



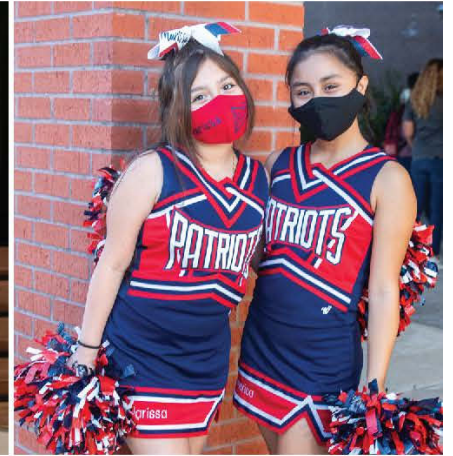
Best
Communities for
Music Education
in America

Pasadena, TX



PASADENA

INDEPENDENT SCHOOL DISTRICT



2021

Annual Comprehensive Financial Report

for the fiscal year ended August 31, 2021

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended August 31, 2021

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 | v | |
| Organizational Chart | vi | |
| Certificate of Board | viii | |
| GFOA Certificate of Achievement | ix | |
| ASBO Certificate of Excellence | x | |
| Financial Section | | |
| Independent Auditors' Report | 3 | |
| Management's Discussion and Analysis | 9 | |
| Basic Financial Statements: | | |
| Government-Wide Financial Statements: | | |
| Statement of Net Position | 19 | A-1 |
| Statement of Activities | 20 | B-1 |
| Governmental Fund Financial Statements: | | |
| Balance Sheet – Governmental Funds | 21 | C-1 |
| Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position | 22 | C-2 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –Governmental Funds | 23 | C-3 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 | C-4 |
| Proprietary Funds Financial Statements: | | |
| Statement of Net Position | 25 | D-1 |
| Statement of Revenues, Expenses, and Changes in Net Position | 26 | D-2 |
| Statement of Cash Flows | 27 | D-3 |
| Fiduciary Fund Financial Statements: | | |
| Statement of Net Position - Fiduciary Fund | 28 | E-1 |
| Statement of Changes in Net Position - Fiduciary Fund | 29 | E-2 |
| Notes to the Financial Statements | 31 | F-1 |
| Required Supplementary Information: | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 71 | G-1 |
| Notes to Required Supplementary Information | 72 | |
| 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 | 73 | G-2 |
| Schedule of the District's Contributions to the Teacher Retirement System of Texas Pension Plan | 74 | G-3 |
| Notes to Required Supplementary Information - Pensions | 75 | |
| 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 | 76 | G-4 |
| Schedule of the District's Contributions to the Teacher Retirement System of Texas OPEB Plan | 77 | G-5 |
| Notes to Required Supplementary Information - OPEB | 78 | |

PASADENA INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

| | <u>Page</u> | <u>Exhibit</u> |
|---|-------------|----------------|
| Financial Section (continued) | | |
| Supplementary Information: | | |
| Combining and Individual Fund Financial Statements: | | |
| Fund Descriptions - Nonmajor Governmental Funds - Special Revenue Funds | 81 | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 84 | H-1 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 93 | H-2 |
| Combining Statement of Net Position - Internal Service Funds | 102 | I-1 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds | 103 | I-2 |
| Combining Statement of Cash Flows - Internal Service Funds | 104 | I-3 |
| Compliance Schedules: | | |
| Schedule of Delinquent Taxes Receivable | 105 | J-1 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – National School Breakfast and Lunch Program | 106 | J-2 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Debt Service Fund | 107 | J-3 |
| Statistical Section (Unaudited) | | |
| Financial Trends: | | |
| Net Position by Component - Last Ten Fiscal Years | 114 | 1 |
| Changes in Net Position - Last Ten Fiscal Years | 116 | 2 |
| Fund Balances of Governmental Funds - Last Ten Fiscal Years | 118 | 3 |
| Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years | 120 | 4 |
| Revenue Capacity: | | |
| Governmental Funds Revenues by Source - Last Ten Fiscal Years | 125 | 5 |
| Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | 126 | 6 |
| Property Tax Amount - Direct and Overlapping Governments - Last Ten Fiscal Years | 127 | 7 |
| Principal Taxpayers - Current Year and Ten Years Ago | 128 | 8 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | 129 | 9 |
| Debt Capacity: | | |
| Outstanding Debt by Type - Last Ten Fiscal Years | 133 | 10 |
| Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years | 134 | 11 |
| Direct and Overlapping Governmental Activities Debt | 135 | 12 |
| Demographic and Economic Information: | | |
| Demographic and Economic Statistics - Last Ten Fiscal Years | 139 | 13 |
| Principal Employers - Current and Nine Years Ago | 140 | 14 |
| Operating Information: | | |
| Full-time Equivalent District Employees by Position - Last Ten Fiscal Years | 143 | 15 |
| Operating Statistics - Last Ten Fiscal Years | 144 | 16 |
| Teacher Base Salaries - Last Ten Fiscal Years | 147 | 17 |
| School Building Information | 148 | 18 |
| District Map | 150 | |

PASADENA INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS (continued)

| | <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> | 155 | |
| Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance | 157 | |
| Schedule of Findings and Questioned Costs | 159 | |
| Schedule of Expenditures of Federal Awards | 161 | K-1 |
| Notes to Schedule of Expenditures of Federal Awards | 163 | K-2 |
| Summary Schedule of Prior Audit Findings | 165 | |
| Corrective Action Plan | 166 | |





INTRODUCTORY SECTION





Pasadena Independent School District

January 25, 2022

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 Annual Comprehensive Financial Report (ACFR) of the Pasadena Independent School District (the "District") for the fiscal year ended August 31, 2021. The ACFR is management's report of financial operations to the Board of Trustees (the "Board"), taxpayers, grantor agencies, employees, the TEA, and other interested parties.

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 Whitley Penn, 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, 2021 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 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, 2021, 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 ACFR'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, 3,779 of which are classroom teachers. These employees provide educational services for 50,614 students enrolled in the District. In the last year, the district enrollment has decreased by 4.3%. As the 18th 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 83% of the student body with the remainder of the student population being comprised of 5% White, 8% 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 2020-2021. In March and April 2020, 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 \$15.5 billion for the school year 2021-2022. Per student spending is expected to increase from \$9,308 to \$10,602 in the 2020-2021 school year. Refined average daily attendance (ADA) is projected to decrease. These indicators are reviewed when adopting the general fund budget for 2021-2022. Estimated revenue in the general fund budget for the 2021-2022 school year is \$530.6 million, a decrease of 1% over the adopted 2020-2021 budget of \$535.9 million.

General fund expenditures are budgeted to decrease 4.3% or \$ 23.7 million primarily due to the offset of ESSER Funds. The District adopted a surplus budget for 2021-2022 in the amount of \$1.7 million. The Maintenance and Operations tax rate increased to \$1.0730 up from \$1.0712 and the Interest and Sinking rate remained the same \$.31 for a total tax rate of \$1.3812.

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 33.6 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 were 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 from these bond sales are being used to address the need for the Thompson Intermediate School replacement campus, located on a new site in the Riverstone Ranch development, which will provide enrollment relief to Bondy and Beverly Hills Intermediate schools. Bond proceeds also provided the Red Bluff Elementary school replacement campus, demolishing the 1950 campus, and using the existing site. The remaining funds were 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.

