



CALALLEN ISD

PROMOTING EXCELLENCE • CREATING THE FUTURE

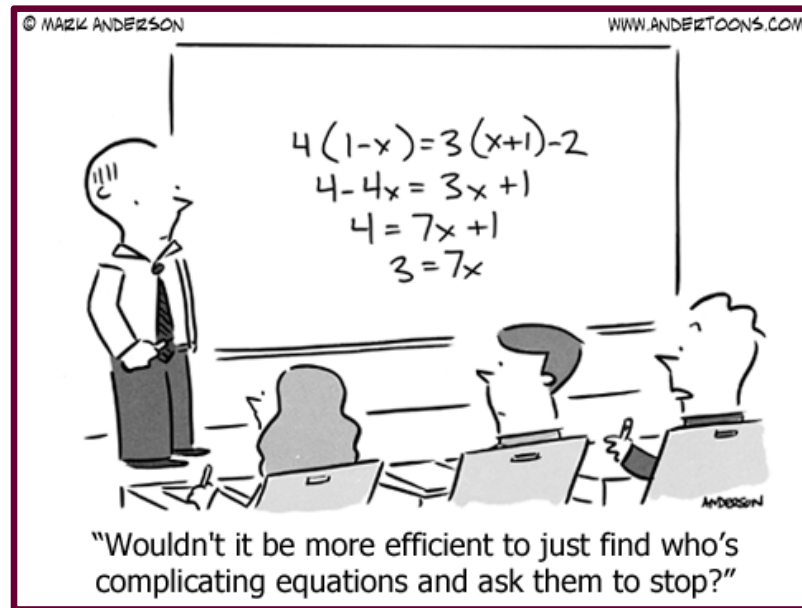
2022-23 BUDGET PRESENTATION #1

Discussion on District Funding, Tax
Values, Tax Rates, and Bonds

July 14, 2022



2022-23 BUDGET SEASON.....



AGENDA

- Property Tax Information
- General Fund Revenue and Expense Review
- Review of Options for Tax Year 2022
- Bond Capacity Update
- 22-23 Salary Discussion Preview





M&O TAX RATE COMPRESSION HISTORY

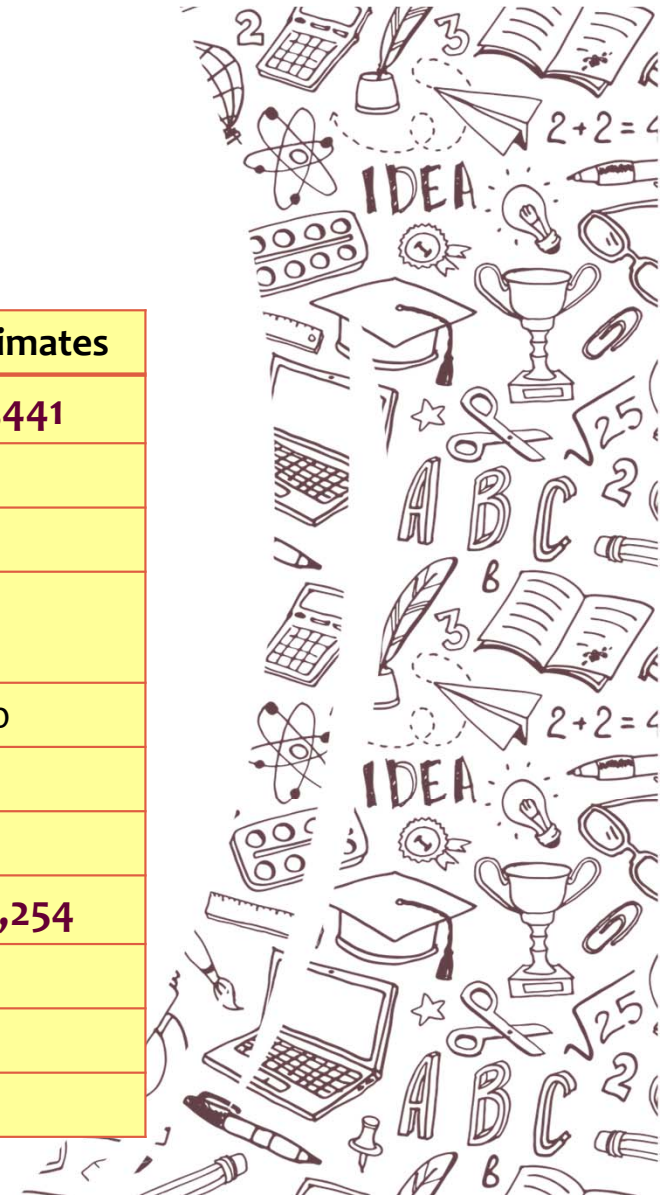
Fiscal Year	Tax Year	Tier 1 State Compression %	Tier 1 Tax Rate	Maximum M&O Tax Rate	Additional Local Compression	Calallen ISD M&O Tax Rate
2018-19	2018	N/A	1.00	<u>1.1700</u>	N/A	1.1700
2019-20	2019	93%	0.93	<u>1.0683</u>	N/A	1.0683
2020-21	2020	91.64%	0.9164	1.0864	>4.01% Value Growth	0.9915
2021-22	2021	91.64% + \$0.03	0.9134	1.0834	>2.8% Value Growth	0.9896
2022-23	2022	89.71% + \$0.03	0.8941	1.0641	>4.36% Value Growth	0.9429

