

# LIVE OAK PUBLIC FINANCE, LLC

Independent Registered Municipal Advisors



## **Spearman Independent School District**

*Refunding, Redemption & Bond  
Capacity Discussion  
Presentation Date: February 6, 2025*



# Texas School Finance System



# How do Taxable Values Work?



**The District's values are determined by the local appraisal districts, and this drives the tax rate calculation. This then determines your tax bill.**

**If property values decrease, the tax rate may need to increase**



**Values**



**Tax Rate**

**If property values increase, the tax rate may decrease**



**Values**



**Tax Rate**

# State Mandated Over 65 Homestead Tax Exemption

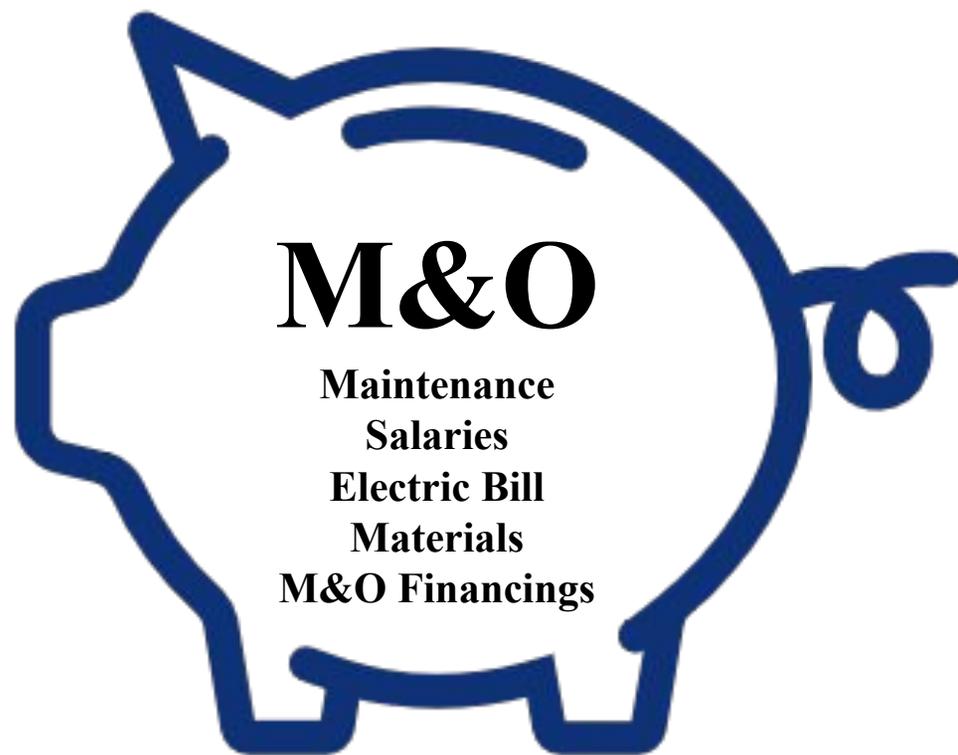
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- Homeowners age 65 & older who have filed for and received the Over 65 exemption will not see an increase over their frozen dollar amount, unless improvements or additions are made to the residence.
- To have your school taxes frozen, you must file a homestead application with the appraisal district and be granted the Over-65 exemption.
- The Over 65 Homestead Tax Exemption grants a \$10,000 tax exemption to Homestead values in addition to the \$100,000 General Homestead Exemption.
- Limits Over 65 Homestead property taxes to a tax dollar ceiling depending on when the homeowner applied for the Over 65 exemption.
- **BALLOT LANGUAGE:** Since 2019, state law requires all bond propositions for any school district to have the phrase “THIS IS A PROPERTY TAX INCREASE” on all ballot language for bond propositions. Homeowners age 65 & older who have filed for and received the Over 65 exemption will NOT see an increase over their frozen dollar amount.
- Check your most recent Notice of Assessed Value Change to see if you will be impacted.



