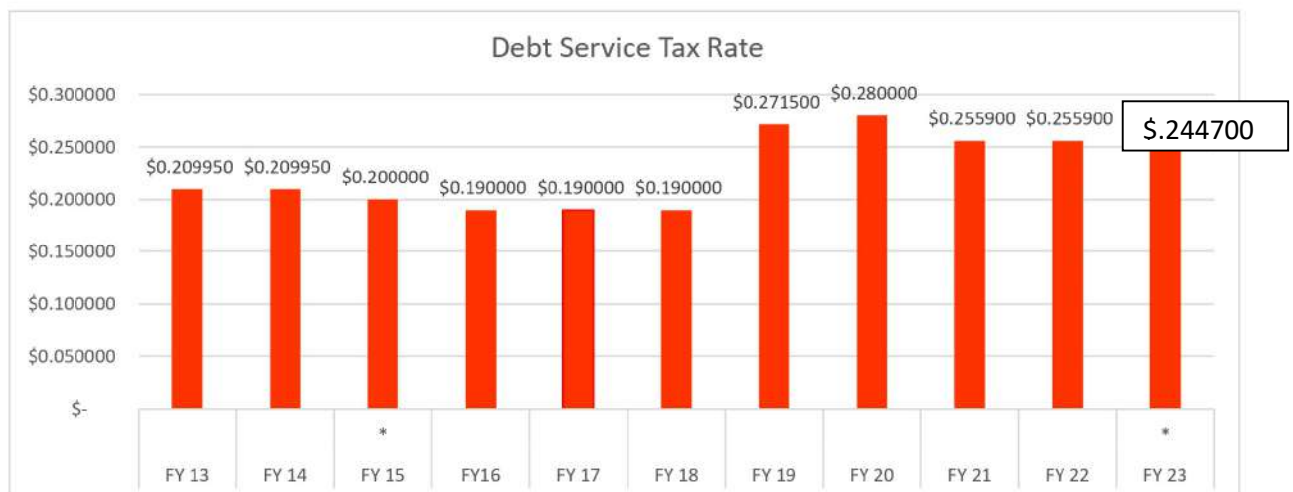
The debt service fund (commonly referred to as the ‘Interest and Sinking Fund’ or the ‘I&S fund’) is almost entirely funded by local property tax collections

The Vision and Planning Committee met for over a year and recently all four propositions on the May 14, 2011 ballot were approved by the Stafford voters. The four propositions total \$49.9 million, and bonds were issued. The Debt Service rate is set to meet the bond obligations. For fiscal year 2022-2023, the debt service rate is projected to be lower by one cent and 12 hundredths due to the increase in property values. The recommended tax rate is **\$0.2447** and is based upon the repayment bond schedule provided by our financial advisor.

The graph below identifies the adopted tax rates from 1999-2000 to 2022-2023 and proposed tax rate for 2022-2023.



Below are the historical Interest and sinking tax rates:



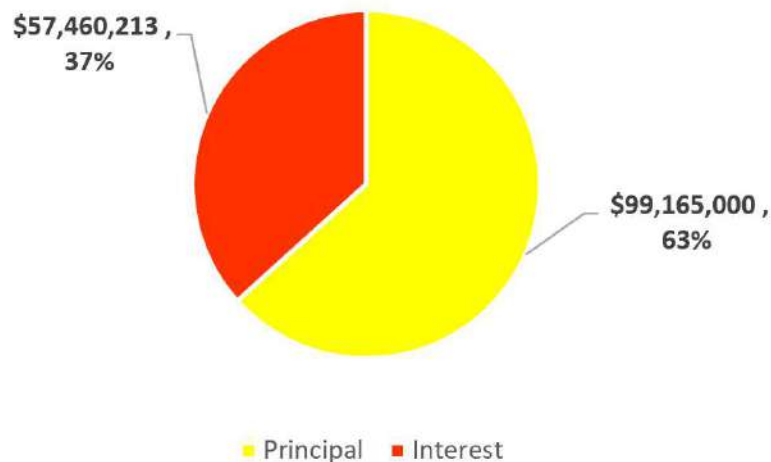
The district is currently forecasting that appraised values will increase 2% per year for the next five years after 2022. The three-bond series that are outstanding at the end of the current fiscal year 2022, are Series 2011, 2014, 2016A and 2016B, 2018, 2019A and 2019. The total outstanding debt (including interest) as of 8-31-2022 is **\$178,009,769.**

The total amount of principal and interest owed on all Series is identified below:

**Stafford Municipal School District
Outstanding Unlimited Tax Debt Service by Series**

<u>FYE</u>	<u>Unlimited Tax Schhse Bonds, Series 2011</u>	<u>Unlimited Tax Ref Bonds, Series 2014</u>	<u>Unlimited Tax Ref Bonds, Series 2016A</u>	<u>Unlimited Tax Ref Bonds, Series 2016B</u>	<u>Unlimited Tax School Bldg Bonds, Series 2018</u>	<u>Unlimited Tax School Bldg Bonds, Series 2019A</u>	<u>Unlimited Tax Ref Bonds, Taxable Series 2019B</u>	<u>Total Annual Debt Service</u>
2020	\$ 1,135,500.00	\$ 852,000.00	\$ 383,050.00	\$ 220,800.00	\$ 2,943,700.00	\$ 539,133.33	\$ 1,056,670.13	\$ 7,130,853.46
2021	1,134,000.00	851,450.00	381,450.00	220,800.00	2,379,700.00	726,200.00	1,435,476.40	7,129,076.40
2022		855,300.00	384,750.00	220,800.00	2,590,100.00	543,200.00	2,530,476.40	7,124,626.40
2023		858,400.00	387,850.00	220,800.00	2,518,900.00	618,450.00	2,520,726.40	7,125,126.40
2024		860,750.00	387,200.00	220,800.00	2,519,350.00	489,450.00	2,478,726.40	6,956,276.40
2025		862,350.00	386,250.00	220,800.00	2,524,350.00	486,200.00	2,475,976.40	6,955,926.40
2026		863,200.00		385,800.00	2,588,350.00	487,700.00	2,630,476.40	6,955,526.40
2027				1,929,200.00	3,127,850.00	488,700.00	1,234,226.40	6,779,976.40
2028				1,930,600.00	3,127,450.00	489,200.00	1,229,226.40	6,776,476.40
2029				1,929,200.00	3,126,700.00	489,200.00	1,224,226.40	6,769,326.40
2030					3,067,950.00	488,700.00	3,054,226.40	6,610,876.40
2031					3,063,950.00	487,700.00	3,052,476.40	6,604,126.40
2032					3,070,350.00	486,200.00	3,050,976.40	6,607,526.40
2033					3,064,350.00	486,600.00	3,054,476.40	6,605,426.40
2034					3,061,350.00	486,600.00	3,057,476.40	6,605,426.40
2035					3,066,150.00	486,200.00	3,049,726.40	6,602,076.40
2036					3,063,350.00	485,400.00	3,053,705.80	6,602,455.80
2037					3,066,850.00	484,200.00	3,055,218.00	6,606,268.00
2038					2,171,100.00	487,600.00	3,054,263.00	5,712,963.00
2039					2,170,850.00	485,400.00	3,050,840.80	5,707,090.80
2040					2,173,350.00	487,800.00	3,049,951.40	5,711,101.40
2041					2,168,350.00	484,600.00	3,056,440.60	5,709,390.60
2042					4,686,100.00	486,000.00		5,172,100.00
2043					4,685,350.00	486,800.00		5,172,150.00
2044					4,685,600.00	487,000.00		5,172,600.00
2045					4,686,200.00	486,600.00		5,172,800.00
2046					4,685,400.00	485,600.00		5,171,000.00
2047					4,688,000.00	484,000.00		5,172,000.00
2048					613,600.00	486,800.00		1,100,400.00
2049						488,800.00		488,800.00
Totals	\$ 2,269,500.00	\$ 6,003,450.00	\$ 2,310,550.00	\$ 7,499,600.00	\$ 89,384,650.00	\$ 15,086,033.33	\$ 55,455,985.73	\$ 178,009,769.06

**Total Debt \$156,625,213 Million
As of 8 -31-2022**



For FY 2022, 2023, the property values increased by 24%, thus there is a option to paydown future call bonds by defeasing the bonds. By maintaining the tax rate, the district will be able to retire over \$4,013,300 with an additional \$2,227,906.08 with a savings to the district and taxpayers of \$1,785,393. A resolution for the defeasance will be required to be approved by the Board and the City Council. Below is a preliminary summary of the proposed refunding:

SUMMARY OF REFUNDING RESULTS

Stafford Municipal School District Cash Defeasance Ser 2018

Dated Date	03/01/2023
Delivery Date	03/01/2023
Arbitrage yield	
Escrow yield	2.725737%
Value of Negative Arbitrage	-310,393.92
Bond Par Amount	
Par amount of refunded bonds	2,015,000.00
Average coupon of refunded bonds	4.000000%
Average life of refunded bonds	24.748
PV of prior debt to 03/01/2023	4,013,300.00
Net PV Savings	1,785,393.92
Percentage savings of refunded bonds	88.605157%

The budget includes the following financial highlights:

✓ Total Estimated Revenues	\$9,367,752
✓ Total Appropriations	\$9,367,752
✓ Excess Est. Revenues over Appropriations	\$0
✓ I&S Tax Rate per \$100 valuation	\$.2447
✓ Local Homestead	20%

Aggregate Budget Summary

The following table has been prepared to compare the budget for fiscal year 2022/2023 to the un-audited financial statements for fiscal year 2021/2022:

Account Name		General Fund		Food Service Fund		Debt Service Fund	
		2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023
Revenues:							
Local Revenues		\$ 27,964,955	\$ 32,182,342	\$ 28,500	\$ 28,500	\$7,647,018	\$ 9,338,752
State Revenues		4,687,592	6,244,049	10,000	10,000	39,000	-
Federal Revenues		1,478,000	555,000	2,099,285	2,215,049	-	29,000
Total Revenues		\$ 34,130,547	\$ 38,981,391	\$2,137,785	\$ 2,253,549	\$7,686,018	\$ 9,367,752
Expenses:							
11	Instruction	\$ 20,526,290	\$ 22,575,820			\$ -	\$ -
12	Library and Media	283,259	373,259			-	-
13	Staff Development	228,172	378,172			-	-
21	Instruction Leadership	1,184,708	1,209,097			-	-
23	School Leadership	2,162,152	2,184,542			-	-
31	Counseling Services	876,025	876,025			-	-
33	Nursing Services	294,036	294,036			-	-
34	Student Transportation	900,606	1,136,740			-	-
35	Food Services	-	-	2,067,870	2,153,549	-	-
36	Extra-curricular	1,276,765	1,470,105			-	-
41	Administration	2,142,644	2,563,907			-	-
51	Plant Maintenance	3,027,096	4,196,472	69,915	100,000	-	-
52	Security Services	525,000	625,822			-	-
53	Technology Services	793,794	793,794	-	-	-	-
61	Community Development	85,000	161,600	-	-	-	-
71	Debt Service		155,000	-	-	7,686,171	9,367,752
81	Capital Outlay	-	-	-	-	-	-
91	Chapter 41 Costs	-	1,000,000	-	-	-	-
93	Deaf Education Coop	35,000	35,000	-	-	-	-
95	JJAEP Costs	20,000	20,000	-	-	-	-
99	Other intergovernmental Charges	280,000	332,000				
Total Expenditures		\$ 34,640,547	\$ 40,381,391	\$2,137,785	\$ 2,253,549	\$7,686,171	\$ 9,367,752

Analysis of Fund Balance

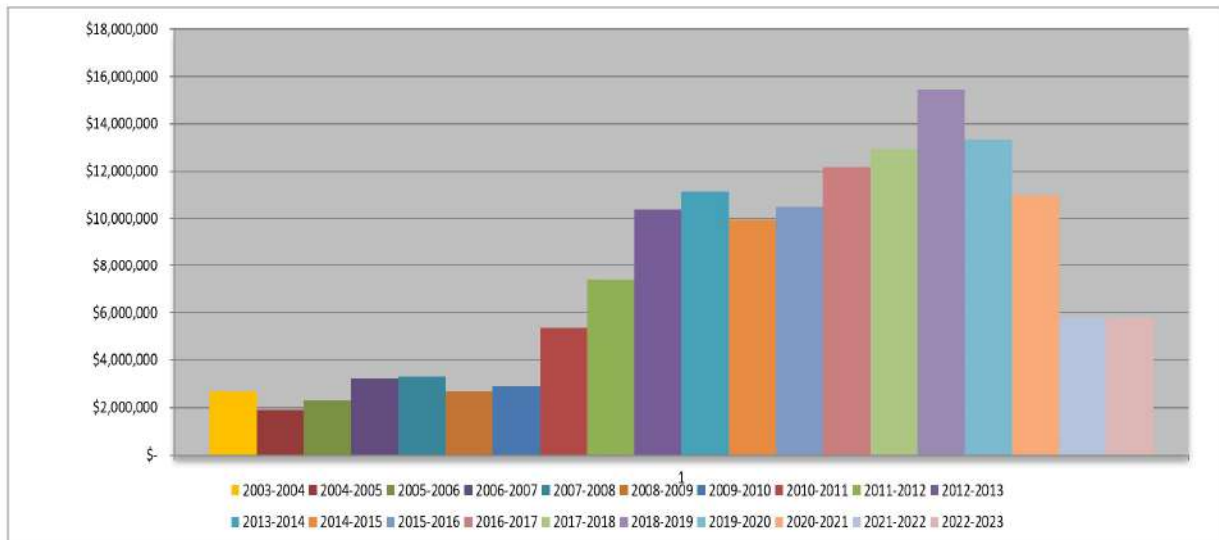
The Stafford MSD has had a positive fund balance of over 2 to 5 months of operations. During various fiscal years, the district has planned to use fund balance to address shortfall of revenues due to low enrollment and state aid. For fiscal year 2022-2023, it is anticipated that the district will have less than 2 months operations, and it will need to issue a Tax Anticipation Note to bridge the time between the collection and the operations for the fall semester. Below is a historical analysis of the audited fund balance, general fund expenditures and months of operating fund balance.

**Stafford Municipal School District
Historical Fund Balance Analysis**

General Fund

<u>Audit Year</u>	<u>Enrollment</u>	<u>Ending Fund Balance</u>	<u>General Fund Exp's</u>	<u>Months of Fund</u>	
				<u>Balance</u>	<u>Net Change</u>
2002-2003	2,810	\$ 3,743,301	\$ 24,326,727	1.85	\$ (536,659)
2003-2004	2,834	\$ 2,674,721	\$ 24,671,675	1.30	\$ (1,068,580)
2004-2005	3,010	\$ 1,898,804	\$ 24,244,782	0.94	\$ (775,917)
2005-2006	3,100	\$ 2,288,660	\$ 24,841,510	1.11	\$ 389,856
2006-2007	3,024	\$ 3,214,230	\$ 27,168,967	1.42	\$ 925,570
2007-2008	2,908	\$ 3,300,241	\$ 24,770,016	1.60	\$ 86,011
2008-2009	3,049	\$ 2,676,887	\$ 25,603,458	1.25	\$ (623,354)
2009-2010	3,140	\$ 2,879,316	\$ 23,248,439	1.49	\$ 202,429
2010-2011	3,172	\$ 5,360,167	\$ 26,443,260	2.43	\$ 2,480,851
2011-2012	3,357	\$ 7,382,211	\$ 22,137,316	4.00	\$ 2,022,044
2012-2013	3,343	\$ 10,361,422	\$ 24,137,811	5.15	\$ 2,979,211
2013-2014	3,479	\$ 11,165,608	\$ 25,517,617 *	5.25	\$ 804,186
2014-2015	3,412	\$ 9,964,613	\$ 28,379,268 *	4.21	\$ (1,200,995)
2015-2016	3,400	\$ 10,502,394	\$ 28,203,646	4.47	\$ 537,781
2016-2017	3,537	\$ 12,156,593	\$ 28,484,567	5.12	\$ 1,654,199
2017-2018	3,604	\$ 12,912,427	\$ 30,266,240	5.12	\$ 755,834
2018-2019	3,589	\$ 15,419,045	\$ 30,756,171	6.02	\$ 2,506,618
2019-2020	3,512	\$ 13,338,693	\$ 35,021,787	4.57	\$ (2,080,352)
2020-2021	3,225	\$ 10,974,010	\$ 37,062,261	3.55	\$ (2,364,683)
2021-2022	3,514	\$ 5,786,041	\$ 38,267,190	1.81	\$ (5,187,969)
2022-2023	3,600	\$ 5,786,041	\$ 40,381,391	1.72	\$ -

Ending Fund Balance by School Year



Enrollment Statistics, Trends, and Forecasts

Stafford MSD's enrollment over each of the past few school years has increased steadily and the demographic and economic disadvantage populations have steadily climbed as well. The tables below depict the past, present student body makeup of the District:

STAFFORD MSD ENROLLMENT STATISTICS, TRENDS and FORECAST

FY 2013 – FY 2022

Ethnic Group	2012/2013		2013/2014		2014/2015		2015/2016		2016/2017		2017/2018		2018/2019		2019/2020		2020/2021		2021/2022	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
African American	1,353	40.4	1,405	40.4	1,377	40.4	1,376	40.5	1,489	42.1	1,512	42.0	1,480	41.3	1,468	41.8	1,359	41	1,447	41.19
White	239	7.1	240	6.9	229	6.7	221	6.5	207	5.8	192	5.4	214	5.9	187	5.9	163	4.9	179	5.09
Asian/Pacific	317	9.5	279	8.0	252	7.4	240	7.0	225	6.4	246	6.8	215	6.0	216	6.1	206	6.3	256	7.28
Hispanic	1,434	42.8	1,545	44.4	1,544	45.3	1,549	45.6	1,604	45.4	1,644	45.6	1,667	46.5	1,631	46.4	1,579	47.6	1,623	46.20
Native American	10	0.3	10	0.3	10	0.3	14	0.4	11	0.3	10	0.3	10	0.3	10	0.3	9	0.3	8	0.23
Total Enrollment	3,353	100.00	3,479	100.00	3,412	100.00	3,400	100.00	3,537	100.00	3,604	100.00	3,586	100.00	3,512	100.00	3,316	100.00	3,513	100.00
Economic Disadvantage		68.3		69.0		67.8		68.7		68.7		70.9		72.7		73.6		70.1		74.12

Staffing Summary

After a careful review of district staffing formulas and comparing staff counts to our PEER districts and the state average, SMSD has used attrition with several positions (including teachers) in order to address maximizing staffing.

From a regular education perspective, the cuts will impact student to teacher ratios as follow:

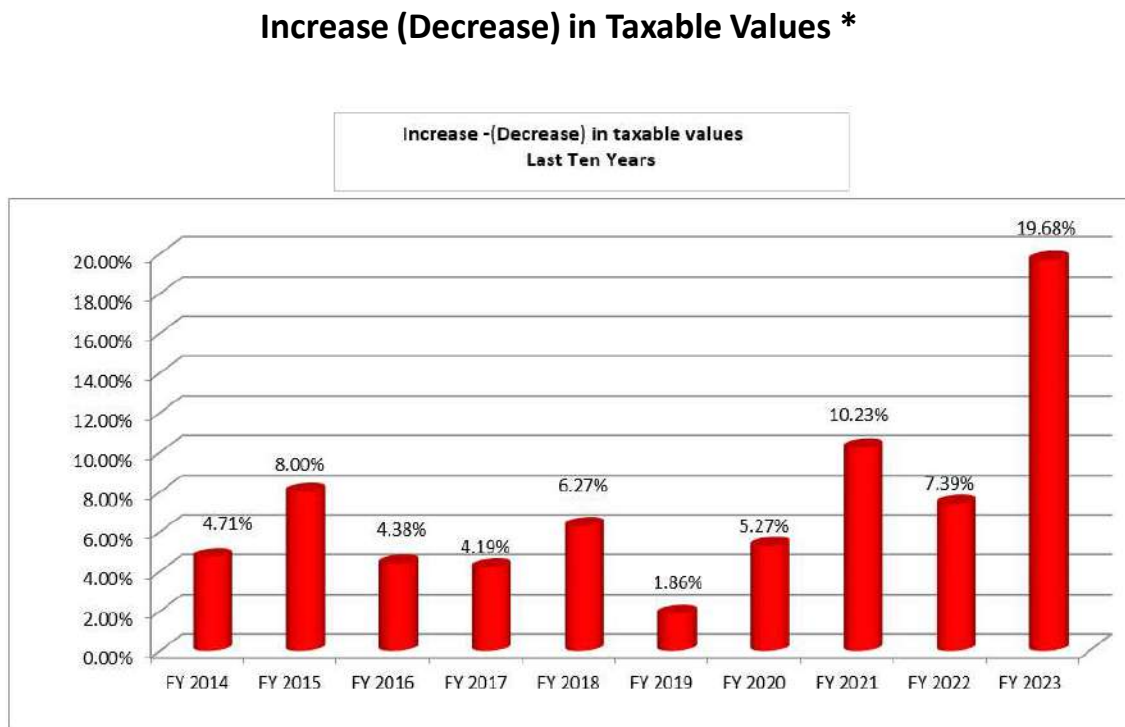
Campus	<u>2020/21 Ratio</u>	<u>2021/2022 Ratio</u>	<u>2022/2023 Ratio</u>
High School	25:1	25:1	25:1
Middle School	24:1	24:1	24:1
Intermediate School	22:1	22:1	22:1
Elementary School	22:1	22:1	22:1
Primary School	20:1	20:1	20:1

Taxable Valuations, Collection Rate, and Tax Rate

The Fort Bend County Appraisal District issued preliminary values for Stafford MSD on May 2022. The tax rate notice is required to be published in a Fort Bend County newspaper at least 10 days and no more than 30 days prior to the public hearing as required by law.

