



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended August 31, 2020

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on February 26, 2021.



☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Stephenville 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 98 out of a possible 100 points.
 - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as S&P Global Ratings, that evaluate the District’s financial strength and its ability to pay its existing bonds.
 - ✓ **S&P Global Ratings:** Assigns a “AA-” credit rating to the District, defined as “Having a very strong capacity to meet its financial commitments. It differs from the highest rating only to a small degree.”

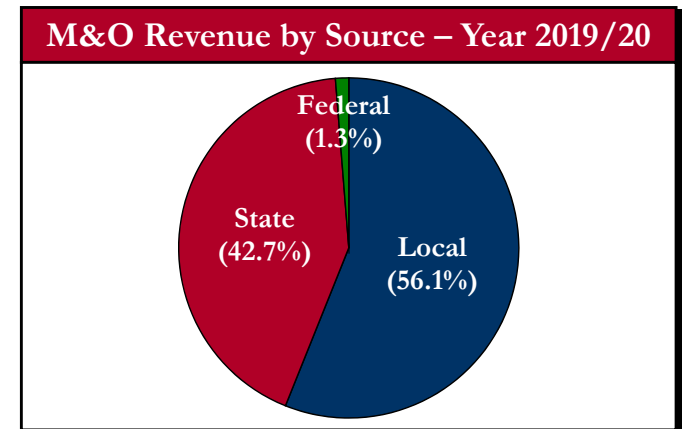


Overview of State Funding System

❑ **State Funding System – Where Do the District’s Revenues Come From:** Stephenville 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 Erath 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 3, 2015, 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. For year 2018/19, the District lowered its maintenance and operations tax rate from \$1.17 to \$1.06. 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

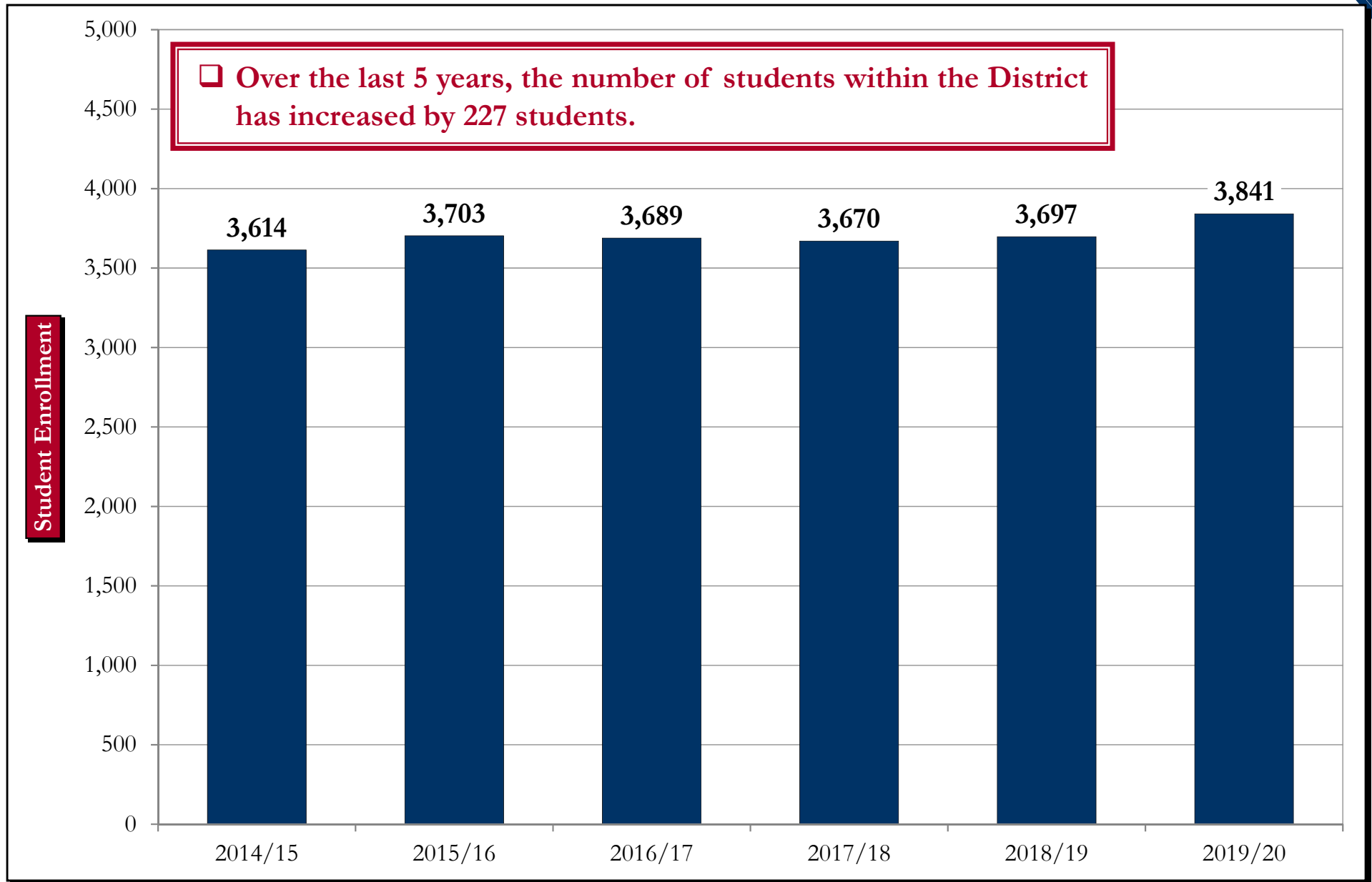
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s bond programs approved by voters over the last 20 years:

District’s Historical Bond Elections Approved By Voters				
Election Date	Purpose	Student Enrollment	Election Amount	Dollar Amount Of Bonds Remaining To Be Issued
May 12, 2012	School Building	3,587	\$24,000,000	\$0
May 5, 2018	School Building	3,670	\$60,800,000	\$0
Total Dollar Amount Of Authorized But Unissued Bonds - As of August 31, 2020:				\$0

- ✓ As of fiscal year ended August 31, 2020, the District had \$26,599,424 within its Capital Projects Fund for existing/future projects.

