



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2018

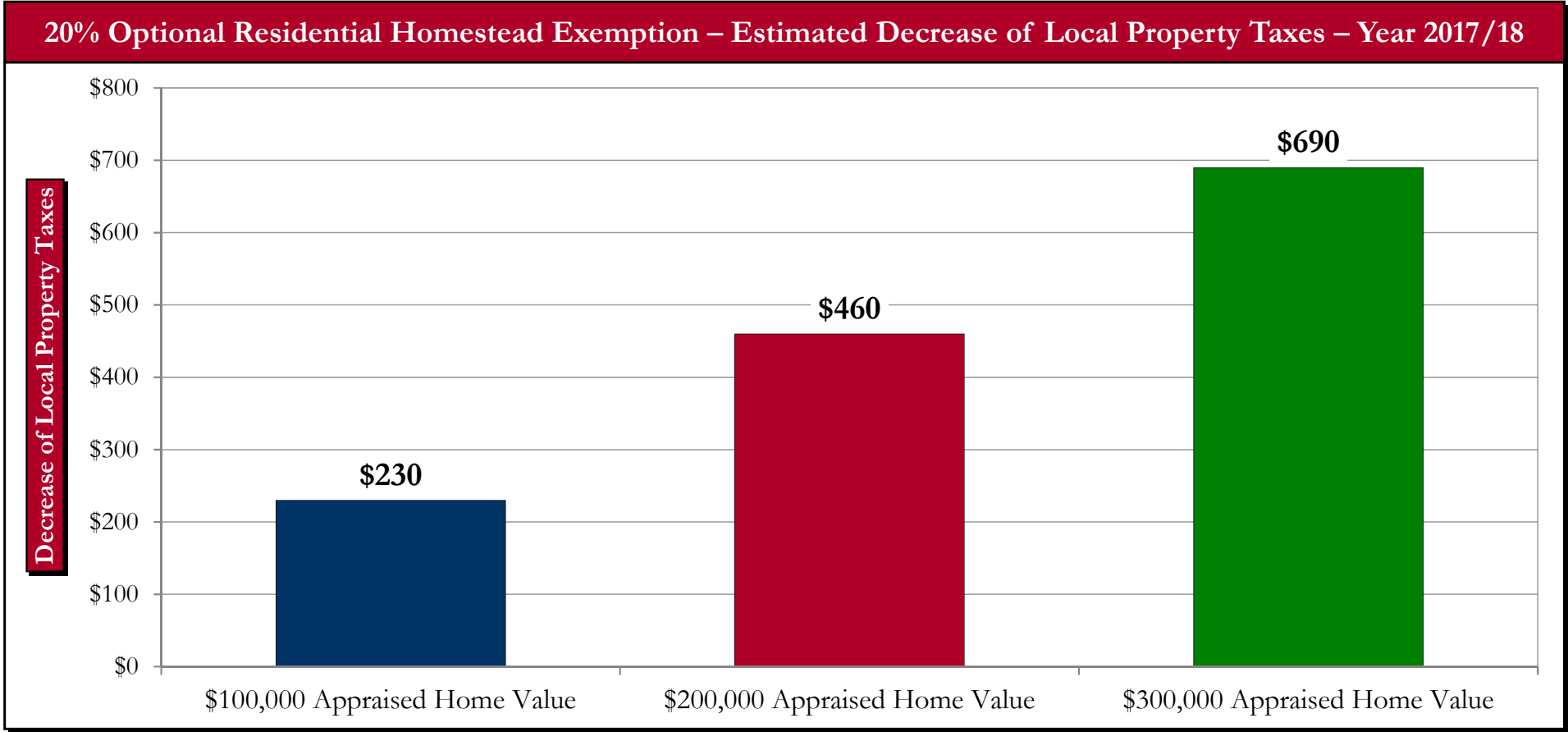
Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 21, 2018.

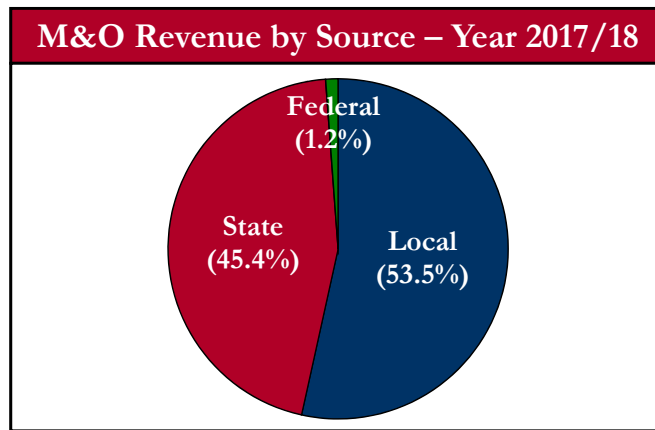
- ☐ **Overview:** Ector County Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant 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 2016/17, the District was assigned a 2017/18 FIRST Rating of “Above Standard”.
 - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as Moody’s Investors Service and S&P Global Ratings, that evaluate the District’s financial strength and its ability to pay its existing bonds.
 - ✓ **Moody’s Investors Service:** Assigns a “A1” credit rating to the District, defined as “Judged to be upper-medium grade and are subject to low credit risk.”
 - ✓ **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.”

Overview of 20% Optional Residential Homestead Exemption Provided By District

- ❑ **Local Option, Additional Homestead Exemption:** Unlike many Texas school districts, the District has approved an additional residential homestead exemption equal to 20% of the assessed value. In this regard, the residential homestead exemption lowers the taxable value of a taxpayer’s home for purposes of levying the District’s tax rate.
- ❑ The following summarizes the estimated benefit that accrued to residential homeowners in year 2017/18.



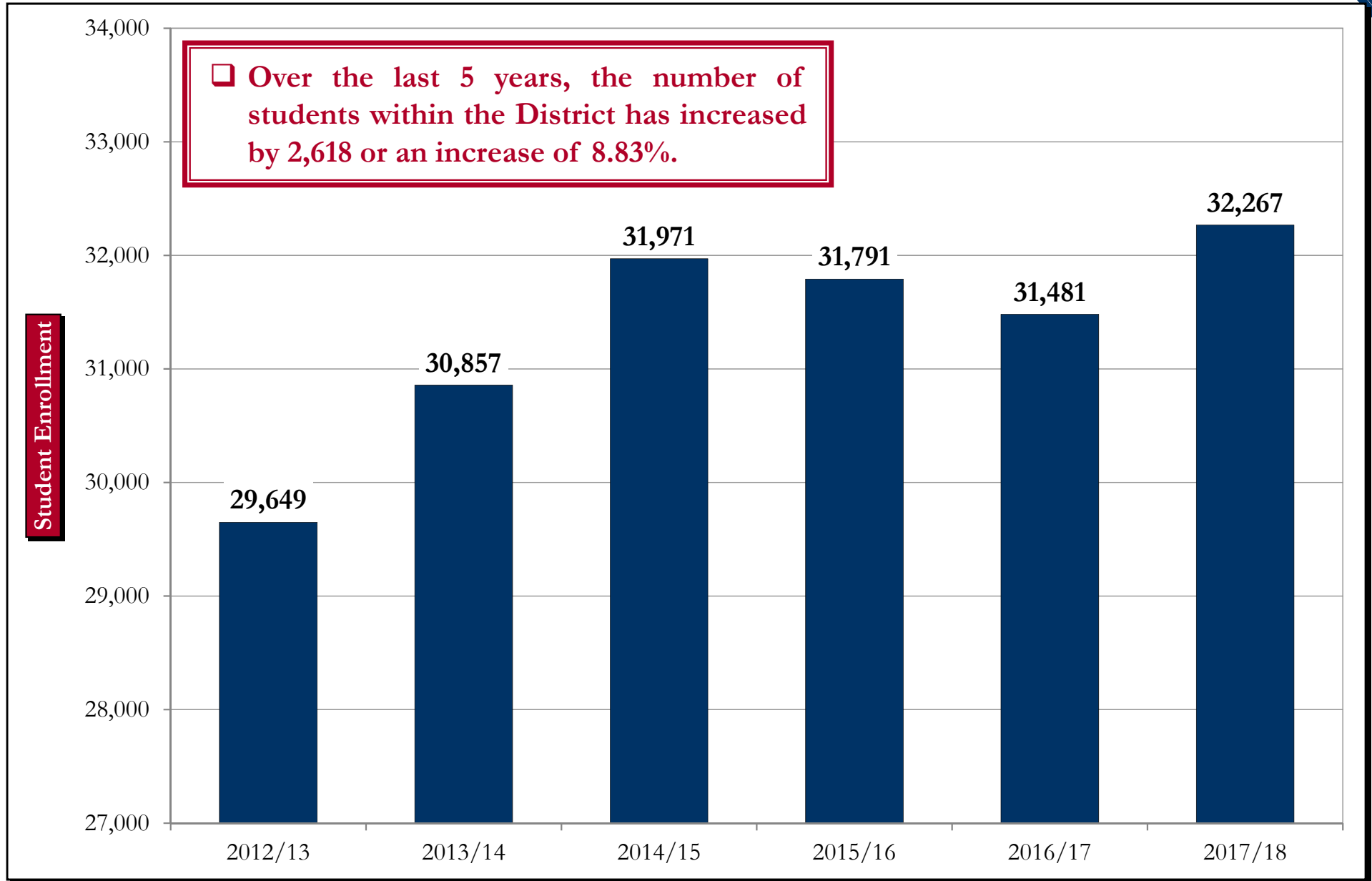
- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Ector County ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, the Texas Education Code determines the District’s ability to generate local tax revenues for maintenance & 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 Ector 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 2017/18, the District’s sources for M&O revenues are summarized below.