The preliminary certified taxable values released by the Fort Bend County Appraisal District indicate an 24% increase from the 2021 tax year (fiscal year 2021-22). Overall, the general and debt service fund budgets have been prepared based upon \$3,785,977,768 of taxable valuations (a percentage of values are still under protest, so SMSD is projecting accordingly).

Based upon the certified values, the tax rate recommended for 2022/2023 is \$1.0993 (\$.8546 M&O and \$.2447 for I&S) which is lower from the \$1.1693 tax rate approved for 2021-2022. The following chart identifies the taxable valuation trend over the last ten years:



* Increase from final to preliminary.

On average, the district collected between 98.50% and 109.32% of the levy each of the last ten fiscal years (current and delinquent taxes combined). Given the increased values and higher rates of collection, a tax collection rate of 98% has been used to estimate the anticipated current and delinquent tax collections for each fund.

Changes in Debt for General Fund and Debt Service Fund

Stafford MSD has three (3) outstanding general obligation bond series outstanding as of August 31, 2022 – Series 2011, 2018, 2019A and 2019B, and refunding series 2014, 2016A and 2016B. As of August 31, 2022, the District owes \$99,165,000 in long-term general obligation bonds, and the related interest is \$57,460,213.

The district has utilized a short-term debt instrument, Tax Anticipation Note, in the past when cash flows could not meet operating expenditures. These notes do not have long-term financial obligations and they are financed by the general fund. For fiscal year 2022-2023, the district will have to use this debt instrument as cash reserves are at a healthier level due to the significant additions to fund balance. The projected amount of

short-term financing will be \$4,500,000 for the months of November to December.

Future Budget Years

The district's budgeting process is more than just funding the next fiscal year's operations. The Board of Trustees, City Council, and District's administrative team anticipate major budget concerns two to four years into the future.

The budget is intended to provide a potential financial outcome based on known fixed costs and an estimate of variable costs. There are several assumptions that have been made in forecasting the financial impact of the next biennium (2023-2025), and they are as follows:

- ✓ Student enrollment stays relatively the same each year
- ✓ Student attendance rate stays relatively the same each year (96%)
- ✓ The economic disadvantaged rate grows at approximately 1.5% per year
Assumes that the Tax Ratification Election is approved above the 5 golden pennies.
A total of 12 additional pennies will be needed in the fall 2023 for FY 2023-2024.
- ✓ Funding tiers are brought up to \$6,160 per student as a result of a successful the 87rd
- ✓ Legislative Session (optimistic view based upon the district analysis of the latest
- ✓ sales tax trends)
- ✓ The district is moving from a "target revenue" to a "formula revenue" school
- ✓ District
- ✓ No new unfunded mandates projected to be introduced during the 88^d Legislative Session
- ✓ Assessed valuations increase at the rate of 2.0% per year
- ✓ Each golden penny is valued at approximately \$460,000 each year and \$230,000 for cooper pennies
- ✓ The combined current and delinquent tax collection rate will be 98.0%
- ✓ Employee salary scales are modified so there is a 2% compensation increase for all employees
- ✓ All current programs & course offerings are maintained each year (i.e. Kickstart,
- ✓ Auto Tech, SEAL Academy, Choir, etc.)
- ✓ No catastrophic events occur
- ✓ The average fuel rate will be \$4.50 to \$5.00 per gallon each year
- ✓ The electricity contract that becomes effective May 1, 2021 includes a \$0.0357358 per kwh rate for base usage and it extends through April 30, 2031
- ✓ The market rate on investments in pool accounts increases to average annual return of 1% per year
- ✓ Inflationary considerations are given to utilities, insurance, and other fixed costs each year (approximately \$100,000)
- ✓ Staff counts will remain constant each year
- ✓ Increased costs for new facilities (approximately \$300,000)
- ✓ 20% local homestead exemption is maintained

The district plans to continue conducting staffing/management reviews throughout each of the next several fiscal years to ensure that all operations are efficient and compliant. To supplement revenues, the district shall continue to promote the Limited Open Enrollment (LOE) program but maintain strict criteria for acceptance. The following table includes revenue and expenditure forecasts by function:

	2023-2024	2024-2025	2025-2026
Estimated Revenues:			
Local Revenues	\$ 32,798,084	34,687,207	\$ 36,686,445
State Revenues	1,727,519	1,752,520	1,421,137
Federal Revenues	555,000	566,100	577,422
Total Estimated Revenues	\$ 35,080,603	\$ 37,005,827	\$ 38,685,004
Appropriations			
Instruction	\$ 21,825,820	\$ 22,262,336	\$ 22,707,583
Library and Media	373,259	380,724.18	388,339
Staff Development	378,172	385,735.44	393,450
Instruction Leadership	1,209,097	1,233,278.94	1,257,945
School Leadership	2,184,542	2,228,232.84	2,272,797
Counseling Services	876,025	893,545.50	911,416
Nursing Services	294,036	299,916.72	305,915
Student Transportation	1,086,740	1,108,474.80	1,130,644
Food Services	-	-	-
Extra-curricular	1,420,105	1,448,507.10	1,477,477
Administration	2,442,906	2,491,764.12	2,541,599
Plant Maintenance	4,196,472	4,280,401.44	4,366,009
Security Services	625,822	638,338.44	651,105
Technology Services	793,794	809,669.88	825,863
Community Development	161,600	164,832.00	168,129
Debt Service	-	-	-
Capital Outlay	-	-	-
Chapter 41 Costs	1,881,372	3,795,496	5,463,352
Deaf Education Coop	35,000	35,700.00	36,414
JJAEP Costs	20,000	20,400.00	20,808
Other intergovernmental Charges	280,000	285,600.00	291,312
Total Appropriations	40,084,762	42,762,954	45,210,159
Appropriations	\$ (5,004,159)	\$ (5,757,127)	\$ (6,525,155)

Assumptions:

2% Increase in values

2% Increase in costs

Assumes No VATRE in FY 23-24 and forward.

For the 2024-26 biennium, there are several unknowns so the district will be evaluating available options to maintain its fiscal strength. Among the items to consider include, but are not limited to, the following:

- Stipends and/or extra days
- Eliminate DAEP, Dual Language, and/or Pre-K routes
- After-school Program
- Staffing levels
- Furloughs
- Adding Pre-K 3 program

- Sale of district-owned land
- Reduce or eliminate number of local days provided to employees
- Require employees to fund cost of substitutes for personal leave days
- Elimination of sports few 3A districts participate in (or sports SMSD has little student participation)

Other Considerations

Tables, charts, and graphs have been prepared to provide a user-friendly approach to those who gain more insight visually. Other key factors which are part of the budget process are:

- No significant non-routine capital expenditures are included in the 2022/23 budget
- Future capital expenditure purchases are planned through contingency bond funds after the \$49,900,000 in bond proceeds has been depleted:
- A new bond program is planned for 2024 for facility expansion, athletic needs and other maintenance programs. The amount will be determined after a facility needs assessment in FY 23. After the reduction in principal and current tax rate, it is estimated that the district will have capacity of approximately \$2,500,000 in bond payments or \$50M in principal bonds.
It is expected that the district will need approximately \$250,000 in maintenance upgrades each year.
- 2022/2023 budget includes the purchase of property, casualty, worker's compensation, unemployment, and student insurance
- ADA is calculated on a 96% attendance rate which is a half a percent better than the State average

Allocation of Human and Financial Resources

The budget for Stafford MSD is people intensive. Over 77% of the budget is comprised of salaries and benefits so it is imperative to the continued financial health of the district to monitor staff levels during the staff allocation process. Student to teacher ratios is reviewed systematically during the year and all support services are analyzed regularly to ensure ratios are acceptable to State averages.

Financial resources are distributed to each campus based upon average daily attendance (ADA) and special population and program needs. Student needs, such as instructional supplies, come from these budget allocations. Other costs, such as fuel and utilities, are based upon historical trends, special requests, and relative information.

Financial Approach

It is the intent of the Stafford Municipal School District administration to conservatively estimate the reasons anticipated under anticipated new law and to update once the finance templates are made readily available with comprehensive and accurate assumptions and values.

Conclusion

We acknowledge the assistance of all principals and department directors as well as Business Office Staff for their contribution to the preparation of the FY 2022-2023 Budget. The budget is a dynamic document which often must be adjusted due to changing conditions. We welcome any suggestions for improving the budget process. If you have any questions, please contact Dr. Jesus Amezcua, Interim CFO (Consultant) at jamezcua@staffordmsd.org or 281-261-9370.

/S/

Dr. Jesus Amezcua, CPA, RTSBA, CPFIM, Interim CFO- Consultant

/S/

Dr. Robert Bostic, Superintendent

APPENDIX



ALL FUNDS required for adoption

Fund #	Fund Description	Projected Beginning Fund Balance	Estimated Revenues	Appropriations	Transfers in and out	Projected Ending Fund Balance
199	General Fund	\$ 5,766,041	\$ 38,981,391	\$ 40,381,391	\$ -	\$ 4,366,041
599	Debt Service Fund	2,909,326	9,367,752	9,367,752	-	2,909,326
240	Food Service Fund	468,384	2,253,549	2,253,549	-	468,384
TOTAL		\$ 9,143,750	\$ 50,602,692	\$ 52,002,692	\$ -	\$ 7,743,751

Tax Rate and Other Information for the Notice of Budget and Tax Rate Hearing
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Tax Rate per \$100 Valuation	Maintenance and Operation	\$ 0.854600
	Debt Service	0.24470
	Total Proposed Tax Rate	\$ 1.09930

Budget Variance from FY 2022 - General Fund Revenues (17.84% Increase)

Budget Variance from FY 2022 - General Fund Expenditures (5.% Increase)

Stafford Municipal School District
Five Year Analysis of Revenues and Expenditures
General Fund 2022-2023 (+200 Students)

		FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Amended Budget	FY 21-22 Projected (ESTIMATED)	FY 22-23 Proposed Budget
Revenues						
5710	Tax collections	\$ 25,137,043	\$ 27,585,481	\$ 27,301,546	\$ 27,222,352	\$ 31,317,724
5739	Tuition & fees	158,343	167,336	253,619	302,765	300,065
5742	Investment earnings	220,075	8,362	25,000	10,664	133,297
5743	Rent	6,340	4,990	5,000	1,745	5,000
5744	Donations	-	-	-	-	-
5749	Local Miscellaneous	472,494	323,503	115,000	10,405	115,000
5752	Athletic gate receipts	30,286	38,532	40,000	86,446	86,466
5769	Misc. Revenue from Other Sources	-	-	224,790	200,000	224,790
Total Local Revenues		26,024,581	28,128,203	27,964,955	27,834,377	32,182,342
5810	Foundation school program	4,955,853	4,363,639	2,733,592	2,629,113	4,610,365
5829	Misc. State Revenue	714	32,016	82,000	6,302	-
5831	Teacher retirement on-behalf	1,724,142	1,694,726	1,872,000	1,872,000	1,633,684
5839	Gasoline tax refund	-	-	-	-	-
Total State Revenues		6,680,709	6,090,380	4,687,592	4,507,415	6,244,049
5929	Indirect cost revenue	-	64,343	750,000	200,000	250,000
5931	School health & related services	151,274	160,068	180,000	177,611	205,000
5949	Misc. Federal Revenue	84,871	254,584	548,000	359,818	100,000
Total Federal Revenues		236,145	478,994	1,478,000	737,429	555,000
Total Revenues		32,941,435	34,697,578	34,130,547	33,079,221	\$ 38,981,391
Expenditures						
11	Classroom instruction	19,790,130	20,053,443	20,526,290	21,794,820	22,575,820
12	Library and media	241,971	263,769	283,259	373,259	373,259
13	Staff development	169,538	398,199	228,172	378,172	378,172
21	Curriculum & special ed. admin.	903,146	1,267,569	1,184,708	1,209,097	1,209,097
23	Campus & PEIMS administration	2,144,560	2,264,528	2,162,152	2,184,542	2,184,542
31	Counseling, testing, & assessment	728,409	929,231	876,025	876,025	876,025
33	Health and nursing services	310,839	593,313	294,036	294,036	294,036
34	Student transportation	894,175	912,337	900,606	1,086,740	1,136,740
36	UIL academic & athletic activities	1,282,039	1,241,187	1,276,765	1,420,105	1,470,105
41	General administration	2,577,814	2,119,342	2,142,644	2,367,906	2,563,907
51	Plant maintenance & operations	3,855,241	4,276,043	3,027,096	4,196,472	4,196,472
52	Security Services	318,770	530,634	525,000	645,822	625,822
53	IT department & PEIMS coordinator	1,510,628	1,036,856	793,794	963,794	793,794
61	Community Relations	53,633	98,251	85,000	161,400	161,600
71	Debt service	-	-	-	-	155,000
81	Construction	-	764,384	-	-	-
91	Robin Hood payments to State	-	-	-	-	1,000,000
93	Participate in deaf education coop.	-	33,900	35,000	35,000	35,000
95	Juvenile Justice Alternative Ed.	-	-	20,000	20,000	20,000
99	Tax Office	240,894	279,275	280,000	280,000	332,000
Total Expenditures		35,021,787	37,062,261	34,640,547	38,287,190	40,381,391
Excess Revenues Over Expenditures		(2,080,352)	(2,364,683)	(510,000)	(5,207,969)	(1,400,000)
Other Resources						4,500,000
Other Uses		-	-	-	-	(4,500,000)
Fund Balance-Beginning		15,419,045	13,338,693	10,974,010	10,974,010	5,766,041
Fund Balance-Ending-Projected		\$ 13,338,693	\$ 10,974,010	\$ 10,464,010	\$ 5,766,041	\$ 4,366,041
Average Daily Attendance (ADA)		3,255	3,295	3,096	3,078	3,453
Maintenance & Operations Tax Rate		0.97005	0.96640	0.91390	0.91390	0.85460
MCR Approved .8046 Plus 5 pennies = .8546					Projected	MCR Approved .8046 + 5 pennies

Stafford Municipal School District
Statement of Revenue and Expenditures and Changes in Fund Balance
Debt Service Fund (Fund 599)

		2019-2020	2020-2021	2021-2022	2021-2022	2022-2023
		Actual	Actual	Amended Budget	Projected	Proposed
Revenues						
5710	Tax collections	\$ 7,170,326	\$ 7,311,458	\$ 7,644,518	\$ 7,651,938	\$ 9,333,752
5742	Investment earnings	38,102	1,830	2,500	3,604	5,000
5749	Misc. Revenue	-	-	-	18	-
Total Local Revenues		7,208,428	7,313,288	7,647,018	7,655,560	9,338,752
5819	EDA Allotment	31,372	31,648	39,000	29,807	29,000
Total State Revenues		31,372	31,648	39,000	29,807	29,000
5929	Misc. Federal Revenue	-	-	-	-	-
Total Federal Revenues		-	-	-	-	-
Total Revenues		\$ 7,239,800	\$ 7,344,936	\$ 7,686,018	\$ 7,685,367	\$ 9,367,752
Expenditures						
71	Principal on Long-Term Debt	3,155,000	2,800,000	2,905,000	2,905,000	3,015,000
72	Interest on Long-Term Debt	3,975,853	4,329,076	4,219,626	4,219,626	4,110,126
73	Issuance Costs and Fees	442,363	4,250	561,545	561,545	2,242,626
Total Expenditures		7,573,216	7,133,326	7,686,171	7,686,171	9,367,752
Excess Revenues Over Expenditures		(333,416)	211,610	(153)	(804)	-
Other Resources (Uses)		-	-	-	-	-
7911	Refunding bonds	35,975,000	-	-	-	-
7911	Other Sources- Premium on Bonds	3,462,395	-	-	-	-
7911	Payments to Escrow Agent	(38,970,417)	-	-	-	-
Fund Balance-Beginning		2,565,111	2,698,673	2,910,283	\$ 2,910,130	2,909,326
Fund Balance-Ending-Projected		\$ 2,698,673	\$ 2,910,283	\$ 2,910,130	\$ 2,909,326	\$ 2,909,326
Average Daily Attendance (ADA)		3,255	3295	3,096	3,078	3,453
Interest & Sinking Tax Rate		0.28000	0.255912	0.2559	0.2559	0.2447

Stafford Municipal School District
Statement of Revenues and Expenditures and Changes in Fund Balance
Child Nutrition Program (Fund 240)

		2019-2020 Actual	2020-2021 Actual	2021-2022 Amended Budget	2021-2022 Projected	2022-2023 Proposed
Revenues						
5742	Investment earnings	\$ 4,362	\$ 19	\$ 2,500	\$ 14	\$ 2,500
5749	Local Miscellaneous	1,607	1,970	1,000	-	1,000
5751	Local Food Service Receipts	162,232	17,278	25,000	4,163	25,000
5769	Misc. Revenue from Other Sources					
	Total Local Revenues	168,201	19,267	28,500	4,177	28,500
5829	Misc. State Revenue	9,750	9,796	10,000	4,601	10,000
5831	Teacher retirement on-behalf	-	63,468	-	-	-
	Total State Revenues	9,750	73,264	10,000	4,601	10,000
5921	School Breakfast Revenue	432,985	665,249	539,915	508,259	539,915
5922	School Lunch Revenue	1,100,574	1,273,255	1,351,816	1,640,763	1,467,580
5923	USDA Donated Commodities	142,774	153,290	182,554	-	182,554
5929	Department of Agriculture	-				
5939	Department of Agriculture	43,825	246,692	25,000	32,638	25,000
	Total Federal Revenues	1,720,158	2,338,486	2,099,285	2,181,660	2,215,049
	Total Revenues	\$ 1,898,109	\$ 2,431,017	\$ 2,137,785	\$ 2,190,438	\$ 2,253,549
Expenditures						
35	Food Services	\$ 2,037,237	\$ 1,851,857	\$ 2,067,870	\$ 2,067,870	\$ 2,153,549
35	Food Services (Proj TDA Approval)	-	-	-	500,000	-
51	Plant Maintenance & Operations	28,492	20,391	69,915	69,915	100,000
	Total Expenditures	2,065,729	1,872,248	2,137,785	2,637,785	2,253,549
Excess Revenues Over Expenditures		(167,620)	558,769	-	(447,347)	0
Other Resources (Uses)		-	-	-	-	-
Fund Balance-Beginning		524,583	356,963	915,731	915,731	468,384
Fund Balance-Ending-Projected		\$ 356,963	\$ 915,731	\$ 915,731	\$ 468,384	\$ 468,384
Average Daily Attendance (ADA)		3,295	3,096	3,218	3,218	3,456
Meals served		3,322	2,095	3,716	3,716	3,800

