

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Zephyr Independent School District

Issue(s):

\$ 1,480,000 Unlimited Tax School Building Bonds, Series 2009

Filing Format X electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

X Annual Financial Report or CAFR

X Financial Information & Operating Data

___ Other (describe)

X Fiscal Period Covered: FYE 2013

___ Monthly ___ Quarterly X Annual ___ Other:

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: Staton Marwitz Title: Interim Superintendent

Employer: Zephyr Independent School District

Voice Telephone Number: (325) 739-5331

Email Address: stanton.marwitz@netxv.net

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Unlimited Tax School Building Bonds, Series 2009

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/14	\$ 334	98943R DE1
02/15/15	30,000	98943R DF8
02/15/16	30,000	98943R DG6
02/15/21	180,000	98943R CH5
02/15/25	200,000	98943R CM4
02/15/30	305,000	98943R CS1
02/15/38	695,000	98943R DA9
	<u>\$ 1,440,334</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED AUGUST 31, 2013

ZEPHYR INDEPENDENT SCHOOL DISTRICT

GENERAL OBLIGATION DEBT



FINANCIAL STATEMENTS

The audited financial statements for the District for the fiscal year ended August 31, 2013 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.

ZEPHYR INDEPENDENT SCHOOL DISTRICT

Staton Marwitz
Interim Superintendent

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 Zephyr Independent School District with respect to the issues listed on the report cover was submitted directly to the National 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

First Southwest Company

Signed by:

/s/ Adam LanCarte

ZEPHYR INDEPENDENT SCHOOL DISTRICT

2014 GENERAL OBLIGATION DEBT REPORT

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2013/14 Market Valuation Established by the Dallas Central Appraisal District		\$ 152,194,840
Less: Constitutional Exemptions (Totally Exempt Property)		
Less Exemptions/Reductions at 100% Market Value:		
Homestead Exemption (State Mandate)	3,219,329	
Disabled Veterans Exemption	128,480	
Productivity Loss	107,480,780	
Freeze Value Loss	3,159,183	
Other Exemption	60	
Capped Value Loss	40,823	
Homestead Exemption (Disabled)	71,090	
Homestead Exemption (Over 65)	770,594	\$ 114,870,339
2013/14 Taxable Assessed Valuation		\$ 37,324,501
Total Debt Payable from Ad Valorem Taxes (as of 12/31/2013)		\$ 4,370,334
General Obligation Interest & Sinking Fund (as of 12/31/2013)		\$ 399,728
Ratio Tax Supported Debt to Taxable Assessed Valuation		11.71%

2014 Estimated Population - 834 ⁽¹⁾
Per Capita Taxable Assessed Valuation - \$44,754
Per Capita Debt Payable from Ad Valorem Taxes - \$5,240

⁽¹⁾ Calculated.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,563,040	3.66%	\$ 5,453,280	3.64%	\$ 5,066,390	3.37%
Real, Residential, Multi-Family	26,780	0.02%	-	0.07%	-	0.00%
Real, Vacant Lots/Tracts	109,850	0.07%	102,450	74.64%	127,560	0.08%
Real, Acreage (Land Only)	112,764,710	74.09%	111,874,600	13.39%	111,213,420	73.94%
Real, Farm and Ranch Improvements	20,258,890	13.31%	20,068,040	0.54%	19,487,500	12.96%
Real, Commercial	966,750	0.64%	808,130	0.09%	661,790	0.44%
Real, Industrial	168,720	0.11%	135,470	0.01%	136,270	0.09%
Real, Minerals & Utilities	12,930	0.01%	15,730	5.91%	27,181	0.02%
Personal, Utilities	9,245,060	6.07%	8,853,700	1.30%	8,153,980	5.42%
Personal, Business & Industrial	2,327,660	1.53%	1,947,670	0.42%	1,787,670	1.19%
Mobile Homes, Builders Vacant	541,290	0.36%	628,670	0.00%	916,060	0.61%
Special Inventory	209,160	0.14%	-	0.00%	-	0.00%
Miscellaneous Exempt	-	0.00%	-	0.00%	2,829,625	1.88%
Total Appraised Value Before Exemptions	\$ 152,194,840	100.00%	\$ 149,887,740	100.00%	\$ 150,407,446	100.00%
Adjustments:	-		3,068,569		507,663	
Less: Total Exemptions/Reductions	(114,870,339)		(114,630,922)		(113,710,512)	
Taxable Assessed Value	\$ 37,324,501		\$ 38,325,387		\$ 37,204,597	

