

DRAFT – For Discussion Purposes Only



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2016

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on _____.



☑ Overview of Certain Financial/Bond Ratings

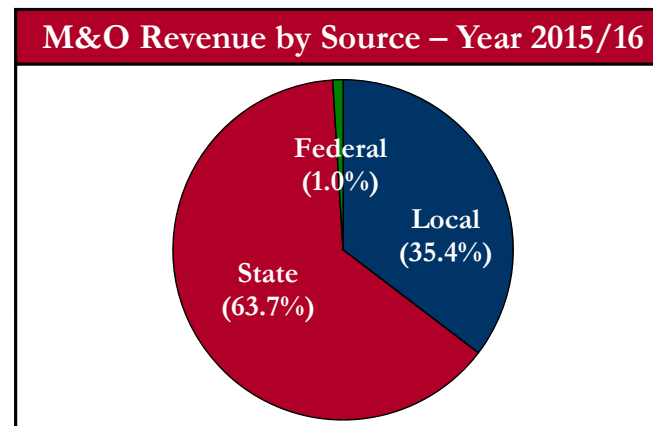
- ☐ **Overview:** Santa Fe Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant 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.
 - ✓ For year 2015/16, the District was assigned a 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 and Moody’s Investors Service, Inc., 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.”
 - ✓ **Moody’s Investors Service, Inc.:** Assigns a “A1” credit rating to the District, defined as “Judged to be of upper-medium and are subject to very low credit risk.”

For comparison purposes, S&P Global Ratings assigns a credit rating of “AA” to the United States of America and a “BBB+” rating to Citigroup, Bank of America and Goldman Sachs – which is 2 rating categories below the District.



Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Santa Fe ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, Chapters 41-45 of the Texas Education Code determine 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 Galveston Central 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

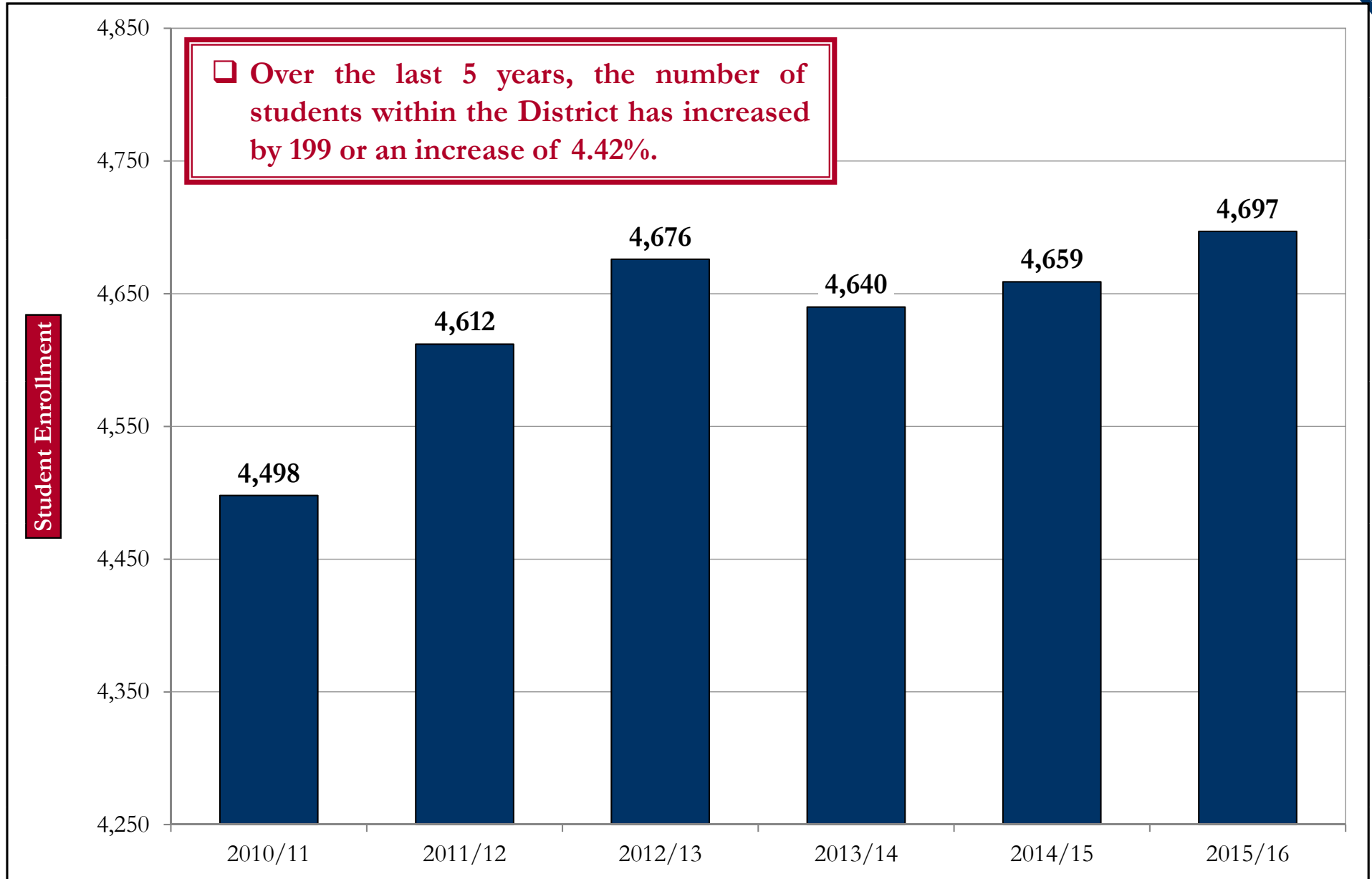
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds previously approved by a majority of voters for capital improvements. The following summarizes the District’s bond programs approved by voters over the last 15 years:

District’s Historical Bond Elections Approved By Voters					
Election Date	Purpose	Student Enrollment	Election Amount	Dollar Amount Remaining To Be Issued - As of June 30, 2016	Dollar Amount Remaining To Be Issued - As of December 1, 2016
November 4, 2008	Buliding, Renovations & Auditorium	4,517	\$65,195,000	\$0	\$0
November 8, 2016	Buliding, Renovations & Buses	4,738	\$34,565,000	\$0	\$34,565,000
Total Dollar Amount Of Authorized But Unissued Bonds:				\$0	\$34,565,000

- ✓ On November 8, 2016, voters approved the District’s \$34,565,000 bond package referendum. At this time, the District anticipates the sale of approximately \$34,565,000 from the 2016 Bond Program authorization on or about February 2017.

