



# **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 Tuesday, March 28, 2017.



## ☑ Overview of Certain Financial/Bond Ratings

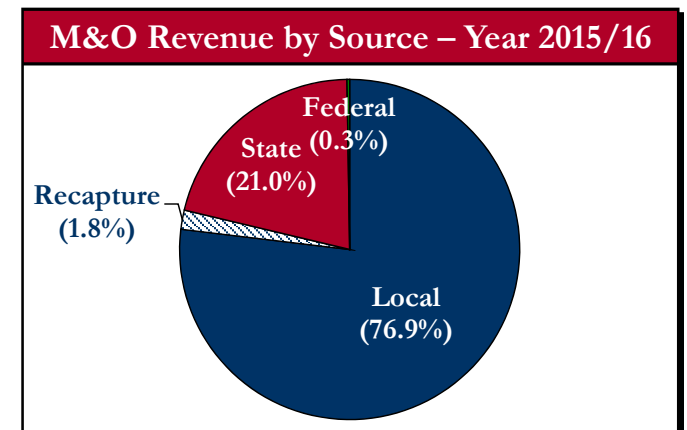
- ☐ **Overview:** Aledo Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
  - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to 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”.
  - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as Moody’s Investors Service, S&P Global Ratings 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.”
    - ✓ **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.”
    - ✓ **Fitch Ratings, Inc.:** Assigns a “AA” 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.



# Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Aledo 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 Parker County Appraisal District and Tarrant 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.
    - ✓ As a Chapter 41 or “Robin Hood” school district, the District’s annual funds for maintenance & operation purposes primarily consist of local M&O taxes, as summarized to the right for year 2015/16. In general, the dollar amount of local M&O revenues retained in the District is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. We note that the local sources include tax collections of \$783,253 or 1.8% of total operating funds that are paid to the State as a “recapture” payment.
    - ✓ On August 28, 2010, 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.





## ☑ Overview of State Funding System

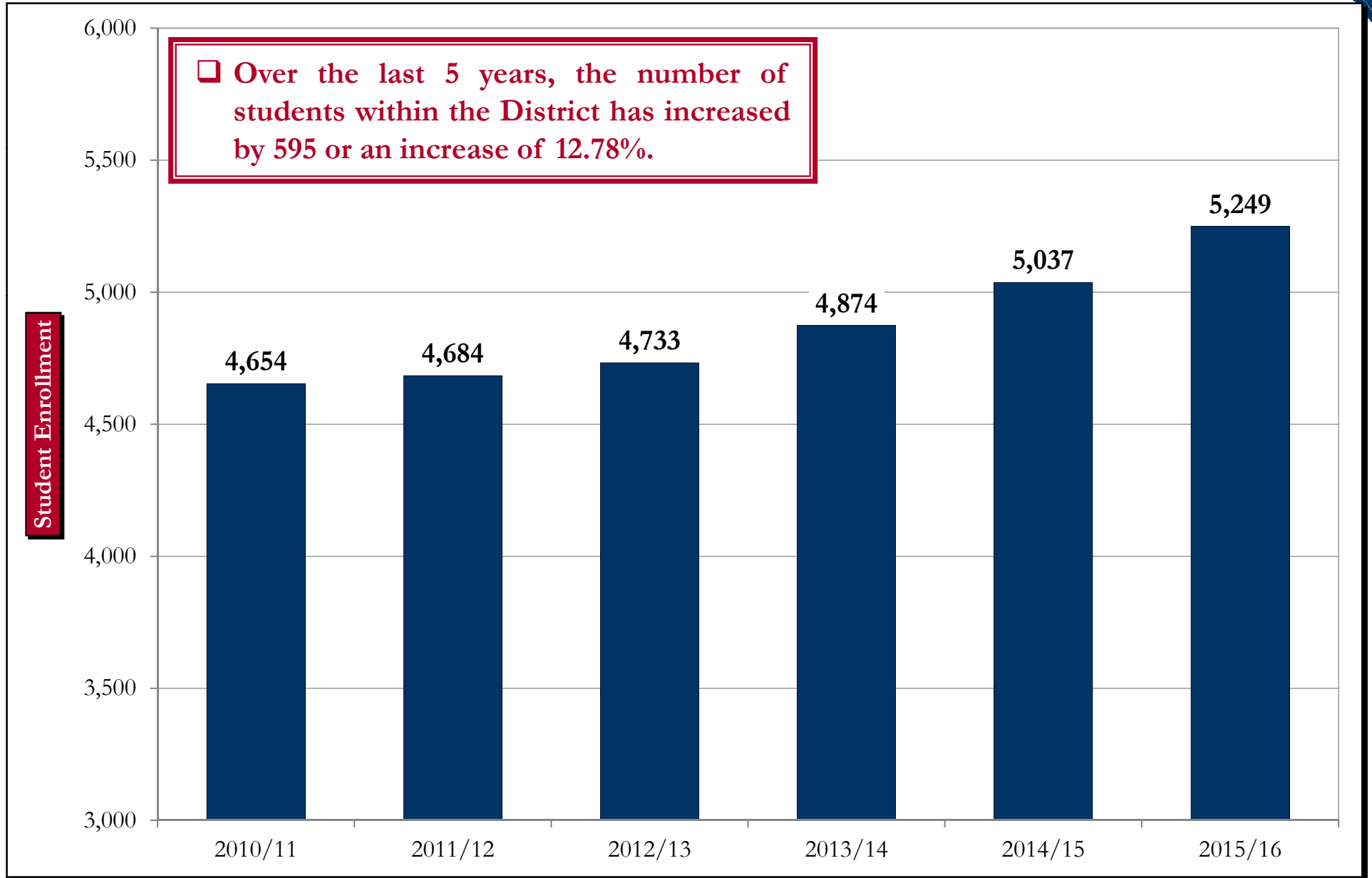
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The District does not receive any facilities funding from the State for the payment of bonds. The following summarizes the District’s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

<b>District’s Historical Bond Elections Approved By Voters</b>				
<b>Election Date</b>	<b>Purpose</b>	<b>Student Enrollment</b>	<b>Election Amount</b>	<b>Dollar Amount Of Bonds Remaining To Be Issued</b>
August 25, 2001	School Building	3,185	\$7,420,000	\$0
February 26, 2005	School Building & Athletic Facilities	3,694	\$52,690,000	\$0
May 10, 2008	School Building	4,444	\$67,025,000	\$6,025,000
May 9, 2015	School Building, Renovations & Buses	5,037	\$53,200,000	\$0
<b>Total Dollar Amount Of Authorized But Unissued Bonds - As of August 31, 2016:</b>				<b>\$6,025,000</b>

- ✓ As of fiscal year ended August 31, 2016, the District had \$42,477,151 within its Capital Projects Fund for projects currently in progress.

