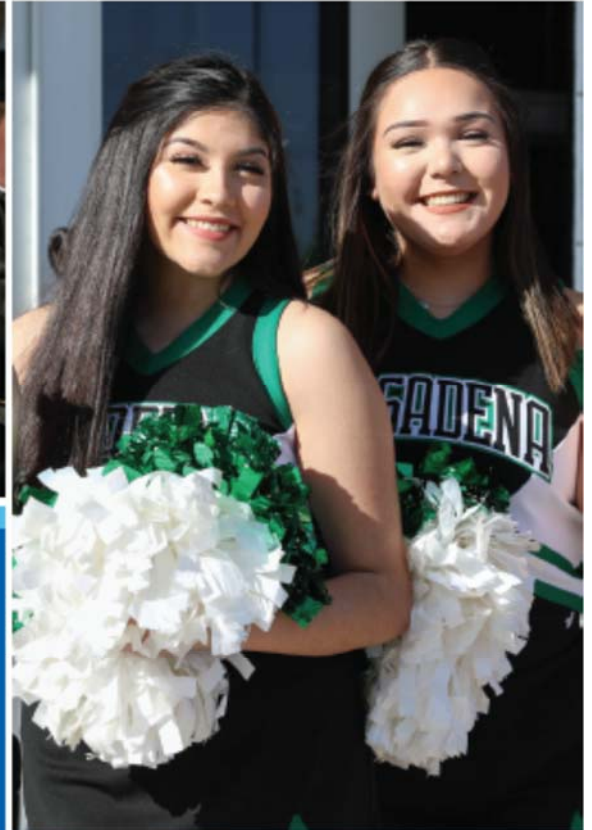




Best
Communities for
Public Education
in America

Pasadena, TX



PASADENA

INDEPENDENT SCHOOL DISTRICT



2019

Comprehensive Annual Financial Report

for the fiscal year ended August 31, 2019

Prepared by the Business & Finance Department | 1515 Cherrybrook Ln., Pasadena, TX 77502



www.pasadenaisd.org





Mission Statement



The mission of Pasadena ISD,
the gateway to unlimited opportunity
for our culturally rich community,
is to empower students to become
accomplished, self-directed,
collaborative, lifelong learners,
who boldly contribute to an increasingly
complex and evolving world by
engaging them in positive relationships,
rigorous curriculum, and
innovative meaningful experiences.







PASADENA INDEPENDENT SCHOOL DISTRICT

Pasadena, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2019

DeeAnn Powell, Ed. D.
Superintendent of Schools

Carla Merka
Chief Financial Officer



PASADENA INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Introduction Section		
Letter of Transmittal	i	
Board of Trustees and Administration	vii	
Organizational Chart	viii	
Certificate of Board	x	
GFOA Certificate of Achievement	xi	
ASBO Certificate of Excellence	xii	
Financial Section		
Report on Independent Auditor's Report	3	
Management's Discussion and Analysis	8	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	19	A-1
Statement of Activities	21	B-1
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	22	C-1
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	25	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28	C-4
Proprietary Funds Financial Statements		
Statement of Net Position	29	D-1
Statement of Revenues, Expenses, and Changes in Net Position	30	D-2
Statement of Cash Flows	31	D-3
Fiduciary Fund Financial Statements:		
Statement of Assets and Liabilities - Fiduciary Fund	32	E-1
Notes to the Financial Statements	33	F-1
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	77	G-1
Notes to Required Supplementary Information	78	G-2
Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost- Sharing Multiple-Employer Pension Plan - Teacher Retirement System of Texas	79	G-3
Schedule of the District's Contributions to the Teacher Retirement System of Texas Pension Plan	80	G-4
Notes to Required Supplementary Information - Pensions	81	G-5
Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost- Sharing Multiple-Employer OPEB Plan - Teacher Retirement System of Texas	82	G-6
Schedule of the District's Contributions to the Teacher Retirement System of Texas OPEB Plan	83	G-7
Notes to Required Supplementary Information - OPEB	84	G-8

PASADENA INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Supplementary Information:		
Combining and Individual Fund Financial Statements:		
Fund Descriptions - Nonmajor Governmental Funds - Special Revenue Funds	87	
Combining Balance Sheet - Nonmajor Governmental Funds	90	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	98	H-2
Combining Statement of Net Position - Internal Service Funds	106	I-1
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	107	I-2
Combining Statement of Cash Flows - Internal Service Funds	108	I-3
Statement of Changes in Assets and Liabilities - Fiduciary Fund	109	I-4
Compliance Schedules:		
Schedule of Delinquent Taxes Receivable	110	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	112	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - National School Breakfast and Lunch Program	113	J-3
Statistical Section (Unaudited)		
Financial Trends:		
Net Position by Component - Last Ten Fiscal Years	120	1
Changes in Net Position - Last Ten Fiscal Years	122	2
Fund Balances of Governmental Funds - Last Ten Fiscal Years	126	3
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	128	4
Revenue Capacity:		
Governmental Funds Revenues by Source - Last Ten Fiscal Years	133	5
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	134	6
Property Tax Amount - Direct and Overlapping Governments - Last Ten Fiscal Years	136	7
Principal Taxpayers - Current Year and Ten Years Ago	137	8
Property Tax Levies and Collections - Last Ten Fiscal Years	138	9
Debt Capacity:		
Outstanding Debt by Type - Last Ten Fiscal Years	141	10
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	142	11
Direct and Overlapping Governmental Activities Debt	143	12
Demographic and Economic Information:		
Demographic and Economic Statistics - Last Ten Fiscal Years	147	13
Principal Employers - Current and Nine Years Ago	149	14
Operating Information:		
Full-time Equivalent District Employees by Position - Last Ten Fiscal Years	152	15
Operating Statistics - Last Ten Fiscal Years	154	16
Teacher Base Salaries - Last Ten Fiscal Years	155	17
School Building Information	158	
District Map	160	

PASADENA INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Federal Awards Section		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	165	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	167	
Schedule of Findings and Questioned Costs	169	
Schedule of Expenditures of Federal Awards	171	K-1
Notes to Schedule of Expenditures of Federal Awards	173	K-2
Summary Schedule of Prior Audit Findings	175	
Corrective Action Plan	176	





INTRODUCTORY SECTION





Pasadena Independent School District

January 21, 2020

Members of the Board of Trustees and
Citizens of Pasadena Independent School District
1515 Cherrybrook Lane
Pasadena, Texas 77502

Dear Board Members and Citizens:

The Texas Education Code requires that all school districts file and publish a complete set of financial statements with the Texas Education Agency ("TEA") within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Pasadena Independent School District (the "District") for the fiscal year ended August 31, 2019. The CAFR is management's report of financial operations to the Board of Trustees (the "Board"), taxpayers, grantor agencies, employees, the TEA, and other interested parties.



DeeAnn Powell Ed.D.
Superintendent

This report consists of management's representations concerning the financial condition and operations of the District. Accordingly, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. The District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement because the cost of internal controls should not outweigh their benefits. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by WhitleyPenn, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the

1515 Cherrybrook Ln. • Pasadena, Texas • 77502
Office: 713-740-0244 • Fax: 713-740-4040 • E-mail: dapowell@pasadenaisd.org

overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion and that the District's financial statements for the period ended August 31, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented as part of the CAFR's Federal Awards Section. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors' Report.

Profile of the District

The Pasadena Independent School District, established in 1898, encompasses 85.5 square miles in southeast Harris County just east of Houston, Texas. The District covers portions of the cities of Pasadena, Pearland and Houston, all of the City of South Houston and an unincorporated area of Harris County. The District is a political subdivision of the State of Texas governed by a seven-member Board of Trustees who serves staggered four-year terms. Elections are held in May of every other year. The District has a population of approximately 246,182 and employs over 8,400 employees, 3,926 of which are classroom teachers. These employees provide educational services for 53,374 students enrolled in the District. In the last year, the district enrollment has decreased by 1.03%. As the fifteenth largest district in the state of Texas, the District now serves thirty-six elementary schools (pre-kindergarten through fourth), eleven middle schools (fifth and sixth grade), ten intermediate schools (seventh and eighth grade), six high schools (ninth through twelfth grade), and four alternative or specialized campuses. Hispanic students make up 84% of the student body with the remainder of the student population being comprised of 5% White, 7% African American, 3% Asian, and 1% other.

Budgeting

The Texas Education Code requires that the district budget be prepared by August 20, in accordance with Generally Accepted Accounting Principles (GAAP), and be legally adopted before the adoption of the tax rate. Beginning in February, revenue

estimates are made based on projected enrollments which drive State aid, estimated property values for local funding, and possible legislative actions. Budgets for the General Fund, Food Service Fund and Debt Service Fund must be included in the official district budget. These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates. Budgetary reporting also is required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.

On the expenditure side, the business office calculates the impact of changes to the pay scales on the budget. Projected State funding increases permitted a three (3%) percent salary increase for 2018-2019. In March and April 2018, personnel requests and staffing changes were reviewed in relation to student/teacher ratios, student demographics, and/or special programs.

Schools receive a basic allotment (weighted for special populations) per student for supplies and materials, staff development expenses, and other operating costs. These allocations address equity issues between schools. In addition, a school may request additional funds for special needs on that campus, addressing the adequacy issue. These "special requests" are evaluated and prioritized to determine those addressing the greatest needs for the district.

Non-campus budgets are developed to support the instructional program. Department managers submit justifications for requests, especially any increases over current year budgets and/or prior year expenditures. Budget managers may also submit requests for facility upgrades. These requests are evaluated according to the costs of the project, age of the building, impact on the instructional program, and whether the request can be coordinated with other construction activities already scheduled. All requests are evaluated in light of revised revenue projections to ensure that resources are adequate to balance the budget. Several budget workshops are held with the Board during the summer to receive their input and direction. Once the budget is adopted in August, the tax rate may be set when the certified taxable values have been determined.

Major Initiatives

"The mission of the Pasadena Independent School District, the gateway to unlimited opportunity for our culturally rich community, is to empower students to become accomplished, self-directed, collaborative, lifelong learners, who boldly contribute to an increasingly complex and evolving world by engaging them in positive relationships, rigorous curriculum, and innovative meaningful experiences." The District developed a five-year strategic plan to help ensure that all of our energies

and resources are being dedicated to the right areas to guide the district to success in achieving its objectives:

1. We will ensure rigorous curriculum and meaningful experiences through innovative learning environments that meet the individual needs of each student.
2. We will promote career and college exploration and preparation through the use of systems and structures to meet the needs of all.
3. We will actively recruit, develop, and retain a highly qualified staff.
4. We will use a culturally responsive approach to relentlessly pursue meaningful engagement with parental, business, and community stakeholders.
5. We will promote a safe school environment, teach citizenship, and support the social, emotional and physical well-being of all students and staff.
6. We will promote an exemplary learning environment through the utilization of ancillary service departments that integrate established and innovative practices, standards, and systems.

Factors Affecting the Financial Condition

Local Economy

While much of the economic base for the community is the petrochemical industry, Pasadena Independent School District's boundaries encompass relatively few major corporations compared with surrounding districts. Of the approximately 3,500 businesses within the Pasadena city limits, two-thirds are involved in retail trade. Total taxable property values within the PISD, net of mandatory and optional exemptions, is projected to exceed \$15 billion for the school year 2019-2020. Per student spending is expected to increase from \$8,765 to \$11,198 in the 2019-2020 school year. Refined average daily attendance (ADA) is projected to remain flat. These indicators were taken into account when adopting the general fund budget for 2019-2020. Estimated revenue in the general fund budget for the 2019-2020 school year is \$507.5 million, an increase of 6.33% over the adopted 2018-2019 budget of \$497.8 million. State revenue will increase due to House Bill 3 (HB3). The District will use these revenues to finance programs we currently offer and primarily fund teacher salaries.

General fund expenditures are budgeted to increase 2.48% or \$12.6 million primarily due to additional staff. The District adopted a deficit budget for 2018-2019 in the amount of \$2.9 million. The Maintenance and Operations tax rate increased to \$1.20 up from \$1.07 and the Interest and Sinking rate to pay the debt remained at \$.28 for a total tax rate of \$1.48.

Long-term Financial Planning

The District maintains a five-year technology plan and also has a long-range facilities plan. Resources for the accomplishment of these goals will be identified in the District's annual budget. Other major factors in the development of a long-range financial plan include payroll costs, the cost of inflationary items such as insurance, utilities, and fuel. Financial factors are analyzed and updated annually during the process of budget development.

Capital Projects Funding

The district realizes that newer campuses provide greater efficiencies and therefore strives to replace campuses older than 50 years. The average age of our 66 campuses currently is 22.6 years. On November 8, 2011, the voters approved issuing school bonds totaling \$270.1 million. Proceeds from these bond sales were used to address the need for new schools to manage growth, improve existing schools and facilities, and expand the Career and Technical Education Program. Debt service requirements for this bond issue did not require an increase in the Interest & Sinking tax rate.

The District will continue seeking alternate sources of funding and employ the most cost-effective methodologies in order to continue providing a quality education for all students in the Pasadena Independent School District.

On November 4, 2014, the voters approved issuing school bonds totaling \$175.55 million. Proceeds are being used to expand the new Career and Technical High School, expand the Early College Program to all high schools, add a ninth grade campus at Dobie High School, replace three aging campuses, add a new elementary and intermediate school as well as provide needed technology upgrades district-wide. Debt service requirements for this bond issue did not require an increase in the Interest & Sinking tax rate.

Additionally, as mentioned earlier, on November 7, 2017 voters approved a \$135 million bond election. Proceeds will be used to build a new Intermediate School in the New Riverstone Ranch area which will provide enrollment relief to Bondy and Beverly Hills Intermediate schools. Red Bluff Elementary school will be replaced using the existing site. The remaining funds will be used to upgrade the transportation and maintenance facilities as well as provide funding for districtwide technology, new school buses and additional band and orchestra instruments.

Awards and Acknowledgments

The 2018-2019 School Year was very successful for Pasadena ISD and following are only a few of the district's accomplishments:

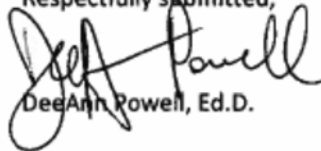
- Laura Gomez HEB Secondary Principal of the Year

- School Board Election
- Bailey, Meador, Miller, South Houston Intermediate all Top Performing Schools by Children at Risk
- CTE Certifications Are Up by 37%
- Schneider Middle – TX School Counseling CREST Award
- Award Winning Communications Team
- Deputy Superintendent Testified to the Texas Commission on School Finance
- PMHS Archery Team
- Dobie Speech and Debate Team
- Welding Student at CTHS 1st in Nation
- Roneka Lee Raise Your Hand Texas Advocacy Fellow
- HLSR Grand Champion Hector Maldonado – New Record Set - \$240,000
- PMHS Student – Carly Benson – Perfect ACT Score

The District received a "Superior Achievement" rating under the State's FIRST (Financial Integrity Rating System of Texas) program for seventieth (17) consecutive years, the highest rating given. The District received the Texas Comptroller of Public Accounts' Platinum Leadership Circle Award, the highest given, for the ninth (10th) consecutive year for its efforts to make its finances open and accessible to the public. The district also received ASBO's COE (Certificate of Excellence in financial reporting) for its fifth (5th) consecutive year ending August 31, 2018. The district was awarded the Government and Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past six (6th) consecutive school year ending August 31, 2018.

We appreciate the support of the Board of Trustees, residents of the district, and the business community, all who work cooperatively to ensure the best education for our students. The preparation of this report could not have been accomplished without the dedicated services of the District's Accounting Department as well as the independent auditing firm of WhitleyPenn.

Respectfully submitted,



DeeAnn Powell, Ed.D.

PASADENA INDEPENDENT SCHOOL DISTRICT

Board of Trustees, Length of Service, Term Expiration

Marshall Kendrick, President, 30 Years, 2023

Jack Bailey, Vice President, 9 Years, 2021

Kenny Fernandez, Secretary, 4 Years, 2023

Vickie Morgan, Assistant Secretary, 33 Years, 2023

Nelda Sullivan, Member, 26 Years, 2021

Fred Roberts, Member, 26 Years, 2021

Mariselle Quijano, Member, 10 Years, 2021

For pictures and profiles visit

<https://www1.pasadenaisd.org/cms/One.aspx?portalId=80772&pageId=217627>

Superintendent of Schools

Dr. DeeAnn Powell

Administrative Cabinet

Dr. DeeAnn Powell, Superintendent

Dr. Karen Hickman, Deputy Superintendent, Academic Achievement

Arthur Allen, Associate Superintendent for Business & Technology Services

Kevin Fornof, Associate Superintendent Facilities & Construction

Joe Saavedra, Associate Superintendent, Campus Development

Gloria Gallegos, Associate Superintendent, Special Programs

Alyta Harrell, Associate Superintendent, Campus Development

Toni Lopez, Associate Superintendent, Human Resources

Dr. Darla Massey-Jones, Associate Superintendent, Accountability and Compliance

Dr. Troy McCarley, Associate Superintendent, Projects Planning & Communications

Carla Merka, Chief Financial Officer

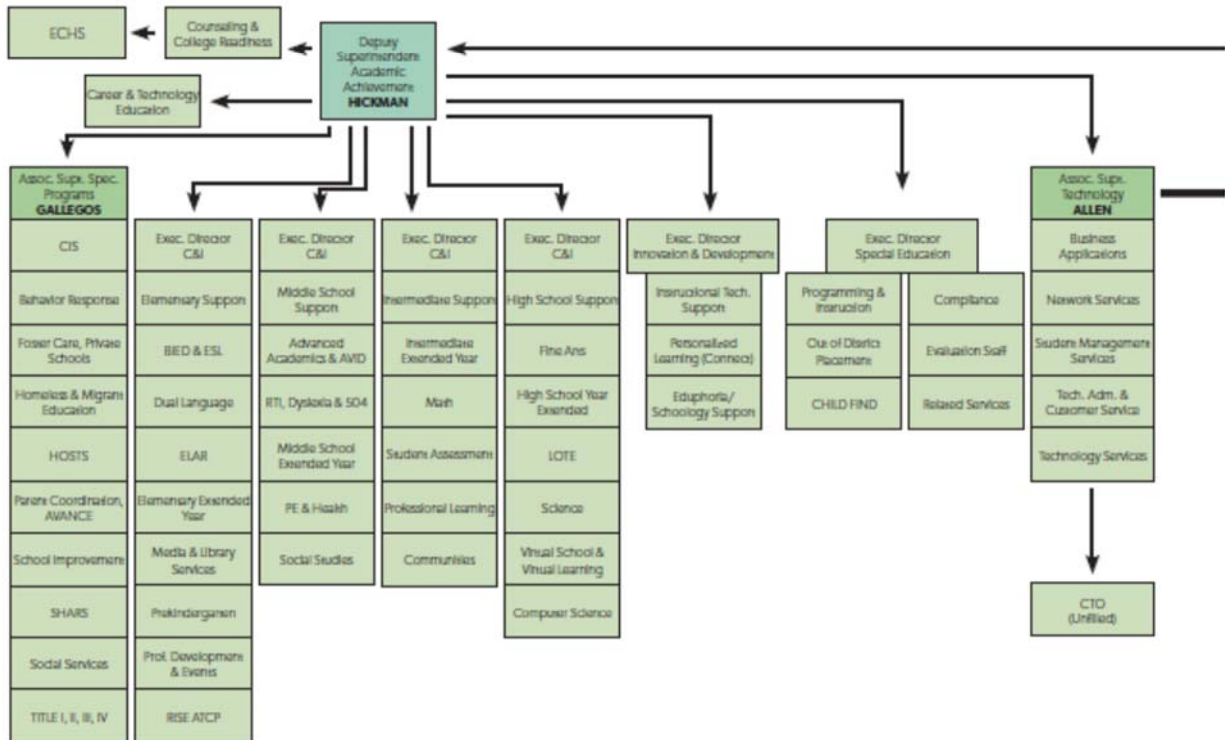
Dr. Rhonda Parmer, Associate Superintendent, Campus Development

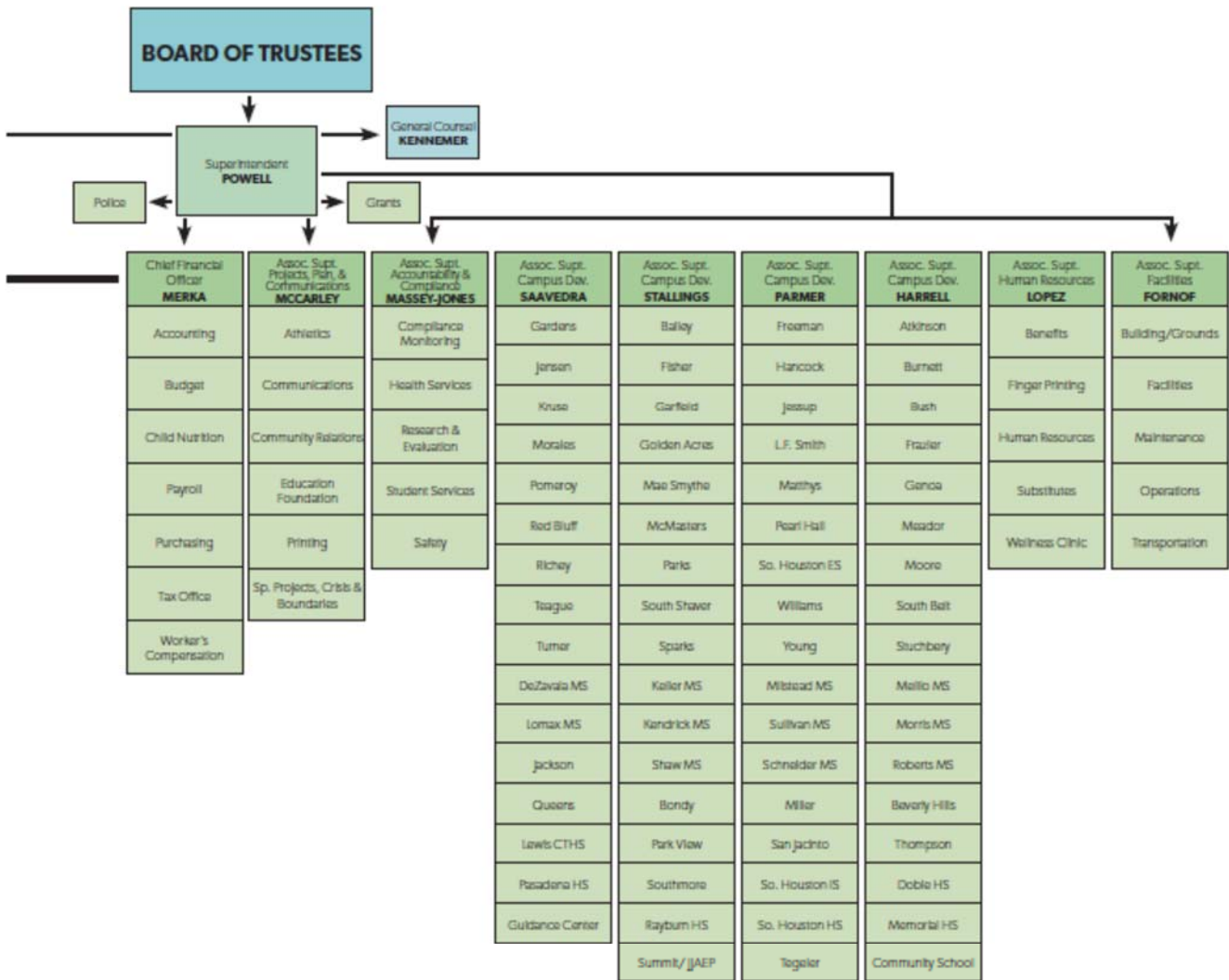
Dr. Angela Stallings, Associate Superintendent, Campus Development

Jodie Kennemer, General Counsel

Pasadena Independent School District Organizational Chart

Revised 9/12/19





CERTIFICATE OF BOARD

Pasadena Independent School District
Name of School District

Harris
County

101-917
Co.-Dist Number

We, the undersigned certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved, _____ disapproved for the year ended August 31, 2019 at a meeting of the Board of Trustees of such school district on the 21st day of January, 2020.



Signature of Board Secretary



Signature of Board President



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Pasadena Independent School District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO



**The Certificate of Excellence in Financial Reporting
is presented to**

Pasadena Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohleber'.

Tom Wohleber, CSRM
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director



FINANCIAL SECTION





REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Pasadena Independent School District
Pasadena, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pasadena Independent School District, (the “District”) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees of
Pasadena Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and other post-employment benefit information on pages 8-15 and 77-84 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and compliance schedules as listed in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB"); Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and compliance schedules as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and compliance schedule as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Trustees of
Pasadena Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 21, 2020





MANAGEMENT'S DISCUSSION & ANALYSIS



PASADENA INDEPENDENT SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Pasadena Independent School District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$102,254,305 (*net position*). Unrestricted net position reflects a deficit of \$213,296,609. This is related to the implementation of GASB Statement No. 75 and the resulting net OPEB liability.
- The District’s total net position increased by \$24,213,000. This is due in part to additional funding for property value adjustments related to Hurricane Harvey and FEMA funding received.
- As of the close of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$335,697,279, an increase of \$30,305,841 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$142,647,753, or 28.8 percent of total general fund expenditures.
- The District’s total net bonded debt decreased by \$21,196,975 (3%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Service Arrangements, Payments Related to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges.

The government-wide financial statements can be found as noted in the table of contents of this report.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other thirty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund, and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Proprietary Fund - The District maintains one type of proprietary fund - internal service funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its self-funded health insurance and worker's compensation. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Fund - The fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

The basic fiduciary fund financial statement can be found as noted in the table of contents of this report.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information also provides information on the District's cost-sharing multiple-employer defined benefit pension and OPEB plan of which the District is a participant. The required supplementary information can be found as noted in the table of contents of this report.

Supplementary Information - The supplementary information is presented immediately following the required supplementary information and can be found as noted in the table of contents of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year ended August 31, 2019 by \$102,254,305.

