



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2020

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 18, 2020.



☑ Overview of Certain Financial/Bond Ratings

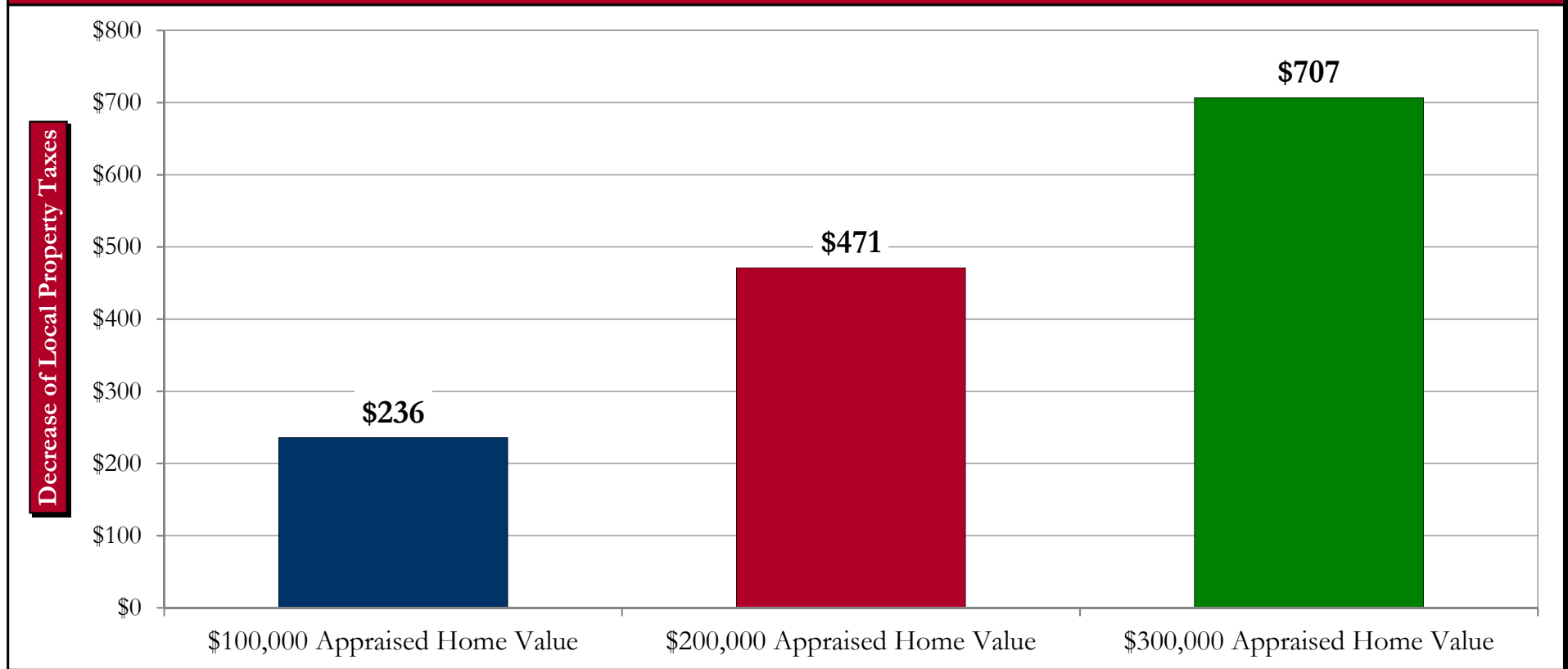
- ☐ **Overview:** Ector County Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant 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 2018/19, the District was assigned a 2019/20 FIRST Rating of “Superior” and the District’s score was 100 out of a possible 100 points.
 - **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 2019/20.

20% Optional Residential Homestead Exemption – Estimated Decrease of Local Property Taxes – Year 2019/20



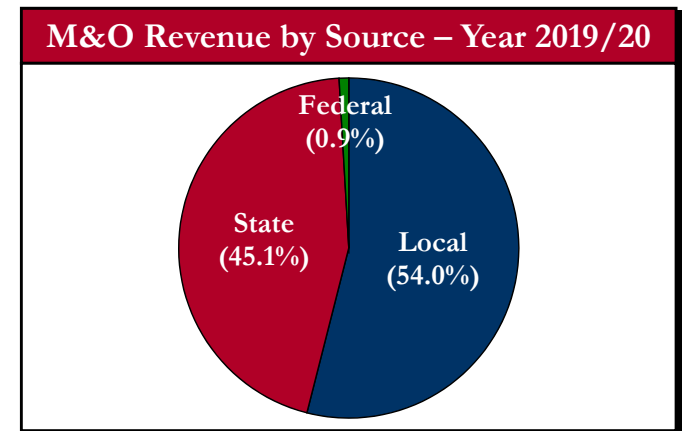


Overview of State Funding System

❑ **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 2019/20, the District’s sources for M&O revenues are summarized to the right.



✓ On November 6, 2018, 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 is subject to compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.



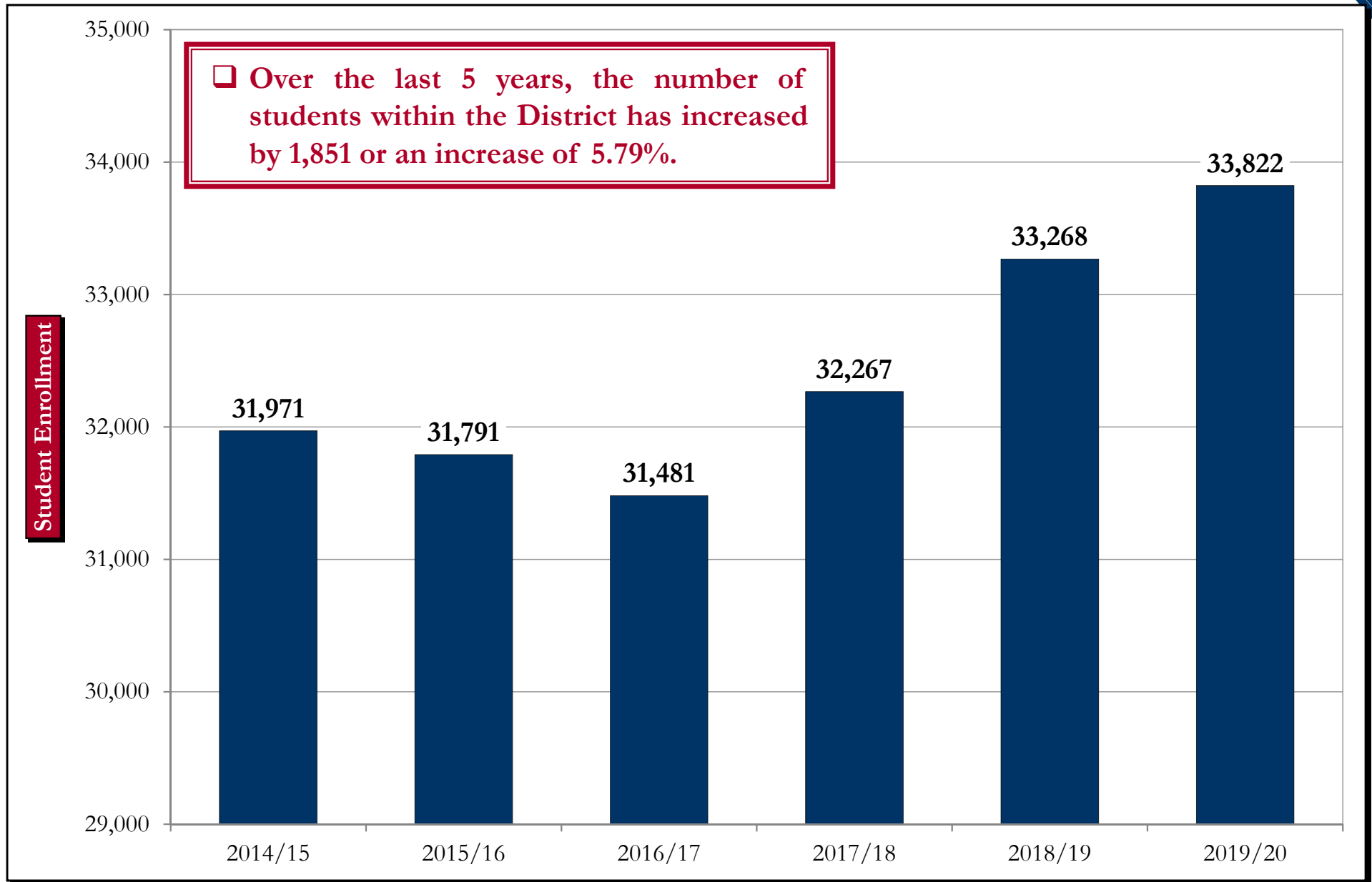
☑ Overview of State Funding System

- **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 19 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, 2020: | | | | \$0 |