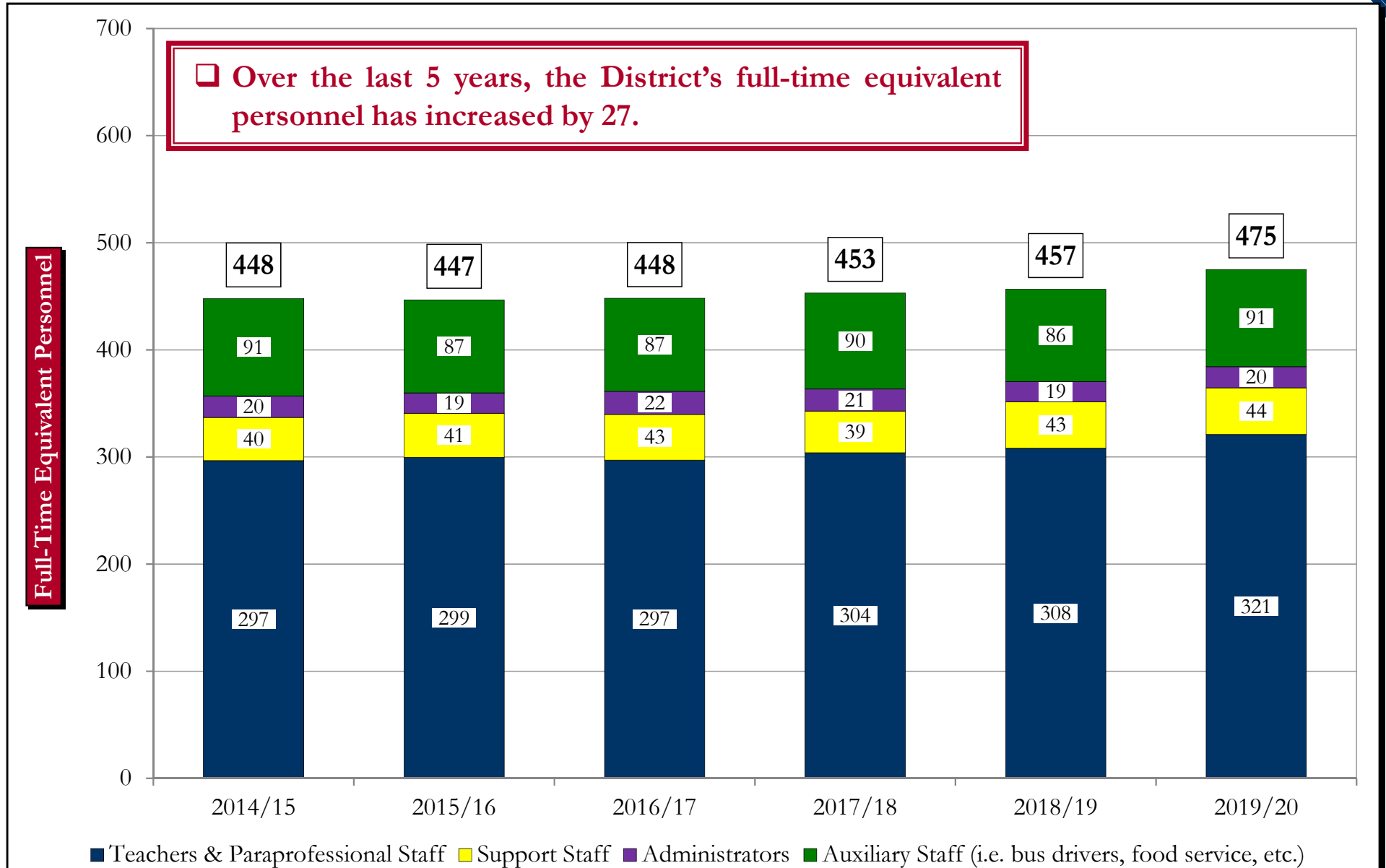


Historical Student Enrollment





Full-Time Equivalent Personnel



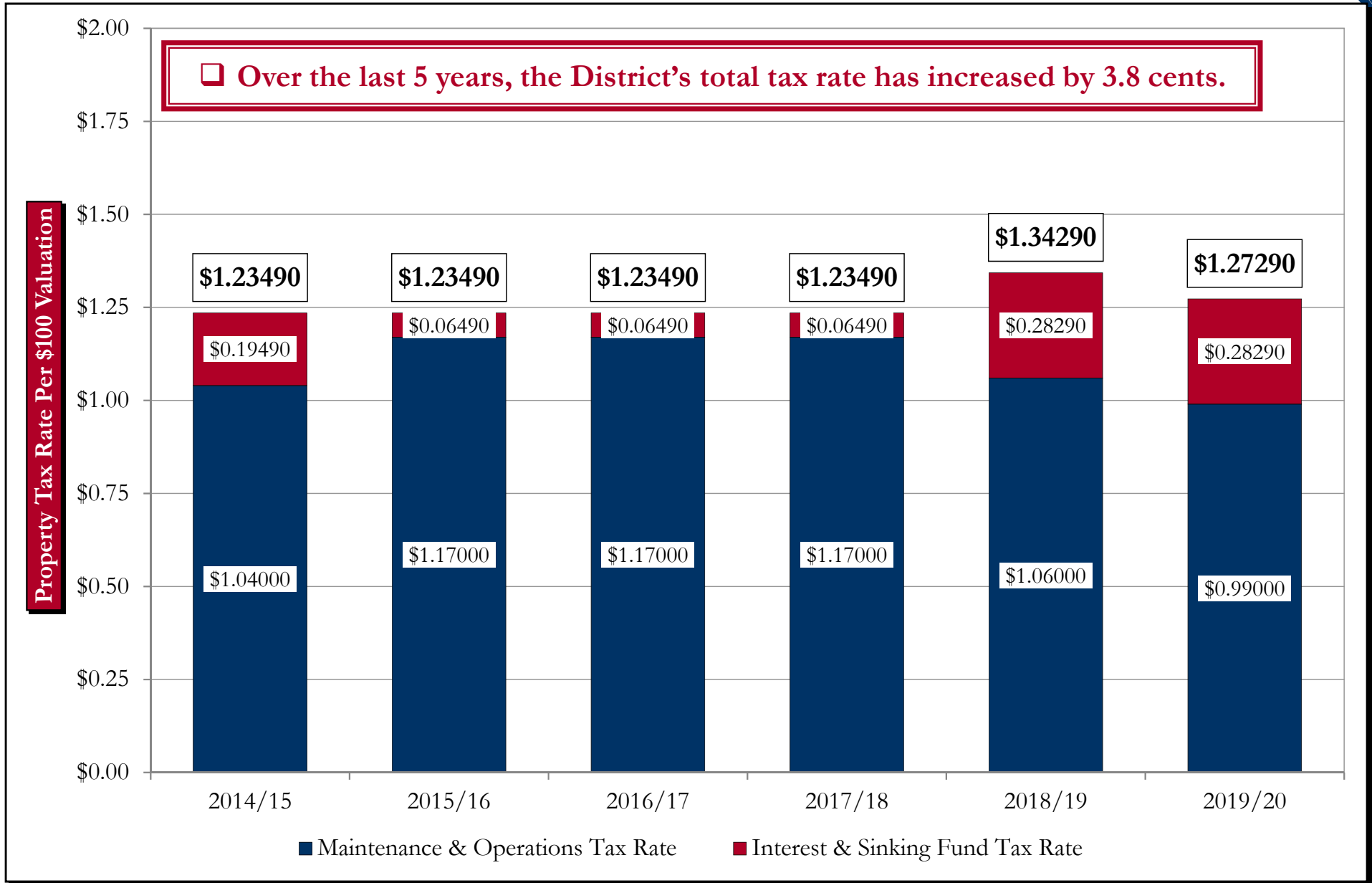


Full-Time Equivalent Personnel Per Student



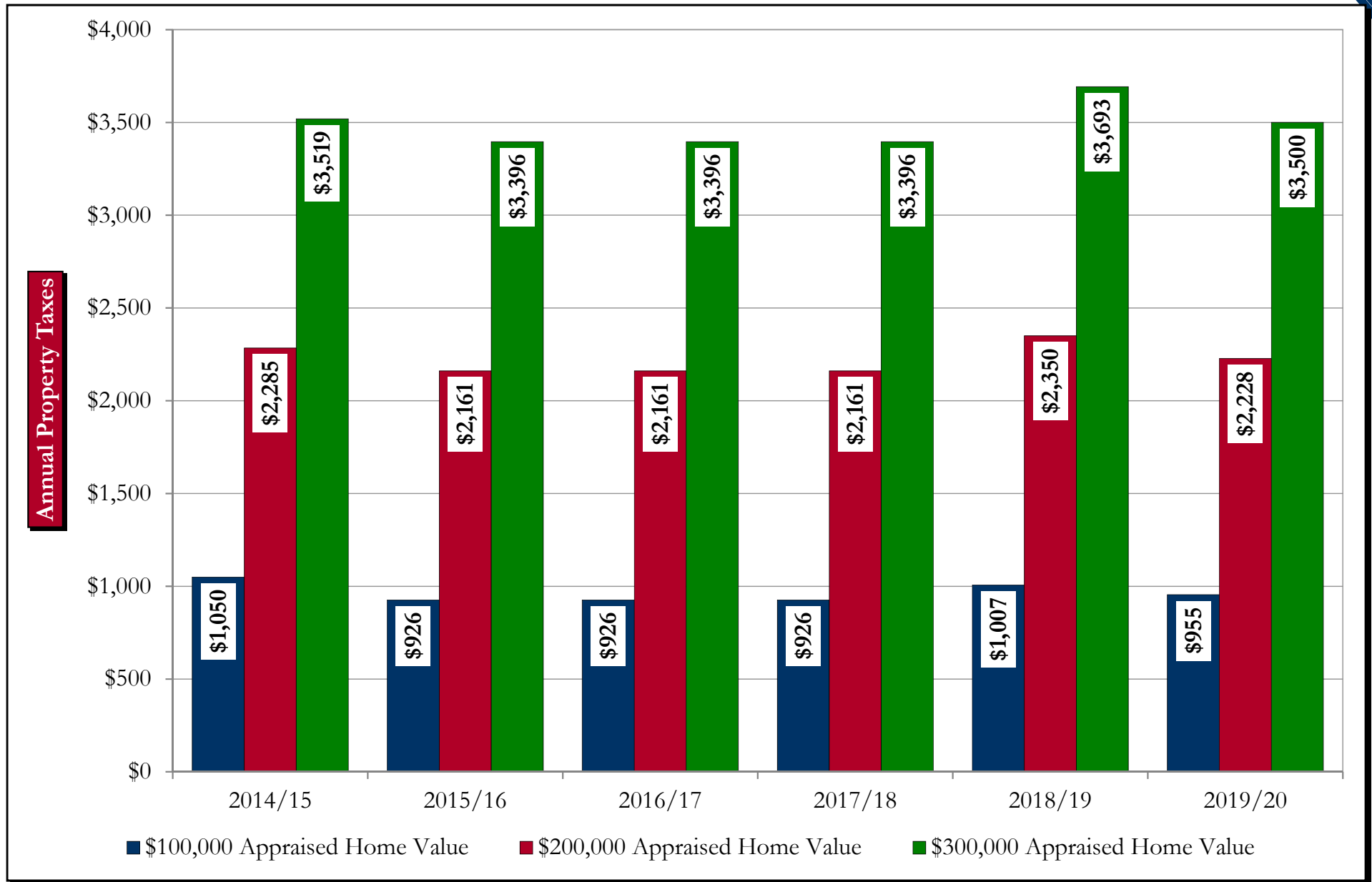


Historical Tax Rates





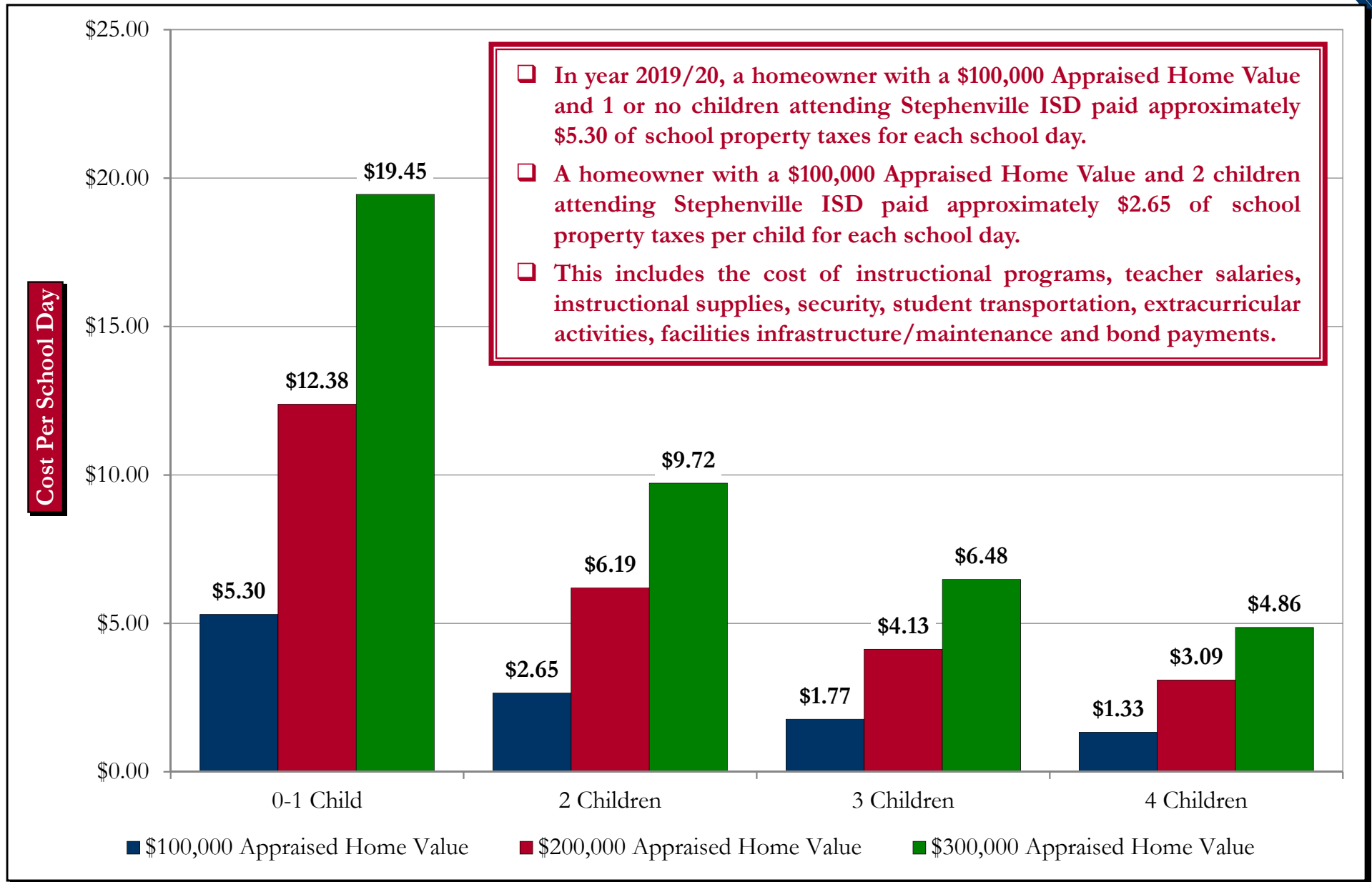