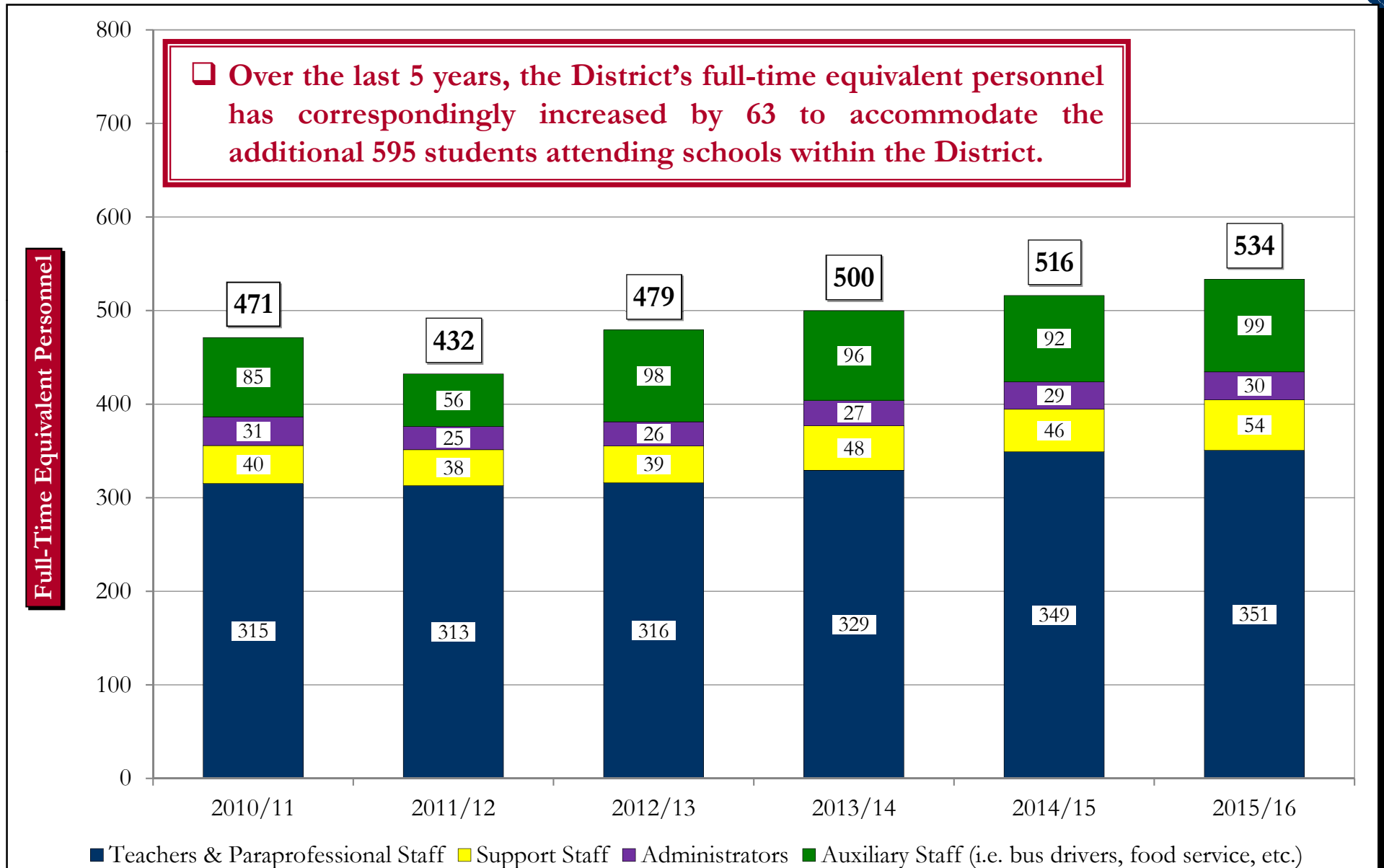


# Historical Student Enrollment



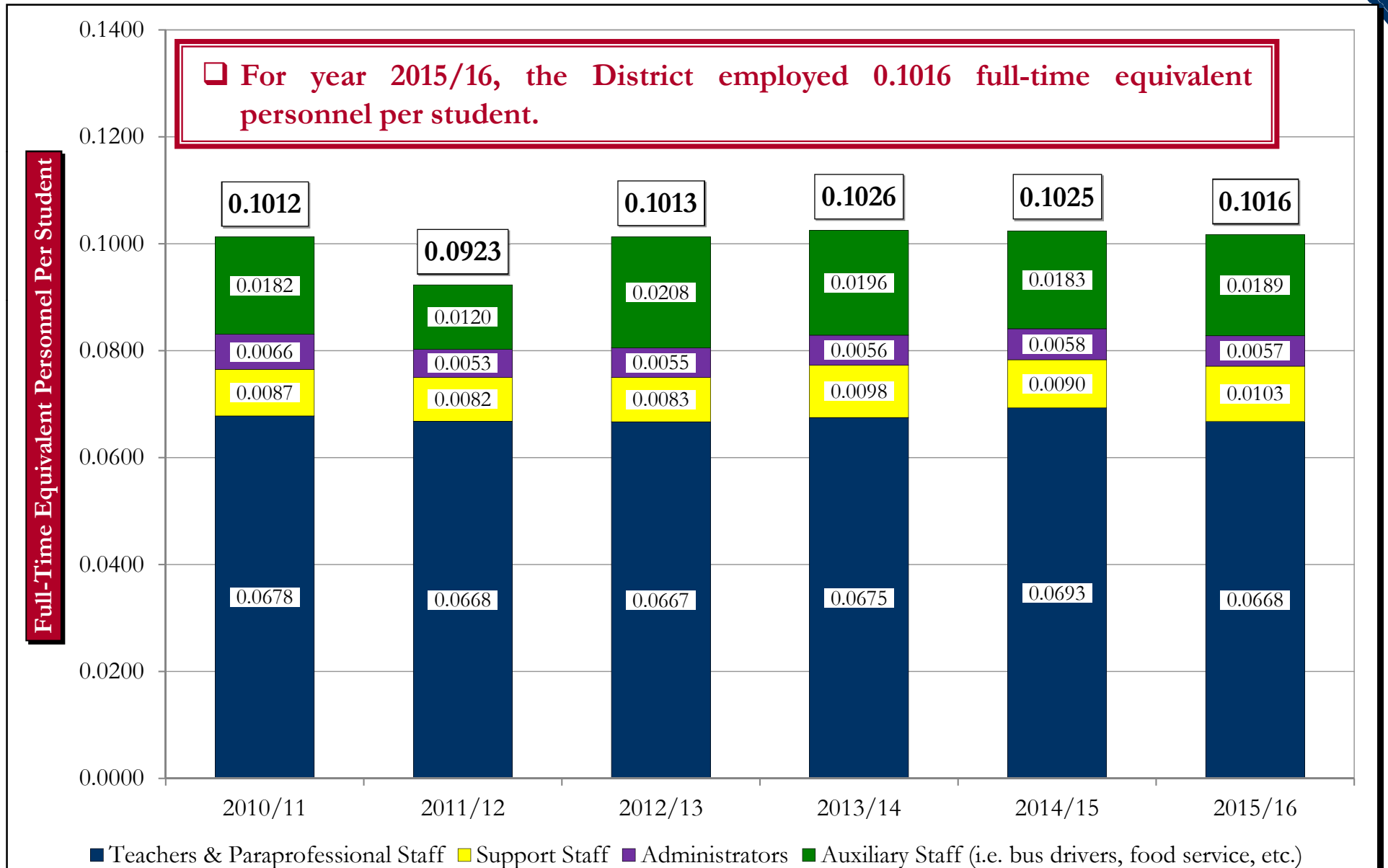


# Full-Time Equivalent Personnel



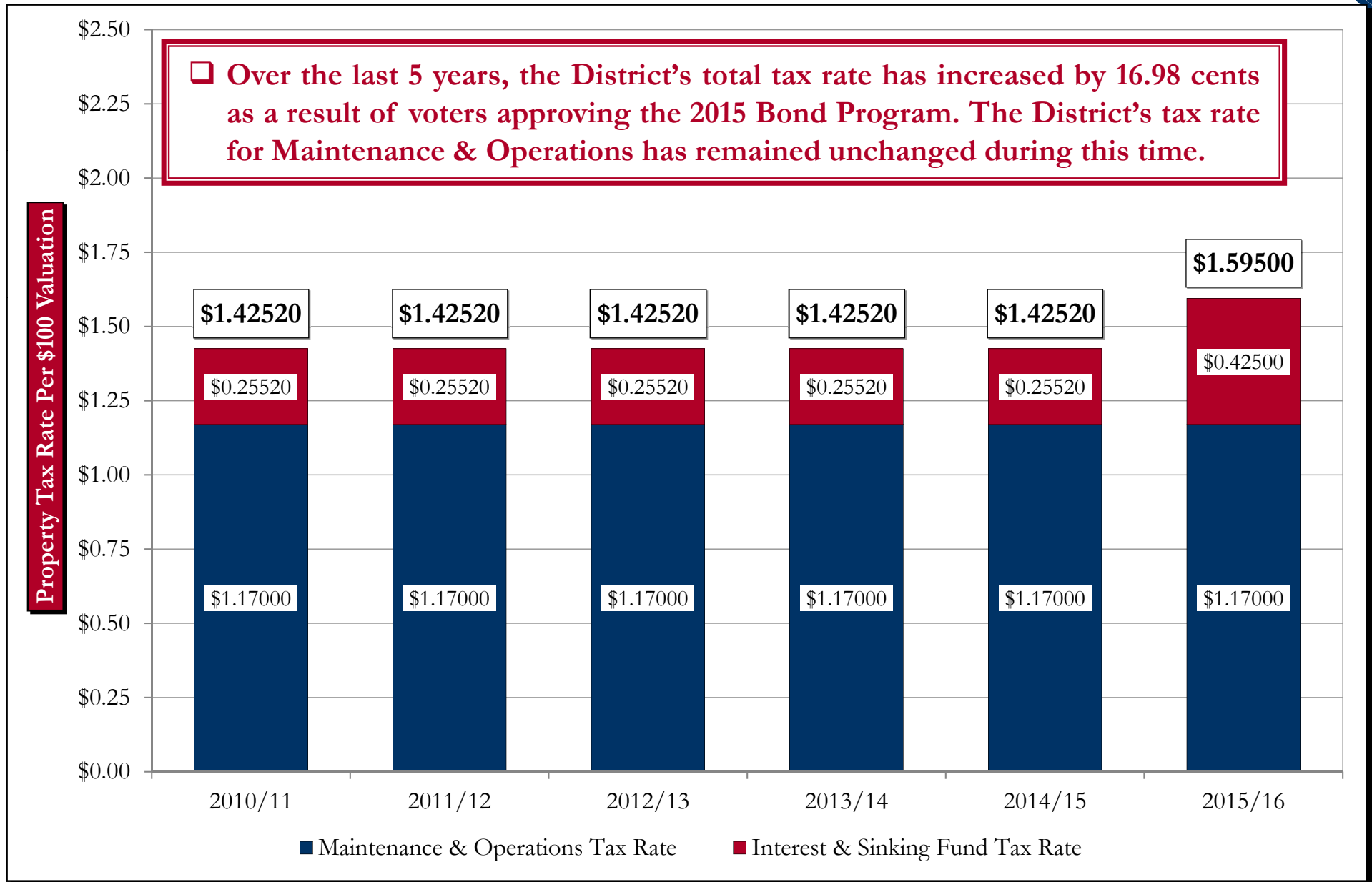


# Full-Time Equivalent Personnel Per Student





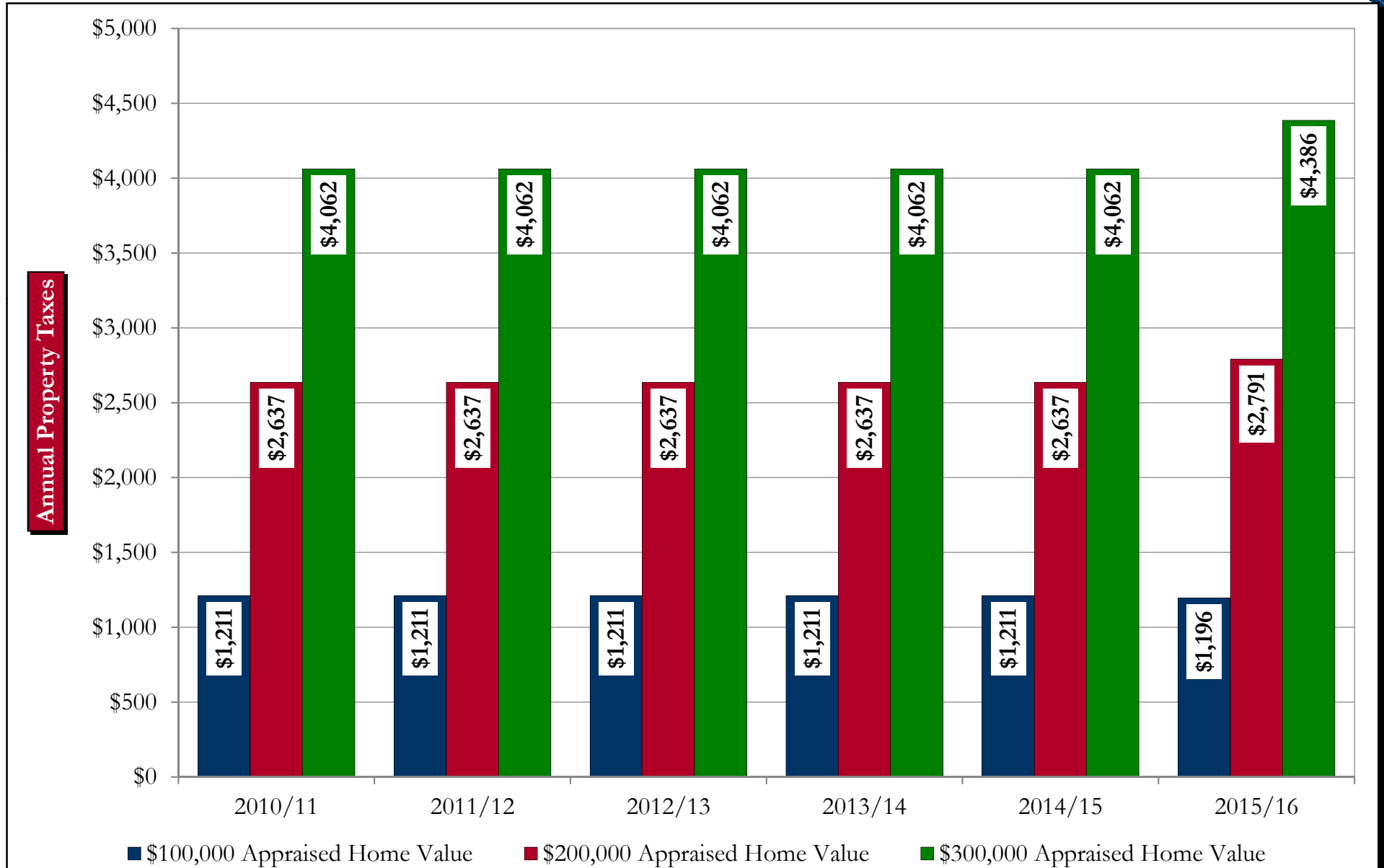
# Historical Tax Rates







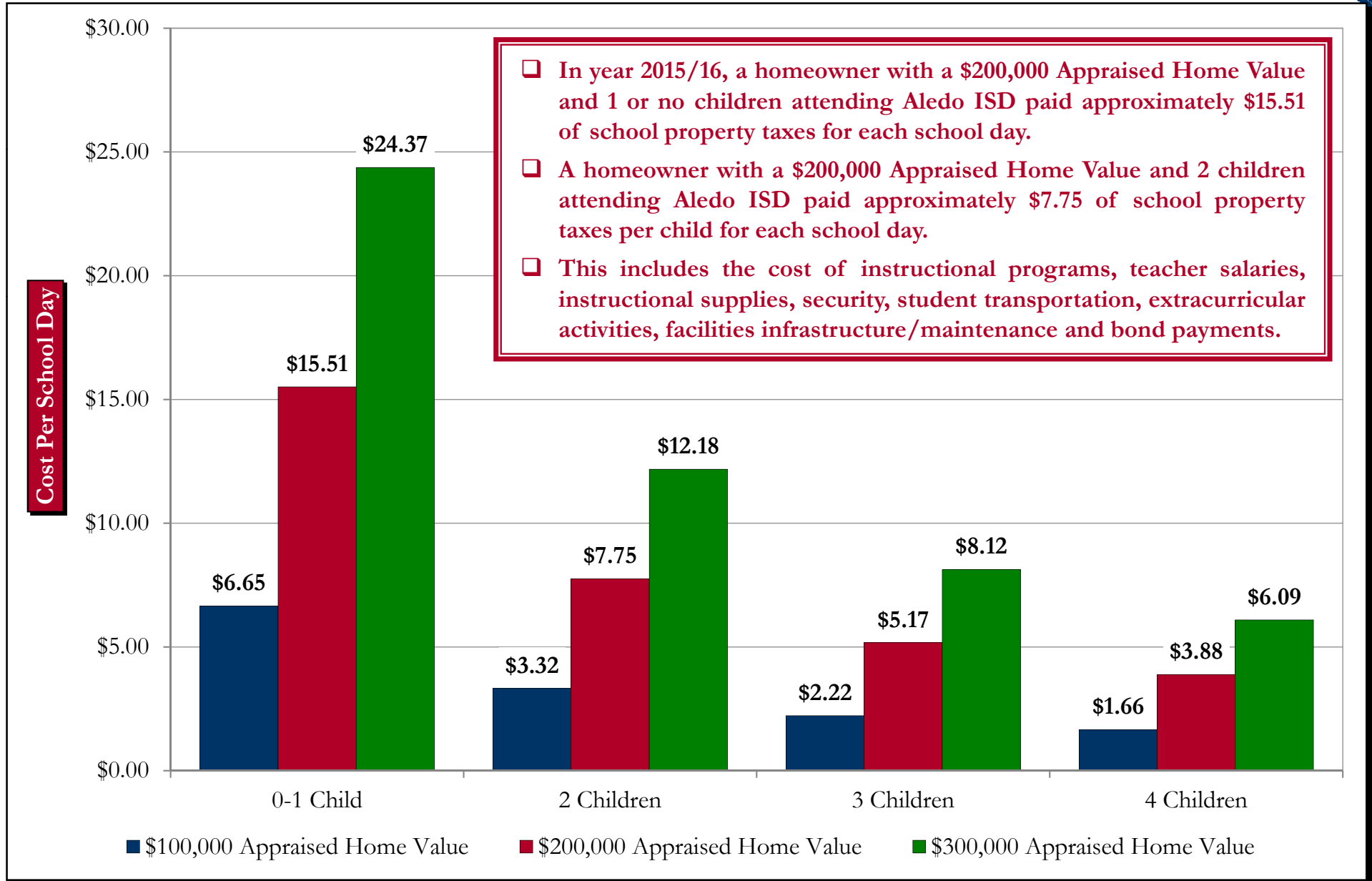
# Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