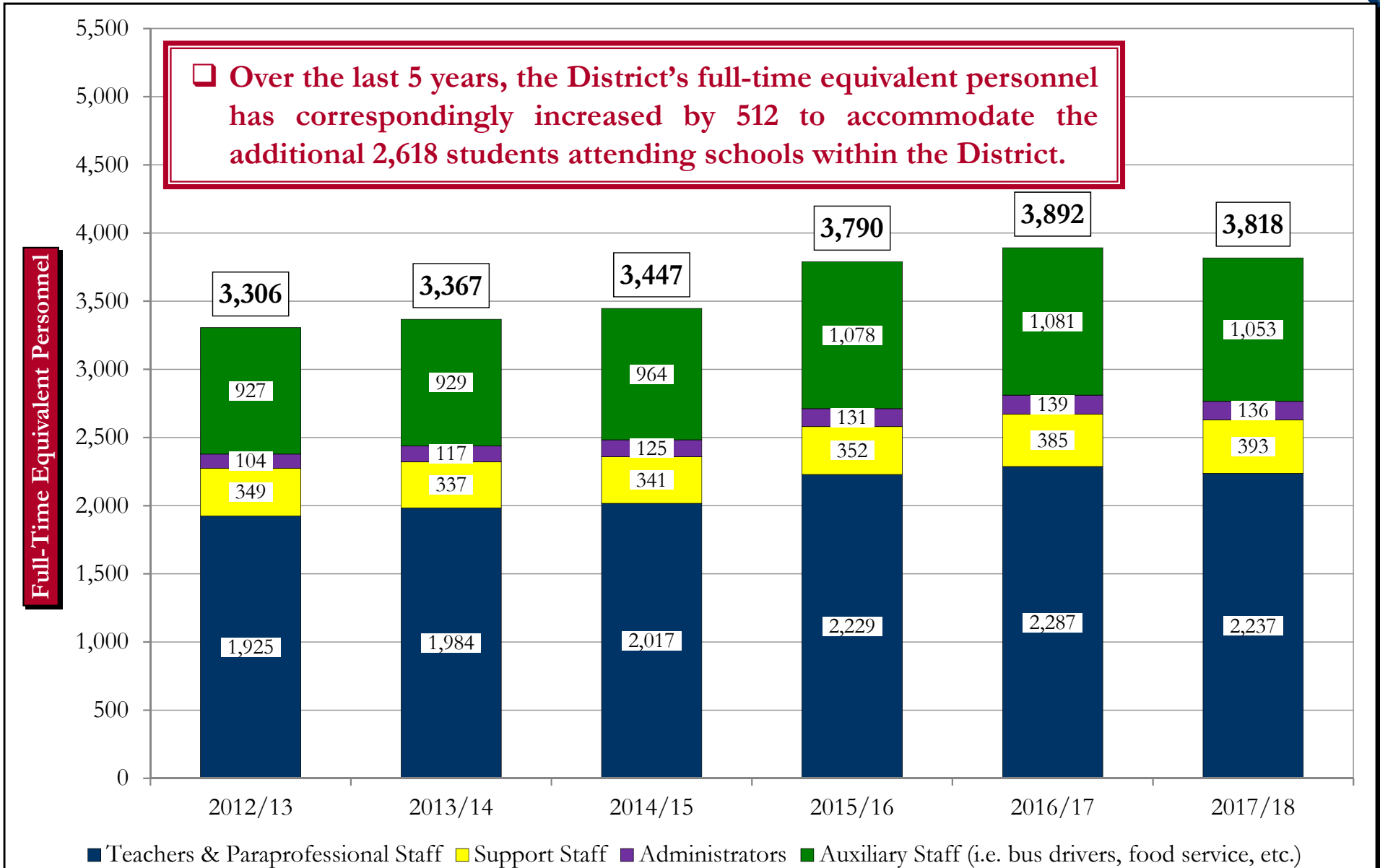
- Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s bond programs approved by voters over the last 17 years:

District’s Historical Bond Elections Approved By Voters				
Election Date	Purpose	Student Enrollment	Election Amount	Dollar Amount Of Bonds Remaining To Be Issued
October 20, 2001	School Building	26,996	\$89,510,000	\$0
November 6, 2012	School Building	29,649	\$129,750,000	\$0
Total Dollar Amount Of Authorized But Unissued Bonds - As of June 30, 2018:				\$0

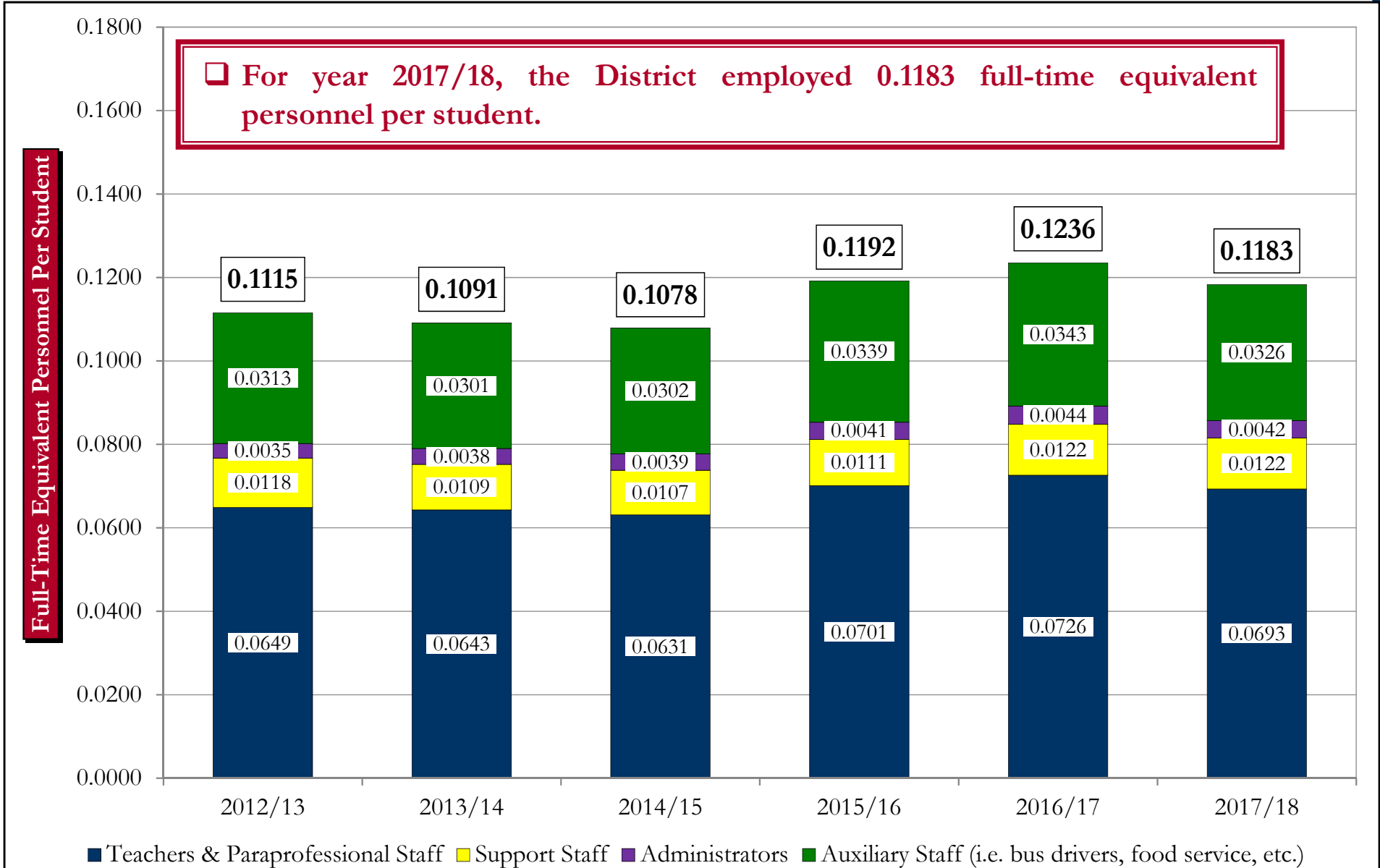
- ✓ As of fiscal year ended June 30, 2018, the District had \$142,510 within its Capital Projects Fund for existing/future projects.