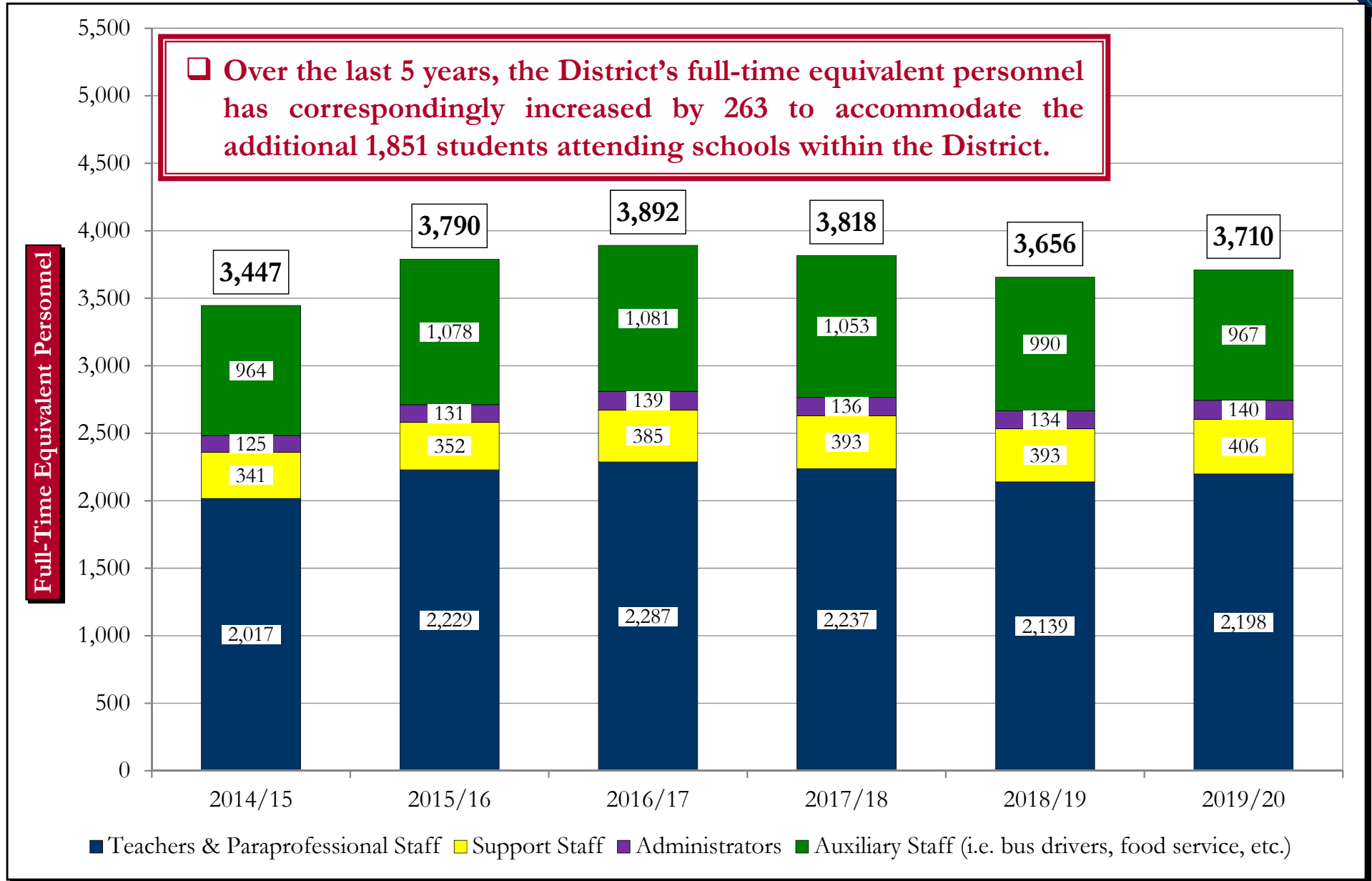


Historical Student Enrollment



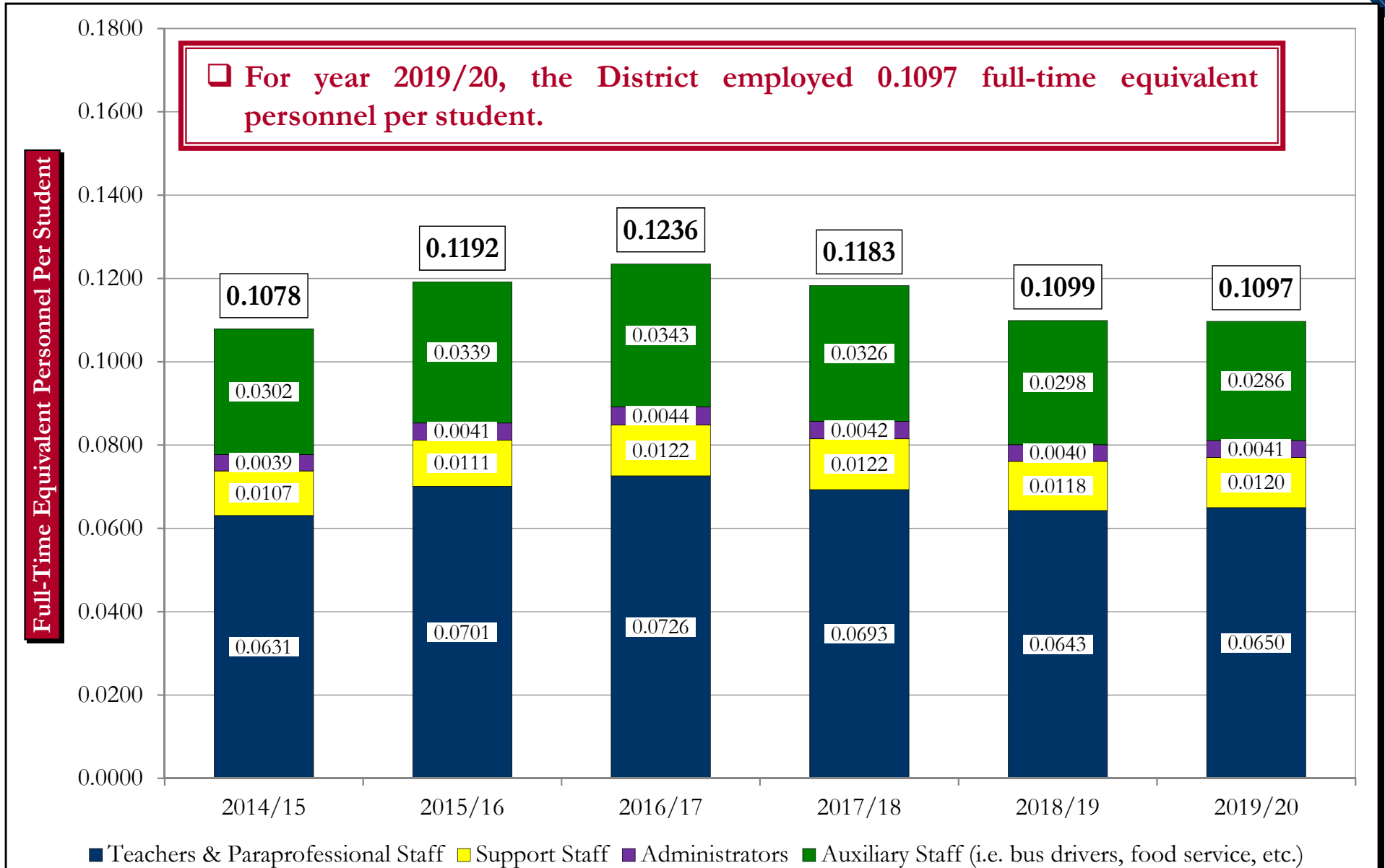


Full-Time Equivalent Personnel



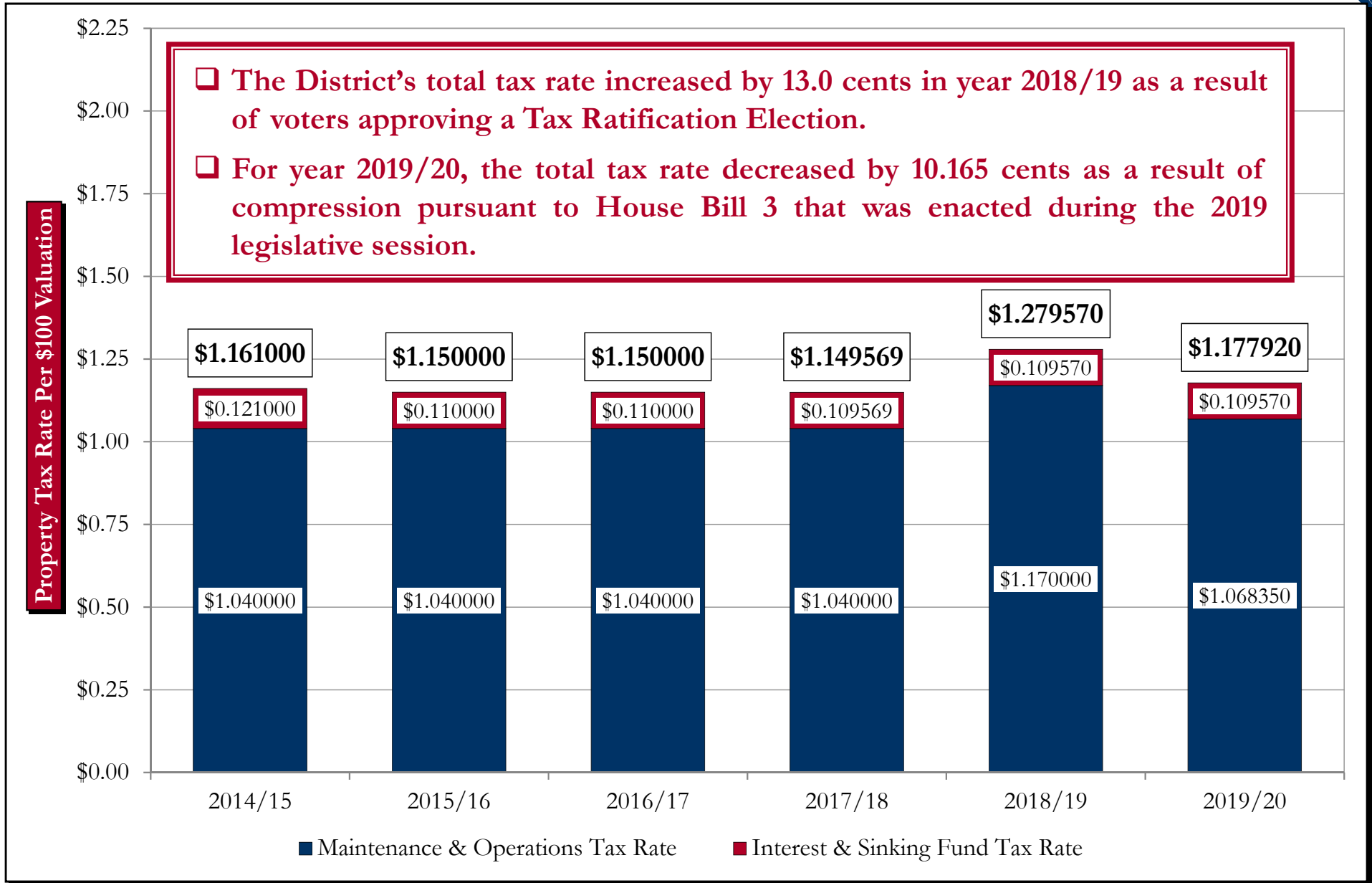


Full-Time Equivalent Personnel Per Student



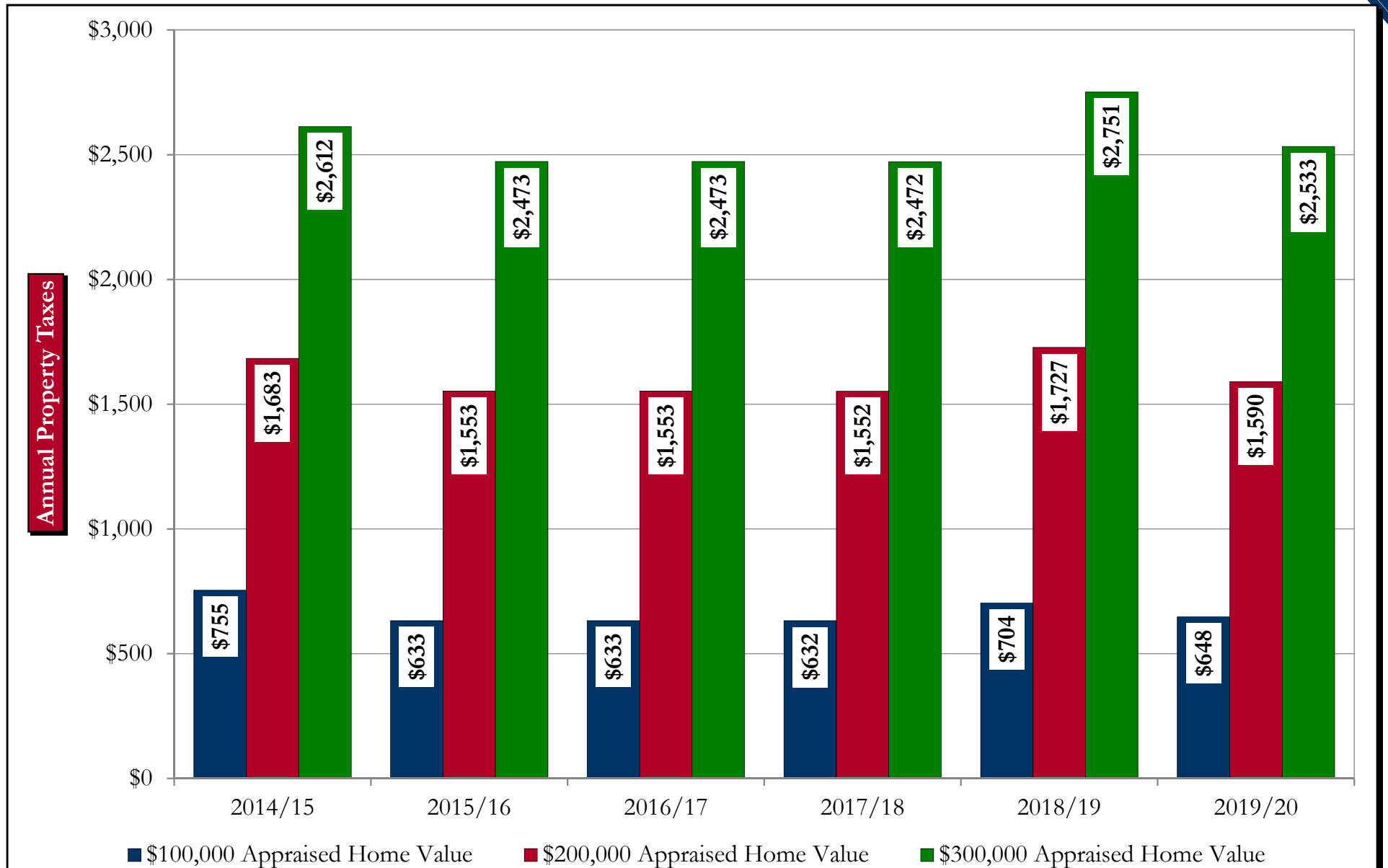