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



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



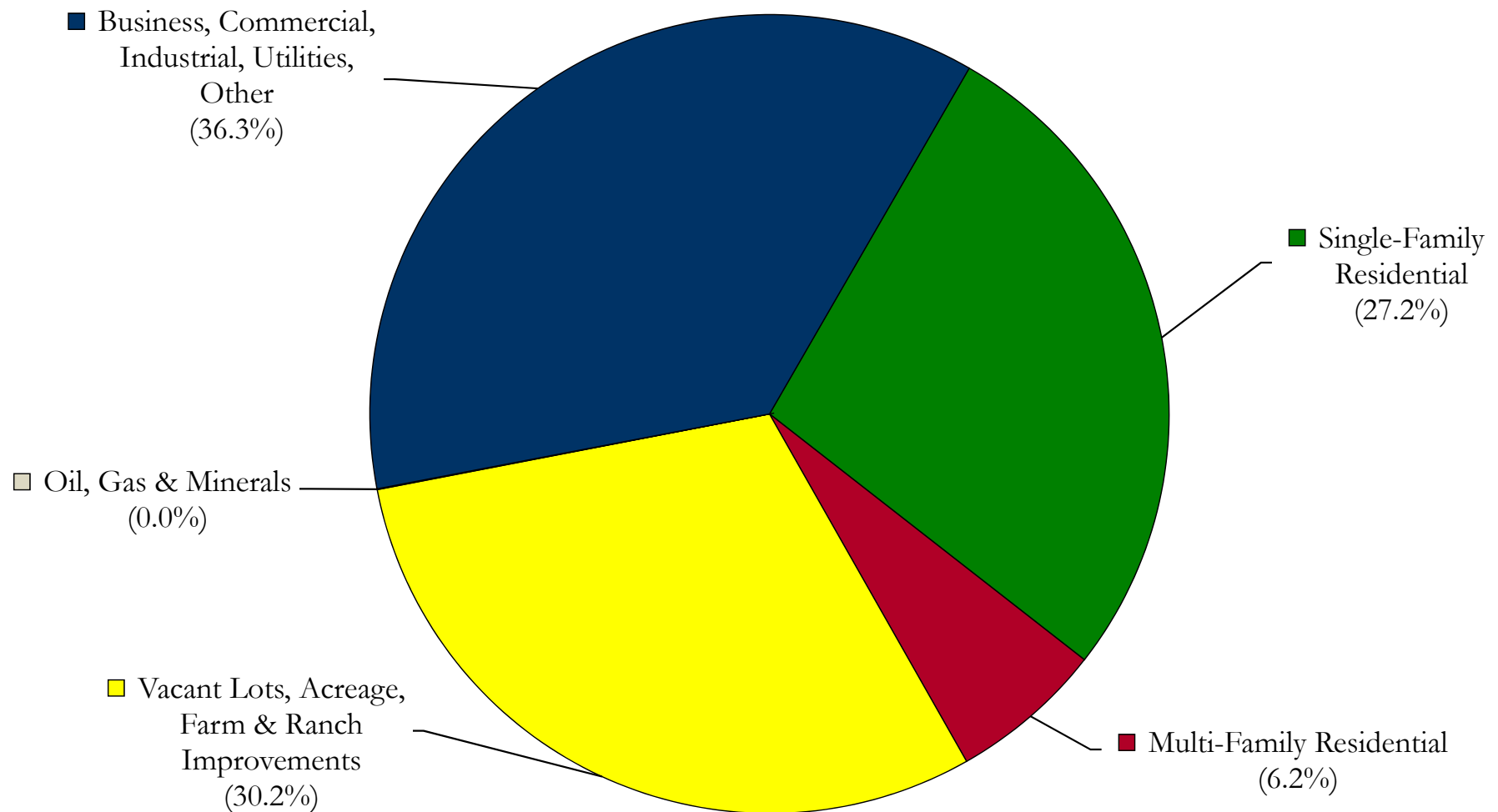
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2019/20





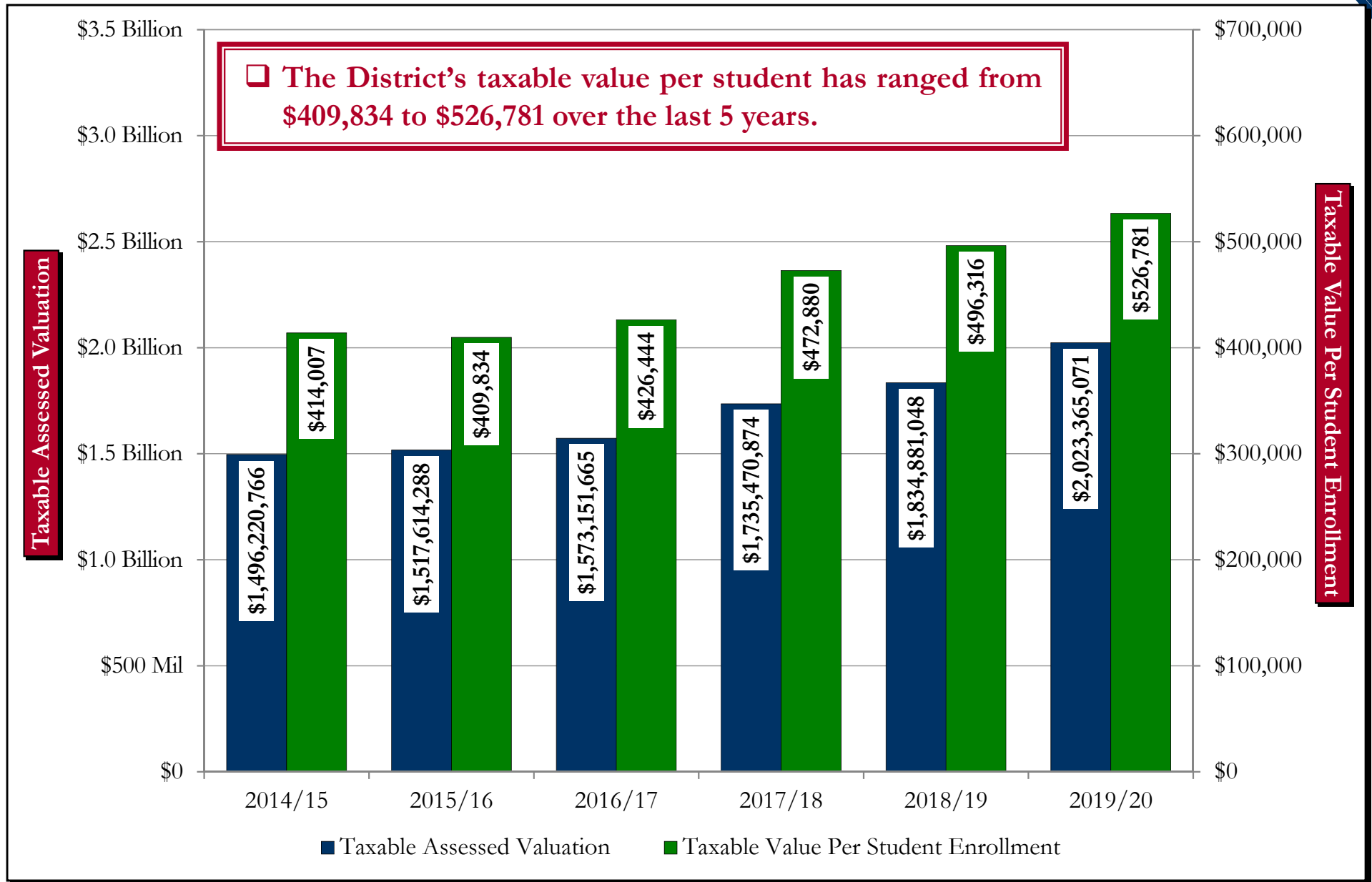
Composition of Total Assessed Valuation – Year 2019/20