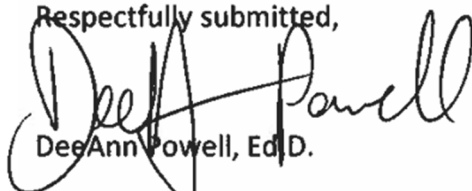
Awards and Acknowledgments

The 2020-2021 School Year was very successful for Pasadena Independent School District and following are only a few of the district's accomplishments:

- U.S Department of Energy recognized the district for achieving an energy savings goal of 28 percent in the Better Buildings Challenge.
- Sam Rayburn High joined the ranks of approximately 200 schools throughout the United States and Canada as a Model PLC School.
- District ranked as #1 in the Houston Kroger School Food Program.
- Red Bluff Elementary and Sparks Elementary were named America's Healthiest Schools for implementing best practices that support learning and child development.

The District received a "Superior Achievement" rating under the State's FIRST (Financial Integrity Rating System of Texas) program for nineteenth (19) consecutive years, the highest rating given. The district also received ASBO's COE (Certificate of Excellence in financial reporting) for its seventh (7th) consecutive year ending August 31, 2020. The district was awarded the Government and Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past ninth (9th) consecutive school year ending August 31, 2020. The district was also a first (1st) time recipient of the Texas Association School Board Officials award of Excellence in Financial Management.

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 Whitley Penn.

Respectfully submitted,

DeeAnn Powell, Ed.D.

PASADENA INDEPENDENT SCHOOL DISTRICT

Board of Trustees, Length of Service, Term Expiration

Marshall Kendrick, President, 32 Years, 2023

Vickie Morgan, Vice President, 35 Years, 2023

Kenny Fernandez, Secretary, 6 Years, 2023

Nelda Sullivan, Assistant Secretary, 28 Years, 2025

Crystal Davila, Member, 2025

Paola Gonzalez Fusilier, Member, 2025

Casey D. Phelan, Member, 2025

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

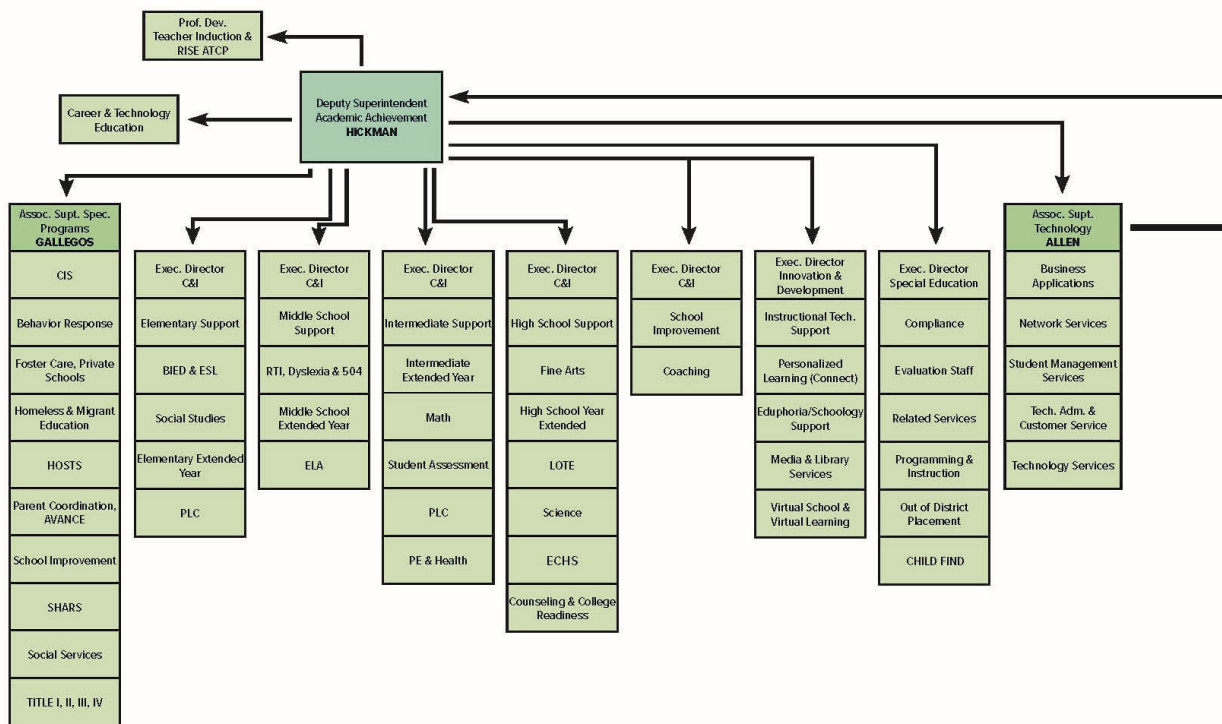
Dr. Rhonda Parmer, Associate Superintendent, Campus Development

Dr. Angela Stallings, Associate Superintendent, Campus Development

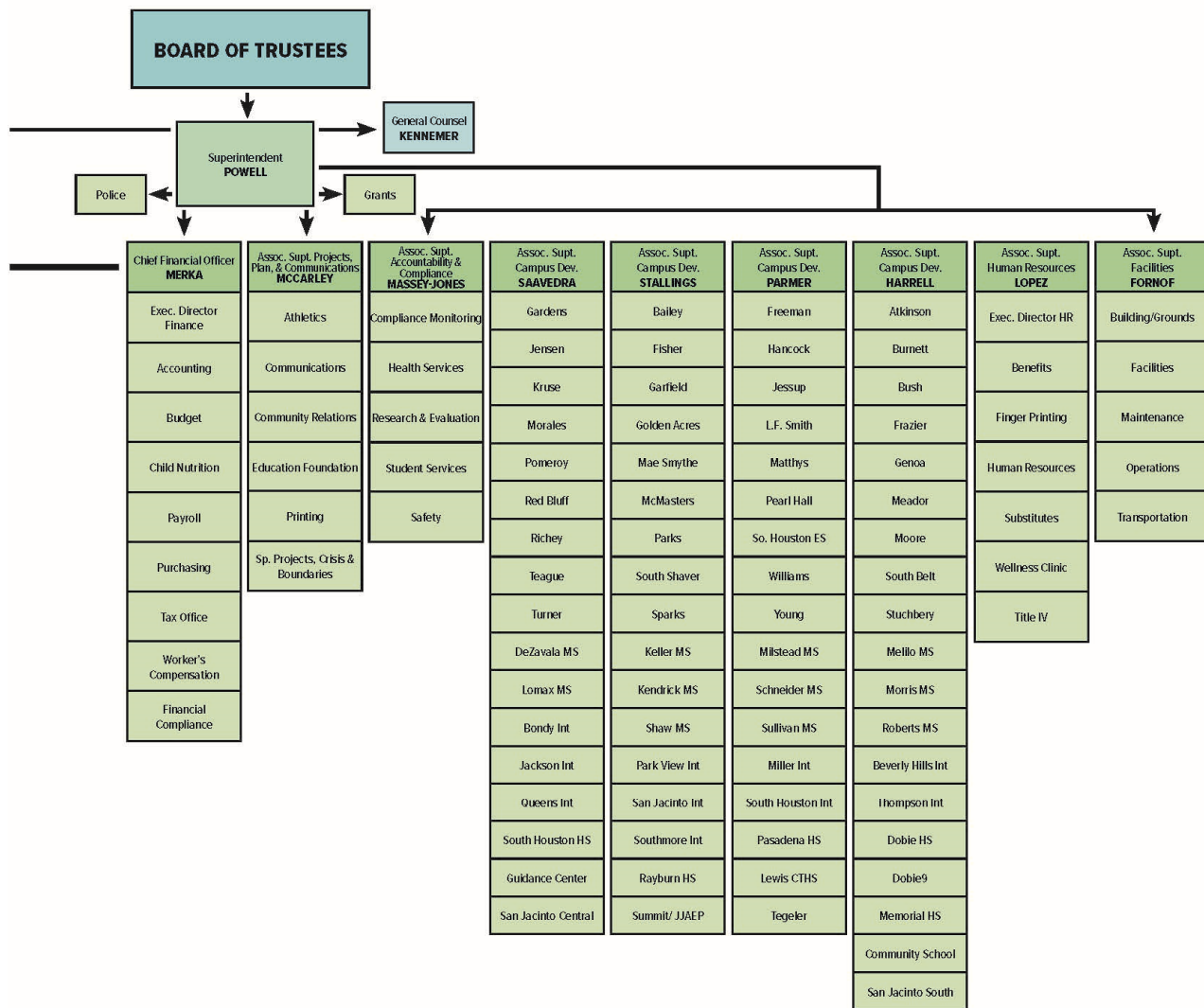
Jodie Kennemer, General Counsel

**PASADENA INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART**

Revised 8/31/21



PASADENA INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART (continued)