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



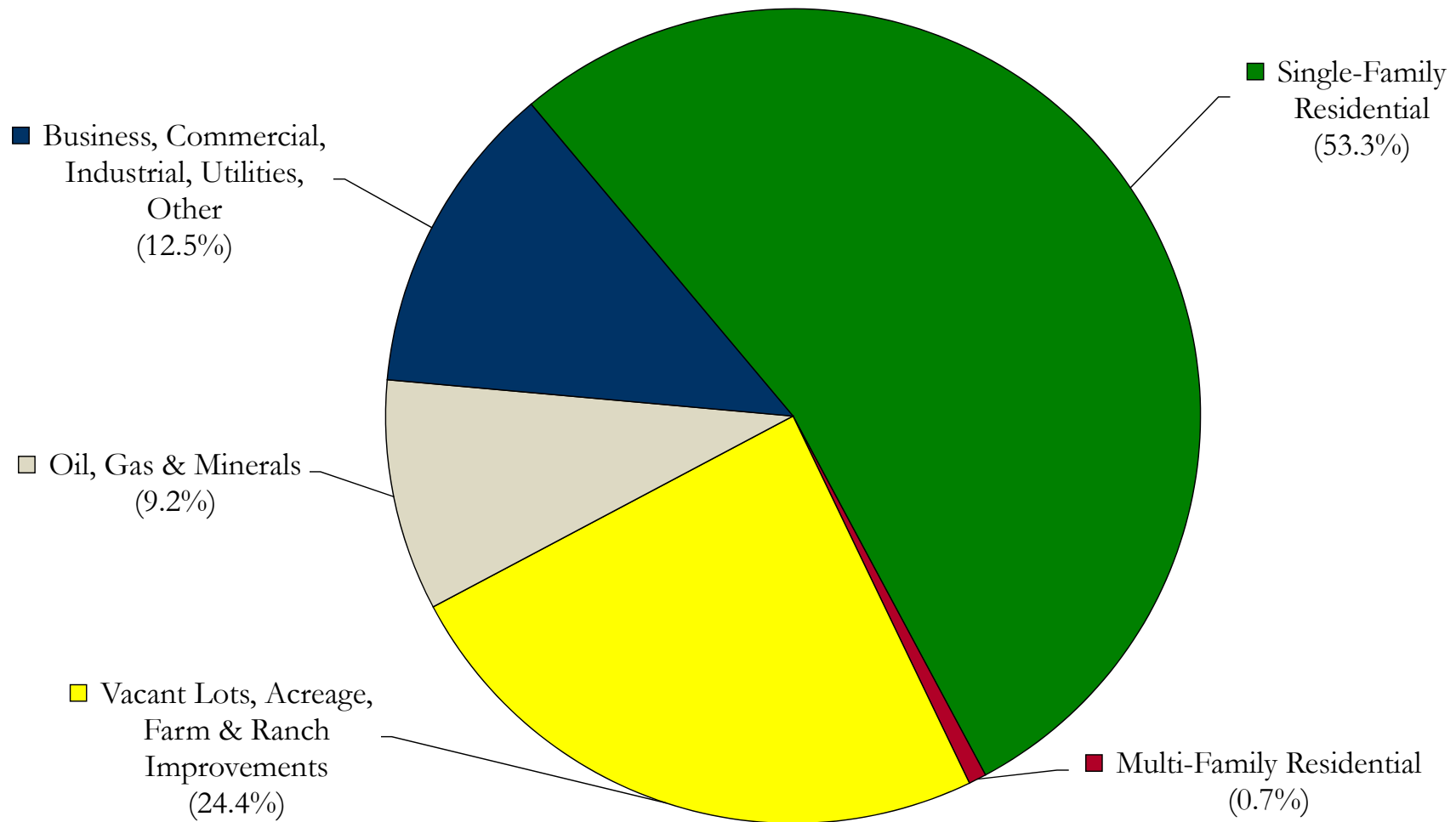
# Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2015/16





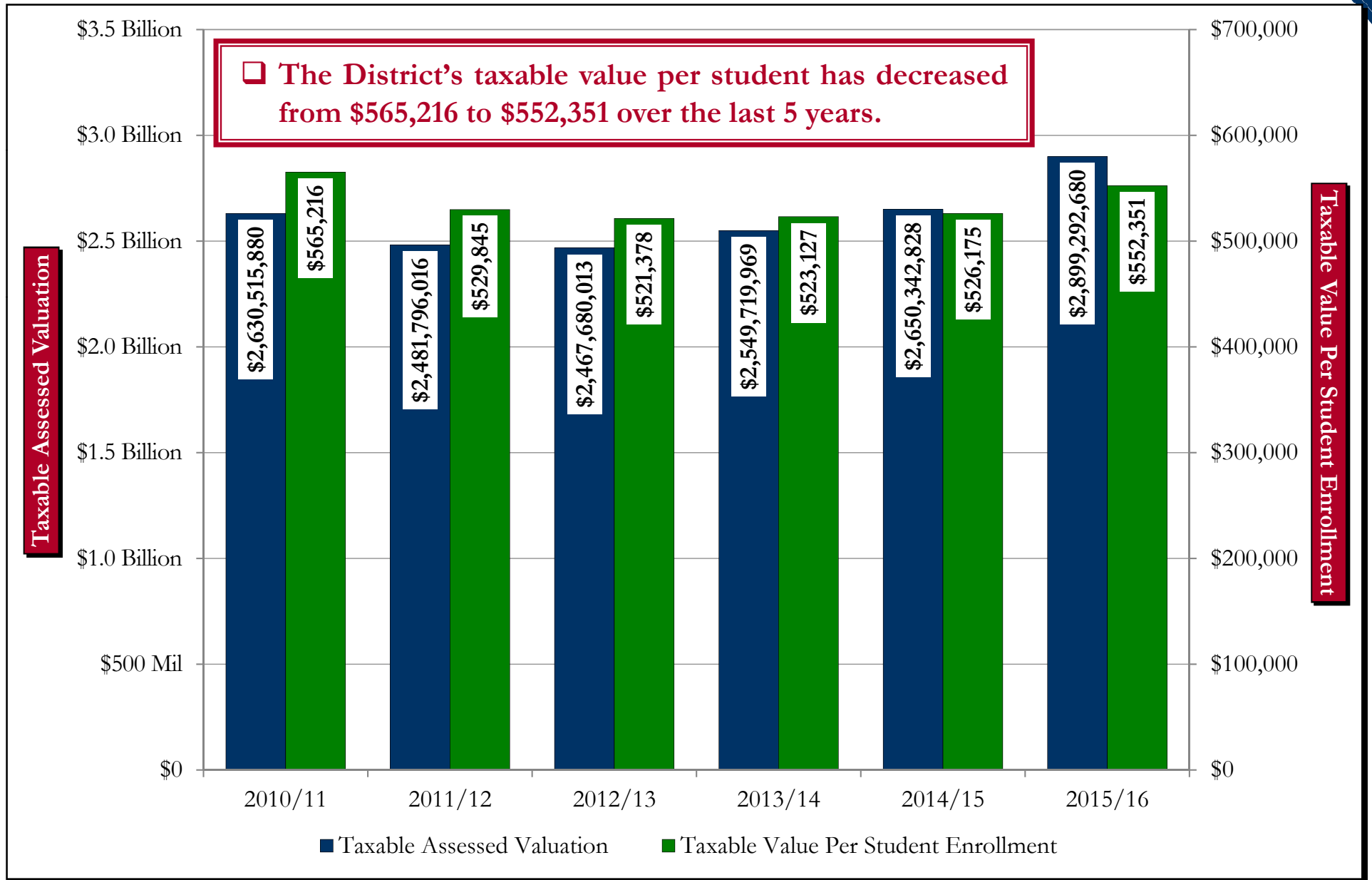
# Composition of Total Assessed Valuation – Year 2015/16

For year 2015/16, Single-Family Residential properties comprised 53.3% of the District's total assessed valuation and other property categories comprised 46.7%.