Historical Tax Rates





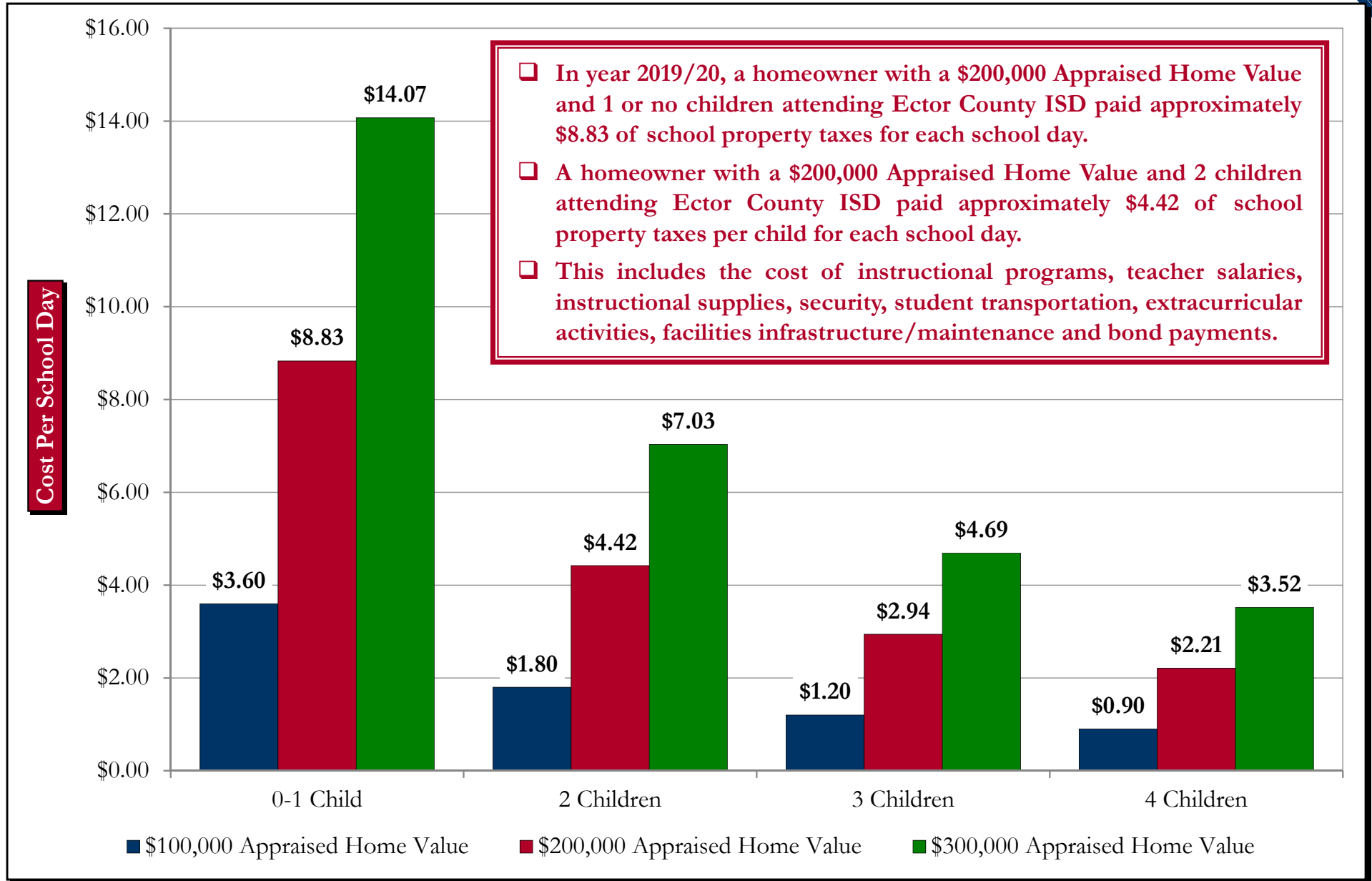
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



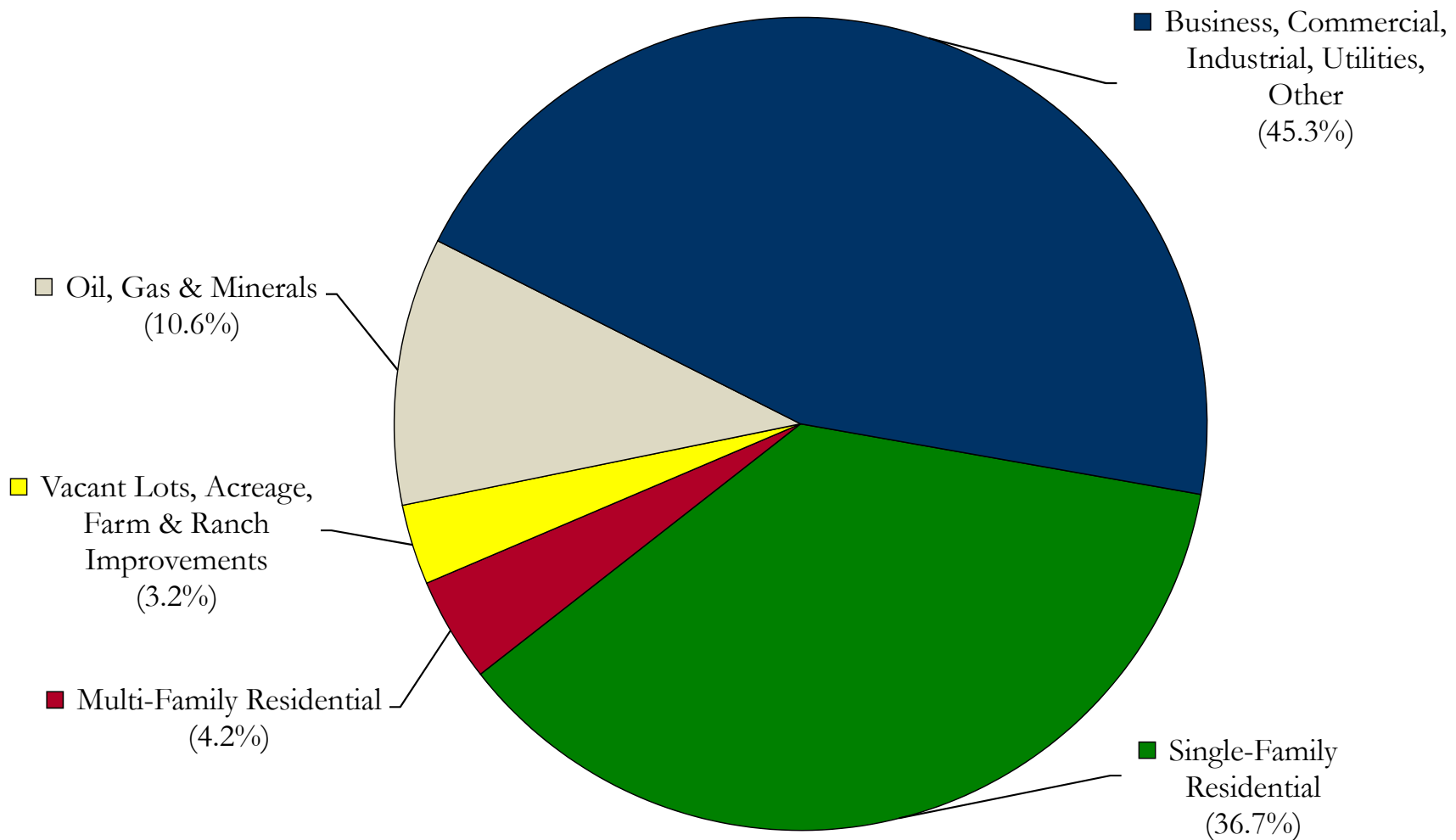
Note: Taxes are net of the State-mandated residential homestead exemption and a 20% local option, additional homestead exemption.



Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2019/20

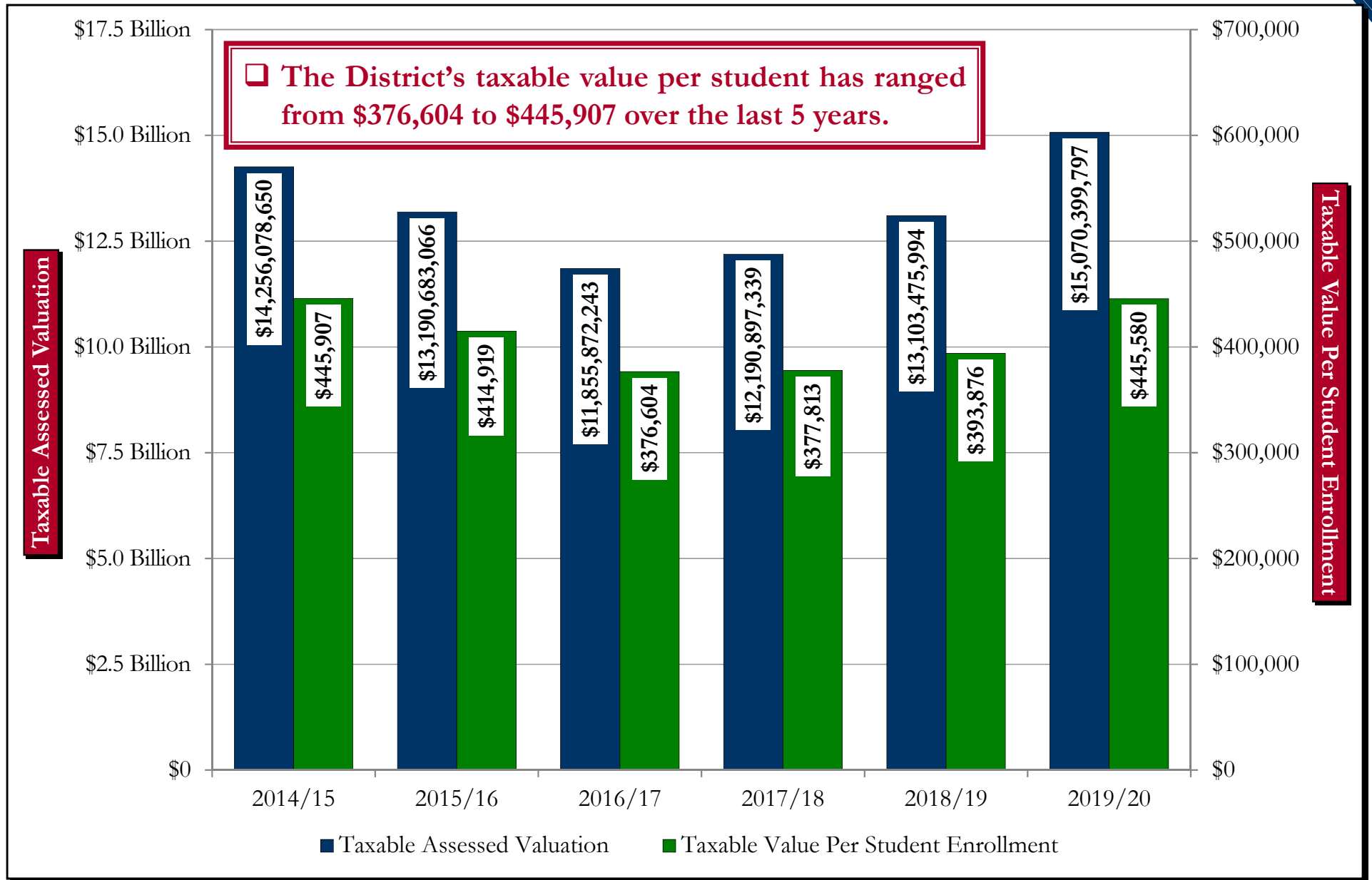


For year 2019/20, Single-Family Residential properties comprised 36.7% of the District's total assessed valuation and other property categories comprised 63.3%.





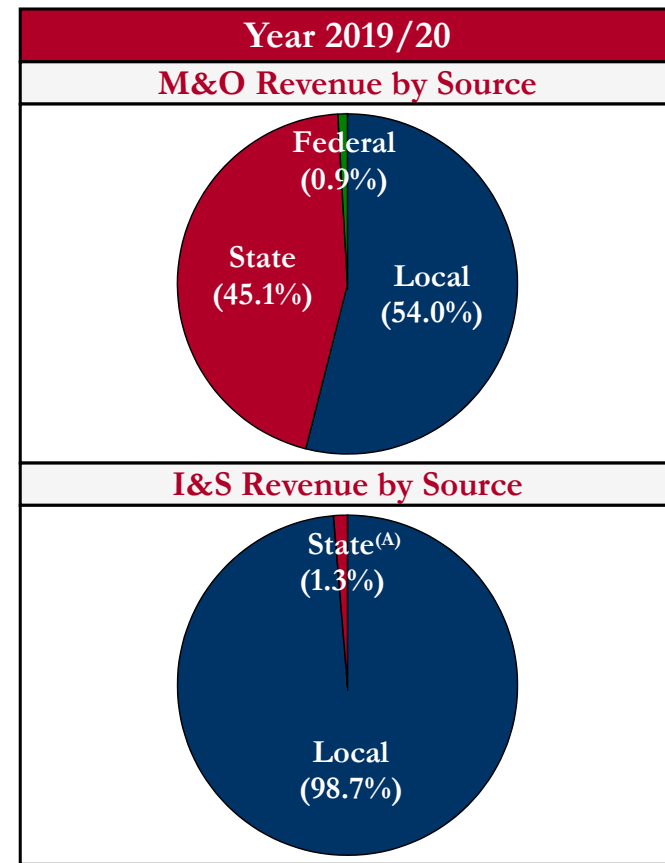
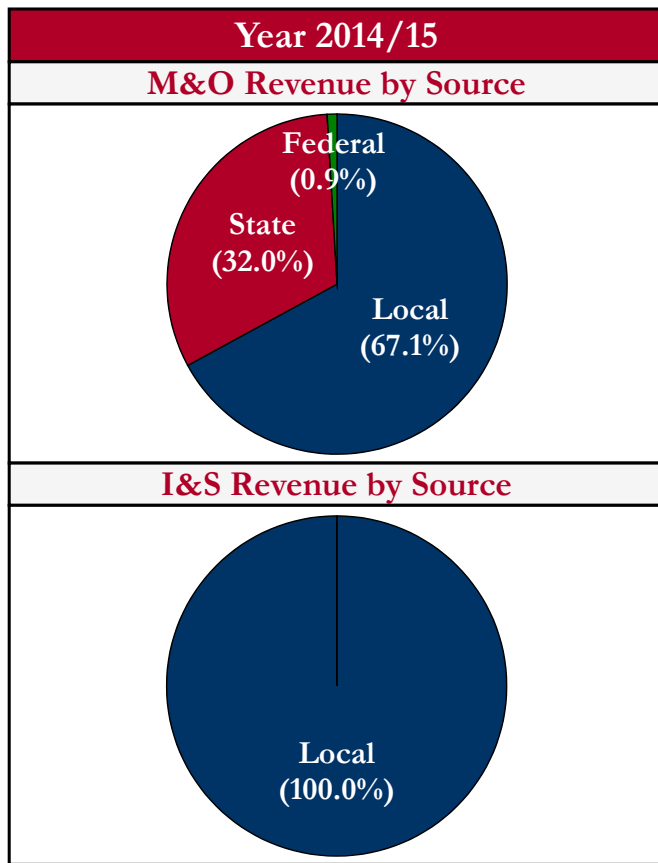
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





General Fund and Debt Service Fund – Revenue By Source

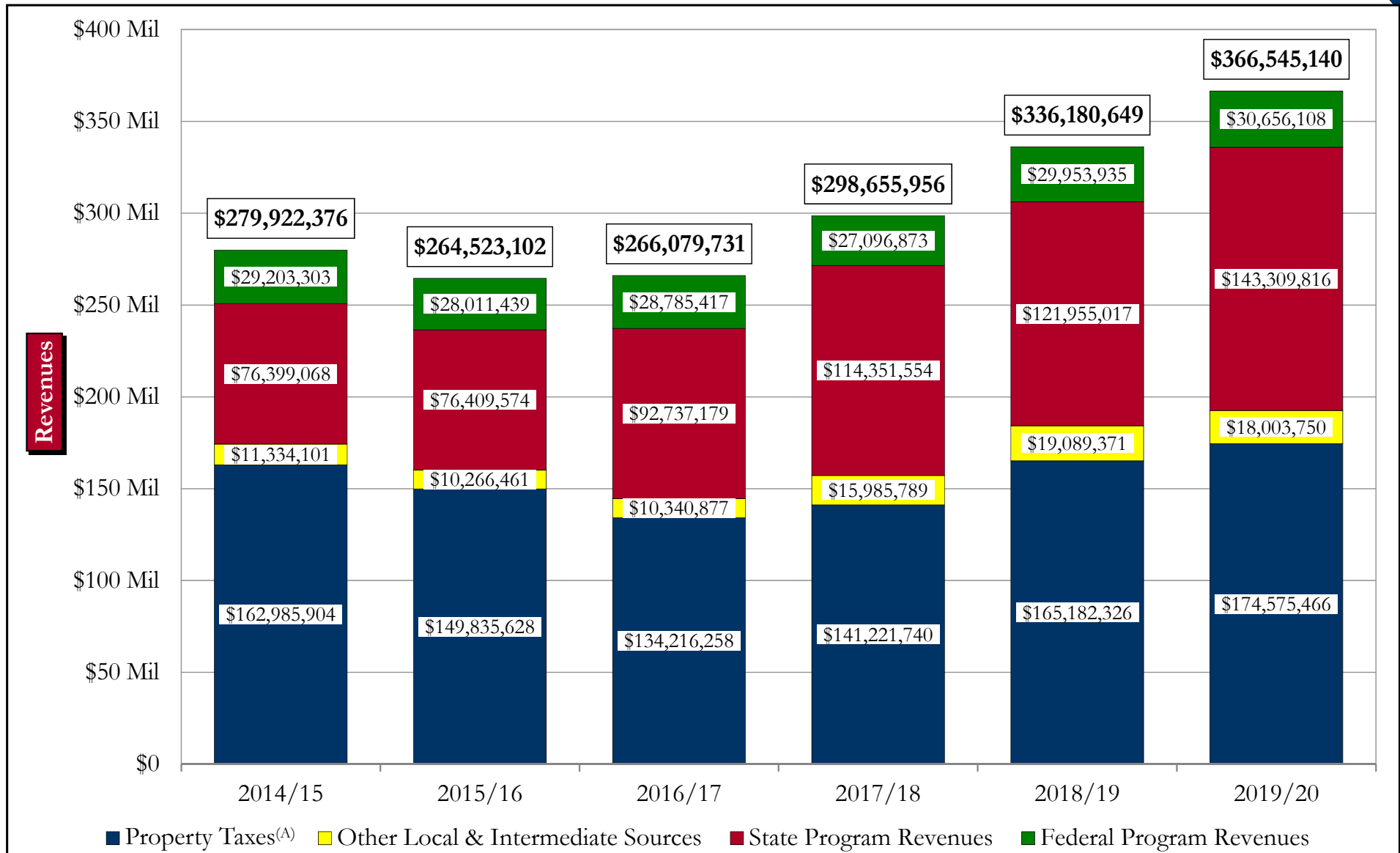
- ❑ The State funding system is structured to provide the District with an “equalized” dollar amount per student. The revenue sources for maintenance and operations and repayment of bonds is summarized below.
- ❑ The District does not receive any facilities funding from the State for the payment of voter-approved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