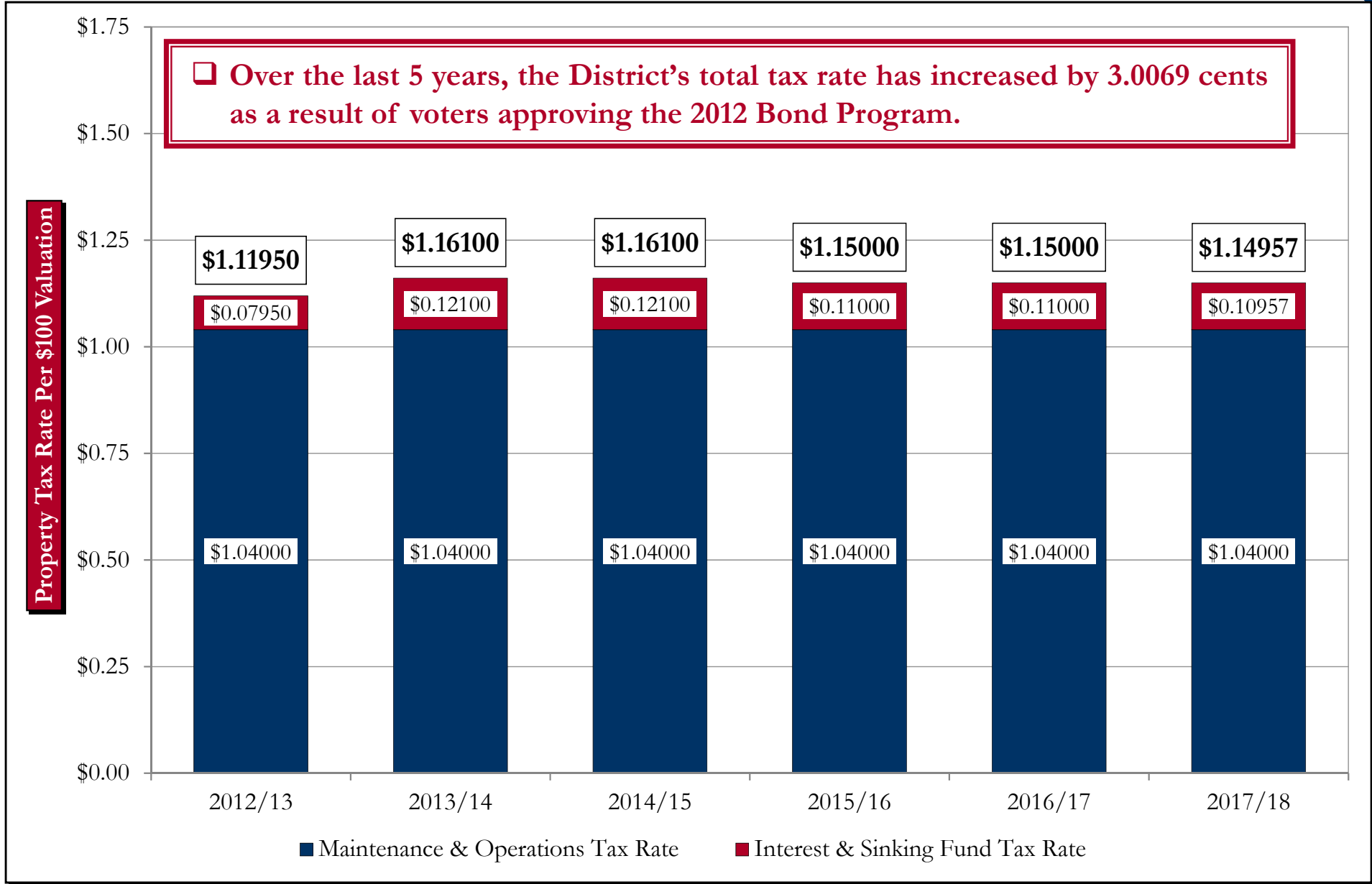
Full-Time Equivalent Personnel



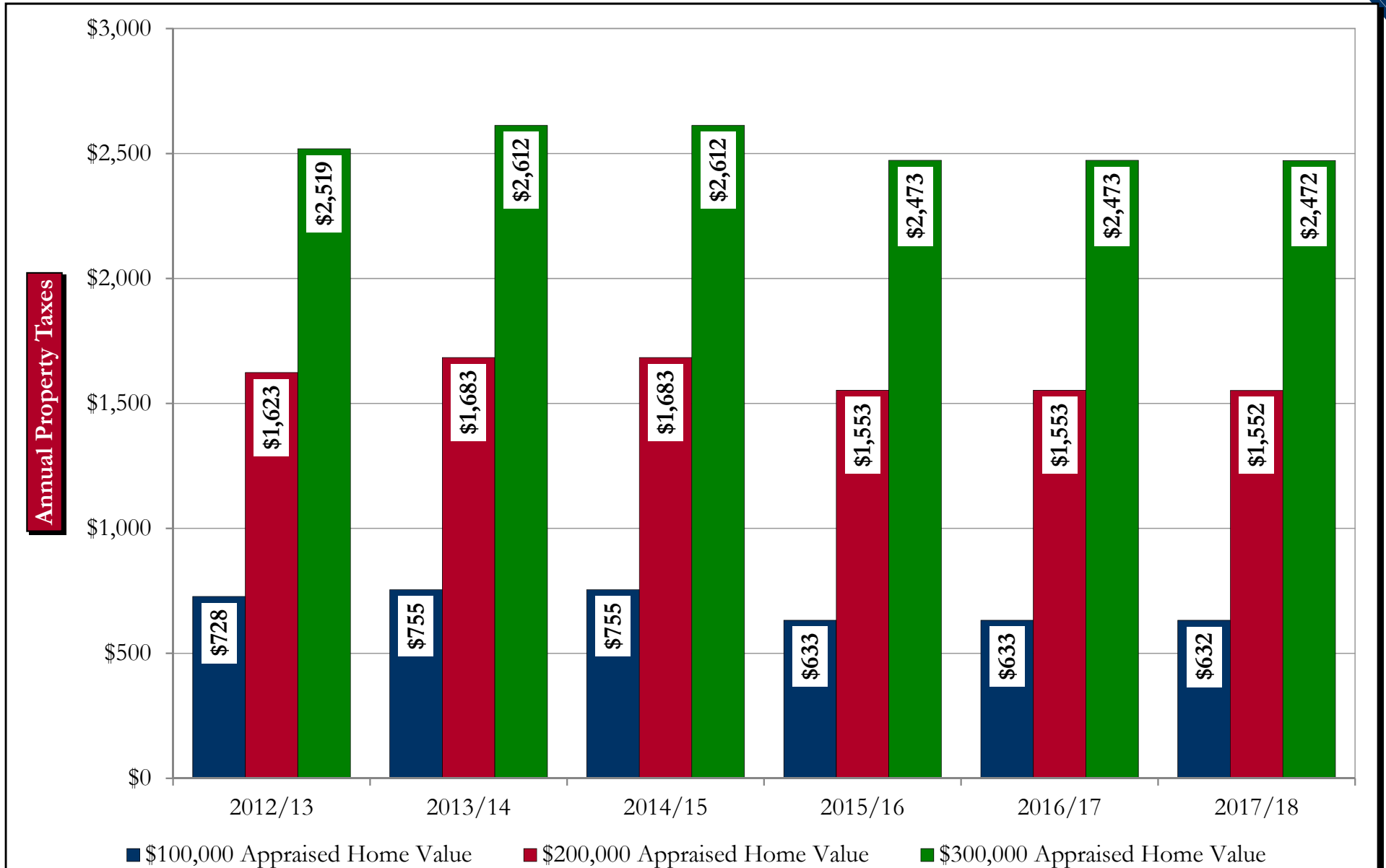
Full-Time Equivalent Personnel Per Student



Historical Tax Rates

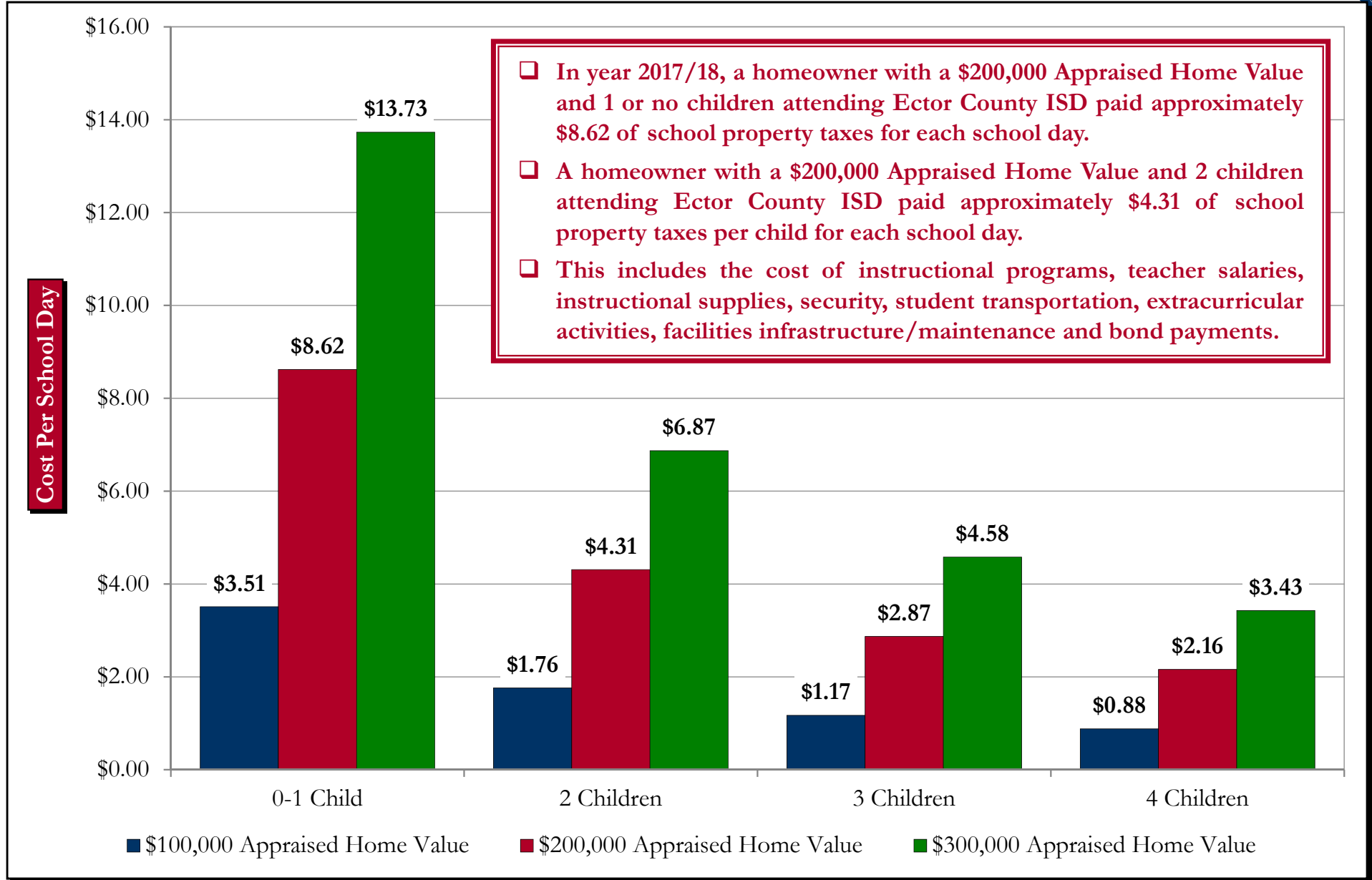


Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



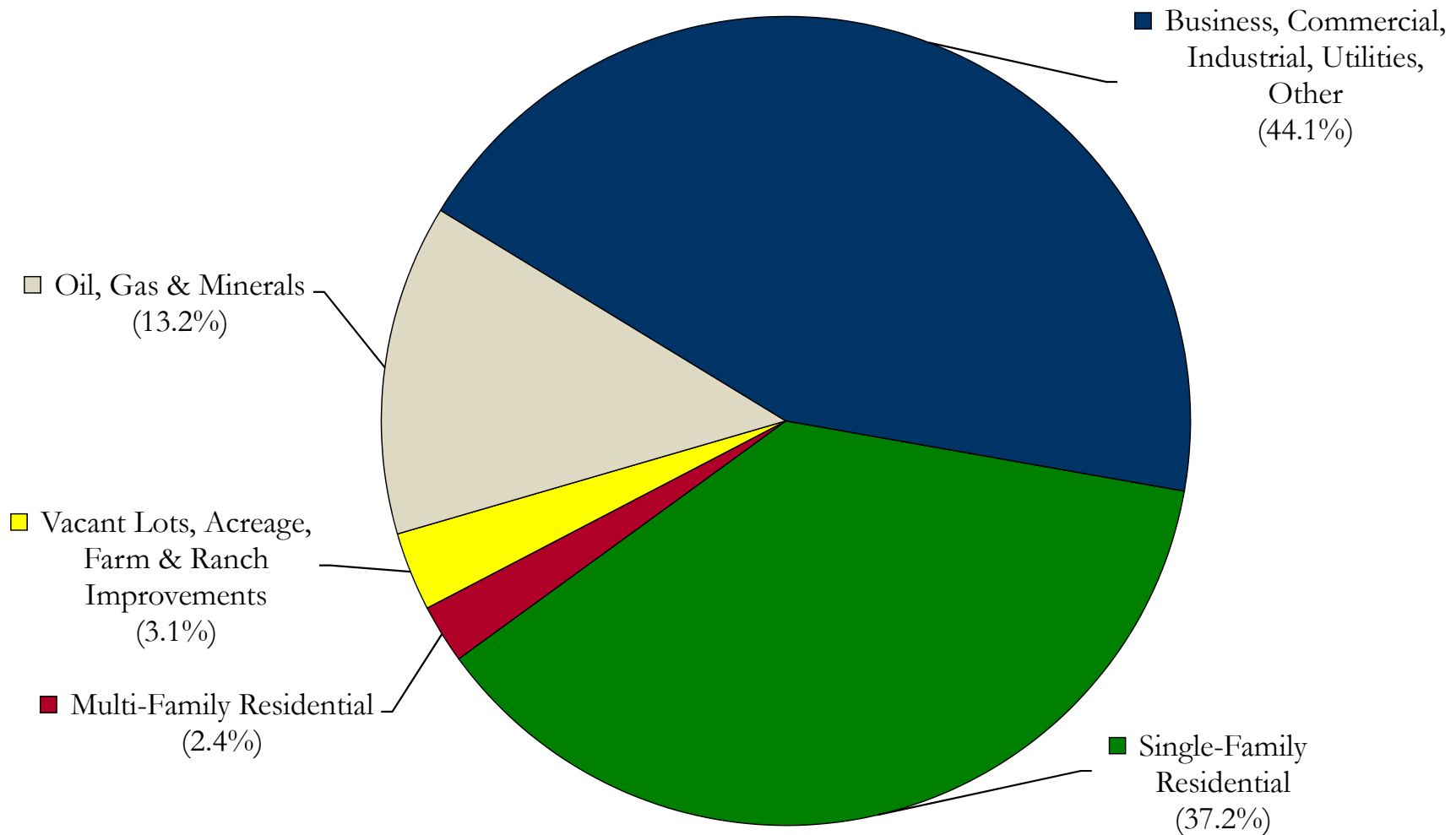
Note: Taxes are net of the State-mandated residential homestead exemption and a 20% local option, additional homestead exemption.

Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2017/18

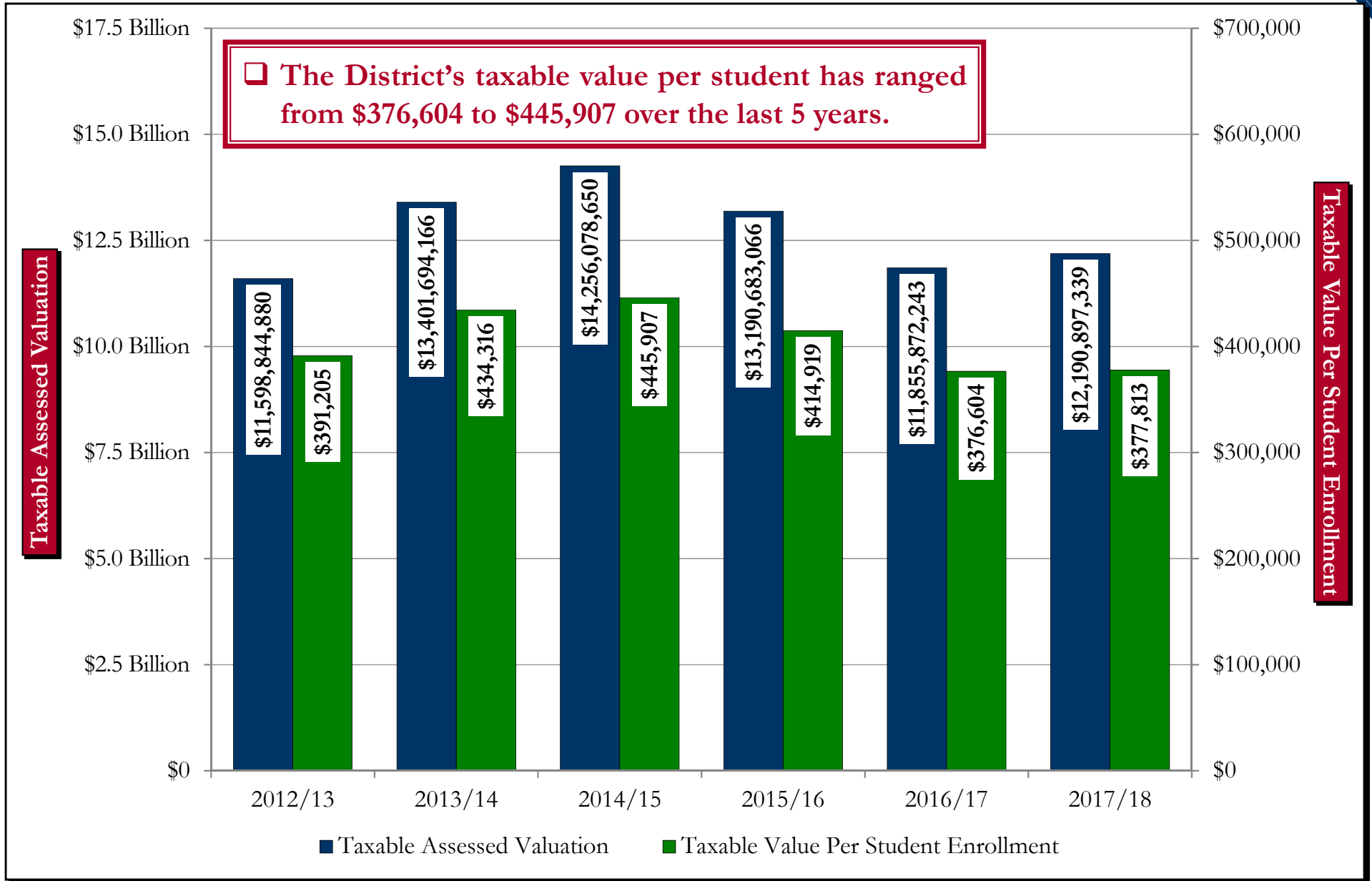


Composition of Total Assessed Valuation – Year 2017/18

For year 2017/18, Single-Family Residential properties comprised 37.2% of the District's total assessed valuation and other property categories comprised 62.8%.

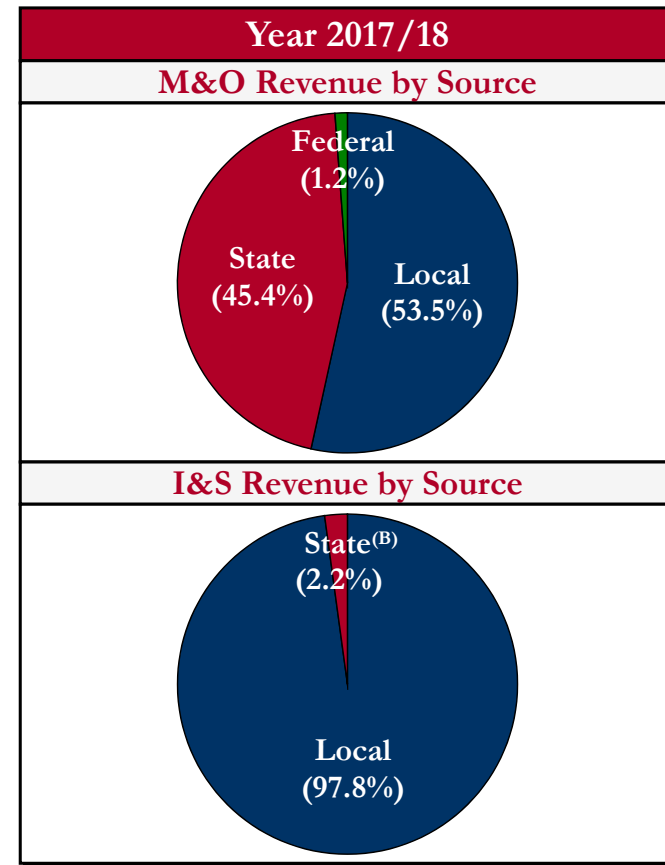
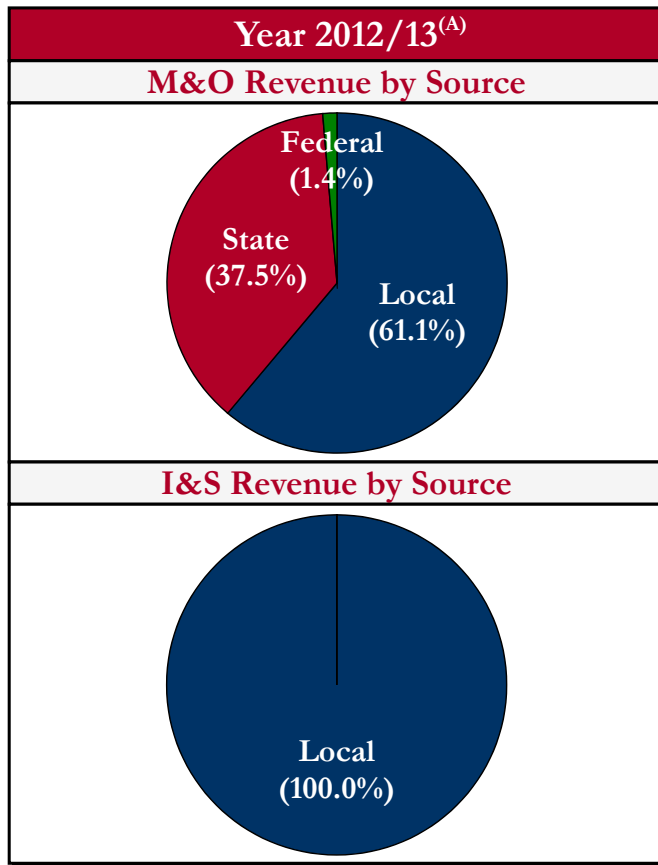


Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment



General Fund and Debt Service Fund – Revenue By Source

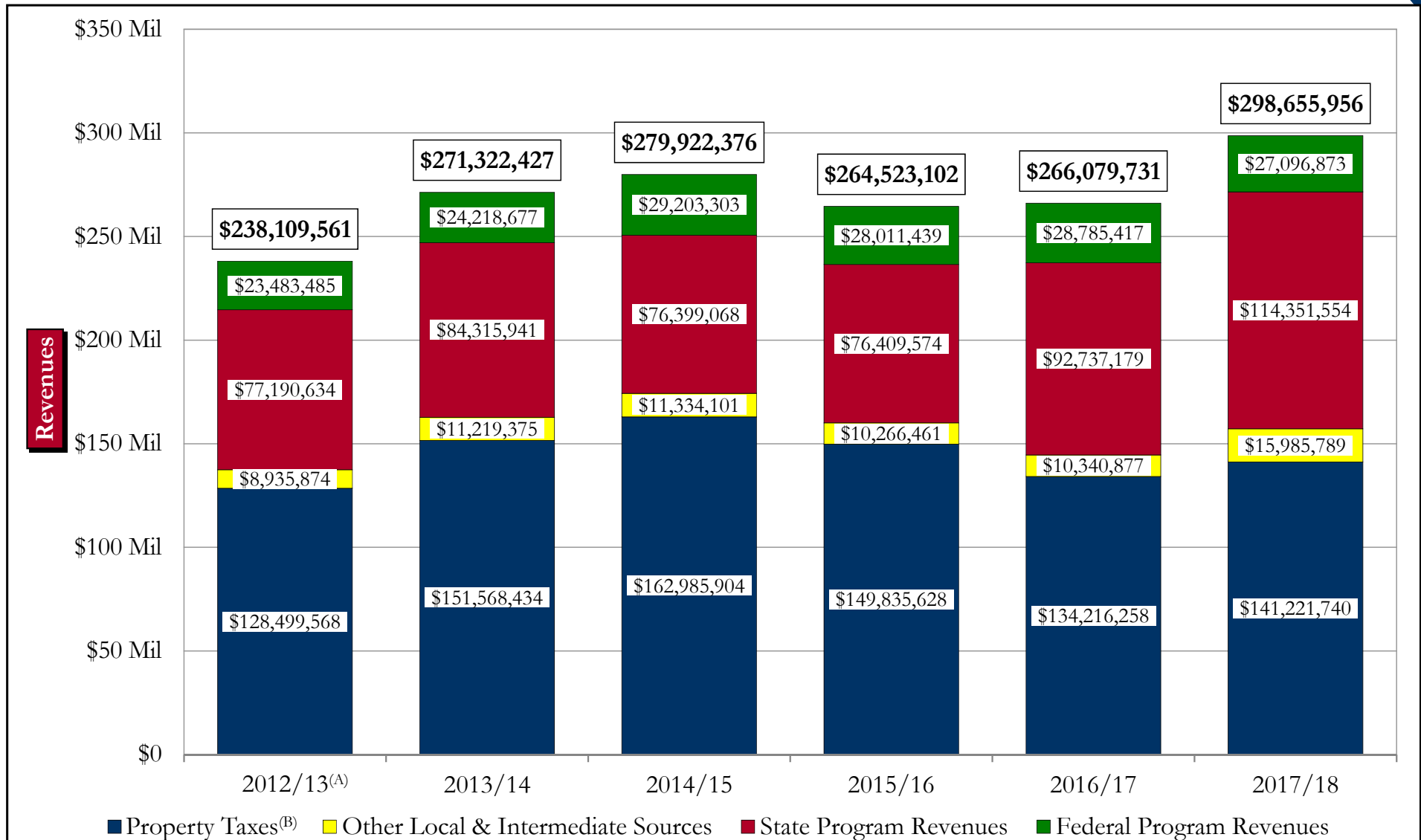
- ❑ The State funding system is structured to provide the District with an “equalized” dollar amount per student. The revenue sources for maintenance and operations and repayment of bonds is summarized below.
- ❑ The District does not receive any facilities funding from the State for the payment of voter-approved bonds.