Net Position

	Governmental Activities					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 412,005,872	30%	\$ 382,697,978	28%	\$ 29,307,894	8%
Capital Assets, Net of Depreciation	977,018,623	70%	979,586,745	72%	(2,568,122)	0%
Total Assets	1,389,024,495	100%	1,362,284,723	100%	26,739,772	2%
Total Deferred Outflows of Resources	161,451,752	100%	70,600,937	100%	90,850,815	129%
Current liabilities	58,059,297	4%	55,879,330	4%	2,179,967	4%
Long-term liabilities	1,301,344,861	96%	1,194,570,196	96%	106,774,665	9%
Total Liabilities	1,359,404,158	100%	1,250,449,526	100%	108,954,632	9%
Total Deferred Inflows of Resources	88,817,784	100%	104,394,829	100%	(15,577,045)	-15%
Net Position:						
Net investment in capital assets	277,562,024	271%	279,117,949	358%	(1,555,925)	-1%
Restricted	37,988,890	37%	43,112,633	55%	(5,123,743)	-12%
Unrestricted	(213,296,609)	-209%	(244,189,277)	-313%	30,892,668	-13%
Total Net Position	\$ 102,254,305	100%	\$ 78,041,305	100%	\$ 24,213,000	31%

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The largest portion of the District's net position (\$277,562,024) reflects its net investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position (\$37,988,890) is restricted for grants related to state and federal programs and debt service.

Unrestricted net position reported a negative \$213,296,609 due to implementation of GASB Statement No. 75 for OPEB obligations in the prior year and the resulting net OPEB liability.

Changes in Net Position

	Governmental Activities					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues						
Program Revenues:						
Charges for services	\$ 12,411,448	2%	\$ 18,739,399	3%	\$ (6,327,951)	-34%
Operating grants & contributions	156,048,283	22%	6,401,325	1%	149,646,958	2338%
General Revenues:						
Property Taxes, Levied for General Purpose	166,441,003	23%	155,069,674	28%	11,371,329	7%
Property Taxes, Levied for Debt Service	38,863,792	5%	36,225,287	6%	2,638,505	7%
Grants and Contributions Not Restricted to Specific Programs	327,011,357	46%	335,919,922	60%	(8,908,565)	-3%
Investment Earnings	10,517,950	1%	3,429,956	1%	7,087,994	207%
Miscellaneous	2,987,397	0%	5,489,561	1%	(2,502,164)	-46%
Total Revenues	714,281,230	100%	561,275,124	100%	153,006,106	27%
Expenses						
Instruction	391,294,271	57%	240,757,586	52%	150,536,685	63%
Instructional resources and media services	8,315,278	1%	5,940,698	1%	2,374,580	40%
Curriculum and staff development	9,878,356	1%	7,137,987	2%	2,740,369	38%
Instructional leadership	9,619,143	1%	4,846,925	1%	4,772,218	98%
School leadership	46,032,004	7%	28,884,806	6%	17,147,198	59%
Guidance, counseling, and evaluation services	30,267,504	4%	15,427,568	3%	14,839,936	96%
Social work services	345,638	0%	243,064	0%	102,574	42%
Health services	5,926,990	1%	3,668,580	1%	2,258,410	62%
Student transportation	19,769,451	3%	14,936,599	3%	4,832,852	32%
Food service	33,933,645	5%	23,597,639	5%	10,336,006	44%
Extracurricular activities	12,902,510	2%	10,574,450	2%	2,328,060	22%
General administration	13,439,947	2%	9,926,979	2%	3,512,968	35%
Plant, maintenance and operations	61,674,755	9%	56,127,640	12%	5,547,115	10%
Security and monitoring services	5,785,455	1%	4,334,104	1%	1,451,351	33%
Data processing services	7,067,502	1%	6,734,161	1%	333,341	5%
Community services	545,018	0%	527,262	0%	17,756	3%
Interest and fiscal charges for long term debt	30,834,342	4%	29,751,023	6%	1,083,319	4%
Issuance Costs and Fees	-	0%	1,015,195	0%	(1,015,195)	-100%
Facilities Repair and Maintenance	88,731	0%	-	0%	88,731	0%
Payments Related to Shared Service Arrangements	767,296	0%	992,825	0%	(225,529)	-23%
Payments to Juvenile Justice Alternative Education Programs	91,716	0%	122,945	0%	(31,229)	-25%
Other governmental charges	1,488,678	0%	1,379,937	0%	108,741	8%
Other uses	-	0%	-	0%	-	0%
Total Expenses	690,068,230	100%	466,927,973	100%	223,140,257	48%
Change in Net Position	24,213,000		94,347,151		(70,134,151)	
Net Position - Beginning	78,041,305		341,320,833		(263,279,528)	
Prior period adjustment	-		(357,626,679)		357,626,679	
Net Position - Beginning as restated	78,041,305		(16,305,846)		94,347,151	
Net Position - Ending	\$ 102,254,305		\$ 78,041,305		\$ 24,213,000	

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Governmental Activities - The District's net position increased by \$24,213,000 from current operations. Key components of revenues and expenses are as follows:

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues) totaling \$483,059,640 represent 68 percent of total revenues and property taxes totaling \$205,304,795 represent 29 percent of total revenues. The remaining 4 percent is generated from charges for services, investment earnings and miscellaneous revenues.

The primary functional expense of the District is instruction (\$391,294,271), which represents 57 percent of total expenses. Plant maintenance and operations (\$61,674,755) represents 9 percent of total expenses. The remaining individual functional categories of expenses are each less than ten percent of total expenses.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$335,697,279, an increase of \$30,305,841 in comparison with the prior year. The increase in ending governmental fund balances is primarily due to the increase in General Fund.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$142,647,753, while total fund balance reached \$178,048,312. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.8 percent of total general fund expenditures, while total fund balance represents 36 percent of that same amount. The fund balance of the District's general fund increased by \$30,305,841 during the current fiscal year. The increase is primarily due to the increase in property tax collections from growth in property tax values and an increase in state funding.

The debt service fund has a total fund balance of \$30,729,133, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of \$1,988,304 was attributable to payment of debt service expenditures per scheduled debt payments.

The capital projects fund has a total fund balance of \$115,600,512, all of which is restricted for building and equipping school facilities and technology projects/enhancements. The net decrease in fund balance during the current year of \$19,024,052 was due to capital expenditures of \$22,941,022 exceeding investment earnings of \$3,916,970.

Proprietary Fund - The District's proprietary fund financial statements, internal service funds for health insurance and workers' compensation, provide detail information about the profitability of the funds. The increase in net position is primarily due to the transfers in from the general fund to the self-funded health insurance fund during the year. The change in net position of the funds is eliminated and allocated to the governmental expenses in the government-wide financial statements.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

	Budget		
	Original	Final Amended	Actual
Total Revenues	\$ 507,572,984	\$ 508,934,507	\$ 542,905,030
Total Expenditures	(510,497,325)	(527,916,002)	(494,558,327)
Other sources - transfers in	-	-	11,347,480
Other sources - sale of real or personal property	-	13,412,291	165,487
Other uses - transfers out	-	-	(5,000,000)
Court mandated tax refunds	-	(7,000,000)	(688,730)
Net Change in Fund Balance	\$ (2,924,341)	\$ (12,569,204)	\$ 54,170,940

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

- Budgeted revenues increased \$1.4 million primarily for additional property tax revenue resulting from growth in property values
- Budgeted expenditures increased \$17.4 million primarily for additional instruction staff

Difference between the final budgeted and actual revenue were primarily due to timing differences in receipts of SHARS funds and additional revenue from Hurricane Harvey Grants. Difference between final budgeted and actual expenditures were primarily due to favorable variances in instruction, student transportation, plant maintenance and operations, and facilities acquisition and construction.

Capital Assets and Long-Term Liabilities

Capital Assets - The District's investment in capital assets for its governmental type activities as of August 31, 2019 amounts to \$977,018,623 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The total decrease in the District's investment in capital assets for the current fiscal year was \$2,568,122 .

Capital Assets (Net of Depreciation)

	Governmental Activities					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 70,903,065	7%	\$ 70,903,065	7%	\$ -	0%
Buildings and improvements	845,654,053	87%	847,832,615	87%	(2,178,562)	0%
Furniture and equipment	57,346,472	6%	58,906,842	6%	(1,560,370)	-3%
Construction in progress	3,115,033	0%	1,944,223	0%	1,170,810	60%
Totals	\$ 977,018,623	100%	\$ 979,586,745	100%	\$ (2,568,122)	-0.3%

Major capital asset events during the current fiscal year included the following:

- \$16,852,044 in additions to buildings and improvements.
- \$9,746,038 in additions to equipment and furnishing.

Construction Commitments - The District has active construction projects as of August 31, 2019. The projects include the construction and equipment of school facilities. At year-end, the District's remaining commitments with contractors totals \$19.1 million for all ongoing projects.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Additional information on the District’s capital assets can be found in Note 3.D. in the notes to the financial statements.

Long-Term Liabilities - Changes in long-term liabilities for the year ended August 31, 2019 are as follows:

Long-term Liabilities Outstanding

	Governmental Activities					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds, net	\$ 826,059,285	63%	\$ 847,256,260	71%	\$ (21,196,975)	-3%
Health Insurance Claims	4,558,245	0%	4,025,801	0%	532,444	13%
Workers' Compensation Claims	2,004,080	0%	1,958,592	0%	45,488	2%
Compensated Absences	333,163	0%	379,737	0%	(46,574)	-12%
Net Pension Liability	215,224,797	17%	124,749,408	10%	90,475,389	73%
Net OPEB Liability	243,567,654	19%	203,950,904	17%	39,616,750	19%
Derivative Instruments - Rate Swaps	9,597,637	1%	12,249,494	1%	(2,651,857)	-22%
	<u>\$ 1,301,344,861</u>	<u>100%</u>	<u>\$ 1,194,570,196</u>	<u>100%</u>	<u>\$ 106,774,665</u>	<u>9%</u>

Additional information on the District’s long-term liabilities can be found in Note 3. E. in the notes to the financial statements.

Additional information on the District’s net pension liability can be found in Note 4.B. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District’s OPEB liability can be found in Note 4.C. to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Tax Rates

The following economic factors were considered in developing the 2019-2020 fiscal year budget:

- Appraised value used for the 2019-2020 budget preparation is expected to be \$15.1 billion and taxable value expected to be \$13.9 billion
- General Fund expenditures are budgeted to increase 2.48% or \$12.6 million primarily due to additional staff needed for expected student growth.
- The District’s 2019-2020 refined average daily attendance is expected to be 50,516. This is a decrease of 1,734 or 3.0% under the actual amount of 52,250 for 2018-2019.

These indicators were taken into account when adopting the general fund budget for 2018-2019. Estimated revenue in the general fund budget for the 2018-2019 school year is \$507.5 million, an increase of 6.33% over the adopted 2017-2018 budget of \$497.8 million. State revenue will increase as the student population grows. The District will use these revenues to finance programs we currently offer and primarily fund teacher salaries.

General fund expenditures are budgeted to increase 2.48% or \$12.6 million primarily due to additional staff needed for student expected growth. The District adopted a deficit budget for 2018-2019 in the amount of \$2.9 million. The Maintenance and Operations tax rate remained at \$1.20 and the Interest and Sinking rate to pay the debt remained at \$0.28 for a total tax rate of \$1.48.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Business Office, Pasadena Independent School District, 1515 Cherrybrook Lane, Pasadena, Texas 77502.





BASIC FINANCIAL STATEMENTS





PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2019

Exhibit A-1

Data Control Codes	Governmental Activities
Assets	
1110 Cash and temporary investments	\$ 24,305,591
1120 Investments	306,412,019
1225 Property taxes receivables, net	11,509,073
1240 Due from other governments	16,465,301
1250 Accrued interest	382,787
1290 Other receivables, net	27,939
1300 Inventories	1,878,171
1410 Prepaid items	7,201,056
Capital assets not subject to depreciation:	
1510 Land	70,903,065
1580 Construction in progress	3,115,033
Capital assets net of depreciation:	
1520 Buildings and improvements, net	845,654,053
1530 Furniture and equipment, net	57,346,472
1800 Restricted assets	4,199,433
1910 Long-term investments	39,624,502
1000 Total Assets	1,389,024,495
Deferred Outflows of Resources	
1700 Deferred instruments - rate swamps	9,597,637
1705 Deferred outflows - pension	109,949,198
1706 Deferred outflows - OPEB changed from	30,902,743
1710 Deferred charge on refunding	11,002,174
Total Deferred Outflows of Resources	161,451,752
Liabilities	
2110 Accounts payable	10,150,896
2140 Interest payable	1,481,153
2150 Payroll deductions and withholdings	4,156,123
2160 Accrued wages payable	36,433,714
2180 Due to other governments	5,307,303
2200 Accrued expenses payable	20
2300 Unearned revenue	530,088
Noncurrent Liabilities:	
2501 Due within one year	25,059,374
2502 Due in more than one year	807,895,399
2540 Net pension liability	215,224,797
2545 Net other post-employment benefits (OPEB) obligation	243,567,654
2590 Derivative instruments - rate swaps	9,597,637
2000 Total Liabilities	1,359,404,158
Deferred Inflows of Resources	
2605 Deferred inflows - pension	11,795,824
2606 Deferred inflows - OPEB	77,021,960
Total Deferred Inflows of Resources	88,817,784
Net Position	
3200 Net investment in capital assets	277,562,024
Restricted for:	
3820 Federal and state programs	7,129,861
3850 Debt service	30,859,029
3900 Unrestricted	(213,296,609)
3000 Total net position	\$ 102,254,305



PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended August 31, 2019

Exhibit B-1

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Primary Government
					Governmental Activities
	Governmental activities:				
11	Instruction	\$ 391,294,271	\$ 2,260,992	\$ 71,379,356	\$ (317,653,923)
12	Instructional resources & media service	8,315,278	147,584	815,907	(7,351,787)
13	Curriculum and staff development	9,878,356	266,682	1,917,043	(7,694,631)
21	Instructional leadership	9,619,143	375,584	3,264,282	(5,979,277)
23	School leadership	46,032,004	132,033	5,184,851	(40,715,120)
31	Guidance, counseling & evaluation	30,267,504	130,107	8,248,677	(21,888,720)
32	Social work services	345,638	-	167,515	(178,123)
33	Health services	5,926,990	21,786	12,612,473	6,707,269
34	Student transportation	19,769,451	3,520	1,522,446	(18,243,485)
35	Food service	33,933,645	4,384,074	27,628,350	(1,921,221)
36	Extracurricular activities	12,902,510	4,338,170	1,189,483	(7,374,857)
41	General administration	13,439,947	44,790	3,790,423	(9,604,734)
51	Plant, maintenance and operations	61,674,755	236,494	4,719,998	(56,718,263)
52	Security and monitoring services	5,785,455	19,021	565,504	(5,200,930)
53	Data processing services	7,067,502	-	396,583	(6,670,919)
61	Community services	545,018	50,611	310,025	(184,382)
72	Interest and fiscal charges for long term debt	30,834,342	-	11,921,418	(18,912,924)
81	Facilities acquisition and construction	88,731	-	413,949	325,218
93	Payments related to shared services arrangements	767,296	-	-	(767,296)
95	Payments to JJAEP	91,716	-	-	(91,716)
99	Payments to Appraisal District	1,488,678	-	-	(1,488,678)
TG	Total governmental activities	<u>690,068,230</u>	<u>12,411,448</u>	<u>156,048,283</u>	<u>(521,608,499)</u>
TP	Total primary government	<u>\$ 690,068,230</u>	<u>\$ 12,411,448</u>	<u>\$ 156,048,283</u>	<u>\$ (521,608,499)</u>

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	166,441,003
DT	Property taxes, levied for debt service	38,863,792
SF	State-aid formula grants	318,530,032
GC	Grants and contributions not restricted	8,481,325
IE	Investment earnings	10,517,950
MI	Miscellaneous	2,987,397
TR	Total general revenues	<u>545,821,499</u>
CN	Change in net position	24,213,000
NB	Net position - beginning	<u>78,041,305</u>
NE	Net position - ending	<u>\$ 102,254,305</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2019

Exhibit C-1
Page 1 of 2

Data				
Control			Debt Service	
Codes		General Fund	Funds	Capital Projects
	Assets			
1110	Cash and temporary investments	\$ 16,019,862	\$ 822,470	\$ -
1120	Investments	117,487,052	26,359,047	146,269,165
	Receivables:			
1220	Delinquent property taxes receivables	19,677,176	3,452,713	-
1230	Allowance for uncollectible taxes (credit)	(9,779,152)	(1,841,664)	-
1240	Receivables from other governments	5,693,035	-	-
1250	Accrued interest	245,895	18,302	118,590
1260	Due from other funds	46,788,790	-	-
1290	Other receivables	-	-	-
1300	Inventories	1,060,908	-	-
1410	Prepaid items	7,097,352	-	-
1810	Restricted investments	-	4,199,433	-
1910	Long term investments	36,554,472	3,070,030	-
1000	Total Assets	\$ 240,845,390	\$ 36,080,331	\$ 146,387,755
	Liabilities and Fund Balances			
	Liabilities:			
2110	Accounts payable	\$ 9,462,574	\$ 97,500	\$ 590,822
2150	Payroll deduction and withholdings	4,156,123	-	-
2160	Accrued wages payable	33,144,818	-	5,942
2170	Due to other funds	4,579,620	-	30,190,479
2180	Payable to other governments	1,480,920	3,642,649	-
2200	Accrued expenditures	-	-	-
2300	Unearned revenue	75,000	-	-
2000	Total Liabilities	52,899,055	3,740,149	30,787,243
	Deferred Inflows of Resources			
2600	Unavailable Revenues - Property Taxes	9,898,023	1,611,049	-
	Total Deferred Inflows of Resources	9,898,023	1,611,049	-
	Fund Balances:			
	Nonspendable:			
3410	Inventories	1,060,908	-	-
3430	Prepaid items	7,097,352	-	-
	Restricted:			
3450	Federal/State grant restrictions	-	-	-
3470	Capital acquisitions	-	-	115,600,512
3480	Debt service	-	30,729,133	-
	Committed:			
3510	Construction repairs, renovations	25,000,000	-	-
3545	Other purposes	-	-	-
	Assigned:			
3590	Other assigned	2,242,299	-	-
3600	Unassigned	142,647,753		
3000	Total Fund Balances	178,048,312	30,729,133	115,600,512
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 240,845,390	\$ 36,080,331	\$ 146,387,755

PASADENA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2019

Exhibit C-1
Page 2 of 2

Data Control Codes	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
1110	\$ 6,848,571	\$ 23,690,903
1120	8,689,667	298,804,931
Receivables:		
1220	-	23,129,889
1230	-	(11,620,816)
1240	10,772,666	16,465,701
1250	-	382,787
1260	253,373	47,042,163
1290	27,939	27,939
1300	817,263	1,878,171
1410	103,704	7,201,056
1810	-	4,199,433
1910	-	39,624,502
1000	\$ 27,513,183	\$ 450,826,659
Liabilities and Fund Balances		
Liabilities:		
2110	\$ -	\$ 10,150,896
2150	-	4,156,123
2160	3,282,954	36,433,714
2170	12,272,064	47,042,163
2180	183,734	5,307,303
2200	20	20
2300	424,681	499,681
2000	16,163,453	103,589,900
Deferred Inflows of Resources		
2600	30,408	11,539,480
	30,408	11,539,480
Fund Balances:		
Nonspendable:		
3410	817,263	1,878,171
3430	35,539	7,132,891
Restricted:		
3450	6,290,184	6,290,184
3470	-	115,600,512
3480	-	30,729,133
Committed:		
3510	-	25,000,000
3545	4,176,336	4,176,336
Assigned:		
3590	-	2,242,299
3600	-	142,647,753
3000	11,319,322	335,697,279
4000	\$ 27,513,183	\$ 450,826,659



PASADENA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
August 31, 2019

Exhibit C-2

<u>Data Control Codes</u>			
	Total Fund Balance, Governmental Funds (Exhibit C-1)		
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:		\$ 335,697,279
1	Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
	Governmental Capital Assets Costs	\$ 1,460,074,763	
	Accumulated Depreciation of Governmental Capital Assets	<u>(483,056,140)</u>	977,018,623
2	Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		11,509,072
3	Long-term liabilities, including bonds payable, compensated absences, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:		
	Bonds Payable, at Original Par	(753,985,000)	
	Premium on Bonds Payable	(72,074,285)	
	Accrued Interest on the Bonds	(1,481,153)	
	Compensated Absences	(333,163)	
	Net Pension Liability	(215,224,797)	
	Net OPEB Liability	<u>(243,567,654)</u>	(1,286,666,052)
4	An internal service fund is used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the following internal service funds are included with governmental activities:		
	Employee Health Insurance	1,030,455	
	Workers' Compensation	<u>628,597</u>	1,659,052
5	Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to pay for current expenditures.		11,002,174
6	Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		109,949,198
7	Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(11,795,824)
8	Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		30,902,743
9	Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(77,021,960)</u>
19	Total Net Position - Governmental Activities		<u>\$ 102,254,305</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended August 31, 2019

Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Debt Service Funds	Capital Projects
Revenues				
5700	Local, intermediate, and out-of-state	\$ 176,277,493	\$ 40,034,058	\$ 3,916,970
5800	State program revenues	343,983,862	9,185,913	-
5900	Federal program revenues	22,643,675	-	-
5020	Total revenues	542,905,030	49,219,971	3,916,970
Expenditures				
Current:				
0011	Instruction	301,910,625	-	-
0012	Instruction resources and media services	7,087,479	-	-
0013	Curriculum and instructional staff development	7,355,776	-	-
0021	Instructional leadership	6,379,515	-	-
0023	School leadership	38,169,150	-	-
0031	Guidance, counseling and evaluation services	19,819,791	-	-
0032	Social work services	176,418	-	-
0033	Health services	4,961,420	-	-
0034	Student transportation	17,605,376	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	8,173,092	-	-
0041	General administration	11,863,997	-	-
0051	Facilities maintenance and operations	55,620,931	-	-
0052	Security and monitoring services	5,064,897	-	-
0053	Data processing services	6,519,907	-	-
0061	Community services	193,425	-	-
Debt service:				
0071	Principal on long-term debt	-	17,095,000	-
0072	Interest on long-term debt	-	33,938,719	-
Capital outlay:				
0081	Facilities acquisition and construction	1,308,838	-	22,941,022
Intergovernmental:				
0093	Payments related to shared services arrangements	767,296	-	-
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	91,716	-	-
0099	Payments to Appraisal District	1,488,678	-	-
6030	Total Expenditures	494,558,327	51,033,719	22,941,022
1100	Excess (deficiency) of revenues over expenditures	48,346,703	(1,813,748)	(19,024,052)
Other Financing Sources (Uses)				
7912	Sale of real or personal property	165,487	-	-
7915	Transfers in	11,347,480	-	-
8911	Transfers out	(5,000,000)	-	-
8949	Court mandated tax refunds	(688,730)	(174,556)	-
7080	Total Other Financing Sources (Uses)	5,824,237	(174,556)	-
1200	Net change in fund balances	54,170,940	(1,988,304)	(19,024,052)
0100	Fund Balance - beginning	123,877,372	32,717,437	134,624,564
3000	Fund Balance - ending	\$ 178,048,312	\$ 30,729,133	\$ 115,600,512

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended August 31, 2019

Exhibit C-3
Page 2 of 2

<u>Data Control Codes</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
5700	Local, intermediate, and out-of-state	\$ 12,525,201	\$ 232,753,722
5800	State program revenues	9,304,334	362,474,109
5900	Federal program revenues	79,092,655	101,736,330
5020	Total revenues	<u>100,922,190</u>	<u>696,964,161</u>
Expenditures			
Current:			
0011	Instruction	38,189,520	340,100,145
0012	Instruction resources and media services	299,965	7,387,444
0013	Curriculum and instructional staff development	1,431,532	8,787,308
0021	Instructional leadership	2,193,852	8,573,367
0023	School leadership	1,638,151	39,807,301
0031	Guidance, counseling and evaluation services	6,622,429	26,442,220
0032	Social work services	150,785	327,203
0033	Health services	250,733	5,212,153
0034	Student transportation	4,169	17,609,545
0035	Food services	35,340,496	35,340,496
0036	Extracurricular activities	3,897,216	12,070,308
0041	General administration	-	11,863,997
0051	Facilities maintenance and operations	1,573,010	57,193,941
0052	Security and monitoring services	39,952	5,104,849
0053	Data processing services	-	6,519,907
0061	Community services	332,041	525,466
Debt service:			
0071	Principal on long-term debt	-	17,095,000
0072	Interest on long-term debt	-	33,938,719
Capital outlay:			
0081	Facilities acquisition and construction	463,602	24,713,462
Intergovernmental:			
0093	Payments related to shared services arrangements	-	767,296
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	91,716
0099	Payments to Appraisal District	-	1,488,678
6030	Total Expenditures	<u>92,427,453</u>	<u>660,960,521</u>
1100	Excess (deficiency) of revenues over expenditures	<u>8,494,737</u>	<u>36,003,640</u>
Other Financing Sources (Uses)			
7912	Sale of real or personal property	-	165,487
7915	Transfers in	-	11,347,480
8911	Transfers out	(11,347,480)	(16,347,480)
8949	Court mandated tax refunds	-	(863,286)
7080	Total Other Financing Sources (Uses)	<u>(11,347,480)</u>	<u>(5,697,799)</u>
1200	Net change in fund balances	(2,852,743)	30,305,841
0100	Fund Balance - beginning	<u>14,172,065</u>	<u>305,391,438</u>
3000	Fund Balance - ending	<u>\$ 11,319,322</u>	<u>\$ 335,697,279</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended August 31, 2019

Exhibit C-4

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 30,305,841
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
1	Capitalized expenditures reclassified to assets.	\$ 29,561,382
2	Depreciation expense taken to Statement of Activities.	<u>(32,129,504)</u> (2,568,122)
3	The net effect of various miscellaneous transactions involving capital assets (i.e., retirements and transfers) is to decrease net position.	
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(349,475)
5	Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	17,095,000
6	Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	13,856,796
7	OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net OPEB liability as opposed to expenses in the statement of activity.	3,555,174
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
8	Decrease in interest payable not recognized in fund statements	163,128
9	Amortization of gain/loss on refunding	(1,160,726)
11	Amortization of premiums and discounts on issuance of bonds	4,101,975
10	Change in accrued compensated absences	46,574
11	Pension expense for the plan measurement year	(29,883,507)
12	OPEB expense for the plan measurement year	(7,380,159)
13	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	<u>(3,569,499)</u>
	Change in net position of governmental activities	<u>\$ 24,213,000</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2019

Exhibit D-1

<u>Data Control Codes</u>	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Assets	
Current assets:	
1110 Cash and cash equivalents	\$ 614,289
1120 Temporary investments, at fair value	7,607,088
Total Current Assets	<u>8,221,377</u>
1000 Total Assets	<u>\$ 8,221,377</u>
Liabilities	
Current liabilities:	
2200 Claims payable	\$ 5,144,569
Total current liabilities	<u>5,144,569</u>
Non-current liabilities:	
2590 Claims and judgments	1,417,756
Total non-current liabilities	<u>1,417,756</u>
2000 Total Liabilities	<u>6,562,325</u>
Net Position	
3900 Unrestricted net position	1,659,052
3000 Total Net Position	<u>\$ 1,659,052</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2019

Exhibit D-2

<u>Data Control Codes</u>	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenues	
5754 Interfund services provided and used	\$ 40,982,794
5745 Insurance recovery	3,640,810
5020 Total operating revenues	<u>44,623,604</u>
Operating Expenses	
6100 Payroll costs	1,199,814
6200 Purchased and contracted services	862,410
6300 Supplies and materials	4,991
6400 Claims expense and other operating expenses	51,243,873
6030 Total Operating Expenses	<u>53,311,088</u>
1200 Operating Income (Loss)	<u>(8,687,484)</u>
Non-Operating Revenues (Expenses)	
7955 Investment earnings	117,985
8030 Total Non-Operating Revenues	<u>117,985</u>
Income (Loss) before Transfers	(8,569,499)
Transfers	
7915 Transfers in	5,000,000
Total Transfers	<u>5,000,000</u>
1200 Change in Net Position	(3,569,499)
Net Position:	
0100 Net Position - beginning	5,228,551
3300 Net Position - ending	<u>\$ 1,659,052</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY SERVICE FUNDS
For the Fiscal Year Ended August 31, 2019

Exhibit D-3

	<u>Governmental Activities</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash receipts from interfund services provided	\$ 40,894,294
Cash payments for insurance claims	3,640,810
Cash payments to employees	(1,199,814)
Cash payments to suppliers for goods and services	(51,493,926)
Net Cash Provided by (Used for) Operating Activities	<u>(8,158,636)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash payment from other funds	5,000,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>5,000,000</u>
Cash Flows from Investing Activities:	
Interest on investments	117,985
Purchase on Investments	2,822,394
Net Cash Provided by Investing Activities	<u>2,940,379</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(218,257)
Cash and Cash Equivalents at Beginning of Year	<u>832,546</u>
Cash and Cash Equivalents at End of Year	<u>\$ 614,289</u>
Reconciliation to Balance Sheet	
Cash and Cash Equivalents Per Cash Flow	<u>\$ 614,289</u>
Cash and Cash Equivalents per Balance Sheet	<u>\$ 614,289</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (8,687,484)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities	
Change in Assets and Liabilities	
(Increase) decrease in due from other funds	39,416
Increase (decrease) in due to other funds	(88,500)
Increase (decrease) in Claims payable	577,932
Net Cash Provided by (Used for) Operating Activities	<u>\$ (8,158,636)</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUND
For the Fiscal Year Ended August 31, 2019

Exhibit E-1

<u>Data Control Codes</u>		<u>Agency Fund</u>
	Assets	
1110	Cash and cash equivalents	\$ 612,586
1290	Other receivables	1,500
	Total Assets	<u>\$ 614,086</u>
	Liabilities	
2190	Due to others	614,086
2000	Total Liabilities	<u>\$ 614,086</u>

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Pasadena Independent School District (the “District”) is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven member Board of Trustees elected by the District’s residents.