	A	C	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
7	Account			TOTAL	September	October	November	Decemer	January	February	March	April	May	June	July	August
8	Revenues															
9	5710	Tax collections		\$ 31,317,724	\$ 52,972	\$ 123,276	\$ 938,242	\$ 5,488,811	\$ 18,201,820	\$ 5,666,369	\$ 380,620	\$ 399,881	\$ 65,733	\$ -	\$ -	-
10	5739	Tuition & fees		300,065	507.55	1,181.15	8,989.59	52,590.03	174,397.38	54,291.27	3,646.84	3,831.38	629.81	-	-	-
11	5742	Investment earnings		25,000						25,000						
12	5743	Rent		5,000						5,000						
13	5744	Donations		-												
14	5749	Local Miscellaneous		115,000	12,938	21,336	15,873	11,198	11,002	13,372	10,461	6,184	12,635	-		
15	5752	Athletic gate receipts		86,466	146.25	340.36	2,590.42	15,154.21	50,253.93	15,644.44	1,050.87	1,104.04	181.49	-	-	-
16	5769	Misc. Revenue from Other Sources		224,790						224,790						
17	Total Local Revenues			32,074,045	66,564	146,134	965,695	5,567,753	18,437,473	6,004,466	395,779	411,001	79,180	-	-	-
18																
19	5810	Foundation school program		4,610,365	-	251,140	301,453	706,168	252,140	727,756	648,865	271,005	1,229,087	222,751	-	
20	5829	Misc. State Revenue														
21	5831	Teacher retirement on-behalf		1,633,684	-	-	-	-	-	-	-	-	-	-	1,633,684	
22	5839	Gasoline tax refund														
23	Total State Revenues			6,244,049	-	251,140	301,453	706,168	252,140	727,756	648,865	271,005	1,229,087	222,751	1,633,684	-
24																
25	5929	Indirect cost revenue		250,000	\$ -	\$ 40,894	\$ -	\$ 43,168	\$ 54,921	\$ (13)	\$ 31,832	\$ 43,472	\$ 35,726	\$ -	\$ -	\$ -
26	5931	School health & related services		205,000	\$ -	\$ 33,533	\$ -	\$ 35,398	\$ 45,035	\$ (11)	\$ 26,102	\$ 35,647	\$ 29,295	\$ -	\$ -	\$ -
27	5949	Misc. Federal Revenue		100,000	\$ -	\$ 16,358	\$ -	\$ 17,267	\$ 21,968	\$ (5)	\$ 12,733	\$ 17,389	\$ 14,290	\$ -	\$ -	\$ -
28	5949	Federal Funds - Grants reimbursed 30 days		5,500,000	\$	500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
29	Total Federal Revenues			6,055,000	-	590,785	500,000	595,833	621,924	499,971	570,667	596,508	579,312	500,000	500,000	500,000
30																
31	Total Revenues			44,373,094	66,564	988,059	1,767,148	6,869,754	19,311,538	7,232,194	1,615,311	1,278,514	1,887,579	722,751	2,133,684	500,000
32																
33																
34																
35	Expenditures			Total	September	October	November	Decemer	January	February	March	April	May	June	July	August
36	11	Classroom instruction		22,575,820	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318	1,881,318
37	12	Library and media		373,259	31,105	31,105	31,105	31,105	31,105	31,105	31,105	31,105	31,105	31,105	31,105	31,105
38	13	Staff development		378,172	31,514	31,514	31,514	31,514	31,514	31,514	31,514	31,514	31,514	31,514	31,514	31,514
39	21	Curriculum & special ed. admin.		1,209,097	100,758	100,758	100,758	100,758	100,758	100,758	100,758	100,758	100,758	100,758	100,758	100,758
40	23	Campus & PEIMS administration		2,184,542	182,045	182,045	182,045	182,045	182,045	182,045	182,045	182,045	182,045	182,045	182,045	182,045
41	31	Counseling, testing, & assessment		876,025	73,002	73,002	73,002	73,002	73,002	73,002	73,002	73,002	73,002	73,002	73,002	73,002
42	33	Health and nursing services		294,036	24,503	24,503	24,503	24,503	24,503	24,503	24,503	24,503	24,503	24,503	24,503	24,503
43	34	Student transportation		1,136,740	90,562	90,562	90,562	90,562	90,562	90,562	90,562	90,562	90,562	90,562	90,562	140,562
44	36	UIL academic & athletic activities		1,470,105	118,342	118,342	118,342	118,342	118,342	118,342	118,342	118,342	118,342	118,342	118,342	168,342
45	41	General administration		2,637,907	347,326	317,327	197,326	197,326	197,326	197,326	197,326	197,326	197,326	197,326	197,326	197,326
46	51	Plant maintenance & operations		4,196,472	1,140,706	277,797	277,797	277,797	277,797	277,797	277,797	277,797	277,797	277,797	277,797	277,797
47	52	Security Services		625,822	52,152	52,152	52,152	52,152	52,152	52,152	52,152	52,152	52,152	52,152	52,152	52,152
48	53	IT department & PEIMS coordinator		793,794	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150
49	61	Community Relations		161,600	13,467	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,633
50	71	Debt service		-	-	-	-	-	-	-	-	-	-	-	-	-
51	81	Construction		-	-	-	-	-	-	-	-	-	-	-	-	-
52	91	Robin Hood payments to State		1,000,000	-	-	-	-	1,000,000	-	-	-	-	-	-	-
53	93	Participate in deaf education coop.		35,000	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917
54	95	Juvenile Justice Alternative Ed.		20,000	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
55	99	Tax Office		332,000	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667	27,667
56				6,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
57	Total Expenditures			46,300,391	4,685,199	3,792,274	3,672,273	3,672,273	4,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,772,456
58																
59																
60	INFLOWS				66,564	988,059	1,767,148	6,869,754	19,311,538	7,232,194	1,615,311	1,278,514	1,887,579	722,751	2,133,684	500,000
61	OUTFLOWS				4,685,199	3,792,274	3,672,273	3,672,273	4,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,672,273	3,772,456
62																
63	Difference in Cash Flows				(4,618,635)	(2,804,216)	(1,905,125)	3,197,480	14,639,264	3,559,920	(2,056,963)	(2,393,760)	(1,784,694)	(2,949,522)	(1,538,589)	(3,272,456)
64																
65	Beginning Fund Balance			\$ 5,786,041	\$ 1,167,406	\$ (1,636,810)	\$ (3,541,935)	(344,455)	14,294,809	17,854,730	15,797,767	13,404,008	11,619,313	8,669,791	7,131,201	
66																
67	Ending Balance			\$ 1,167,406	\$ (1,636,810)	\$ (3,541,935)	\$ (344,455)	\$ 14,294,809	\$ 17,854,730	\$ 15,797,767	\$ 13,404,008	\$ 11,619,313	\$ 8,669,791	\$ 7,131,201	3,858,745	
68																
69	Note: We would need one more month of cash Flow for \$4,000,000 in order to allow for federal Funds drawdowns for \$500,000															
70					Sept	Oct	Nov	Dec								

MAINTENANCE NOTES SCHEDULE PLANNER

FUNDING SOURCE	TAX ANTICIPATION & MAINTENANCE NOTES
PROJECT	PROJECTED TIMELINE

Series 2022A & Series 2022B

PROJECT PHASE	STARTING	ENDING	PROJECT PHASE	STARTING	ENDING
BUGDET WORKSHOP	june 2022	June 2022	MAINTENANCE NOTE	Feb 2023	Mar 2023
ANALYSIS AND PRICING SALE	Aug 2022	Aug 2022			
TAN CLOSING	August 2022	Sept 2022			
FUNDS AVAILABLE	Sept 2022	Sept 2022			

TAN

JUNE							JULY							AUGUST							SEPTEMBER							OCTOBER							NOVEMBER						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
		1	2	3	4	5					1	2	3	1	2	3	4	5	6	7	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	26	27	28	29	30	31	19	20	21	22	23	24	25	28	29	30					
27	28	29	30				25	26	27	28	29	30	31	29	30	31					26	27	28	29	30		24	25	26	27	28	29	30	28	29	30					
																											31														
DECEMBER							JANUARY							FEBRUARY							MARCH							APRIL 2022							MAY 2023						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
			1	2	3	4							1			1	2	3	4	5			1	2	3	4	5						1	2	1	2	3	4	5	6	7
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
26	27	28	29	30	31		23	24	25	26	27	28	29	27	28						27	28	29	30	31		24	25	26	27	28	29	30	29	30	31					
							30	31																																	
														BOT DP																											

BOT DP

DATE:	February 3, 2022
SUBJECT:	2022 Maximum Compressed Tax Rates
CATEGORY:	Funding Implications; Tax rate compression
NEXT STEPS:	Share with business and finance staff

This letter details matters regarding tax rates for the 2022 tax year (TY) and the related state funding implications for the 2022–2023 school year (SY) based on Texas Education Code (TEC) §§48.255, 48.2551, and 48.2552, and 19 Texas Administrative Code (TAC) §61.1000. It is important to remember that Tier One tax compression does not impact the overall level of funding a district is entitled to. Rather, tax compression only impacts the balance of state and local share of a school district's total Tier One entitlement. This notice does not apply to open-enrollment charter schools.

Tier One tax compression for TY 2022 and SY 2022–2023

In TY 2022, state *and* local compression will apply to district Tier One tax rates (the portion of the M&O tax rate that previously comprised the first \$1.00 in prior law but is now based on the maximum compressed tax rate (MCR). State and local compression work in parallel, and districts receive the method which results in the greatest amount of compression (i.e., the lowest tax rate).

State Compression

State compression compares the extent to which estimated statewide property value growth (set by the General Appropriations Act at 4.36 percent for TY 2022) exceeds 2.5 percent to determine the MCR for TY 2022, calculated using the formula below. Additionally, in accordance with TEC, §48.2552(c), after accounting for additional state revenue determined under TEC, §48.2552(b), the maximum state compression rate for TY 2022 will continue to be reduced by an additional 0.003 pennies.

$$\text{TY 2022 State MCR} = 0.9134 \times (1.025 \div 1.0436) - 0.003 = \text{\$0.8941}$$

Local Compression

Similarly, local compression uses individual district property value growth compared to 2.5 percent to determine the MCR. Since districts receive the lesser of the MCR calculated under state compression or local compression, of the districts with a prior year MCR of \$0.9134, only districts whose local value growth exceeds 4.36 percent (the statewide growth in property values) will have additional compression below \$0.8941 (the state compression MCR).

Limit on Local Compression

In order to maintain tax rate equity, no district may have an MCR less than 90 percent of any other district. Districts whose prior year MCR was 0.9134 and which grow more than 15.92 percent for TY 2022 will meet this limitation. Other districts whose prior year MCR was below 0.9134 may reach this limitation with property value growth rates below 15.92 percent. As a result, no district will have a maximum Tier One tax rate lower than \$0.8046 for TY 2022 and SY 2022–2023.

Tax Compression Interaction with Senate Bill (SB) 1 (87-3)

Senate Bill 1 of the 87th Texas Legislature, 3rd Called Session, increased the state mandatory homestead exemption applicable to school districts from \$25,000 to \$40,000 per eligible homestead and created additional state aid to hold districts harmless for the decrease in local tax revenue. The following guidance assumes that voters will approve the increase in May 2022. Because SB 1 increases the homestead exemption, local district taxable property values (and calculated estimates of district comptroller property values, i.e., “T2”) for tax year 2022 will reflect the \$40,000 exemption, while tax year 2021 will reflect the previous exemption of \$25,000. The calculation of state compression will be unaffected by this change, and the calculation of local tax compression will otherwise be identical to prior years, except for the differences in homestead exemption levels between tax years.

TEA Technical Assistance in Calculating Tax Rates

The Texas Education Agency will open a data collection from July 18, 2022, through August 1, 2022. This data collection will focus on local school district property tax data for TY 2022 as well as for historical local property values. The agency will use the locally estimated property growth rates to calculate estimates of comptroller-certified property values used for state funding purposes (i.e., “T2” property values) and then will determine and make available maximum compressed Tier One tax rates in August 2022. More details related to this data collection will come via email notifications to subscribers of Public School Funding Updates in July 2022. Sign up to receive email notifications for Public School Funding Updates using this link:

https://public.govdelivery.com/accounts/TXTEA/subscriber/new?topic_id=TXTEA_5.

Reminder about Tier Two and voter approval elections

Pursuant to Texas Tax Code, Chapter 26, beginning in TY 2021, districts could:

- levy up to the district’s maximum Tier One compressed rate as discussed above without voter approval;
- levy the district’s maximum Tier One compressed rate plus four golden pennies without voter approval;
- levy an additional fifth golden penny¹ without voter approval, but only with a majority board vote; and
- levy a total of 17 enrichment pennies above the district’s maximum Tier One compressed rate (any previously authorized pennies do not require voter approval).

The basis for determining whether voter approval elections are required will begin with the district’s TY 2022 MCR plus the number of enrichment pennies accessed in TY 2021.

¹ Districts that have already accessed more than four golden pennies are not eligible to add additional pennies without a voter approval election.

Tier	Pennies	Action Required to Access
Tier Two Copper Pennies	9 – 17	Voter Approval Required (or previously accessed in TY 2021)
Tier Two Golden Pennies	6 – 8	Voter Approval Required (or previously accessed in TY 2021)
Tier Two Golden Pennies	1 – 5	No Voter Approval, but Majority Board Vote Required (or previously accessed in TY 2021)
Tier One	0 - MCR	No Voter Approval

Maximum M&O tax rate for TY 2022 and SY 2022–2023

The maximum M&O tax rate for any district in TY 2022 will be \$1.0641 (\$0.8941 + \$0.17). Districts with local compression that exceeds state compression will have a lower maximum M&O tax rate.

Questions

Nothing stated in this correspondence supersedes the Texas Education Code or the Texas Administrative Code. If you have any questions related to maximum compressed tax rates as determined under TEC, §48.2551, please contact the division of state funding by phone at (512) 463-9238 or by email at taxprograms@tea.texas.gov.

Sincerely,

Leo Lopez, RTSBA

Associate Commissioner for School Finance & Chief School Finance Officer



COUNTY TAX ASSESSOR-COLLECTOR

Fort Bend County, Texas

Carmen P. Turner, MPA
County Tax Assessor-Collector

(281) 341-3710
Fax (832) 471-1830
www.fbctx.gov

July 5, 2022

2022 Truth in Taxation Calculations

The following information is provided for **Stafford MSD's** 2022 Truth in Taxation calculations.

Per Section 26.04(b) of the Texas Property Tax Code, I, Carmen P. Turner, Tax Assessor-Collector for **Stafford MSD**, certify that:

The 2022 Anticipated Tax Collection Rate is **100.65%**.

2021 Actual Collection Rate 102.39%

2020 Actual Collection Rate 103.64%

2019 Actual Collection Rate 100.65%

The 2021 Debt Tax Collections were **\$172,676**

Please record this certification into the minutes of your next governing body meeting.

A handwritten signature in blue ink, appearing to read "CPT", is written over a horizontal line.

Carmen P. Turner, MPA

Fort Bend County Tax Assessor-Collector

A handwritten date "7/5/2022" in blue ink is written over a horizontal line.

Date



FORT BEND CENTRAL APPRAISAL DISTRICT

2801 B.F. Terry Blvd. Rosenberg, Texas 77471-5600

Phone (281) 344-8623 www.fbcad.org

Appraisal Review Board Fort Bend County, Texas

Order Approving Appraisal Records

After review of the appraisal records of the Fort Bend Central Appraisal District and hearing and determining all or substantially all taxpayer protests and all taxing unit challenges which were properly brought before the Appraisal Review Board in accordance with the Texas Property Tax Code, the Board, with a quorum present, has determined that the appraisal records should be approved as changed by Board orders duly submitted to the Chief Appraiser.

It is therefore ordered that the appraisal records, as changed, are approved and constitute the appraisal roll for the Fort Bend Central Appraisal District for the tax year 2022.

The approved appraisal records are attached to this Order and are incorporated herein by reference the same as if fully copied and set forth at length.

Total Value for S11 STAFFORD MSD

Total Market Value	<u>4,537,946,380</u>
Total Assessed Value	<u>4,104,887,672</u>
Total Net Taxable Value	<u>3,658,004,885</u>
Freeze Adjusted Taxable	<u>3,533,718,269</u>

Signed this 20th day of July, 2022

A handwritten signature in black ink, appearing to read "Joe Grace", written over a horizontal line.

Joseph Grace
Appraisal Review Board Chairman
Fort Bend County, Texas

A handwritten signature in black ink, appearing to read "Tracie Zimmerman", written over a horizontal line.

Tracie Zimmerman
Appraisal Review Board Secretary
Fort Bend County, Texas



FORT BEND CENTRAL APPRAISAL DISTRICT

2801 B.F. Terry Blvd. Rosenberg, Texas 77471-5600

Phone (281) 344-8623 www.fbcad.org

Fort Bend County, Texas

Certification Statement:

In accordance with and pursuant to Tax Code Section 26.01, on this 25 day of July, I, Jordan T. Wise, Chief Appraiser for the Fort Bend Central Appraisal District, do hereby certify to the tax assessor for STAFFORD MSD the appraisal roll and other required information for STAFFORD MSD.

The value of all property in, S11 STAFFORD MSD as shown by the certified appraisal roll for 2022, after being submitted to and approved by the appraisal review board is:

Total Market Value 4,537,946,380

Total Assessed Value 4,104,887,672

Witness my hand, July 25, 2022

Jordan T. Wise
Chief Appraiser



FORT BEND CENTRAL APPRAISAL DISTRICT

2801 B.F. Terry Blvd. Rosenberg, Texas 77471-5600

Phone (281) 344-8623 www.fbcad.org

Fort Bend County, Texas

CERTIFICATION OF 2022 APPRAISAL ROLL

FOR S11 STAFFORD MSD

In accordance with and pursuant to Tax Code Section 26.01, on this 25 day of July, I, Jordan T. Wise, Chief Appraiser for the Fort Bend Central Appraisal District, do hereby certify to the tax assessor for STAFFORD MSD the appraisal roll, and other required information for STAFFORD MSD.

2022 Appraisal Roll:

Total Market Value	<u>4,537,946,380</u>
Total Assessed Value	<u>4,104,887,672</u>
Total Taxable Value	<u>3,658,004,885</u>
Freeze Adjusted Taxable	<u>3,533,718,269</u>
Number of Accounts	<u>7,614</u>

Jordan T. Wise

Jordan T. Wise
Chief Appraiser

July 25, 2022

Date



FORT BEND CENTRAL APPRAISAL DISTRICT

2801 B.F. Terry Blvd. Rosenberg, Texas 77471-5600

Phone (281) 344-8623 www.fbcad.org

Fort Bend County, Texas

Chief Appraiser's Reasonable Estimate of Value for Property Under Review as of 2022 Appraisal Roll Certification

On July 20, 2022, the Appraisal Review Board of Fort Bend County, Texas, met to approve the appraisal records for tax year 2022. At the time of certification 96.96% of the roll value was approved leaving 3.04% of the value still under review. Under Section 26.01 of the Texas Property Tax Code, the chief appraiser must give a reasonable estimate of value for the properties still under review.

For S11 STAFFORD MSD, the district's full certified appraised value is as follows:

Market Value 4,537,946,380

Taxable Value 3,658,004,885

A reasonable estimate of value for the properties still under review is as follows:

Under Review		Estimated Value Adjusted for ARB Action	
Market value is	<u>138,405,729</u>	<u>Market Value</u>	<u>113,492,698</u>
Taxable Value is	<u>115,184,670</u>	<u>Taxable Value</u>	<u>94,451,429</u>
Freeze Adjusted Taxable	<u>111,840,106</u>	<u>Freeze Adjusted</u>	<u>91,708,887</u>

I, the undersigned, the duly selected chief appraiser of Fort Bend Central Appraisal District, do hereby certify this to be a reasonable estimate of value of the property still under protest for 2022.

Witness my hand, July 25, 2022.

