



# **Annual Report of Certain Financial and Local Debt Information**

## **Fiscal Year Ended August 31, 2016**

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on Wednesday, March 29, 2017.



## ☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Azle 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 2014/15, the District was assigned a 2015/16 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 Fitch Ratings, Inc., that evaluate the District’s financial strength and its ability to pay its existing bonds.
    - ✓ **Moody’s Investors Service:** Assigns a “Aa3” credit rating to the District, defined as “Judged to be of high quality and are subject to very low credit risk.”
    - ✓ **Fitch Ratings, Inc.:** Assigns a “AA”<sup>(A)</sup> credit rating to the District, defined as “Very high quality. A “AA” rating denotes expectations of very low default risk and very strong capacity for payment of financial commitments.”

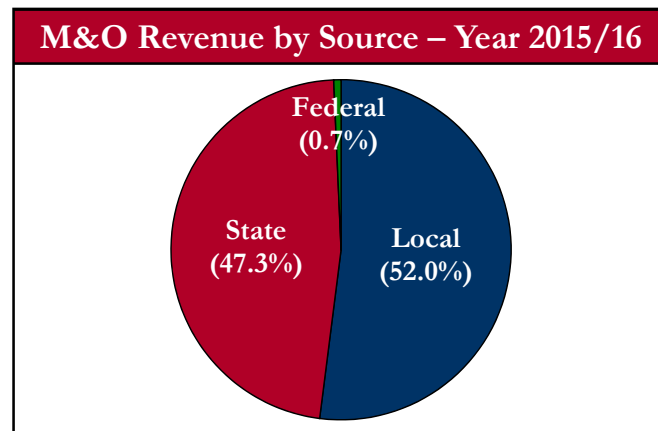
For comparison purposes, S&P Global Ratings assigns a credit rating of “AA” to the United States of America.

<sup>(A)</sup> On January 30, 2017, Fitch Ratings, Inc. upgraded the underlying credit rating of the District from “AA-” to “AA”.



# Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Azle 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 Tarrant Appraisal District, Parker County Appraisal District and Wise 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 2015/16, the District’s sources for M&O revenues are summarized below.





# ☑ Overview of State Funding System

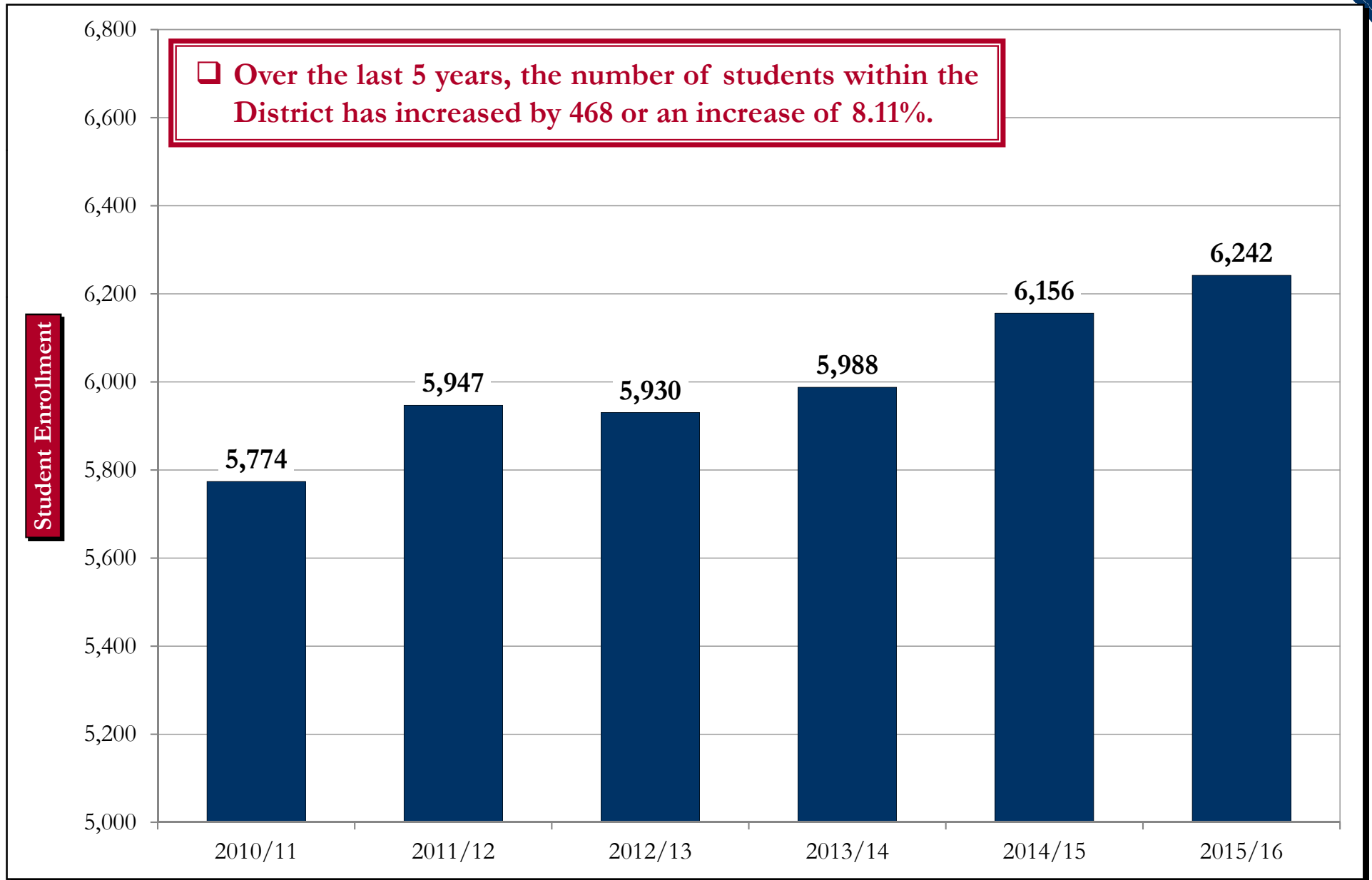
- Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s bond programs approved by voters over the last 15 years:

District’s Historical Bond Elections Approved By Voters					
Election Date	Purpose	Student Enrollment	Election Amount	Dollar Amount Remaining To Be Issued -	Dollar Amount Remaining To Be Issued -
				As of Aug. 31, 2016	As of Feb. 1, 2017
November 5, 2013	School Building	5,988	\$20,000,000	\$0	\$0
November 8, 2016	School Building	6,306	\$59,500,000	\$0	\$59,500,000
<b>Total Dollar Amount Of Authorized But Unissued Bonds:</b>				<b>\$0</b>	<b>\$59,500,000</b>

- ✓ As of fiscal year ended August 31, 2016, the District had \$7,854 within its Capital Projects Fund for projects currently in progress.
- ✓ On November 8, 2016, voters approved the District’s \$59.5 million bond program. The District anticipates the issuance of the entire 2016 Bond Program authorization on or about February 2017 to fund the proposed capital projects.

