



CALALLEN ISD

PROMOTING EXCELLENCE • CREATING THE FUTURE

# 2022-23 BUDGET PRESENTATION #3

Tax Rate and Collections  
Information

August 8, 2022

# 2022-23 BUDGET CALENDAR

Calallen ISD  
Budget Calendar  
Fiscal Year 2022-2023  
Tax Year 2022 and Fiscal Year 2023

Timeframe	Board Meeting Dates	Action Needed	Responsible Parties
March - June		Review of 2021-2022 Budgets Estimate actual revenues and expenditures Submission of 2022-2023 budget requests	Director of Finance Director of Finance Principals and Directors
Late April		2022 <u>Estimated</u> Tax Values to CISD	Appraisal District
July	July 18, 2022 Regular Meeting	Budget Workshop w/ Board Legislative Update and Preliminary Budget Information Set salary scales for 2022-2023	Supt/Director of Finance Board of Trustees
Late July		2022 <u>Certified</u> Tax Values to CISD	Appraisal District
Early August		Tax Value Data Collection Due to TEA TEA Issues Tier 1 Tax Rate for the District	Director of Finance TEA
Early August	August 8, 2022 Regular Meeting	Budget Workshop w/ Board Presentation of Notice to Set Tax Rate and Preliminary Budget <b>*Board may adopt a tax rate lower than what is published</b>	Supt/Director of Finance
Mid August		Notice of Hearing to Set the Tax Rate and Adopt the Budget PUBLISHED in Corpus Christi Caller Times <b>*Must be published 10-30 days before hearing, 2022-2023 deadline August 12, 2022</b>	Director of Finance
Late August	August 22, 2022 Special Meeting	Conduct Hearing to Set the Tax Rate and Adopt the Budget Conduct Special Meeting to Approve: Final Budget Amendments for 2021-2022 Set Tax Rate for Tax Year 2022 Adopt Budgets for 2022-2023 Adopt 2022-2023 Compensation Plan	Supt/Director of Finance Board of Trustees

# BUDGET AND TAX RATE TIMELINE

- April 30 • Deadline for chief appraiser to certify **estimate of district's taxable property values**
- July 25 • Deadline for chief appraiser to provide **certified appraisal roll** to district's tax assessor
- Aug 1 • Deadline for district to submit **Local Property Value survey** to TEA
- Aug 5 • TEA deadline to certify initial **Maximum Compressed Rate** to districts
- Aug 12 • Deadline to publish **Notice of Public Meeting to Discuss Budget and Proposed Tax Rate** (Texas Comptroller's Form 50-280)
- Aug 20 • Deadline for districts with September 1 fiscal year to **prepare a proposed budget**
- Aug 31 • Deadline to **adopt budget** for district with September 1 fiscal year
- Sep 30 • Deadline to **adopt tax rate**



# REMINDERS

- Tax Rate and Budget Information Posted on District Website – **Each Board member’s name and official contact information**
- The board must include as an **appendix to the district’s budget the tax rate calculation forms** used by the district to calculate the district’s no-new-revenue tax rate and voter-approval tax rate.
  - Texas Comptroller Form 50-884 Tax Rate Calculation Worksheet for School Districts with Chapter 313 Agreements
- **Taxpayers entitled to an injunction** prohibiting the district from adopting a tax rate or collecting taxes if district fails to comply with laws regarding:
  - Computation, Publication, or Posting Requirements
  - Calculation and Adoption Requirement



# M&O DISASTER PENNIES

- Governor Disaster Declaration for Winter Storm Uri
- Applies to Tier Two Tax Rate (Golden & Copper Pennies)
  - Maximum Tier Two Tax Rate \$0.1700
  - CISD Tier Two Rate \$0.1383
  - **CISD Eligible Disaster Pennies \$0.0317**
- One Year Adoption of Additional Pennies
  - Special Tax Rate Resolution
  - Requires Unanimous Board Vote