Jordan T. Wise
Chief Appraiser



Harris County Appraisal District

13013 Northwest Freeway
Houston TX 77040
Telephone: (713) 812-5800

P.O. Box 920975
Houston TX 77292-0975
Information Center: (713) 957-7800



Office of Chief Appraiser

July 25, 2022

Stafford MSD Board of Trustees
President
Stafford MSD
1625 Staffordshire
Stafford, TX 77477-0000

Board of Directors

Mike Sullivan, Chairman
Martina Lemond Dixon, Secretary
Al Odom, Assistant Secretary
Ann Harris Bennett, Director
Tax Assessor-Collector, Ex-Officio Director
Jim Robinson, Director
Jonathan Cowen, Director
Kathy Blueford-Daniels, Director

Re: 2022 Sec. 26.01(a-1) Estimate
Stafford MSD

Chief Appraiser
Roland Altinger
Deputy Chief Appraiser
Jason Cunningham
Taxpayer Liaison Officer
Teresa S. Terry

Dear Sir / Madam:

As required by Texas Tax Code Sec. 26.01(a-1), we have prepared an estimate of taxable value for the above taxing jurisdiction for 2022.

While we have taken our best estimate of potential hearing loss into account, 2022 protests are still being received and formal hearings held during the next several months may cause further value reductions. Also, if fewer protests are filed, your value could possibly increase.

Your final taxable value will also be impacted by late-filed exemption applications, late applications for productivity valuation, correction motions under Tax Code Sec. 25.25, immediate residential homestead exemptions granted pursuant to Tax Code Sec. 11.42(f), and possible post-ARB appeals through binding arbitration, appeals to district court, or appeals to the State Office of Administrative Hearings.

Given these limitations, the estimated 2022 taxable value for the taxing unit identified above is:

\$12,788,213

The enclosed worksheet also provides additional estimated values that may be useful in your tax rate calculations.

Please do not hesitate to contact your HCAD jurisdiction coordinator or my office if you have questions regarding this estimate or other matters affecting appraisal district operations.

Sincerely,

Roland Altinger
Chief Appraiser

Certified Property Values

Fort Bend Appraisal District (FBCAD)

Harris County Appraisal District (HCAD)



	2021 Values (Preliminary)	PER T2 Compt Office 2021 Values Certified	2022 Values (Preliminary)	2022 Values Projected	Difference	2022 ARB Certified Jul 25th
Fort Bend CAD	-	3,163,542,823	3,633,785,820	3,374,723,909	211,181,086	3,773,189,555
Harris County CAD	-	-	10,266,912	10,266,912	10,266,912	12,788,213
Total	-	3,163,542,823	3,644,052,732	3,384,990,821	221,447,998	3,785,977,768

Potential Impact of Homestead Exemption to \$40,000

37,335,000

Values under review, Projected Timeline is July 2022 to receive certified values

FB CAD

20%Homestead Exemption

\$ 118,832,042

HC CAD

20%Homestead Exemption

1,668,841

\$ 120,500,883

2022 Values
(Budgeted)

\$ 3,773,189,555

Increase 12,788,213

\$ 3,785,977,768

	2022 Values (Budgeted)
FBCAD	\$ 3,374,723,909
HCAD	10,266,912
Total	\$ 3,384,990,821

221,447,998	Increase in projected values	\$ 622,434,945
-------------	------------------------------	----------------

Preliminary Projected MCR				As of July 11, 2022 Joint City/Board Meeting
M&O Tax Rate	\$0.88670	I&S Tax Rate	\$0.23590	
Collection Rate	98%		98%	
Budgeted Tax Collections	\$ 29,414,419		\$ 7,825,489	Total Levy \$ 37,239,909
	\$ 995,187			

Net Taxable Net ofr Frozen	3,759,305,272				As of Aug 8, 2022 Joint City/Board Meeting
Less Frozen Freeze	(117,538,273)				
Less Transfer Freeze	(191,382)				
Less DP Freeze	(6,678,696)				
	3,634,896,921				
ARB Under review	91,708,887				
Harris County values	12,788,213				
	3,739,394,021				

Near Final Projected MCR				Meeting
M&O Tax Rate	\$0.85460	I&S Tax Rate	\$0.2447	
Collection Rate	98%		98%	
	31,317,724			Total Levy
Budgeted Tax Collections	\$ 31,317,724		\$ 8,967,291	\$ 40,285,015
Total	\$ 1,903,305	<--- Increase in revenues --->	\$ 1,141,802	
	\$524,703	Estimated Recapture amount		

Current Rate	\$ 0.9134	\$ 0.2559	\$ 1.1693
Proposed	\$ 0.8546	\$ 0.2447	\$ 1.0993
Difference	0.0588	0.0112	0.0700

2022 Tax Rate Calculation Worksheet

School Districts without Chapter 313 Agreements

Form 50-859

Stafford Municipal School District	281-261-9361
School District's Name	Phone (area code and number)
1633 Staffordshire Stafford Texas 77477	www.staffordmsd.org
School District's Address, City, State, ZIP Code	School District's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submit the rates to the governing body by Aug. 7 or as soon thereafter as practicable. Tax Code Section 26.04(e-1) does not require school districts to certify the tax rate calculations.

This worksheet is for **school districts without Chapter 313 agreements only**. School districts that have a Chapter 313 agreement should use Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School Districts with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form. Use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

All other taxing units should use Comptroller Form 50-856 *Tax Rate Calculation, Taxing Units Other Than School Districts or Water Districts*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The Texas Education Agency (TEA) provides detailed information on and guidance to school districts in calculating their tax rates. Please review and rely on information provided by TEA when completing this worksheet. Additionally, the information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The no-new-revenue (NNR) tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of revenue if applied to the same properties that are taxed in both years (no new taxes). When appraisal values increase, the NNR tax rate should decrease.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2021 total taxable value. Enter the amount of 2021 taxable value on the 2021 tax roll today. Include any adjustments since last year's certification; exclude one-fourth and one-third over-appraisal corrections made under Tax Code Section 25.25(d) from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2). ¹	\$ 3,044,971,810
2.	2021 tax ceilings. Enter 2021 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ²	\$ 120,950,953
3.	Preliminary 2021 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 2,924,020,857
4.	2021 total adopted tax rate.	\$ 1.169800 /\$100
5.	2021 taxable value lost because court appeals of ARB decisions reduced 2021 appraised value. A. Original 2021 ARB values: \$ 0 B. 2021 values resulting from final court decisions: - \$ 0 C. 2021 value loss. Subtract B from A. ³	\$ 0
6.	2021 taxable value subject to an appeal under Chapter 42, as of July 25. A. 2021 ARB certified value: \$ 0 B. 2021 disputed value: - \$ 0 C. 2021 undisputed value. Subtract B from A. ⁴	\$ 0
7.	2021 Chapter 42-related adjusted values. Add Line 5 and 6.	\$ 0
8.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 2,924,020,857
9.	2021 taxable value of property in territory the school deannexed after Jan. 1, 2021 Enter the 2021 value of property in deannexed territory. ⁵	\$ 1,540,630

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.012(14)

³ Tex. Tax Code § 26.012(13)

⁴ Tex. Tax Code § 26.012(13)

⁵ Tex. Tax Code § 26.012(15)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
10.	2021 taxable value lost because property first qualified for an exemption in 2022 If the school district increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport goods-in-transit, or temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2022 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2021 market value: \$ <u>0</u> B. Partial exemptions. 2022 exemption amount or 2022 percentage exemption times 2021 value: + \$ <u>3,088,570</u> C. Value loss. Add A and B. ⁶	\$ <u>3,088,570</u>
11.	2021 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2022. Use only properties that qualified in 2022 for the first time; do not use properties that qualified in 2021. A. 2021 market value. \$ <u>0</u> B. 2022 productivity or special appraised value: - \$ <u>0</u> C. Value loss. Subtract B from A. ⁷	\$ <u>0</u>
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ <u>4,629,200</u>
13.	Adjusted 2021 taxable value. Subtract Line 12 from Line 8.	\$ <u>2,919,391,657</u>
14.	Adjusted 2021 total levy. Multiply Line 4 by Line 13 and divide by \$100.	\$ <u>34,151,043</u>
15.	Taxes refunded for years preceding tax year 2021. Enter the amount of taxes refunded by the district for tax years preceding tax year 2021. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. ⁸	\$ <u>0</u>
16.	Adjusted 2021 levy with refunds. Add Line 14 and Line 15. ⁹ Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, subtract the amount of taxes the governing body dedicated to the junior college district in 2021 from the result.	\$ <u>34,151,043</u>
17.	Total 2022 taxable value on the 2022 certified appraisal roll today. This value includes only certified values and includes the total taxable value of homesteads with tax ceilings (will deduct in line 19). These homesteads include homeowners age 65 or older or disabled. ¹⁰ A. Certified values. ¹¹ \$ <u>3,670,793,098</u> B. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ <u>0</u> C. Total 2022 value. Subtract B from A.	\$ <u>3,670,793,098</u>
18.	Total value of properties under protest or not included on certified appraisal roll. ¹² A. 2022 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹³ \$ <u>115,184,670</u> B. 2022 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives school districts a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties are also not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value not on the roll. ¹⁴ + \$ <u>0</u> C. Total value under protest or not certified. Add A and B.	\$ <u>115,184,670</u>
19.	2022 tax ceilings. Enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. ¹⁵	\$ <u>124,286,616</u>

⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.012(13)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code §§ 26.012, 26.04(c-2)¹¹ Tex. Tax Code § 26.012(6)¹² Tex. Tax Code § 26.01(c) and (d)¹³ Tex. Tax Code § 26.01(c)¹⁴ Tex. Tax Code § 26.01(d)¹⁵ Tex. Tax Code § 26.012(6)(B)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
20.	2022 total taxable value. Add Lines 17C and 18C. Subtract Line 19.	\$ 3,661,691,152
21.	Total 2022 taxable value of properties in territory annexed after Jan. 1, 2021. Include both real and personal property. Enter the 2022 value of property in territory annexed by the school district.	\$ 0
22.	Total 2022 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2021. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the school district after Jan. 1, 2021, and be located in a new improvement.	\$ 71,597,799
23.	Total adjustments to the 2022 taxable value. Add lines 21 and 22.	\$ 71,597,799
24.	Adjusted 2022 taxable value. Subtract line 23 from line 20.	\$ 3,590,093,353
25.	2022 NNR tax rate. Divide line 16 by line 24 and multiply by \$100.	\$ 0.951257/\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. Most school districts calculate a voter-approval tax rate that is split into three separate rates.¹⁸

- Maximum Compressed Tax Rate (MCR):** A district's maximum compressed tax rate is defined as the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment.¹⁹
- Enrichment Tax Rate :**²⁰ A district's enrichment tax rate is defined as any tax effort in excess of the district's MCR and less than \$0.17. The enrichment tax rate is divided into golden pennies and copper pennies. School districts can claim up to 8 golden pennies, not subject to compression, and 9 copper pennies which are subject to compression with any increases in the guaranteed yield.²¹
- Debt Rate:** The debt rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The MCR and Enrichment Tax Rate added together make up the school district's maintenance and operations (M&O) tax rate. Districts cannot increase the district's M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service.²²

If a school district adopted a tax rate that exceeded its voter-approval tax rate without holding an election to respond to a disaster in the prior year, as allowed by Tax Code Section 26.042(e), the school district may not consider the amount by which it exceeded its voter-approval tax rate (disaster pennies) in the calculation this year. This adjustment will be made in Section 4 of this worksheet.

A district must complete an efficiency audit before seeking voter approval to adopt a M&O tax rate higher than the calculated M&O tax rate, hold an open meeting to discuss the results of the audit, and post the results of the audit on the district's website 30 days prior to the election.²³ Additionally, a school district located in an area declared a disaster by the governor may adopt a M&O tax rate higher than the calculated M&O tax rate during the two-year period following the date of the *declaration without conducting an efficiency audit*.²⁴

Districts should review information from TEA when calculating their voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
26.	2022 maximum compressed tax rate (MCR). TEA will publish compression rates based on district and statewide property value growth. Enter the school districts' maximum compressed rate based on guidance from TEA. ²⁵	\$ 0.804600/\$100
27.	2022 enrichment tax rate. Enter the greater of A and B. ²⁶ <div style="margin-left: 20px;"> A. Enter the district's 2021 enrichment tax rate, minus any required reduction under Education Code Section 48.202(f) \$ 0.0500/\$100 B. \$0.05 per \$100 of taxable value \$ 0.0500/\$100 </div>	\$ 0.050000/\$100
28.	2022 maintenance and operations (M&O) tax rate. Add Lines 26 and 27. Note: M&O tax rate may not exceed the sum of \$0.17 and the district's maximum compressed rate. ²⁷	\$ 0.854600/\$100

¹⁶ [Reserved for expansion]

¹⁷ [Reserved for expansion]

¹⁸ Tex. Tax Code §26.08(n)

¹⁹ Tex. Edu. Code §48.2551(a)(3)

²⁰ Tex. Tax Code §26.08(j) and Tex. Edu. Code §45.0032

²¹ Tex. Edu. Code §§48.202(a-1)(2) and 48.202(f)

²² Tex. Edu. Code §45.0021(a)

²³ Tex. Edu. Code §11.184(b)

²⁴ Tex. Edu. Code §11.184(b-1)

²⁵ Tex. Edu. Code §§48.255, 48.2551(b)(1) and (b)(2)

²⁶ Tex. Tax Code §26.08(n)(2)

²⁷ Tex. Edu. Code §45.003(e)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
29.	Total 2022 debt to be paid with property tax revenue. Debt means the interest and principal that will be paid on debts that: <ul style="list-style-type: none"> (1) Are paid by property taxes; (2) Are secured by property taxes; (3) Are scheduled for payment over a period longer than one year; and (4) Are not classified in the school district's budget as M&O expenses. <p>A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here.</p> <p>²⁸ Enter debt amount: \$ <u>9,367,752</u></p> <p>B. Subtract unencumbered fund amount used to reduce total debt. – \$ <u>320,000</u></p> <p>C. Subtract state aid received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program. – \$ <u>29,000</u></p> <p>D. Adjust debt: Subtract B and C from A.</p>	\$ <u>9,018,752</u>
30.	Certified 2021 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ <u>0</u>
31.	Adjusted 2022 debt. Subtract line 30 from line 29D.	\$ <u>9,018,752</u>
32.	2022 anticipated collection rate. If the anticipated rate in A is lower than actual rates in B, C and D, enter the lowest rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³⁰ <ul style="list-style-type: none"> A. Enter the 2022 anticipated collection rate certified by the collector.³¹ <u>100.65</u> % B. Enter the 2021 actual collection rate <u>102.39</u> % C. Enter the 2020 actual collection rate <u>103.64</u> % D. Enter the 2019 actual collection rate <u>100.65</u> % 	<u>100.65</u> %
33.	2022 debt adjusted for collections. Divide Line 31 by Line 32. Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, add the amount of taxes the governing body proposes to dedicate to the junior college district in 2022 to the result.	\$ <u>8,960,508</u>
34.	2022 total taxable value. Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>3,661,691,152</u>
35.	2022 debt rate. Divide Line 33 by Line 34 and multiply by \$100.	\$ <u>0.244709</u> /\$100
36.	2022 voter-approval tax rate. Add Lines 28 and 35. If the school district received distributions from an equalization tax imposed under former Chapter 18, Education Code, add the NNR tax rate as of the date of the county unit system's abolition to the sum of Lines 28 and 35. ³²	\$ <u>1.099309</u> /\$100

SECTION 3: Voter-Approval Tax Rate Adjustment for Pollution Control

A school district may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The school district's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The school district must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a school district that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
37.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³³ The school district shall provide its tax assessor with a copy of the letter. ³⁴	\$ <u>0</u>

²⁸ Tex. Tax Code § 26.012(7)

²⁹ Tex. Tax Code §§26.012(10) and 26.04(b)

³⁰ Tex. Tax Code §§26.04(h), (h-1) and (h-2)

³¹ Tex. Tax Code §26.04(b)

³² Tex. Tax Code §26.08(g)

³³ Tex. Tax Code § 26.045(d)

³⁴ Tex. Tax Code § 26.045(i)

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
38.	2022 total taxable value. Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 3,661,691,152
39.	Additional rate for pollution control. Divide line 37 by line 38 and multiply by \$100.	\$ 0 /\$100
40.	2022 voter-approval tax rate, adjusted for pollution control. Add line 36 and line 39.	\$ 1.099309 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment in Year Following Disaster

If a school district adopted a tax rate that exceeded its voter-approval tax rate without holding an election to respond to a disaster in the prior year, as allowed by Tax Code Section 26.042(e), the school district may not consider the amount by which it exceeded its voter-approval tax rate in the calculation this year.³⁵ As such, it must reduce its voter-approval tax rate for the current tax year.

This section applies to a school district in a disaster area that adopts a tax rate greater than its voter-approval tax rate without holding an election in the prior year, as provided for by Tax Code Section 26.042(e).

Line	Prior Year Disaster Adjustment Worksheet	Amount/Rate
41.	2021 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1.169800 /\$100
42.	2021 voter-approval tax rate. If the school district adopted a tax rate above the 2021 voter-approval tax rate without holding an election due to a disaster, enter the voter-approval tax rate from the prior year's worksheet.	\$ 0 /\$100
43.	Increase in 2021 tax rate due to disaster (disaster pennies). Subtract Line 42 from Line 41.	\$ 0 /\$100
44.	2022 voter-approval tax rate, adjusted for prior year disaster. Subtract Line 43 from one of the following lines (as applicable): Line 36 or Line 40 (school districts with pollution control).	\$ 1.099309 /\$100

SECTION 5: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-New-Revenue Tax Rate \$ 0.951257 /\$100
 Enter the 2022 NNR tax rate from Line 25.

Voter-Approval Tax Rate \$ 1.099309 /\$100
 As applicable, enter the 2022 voter-approval tax rate from Line 36, Line 40 or Line 44. Indicate the line number used: 36

SECTION 6: School District Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the school district. By signing below, you certify that you are the designated officer or employee of the school district and have calculated the tax rates in accordance with requirements in Tax Code and Education Code.³⁶

**print
here** ➡

Dr. Jesus Amezcua, CPA, RTSBA, CPFIM

Printed Name of School District Representative

**sign
here** ➡

School District Representative

Date

³⁵ Tex. Tax Code §26.042(f) and Tex. Edu. Code § 45.0032(d)

³⁶ Tex. Tax Code §26.04(c)

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Stafford Municipal School District will hold a public meeting at 7:00 PM, August 29, 2022 in Stafford Civic Center at 1415 Constitution Stafford, Texas 77477. **The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.**

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	\$0.854600/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.254700/\$100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	5.26 % increase
Debt Service	21.88 % increase
Total Expenditures	8.04 % increase

Total Appraised Value and Total Taxable Value **(as calculated under Section 26.04, Tax Code)**

	<u>Preceding Tax Year</u>	<u>Current Tax Year</u>
Total appraised value* of all property	\$3,515,606,349	\$4,537,946,380
Total appraised value* of new property**	\$3,731,514,089	\$101,666,974
Total taxable value*** of all property	\$3,038,066,596	\$3,670,793,098
Total taxable value*** of new property**	\$37,287,665	\$71,597,799

*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.

** "New property" is defined by Section 26.012(17), Tax Code.

*** "Taxable value" is defined by Section 1.04(10), Tax Code.

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* \$156,625,212

*Outstanding principal.

Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance & Operations</u>	<u>Interest & Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
Last Year's Rate	\$0.913900	\$0.255900	\$1.169800	\$11,262	\$728
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$0.869840	\$0.198050	\$1.067890	\$11,160	\$410
Proposed Rate	\$0.854600	\$0.254700	\$1.109300	\$11,514	\$543

*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both.