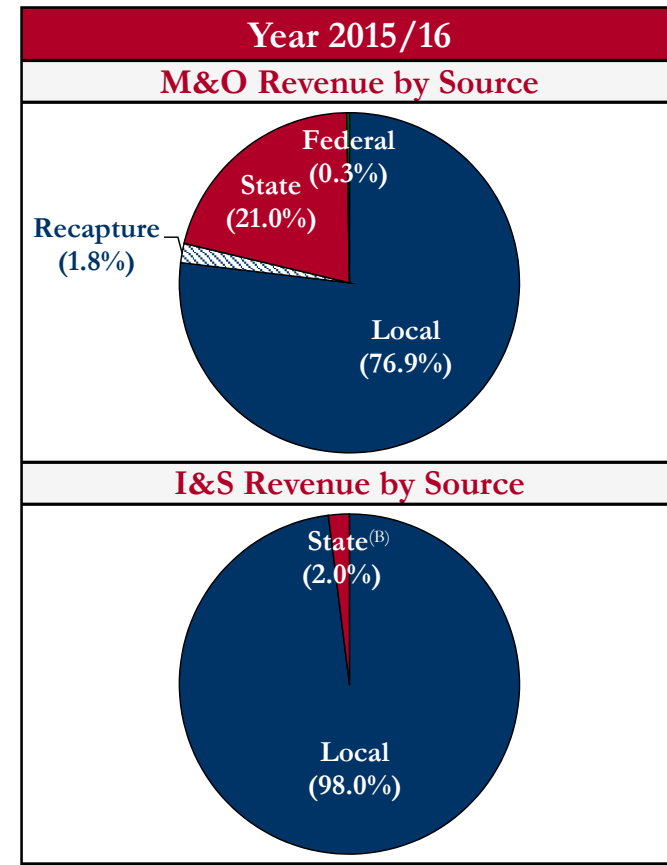
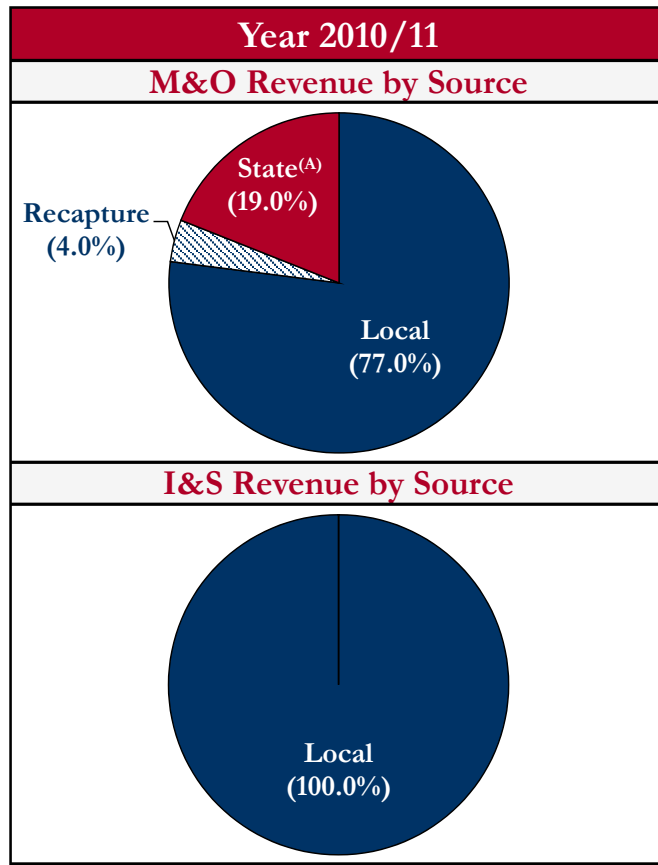
# Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





# 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.

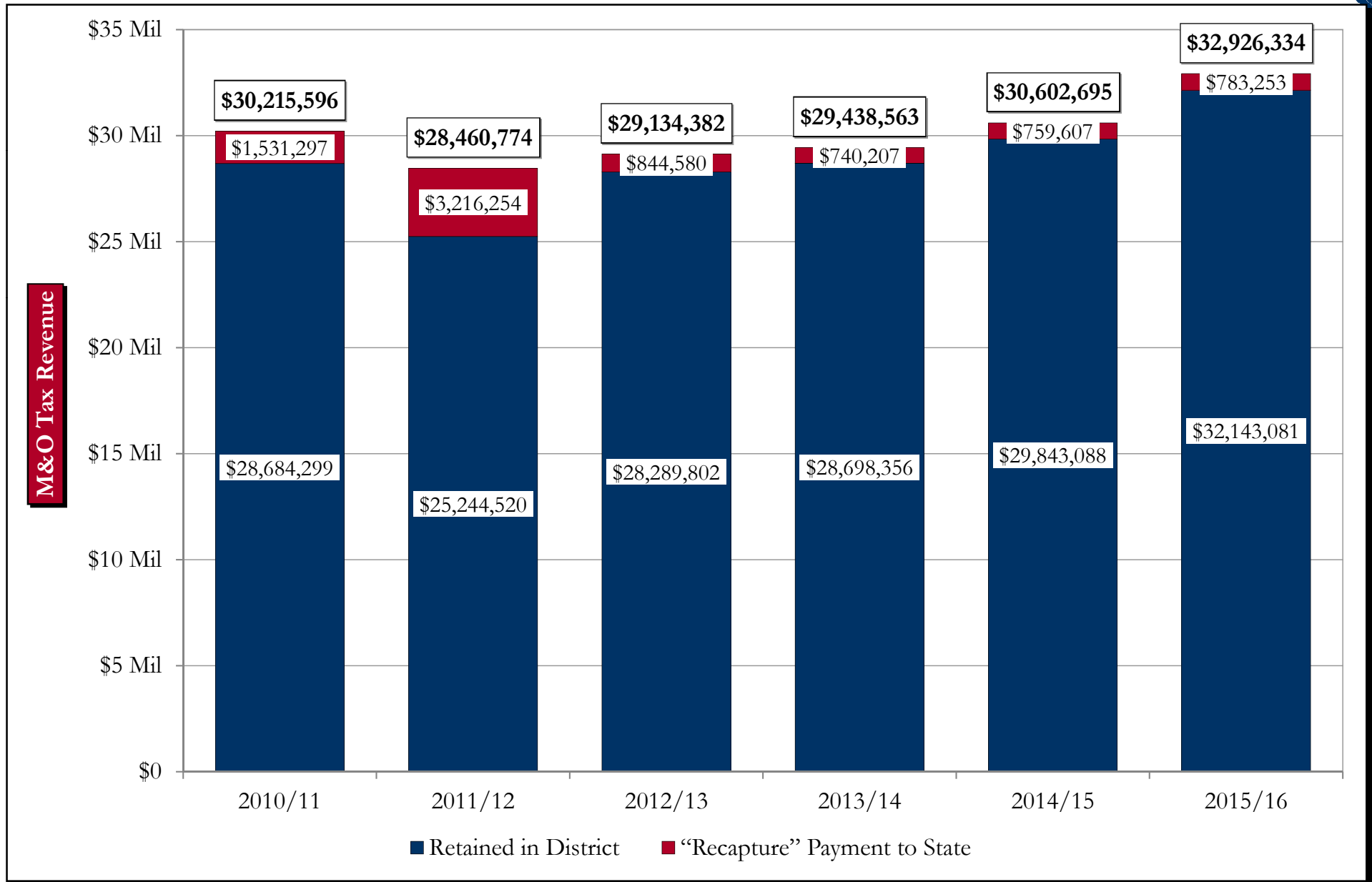


<sup>(A)</sup> Includes \$1,222,913 from the State Fiscal Stabilization Fund, distributed under the Federal American Recovery and Reinvestment Act.