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, 2021 at a meeting of the Board of Trustees of such school district on January 25, 2022.



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

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
for the Fiscal Year Ended August 31, 2020.**

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



A handwritten signature in black ink that reads 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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, 2021, 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, 2021, 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, as listed in the table of contents, 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 fund financial statements, compliance schedules, and statistical section, as listed in the table of contents, 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements, and compliance schedules, and the schedule of expenditures of federal awards, as listed in the table of contents, 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 fund financial statements, compliance schedules, and the schedule of expenditures of federal awards, as listed in the table of contents, 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 25, 2022, 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 25, 2022





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, 2021.

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 \$73,057,746 (*net position*). Unrestricted net position reflects a deficit of \$230,882,329 which is caused by the negative effect of the net pension and OPEB liabilities and related deferred inflows and outflows in the amount of \$447,343,471.
- The District's total net position increased by \$2,003,308. This is due to the decrease in the negative effect of the net pension and OPEB liabilities and related deferred inflows and outflows in the amount of \$7,358,384.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$298,905,683, a decrease of \$6,828,867 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$136,202,687, or 25.4 percent of total general fund expenditures.
- The District's total net bonded debt decreased by \$27,856,740 (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, 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-five 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 District maintains one type of fiduciary fund – custodial fund. *Custodial funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District maintains one type of fiduciary fund. Custodial fund reports resources held by the District in a custodial capacity for students.

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

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.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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, 2021 by \$73,057,746.

Net Position

| | Governmental Activities | | | | | |
|---|-------------------------|-------------|----------------------|-------------|---------------------|-------------|
| | 2021 | | 2020 | | Increase (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Current and other assets | \$ 441,534,741 | 31% | \$ 419,147,334 | 30% | \$ 22,387,407 | 5% |
| Capital Assets, Net of Depreciation | 972,373,110 | 69% | 978,170,982 | 70% | (5,797,872) | -1% |
| Total Assets | 1,413,907,851 | 100% | 1,397,318,316 | 100% | 16,589,535 | 1% |
| Total Deferred Outflows of Resources | 132,995,691 | 100% | 169,340,787 | 100% | (36,345,096) | -21% |
| Current liabilities | 136,952,210 | 11% | 108,719,555 | 8% | 28,232,655 | 26% |
| Long-term liabilities | 1,147,428,058 | 89% | 1,250,154,093 | 92% | (102,726,035) | -8% |
| Total Liabilities | 1,284,380,268 | 100% | 1,358,873,648 | 100% | (74,493,380) | -5% |
| Total Deferred Inflows of Resources | 189,465,528 | 100% | 136,731,017 | 100% | 52,734,511 | 39% |
| Net Position: | | | | | | |
| Net investment in capital assets | 266,457,139 | 365% | 260,980,118 | 367% | 5,477,021 | 2% |
| Restricted | 37,482,936 | 51% | 32,865,875 | 46% | 4,617,061 | 14% |
| Unrestricted | (230,882,329) | -316% | (222,791,555) | -314% | (8,090,774) | 4% |
| Total Net Position | \$ 73,057,746 | 100% | \$ 71,054,438 | 100% | \$ 2,003,308 | 3% |

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The largest portion of the District’s net position (\$266,457,139) 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 (\$37,482,936) is restricted for grants related to state and federal programs and debt service. And unrestricted net position reported a negative \$230,882,329.

Changes in Net Position

| | Governmental Activities | | | | | |
|--|-------------------------|-------------|----------------------|-------------|---------------------|------------|
| | 2021 | | 2020 | | Increase (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 4,862,560 | 1% | \$ 9,177,615 | 1% | \$ (4,315,055) | -47% |
| Operating grants & contributions | 120,045,432 | 18% | 155,032,044 | 23% | (34,986,612) | -23% |
| General Revenues: | | | | | | |
| Property Taxes, Levied for General Purpose | 175,407,432 | 27% | 167,471,082 | 25% | 7,936,350 | 5% |
| Property Taxes, Levied for Debt Service | 51,500,809 | 8% | 42,483,789 | 6% | 9,017,020 | 21% |
| Grants and Contributions Not Restricted to Specific Programs | 300,408,900 | 46% | 300,703,430 | 44% | (294,530) | 0% |
| Investment Earnings | 627,799 | 0% | 5,511,638 | 1% | (4,883,839) | -89% |
| Miscellaneous | 2,461,361 | 0% | 1,501,141 | 0% | 960,220 | 64% |
| Total Revenues | 655,314,293 | 100% | 681,880,739 | 100% | (26,566,446) | -4% |
| Expenses | | | | | | |
| Instruction | 372,860,014 | 57% | 412,476,671 | 58% | (39,616,657) | -10% |
| Instructional resources and media services | 7,556,719 | 1% | 8,254,580 | 1% | (697,861) | -8% |
| Curriculum and staff development | 8,955,517 | 1% | 9,999,796 | 1% | (1,044,279) | -10% |
| Instructional leadership | 10,695,167 | 2% | 10,787,004 | 2% | (91,837) | -1% |
| School leadership | 43,914,333 | 7% | 48,569,450 | 7% | (4,655,117) | -10% |
| Guidance, counseling, and evaluation services | 30,028,751 | 5% | 33,694,832 | 5% | (3,666,081) | -11% |
| Social work services | 367,242 | 0% | 316,748 | 0% | 50,494 | 16% |
| Health services | 5,712,302 | 1% | 6,491,585 | 1% | (779,283) | -12% |
| Student transportation | 17,920,079 | 3% | 19,364,194 | 3% | (1,444,115) | -7% |
| Food service | 25,755,624 | 4% | 31,678,818 | 4% | (5,923,194) | -19% |
| Extracurricular activities | 9,037,301 | 1% | 11,243,237 | 2% | (2,205,936) | -20% |
| General administration | 14,136,939 | 2% | 14,601,283 | 2% | (464,344) | -3% |
| Plant, maintenance and operations | 62,743,647 | 10% | 60,364,047 | 8% | 2,379,600 | 4% |
| Security and monitoring services | 5,582,006 | 1% | 6,508,045 | 1% | (926,039) | -14% |
| Data processing services | 9,896,833 | 2% | 7,370,527 | 1% | 2,526,306 | 34% |
| Community services | 484,272 | 0% | 460,044 | 0% | 24,228 | 5% |
| Interest and fiscal charges for long term debt | 24,434,176 | 4% | 28,289,839 | 4% | (3,855,663) | -14% |
| Facilities Repair and Maintenance | 372,570 | 0% | 86,531 | 0% | 286,039 | 331% |
| Payments Related to Shared Service Arrangements | 1,219,990 | 0% | 903,093 | 0% | 316,897 | 35% |
| Payments to Juvenile Justice Alternative Education Programs | 39,600 | 0% | 98,085 | 0% | (58,485) | -60% |
| Other governmental charges | 1,597,903 | 0% | 1,522,197 | 0% | 75,706 | 5% |
| Total Expenses | 653,310,985 | 100% | 713,080,606 | 100% | (59,769,621) | -8% |
| Change in Net Position | 2,003,308 | | (31,199,867) | | 33,203,175 | |
| Net Position - Beginning | 71,054,438 | | 102,254,305 | | (31,199,867) | |
| Net Position - Ending | \$ 73,057,746 | | \$ 71,054,438 | | \$ 2,003,308 | |