Category	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,089,090	3.38%	\$ 4,954,890	3.34%
Real, Vacant Lots/Tracts	122,290	0.08%	120,790	0.08%
Real, Farm and Ranch Improvements	19,293,240	12.81%	18,180,459	12.27%
Real, Commercial	641,550	0.43%	631,390	0.43%
Real, Industrial	142,160	0.09%	142,160	0.10%
Real, Minerals & Utilities	30,776	0.02%	66,921	0.05%
Personal, Utilities	7,777,960	5.16%	7,569,410	5.11%
Personal, Business & Industrial	1,593,800	1.06%	1,403,280	0.95%
Mobile Homes, Builders Vacant	817,490	0.54%	778,120	0.53%
Real, Acreage Undeveloped	115,092,200	76.42%	114,285,890	77.15%
Total Appraised Value Before Exemptions	\$ 150,600,556	100.00%	\$ 148,133,310	100.00%
Adjustments:	3,127,351		1,722,285	
Less: Total Exemptions/Reductions	(116,955,923)		(114,692,504)	
Taxable Assessed Value	\$ 36,771,984		\$ 35,163,091	

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽³⁾	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2010	815	\$ 35,163,091	\$ 43,145	\$ 4,532,408	12.89%	\$ 5,561
2011	815	36,771,984	45,119	4,493,693	12.22%	5,514
2012	807	37,204,597	46,102	4,461,095	11.99%	5,528
2013	830 ⁽²⁾	38,325,387	46,175	4,370,334	11.40%	5,265
2014	834 ⁽²⁾	37,324,501	44,754	4,280,000 ⁽⁴⁾	11.47% ⁽⁴⁾	5,132 ⁽⁴⁾

(1) Source: U.S. Census Bureau.

(2) Fiscal Years Ended 2013 and 2014 are estimated by multiplying the current year's Average Daily Attendance times a population factor (which is derived using the 2012 Census population figure divided by the 2012 ADA).

(3) Fiscal years ending in 2010 through 2013 are as reported in the District's comprehensive annual financial report. Fiscal year end 2014 is reported by Brown County, Comanche County, and Mills County Appraisal Districts on the District's annual State Property Tax Reports; subject to change during the ensuing year.

(4) Projected.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8/31	Tax Rate	Local Maintenance	Interest & Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2010	\$ 1.3981	\$ 1.0400	\$ 0.35810	\$ 474,052	95.49%	97.37%
2011	1.3981	1.0400	0.35810	514,109	92.65%	95.51%
2012	1.3981	1.0400	0.35810	520,157	93.87%	96.55%
2013	1.3544	1.0400	0.31440	519,079	95.10%	96.81%
2014	1.2967	1.0400	0.25670	483,987 ⁽¹⁾	N/A ⁽²⁾	N/A ⁽²⁾

(1) Calculated.