The District prepares its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District’s financial reporting entity. Based on these considerations, the District’s financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

B. Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Direct expenses* are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *General revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for construction and equipment of school facilities and technology projects/enhancements.

The District reports the following nonmajor governmental funds:

The *special revenue funds* are used to account for resources restricted to, or committed for specific purposes by a grantor or the District. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the National School Breakfast and Lunch Program, Summer Feeding Program, and campus activity funds, funds are rolled over from year to year for use in the program.

Additionally, the District reports the following fund types:

The *internal service funds* account for employee health insurance and worker's compensation plans provided to other departments on a cost reimbursement basis.

The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

D. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This District had no asset retirement obligations that qualified for recognition under this statement.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Implementation of New Standards (continued)

GASB Statement No. 88, *Certain Disclosures Related to Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The District had no direct borrowings or placements that qualified for recognition under this statement.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources of economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues, excluding property taxes, to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest income associated with the current fiscal period is all considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items, including property taxes, are considered to be measurement and available only when cash is received by the District.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statement reflects the District's agency fund, which has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated.

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes and are shown net of an allowance for uncollectible taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

4. Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories are recorded as expenditures/expenses when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

5. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. The District’s infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

Land and improvements and construction in progress are not depreciated. Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements:	
Buildings	50
Buildings Improvements	50
Buildings and Improvements:	
Furniture and Equipment:	
Vehicles	10
Office Equipment	10
Computer Equipment	10

6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

6. Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District’s proportional share of net OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on plan investments will be amortized over a closed five year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

A deferred inflow of resources is an acquisition of a government’s net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District’s proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

6. Deferred Outflows/Inflows of Resources (continued)

- Deferred inflows of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions, 2) differences between expected and actual actuarial experiences, and 3) changes in the District's proportional share of net OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

7. Compensated Absences

Vacation

An employee in a position normally requiring 12 months of service who commenced employment with the District prior to August 1, 1998, who resigns, retires, or is dismissed from the District is entitled to cash payment in lieu of vacation for vacation earned during the school year in which such separation from employment occurs. At the time of dismissal, resignation, or retirement, employees may also receive cash payment for unused vacation accrued prior to August 1, 1995, up to a maximum of 20 days. Such cash payment shall be made at the employee's daily rate in the 1994-95 school year.

No person hired on or after August 1, 1998, into a position normally requiring 12 months of service, and any employee promoted, transferred, or reassigned on or after August 1, 1998, into such a position from a position requiring less than 12 months of service, shall be eligible for paid vacation. Such persons shall be employed on a 240-day calendar, ten days of which may be used as non-duty days. Non-duty days cannot be carried over to any succeeding year, nor can they be cashed out at any time.

Sick Leave

An employee retiring under provisions of the Teacher Retirement System (TRS) and who has been continuously employed by the District in a position eligible for sick leave prior to August 1, 1980, shall be eligible for separation pay upon retirement. If an employee has accumulated the maximum number of hours, separation payment shall be one-fourth of the employee's annual salary or wage at the time of retirement.

If the employee has accumulated less than the maximum number of hours, separation payment will be computed by calculating the ratio of accumulated hours divided by the maximum number of hours multiplied by one-fourth of the employee's annual salary or wage.

8. Long-Term Obligations

The District's long-term obligations consist of bond indebtedness, health insurance, workers' compensation, compensated absences, net pension liability, net OPEB liability and derivative instruments-rate swaps. In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

8. Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Health insurance and workers' compensation expenditure requirements are accounted for in the internal service fund. The current and past requirements for other long-term liabilities are generally liquidated with resources of the general fund.

9. Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of the governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The District reports the following classifications of fund balance:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventories and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

11. Fund Balance Policies

Restricted fund balance – amounts that have external constraints imposed upon the use of the resources by bondholders, grantors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The amounts reported in this category include funding from external sources such as state and federal grants, tax levies for the repayment of principal and interest on a long-term debt, and unspent bond proceeds for the construction and equipment of school facilities.

Committed fund balance – amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remain in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation. The amounts reported in this category include the campus activity fund balances in the special revenue fund and various board commitments noted in the Exhibit C-1 or the notes to the financial statements.

Assigned fund balance – amounts that the District intends to use for a specific purpose but does not meet the criteria to be classified as committed. The Board has, by policy, delegated to the Superintendent or his/her designee the responsibility to assign funds. The amounts reported in this category include assignments for purchases on order at the end of the fiscal year.

Unassigned fund balance – accounts for the residual amount in the general fund. The general fund is the only fund that may report a positive unassigned fund balance amount. In certain situations, other governmental fund may report a negative unassigned fund balance. Also, the District shall strive to maintain an unassigned fund balance in the general fund equal to a minimum of 12.5 percent of the District’s general fund operating expenditures of the immediately preceding year.

12. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’s Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Note 1 - Summary of Significant Accounting Policies (continued)

G. Revenues and Expenditures / Expenses

1. Program Revenues

Amounts reported as program revenues include (1) charges to students or users who purchase or directly benefit from goods, services, or privileges provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services and workers' compensation. Operating expenses for the internal service fund include the cost of services/claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund, and debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial schedules.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Note 2 - Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/department require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary versions throughout the year, primarily in the general fund. These versions are further detailed in the notes to the required supplementary information.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned, as appropriate.

At August 31, 2019, certain amounts which were previously restricted or assigned for specific purposes have been encumbered in the governmental funds. These amounts are as follows:

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund	\$ -	\$ 1,843,945	\$ 2,242,299
Capital Projects Fund	24,096,198	-	-
Total Encumbrances	<u>24,096,198</u>	<u>1,843,945</u>	<u>\$ 2,242,299</u>

Note 3 - Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of, or guaranteed by, the U.S. Treasury or the State of Texas, certain U.S. Government Agencies and municipal securities, certificates of deposit, fully collateralized repurchase agreements, banker's acceptances, commercial paper, no-load money market mutual funds and no-load mutual funds, guaranteed investment contracts or public funds investment pools. Certain investments in the Debt Service Fund are reported as restricted investments to further identify that these funds are held by the District in the investments that are required to be separately identifiable and to be utilized for the future payment of the District's Series 2012 C bonds.

Note 3 - Detailed Notes on All Funds

A. Deposits and Investments (continued)

Investments (continued)

For fiscal year 2019, the District invested in certificates of deposit, commercial paper, U.S. Government Agency securities, U.S. Treasury Notes, municipal bonds, the Texas Local Government Investment Pool (TexPool), Texas Association of School Boards Lone Star Investment Pool (Lone Star), Texas DAILY and Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS).

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Note 3 - Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

The District's investment measurements and balances, weighted average maturity, and credit risks of such investments are as follows:

	<u>August 31, 2019</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>
<i>Investments Measured at Amortized Cost:</i>					
Investment Pools					
TexPool	\$ 76,299,279	\$ -	21.8%	38	AAAm **
TexPool Prime	501,597	-	0.1%	31	AAAm **
Lone Star Corporate Overnight Fund	18,155	-	0.0%	39	AAA **
Long Star Government overnight Fund	48,258	-	0.0%	27	AAA **
Texas DAILY	308,655	-	0.1%	29	AAAm **
<i>Investments Measured at Fair Value, Not Subject to Level Reporting:</i>					
Investment Pools					
Lone Star Corporate overnight Plus Fund	51,465,736	-	14.7%	44	AAA **
Texas CLASS	62,094,557	-	17.7%	50	AAA **
Investments Measured at Fair Value Subject to Level Reporting:					
Money Market	4,203,682		1.2%		N/A
Certificates of Deposit	242,554	242,554	0.1%	312	Not rated *
Commercial Paper	56,836,289	56,836,289	16.2%	40	A-1 **
U.S. Government Agencies	87,288,126	87,288,126	24.9%	407	AA+ **
U.S. Treasury Notes	9,978,906	9,978,906	2.8%	213	AA+ **
Municipal Bonds	950,160	950,160	0.3%	45	AA **
Total	<u>\$ 350,235,954</u>	<u>\$ 155,296,035</u>	<u>100.0%</u>		
Portfolio Weighted Average Maturity				<u>1275</u>	

*Certificates of deposit are not rated, but are insured by FDIC.

**S&P rating.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized rating agency (NRSRO); and securities lending programs.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon Asset Management Company, LLC and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank. Lone Star is restricted to invest in obligations of the U.S. or its agencies and instrumentalities, other obligations insured by the U.S., fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously, and SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

Note 3 - Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Texas TERM is a local government investment pool organized in the year 2000 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is administered by PFM Asset Management, LLC. U.S. Bank, N.A. is the custodial bank. Texas TERM offers a series of professionally managed portfolios that are available to government entities in the State of Texas. The District currently invests in Texas DAILY, a money market portfolio with daily liquidity that is rated AAAM* by Standard & Poor's.

Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of PFIA. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo Bank Texas, N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

The TexPool, Lone Star Corporate / Government Overnight Funds, and Texas DAILY investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Such investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The Lone Star Corporate Overnight Plus Fund and Texas CLASS investment pools are external investment pools measured at fair value, i.e. their net asset value. Such investment pool's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star Corporate Overnight Plus Fund and Texas CLASS have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Certificates of deposit reported at fair value are classified in Level 2 of the fair value hierarchy using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Commercial paper classified in Level 2 of the fair value hierarchy, is valued using index pricing and market spreads.

U.S. Government Agency securities are classified as Level 2 on the fair value hierarchy, which are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 3 - Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

U.S. Treasury notes are classified as Level 2 on the fair value hierarchy, which are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Municipal bonds are classified as Level 2 on the fair value hierarchy, which are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Credit Risk

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's investment ratings are noted in the preceding table.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed four year from the time of purchase. However, the board may specifically authorize a longer maturity for a given instrument, within legal limits.

Concentration of Credit Risk

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2019, District's banks' balances of \$15,990,680 were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker/dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that the investments of the District shall be secured through third-party custodial and safekeeping procedures as designated by the District. The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk.

Note 3 - Detailed Notes on All Funds (continued)

B. Receivables

Tax revenues of the general fund and debt service fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in Uncollectibles Related to General Fund Property Taxes	\$ (489,664)
Change in Uncollectibles Related to Debt Service Property Taxes	<u>(80,142)</u>
Total Change in Uncollectibles of the Current Fiscal Year	<u><u>\$ (569,806)</u></u>

Approximately 87% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Interfund balances as of August 31, 2019, were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 46,788,790	\$ 4,579,620
Capital Projects	-	30,190,479
Nonmajor Governmental Funds	<u>253,373</u>	<u>12,272,064</u>
	<u><u>\$ 47,042,163</u></u>	<u><u>\$ 47,042,163</u></u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District’s transfers for the year ended August 31, 2019:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 5,000,000
Nonmajor Governmental Funds	General Fund	<u>11,347,480</u>
Total		<u><u>\$ 16,347,480</u></u>

Transfers to the self-insured health insurance fund from the general fund was provided to cover an operating deficit resulting from inflation of medical costs.

Transfers to the general fund were to reimburse the general fund grant expenditures incurred in prior fiscal years.

Note 3 - Detailed Notes on All Funds (continued)

D. Capital Assets

	Beginning Balance August 31, 2018	Additions	Retirements, Transfers and Adjustments	Ending Balance August 31, 2019
Capital assets, not being depreciated:				
Land	\$ 70,903,065	\$ -	\$ -	\$ 70,903,065
Construction in progress	1,944,223	2,963,300	(1,792,490)	3,115,033
Total Capital assets, not being depreciated	<u>72,847,288</u>	<u>2,963,300</u>	<u>(1,792,490)</u>	<u>74,018,098</u>
Capital assets, being depreciated:				
Buildings and improvements	1,168,329,962	16,852,044	1,792,490	1,186,974,496
Furniture and equipment	189,336,131	9,746,038	-	199,082,169
Total Capital assets, being depreciated	<u>1,357,666,093</u>	<u>26,598,082</u>	<u>1,792,490</u>	<u>1,386,056,665</u>
Less accumulated depreciation for:				
Buildings and improvements	(320,497,347)	(20,823,096)	-	(341,320,443)
Furniture and equipment	(130,429,289)	(11,306,408)	-	(141,735,697)
Total Accumulated depreciation	<u>(450,926,636)</u>	<u>(32,129,504)</u>	<u>-</u>	<u>(483,056,140)</u>
Total Capital Assets, being Depreciated, net	<u>906,739,457</u>	<u>(5,531,422)</u>	<u>1,792,490</u>	<u>903,000,525</u>
Governmental Capital Assets	<u>\$ 979,586,745</u>	<u>\$ (2,568,122)</u>	<u>\$ -</u>	<u>\$ 977,018,623</u>

Depreciation expense was charged to functions/programs of the District as follows:

Function	Depreciation Expense
11 Instruction	\$ 19,851,495
12 Instructional resources and media services	460,446
13 Curriculum and staff development	477,876
21 Instructional leadership	414,452
23 School leadership	2,479,698
31 Guidance, counseling and evaluation services	1,287,613
32 Social work services	11,461
33 Health services	322,324
34 Student transportation	1,143,752
35 Food Services	-
36 Extracurricular activities	530,973
41 General administration	770,757
51 Plant maintenance and operations	3,613,472
52 Security and monitoring services	329,046
53 Data processing services	423,573
61 Community services	12,566
Total depreciation expense	<u>\$ 32,129,504</u>

Note 3 - Detailed Notes on All Funds (continued)

Construction Commitments

The District has active construction projects as of August 31, 2019. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Approved Construction Budget</u>	<u>Stored and Completed To Date</u>	<u>Remaining Commitment</u>
Red Bluff Elementary	\$ 22,147,633	\$ 3,040,033	\$ 19,107,600
South Houston Science Labs	108,444	75,000	33,444
Totals	<u>\$ 22,256,077</u>	<u>\$ 3,115,033</u>	<u>\$ 19,141,044</u>

E. Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, health insurance, workers' compensation, compensated absences, net pension and OPEB liability and derivative instruments-rate swaps. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Health insurance and workers' compensation claims are accounted for in the internal service funds. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2019, was as follows:

	<u>Balance at August 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at August 31, 2019</u>	<u>Due Within One Year</u>
Bonds Payable:					
General obligation bonds payable	\$ 771,080,000	\$ -	\$ (17,095,000)	\$ 753,985,000	\$ 19,855,000
Issuance premiums	76,176,260	-	(4,101,975)	72,074,285	-
Total Bonds Payable, net	<u>847,256,260</u>		<u>(21,196,975)</u>	<u>826,059,285</u>	<u>19,855,000</u>
Health Insurance Claims	4,025,801	52,111,274	(51,578,830)	4,558,245	4,558,245
Workers' Compensation Claims	1,958,592	1,245,302	(1,199,814)	2,004,080	586,324
Compensated Absences	379,737	-	(46,574)	333,163	59,805
Government Activities Long-term Liabilities	<u>\$ 853,620,390</u>	<u>\$ 53,356,576</u>	<u>\$ (74,022,193)</u>	<u>\$ 832,954,773</u>	<u>\$ 25,059,374</u>

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses (BLDG), and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds currently outstanding are as follows:

<u>Series</u>	<u>Original Issuance Amount</u>	<u>Interest Rate (%)</u>	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Debt Outstanding</u>
2005B - School Building Bonds	\$80,000,000	Variable	2035	\$ 79,900,000	\$ -	\$ -	\$ 79,900,000
2010 - Refunding Bonds	56,385,000	2.50% to 5.00%	2029	50,895,000	-	-	50,895,000
2012A - School Building Bonds	60,755,000	2.00% to 5.00%	2041	56,040,000	-	(135,000)	55,905,000
2012B - Refunding Bonds	12,785,000	2.00% to 5.00%	2021	6,380,000	-	(2,155,000)	4,225,000
2012C - School Building Bonds	29,050,000	4.09%	2030	29,050,000	-	-	29,050,000
2012D - Refunding Bonds	30,260,000	2.00% to 5.00%	2024	21,370,000	-	(3,795,000)	17,575,000
2013 - School Building & Refunding Bonds	226,360,000	1.00% to 5.00%	2043	201,680,000	-	(730,000)	200,950,000
2014B - Refunding Bonds	2,380,000	1.94%	2021	1,145,000	-	(400,000)	745,000
2015A - School Building Bonds	61,060,000	3.00% to 5.00%	2035	61,060,000	-	-	61,060,000
2015B - School Building Bonds	98,375,000	Variable	2044	98,375,000	-	-	98,375,000
2015 - Refunding Bonds	50,920,000	3.00% to 5.00%	2035	45,090,000	-	(5,015,000)	40,075,000
2018 - School Building Bonds	120,095,000	4.00% to 5.00%	2044	120,095,000	-	(4,865,000)	115,230,000
				<u>\$ 771,080,000</u>	<u>\$ -</u>	<u>\$(17,095,000)</u>	<u>\$ 753,985,000</u>

The 2005B series bonds were issued as current interest bonds with a scheduled final maturity on February 15, 2035. Following the initial rate period, the bonds will bear interest at a weekly rate determined by the remarketing agent with a weekly rate period from Thursday in each week through the following Wednesday unless a different rate period is specified by the District; however, the interest rate mode on the bonds may, at the District's option, be converted from time to time to a term rate or monthly rate or to a flexible rate; or to a fixed rate until maturity. The bonds are subject to mandatory redemption and a mandatory redemption schedule has been established.

Variable Rate Unlimited Tax School Building Bonds, Series 2005B

<u>Principal Amount</u>	<u>End of Initial Rate Period</u>	<u>Final Maturity</u>	<u>Initial Rate</u>	<u>Initial Yield</u>
\$ 79,900,000	August 31, 2005	February 1, 2035	4.70%	2.35%

The interest rate borne by the bonds cannot exceed the lesser of a maximum rate of 8 percent or the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended.

The 2015B series bonds were issued as current interest bonds with a scheduled final maturity on February 15, 2044. Following the initial rate period, the bonds will bear interest at a term rate determined by the remarketing agent with a term rate period of two years unless a different rate period is specified by the District; however, the interest rate mode on the bonds may, at the District's option, be converted from time to time to a weekly rate, monthly rate, quarterly rate, semiannual rate or a different term rate period or to a flexible rate; or to a fixed rate until maturity. The bonds are subject to mandatory redemption and a mandatory redemption schedule has been established.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

General Obligation Bonds (continued)

Variable Rate Unlimited Tax School Building Bonds, Series 2015B

<u>Principal Amount</u>	<u>End of Initial Rate Period</u>	<u>Final Maturity</u>	<u>Initial Rate</u>	<u>Initial Yield</u>
\$ 98,375,000	August 15, 2019	February 15, 2044	3.00%	1.29%

The interest rate borne by the bonds cannot exceed the lesser of a maximum rate of 6.75 percent or the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended.

Cumulative Sinking Fund

The District designated the Series 2012C bonds as “qualified school construction bonds” within the meaning of section 54F of the Internal Revenue Code of 1986. With respect to the Series 2012C bonds, the District is required to make mandatory deposits into a cumulative sinking fund deposit account held by the bonds’ paying agent / registrar bank. The sinking fund deposits will be used to redeem the bonds upon maturity. As of August 31, 2019, the District reported \$4,199,433 in restricted investments in the debt service fund, which meets sinking fund provisions.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 19,855,000	\$ 31,394,251	\$ 51,249,251
2021	21,355,000	30,388,210	51,743,210
2022	23,195,000	29,321,868	52,516,868
2023	27,685,000	28,105,618	55,790,618
2024	32,185,000	26,659,200	58,844,200
2025-2029	143,110,000	125,474,317	268,584,317
2030-2034	185,310,000	86,302,836	271,612,836
2035-2039	147,330,000	50,024,934	197,354,934
2040-2044	153,960,000	15,567,175	169,527,175
	<u>\$ 753,985,000</u>	<u>423,238,409</u>	<u>\$ 1,177,223,409</u>

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that it does not have any arbitrage liability as of August 31, 2019.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

Prior Years' Refunding of Long-Term Debt

In prior years, the District defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the District's financial statements. At August 31, 2019, the District had no defeased bonds outstanding.

Interest Rate Swap Agreements

Variable Interest Rate Bonds Synthetic Fixed Rate Swaps

As a means to reduce its borrowing cost in comparison to the issuance of traditional fixed rate bonds at the time of issuance, on March 23, 2005 the District entered into two identical pay fixed/receive variable rate swap agreements on the District's \$80,000,000 Variable Rate Unlimited Tax School Building Bonds, Series 2005B (the bonds). The swap agreements and the bonds were issued at the same time. The swap agreements are with Morgan Stanley Capital Services (MS) and Bank of America (BOA), each in original notional amount of \$40,000,000 in order to synthetically fix the interest obligations of the variable interest bonds.

Objective

The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the District's \$80,000,000 variable interest rate Unlimited Tax School Building Bonds Series 2005B ("2005B Bonds"). The fair value balance and notional amounts of the derivative instrument outstanding at August 31, 2019, and the changes in fair value of the derivative instrument for the year then ended are as follows:

	Fair Value at August 31, 2019		
	Classification	Amount	Notional
Governmental Activities			
Cash Flow Hedge:			
Accumulated decrease in fair value of interest rate swaps	Deferred Outflow	\$ 9,597,637	
Derivative instrument - rate swap	Liability	9,597,637	\$ 39,950,000
Governmental Activities			
Cash Flow Hedge:			
Decrease in fair value of interest rate swaps	Deferred Outflow	\$ 2,651,857	
Decrease in derivative instrument - rate swap	Liability	2,651,857	

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

Terms

The Swap notional amount totals \$79,900,000, the principal amount of the associated 2005B Bonds. The District's swap agreements contain scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the 2005B Bonds in varying amounts during the years 2022 to 2035. Under the terms of the swaps, the District will pay a fixed rate of 3.689% and receive a floating rate equal to 68% of one month London Interbank Offered Rate (LIBOR) Index. All agreements were effective March 23, 2005, the date of issuance of the 2005B Bonds. The termination date is February 1, 2035.

The cumulative effective rate on the 2005B Bonds associated with the Swap is as follows:

	Rate Received (Paid)
Fixed rate (paid) received for swap agreement	3.689%
Remarketing fees on 2005B Bonds	0.060%
Liquidity fees on 2005B bonds	0.390%
Ongoing swap interest costs	4.139%
Swap cost (benefit) to date	0.029%
Effective swap rate to date	4.168%

In contrast, the fixed rate the District would have paid on General Obligation Bonds at a comparable maturity on the same sale date would have been 4.92%. The savings on the interest expenditures realized by participating in the Swap agreement has resulted in \$3,650,744 as compared to costs the District would have incurred if the debt had been issued as traditional fixed rate bonds at the time of issuance.