The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

Comparison of Proposed Levy with Last Year's Levy on Average Residence

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$147,586	\$244,466
Average Taxable Value of Residences	\$78,069	\$155,573
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.169800	\$1.109300
Taxes Due on Average Residence	\$913.25	\$1,725.77
Increase (Decrease) in Taxes		\$812.52

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$1.099309. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.099309.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	\$5,766,041
Interest & Sinking Fund Balance(s)	\$2,909,326

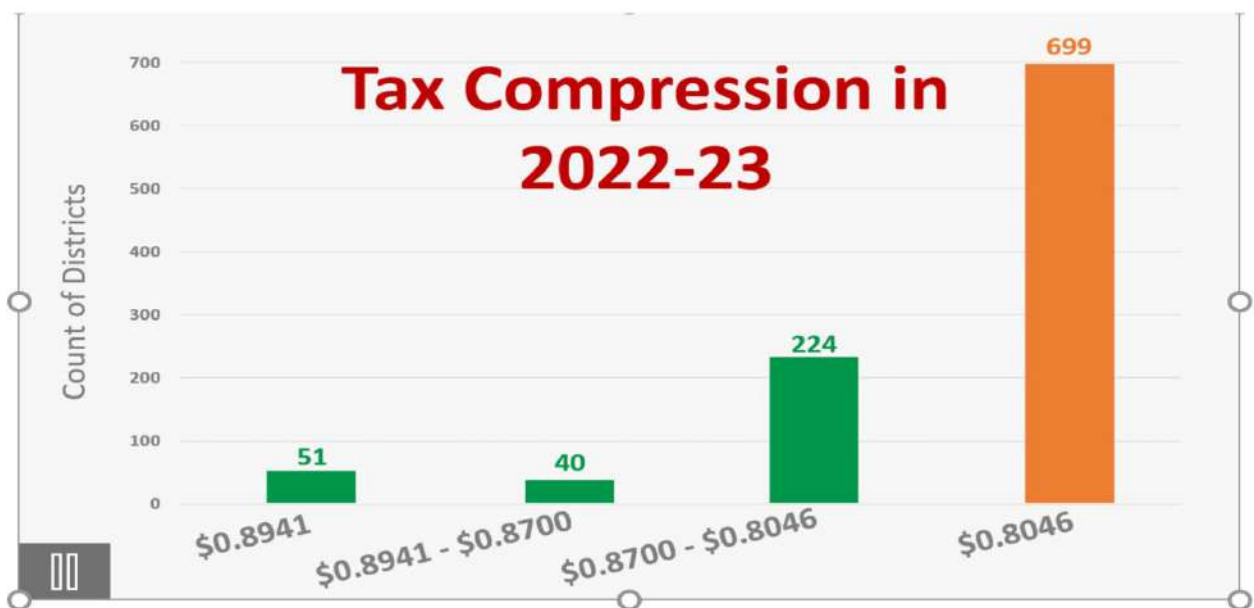
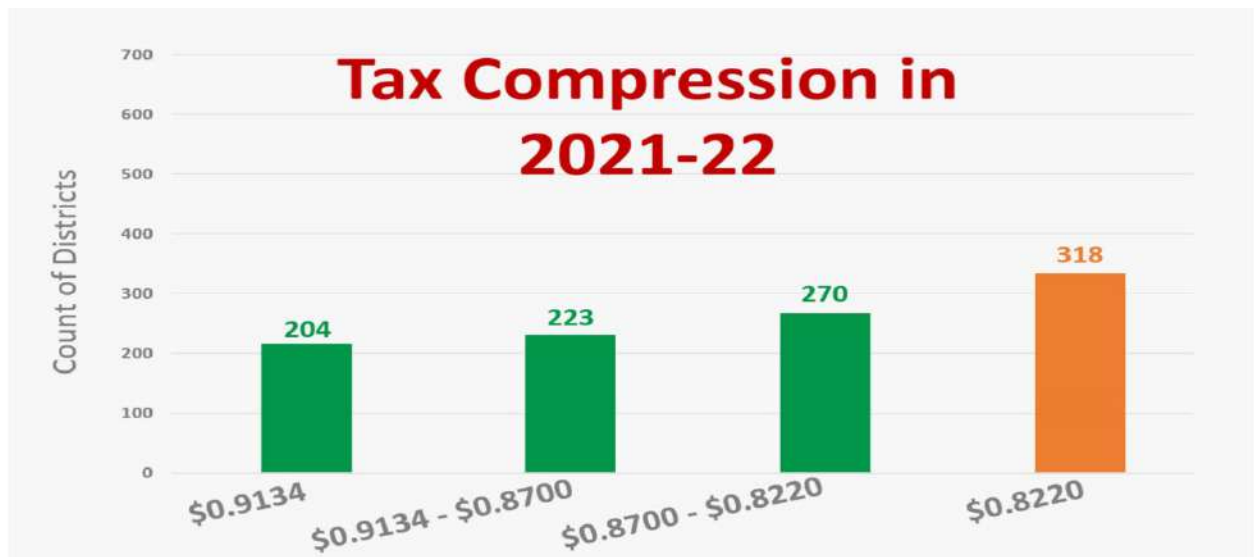
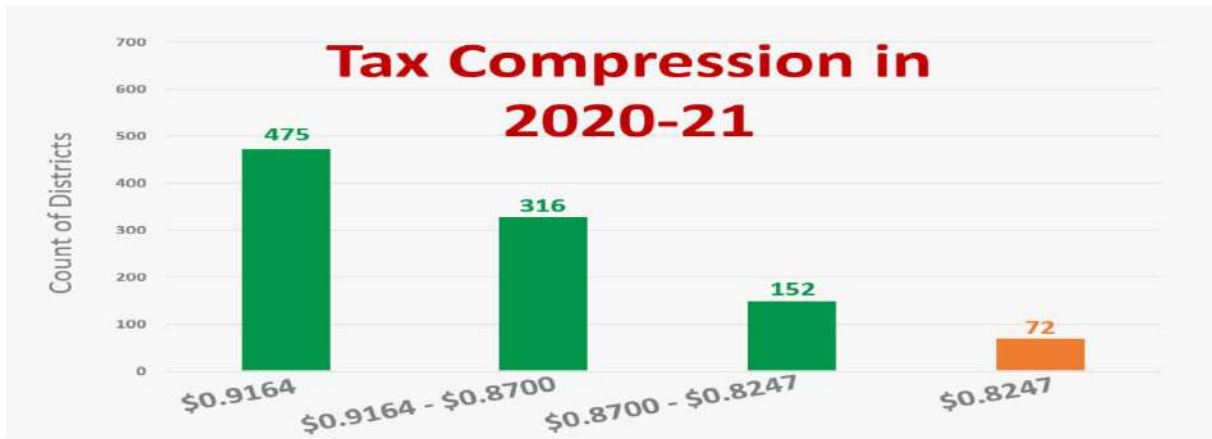
A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.



A non-educ policy shop from Moak, Casey & Associates



Yesterday, TEA published [preliminary maximum compressed tax rates](#) (MCRs) for school districts for tax year 2022 (school year 2022-23). You can read the agency's [TAA letter here](#). See below for key takeaways from our analysis of the compression data provided by TEA:

- The data reveals that **well over two-thirds of school districts (699) received preliminary MCRs at the statutory M&O tax rate floor of \$0.8046 per \$100 property valuation**. The large number of districts at the floor pulled the statewide average preliminary MCR down by 4.3 cents from \$0.8615 to \$0.8186.
- **This is more than double the 318 districts that were previously at the MCR floor in tax year 2021**. The graphic above shows the increases over the last three tax years.
- The reason for this clustering at the bottom is that statewide average local district property value growth was approximately 17.3% in tax year 2022, according to agency data, and **this percentage is almost four times the comptroller-estimated growth rate of 4.36%**, which was projected during the 2021 legislative session, and is what the state used to set the MCR tax ceiling and floor.
- **This level of property value growth is unprecedented**, with average annual growth over the last decade being **8.9% from tax years 2011 through 2021**.
- **The district with the single largest growth percentage was 142%**. The largest 20 districts by tax base size saw an average growth of 14.1%. The smallest 20 districts by tax base size saw an average growth of 7.5%.
- Hypothetically, the **statewide average tax rate decrease could have been nearly 8.5 cents** (instead of the actual decline of 4.3 cents) if the state used actual property value growth instead of estimates to set the tax ceiling.

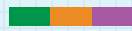
According to our calculations, the ceiling and floor would have been \$0.7951 and \$0.7155, respectively using actual value growth, and this would have decreased the number of districts at the floor to 296.

This change to the compression calculation is something lawmakers have considered and may revisit next legislative session.

Source: Leo Lopez Moak Casey CFO



School Finance & Legislative Update

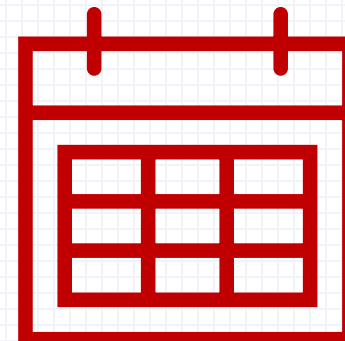
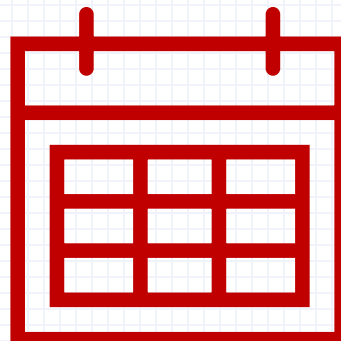
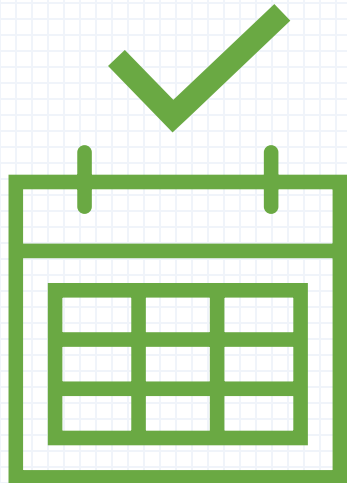
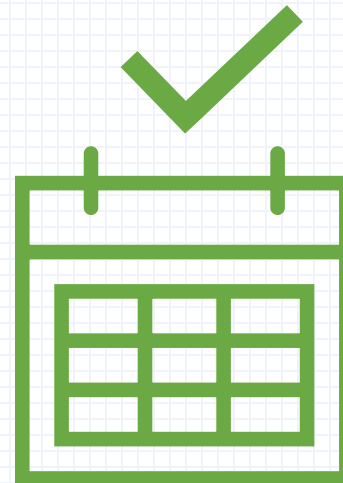
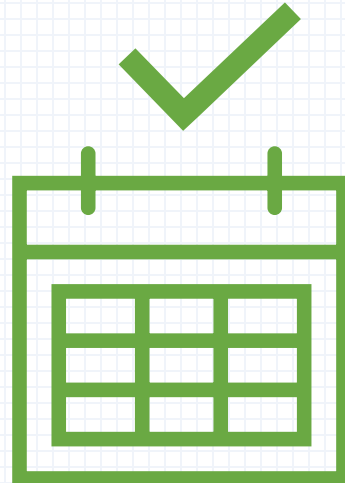
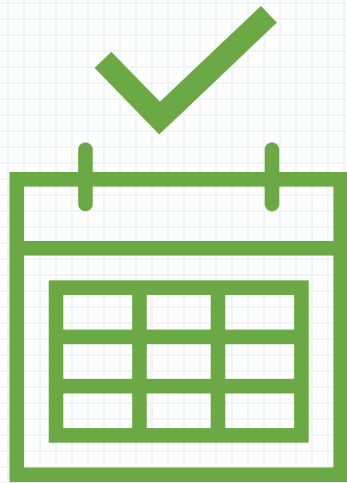


Prepared for the
Harris County Department of Education



Operational
Minute
Adjustment

Operational Minute Adjustment



TEA announced in
March that it will
revise districts' ADA
through the

first 4 six
weeks of
2021-22

up to pre-pandemic
levels.



Operational
Minute
Adjustment

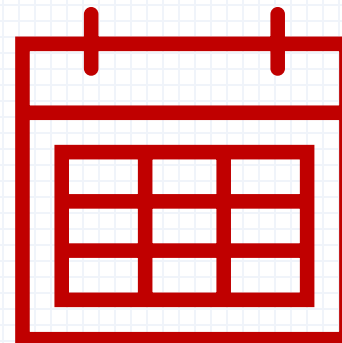
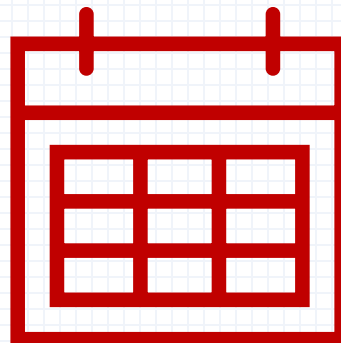
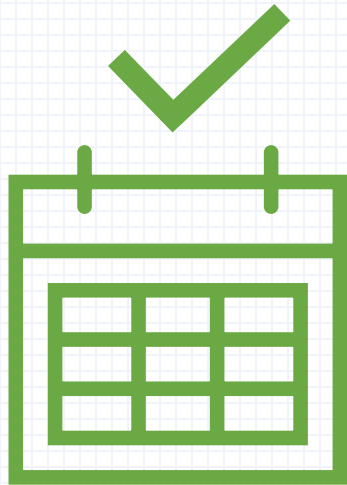
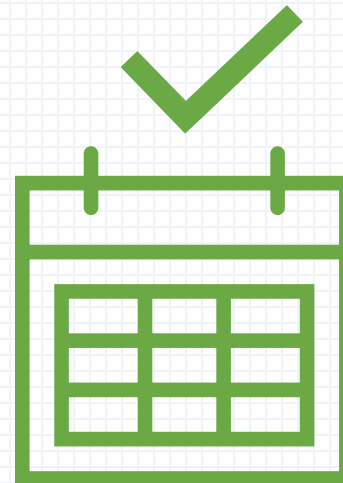
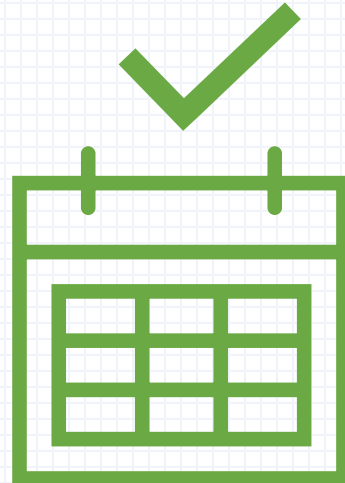
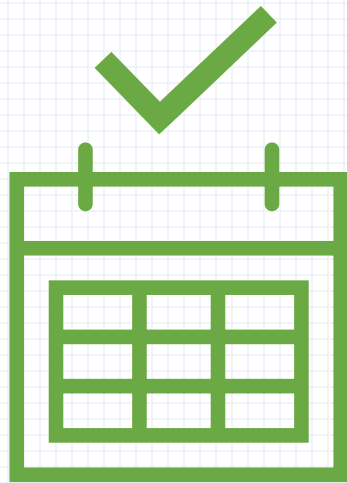
Operational Minute Adjustment

1. This **will not protect** districts from enrollment declines. This will only offset **low attendance rates** during the first 4 six weeks of 2021-22.
2. This will come as additional state aid/reduced recapture. Districts **will not pay** for this adjustment with their ESSER dollars.
3. This adjustment **will also be made to many special program allotments** such as special education, CTE, bilingual education, early education, etc.



Operational
Minute
Adjustment

Operational Minute Adjustment



+\$1 B

of additional state
aid/reduced
recapture for Texas
school districts.



Operational
Minute
Adjustment

Operational Minute Adjustment

- Even after the OMA extension, adjusted ADA is expected to be 130k+ below LPE (**around \$1.5 B savings to state**).
- This would be in addition to the projected FSP surplus of **\$1.2 B** from prior school year.
- Cost to districts of not including 5th and 6th six weeks in OMA extension estimated to be **\$280+ million**.



Looking forward
to the 88th

Enrollment vs. ADA

	Description	Number of States
Average Daily Membership	Average enrollment counts over most or all of the year.	23
Single Count Day	Enrollment or attendance count from a single day, typically in the fall.	11
Multiple Count Day	Attendance or enrollment counts from multiple days, e.g., fall and spring.	9
ADA	Averaged daily attendance counts over most or all of the year.	6 (incl. TX)
Enrollment Period	Enrollment counts over multiple days.	1

Source: Education Commission of the States



Enrollment vs. ADA



Looking forward
to the 88th

- **Research is mixed** on how/if districts respond to financial incentives under an ADA-based system and how/if students benefit.
- **Research is clear** on the demographics of chronically absent students and what types of school districts lose the most under ADA-based systems.

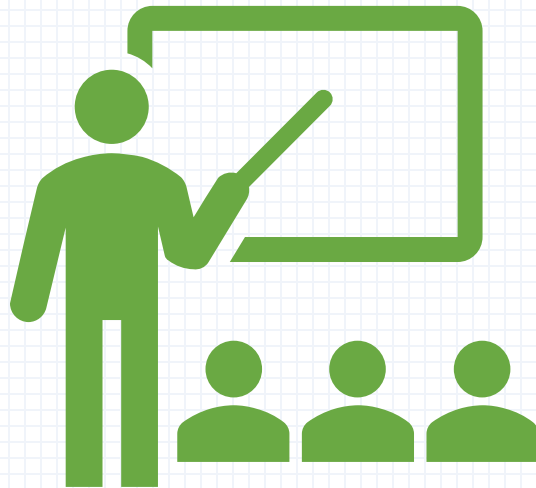


Enrollment vs. ADA

Primary district cost drivers are **enrollment based**.



Looking forward
to the 88th



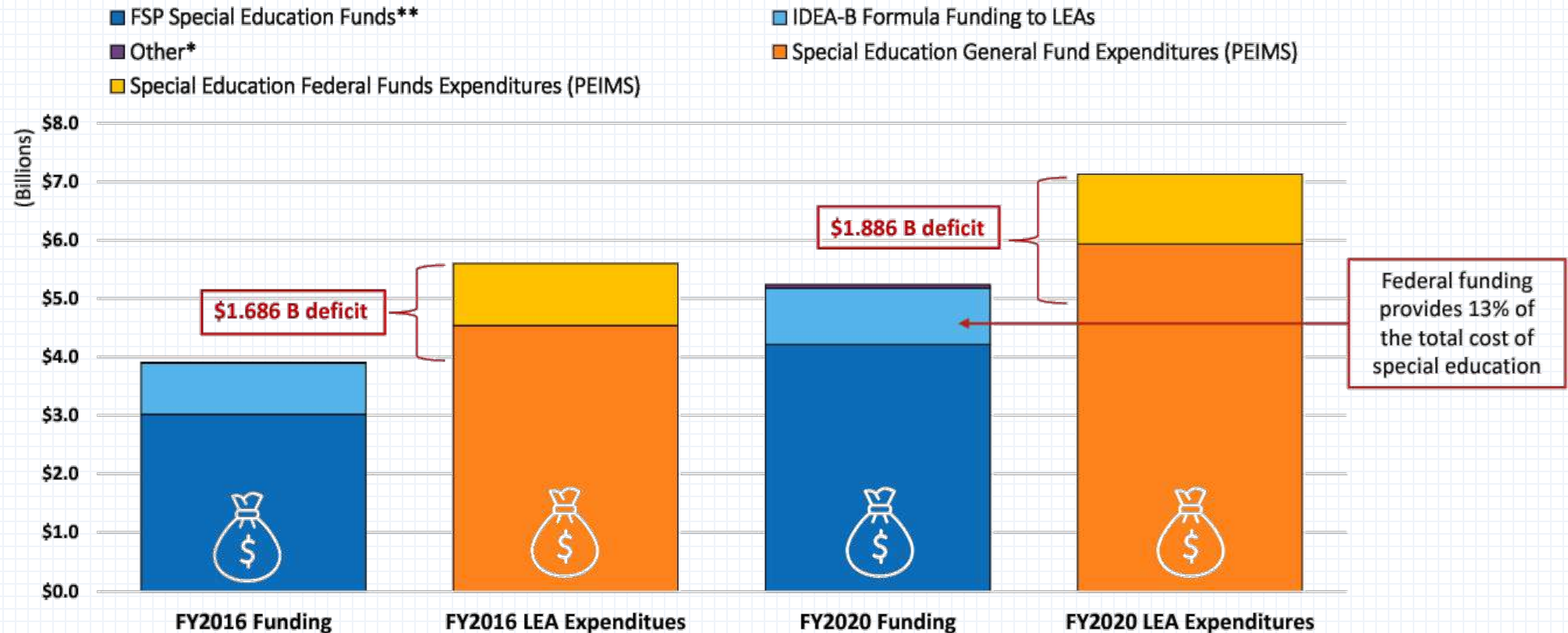


Special Education

Special education **funding gaps** have remained despite changes made in recent legislation.