For year 2019/20, Single-Family Residential properties comprised 27.2% of the District's total assessed valuation and other property categories comprised 72.8%.





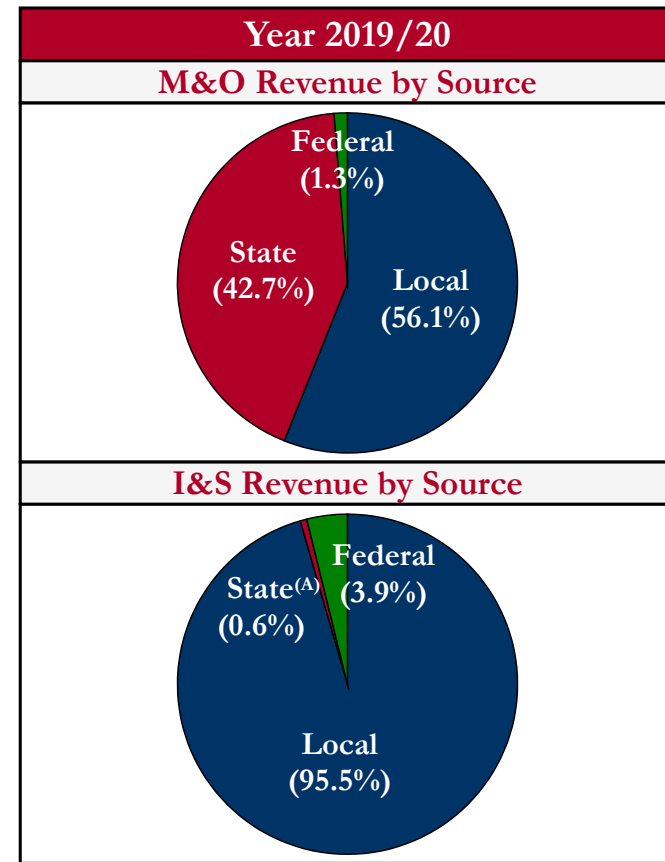
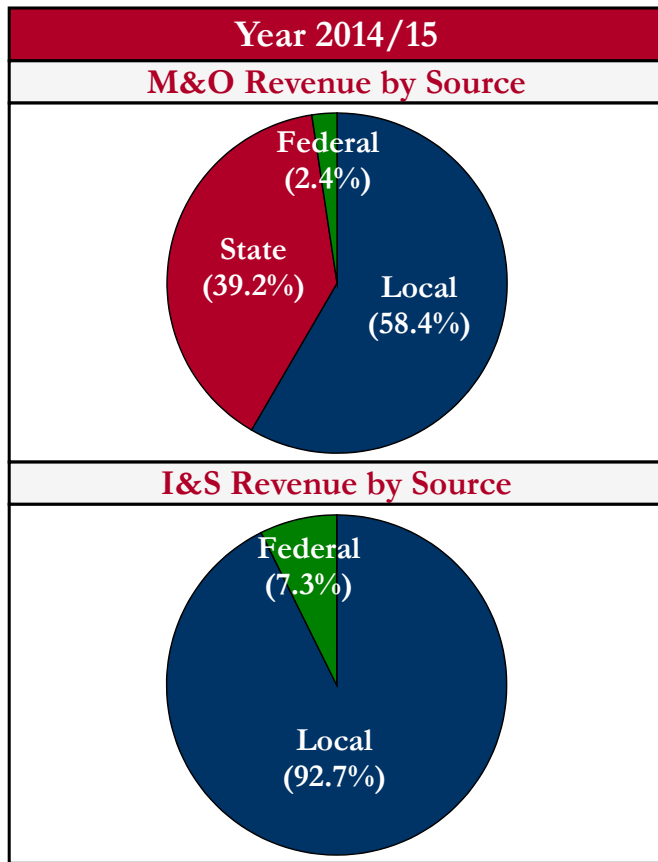
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





General Fund and Debt Service Fund – Revenue By Source

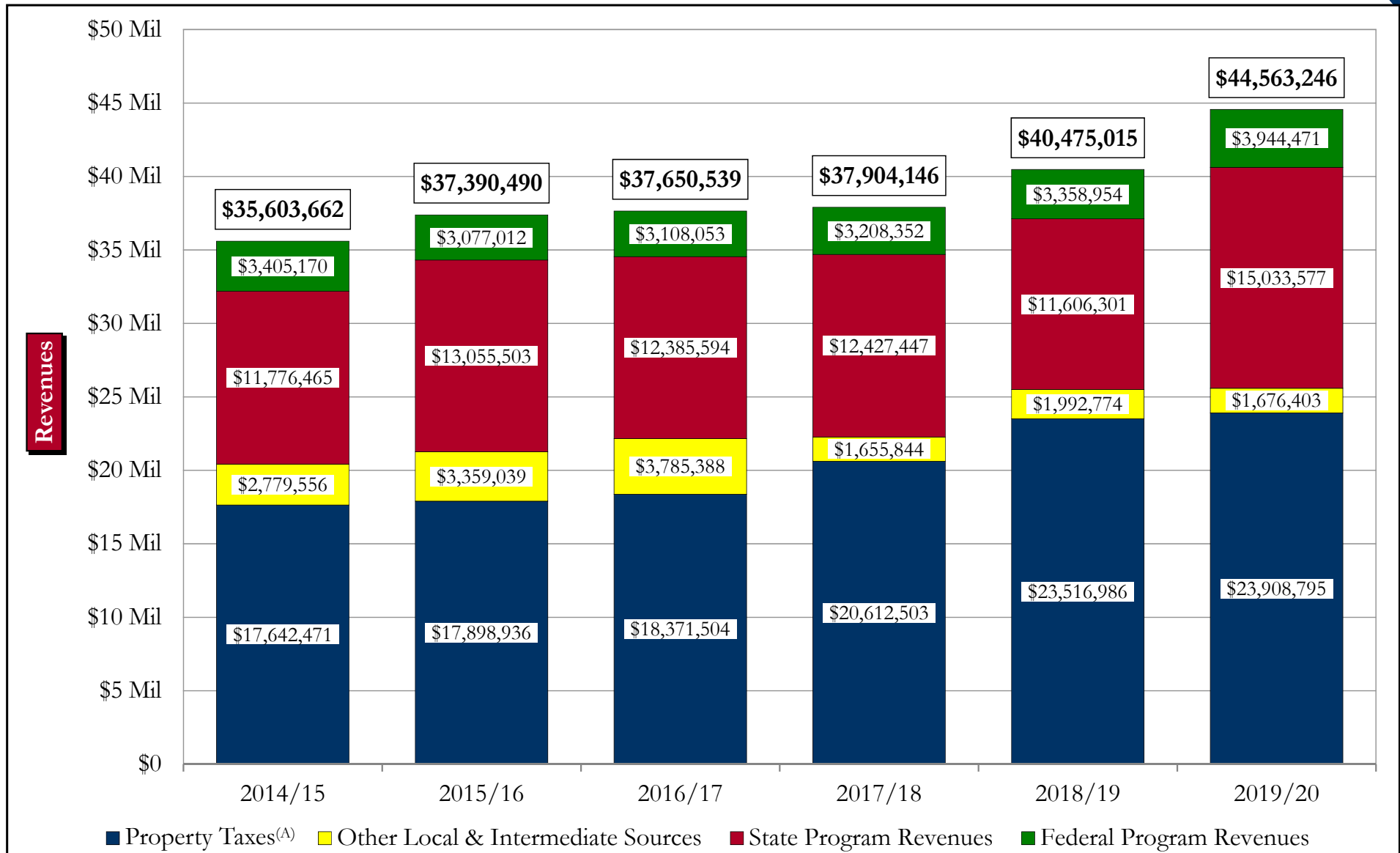
- ❑ The State funding system is structured to provide the District with an “equalized” dollar amount per student. The revenue sources for maintenance and operations and repayment of bonds is summarized below.
- ❑ The District does not receive any facilities funding from the State for the payment of voter-approved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