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Governmental Activities - The District's net position increased by \$2,003,308 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 \$420,454,332 represent 64 percent of total revenues and property taxes totaling \$226,908,241 represent 35 percent of total revenues. The remaining 1 percent is generated from charges for services, investment earnings and miscellaneous revenues.

The primary functional expense of the District is instruction (\$372,860,014), which represents 57 percent of total expenses. Plant maintenance and operations (\$62,743,647) represents 10 percent of total expenses. The remaining individual functional categories of expenses are each less than 7 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 \$298,905,683, a decrease of \$6,828,867 in comparison with the prior year. The decrease in ending governmental fund balances is primarily due to the decrease in the fund balance of the capital projects fund in the amount of \$17,984,467, excluding transfers from other governmental funds, due to ongoing capital projects.

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 \$136,202,687, while total fund balance reached \$165,541,198. 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 25.4 percent of total general fund expenditures, while total fund balance represents 30.9 percent of that same amount. The fund balance of the District's general fund decreased by \$20,269,696 during the current fiscal year. The decrease is primarily due to the transfer of \$27,000,000 to the capital projects fund for future capital improvements.

The debt service fund has a total fund balance of \$33,330,648, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$3,650,045 was attributable to increased property tax and state aid revenues from the prior year.

The capital projects fund has a total fund balance of \$93,641,310, all of which is restricted for building and equipping school facilities and technology projects/enhancements. The net increase in fund balance during the current year of \$9,015,533 was due to the transfer of \$27,000,000 from the general fund for future capital improvements.

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 decrease in net position of \$6,665,047 is primarily due to higher claims expense. 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 | \$ 535,924,717 | \$ 523,169,081 | \$ 543,053,595 |
| Total Expenditures | (552,665,018) | (570,012,667) | (536,323,291) |
| Other sources - transfers in | - | 13,000,000 | - |
| Other uses - transfers out | - | (28,900,000) | (27,000,000) |
| Net Change in Fund Balance | \$ (16,740,301) | \$ (62,743,586) | \$ (20,269,696) |

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

- Budgeted revenues increased \$11 million due to an increase in local tax collections.
- Budgeted revenues decreased \$29.9 million primarily due to a state revenue decrease
- Budgeted expenditures increased by \$17 million due to Technology for learning and Facility repairs.

Difference between the final budget and actual revenue was primarily due to COVID-19. Expenditures had a favorable variance in all functions.

Capital Assets and Long-Term Liabilities

Capital Assets - The District's investment in capital assets for its governmental type activities as of August 31, 2021 amounts to \$972,373,110 (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 \$5,797,872 .

Capital Assets (Net of Depreciation)

| | Governmental Activities | | | | | |
|----------------------------|--------------------------------|-------------|-----------------------|-------------|----------------------------|--------------|
| | 2021 | | 2020 | | Increase (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Land | \$ 71,950,888 | 7% | \$ 70,903,065 | 7% | \$ 1,047,823 | 1% |
| Buildings and improvements | 843,453,192 | 88% | 854,206,552 | 88% | (10,753,360) | -1% |
| Furniture and equipment | 43,476,842 | 4% | 51,895,824 | 5% | (8,418,982) | -16% |
| Construction in progress | 13,492,188 | 1% | 1,165,541 | 0% | 12,326,647 | 1058% |
| Totals | \$ 972,373,110 | 100% | \$ 978,170,982 | 100% | \$ (5,797,872) | -0.6% |

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

- \$11,420,890 in additions to buildings and improvements, which includes \$2,276,782 transferred from construction in progress to completed projects.
- \$1,860,912 in additions to furniture and equipment, which includes \$42,907 transferred from construction in progress to completed projects.
- \$793,706 in additions to vehicles.

PASADENA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Construction Commitments - The District has active construction projects as of August 31, 2021. The projects include the construction and equipment of school facilities. At year-end, the District’s remaining commitments with contractors totals \$72.5 million for all ongoing projects. 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, 2021 are as follows:

| | Governmental Activities | | | |
|-------------------------------|--------------------------------|-------------------------|----------------------------|------------|
| | 2021 | 2020 | Increase (Decrease) | |
| | Amount | Amount | Amount | % |
| General Obligation Bonds, net | \$ 769,509,081 | \$ 797,365,821 | \$ (27,856,740) | -3% |
| Health Insurance Claims | 5,548,960 | 4,161,271 | 1,387,689 | 33% |
| Workers' Compensation Claims | 1,962,254 | 1,914,242 | 48,012 | 3% |
| Compensated Absences | 244,821 | 271,981 | (27,160) | -10% |
| Net Pension Liability | 192,750,901 | 209,167,194 | (16,416,293) | -8% |
| Net OPEB Liability | 177,412,041 | 237,273,584 | (59,861,543) | -25% |
| | <u>\$ 1,147,428,058</u> | <u>\$ 1,250,154,093</u> | <u>\$ (102,726,035)</u> | <u>-8%</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 2021-2022 fiscal year budget:

- Appraised valued used for the 2021-2022 budget preparation is expected to be \$17.2 billion and taxable value expected to be \$18 billion.
- General Fund expenditures are budgeted to decrease 4% or \$23.7 million primarily due to moving staff to ESSER III.
- The District’s 2021-2022 refined average daily attendance is expected to be 47,200 for 2021-2022.

These indicators were taken into account when adopting the general fund budget for 2021-2022. Estimated revenue in the general fund budget for the 2021-2022 school year is \$530 million, a decrease of 1% over the adopted 2020-2021 budget.

General fund expenditures are budgeted to decrease 4% or 23.7 million. The Districted adopted a surplus budget for 2021-2022. The Maintenance and Operations tax rate increased from \$1.07 to \$1.0712 and the Interest and Sinking rate to pay the debt remained \$0.31 for a total tax rate of \$1.3812.