^(A) For 10-month time period of September 1, 2012 - June 30, 2013. Reflects initial year of District’s change in fiscal year.

^(B) Represents payment from State received for lost tax revenues resulting from increase of residential homestead exemption in year 2015/16.

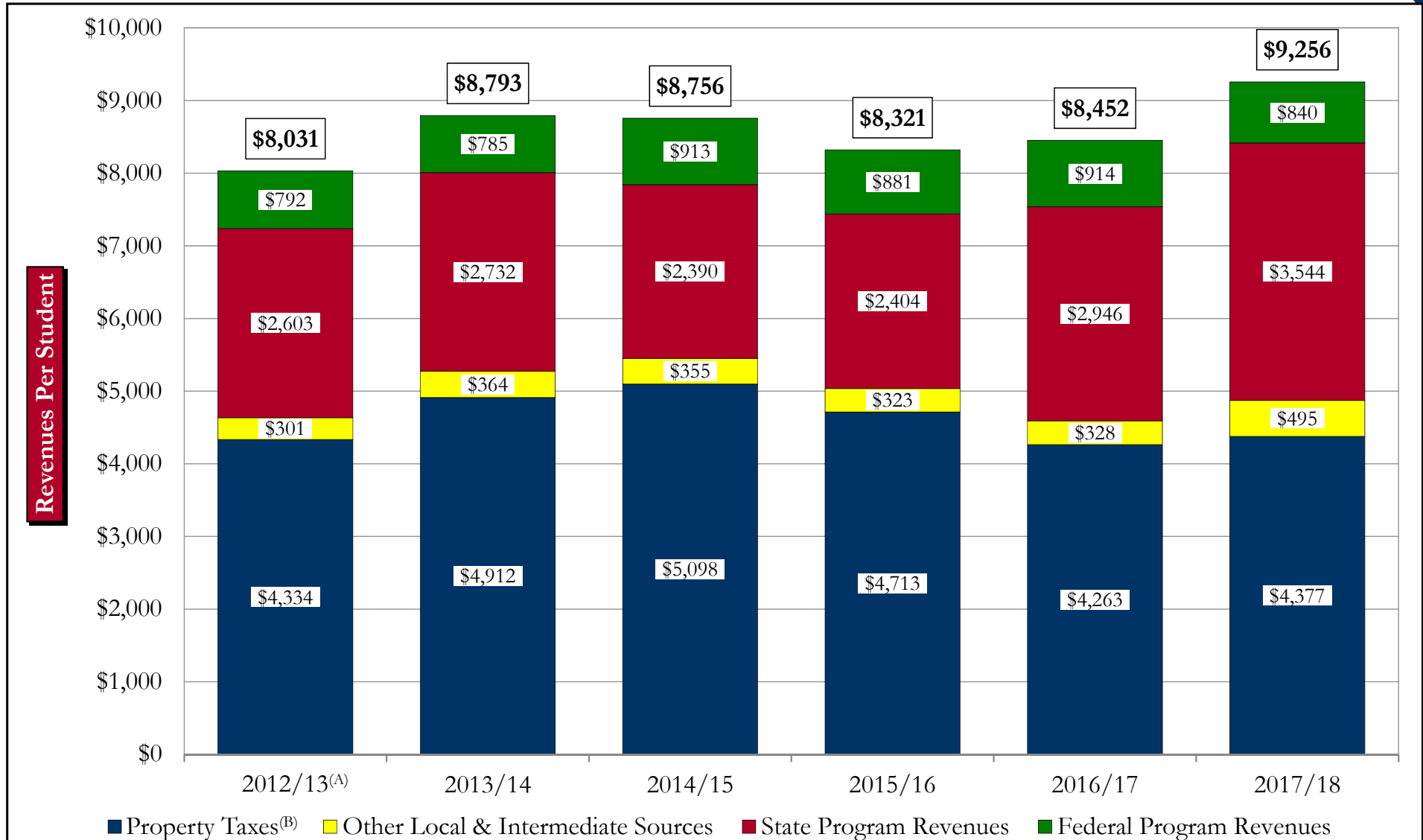
Total Revenues (All Governmental Funds*) By Source



^(A) For 10-month time period of September 1, 2012 - June 30, 2013. Reflects initial year of District's change in fiscal year.

^(B) Includes maintenance and operation expenses and bond payments of voter-approved bonds.

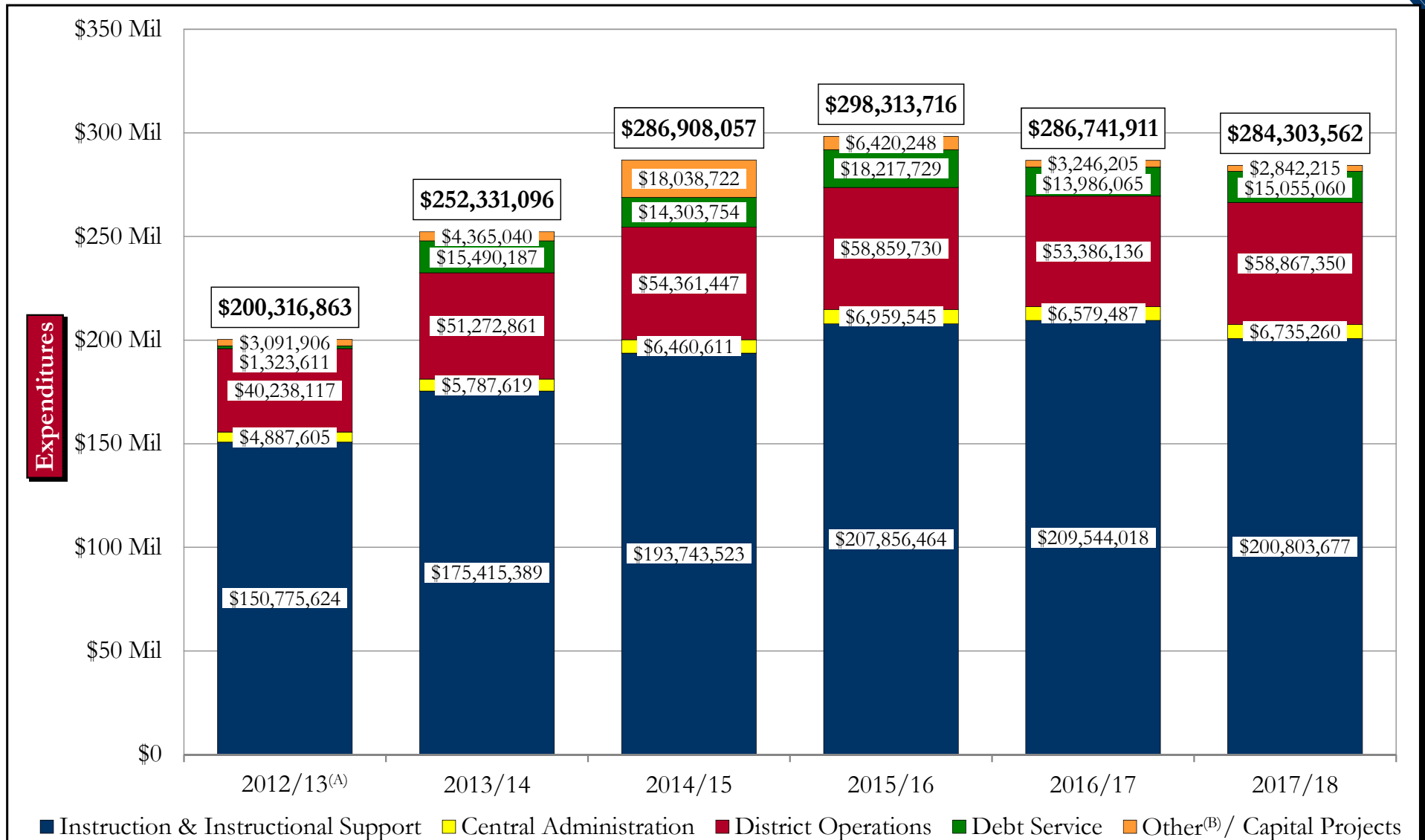
Total Revenues (All Governmental Funds*) Per Student