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



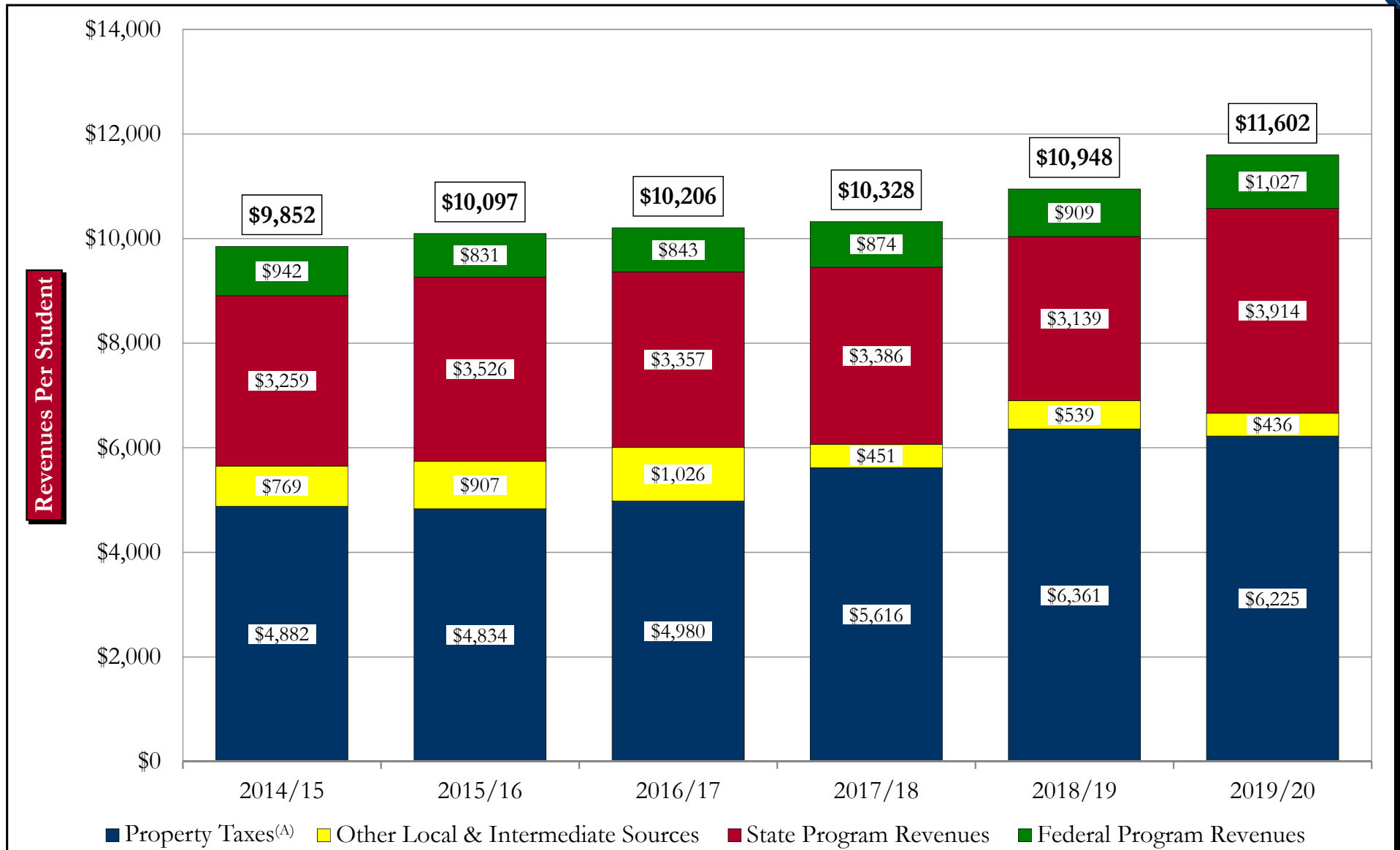
Total Revenues (All Governmental Funds*) By Source



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



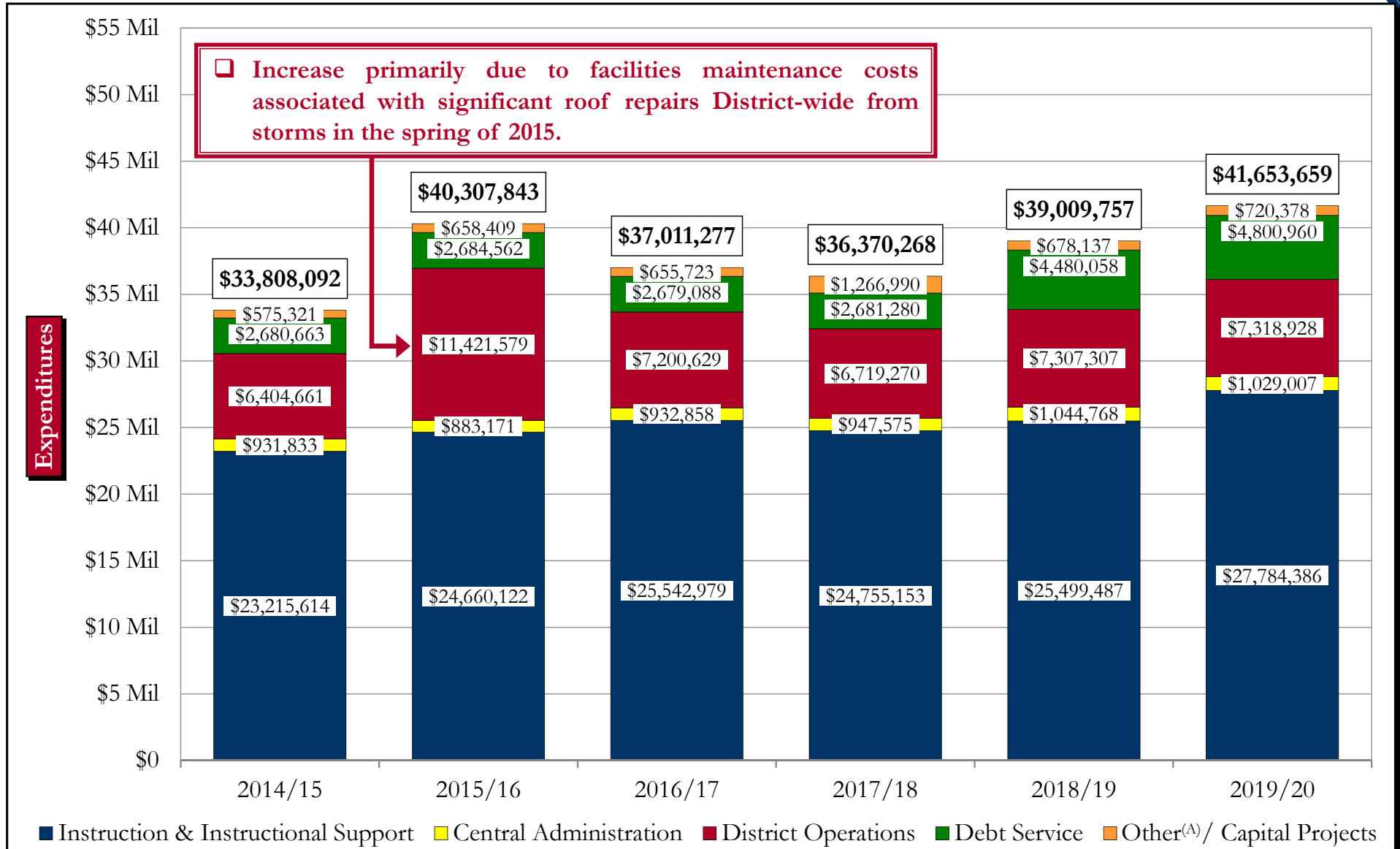
Total Revenues (All Governmental Funds*) Per Student