# DISASTER PENNIES FINANCIAL IMPACT

	2022-23 Est. Budget	2022-23 Budget with Disaster Pennies	Financial Impact of Disaster Pennies
Property Taxes	\$19,500,000	\$20,150,000	+\$650,000
Other Local	\$350,000	\$350,000	-
State Revenue	\$17,600,000	\$17,250,000	*(\$350,000)
TRS On-Behalf	\$2,243,775	\$2,243,775	-
Federal Revenue	\$400,000	\$400,000	-
<b>Subtotal</b>	<b>\$40,093,775</b>	<b>\$40,368,775</b>	<b>+\$300,000</b>
CH 313s	\$1,200,000	\$1,200,000	-
<b>Total</b>	<b>\$41,293,775</b>	<b>\$41,568,775</b>	<b>+\$300,000</b>

\*Impacts of HB3 Formula Transition Grant

# PUBLIC TAX RATE NOTIFICATION

- 2022-2023 Notice of Public Meeting to Discuss Budget and Proposed Tax Rate
- Corpus Christi Caller Times – August 12, 2022 Edition
- **Meeting Scheduled August 22, 2022 at 5:30pm**



# NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Calallen ISD will hold a public meeting at 5:30 PM, August 22, 2022 in Calallen ISD Central Administration Office, 4205 Wildcat Dr., Corpus Christi, Texas 78410. **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	\$0.974600/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.243000/\$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	5.64 % increase
Debt Service	8.47 % increase
Total Expenditures	5.99 % 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	\$3,266,584,086	\$3,615,914,601
Total appraised value* of new property**	\$133,310,691	\$47,258,634
Total taxable value*** of all property	\$2,639,753,160	\$2,889,950,191
Total taxable value*** of new property**	\$111,683,192	\$36,074,725

\*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\* \$61,065,000

\*Outstanding principal.

### Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance &amp; Operations</u>	<u>Interest &amp; Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
<b>Last Year's Rate</b>	\$0.989600	\$0.243000	\$1.232600	\$6,770	\$4,845
<b>Rate to Maintain Same Level of Maintenance &amp; Operations Revenue &amp; Pay Debt Service</b>	\$1.00161	\$0.24418	\$1.24579	\$7,122	\$4,572
<b>Proposed Rate</b>	\$0.974600	\$0.243000	\$1.21760	\$7,110	\$4,620

\*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	\$203,203	\$227,134
Average Taxable Value of Residences	\$171,957	\$175,506
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.232600	\$1.185900
Taxes Due on Average Residence	\$2,119.54	\$2,081.33
Increase (Decrease) in Taxes		\$-38.21

**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 \$1.186031. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.186031.**

\*Under the provision of Texas Tax Code sec 26.042, the district can increase the Maintenance & Operations tax rate, without an election, for a one-year period in the tax year following the Governor's declaration of a disaster due to the increased expenditure of money necessary to respond to Winter Storm Uri.

### 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)	\$23,137,618
Interest & Sinking Fund Balance(s)	\$735,227

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](http://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.



# TAX RATE & COLLECTIONS

- **2022 *Certified Tax Values***, Proposed Tax Rates, and Collections Information





# M&O Tax Rate



- 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 One Compression

### STATEWIDE COMPRESSION

- Determined by statutory formula that depends on **Comptroller's estimate** of projected statewide property value growth.
- Projected growth in **excess of 2.5%** results in statewide compression.
- The Texas Legislature **must fund additional statewide compression** if districts were at 90% compression floor in previous biennium. Can appropriate more funds on top of all that, if desired.
- **Acts as a max MCR for every school district.**

### LOCAL COMPRESSION

- Determined by statutory formula that depends on **local property value growth**. Adjustments are made for expiring 313/311 values and LOHE.
- Local growth in **excess of 2.5%** could result in additional compression.
- Local compression will impact individual school districts differently.