# School Funding in Texas

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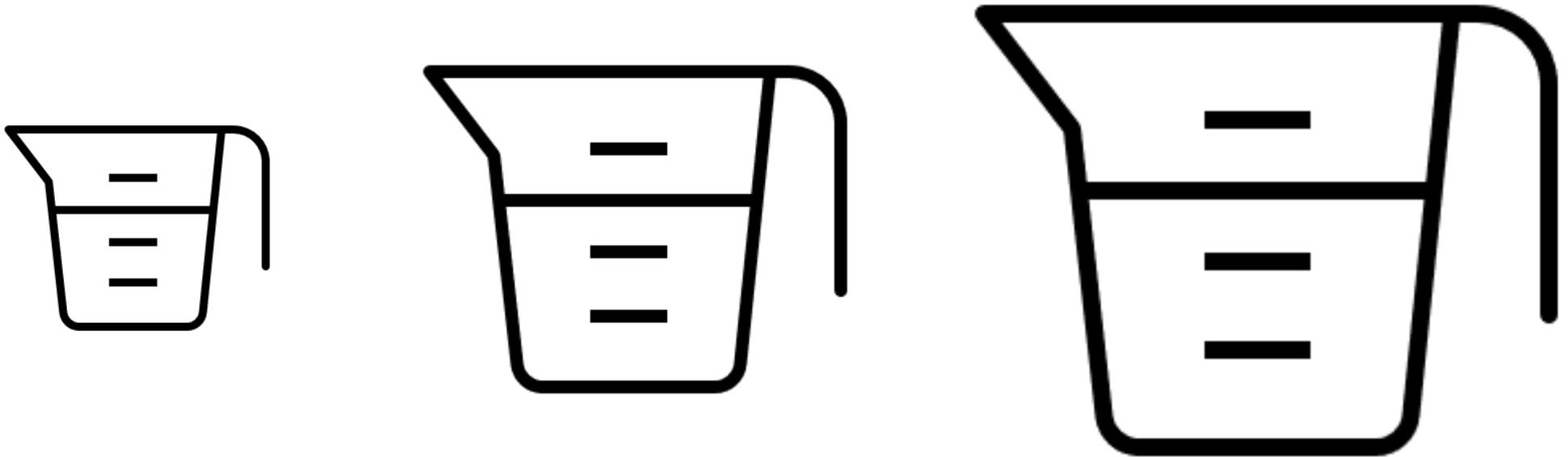


- Maintenance & Operations
- State determines how much the District is entitled to
- Tax rate set annually by the State

- Interest & Sinking
- Tax Rate set annually by the Board
- Adjusted according to debt payments / District's payment plan

# Maintenance & Operations Details

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- The **State** establishes how much state funding school districts are entitled to receive.
- Formulas used consider both student and district characteristics including the number and type of students enrolled, district size and geographic factors, and local taxable property values and tax rates.
- Generally, once entitlements are established, the formulas are used to determine how much a district can generate locally (**local share**) through property taxes before making up the difference with state funds (**state share**).

# Propositions and Tax Impact



# Proposition A – Athletic Facilities



## Overview & Summary

- **Renovation of track from the base layer up**
- **Six (6) foot concrete walkway around track**
- **Removal of chain link fence and addition of four (4) two-pipe fence around track**

## Capacity Funding Statistics<sup>(1)(2)(3)</sup>

<u>Statistics</u>	<u>Project Deposit</u>	<u>I&amp;S Tax Increase</u>
ULTSBB 2025 - Prop A	\$1,200,000	\$0.0120
Impact on \$122,146 Homestead <sup>(5)</sup>	\$2.66/year \$0.22/month	

- (1) Assumes certified 2024 assessed valuation for Hansford, Ochiltree, and Hutchinson CAD.  
 (2) Does not include penalties or interest. Calculated using a collection factor of 97.00%  
 (3) Assumes current market rates + 0.30% for Series 2025, PSF Insurance and an A rating; Preliminary / Subject to change.  
 (4) Assumes 4.75% Par for Series 2025, Non-PSF, Tax Exempt and an A rating; Preliminary / Subject to change.  
 (5) The average homestead market value is \$122,146 sourced from Spearman ISD's 2024 Notice of Public Meeting to Discuss Budget and Proposed Tax Rate. Assumes \$100,000 homestead exemption.