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



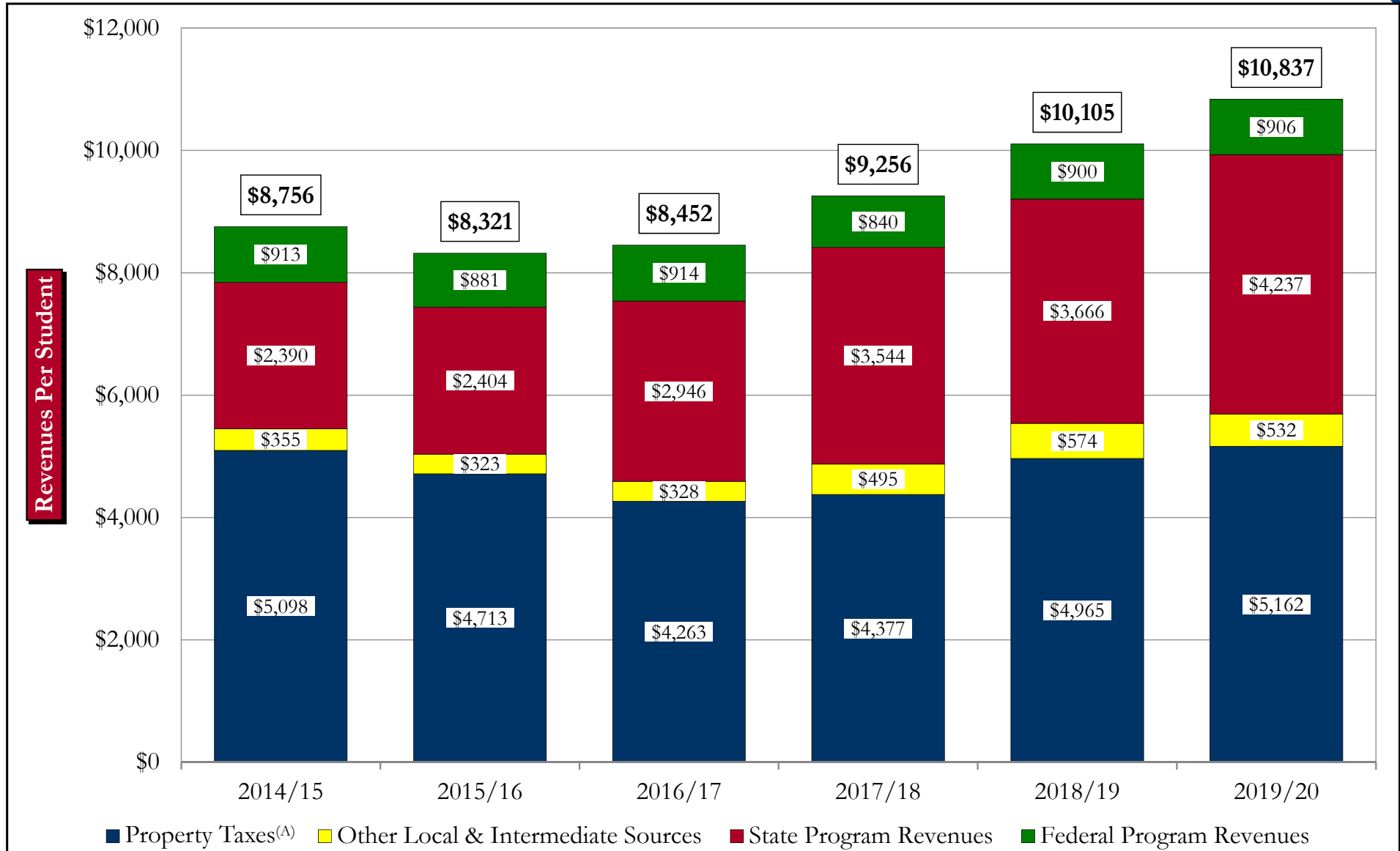
Total Revenues (All Governmental Funds*) By Source



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



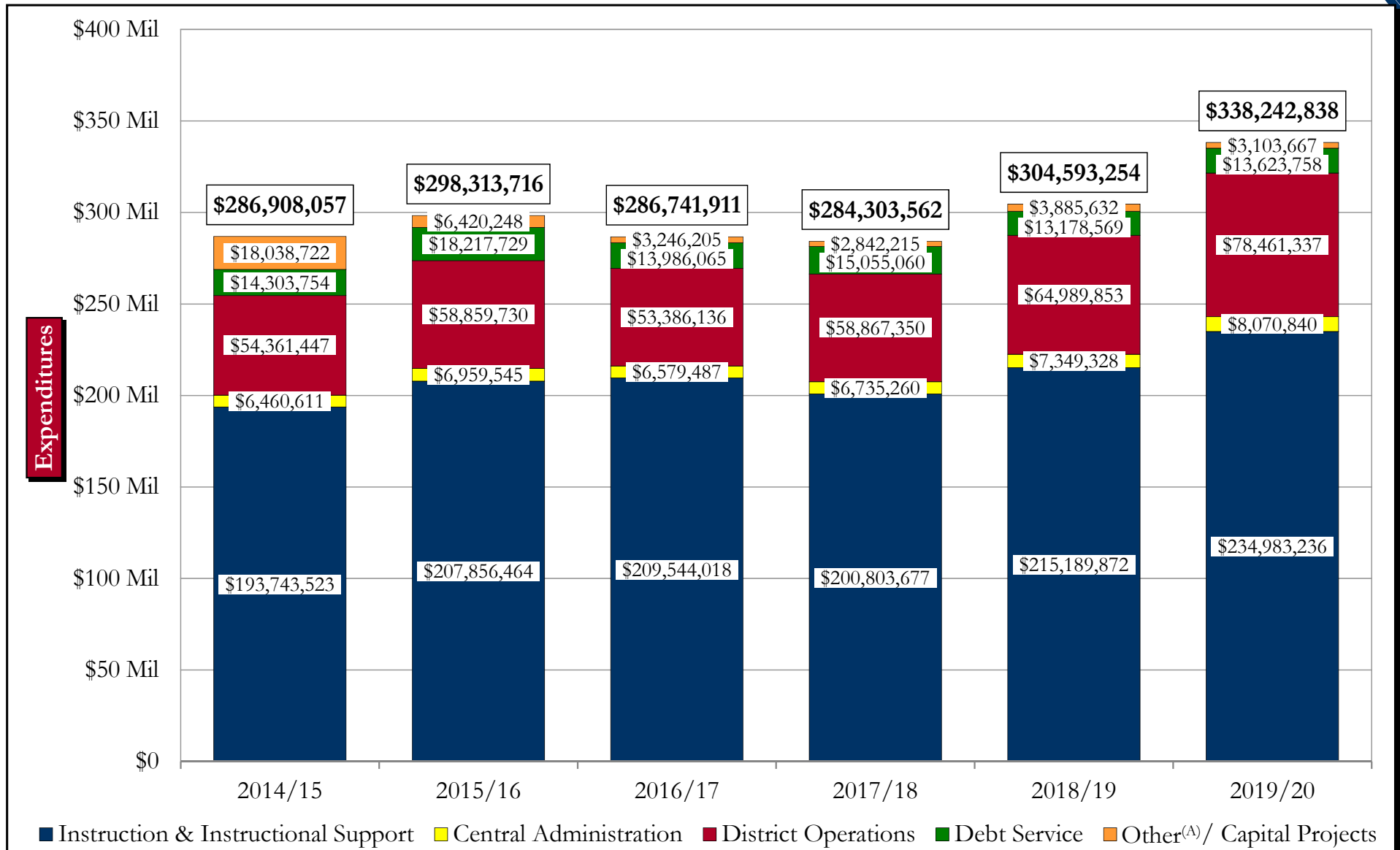
Total Revenues (All Governmental Funds*) Per Student