# M&O Tax Rate

## Tier One Compression

### STATEWIDE COMPRESSION

TY 2019: **93%**

*Set by HB 3*

TY 2020: **91.64%**

*Calculated based on Comptroller's estimated statewide property value growth of 4.01%.*

TY 2021: **91.34%**

*Comptroller's estimated statewide property value growth is 1.84%. Legislature funded additional compression of 0.3% due to 90% compression floor.*

TY 2022: **89.41%**

*Comptroller's estimated statewide property value growth is 4.36%. Legislature funded additional compression of 0.3% due to 90% compression floor.*

### LOCAL COMPRESSION

TY 2019: **N/A**

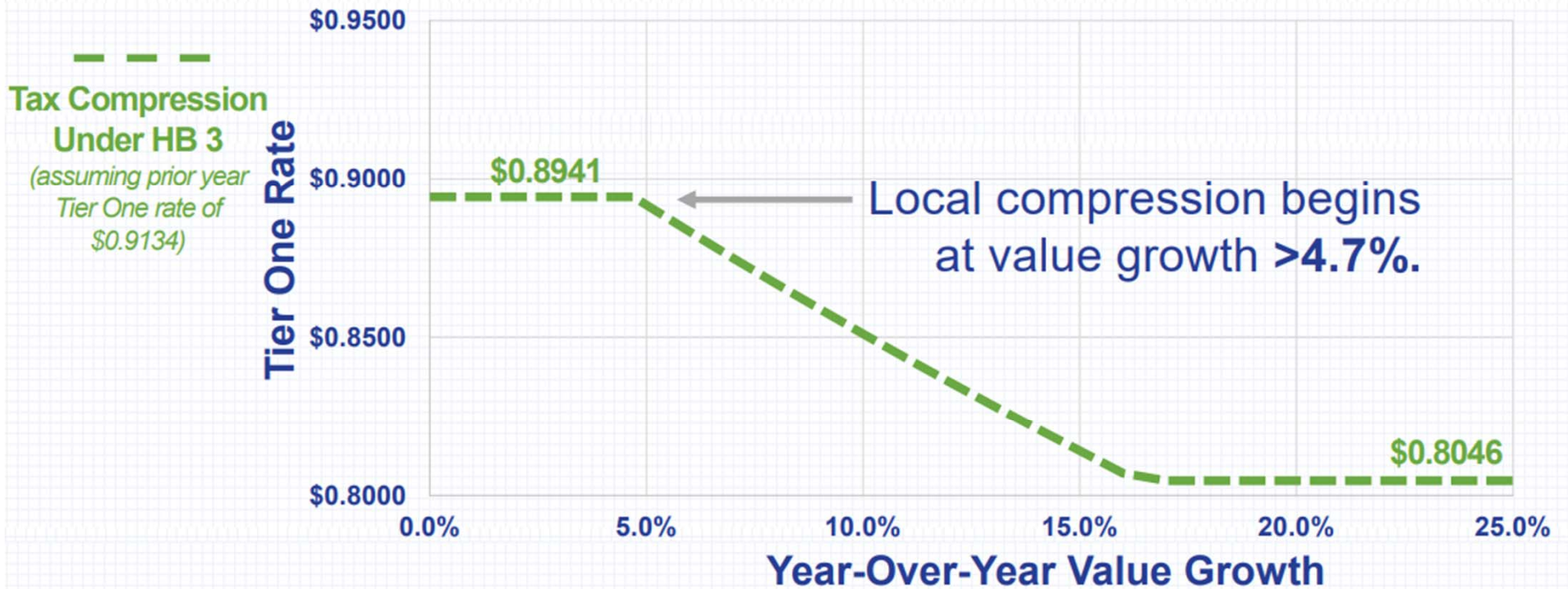
TY 2020: Districts with **more than 2.5** (and beyond) **percent** value growth could be subject to additional rate compression.