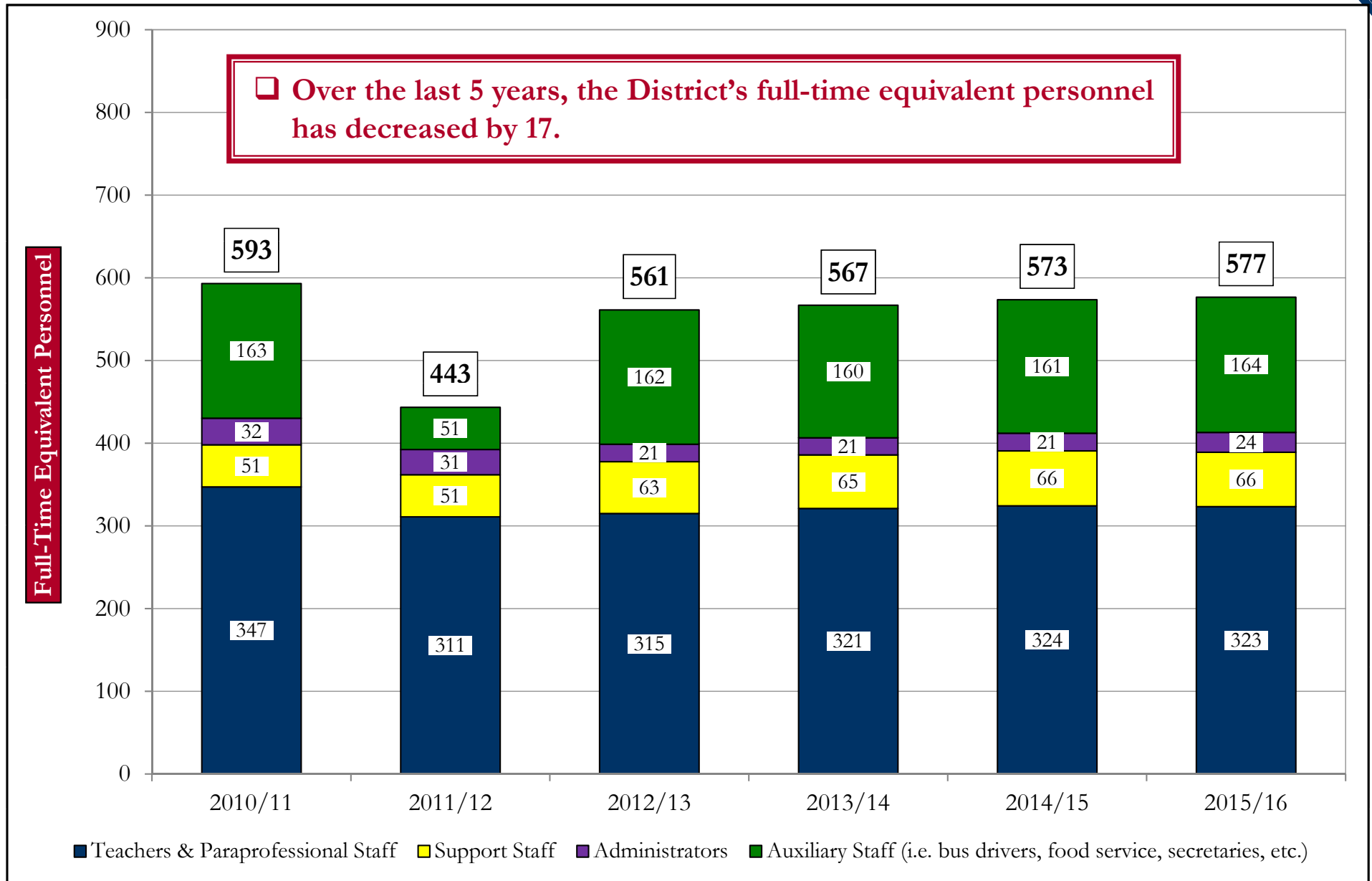


Historical Student Enrollment



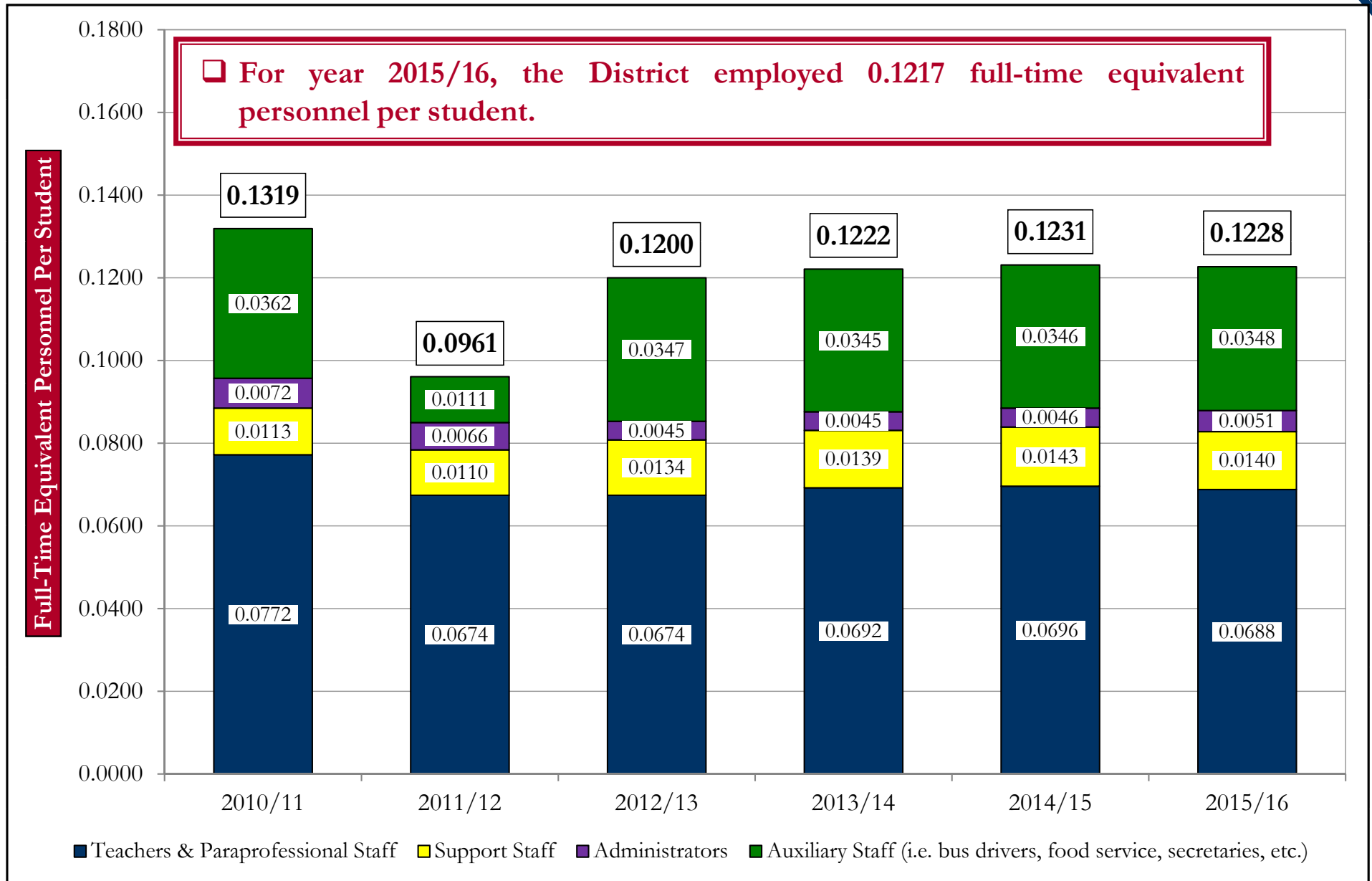


Full-Time Equivalent Personnel



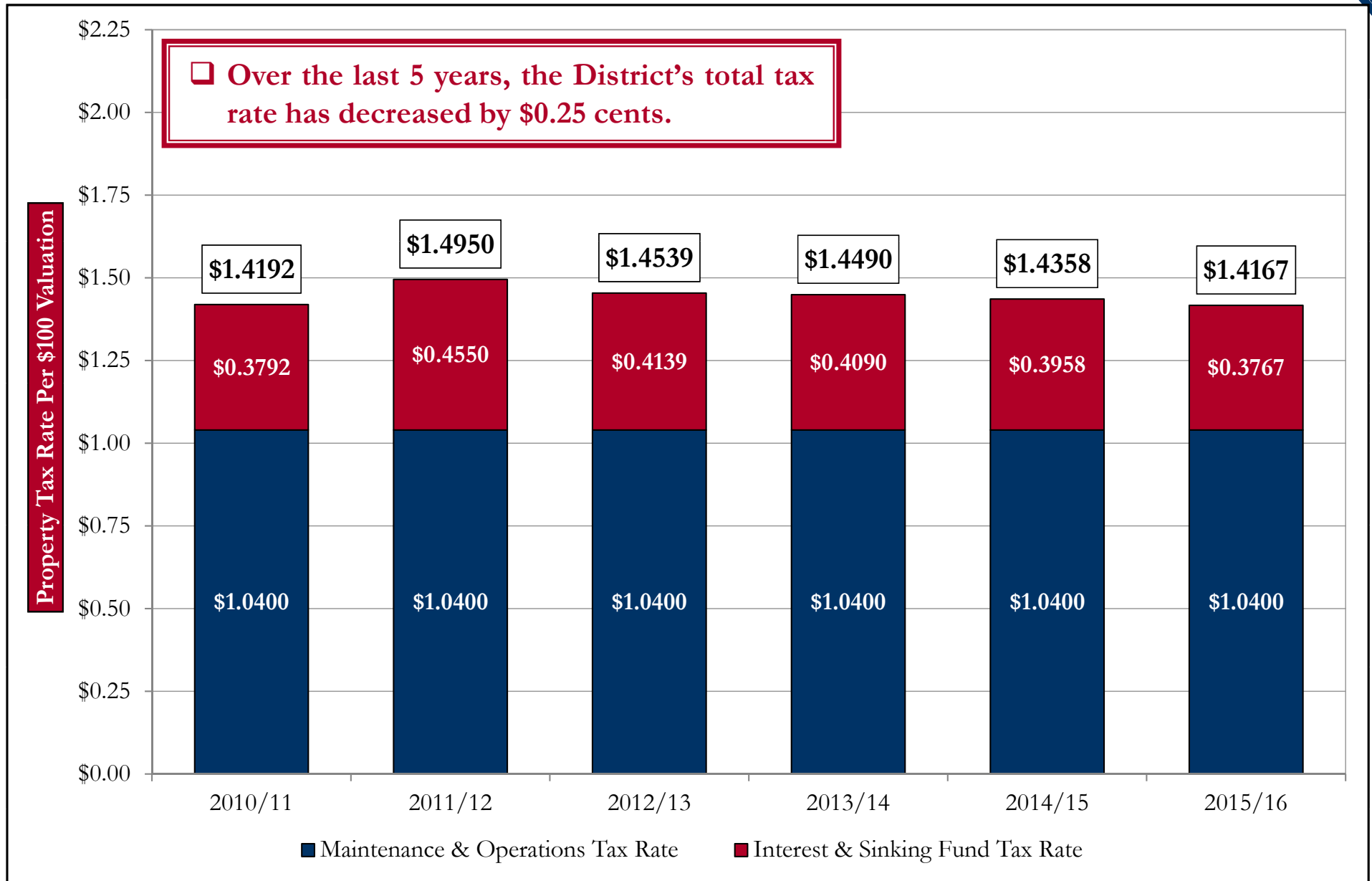


Full-Time Equivalent Personnel Per Student



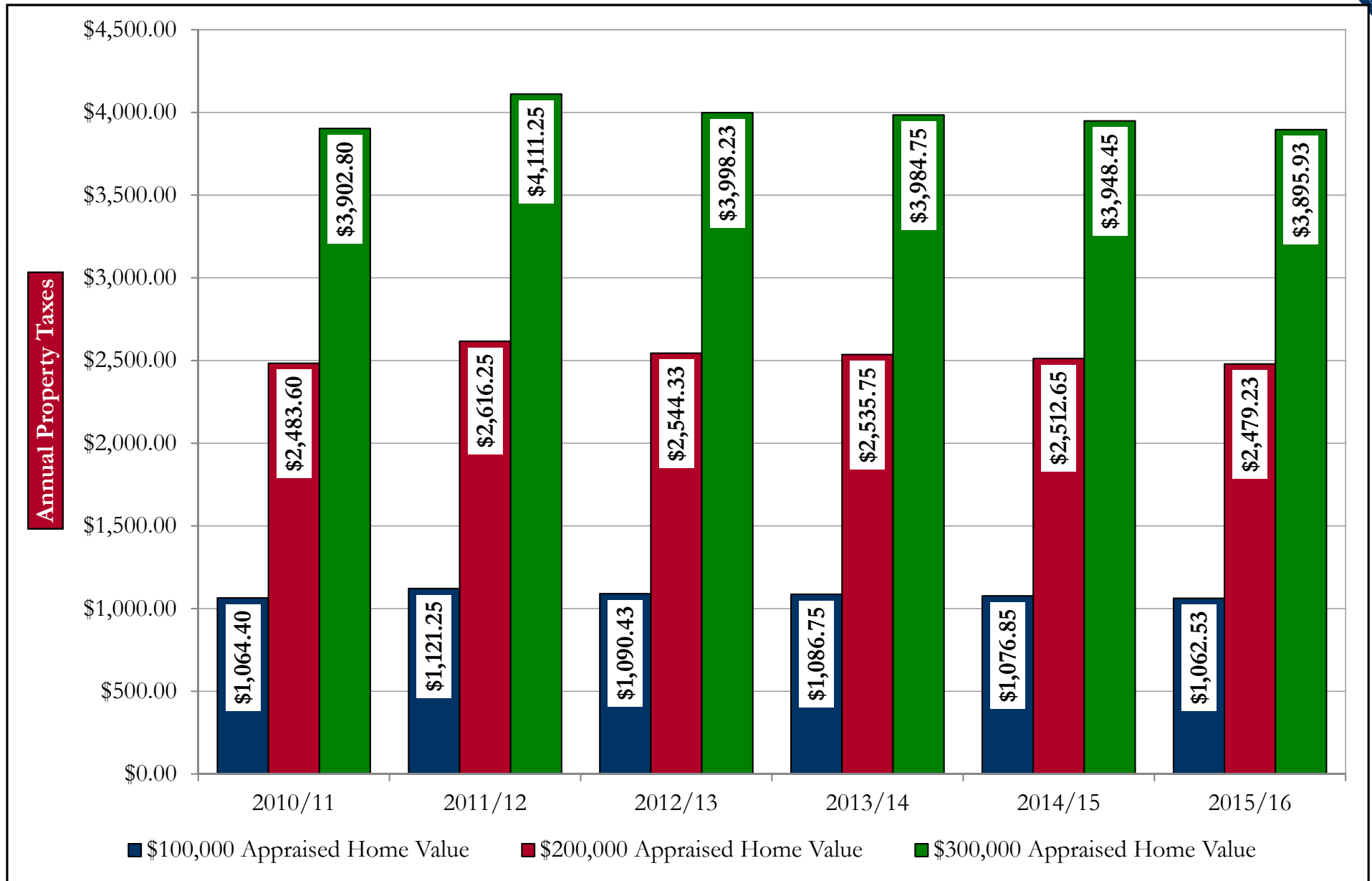