MANDATORY INCREASE IN HOMESTEAD EXEMPTION

- Details
 - Proposition 2 Passed during May 2022 Elections
 - Effective Immediately for Tax Year 2022 (Fiscal Year 2022-23)
 - Increases Homestead Exemption from \$25,000 to \$40,000
 - **Average Homeowner Tax Savings is \$175 per Year**
- District Financial Impacts
 - **Decrease in Taxable Property Value of \$70M**
 - Lower M&O property value = less tax rate compression
 - State Revenue Hold Harmless Provision

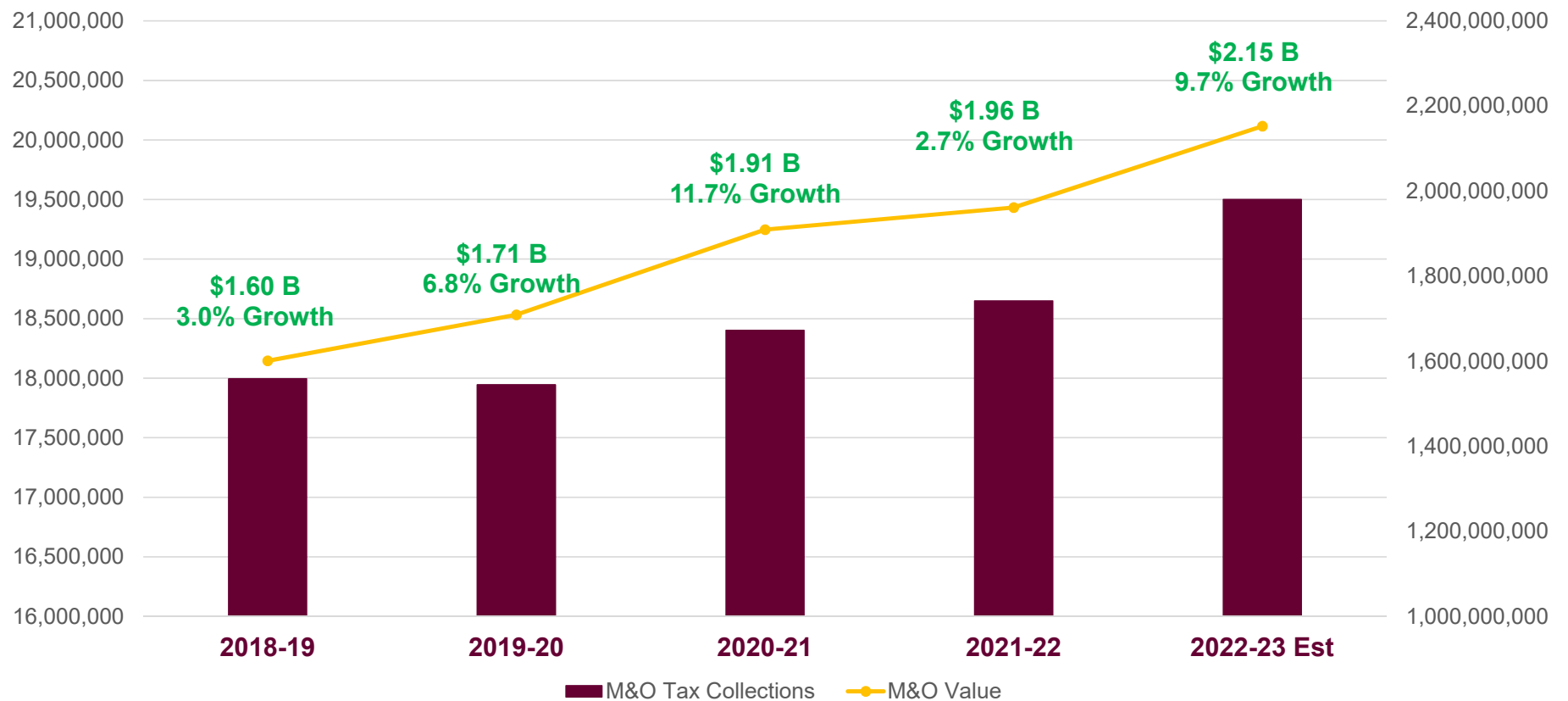
PROPERTY TAX VALUES, RATES, & COLLECTIONS

	2020-21 Certified	2021-22 Certified	2022-23 Estimates
M&O Value	\$1,909,303,972	\$1,961,195,798	\$2,152,372,441
Value Growth	11.7%	2.7%	9.7%
Tax Rate	0.9915	0.9896	0.9429
Tax Rate Compression	(\$0.07680) -7.2%	(\$0.0019) -0.2%	(\$0.0467) -4.7%
Tax Collections	\$18,401,344	\$18,649,201	\$19,500,000
Collections Growth	2.5%	1.3%	4.6%
I&S Value	\$2,500,956,572	\$2,655,460,491	\$2,901,435,254
Value Growth	7.8%	6.2%	9.3%
Tax Rate	0.243	0.243	0.243
Tax Collections	\$5,971,794	\$6,257,816	\$6,800,000