# M&O Tax Rate

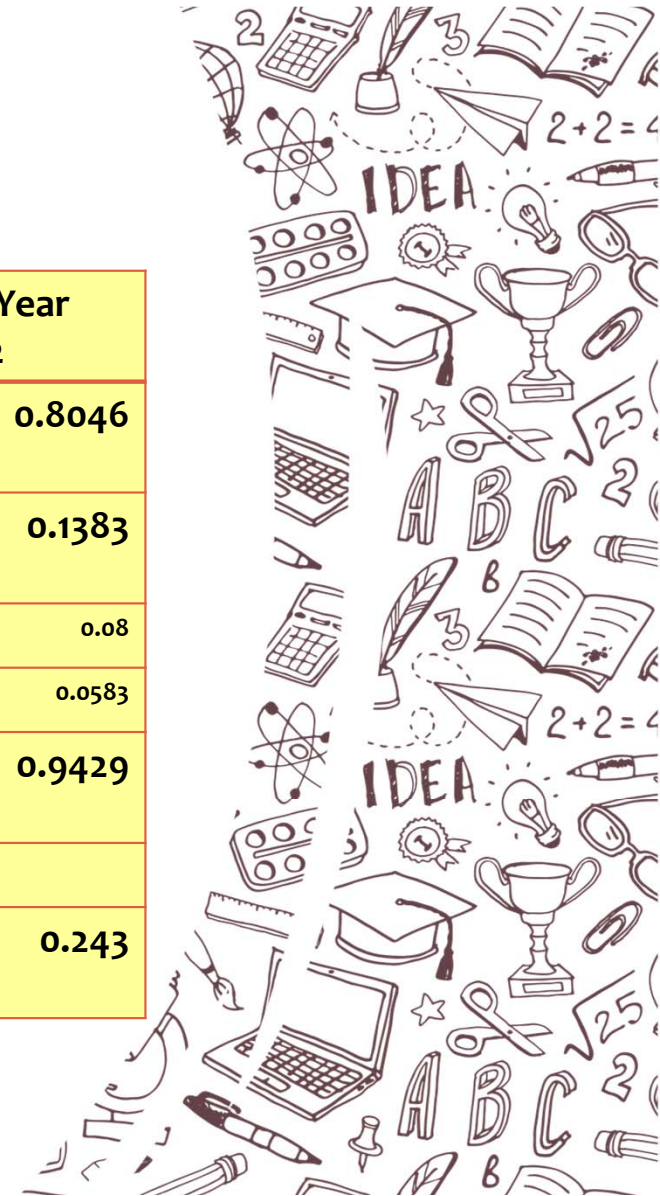
## Tier One Compression

TY 2022



# TAX RATE HISTORY

	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
M&O Tier One Tax Rate	1.00	0.93	0.8532	0.8513	<b>0.8046</b>
M&O Tier Two Tax Rate	0.17	0.1383	0.1383	0.1383	<b>0.1383</b>
Golden Pennies	0.06	0.08	0.08	0.08	<b>0.08</b>
Copper Pennies	0.11	0.0583	0.0583	0.0583	<b>0.0583</b>
<b>Total M&amp;O Tax Rate</b>	<b>1.17</b>	<b>1.0683</b>	<b>0.9915</b>	<b>0.9896</b>	<b>0.9429</b>
<b>Total I&amp;S Tax Rate</b>	<b>0.233</b>	<b>0.243</b>	<b>0.243</b>	<b>0.243</b>	<b>0.243</b>





# 2022 TAX RATES

Category	2022 Tax Rate	Notes
M&O Tax Rate	0.9429	
MCR Rate (Tier 1)	0.8046	Calculated by TEA
Enrichment Tax Rate	0.1383	Compressed by HB3 from 0.17
<b>Required Calculated Tax Rates</b>		
<b>No-New-Revenue Tax Rate</b>	<b>1.094027</b>	<b>Calculated by Comptroller Tax Calculation Worksheet</b>
No-New-Revenue M&O Tax Rate	0.953358	Calculated by District Administration
Voter-Approval Tax Rate (VATR)	1.186031	Calculated by Comptroller Tax Calculation Worksheet
Rate to Maintain	1.254790	Calculated by District Administration using Region 13 Template (Omar's Template)
<b>Published Tax Rate</b>	<b>0.9746 + 0.243 = 1.2176</b>	<b>*Includes Disaster Pennies</b>
<b>Proposed Tax Rate</b>	<b>0.9429 + 0.243 = 1.1859</b>	

