



Annual Report of Local Debt Information

Fiscal Year Ended August 31, 2021

Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on February 25, 2022.



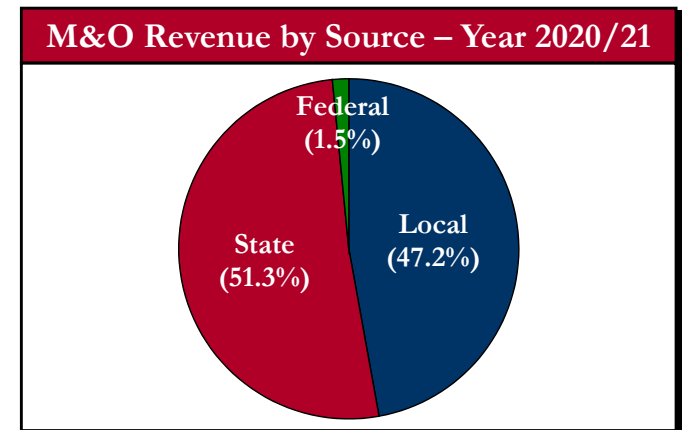
Overview of Certain Financial/Bond Ratings

- ❑ **Overview:** Calallen Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to Subchapter D, Chapter 39 of the Texas Education Code, the State annually deploys a financial accountability rating system to distinguish the level of a school district’s financial performance based upon certain uniform criteria.
 - ✓ Based on data for year 2019/20, the District was assigned a 2020/21 FIRST Rating of “Superior Achievement” and the District’s score was 98 out of a possible 100 points.
 - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as S&P Global Ratings and Fitch Ratings, Inc., that evaluate the District’s financial strength and its ability to pay its existing bonds.
 - ✓ **S&P Global Ratings:** Assigns a “A+” credit rating to the District, defined as “Having a strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.”
 - ✓ **Fitch Ratings, Inc.:** Assigns a “AA” credit rating to the District, defined as “Very high quality. A “AA” rating denotes expectations of very low default risk and very strong capacity for payment of financial commitments.”



Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Calallen ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, the Texas Education Code determines the District’s ability to generate local tax revenues for maintenance & operation purposes and for the repayment of voter-approved bonds. In this regard, the District annually sets two (2) separate tax rates that are levied upon its certified taxable value that is independently determined by the Nueces County Appraisal District:
- **Maintenance & Operations (“M&O”) Tax Rate:** To provide funds for the “day to day” operational expenses of the District, including instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, utilities, facility infrastructure/maintenance, etc.
 - ✓ The District’s annual funds for maintenance & operation purposes primarily consist of a combination of State funding and local M&O taxes. In general, the dollar amount of each component is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. For year 2020/21, the District’s sources for M&O revenues are summarized to the right.
 - ✓ On September 11, 2010, voters approved a tax ratification election to increase the District’s M&O tax rate to \$1.17. Prior to such ratification, the District was limited to a \$1.04 tax rate for maintenance and operations. Beginning in year 2019/20, the District’s M&O tax rate became subject to compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.





Overview of State Funding System

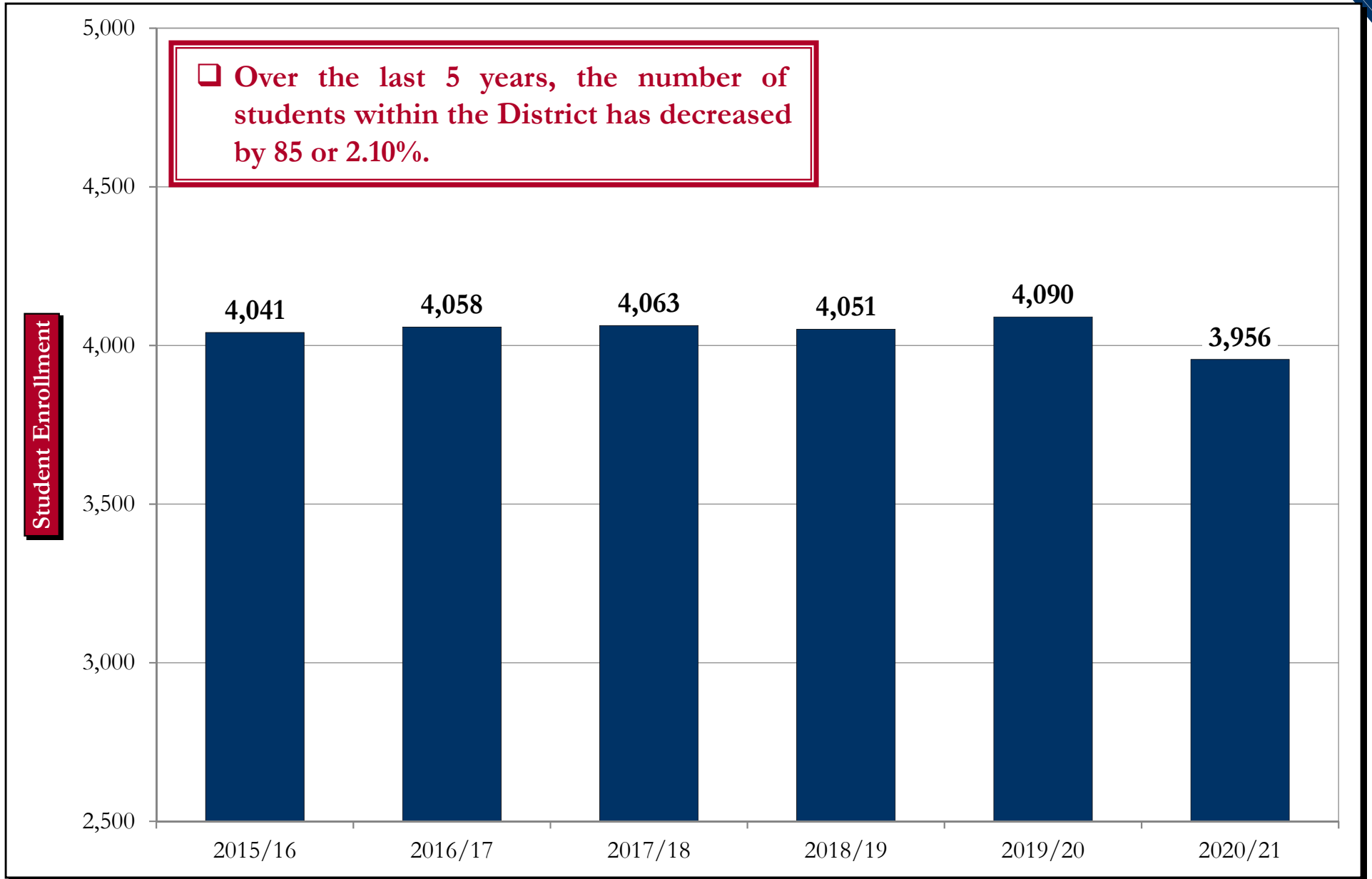
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s bond programs approved by voters over the last 15 years:

| District’s Historical Bond Elections Approved By Voters | | | | |
|--|-----------------------------|---------------------------|------------------------|--|
| Election Date | Purpose | Student Enrollment | Election Amount | Dollar Amount Of Bonds Remaining To Be Issued |
| November 6, 2007 | School Building & Refunding | 3,844 | \$44,115,000 | \$0 |
| November 7, 2017 | School Building | 4,063 | \$39,500,000 | \$0 |
| Total Dollar Amount Of Authorized But Unissued Bonds - As of August 31, 2021: | | | | \$0 |

- ✓ As of fiscal year ended August 31, 2021, the District had \$4,780,228 within its Capital Projects Fund for existing/future projects.

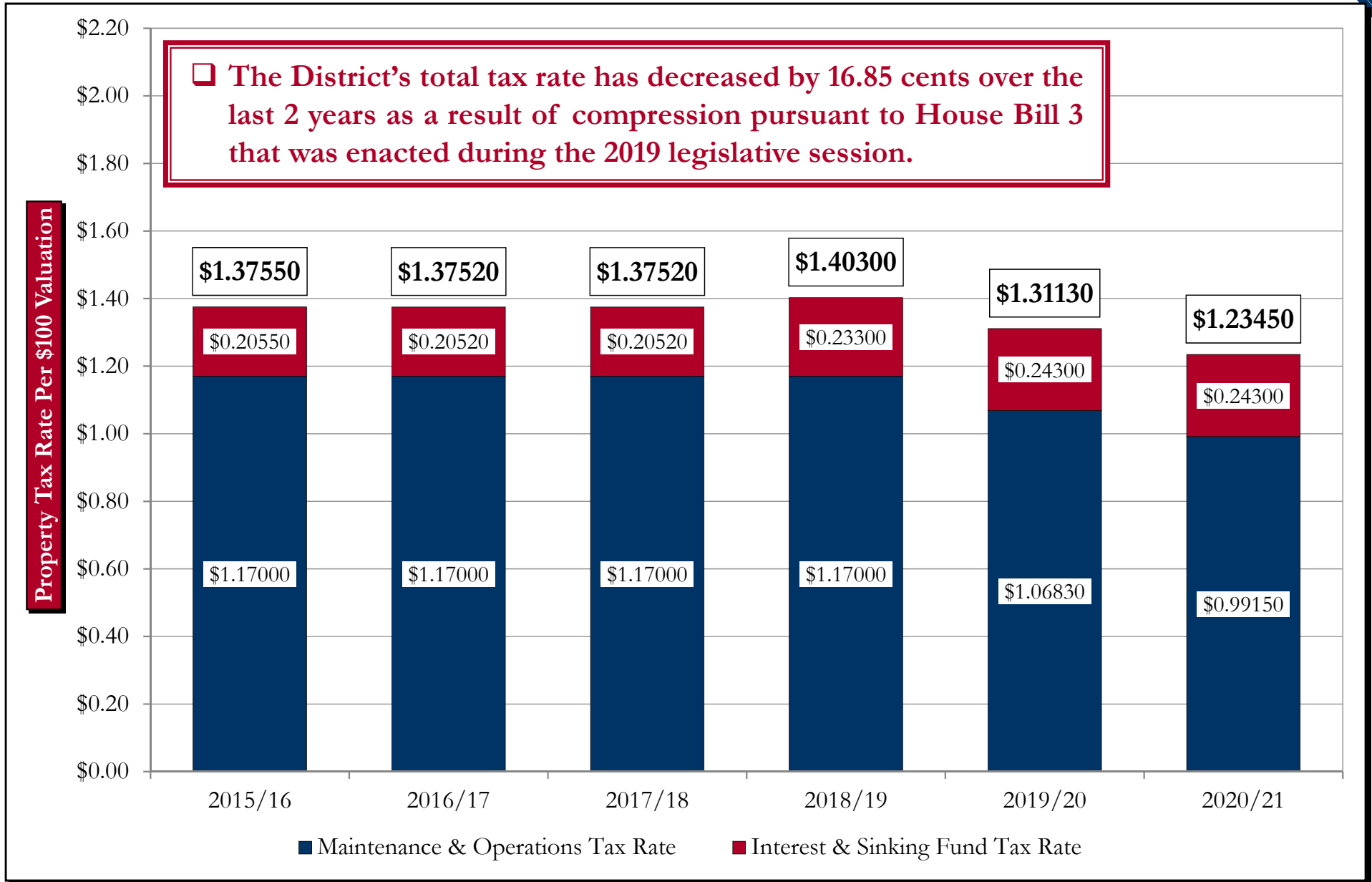


Historical Student Enrollment



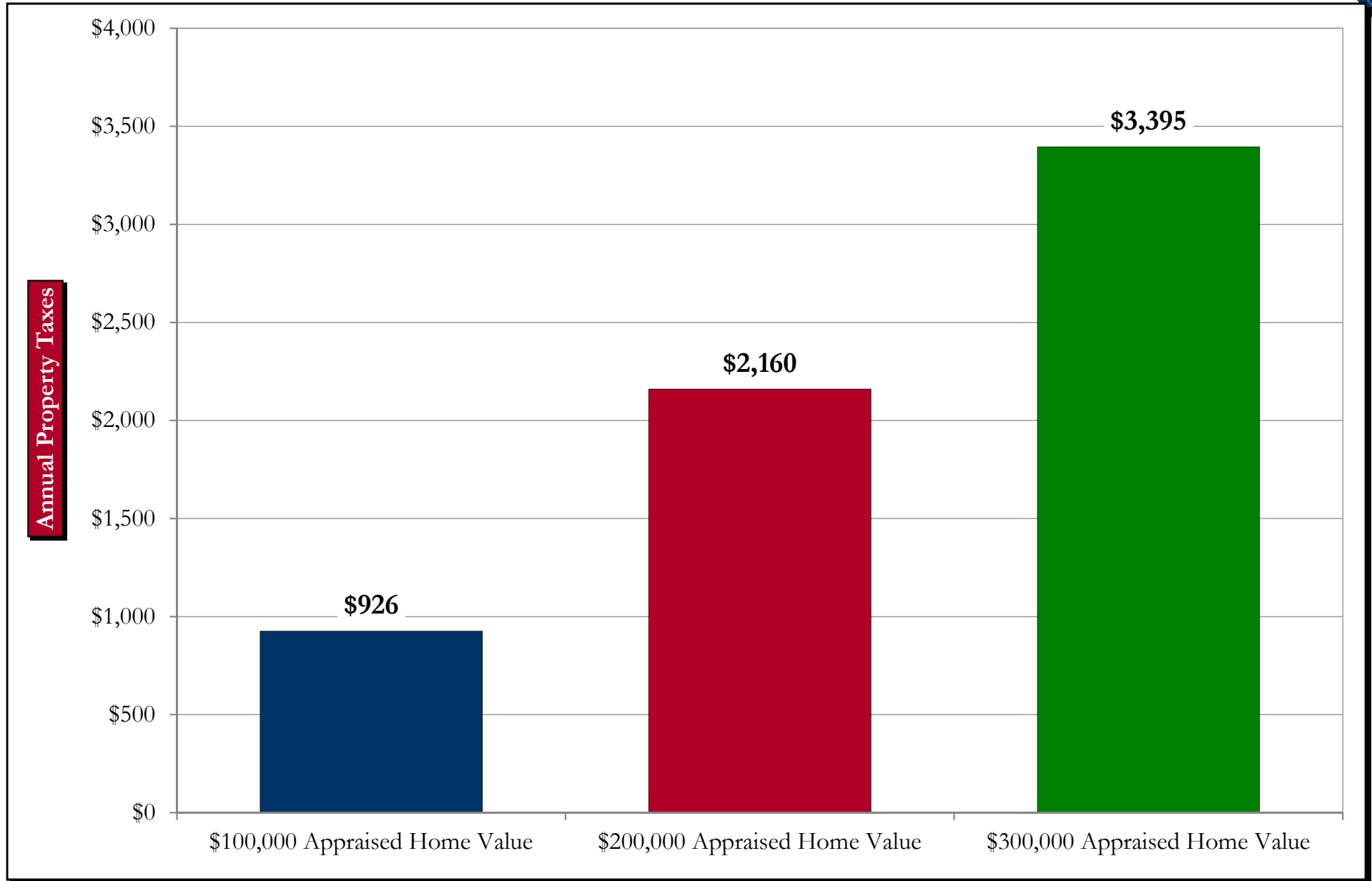


Historical Tax Rates





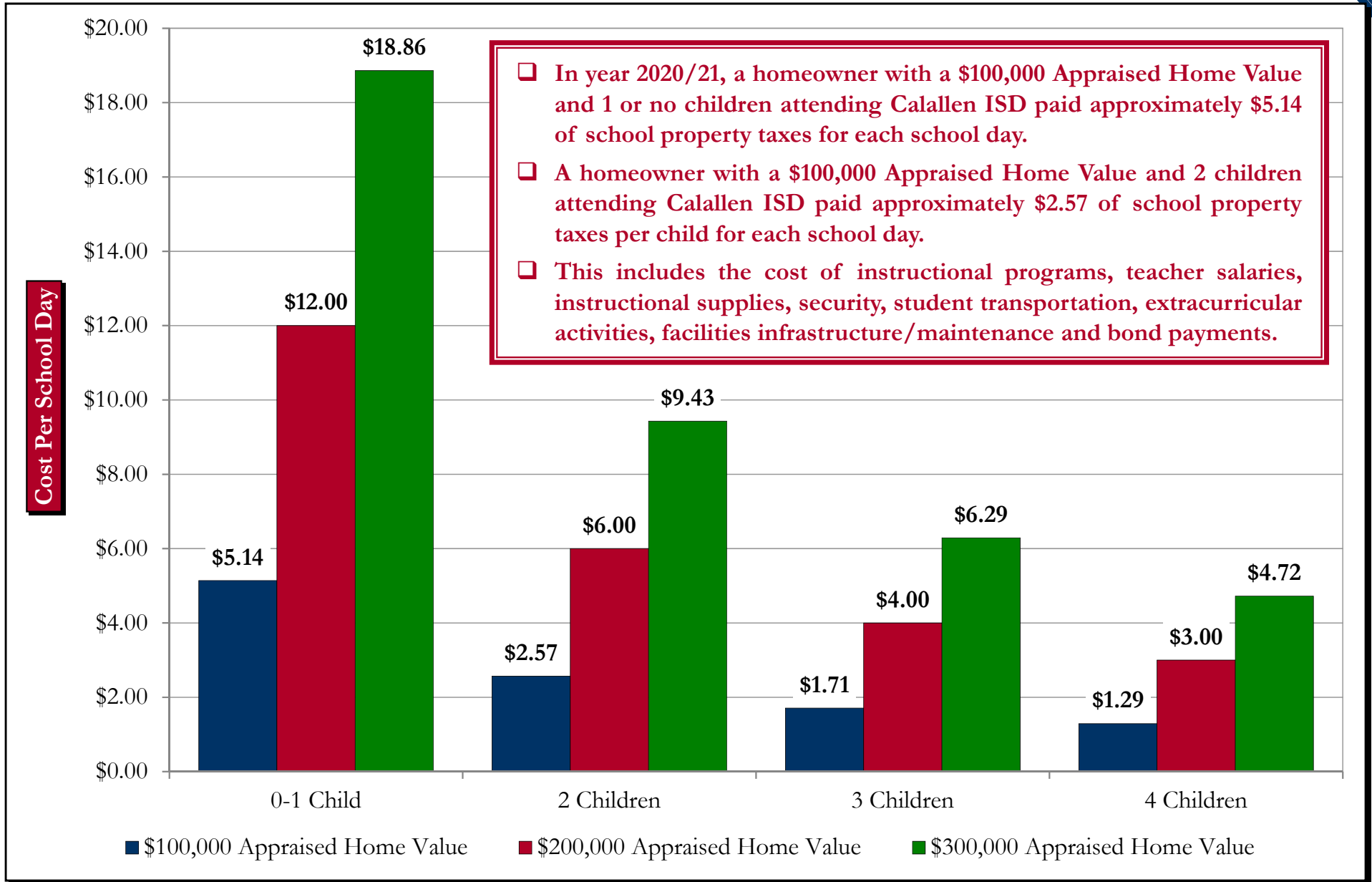
Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – Year 2020/21



