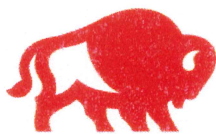


CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED AUGUST 31, 2017

VALLEY MILLS INDEPENDENT SCHOOL
DISTRICT

GENERAL OBLIGATION DEBT



HTS Continuing Disclosure Services

A Division of Hilltop Securities.

Unlimited Tax School Building Bonds, Series 2017

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/18	\$ 65,000	919762FQ2
02/15/19	85,000	919762FR0
02/15/20	105,000	919762FS8
02/15/21	110,000	919762FT6
02/15/22	120,000	919762FU3
02/15/23	120,000	919762FV1
02/15/24	135,000	919762FW9
02/15/26	310,000	919762FY5
02/15/28	365,000	919762GA6
02/15/30	425,000	919762GC2
02/15/31	240,000	919762GD0
02/15/32	250,000	919762GE8
02/15/33	265,000	919762GF5
02/15/34	285,000	919762GG3
02/15/35	300,000	919762GH1
02/15/36	305,000	919762GJ7
02/15/37	325,000	919762GK4
02/15/42	4,050,000	919762GL2
	<u>\$ 7,860,000</u>	

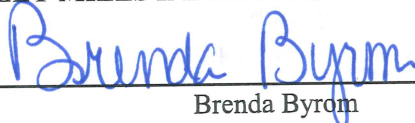
FINANCIAL STATEMENTS

The audited financial statements for the District for the fiscal year ended August 31, 2017 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

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.

VALLEY MILLS INDEPENDENT SCHOOL DISTRICT



Brenda Byrom
Business Manager

Approved for Submission:



Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Valley Mills Independent School District with respect to the issues listed on the report cover was submitted directly to the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

HTS Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Petia Moutaftchieva

8106-16-6

VALLEY MILLS INDEPENDENT SCHOOL DISTRICT

2018 GENERAL OBLIGATION DEBT REPORT

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2017/18 Market Valuation Established by the Appraisal Districts		\$ 471,756,207
Less: Constitutional Exemptions (Totally Exempt Property)		
Less Exemptions/Reductions at 100% Market Value:		
Productivity Value Loss	\$ 212,846,466	
\$15,000 Homestead Exemption Loss	20,334,600	
Freeze Value Loss	11,541,354	
\$10,000 Over-65 or Disabled Homestead Exemption Loss	3,737,500	
Homestead Cap Loss	1,748,621	
Veterans Exemption Loss	1,426,711	
Pollution Control Exemption Loss	7,414,990	
Miscellaneous Exemptions	761,954	<u>\$ (259,812,196)</u>
2017/18 Taxable Assessed Valuation		\$ 211,944,011
 Total Debt Payable from Ad Valorem Taxes as of 12/31/17		 \$ 14,625,000
 Ratio Tax Supported Debt to Taxable Assessed Valuation		 6.90%

2017/2018 Estimated Population - 3,547
Per Capita Taxable Assessed Valuation - \$59,753
Per Capita Debt Payable from Ad Valorem Taxes - \$4,123

TABLE 2 - TAXABLE ASSESSED VALUATION BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2018		2017		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 73,428,966	15.57%	\$ 65,670,257	14.23%	\$ 63,145,761	13.96%
Real, Residential, Multi-Family	885,929	0.19%	799,511	0.17%	900,969	0.20%
Real, Vacant Lots/Tracts	3,492,300	0.74%	4,029,672	0.87%	3,689,872	0.82%
Acreage (Land Only)	227,950,923	48.32%	226,717,154	49.14%	222,809,538	49.25%
Real, Farm and Ranch Improvements	88,832,419	18.83%	84,594,806	18.33%	84,159,767	18.60%
Real, Commercial	6,020,487	1.28%	5,394,846	1.17%	4,896,096	1.08%
Real, Industrial	4,196,052	0.89%	4,197,542	0.91%	4,068,506	0.90%
Real & Tangible Personal, Utilities	16,827,719	3.57%	17,505,019	3.79%	15,192,368	3.36%
Tangible Personal, Commercial	10,010,892	2.12%	10,008,637	2.17%	10,025,864	2.22%
Tangible Personal, Industrial	36,724,200	7.78%	39,104,640	8.48%	40,003,220	8.84%
Mobile Homes/Tangible/Special Inventory	3,064,920	0.65%	3,096,942	0.67%	3,275,333	0.72%
Special Inventory	321,400	0.07%	287,916	0.06%	229,861	0.05%
Total Appraised Value Before Exemptions	\$ 471,756,207	100.00%	\$ 461,406,942	100.00%	\$ 452,397,155	100.00%
Less: Total Exemptions/Reductions	(259,812,196)		(253,862,269)		(250,854,309)	
Taxable Assessed Value	<u>\$ 211,944,011</u>		<u>\$ 207,544,673</u>		<u>\$ 201,542,846</u>	

