

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED AUGUST 31, 2017

GRANDFALLS-ROYALTY  
INDEPENDENT SCHOOL DISTRICT  
GENERAL OBLIGATION DEBT



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES



## **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 2017 GENERAL OBLIGATION DEBT REPORT

**TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT**

2017/2018 Market Valuation Established by the Ward County Appraisal District (excluding exempt property)	\$ 100,321,500
Less Exemptions/Reductions at 100% Market Value:	<u>5,712,300</u>
2017/2018 Net Taxable Assessed Valuation	<u><u>\$ 94,609,200</u></u>
General Obligation Debt Payable from Ad Valorem Taxes as of 8/31/17	\$ 10,910,000
General Obligation Interest and Sinking Fund (as of 8/31/2017)	\$ (4,519)
Ratio General Obligation Debt to Taxable Assessed Valuation	11.53%

2018 Estimated Population - 706  
Per Capita Taxable Assessed Valuation - \$134,007  
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$15,453

**TABLE 2 - VALUATION AND TAX SUPPORTED DEBT HISTORY**

Fiscal Year Ended 8/31	Estimated Population <sup>(1)</sup>	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
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	599	88,948,390	148,495	10,910,000	12.27%	18,214
2018	706	94,609,200	134,007	10,610,000 <sup>(2)</sup>	11.21%	15,028

(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			
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	1,667,220	97.26%	98.04%
2018	1.8303	1.0400	0.7903	1,731,632	In Process of Collection	

**TABLE 4 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	2017/2018 Taxable Assessed Valuation <sup>(1)</sup>	% of Total Taxable Assessed Valuation
Magellan Pipeline Co LP	\$ 14,661,650	15.50%
Vanguard Operating LLC	7,214,690	7.63%
Four Corners Petroleum II LLC	5,623,240	5.94%
Chaparral Pipeline Co LLC	4,933,900	5.22%
Atmos Energy Mid-Tex	2,941,310	3.11%
Saga Petroleum LLC	2,804,870	2.96%
Oncor Electric Delivery Co.	1,958,800	2.07%
Oneok Westex Transmission LLC	1,859,690	1.97%
VFS Leasing Co	1,827,210	1.93%
Walsh & Watts Inc	1,821,290	1.93%
	<u>\$ 45,646,650</u>	<u>48.25%</u>

(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	
2018	\$ 300,000	\$ 447,225	\$ 747,225	
2019	310,000	438,075	748,075	
2020	320,000	428,625	748,625	8.52%
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	25.02%
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	45.14%
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	69.66%
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>\$ 10,910,000</u>	<u>\$ 6,305,200</u>	<u>\$ 17,215,200</u>	

**TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/18		\$ 747,225
Interest & Sinking Fund Balance, Fiscal Year Ending 8/31/17	\$ (4,519)	
FY 2017 Interest & Sinking Fund Tax Levy	747,697	\$ 743,178
Estimated Balance, Fiscal Year Ending 8/31/18		<u>\$ (4,047)</u> <sup>(1)</sup>

(1) Any shortage will be covered by a transfer from the General Fund.