## Tax Impact to Homeowner

### Prop A – Athletic Facilities

**\$1,200,000**

Home Market Value <sup>(3)</sup>	State Mandated Homestead Exemption	Taxable Value	Tax Rate Increase	Annual \$ Increase	Monthly \$ Increase
\$100,000	-\$100,000	\$0	\$0.0120	\$0.00	\$0.00
\$122,146	-\$100,000	\$22,146	\$0.0120	\$2.66	\$0.22
\$150,000	-\$100,000	\$50,000	\$0.0120	\$6.00	\$0.50
\$200,000	-\$100,000	\$100,000	\$0.0120	\$12.00	\$1.00
\$250,000	-\$100,000	\$150,000	\$0.0120	\$18.00	\$1.50
\$300,000	-\$100,000	\$200,000	\$0.0120	\$24.00	\$2.00

# Proposition B – General Purpose Education



## Overview & Summary

- **Transportation Update**
  - **53 passenger activity bus**
  - **14 passenger activity vans**
  - **Staff vehicles**
- **Tennis court resurfacing**
- **GBE/SJH Roofing**

## Capacity Funding Statistics<sup>(1)(2)(3)</sup>

<u>Statistics</u>	<u>Project Deposit</u>	<u>I&amp;S Tax Increase</u>
ULTSBB 2025 - Prop B	\$3,275,000	\$0.0315
Impact on \$122,146 Homestead <sup>(5)</sup>	\$6.98/year \$0.58/month	

- (1) Assumes certified 2024 assessed valuation for Hansford, Ochiltree, and Hutchinson CAD.  
 (2) Does not include penalties or interest. Calculated using a collection factor of 97.00%  
 (3) Assumes current market rates + 0.30% for Series 2025, PSF Insurance and an A rating; Preliminary / Subject to change.  
 (4) Assumes 4.75% Par for Series 2025, Non-PSF, Tax Exempt and an A rating; Preliminary / Subject to change.  
 (5) The average homestead market value is \$122,146 sourced from Spearman ISD's 2024 Notice of Public Meeting to Discuss Budget and Proposed Tax Rate. Assumes \$100,000 homestead exemption.

## Tax Impact to Homeowner

### Prop B - Education

**\$3,275,000**

Home Market Value <sup>(3)</sup>	State Mandated Homestead Exemption	Taxable Value	Tax Rate Increase	Annual \$ Increase	Monthly \$ Increase
\$100,000	-\$100,000	\$0	\$0.0315	\$0.00	\$0.00
\$122,146	-\$100,000	\$22,146	\$0.0315	\$6.98	\$0.58
\$150,000	-\$100,000	\$50,000	\$0.0315	\$15.75	\$1.31
\$200,000	-\$100,000	\$100,000	\$0.0315	\$31.50	\$2.63
\$250,000	-\$100,000	\$150,000	\$0.0315	\$47.25	\$3.94
\$300,000	-\$100,000	\$200,000	\$0.0315	\$63.00	\$5.25

# Proposition C – M&O Financing



## Overview & Summary

- This would allow SISD to refinance existing debt which is paid from the operating budget to a bond.
- Estimated savings from the operating budget: **\$5,093,369**
- Savings could be used for needs such as: **auditorium lighting, HVAC replacements, salaries, utilities, etc.**

## Capacity Funding Statistics<sup>(1)(2)(3)</sup>

<u>Statistics</u>	<u>Project Deposit</u>	<u>I&amp;S Tax Increase</u>
ULTSBB 2025 - Prop C	Refunding M&O	\$0.1390
Impact on \$122,146 Homestead <sup>(5)</sup>	\$30.78/year \$2.57/month	