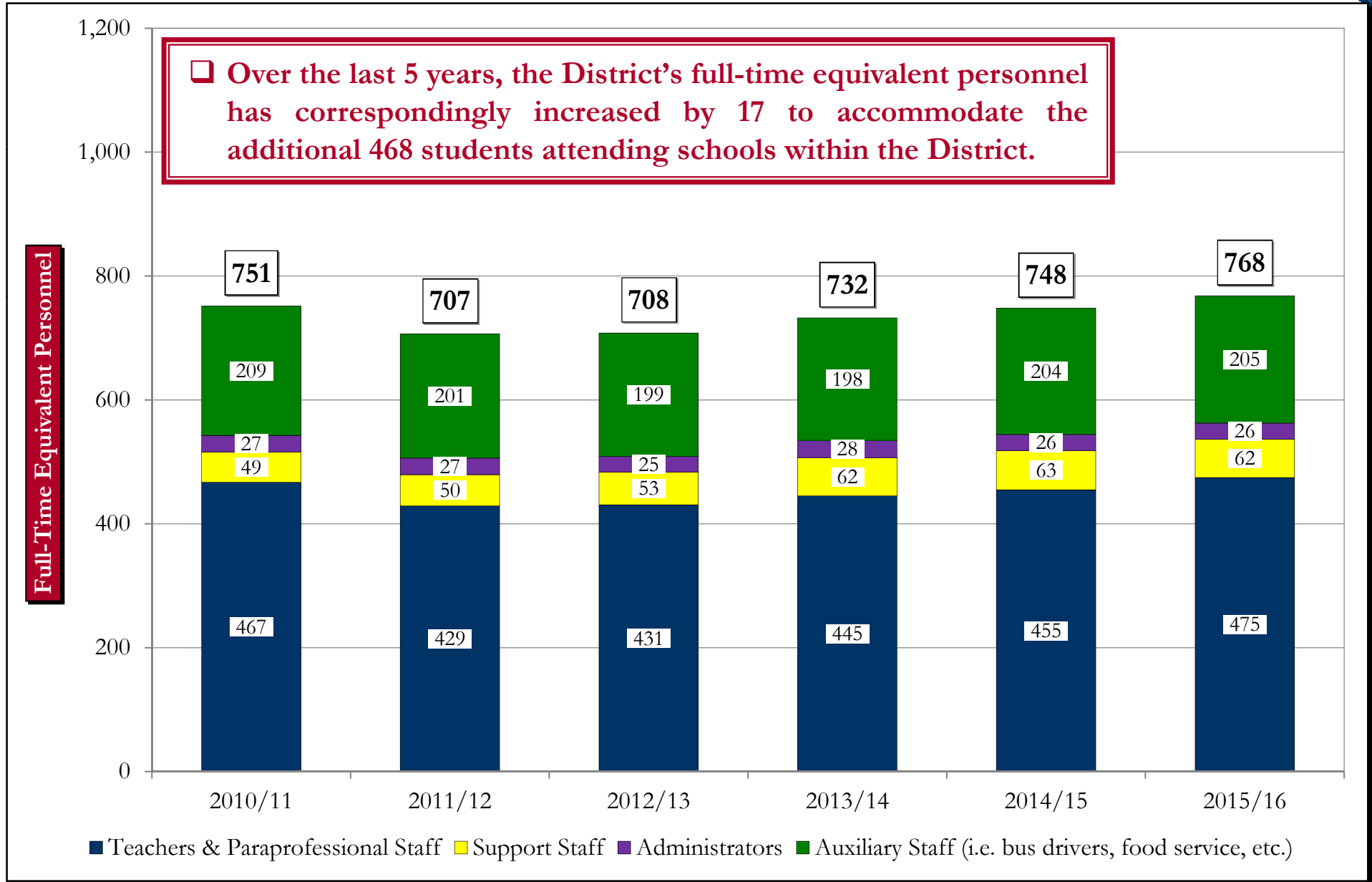


# Historical Student Enrollment



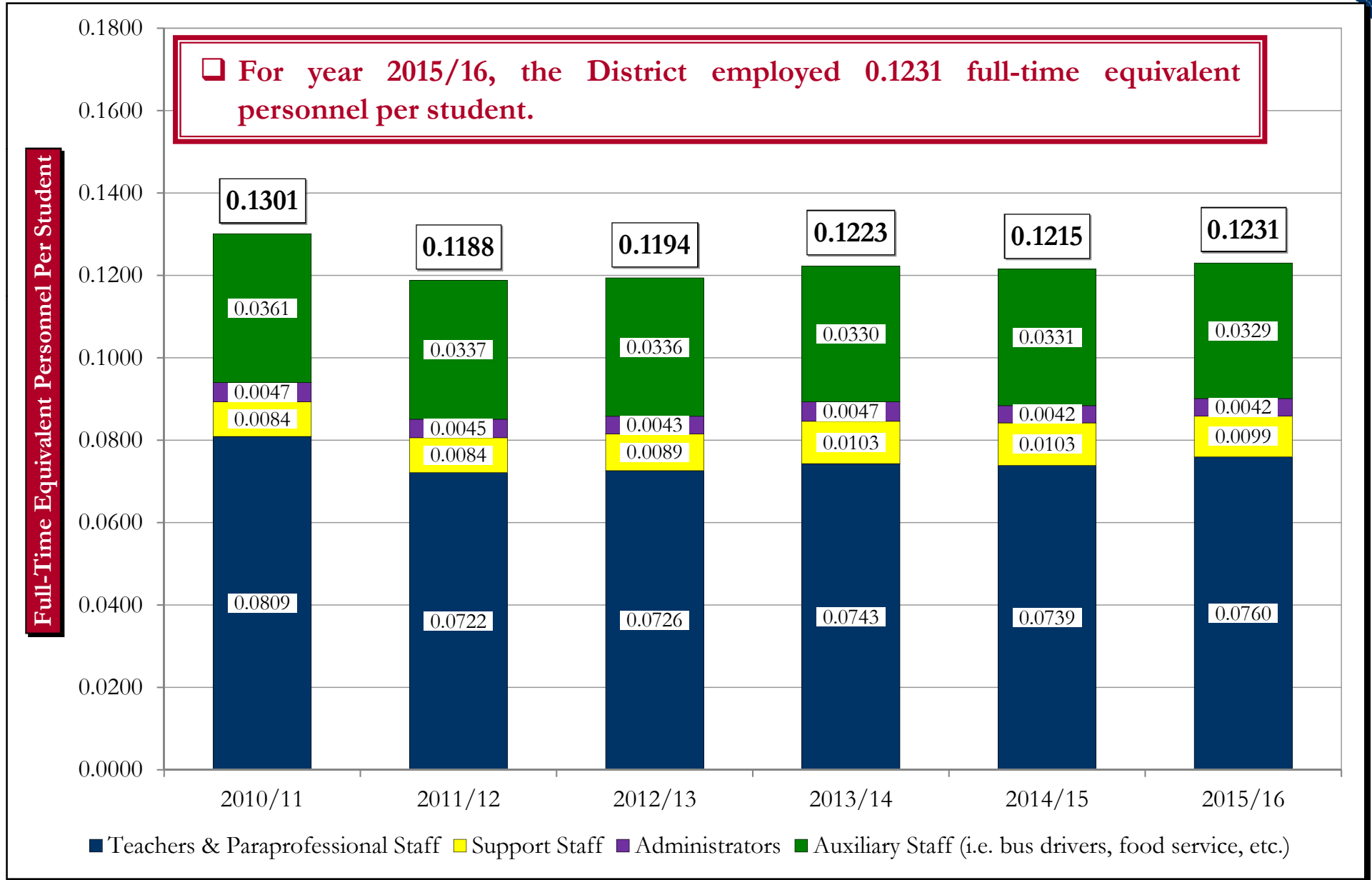


# Full-Time Equivalent Personnel



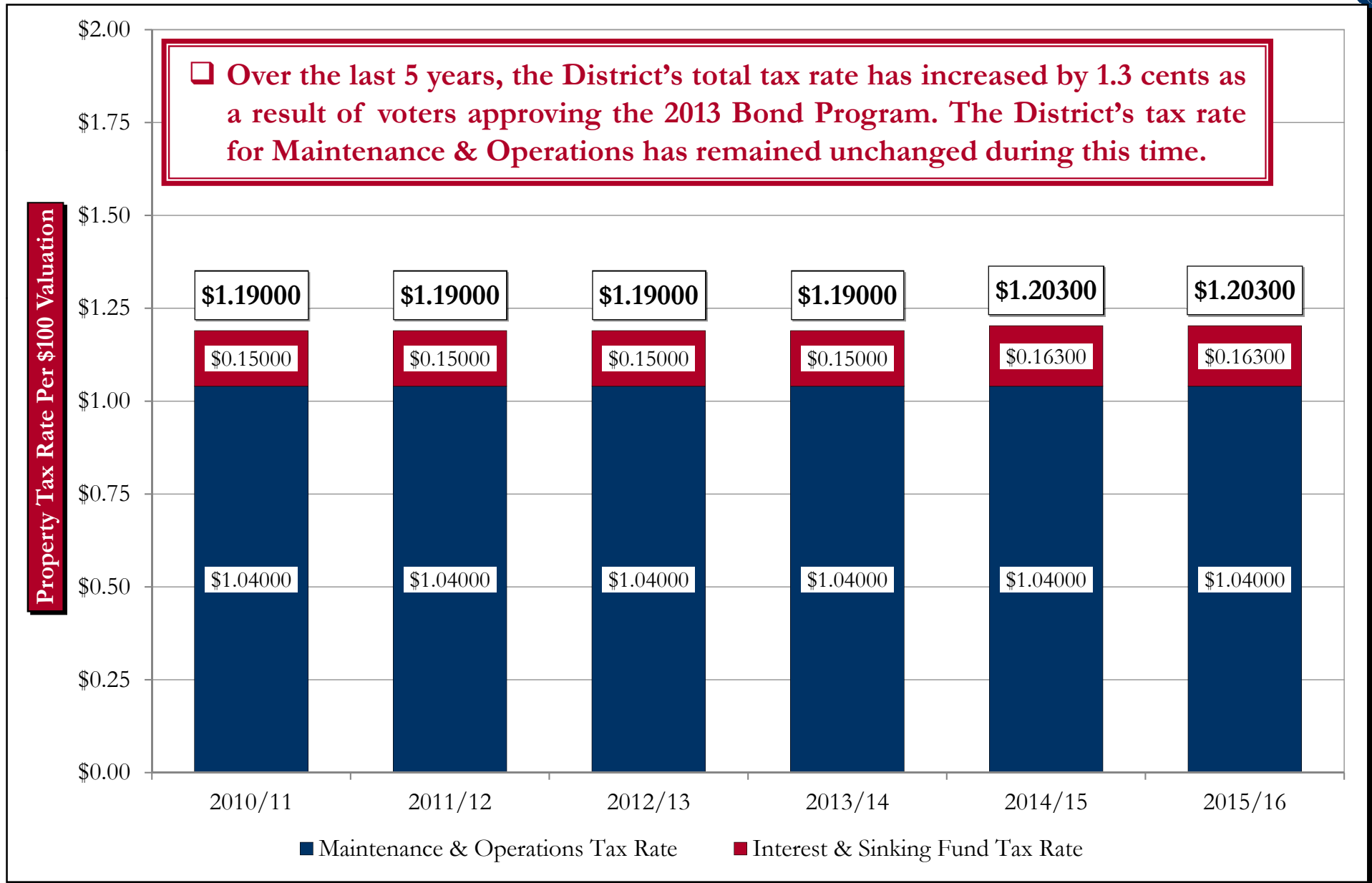


# Full-Time Equivalent Personnel Per Student





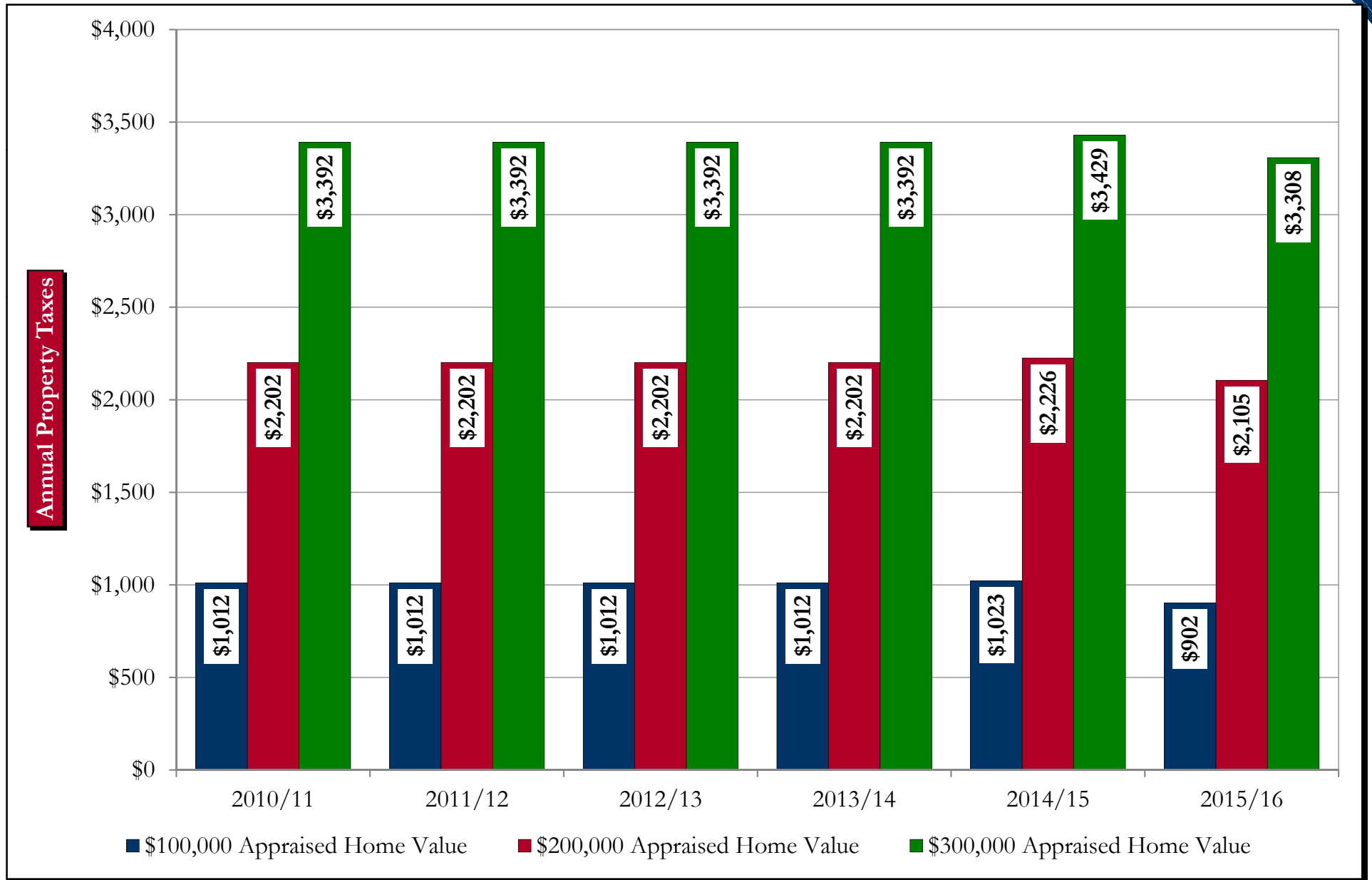
# Historical Tax Rates







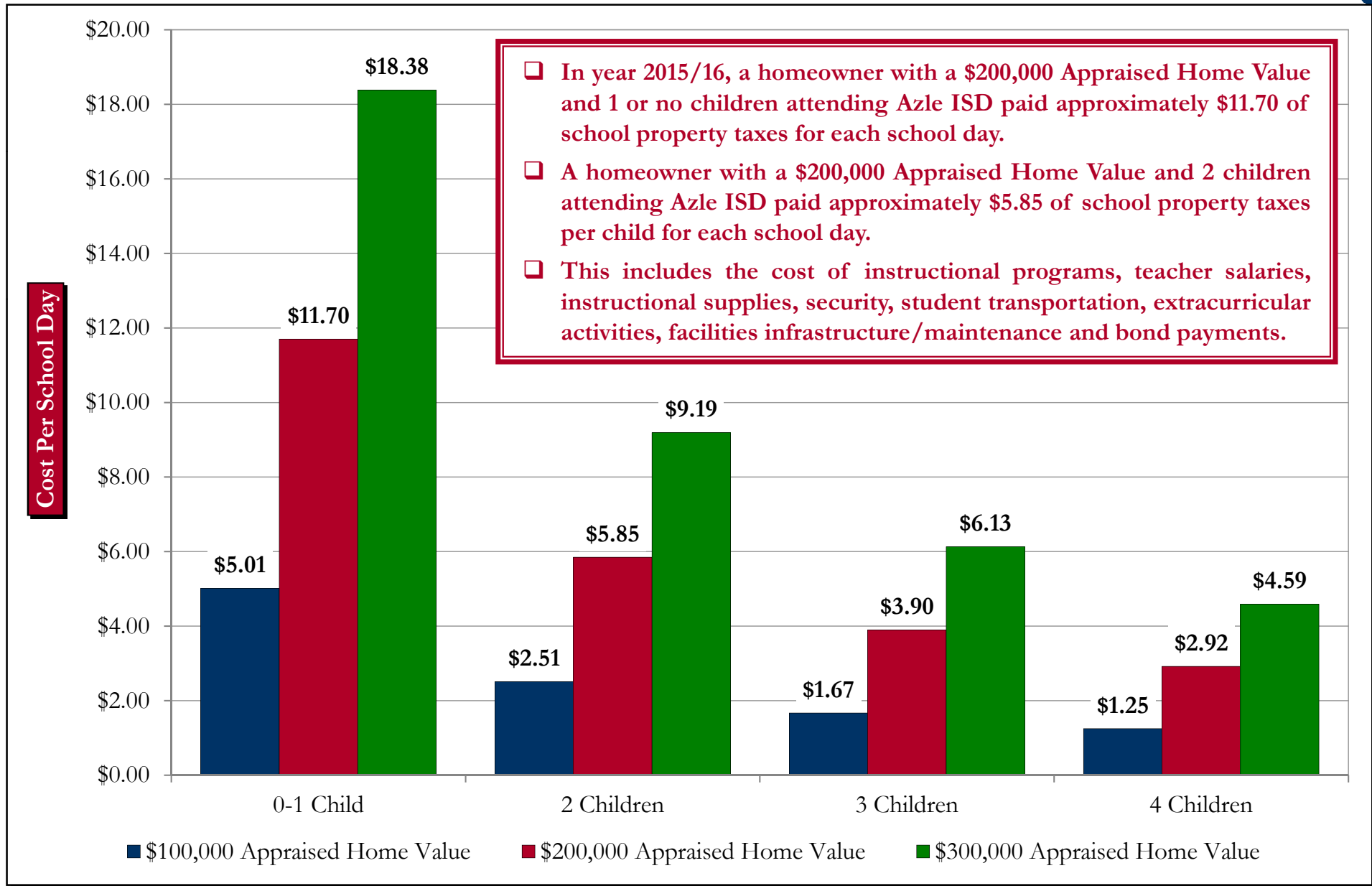
# Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



Note: Taxes are net of the State-mandated residential homestead exemption.



# Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2015/16

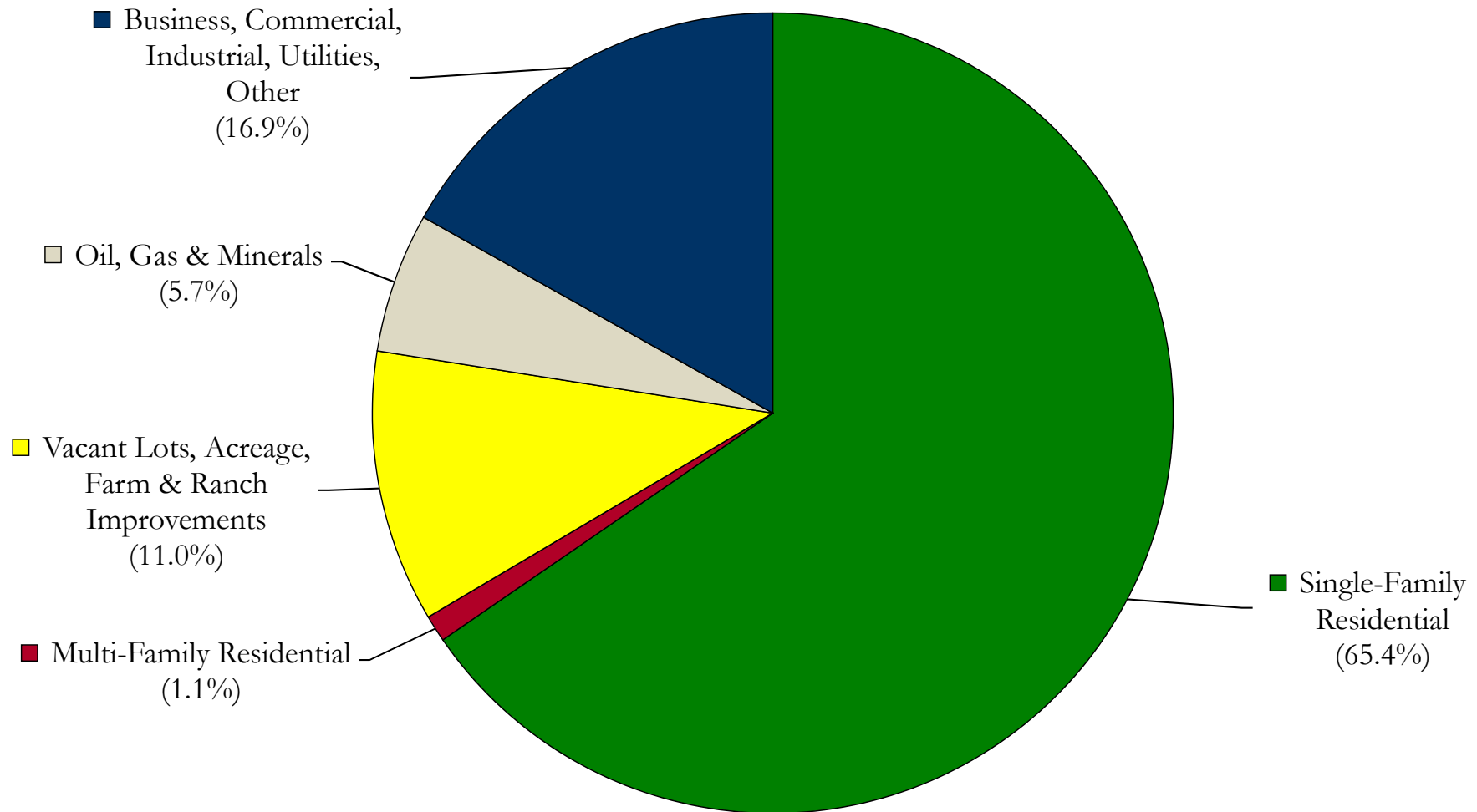


Note: Taxes are net of the \$25,000 State-mandated residential homestead exemption. Assumes a 180 school day year.