# 2022 TAX RATE ADOPTION

- **The Proposed Tax Rate EXCEEDS the No-New-Revenue Tax Rate**
  - Special Motion Language Required
  - "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the no-new-revenue tax rate) percent increase in the tax rate."
- **The Proposed M&O Tax Rate generates more taxes than the preceding year**
  - Special Ordinance and Website Language Required
  - "THE TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"





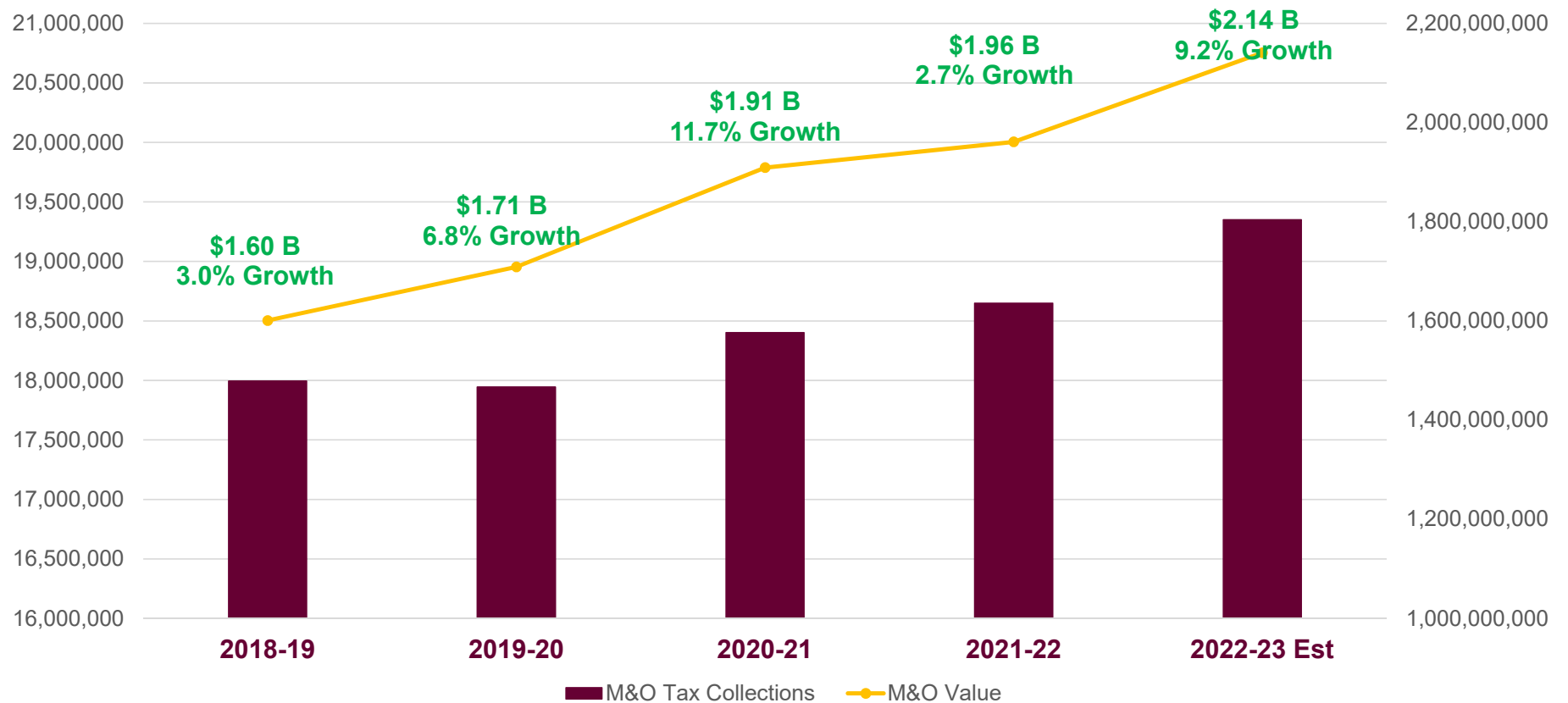


# PROPERTY TAX VALUES, RATES, & COLLECTIONS

	2020-21 Certified	2021-22 Certified	2022-23 July Estimates	2022-23 Certified
<b>M&amp;O Value</b>	\$1,909,303,972	\$1,961,195,798	\$2,152,372,441	\$2,140,887,378
Value Growth	11.7%	2.7%	9.7%	9.2%