Note: Taxes are net of the \$25,000 State-mandated residential homestead exemption.



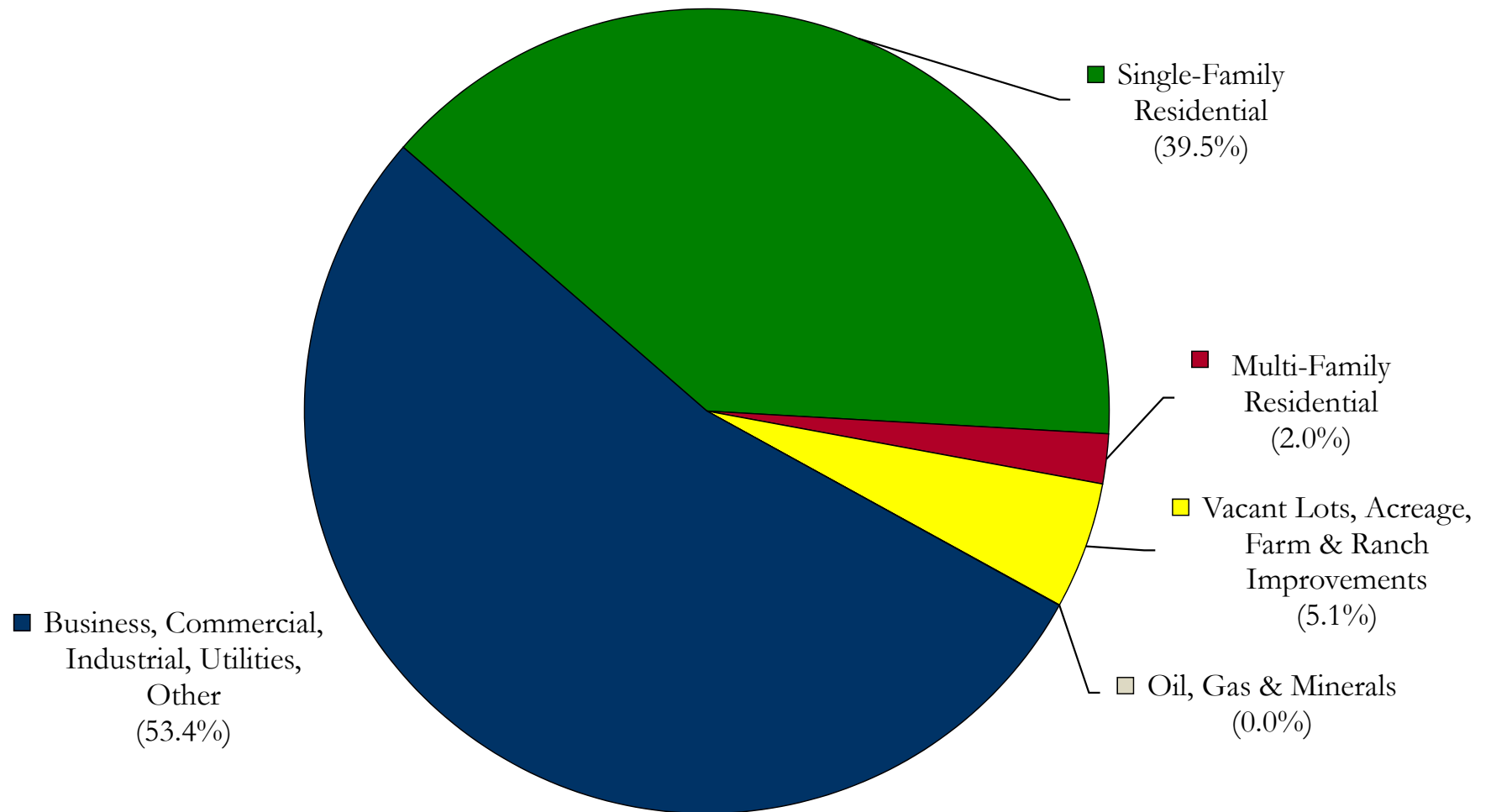
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2020/21