(2) In the process of collection.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2013/14 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
BNSF Railway Company	Railroad	\$ 4,372,080	11.71%
Oncor Electric Delivery Co	Utility	3,563,520	9.55%
Ryan Construction Company	Construction	1,171,050	3.14%
Smith-Briggs LTD	Ranching	841,780	2.26%
Beal, Steven L & Teresa	Residential	754,340	2.02%
Sunoco Pipeline LP	Oil & Gas	576,180	1.54%
Starks, Robert C Living Trust	Residential	558,520	1.50%
Gotovac, Robert JR & Ashley	Residential	526,270	1.41%
Stapp, Raymond W	Residential	343,460	0.92%
Covington, Tearl D & Linda	Residential	302,290	0.81%
		<u>\$ 13,009,490</u>	<u>34.86%</u>

TABLE 6 - TAX ADEQUACY

2014 Principal and Interest Requirements.....	\$	328,040
\$.9323 Tax Rate at 94% Collection Produces	\$	328,059
Average Annual Principal and Interest Requirements, 2014-2038.....	\$	303,820
\$.8635 Tax Rate at 94% Collection Produces	\$	303,850
Maximum Annual Principal and Interest Requirements, 2016.....	\$	328,868
\$.9346 Tax Rate at 94% Collection Produces	\$	328,869

TABLE 8 - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt Service			% of Principal Retired
	Principal	Interest	Total ⁽¹⁾	
8/31				
2014	\$ 90,334	\$ 237,706	\$ 328,040	
2015	120,000	203,878	323,878	
2016	130,000	198,868	328,868	
2017	130,000	193,378	323,378	
2018	140,000	187,545	327,545	13.97%
2019	110,000	182,190	292,190	
2020	120,000	177,323	297,323	
2021	125,000	172,135	297,135	
2022	135,000	166,553	301,553	
2023	140,000	160,386	300,386	28.38%
2024	145,000	153,808	298,808	
2025	150,000	146,999	296,999	
2026	160,000	139,733	299,733	
2027	165,000	131,860	296,860	
2028	175,000	123,473	298,473	46.57%
2029	185,000	114,590	299,590	
2030	195,000	105,213	300,213	
2031	200,000	95,325	295,325	
2032	215,000	84,725	299,725	
2033	225,000	73,415	298,415	69.91%
2034	235,000	61,595	296,595	
2035	250,000	49,130	299,130	
2036	265,000	35,885	300,885	
2037	275,000	21,995	296,995	
2038	290,000	7,460	297,460	100.00%
	<u>\$ 4,370,334</u>	<u>\$ 3,225,165</u>	<u>\$ 7,595,499</u>	

(1) Does not include the District's \$408,000 Maintenance Tax Notes, Taxable Series 2011 (Qualified School Construction Bonds) and \$304,500 Time Warrants, Series 2011 (Qualified School Construction Bonds). See "Table 11 – Other Obligations".

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/2014		\$ 328,040
Interest and Sinking Fund, 8/31/2013	\$ 148,579	
Calculated Interest and Sinking Fund Tax Levy at 94% Collection	90,328	
State Instructional Facilities Allotment	179,121	
State Existing Debt Allotment	<u>40,963</u>	
Total Projections:		<u>\$ 458,991</u>
Estimated Interest & Sinking Fund Balance, 8/31/2014		<u><u>\$ 130,951</u></u>

TABLE 10 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance ⁽¹⁾
School Building	12/6/1997	\$ 555,000	\$ 530,000	\$ 25,000
		<u>\$ 555,000</u>	<u>\$ 530,000</u>	<u>\$ 25,000</u>

(1) Per the Texas Municipal Report as of 09/05/2013, the District currently does not plan to issue the remaining authorization.

TABLE 11 - OTHER OBLIGATIONS

On April 26, 2011, the District issued Time Warrants, Series 2011, which are treated as qualified school construction bonds, in the amount of \$304,500. Interest rate on the bonds is 6.72%. The Board of Trustees made the irrevocable election to treat the time warrants as "specified tax credit bonds". As such, the District will receive a Federal Subsidy⁽¹⁾ on interest of 5.38% for the life of the debt. Net interest cost for the time warrants amounts to 1.34%. The time warrants mature over a 5-year period. Annual payments are due each February, beginning in 2012 and ending in 2016.