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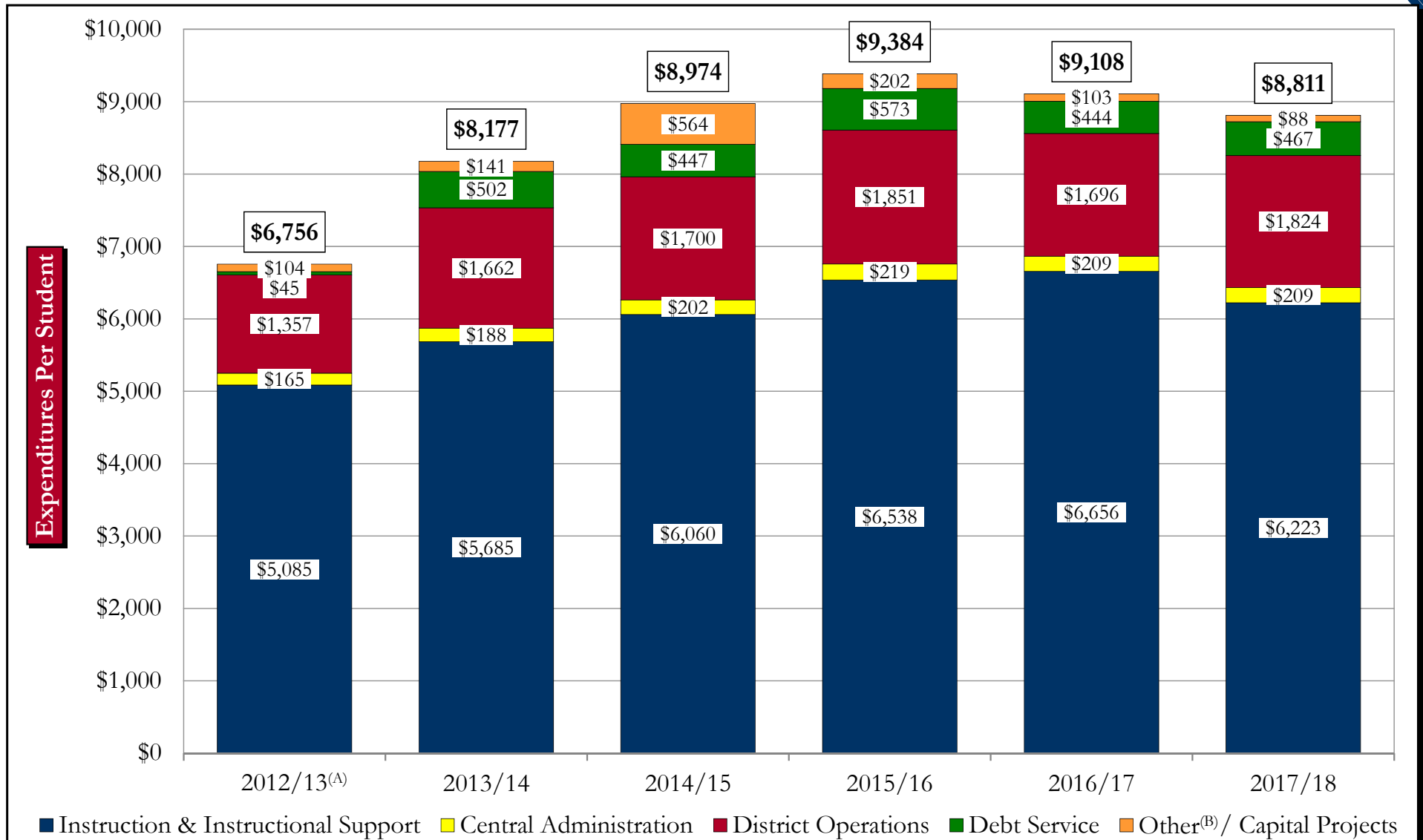
Total Expenditures (All Governmental Funds*) By Source



^(A) For 10-month time period of September 1, 2012 - June 30, 2013. Reflects initial year of District's change in fiscal year.

^(B) Includes Chapter 41 Recapture Payment to State.

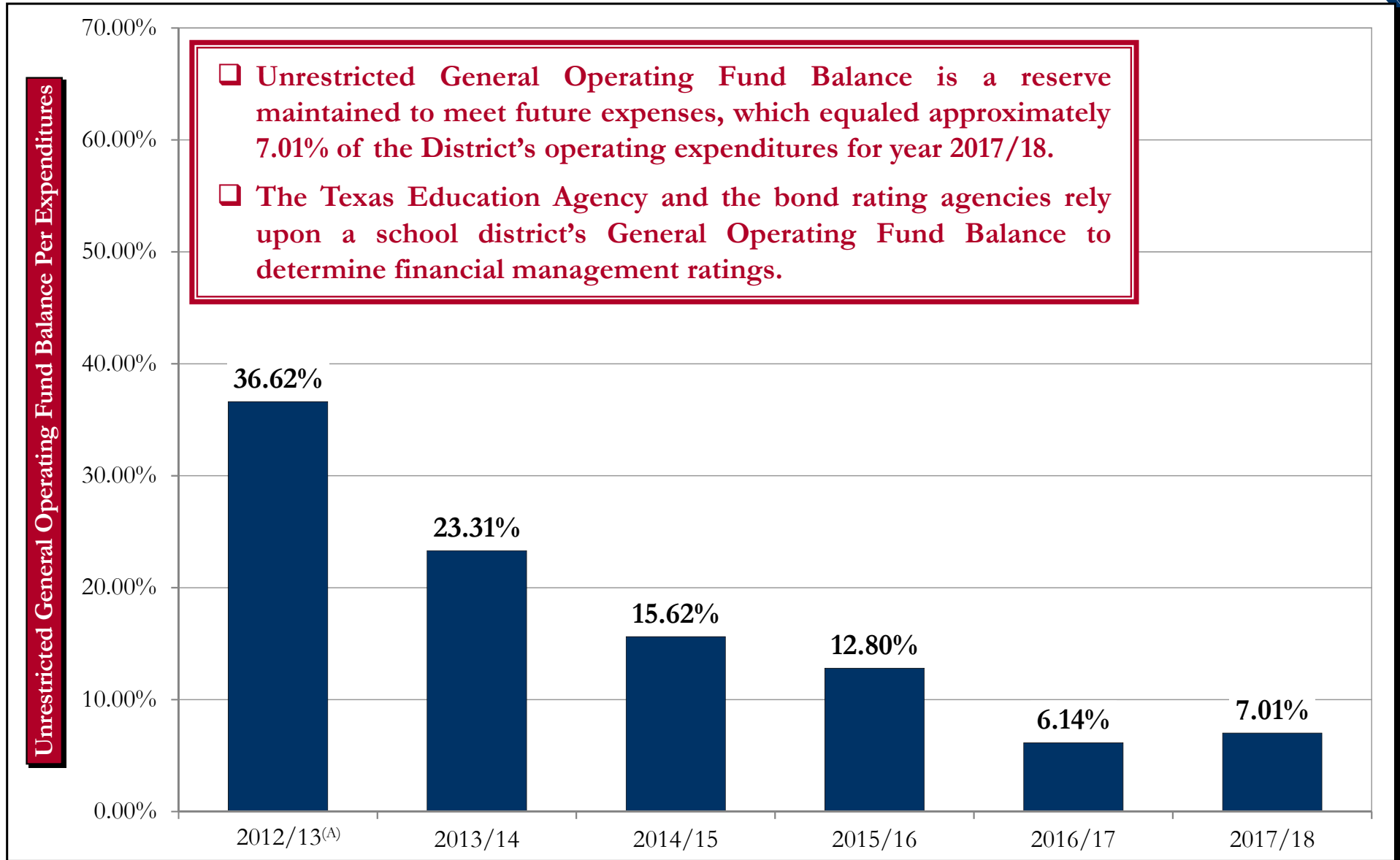
Total Expenditures (All Governmental Funds*) Per Student



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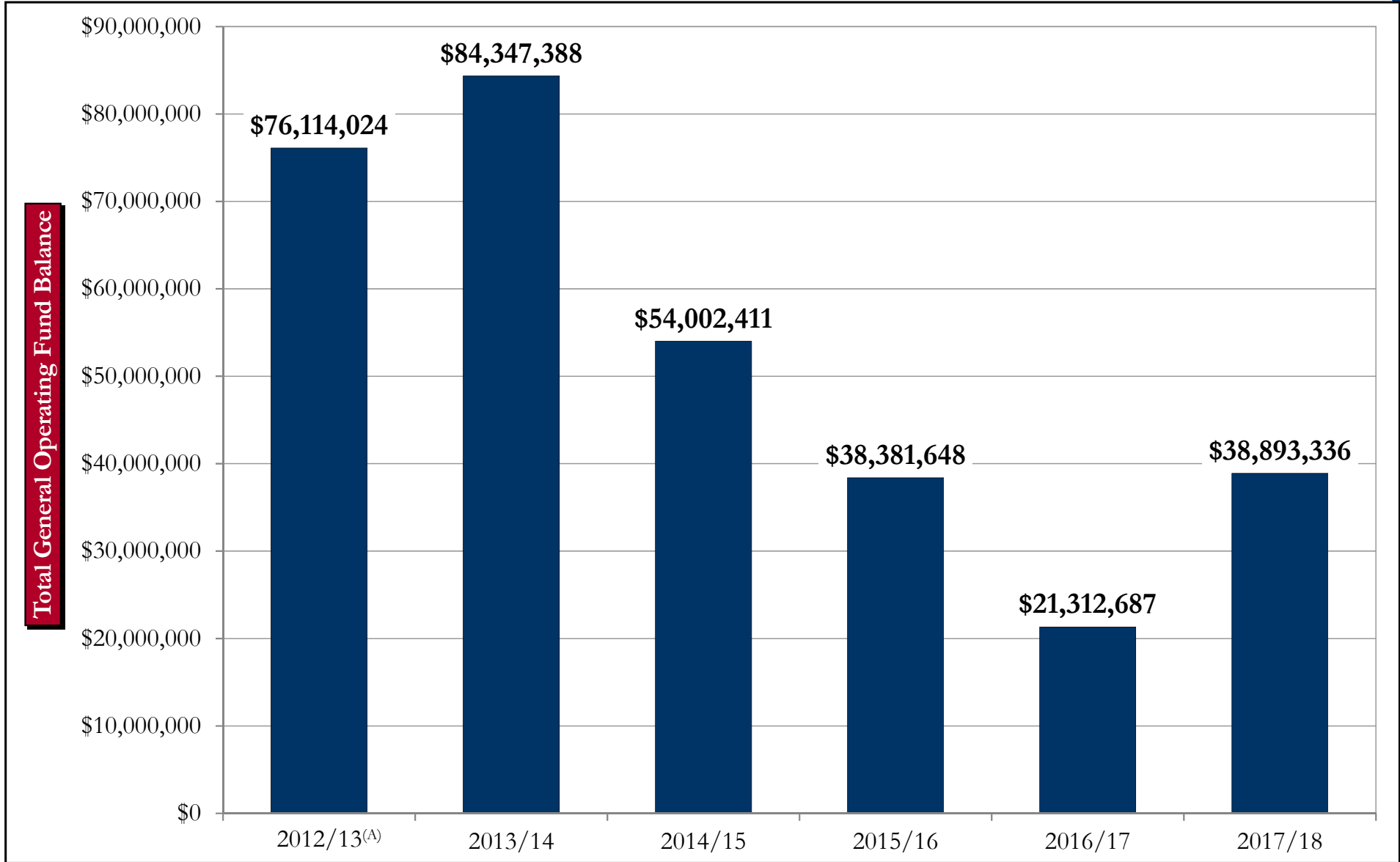
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Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures



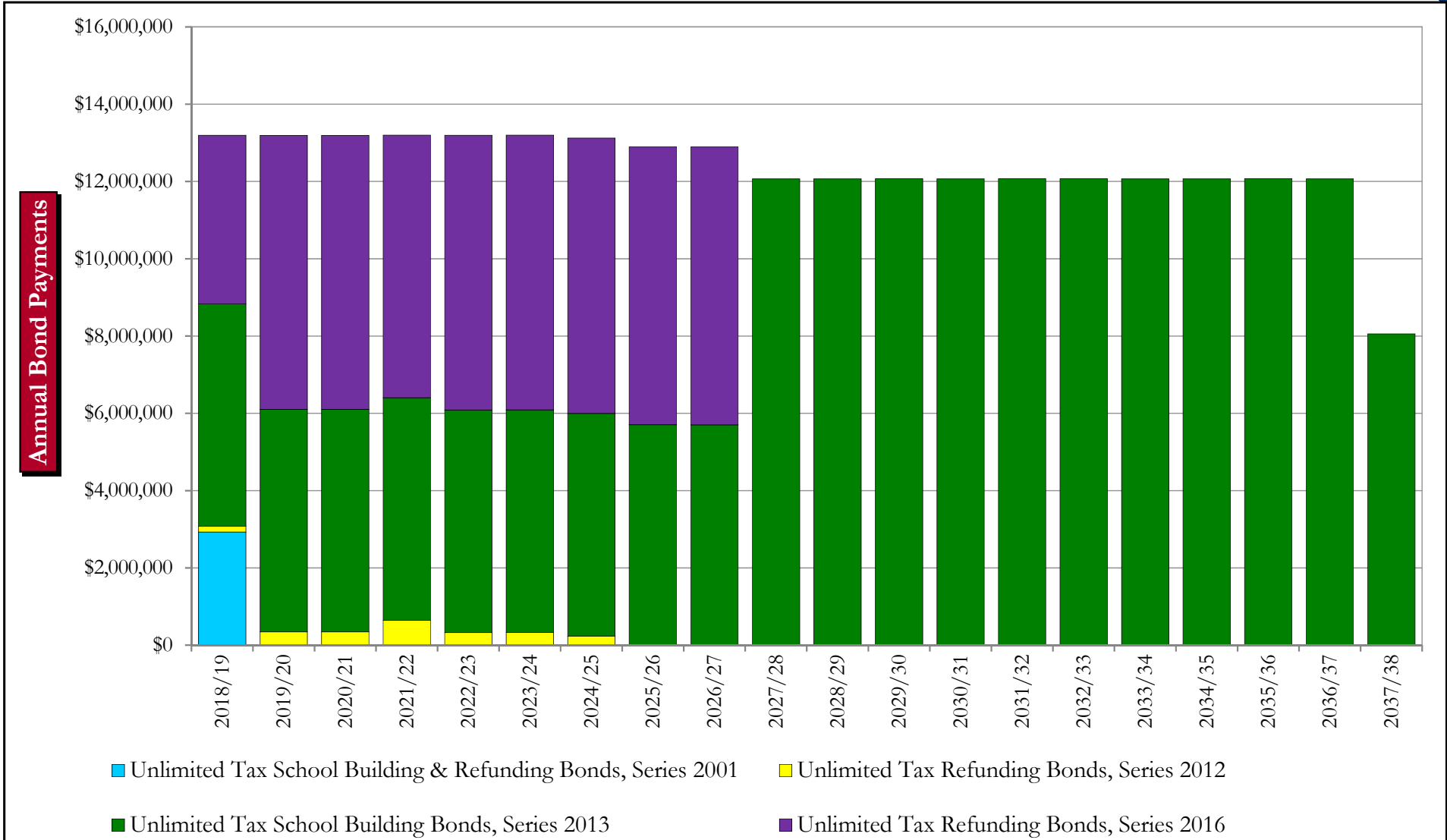
^(A) For 10-month time period of September 1, 2012 - June 30, 2013. Reflects initial year of District's change in fiscal year.

Total General Operating Fund Balance



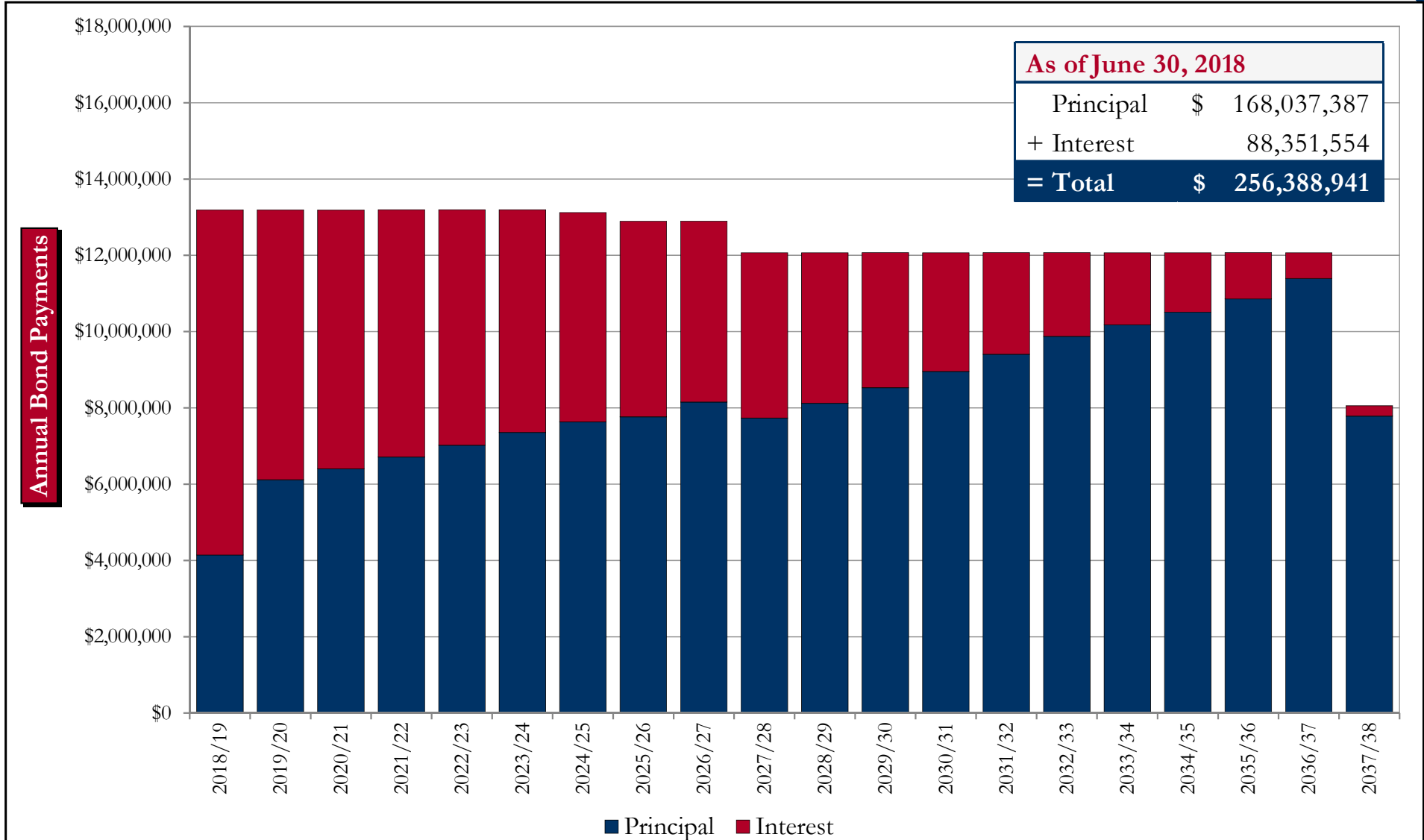
^(A) For 10-month time period of September 1, 2012 - June 30, 2013. Reflects initial year of District's change in fiscal year.

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



Note: Although the District’s fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District’s budget. As such, the District’s August 2018 debt payments are not portrayed in the graph above.

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



Note: Although the District's fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District's budget. As such, the District's August 2018 debt payments are not portrayed in the graph above.

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

- Ector County ISD has implemented 3 bond refunding programs and prepaid approximately \$5.64 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than \$17.6 million of savings for District taxpayers in recent years.

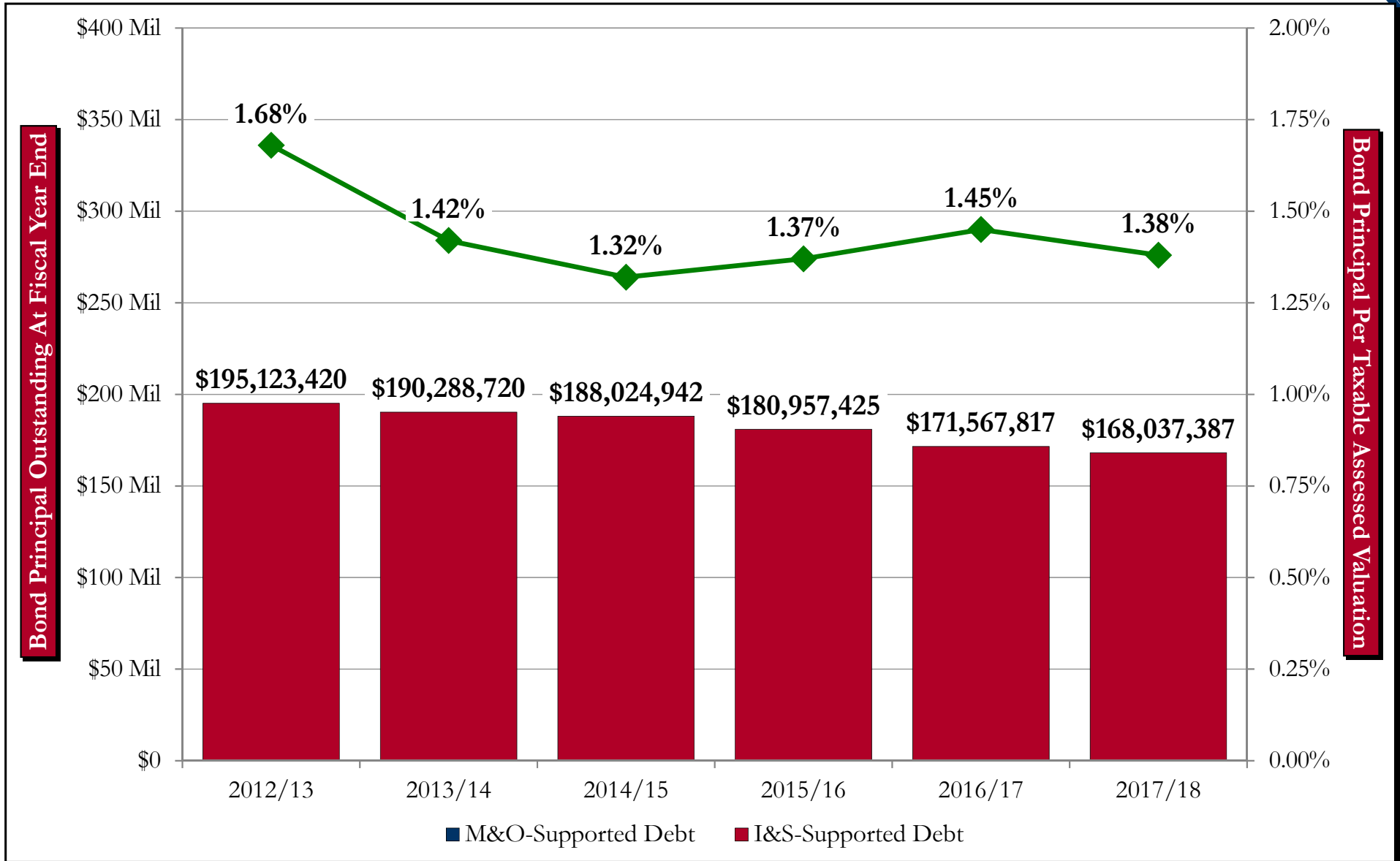
Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds			
Issue / Description	Series Refunded / Redeemed	Par Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2007	1993, 2001, 2003A	\$ 56,380,113	\$ 3,167,672
Unlimited Tax Refunding Bonds, Series 2012	2001, 2003, 2003A	4,770,000	687,402
Unlimited Tax Refunding Bonds, Series 2016	2007	55,677,169	9,588,712
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 116,827,282	\$ 13,443,786
Prepayment of Series 2003A Bonds - August 2013	2003A	\$ 1,644,874	\$ 1,029,459
Prepayment of Series 2013 Bonds - August 2015	2013	4,000,000	3,220,000
Total - Prepayment of Bonds Prior to Scheduled Maturity	---	\$ 5,644,874	\$ 4,249,459
Totals	---	\$ 122,472,156	\$ 17,693,245



Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2018

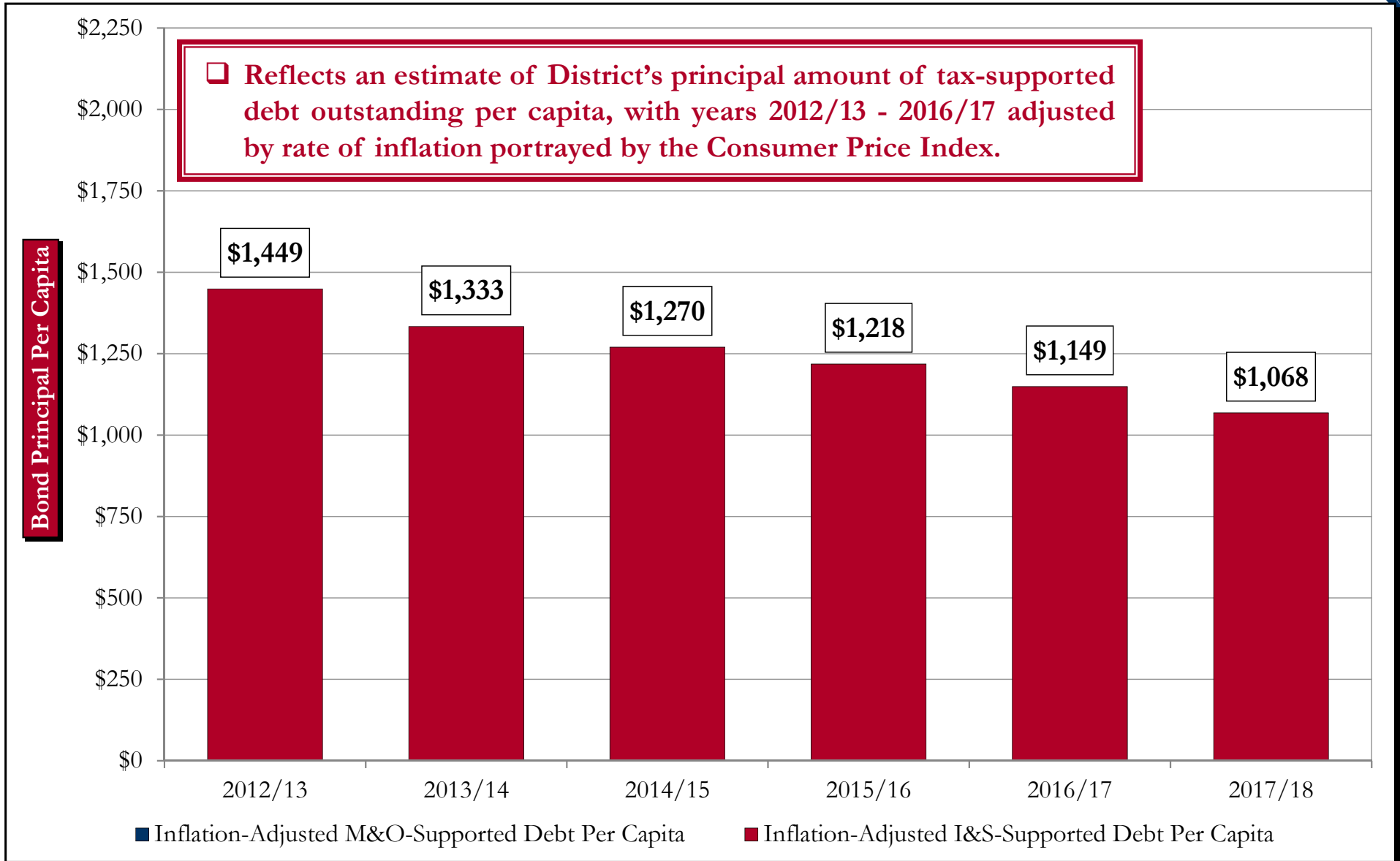
No.	Issue Description	Purpose	Original Principal Amount	Outstanding Principal	Total Outstanding Debt Service	Outstanding Principal Per Capita	Outstanding Debt Service Per Capita	Final Maturity Date	Total Proceeds Received	Spent Proceeds	Unspent Proceeds
1	Unlimited Tax School Building and Refunding Bonds, Series 2001	Capital Improvements & Refunding at a lower interest rate, etc.	\$55,868,557.70	\$2,727,386.60	\$7,130,000.00	\$17.34	\$45.32	08/15/2019	\$57,958,088.55	\$57,958,088.55	\$0.00
2	Unlimited Tax Refunding Bonds, Series 2012	Refunding at a lower interest rate, etc.	\$4,690,000.00	\$2,110,000.00	\$2,401,075.00	\$13.41	\$15.26	08/15/2025	\$4,938,900.17	\$4,938,900.17	\$0.00
3	Unlimited Tax School Building Bonds, Series 2013	Capital Improvements	\$121,595,000.00	\$114,645,000.00	\$183,808,265.78	\$728.74	\$1,168.37	08/15/2038	\$132,036,250.90	\$132,036,250.90	\$0.00
4	Unlimited Tax Refunding Bonds, Series 2016	Refunding at a lower interest rate, etc.	\$49,235,000.00	\$48,555,000.00	\$63,049,600.00	\$308.64	\$400.77	08/15/2027	\$58,854,816.26	\$58,854,816.26	\$0.00

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



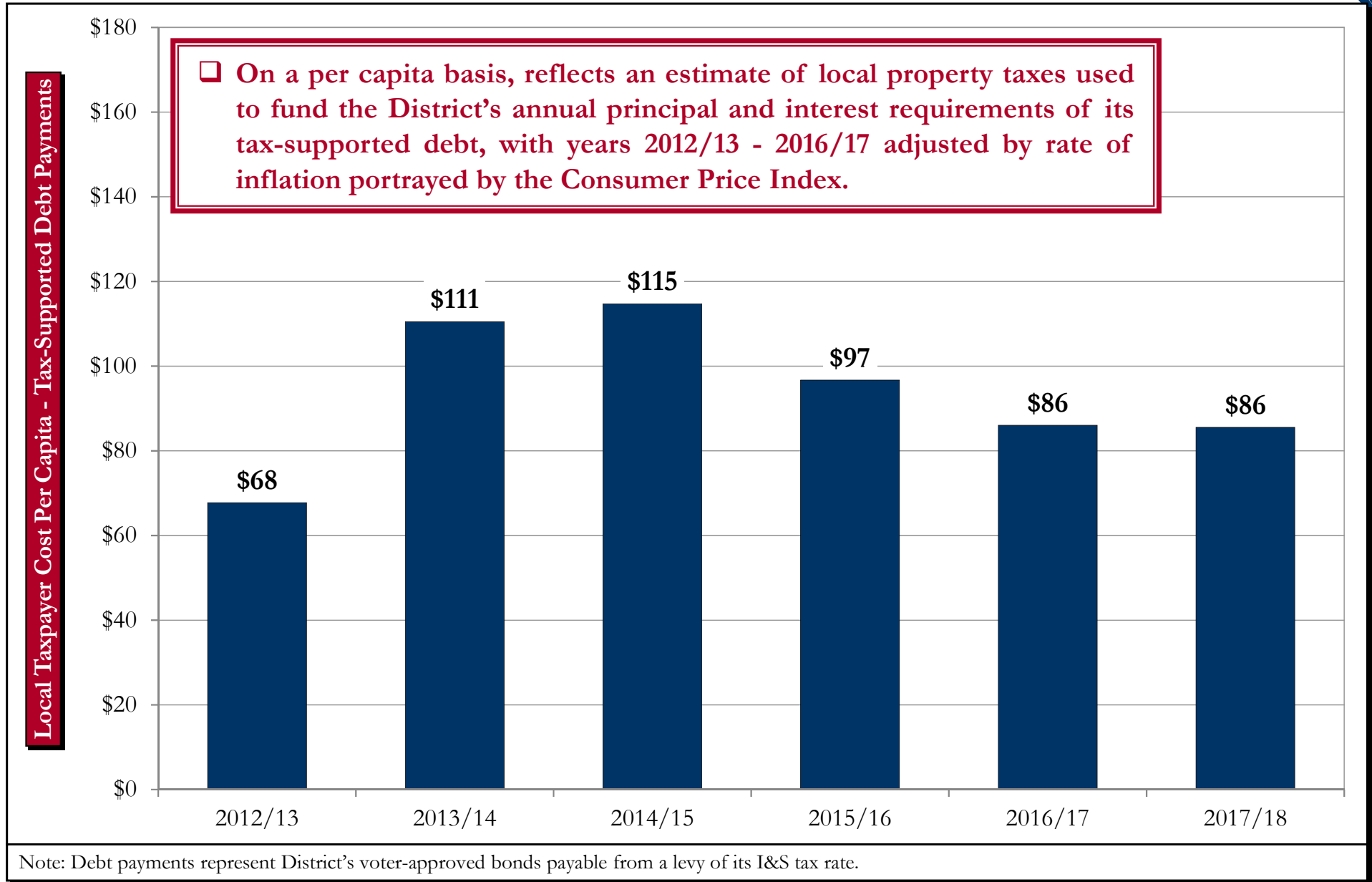
Note: The District has no outstanding debt payable from M&O taxes.

Inflation-Adjusted Tax-Supported Debt Per Capita



Note: The District has no outstanding debt payable from M&O taxes.

Inflation-Adjusted Tax-Supported Debt Cost Per Capita – Principal and Interest In Each of the Last 5 Years



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Email: david.harwell@ectorcountyisd.org

Links to Additional Resources:

<https://www.comptroller.texas.gov/transparency/local/debt/isds.php>

http://www.brb.state.tx.us/local_debt_search.aspx