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



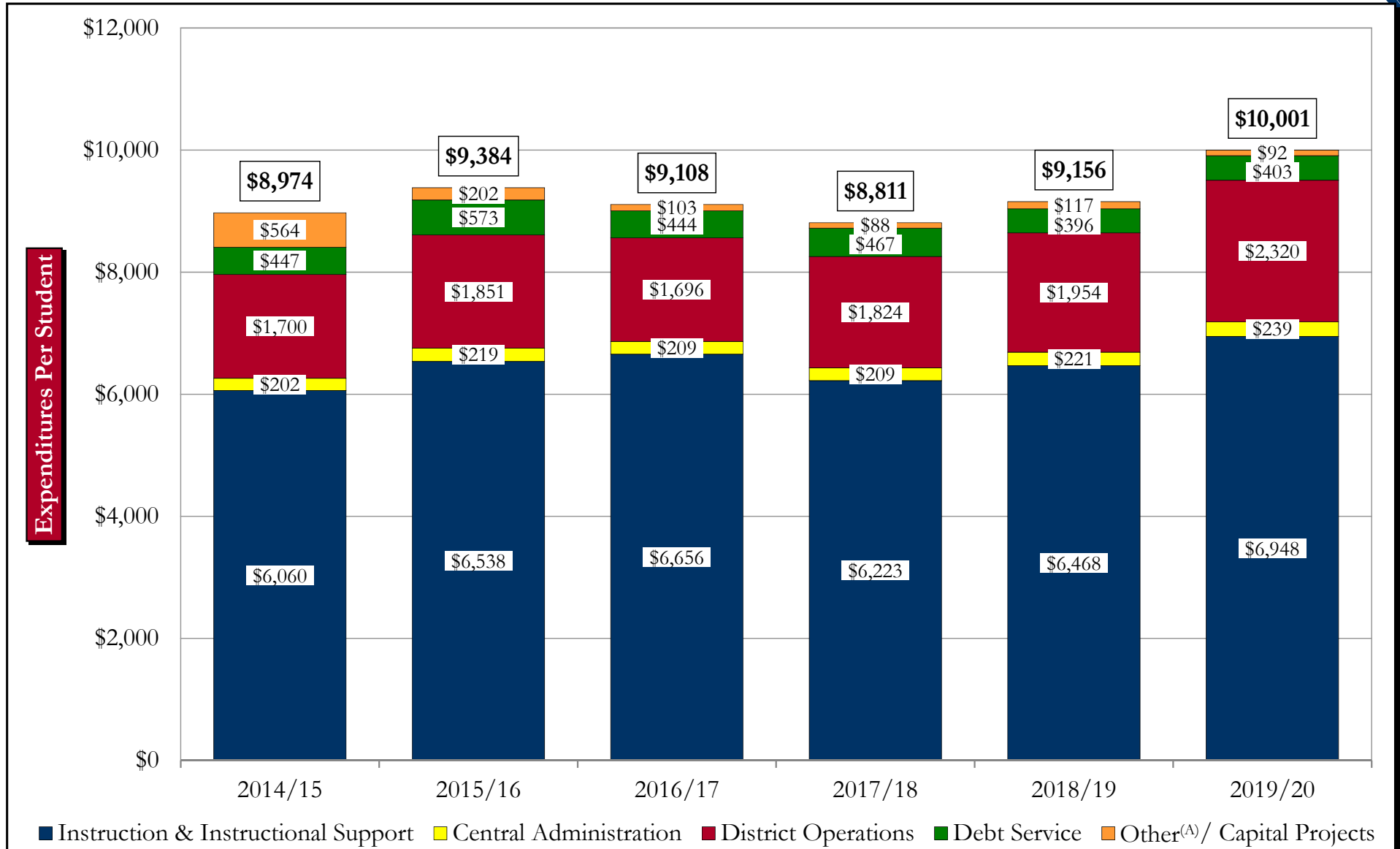
Total Expenditures (All Governmental Funds*) By Source



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



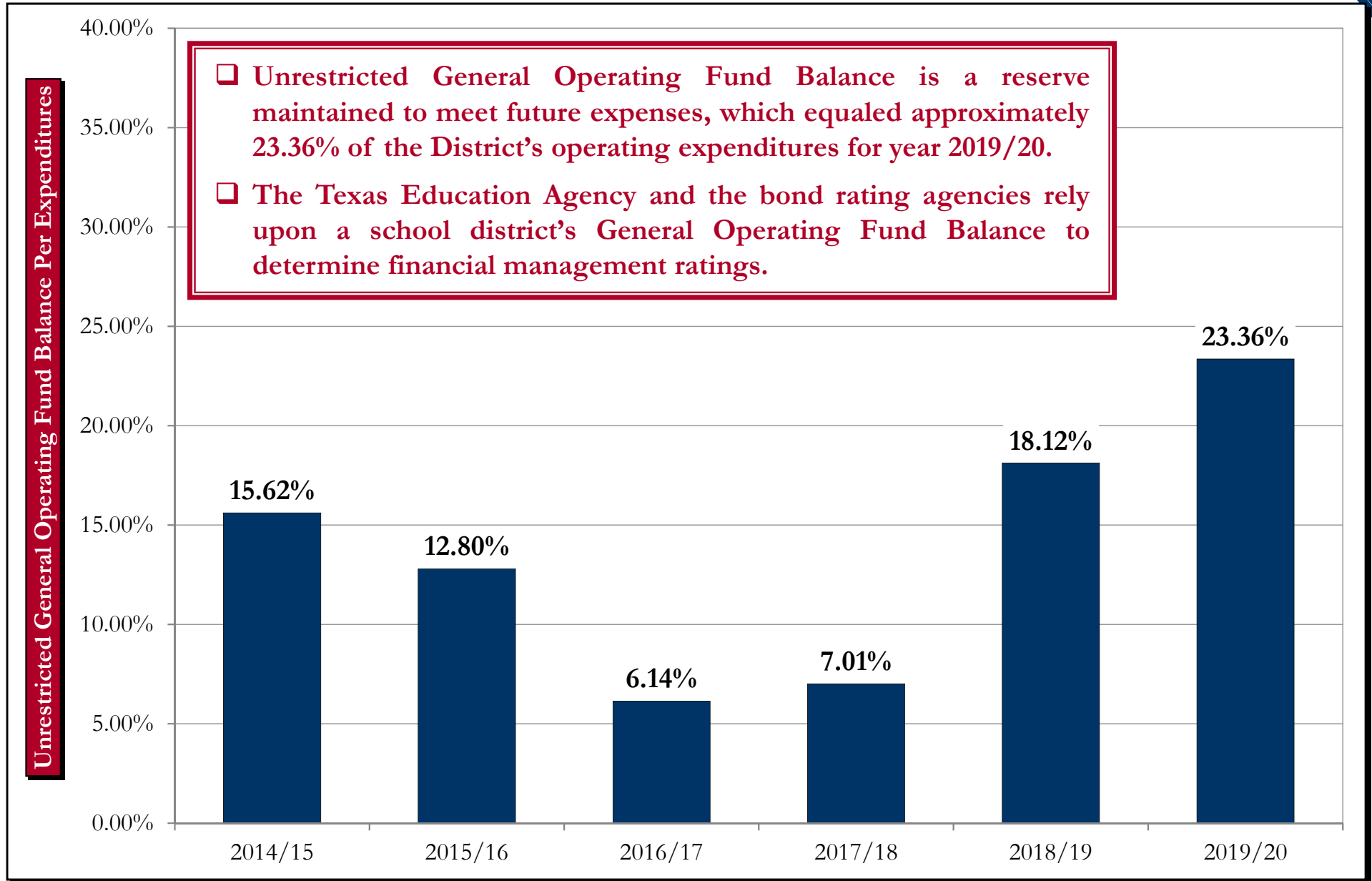
Total Expenditures (All Governmental Funds*) Per Student



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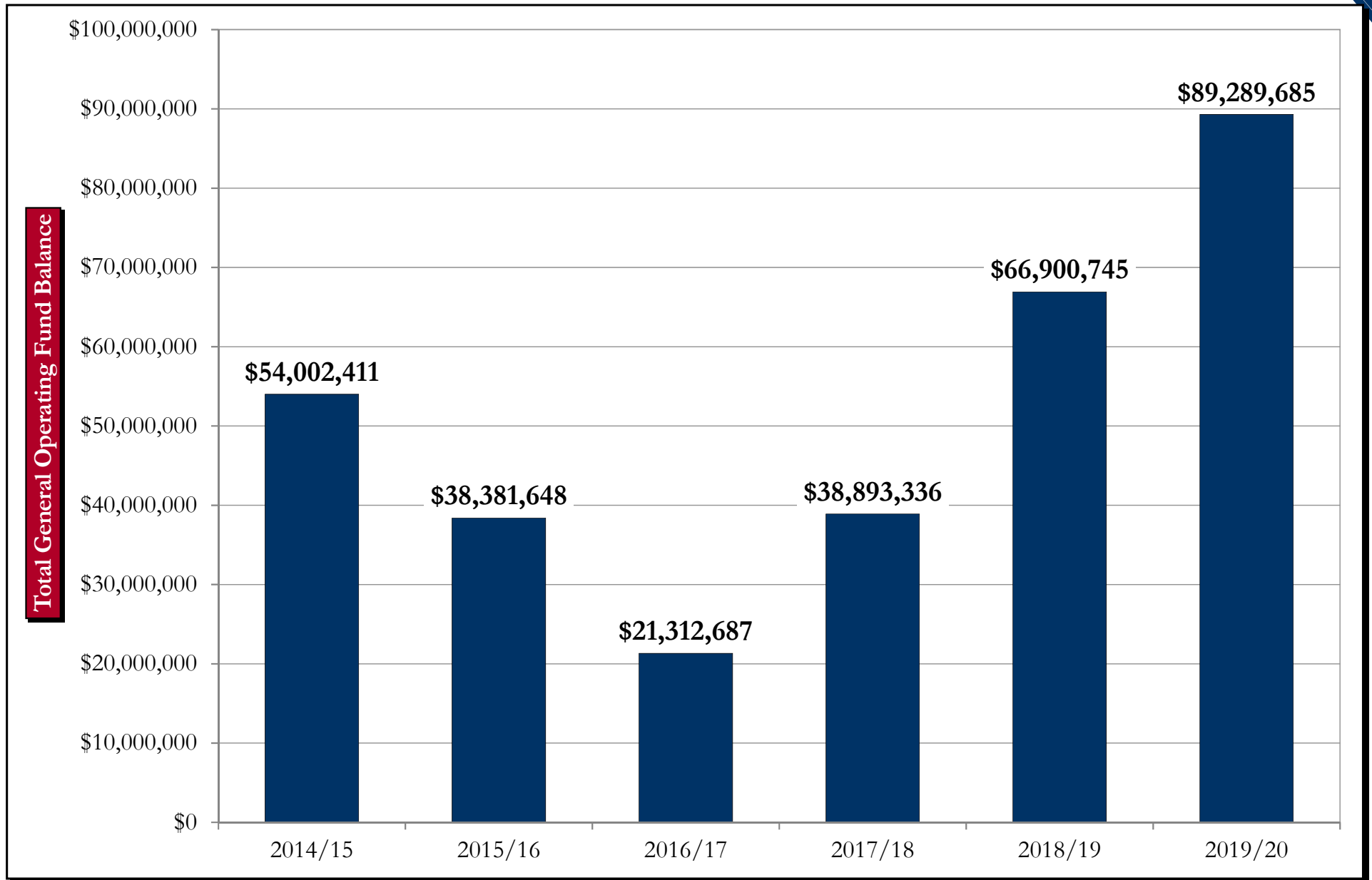


Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures



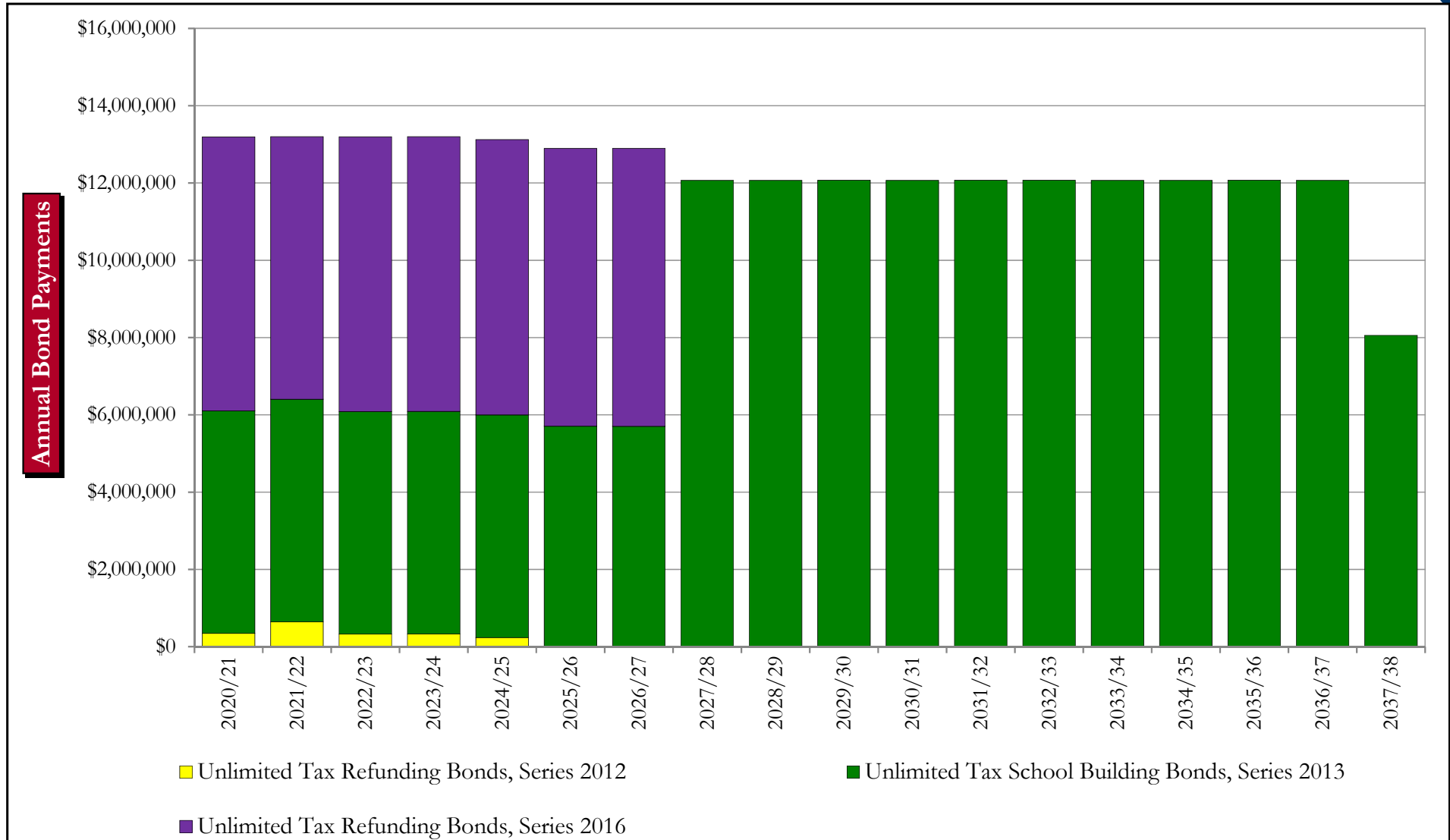


Total General Operating Fund Balance





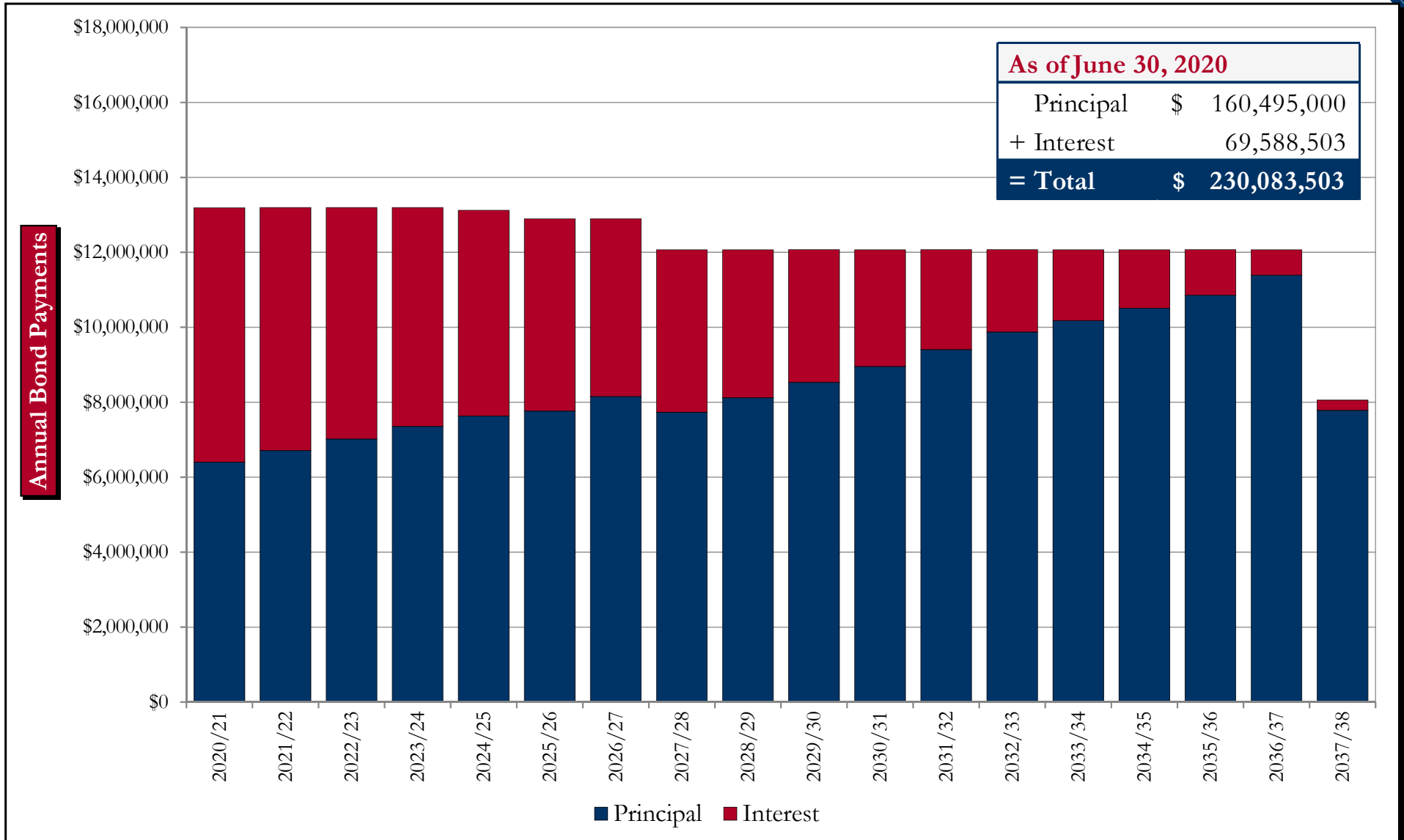
☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



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 2020 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 2020 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 5 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 \$31.12 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 |
| Unlimited Tax Refunding Bonds, Series 2020-A | 2013 | 9,700,000 | 2,147,289 |
| Unlimited Tax Refunding Bonds, Taxable Series 2020-B | 2013 | 56,150,000 | 11,287,495 |
| Total - Bond Refunding Programs at a Lower Interest Rate | --- | \$ 182,677,282 | \$ 26,878,570 |
| 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 | --- | \$ 188,322,156 | \$ 31,128,029 |



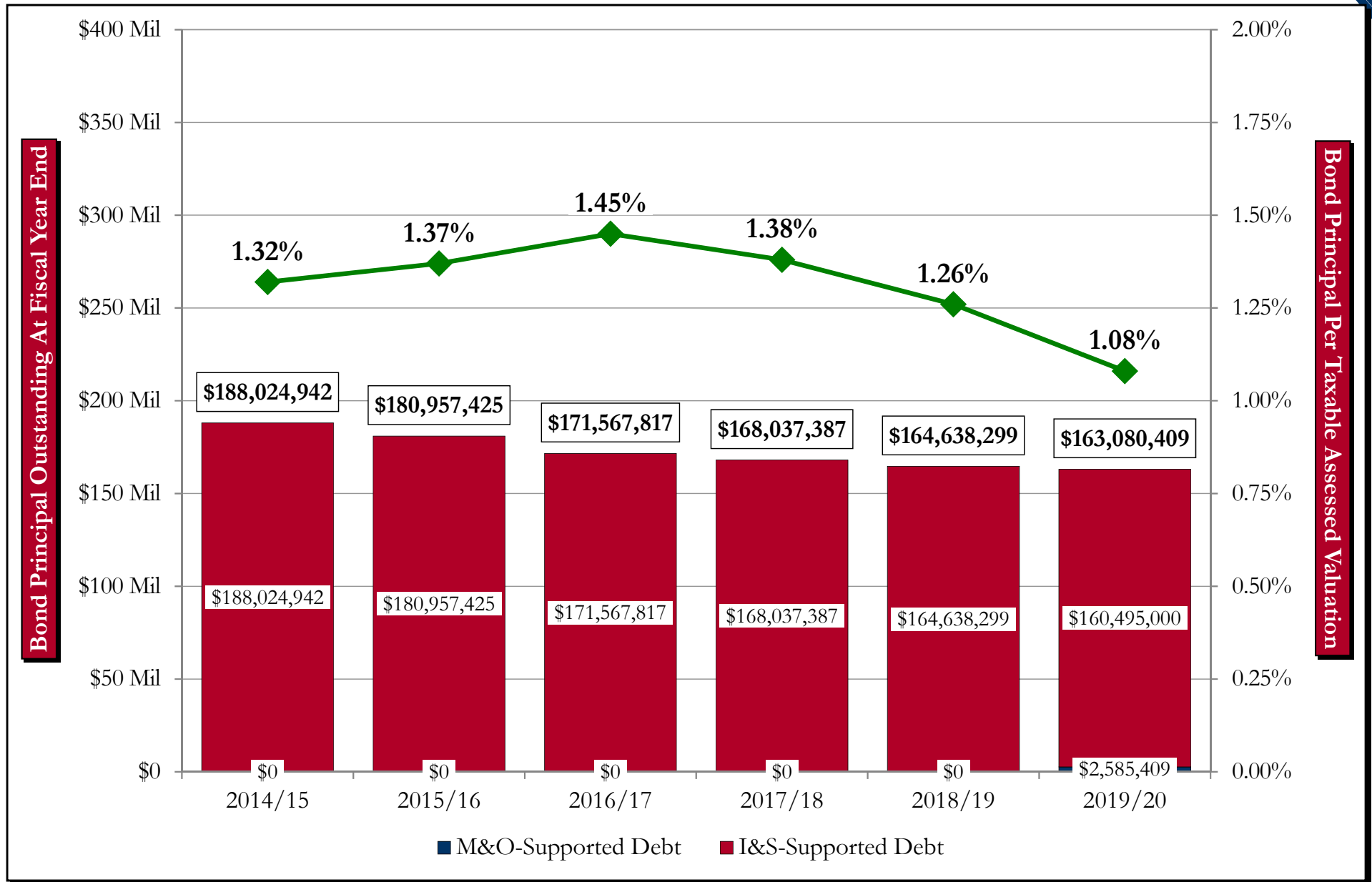
☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2020