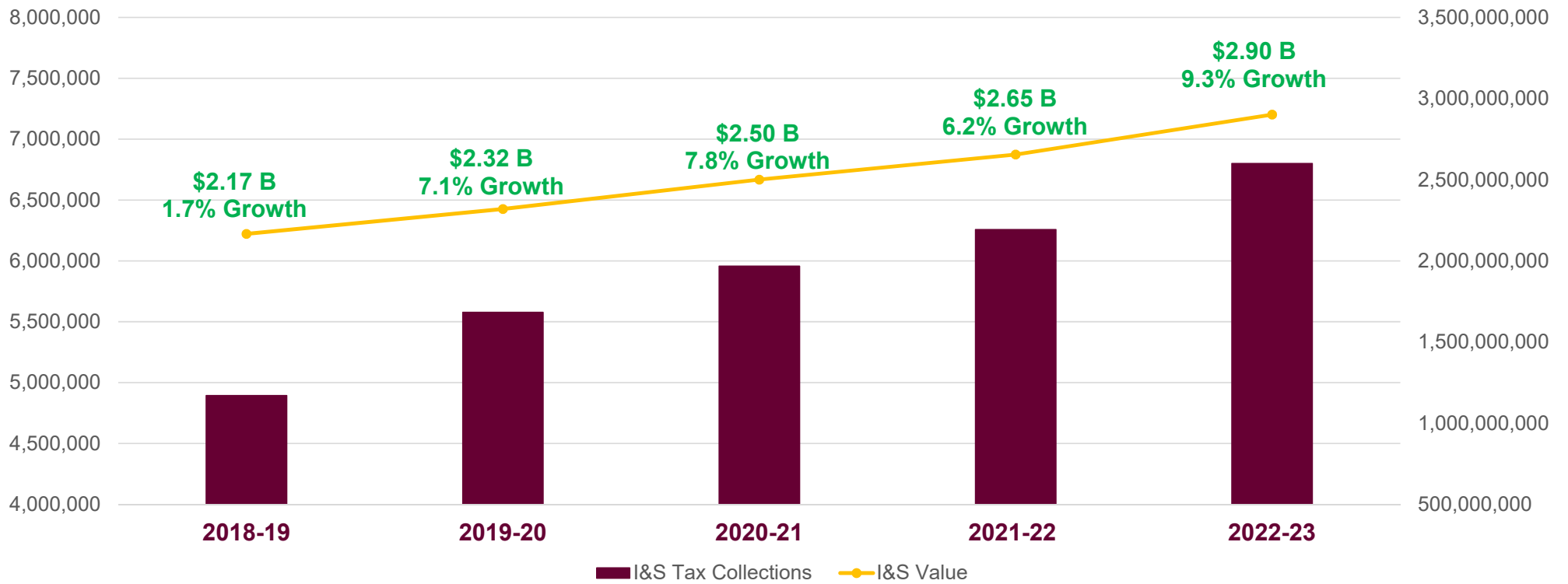


M&O PROPERTY VALUES & COLLECTIONS HISTORY





I&S PROPERTY VALUES & COLLECTIONS HISTORY



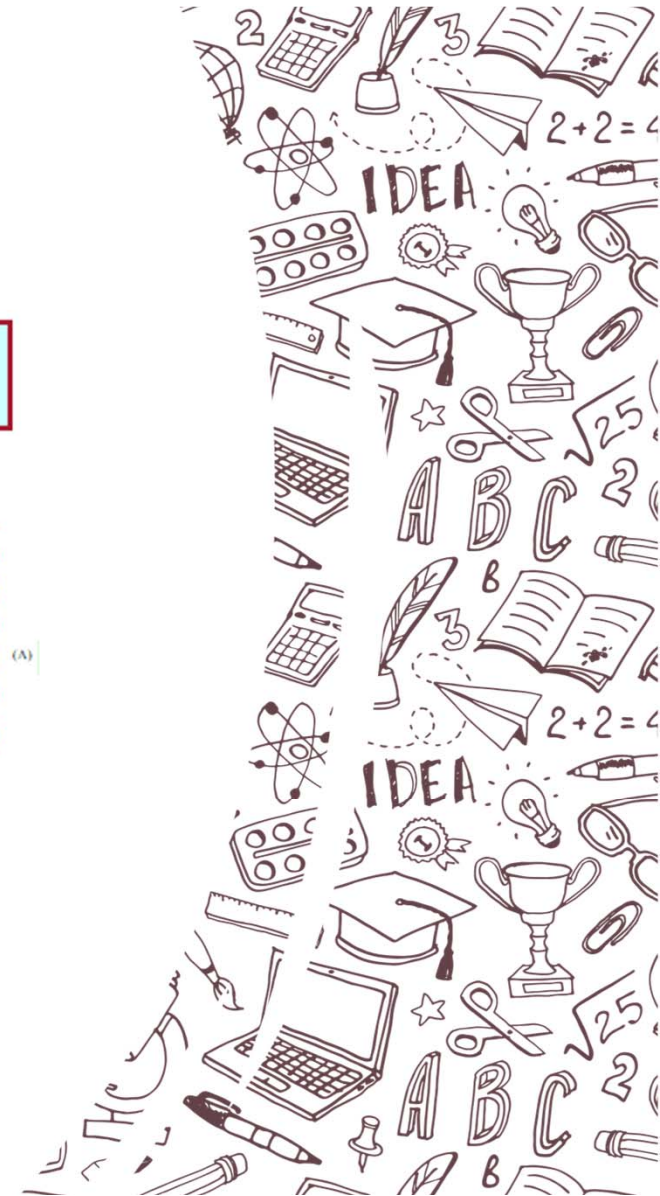
BOND REDEMPTION FIGURES

**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	3,020,000.00	1,393,125.00	4,413,125.00 ^(A)
Unlimited Tax Refunding Bonds, Series 2018-A	1,350,000.00	155,750.00	1,505,750.00
Total Debt Service Requirements	\$ 4,370,000.00	\$ 2,554,400.00	\$ 6,924,400.00

^(A) Includes a \$2,360,000 prepayment on February 15, 2023.