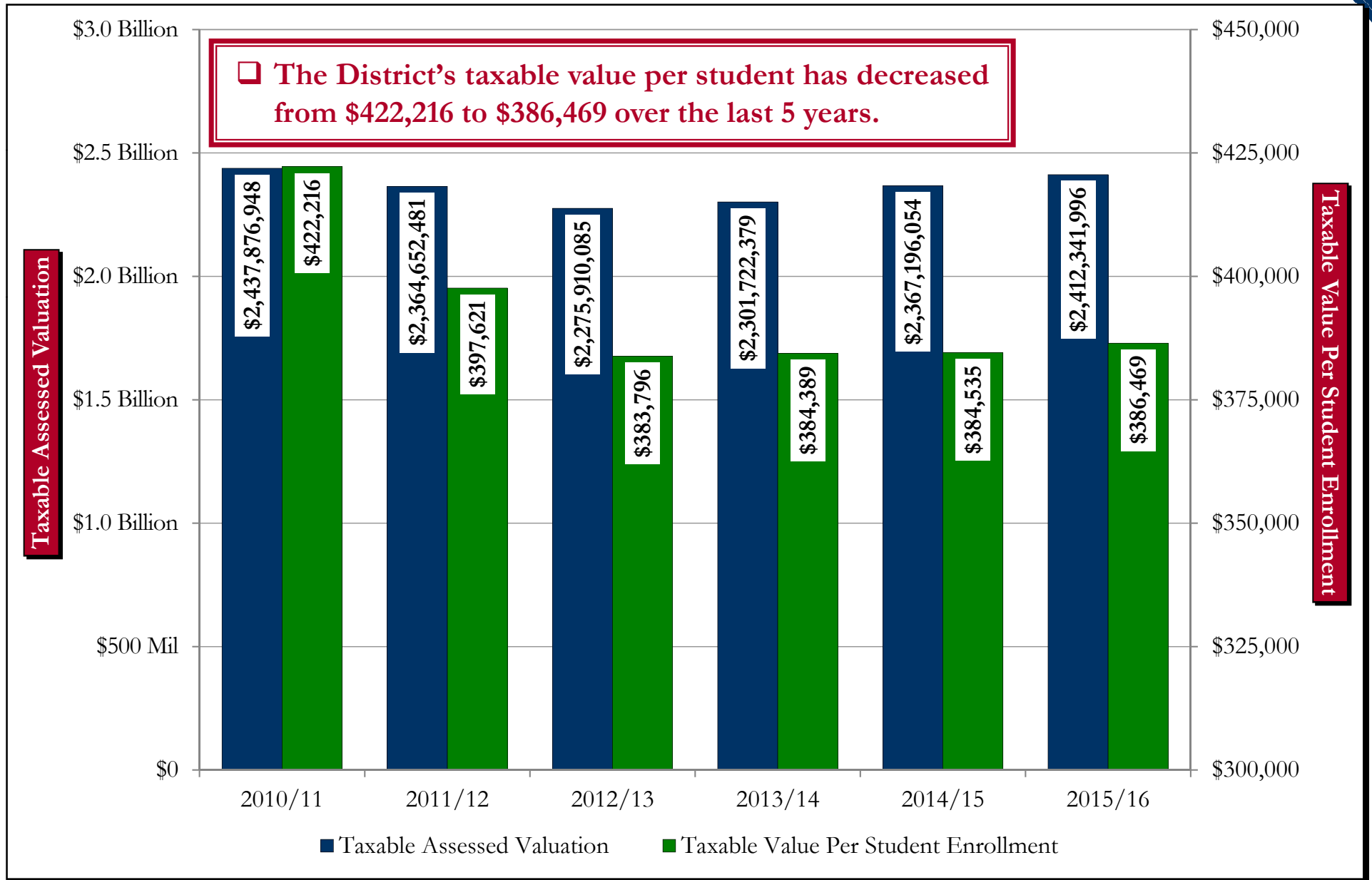
# Composition of Total Assessed Valuation – Year 2015/16

For year 2015/16, Single-Family Residential properties comprised 65.4% of the District's total assessed valuation and other property categories comprised 34.6%.





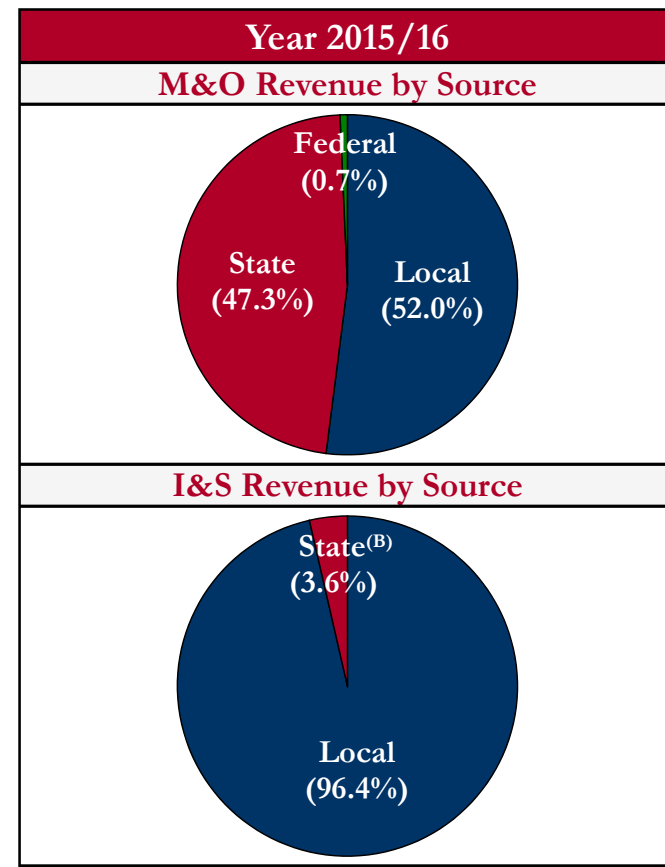
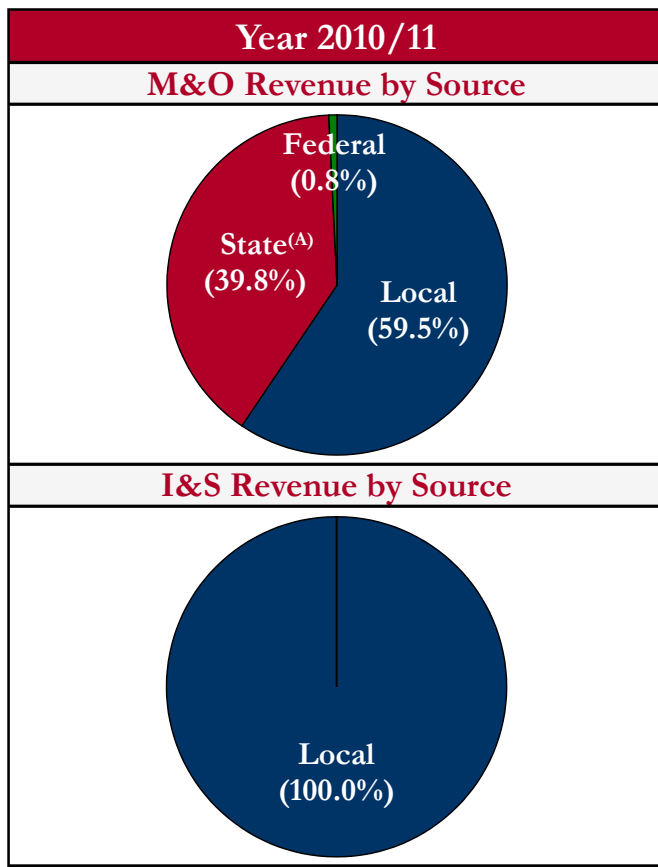
# Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





# General Fund and Debt Service Fund – Revenue By Source

- Given the State funding system is structured to provide the District with an “equalized” dollar amount per student, the decrease of the District’s taxable value per student has increased the percentage of M&O revenues received from the State from 39.8%<sup>(A)</sup> to 47.3% over the last 5 years.
- The District does not receive any facilities funding from the State for the payment of voter-approved bonds.