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

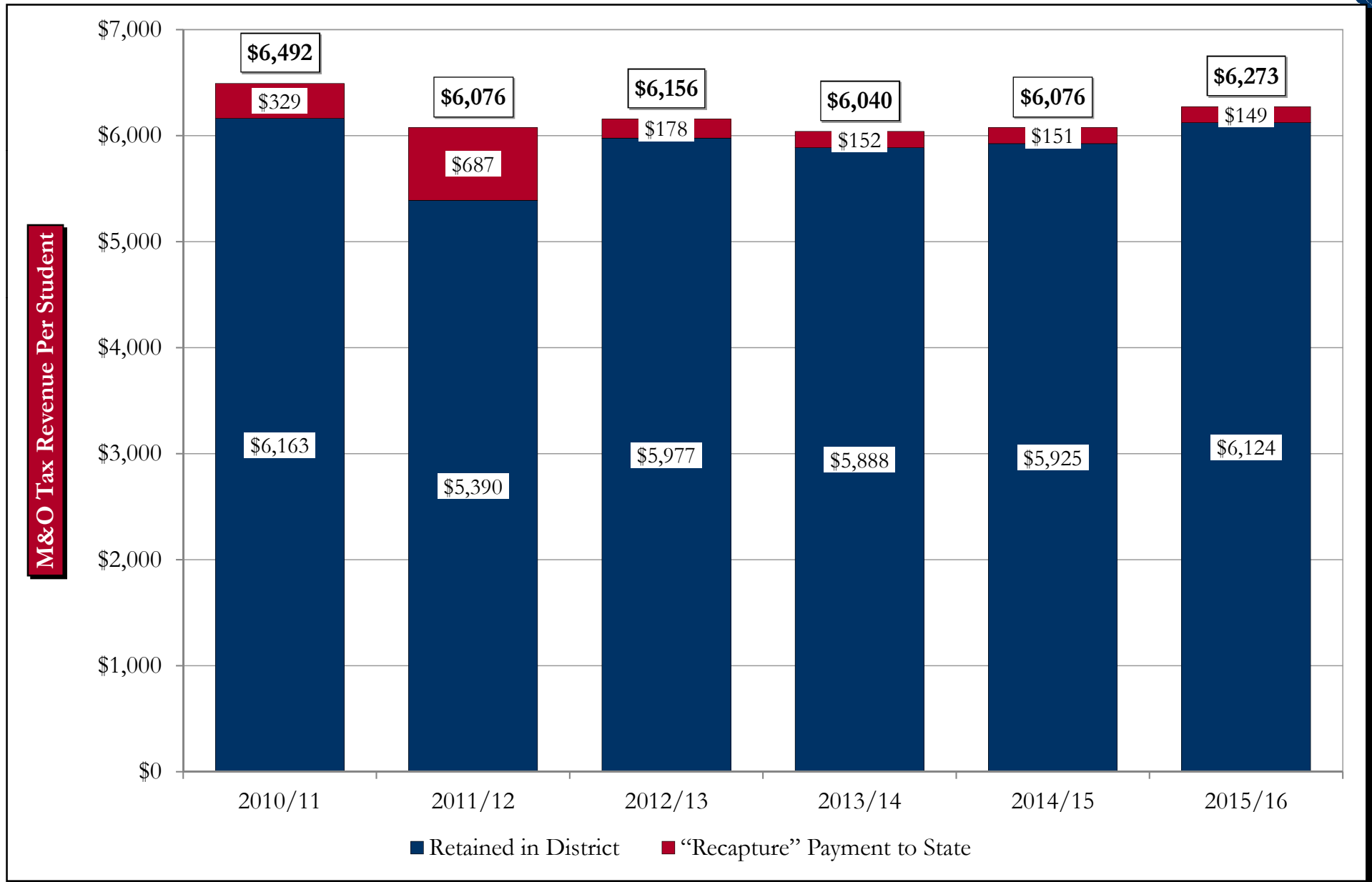


# Historical M&O Tax Revenue



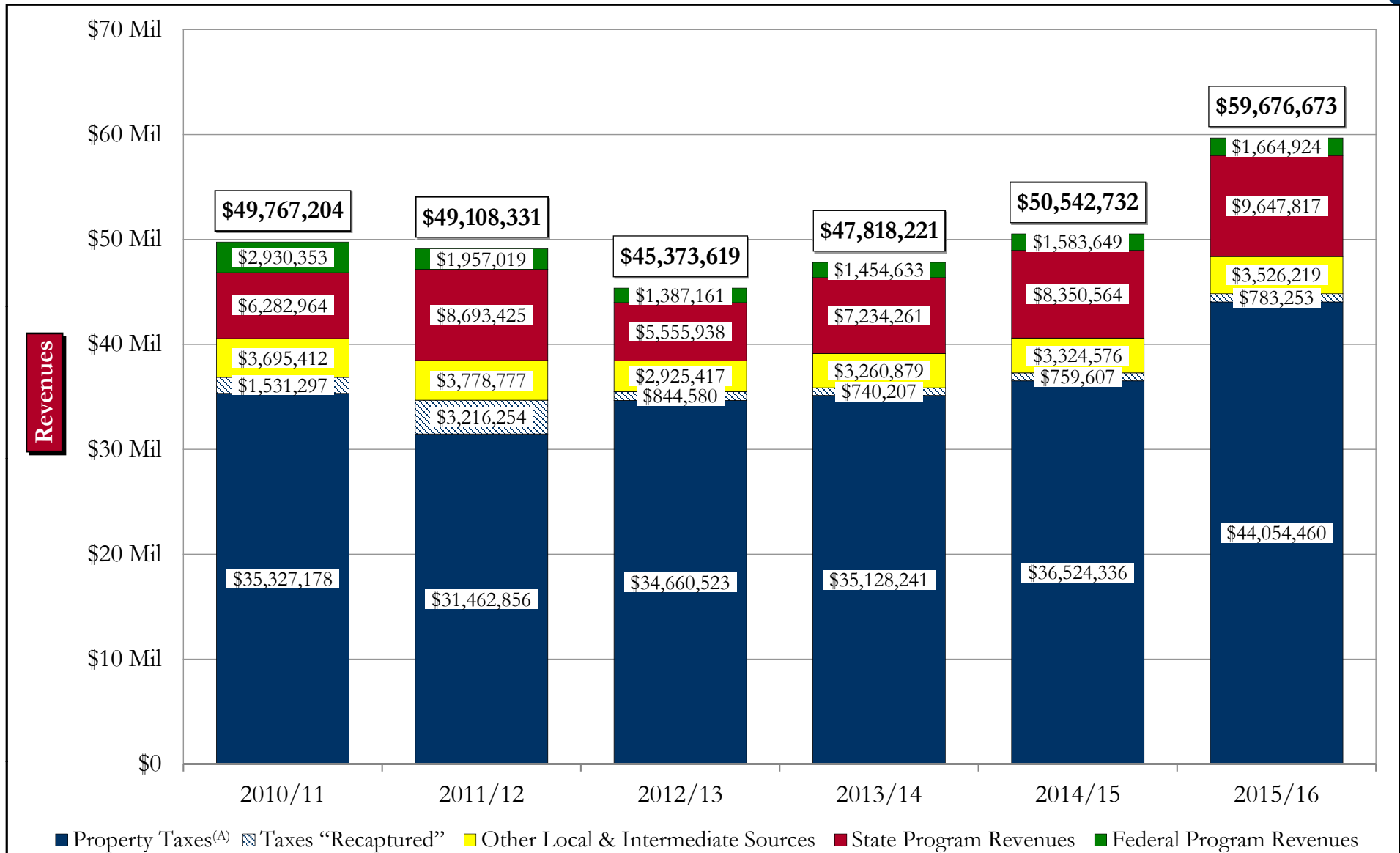


# Historical M&O Tax Revenue Per Student





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

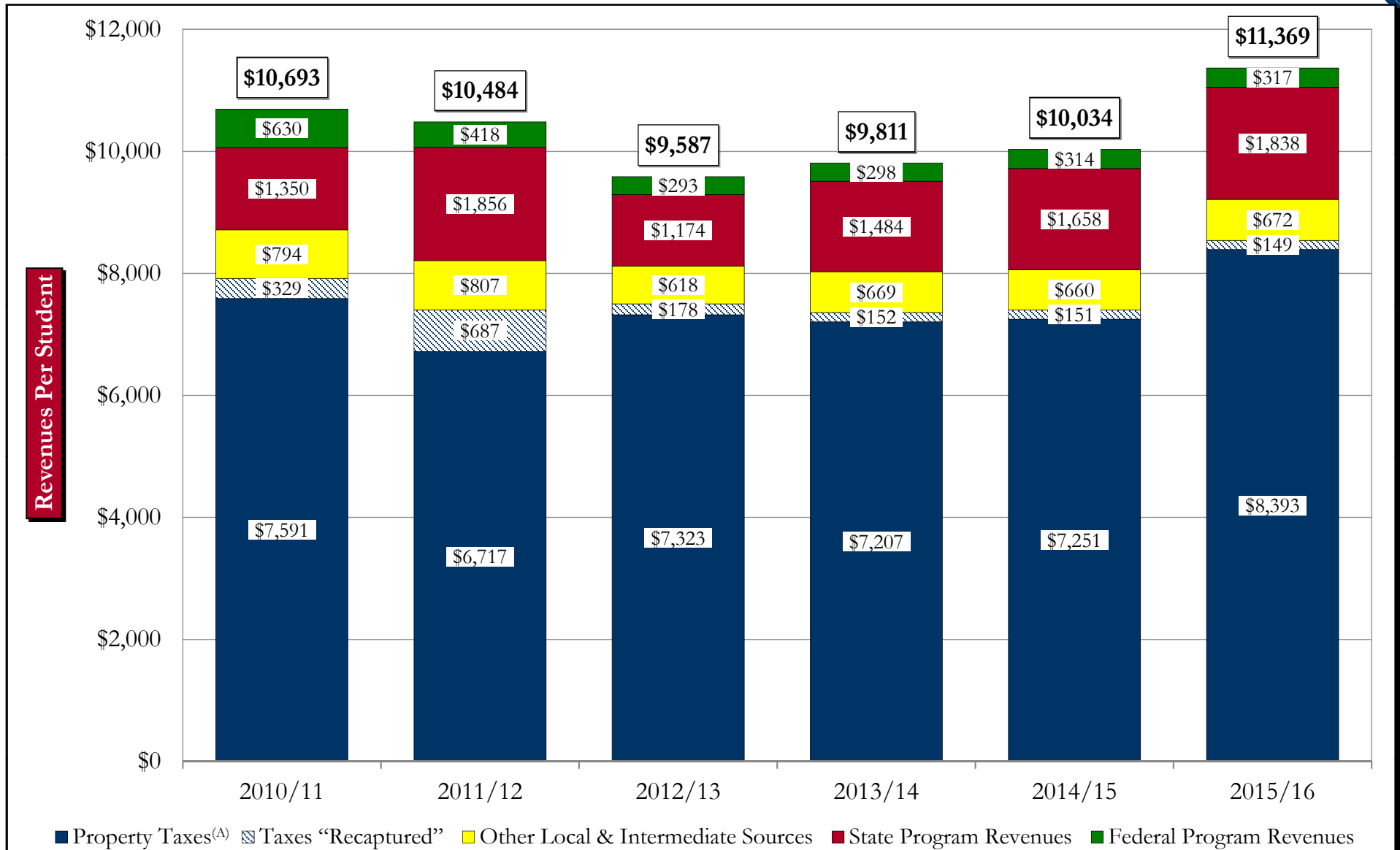


<sup>(A)</sup> Includes maintenance and operation expenses and bond payments of voter-approved bonds.





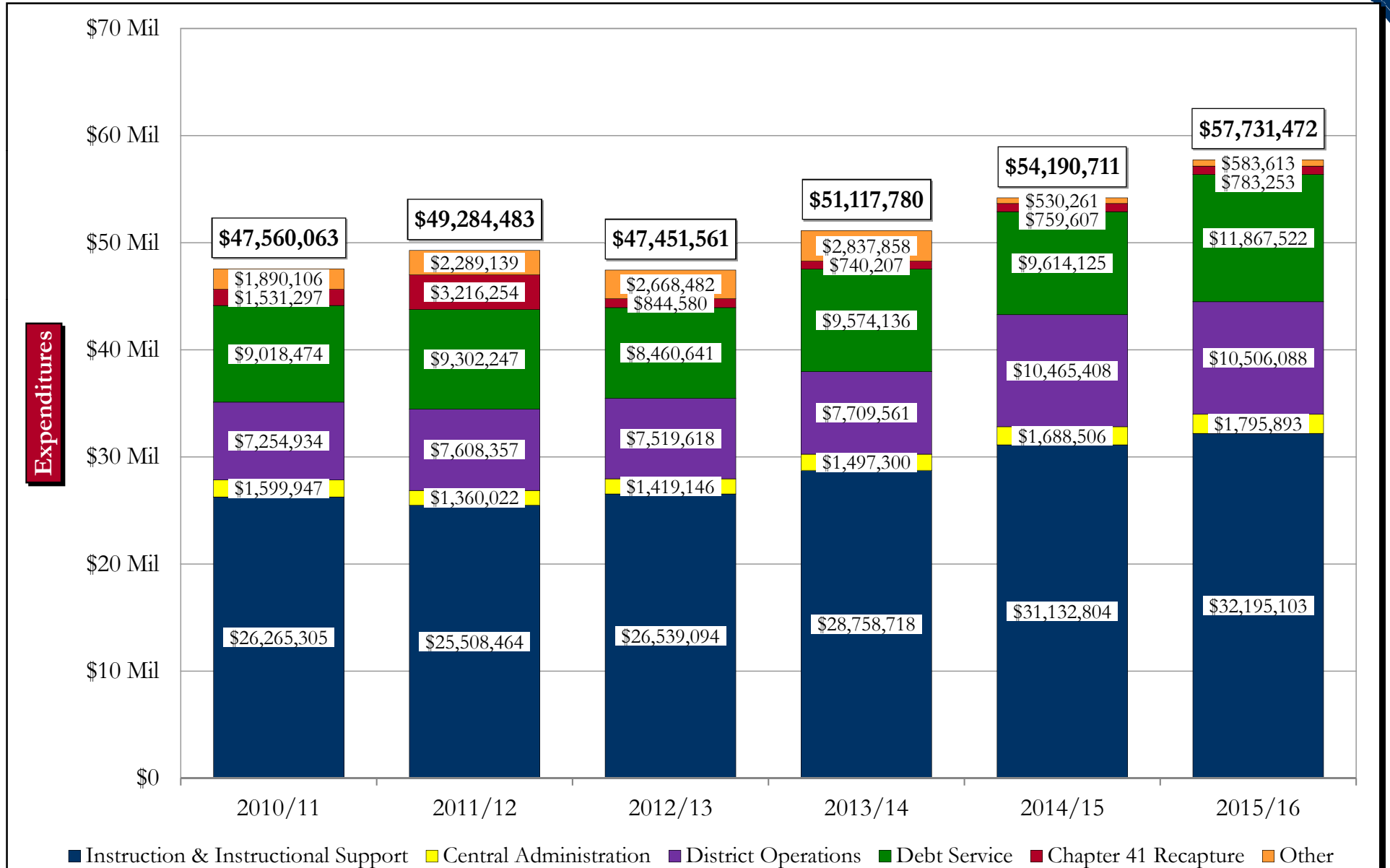
# Total Revenues (All Governmental Funds\*) Per Student