Fair Value

Because long-term LIBOR Swap interest rates have declined since inception of the Swaps, the Swaps had a negative fair value of \$12,249,494. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. The fair value is recorded on the Statement of Net Position of the District as a deferred outflow of resources and a liability for the derivative instrument as a governmental activity. The swaps are classified in Level 2 of the fair value hierarchy.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

Credit Risk

As of August 31, 2019, the District was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the Swap become positive, the District would be exposed to credit risk on the Swap in the amount of its fair value.

Counterparty	Notional Amount	Fair Value Amount	Counterparty Credit Rating (S&P / Moody's)
Morgan Stanley Capital Services	\$ 39,950,000	\$ (9,473,256)	A+ / A3
Bank of America, N.A.	39,950,000	(9,597,637)	A+ / Aa3
	\$ 79,900,000	\$ (19,070,893)	

Basis Risk

The District is exposed to basis risk on the Swaps because the variable payment received is based on LIBOR rather than Securities Industry and Financial Market Association (SIFMA). Should the relationship between LIBOR and SIFMA move to convergence the expected cost savings may not be realized.

Interest Rate Risk

On the pay fixed/receive variable interest rate swaps, the District's net payment increases as LIBOR decreases. When LIBOR decreases, the District receives a lower payout from the Swaps and its net payments on the Swaps increase. Conversely, when LIBOR increases, the District receives a higher payout from the Swaps and its net payments on the Swaps decrease.

Termination Risk

The District may terminate for any reason. The District has the unilateral right to voluntarily terminate the Swap agreements at any time over their term at the then prevailing market value; therefore, voluntary termination is unlikely by the District if the fair value is negative. A Counterparty may terminate a Swap if the District fails to perform under the terms of the contract. The District's options are to terminate with the Swap providers at an agreed market value, assign the Swap to a third party based on bids or quotes, or enter into an off-setting transaction (a reversal). If the Swap should be terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the Swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the Swap's fair value.

The Swap agreements are subject to termination in the event of default or as follows:

- Agreement with Morgan Stanley Capital Services: If the ratings assigned to either the District's or Morgan Stanley Capital Service's unenhanced long-term debt obligations are withdrawn or reduced to BBB- by S&P or Baa3 by Moody's.
- Agreement with Bank of America: If the ratings assigned to either the District's or Bank of America's long-term debt obligations are withdrawn or reduced to BBB- by S&P or Baa3 by Moody's.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

As of August 31, 2019, Morgan Stanley Capital Services was rated A3 and A+ by Moody's Investors Service and Standard & Poor's respectively, while Bank of America, N.A. was rated Aa3 and A+ by Moody's and S&P respectively.

Market - Access Risk

The District has a risk that the remarketing agent will not be able to sell the variable rate bonds at a competitive rate. However, the District's Standby Bond Purchases Agreement mitigates the risk.

Rollover Risk

The District's Series 2005B Bonds and Swaps have matching notional maturity dates of February 1, 2035; therefore, the District is not exposed to rollover risk at this time.

Currently, the District's Stand-by Purchase Bond Agreement is with Bank of America, N.A. and expires on August 29, 2020. The price and availability to renew or secure future agreements are subject to market conditions and may expose the District to possible renewal risk.

Swap Payments and Associated Debt

As of August 31, 2019, the following are debt service requirements assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net Swap payments will vary.

Fiscal Year Ending	Principal	Variable Rate Payments	Hedging Net	Total
2020	\$ -	\$ 1,078,650	\$ 2,171,682	\$ 3,250,332
2021	-	1,078,650	2,171,682	3,250,332
2022	3,735,000	1,043,591	2,131,289	6,909,880
2023	7,570,000	963,516	1,981,618	10,515,134
2024	6,355,000	871,363	1,790,440	9,016,803
2025 - 2029	25,670,000	3,219,479	6,622,613	35,512,092
2030 - 2034	30,480,000	1,380,101	2,904,441	34,764,542
2035	6,090,000	34,237	89,994	6,214,231
Totals	\$ 79,900,000	\$ 9,669,587	\$ 19,863,759	\$ 109,433,346

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Liabilities (continued)

Operating Leases

Commitments under operating lease agreements for facilities and equipment provide for minimum future rental payments. As of August 31, 2019, these payments were as follows:

Year Ending August 31,	General
2020	\$ 62,009
2021	39,233
2022	19,141
2023	5,459
Total Minimum Rentals	\$ 125,842

Rental expenditures in fiscal year 2019 were \$182,230.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor-Other Governmental Funds Commitments:

Campus Activity Funds	\$ 4,176,336
-----------------------	--------------

G. Revenues from Local, Intermediate, and Out-of-State Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Property Taxes	\$ 166,790,477	\$ 38,863,792	\$ -	\$ -	\$ 205,654,269
Charges for Services	722,312			8,773,866	9,496,178
Investment Earnings	5,054,589	1,170,266	3,916,970	258,140	10,399,965
Other	3,710,115			3,493,195	7,203,310
Total	\$ 176,277,493	\$ 40,034,058	\$ 3,916,970	\$ 12,525,201	\$ 232,753,722

Note 4 - Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, natural disasters and related property/liability losses for which the District carries commercial insurance. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverage for each of the past three fiscal years.

Note 4 - Other Information (continued)

A. Risk Management (continued)

Self-Funded Health Insurance

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the “Plan”). The District contributed \$245 per month per employee to the Plan, and an additional \$5,000,000 in contributions at the discretion of District. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Berkley Life and Health Insurance Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$400,000.

Liabilities of the self-funded employee group health insurance plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is based on the District’s historical experience. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past three fiscal years.

An analysis of claims liability for the past two fiscal years are as follows: As of August 31, 2019, estimated claims that were unpaid and incurred but not reported totaled \$4,558,245.

An analysis of claims liability for the past two fiscal years are as follows:

	<u>2019</u>	<u>2018</u>
Accrual, September 1	\$ 4,025,801	\$ 4,776,317
Current year estimates/provisions	52,111,274	31,805,750
Payments for claims	<u>(51,578,830)</u>	<u>(32,556,266)</u>
Accrual, August 31	<u>\$ 4,558,245</u>	<u>\$ 4,025,801</u>

Self-Funded Worker’s Compensation

During the year ended August 31, 2019, the District met its statutory workers’ compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. As a self-funded member of the TASB Risk Management Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund’s Board of Trustees in February of the following year. The Fund’s audited financial statements as of August 31, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 4 - Other Information (continued)

A. Risk Management (continued)

Self-Funded Workers' Compensation (continued)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other non-incremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate.

The District is protected against higher than expected claims costs through the purchase of stop loss coverage. A stop loss insurance policy covers individual claims in excess of \$1,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented in the amount of \$2,004,080 .

The following year-by-year exposure details the number of annual claims:

<u>Fiscal Year</u>	<u>Claims</u>
2010	365
2011	359
2012	371
2013	588
2014	374
2015	347
2016	342
2017	343
2018	390
2019	375
10-Year Average	<u>385</u>

Changes in the worker's compensation claims liability amounts in the past two fiscal years are as follows:

	<u>2019</u>	<u>2018</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 1,958,592	\$ 2,439,463
Incurred Claims, including provisions (adjustment) for IBNR	1,245,302	737,014
Claim Payments	<u>(1,199,814)</u>	<u>(1,217,885)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 2,004,080</u>	<u>\$ 1,958,592</u>

Note 4 - Other Information (continued)

A. Risk Management (continued)

Contingent Liabilities

The District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2019, these programs are subject to financial and compliance audits by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. These amounts, if any, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

B. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.06 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2018 and 2019, and the 85th Texas Legislature, GAA established the employer contribution rates for Plan fiscal years 2018 and 2019. Rates for such Plan fiscal years are as follows:

	Contribution Rates	
	2019	2018
Member	7.70%	7.70%
Non-Employer Contributing Entity	6.80%	6.80%
Employers	6.80%	6.80%

	Measurement Year (2018)		Fiscal Year 2019
	Contributions	Pension Expense	Contributions
Member (Employee)	\$ 30,311,110	\$ -	\$ 31,029,636
Non-employer contributing agency (State)	17,721,933	28,676,687	17,832,421
District	13,172,346	29,883,507	14,079,102

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Contributions (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Valuation Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%*
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases including Inflation	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

*Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Contribution to Long-Term Portfolio Returns</u>
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	16.00%	5.21%	0.73%
Energy and Natural Resources	3.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectations	0.00%	0.00%	2.30%
Alpha	0.00%	0.00%	-0.79%
Total	<u>100.00%</u>		<u>7.25%</u>

** The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

Discount Rate		
1% Decrease (5.907%)	Current Rate (6.907%)	1% Increase (7.907%)
\$ 324,825,828	\$ 215,224,797	\$ 126,496,263

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2019, the District reported a liability of \$215,224,797 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 215,224,797
State's proportionate share that is associated with the District	<u>289,741,506</u>
Total	<u><u>\$ 504,966,303</u></u>

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 01, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.3910%, which was an increase of .0008486% from its proportion measured as of August 31, 2017.

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

For the year ended August 31, 2019, the District recognized pension expense of \$29,883,507 and revenue of \$28,676,687 for support provided by the State.

At August 31, 2019, the District reported deferred outflows of resources for contributions made after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,341,535	\$ (5,280,767)
Changes of assumption	77,598,906	(2,424,968)
Net difference between projected and actual earnings on pension plan investments	-	(4,083,737)
Changes in proportion and differences between District contributions and proportionate share of contributions	16,929,655	(6,352)
District contributions subsequent to the measurement date	<u>14,079,102</u>	<u>-</u>
Total	<u>\$ 109,949,198</u>	<u>\$ (11,795,824)</u>

Note 4 - Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The \$14,079,102 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending	
August 31:	Amount
2020	\$ 22,366,425
2021	13,772,519
2022	11,492,490
2023	14,424,540
2024	13,483,224
2025	8,535,074
Total	\$ 84,074,272

C. Defined Other Post-Employment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at:

<http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-CARE Plan Premium Rates		
Effective Sept. 1, 2017 - Dec. 31, 2018		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

Contributions (continued)

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2019	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal/Private Funding remitted by Employer	1.25%	1.00%

The contribution amounts for the District’s fiscal year 2019 are as follows:

	Measurement Year (2018)		Fiscal Year
	Contributions	Pension Expense	2019
Member (Employee)	\$ 2,558,729	\$ -	\$ 2,619,388
Non-employer contributing agency (State)	4,514,476	11,902,224	4,500,130
District	3,365,187	7,380,157	3,561,687

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2019.

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in this report.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality Rates of Retirement Rates of Termination Rates of Disability	General Inflation Wage Inflation Expected Payroll Growth
Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate*	3.69%
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age adjusted claims costs.
Payroll growth rate	2.50%
Salary increases	3.05% to 9.05%**
Healthcare trend rates	6.75% to 107.74%***
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

** Includes Inflation at 2.30%

*** Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees.

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

Actuarial Assumptions (continued)

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the net OPEB liability.

	Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
District's proportionate share of the Net OPEB Liability:	\$ 289,929,192	\$ 243,567,654	\$ 206,892,689

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

Discount Rate Sensitivity Analysis (continued)

Healthcare Cost Trend Rate - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate.

	Healthcare Cost Trend Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
District's proportionate share of the Net OPEB Liability:	\$ 202,286,903	\$ 243,567,654	\$ 297,935,295

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2019, the District reported a liability of \$243,567,654 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 243,567,654
State's proportionate share that is associated with District	<u>327,217,929</u>
Total	<u>\$ 570,785,583</u>

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.48781% which was an increase of 0.0188% from its proportion measured as of August 31, 2017.

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation

The following assumptions, methods, and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

At August 31, 2019, the District reported the District's contributions after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,925,230	\$ (3,843,855)
Changes of assumptions	4,064,484	(73,178,105)
Net difference between projected and actual earnings on pension plan investments	42,597	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	10,308,745	-
District contributions after measurement date	3,561,687	-
Totals	\$ 30,902,743	\$ (77,021,960)

Note 4 - Other Information (continued)

C. Defined Other Post-Employment Benefit Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

The \$3,561,687 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending August 31</u>	<u>Amount</u>
2020	\$ (8,303,841)
2021	(8,303,841)
2022	(8,303,841)
2023	(8,311,896)
2024	(8,316,504)
2025	(8,140,981)
Thereafter	<u>\$ (49,680,904)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on-behalf of the District were \$1,523,940, \$1,205,500, and \$1,149,409, respectively. The information for the year ended August 31, 2019 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

D. Nonmandatory Transactions

During 2019, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,500,179. The textbooks have been recorded in the amount of \$1,500,179 in the Instructional Materials Allotment special revenue fund as both state revenue and expenditures.

E. Subsequent Events

On November 12, 2019, the District issued the Unlimited Tax Refunding Bonds, Series 2019 in the amount of \$43.0 million and a premium of \$8.5 million. The District contributed \$827,833 to the closing. The new debt was issued with a 5% interest rate and maturities ranging from 2022 to 2029. Included in this sale was the refunding of the Series 2010 Unlimited Tax Refunding Bonds in the amount of \$50,895,000. Interest on the bonds accrue from the closing date of November 12, 2019 and is payable each year on February 15 and August 15 thereafter, with the initial interest payment on February 15, 2020.



REQUIRED SUPPLEMENTARY INFORMATION





PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

Exhibit G-1

For the Fiscal Year Ended August 31, 2019

		Budgeted Amounts		Actual Amounts,	Variance with
		Original	Final	Budgetary Basis	Final Budget
Revenues					
5700	Local, intermediate, and out-of-state	\$ 162,675,000	\$ 173,559,381	\$ 176,277,493	\$ 2,718,112
5800	State program revenues	331,344,984	320,022,126	343,983,862	23,961,736
5900	Federal program revenues	13,553,000	15,353,000	22,643,675	7,290,675
5020	Total revenues	507,572,984	508,934,507	542,905,030	33,970,523
Expenditures					
Current:					
0011	Instruction	311,970,693	317,757,417	301,910,625	15,846,792
0012	Instruction resources and media services	7,460,735	8,252,577	7,087,479	1,165,098
0013	Curriculum and instructional staff development	7,804,504	8,804,326	7,355,776	1,448,550
0021	Instructional leadership	6,602,373	7,809,434	6,379,515	1,429,919
0023	School leadership	39,514,398	40,313,107	38,169,150	2,143,957
0031	Guidance, counseling and evaluation services	20,796,508	20,686,125	19,819,791	866,334
0032	Social work services	205,725	305,725	176,418	129,307
0033	Health services	5,095,221	5,148,402	4,961,420	186,982
0034	Student transportation	17,166,666	18,355,457	17,605,376	750,081
0036	Extracurricular activities	7,716,918	9,408,850	8,173,092	1,235,758
0041	General administration	13,125,279	13,458,472	11,863,997	1,594,475
0051	Facilities maintenance and operations	56,045,416	58,853,232	55,620,931	3,232,301
0052	Security and monitoring services	5,435,949	5,475,223	5,064,897	410,326
0053	Data processing services	6,857,475	8,155,053	6,519,907	1,635,146
0061	Community services	372,676	486,065	193,425	292,640
Capital outlay:					
0081	Facilities acquisition and construction	1,505,000	1,817,570	1,308,838	508,732
Intergovernmental:					
0093	Payments related to shared services arrangements	1,240,289	1,240,289	767,296	472,993
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	100,000	100,000	91,716	8,284
0099	Payments to Appraisal District	1,481,500	1,488,678	1,488,678	-
6030	Total Expenditures	510,497,325	527,916,002	494,558,327	33,357,675
1100	Excess (deficiency) of revenues over expenditures	(2,924,341)	(18,981,495)	48,346,703	67,328,198
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	13,412,291	165,487	(13,246,804)
7915	Transfers in	-	-	11,347,480	11,347,480
8911	Transfers out	-	-	(5,000,000)	(5,000,000)
8949	Court mandated tax refunds	-	(7,000,000)	(688,730)	6,311,270
7080	Total Other Financing Sources (Uses)	-	6,412,291	5,824,237	(588,054)
1200	Net change in fund balances	(2,924,341)	(12,569,204)	54,170,940	66,740,144
0100	Fund Balance - beginning	123,877,372	123,877,372	123,877,372	-
3000	Fund Balance - ending	\$ 120,953,031	\$ 111,308,168	\$ 178,048,312	\$ 66,740,144

Note 1 - Budget

Budgetary Information

The District adopts annual appropriations type budgets for the General Fund, National School Breakfast and Lunch Program Special Revenue Fund, and the Debt Service Fund as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, National School Breakfast and Lunch Program Special Revenue Fund, and the Debt Service Fund during the fiscal year ended August 31, 2019.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types prior to August 20, 2018. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER
PENSION PLAN - TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Five Measurement Years*

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.39102%	0.39015%	0.37514%	0.38029%	0.27776%
District's proportionate share of the net pension liability	\$ 215,224,797	\$ 124,749,408	\$ 141,759,250	\$ 134,428,514	\$ 74,193,350
State's proportionate share of the net pension liability associated with the District	<u>289,741,506</u>	<u>174,464,486</u>	<u>207,913,636</u>	<u>194,271,517</u>	<u>164,362,313</u>
Total	<u>\$ 504,966,303</u>	<u>\$ 299,213,894</u>	<u>\$ 349,672,886</u>	<u>\$ 328,700,031</u>	<u>\$ 238,555,663</u>
District's covered payroll (for Measurement Year)	\$ 393,650,768	\$ 385,280,812	\$ 371,602,326	\$ 349,578,393	\$ 324,945,284
District's proportionate share of the net pension liability as a percentage of it's covered payroll	54.7%	32.38%	38.15%	38.45%	22.83%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	128.28%	77.66%	94.10%	94.03%	73.41%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTION TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
*For the Last Five Fiscal Years**

Exhibit G-4

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 14,083,533	\$ 13,394,652	\$ 12,777,649	\$ 11,919,889	\$ 11,260,635
Contributions in relation to the contractual required contributions	<u>(14,083,533)</u>	<u>(13,394,652)</u>	<u>(12,777,649)</u>	<u>(11,919,889)</u>	<u>(11,260,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 402,982,794	\$ 393,650,768	\$ 385,280,812	\$ 371,602,326	\$ 349,578,393
Contributions as a percentage of covered payroll	3.49%	3.40%	3.32%	3.21%	3.21%

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER OPEB PLAN
TEACHER RETIREMENT SYSTEM OF TEXAS
*For the Last Two Measurement Years**

Exhibit G-6

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.487809%	0.469001%
District's proportionate share of the net OPEB liability	\$ 243,567,654	\$ 203,950,904
State's proportionate share of the net OPEB liability associated with the District	<u>327,217,929</u>	<u>294,054,584</u>
Total	<u>\$ 570,785,583</u>	<u>\$ 498,005,488</u>
District's covered payroll (for Measurement Year)	\$ 393,650,768	\$ 385,280,812
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	61.87%	52.94%

Plan fiduciary net position as a percentage of the total OPEB liability *

Plan's net OPEB liability as a percentage of covered payroll *

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS OPEB PLAN
*For the Last Two Fiscal Years**

Exhibit G-7

	<u>2019</u>	<u>2018</u>
TRS		
Contractually required contributions	\$ 3,560,617	\$ 3,370,143
Contributions in relation to the contractual required contributions	<u>3,560,617</u>	<u>3,370,143</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 402,982,794	\$ 393,650,768
Contributions as a percentage of covered payroll	0.88%	0.86%

During the fiscal year 2019, the District adopted
 GASB Statement No. 75.

Changes of Assumptions

The following assumptions, methods, and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

Changes in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums



SUPPLEMENTARY INFORMATION





Nonmajor Governmental Funds

Special Revenue Funds

Fund Name & Description

Texas Support for Homeless Education

Accounts on a project basis for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

ESSA Title I

ESSA Title I, Part A, Improving Basic Programs

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

Title I, Priority and Focus School Grant

To account, on a project basis, for funds awarded through TEA for the purpose of ensuring that all children have a fair, equal, and significant opportunity to obtain a high-quality education and to reach, proficiency on challenging State academic standards and assessments.

ESSA Title I, Part C

This fund classification is used to account a project basis for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

IDEA, Part B, Formula

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to operate educational programs for children with disabilities.

IDEA, Part B, Preschool

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted for preschool children with disabilities.

IDEA, Part B, High Cost Risk Pool

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted for high need children with disabilities.

National School Breakfast and Lunch Program

To account for receipt and expenditure of funds received from the U.S. Department of Agriculture, passed through the State Department of Education, to provide breakfast and lunch to school children and for other allowable child nutrition program purposes.

Summer Feeding Program

Accounts on a project basis for funds received from Texas Department of Agriculture that are awarded for meals provided to the community based on the average number of daily participants.

Nonmajor Governmental Funds

Special Revenue Funds

Fund Name & Description (continued)

Career and Technical - Basic Grant

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

ESSA Title II, Part A, Teacher and Principal Training and Recruiting

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, provided to local education agencies to increase student academic achievement through improving teacher and principal quality, and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools and to hold local education agencies and schools accountable for improving student academic achievement.

ESSA Title III, Part A:

ESSA Title III, Part A, English Language Acquisition and Language Enhancement

To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to improve the education of limited English proficient children, by assisting the children in learning the English language and to meet challenging State academic content and student academic achievement standards.

Title III, Part A – Immigrant

To account, on a project basis, for funds awarded through TEA for the purpose of ensuring that immigrant students attain English proficiency and develop high levels of academic achievement.

Title IV, Part B, 21st Century

Accounts on a project basis for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related education development for families of students.

Hurricane Harvey Recovery

Accounts on a project basis for repairs and restoration costs associated with damages incurred during Hurricane Harvey, which is expected to be reimbursed through insurance proceeds and FEMA.

Project SERV Hurricane Relief

To account, on a project basis, for funds awarded from the State Department of Education to school districts for hurricane recovery.

Miscellaneous Federal Grants

Accounts on a project basis for federally funded special revenue funds that have not been specified individually.

Advanced Placement Incentives

To account, on a project basis, for funds awarded from the State Department of Education to school districts under the Texas Advanced Placement Award Incentive Program.

High School Completion & Success

To account, on a project basis for funds awarded by the State Department of Education to school districts to implement programs to support the improvement of high school graduation rates.

Nonmajor Governmental Funds

Special Revenue Funds

Fund Name & Description (continued)

State Textbook Fund

To account, on a project basis, for funds provided through the State Department of Education to aide public school districts in the purchase of adopted instructional materials, technological equipment and technology services.

Juvenile Crisis Intervention Program

To account, on a project basis, for funds awarded by State Office on Juvenile Justice and Delinquency Prevention to support state and local delinquency prevention and intervention efforts and juvenile justice system improvements.

Miscellaneous State Grants

Accounts on a project basis for State funded special revenue funds that have not been specified individually.

Campus Activity Funds

To account for transactions related to a principal's activity fund that benefits students.

PISD Education Foundation Grant

To account, on a project basis, for funds received from the PISD Education Foundation to the PISD for educator grants. These funds provide equipment, materials, and support to enrich, maintain and expand programs needed to meet the District's stated mission of excellence in education.

Miscellaneous Local Grants

Accounts on a project basis for locally funded special revenue funds that have not been specified individually.

Environmental Health Youth Council Program

To account, on a project basis, for funds awarded by the Environmental Youth Council Program designated to improve public health by dramatically reducing exposure to toxic chemicals and pollution.

Early College

To account, on a project basis, for funds awarded by Texas Guaranteed Student Loan Corporation to aide in funding the operation and growth of the Early College High School program at Pasadena High School. Students enrolled in this program have the opportunity to satisfy P.I.S.D. graduation requirements, while earning college credits concurrently through nearby San Jacinto College, ultimately graduating with a high school diploma as well as an Associate's degree.

Greater Houston Community Foundation Grant

To account, on a project basis, for funds received from the Greater Houston Community Foundation to the PISD for relief efforts.

CASE Partnership

To account, on a project basis, for funds awarded by the Harris County Department of Education to support the district after-school program, which must include activities to support language literacy and numeracy development during out-of-school time hours to students with a documented disability.