Tax Rate	0.9915	0.9896	0.9746	0.9429
Tax Rate Compression	(\$0.07680) -7.2%	(\$0.0019) -0.2%	(\$0.0150) -1.5%	(\$0.0467) -4.7%
Tax Collections	\$18,401,344	\$18,649,201	\$20,150,000	\$19,350,000
Collections Growth	2.5%	1.3%	8.0%	4.9%
<b>I&amp;S Value</b>	\$2,500,956,572	\$2,655,460,491	\$2,901,435,254	\$2,889,950,191
Value Growth	7.8%	6.2%	9.3%	8.8%
Tax Rate	0.243	0.243	0.243	0.243
Tax Collections	\$5,971,794	\$6,257,816	\$6,800,000	\$6,750,000

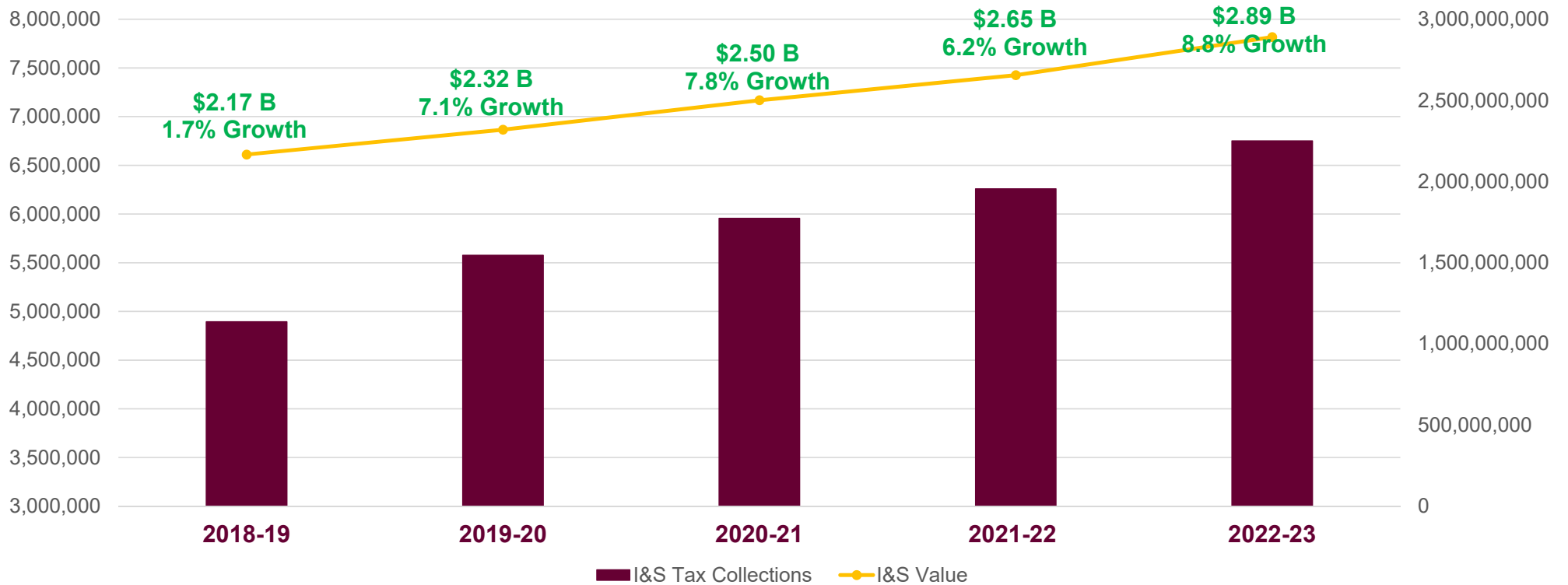


# M&O PROPERTY VALUES & COLLECTIONS HISTORY





# I&S PROPERTY VALUES & COLLECTIONS HISTORY





# BOARD DISCUSSION OF PROPERTY VALUES

- **Required by Audit Schedule L-1:** Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?