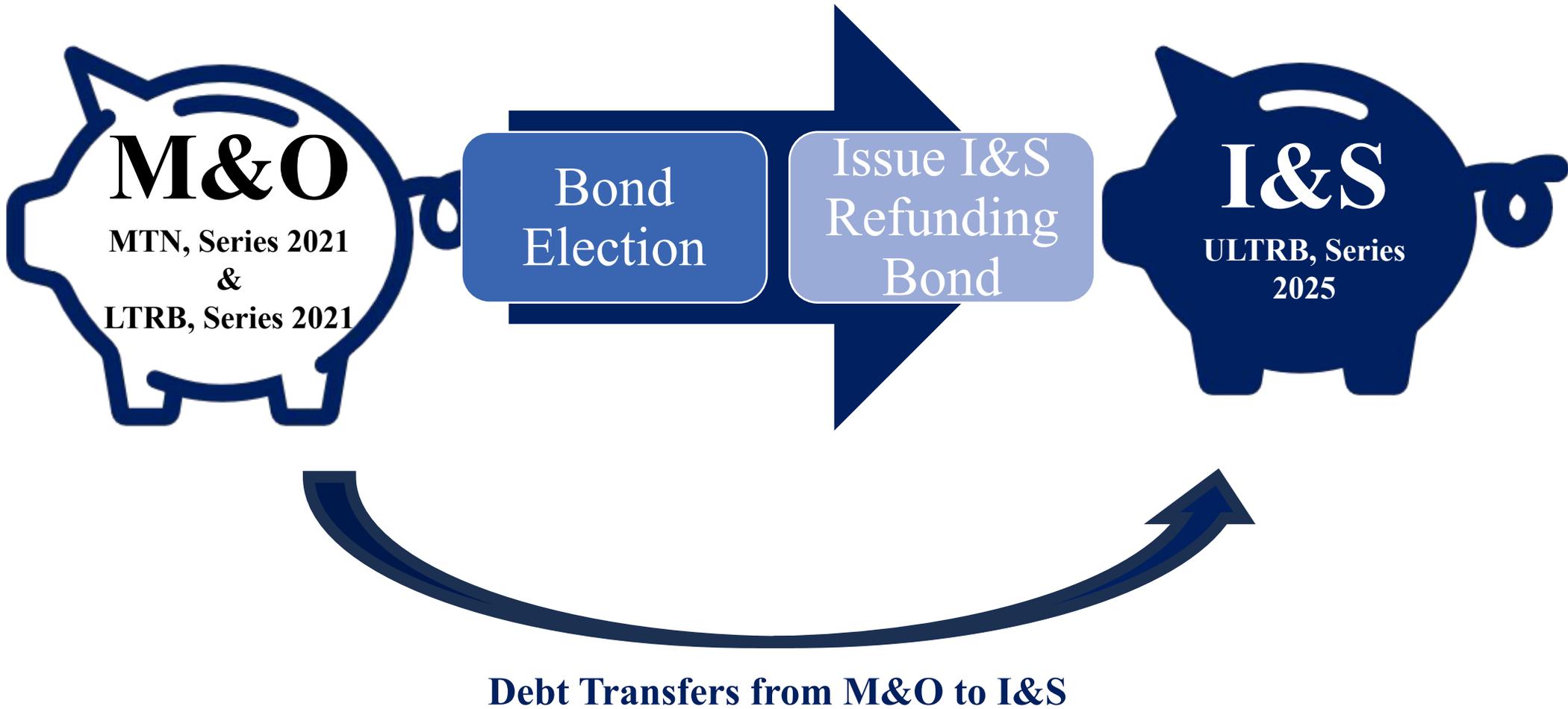
- (1) Assumes certified 2024 assessed valuation for Hansford, Ochiltree, and Hutchinson CAD.
- (2) Does not include penalties or interest. Calculated using a collection factor of 97.00%
- (3) Assumes current market rates + 0.30% for Series 2025, PSF Insurance and an A rating; Preliminary / Subject to change.
- (4) Assumes 4.75% Par for Series 2025, Non-PSF, Tax Exempt and an A rating; Preliminary / Subject to change.
- (5) The average homestead market value is \$122,146 sourced from Spearman ISD's 2024 Notice of Public Meeting to Discuss Budget and Proposed Tax Rate. Assumes \$100,000 homestead exemption.