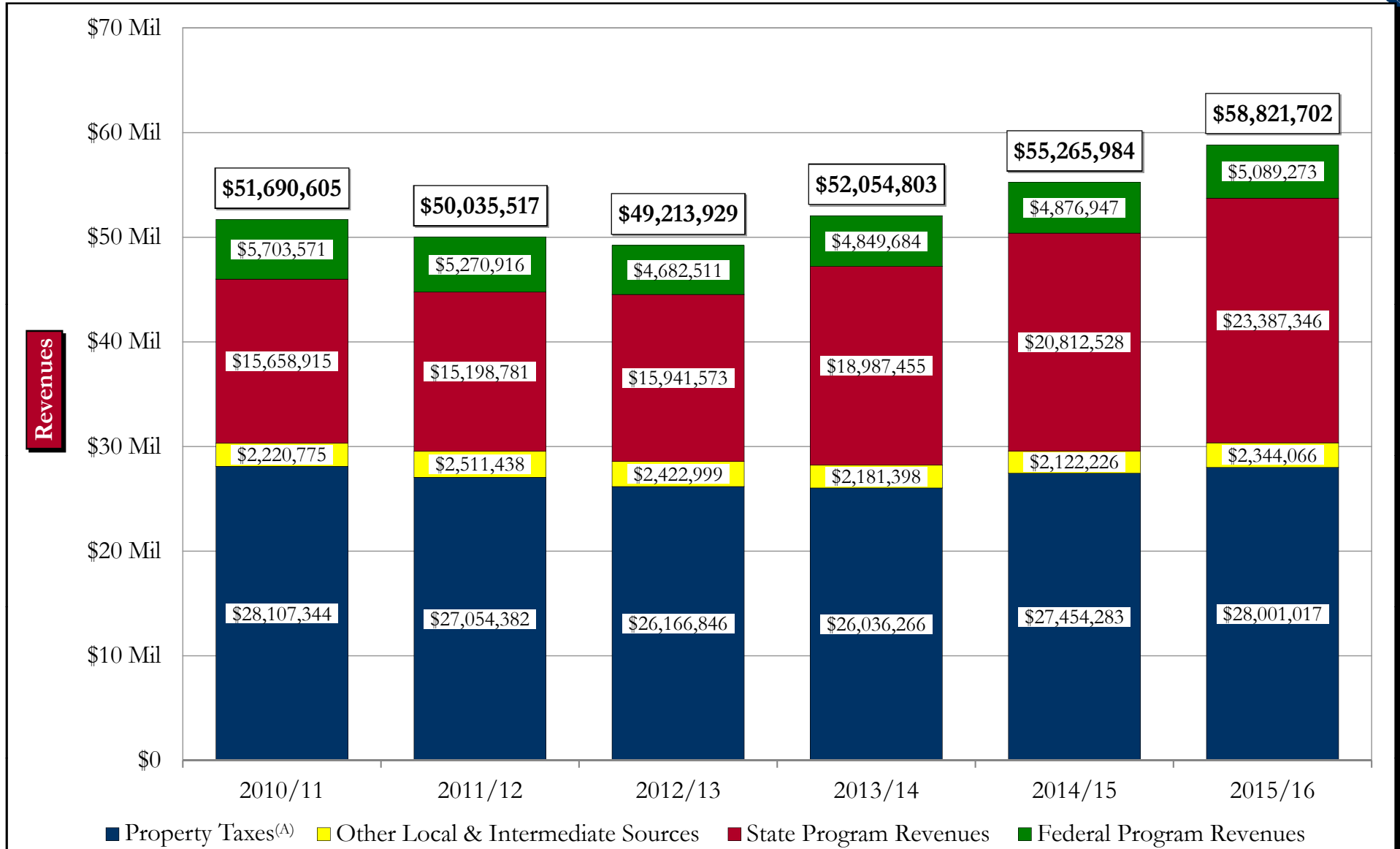


<sup>(A)</sup> Includes \$1,562,557 from the State Fiscal Stabilization Fund, distributed under the Federal American Recovery and Reinvestment Act.

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



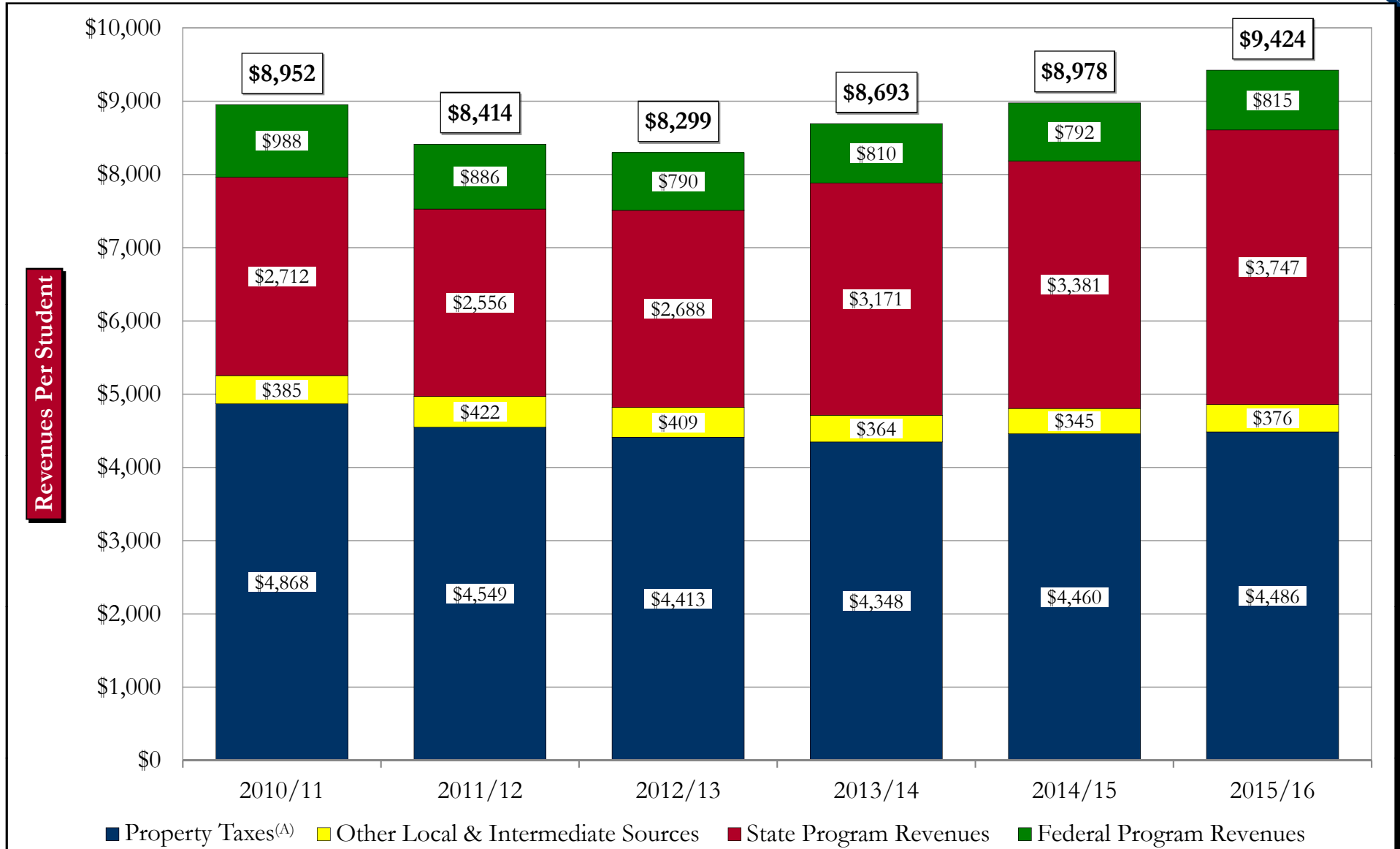
# Total Revenues (All Governmental Funds\*) By Source



<sup>(A)</sup> Includes maintenance and operation expenses and bond payments of voter-approved bonds.



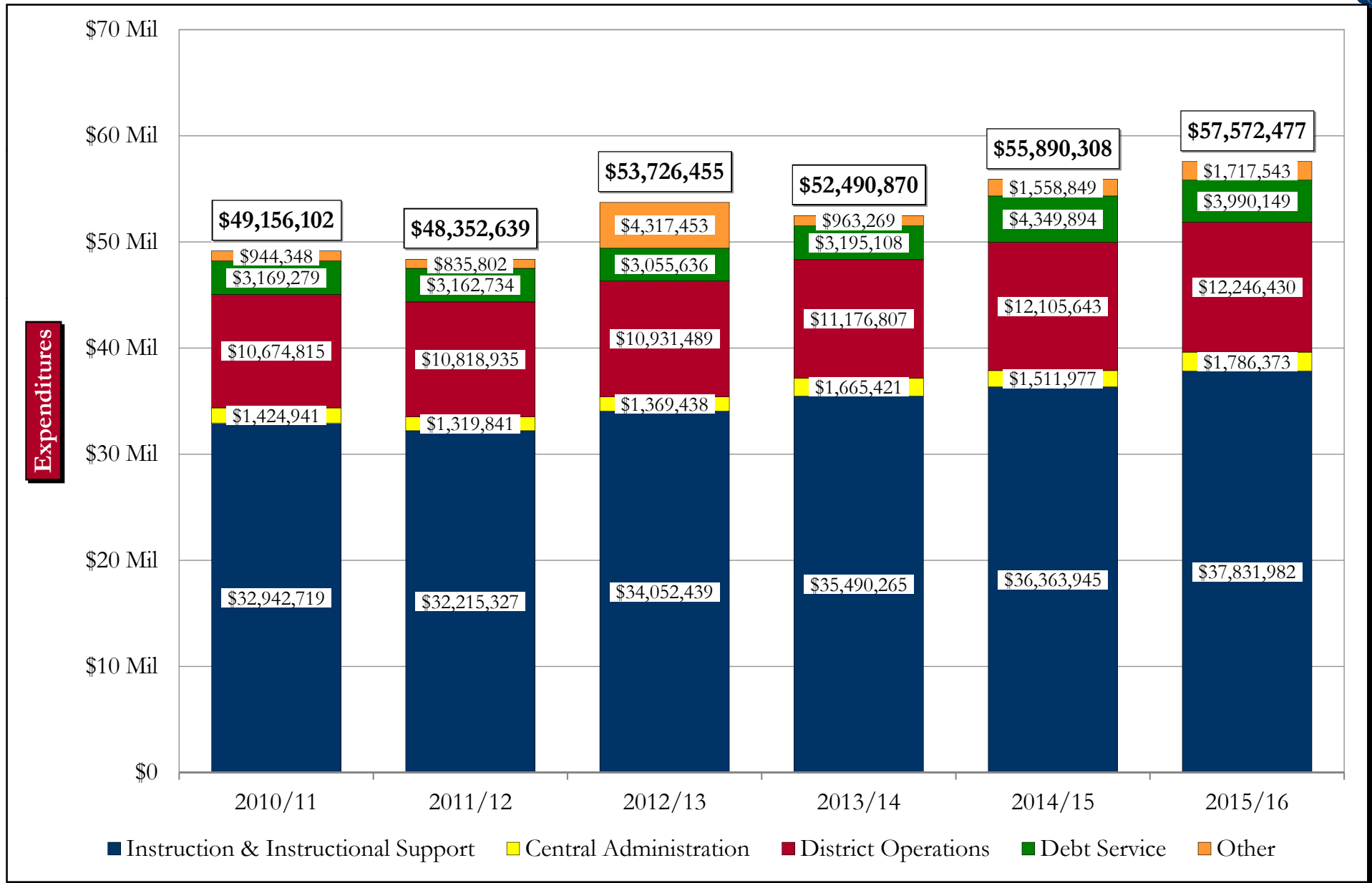
# Total Revenues (All Governmental Funds\*) Per Student



<sup>(A)</sup> Includes maintenance and operation expenses and bond payments of voter-approved bonds.