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



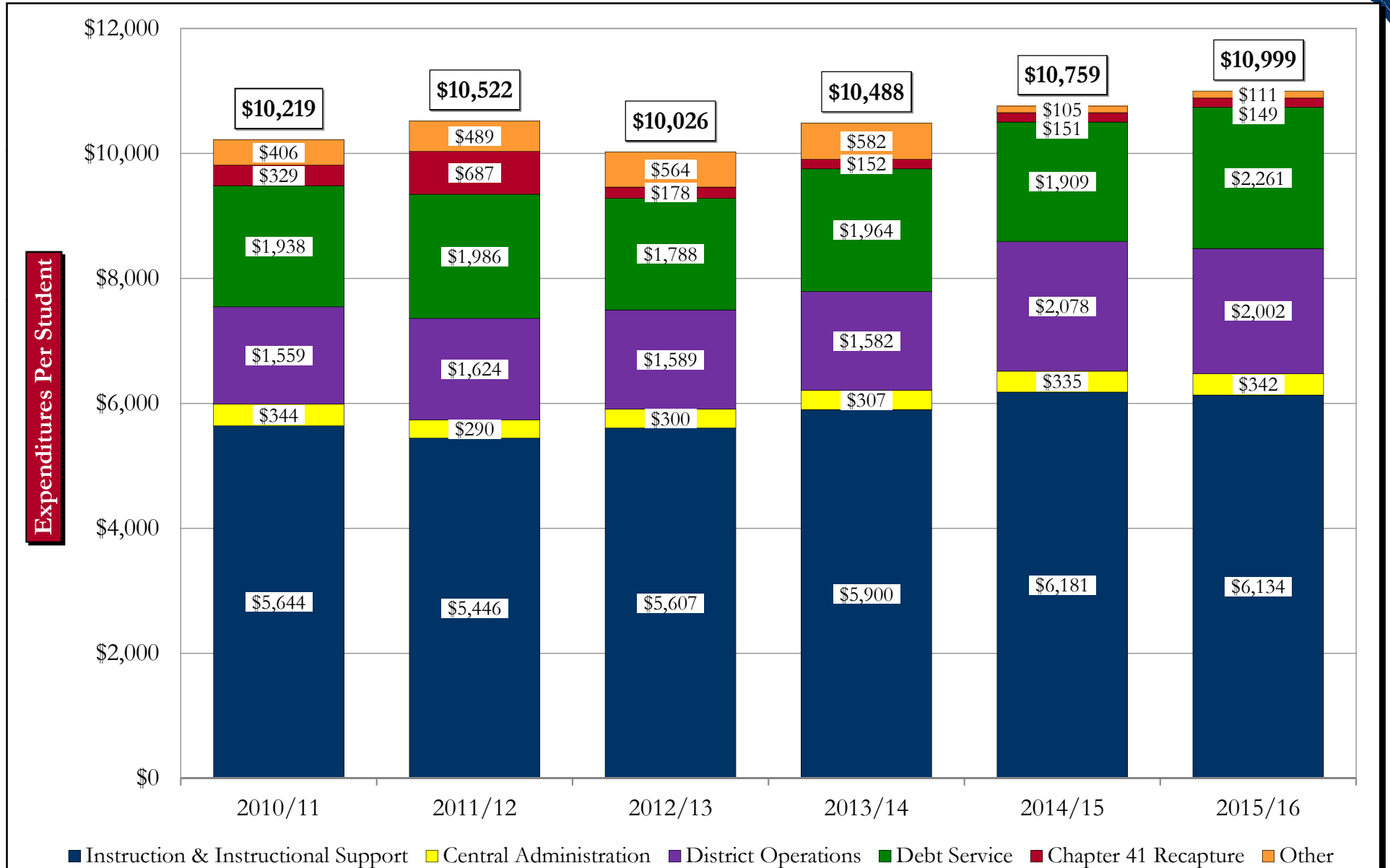
# Total Expenditures (All Governmental Funds\*) By Source



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



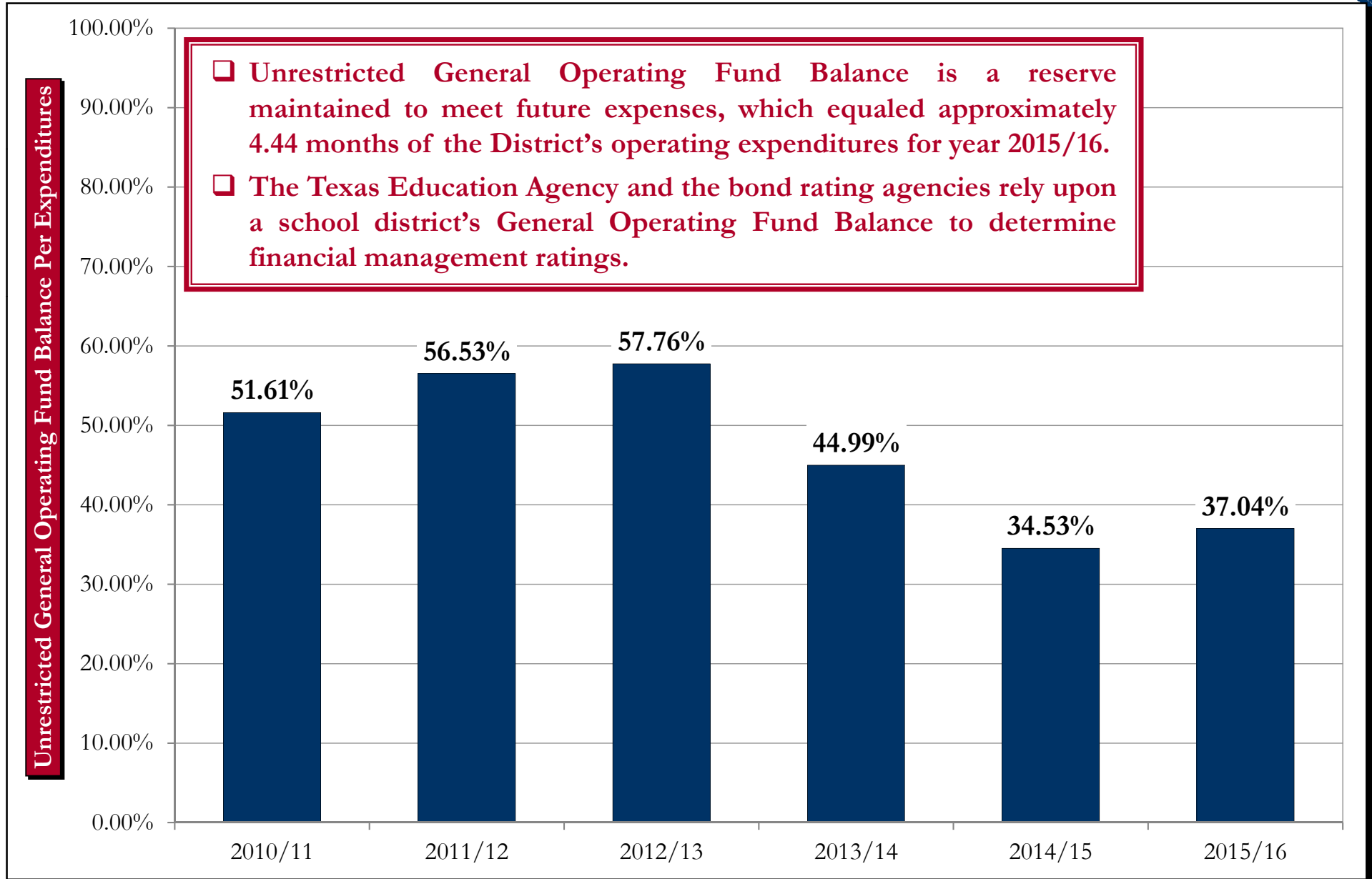
# Total Expenditures (All Governmental Funds\*) Per Student