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



22-23 REVENUE CONSIDERATIONS

- ADA UNKNOWNNS
 - Enrollment? Attendance? New Campus Impact? Full Day PreK?
- Census Blocks for Compensatory Education Allotment
 - Changes based on 2020 Census
 - TEA will not have information available until Late-July
- COVID Impacted Revenues Improving
 - Interest on Earnings, SHARS Revenue, and Local Revenue

ADA & ENROLLMENT HISTORY AND PROJECTIONS

	October Snapshot Enrollment	Final ADA	Attendance Ratio
2017-18	4,063	3,815.406	93.9%
2018-19	4,051	3,807.330	94.0%
2019-20	4,090	3,851.899	94.2%
2020-21	3,956	3,701.967 3,852.814 HH	93.6%
2021-22	3,868	3,548.014 3,648.044 HH	91.7%
2022-23 Est.	4,000	3,720.000	93.0%



GENERAL FUND – REVENUE

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget
Property Taxes	\$17,942,639	\$18,399,995	\$18,649,201	\$19,500,000
Other Local	\$577,936	\$275,662	\$330,664	\$350,000
State Revenue	*\$19,149,891	*\$19,701,764	\$17,845,114	\$17,600,000
TRS On-Behalf	\$2,214,710	\$2,103,919	\$2,176,102	\$2,243,775
Federal Revenue	\$376,518	\$376,665	\$454,346	\$400,000
Subtotal	\$40,261,694	\$40,858,005	\$39,455,427	\$40,093,775
CH 313s	\$1,629,015	\$1,427,406	\$2,779,118	\$1,200,000
COVID-19	\$476,546	\$347,042		
Total	\$42,637,255	\$42,632,452	\$42,234,545	\$41,293,775
Tax Collection Growth	-0.94%	2.55%	1.35%	4.56%
State Funding Growth	14.74%	2.88%	-9.42%	-1.37%
YOY Growth w/o CH 313 & Others	6.24%	1.48%	-3.43%	1.62%

*COVID ADA Hold Harmless & Supplant with ESSER Grant Funds

22-23 EXPENSE CONSIDERATIONS

- **\$1M Payroll Increase** for Reopening Magee Intermediate
- **\$250,000 Non-Payroll Increase** for Reopening Magee Intermediate
- **\$120,000 Increase** for 2021 Maintenance Tax Notes Payment
- **\$300,000 Increase** for Insurance Premiums

GENERAL FUND – EXPENSES

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget*
Expenses	\$38,757,888	\$40,315,053	\$41,551,212	\$46,203,900
Transfers Out	\$135,569	\$473,103	\$1,750,000	\$1,000,000
Total	\$38,893,457	\$40,788,156	\$43,301,212	\$47,203,900
YOY Expense Increase w/o Transfers	0.95%	4.02%	3.07%	11.20%
YOY Expense Increase	-1.19%	4.65%	5.80%	8.27%

*2022-23 Estimates include a preliminary placeholder of 2% raises



GENERAL FUND – FUND BALANCE

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget
Total Revenue	\$42,367,255	\$42,632,452	\$42,234,545	\$41,293,775
Total Expense	(\$38,893,457)	(\$40,788,156)	(\$43,301,212)	(\$47,203,900)
Net Roll/Loss	\$3,473,798	\$1,844,296	(\$1,066,667)	(\$5,910,125)
Beg Fund Balance	\$17,819,524	\$21,293,322	\$23,137,618	\$22,070,951
End Fund Balance	\$21,293,322	\$23,137,618	\$22,070,951	\$16,160,826

- 2019-20 & 2020-21 Fund Balance inflated by COVID-19 decreased spending and Hold Harmless appropriations
- 2021-22 includes a \$1,750,000 budgeted transfer for Magee Repairs, without the transfer the net roll is +\$673,899
- 2021-22 budget was adopted at a -\$4.4M deficit, 2022-23 is the same deficit plus the added cost of reopening Magee Intermediate

OPTIONS FOR TAX YEAR 2022

- Option #1 – M&O Disaster Pennies
- Option #2 – Voter-Approval Tax Rate Elections (VATRE)



SCENARIO # 1

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

SCENARIO #1 PROPERTY TAX IMPACT

	2022-23 Estimates	2022-23 with Disaster Pennies	Tax Impact of Disaster Pennies
M&O Value	\$2,152,372,441	\$2,152,372,441	
Value Growth	9.7%	9.7%	
Tax Rate	0.9429	0.9746	+0.0317
Tax Rate Compression	(\$0.0467) -4.7%	(\$0.0150) -1.5%	
Tax Collections	\$19,500,000	\$20,150,000	+\$650,000
Collections Growth	4.6%	8.0%	

Tax Year 2021 M&O Rate = 0.9896

Tax Year 2020 M&O Rate = 0.9915

Tax Year 2019 M&O Rate = 1.0683





SCENARIO #1 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	-
Subtotal	\$40,093,775	\$40,368,775	+\$300,000
CH 313s	\$1,200,000	\$1,200,000	-
Total	\$41,293,775	\$41,568,775	+\$300,000

*Impacts of HB3 Formula Transition Grant

SCENARIO #2

VATRE

- A VATRE must be held on a November uniform election date. Deadline to Order election is August 22, 2022.
- Efficiency Audit
 - The board must conduct an efficiency audit before holding a VATRE, and post results and hold meeting 30 days before VATRE election
 - According to the guidelines, the purpose of the efficiency audit is to provide information to voters regarding a school district's fiscal management, efficiency, and utilization of resources before a VATRE.
 - WAIVED for 2022 due to Disaster Declaration
- **Same Financial Impact as Disaster Pennies**, but holds Tier Two Rate at \$0.17 for future tax years