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, 2021

Exhibit A-1

| <u>Data Control Codes</u> | | <u>Governmental Activities</u> |
|-----------------------------------|--|------------------------------------|
| | Assets | |
| 1110 | Cash and temporary investments | \$ 23,533,870 |
| 1120 | Investments | 260,129,932 |
| 1225 | Property taxes receivables, net | 15,324,549 |
| 1240 | Due from other governments | 46,037,637 |
| 1250 | Accrued interest | 138,524 |
| 1290 | Other receivables, net | 434,013 |
| 1300 | Inventories | 1,884,091 |
| 1410 | Prepaid items | 8,392,355 |
| | Capital assets not subject to depreciation: | |
| 1510 | Land | 71,950,888 |
| 1580 | Construction in progress | 13,492,188 |
| | Capital assets net of depreciation: | |
| 1520 | Buildings and improvements, net | 843,453,192 |
| 1530 | Furniture and equipment, net | 43,476,842 |
| 1800 | Restricted assets | 332,791 |
| 1910 | Long-term investments | 85,326,979 |
| 1000 | Total Assets | <u>1,413,907,851</u> |
| | Deferred Outflows of Resources | |
| | Deferred instruments - rate swaps | 16,162,527 |
| | Deferred outflows - pension | 73,912,381 |
| | Deferred outflows - OPEB | 38,372,618 |
| | Deferred charge on refunding | 4,548,165 |
| 1700 | Total Deferred Outflows of Resources | <u>132,995,691</u> |
| | Liabilities | |
| 2110 | Accounts payable | 15,449,333 |
| 2140 | Interest payable | 1,435,504 |
| 2150 | Payroll deductions and withholdings | 4,678,189 |
| 2160 | Accrued wages payable | 41,645,483 |
| 2177 | Due to fiduciary funds | 472,672 |
| 2180 | Due to other governments | 56,356,408 |
| 2200 | Accrued expenses payable | 9,314 |
| 2300 | Unearned revenue | 742,780 |
| 2502 | Derivative instruments - rate swaps | 16,162,527 |
| | Noncurrent Liabilities: | |
| 2501 | Due within one year: bonds, claims, compensated absences | 30,028,176 |
| | Due in more than one year: | |
| 2502 | Bonds, claims, compensated absences | 747,236,940 |
| 2540 | Net pension liability | 192,750,901 |
| 2545 | Net other post-employment benefits (OPEB) liability | 177,412,041 |
| 2000 | Total Liabilities | <u>1,284,380,268</u> |
| | Deferred Inflows of Resources | |
| | Deferred inflows - pension | 39,967,147 |
| | Deferred inflows - OPEB | 149,498,381 |
| 2600 | Total Deferred Inflows of Resources | <u>189,465,528</u> |
| | Net Position | |
| 3200 | Net investment in capital assets | 266,457,139 |
| | Restricted for: | |
| 3820 | Federal and state programs | 2,372,098 |
| 3850 | Debt service | 35,110,838 |
| 3900 | Unrestricted | (230,882,329) |
| 3000 | Total net position | <u>\$ 73,057,746</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended August 31, 2021

Exhibit B-1

| Data Control Codes | Functions/Programs | Program Revenue | | Net (Expense) | |
|--------------------------|---|-----------------------|-------------------------|---------------------------------------|---------------------------------------|
| | | Expenses | Charges for Services | Operating Grants and Contributions | Primary Governmental Activities |
| | Governmental Activities: | | | | |
| 11 | Instruction | \$ 372,860,014 | \$ 1,632,229 | \$ 42,793,259 | \$ (328,434,526) |
| 12 | Instructional resources & media service | 7,556,719 | 31,541 | 63,898 | (7,461,280) |
| 13 | Curriculum and staff development | 8,955,517 | 171 | 1,635,277 | (7,320,069) |
| 21 | Instructional leadership | 10,695,167 | - | 2,591,688 | (8,103,479) |
| 23 | School leadership | 43,914,333 | 38,087 | 1,722,015 | (42,154,231) |
| 31 | Guidance, counseling & evaluation | 30,028,751 | 49,727 | 6,798,926 | (23,180,098) |
| 32 | Social work services | 367,242 | - | 198,179 | (169,063) |
| 33 | Health services | 5,712,302 | 4,910 | 12,255,923 | 6,548,531 |
| 34 | Student transportation | 17,920,079 | - | 362,126 | (17,557,953) |
| 35 | Food service | 25,755,624 | 1,411,847 | 26,258,593 | 1,914,816 |
| 36 | Extracurricular activities | 9,037,301 | 1,501,263 | 894,516 | (6,641,522) |
| 41 | General administration | 14,136,939 | 37,299 | 16,761,913 | 2,662,273 |
| 51 | Plant, maintenance and operations | 62,743,647 | 88,318 | 132,395 | (62,522,934) |
| 52 | Security and monitoring services | 5,582,006 | 13,641 | 225,439 | (5,342,926) |
| 53 | Data processing services | 9,896,833 | - | 248,660 | (9,648,173) |
| 61 | Community services | 484,272 | 6,922 | 264,630 | (212,720) |
| 72 | Interest and fiscal charges for long term debt | 24,434,176 | - | 6,599,321 | (17,834,855) |
| 81 | Facilities acquisition and construction | 372,570 | 46,605 | 238,674 | (87,291) |
| 93 | Payments related to shared services arrangements | 1,219,990 | - | - | (1,219,990) |
| 95 | Payments to JJAEP | 39,600 | - | - | (39,600) |
| 99 | Other intergovernmental charges | 1,597,903 | - | - | (1,597,903) |
| TG | Total Governmental Activities | <u>653,310,985</u> | <u>4,862,560</u> | <u>120,045,432</u> | <u>(528,402,993)</u> |
| TP | Total Primary Government | <u>\$ 653,310,985</u> | <u>\$ 4,862,560</u> | <u>\$ 120,045,432</u> | <u>(528,402,993)</u> |

| Data Control Codes | General Revenues: | |
|--------------------------|---|----------------------|
| | Taxes: | |
| MT | Property taxes, levied for general purposes | 175,407,432 |
| DT | Property taxes, levied for debt service | 51,500,809 |
| SF | State-aid formula grants | 300,408,900 |
| IE | Investment earnings | 627,799 |
| MI | Miscellaneous | 2,461,361 |
| TR | Total General Revenues | <u>530,406,301</u> |
| CN | Change in net position | 2,003,308 |
| NB | Net Position - Beginning | <u>71,054,438</u> |
| NE | Net Position - Ending | <u>\$ 73,057,746</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2021