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

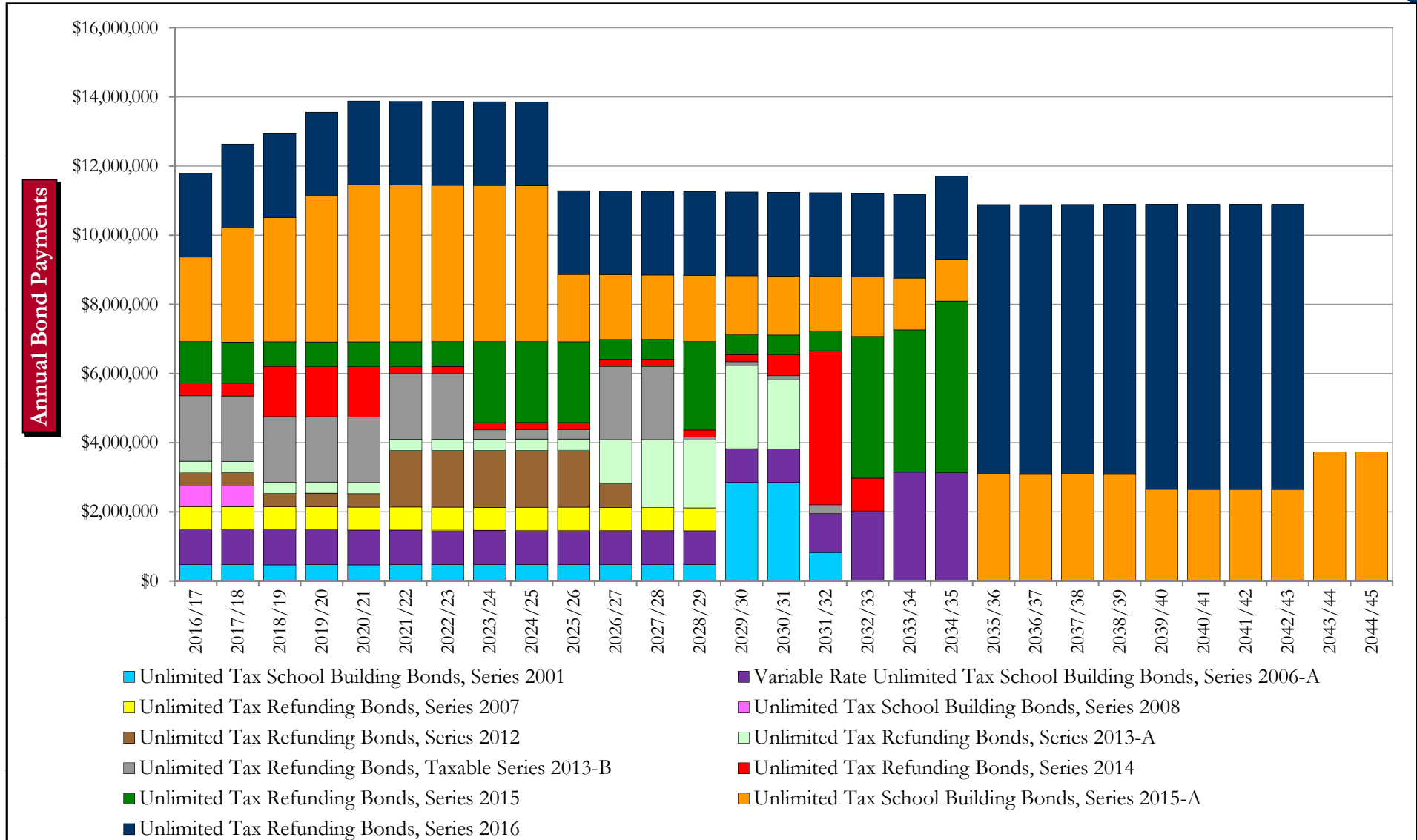


# Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





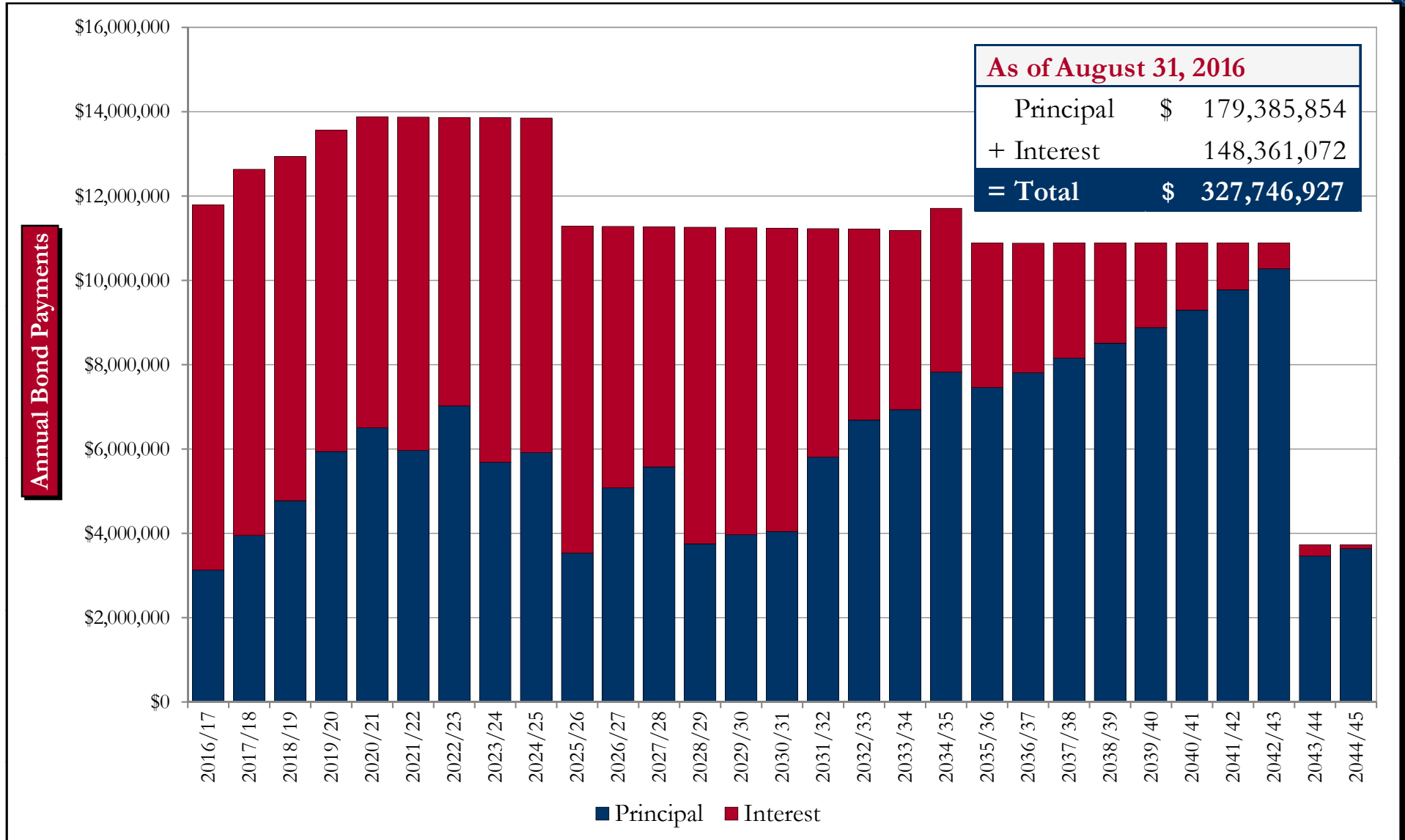
# ✓ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31. Interest on the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006-A assumes a 5.00% coupon.



# 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. Interest on the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006-A assumes a 5.00% coupon.



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

- ❑ Aledo ISD has implemented 8 bond refunding programs to reduce the cost of voter-approved bonds – Which have generated more than \$25.6 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 2006	1998	\$ 23,035,000	\$ 1,172,515
Unlimited Tax Refunding Bonds, Series 2007	1998	7,520,000	988,788
Unlimited Tax Refunding Bonds, Series 2012	2001, 2005-A	8,519,919	1,075,426
Unlimited Tax Refunding Bonds, Series 2013-A	2005-A	8,985,000	2,344,653
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	2005-A, 2006	17,010,000	2,204,602
Unlimited Tax Refunding Bonds, Series 2014	2005-A	9,330,000	1,866,979
Unlimited Tax Refunding Bonds, Series 2015	2005-A, 2006, 2008	13,195,000	3,502,667
Unlimited Tax Refunding Bonds, Series 2016	2008	56,615,000	12,467,671
<b>Totals</b>	---	<b>\$ 144,209,919</b>	<b>\$ 25,623,301</b>



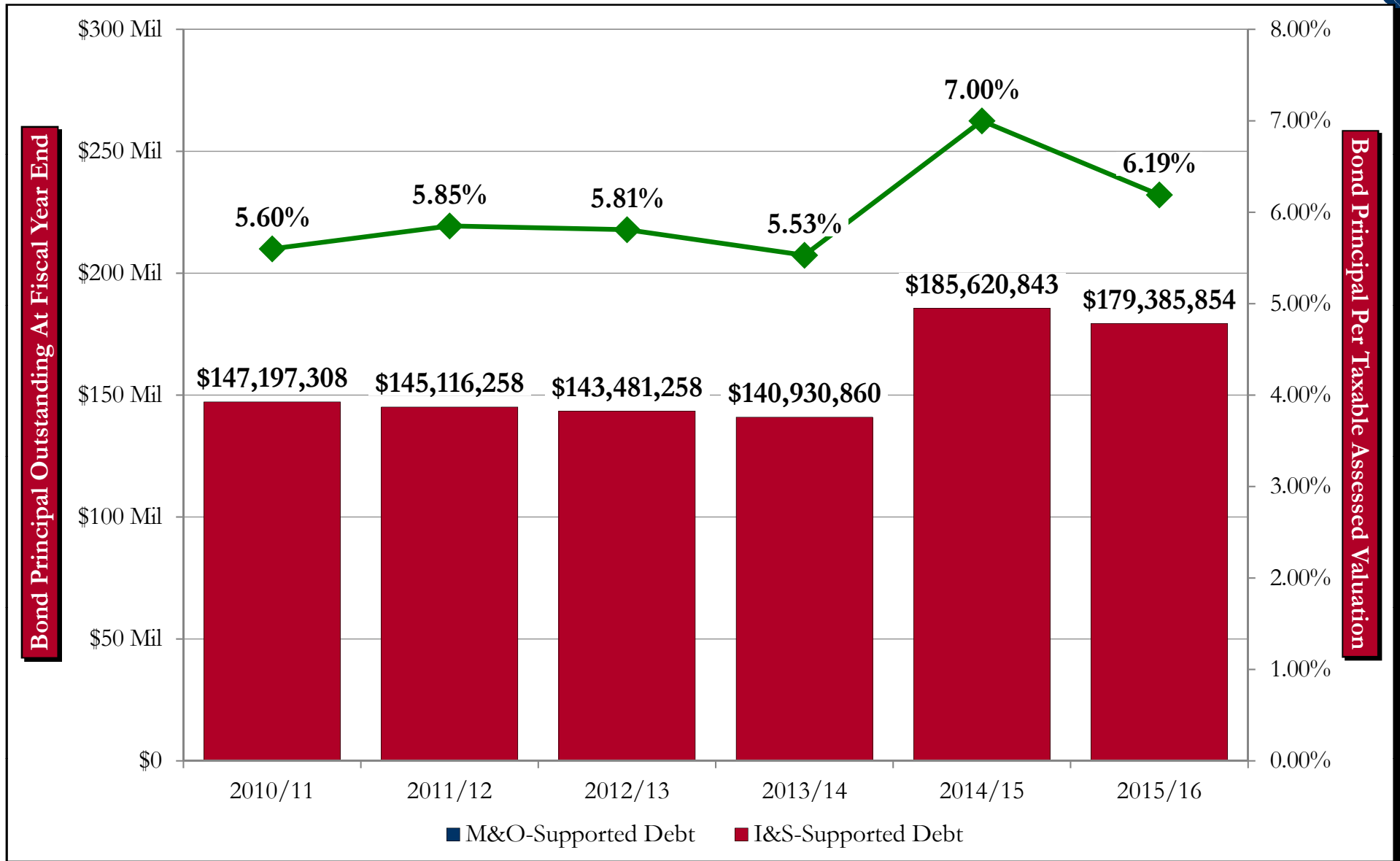
# ☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2016