Looking forward
to the 88th



Source: Texas Education Agency



Virtual Education

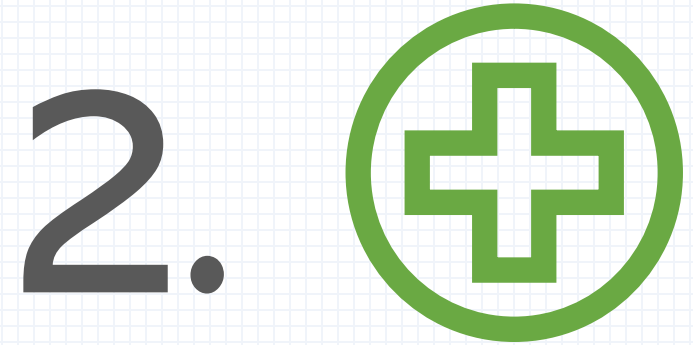


Looking forward
to the 88th

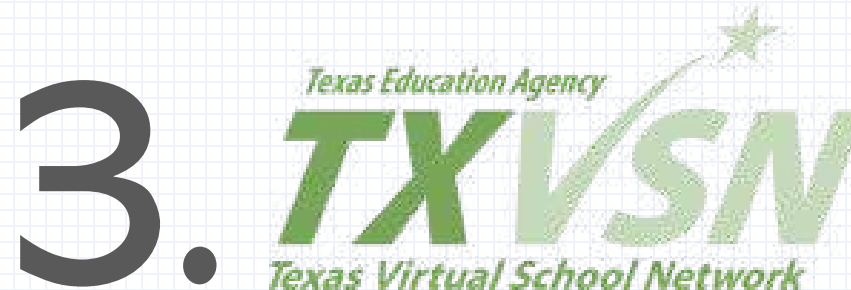


**Local Remote
Learning Program
SB 15**

Expires at end of 2022-23 school year



**Remote
Conferencing**

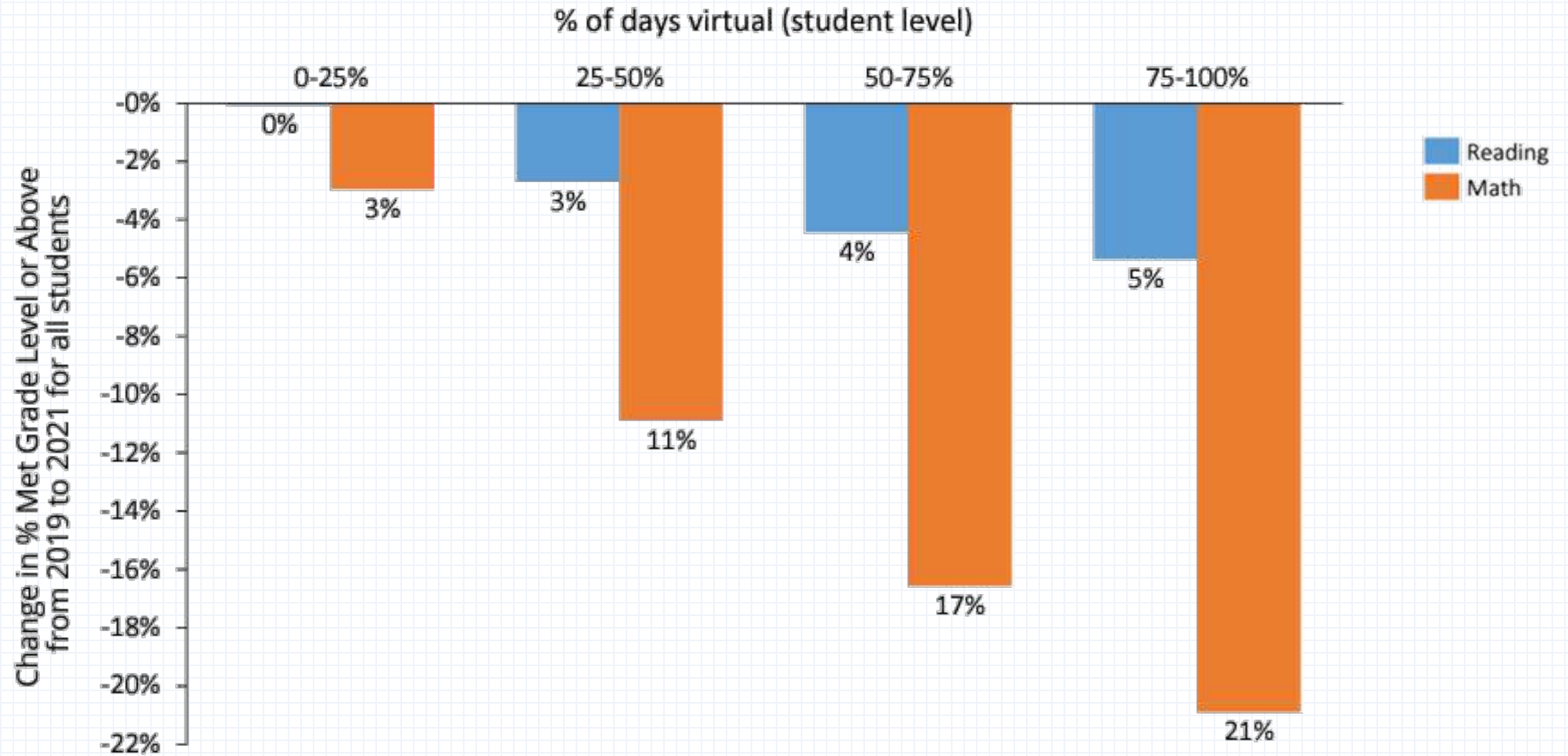




Virtual Education



Looking forward
to the 88th





Virtual Education



Looking forward
to the 88th

- Expect **significant student achievement-related guardrails** to continue to be a feature of any long-term virtual education framework.
- Commission has not fully delved into debate over increasing number/capacity of statewide online providers.
- Some discussion on **providing financial incentives** to smaller districts facing challenges in implementing high-quality remote conferencing programs.



Looking forward
to the 88th

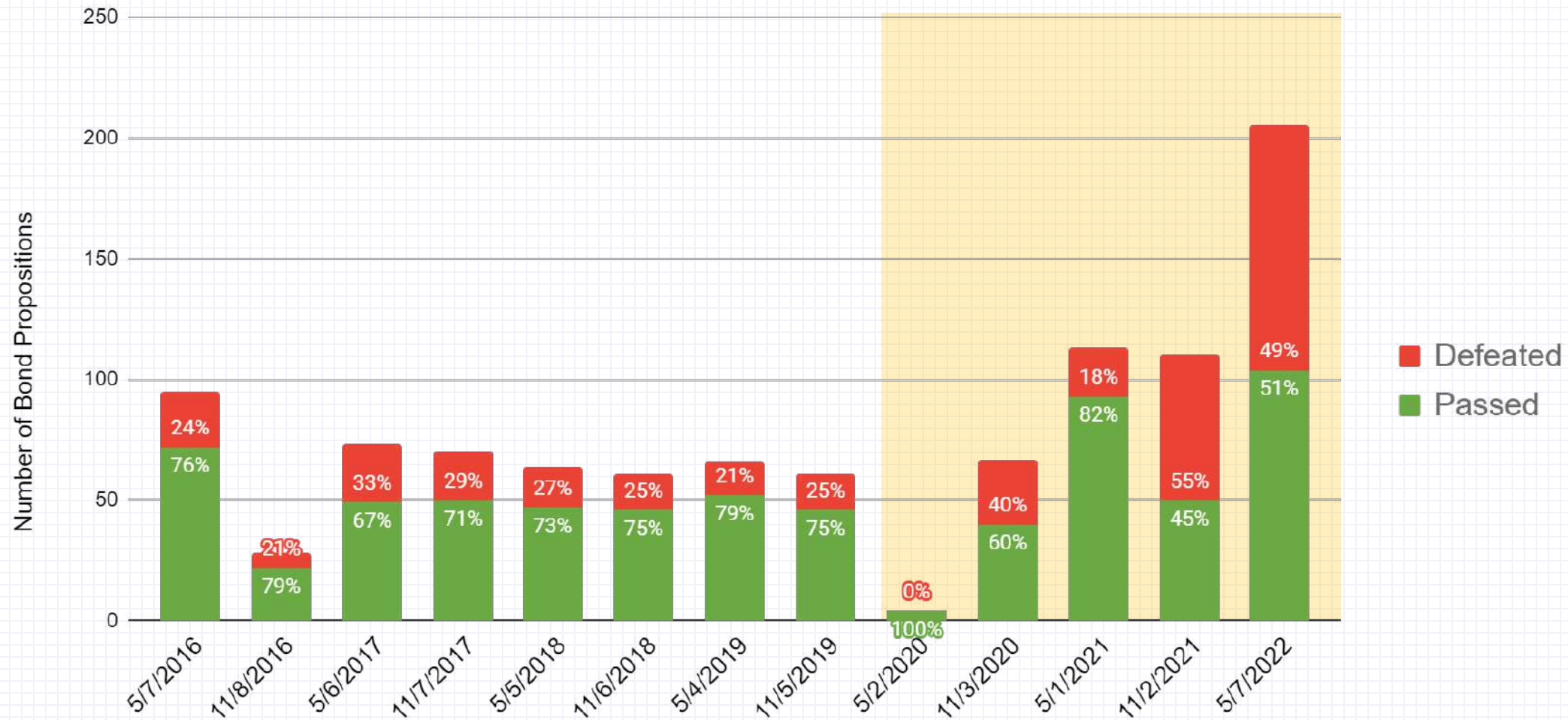
Bond Propositions | Dollars

	May	Nov.	Total
2013	\$4.1 B	\$3.4 B	\$7.5 B
2014	\$6.2 B	\$4.1 B	\$10.3 B
2015	\$4.5 B	\$6.4 B	\$10.9 B
2016	\$4.7 B	\$2.9 B	\$7.6 B
2017	\$5.8 B	\$8.2 B	\$14.0 B
2018	\$5.3 B	\$5.7 B	\$11.0 B
2019	\$8.5 B	\$7.0 B	\$15.5 B
2020	\$0.3 B	\$9.0 B	\$9.3 B
2021	\$7.0 B	\$8.7 B	\$15.7 B
2022	\$16.6 B		



Looking forward
to the 88th

Bond Propositions





Looking forward
to the 88th

Other Major Topics

- **Labor Shortages:** Gov. Abbott established Teacher Vacancy Task Force to develop recommendations to deal with staffing challenges.
- **Vouchers:** Voucher bills will be a major focus of the Senate during the next legislative session.
- **ESSER:** TEA will begin reporting ESSER expenditures to state lawmakers this summer. Districts will need to take steps to avoid falling off the “fiscal cliff.”
- **Undocumented Students:** Gov. Abbott said that state will challenge previous Supreme Court ruling requiring public schools to serve undocumented students.



Other Major Topics

- **School Safety:** Gov. Abbott has tasked school safety center with random, unannounced intruder audits.

House and Senate have named members to new committees focused on school safety.

Lt. Gov. Dan Patrick proposed \$50 million for bulletproof shields for police officers.



Looking forward
to the 88th



Property
Taxes

Property Values

What all are property values used for?

- **To determine tax compression:** Districts will need to report the **grand total, net taxable value** from the certified report to TEA in July. Wait to adopt your tax rate until you receive MCR from TEA (unless going for a TRE).
- **To determine tax collections:** This calculation will rely on **freeze-adjusted values** and frozen taxes paid. Also may incorporate anticipated ARB losses.
- **To determine state aid:** Comptroller T values from the Property Value Study determines local share. This figure **does not include loss from LOHEs and includes a deduction of only a portion of the frozen values**.



What are values used for?

To determine tax compression:



Property
Taxes

Survey Information

Selected School Year: 2020-2021

Selected District: LA JOYA ISD (108912)

Tax Year 2019 Value Lost to the Local Optional Homestead Exemption

\$0

Tax Year 2019 Comptroller Certified School District Taxable Values for M&O Purposes (T2)

\$2,631,437,440

Chief Appraiser's July 25th Certified School District Taxable Values from the Certified Appraisal Roll.

Grand Total, Net Taxable ➡

For Tax Year 2019 : \$2,632,980,762

For Tax Year 2020 : \$2,769,929,321

Local Property Value Growth %: 5.20%

Tax Year 2020 property value no longer subject to a limitation on appraised value under Chapter 313, Tax Code :

\$0

Tax Year 2020 property value no longer subject to a limitation on appraised value under Chapter 311, Tax Code :

\$0

Total Exemption expiry (E) (per TEC §48.2551 (a)) : \$0

Growth net of expiring 313 or 311 agreements %: 5.20%

Local Optional Homestead Exemption Value Loss for Tax Year 2020:

\$0

Local Optional Homestead Exemption value change: \$0



What are values used for?

To determine tax compression:



Property
Taxes

HS, Local Column ➡

Survey Information	
Selected School Year:	2020-2021
Selected District:	LA JOYA ISD (108912)
Tax Year 2019 Value Lost to the Local Optional Homestead Exemption	\$0
Tax Year 2019 Comptroller Certified School District Taxable Values for M&O Purposes (T2)	\$2,631,437,440
Chief Appraiser's July 25th Certified School District Taxable Values from the Certified Appraisal Roll.	
For Tax Year 2019 :	\$2,632,980,762
For Tax Year 2020 :	\$2,769,929,321
Local Property Value Growth %:	5.20%
Tax Year 2020 property value no longer subject to a limitation on appraised value under Chapter 313, Tax Code :	\$0
Tax Year 2020 property value no longer subject to a limitation on appraised value under Chapter 311, Tax Code :	\$0
Total Exemption expiry (E) (per TEC §48.2551 (a)) :	\$0
Growth net of expiring 313 or 311 agreements %:	5.20%
Local Optional Homestead Exemption Value Loss for Tax Year 2020:	\$0
Local Optional Homestead Exemption value change:	\$0

HS, Local Column ➡



Property
Taxes

What are values used for?

To determine T values:

- $T2 = \text{M\&O Net Taxable} - \text{Frozen Value Loss} + \text{Local Optional Homestead Exemption Loss}$

Note: This is an approximation using the elements available on most CAD estimates and does not reflect impact of taxpayer protests. Check and see how CAD adjusted for Prop 2 as well.

- $\text{Frozen Levy Loss} = (\text{Frozen Taxable Total} / 100 * \text{Total Tax Rate}) - \text{Frozen Actual Tax Total}$
- $\text{Frozen Value Loss} = \text{Frozen Levy Loss} / (\text{Total Tax Rate}/100)$

Note: If you have a LOHE or offer other local exemptions to over-65/disabled homesteads, you will need to adjust this calculation.



Property
Taxes

What are values used for?

To determine local property tax levy:

- $$\text{M\&O Levy} = (\text{M\&O Freeze Adjusted Taxable} / 100 * \text{M\&O Rate}) + \text{Frozen Actual Tax Total} * (\text{M\&O Rate} / \text{Total Tax Rate})$$

If you have a 313 limitation agreement, be sure to calculate collections **with the limited property values.*

- $$\text{M\&O Collections} = (\text{M\&O Levy} * \text{Collections Rate}) + \text{Delinquent Tax Collections}$$



Property
Taxes

What are values used for?

To determine local property tax levy:

- $$\text{I\&S Levy} = (\text{I\&S Freeze Adjusted Taxable} / 100 * \text{I\&S Rate}) + \text{Frozen Actual Tax Total} * (\text{I\&S Rate} / \text{Total Tax Rate})$$

If you have a 313 limitation agreement, be sure to calculate collections **with the full taxable value included.*

- $$\text{I\&S Collections} = (\text{I\&S Levy} * \text{Collections Rate}) + \text{Delinquent Tax Collections}$$



M&O Tax Rate

Texas school districts levy a **maintenance and operations property tax rate**, comprised of two tiers and two levels.





M&O Tax Rate | Tier One



- The **Tier One** portion of a district's rate is subject to **ongoing compression** due to HB 3 (2019). Prior to HB 3, most districts had a Tier One rate of **\$1.00**.
- After HB 3, districts Tier One rate is determined by various formulas that depend on **estimated statewide property value growth** and **local property value growth**.
- TEA notifies districts of the highest Tier One rate they can adopt each summer through the **Local Property Value Survey**.



M&O Tax Rate | Tier Two



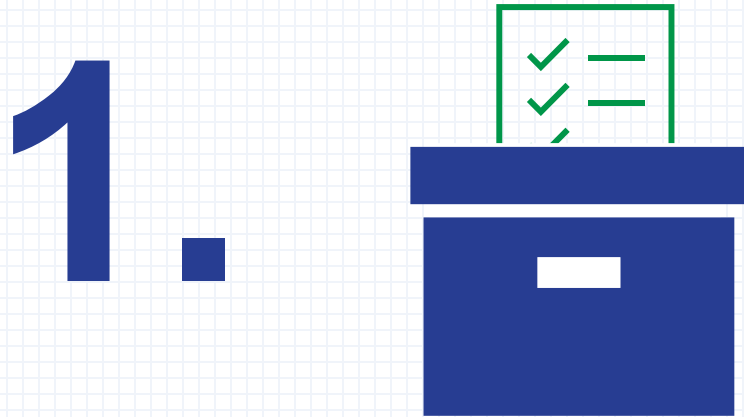
- Districts can levy up to **\$0.17** pennies in Tier Two. The first **\$0.08** are “golden pennies” and the next **\$0.09** are “copper pennies.”
- The Legislature compressed copper pennies in the first year of HB 3. Future copper penny compression is tied to increases in the basic allotment
- The first **\$0.05** golden pennies can be adopted by a simple majority of the board. Accessing **new** pennies beyond that point usually requires voter approval.



M&O Tax Rate

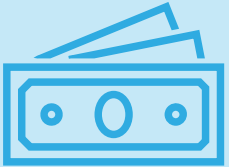
To access new Tier Two pennies, districts **have two options:**

**Hold a Voter-Approval Tax
Rate Election (VATRE)**



Adopt Disaster Pennies





Property
Taxes

VATRE Timeline

No later than 6/30/22: July 1 districts must adopt budget for the 2022-23 school year.

No later than 7/8/22: Board selects auditor to conduct efficiency audit.

****Not required due to disaster declaration, but still recommended.****

8/22/22: Districts going for a TRE must adopt their tax rate by this date (78 days before the election). Will be based on preliminary tax compression calculations.

9/30/22: Districts not going for TRE must adopt their rate no later 9/30/22 or 60 days after receiving certified appraisal roll.

No later than 10/8/22: Efficiency audit must be completed, posted to district web site. Results must be discussed at open meeting before election date.

****Not required due to disaster declaration, but still recommended.****

11/8/22: November uniform election date



Disaster Pennies



- Gov. Abbott declared a **statewide disaster** in response to Winter Storm Uri in Jan. 2021.
- This made **all school districts eligible** to adopt disaster pennies.
- Disaster pennies adopted under this provision **only last one year**. Districts adopt these pennies in the year after which the disaster occurred.
- Lege did appropriate \$35 million for Uri reimbursements.



Property Tax Relief

The costs of **Tier 1 compression** under HB 3 are estimated to have grown to **\$4.2 billion** in tax year 2021.