BOND CAPACITY UPDATE

- BOK Financial Securities Presentation
 - Review of Current Debt Position and Preliminary Bond Capacity Analysis
 - As of Tuesday, July 5, 2022





Savings from District's Debt Management Practices

BOK FINANCIAL SECURITIES

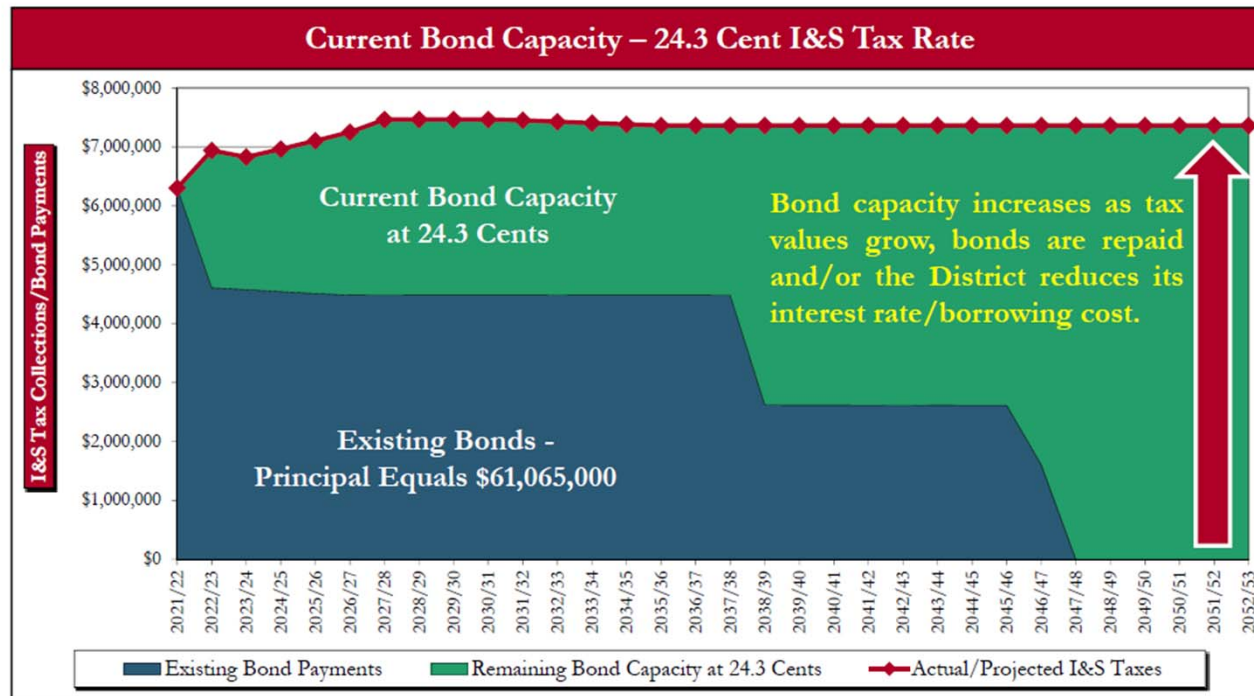
- Calallen Independent School District ("CISD" or the "District") has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have provided the District's taxpayers with more than \$13.0 million of direct savings since year 2010.

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

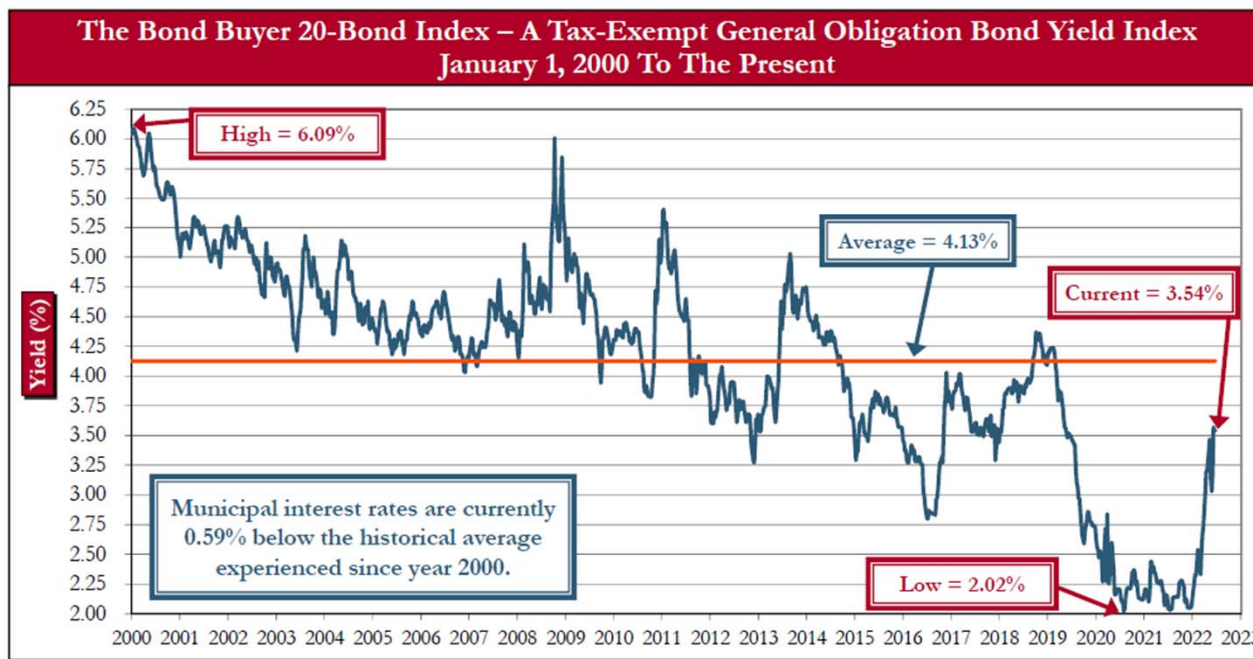
CALLEN What is Bond Capacity?
INDEPENDENT SCHOOL DISTRICT

BOK FINANCIAL SECURITIES

- Bond capacity refers to Calallen ISD’s capacity to issue new bonds in light of the limitations imposed by the State mandated “50-Cent Debt Test” and the District’s I&S tax rate.