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 School Building Bonds, Series 2001	Capital Improvements	\$7,418,568.20	\$3,360,941.30	\$12,635,000.00	\$145.34	\$546.38	02/15/2032	\$7,420,000.00	\$7,420,000.00	\$0.00
2	Variable Rate Unlimited Tax School Building Bonds, Series 2006-A	Capital Improvements	\$16,910,000.00	\$14,320,000.00	\$24,374,500.00	\$619.24	\$1,054.03	08/01/2035	\$16,866,372.20	\$16,866,372.20	\$0.00
3	Unlimited Tax Refunding Bonds, Series 2007	Refunding at a lower interest rate, etc.	\$7,520,000.00	\$6,720,000.00	\$8,639,140.74	\$290.59	\$373.58	02/15/2029	\$7,724,528.48	\$7,724,528.48	\$0.00
4	Unlimited Tax School Building Bonds, Series 2008	Capital Improvements	\$61,000,000.00	\$500,000.00	\$1,200,000.00	\$21.62	\$51.89	02/15/2018	\$65,519,095.37	\$64,845,834.65	\$673,260.72
5	Unlimited Tax Refunding Bonds, Series 2012	Refunding at a lower interest rate, etc.	\$8,519,913.00	\$8,014,913.00	\$10,850,512.50	\$346.59	\$469.21	02/15/2027	\$9,902,222.38	\$9,902,222.38	\$0.00
6	Unlimited Tax Refunding Bonds, Series 2013-A	Refunding at a lower interest rate, etc.	\$8,985,000.00	\$8,870,000.00	\$12,822,837.50	\$383.57	\$554.50	02/15/2031	\$9,784,792.08	\$9,784,792.08	\$0.00
7	Unlimited Tax Refunding Bonds, Taxable Series 2013-B	Refunding at a lower interest rate, etc.	\$16,615,000.00	\$15,305,000.00	\$18,898,795.00	\$661.84	\$817.25	02/15/2032	\$18,513,915.76	\$18,513,915.76	\$0.00
8	Unlimited Tax Refunding Bonds, Series 2014	Refunding at a lower interest rate, etc.	\$9,330,000.00	\$9,060,000.00	\$12,953,200.00	\$391.78	\$560.14	02/15/2033	\$9,882,388.99	\$9,882,388.99	\$0.00
9	Unlimited Tax Refunding Bonds, Series 2015	Refunding at a lower interest rate, etc.	\$13,195,000.00	\$12,720,000.00	\$31,631,825.00	\$550.05	\$1,367.86	02/15/2035	\$21,601,464.62	\$21,601,464.62	\$0.00
10	Unlimited Tax School Building Bonds, Series 2015-A	Capital Improvements	\$47,075,000.00	\$47,075,000.00	\$83,570,590.78	\$2,035.68	\$3,613.86	02/15/2045	\$53,453,867.54	\$11,649,977.57	\$41,803,889.97
11	Unlimited Tax Refunding Bonds, Series 2016	Refunding at a lower interest rate, etc.	\$54,225,000.00	\$53,440,000.00	\$110,170,525.00	\$2,310.92	\$4,764.13	02/15/2043	\$61,739,983.51	\$61,739,983.51	\$0.00





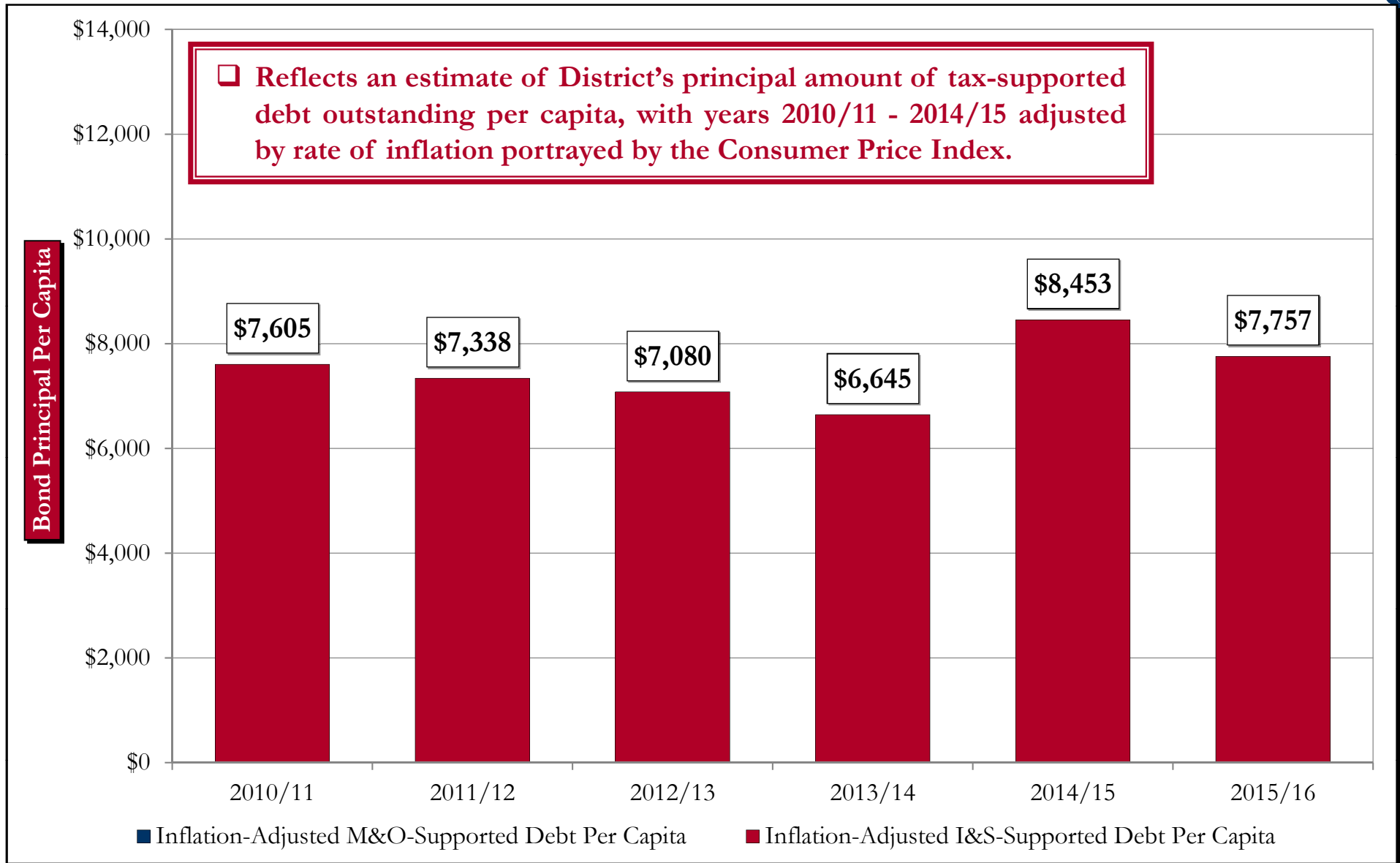
# Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



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



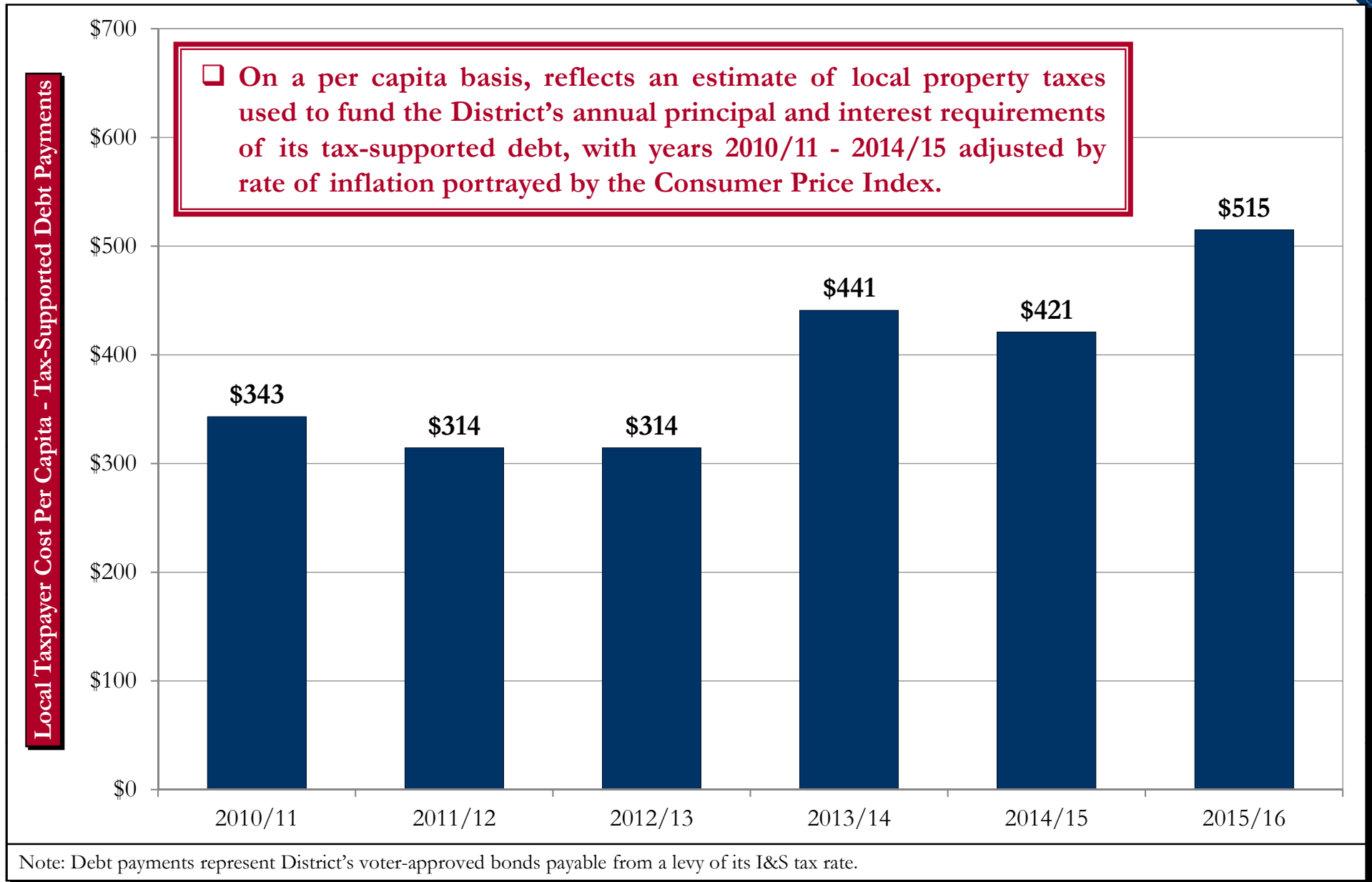
# Inflation-Adjusted Tax-Supported Debt Per Capita



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





## Contact Information and Links to Additional Resources

### Main Office Contact Information:

Physical and Mailing Address:

1008 Bailey Ranch Road  
Aledo, Texas 76008

Phone: (817) 441-8327

Fax: (817) 441-5144

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

Mr. Earl Husfeld

Chief Financial Officer

Phone: (817) 441-5111

Email: [ehusfeld@aledoisd.org](mailto:ehusfeld@aledoisd.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](http://www.brb.state.tx.us/local_debt_search.aspx)