Property
Taxes

Tax Year	State Cost
2019	\$1.9 B
2020	\$2.9 B
2021	\$4.2 B



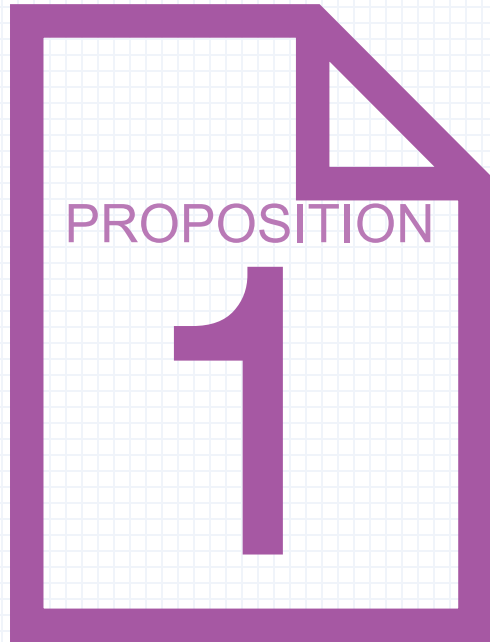
Property Tax Relief



APPROVED



Property
Taxes



- Ensures that over-65/disabled homeowners would see reductions in their property tax bill due to Tier 1 M&O rate compression established under HB 3.
- This would take effect for 2023 values. **Bill includes state aid to offset property tax loss.**

FY 2024 Costs: **\$220 million**

FY 2025 Costs: **\$248 million**

FY 2026 Costs: **\$277 million**



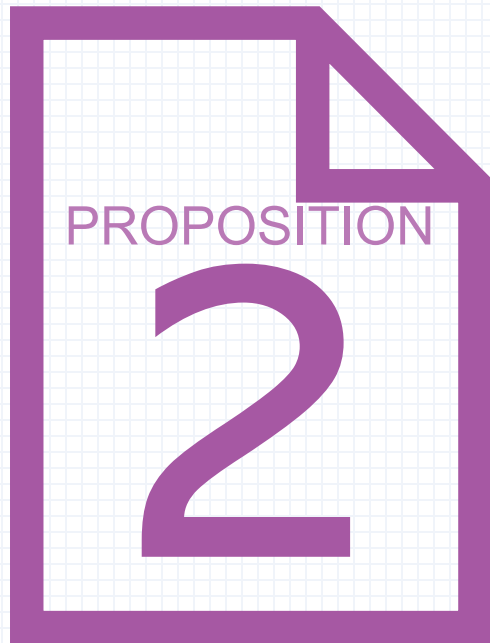
Property Tax Relief



APPROVED



Property
Taxes



- This proposition would increase residence homestead exemption from **\$25,000 to \$40,000** beginning with the 2022 tax year.
- Includes additional M&O and I&S state aid to offset impact of lost property tax collections.

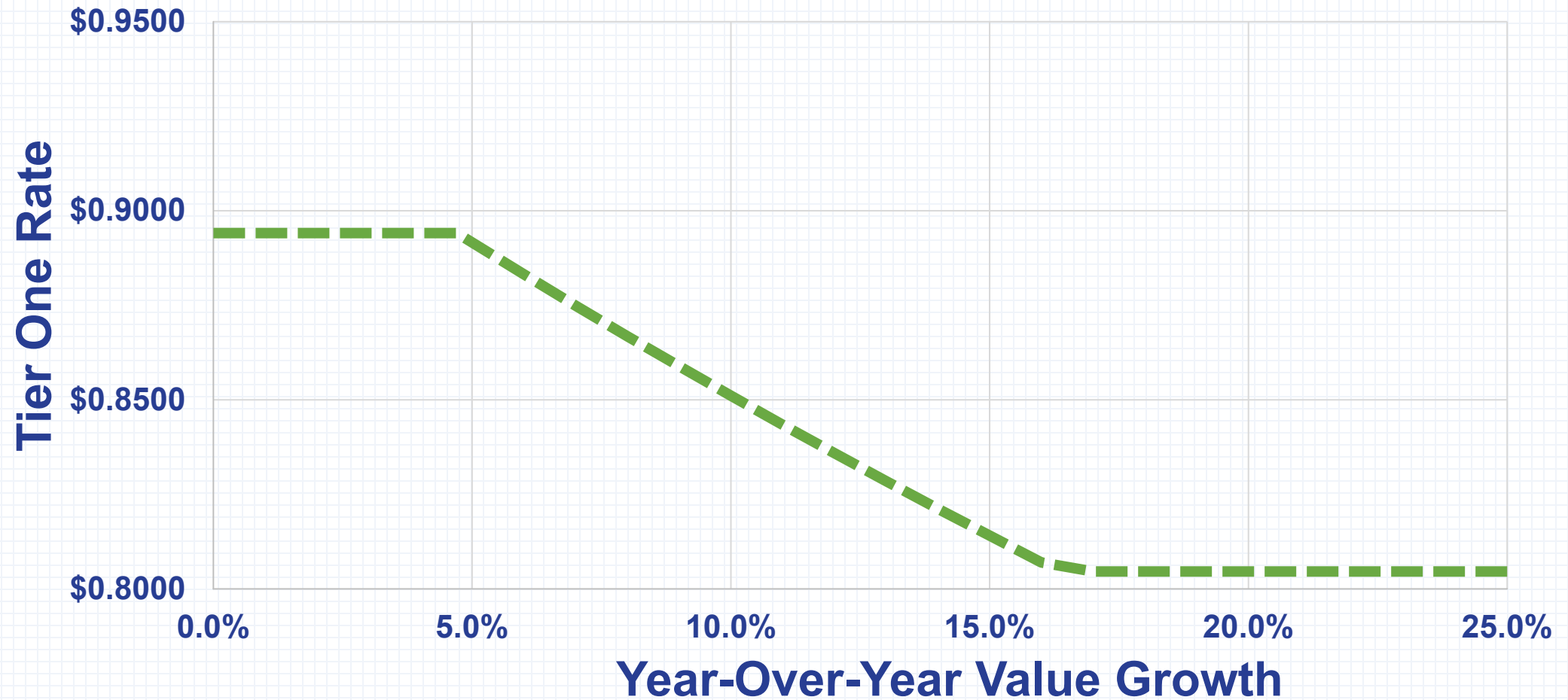
However, the I&S hold harmless would only cover taxes needed to service **debt issued prior to September 1, 2021.**

FY 2023 Costs: **\$439 million**
FY 2024 Costs: **\$463 million**
FY 2025 Costs: **\$517 million**



M&O Tax Rate

SY 2022-23
Tier One Compression





M&O Tax Rate

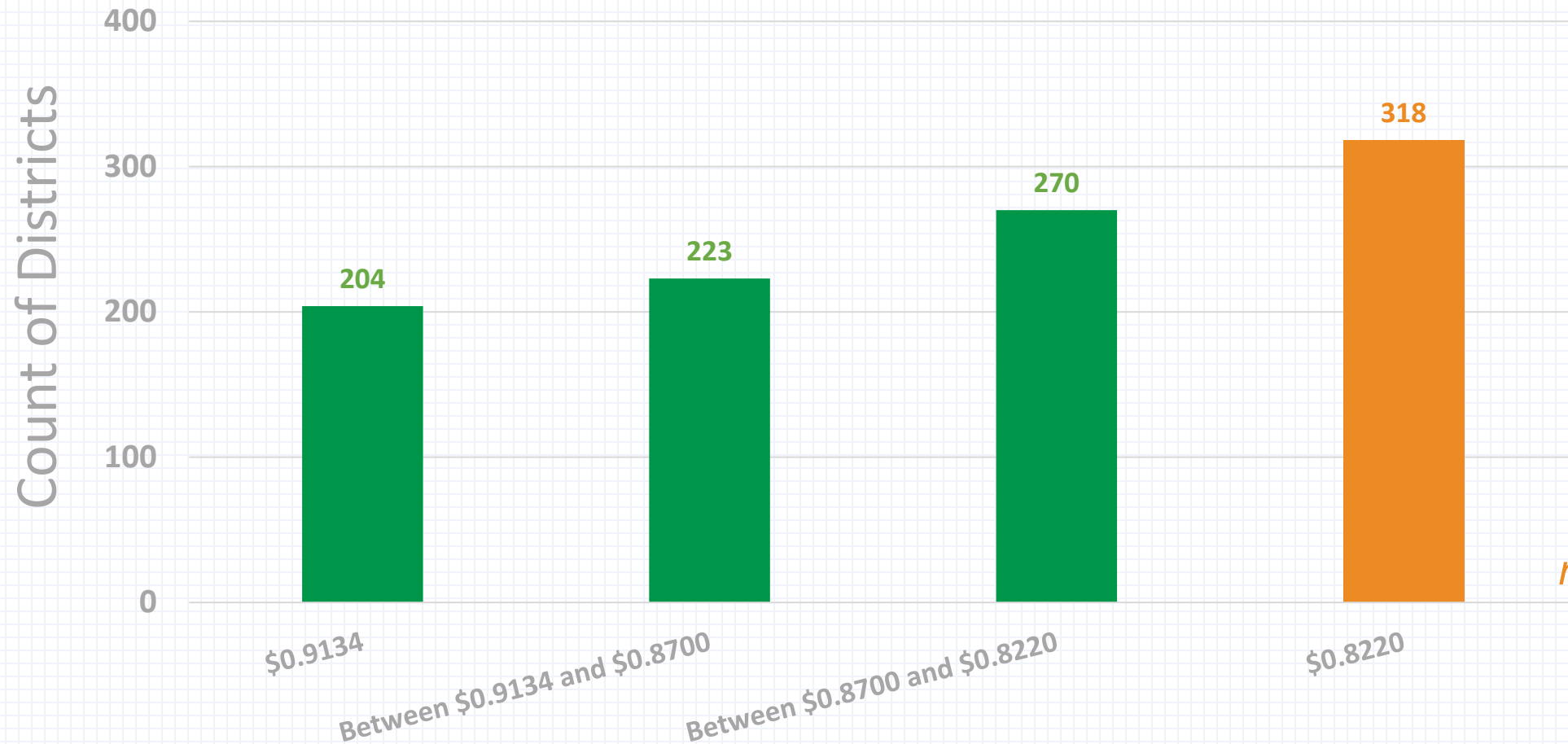
SY 2020-21
Tier One Compression





M&O Tax Rate

SY 2021-22
Tier One Compression



\$295 million
in additional
compression
required during
88th.



M&O Tax Rate

Tier One Compression

Count of Districts

SY 2022-23?



*\$??? million
in additional
compression
required during
88th.*



Questions & Comments





MOAKCASEY

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SOURCES AND USES OF FUNDS

Stafford Municipal School District
Cash Defeasance Ser 2018

Dated Date 03/01/2023
Delivery Date 03/01/2023

Sources:

Other Sources of Funds:	
Issuer Contribution	2,227,906.08
	<hr/>
	2,227,906.08

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.08
SLGS Purchases	2,147,906.00
	<hr/>
	2,147,906.08
 Delivery Date Expenses:	
Cost of Issuance	80,000.00
	<hr/>
	2,227,906.08

SUMMARY OF REFUNDING RESULTS

Stafford Municipal School District Cash Defeasance Ser 2018

Dated Date	03/01/2023
Delivery Date	03/01/2023
Arbitrage yield	
Escrow yield	2.725737%
Value of Negative Arbitrage	-310,393.92
Bond Par Amount	
Par amount of refunded bonds	2,015,000.00
Average coupon of refunded bonds	4.000000%
Average life of refunded bonds	24.748
PV of prior debt to 03/01/2023	4,013,300.00
Net PV Savings	1,785,393.92
Percentage savings of refunded bonds	88.605157%

SAVINGS

Stafford Municipal School District Cash Defeasance Ser 2018

Date	Prior Debt Service	Refunding Net Cash Flow	Savings	Present Value to 03/01/2023 @ 0.0000000%
08/31/2023	40,300.00		40,300.00	40,300.00
08/31/2024	80,600.00		80,600.00	80,600.00
08/31/2025	80,600.00		80,600.00	80,600.00
08/31/2026	80,600.00		80,600.00	80,600.00
08/31/2027	80,600.00		80,600.00	80,600.00
08/31/2028	80,600.00		80,600.00	80,600.00
08/31/2029	80,600.00		80,600.00	80,600.00
08/31/2030	80,600.00		80,600.00	80,600.00
08/31/2031	80,600.00		80,600.00	80,600.00
08/31/2032	80,600.00		80,600.00	80,600.00
08/31/2033	80,600.00		80,600.00	80,600.00
08/31/2034	80,600.00		80,600.00	80,600.00
08/31/2035	80,600.00		80,600.00	80,600.00
08/31/2036	80,600.00		80,600.00	80,600.00
08/31/2037	80,600.00		80,600.00	80,600.00
08/31/2038	80,600.00		80,600.00	80,600.00
08/31/2039	80,600.00		80,600.00	80,600.00
08/31/2040	80,600.00		80,600.00	80,600.00
08/31/2041	80,600.00		80,600.00	80,600.00
08/31/2042	80,600.00		80,600.00	80,600.00
08/31/2043	80,600.00		80,600.00	80,600.00
08/31/2044	80,600.00		80,600.00	80,600.00
08/31/2045	80,600.00		80,600.00	80,600.00
08/31/2046	80,600.00		80,600.00	80,600.00
08/31/2047	1,505,600.00		1,505,600.00	1,505,600.00
08/31/2048	613,600.00		613,600.00	613,600.00
	4,013,300.00	0.00	4,013,300.00	4,013,300.00

Savings Summary

PV of savings from cash flow	4,013,300.00
Less: Prior funds on hand	-2,227,906.08
Net PV Savings	1,785,393.92

Note: Net Present Value Savings calculated based on 10-YR UST yield.

ESCROW REQUIREMENTS

Stafford Municipal School District
Cash Defeasance Ser 2018

Period Ending	Interest	Principal Redeemed	Total
08/15/2023	40,300.00		40,300.00
02/15/2024	40,300.00		40,300.00
08/15/2024	40,300.00		40,300.00
02/15/2025	40,300.00		40,300.00
08/15/2025	40,300.00		40,300.00
02/15/2026	40,300.00		40,300.00
08/15/2026	40,300.00		40,300.00
02/15/2027	40,300.00		40,300.00
08/15/2027	40,300.00		40,300.00
02/15/2028	40,300.00		40,300.00
08/15/2028	40,300.00	2,015,000	2,055,300.00
	443,300.00	2,015,000	2,458,300.00

ESCROW DESCRIPTIONS

Stafford Municipal School District
Cash Defeasance Ser 2018

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Mar 1, 2023:						
SLGS	Certificate	08/15/2023	08/15/2023	13,438	2.810%	2.810%
SLGS	Certificate	02/15/2024	02/15/2024	11,060	2.950%	2.950%
SLGS	Note	08/15/2024	08/15/2023	11,372	2.930%	2.930%
SLGS	Note	02/15/2025	08/15/2023	11,539	2.900%	2.900%
SLGS	Note	08/15/2025	08/15/2023	11,707	2.880%	2.880%
SLGS	Note	02/15/2026	08/15/2023	11,875	2.850%	2.850%
SLGS	Note	08/15/2026	08/15/2023	12,044	2.810%	2.810%
SLGS	Note	02/15/2027	08/15/2023	12,214	2.770%	2.770%
SLGS	Note	08/15/2027	08/15/2023	12,382	2.740%	2.740%
SLGS	Note	02/15/2028	08/15/2023	12,553	2.720%	2.720%
SLGS	Note	08/15/2028	08/15/2023	2,027,722	2.720%	2.720%
				2,147,906		

SLGS Summary

SLGS Rates File	29JUL22
Total Certificates of Indebtedness	24,498.00
Total Notes	2,123,408.00
Total original SLGS	2,147,906.00

ESCROW COST

Stafford Municipal School District
Cash Defeasance Ser 2018

Type of Security	Maturity Date	Par Amount	Rate	Cost	Total Cost
SLGS	08/15/2023	13,438	2.810%	13,438	13,438.00
SLGS	02/15/2024	11,060	2.950%	11,060	11,060.00
SLGS	08/15/2024	11,372	2.930%	11,372	11,372.00
SLGS	02/15/2025	11,539	2.900%	11,539	11,539.00
SLGS	08/15/2025	11,707	2.880%	11,707	11,707.00
SLGS	02/15/2026	11,875	2.850%	11,875	11,875.00
SLGS	08/15/2026	12,044	2.810%	12,044	12,044.00
SLGS	02/15/2027	12,214	2.770%	12,214	12,214.00
SLGS	08/15/2027	12,382	2.740%	12,382	12,382.00
SLGS	02/15/2028	12,553	2.720%	12,553	12,553.00
SLGS	08/15/2028	2,027,722	2.720%	2,027,722	2,027,722.00
		2,147,906		2,147,906	2,147,906.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
03/01/2023	2,147,906	0.08	2,147,906.08	2.725737%
		2,147,906	0.08	2,147,906.08

ESCROW CASH FLOW

Stafford Municipal School District
Cash Defeasance Ser 2018

Date	Principal	Interest	Net Escrow Receipts	Present Value to 03/01/2023 @ 2.7257368%
08/15/2023	13,438.00	26,862.28	40,300.28	39,806.29
02/15/2024	11,060.00	29,240.37	40,300.37	39,271.17
08/15/2024	11,372.00	28,927.47	40,299.47	38,742.28
02/15/2025	11,539.00	28,760.87	40,299.87	38,221.76
08/15/2025	11,707.00	28,593.55	40,300.55	37,708.48
02/15/2026	11,875.00	28,424.97	40,299.97	37,200.94
08/15/2026	12,044.00	28,255.75	40,299.75	36,700.56
02/15/2027	12,214.00	28,086.53	40,300.53	36,207.80
08/15/2027	12,382.00	27,917.37	40,299.37	35,719.95
02/15/2028	12,553.00	27,747.74	40,300.74	35,240.87
08/15/2028	2,027,722.00	27,577.02	2,055,299.02	1,773,085.89
	2,147,906.00	310,393.92	2,458,299.92	2,147,906.00

Escrow Cost Summary

Purchase date	03/01/2023
Purchase cost of securities	2,147,906.00
Target for yield calculation	2,147,906.00

ESCROW STATISTICS

Stafford Municipal School District
Cash Defeasance Ser 2018

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
2,147,906.08	4.899	2.725737%	2.725736%	2,458,300.00	-310,393.92	
2,147,906.08				2,458,300.00	-310,393.92	0.00

Delivery date 03/01/2023

SUMMARY OF BONDS REFUNDED

Stafford Municipal School District
Cash Defeasance Ser 2018

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
U/L Tax Sch Bldg Bds Ser 2018, 2018, TERM48:					
	08/15/2047	4.000%	1,425,000	08/15/2028	100.000
	08/15/2048	4.000%	590,000	08/15/2028	100.000
			2,015,000		

PRIOR BOND DEBT SERVICE

Stafford Municipal School District
Cash Defeasance Ser 2018

Period Ending	Principal	Coupon	Interest	Debt Service
08/31/2023			40,300	40,300
08/31/2024			80,600	80,600
08/31/2025			80,600	80,600
08/31/2026			80,600	80,600
08/31/2027			80,600	80,600
08/31/2028			80,600	80,600
08/31/2029			80,600	80,600
08/31/2030			80,600	80,600
08/31/2031			80,600	80,600
08/31/2032			80,600	80,600
08/31/2033			80,600	80,600
08/31/2034			80,600	80,600
08/31/2035			80,600	80,600
08/31/2036			80,600	80,600
08/31/2037			80,600	80,600
08/31/2038			80,600	80,600
08/31/2039			80,600	80,600
08/31/2040			80,600	80,600
08/31/2041			80,600	80,600
08/31/2042			80,600	80,600
08/31/2043			80,600	80,600
08/31/2044			80,600	80,600
08/31/2045			80,600	80,600
08/31/2046			80,600	80,600
08/31/2047	1,425,000	4.000%	80,600	1,505,600
08/31/2048	590,000	4.000%	23,600	613,600
	2,015,000		1,998,300	4,013,300

**JOINT RESOLUTION EXPRESSING INTENT TO DEFEASE AND REDEEM
CERTAIN OUTSTANDING OBLIGATIONS OF
STAFFORD MUNICIPAL SCHOOL DISTRICT**

WHEREAS, the Stafford Municipal School District (the “District”), a municipal school district located in the City of Stafford, Texas (the “City”), currently has outstanding approximately \$99,165,000 of unlimited tax bonds (the “Outstanding Bonds”); and

WHEREAS, pursuant to Section 11.303, Education Code, the City Council of the City of Stafford, Texas (the “City Council”) and the District’s Board of Directors (the “Board” and together with the City Council, the “Governing Bodies”) jointly levy the District’s ad valorem property tax; and

WHEREAS, in connection with the levy of the District’s ad valorem tax for the fiscal year that commences on September 1, 2022 (the “Upcoming Fiscal Year”), the Governing Bodies have determined to express their present intention to defease and redeem approximately \$2,015,000 in aggregate principal amount of such Outstanding Bonds during the Upcoming Fiscal Year, thereby (i) increasing the District’s capacity to pay debt service on school building bonds that may be issued in the future, (ii) terminating the payment of interest on such bonds on the date of their redemption and (iii) reducing the District’s aggregate debt service requirements in the years subsequent to the redemption date.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS AND THE BOARD OF TRUSTEES OF THE STAFFORD MUNICIPAL SCHOOL DISTRICT THAT:

Section 1. The Governing Bodies hereby declare their present intent to defease and redeem approximately \$2,015,000 in aggregate principal amount of Outstanding Bonds in the Upcoming Fiscal Year. The Board hereby directs the Superintendent, the Interim Chief Financial Officer and any other employees and agents of the District to identify Outstanding Bonds as candidates for redemption prior to their stated maturity as contemplated by this Resolution. The City Council concurs with such direction.