Historical Tax Rates





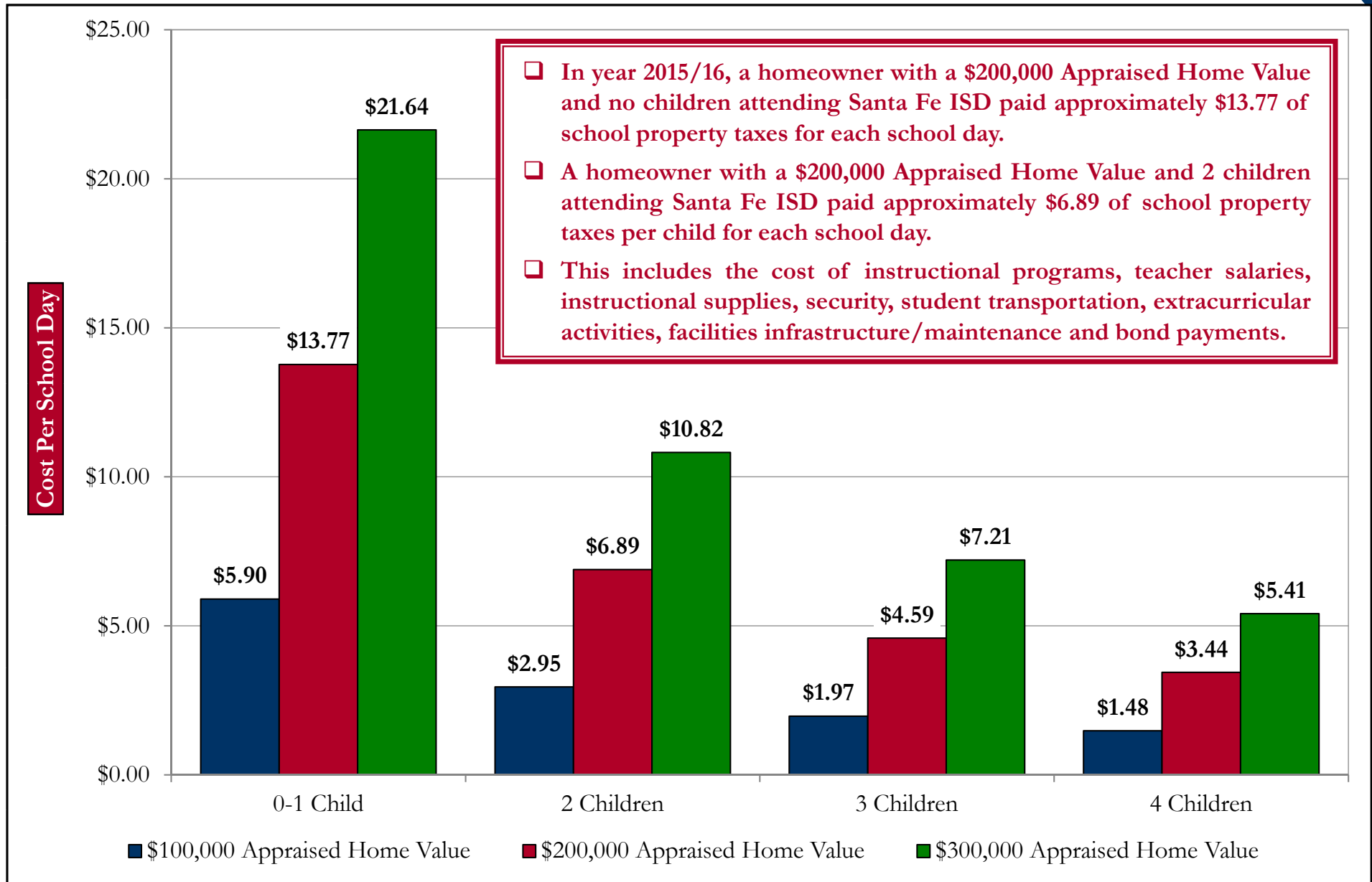
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



Note: Taxes are net of the \$25,000 Residential Homestead Exemption.



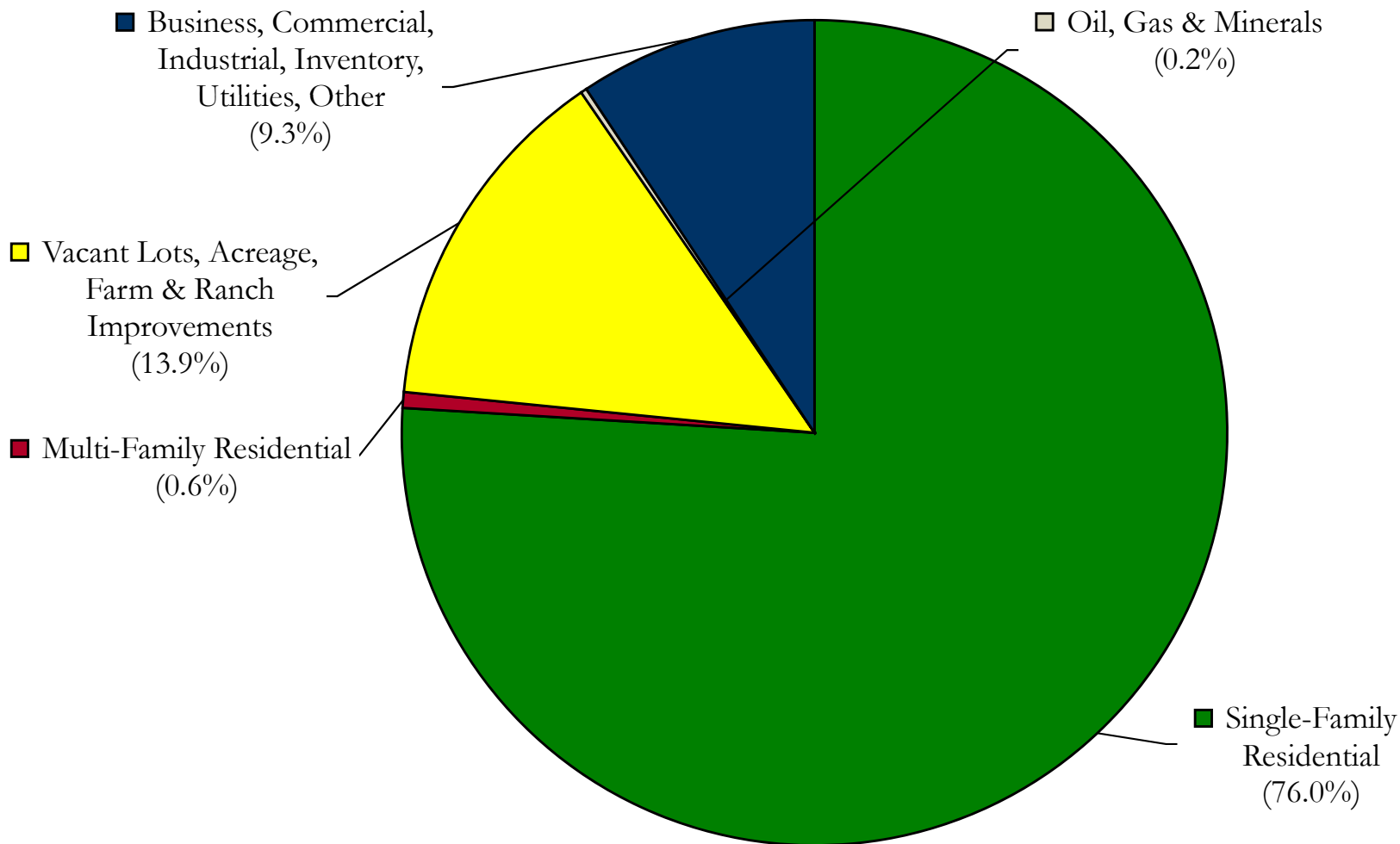
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2015/16