On April 26, 2011, the District issued Maintenance Tax Notes, Taxable Series 2011, which are treated as qualified school construction bonds, in the amount of \$408,000. Interest rate on the bonds is 6.72%. The Board of Trustees made the irrevocable election to treat the maintenance tax notes as "specified tax credit bonds". As such, the District will receive a Federal Subsidy⁽¹⁾ equaling 5.38% throughout the term of the debt. Net interest costs for the maintenance tax notes amounts to 1.34%. The maintenance tax notes will mature over a 15-year period with no principal on the debt being paid on during the first 5 years. Annual payments are due each February 15, beginning in 2012 and ending in 2026.

On June 17, 2011, the District issued a Public Property Finance Act Contract, which is treated as qualified school construction bonds, in the amount of \$425,000. Interest rate on the bonds is 6.75%. The Board of Trustees made the irrevocable election to treat the lease purchase agreement as "specified tax credit bonds" and received the Federal Subsidy⁽¹⁾ on interest amounting to 5.31%. Net interest costs on the lease purchase agreement is 1.44%. The lease purchase agreement will be paid over a 15-year period ending June 15, 2026. For the first 5 years of the payments, there is no principal paid on the debt. Annual payments are due each June 15, beginning in 2012 and ending in 2026.

(1) The Subsidy amounts do not take into account reductions in federal credit payments because of the sequestration (currently 7.2%).

Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2013, as follows:

FYE 31-Aug	Amount
2014	\$ 28,688
2015	28,688
2016	28,687
2017	68,687
2018	65,988
2019 - 2023	299,290
2024 - 2026	152,157
Total	\$ 672,185
Less: Amount Representing Interest	247,185
Principal Portion	\$ 425,000

The effective interest rate on capital leases is 1.44%.

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment are open-ended agreements that can be canceled at any time:

Rental Expenditures in 2013	\$ 6,949
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TABLE 12 - CHANGE IN NET ASSETS

Revenue	Fiscal Year Ended August 31,				
	2013	2012	2011	2010	2009
Program Revenue					
Charges for Services	\$ 44,980	\$ 34,894	\$ 46,302	\$ 68,221	\$ 55,226
General Revenues					
Operating Grants & Contributions	515,632	550,105	611,263	489,016	440,555
Property Taxes	510,041	509,333	500,596	471,949	510,661
State Aid - Formula Grants	1,469,714	1,327,934	1,267,950	1,450,799	1,321,074
Investment Earnings	946	2,034	4,085	5,651	44,307
Other	3,186	8,367	8,250	21,576	3,046
Total Revenue	\$ 2,544,499	\$ 2,432,667	\$ 2,438,446	\$ 2,507,212	\$ 2,374,869
Expenses					
Instruction	\$ 1,123,549	\$ 1,107,941	\$ 1,144,957	\$ 1,169,070	\$ 1,121,413
Instructional Resources & Media Services	14,889	17,958	-	-	-
Curriculum Development & Instructional Staff Development	41,727	44,768	31,462	32,945	33,307
Instructional Research / Development	-	-	31,986	38,182	29,779
School Leadership	87,563	80,056	82,097	71,255	66,343
Guidance, Counseling and Evaluation Services	1,231	1,095	705	985	1,081
Health Services	2,465	5,091	26	-	-
Student (Pupil) Services	55,101	68,821	42,634	41,834	38,659
Food Services	211,717	197,007	180,270	196,029	181,588
Cocurricular/Extracurricular Activities	122,620	128,849	90,419	113,209	92,507
General Administration	155,598	159,103	162,557	150,149	156,356
Plant Maintenance and Operations	331,234	304,126	263,562	260,583	193,242
Data Processing Services	40,150	36,682	36,682	36,907	36,282
Debt Service	240,969	274,639	287,152	277,230	172,500
Bond Issuance Cost and Fees	1,188	9,258	14,205	6,329	3,805
Capital Outlay	-	80,730	-	-	-
Payments to Fiscal Agent / Member Districts of Shared Services Arrangements	59,370	52,993	52,996	70,103	59,446
Total Expenses	\$ 2,489,371	\$ 2,569,117	\$ 2,421,710	\$ 2,464,810	\$ 2,186,308
Change in Net Assets (Before Transfers and Special Items)	\$ 55,128	\$ (136,450)	\$ 16,736	\$ 42,402	\$ 188,561
Special Items - Prior Period Adjustments	(175,375)	-	-	-	-
Net assets at Beginning of Fiscal Year	1,581,317	1,717,767	1,701,031	1,658,629	1,470,068
Net Assets at End of Fiscal Year	\$ 1,461,070	\$ 1,581,317	\$ 1,717,767	\$ 1,701,031	\$ 1,658,629

TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Fiscal Year Ended August 31,

Revenues:	2013	2012	2011	2010	2009
State Program Revenues	\$ 1,534,088	\$ 1,367,491	\$ 423,225	\$ 1,447,457	\$ 389,519
Federal Program Revenues	3,127	28,122	1,792	5,379	1,389,928
Local & Intermediate Sources	423,236	433,500	1,355,165	388,153	6,422
Total Revenues	<u>\$ 1,960,451</u>	<u>\$ 1,829,113</u>	<u>\$ 1,780,182</u>	<u>\$ 1,840,989</u>	<u>\$ 1,785,869</u>
Expenditures:					
Instruction	\$ 920,618	\$ 917,481	\$ 909,469	\$ 932,455	\$ 953,280
Instructional Resources and Media Services	9,595	16,957	21,024	27,679	18,420
Curriculum and Instructional Staff Development	38,123	42,272	29,692	31,851	26,589
Instructional & School Leadership	80,000	75,593	73,641	65,389	57,481
Guidance, Counseling and Evaluation Services	1,125	1,034	665	952	1,063
Health Services	2,252	4,807	25	-	-
Student (Pupil) Transportation	50,342	64,984	102,336	40,445	88,019
Cocurricular/Extracurricular Activities	112,312	121,665	85,333	109,450	90,976
General Administration	141,966	150,232	153,414	145,164	151,140
Plant Maintenance and Operations	296,610	304,848	243,575	246,154	182,316
Data Processing Services	36,682	36,682	36,682	35,682	35,682
Capital Outlay	64,866	442,956	-	-	-
Payments to Fiscal Agent / Member Districts of					
Shared Services Arrangements	59,370	52,993	52,996	70,103	59,446
Principal on Longterm Debt	56,000	56,500	-	-	-
Interest on Longterm Debt	14,893	13,808	-	-	-
Bond Issuance Cost & Fees	-	-	46,423	-	-
Total Expenditures	<u>\$ 1,884,754</u>	<u>\$ 2,302,812</u>	<u>\$ 1,755,275</u>	<u>\$ 1,705,324</u>	<u>\$ 1,664,412</u>
Excess of Revenue					
Over (Under) Expenditures	75,697	(473,699)	24,907	135,665	121,457
Other Resources and (Uses)	(69,280)	(115,226)	388,090	(90,802)	(5,813)
Excess of Revenues and Other Sources Over					
(Under) Expenditures and Other Uses	6,417	(588,925)	412,997	44,863	115,644
Fund Balance - Sept. 1 (Beginning)	713,133	1,302,058	889,061	844,198	728,554
Adjustments/Reclassification to Fund Balance	-	-	-	-	-
Fund Balance - Aug. 31 (Ending)	<u>\$ 719,550</u>	<u>\$ 713,133</u>	<u>\$ 1,302,058</u>	<u>\$ 889,061</u>	<u>\$ 844,198</u>

TABLE 13 - CURRENT INVESTMENTS

As of December 31, 2013, the District had the following investments outstanding

Investment Description	% of Portfolio	Market Value	Book Value
General Operating Bank Account	24.27%	211,502	211,502
TexPool	75.73%	660,000	660,000
Totals	100.00%	\$ 871,502	\$ 871,502