	FY 2020-21	FY 2021-22	FY 2022-23 PROPOSED
Property Value used for Local Collection (LCPV) **Certified M&O Value	1,909,303,972	1,961,195,798	2,140,887,378
M&O Tax Rate	0.9915	0.9896	0.9429
Local M&O Tax Collections	\$18,203,908	\$18,438,411	\$19,150,000
Property Values used for State Calculations (SCPV) **T2 Values	1,855,548,359	1,898,957,755	2,083,711,959
WADA	5,157	4,937	5,018
Wealth per WADA	\$370,235	\$397,244	\$426,642
State Aid FSP/ASF	\$19,904,355	\$17,845,114	\$17,873,577

# BOND REDEMPTION INFORMATION

- *Discuss potential February 2023 prepayment on callable bonds*



# WHY ISSUE BOND REDEMPTIONS?

- Callable or redeemable bonds are bonds that can be redeemed or paid off by the issuer prior to the bonds' maturity date
- When an issuer calls its bonds, it pays investors the call price (usually the face value of the bonds) together with accrued interest to date and, at that point, stops making interest payments.
- Redemptions result in savings to the issuer by **reducing future interest costs and payments.**



# CALLABLE BONDS – AS OF 7/15/2022

Calallen ISD - Summary of Callable Unlimited Tax Bonds Outstanding - As of July 15, 2022						
Issue Description	Call Date	Principal Amount Outstanding	Principal Amount Callable	Callable Maturities	Final Maturity	Coupons: Callable Maturities
Unlimited Tax School Building Bonds, Series 2018 [Short Call]	Any Date	\$ 4,085,000	\$ 4,085,000	2046 - 2047	2047	3.625%
Unlimited Tax Refunding Bonds, Series 2015	02/15/2025	8,420,000	5,405,000	2026 - 2029	2029	4.000%
Unlimited Tax Refunding Bonds, Series 2016	02/15/2025	8,450,000	8,450,000	2029 - 2033	2033	4.000%
Unlimited Tax Refunding Bonds, Series 2017	02/15/2026	8,850,000	8,850,000	2033 - 2037	2037	3.250% - 4.000%
Unlimited Tax School Building Bonds, Series 2018 [Long Call]	02/15/2027	26,860,000	23,880,000	2028 - 2045	2045	3.000% - 5.000%
Unlimited Tax Refunding Bonds, Series 2018-A	02/15/2027	4,400,000	3,050,000	2037 - 2038	2038	4.000%
<b>Totals</b>	---	<b>\$ 61,065,000</b>	<b>\$ 53,720,000</b>	---	---	---



# BOND REDEMPTION FIGURES

Preliminary, subject to change.

Prepared by BOK Financial Securities, Inc.

**Calallen Independent School District  
Interest & Sinking Fund Budget - FY 2022/23**

<u>Issue Description</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Unlimited Tax Refunding Bonds, Series 2015	\$ -	\$ 322,000.00	\$ 322,000.00
Unlimited Tax Refunding Bonds, Series 2016	-	338,000.00	338,000.00
Unlimited Tax Refunding Bonds, Series 2017	-	345,525.00	345,525.00
Unlimited Tax School Building Bonds, Series 2018	2,890,000.00	1,395,481.25	4,285,481.25 <sup>(A)</sup>
Unlimited Tax Refunding Bonds, Series 2018-A	1,350,000.00	155,750.00	1,505,750.00
<b>Total Debt Service Requirements</b>	<b>\$ 4,240,000.00</b>	<b>\$ 2,556,756.25</b>	<b>\$ 6,796,756.25</b>

<sup>(A)</sup> Includes a \$2,230,000 prepayment on February 15, 2023.

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

**\*\*\$2,230,000 redemption, \$1,916,356 in future savings**



# QUESTIONS, COMMENTS, and DISCUSSION....