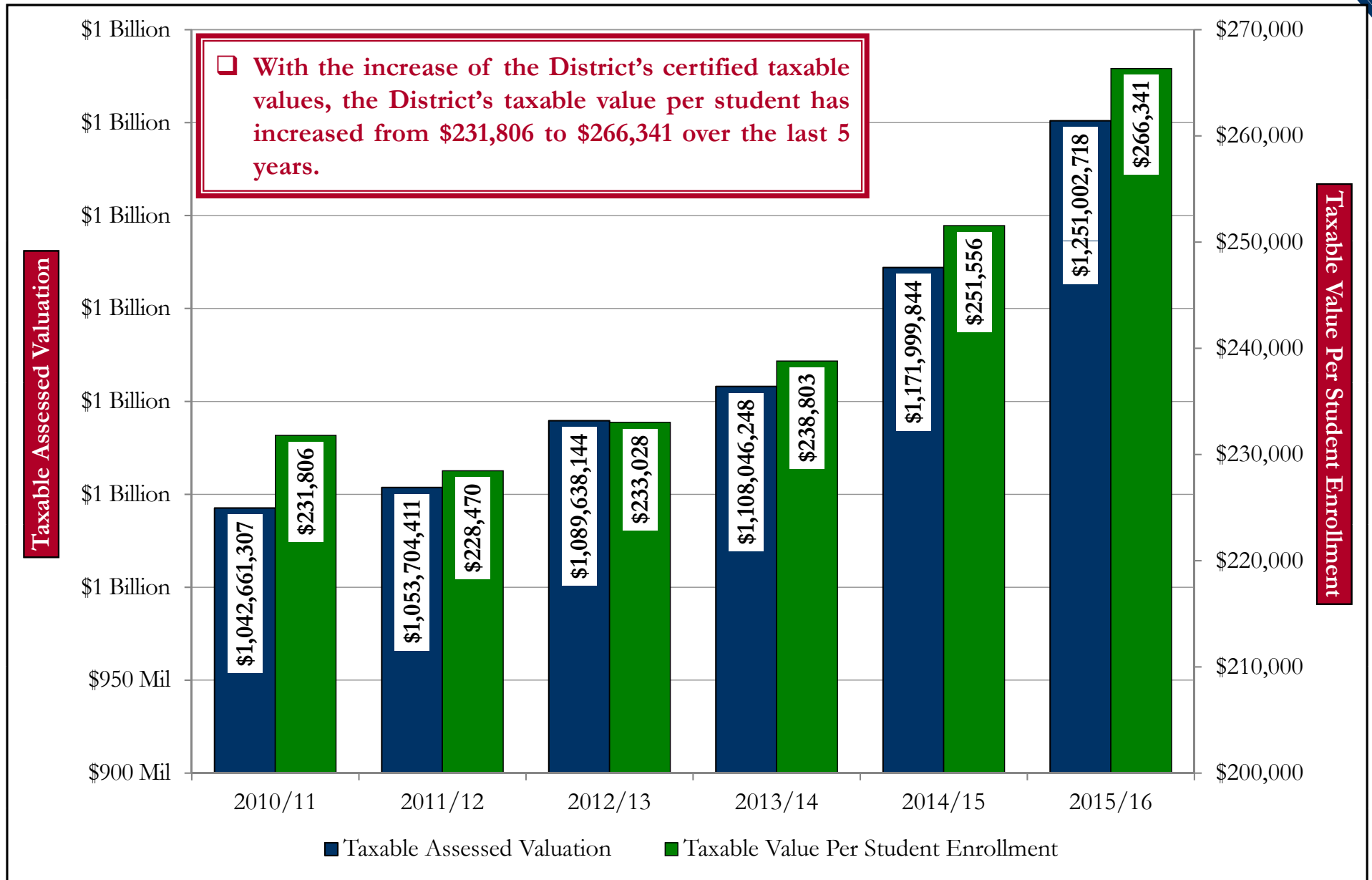
Composition of Total Assessed Valuation – Year 2015/16

For year 2015/16, Single-Family Residential properties comprised 76.0% of the District's total assessed valuation and other property categories comprised 24.0%.





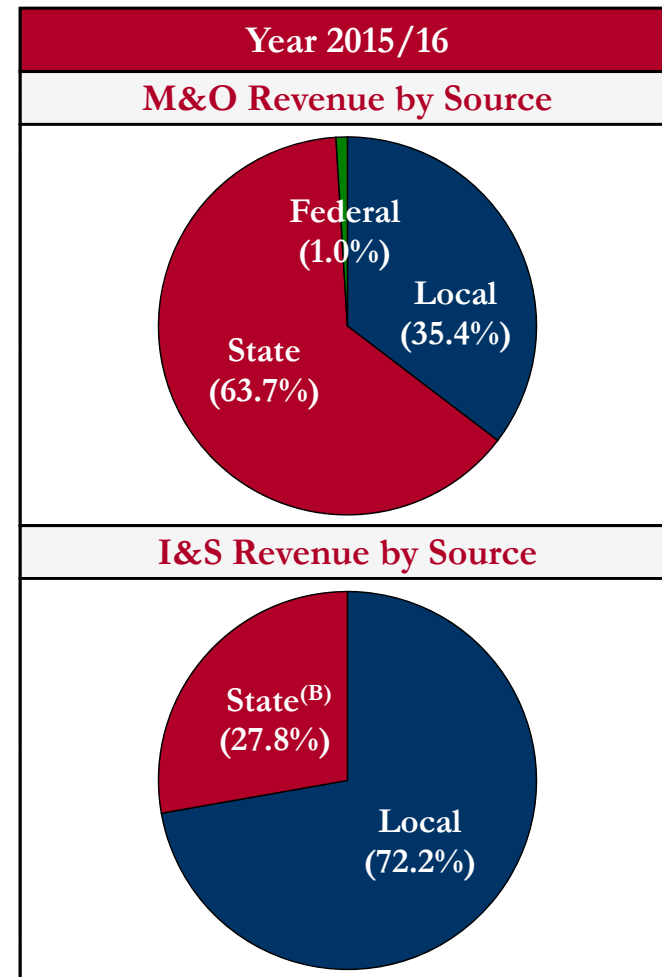
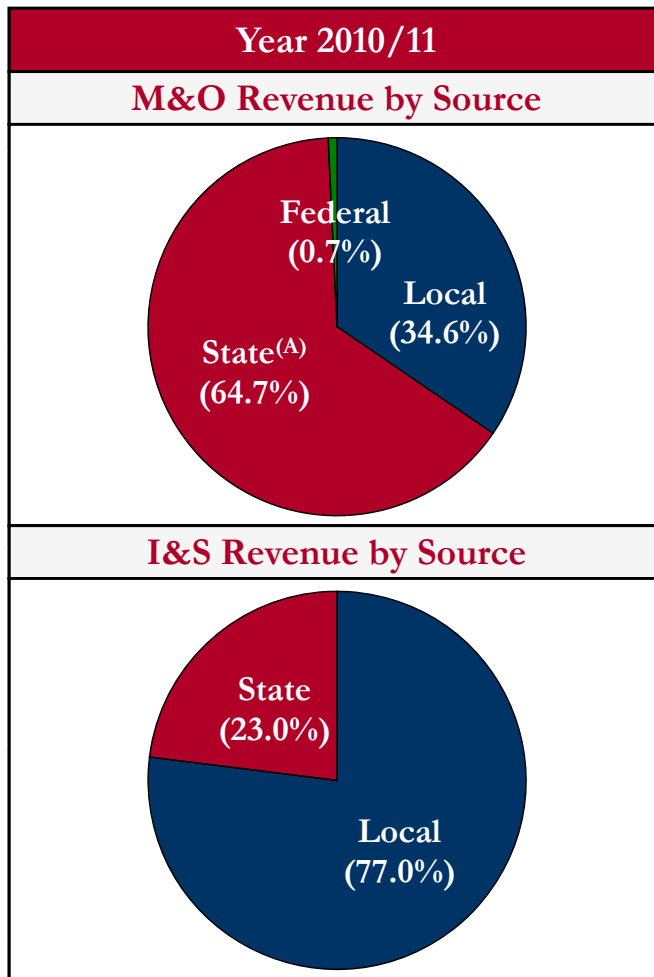
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





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 increase of the District’s taxable value per student has reduced the percentage of M&O revenues received from the State from 64.7% to 63.7% over the last 5 years.

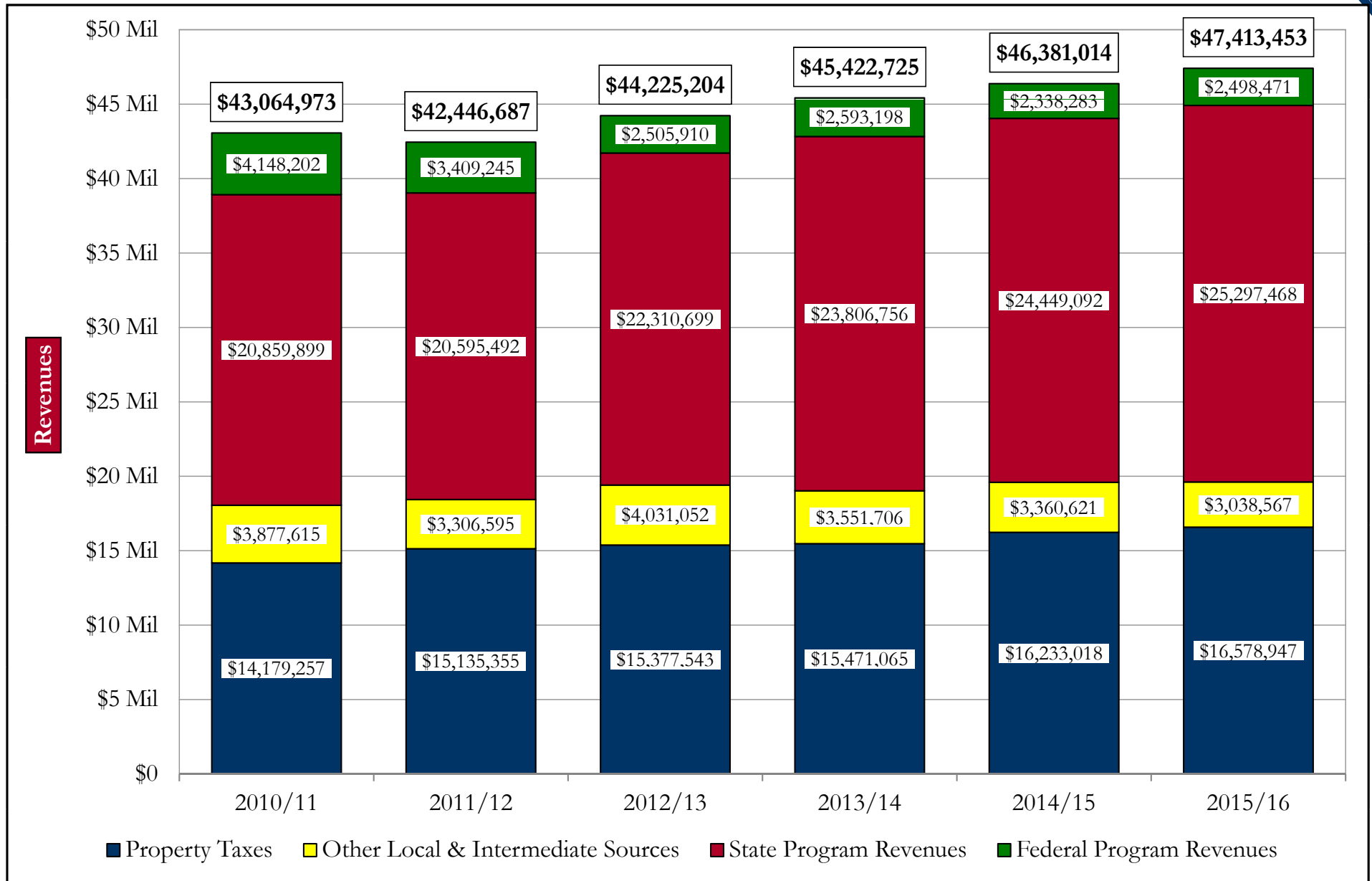


^(A) Includes \$1,471,533 from the State Fiscal Stabilization Fund, distributed under the Federal American Recovery and Reinvestment Act.