Category	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 62,515,334	14.17%	\$ 69,121,866	16.05%
Real, Residential, Multi-Family	799,631	0.18%	799,631	0.19%
Real, Vacant Lots/Tracts	3,758,285	0.85%	2,934,264	0.68%
Acreage (Land Only)	222,326,536	50.38%	216,471,692	50.26%
Real, Farm and Ranch Improvements	83,399,142	18.90%	74,402,904	17.28%
Real, Commercial	5,003,495	1.13%	4,990,927	1.16%
Real, Industrial	3,744,822	0.85%	2,960,866	0.69%
Real & Tangible Personal, Utilities	14,991,671	3.40%	14,060,271	3.26%
Tangible Personal, Commercial	7,755,113	1.76%	6,658,868	1.55%
Tangible Personal, Industrial	33,542,850	7.60%	34,903,770	8.10%
Mobile Homes/Tangible/Special Inventory	3,319,654	0.75%	3,299,911	0.77%
Special Inventory	148,433	0.03%	86,950	0.02%
Total Appraised Value Before Exemptions	\$ 441,304,966	100.00%	\$ 430,691,920	100.00%
Less: Total Exemptions/Reductions	(242,729,314)		(232,706,923)	
Taxable Assessed Value	<u>\$ 198,575,652</u>		<u>\$ 197,984,997</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Net taxable assessed values, with the exception of FYE 2018, are as reported in the District's comprehensive annual financial report.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated District Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2014	3,531	\$ 197,984,997	\$ 56,073	\$ 7,800,000	3.94%	\$ 2,209
2015	3,563	198,575,652	55,733	7,595,000	3.82%	2,132
2016	3,556	201,542,846	56,677	6,980,000	3.46%	1,963
2017	3,583	207,544,673	57,925	14,625,000	7.05%	4,082
2018	3,547	211,944,011	59,753	14,330,000 ⁽³⁾	6.76% ⁽³⁾	4,040 ⁽³⁾

- (1) Calculated. Method of Estimation: the District's Average Daily Attendance (ADA) multiplied by a factor furnished by the Municipal Advisory Council. ADA within a district may sporadically experience declines that are followed by increases.
- (2) Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Net taxable assessed values, with the exception of FYE 2018, are as reported in the District's comprehensive annual financial report.
- (3) Projected.

TABLE 4 - TAX RATE, LEVY & COLLECTION HISTORY

Fiscal Year Ended 8/31	Tax Rate	Local Maintenance	Interest & Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2014	\$ 1.3140	\$ 1.0400	\$ 0.2740	\$ 2,601,522	94.91%	97.64%
2015	1.3140	1.0400	0.2740	2,641,523	94.99%	98.32%
2016	1.3140	1.0400	0.2740	2,648,272	95.93%	99.46%
2017	1.3140	1.0400	0.2740	2,727,137	97.01%	99.13%
2018	1.4540	1.0400	0.4140	3,081,666	32.30% ⁽¹⁾	33.65% ⁽¹⁾

- (1) Partial year collections as of December 31, 2017.