| Data Control Codes | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|-----------------------|-----------------------------|--------------------------|
| Assets | | | | | |
| 1110 Cash and cash equivalents | \$ 20,636,537 | \$ 757,616 | \$ - | \$ 385,575 | \$ 21,779,728 |
| 1120 Investments | 166,317,800 | 24,312,778 | 61,739,260 | - | 252,369,838 |
| Receivables: | | | | | |
| 1220 Delinquent property taxes receivables | 23,733,839 | 6,294,219 | - | - | 30,028,058 |
| 1230 Allowance for uncollectible taxes (credit) | (11,624,984) | (3,078,525) | - | - | (14,703,509) |
| 1240 Receivables from other governments | 27,659,896 | - | - | 18,377,741 | 46,037,637 |
| 1250 Accrued interest | 70,946 | 67,578 | - | - | 138,524 |
| 1260 Due from other funds | 510 | 506,200 | 29,321,705 | 6,284,891 | 36,113,306 |
| 1290 Other receivables | 338,271 | - | - | 95,742 | 434,013 |
| 1300 Inventories | 929,990 | - | - | 954,101 | 1,884,091 |
| 1410 Prepaid items | 8,362,832 | - | - | 29,523 | 8,392,355 |
| 1810 Restricted cash and cash equivalents | - | 332,791 | - | - | 332,791 |
| 1910 Long term investments | 71,571,443 | 11,167,657 | 2,587,879 | - | 85,326,979 |
| 1000 Total Assets | \$ 307,997,080 | \$ 40,360,314 | \$ 93,648,844 | \$ 26,127,573 | \$ 468,133,811 |
| Liabilities: | | | | | |
| 2110 Accounts payable | \$ 15,448,837 | \$ - | \$ 496 | \$ - | \$ 15,449,333 |
| 2150 Payroll deduction and withholdings | 4,678,189 | - | - | - | 4,678,189 |
| 2160 Accrued wages payable | 37,549,067 | - | 7,038 | 4,089,378 | 41,645,483 |
| 2170 Due to other funds | 19,875,352 | - | - | 14,674,048 | 34,549,400 |
| 2177 Due to others | 472,672 | - | - | - | 472,672 |
| 2180 Payable to other governments | 52,283,886 | 3,813,972 | - | 258,550 | 56,356,408 |
| 2200 Accrued expenditures | 9,314 | - | - | - | 9,314 |
| 2300 Unearned revenue | 29,710 | - | - | 713,070 | 742,780 |
| 2000 Total Liabilities | 130,347,027 | 3,813,972 | 7,534 | 19,735,046 | 153,903,579 |
| Deferred Inflows of Resources | | | | | |
| 2600 Unavailable Revenues - Property Taxes | 12,108,855 | 3,215,694 | - | - | 15,324,549 |
| 2600 Total Deferred Inflows of Resources | 12,108,855 | 3,215,694 | - | - | 15,324,549 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3410 Inventories | 929,990 | - | - | - | 929,990 |
| 3430 Prepaid items | 8,362,832 | - | - | 29,523 | 8,392,355 |
| Restricted: | | | | | |
| 3450 Federal/State grant restrictions | - | - | - | 2,343,963 | 2,343,963 |
| 3470 Capital acquisitions | - | - | 59,044,945 | - | 59,044,945 |
| 3480 Debt service | - | 33,330,648 | - | - | 33,330,648 |
| Committed: | | | | | |
| 3510 Construction repairs, renovations | 10,000,000 | - | 34,596,365 | - | 44,596,365 |
| 3545 Other purposes | - | - | - | 4,019,041 | 4,019,041 |
| Assigned: | | | | | |
| 3590 Other assigned | 10,045,689 | - | - | - | 10,045,689 |
| 3600 Unassigned | 136,202,687 | - | - | - | 136,202,687 |
| 3000 Total Fund Balances | 165,541,198 | 33,330,648 | 93,641,310 | 6,392,527 | 298,905,683 |
| 4000 Total Liabilities, Deferred Inflows, and Fund Balances | \$ 307,997,080 | \$ 40,360,314 | \$ 93,648,844 | \$ 26,127,573 | \$ 468,133,811 |

PASADENA INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

August 31, 2021

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: | \$ 298,905,683 |
| 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 | 1,521,927,462 |
| | Accumulated Depreciation of Governmental Capital Assets | <u>(549,554,352)</u> |
| | | 972,373,110 |
| 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. | 15,324,549 |
| 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 | (701,105,000) |
| | Premium on Bonds Payable | (68,404,081) |
| | Accrued Interest on the Bonds | (1,435,504) |
| | Compensated Absences | (244,821) |
| | Net Pension Liability | (192,750,901) |
| | Net OPEB Liability | <u>(177,412,041)</u> |
| | | (1,141,352,348) |
| 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 | 339,373 |
| | Workers' Compensation | <u>99,743</u> |
| | | 439,116 |
| 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. | 4,548,165 |
| 6 | Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. | |
| | Deferred outflows - pension related | 73,912,381 |
| | Deferred outflows - OPEB related | 38,372,618 |
| | Deferred inflows - pension related | (39,967,147) |
| | Deferred inflows - OPEB related | <u>(149,498,381)</u> |
| | | <u>(77,180,529)</u> |
| 19 | Total Net Position - Governmental Activities | <u>\$ 73,057,746</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended August 31, 2021

Exhibit C-3

| Data Control Codes | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|-----------------------|----------------------|-----------------------|-----------------------------|--------------------------|
| Revenues | | | | | |
| 5700 | \$ 177,461,756 | \$ 50,434,823 | \$ 212,704 | \$ 5,126,726 | \$ 233,236,009 |
| 5800 | 328,867,129 | 4,878,291 | - | 4,203,306 | 337,948,726 |
| 5900 | 36,724,710 | - | - | 74,273,022 | 110,997,732 |
| 5020 | 543,053,595 | 55,313,114 | 212,704 | 83,603,054 | 682,182,467 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | 321,488,981 | - | - | 39,836,373 | 361,325,354 |
| 0012 | 7,233,294 | - | - | 100,376 | 7,333,670 |
| 0013 | 7,254,003 | - | - | 1,635,475 | 8,889,478 |
| 0021 | 8,067,152 | - | - | 2,591,688 | 10,658,840 |
| 0023 | 40,612,594 | - | - | 1,765,934 | 42,378,528 |
| 0031 | 22,867,407 | - | - | 6,856,436 | 29,723,843 |
| 0032 | 167,296 | - | - | 198,179 | 365,475 |
| 0033 | 5,383,291 | - | - | 210,027 | 5,593,318 |
| 0034 | 16,802,869 | - | - | 362,126 | 17,164,995 |
| 0035 | - | - | - | 26,557,837 | 26,557,837 |
| 0036 | 7,536,907 | - | - | 1,361,777 | 8,898,684 |
| 0041 | 13,604,308 | - | - | 63,277 | 13,667,585 |
| 0051 | 60,674,385 | - | - | 239,746 | 60,914,131 |
| 0052 | 5,474,832 | - | - | 241,215 | 5,716,047 |
| 0053 | 9,291,089 | - | - | 248,660 | 9,539,749 |
| 0061 | 202,895 | - | - | 272,636 | 475,531 |
| Debt service: | | | | | |
| 0071 | - | 22,900,000 | - | - | 22,900,000 |
| 0072 | - | 28,729,466 | - | - | 28,729,466 |
| 0073 | - | 33,603 | - | - | 33,603 |
| Capital outlay: | | | | | |
| 0081 | 6,804,495 | - | 18,197,171 | 286,041 | 25,287,707 |
| Intergovernmental: | | | | | |
| 0093 | 1,219,990 | - | - | - | 1,219,990 |
| 0095 | 39,600 | - | - | - | 39,600 |
| 0099 | 1,597,903 | - | - | - | 1,597,903 |
| 6030 | 536,323,291 | 51,663,069 | 18,197,171 | 82,827,803 | 689,011,334 |
| 1100 | 6,730,304 | 3,650,045 | (17,984,467) | 775,251 | (6,828,867) |
| Other Financing Sources (Uses) | | | | | |
| 7915 | - | - | 27,000,000 | - | 27,000,000 |
| 8911 | (27,000,000) | - | - | - | (27,000,000) |
| 7080 | (27,000,000) | - | 27,000,000 | - | - |
| 1200 | (20,269,696) | 3,650,045 | 9,015,533 | 775,251 | (6,828,867) |
| 0100 | 185,810,894 | 29,680,603 | 84,625,777 | 5,617,276 | 305,734,550 |
| 3000 | \$ 165,541,198 | \$ 33,330,648 | \$ 93,641,310 | \$ 6,392,527 | \$ 298,905,683 |

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, 2021

Exhibit C-4

| <u>Data Control Codes</u> | | |
|-----------------------------------|---|-----------------------------------|
| | Net change in fund balances - total governmental funds (from C-3) | \$ (6,828,867) |
| | 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. | 27,449,978 |
| 2 | Depreciation expense taken to Statement of Activities. | <u>(33,247,850)</u> |
| | | (5,797,872) |
| 3 | Unavailable tax and grant revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 1,397,425 |
| 4 | Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. | 22,900,000 |
| 5 | Changes in pension liabilities and related deferred outflows and inflows of resources | (13,629,711) |
| 6 | Changes in OPEB liabilities and related deferred outflows and inflows of resources | 6,271,327 |
| | 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: | |
| 7 | Accrued interest payable | 34,385 |
| 8 | Amortization of gain/loss on refunding | (662,232) |
| 9 | Amortization of premiums and discounts on issuance of bonds | 4,956,740 |
| 10 | Change in accrued compensated absences | 27,160 |
| 11 | 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>(6,665,047)</u> |
| | Change in net position of governmental activities | <u><u>\$ 2,003,308</u></u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2021