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



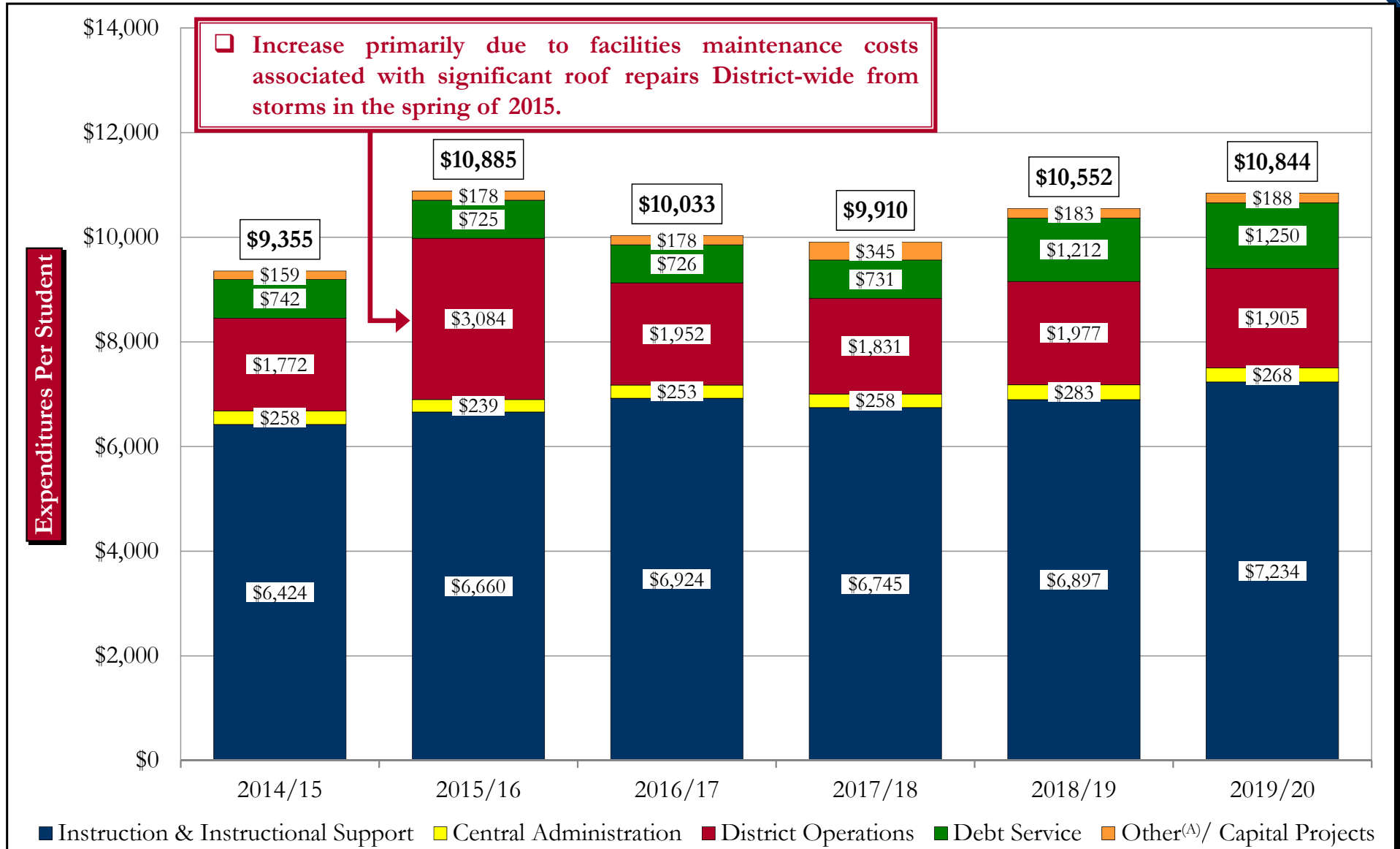
Total Expenditures (All Governmental Funds*) By Source



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



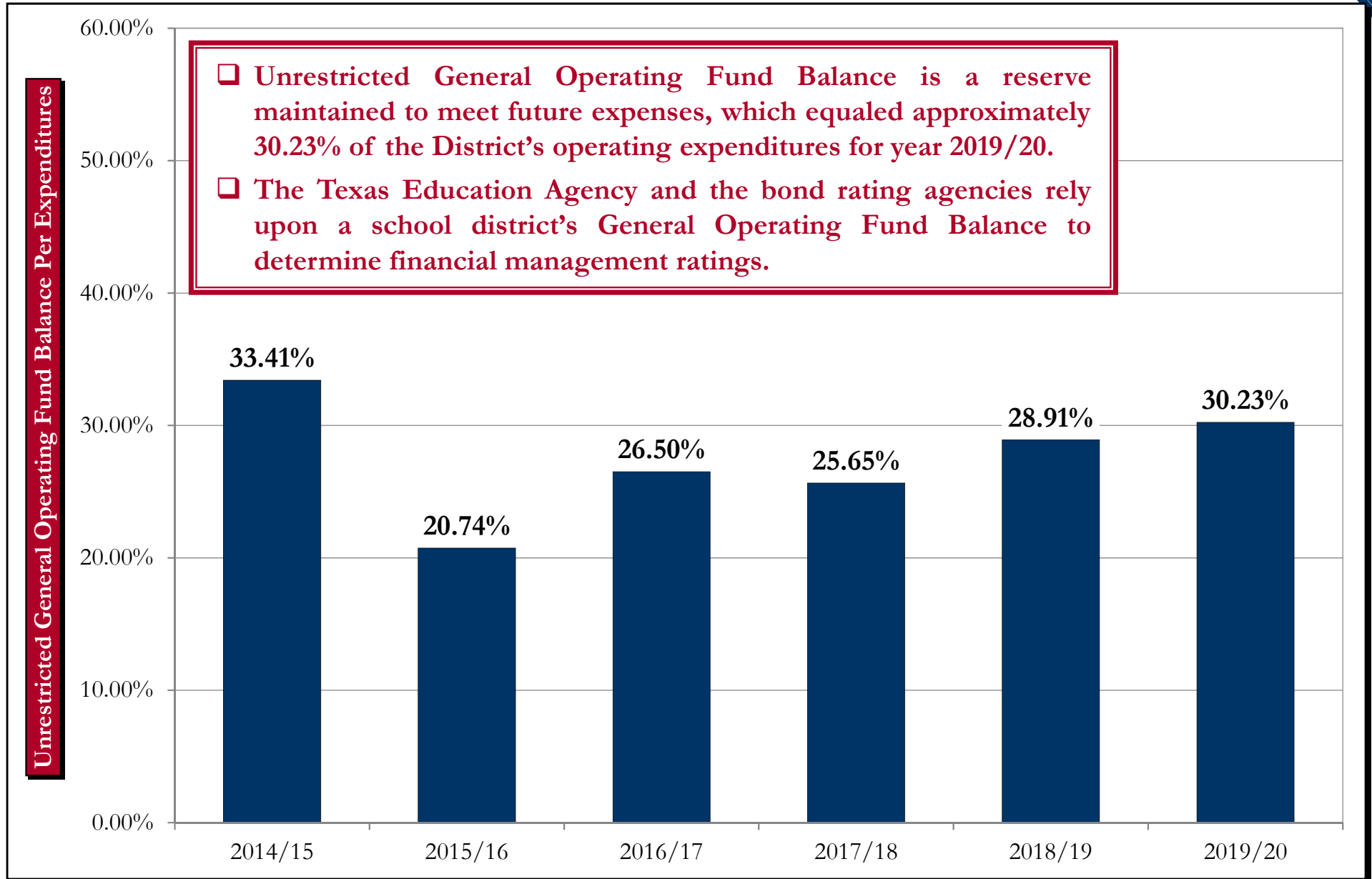
Total Expenditures (All Governmental Funds*) Per Student