TABLE 5 - TEN LARGEST TAXPAYERS-2017/2018

Name of Taxpayer	Nature of Property	2017/18 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation	
Lhoist North America of Texas, LTD	Minerals & Lime Production	\$ 28,079,167	13.25	%
Burlington Northern & SF RR Co.	Railroad	8,562,030	4.04	
Texas NM Power Co.	Electric Utility	3,336,985	1.57	
Byford Machine Tool	Machine Shop	2,778,209	1.31	
Chemical Lime Inc. Southwest	Minerals & Lime Production	2,353,774	1.11	
Denise Van Amburgh	Personal	1,800,183	0.85	
Lone Star Transmission	Electric Utility	1,324,020	0.62	
Penske Truck Leasing Co. LP	Truck Leasing	1,225,505	0.58	
Clifford Evans	Personal	961,339	0.45	
Charles L. & Donna L. Boyd Trust	Trust	924,437	0.44	
		<u>\$ 51,345,649</u>	<u>24.23</u>	%

TEN LARGEST TAXPAYERS-2016/2017 (REVISED) ⁽¹⁾

Name of Taxpayer	Nature of Property	2016/17 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation	
Lhoist North America of Texas, LTD	Minerals & Lime Production	\$ 30,679,935	14.48	%
Burlington Northern & SF RR Co.	Railroad	8,301,120	3.92	
Texas NM Power Co.	Electric Utility	3,114,255	1.47	
Byford Machine Tool Inc.	Machine Shop	2,846,299	1.34	
Chemical Lime Inc. Southwest PP	Minerals & Lime Production	2,353,774	1.11	
Texas Windstream Inc.	Telecommunications	2,006,390	0.95	
Trinity Vineyards, LLC	Vineyard	1,770,005	0.84	
Penske Truck Leasing Co., LP	Truck Leasing	1,315,447	0.62	
Lone Star Transmission	Electric Utility	1,212,460	0.57	
Charles L. & Donna L. Boyd Trust	Trust	925,055	0.44	
		<u>\$ 54,524,740</u>	<u>25.73</u>	%

(1) Top Ten Taxpayers for Fiscal Year 2016 are restated above to correct the table as shown in the official statement for the District's Unlimited Tax School Building Bonds, Series 2017.

TABLE 6 - TAX ADEQUACY

2018 Principal and Interest Requirements.....	\$	839,175
\$.4125 Tax Rate at 96% Collection Produces	\$	839,298
Average Annual Principal and Interest Requirements, 2018-2042.....	\$	922,646
\$.4535 Tax Rate at 96% Collection Produces	\$	922,719
Maximum Annual Principal and Interest Requirements, 2037.....	\$	983,100
\$.4832 Tax Rate at 96% Collection Produces	\$	983,149

TABLE 8 - DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2018	\$ 295,000	\$ 544,175	\$ 839,175	
2019	325,000	536,088	861,088	
2020	345,000	527,300	872,300	
2021	365,000	518,038	883,038	
2022	380,000	507,738	887,738	11.69%
2023	405,000	496,125	901,125	
2024	425,000	483,675	908,675	
2025	445,000	470,625	915,625	
2026	470,000	455,375	925,375	
2027	495,000	436,900	931,900	27.01%
2028	525,000	416,500	941,500	
2029	555,000	394,900	949,900	
2030	585,000	372,100	957,100	
2031	615,000	348,100	963,100	
2032	645,000	322,900	967,900	47.01%
2033	675,000	296,500	971,500	
2034	710,000	268,800	978,800	
2035	740,000	239,800	979,800	
2036	770,000	209,600	979,600	
2037	805,000	178,100	983,100	72.31%
2038	745,000	147,100	892,100	
2039	780,000	116,600	896,600	
2040	810,000	84,800	894,800	
2041	840,000	51,800	891,800	
2042	875,000	17,500	892,500	100.00%
Totals	<u>\$14,625,000</u>	<u>\$8,441,138</u>	<u>\$23,066,138</u>	

TABLE 9 - INTEREST & SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/2018		\$	839,175
Interest and Sinking Fund, 8/31/2017	\$	263,510	
Calculated Interest and Sinking Fund Tax Collection, 8/31/2018		842,350	
		\$	1,105,860
Estimated Balance, Fiscal Year Ending 8/31/2018		<u>\$</u>	<u>266,685</u>

TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT

As of December 31, 2017, the District does not have any authorized but unissued general obligation debt.

