

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED AUGUST 31, 2016

GRANDFALLS-ROYALTY
INDEPENDENT SCHOOL DISTRICT
GENERAL OBLIGATION DEBT



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

FINANCIAL STATEMENTS

The audited financial statements for the District for the fiscal year ended August 31, 2016 are being separately filed with the Municipal Securities Rulemaking Board (“MSRB”) via the Electronic Municipal Market Access (“EMMA”) System.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.

GRANDFALLS-ROYALTY INDEPENDENT SCHOOL DISTRICT

Lorraine Natividad
Business Manager

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Grandfalls-Royalty Independent School District with respect to the issues listed on the report cover was submitted to each National Recognized Municipal Securities Information Repository (“NRMSIR”) listed below as well as to any applicable State Information Depository (“SID”) either directly or through the Central Post Office.

NRMSIR’s

Municipal Securities Rulemaking Board (“MSRB”)
via the Electronic Municipal Market Access (“EMMA”) System

Specialized Public Finance Inc.
Signed by: /s/Kristin Merz

GRANDFALLS-ROYALTY INDEPENDENT SCHOOL DISTRICT 2016 GENERAL OBLIGATION DEBT REPORT

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2016/2017 Market Valuation Established by the Ward County Appraisal District (excluding exempt property)	\$ 99,514,650
Less Exemptions/Reductions at 100% Market Value:	<u>10,566,260</u>
2016/2017 Net Taxable Assessed Valuation	<u><u>\$ 88,948,390</u></u>
General Obligation Debt Payable from Ad Valorem Taxes as of 8/31/16	\$ 11,200,000
General Obligation Interest and Sinking Fund (as of 8/31/2016)	\$ 5,234
Ratio General Obligation Debt to Taxable Assessed Valuation	12.59%

2017 Estimated Population - 595
Per Capita Taxable Assessed Valuation - \$149,493
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$18,824

TABLE 2 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year	Ratio of General Purpose G.O. Tax Debt to Taxable Assessed Valuation	General Purpose G.O. Tax Debt Per Capita
2013	492	\$ 160,168,140	\$ 325,545	\$ -	0.00%	\$ -
2014	569	152,698,530	268,363	-	0.00%	-
2015	588	159,816,505	271,797	11,255,000	7.04%	19,141
2016	625	128,543,140	205,669	11,200,000	8.71%	17,920
2017	595	88,948,390	149,493	10,910,000 ⁽²⁾	12.27%	18,336

(1) Source: The Municipal Advisory Council of Texas

(2) Projected.

TABLE 3 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8/31	Tax Rate	Distribution		Adjusted Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2013	\$ 1.0400	\$ 1.0400	\$ -	\$ 1,665,652	98.40%	99.70%
2014	1.0400	1.0400	-	1,588,067	99.01%	100.59%
2015	1.0400	1.0400	-	1,662,298	98.51%	99.23%
2016	1.6303	1.0400	0.5903	2,095,600	98.28%	98.68%
2017	1.8794	1.0400	0.8394		In Process of Collection	

TABLE 4 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2016/2017 Taxable Assessed Valuation ⁽¹⁾	% of Total Taxable Assessed Valuation
Magellan Pipeline Co LP	\$ 14,179,510	15.94%
Vanguard Operating LLC	7,972,500	8.96%
Atmos Energy Mid-Tex	3,120,900	3.51%
Whiting Oil & Gas Corp	3,036,150	3.41%
VFS Leasing Co	2,682,170	3.02%
Saga Petroleum LLC	2,518,160	2.83%
Walsh & Watts Inc	2,144,780	2.41%
Oncor Electric Delivery Co.	1,906,290	2.14%
El Paso Natural Gas Company	1,622,740	1.82%
Oryx Midstream Services LLC	1,502,120	1.69%
	\$ 40,685,320	45.74%

(1)As shown above, the District's ten largest taxpayers currently account for over 45% of the District's tax base. Adverse developments in economic conditions, especially in the oil and natural gas industries, could adversely impact the businesses that own such properties in the District and the tax values of the District, resulting in less local tax revenue. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process or perhaps, to sell tax anticipation notes until such amounts could be collected.