# Total Expenditures (All Governmental Funds\*) By Source

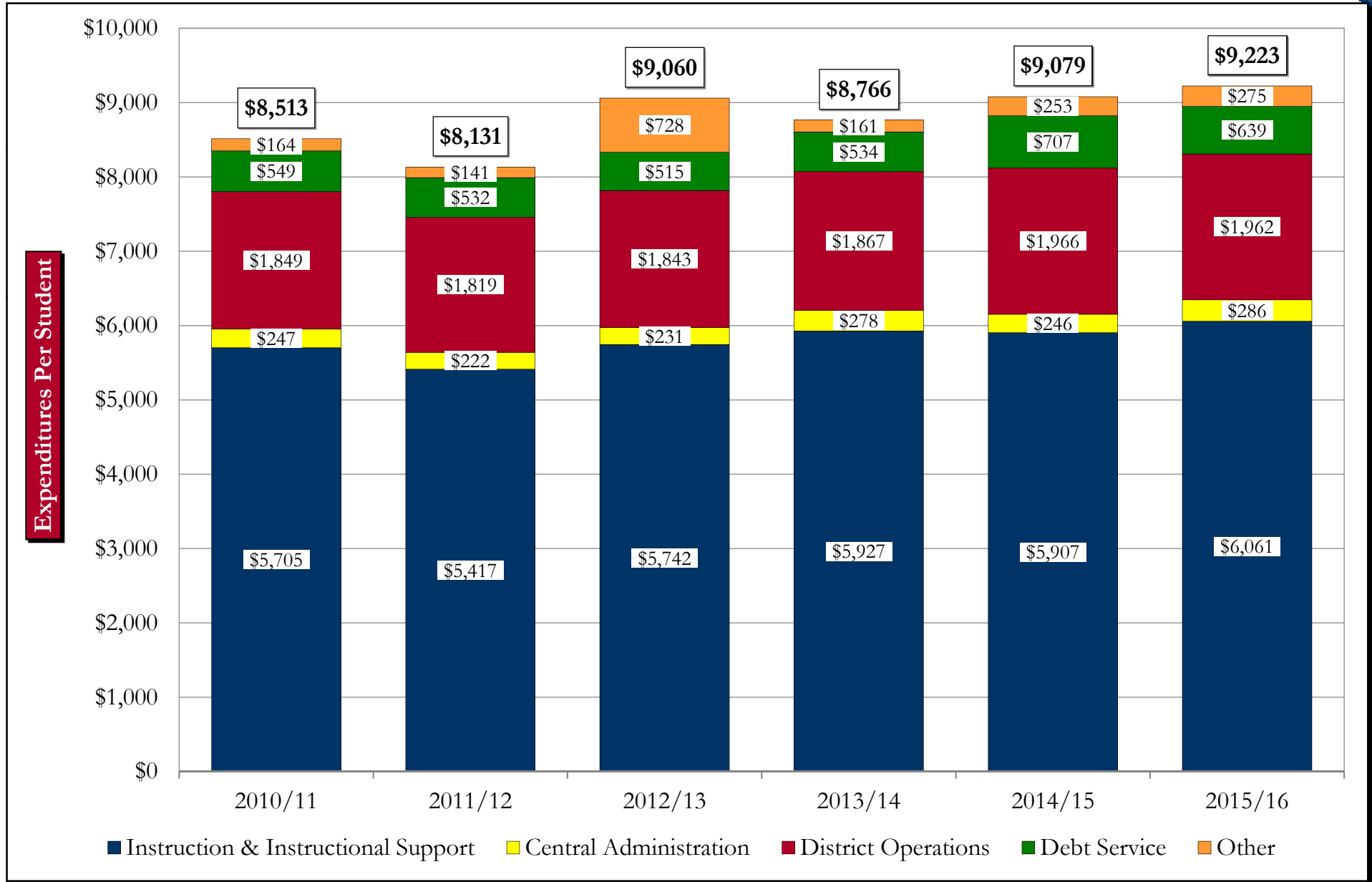


\*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.





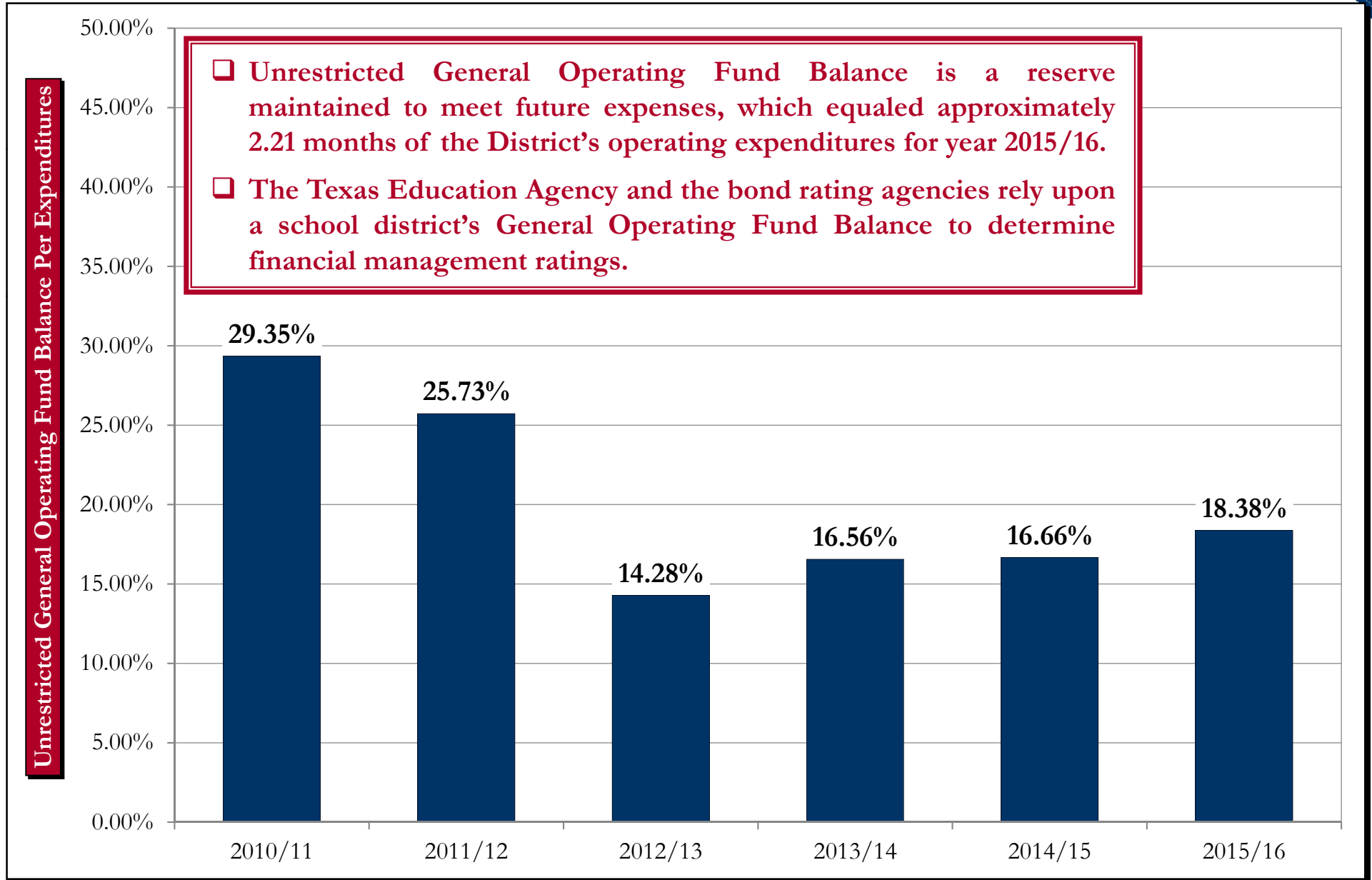
# Total Expenditures (All Governmental Funds\*) Per Student



\*Excludes Capital Projects Fund. Source: District's Audited Financial Statements, Texas Education Agency - PEIMS and District records.