TABLE 11 - OTHER OBLIGATIONS

Debt service requirements for notes payable and capital leases as of August 31, 2017 are as follows:

Fiscal Year Ending 8/31	Principal	Interest	Total Requirements
2018	\$ 171,183	\$ 32,990	\$ 204,173
2019	89,138	12,985	102,123
2020	91,561	10,526	102,087
2021	94,107	7,979	102,086
2022	96,695	5,392	102,087
2023	99,355	2,732	102,087
	<u>\$ 642,039</u>	<u>\$ 72,604</u>	<u>\$ 714,643</u>

On February 8, 2018 the District issued \$1,040,000 Limited Maintenance Tax Notes, Series 2018.

Fiscal Year Ending 8/31	Principal	Interest	Total Requirements
2018	\$ -	\$ 13,576	\$ 13,576
2019	60,000	25,381	85,381
2020	60,000	23,874	83,874
2021	60,000	22,366	82,366
2022	60,000	20,858	80,858
2023	65,000	19,287	84,287
2024	65,000	17,654	82,654
2025	65,000	16,020	81,020
2026	70,000	14,324	84,324
2027	70,000	12,565	82,565
2028	75,000	10,743	85,743
2029	75,000	8,858	83,858
2030	75,000	6,974	81,974
2031	80,000	5,026	85,026
2032	80,000	3,016	83,016
2033	80,000	1,005	81,005
	<u>\$1,040,000</u>	<u>\$ 221,527</u>	<u>\$ 1,261,527</u>

TABLE 12 – CHANGE IN NET POSITION

Revenue	Fiscal Year Ended August 31,				
	2017	2016	2015	2014	2013
Program Revenue					
Charges for Services	\$ 136,481	\$ 131,183	\$ 218,600	\$ 239,661	\$ 190,593
Operating Grants & Contributions	747,731	890,942	802,363	749,391	609,876
General Revenues					
Maintenance & Operations Taxes	2,181,829	2,150,415	2,117,865	2,031,931	1,994,256
Debt Service Taxes	574,271	567,608	556,441	532,178	518,986
State Aid - Formula Grants	3,363,129	3,297,713	3,244,989	3,047,719	2,962,826
Grants and Contributions not restricted	115,752	105,117	48,221	1,752	-
Investment Earnings	9,601	4,150	3,229	1,315	2,682
Miscellaneous	68,305	33,942	3,287	46,631	62,894
Total Revenue	<u>\$ 7,197,099</u>	<u>\$ 7,181,070</u>	<u>\$ 6,994,995</u>	<u>\$ 6,650,578</u>	<u>\$ 6,342,113</u>
Expenses					
Instruction	\$ 3,453,079	\$ 3,582,475	\$ 3,283,258	\$ 3,137,717	\$ 3,105,377
Instructional Resources/Media Services	55,032	88,205	97,296	118,003	110,560
Curriculum and Staf Development	53,184	31,589	31,601	31,267	33,078
School Leadership	426,145	419,854	395,067	385,554	381,202
Guidance/Counseling/Evaluation Services	99,344	83,313	55,516	56,801	53,573
Health Services	60,823	61,260	56,107	53,759	53,497
Student (Pupil) Transportation	237,092	451,849	319,055	316,092	338,146
Food Services	394,305	415,123	423,761	393,325	350,576
Cocurricular /Extracurricular Activities	337,918	310,588	340,430	360,861	339,244
General Administration	398,453	413,513	341,006	346,238	329,242
Plant Maintenance and Operations	668,820	799,949	714,293	692,449	733,506
Security and Monitoring Servcies	9,943	6,838	6,785	7,658	11,566
Data Processing Services	109,662	86,537	199,962	196,568	183,520
Debt Service	388,513	755,059	340,097	332,201	336,705
Capital Outlay	-	-	3,902	-	-
Payments to Shared Service Agreement	343,714	336,197	304,133	305,184	394,510
Total Expenses	<u>\$ 7,036,027</u>	<u>\$ 7,842,349</u>	<u>\$ 6,912,269</u>	<u>\$ 6,733,677</u>	<u>\$ 6,754,302</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	\$ 161,072	\$ (661,279)	\$ 82,726	\$ (83,099)	\$ (412,189)
Net Position - Beginning	\$ 4,273,474	\$ 4,934,753	\$ 5,221,825	\$ 5,304,924	\$ 5,835,817
Prior Period Adjustment	-	-	(369,798)	-	(118,704)
Net Position - Ending	<u>\$ 4,434,546</u>	<u>\$ 4,273,474</u>	<u>\$ 4,934,753</u>	<u>\$ 5,221,825</u>	<u>\$ 5,304,924</u>