TABLE 6 - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 8/31	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2017	\$ 290,000	\$ 456,075	\$ 746,075	
2018	300,000	447,225	747,225	
2019	310,000	438,075	748,075	
2020	320,000	428,625	748,625	10.89%
2021	330,000	417,225	747,225	
2022	345,000	403,725	748,725	
2023	360,000	389,625	749,625	
2024	375,000	374,925	749,925	
2025	390,000	359,625	749,625	26.96%
2026	405,000	343,725	748,725	
2027	420,000	327,225	747,225	
2028	440,000	310,025	750,025	
2029	455,000	292,125	747,125	
2030	475,000	273,525	748,525	46.56%
2031	495,000	254,125	749,125	
2032	515,000	233,925	748,925	
2033	535,000	212,925	747,925	
2034	555,000	193,206	748,206	
2035	575,000	174,844	749,844	70.45%
2036	595,000	150,625	745,625	
2037	630,000	120,000	750,000	
2038	660,000	87,750	747,750	
2039	695,000	53,875	748,875	
2040	730,000	18,250	748,250	100.00%
	<u>\$ 11,200,000</u>	<u>\$ 6,761,275</u>	<u>\$ 17,961,275</u>	

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/17		\$ 746,075
Interest & Sinking Fund Balance, Fiscal Year Ending 8/31/16	\$ 5,234	
FY 2016 Interest & Sinking Fund Tax Levy	746,633	\$ 751,867
Estimated Balance, Fiscal Year Ending 8/31/17		<u>\$ 5,792</u>

TABLE 8 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS: NONE

TABLE 9 - OTHER OBLIGATIONS: NONE

TABLE 10 – CHANGES IN NET POSITION

REVENUES	Fiscal Year Ended August 31,				
	2016	2015	2014	2013	2012
Local and Intermediate Sources	\$ 1,375,884	\$ 1,696,224	\$ 1,653,481	\$ 1,707,421	\$ 1,228,543
State Program Revenues	697,254	399,598	532,990	106,324	647,099
Federal Program Revenues	4,730	9,625	-	-	-
Total Revenues	<u>\$ 2,077,868</u>	<u>\$ 2,105,447</u>	<u>\$ 2,186,471</u>	<u>\$ 1,813,745</u>	<u>\$ 1,875,642</u>
EXPENDITURES					
Current:					
Instruction	\$ 819,610	\$ 784,917	\$ 956,522	\$ 863,316	\$ 684,748
Instructional Resources and Media Services	-	-	540	-	-
Curriculum & Instructional Staff	9,357	16,071	8,565	19,407	15,941
School Leadership	107,071	124,208	102,814	113,304	53,478
Guidance, Counseling and Evaluation Services	3,891	2,404	4,175	-	-
Health Services	41	167	101	55	35
Student Transportation	16,566	35,313	20,515	59,112	20,411
Extracurricular Activities	113,886	119,786	126,505	96,021	61,634
General Administration	148,721	149,469	128,686	148,536	324,184
Facilities Maintenance and Operations	255,984	268,925	227,907	232,245	175,851
Data Processing Services	70,353	63,115	53,844	55,612	35,827
Capital Outlay:					
Facilities Acquisition and Construction	64,150	3,331	8,731	-	-
Intergovernmental:					
Contracted Instructional Services	238,277	305,246	344,760	86,017	173,464
Payments to Fiscal Agent/Member Districts	32,716	36,417	36,283	33,805	49,686
Other Intergovernmental Charges	11,737	14,224	17,088	-	-
Total Expenditures	<u>\$ 1,892,360</u>	<u>\$ 1,923,593</u>	<u>\$ 2,037,036</u>	<u>\$ 1,707,430</u>	<u>\$ 1,595,259</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 185,508</u>	<u>\$ 181,854</u>	<u>\$ 149,435</u>	<u>\$ 106,315</u>	<u>\$ 280,383</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	\$ (5,397)	\$ (9,561)	\$ (12,276)	\$ (9,243)	\$ (12,559)
Other (Uses)	1,120	-	9,212	-	-
Total Other Financing Sources (Uses)	<u>\$ (4,277)</u>	<u>\$ (9,561)</u>	<u>\$ (3,064)</u>	<u>\$ (9,243)</u>	<u>\$ (12,559)</u>
Net Change in Fund Balances	\$ 181,231	\$ 172,293	\$ 146,371	\$ 97,072	\$ 267,824
Fund Balance at Beginning of Year	<u>\$ 1,672,101</u>	<u>\$ 1,505,029</u>	<u>\$ 1,395,389</u>	<u>\$ 1,298,317</u> ⁽¹⁾	<u>\$ 992,077</u> ⁽¹⁾
Increase (Decrease) in Fund Balance	(3,359)	(5,221)	(36,731)		
Fund Balance at End of Year	<u>\$ 1,849,973</u>	<u>\$ 1,672,101</u>	<u>\$ 1,505,029</u>	<u>\$ 1,395,389</u>	<u>\$ 1,259,901</u>