Section 2. The Board intends to take subsequent action to identify such bonds and make due provision for their defeasance and redemption. Notwithstanding the foregoing, the Board reserves the right not to defease or redeem any of the Outstanding Bonds upon a determination by the Board that the funds of the District intended for such purpose could be better utilized for (i) the payment of regularly scheduled debt service on any Outstanding Bonds or unlimited tax bonds to be issued, (ii) the contribution to any refunding of any Outstanding Bonds or (iii) the reduction of future interest and sinking fund tax levies of the District.

[Signature pages follow]

PASSED AND APPROVED this August 29, 2022.

President, Board of Trustees
Stafford Municipal School District

Secretary, Board of Trustees
Stafford Municipal School District

(DISTRICT SEAL)

PASSED AND APPROVED this August 29, 2022.

Mayor, City of Stafford, Texas

City Secretary, City of Stafford, Texas

(CITY SEAL)

INFORMATIONAL SECTION



**§26.05(b) of Property Tax Code
Steps Required for Adoption of Tax Rate**

Entity Name: Stafford Municipal School District

Date: 08/14/2022 11:24 AM

Language Required in the Motion Setting This Year's Tax Rate:

This year's proposed tax rate exceeds the no-new-revenue tax rate. The vote on the ordinance, resolution, or order setting the tax rate must be a record vote. A motion to adopt the ordinance, resolution, or order must be made in the following form:

I move that the property tax rate be increased by the adoption of a tax rate of 1.109300, which is effectively a 16.61 percent increase in the tax rate.

Statement Required in the Ordinance, Resolution, or Order Setting This Year's Tax Rate:

This year's levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy. The following statements must be included in the ordinance, resolution, or order setting this year's tax rate. The statements must be in larger type than the type used in any other portion of the document.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

Statement That Must be Posted on the Home Page of Any Internet Website Operated by the Taxing Unit:

This year's levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy. The following statements must be included in the ordinance, resolution, or order setting this year's tax rate. The statements must be in larger type than the type used in any other portion of the document.

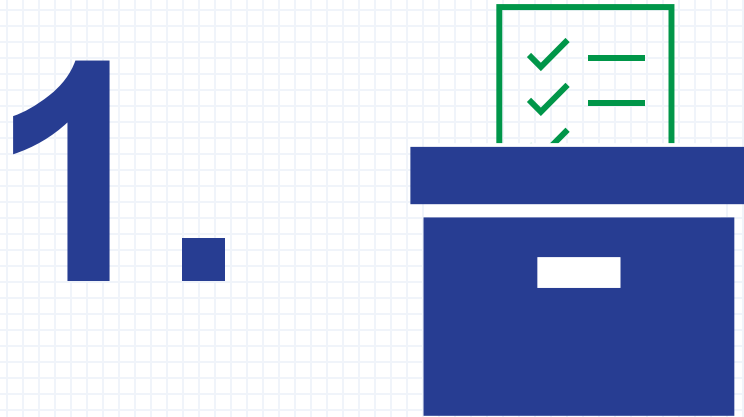
Stafford Municipal School District ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.



M&O Tax Rate

To access new Tier Two pennies, districts **have two options in 2022-23:**

**Hold a Voter-Approval Tax
Rate Election (VATRE)**



Adopt Disaster Pennies





VATRE Timeline

No later than 7/8/22: Board selects auditor to conduct efficiency audit.

****Not required due to disaster declaration, but still recommended.****

8/22/22: Districts going for a TRE must adopt their tax rate by this date (78 days before the election). Will be based on preliminary tax compression calculations.

9/30/22: Districts not going for TRE must adopt their rate no later 9/30/22 or 60 days after receiving certified appraisal roll.

No later than 10/8/22: Efficiency audit must be completed, posted to district web site. Results must be discussed at open meeting before election date.

****Not required due to disaster declaration, but still recommended.****

11/8/22: November uniform election date



Disaster Pennies



- Gov. Abbott declared a **statewide disaster** in response to Winter Storm Uri in Jan. 2021.
- This made **all school districts eligible** to adopt disaster pennies.
- Disaster pennies adopted under this provision **only last one year**. Districts adopt these pennies in the year after which the disaster occurred.
- State has appropriated funds to **reimburse Uri costs**.



Tax Rate Adoption Reqs.

August 7th or as soon as practicable: Complete Comptroller worksheet for no-new-revenue rate and voter approval tax rate.

10-30 days before public budget meeting: Publish Comptroller meeting notice in a daily, weekly or biweekly newspaper in the district.

Once notice is published, district must post a summary of the proposed budget on its website.

72 hrs before budget meeting: Post Open Meetings Act notice.



Tax Rate Adoption Reqs.

- Board must adopt the budget **before** the tax rate.
- Board must include the Comptroller's no-new-revenue/voter approval tax rate worksheets as an appendix to the budget.
- If proposed rate > NNR rate, then **specific language must be used for motion.**
- If proposed M&O rate > NNR M&O rate, then **supermajority approval required.**
- If tax levy is increasing over prior year, **specific language must be used for resolution and website.** If levy is increasing and NNR M&O rate > M&O rate then **additional language is required for resolution and site.**



MOAKCASEY

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

Justin Barlow
Terry Faucheux
John Grey
Josh Haney
Gretchen Hoffman
Leo Lopez
Amy Ma
Kathy Mathias
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Team Members

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GLOSSARY



Stafford Municipal School District

Glossary of Terms

The following explanations of terms are presented to aid in understanding the narrative discussions and illustrations included in this text and the terminology generally used in governmental accounting, auditing, financial reporting and budgeting. This glossary has been adapted from the Government Finance Association's Governmental Accounting and Financial Reporting.

Account Code – This is the second part of the Ascender Account Code. It is an eight digit numerical sequence consisting of the 4-digit object code and 4-digit sub-object code used to accounting purposes. Follows the Budget Code. See **Object Code** and **Sub-object Code**.

Account Number (Budget Number) – Consists of the **Budget Code** and the **Account Code**; the numerical sequence necessary to reflect budget operations and conditions, such as estimate revenues, appropriations, and encumbrances, the net balance, and other related information.

Accounting Period – A period at the end of which and for which financial statements are prepared; for example, September 1 through August 31.

Accrual Basis – Accrual accounting attempts to records the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of that process. It recognizes that the buying, producing, selling, and other operations of an enterprise during a period, as well as other events that affect enterprise performance, often do not coincide with the cash receipts and payments of the period.

ADA – Average Daily Attendance. This is calculated for all days in the school year and adjusted for attendance.

Adopted Tax Rate – The total adopted rate is composed of a maintenance and operation rate (M&O) and a debt service rate (sometimes referred to as the Interest and Sinking, or I&S, rate). Rates are expressed per \$100 of taxable value.

Allocation – A part of a lump-sum appropriation, which is designated for expenditure by specific organization units and/or for special purposes, activities, or objects.

Appraisal – (1) The act of appraising; (2) The estimated value resulting from such action.

Appraise – To make an estimate of value, particularly of the value of property. Note: if the property is valued for purpose of taxation, the less-inclusive term “assess” is usually used.

Appropriation – Budget dollars that have been set aside for a particular expenditure.

Appropriation Account – A budgetary account set up to record specific authorization to spend. The account is credited with original and any supplemental appropriations and is charged with expenditures and encumbrances.

Arbitrage – In the context of government finance, the reinvestment of the proceeds of tax-exempt securities in materially higher-yielding taxable securities.

ASBO – Association of School Business Officials. An association that educate sschool professionals about financial policy, best practices, education, training, networking, and leadership.

Assess – To value property officially for the purpose of taxation. Note: the term is also sometimes used to denote the levy of taxes, but such usage is not correct because it fails to distinguish between the valuation process and the tax levy process.

Assessed Valuation – A valuation set upon real estate or other property by a government as a basis for levying taxes.

Assets/Personal Property – Property (fixed assets or capital assets) that is generally portable and owned by an entity (sometimes leased); which has a monetary value.

Assets/Real Property – Real estate or other property owned by an entity; which has a monetary value.

Balanced Budget – A budget with total expenditures not exceeding total revenues and monies available in the fund balance within an individual fund.

Bill – A term used to denote a law or statue passed by certain legislative bodies. A bill has greater legal formality and standing than a resolution.

Board of Education – The elected or appointed body that has been created according to State law and vested with responsibilities for educational activities in a given geographical area. These bodies are sometimes called school boards, governing boards, school trustees, etc.

Bond – A written promise, generally under seal, to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality.

Bonded Debt – The part of debt which is covered by outstanding bonds. Sometimes called “Bonded Indebtedness.”

Bonds Issued – Bonds sold.

Bonds Payable – The face value of bonds issued and unpaid.

Budget – A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

Budget Code – This is the first part of the Ascender Account Code. It is fourteen digit numerical sequence consisting of the 3-digit fund code, 1-digit year code, 2-digit function code, 3-digit location

code, 2-digit program code, and the 3-digit budget manager code, used to accounting purposes; precedes the **Account Code**. See **Fund Code**, **Function Code**, **Location Code**, **Program Code**, and **Budget Manager Code**.

Budget Manager Code – Denotes a program, purpose, or division applicable to the revenue or expenditure; part of the **Budget Code**: XXX-X-XX-XXX-XX-XXX.

Capital Asset – Same as **Fixed Asset**. Usually depreciated in governmental accounting

Capital Budget – A plan of proposed capital outlays and the means of financing them for the fiscal period. It is usually a part of the current budget. A capital program is sometimes referred to as a capital budget.

Capital Outlay – Expenditures which result in the acquisition of or addition to fixed assets. A fixed asset is defined as a tangible item whose expected useful life is over one year and whose value is more than \$1,000 and less than \$5,000 per item. It is not depreciated. A capital asset is defined as a tangible item (fixed asset) whose expected useful life is over one year and whose value exceeds \$5,000 per item. It is depreciated if applicable.

Capital Expenditure – charges for the acquisition at the delivered price including transportation, costs of equipment, land, buildings, or improvements of land or buildings, fixtures and other permanent improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$5,000 and a useful life expectancy of greater than 1 year.

Capital Project – A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long term work program. It sets forth each project or other contemplated expenditure in which the local education agency is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CDA – A Stafford investment policy that covers all financial assets under the direct control of the Department. Transactions involving the purchase, sale, and maintenance of all Department financial investments are included within the jurisdiction of this policy.

CH – A Stafford policy in which the Board delegates to the Superintendent or the Superintendent's designee the authority to determine the method of purchasing, in accordance with CH(LEGAL), and to make budgeted purchases. However, any purchase that costs or aggregates to a cost of \$50,000 or more shall require Board approval before a transaction is culminated.

CH 41 District – Under Texas law, a district is considered to be a Chapter 41 district is it above the maximum wealth per student in a fiscal year. The maximum amount of wealth per student is \$616,000. This district is often referred as a property rich district.

CH 42 District – Under Texas law, a district is considered to be a Chapter 42 district is it below the maximum wealth per student in a fiscal year. This district is often referred to as a property poor district.

Community Services – Those services, which are provided for the community as a whole, or some segment of the community and the activities are other than regular public education and adult basic education services.

Consultant – A resource person who provides assistance to the regular personnel through conference, demonstration, research, or other means.

Contracted Services – Labor, material, and other costs for services rendered by personnel who are not on the payroll of the local education agency.

Current – As used in this manual, the term has reference to the fiscal year in progress.

Current Budget – The annual budget prepared for and effective during the present fiscal year.

Current Year's Tax Levy – Taxes levied for the current fiscal period.

Debt – An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants, and notes, etc.

Debt Service Fund – A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all bonds.

Deficit – The excess of the expenditures of a fund over the fund's resources.

Delinquent Taxes – Taxes remaining unpaid on and after the date on which they become delinquent by statute.

Depreciate/Depreciation – [Verb] to consider something as having less value each year over a fixed period, for the calculation of income tax; [Noun] the amount or percentage by which something decreases in value over time, usually one year.

Designated Fund Balance – Management's intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the Education Board.

Direct Debt – Debt that is to be repaid by the reporting government itself rather than by an overlapping or underlying government.

EFT – Electronic Funds Transfer – Electronic payments and collections.

Effective Tax Rate – tax rate would impose the same total taxes as last year if you compare properties taxed in both years – Replaced by No new Revenue Tax Rate.

Encumbrance – Commitments related to unperformed contracts for goods or services.

Enterprise Fund – Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

FASRG – Financial Accountability System Resource Guide – Describes the rules for financial accounting for Charter Schools, Education Service Centers and School Districts. Texas Administrative Code (TAC) §109.41.

Fiduciary Funds – A category of funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-

purpose trust funds, and agency funds.

Final Amended Budget – Term used in connection with budgetary reporting. The original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

Financial Resources – Resources that are or will become available for spending.

Fiscal Year (FY) – A twelve-month period of time to which the annual budget applies and at the end of which the entity determines its financial position and the results of its operations.

Fixed Asset – A **permanently owned thing**; an asset of a business that is central to its operation and is not traded. Usually not depreciated in governmental accounting.

Food Service – Function 35; those activities that have as their purpose the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

FBCAD – Fort Bend County Appraisal District – Establishes the appraisal value of property within Fort Bend County. This is done to allocate taxes fairly among all taxpayers.

FBTO – Fort Bend County Tax Office – Manages automobile registration, titling, property tax services, and voter registration for Fort Bend County.

Full-time Equivalent (FTE) – is a ratio that represents the number of hours that an employee works compared to 40 hours.

Function Code – As applied to expenditures, this term has reference to an activity or service aimed at accomplishing a certain purpose; for example, Instruction, Administration, etc.; part of the **Budget Code**: XXX-X-XX-XXX-XX-XXX.

Fund – A sum of money or other resources set-aside for specific activities of a school district. The fund accounts constitute a complete entity and all of the financial transactions for the particular fund are recorded in them.

Fund Code – 3-digit code assigned to accounts for funds with separate purposes; part of the **Budget Code**: XXX-X-XX-XXX-XX-XXX.

Fund Balance – The difference between assets and liabilities reported in a governmental fund.

Fund Balance:

Assigned – Amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by: the Texas Legislature, or a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – represents fund balance that has not been assigned to other funds and has not been

restricted, committed or assigned to specific purposes within the general fund

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (the Texas Legislature)

Restricted – constraints placed on the use of resources are either: Externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Non-Spendable – classification includes amounts that cannot be spent because they are either: Not in spendable form, or legally or contractually required to be maintained intact.

GASB – Governmental Accounting Standards Board – An independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

General Fund – A fund used to finance the ordinary operations of the local education agency. It Is available for a legally authorized purpose and consists of money not specifically designated for some other particular purpose.

GFOA – Government Finance Officers Association – An association that educates professionals about financial policy, best practices, education, training, networking, and leadership.

Governmental Funds – A generic classification used by the GASB to refer to all funds other than proprietary and fiduciary funds. The General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds are the types of fund s referred to as *governmental funds*.

Grant – A contribution, either money or material goods, made by an outside entity or a governmental unit to another unit and for which the contributing unit expects no repayment.Grants may be for specific or general purposes.

HCAD – Harris County Appraisal District – Establishes the appraisal value of property within Harris County. This is done to allocate taxes fairly among all taxpayers.

HCOEM – Harris County Office of Emergency Management – Helps prepare the residents and property of Harris County for disasters with training, education, and preparedness.

HCTO – Harris County Tax Office – Manages automobile registration, titling, property tax services, and voter registration for Harris County.

Internal Service Funds – Proprietary fund type that may be used to report any activities that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

I & S Tax – Interest and sinking is a term that is used interchangeably with debt service fund in discussing the components of the tax rate.

IGR – Internal Grant Resources – A program in HCDE’s Resource Development Division.

IRB – Institutional Review Board – A committee designated to review, monitor, and approve research involving humans.

ITB – Invitation to Bid – A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

Location Code – Denotes the physical address of the revenue or expenditure; part of the **Budget Code**: XXX-X-XX-XXX-XX-XXX.

Levy – [Verb] To impose taxes or special assessments. [Noun] The total of taxes or special assessments imposed by a governmental unit.

MCR – Maximum Compressed Rate – This is rate calculated based on taxable values growth. Districts are still required to complete the LPVS to calculate their MCR. Once the MCR is approved by TEA, districts may adopt their 2022 tax rates in accordance with Tax Code, §26.08

Major Fund – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to separate opinion in the independent auditor’s report,

M & O Tax – Maintenance and operations is a term that is used interchangeably with general fund in discussing the components of the tax rate.

Modified Accrual Basis - Under the modified accrual basis of accounting, required for use by governmental funds, revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time a liability is incurred pursuant to appropriation authority.

Nominal Rate – the rate that appears on the tax bills

No new revenue tax rate – The Legislature replaced the effective tax rate with this rate which is projected to provide the same revenue as the year before with adjustments to refunds and new improvements.

Object Code – As applied to expenditures, this term has reference to an article or services received; for example, payroll costs, or purchased and contracted services; part of the **Account Code**: XXXX-XXXX.

Other Resources – An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends.

Other Uses – A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends.

TxEIS (Ascender) Account Code – The Ascender Account Code is divided into two codes: The Budget Code (14 digit numerical sequence) and the Account Code (an 8 digit numerical sequence) These are both further described in this glossary.

Pennies – Golden Pennies

Districts can levy up to **\$0.17** pennies in Tier Two. The first **\$0.08** are “golden pennies” and the next **\$0.09** are “copper pennies.” The Legislature compressed copper pennies in the first year of HB 3. Future copper penny compression is tied to increases in the basic allotment. The first **\$0.05** golden pennies can be adopted by a simple majority of the board. Accessing **new** pennies beyond that point usually requires voter approval.

Principal of Bonds – The face value of bonds.

Professional Staff – This is a full time equivalent count of teachers, professional support staff, campus administrators, and central administrators.

Program Code – The definition of an effort to accomplish a specific objective or objectives consistent with funds or resources available; part of the **Budget Code**: XXX-X-XX-XXX-XX-XXX.

Proprietary Fund - Sometimes referred to as *income-determination, business-like, or commercial-type* fund of state or local government. Examples are enterprise funds and internal service funds.

QZAB – Qualified Zone Academy Bonds – A Federal Grant Program that provides funding for schools to renovate building and developing curricular.

Refunding – The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time.

Reimbursement – Cash or other assets received as a repayment of the cost of work or services performed, or of other expenditures made for or on behalf of another governmental unit or department, or for an individual, firm, or corporation.

Reserve – An amount set aside for a specified purpose, or an account which records a portion of the fund balance that is to be segregated for some future use and, therefore, is not available for further appropriation and expenditure.

Rollback Rate – tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures – Replaced by the Voter Approved Tax rate.

Sinking Fund – See Debt Service Fund

Special Education – This refers to the population served by programs for students with disabilities.

Special Revenue Fund – A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

State Aid – Funding from TEA for Foundation Funds and County Available Funds.

Sub-object Code – A subdivision within an expenditure object classification.

TASB – Texas Association of School Boards – A nonprofit statewide educational association that serves and represents local Texas school districts.

TEA – Texas Education Agency.

TRS – The Teacher Retirement System of Texas is a public employee retirement system that is a multiple employer defined benefit pension plan. Based on salary and wages, for FY 2005-06 State law provides for a

- State or Federal grant contribution rate of 6.0% and a
- member contribution rate of 6.4% for TRS retirement and 0.65% for TRS active care, and
- reporting entity contribution of 0.55%.

Tax Rate Components – See I & S Tax (Interest and sinking) **M & O** (Maintenance and Operations) **Tax.**

Taxes – Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Unreserved and Undesignated Fund Balance – Available expendable financial resources in a governmental fund that are not the object of tentative management plans.

Voter Approved rate – This is the maximum rate that can be adopted without a Tax Ratification Election. For districts, this is 3% above the No new revenue rate plus any other allowed disaster pennies.

WADA – Weighted average daily attendance – This is the average of average daily attendance and contract hours provided to children in a period.