Exhibit D-1

| | Governmental Activities Internal Service Funds |
|--------------------------------------|---|
| | <u> </u> |
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,754,142 |
| Temporary investments, at fair value | <u>7,760,094</u> |
| Total Current Assets | <u>9,514,236</u> |
| Total Assets | <u>\$ 9,514,236</u> |
| Liabilities | |
| Current liabilities: | |
| Due to other funds | \$ 1,563,906 |
| Claims payable | 6,093,458 |
| Non-current liabilities: | |
| Claims and judgments | <u>1,417,756</u> |
| Total Liabilities | <u>9,075,120</u> |
| Net Position | |
| Unrestricted | <u>439,116</u> |
| Total Net Position | <u>\$ 439,116</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended August 31, 2021

Exhibit D-2

| | Governmental Activities Internal Service Funds |
|---|---|
| Operating Revenues | |
| Interfund services provided and used | \$ 45,675,392 |
| Insurance recovery | 2,107,080 |
| Miscellaneous revenue | 209,606 |
| Total Operating Revenues | <u>47,992,078</u> |
| Operating Expenses | |
| Payroll costs | 619,931 |
| Purchased and contracted services | 985,877 |
| Claims expense and other operating expenses | 53,060,242 |
| Total Operating Expenses | <u>54,666,050</u> |
| Operating Income (Loss) | <u>(6,673,972)</u> |
| Non-Operating Revenues (Expenses) | |
| Investment earnings | 8,925 |
| Total Non-Operating Revenues | <u>8,925</u> |
| Change in Net Position | (6,665,047) |
| Net Position - Beginning | <u>7,104,163</u> |
| Net Position - Ending | <u>\$ 439,116</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY SERVICE FUNDS
For the Fiscal Year Ended August 31, 2021

Exhibit D-3

| | Governmental Activities |
|--|------------------------------------|
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities: | |
| Cash receipts from interfund services provided | \$ 47,239,298 |
| Cash receipts from (payments to) miscellaneous sources | 209,606 |
| Cash payments for insurance claims | 2,107,080 |
| Cash payments to employees | (619,931) |
| Cash payments to suppliers for goods and services | (52,610,418) |
| Net Cash Provided by (Used for) Operating Activities | <u>(3,674,365)</u> |
| Cash Flows from Investing Activities: | |
| Interest on investments | 8,925 |
| Purchase on Investments | 3,838,365 |
| Net Cash Provided by (Used for) Investing Activities | <u>3,847,290</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 172,925 |
| Cash and Cash Equivalents at Beginning of Year | <u>1,581,217</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 1,754,142</u> |
| Reconciliation to Balance Sheet | |
| Cash and Cash Equivalents Per Cash Flow | <u>\$ 1,754,142</u> |
| Cash and Cash Equivalents per Balance Sheet | <u>\$ 1,754,142</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | |
| Operating Income (Loss) | \$ (6,673,972) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities | |
| Change in Assets and Liabilities: | |
| Increase (decrease) in due to other funds | 1,563,906 |
| Increase (decrease) in Claims payable | 1,435,701 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (3,674,365)</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
August 31, 2021

Exhibit E-1

| | Custodial Fund |
|-------------------------------|---------------------------|
| Assets | |
| Due from others | \$ 472,672 |
| Total Assets | <u>\$ 472,672</u> |
| | |
| Net Position | |
| Restricted for student groups | 472,672 |
| Total Net Position | <u>\$ 472,672</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
For the Fiscal Year Ended August 31, 2021

Exhibit E-2

| | <u>Custodial Fund</u> |
|--|---------------------------|
| Additions | |
| Contributions | |
| Gifts and contributions | \$ 80,030 |
| Revenues from student activities | 179,536 |
| Revenues from enterprising activities | <u>21,276</u> |
| Total Additions | <u>280,842</u> |
| | |
| Deductions | |
| Scholarships awarded | 48,331 |
| Payments for student activities | 265,380 |
| Payments for enterprising activities | <u>4,798</u> |
| Total Deductions | <u>318,509</u> |
| | |
| Change in net position | (37,667) |
| | |
| Net Position - Beginning of Year, As Restated | <u>510,339</u> |
| Net Position - End of Year | <u><u>\$ 472,672</u></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 *custodial fund* is used to account for assets held by the District as an agent for student organizations.

D. Implementation of New Accounting Standards

GASB Statement No. 84 *Fiduciary Activities* was issued in January 2017 and effective for periods beginning December 15, 2019. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard must be applied retroactively and as such beginning net position and/or fund balance have been restated. The District has evaluated the effects of this standard and has restated its beginning net position accordingly.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Implementation of New Accounting Standards (continued)

GASB Statement No. 90 *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* was issued in August 2018 and effective for periods beginning December 15, 2019. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The District has determined that this Statement does not have an effect on the financial statements as of August 31, 2021.

GASB Statement No. 98 *The Annual Comprehensive Financial Report* was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The District implemented this statement in fiscal year 2021.

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, proprietary funds, and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. 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 60 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 60 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 60 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.

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

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. They are the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, deferred amounts related to OPEB, and deferred outflows related to rate swap agreements. The deferred charge on refunding resulted from the difference between 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. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The deferred amounts related to rate swap agreements results from the change in fair value of the hedging derivative instrument.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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).

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.

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 (continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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:

- 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.
- 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.
- Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

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.

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.

For fiscal year 2021, 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, Texas Fixed Income Trust, 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, 2021</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Percent of Total Investments</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Rating (S&P)</u> |
|--|------------------------|--|---|---|--|
| Investments Measured at Amortized Cost: | | | | | |
| Investment Pools | | | | | |
| TexPool | \$ 81,817,281 | \$ - | 23.67% | 29 | AAAm |
| TexPool Prime | 508,913 | - | 0.15% | 49 | AAAm |
| Lone Star Corporate Overnight Fund | 18,419 | - | 0.01% | 50 | AAAm |
| Lone Star Government Overnight Fund | 48,797 | - | 0.01% | 47 | AAAm |
| Texas DAILY | 312,409 | - | 0.09% | 1 | AAAm |
| Texas Fixed Income Trust | 10,001,214 | - | 2.89% | 95 | AAAf |
| Investments Measured at Fair Value, Not Subject to Level Reporting: | | | | | |
| Investment Pools | | | | | |
| Lone Star Corporate Overnight Plus Fund | 57,926,155 | - | 16.75% | 73 | AAAf |
| Texas CLASS | 54,917,932 | - | 15.88% | 52 | AAAm |
| Investments Measured at Fair Value Subject to Level Reporting: | | | | | |
| U.S. Government Agencies | 81,255,377 | 81,255,377 | 23.50% | 1073 | AA+ |
| Money Market | 407,056 | 407,056 | 0.12% | 1 | N/A |
| US Treasury Securities | 3,218,909 | 3,218,909 | 0.93% | 181 | AA+ |
| Municipal Bonds | 4,749,715 | 4,749,715 | 1.37% | 535 | AA+ |
| Certificates of Deposit | 2,527,768 | 2,527,768 | 0.73% | 504 | N/A |
| Commercial Paper | 48,079,757 | 48,079,757 | 13.90% | 130 | A-1/A-1+ |
| Total | <u>\$ 345,789,702</u> | <u>\$ 140,238,582</u> | <u>100.00%</u> | | |
| Portfolio Weighted Average Maturity | | | | <u>313</u> | |