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



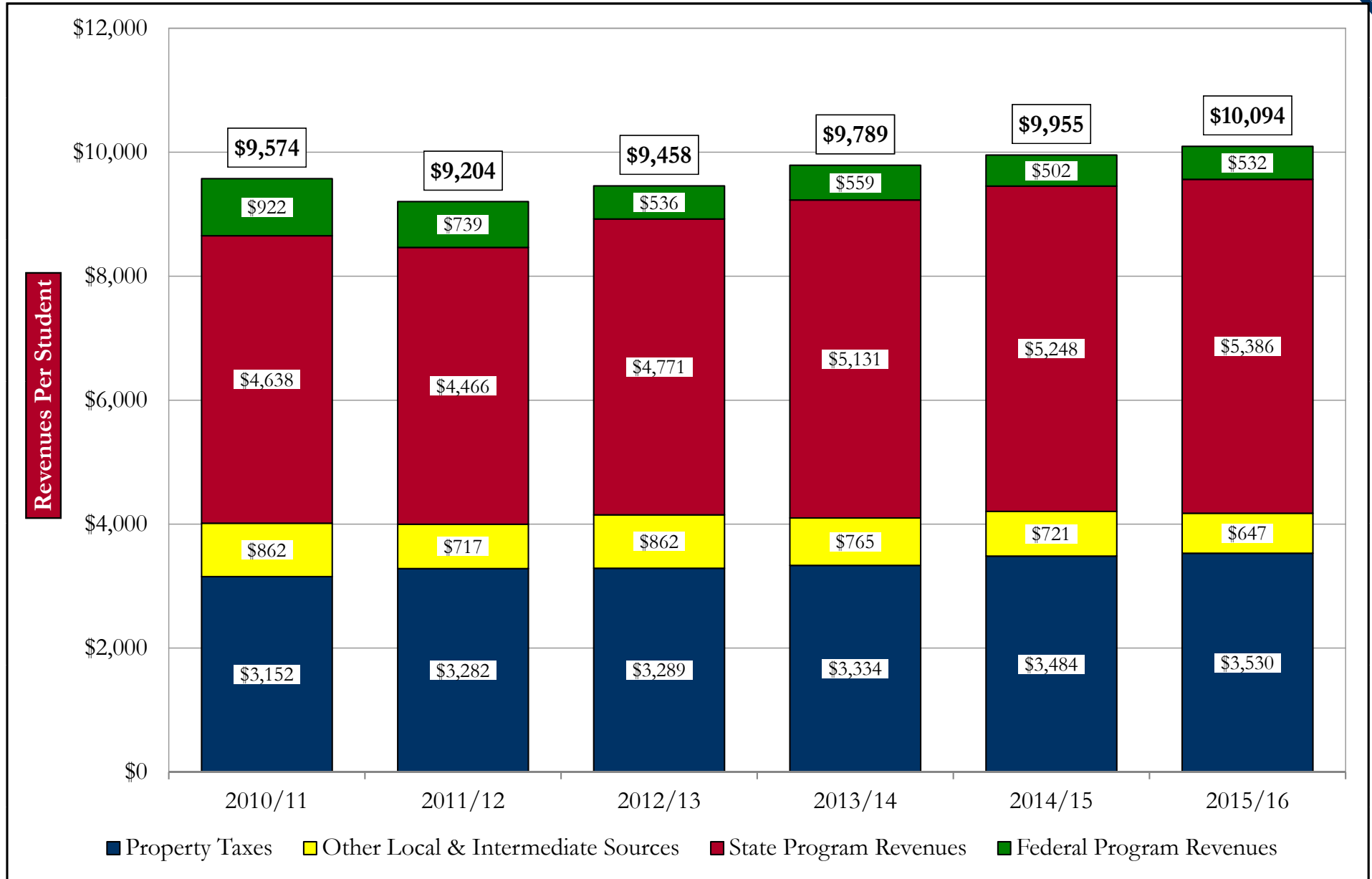
Total Revenues (All Governmental Funds*) By Source



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



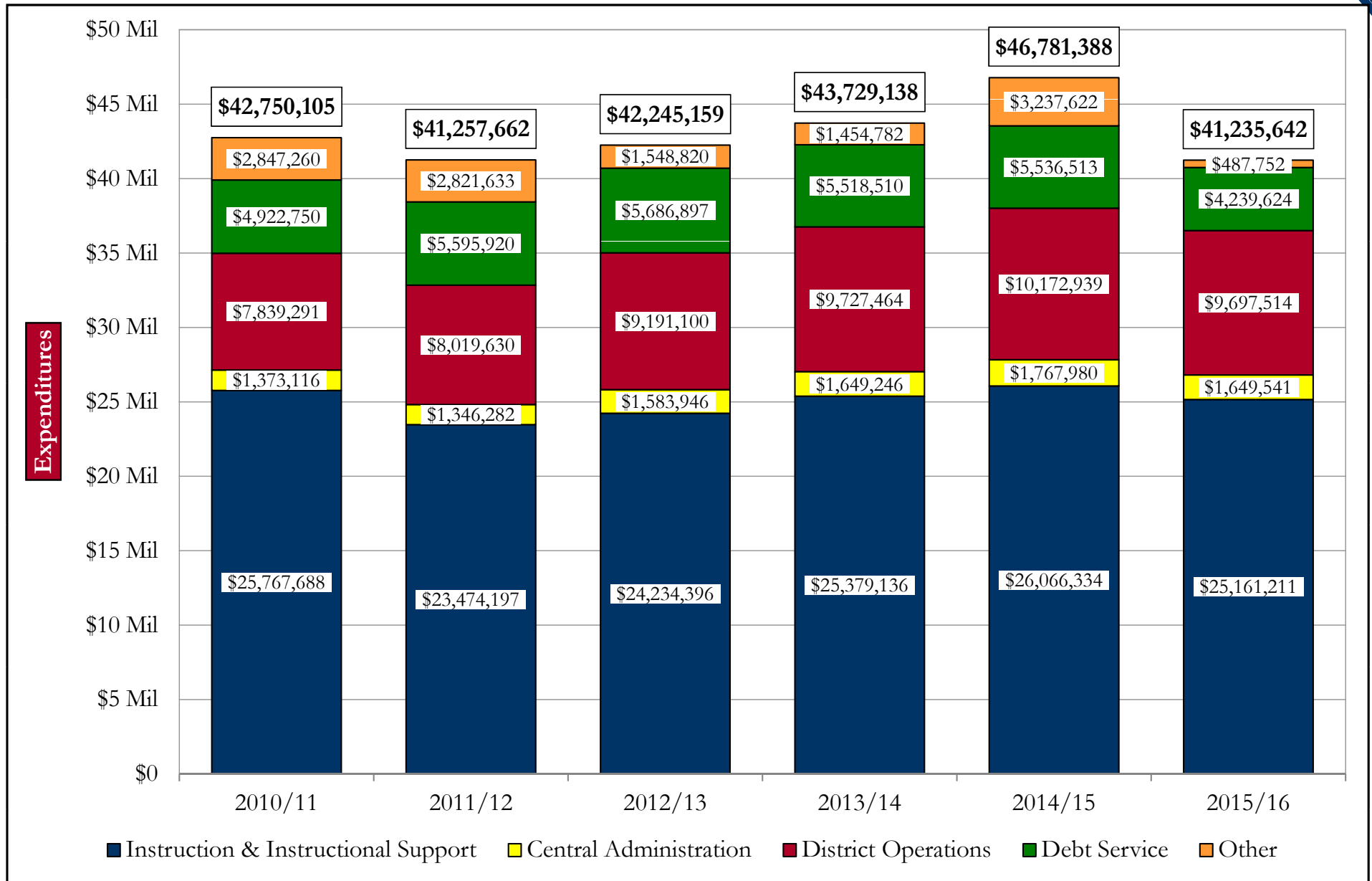
Total Revenues (All Governmental Funds*) Per Student



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



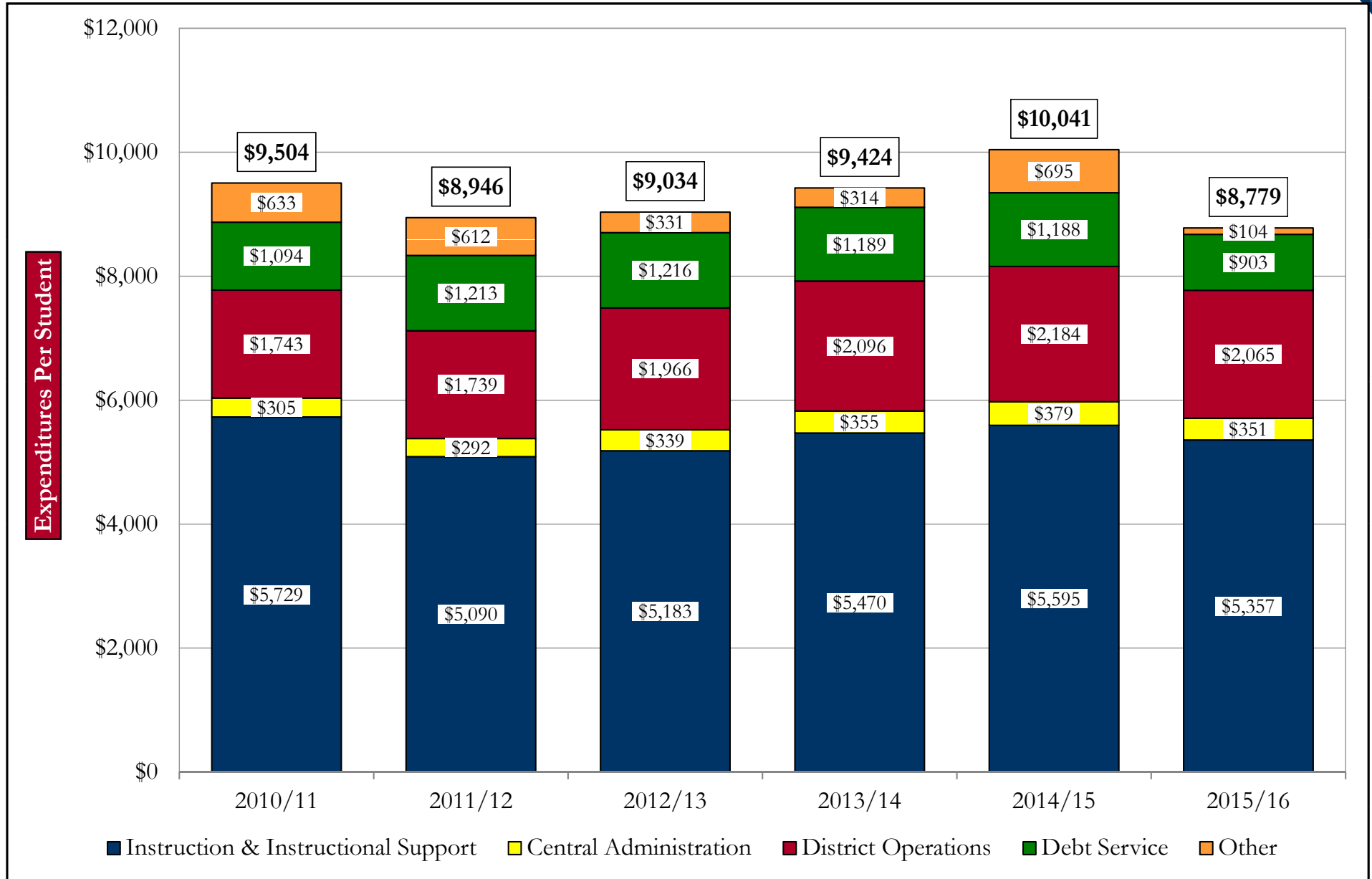
Total Expenditures (All Governmental Funds*) By Source