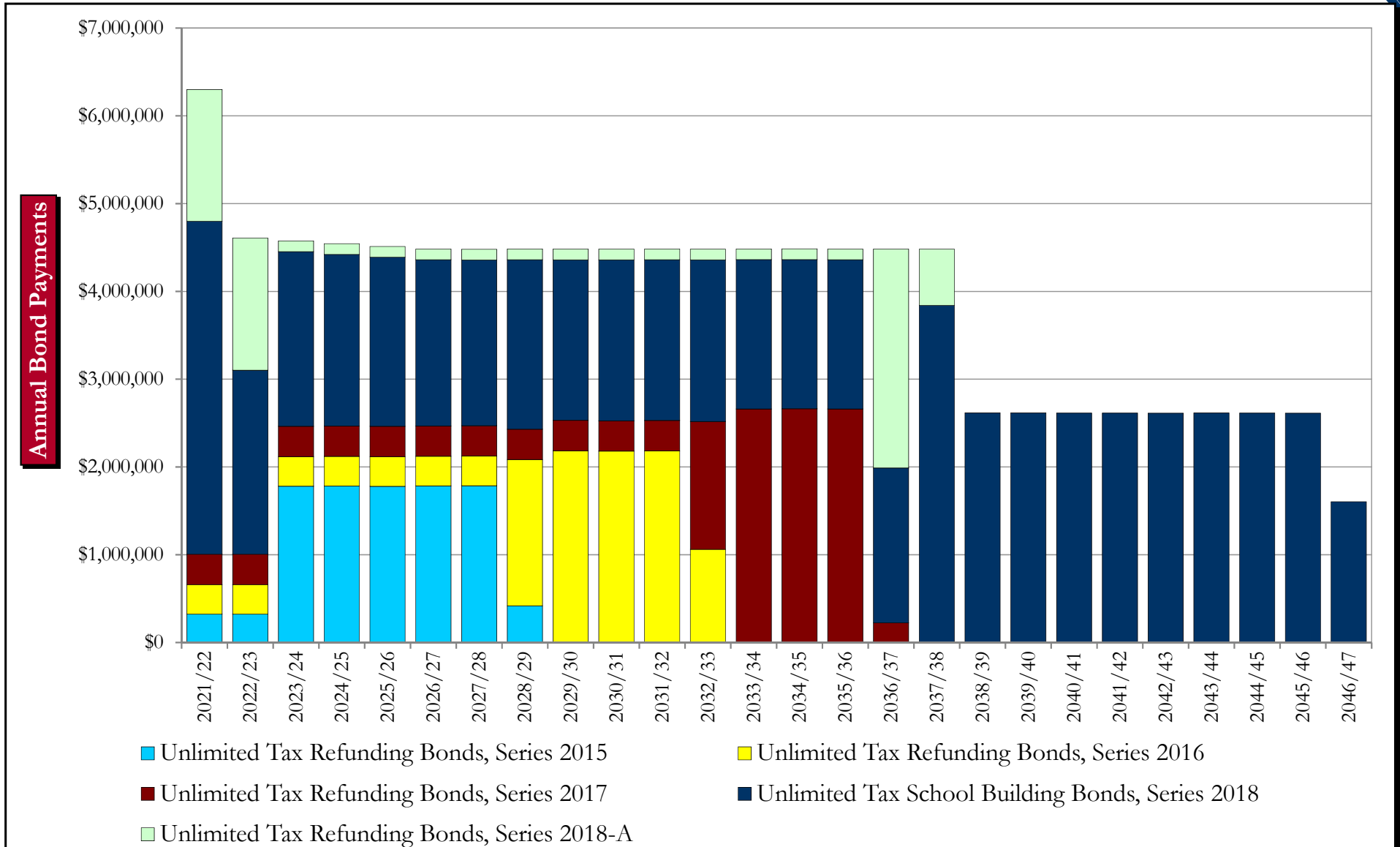
Composition of Total Assessed Valuation – Year 2020/21

For year 2020/21, Single-Family Residential properties comprised 39.5% of the District's total assessed valuation and other property categories comprised 60.5%.





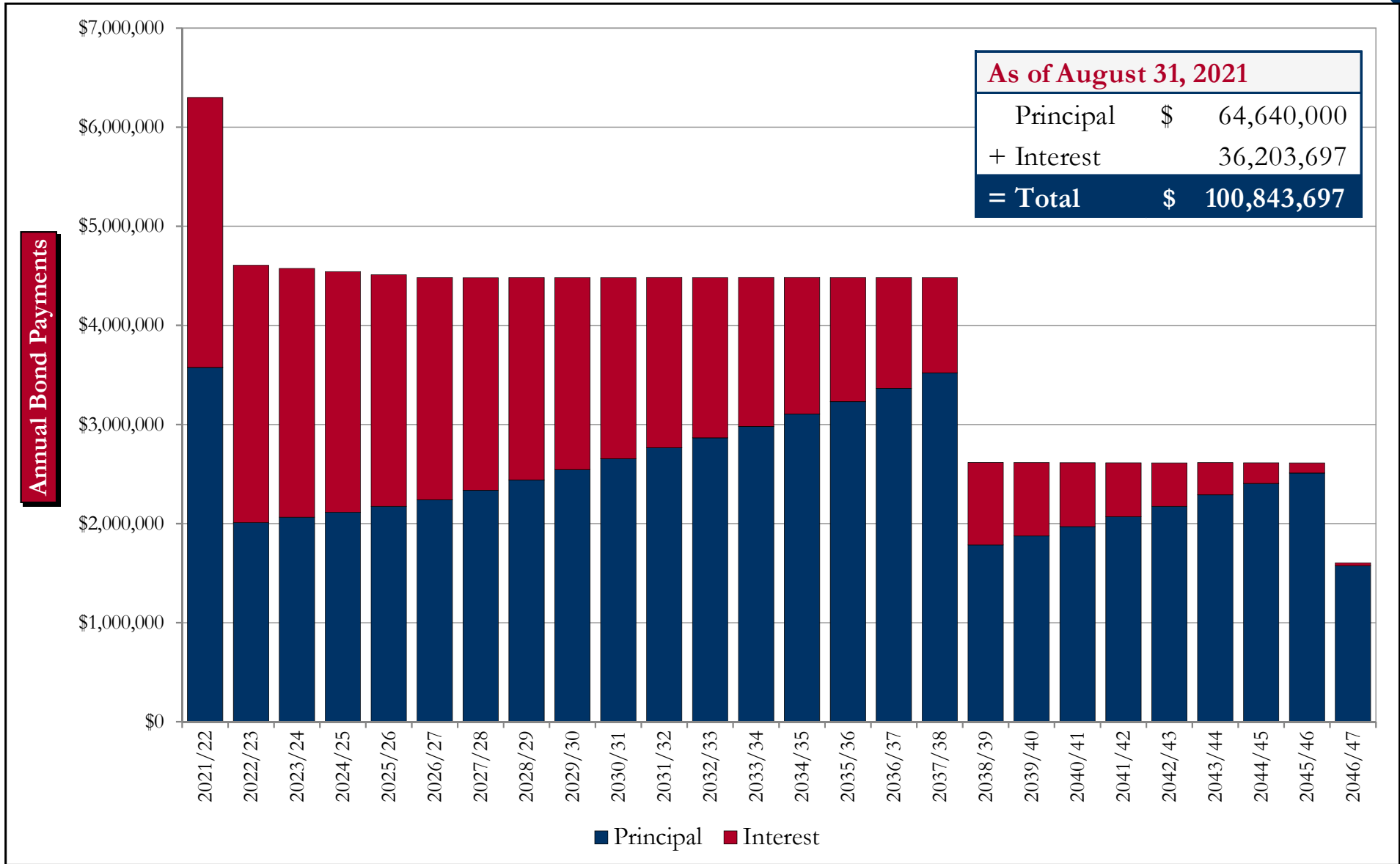
Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31.