- As demonstrated by the Bond Buyer 20-Bond Index below, municipal fixed rates of interest remain below their historical averages, but are on the rise due to inflationary concerns. Generally speaking, the lower the interest rate, the more borrowing capacity available to the District.

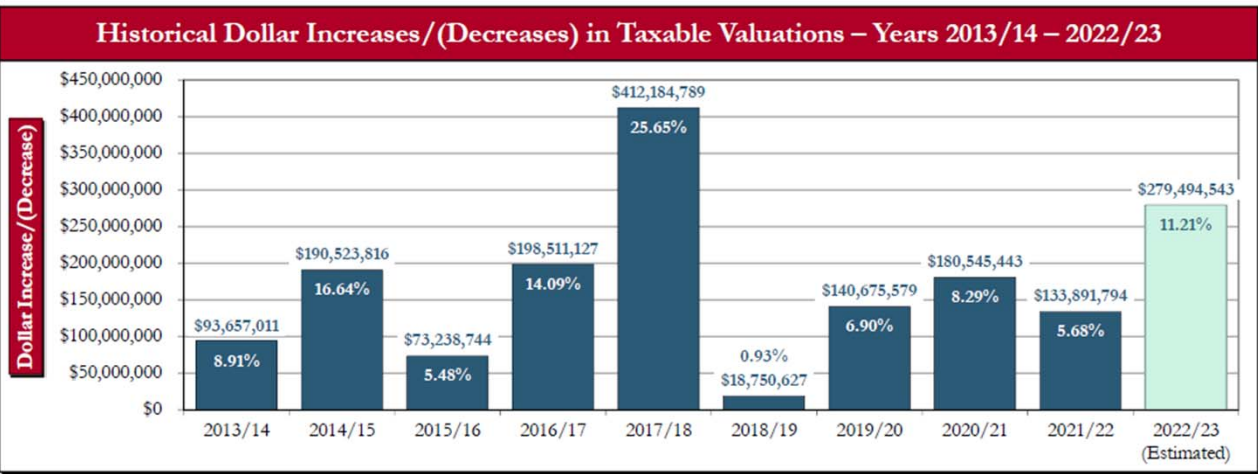




Bond Capacity Factors: Summary of District's Historical Taxable Assessed Valuation



- ❑ The value of Calallen ISD's tax base is the primary factor impacting CISD's bond capacity, as this determines the annual revenues generated from the District's I&S tax rate.
- ❑ CISD's taxable assessed valuation (net of frozen values) is \$2,493,202,041 for fiscal year 2021/22 and is estimated to be \$2,772,696,584 (as of June 14, 2022) for fiscal year 2022/23.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
 - Average tax base increase last 10 years: \$172,147,347 or 10.18%; and
 - Average tax base increase last 5 years: \$150,671,597 or 6.55%.



Source: Nueces County Appraisal District. Represents 100% of the certified tax values plus 100% of the tax values under ARB protest.