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 1 of 8

	206	211	212	224
Data Control Codes	ESEA Title X, Part C - Education for the Homeless Children and Youth	ESEA Title I, Part A- Improving Basic Programs	ESSA Title I Part C	IDEA, Part B Formula
Assets				
1110	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-
Receivables:				
1240	3,312	2,487,590	36,735	2,337,946
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1410	-	3,796	-	52,500
1000 Total Assets	\$ 3,312	\$ 2,491,386	\$ 36,735	\$ 2,390,446
1000A Total Assets and Deferred Outflows	\$ 3,312	\$ 2,491,386	\$ 36,735	\$ 2,390,446
Liabilities and Fund Balance				
Liabilities:				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	1,147,748	18,367	587,801
2170	3,312	1,343,638	18,368	1,802,645
2180	-	-	-	-
2200	-	-	-	-
2300	-	-	-	-
2000 Total Liabilities	3,312	2,491,386	36,735	2,390,446
Deferred Inflows of Resources				
2600	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
3410	-	-	-	-
3430	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	-	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 3,312	\$ 2,491,386	\$ 36,735	\$ 2,390,446

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 2 of 8

	225	226	240	242
Data Control Codes	IDEA, Part B Preschool	IDEA - B - Discretionary	National School Breakfast and Lunch	Summer Feeding Program
Assets				
1110 Cash and temporary investments	\$ -	\$ -	\$ 751,999	\$ 1,257,150
1120 Investments	-	-	8,689,667	-
Receivables:				
1240 Receivables from other governments	109,733	12,855	1,492,980	-
1260 Due from other funds	-	-	253,373	-
1290 Other receivables	-	-	-	-
1300 Inventories	-	-	817,263	-
1410 Prepaid items	-	-	25,309	-
1000 Total Assets	\$ 109,733	\$ 12,855	\$ 12,030,591	\$ 1,257,150
1000A Total Assets and Deferred Outflows	\$ 109,733	\$ 12,855	\$ 12,030,591	\$ 1,257,150
Liabilities and Fund Balance				
Liabilities:				
2110 Accounts payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued wages payable	4,779	5,820	903,831	1,289
2170 Due to other funds	104,954	7,035	5,036,706	213,159
2180 Payable to other governments	-	-	-	-
2200 Accrued expenditures	-	-	-	-
2300 Unearned revenue	-	-	-	-
2000 Total Liabilities	109,733	12,855	5,940,537	214,448
Deferred Inflows of Resources				
2600 Unavailable Revenues - grant funds	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
3410 Inventories	-	-	817,263	-
3430 Prepaid items	-	-	25,309	-
Restricted:				
3450 Federal/State grant restrictions	-	-	5,247,482	1,042,702
Committed:				
3545 Other purposes	-	-	-	-
3000 Total Fund Balances	-	-	6,090,054	1,042,702
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 109,733	\$ 12,855	\$ 12,030,591	\$ 1,257,150

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 3 of 8

<u>Data Control Codes</u>	244	255	263	265
	Vocational Education - Basic	ESEA Title II, Part A - Supporting Effective Instruction	ESEA Title III, Part A - English Language Acquisition and Language Enhancement	ESEA Title IV, Part B - 21st Century Learning Centers
Assets				
1110 Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
1120 Investments	-	-	-	-
Receivables:				
1240 Receivables from other governments	145,290	387,570	258,983	484,455
1260 Due from other funds	-	-	-	-
1290 Other receivables	-	763	-	240
1300 Inventories	-	-	-	-
1410 Prepaid items	-	-	9,450	141
1000 Total Assets	\$ 145,290	\$ 388,333	\$ 268,433	\$ 484,836
1000A Total Assets and Deferred Outflows	\$ 145,290	\$ 388,333	\$ 268,433	\$ 484,836
Liabilities and Fund Balance				
Liabilities:				
2110 Accounts payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued wages payable	30,340	150,000	86,366	175,680
2170 Due to other funds	114,950	238,333	182,047	309,156
2180 Payable to other governments	-	-	-	-
2200 Accrued expenditures	-	-	20	-
2300 Unearned revenue	-	-	-	-
2000 Total Liabilities	145,290	388,333	268,433	484,836
Deferred Inflows of Resources				
2600 Unavailable Revenues - grant funds	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
3410 Inventories	-	-	-	-
3430 Prepaid items	-	-	-	-
Restricted:				
3450 Federal/State grant restrictions	-	-	-	-
Committed:				
3545 Other purposes	-	-	-	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 145,290	\$ 388,333	\$ 268,433	\$ 484,836

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 4 of 8

<u>Data Control Codes</u>	287	289	315	409
	<u>Hurricane Harvey Recovery</u>	<u>Federally Funded Special Revenue Funds</u>	<u>SSA-IDEA-Part B, Discretionary</u>	<u>Texas High School Completion & Success</u>
Assets				
1110	\$ -	\$ -	\$ -	\$ 4,677
1120	-	-	-	-
Receivables:				
1240	2,518,487	199,156	11,430	-
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1410	-	-	-	-
1000 Total Assets	<u>\$ 2,518,487</u>	<u>\$ 199,156</u>	<u>\$ 11,430</u>	<u>\$ 4,677</u>
1000A Total Assets and Deferred Outflows	<u>\$ 2,518,487</u>	<u>\$ 199,156</u>	<u>\$ 11,430</u>	<u>\$ 4,677</u>
Liabilities and Fund Balance				
Liabilities:				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	41,673	3,102	-
2170	2,518,487	156,084	8,328	-
2180	-	1,399	-	4,384
2200	-	-	-	-
2300	-	-	-	293
2000 Total Liabilities	<u>2,518,487</u>	<u>199,156</u>	<u>11,430</u>	<u>4,677</u>
Deferred Inflows of Resources				
2600	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
3410	-	-	-	-
3430	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,518,487</u>	<u>\$ 199,156</u>	<u>\$ 11,430</u>	<u>\$ 4,677</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 5 of 8

	410	427	428	429	
<u>Data Control Codes</u>	<u>State Instructional Materials Fund</u>	<u>Juvenile Crisis Intervention Program</u>	<u>High School Initiative</u>	<u>State Funded Special Revenue Funds</u>	
Assets					
1110	Cash and temporary investments	\$ 30,408	\$ -	\$ -	\$ 112,615
1120	Investments	-	-	-	-
Receivables:					
1240	Receivables from other governments	-	41,564	645	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	16,092	-
1300	Inventories	-	-	-	-
1410	Prepaid items	-	2,278	-	-
1000	Total Assets	<u>\$ 30,408</u>	<u>\$ 43,842</u>	<u>\$ 16,737</u>	<u>\$ 112,615</u>
1000A	Total Assets and Deferred Outflows	<u>\$ 30,408</u>	<u>\$ 43,842</u>	<u>\$ 16,737</u>	<u>\$ 112,615</u>
Liabilities and Fund Balance					
Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	4,890	-	-
2170	Due to other funds	-	38,952	645	-
2180	Payable to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenue	-	-	16,092	112,615
2000	Total Liabilities	<u>-</u>	<u>43,842</u>	<u>16,737</u>	<u>112,615</u>
Deferred Inflows of Resources					
2600	Unavailable Revenues - grant funds	30,408	-	-	-
	Total Deferred Inflows of Resources	<u>30,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Federal/State grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 30,408</u>	<u>\$ 43,842</u>	<u>\$ 16,737</u>	<u>\$ 112,615</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 6 of 8

	435	458	461	480
Data Control Codes	SSA Regional Day School for the Deaf	SSA - State Educational Programs	Campus Activity Fund	PISD Education Foundation Grant
Assets				
1110	\$ -	\$ -	\$ 4,188,324	\$ 37,198
1120	-	-	-	-
Receivables:				
1240	89,589	153,776	-	-
1260	-	-	-	-
1290	-	-	4,354	-
1300	-	-	-	-
1410	-	-	10,230	-
1000 Total Assets	\$ 89,589	\$ 153,776	\$ 4,202,908	\$ 37,198
1000A Total Assets and Deferred Outflows	\$ 89,589	\$ 153,776	\$ 4,202,908	\$ 37,198
Liabilities and Fund Balance				
Liabilities:				
2110	\$ -	\$ -	\$ -	\$ -
2160	27,209	43,410	16,342	-
2170	62,380	110,366	-	-
2180	-	-	-	-
2200	-	-	-	-
2300	-	-	-	37,198
2000 Total Liabilities	89,589	153,776	16,342	37,198
Deferred Inflows of Resources				
2600	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
3410	-	-	-	-
3430	-	-	10,230	-
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	4,176,336	-
3000 Total Fund Balances	-	-	4,186,566	-
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 89,589	\$ 153,776	\$ 4,202,908	\$ 37,198

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 7 of 8

	490	491	492	496
Data Control Codes	Miscellaneous Local Grants	Environmental Health Youth Council Program	Early College	Greater Houston Community Foundation Grant
Assets				
1110	\$ -	\$ -	\$ 276,483	\$ -
1120	-	-	-	-
Receivables:				
1240	-	-	-	-
1260	-	-	-	-
1290	-	2,519	3,971	-
1300	-	-	-	-
1410	-	-	-	-
1000 Total Assets	\$ -	\$ 2,519	\$ 280,454	\$ -
1000A Total Assets and Deferred Outflows	\$ -	\$ 2,519	\$ 280,454	\$ -
Liabilities and Fund Balance				
Liabilities:				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	21,971	-
2170	-	2,519	-	-
2180	-	-	-	-
2200	-	-	-	-
2300	-	-	258,483	-
2000 Total Liabilities	-	2,519	280,454	-
Deferred Inflows of Resources				
2600	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
3410	-	-	-	-
3430	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	-	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ -	\$ 2,519	\$ 280,454	\$ -

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2019

Exhibit H-1
Page 8 of 8

	497	498	
<u>Data Control Codes</u>	<u>Bridge Up Menniger</u>	<u>CASE Partnership</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
1110	\$ 169,574	\$ 20,143	\$ 6,848,571
1120	-	-	8,689,667
Receivables:			
1240	-	570	10,772,666
1260	-	-	253,373
1290	-	-	27,939
1300	-	-	817,263
1410	-	-	103,704
1000 Total Assets	\$ 169,574	\$ 20,713	\$ 27,513,183
1000A Total Assets and Deferred Outflows	\$ 169,574	\$ 20,713	\$ 27,513,183
Liabilities and Fund Balance			
Liabilities:			
2110	\$ -	\$ -	\$ -
2160	9,072	3,264	3,282,954
2170	-	-	12,272,064
2180	160,502	17,449	183,734
2200	-	-	20
2300	-	-	424,681
2000 Total Liabilities	169,574	20,713	16,163,453
Deferred Inflows of Resources			
2600	-	-	30,408
Total Deferred Inflows of Resources	-	-	30,408
Fund Balances:			
Nonspendable:			
3410	-	-	817,263
3430	-	-	35,539
Restricted:			
3450	-	-	6,290,184
Committed:			
3545	-	-	4,176,336
3000 Total Fund Balances	-	-	11,319,322
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 169,574	\$ 20,713	\$ 27,513,183

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 1 of 8

Data Control Codes	206	211	212	224
	ESEA Title X, Part C - Education for the Homeless Children and Youth	ESEA Title I, Part A- Improving Basic Programs	ESSA Title I Part C	IDEA, Part B Formula
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	111,933	17,412,449	256,456
5020	Total revenues	<u>111,933</u>	<u>17,412,449</u>	<u>256,456</u>
Expenditures				
Current:				
0011	Instruction	109,960	14,123,748	88,516
0012	Instruction resources and media services	-	5,524	-
0013	Curriculum and instructional staff development	839	354,910	109,980
0021	Instructional leadership	1,134	449,558	644
0023	School leadership	-	197,653	-
0031	Guidance, counseling and evaluation services	-	1,903,689	57,316
0032	Social work services	-	-	-
0033	Health services	-	127,534	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	645	-
0052	Security and monitoring services	-	2,040	-
0061	Community services	-	247,148	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>111,933</u>	<u>17,412,449</u>	<u>256,456</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses)				
8911	Transfers out	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 2 of 8

		225	226	240	242
Data Control Codes		IDEA, Part B Preschool	IDEA - B - Discretionary	National School Breakfast and Lunch	Summer Feeding Program
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 4,641,132	\$ 1,082
5800	State program revenues	-	-	173,622	-
5900	Federal program revenues	193,705	422,698	26,970,469	532,438
5020	Total revenues	<u>193,705</u>	<u>422,698</u>	<u>31,785,223</u>	<u>533,520</u>
Expenditures					
Current:					
0011	Instruction	173,177	422,698	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	200	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	20,328	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	35,004,696	335,800
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	-	-	10,290	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>193,705</u>	<u>422,698</u>	<u>35,014,986</u>	<u>335,800</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	(3,229,763)	197,720
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	(3,229,763)	197,720
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>9,319,817</u>	<u>844,982</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,090,054</u>	<u>\$ 1,042,702</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 3 of 8

<u>Data Control Codes</u>	244	255	263	265
	<u>Vocational Education - Basic</u>	<u>ESEA Title II, Part A - Supporting Effective Instruction</u>	<u>ESEA Title III, Part A - English Language Acquisition and Language Enhancement</u>	<u>ESEA Title IV, Part B - 21st Century Learning Centers</u>
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	806,262	1,708,801	3,238,185
5020	Total revenues	<u>806,262</u>	<u>1,708,801</u>	<u>3,238,185</u>
Expenditures				
Current:				
0011	Instruction	491,046	1,604,235	1,535,904
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	104,566	92,637
0021	Instructional leadership	19,226	-	37,266
0023	School leadership	-	-	1,291,846
0031	Guidance, counseling and evaluation services	295,990	-	45,418
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	-	500
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	32,128
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>806,262</u>	<u>1,708,801</u>	<u>1,711,725</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses)				
8911	Transfers out	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 4 of 8

	287	289	315	409
Data Control Codes	Hurricane Harvey Recovery	Federally Funded Special Revenue Funds	SSA-IDEA-Part B, Discretionary	Texas High School Completion & Success
Revenues				
5700	Local, intermediate, and out-of-state	\$ 679,982	\$ -	\$ -
5800	State program revenues	-	-	15,910
5900	Federal program revenues	3,443,610	12,994,583	51,466
5020	Total revenues	4,123,592	12,994,583	51,466
Expenditures				
Current:				
0011	Instruction	81,503	3,721,281	51,466
0012	Instruction resources and media services	129,980	21,347	-
0013	Curriculum and instructional staff development	-	(1,723)	-
0021	Instructional leadership	-	495,613	-
0023	School leadership	20,728	82	-
0031	Guidance, counseling and evaluation services	-	95,775	-
0032	Social work services	-	-	-
0033	Health services	-	98,358	-
0034	Student transportation	-	649	-
0035	Food services	-	-	-
0036	Extracurricular activities	1,186	147,136	-
0051	Facilities maintenance and operations	541,057	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	3,774	-
Capital outlay:				
0081	Facilities acquisition and construction	413,949	-	-
6030	Total Expenditures	1,188,403	4,582,292	51,466
1100	Excess (deficiency) of revenues over expenditures	2,935,189	8,412,291	-
Other Financing Sources (Uses)				
8911	Transfers out	(2,935,189)	(8,412,291)	-
7080	Total Other Financing Sources (Uses)	(2,935,189)	(8,412,291)	-
1200	Net change in fund balances	-	-	-
0100	Fund Balance - beginning	-	-	-
3000	Fund Balance - ending	\$ -	\$ -	\$ -

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 5 of 8

		410	427	428	429
<u>Data Control Codes</u>		<u>State Instructional Materials Fund</u>	<u>Juvenile Crisis Intervention Program</u>	<u>High School Initiative</u>	<u>State Funded Special Revenue Funds</u>
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	8,531,967	173,356	17,987	3,828
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>8,531,967</u>	<u>173,356</u>	<u>17,987</u>	<u>3,828</u>
Expenditures					
Current:					
0011	Instruction	7,613,593	3,125	-	-
0012	Instruction resources and media services	-	-	-	253
0013	Curriculum and instructional staff development	-	-	17,987	3,575
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	150,731	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Facilities maintenance and operations	918,374	-	-	-
0052	Security and monitoring services	-	19,500	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>8,531,967</u>	<u>173,356</u>	<u>17,987</u>	<u>3,828</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 6 of 8

		435	458	461	480
<u>Data Control Codes</u>		<u>SSA Regional Day School for the Deaf</u>	<u>SSA - State Educational Programs</u>	<u>Campus Activity Fund</u>	<u>PISD Education Foundation Grant</u>
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ 602,844	\$ 5,603,222	\$ 218,248
5800	State program revenues	387,664	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>387,664</u>	<u>602,844</u>	<u>5,603,222</u>	<u>218,248</u>
Expenditures					
Current:					
0011	Instruction	198,086	602,692	1,173,838	205,765
0012	Instruction resources and media services	-	-	142,861	-
0013	Curriculum and instructional staff development	93,457	152	2,670	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	126,792	-
0031	Guidance, counseling and evaluation services	96,121	-	79,853	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	2,920	4,983
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	3,746,708	-
0051	Facilities maintenance and operations	-	-	80,877	7,500
0052	Security and monitoring services	-	-	18,412	-
0061	Community services	-	-	48,991	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>387,664</u>	<u>602,844</u>	<u>5,423,922</u>	<u>218,248</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>179,300</u>	<u>-</u>
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	179,300	-
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>4,007,266</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,186,566</u>	<u>\$ -</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 7 of 8

		490	491	492	496
<u>Data Control Codes</u>		<u>Miscellaneous Local Grants</u>	<u>Environmental Health Youth Council Program</u>	<u>Early College</u>	<u>Greater Houston Community Foundation Grant</u>
Revenues					
5700	Local, intermediate, and out-of-state	\$ 118,042	\$ 20,173	\$ 396,924	\$ 38,550
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>118,042</u>	<u>20,173</u>	<u>396,924</u>	<u>38,550</u>
Expenditures					
Current:					
0011	Instruction	19,421	19,903	60,080	1,829
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	2,713	-
0021	Instructional leadership	98,621	-	267,632	-
0023	School leadership	-	-	1,050	-
0031	Guidance, counseling and evaluation services	-	-	-	33,201
0032	Social work services	-	54	-	-
0033	Health services	-	-	13,786	-
0034	Student transportation	-	-	-	3,520
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	176	2,010	-
0051	Facilities maintenance and operations	-	40	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	49,653	-
6030	Total Expenditures	<u>118,042</u>	<u>20,173</u>	<u>396,924</u>	<u>38,550</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
For Year Ended August 31, 2019

Exhibit H-2
Page 8 of 8

		497	498	
Data Control Codes		Bridge Up Menniger	CASE Partnership	Total Nonmajor Governmental Funds
Revenues				
5700	Local, intermediate, and out-of-state	\$ 141,445	\$ 63,557	\$ 12,525,201
5800	State program revenues	-	-	9,304,334
5900	Federal program revenues	-	30,011	79,092,655
5020	Total revenues	<u>141,445</u>	<u>93,568</u>	<u>100,922,190</u>
Expenditures				
Current:				
0011	Instruction	116,981	92,988	38,189,520
0012	Instruction resources and media services	-	-	299,965
0013	Curriculum and instructional staff development	-	-	1,431,532
0021	Instructional leadership	9,331	-	2,193,852
0023	School leadership	-	-	1,638,151
0031	Guidance, counseling and evaluation services	14,413	-	6,622,429
0032	Social work services	-	-	150,785
0033	Health services	-	-	250,733
0034	Student transportation	-	-	4,169
0035	Food services	-	-	35,340,496
0036	Extracurricular activities	-	-	3,897,216
0051	Facilities maintenance and operations	720	580	1,573,010
0052	Security and monitoring services	-	-	39,952
0061	Community services	-	-	332,041
Capital outlay:				
0081	Facilities acquisition and construction	-	-	463,602
6030	Total Expenditures	<u>141,445</u>	<u>93,568</u>	<u>92,427,453</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	8,494,737
Other Financing Sources (Uses)				
8911	Transfers out	-	-	(11,347,480)
7080	Total Other Financing Sources (Uses)	-	-	(11,347,480)
1200	Net change in fund balances	-	-	(2,852,743)
0100	Fund Balance - beginning	-	-	14,172,065
3000	Fund Balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,319,322</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
August 31, 2019

Exhibit I-1

<u>Data Control Codes</u>	<u>Employee Health Insurance</u>	<u>Worker's Compensation Fund</u>	<u>Total Internal Service Funds</u>
Assets			
Current assets:			
1110	\$ 459,389	\$ 154,900	\$ 614,289
1120	5,129,311	2,477,777	7,607,088
	<u>5,588,700</u>	<u>2,632,677</u>	<u>8,221,377</u>
1000	<u>\$ 5,588,700</u>	<u>\$ 2,632,677</u>	<u>\$ 8,221,377</u>
Liabilities			
Current liabilities:			
2200	\$ 4,558,245	\$ 586,324	\$ 5,144,569
	<u>4,558,245</u>	<u>586,324</u>	<u>5,144,569</u>
Non-current liabilities:			
2590	-	1,417,756	1,417,756
	<u>-</u>	<u>1,417,756</u>	<u>1,417,756</u>
2000	<u>4,558,245</u>	<u>2,004,080</u>	<u>6,562,325</u>
Net Position			
3900	1,030,455	628,597	1,659,052
3000	<u>\$ 1,030,455</u>	<u>\$ 628,597</u>	<u>\$ 1,659,052</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
INTERNAL SERVICE FUNDS
August 31, 2019

Exhibit I-2

Data Control Codes		Employee Health Insurance	Worker's Compensation Fund	Total Internal Service Funds
Operating Revenues				
5754	Interfund services provided and used	\$ 40,982,794	\$ -	\$ 40,982,794
5745	Insurance recovery	3,640,810	-	3,640,810
5020	Total operating revenues	<u>44,623,604</u>	<u>-</u>	<u>44,623,604</u>
Operating Expenses				
6100	Payroll costs	-	1,199,814	1,199,814
6200	Purchased and contracted services	862,410	-	862,410
6300	Supplies and materials	4,991	-	4,991
6400	Claims expense and other operating expenses	51,243,873	-	51,243,873
6030	Total Operating Expenses	<u>52,111,274</u>	<u>1,199,814</u>	<u>53,311,088</u>
1200	Operating Income (Loss)	<u>(7,487,670)</u>	<u>(1,199,814)</u>	<u>(8,687,484)</u>
Non-Operating Revenues (Expenses)				
7955	Investment earnings	50,566	67,419	117,985
8030	Total Non-Operating Revenues	<u>50,566</u>	<u>67,419</u>	<u>117,985</u>
	Income (Loss) before Transfers	<u>(7,437,104)</u>	<u>(1,132,395)</u>	<u>(8,569,499)</u>
Transfers				
7915	Transfers in	5,000,000	-	5,000,000
	Total Transfers	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
1200	Change in Net Position	<u>(2,437,104)</u>	<u>(1,132,395)</u>	<u>(3,569,499)</u>
Net Position:				
0100	Net Position - beginning	<u>3,467,559</u>	<u>1,760,992</u>	<u>5,228,551</u>
3300	Net Position - ending	<u>\$ 1,030,455</u>	<u>\$ 628,597</u>	<u>\$ 1,659,052</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2019

Exhibit I-3

	Employee Health Insurance	Worker's Compensation Fund	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 40,894,294	\$ -	\$ 40,894,294
Cash payments for insurance claims	3,640,810	-	3,640,810
Cash payments to employees	-	(1,199,814)	(1,199,814)
Cash payments to suppliers for goods and services	(51,578,830)	84,904	(51,493,926)
Net Cash Provided by (Used for) Operating Activities	<u>(7,043,726)</u>	<u>(1,114,910)</u>	<u>(8,158,636)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash payment from other fund	5,000,000	-	5,000,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Cash Flows from Investing Activities:			
Interest on investments	50,566	67,419	117,985
Sale (purchase) of investments	1,710,141	1,112,253	2,822,394
Net Cash Provided by Investing Activities	<u>1,760,707</u>	<u>1,179,672</u>	<u>2,940,379</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(283,019)	64,762	(218,257)
Cash and Cash Equivalents at Beginning of Year	<u>742,408</u>	<u>90,138</u>	<u>832,546</u>
Cash and Cash Equivalents at End of Year	<u>\$ 459,389</u>	<u>\$ 154,900</u>	<u>\$ 614,289</u>
Reconciliation to Balance Sheet			
Cash and Cash Equivalents Per Cash Flow	<u>\$ 459,389</u>	<u>\$ 154,900</u>	<u>\$ 614,289</u>
Cash and Cash Equivalents per Balance Sheet	<u>\$ 459,389</u>	<u>\$ 154,900</u>	<u>\$ 614,289</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (7,487,670)	\$ (1,199,814)	\$ (8,687,484)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities			
(Increase) decrease in due from other funds	-	39,416	39,416
Increase (decrease) in due to other funds	(88,500)	-	(88,500)
Increase (decrease) in Claims payable	532,444	45,488	577,932
Net Cash Provided by (Used for) Operating Activities	<u>\$ (7,043,726)</u>	<u>\$ (1,114,910)</u>	<u>\$ (8,158,636)</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY (FIDUCIARY) FUND
For the Year Ended August 31, 2019

Exhibit I-4

Agency Fund

<u>Data Control Codes</u>	<u>Balance August 31, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2019</u>
Assets				
1110 Cash and cash equivalents	\$ 525	\$ 1,641,328	\$ (1,029,267)	\$ 612,586
1290 Other receivables	712,985	1,500	(712,985)	1,500
1000 Total Assets	<u>\$ 713,510</u>	<u>\$ 1,642,828</u>	<u>\$ (1,742,252)</u>	<u>\$ 614,086</u>
Liabilities				
2110 Accounts Payable	\$ 286	\$ -	\$ (286)	\$ -
2190 Due to others	713,224	975,252	(1,074,390)	614,086
2000 Total Liabilities	<u>\$ 713,510</u>	<u>\$ 975,252</u>	<u>\$ (1,074,676)</u>	<u>\$ 614,086</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2019

Exhibit J-1
Page 1 of 2

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>3 Net Assessed / Appraised Value For School Tax Purposes (1)</u>	<u>10 Beginning Balance 08/31/18</u>	<u>20 Current Year's Total Levy</u>
	<u>1 Maintenance</u>	<u>2 Debt Service</u>			
2010 and prior	Various	Various	Various	\$ 4,649,459	\$ -
2011	1.070	0.280	\$ 9,425,999,982	409,461	-
2012	1.070	0.280	9,391,071,779	433,139	-
2013	1.070	0.280	9,643,496,418	475,533	-
2014	1.070	0.280	10,273,939,333	561,056	-
2015	1.070	0.280	10,863,486,222	720,489	-
2016	1.070	0.280	11,594,697,820	969,510	-
2017	1.070	0.280	12,592,052,179	1,617,473	-
2018	1.070	0.280	11,732,400,541	3,524,273	-
2019	1.070	0.280	12,854,191,757	-	<u>190,242,038</u>
1000 Totals				<u>13,360,393</u>	<u>\$ 190,242,038</u>

(1) Assessed Valuations are adjusted for tax freeze amounts as defined by the Texas Education Agency.
(2) Supplemental TIF payment paid by TEA into the TIRZ due to tax rate compression.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2019

Exhibit J-1
Page 2 of 2

	31	32	40	50
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 08/31/19
2010 and prior	\$ 134,550	\$ 22,104	\$ (36,311)	\$ 4,456,494
2011	24,128	6,314	(4,392)	374,627
2012	26,150	6,843	18,139	418,285
2013	50,435	13,198	24,169	436,069
2014	80,619	21,096	51,814	511,155
2015	106,264	27,808	48,985	635,402
2016	191,954	50,231	29,913	757,238
2017	394,259	103,170	(271,631)	848,413
2018	955,982	250,163	(1,266,630)	1,051,498
2019	<u>158,342,699</u>	<u>41,435,473</u>	<u>12,398,355</u>	<u>2,862,221</u>
1000 Totals	<u>\$ 160,307,040</u>	<u>\$ 41,936,400</u>	<u>\$ 10,992,411</u>	<u>12,351,402</u>
				10,778,487
				<u>(11,620,816)</u>
				<u>\$ 11,509,073</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHARGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
For the Year Ended August 31, 2019

Exhibit J-2

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 39,590,000	\$ 39,590,000	\$ 40,034,058	\$ 444,058
5800	State program revenues	14,000,000	11,887,637	9,185,913	(2,701,724)
5020	Total revenues	<u>53,590,000</u>	<u>51,477,637</u>	<u>49,219,971</u>	<u>(2,257,666)</u>
	Expenditures				
	Debt service:				
0071	Principal on long-term debt	19,095,000	19,095,000	17,095,000	2,000,000
0072	Interest on long-term debt	34,405,000	34,405,000	33,938,719	466,281
6030	Total Expenditures	<u>53,500,000</u>	<u>53,500,000</u>	<u>51,033,719</u>	<u>2,466,281</u>
1100	Excess (deficiency) of revenues over expenditures	90,000	(2,022,363)	(1,813,748)	208,615
	Other Financing Sources (Uses)				
8949	Court mandated tax refunds	(175,000)	(175,000)	(174,556)	444
7080	Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(174,556)</u>	<u>444</u>
1200	Net change in fund balances	(85,000)	(2,197,363)	(1,988,304)	209,059
0100	Fund Balance - beginning	<u>32,717,437</u>	<u>32,717,437</u>	<u>32,717,437</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ 32,632,437</u>	<u>\$ 30,520,074</u>	<u>\$ 30,729,133</u>	<u>\$ 209,059</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHARGES IN FUND BALANCE
BUDGET AND ACTUAL – NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended August 31, 2019

Exhibit J-3

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 5,884,100	\$ 5,884,100	\$ 4,641,132	\$ (1,242,968)
5800	State program revenues	425,000	425,000	173,622	(251,378)
5900	Federal program revenues	34,815,000	34,815,000	26,970,469	(7,844,531)
5020	Total revenues	<u>41,124,100</u>	<u>41,124,100</u>	<u>31,785,223</u>	<u>(9,338,877)</u>
	Expenditures				
	Current:				
0035	Food services	40,794,100	40,794,100	35,004,696	5,789,404
0051	Facilities maintenance and operations	30,000	30,000	10,290	19,710
	Capital outlay:				
0081	Facilities acquisition and construction	300,000	300,000	-	300,000
6030	Total Expenditures	<u>41,124,100</u>	<u>41,124,100</u>	<u>35,014,986</u>	<u>6,109,114</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	(3,229,763)	(3,229,763)
1200	Net change in fund balances	-	-	(3,229,763)	(3,229,763)
0100	Fund Balance - beginning	<u>9,319,817</u>	<u>9,319,817</u>	<u>9,319,817</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ 9,319,817</u>	<u>\$ 9,319,817</u>	<u>\$ 6,090,054</u>	<u>\$ (3,229,763)</u>





STATISTICAL SECTION

(UNAUDITED)





Statistical Section

(Unaudited)

	<u>Page</u>
Financial Trends	119
These schedules contain trend information to assist users in understanding how the District's financial and position has changed over time.	
Revenue Capacity Information	131
These schedules contain information to assist users in understanding the factors affecting the District's ability to generate its own-source revenues.	
Debt Capacity Information	139
These schedules contain information to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	145
These schedules contain information to assist users in understanding the socioeconomic environment in which the District operates and to provide information that facilitates comparisons of financial statement information over time with other school districts.	
Operating Information	151
These schedules contain information intended to provide contextual information about the District's operations and resources to assist readers in using the financial statement information to understand and assess the District's economic condition.	