Unlimited Tax Debt Service By Principal and Interest – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31.



Savings from District's Recent Bond Refunding and Prepayment Programs to Lower Interest Costs

- Calallen ISD has implemented 5 bond refunding programs and prepaid \$5.99 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than \$13.0 million of savings for District taxpayers in recent years.

| Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds | | | |
|--|----------------------------|--------------------------------|----------------------|
| Issue / Description | Series Refunded / Redeemed | Par Amount Refunded / Redeemed | Total Savings |
| Unlimited Tax Refunding Bonds, Series 2010 | 1994, 1998 | \$ 3,550,000 | \$ 234,836 |
| Unlimited Tax Refunding Bonds, Series 2015 | 2008 | 8,700,000 | 1,481,233 |
| Unlimited Tax Refunding Bonds, Series 2016 | 2008 | 8,885,000 | 1,982,906 |
| Unlimited Tax Refunding Bonds, Series 2017 | 2008 | 9,200,000 | 2,336,083 |
| Unlimited Tax Refunding Bonds, Series 2018-A | 2008 | 9,480,000 | 1,224,248 |
| Total - Bond Refunding Programs at a Lower Interest Rate | --- | \$ 39,815,000 | \$ 7,259,306 |
| Prepayment of Series 2008 Bonds - August 2017 | 2008 | \$ 710,000 | \$ 710,000 |
| Prepayment of Series 2008 Bonds - February 2018 | 2008 | 1,550,000 | 1,550,000 |
| Prepayment of Series 2018 Bonds - August 2020 | 2018 | 775,000 | 744,485 |
| Prepayment of Series 2018 Bonds - August 2021 | 2018 | 1,280,000 | 1,229,600 |
| Prepayment of Series 2018 Bonds - February 2022 | 2018 | 1,675,000 | 1,541,350 |
| Total - Prepayment of Bonds Prior to Scheduled Maturity | --- | \$ 5,990,000 | \$ 5,775,435 |
| Totals | --- | \$ 45,805,000 | \$ 13,034,741 |



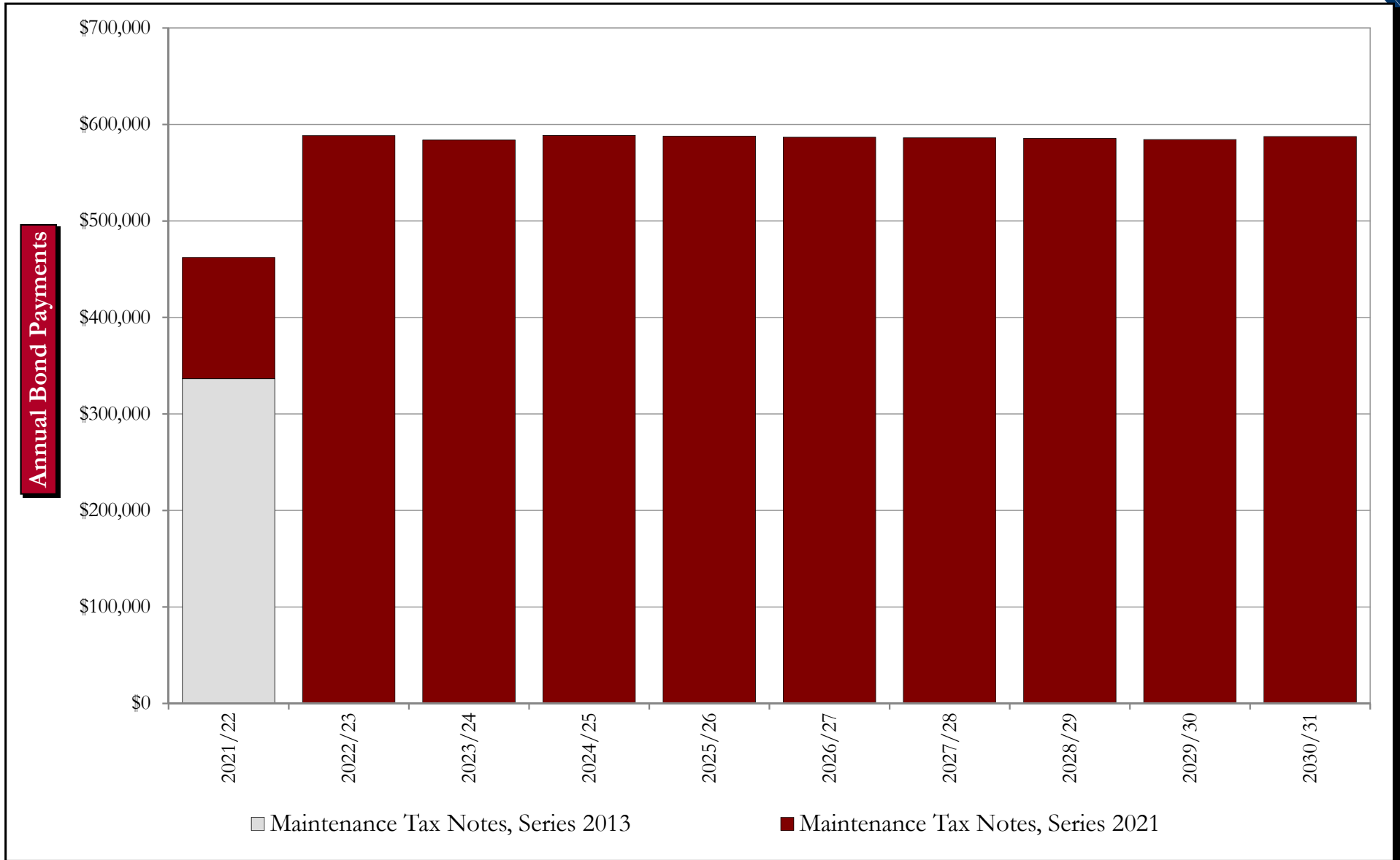
Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2021