CALALLEN Preliminary Bond Capacity Analysis INDEPENDENT SCHOOL DISTRICT

Assumptions



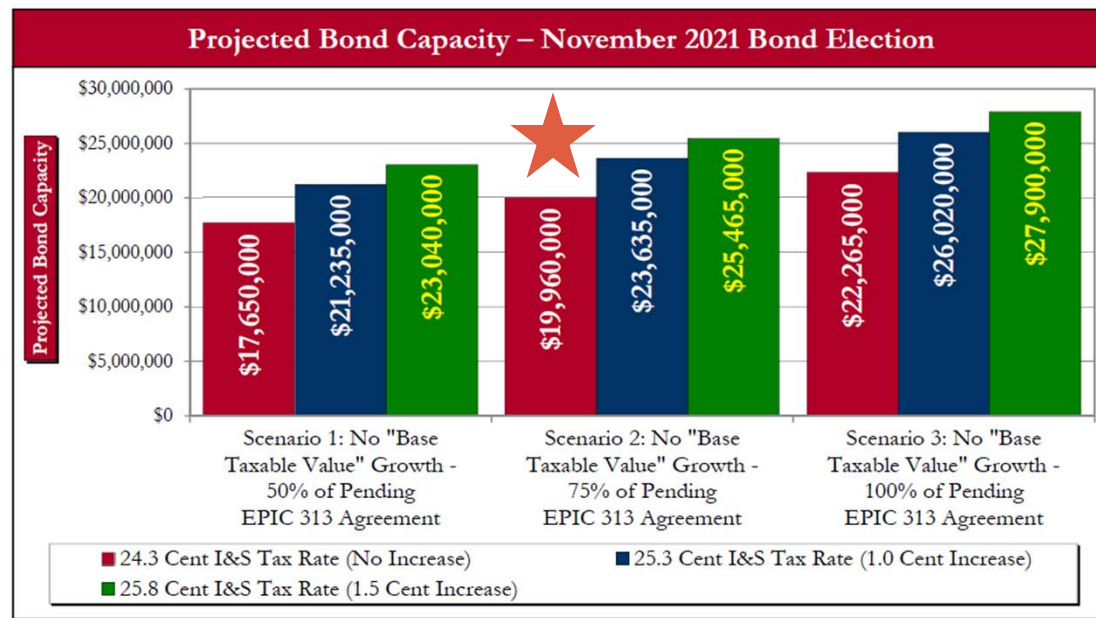
- In order to maintain a 24.3-cent I&S tax rate for year 2022/23, Calallen ISD completes a prepayment of its Series 2018 Bonds on February 15, 2023.
- Any I&S tax rate increase for the new bond program will occur in year 2023/24.
- The new bond program is sold in August 2023 at an interest rate of 5.00% (current market rates of interest are approximately 4.35%).
- The new bond program will initially be structured with annual principal payments over the next 30 years (i.e. final maturity of February 15, 2053) to maximize CISD’s bond capacity. However, the District will have the flexibility to prepay the bonds prior to scheduled maturity, without penalty.
- Calallen ISD will annually have \$336,349 of “Other Available Revenues” available for bond payments, which consist of frozen I&S Fund tax collections (\$276,349), interest earnings on I&S tax collections (\$10,000), delinquent I&S tax collections (\$50,000), penalties and interest (\$15,000), and less estimated annual bond fees of \$15,000.
 - ❖ *Beginning in year 2023/24, the estimated frozen I&S Fund tax collections will be reduced to \$207,262 as a result of a constitutional amendment (i.e. Proposition 1) on the May 7, 2022 ballot. As such, the “Other Available Revenues” will be reduced to \$267,262.*
- CISD will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 98.0%.

OLD ESTIMATES – As of April 2021

BOK FINANCIAL SECURITIES

CALLEN INDEPENDENT SCHOOL DISTRICT Preliminary Bond Capacity Analysis

- The following demonstrates Calallen ISD's projected bond capacity based upon the scenarios and tax base growth assumptions presented.