FINANCIAL TRENDS



PASADENA INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
For the Last Ten Years
(Accrual Basis of Accounting)

Table 1
Page 1 of 2

	<u>2019</u>	<u>2018 (3)</u>	<u>2017</u>	<u>2016</u>	<u>2015 (2)</u>
Primary Government					
Governmental Activities					
Net investment in capital assets	\$ 277,562,024	\$ 279,117,949	\$ 257,255,969	\$ 264,348,878	\$ 261,603,345
Restricted	37,988,890	43,112,633	60,713,417	53,609,363	56,355,063
Unrestricted	<u>(213,296,609)</u>	<u>(244,189,277)</u>	<u>23,351,447</u>	<u>37,202,599</u>	<u>41,591,030</u>
Total Primary Government Net Position	<u>\$ 102,254,305</u>	<u>\$ 78,041,305</u>	<u>\$ 341,320,833</u>	<u>\$ 355,160,840</u>	<u>\$ 359,549,438</u>

(1) The district adopted Governmental Accounting Standards Board Statement No. 65 for the year ended August 31, 2012 regarding expensing of bond

(2) The district Adopted Governmental Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's

(3) The district adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's

PASADENA INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
For the Last Ten Years
(Accrual Basis of Accounting)

Table 1
Page 2 of 2

	<u>2014</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>
Primary Government					
Governmental Activities					
Net investment in capital assets	\$ 272,843,426	\$ 269,759,098	\$ 249,185,456	\$ 236,149,687	\$ 235,263,310
Restricted	56,505,747	58,428,315	74,818,112	58,104,519	49,881,149
Unrestricted	<u>110,651,866</u>	<u>113,778,767</u>	<u>101,379,409</u>	<u>97,852,662</u>	<u>121,497,958</u>
Total Primary Government Net Position	<u>\$ 440,001,039</u>	<u>\$ 441,966,180</u>	<u>\$ 425,382,977</u>	<u>\$ 392,106,868</u>	<u>\$ 406,642,417</u>

- (1) The district adopted Governmental Accounting Standards Board Statement No. 65 for the year ended August 31, 2012 regarding expensing of
(2) The district Adopted Governmental Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's
(3) The district adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's

PASADENA INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
For the Last Ten Years
(Accrual Basis of Accounting)

Table 2
Page 2 of 3

	2019	2018 (3)	2017	2016
Expenses - Governmental Activities:				
Instruction	\$391,294,271	\$240,757,586	\$360,129,894	\$354,205,178
Instructional Resources and Media Services	8,315,278	5,940,698	7,646,925	7,659,442
Curriculum and Staff Development	9,878,356	7,137,987	10,143,208	9,649,278
Instructional Leadership	9,619,143	4,846,925	8,982,885	8,145,039
School Leadership	46,032,004	28,884,806	41,386,440	40,624,435
Guidance, Counseling, and Evaluation Services	30,267,504	15,427,568	27,047,028	25,791,822
Social Work Services	345,638	243,064	309,340	316,556
Health Services	5,926,990	3,668,580	5,391,271	5,318,208
Student Transportation	19,769,451	14,936,599	16,051,727	16,713,137
Food Service	33,933,645	23,597,639	33,725,141	34,678,478
Extracurricular Activities	12,902,510	10,574,450	11,537,877	11,800,578
General Administration	13,439,947	9,926,979	11,983,289	12,625,764
Plant Maintenance and Operations	61,674,755	56,127,640	50,071,209	53,594,631
Security and Monitoring Services	5,785,455	4,334,104	5,144,453	5,322,890
Data Processing Services	7,067,502	6,734,161	7,211,050	9,110,464
Community Services	545,018	527,262	449,139	330,926
Interest on Long-term Debt	30,834,342	29,751,023	28,362,105	28,880,942
Bond Issuance Costs and Fees	-	1,015,195	18,065	19,884
Facilities Repair and Maintenance	88,731	-	56,102	58,547
Payments Related to Shared Services Arrangements	767,296	992,825	839,131	-
Payments to Juvenile Justice Alternative Education Programs	91,716	122,945	105,950	93,782
Other Intergovernmental Charges	1,488,678	1,379,937	1,202,272	1,162,022
Total Governmental Activities	690,068,230	466,927,973	627,794,501	626,102,003
Program Revenues - Governmental Activities:				
Charges for Services:				
Instruction	2,260,992	2,762,648	1,661,717	1,929,586
Extracurricular Activities	4,338,170	3,586,934	3,508,113	3,207,279
Food Service	4,384,074	3,638,128	4,455,876	4,689,417
Plant Maintenance and Operations	236,494	7,622,616	246,391	278,805
Other Activities	1,191,718	1,129,073	233,048	183,212
Operating Grants and Contributions	156,048,283	6,401,325	119,058,345	124,107,651
Total Governmental Activities Program Revenues	168,459,731	25,140,724	129,163,490	134,395,950
Net (Expense)Revenue				
Governmental Activities	(521,608,499)	(441,787,249)	(498,631,011)	(491,706,053)
General Revenue - Governmental Activities:				
Property Taxes, Levied for General Purposes	166,441,003	155,069,674	130,927,001	124,327,647
Property Taxes, Levied for Debt Service	38,863,792	36,225,287	34,202,242	32,709,809
Grants and Contributions Not restricted to Specific Programs	327,011,357	335,919,922	310,199,845	319,831,829
Investment Earnings	10,517,950	3,429,956	2,868,413	2,024,187
Miscellaneous	2,987,397	5,489,561	6,593,503	8,423,983
Total Governmental Activities General Revenues	545,821,499	536,134,400	484,791,004	487,317,455
Change in Net Position	\$ 24,213,000	\$ 94,347,151	\$(13,840,007)	\$ (4,388,598)

Source: District Financial Statements

(1) The district Adopted Government Accounting Standards Board Statement No. 65 for the year ended August 31, 2012 regarding expensing of bond issuance costs. Prior periods have not been restated.

(2) The district Adopted Government Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

(3) The district Adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's share of net OPEB liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

PASADENA INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
For the Last Ten Years
(Accrual Basis of Accounting)

Table 2
Page 2 of 3

	2015	2014	2013	2012
Expenses - Governmental Activities:				
Instruction	\$321,831,212	\$ 325,153,833	\$ 281,082,994	\$ 279,481,563
Instructional Resources and Media Services	6,972,289	6,465,420	6,094,393	6,151,309
Curriculum and Staff Development	9,497,568	8,820,253	8,561,707	7,239,584
Instructional Leadership	7,399,776	6,863,218	5,890,317	5,187,804
School Leadership	37,633,013	35,211,293	32,962,634	31,598,938
Guidance, Counseling, and Evaluation Services	22,937,986	21,376,942	19,879,822	18,933,163
Social Work Services	299,521	264,439	228,199	220,407
Health Services	4,943,441	4,708,615	4,421,353	4,349,259
Student Transportation	17,021,162	15,297,552	13,585,958	12,026,790
Food Service	33,761,115	31,073,888	29,204,609	28,081,754
Extracurricular Activities	9,842,788	9,186,672	7,749,509	7,381,304
General Administration	12,002,308	10,951,819	10,296,752	10,170,769
Plant Maintenance and Operations	51,212,353	46,164,145	47,394,544	46,124,950
Security and Monitoring Services	5,204,081	5,041,819	4,605,872	4,457,814
Data Processing Services	6,484,373	6,267,263	5,792,598	5,687,778
Community Services	228,640	255,974	269,302	185,536
Interest on Long-term Debt	27,139,258	26,158,665	23,960,045	21,422,919
Bond Issuance Costs and Fees	1,684,522	144,516	1,390,501	920,470
Facilities Repair and Maintenance	103,205	65,274	68,173	37,456
Payments Related to Shared Services Arrangements	-	-	-	-
Payments to Juvenile Justice Alternative Education Programs	63,843	54,885	67,570	63,133
Other Intergovernmental Charges	1,131,892	1,042,995	1,023,578	1,045,847
Total Governmental Activities	577,394,346	560,569,480	504,530,430	490,768,547
Program Revenues - Governmental Activities:				
Charges for Services:				
Instruction	1,584,397	489,246	5,494,559	4,785,925
Extracurricular Activities	2,621,721	4,314,371	1,790,154	1,755,287
Food Service	4,524,601	3,294,157	4,138,638	4,239,806
Plant Maintenance and Operations	218,818	185,535	868,469	722,791
Other Activities	265,082	-	2,005,771	1,772,099
Operating Grants and Contributions	109,565,356	106,967,866	95,170,222	96,450,142
Total Governmental Activities Program Revenues	118,779,975	115,251,175	109,467,813	109,726,050
Net (Expense)Revenue				
Governmental Activities	(458,614,371)	(445,318,305)	(395,062,617)	(381,042,497)
General Revenue - Governmental Activities:				
Property Taxes, Levied for General Purposes	116,596,190	112,210,474	104,662,062	101,836,548
Property Taxes, Levied for Debt Service	30,413,560	29,153,316	27,013,750	26,642,669
Grants and Contributions Not restricted to Specific Programs	305,159,815	293,529,741	278,564,818	257,607,627
Investment Earnings	1,369,950	564,220	493,587	293,962
Miscellaneous	8,684,632	7,895,413	911,603	786,800
Total Governmental Activities General Revenues	462,224,147	443,353,164	411,645,820	387,167,606
Change in Net Position	\$ 3,609,776	\$ (1,965,141)	\$ 16,583,203	\$ 6,125,109

Source: District Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
For the Last Ten Years
(Accrual Basis of Accounting)

Table 2
Page 3 of 3

	<u>2011</u>	<u>2010</u>
Expenses - Governmental Activities:		
Instruction	\$281,367,024	\$285,659,477
Instructional Resources and Media Services	6,387,688	6,200,687
Curriculum and Staff Development	7,621,886	9,198,680
Instructional Leadership	6,251,276	5,253,072
School Leadership	32,895,017	31,544,642
Guidance, Counseling, and Evaluation Services	19,634,366	19,262,473
Social Work Services	233,151	174,157
Health Services	4,643,035	4,552,629
Student Transportation	12,559,177	11,818,604
Food Service	27,838,575	26,521,224
Extracurricular Activities	6,757,699	7,089,138
General Administration	10,361,767	9,765,102
Plant Maintenance and Operations	47,322,211	49,788,328
Security and Monitoring Services	4,907,271	4,634,630
Data Processing Services	4,956,293	6,268,541
Community Services	293,667	499,244
Interest on Long-term Debt	17,443,988	16,491,626
Bond Issuance Costs and Fees	784,974	658,073
Facilities Repair and Maintenance	-	-
Payments Related to Shared Services Arrangements	-	-
Payments to Juvenile Justice Alternative Education Programs	355,238	340,200
Other Intergovernmental Charges	1,086,952	1,136,522
Total Governmental Activities	<u>493,701,255</u>	<u>496,857,049</u>
Program Revenues - Governmental Activities:		
Charges for Services:		
Instruction	4,909,981	6,066,029
Extracurricular Activities	1,717,844	1,343,620
Food Service	4,645,023	5,187,622
Plant Maintenance and Operations	819,306	1,043,264
Other Activities	1,886,190	2,053,230
Operating Grants and Contributions	122,259,463	124,926,147
Total Governmental Activities Program Revenues	<u>136,237,807</u>	<u>140,619,912</u>
Net (Expense)Revenue		
Governmental Activities	<u>(357,463,448)</u>	<u>(356,237,137)</u>
General Revenue - Governmental Activities:		
Property Taxes, Levied for General Purposes	101,307,354	109,348,136
Property Taxes, Levied for Debt Service	26,412,793	28,932,019
Grants and Contributions Not restricted to Specific Programs	239,093,022	242,339,969
Investment Earnings	1,325,113	4,276,791
Miscellaneous	1,940,617	644,213
Total Governmental Activities General Revenues	<u>370,078,899</u>	<u>385,541,128</u>
Change in Net Position	<u>\$ 12,615,451</u>	<u>\$ 29,303,991</u>

Source: District Financial Statements



PASADENA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
For the Last Ten Years
(Modified Accrual Basis of Accounting)

Table 3
Page 1 of 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 8,158,260	\$ 6,875,132	\$ 6,617,970	\$ 978,634	\$ 1,044,438
Committed	25,000,000	19,100,000	19,275,000	21,600,000	27,850,000
Assigned	2,242,299	2,242,299	7,988,031	16,620,980	9,683,339
Unassigned	<u>142,647,753</u>	<u>95,659,941</u>	<u>61,902,526</u>	<u>63,593,006</u>	<u>59,255,564</u>
Total General Fund	<u>178,048,312</u>	<u>123,877,372</u>	<u>95,783,527</u>	<u>102,792,620</u>	<u>97,833,341</u>
All Other Governmental Funds					
Nonspendable	852,802	626	-	-	-
Restricted for:					
Federal and state programs	6,290,184	10,164,799	8,290,644	7,060,002	6,454,425
Debt service	30,729,133	32,717,437	51,602,157	45,200,646	49,557,927
Construction	115,600,512	134,624,564	45,881,164	140,601,788	174,501,822
Committed	<u>4,176,336</u>	<u>4,006,640</u>	<u>3,847,278</u>	<u>3,468,105</u>	<u>3,285,163</u>
Total All Other Governmental Funds	<u>\$ 157,648,967</u>	<u>\$181,514,066</u>	<u>\$109,621,243</u>	<u>\$196,330,541</u>	<u>\$233,799,337</u>

Source: District Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
For the Last Ten Years
(Modified Accrual Basis of Accounting)

Table 3
Page 2 of 2

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund					
Nonspendable	\$ 1,020,153	\$ 1,105,659	\$ 7,122,607	\$ 6,542,969	\$ 4,291,977
Committed	11,334,110	42,454,094	28,525,000	30,000,000	13,800,000
Assigned	16,320,015	3,200,920	7,322,483	8,136,653	5,745,235
Unassigned	55,059,909	50,062,993	47,802,710	48,174,594	63,428,850
Total General Fund	<u>83,734,187</u>	<u>96,823,666</u>	<u>90,772,800</u>	<u>92,854,216</u>	<u>87,266,062</u>
All Other Governmental Funds					
Nonspendable	-	-	-	1,347,318	939,266
Restricted for:					
Federal and state programs	7,844,719	1,002,453	8,356,406	5,205,305	6,577,722
Debt service	47,938,360	44,411,225	61,963,266	52,594,921	44,834,851
Construction	78,878,746	182,202,597	73,829,010	355,128	5,283,904
Committed	3,183,811	2,780,877	2,577,159	2,125,756	247,731
Total All Other Governmental Funds	<u>\$137,845,636</u>	<u>\$230,397,152</u>	<u>\$146,725,841</u>	<u>\$ 61,628,428</u>	<u>\$ 57,883,474</u>

Source: District Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Table 4
Page 1 of 2

Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues					
Local and Intermediate Revenues	\$ 232,753,722	\$ 226,232,576	\$ 188,361,439	\$ 179,480,336	\$ 169,398,583
State Program Revenues	362,474,109	369,211,059	347,413,115	358,808,557	345,388,744
Federal Program Revenues	101,736,330	85,440,369	70,886,398	73,586,963	69,402,718
Total Revenues	<u>696,964,161</u>	<u>680,884,004</u>	<u>606,660,952</u>	<u>611,875,856</u>	<u>584,190,045</u>
Expenditures					
Current:					
Instruction	340,100,145	336,430,749	331,626,355	321,741,170	302,719,650
Instructional Resources and Media Services	7,387,444	7,456,356	7,099,448	7,059,654	6,569,559
Curriculum and Staff Development	8,787,308	9,690,072	9,302,477	8,925,416	9,032,214
Instructional Leadership	8,573,367	7,780,203	8,150,138	7,498,604	7,056,372
School Leadership	39,807,301	39,510,529	38,199,906	37,354,937	35,454,217
Guidance, Counseling, and Evaluation Services	26,442,220	25,609,592	24,464,681	23,679,841	22,005,303
Social Work Services	327,203	321,149	287,453	291,952	281,774
Health Services	5,212,153	5,078,585	4,966,423	4,897,165	4,653,708
Student Transportation	17,609,545	16,648,013	15,049,052	15,401,367	15,796,887
Food Services	35,340,496	32,686,032	33,829,620	32,924,067	33,879,493
Extracurricular Activities	12,070,308	12,099,126	11,008,967	11,059,681	9,463,566
General Administration	11,863,997	12,175,460	11,099,916	11,731,679	11,273,322
Plant Maintenance and Operations	57,193,941	59,275,635	46,962,700	50,496,826	47,980,999
Security and Monitoring Services	5,104,849	5,305,154	5,083,764	5,114,295	4,866,578
Data Processing Services	6,519,907	8,768,088	6,916,037	8,833,256	6,137,993
Community Services	525,466	550,027	434,303	310,292	265,100
Debt Service:					
Principal on Long-term Debt	17,095,000	38,720,000	15,235,000	24,790,000	17,220,000
Interest on Long-term Debt	33,938,719	32,404,732	30,748,363	31,286,022	28,964,382
Bond Issuance Costs and Fees	-	1,015,195	18,065	19,884	1,684,522
Capital Outlay:					
Facilities Acquisition and Construction	24,713,462	54,688,014	97,877,863	38,213,916	78,871,404
Intergovernmental:					
Payments to Shared Services Arrangements	767,296	992,825	839,131		-
Payments to Juvenile Justice Alternative Education Program	91,716	122,945	105,950	93,782	63,843
Other Intergovernmental Charges	1,488,678	1,379,937	1,202,272	1,162,022	1,131,892
Total Expenditures	<u>660,960,521</u>	<u>708,708,418</u>	<u>700,507,884</u>	<u>642,885,828</u>	<u>645,372,778</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,003,640</u>	<u>(27,824,414)</u>	<u>(93,846,932)</u>	<u>(31,009,972)</u>	<u>(61,182,733)</u>
Other Financing Sources (Uses)					
Transfers In	11,347,480	4,539,406	45,035	-	22,369,435
Transfers Out	(16,347,480)	(10,539,406)	(45,035)	-	(26,369,435)
Bonds Issued	-	120,095,000	-	-	159,435,000
Issuance of Refunding Bonds	-	-	-	-	50,920,000
Premium or Discount on Issuance of Bonds	-	15,911,128	-	-	23,809,115
Payments to Refunded Bonds Escrow Agent	-	-	-	-	(57,624,114)
Prior Year Tax Refunds Per Court Order	(863,286)	(2,195,046)	(872,514)	(1,499,545)	(1,304,413)
Extraordinary Item - FEMA Refund	-	-	-	-	-
Sale of Real and Personal Property	165,487	-	1,001,055	-	-
Total Other Financing Sources (Uses)	<u>(5,697,799)</u>	<u>127,811,082</u>	<u>128,541</u>	<u>(1,499,545)</u>	<u>171,235,588</u>
Net Change in Fund Balances	<u>\$ 30,305,841</u>	<u>\$ 99,986,668</u>	<u>\$ (93,718,391)</u>	<u>\$ (32,509,517)</u>	<u>\$ 110,052,855</u>
Debt Service as a Percentage of Noncapital Expenditures	8.08%	11.11%	7.67%	9.31%	8.47%

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less capitalized

PASADENA INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
Last Ten Years

Table 4
Page 2 of 2

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues					
Local and Intermediate Revenues	\$ 158,078,975	\$ 148,488,211	\$ 143,082,015	\$ 146,068,919	\$ 155,954,806
State Program Revenues	327,493,055	297,008,916	278,055,597	262,447,707	266,439,689
Federal Program Revenues	72,111,900	76,598,991	75,990,919	98,851,957	100,603,600
Total Revenues	<u>557,683,930</u>	<u>522,096,118</u>	<u>497,128,531</u>	<u>507,368,583</u>	<u>522,998,095</u>
Expenditures					
Current:					
Instruction	290,261,005	268,185,484	268,462,252	266,818,898	268,972,744
Instructional Resources and Media Services	6,107,560	5,739,563	5,844,315	6,005,730	5,789,521
Curriculum and Staff Development	8,415,773	8,178,297	6,922,325	7,274,457	8,827,519
Instructional Leadership	6,557,767	5,623,402	4,972,397	5,962,798	4,962,313
School Leadership	33,344,064	31,287,970	30,181,900	30,787,773	29,309,653
Guidance, Counseling, and Evaluation Services	20,591,835	19,192,795	18,443,513	18,734,641	18,494,427
Social Work Services	250,224	219,434	213,290	222,562	161,565
Health Services	4,453,897	4,167,199	4,127,557	4,378,401	4,232,635
Student Transportation	17,462,868	12,870,731	11,489,544	13,541,964	11,872,087
Food Services	34,021,593	29,790,739	28,360,339	28,647,695	27,736,010
Extracurricular Activities	8,819,775	7,423,784	7,050,975	6,404,302	6,642,235
General Administration	10,382,520	9,702,224	9,658,098	9,763,042	9,108,047
Plant Maintenance and Operations	44,133,209	45,135,772	43,888,815	44,534,269	46,265,599
Security and Monitoring Services	5,033,992	4,633,454	4,416,566	4,770,890	4,398,628
Data Processing Services	6,332,759	5,889,444	5,423,732	5,682,054	6,965,059
Community Services	285,057	267,942	185,244	292,824	483,743
Debt Service:					
Principal on Long-term Debt	16,465,000	31,130,000	13,490,000	16,515,000	18,075,000
Interest on Long-term Debt	27,583,613	26,937,545	17,109,658	17,660,881	16,578,214
Bond Issuance Costs and Fees	144,516	1,390,501	2,328,308	784,435	1,201,050
Capital Outlay:					
Facilities Acquisition and Construction	130,337,442	78,460,508	27,516,938	7,810,669	15,118,769
Intergovernmental:					
Payments to Shared Services Arrangements	-	-	-	-	-
Payments to Juvenile Justice Alternative Education Program	54,885	67,570	63,133	355,238	340,200
Other Intergovernmental Charges	1,042,995	1,023,578	1,045,847	1,086,952	1,136,522
Total Expenditures	<u>672,082,349</u>	<u>597,317,936</u>	<u>511,194,746</u>	<u>498,035,475</u>	<u>506,671,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,398,419)</u>	<u>(75,221,818)</u>	<u>(14,066,215)</u>	<u>9,333,108</u>	<u>16,326,555</u>
Other Financing Sources (Uses)					
Transfers In	22,117,946	9,550,670	-	-	500,000
Transfers Out	(22,117,946)	(9,550,670)	-	-	(500,000)
Bonds Issued	-	173,690,000	89,805,000	-	-
Issuance of Refunding Bonds	6,980,000	52,670,000	43,045,000	-	56,385,000
Premium or Discount on Issuance of Bonds	-	35,374,215	14,715,150	-	4,999,667
Payments to Refunded Bonds Escrow Agent	(7,012,847)	(86,832,834)	(50,482,938)	-	(60,849,161)
Prior Year Tax Refunds Per Court Order	(891,639)	(957,386)	-	-	-
Extraordinary Item - FEMA Refund	(438,806)	-	-	-	-
Sale of Real and Personal Property	1,120,716	-	-	-	1,921
Total Other Financing Sources (Uses)	<u>(242,576)</u>	<u>173,943,995</u>	<u>97,082,212</u>	<u>-</u>	<u>537,427</u>
Net Change in Fund Balances	<u>\$ (114,640,995)</u>	<u>\$ 98,722,177</u>	<u>\$ 83,015,997</u>	<u>\$ 9,333,108</u>	<u>\$ 16,863,982</u>
Debt Service as a Percentage of					
Noncapital Expenditures	8.26%	11.25%	6.35%	7.04%	7.11%





REVENUE CAPACITY





PASADENA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES BY SOURCE
Last Ten Fiscal Years

Table 5

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Local Sources:					
Property tax	\$205,654,269	\$196,269,431	\$168,841,794	\$ 157,037,456	\$ 149,214,870
Other	27,100,098	29,963,145	19,519,645	22,442,880	20,183,713
State sources	362,474,104	369,211,059	347,413,115	358,808,557	345,388,744
Federal sources	<u>101,736,330</u>	<u>85,440,369</u>	<u>70,886,398</u>	<u>73,586,963</u>	<u>69,402,718</u>
Total	<u>\$696,964,801</u>	<u>\$680,884,004</u>	<u>\$606,660,952</u>	<u>\$ 611,875,856</u>	<u>\$ 584,190,045</u>
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Local Sources:					
Property tax	\$140,009,046	\$131,489,515	\$128,587,098	\$ 128,494,153	\$ 135,465,700
Other	18,069,929	16,998,696	14,494,917	17,574,766	20,489,106
State sources	327,493,055	297,008,916	278,055,597	262,447,707	266,439,689
Federal sources	<u>72,111,900</u>	<u>76,598,991</u>	<u>75,990,919</u>	<u>98,851,957</u>	<u>100,603,600</u>
Total	<u>\$557,683,930</u>	<u>\$522,096,118</u>	<u>\$497,128,531</u>	<u>\$ 507,368,583</u>	<u>\$ 522,998,095</u>

Source: District Financial Statements.