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



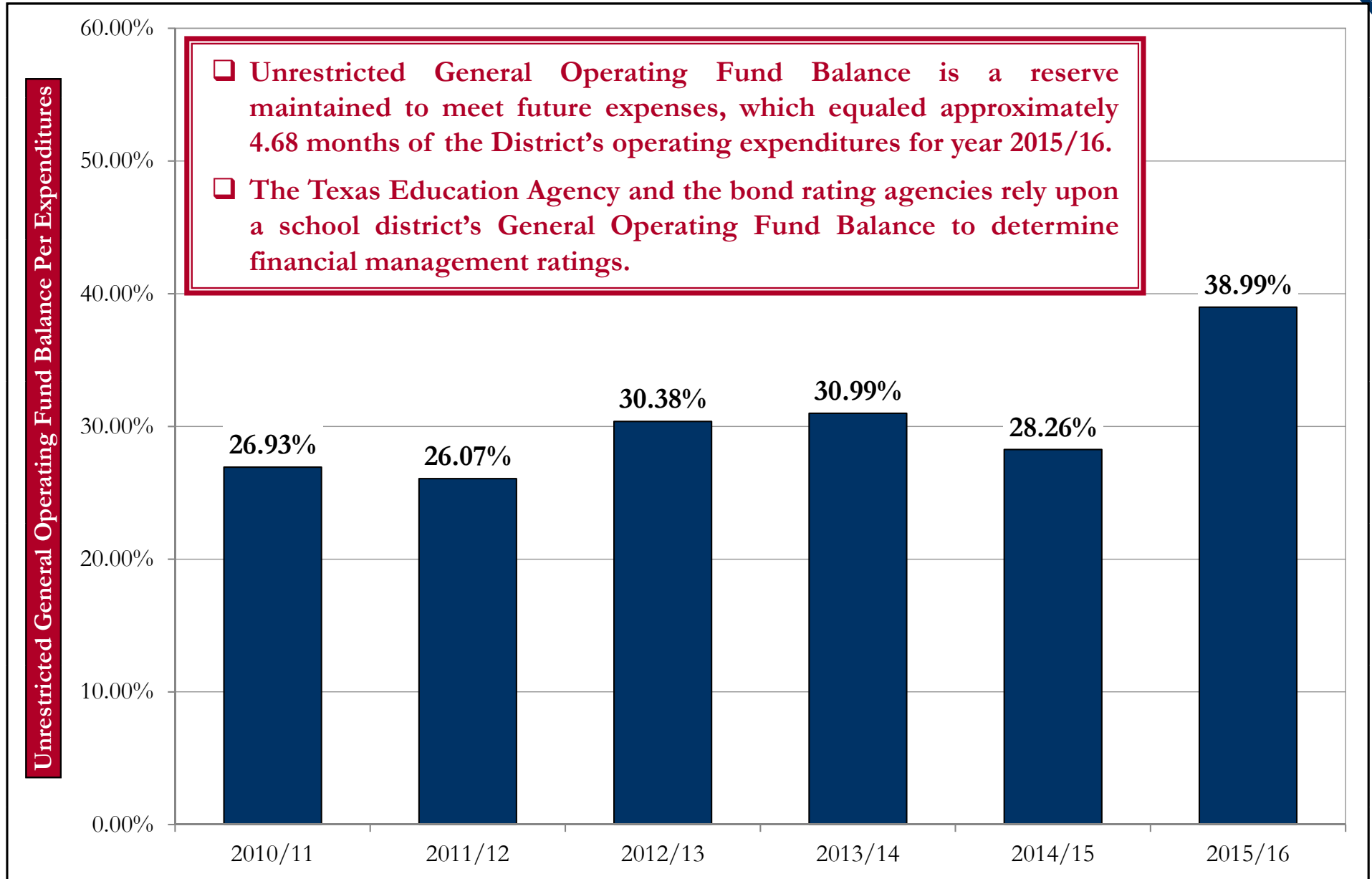
Total Expenditures (All Governmental Funds*) Per Student



*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

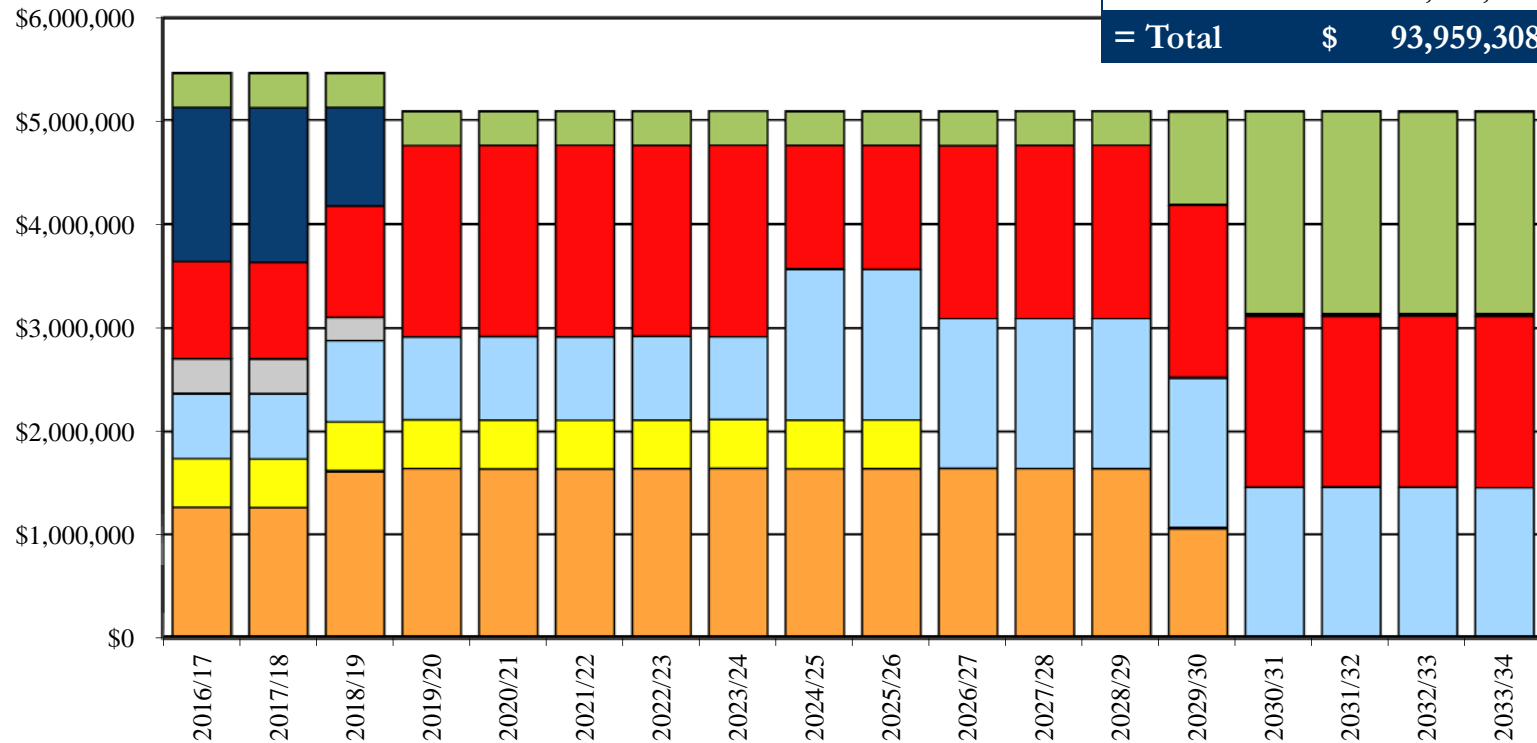




☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters

As of June 30, 2016		
Principal	\$	64,950,000
+ Interest		29,009,308
= Total	\$	93,959,308