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

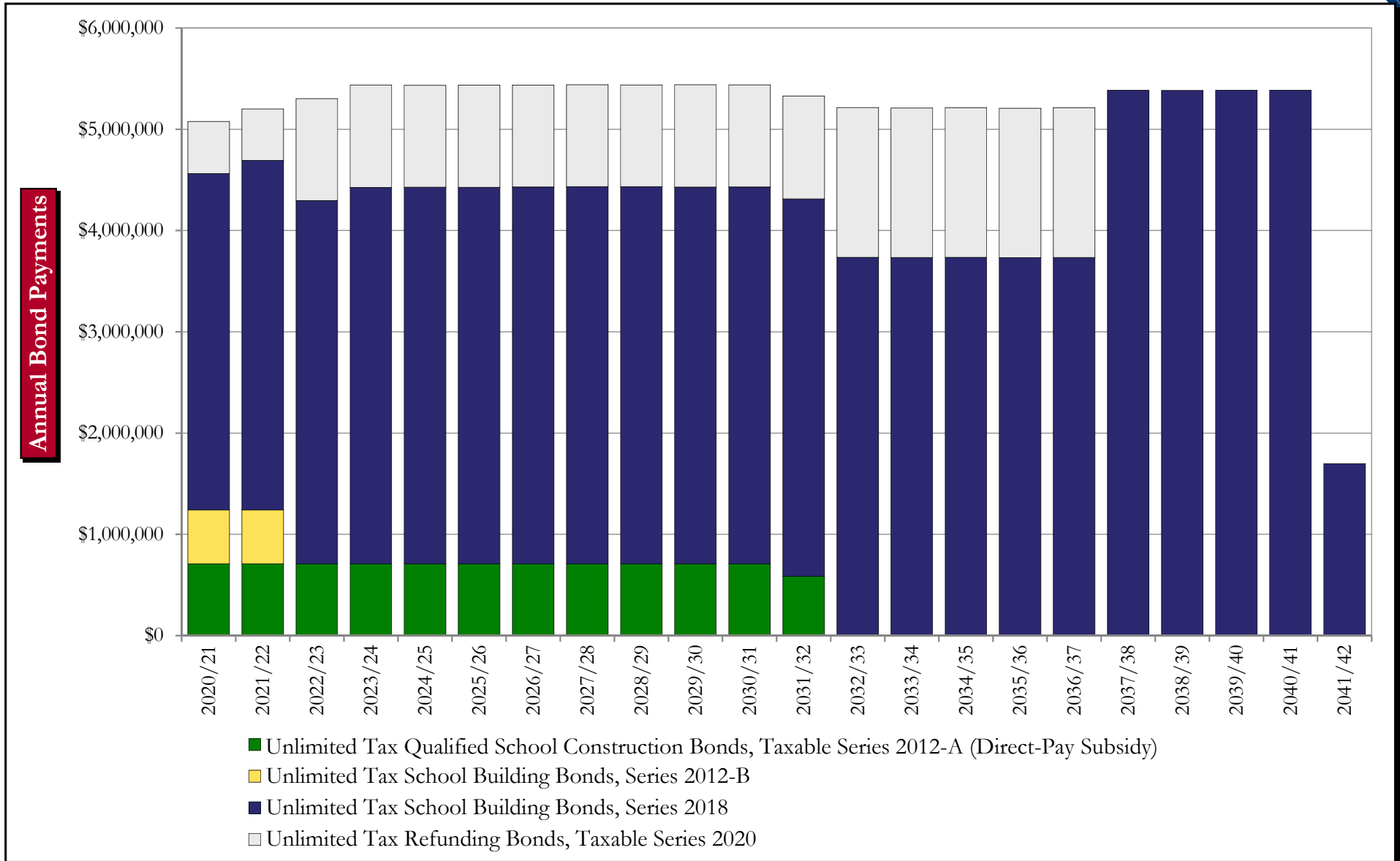


Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





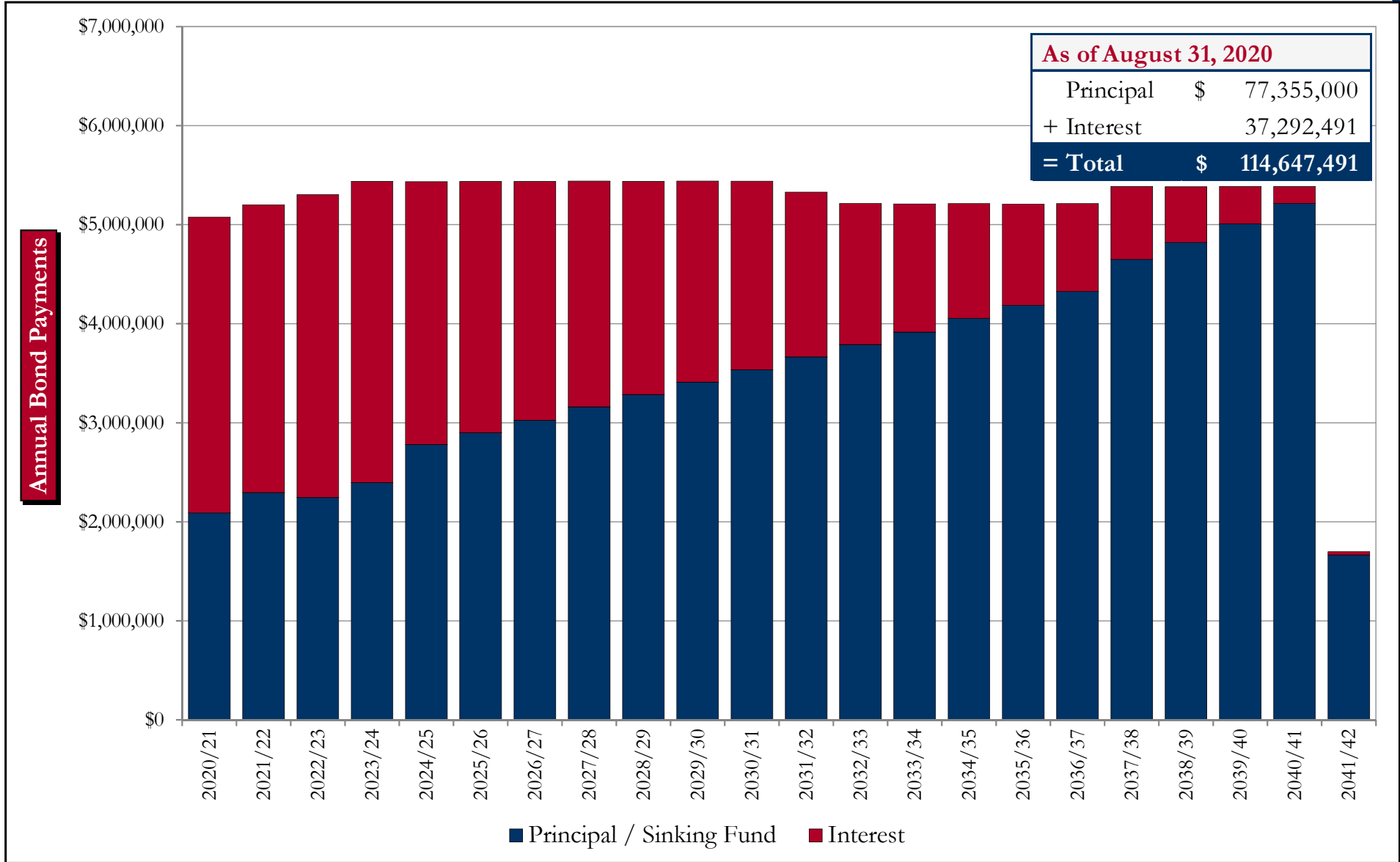
☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31. Does not include any federal subsidies.



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



As of August 31, 2020		
Principal	\$	77,355,000
+ Interest		37,292,491
= Total	\$	114,647,491

Note: Debt service payments reflect payments from September 1 through August 31. Does not include any federal subsidies.



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

- Stephenville ISD has implemented 3 bond refunding programs to reduce the cost of voter-approved bonds – Which have generated more than \$4.2 million of savings for District taxpayers in recent years.

Summary of Interest Cost Savings – Bond Refunding Programs

Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2005	1997	\$ 8,265,000	\$ 783,108
Unlimited Tax Refunding Bonds, Series 2011	2005	7,740,000	627,285
Unlimited Tax Refunding Bonds, Taxable Series 2020	2012-B	13,975,000	2,865,848
Totals	---	\$ 29,980,000	\$ 4,276,241



☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2019

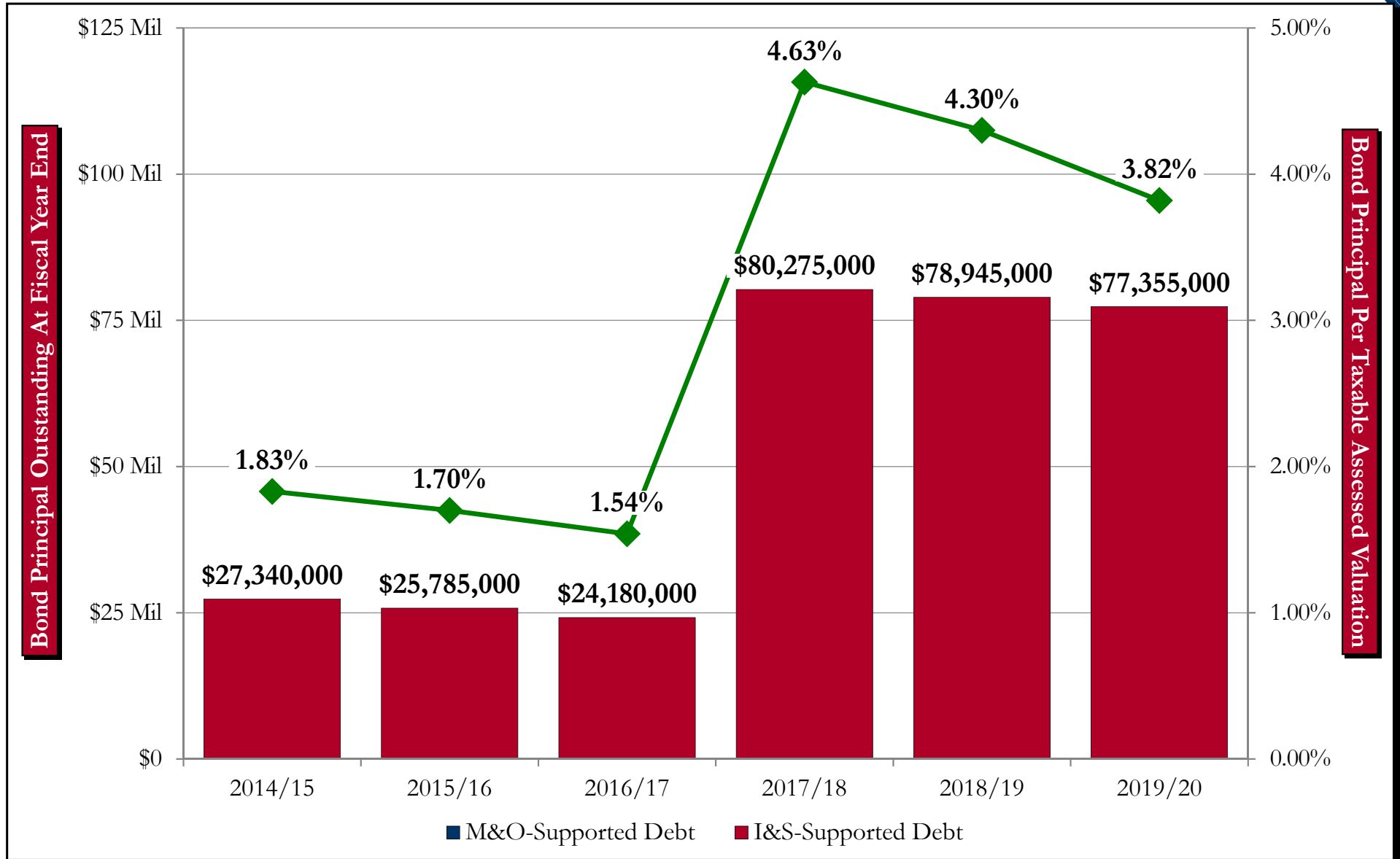
- ☐ The following debt obligations are payable from ad valorem taxes (i.e. I&S taxes) levied annually against all taxable property located within the District, without legal limit as to rate or amount.