PASADENA INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6
Page 1 of 2

Fiscal Year Ended	Residential Property Value	Commercial Property Value	Personal Property Value	Total Actual Value
8/31/2019	\$ 8,109,193,168	\$ 6,668,849,530	\$ 2,930,956,716	\$ 17,708,999,414
8/31/2018	7,834,997,932	7,701,837,301	1,276,594,009	16,813,429,242
8/31/2017	7,201,040,235	7,266,169,850	1,436,819,513	15,904,029,598
8/31/2016	6,498,176,002	7,099,247,574	1,401,864,088	14,999,287,664
8/31/2015	5,935,227,921	6,698,825,873	1,492,753,256	14,126,807,050
8/31/2014	5,656,695,787	6,768,502,075	1,219,758,476	13,644,956,338
8/31/2013	5,666,046,003	6,217,743,404	1,135,905,080	13,019,694,487
8/31/2012	5,849,352,590	5,862,935,029	1,106,758,541	12,819,046,160
8/31/2011	5,956,692,078	5,655,133,246	1,097,835,086	12,709,660,410
8/31/2010	6,027,563,231	5,612,644,828	1,088,998,897	12,729,206,956

Source: District records and the Harris County Appraisal District.

PASADENA INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6
Page 2 of 2

Fiscal Year Ended	Exemptions	Taxable Assessed Value	Tax Rates
8/31/2019	\$ 3,634,595,768	\$ 14,074,403,647	\$ 1.48
8/31/2018	5,081,028,701	11,732,400,541	\$ 1.48
8/31/2017	3,311,977,419	12,592,052,179	\$ 1.35
8/31/2016	3,404,589,844	11,594,697,820	\$ 1.35
8/31/2015	3,263,320,828	10,863,486,222	\$ 1.35
8/31/2014	3,371,017,005	10,273,939,333	\$ 1.35
8/31/2013	3,376,198,069	9,643,496,418	\$ 1.35
8/31/2012	3,427,974,381	9,391,071,779	\$ 1.35
8/31/2011	3,283,660,428	9,425,999,982	\$ 1.35
8/31/2010	2,559,514,012	10,169,692,944	\$ 1.35

Source: District records and the Harris County Appraisal District.

PASADENA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX AMOUNT – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

Table 7

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Pasadena ISD	1.4800	1.4800	1.3500	1.3500	1.3500
Clear Brook City MUD	0.6700	0.6700	0.6700	0.6700	0.6700
Clear Lake City Water Authority	0.2700	0.2700	0.2300	0.2700	0.2800
Harris-Brazoria Counties MUD 509	0.8500	0.8500	0.8200	0.8200	0.8500
Harris County (a)	0.4186	0.4180	0.4180	0.4192	0.4173
Harris County Department of Education	0.0052	0.0052	0.0052	0.0054	0.0060
Harris County Flood Control District	0.0288	0.0283	0.0283	0.0273	0.0274
Harris County Hospital District	0.1711	0.1711	0.1711	0.1700	0.1700
Harris County MUD #381	0.6200	0.6300	0.7000	0.7000	0.7400
Harris County MUD #382	0.5500	0.5500	0.6300	0.6300	0.6700
Harris County MUD #410	0.5600	0.5900	0.6300	0.6300	0.6900
Kirkmont MUD	0.5600	0.5400	0.5350	0.5350	0.5620
Houston, City of	0.5883	0.5842	0.5842	0.6011	0.6311
Pasadena, City of	0.6154	0.5754	0.5754	0.5754	0.5769
Pearland, City of	0.7092	0.6851	0.7053	0.7053	0.7121
Port of Houston Authority	0.0116	0.0126	0.0126	0.0134	0.0153
Sagemeadow UD	0.4500	0.4500	0.5000	0.5000	0.5200
San Jacinto CCD	0.1793	0.1833	0.1833	0.1758	0.1856
South Houston, City of	0.6505	0.6433	0.6433	0.6995	0.6445

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Pasadena ISD	1.3500	1.3500	1.3500	1.3500	1.3500
Clear Brook City MUD	0.6700	0.6700	0.6700	0.6700	0.6900
Clear Lake City Water Authority	0.2800	0.2800	0.2800	0.2800	0.2800
Harris-Brazoria Counties MUD 509	0.8500	-	-	-	-
Harris County (a)	0.4146	0.4002	0.3922	0.3892	0.3924
Harris County Department of Education	0.0064	0.0066	0.0061	0.0058	0.0059
Harris County Flood Control District	0.0283	0.0281	0.0292	0.0309	0.0311
Harris County Hospital District	0.1700	-	-	-	-
Harris County MUD #381	0.7800	0.7800	0.7800	0.7800	0.7800
Harris County MUD #382	0.6800	0.6900	0.6900	0.6900	0.6900
Harris County MUD #410	0.7500	0.7500	0.7200	0.7200	0.7200
Kirkmont MUD	0.5690	0.5400	0.4670	0.4670	0.4670
Houston, City of	0.6387	0.6387	0.6387	0.6438	0.6450
Pasadena, City of	0.5916	0.5916	0.5620	0.5620	0.5670
Pearland, City of	0.7051	0.7051	0.6526	0.6526	0.6526
Port of Houston Authority	0.0172	0.0195	0.0164	0.0177	0.0144
Sagemeadow UD	0.5200	0.4900	0.3650	0.3650	0.3560
San Jacinto CCD	0.1856	0.1856	0.1708	0.1634	0.1454
South Houston, City of	0.6699	0.7082	0.6784	0.6784	0.6770

Source: Harris County Tax Assessor-Collector

(a) Harris County Toll Road Bonds are considered self-supporting and are not included in the amount shown for Harris County.

PASADENA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR

Table 8

	Tax Year 2018 (Fiscal Year 2019)			Tax Year 2009 (Fiscal Year 2010)		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Houston Refining	\$353,129,187	1	2.51%	\$ -	-	-
Enterprise Crude Pipeline	296,995,379	2	2.11%	-	-	-
GATX Terminals Corp	277,303,372	3	1.97%	213,811,935	2	2.10%
Centerpoint Energy INC	235,944,995	4	1.68%	61,218,483	6	0.60%
KM Liquids Terminals LLC	216,551,474	5	1.54%	-	-	-
Pasadena Refining System INC	215,001,268	6	1.53%	-	-	-
Valero Energy Corp	138,419,602	7	0.98%	80,978,833	4	0.80%
Channel Energy Center LP	102,091,569	8	0.73%	-	-	-
PRSI Trading	96,395,722	9	0.68%	56,220,522	7	0.55%
KIR Pasadena LP	79,126,766	10	0.56%	78,678,713	5	0.77%
Lyondell Basell Ind	-	-	-	925,292,696	1	9.10%
CalPine Const. Fin. Co. LP	-	-	-	156,790,130	3	1.54%
Southwestern Bell	-	-	-	51,740,187	8	0.51%
Air Products Inc	-	-	-	50,866,584	9	0.50%
Hi-Lo Auto Supply	-	-	-	43,799,825	10	0.43%
TOTALS	\$2,010,959,334		14.29%	\$1,719,397,908		16.91%

Source: District records.

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) Total assessed value-current year (Table 6): \$ 14,074,403,647

(3) Total assessed value-ten years ago (Table 6): \$ 10,169,692,944

PASADENA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 9

<u>Fiscal Year Ended</u>	<u>Adjusted Tax Levy</u>	<u>Collected Within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>	
		<u>Taxes Collected</u>	<u>Percent of Adjusted Tax Levy</u>	<u>Collections in Subsequent Years</u>	<u>Taxes Collected</u>	<u>Collected as Percent of Current Tax Levy</u>
8/31/2019	\$ 202,640,393	\$ 199,778,172	98.6 %	\$ -	\$ 199,778,172	98.6 %
8/31/2018	194,042,675	190,518,402	98.2	1,206,145	191,724,547	98.8
8/31/2017	166,162,593	164,258,092	98.9	784,457	165,042,549	99.3
8/31/2016	154,228,899	152,672,348	99.0	829,226	153,501,574	99.5
8/31/2015	145,740,611	143,824,978	98.7	1,329,216	145,154,194	99.6
8/31/2014	137,813,023	135,830,660	98.6	1,523,022	137,353,682	99.7
8/31/2013	129,119,661	127,592,900	98.8	1,114,861	128,707,761	99.7
8/31/2012	125,241,794	123,551,583	98.7	1,290,065	124,841,648	99.7
8/31/2011	126,806,817	123,912,114	97.7	2,515,684	126,427,798	99.7
8/31/2010	134,074,774	130,901,636	97.6	2,882,243	133,783,879	99.8

Source: District records



DEBT CAPACITY





PASADENA INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 10

Fiscal Year Ended	Governmental Activities		Total Primary Government	Ratio of Debt to Personal Income (1)	Net Bonded Debt per Capita (2)
	General Obligation Bonds (3)	Notes Payable			
8/31/2019	\$ 826,059,285	\$ -	\$ 826,059,285	2.91%	\$ 3,007
8/31/2018	847,256,260	-	847,256,260	2.66%	3,084
8/31/2017	754,910,583	-	\$ 754,910,583	2.49%	2,747
8/31/2016	773,880,747	-	773,880,747	2.63%	2,916
8/31/2015	802,405,911	-	802,405,911	2.70%	3,089
8/31/2014	642,359,180	-	642,359,180	2.44%	2,520
8/31/2013	661,471,965	195,000	661,666,965	2.52%	2,674
8/31/2012	503,747,381	185,000	503,932,381	1.58%	2,075
8/31/2011	420,461,615	290,000	420,751,615	1.36%	1,723
8/31/2010	437,107,814	280,000	437,387,814	1.45%	1,803

Source: District Financial Statements

(1) Personal Income from Table 13 median household income x residential units as a percent of Total Primary Government

(2) Total Primary Government/Total population from Table 13

(3) Details regarding the District's outstanding debt, net of premiums, discounts and adjustments may be found in the Notes to the Financial Statements.

PASADENA INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 11

Fiscal Year Ended	General Bonded Debt (1)	Less Amounts Available in Debt Service Fund (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Total Actual Property Value (2)	Net Bonded Debt per Student (3)
8/31/2019	\$ 826,059,285	\$ 30,729,133	\$795,330,152	5.65%	\$ 15,222
8/31/2018	847,256,260	32,717,437	814,538,823	6.94%	15,701
8/31/2017	754,910,583	51,602,157	703,308,426	5.59%	13,596
8/31/2016	773,880,747	45,200,646	728,680,101	6.28%	14,083
8/31/2015	802,405,911	49,557,927	752,847,984	6.93%	14,647
8/31/2014	642,359,180	47,938,360	594,420,820	5.79%	11,782
8/31/2013	661,471,965	44,411,225	617,060,740	6.40%	12,461
8/31/2012	503,747,381	61,963,266	441,784,115	4.70%	9,009
8/31/2011	420,461,615	52,594,921	367,866,694	3.90%	7,610
8/31/2010	437,107,814	44,834,851	392,272,963	3.86%	8,140

Source of data - District records

- (1) Details regarding the District's outstanding debt, net of premiums, discounts and adjustments may be found in the Notes to the Financial Statements which includes general obligation bonds
- (2) See Table 6 for total assessed value data.
- (3) See Table 16 for average daily attendance data.
- (4) This is the amount restricted for debt service payments on general bonded debt.

PASADENA INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
August 31, 2019

Table 12

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Percent Overlapping (1)</u>	<u>Amount Applicable to School District</u>
<u>Overlapping:</u>			
Governmental Subdivisions			
Harris County	\$1,599,402,125	3.17%	\$50,701,047
Harris County Department of Education	6,320,000	3.17%	200,344
Port of Houston Authority	593,754,397	3.17%	18,822,014
San Jacinto Community College District	498,677,707	26.06%	129,955,410
Cities			
Houston, City of	3,741,325,000	2.45%	91,662,463
Pasadena, City of	166,120,000	58.84%	97,745,008
Pearland, City of	309,495,000	0.24%	742,788
South Houston, City of	1,255,000	100.00%	1,255,000
Special Districts			
Brazoria County MUD #28	57,645,000	21.86%	12,601,197
Clear Brook City MUD	67,930,000	42.98%	29,196,314
Clear Lake City Water Authority	111,000,000	1.32%	1,465,200
Harris-Brazoria Counties MUD No. 509	33,635,000	73.78%	24,815,903
Harris County Flood Control District	83,075,000	3.17%	2,633,478
Harris County Hospital District	57,300,000	3.17%	1,816,410
Harris County MUD #381	11,785,000	100.00%	11,785,000
Harris County MUD #382	11,600,000	99.44%	11,535,040
Harris County MUD #410	12,845,000	78.04%	10,024,238
Harris County Toll Road	-	3.17%	-
Kirkmont MUD	3,945,000	100.00%	3,945,000
Sagemeadow Utility District	13,895,000	100.00%	13,895,000
Total Overlapping Debt			\$514,796,854
<u>Direct:</u>			
Pasadena Independent School District	\$825,059,285	100.00%	\$825,059,285
Total Direct and Overlapping Debt			\$1,339,856,139
Total Direct and Overlapping Debt % of A.V.		7.41%	
Total Direct and Overlapping Debt per Capita		\$4,877	

Source: Municipal Advisory Council

Includes the Bonds and excludes the Refunded Bonds

* Includes Issuance Premiums of \$

(a) Harris County Toll Road bonds are considered self-supporting and are not included in the amount shown for Harris County

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using actual taxable property values. Percentages were estimated by determining the portion of the overlapping taxing authorities actual value that is within the District's boundaries and dividing it by the





DEMOGRAPHIC & ECONOMIC INFORMATION





PASADENA INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 13
Page 1 of 2

Fiscal Year Ended	Unemployment Rate (%) (1)	Estimated Population (2)	Median Household Income (3)	Residential Units (4)	Personal Income (5)
8/31/2019	3.8%	246,182	\$ 50,207	56,577	\$ 2,840,561,439
8/31/2018	5.5%	271,632	56,565	56,263	3,182,516,595
8/31/2017	4.2%	274,845	54,724	55,299	3,026,182,476
8/31/2016	4.9%	265,425	54,230	54,363	2,948,105,490
8/31/2015	4.8%	259,791	53,822	55,126	2,966,991,572
8/31/2014	5.2%	254,920	45,843	57,541	2,637,852,063
8/31/2013	6.1%	247,451	41,922	62,513	2,620,669,986
8/31/2012	6.8%	242,917	51,289	62,308	3,195,715,012
8/31/2011	8.1%	244,213	50,928	60,898	3,101,413,344
8/31/2010	8.4%	242,630	50,422	60,019	3,026,278,018

Sources: (1) US Bureau of Labor Statistics

(2) Municipal Advisory Council of Texas

(3) US Census Bureau - Harris County

(4) Harris County Appraisal District

(5) Personal Income from Table 13 median household income x residential units as a percent of Total Primary Government

PASADENA INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 13
Page 2 of 2

Fiscal Year Ended	Total Assessed Value of Residential Units (4)	Average Assessed Value Per Residential Unit (4)	Peak School Enrollment
8/31/2019	\$8,109,193,168	\$ 143,330	53,374
8/31/2018	7,834,997,932	139,257	54,712
8/31/2017	7,201,040,235	130,220	56,282
8/31/2016	6,498,176,002	119,533	56,019
8/31/2015	5,935,227,921	107,667	55,570
8/31/2014	5,656,695,787	98,307	54,505
8/31/2013	5,666,046,003	90,638	53,636
8/31/2012	5,849,352,590	93,878	52,942
8/31/2011	5,956,692,078	97,814	52,218
8/31/2010	6,027,563,231	100,482	52,303

Sources: (1) US Bureau of Labor Statistics

(2) Municipal Advisory Council of Texas

(3) US Census Bureau - Harris County

(4) Harris County Appraisal District

(5) Personal Income from Table 13 median household income x residential units as a percent of Total Primary Government

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 14

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior (Unaudited)

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Pasadena Independent School District	8,400	1	11.64%	1,550	6	1.20%
Turner Industries	3,070	2	4.19%	-	-	-
SGS Petroleum Service Corp.	3,200	3	4.37%	4,308	2	-
San Jacinto College	3,162	4	4.32%	1,968	4	1.52%
The Boeing Company	2,500	5	3.41%	-	-	-
University of Houston-Clear Lake	1,589	6	2.17%	2,671	3	2.07%
Bayshore Medical Center	1,500	7	2.05%	1,528	8	1.18%
Lyondell Chemical Co	1,150	8	1.57%	-	-	-
City of Pasadena	1,148	9	1.57%	1,532	7	1.19%
Mundy Company	569	10	0.78%	6,683	1	5.18%
Ref-Chem, LP	-	-	-	1,433	10	1.11%
Lyondell Houston Refinery	-	-	-	1,441	9	1.12%
Chevron Phillips - Pasadena Plastics	-	-	-	1,581	5	1.22%
Totals:	<u>26,288</u>		<u>36.07%</u>	<u>24,695</u>		<u>15.79%</u>

Source: City of Pasadena website

*PISD District Records





OPERATING INFORMATION



PASADENA INDEPENDENT SCHOOL DISTRICT
FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
Last Ten Fiscal Years

Table 15
Page 1 of 2

<u>Full-Time Equivalent:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Professional Staff</i>					
Teachers	<u>3,926</u>	<u>3,887</u>	<u>3,846</u>	<u>3,761</u>	<u>3,642</u>
Support Staff					
Counselors	106	104	102	100	96
Educational Diagnosticians	41	44	41	41	37
Librarians	72	72	71	69	64
School Nurses	72	72	69	68	66
Teacher Facilitators	178	178	138	133	129
Therapists	61	61	59	52	52
School Psychologists	49	49	44	46	47
Other Support Staff	<u>240</u>	<u>241</u>	<u>237</u>	<u>234</u>	<u>195</u>
Subtotal	<u>819</u>	<u>821</u>	<u>761</u>	<u>743</u>	<u>686</u>
Administrators					
Admin/Instr Officers	64	64	63	64	59
Principals	67	67	67	67	62
Assistant Principals	132	138	131	132	125
Superintendent	1	1	1	1	1
Assoc. Superintendents	<u>13</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>
Subtotal	<u>277</u>	<u>283</u>	<u>275</u>	<u>278</u>	<u>261</u>
Total Professional Staff	5,022	4,991	4,882	4,782	4,589
Educational Aides	973	970	908	885	844
Auxiliary Staff	<u>2,405</u>	<u>2,395</u>	<u>2,343</u>	<u>2,307</u>	<u>2,217</u>
Total Personnel	<u>8,400</u>	<u>8,356</u>	<u>8,133</u>	<u>7,974</u>	<u>7,650</u>

Source: Texas Education Agency Website

PASADENA INDEPENDENT SCHOOL DISTRICT
FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
Last Ten Fiscal Years

Table 15
Page 2 of 2

<u>Full-Time Equivalent:</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<i>Professional Staff</i>					
Teachers	<u>3,540</u>	<u>3,430</u>	<u>3,376</u>	<u>3,500</u>	<u>3,442</u>
Support Staff					
Counselors	91	91	114	108	91
Educational Diagnosticians	37	32	37	32	19
Librarians	63	65	64	58	55
School Nurses	65	63	66	60	59
Teacher Facilitators	124	124	113	106	124
Therapists	60	52	56	62	42
School Psychologists	39	40	34	31	16
Other Support Staff	<u>189</u>	<u>151</u>	<u>140</u>	<u>128</u>	<u>132</u>
Subtotal	<u>668</u>	<u>618</u>	<u>624</u>	<u>585</u>	<u>538</u>
Administrators					
Admin/Instr Officers	52	56	53	58	56
Principals	62	62	61	60	59
Assistant Principals	125	116	119	118	115
Superintendent	1	1	1	1	1
Assoc. Superintendents	<u>15</u>	<u>14</u>	<u>13</u>	<u>14</u>	<u>13</u>
Subtotal	<u>255</u>	<u>249</u>	<u>247</u>	<u>251</u>	<u>244</u>
Total Professional Staff	4,463	4,297	4,247	4,336	4,224
Educational Aides	776	766	681	734	671
Auxiliary Staff	<u>2,163</u>	<u>2,121</u>	<u>2,109</u>	<u>2,107</u>	<u>2,252</u>
Total Personnel	<u>7,402</u>	<u>7,184</u>	<u>7,037</u>	<u>7,177</u>	<u>7,147</u>

Source: Texas Education Agency Website

PASADENA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
Last Ten Fiscal Years

Table 16
Page 1 of 2

<u>Fiscal Year Ended</u>	<u>Average Daily Attendance</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Student</u>	<u>Percentage Change</u>	<u>Government - Wide Expenses (2)</u>
8/31/2019	52,250	494,558,327	9,465	-14.96	689,840,642
8/31/2018	51,877	577,430,402	11,131	15.39	466,927,973
8/31/2017	51,730	499,006,537	9,646	-9.01%	627,794,501
8/31/2016	51,742	548,576,006	10,602	5.07%	626,102,003
8/31/2015	51,399	518,632,470	10,090	2.32%	577,394,346
8/31/2014	50,452	497,551,778	9,862	6.30%	560,569,480
8/31/2013	49,519	459,399,382	9,277	0.93%	504,530,430
8/31/2012	49,039	450,749,842	9,192	-2.40%	488,587,059
8/31/2011	48,340	455,264,490	9,418	-0.40%	493,701,255
8/31/2010	48,191	455,698,507	9,456	2.58%	496,857,049

Source: Nonfinancial information from district records.

ADA number is from TEA Finance Website

PASADENA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
Last Ten Fiscal Years

Table 16
Page 2 of 2

Fiscal Year Ended	Cost Per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
8/31/2019	\$ 13,203	46.69	3,887	13.44	76.00%
8/31/2018	9,001	-25.83%	3,887	13.35	76.00%
8/31/2017	12,136	0.29%	3,846	13.45	77.70%
8/31/2016	12,100	7.72%	3,761	13.76	77.80%
8/31/2015	11,234	1.10%	3,642	14.11	79.50%
8/31/2014	11,111	9.05%	3,540	14.25	79.50%
8/31/2013	10,189	2.26%	3,430	14.44	79.60%
8/31/2012	9,963	-2.45%	3,376	14.53	80.00%
8/31/2011	10,213	-0.94%	3,500	13.81	78.90%
8/31/2010	10,310	2.53%	3,442	14.00	74.90%

Source: Nonfinancial information from district records.