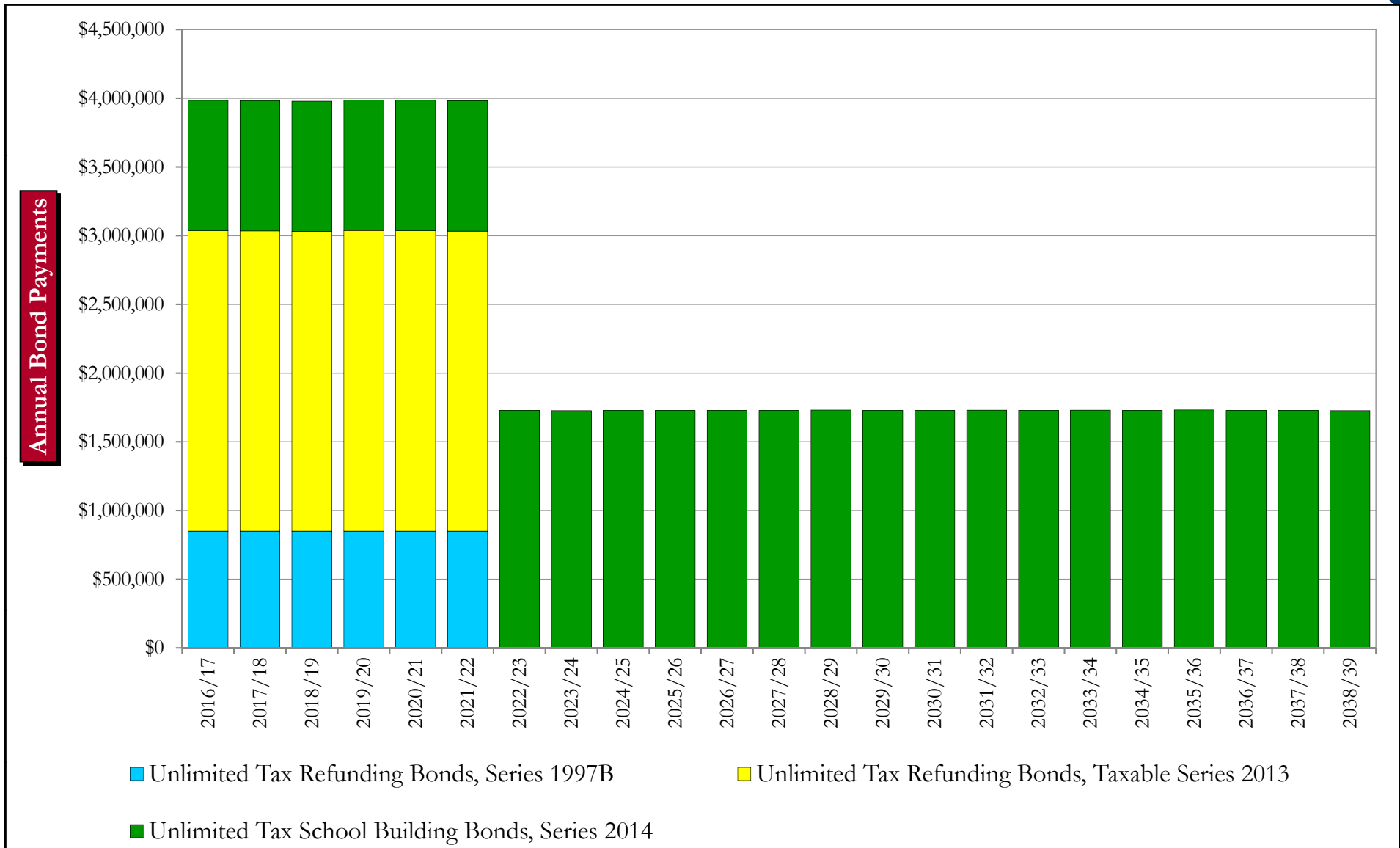


# Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





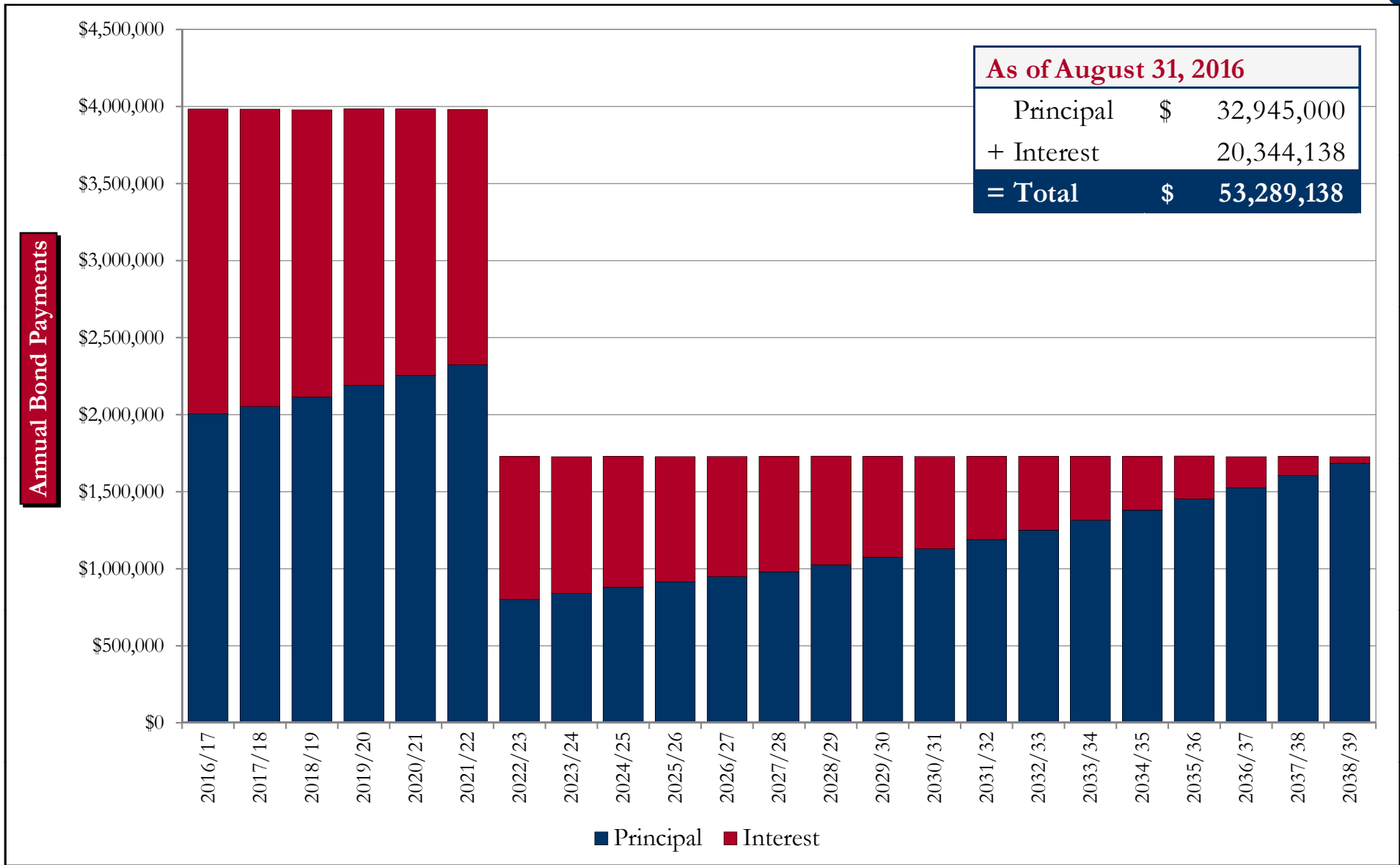
# ☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



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



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



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



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

- ❑ Azle ISD has implemented 2 bond refunding programs to reduce the cost of voter-approved bonds – Which have generated more than \$2.8 million of savings for District taxpayers in recent years.

## Summary of Interest Cost Savings – Bond Refunding Programs

<b>Issue</b>	<b>Series Refunded</b>	<b>Principal Amount Refunded</b>	<b>Total Savings</b>
Unlimited Tax Refunding Bonds, Series 2005	1997A, 1997C	\$ 26,700,000	\$ 1,803,107
Unlimited Tax Refunding Bonds, Taxable Series 2013	2005	13,670,000	1,054,511
<b>Totals</b>	<b>---</b>	<b>\$ 40,370,000</b>	<b>\$ 2,857,618</b>