- ❑ The following debt obligations are payable from ad valorem taxes (i.e. I&S taxes) levied annually against all taxable property located within the District, without legal limit as to rate or amount.

| No. | Issue Description | Purpose | Original Principal Amount | Outstanding Principal | Total Outstanding Debt Service | Outstanding Principal Per Capita | Outstanding Debt Service Per Capita | Final Maturity Date | Total Proceeds Received | Spent Proceeds | Unspent Proceeds |
|-----|--|--|---------------------------|-----------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------|-------------------------|-----------------|------------------|
| 1 | Unlimited Tax Refunding Bonds, Series 2015 | Refunding at a lower interest rate, etc. | \$8,540,000.00 | \$8,420,000.00 | \$9,973,400.00 | \$403.93 | \$478.46 | 02/15/2029 | \$9,879,882.13 | \$9,879,882.13 | \$0.00 |
| 2 | Unlimited Tax Refunding Bonds, Series 2016 | Refunding at a lower interest rate, etc. | \$8,720,000.00 | \$8,450,000.00 | \$11,642,200.00 | \$405.37 | \$558.51 | 02/15/2033 | \$9,938,147.88 | \$9,938,147.88 | \$0.00 |
| 3 | Unlimited Tax Refunding Bonds, Series 2017 | Refunding at a lower interest rate, etc. | \$8,920,000.00 | \$8,850,000.00 | \$13,466,737.50 | \$424.56 | \$646.04 | 02/15/2037 | \$9,689,810.54 | \$9,689,810.54 | \$0.00 |
| 4 | Unlimited Tax School Building Bonds, Series 2018 | Capital Improvements | \$36,935,000.00 | \$33,240,000.00 | \$58,031,909.52 | \$1,594.63 | \$2,783.97 | 02/15/2047 | \$40,453,216.25 | \$35,672,988.25 | \$4,780,228.00 |
| 5 | Unlimited Tax Refunding Bonds, Series 2018-A | Refunding at a lower interest rate, etc. | \$9,000,000.00 | \$5,680,000.00 | \$7,729,450.00 | \$272.49 | \$370.81 | 02/15/2038 | \$9,593,158.62 | \$9,593,158.62 | \$0.00 |



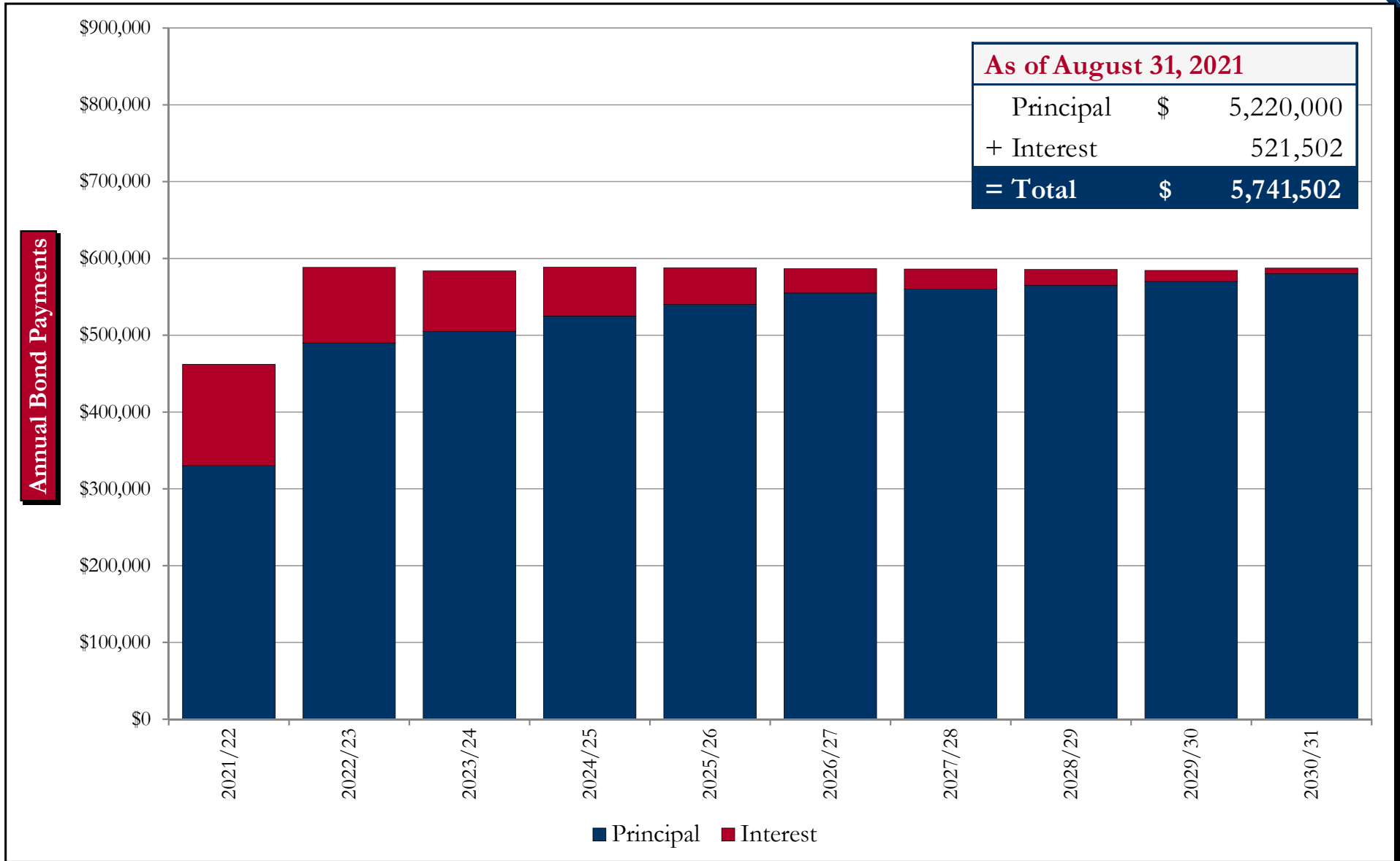
☑ Maintenance Tax Debt Service By Series



Note: Debt service payments reflect payments from September 1 through August 31. Payable from the District's M&O tax rate.