(1) Restated.

TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

REVENUES	Fiscal Year Ended August 31,				
	2016	2015	2014	2013	2012
Program Revenues:					
Charges for Services	\$ 43,435	\$ 38,051	\$ 47,869	\$ 22,752	\$ 14,660
Operating Grants	259,849	232,956	218,658	213,520	164,079
General Revenues:					
Maintenance and Operations Taxes	1,325,221	1,612,162	1,684,052	1,672,611	1,174,078
Debt Service Taxes	758,411	-	-	-	-
State Aid-Formula Grants	642,932	340,308	463,434	53,504	612,046
Investment Earnings	52,232	9,813	2,332	2,818	2,761
Miscellaneous	15,247	18,684	26,273	60,263	51,710
Total Revenues	\$ 3,097,327	\$ 2,251,974	\$ 2,442,618	\$ 2,025,468	\$ 2,019,334
 EXPENDITURES					
Governmental Activities:					
Instruction, Curriculum and Media	\$ 1,027,060	\$ 952,021	\$ 1,124,063	\$ 1,017,818	\$ 17,979
Instructional and School Leadership	111,219	123,477	102,814	113,304	1,099,947
Student Support Services	32,169	29,235	37,938	75,194	-
Child Nutrition	88,910	90,882	83,512	81,493	75,165
Co-Curricular Activities	144,021	145,995	153,107	123,513	89,126
General Administration	153,299	151,092	129,929	149,779	325,427
Plant Maintenance & Security	263,012	340,060	286,898	293,004	180,998
Data Processing Services	71,412				
Debt Service	359,140	394,433	-	-	-
Capital Outlay	36,898	36,898	36,549	36,549	-
Contracted Instructional Services between Schools	238,277	305,246	344,760	86,017	35,827
Fiscal Agent Payments	-	36,417	36,283	33,805	-
Other Intergovernmental Charges	44,453	14,224	17,088	-	-
Total Expenditures	\$ 2,569,870	\$ 2,619,980	\$ 2,352,941	\$ 2,010,476	\$ 1,824,469
 Increase in Net Assets before Transfers and					
Special Items	\$ 527,457	\$ (368,006)	\$ 89,677	\$ 14,992	\$ 194,865
Net Assets-Beginning	4,421,288	5,047,554	4,994,608	4,979,916	4,784,751
Prior Period Adjustments	(3,358)	(258,260)	(36,731)	-	-
Net Assets-Ending	\$ 4,945,387	\$ 4,421,288	\$ 5,047,554	\$ 4,994,608	\$ 4,979,616

TABLE 12 - CURRENT INVESTMENTS

As of August 31, 2016, the District's investable funds were invested in the following categories:

<u>Description</u>	<u>Market Value</u>	<u>% of Total</u>
LOGIC	<u>\$ 356,389</u>	<u>100%</u>
Total	<u><u>\$ 356,389</u></u>	<u><u>100%</u></u>