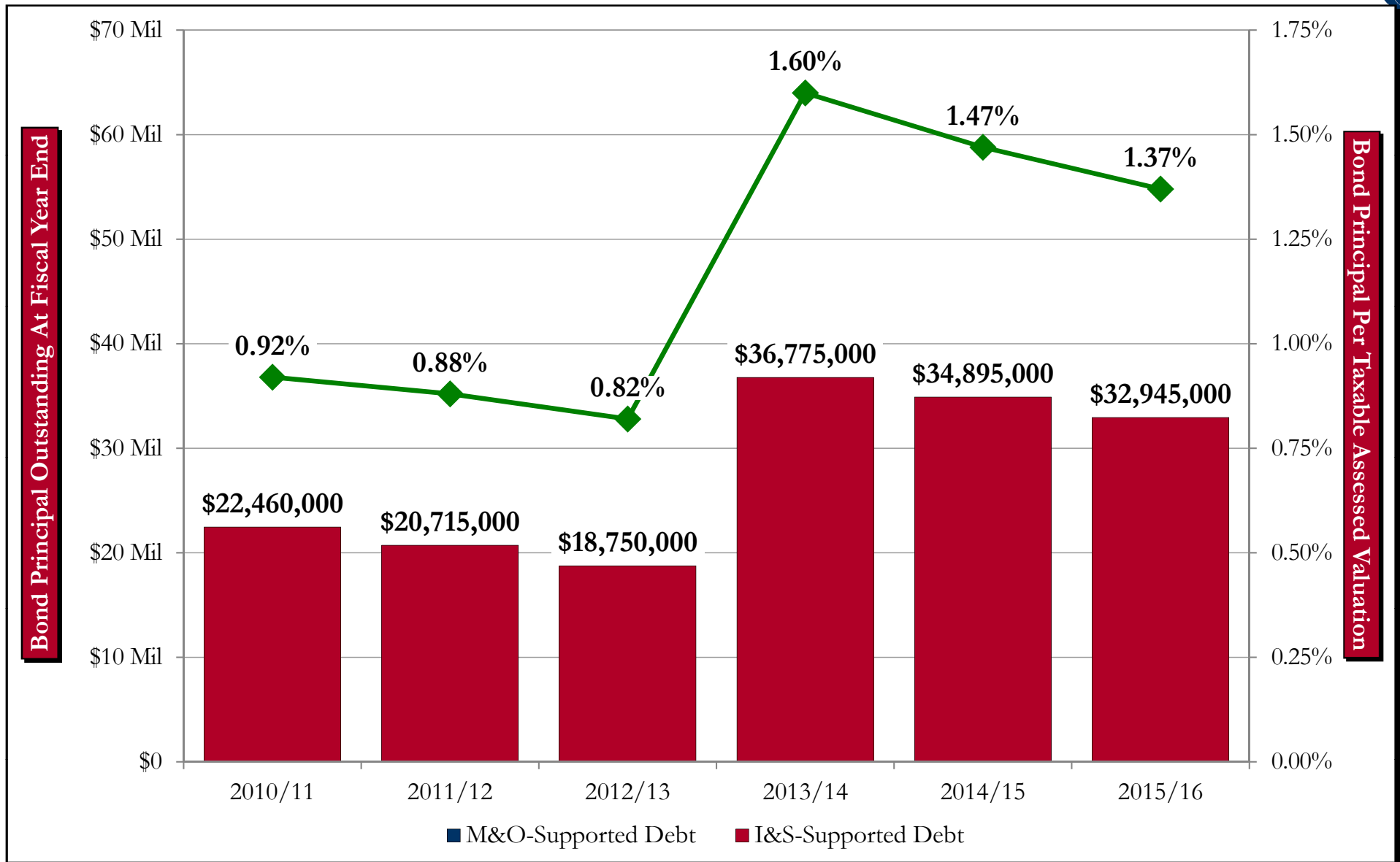


# ☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2016

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 1997B	Refunding at a lower interest rate, etc.	\$5,325,000.00	\$1,290,000.00	\$5,100,000.00	\$32.68	\$129.22	02/15/2022	\$5,521,592.75	\$5,521,592.75	\$0.00
2	Unlimited Tax Refunding Bonds, Taxable Series 2013	Refunding at a lower interest rate, etc.	\$13,490,000.00	\$11,655,000.00	\$13,107,900.00	\$295.30	\$332.11	02/15/2022	\$14,815,130.93	\$14,815,130.93	\$0.00
3	Unlimited Tax School Building Bonds, Series 2014	Capital Improvements	\$20,000,000.00	\$20,000,000.00	\$35,081,237.50	\$506.74	\$888.85	02/15/2039	\$21,776,370.60	\$21,768,516.60	\$7,854.00



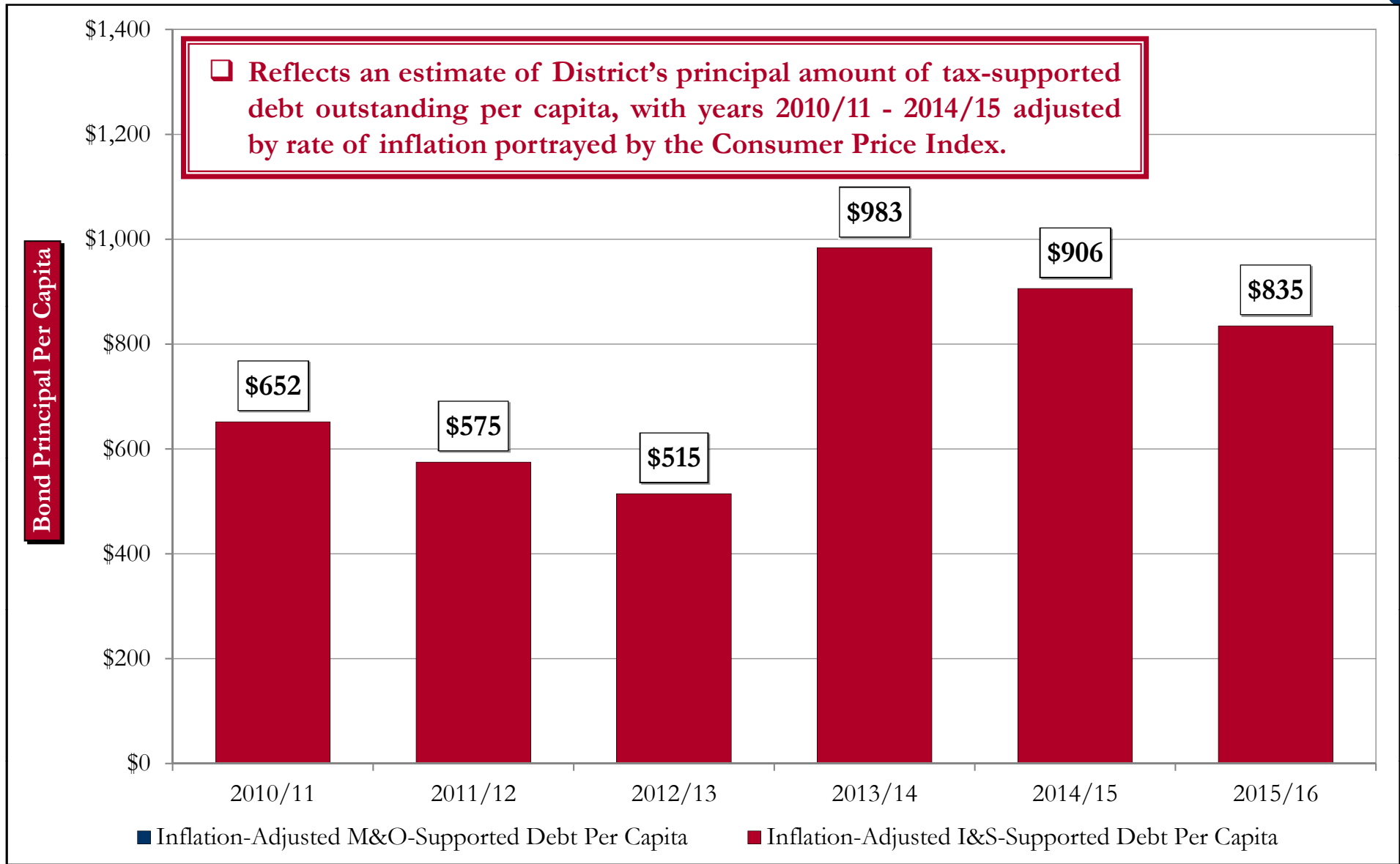
# Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



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



# Inflation-Adjusted Tax-Supported Debt Per Capita

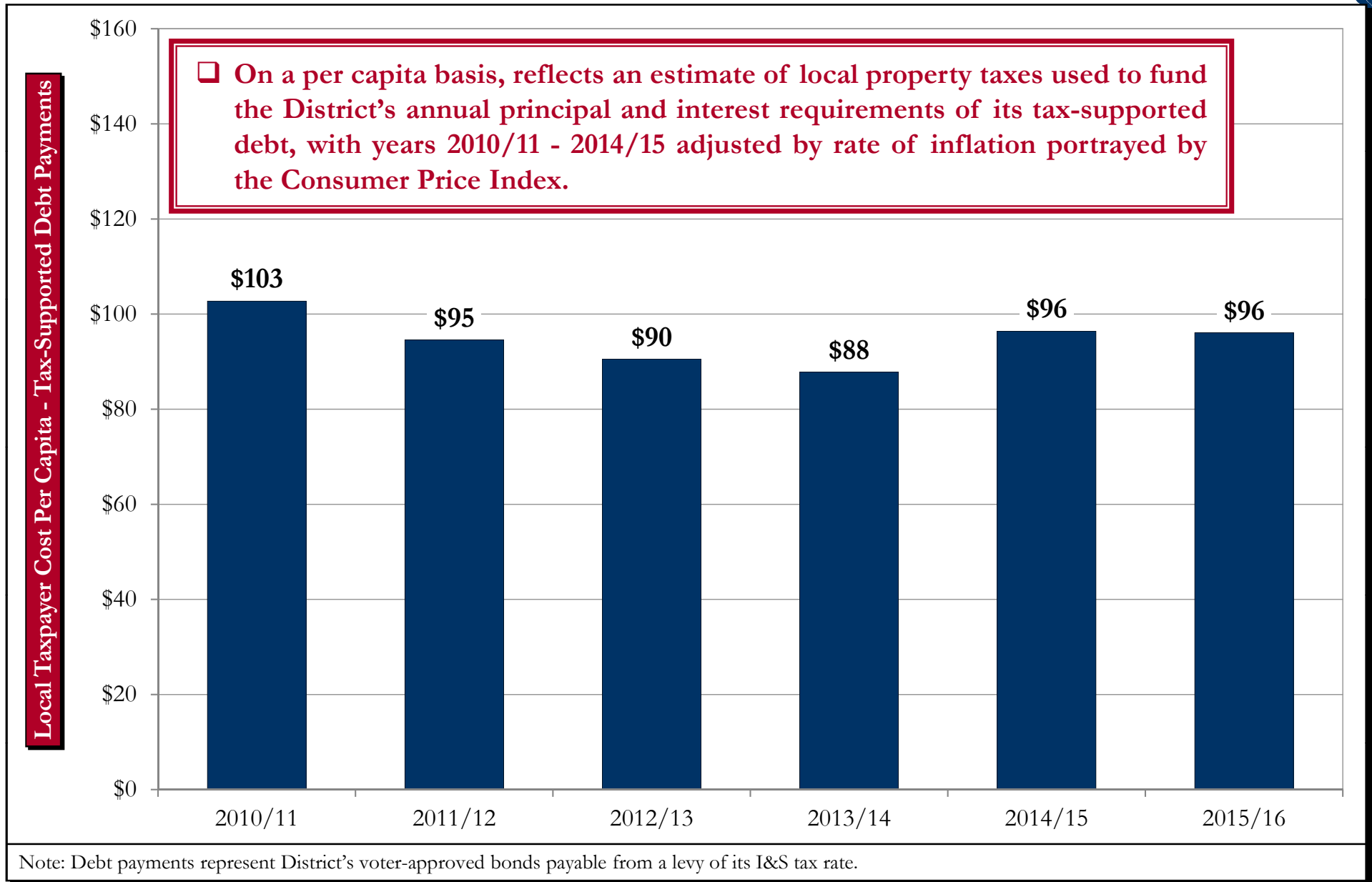


Note: The District has no outstanding debt payable from M&O taxes.





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





## Contact Information and Links to Additional Resources

### Main Office Contact Information:

Physical and Mailing Address:

300 Roe Street  
Azle, Texas 76020

Phone: (817) 444-3235

Fax: (817) 444-6866

### For additional information regarding this report, please contact:

Ms. Monica Miller

Director of Finance

Phone: (817) 444-0805

Email: [mmiller@azleisd.net](mailto:mmiller@azleisd.net)

### Links to Additional Resources:

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

[http://www.brb.state.tx.us/local\\_debt\\_search.aspx](http://www.brb.state.tx.us/local_debt_search.aspx)