Annual Bond Payments

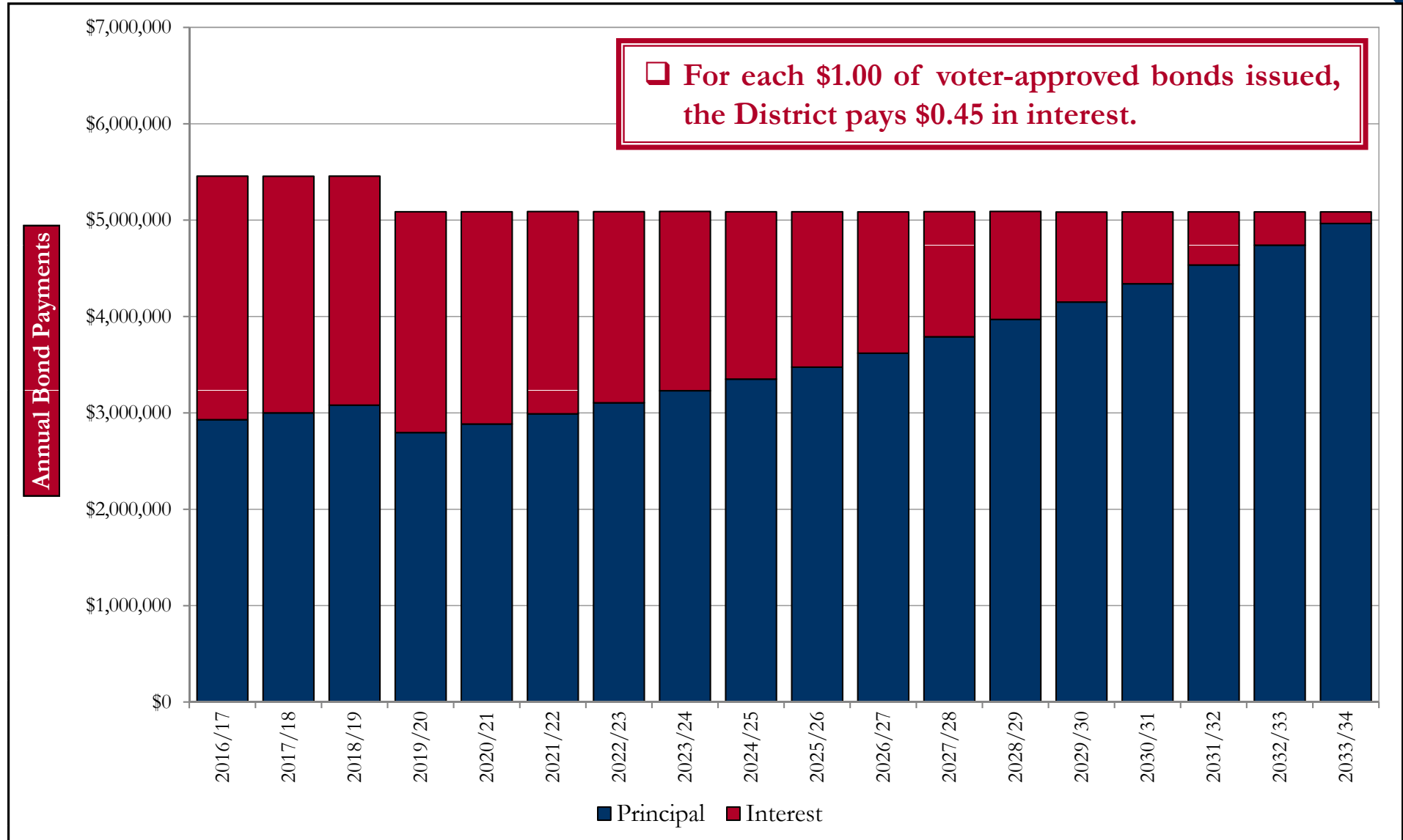


- U/L Tax School Building Bonds, Series 2009
- U/L Tax Qualified School Construction Taxable Bonds, Series 2010
- U/L Tax School Building Bonds, Series 2010A
- U/L Tax Refunding Bonds, Series 2010B
- U/L Tax School Building Bonds, Series 2011
- U/L Tax Refunding Bonds, Series 2012
- U/L Tax Refunding Bonds, Series 2015

Note: Although the District's fiscal year ends on June 30th, 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 2016 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 30th, 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 2016 debt payments are not portrayed in the graph above.



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

- ❑ Santa Fe ISD has implemented 4 refunding programs to reduce the cost of voter-approved bonds – which have generated more than \$3.0 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 2015	2009	\$ 7,945,000	\$ 1,178,844	
Unlimited Tax Refunding Bonds, Series 2012	2005	8,210,000	821,428	
Unlimited Tax Refunding Bonds, Series 2010B	1997	2,420,000	270,626	
Unlimited Tax Refunding Bonds, Series 2005	1997	13,850,000	821,159	
Totals	---	\$ 32,425,000	\$ 3,092,057	

- ✓ Additionally, On October 25, 2016, the District refunded \$37,040,000 in principal amount of portions of the outstanding Series 2009, 2010A and 2011 Bonds and generated \$6,031,775 in savings.



☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 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 School Building Bonds, Series 2009	Capital Improvements	\$25,810,000.00	\$15,985,000.00	\$21,895,212.56	\$632.99	\$867.03	02/15/2030	\$26,571,167.90	\$26,571,167.90	\$0.00
2	Unlimited Tax Refunding Bonds, Series 2010B	Refunding at a lower interest rate, etc.	\$2,400,000.00	\$880,000.00	\$930,100.00	\$34.85	\$36.83	02/15/2019	\$2,432,722.10	\$2,432,722.10	\$0.00
3	Unlimited Tax School Building Bonds, Series 2010A	Capital Improvements	\$13,835,000.00	\$13,725,000.00	\$20,906,563.90	\$543.50	\$827.88	02/15/2034	\$13,914,227.13	\$13,914,227.13	\$0.00
4	Unlimited Tax Qualified School Construction Bonds, Taxable Series 2010 (Tax Credit Bonds)	Capital Improvements	\$7,100,000.00	\$4,750,000.00	\$4,750,000.00	\$188.10	\$188.10	02/15/2026	\$6,986,490.00	\$6,986,490.00	\$0.00
5	Unlimited Tax School Building Bonds, Series 2011	Capital Improvements	\$18,290,000.00	\$18,025,000.00	\$28,277,906.32	\$713.78	\$1,119.78	02/15/2034	\$18,544,883.60	\$18,544,883.60	\$0.00
6	Unlimited Tax Refunding Bonds, Series 2012	Refunding at a lower interest rate, etc.	\$7,955,000.00	\$3,805,000.00	\$3,983,625.00	\$150.68	\$157.75	02/15/2019	\$8,356,463.30	\$8,356,463.30	\$0.00
7	Unlimited Tax Refunding Bonds, Series 2015	Refunding at a lower interest rate, etc.	\$7,780,000.00	\$7,780,000.00	\$13,215,900.00	\$308.08	\$523.34	02/15/2034	\$8,850,806.84	\$8,850,806.84	\$0.00



☑ Summary of Maintenance Tax Debt Outstanding – As of Fiscal Year Ended June 30, 2016

\$150,000

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	Maintenance Tax Notes, Series 2015	Maintenance & Equipment	\$1,015,000.00	\$960,000.00	\$1,149,875.00	\$37.69	\$45.14	02/15/2030	\$1,015,000.00	\$1,015,000.00	\$0.00

☐ For each \$1.00 of limited tax bonds issued, the District pays \$0.20 in interest.

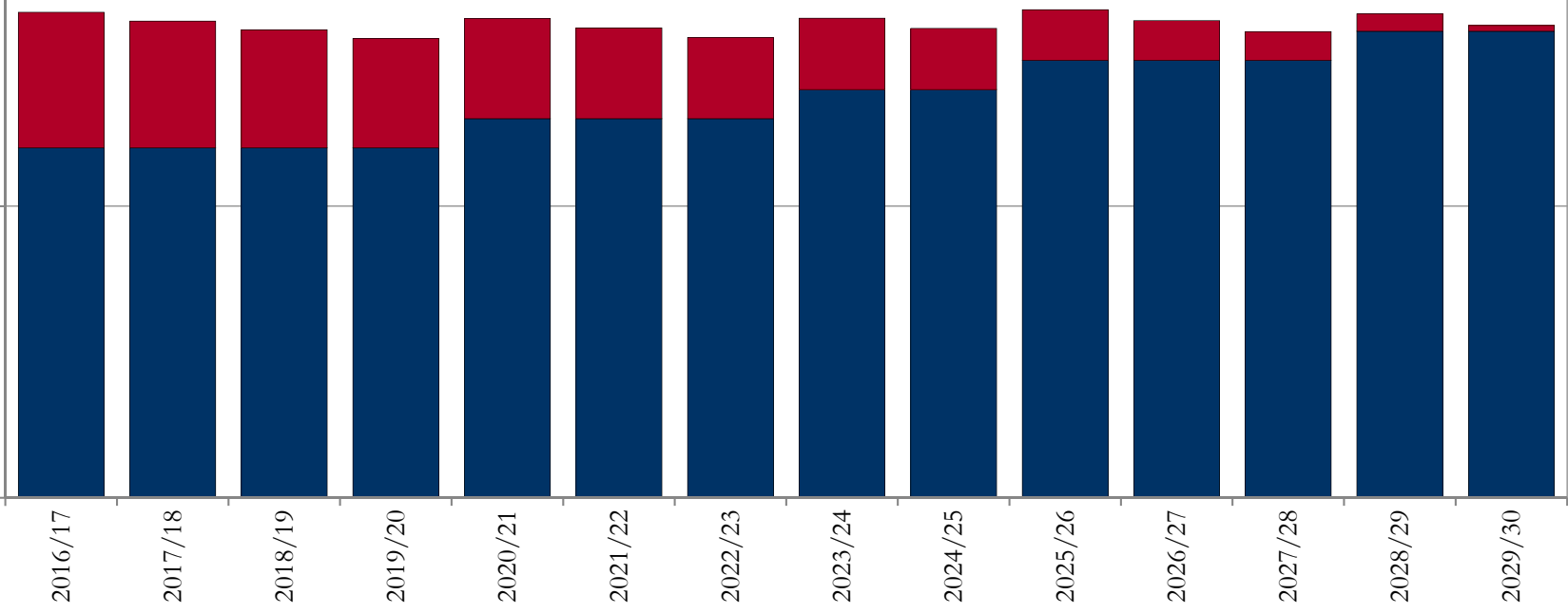
As of June 30, 2016	
Principal	\$960,000.00
+ Interest	\$189,875.00
= Total	\$1,149,875.00