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 Qualified School Construction Bonds, Taxable Series 2012-A (Direct-Pay Subsidy) ^(A)	Capital Improvements	\$6,575,000.00	\$6,575,000.00	\$9,334,856.25	\$253.90	\$360.47	02/15/2032	\$6,533,577.50	\$6,533,577.50	\$0.00
2	Unlimited Tax School Building Bonds, Series 2012-B	Capital Improvements	\$15,935,000.00	\$1,020,000.00	\$1,061,200.00	\$39.39	\$40.98	02/15/2022	\$18,329,351.20	\$18,329,351.20	\$0.00
3	Unlimited Tax School Building Bonds, Series 2018	Capital Improvements	\$57,765,000.00	\$56,050,000.00	\$85,759,741.25	\$2,164.43	\$3,311.70	02/15/2042	\$60,991,463.16	\$35,392,039.16	\$25,599,424.00
4	Unlimited Tax Refunding Bonds, Taxable Series 2020	Refunding at a lower interest rate, etc.	\$13,975,000.00	\$13,710,000.00	\$18,491,693.75	\$529.43	\$714.08	02/15/2037	\$15,328,139.41	\$15,328,139.41	\$0.00

^(A) The District is obligated to make mandatory deposits into a Cumulative Sinking Fund Deposit Account on February 15 of each year, beginning February 15, 2019, for the Unlimited Tax Qualified School Construction Bonds, Taxable Series 2012-A (Direct-Pay Subsidy) (the “Series 2012-A Bonds”). All amounts held in the Cumulative Sinking Fund Deposit Account will be used to pay the Series 2012-A Bonds on the maturity date of February 15, 2032 or the date of prior redemption thereof. As of August 31, 2020, the required balance of the Cumulative Sinking Fund Deposit Account is \$940,000.



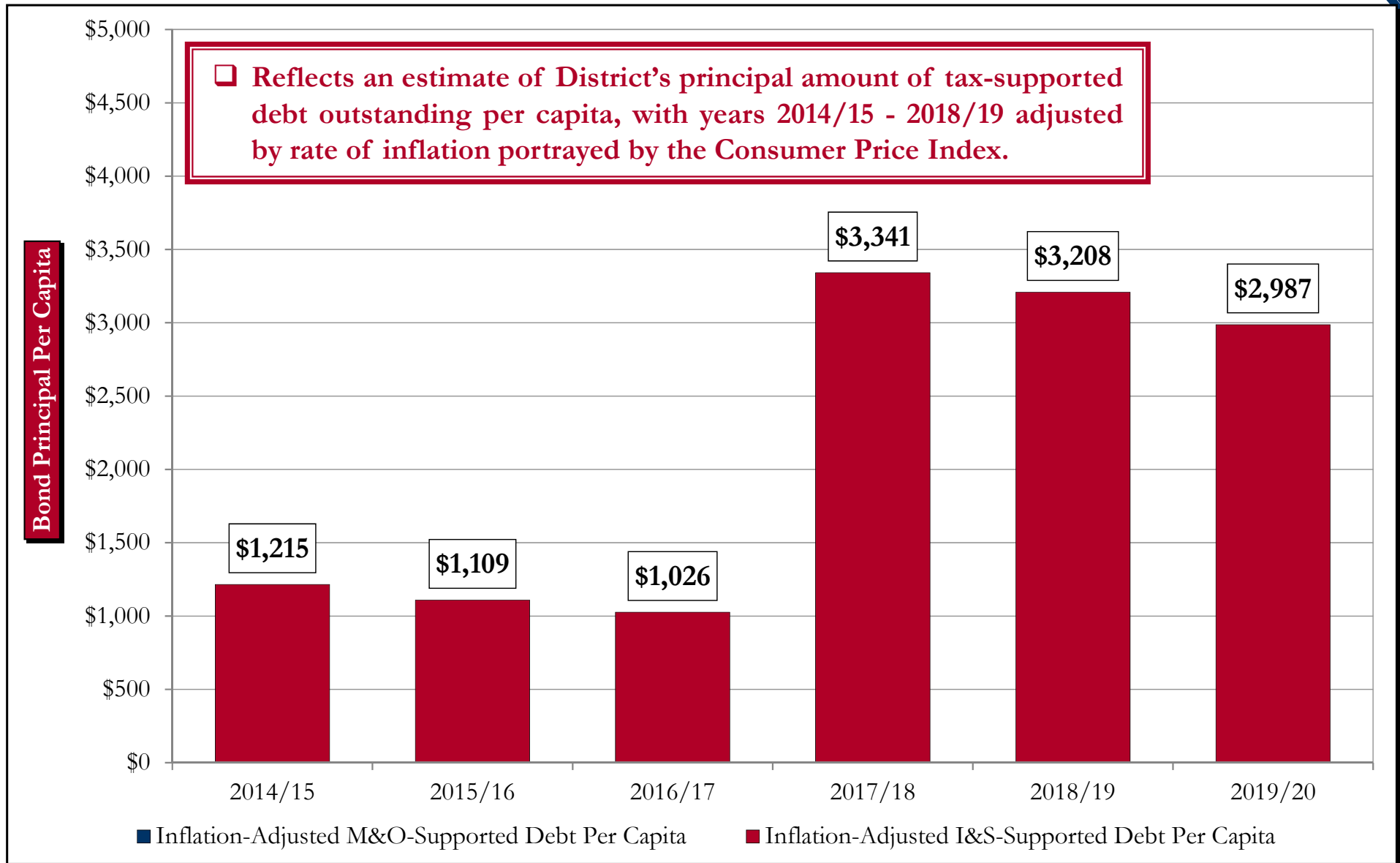
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



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



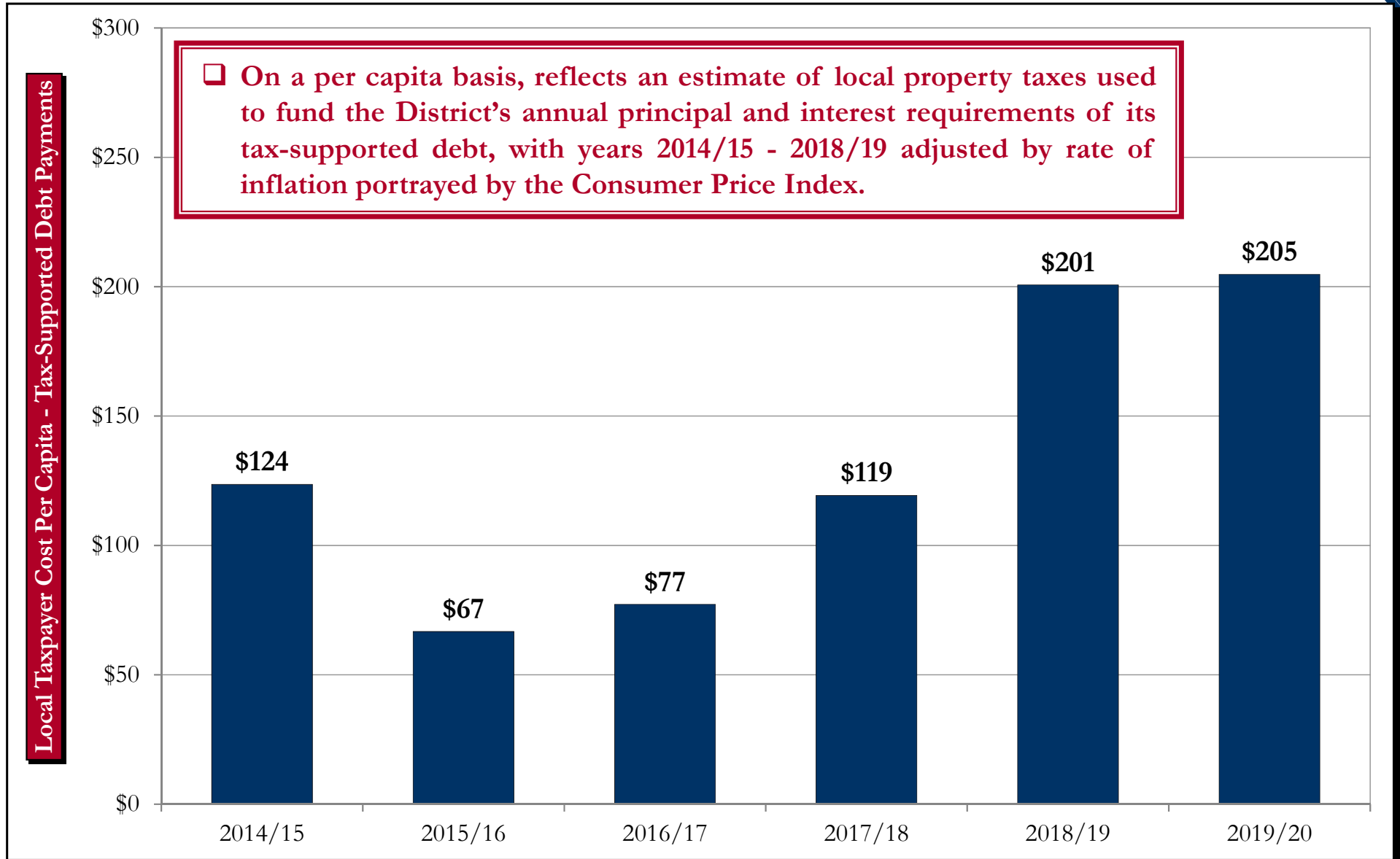
Inflation-Adjusted Tax-Supported Debt Per Capita



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



Note: Debt payments represent District's voter-approved bonds payable from a levy of its I&S tax rate.



Contact Information and Links to Additional Resources

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Links to Additional Resources:

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

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