ADA number is from TEA Finance Website

PASADENA INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
Last Ten Fiscal Years

Table 17

Fiscal Year Ended	District Average Salary (1)	Region IV Average Salary (2)	Statewide Average Salary (1)
8/31/2019	\$ 56,548	\$ 57,707	\$ 54,122
8/31/2018	54,646	57,600	52,363
8/31/2017	54,351	55,992	52,525
8/31/2016	54,877	55,580	51,891
8/31/2015	53,652	54,157	50,715
8/31/2014	52,509	52,222	49,692
8/31/2013	51,331	50,968	48,821
8/31/2012	49,746	50,383	48,375
8/31/2011	49,694	50,616	48,638
8/31/2010	48,436	50,129	48,263

Source (1): Texas Education Agency website, Texas Academic Performance Report

Source (2): Region IV Education Service Center



PASADENA INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

Table 18
Page 1 of 2

CAMPUS	YEAR CONSTRUCTED	BLDG AGE (YEARS)	BLDG CAPACITY	# OF PORTABLE CLASSROOMS	PORTABLE CAPACITY (# of rooms*25)	Total Capacity	2018/2019 Enrollment	% of Capacity Used
<u>HIGH SCHOOL</u>								
Dobie	2003	16	3,500	24	600	4,100	2,797	68%
Dobie 9th	2018	1	1,100	-	-	1,100	962	87%
Dr. Lewis CTHS	2014	5	1,500	-	-	1,500	1,397	93%
Pasadena	2001	18	3,024	-	-	3,024	2,308	76%
Pasadena Memorial	2003	16	2,816	18	450	3,266	3,087	95%
Pasadena Memorial Early Coll	2017	2	280	-	-	280	250	89%
Sam Rayburn	2002	17	2,528	30	750	3,278	2,636	80%
Sam Raybrun Early College	2017	2	280	-	-	280	252	90%
South Houston	2001	18	2,450	27	675	3,125	2,350	75%
South Houston Early College	2017	2	280	-	-	280	246	88%
<u>INTERMEDIATE</u>								
Beverly Hills	2004	15	1,500	3	75	1,575	954	61%
Bondy	1993	26	1,144	1	25	1,169	942	81%
Jackson	2002	17	1,384	-	-	1,384	701	51%
Miller	1968	51	980	5	125	1,105	858	78%
Park View	1966	53	960	8	200	1,160	601	52%
Queens	2014	5	900	-	-	900	669	74%
San Jacinto	2008	11	850	-	-	850	678	80%
South Houston	1989	30	1,108	2	50	1,158	678	59%
Southmore	2008	11	850	-	-	850	721	85%
Thompson	1972	47	995	13	325	1,320	912	69%
<u>MIDDLE SCHOOLS</u>								
DeZavala	2002	17	850	6	132	982	688	70%
Keller	2014	5	850	1	44	894	717	80%
Kendrick	2015	4	850	-	-	850	821	97%
Lomax	2007	12	850	4	132	982	680	69%
Meillo	2008	11	850	9	132	982	718	73%
Milstead	2007	12	950	6	132	1,082	828	77%
Morris	2004	15	850	12	264	1,114	881	79%
Roberts	2015	4	850	-	-	850	612	72%
Schneider	2006	13	850	2	-	850	761	90%
Shaw	2008	11	850	2	44	894	789	88%
Sullivan	2015	4	850	-	-	850	594	70%
<u>ALTERNATIVE</u>								
College Readiness Ctr	2010	9	800	-	-	800	-	0%
Community School	2003	16	107	-	-	107	104	97%
Guidance Center	2005	14	200	-	-	200	-	0%
Summit	2004	15	175	-	-	175	172	98%
Tegeler	2013	6	520	8	120	640	418	65%

Source: District records

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

Table 18
Page 2 of 2

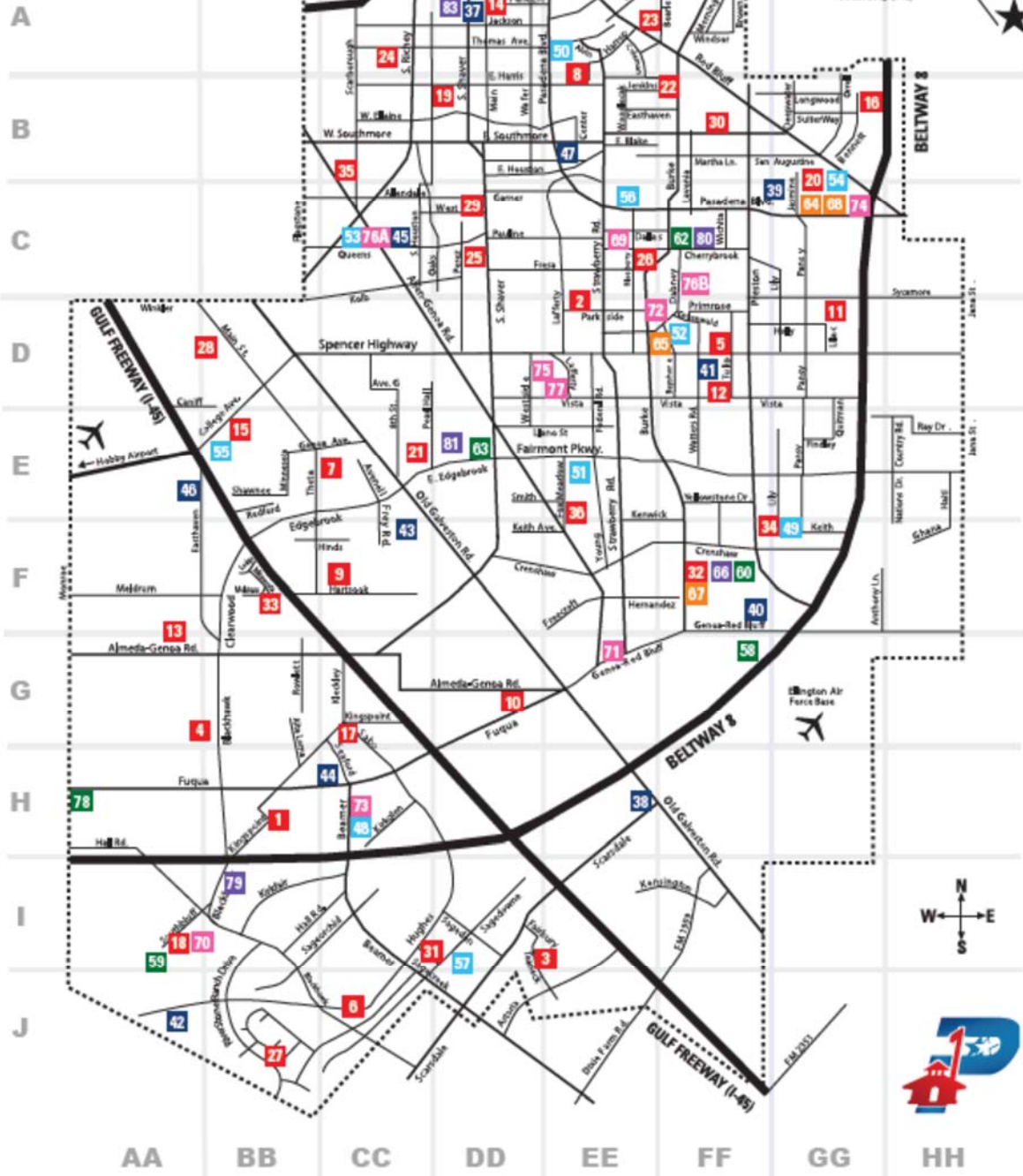
CAMPUS	YEAR CONSTRUCTED	BLDG AGE (YEARS)	BLDG CAPACITY	# OF PORTABLE CLASSROOMS	PORTABLE CAPACITY (# of rooms*22)	Total Capacity	2018/2019 Enrollment	% of Capacity Used
<u>ELEMENTARY</u>								
Atkinson	1969	50	607	8	176	783	449	57%
Bailey	1959	60	585	27	594	1,179	649	55%
Burnett	2002	17	585	23	506	1,091	431	40%
Laura Bush	2006	13	750	14	308	1,058	651	62%
Fisher	1963	56	637	13	286	923	688	75%
Frazier	2002	17	512	4	88	600	485	81%
Freeman	1960	59	585	5	110	695	502	72%
Gardens	2014	5	800	-	-	800	637	80%
Garfield	2002	17	694	14	308	1,002	660	66%
Genoa	2002	17	721	12	264	985	704	71%
Golden Acres	1998	21	635	6	132	767	471	61%
Hancock	2016	3	800	-	-	800	438	55%
Jensen	1998	21	669	9	198	867	638	74%
Jessup	1958	61	800	11	242	1,042	639	61%
Kruse	2009	10	825	3	66	891	574	64%
L.F. Smith	1959	60	825	-	-	825	698	85%
Matthys	1992	27	777	6	132	909	627	69%
McMasters	2001	18	430	6	132	562	431	77%
Meador	1963	56	627	8	176	803	569	71%
Moore	1980	39	700	-	-	700	427	61%
Morales	1992	27	644	2	44	688	490	71%
Parks	2001	18	687	-	-	687	455	66%
Pearl Hall	2007	12	800	4	88	888	663	75%
Pomeroy	1959	60	1,058	-	-	1,058	879	83%
Red Bluff	2001	18	752	9	198	950	504	53%
Richey	2008	11	815	2	44	859	680	79%
Smythe, Mae	1955	64	750	-	-	750	793	106%
South Belt	2009	10	780	-	-	780	612	78%
So. Houston	2013	6	800	-	-	800	576	72%
So. Shaver	1949	70	800	-	-	800	674	84%
Sparks	1993	26	649	2	44	693	422	61%
Stuchbery	1967	52	587	5	110	697	686	98%
Teague	1977	42	593	2	44	637	709	111%
Turner	1992	27	680	-	-	680	601	88%
Williams	1958	61	672	14	308	980	556	57%
Young	1980	39	660	12	264	924	620	67%

Source: District records

PASADENA ISD DISTRICT MAP

PASADENA INDEPENDENT SCHOOL DISTRICT

www.pasadenaisd.org
facebook.com/pasadenaisd
twitter.com/PasadenaISD_TX



PASADENA INDEPENDENT SCHOOL DISTRICT

ELEMENTARY	1. H-BB Atkinson, 9602 Kingspoint Rd., Houston, TX. 77075.....713-740-0520	HIGH SCHOOLS	58. G-FF Career & Technical, 1348 Genoa Red Bluff, Houston, TX 77034... 713-740-5320		
	2. D-EE Bailey, 2707 Lafferty Rd., Pasadena, TX. 77502713-740-0528		59. I-AA J. Frank Dobie, 10220 Blackhawk Blvd, Houston, TX. 77089...713-740-0370		
	3. J-EE Burnett, 11825 Teaneck Dr., Houston, TX. 77089713-740-0536		60. F-FF Memorial, 4410 Crenshaw, Pasadena, TX. 77504.....713-740-0390		
	4. G-AA Bush, 9100 Blackhawk Blvd., Houston, TX. 77075713-740-0928		61. A-DD Pasadena, 206 South Shaver, Pasadena, TX. 77506713-740-0310		
	5. D-FF Fisher, 2920 Watters Rd., Pasadena, TX. 77502713-740-0552		62. C-FF Sam Rayburn, 2121 Cherrybrook Ln., Pasadena, TX. 77502 713-740-0330		
	6. J-CC Frazier, 10503 Hughes Rd., Houston, TX. 77089713-740-0560		63. E-DD South Houston, 3820 South Shaver, South Houston, TX 77587 713-740-0350		
	7. E-CC Freeman, 2323 Theta St., Houston, TX. 77034713-740-0568		ALT	64. C-GG Community School, 1838A E.Sam Houston Pkwy. So., Pasadena, TX. 77503 .713-740-0298	
	8. A-EE Gardens, 1107 East Harris, Pasadena, TX. 77506713-740-0576			65. D-FF Guidance Center, 3010 Bayshore Dr., Pasadena, TX. 77502713-740-0792	
	9. F-CC Garfield, 10301 Hartsook St., Houston, TX. 77034713-740-0584			67. F-FF Tegeler Career Center, 4949 Burke Rd., Pasadena, TX. 77504.....713-740-0410	
	10. G-DD Genoa, 12900 Alameda Genoa Rd., Houston, TX. 77034 .713-740-0592			68. C-GG The Summit, 1838 E.Sam Houston Pkwy. So., Pasadena, TX. 77503.....713-740-0290	
	11. D-GG Golden Acres, 5232 Sycamore, Pasadena, TX. 77503...713-740-0600			ADMIN / COMMUNITY	69. C-EE Administration Building, 1515 Cherrybrook Ln., Pasadena, TX 77502
	12. D-FF Jensen, 3514 Tulip, Pasadena, TX. 77504713-740-0608				70. I-AA AG Complex 1 (Dobie), 10502 Blackhawk, Houston, TX 77089
	13. G-AA Jessup, 9301 Alameda Genoa Rd., Houston, TX., 77075 .713-740-0616				71. G-EE AG Complex 2, 525 Genoa Red Bluff, Houston, TX 77034
	14. A-DD Kruse, 400 Park Lane, Pasadena, TX. 77506713-740-0624				72. D-EE Athletic Complex (Philips Fieldhouse, Shippey Aquatic Center, Stadium) 2906 Dabney, Pasadena, Texas 77502
	15. E-BB Mathys, 1500 Main St., South Houston, TX. 77587713-740-0632				73. H-CC Collaborative Learning Center, 11111 Beamer Rd., Houston, TX 77089
	16. B-GG McMasters, 1011 Bennett Dr., Pasadena, TX. 77503713-740-0640				74. C-GG Frank Braden Center-Orozco Professional Development Center 1814-1854 E.Sam Houston Parkway South, Pasadena, TX 77503
	17. H-CC Meador, 10701 Seaford Dr., Houston, TX. 77089713-740-0648				75. D-DD Maintenance & Warehouse, 3131-3135 Westside Dr., Pasadena, TX 77504
	18. I-AA Moore, 8880 Southbluff, Houston, TX. 77089713-740-0656				76A. C-CC Softball Complex 1112 Queens, Rd., Pasadena, TX 77502
	19. B-DD Morales, 305 W. Harris, Pasadena, TX. 77506713-740-0664		76B. C-EE Aux. Field/Baseball 2906 Dabney, Pasadena, TX 77502		
	20. B-GG Parks, 3302 San Augustine, Pasadena, TX. 77503713-740-0680		77. D-EE Transportation & Operations, 3212-3214 Lafferty, Pasadena, TX 77504		
	21. E-CC Pearl Hall, 1504 9th St., South Houston, TX. 77587713-740-0688		EARLY COLLEGE HIGH SCHOOLS		79. I-BB J. Frank Dobie Early College High School 10220 Blackhawk, Houston, TX 77089
	22. B-FF Pomeroy, 922 Burke Rd., Pasadena, TX. 77506713-740-0696				80. C-FF Sam Rayburn Early College High School 2121 Cherrybrook, Pasadena, TX 77502
	23. A-EE Red Bluff, 416 Bearle St., Pasadena, TX. 77506713-740-0704			81. E-DD South Houston Early College High School 1606 Ave. "N", South Houston, TX 77587	
	24. A-CC Richey, 610 South Richey, Pasadena, TX. 77506713-740-0712			66. F-FF Pasadena Memorial Early College High School 4320 Crenshaw, Pasadena, TX 77504	
	25. C-DD Smith, L.F., 2703 Perez, Pasadena, TX 77502713-740-0720			83. A-DD Pasadena Early College High School 206 South Shaver, Pasadena, TX 77506	
	26. C-EE Smythe, Mae, 2424 Burke Rd. Pasadena, TX 77502713-740-0728				
	27. J-BB South Belt, 1801 Riverstone Ranch Dr, Houston TX. 77089 713-740-5276				
	28. D-BB South Houston, 900 Main St., South Houston, TX. 77587 713-740-0736				
	29. C-DD South Shaver, 200 West Ave., Pasadena, TX. 77502 ...713-740-0842				
	30. B-FF Sparks, 2503 E. Southmore, Pasadena, TX. 77502713-740-0744				
	31. I-DD Stuchbery, 11210 Hughes Rd., Houston, TX. 77089713-740-0752				
	32. F-FF Teague, 4200 Crenshaw, Pasadena, TX. 77504713-740-0760				
	33. F-BB Hancock, Thomas 9604 Minnesota, Houston, TX 77075713-740-5430				
	34. E-GG Turner, 4333 Lily, Pasadena, TX. 77505713-740-0768				
	35. B-CC Williams, 1522 Scarborough Ln., Pasadena, TX. 77502713-740-0776				
	36. E-EE Young, 4221 Fox Meadow Ln., Pasadena, TX. 77504 ...713-740-0784				
MIDDLE	37. A-DD DeZavala, 101 E. Jackson, Pasadena, TX. 77506713-740-0544	78. H-AA J. Frank Dobie 9th Grade Campus 10811 Monroe St., Houston, TX 77075			
	38. H-EE Roberts, Fred 13402 Conklin Lane, Houston TX. 77034...713-740-5390				
	39. B-GG Keller, 1711 Magnolia Dr., Pasadena, TX. 77503713-740-5284				
	40. F-FF Lomax, 1519 Genoa Red Bluff, Pasadena, TX. 77504...713-740-5230				
	41. D-FF Kendrick, Marshall 3001 Watters Rd, Pasadena TX. 77504...713-740-5830				
	42. J-AA Melillo, 9220 Hughes Rd., Houston, TX. 77089713-740-5260				
	43. F-CC Milstead, 338 Gilpin, Houston, TX. 77034713-740-5238				
	44. H-CC Morris, 10415 Fuqua, Houston, TX. 77089713-740-0672				
	45. C-CC Sullivan, Nelda 1112 Queens Rd., Pasadena, TX. 77502...713-740-5420				
	46. F-BB Schneider, 8420 Easthaven, Houston, TX. 77587713-740-0920				
47. B-EE Shaw, 1201 Houston Ave., Pasadena, TX. 77502713-740-5268					
INTERMEDIATE	48. H-CC Beverly Hills, 11111 Beamer Rd., Houston, TX. 77089 .713-740-0420				
	49. E-GG Bondy, 5101 Keith Road, Pasadena, TX. 77505713-740-0430				
	50. A-EE Jackson, 1020 East Thomas, Pasadena, TX. 77506713-740-0440				
	51. E-EE Miller, 1002 Fairmont Pkwy., Pasadena, TX. 77504713-740-0450				
	52. D-FF Park View, 3003 Dabney, Pasadena, TX. 77502713-740-0460				
	53. C-CC Queens, 1452 Queens Rd., Houston, TX. 77017713-740-0470				
	54. C-GG San Jacinto, 3600 Red Bluff Rd., Pasadena, TX. 77503 713-740-0480				
	55. E-BB South Houston, 900 College Ave., South Houston, TX. 77587 ...713-740-0490				
56. C-EE Southmore, 2000 Patricia Ln., Pasadena, TX. 77502713-740-0500					
57. J-DD Thompson, 11309 Sagedowne Ln., Houston, TX. 77089 713-740-0510					





FEDERAL AWARDS





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Pasadena Independent School District
Pasadena, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pasadena Independent School District, (the "District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
Pasadena Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, slightly slanted style.

Houston, Texas
January 21, 2020

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Trustees
Pasadena Independent School District
Pasadena, Texas

Report on Compliance for Each Major Federal Program

We have audited Pasadena Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

To the Board of Trustees
Pasadena Independent School District

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.


Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Houston, Texas
January 21, 2020

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs: Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance?	No

Identification of major programs:

Name of Federal Program or Cluster: **CFDA Numbers:**

U.S. Department of Education

ESEA Title I, Part A – Improving Basic Programs	84.010A
ESEA, Title I, Part A – School Improvement Grant	84.010A
ESEA Title II, Part A – Supporting Effective Instruction	84.367A

Hurricane Education Recovery:

Immediate Aid to Restart School Operations	84.938A
Emergency Impact Aid to LEA's	84.938C

U.S. Department of Homeland Security

Disaster Grants – Public Assistance	97.036
-------------------------------------	--------

Dollar threshold used to distinguish between Type A and Type B
Federal Programs \$2,473,133

Auditee qualified as a low-risk auditee? Yes

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

II. Financial Statement Finding

None reported

III. Federal Awards Findings and Questioned Costs

None reported.

**PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019**

**Exhibit K-1
Page 1 of 2**

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Direct Award				
289	<i>Fund for the Improvement of Education - Foundation for Academic Success</i>	84.184G	SI84G140243	\$ 83,646
289	<i>Fund for the Improvement of Education - Foundation for Academic Success</i>	84.184G	SI84G140243	622,007
				705,653
Passed Through State Department of Education:				
Special Education Cluster				
224	<i>IDEA - Part B, Formula *</i>	84.027A	186600011019176000	1,483,394
224	<i>IDEA - Part B, Formula *</i>	84.027A	196600011019176000	7,406,825
224	<i>IDEA - Part B, Formula *</i>	84.027A	206600011019176000	585,343
225	<i>IDEA - Part B, Preschoo *</i>	84.173A	186610011019176000	109,352
225	<i>IDEA - Part B, Preschool *</i>	84.173A	196610011019176000	84,317
225	<i>IDEA - Part B, Preschool *</i>	84.173A	206610011019176000	4,779
226	<i>IDEA - Region 20 Evaluation Capacity Award *</i>	84.173A	196600061019176000	78,146
226	<i>IDEA - Part B, High Cost Risk Pool *</i>	84.027A	66001906	344,551
Total Special Education Cluster passed through State Department of Education*				10,096,707
206	<i>Texas Support for Homeless Education Program</i>	84.196A	194600057110053	115,575
211	<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	18610101101917	1,560
211	<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	19610101101917	417,824
211	<i>Title I - School Improvement Grant</i>	84.010A	19610141101917	17,620,556
211	<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101917	2,300
212	<i>Title I, Part C - Migrant Education Program</i>	84.011A	19615001101917	262,081
212	<i>Title I, Part C - Migrant Education Program</i>	84.011A	20615001101917	2,323
244	<i>Career and Technical - Basic Grant</i>	84.048A	19420006101917	771,240
244	<i>Career and Technical - Basic Grant</i>	84.048A	20420006101917	63,086
255	<i>ESEA Title II, Part A - Supporting Effective Instruction</i>	84.367A	18694501101917	490
255	<i>ESEA Title II, Part A - Supporting Effective Instruction</i>	84.367A	19694501101917	1,770,173
263	<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	18671001101917	347
263	<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	19671001101917	1,611,330
263	<i>Title III, Part A - Immigrant</i>	84.365A	19671003101917	134,276
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	196950247110020	1,573,476
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	206950247110019	94,055
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	196950267110035	1,451,659
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	206950267110035	75,377
288	<i>Project ServHurricane RecoveryGrant</i>	84.938G	18510701101917	649
289	<i>Title IV, Part A, Subpart 1</i>	84.424A	19680101101917	573,568
289	<i>Summer School LEP</i>	84.369A	69551802	32,580
289	<i>Restart Hurricane Recovery</i>	84.938A	18511701101917	3,267,651
289	<i>Texas Hurricane Impact Aid</i>	84.938C	51271901	8,412,291
289	<i>Texas Hurricane Homeless Youth</i>	84.938B	19513701101917	45,990
Total Passed Through State Department of Education				48,397,164
Passed Through Region 4 Education Service Center:				
315	<i>DEAF*</i>	84.027A	3159-93-878	51,466
				51,466
Passed Through Harris County Department of Education				
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	748001215	138,452
265	<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	748001215	4,697
				143,149
Total U. S. Department of Education				49,297,432

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Exhibit K-1
Page 2 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through the Texas Department of Agriculture:				
240	Non cash assistance (commodities): <i>National School Lunch Program - USDA Commodities</i>	10.555	00527	1,980,764
240	Cash assistance : <i>Summer Feeding</i>	10.559	00527	532,438
Passed Through State Department of Education:				
240	Cash assistance: <i>National School Lunch Program</i>	10.555	71301901	19,729,367
240	<i>School Breakfast Program</i>	10.553	71401901	<u>6,262,537</u>
Total Child Nutrition Cluster				<u>28,505,106</u>
Passed Through the Texas Department of Agriculture:				
	<i>Child and Adult Care Food Program (CACFP)</i>	10.558	527	<u>653,438</u>
				<u>653,438</u>
Total U. S. Department of Agriculture				<u>29,158,544</u>
U. S. Department of Health and Human Services				
Passed through Harris County Department of Education				
205	CASE	93.596	N/A	<u>30,011</u>
				30,011
Passed through State Department of Health and Human Services				
	<i>Medicaid, Title XIX</i>	93.778	529-07-0157-00079	<u>508,154</u>
				<u>508,154</u>
Total U. S. Department of Health and Human Services				<u>538,165</u>
U.S. Department of Homeland Security				
Passed through the Texas Department of Public Safety Division of Emergency Management:				
287	<i>Disaster Grants - Public Assistance</i>	97.036	N/A	<u>3,443,610</u>
Total U.S. Department of Homeland Security				<u>3,443,610</u>
Total Expenditures of Federal Awards				<u>\$ 82,437,751</u>

*Total Special Education Cluster \$10,148,173

Note 1 - Basis of Accounting

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency’s Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Noncash commodities are recorded at their market value at the time of donation. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2019. The information in this schedule is presented in accordance with the requirements Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation of Basic Financial Statements

Total Expenditures of Federal Awards per Exhibit K-1	\$ 82,437,751
General Fund - Federal Revenue Excluded:	
ROTC	413,336
School Health and Related Services (SHARS)	17,453,374
Interest Subsidy on Qualified School Construction Bond	1,114,208
E-Rate Schools and Libraries Universal Service Support Mechanism	317,661
Total Expenditures of Federal Awards per Exhibit C-3	<u>\$ 101,736,330</u>

PASADENA INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Exhibit K-2
Page 2 of 2

Note 4 – General Fund Federal Program Revenues

For purposes of regulatory requirements of the Texas Education Agency, a summary of federal program revenues received in the general fund for the year ended August 31, 2019, are as follows:

Program Source	CFDA Number	Amount
SHARS	N/A	\$ 17,453,374
Interest Subsidy on Qualified School Construction Bond	N/A	1,114,208
Medicaid Administrative Claiming Program	93.778	508,154
ROTC	12.000	413,336
E-Rate Schools and Libraries Universal Service Support Mechanism		317,661
Indirect Costs:		
Fund for the Improvement of Education - Foundation for Academic Success	84.184G	23,958
Texas Support for Homeless Education Program	84.196A	3,642
ESEA Title I, Part A - Improving Basic Programs	84.010A	14,585
Title I - School Improvement Grant	84.010A	615,206
Title I, C - Migrant Migration Program	84.011A	7,948
IDEA - Part B, Forumula	84.027A	267,698
IDEA - Part B, Preschool	84.173A	4,742
Career & Technical, Basic Grant	84.048A	28,064
ESEA Title II, Part A - Teacher & Principal Training and Recruiting	84.367A	61,862
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	31,595
Title III, Part A - Immigrant	84.365A	2,633
Title IV, Part B 21st Century Community Learning Centers	84.287C	99,531
Title IV, Part A, Subpart I	84.424A	19,841
Child Nutrition Cluster		1,655,637
Total		\$ 22,643,675

PASADENA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2019 has been prepared to address these requirements.

I. Prior Audit Findings

Finding 2018-001

Significant Deficiency in Internal Control over Compliance – Allowable Costs Title IV, Part B 21st Century Community Learning Center (84.287C)

U.S. Department of Education – passed through the Texas Education Agency

Two out of a sample of forty timesheets selected for employee hours charged to the grants were approved by site or campus administrators but did not match what was expensed to the program.

Status: The District management team provided additional communication to ensure procedures were followed closely. Tests of controls in the current year had no instances of timesheets that did not agree to amount charged to the grant.

PASADENA INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor’s findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor’s reports.”

The Corrective Action Plan for the year ended August 31, 2019 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable





It is the policy of the Pasadena Independent School District not to discriminate on the basis of age, color, handicap or disability, ancestry, national origin, marital status, race, religion, sex, veteran status, political affiliation, sexual orientation, gender identity and/or gender expression in its educational or employment programs and activities.