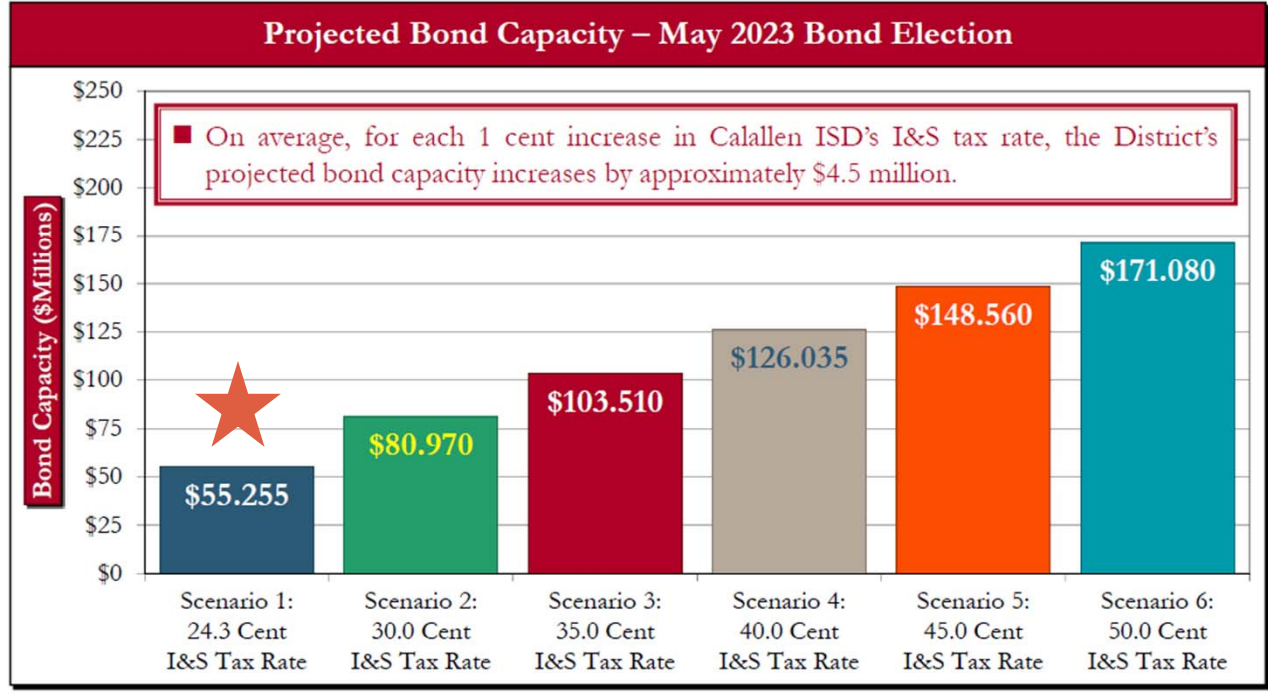




CALLEN Preliminary Bond Capacity Analysis

INDEPENDENT SCHOOL DISTRICT

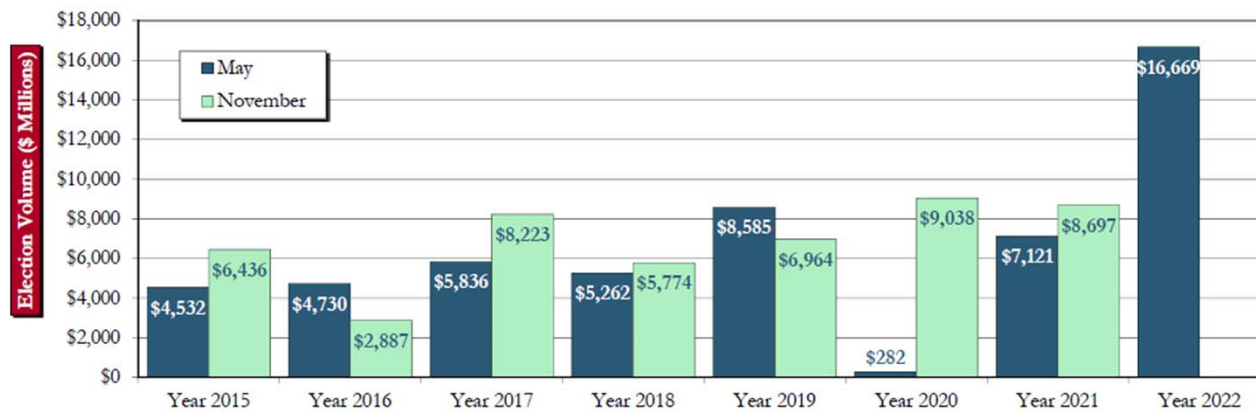
□ The following demonstrates Calallen ISD’s projected bond capacity based upon the scenarios presented herein.





Historical Texas School District Bond Elections Since Year 2015

BOK FINANCIAL SECURITIES



Year	No. of Elections	Dollar Amount Of Elections	No. of Propositions	Dollar Amount Approved		Propositions Approved	
				Dollar Amount	Percentage	Number	Percentage
2015	126	\$10,968,064,264	139	\$9,644,168,689	87.9%	114	82.0%
2016	110	7,617,304,038	127	6,985,124,038	91.7%	96	75.6%
2017	128	14,058,707,791	145	11,803,977,500	84.0%	99	68.3%
2018	105	11,036,331,959	123	9,988,977,659	90.5%	91	74.0%
2019	128	15,561,804,220	132	11,783,620,085	75.7%	100	75.8%
2020	44	9,320,371,214	80	7,793,163,864	83.6%	51	63.8%
2021	129	15,817,637,080	237	11,821,967,158	74.7%	156	65.8%
May 2022	125	16,668,815,225	207	10,446,980,880	62.7%	104	50.2%
Totals	895	\$101,049,035,791	1,190	\$80,267,979,873	79.4%	811	68.2%

Source: The Municipal Advisory Council of Texas, Texas Bond Review Board, Texas Comptroller of Public Accounts and Various Other Sources.



CALALLEN Recent Changes in Bond Election Laws INDEPENDENT SCHOOL DISTRICT

❑ House Bill 3 – “Tax” Language on the Ballot

- Requires ballot propositions for school district bond elections to now include the statement: **“THIS IS A PROPERTY TAX INCREASE.”**

❑ Senate Bill 30 – Separate Propositions for Certain Items

- Historically, school districts have been able to use a single ballot proposition for the construction, acquisition and equipment of school buildings, including the purchase of land for school building sites, and the purchase of new school buses.



- Now, should a district conduct an election for any of the purposes described below, each must be stated in a separate proposition:
 - 1) Stadium with seating capacity for more than 1,000 spectators;
 - 2) Natatorium;
 - 3) Another recreational facility other than a gymnasium, playground or play area;
 - 4) Performing arts facility;
 - 5) Teacher housing; and
 - 6) Technology equipment, other than equipment used for school security purposes or technology infrastructure integral to the construction of a facility.



Preliminary Bond Election Timetable – May 6, 2023

BOK FINANCIAL SECURITIES

Financing Team Members

CISD	---	Calallen Independent School District – Issuer
BOKFS	---	BOK Financial Securities, Inc. – Financial Advisor
MPH	---	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

Preliminary Bond Election Timetable – May 6, 2023

Date	Action	Responsibility
On or Prior to February 17, 2023 ^(A)	Board Meeting – Board of Trustees Calls the Bond Election	CISD, BOKFS, MPH
April 6 – 26, 2023	Publish Notice of Election	CISD, MPH
Prior to April 17, 2023	Post Notice of Election	CISD, MPH
April 24 – May 2, 2023	Early Voting Period	CISD
May 6, 2023	Bond Election	CISD, BOKFS
May 9 – 17, 2023	Board Meeting – Canvass Election Results	CISD, BOKFS
June 8 – 16, 2023	30-Day Contest Period Ends	N/A
July 2023 or Thereafter	Bond Sale	CISD, BOKFS, MPH
August 2023 or Thereafter	Bond Closing (District Receives Bond Proceeds)	CISD, BOKFS, MPH

^(A) For bond elections held on the May uniform election date, State law requires a bond election to be called by the Board of Trustees at least 78 days prior to the date of the election.

22-23 SALARY DISCUSSION PREVIEW



- **PRELIMINARY DISCUSSIONS AND RECOMMENDATIONS**
- 2.0% Base Raise for All Employees
- December Retention Stipend – General Fund
 - Minimum Guarantee of \$500 – Contingent Upon Magee Lawsuit Determination, Fall 2022 Enrollment and Attendance, and FYE 2022 Audit Results
- June 1st Retention Stipend – ESSER Grant Funded – \$1,000/\$500
- Teacher Raise @ 4.0% = **\$2,257**
- Teacher Raise @ 2.0% = \$1,128 + \$500 + \$1,000 = **\$2,628**

QUESTIONS, COMMENTS, and DISCUSSION....