Annual Bond Payments

\$100,000

\$50,000

\$0

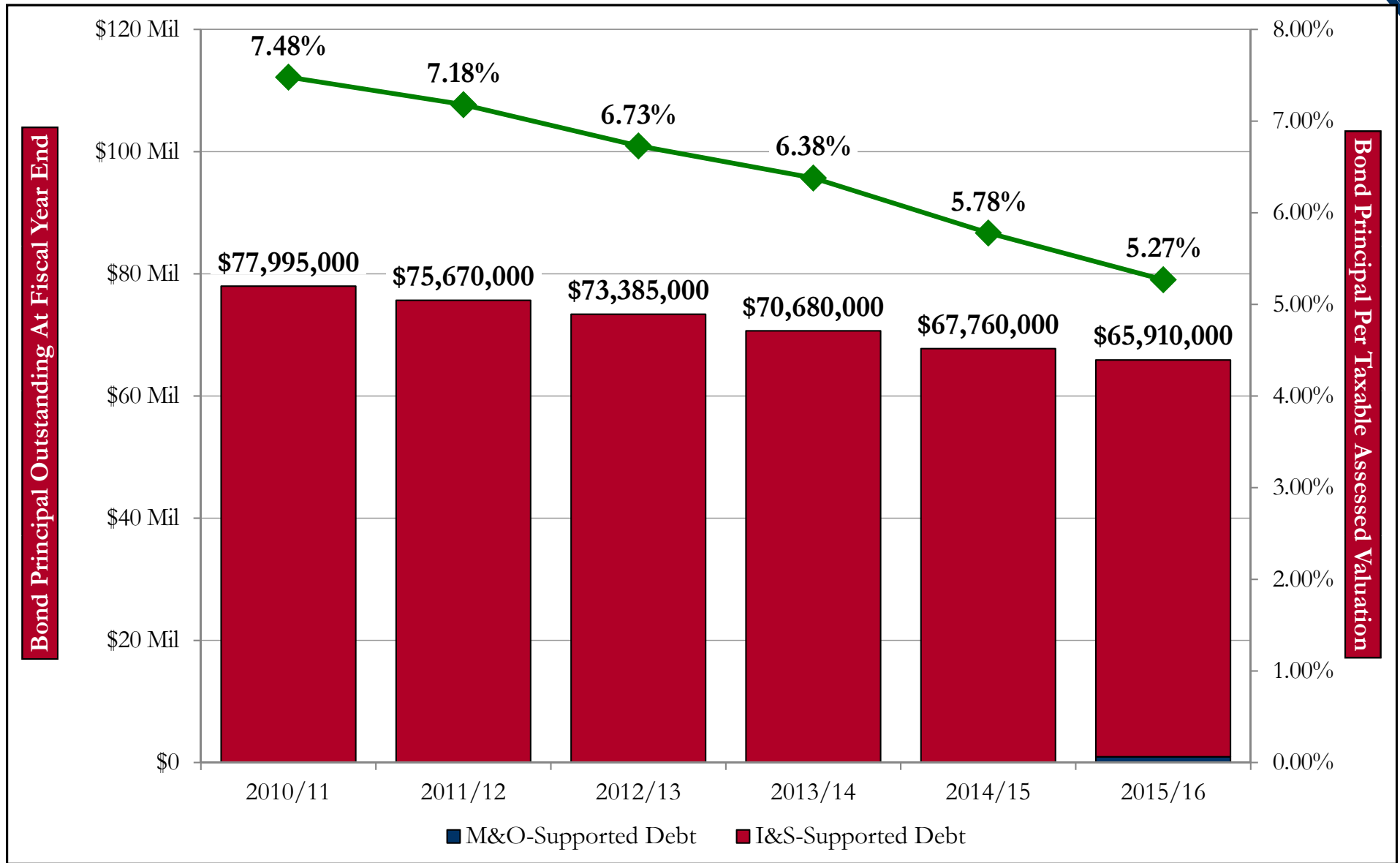


■ Principal ■ Interest

Note: Although the District's fiscal year ends on June 30th, 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 2016 debt payments are not portrayed in the graph above. Payable from the District's M&O tax rate.



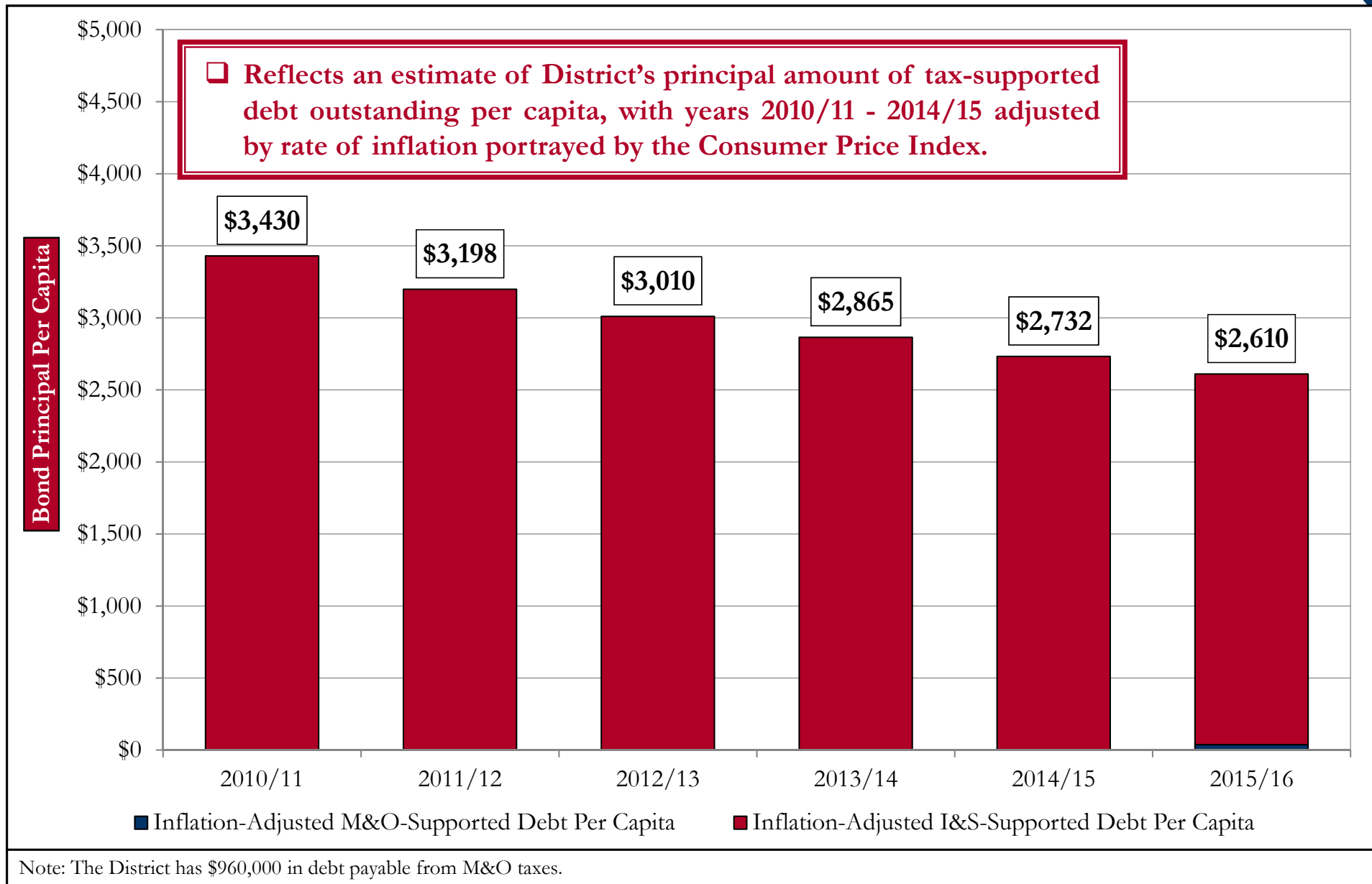
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



Note: The District has \$960,000 in debt payable from M&O taxes.

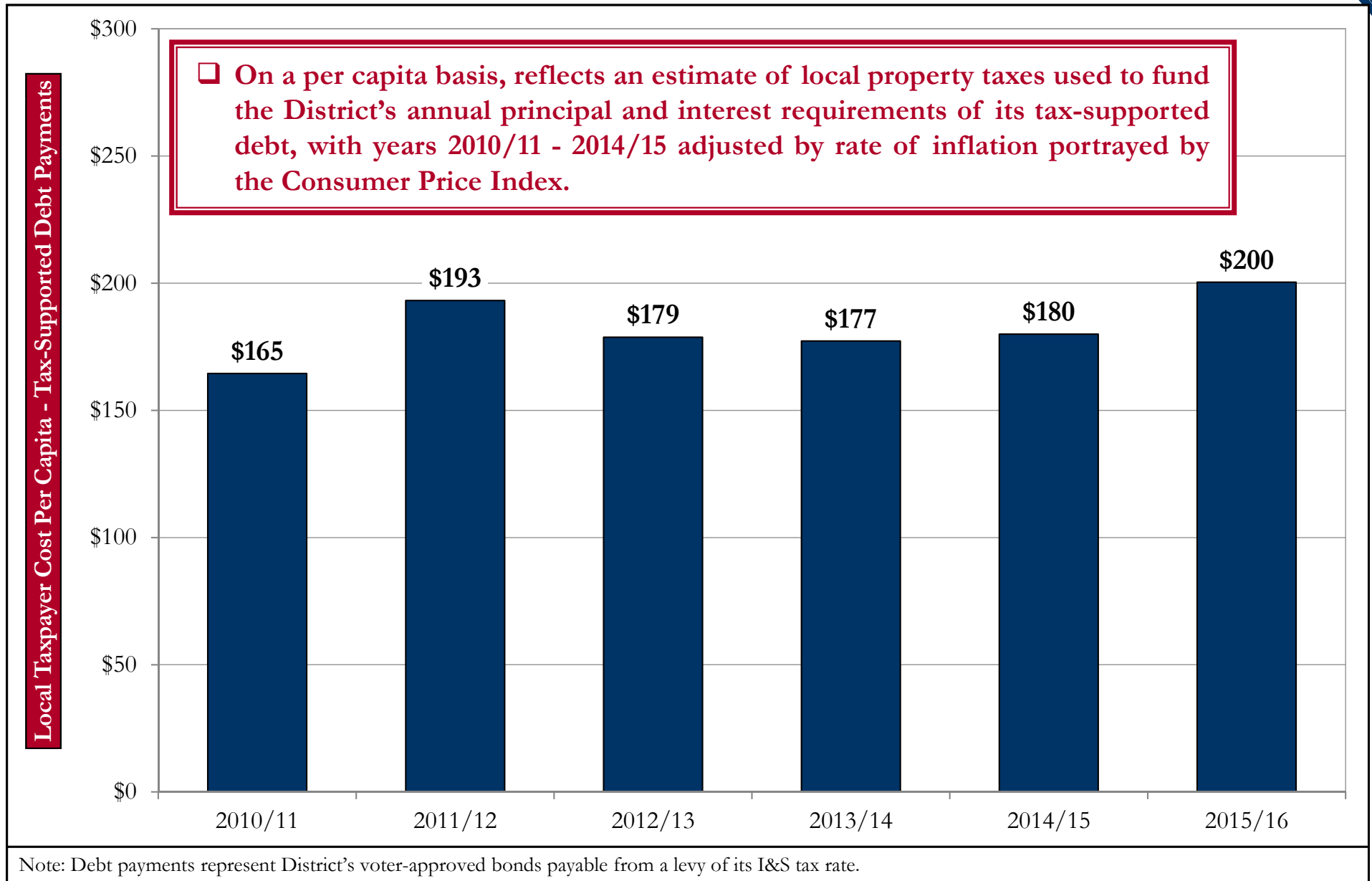


Inflation-Adjusted Tax-Supported Debt Per Capita





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

Main Office Contact Information:

Physical and Mailing Address:

4133 Warpath
Santa Fe, Texas 77510

Phone: (409) 925-3526

Fax: (409) 925-4002

For additional information regarding this report, please contact:

Lee Townsend

Chief Financial Officer

Phone: (409) 925-9020

Email: lee.townsend@sfnisd.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