**TABLE 8 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS: NONE**

**TABLE 9 - OTHER OBLIGATIONS: NONE**

**TABLE 10 – CHANGES IN NET POSITION**

<b>REVENUES</b>	Fiscal Year Ended August 31,				
	2017	2016	2015	2014	2013
Local and Intermediate Sources	\$ 984,793	\$ 1,375,884	\$ 1,696,224	\$ 1,653,481	\$ 1,707,421
State Program Revenues	892,611	697,254	399,598	532,990	106,324
Federal Program Revenues	34,710	4,730	9,625	-	-
Total Revenues	<u>\$ 1,912,114</u>	<u>\$ 2,077,868</u>	<u>\$ 2,105,447</u>	<u>\$ 2,186,471</u>	<u>\$ 1,813,745</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	\$ 909,587	\$ 819,610	\$ 784,917	\$ 956,522	\$ 863,316
Instructional Resources and Media Services	573.00	-	-	540	-
Curriculum & Instructional Staff	4,979	9,357	16,071	8,565	19,407
School Leadership	124,175	107,071	124,208	102,814	113,304
Guidance, Counseling and Evaluation Services	16,587	3,891	2,404	4,175	-
Health Services	153	41	167	101	55
Student Transportation	15,044	16,566	35,313	20,515	59,112
Extracurricular Activities	137,402	113,886	119,786	126,505	96,021
General Administration	153,851	148,721	149,469	128,686	148,536
Facilities Maintenance and Operations	251,560	255,984	268,925	227,907	232,245
Data Processing Services	73,548	70,353	63,115	53,844	55,612
Capital Outlay:					
Facilities Acquisition and Construction	7,051	64,150	3,331	8,731	-
Intergovernmental:					
Contracted Instructional Services		238,277	305,246	344,760	86,017
Payments to Fiscal Agent/Member Districts	33,075	32,716	36,417	36,283	33,805
Other Intergovernmental Charges	13,980	11,737	14,224	17,088	-
Total Expenditures	<u>\$ 1,741,565</u>	<u>\$ 1,892,360</u>	<u>\$ 1,923,593</u>	<u>\$ 2,037,036</u>	<u>\$ 1,707,430</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 170,549</u>	<u>\$ 185,508</u>	<u>\$ 181,854</u>	<u>\$ 149,435</u>	<u>\$ 106,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out)	\$ 15,032	\$ (5,397)	\$ (9,561)	\$ (12,276)	\$ (9,243)
Other (Uses)	-	1,120	-	9,212	-
Total Other Financing Sources (Uses)	<u>\$ 15,032</u>	<u>\$ (4,277)</u>	<u>\$ (9,561)</u>	<u>\$ (3,064)</u>	<u>\$ (9,243)</u>
Net Change in Fund Balances	\$ 185,581	\$ 181,231	\$ 172,293	\$ 146,371	\$ 97,072
Fund Balance at Beginning of Year	<u>\$ 1,849,973</u>	<u>\$ 1,672,101</u>	<u>\$ 1,505,029</u>	<u>\$ 1,395,389</u>	<u>\$ 1,298,317</u> <sup>(1)</sup>
Increase (Decrease) in Fund Balance	(1,424)	(3,359)	(5,221)	(36,731)	
Fund Balance at End of Year	<u>\$ 2,034,130</u>	<u>\$ 1,849,973</u>	<u>\$ 1,672,101</u>	<u>\$ 1,505,029</u>	<u>\$ 1,395,389</u>

(1) Restated.



**TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

<b>REVENUES</b>	Fiscal Year Ended August 31,				
	2017	2016	2015	2014	2013
Program Revenues:					
Charges for Services	\$ 34,818	\$ 43,435	\$ 38,051	\$ 47,869	\$ 22,752
Operating Grants	214,868	259,849	232,956	218,658	213,520
General Revenues:					
Maintenance and Operations Taxes	941,208	1,325,221	1,612,162	1,684,052	1,672,611
Debt Service Taxes	761,844	758,411	-	-	-
State Aid-Formula Grants	906,566	642,932	340,308	463,434	53,504
Investment Earnings	87,119	52,232	9,813	2,332	2,818
Miscellaneous	8,734	15,247	18,684	26,273	60,263
Total Revenues	<u>\$ 2,955,157</u>	<u>\$ 3,097,327</u>	<u>\$ 2,251,974</u>	<u>\$ 2,442,618</u>	<u>\$ 2,025,468</u>
<b>EXPENDITURES</b>					
Governmental Activities:					
Instruction, Curriculum and Media	\$ 1,061,401	\$ 1,027,060	\$ 952,021	\$ 1,124,063	\$ 1,017,818
Instructional and School Leadership	139,696	111,219	123,477	102,814	113,304
Student Support Services	43,622	32,169	29,235	37,938	75,194
Child Nutrition	84,389	88,910	90,882	83,512	81,493
Co-Curricular Activities	166,652	144,021	145,995	153,107	123,513
General Administration	156,961	153,299	151,092	129,929	149,779
Plant Maintenance & Security	257,512	263,012	340,060	286,898	293,004
Data Processing Services	74,041	71,412			
Debt Service	358,598	359,140	394,433	-	-
Capital Outlay	37,017	36,898	36,898	36,549	36,549
Contracted Instructional Services between Schools	33,075	238,277	305,246	344,760	86,017
Fiscal Agent Payments	-	-	36,417	36,283	33,805
Other Intergovernmental Charges	13,980	44,453	14,224	17,088	-
Total Expenditures	<u>\$ 2,426,944</u>	<u>\$ 2,569,870</u>	<u>\$ 2,619,980</u>	<u>\$ 2,352,941</u>	<u>\$ 2,010,476</u>
Increase in Net Assets before Transfers and					
Special Items	\$ 528,213	\$ 527,457	\$ (368,006)	\$ 89,677	\$ 14,992
Net Assets-Beginning	4,945,387	4,421,288	5,047,554	4,994,608	4,979,916
Prior Period Adjustments	315,928	(3,358)	(258,260)	(36,731)	-
Net Assets-Ending	<u>\$ 5,789,528</u>	<u>\$ 4,945,387</u>	<u>\$ 4,421,288</u>	<u>\$ 5,047,554</u>	<u>\$ 4,994,608</u>

**TABLE 12 - CURRENT INVESTMENTS**

As of August 31, 2017, the District's investable funds were invested in the following categories:

<u>Description</u>	<u>Market Value</u>	<u>% of Total</u>
LOGIC	<u>\$ 1,734,281</u>	<u>100%</u>
Total	<u><u>\$ 1,734,281</u></u>	<u><u>100%</u></u>