- ☐ 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 2012 | Refunding at a lower interest rate, etc. | \$4,690,000.00 | \$2,020,000.00 | \$2,192,875.00 | \$12.25 | \$13.30 | 08/15/2025 | \$4,938,900.17 | \$4,938,900.17 | \$0.00 |
| 2 | Unlimited Tax School Building Bonds, Series 2013 | Capital Improvements | \$121,595,000.00 | \$112,705,000.00 | \$172,330,628.26 | \$683.47 | \$1,045.06 | 08/15/2038 | \$132,036,250.90 | \$132,036,250.90 | \$0.00 |
| 3 | Unlimited Tax Refunding Bonds, Series 2016 | Refunding at a lower interest rate, etc. | \$49,235,000.00 | \$45,770,000.00 | \$55,560,000.00 | \$277.56 | \$336.93 | 08/15/2027 | \$58,854,816.26 | \$58,854,816.26 | \$0.00 |



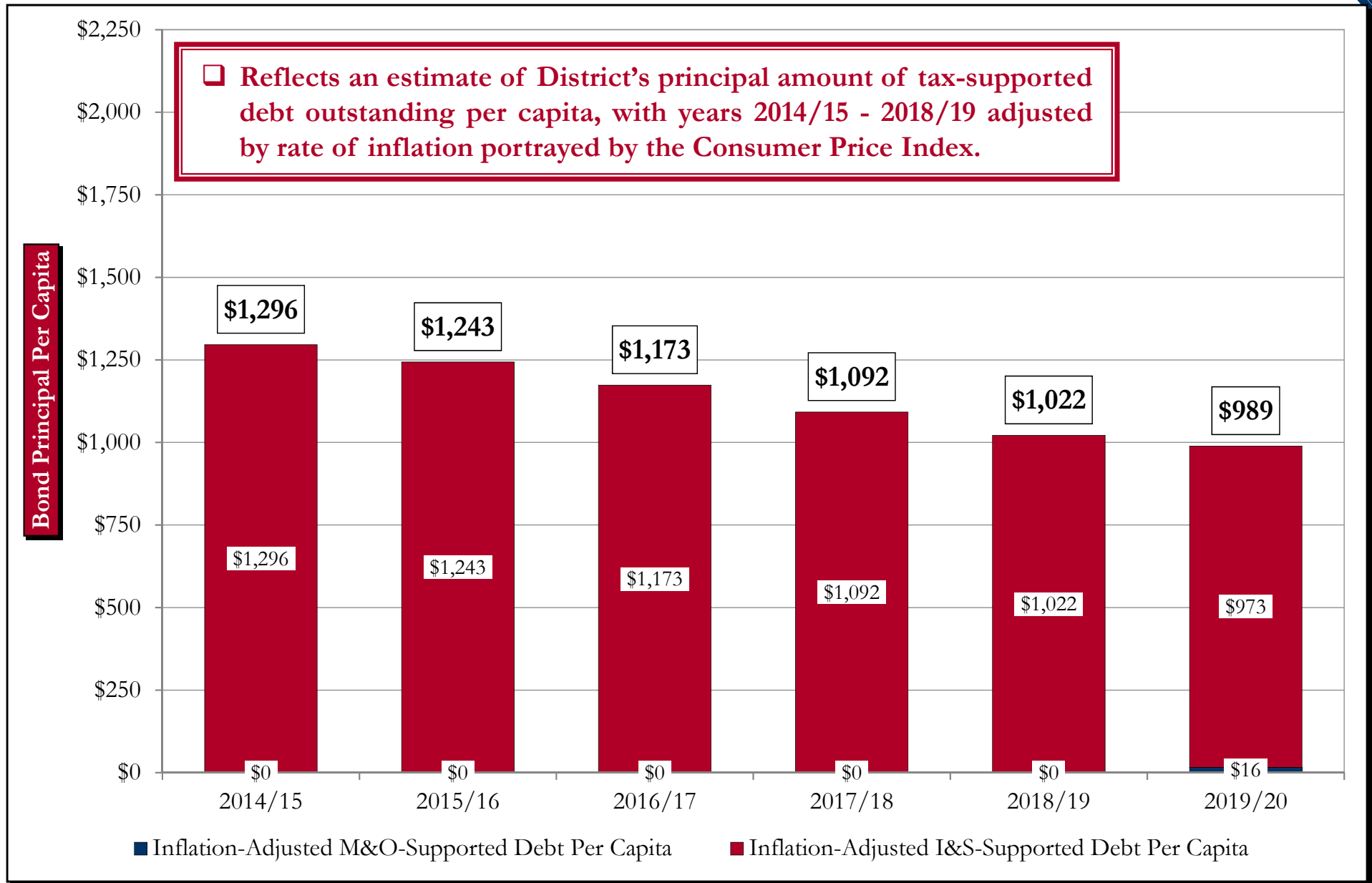
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



Source: District's Audited Financial Statements, Ector County Appraisal District and District records.

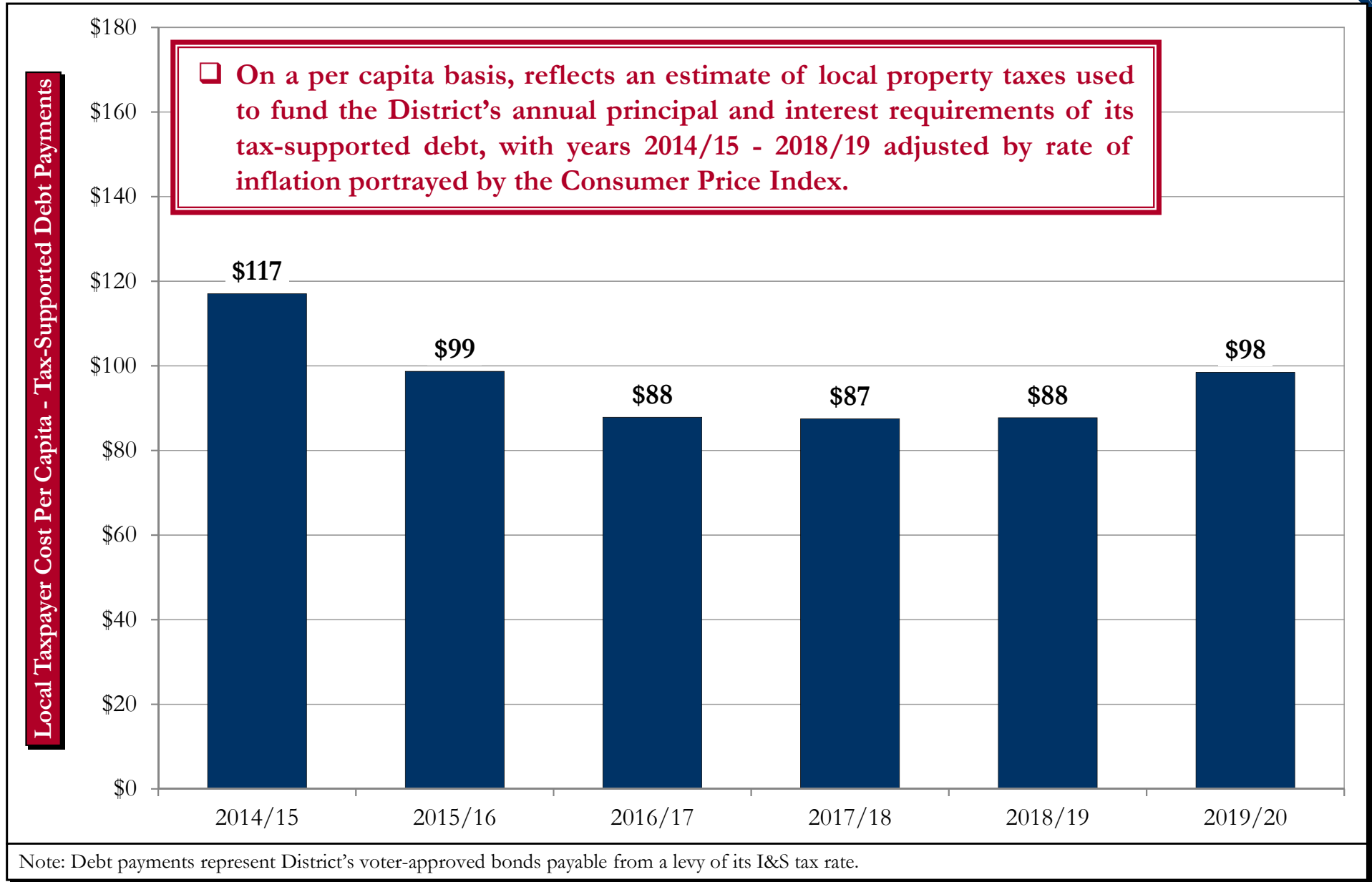


Inflation-Adjusted Tax-Supported Debt Per Capita





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





Contact Information and Links to Additional Resources

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Email: deborah.ottmers@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