## Tax Impact to Homeowner

### Prop C – M&O Financing

Home Market Value <sup>(3)</sup>	State Mandated Homestead Exemption	Taxable Value	Tax Rate Increase	Annual \$ Increase	Monthly \$ Increase
\$100,000	-\$100,000	\$0	\$0.1390	\$0.00	\$0.00
\$122,146	-\$100,000	\$22,146	\$0.1390	\$30.78	\$2.57
\$150,000	-\$100,000	\$50,000	\$0.1390	\$69.50	\$5.79
\$200,000	-\$100,000	\$100,000	\$0.1390	\$139.00	\$11.58
\$250,000	-\$100,000	\$150,000	\$0.1390	\$208.50	\$17.38
\$300,000	-\$100,000	\$200,000	\$0.1390	\$278.00	\$23.17

# Refunding M&O Debt With I&S Refunding Bonds



## Overview & Summary

## Capacity Funding Statistics<sup>(1)(2)(3)</sup>

<u>Statistics</u>	<u>Project Deposit</u>	<u>I&amp;S Tax Increase</u>
ULTSBB 2025 - Prop A (Athletics)	\$1,200,000	\$0.0120
ULTSBB 2025 - Prop B (Education)	\$3,275,000	\$0.0315
ULTRB Ser 2025 – Prop C (M&O)	Refunding M&O	\$0.1390
Impact on \$122,146 Homestead <sup>(5)</sup>	\$40.42/year \$3.37/month	

(1) Assumes certified 2024 assessed valuation for Hansford, Ochiltree, and Hutchinson CAD.

(2) Does not include penalties or interest. Calculated using a collection factor of 97.00%

(3) Assumes current market rates + 0.30% for Series 2025, PSF Insurance and an A rating; Preliminary / Subject to change.

(4) Assumes 4.75% Par for Series 2025, Non-PSF, Tax Exempt and an A rating; Preliminary / Subject to change.

(5) The average homestead market value is \$122,146 sourced from Spearman ISD's 2024 Notice of Public Meeting to Discuss Budget and Proposed Tax Rate. Assumes \$100,000 homestead exemption.

## Tax Impact to Homeowner

### Props A, B, & C

Home Market Value <sup>(3)</sup>	State Mandated Homestead Exemption	Taxable Value	Tax Rate Increase	Annual \$ Increase	Monthly \$ Increase
\$100,000	-\$100,000	\$0	\$0.1825	\$0.00	\$0.00
\$122,146	-\$100,000	\$22,146	\$0.1825	\$40.42	\$3.37
\$150,000	-\$100,000	\$50,000	\$0.1825	\$91.25	\$7.60
\$200,000	-\$100,000	\$100,000	\$0.1825	\$182.50	\$15.21
\$250,000	-\$100,000	\$150,000	\$0.1825	\$273.75	\$22.81
\$300,000	-\$100,000	\$200,000	\$0.1825	\$365.00	\$30.42

# Bond Capacity Summary



Props	Project Deposit	I&S Tax Impact Per Prop	Annual Impact	Monthly Impact
Prop A - Athletics	\$1,200,000	+ \$0.0120	\$2.66	\$0.22
Prop B - Education	\$3,275,000	+ \$0.0315	\$6.98	\$0.58
Prop C – M&O Financing	NA	+ \$0.1390	\$30.78	\$2.57
Props A, B, & C		+ \$0.1825	\$40.42	\$3.37

- (1) Assumes current market rates + 0.30% for ULTSBB, Series 2025, PSF Insurance and an A rating; Preliminary / Subject to change.  
 (2) Assumes 4.75% Par for Current ULTRB, Series 2025, Non-PSF, Tax Exempt and an A rating; Preliminary / Subject to change.

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