TABLE 12A – GENERAL FUND REVENUE & EXPENDITURE HISTORY

Revenues:	Fiscal Year Ended August 31,				
	2017	2016	2015	2014	2013
Local and Intermediate Sources	\$ 2,297,526	\$ 2,207,560	\$ 2,262,519	\$ 2,199,785	\$ 2,132,614
State Program Revenues	3,703,503	3,533,099	3,461,191	3,235,311	3,099,713
Federal Program Revenues	-	92,710	46,882	-	-
Total Revenues	<u>\$ 6,001,029</u>	<u>\$ 5,833,369</u>	<u>\$ 5,770,592</u>	<u>\$ 5,435,096</u>	<u>\$ 5,232,327</u>
Expenditures:					
Instruction	\$ 2,884,092	\$ 2,917,391	\$ 2,757,165	\$ 2,606,553	\$ 2,670,706
Instructional Resources and Media Services	50,196	79,038	90,039	109,598	102,279
Curriculum and Staff Development	48,511	28,307	29,244	29,125	30,939
Instructional and School Leadership	387,285	376,223	369,165	352,848	348,800
Guidance, Counseling, & Evaluation Services	90,615	74,655	51,375	52,067	49,146
Health Services	55,479	54,893	51,922	49,426	49,157
Student (Pupil) Transportation	199,403	1,098,941	295,257	359,654	312,223
Cocurricular/Extracurricular Activities	308,087	278,313	315,037	293,803	275,117
General Administration	352,668	370,541	319,136	326,907	311,577
Plant Maintenance and Operations	622,198	694,368	706,601	679,381	685,486
Security and Monitoring Services	9,069	6,126	6,279	7,075	11,006
Data Processing Services	100,026	77,545	185,047	181,093	169,210
Debt Service	162,736	14,036	14,035	14,035	-
Capital Outlay	-	-	-	-	-
Payments to Shared Service Arrangements	313,512	301,260	281,448	305,184	394,510
Total Expenditures	<u>\$ 5,583,877</u>	<u>\$ 6,371,637</u>	<u>\$ 5,471,750</u>	<u>\$ 5,366,749</u>	<u>\$ 5,410,156</u>
Excess of Revenue Over (Under) Expenditures	417,152	(538,268)	298,842	68,347	(177,829)
Transfers In (Out)	-	750,477	(39,847)	34,790	(32,986)
Excess of Revenues & Over (Under) Expenditures & Transfers In (Out)	417,152	212,209	258,995	103,137	(210,815)
Fund Balance - Sept. 1 (Beginning)	\$ 1,343,403	\$ 1,131,194	\$ 872,199	\$ 769,062	\$ 967,875
Prior Period Adjustment	-	-	-	-	12,002
Fund Balance - Aug. 31 (Ending)	<u>\$ 1,760,555</u>	<u>\$ 1,343,403</u>	<u>\$ 1,131,194</u>	<u>\$ 872,199</u>	<u>\$ 769,062</u>

TABLE 13 – CURRENT INVESTMENTS

As of December 31, 2017, funds were invested as follows:

Investment Description	Market Value	% of Portfolio
Investment Pools	\$ 1,963,411	18.76%
Certificates of Deposit	278,808	2.66%
Money Market	89,966	0.86%
Bond Proceeds- Money Market		
Pending Bond Construction	8,136,124	77.72%
Totals	<u>\$ 10,468,309</u>	<u>100.00%</u>

**Valley Mills I.S.D.
Debt Obligations
Credit Rating
02-20-2018**

[illegible]