☑ Maintenance Tax Debt Service By Principal and Interest



Note: Debt service payments reflect payments from September 1 through August 31. Payable from the District's M&O tax rate.



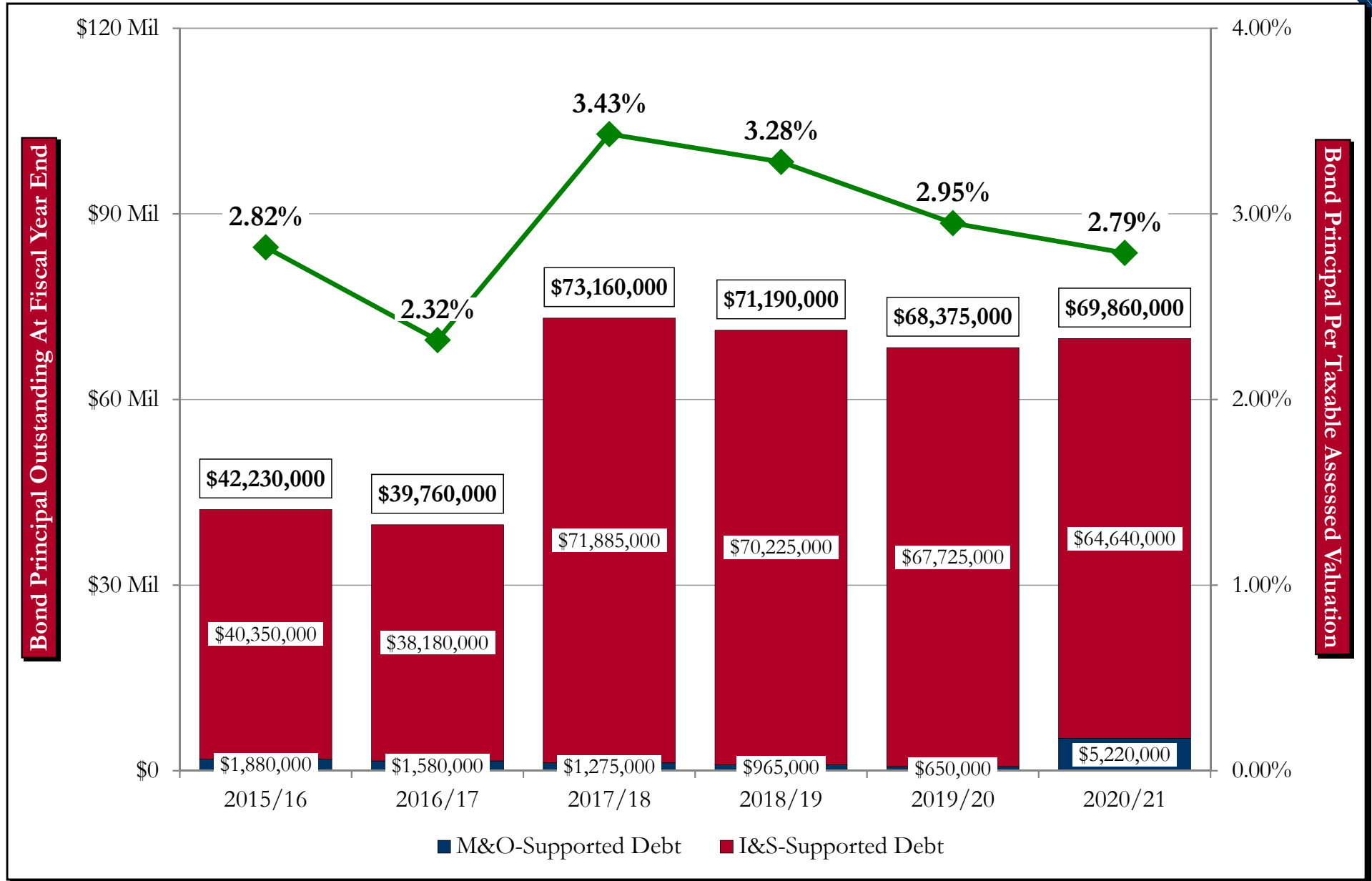
☑ Summary of Maintenance Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2021

- ☐ The following debt obligations are payable from any available funds of the District, including but in no way limited to the ad valorem taxes levied for maintenance purposes (i.e. M&O taxes) by the District, within the limitations of the District’s maintenance tax authority.

| No. | Issue Description | Purpose | Original Principal Amount | Outstanding Principal | Total Outstanding Debt Service | Outstanding Principal Per Capita | Outstanding Debt Service Per Capita | Final Maturity Date | Total Proceeds Received | Spent Proceeds | Unspent Proceeds |
|-----|------------------------------------|-------------------------|---------------------------|-----------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------|-------------------------|----------------|------------------|
| 1 | Maintenance Tax Notes, Series 2013 | Maintenance & Equipment | \$3,050,000.00 | \$330,000.00 | \$336,600.00 | \$15.83 | \$16.15 | 08/15/2022 | \$3,064,454.30 | \$3,064,454.30 | \$0.00 |
| 2 | Maintenance Tax Notes, Series 2021 | Maintenance & Equipment | \$4,890,000.00 | \$4,890,000.00 | \$5,404,902.38 | \$234.59 | \$259.29 | 08/15/2031 | \$5,068,898.73 | \$2,900,650.73 | \$2,168,248.00 |



Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation





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