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 PFI. 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, Texas DAILY, and Texas Fixed Income Trust 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, 2021, the District's bank balances and certificates of deposit of \$31,323,645 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

Receivables as of August 31, 2021, including the applicable allowance for uncollectible accounts, are as follows:

| | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total |
|---|-------------------------|----------------------------------|--|----------------------|
| Receivables: | | | | |
| Property taxes | \$ 23,733,839 | \$ 6,294,219 | \$ - | \$ 30,028,058 |
| Due from other governments | 27,659,896 | - | 18,377,741 | 46,037,637 |
| Accrued interest | 70,946 | 67,578 | - | 138,524 |
| Other receivables | 338,271 | - | 95,742 | 434,013 |
| Gross receivables | 51,802,952 | 6,361,797 | 18,473,483 | 76,638,232 |
| Less allowance for doubtful accounts | (11,624,984) | (3,078,525) | - | (14,703,509) |
| Net receivables | \$ 40,177,968 | \$ 3,283,272 | \$ 18,473,483 | \$ 61,934,723 |

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, 2021, were as follows:

| | Interfund Receivable | Interfund Payable |
|-----------------------------|---------------------------------|------------------------------|
| Governmental Funds: | | |
| General Fund | \$ 510 | \$ 19,875,352 |
| Capital Projects Fund | 29,321,705 | - |
| Debt Service Fund | 506,200 | - |
| Nonmajor Governmental Funds | 5,068,528 | 13,457,685 |
| Proprietary Funds: | | |
| Internal Service Funds | - | 1,563,906 |
| | \$ 34,896,943 | \$ 34,896,943 |

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, 2021:

| Transfer Out | Transfer In | Amount |
|---------------------|-----------------------|----------------------|
| General Fund | Capital Projects Fund | \$ 27,000,000 |
| Total | | \$ 27,000,000 |

Transfers from the general fund to the capital projects fund were to fund future capital projects.

Note 3 – Detailed Notes on All Funds (continued)

D. Capital Assets

| | Beginning Balance August 31, 2020 | Additions | Retirements | Transfers | Ending Balance August 31, 2021 |
|---|---|-----------------------|-------------|--------------------|--------------------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 70,903,065 | \$ 1,047,823 | \$ - | \$ - | \$ 71,950,888 |
| Construction in progress | 1,165,541 | 14,646,336 | - | (2,319,689) | 13,492,188 |
| Total Capital assets, not being depreciated | <u>72,068,606</u> | <u>15,694,159</u> | <u>-</u> | <u>(2,319,689)</u> | <u>85,443,076</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 1,217,481,446 | 9,144,108 | - | 2,276,782 | 1,228,902,336 |
| Furniture and equipment | 151,698,837 | 1,818,005 | - | 42,907 | 153,559,749 |
| Vehicles | 39,605,079 | 793,706 | - | - | 40,398,785 |
| Library books and media | 13,623,516 | - | - | - | 13,623,516 |
| Total Capital assets, being depreciated | <u>1,422,408,878</u> | <u>11,755,819</u> | <u>-</u> | <u>2,319,689</u> | <u>1,436,484,386</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (363,274,894) | (22,174,250) | - | - | (385,449,144) |
| Furniture and equipment | (118,954,946) | (9,454,368) | - | - | (128,409,314) |
| Vehicles | (22,393,205) | (1,462,152) | - | - | (23,855,357) |
| Library books and media | (11,683,457) | (157,080) | - | - | (11,840,537) |
| Total Accumulated depreciation | <u>(516,306,502)</u> | <u>(33,247,850)</u> | <u>-</u> | <u>-</u> | <u>(549,554,352)</u> |
| Total Capital Assets, being Depreciated, net | 906,102,376 | (21,492,031) | - | 2,319,689 | 886,930,034 |
| Governmental Capital Assets | <u>\$ 978,170,982</u> | <u>\$ (5,797,872)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 972,373,110</u> |

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

| Function | Depreciation Expense |
|--|---------------------------------|
| Instruction | \$ 20,573,682 |
| Instructional resources and media services | 451,456 |
| Curriculum and staff development | 452,749 |
| Instructional leadership | 503,497 |
| School leadership | 2,534,764 |
| Guidance, counseling and evaluation services | 1,427,231 |
| Social work services | 10,442 |
| Health services | 335,991 |
| Student transportation | 1,048,722 |
| Extracurricular activities | 470,403 |
| General administration | 849,087 |
| Plant maintenance and operations | 3,655,573 |
| Security and monitoring services | 341,703 |
| Data processing services | 579,887 |
| Community services | 12,663 |
| Total depreciation expense | <u>\$ 33,247,850</u> |

Note 3 – Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

Construction Commitments

The District has active construction projects as of August 31, 2021. The projects include the construction and equipment of school facilities. At year-end, the District’s commitments with contractors are as follows:

| Project | Approved Construction Budget | Stored and Completed To Date | Remaining Commitment |
|--------------------------------|------------------------------------|------------------------------------|-------------------------|
| Maintenance & Warehouse Center | \$ 19,381,474 | \$ 8,516,172 | \$ 10,865,302 |
| Thompson Intermediate | 39,509,554 | 3,182,023 | 36,327,531 |
| Braden Center | 629,487 | 548,836 | 80,651 |
| Administration Building | 26,496,600 | 1,245,157 | 25,251,443 |
| Totals | \$ 86,017,115 | \$ 13,492,188 | \$ 72,524,927 |

E. Long-Term Debt

The District’s long-term debt consist of bond indebtedness, health insurance, workers’ compensation, compensated absences, 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 debt is generally liquidated with resources of the general fund.

Changes in Long-Term Debt

Long-term debt activity for the year ended August 31, 2021, was as follows:

| | Balance at August 31, 2020 | Additions | Retirements | Balance at August 31, 2021 | Due Within One Year |
|--|-------------------------------|------------------------|----------------------|-------------------------------|------------------------|
| Bonds Payable: | | | | | |
| General obligation bonds payable | \$ 724,005,000 | \$ - | \$ (22,900,000) | \$ 701,105,000 | \$ 23,890,000 |
| Issuance premiums | 73,360,821 | - | (4,956,740) | 68,404,081 | - |
| Total Bonds Payable, net | 797,365,821 | - | (27,856,740) | 769,509,081 | 23,890,000 |
| Health Insurance Claims | 4,161,271 | (51,144,113) | 52,531,802 | 5,548,960 | 5,548,960 |
| Workers' Compensation Claims | 1,914,242 | 667,943 | (619,931) | 1,962,254 | 544,498 |
| Compensated Absences | 271,981 | 3,019 | (30,179) | 244,821 | 44,718 |
| Government Activities Long-term Liabilities | \$ 803,713,315 | \$ (50,473,151) | \$ 24,024,952 | \$ 777,265,116 | \$ 30,028,176 |

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Debt (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:

| Series | Original Issuance Amount | Interest Rate (%) | Final Maturity Date | Beginning Balance | Additions | Reductions | Debt Outstanding |
|--|--------------------------|-------------------|---------------------|-----------------------|-------------|------------------------|-----------------------|
| 2005B School Building Bonds | \$ 80,000,000 | Variable | 2035 | \$ 79,900,000 | \$ - | \$ - | \$ 79,900,000 |
| 2012A School Building Bonds | 60,755,000 | 2.00% to 5.00% | 2041 | 24,770,000 | - | (245,000) | 24,525,000 |
| 2012B Refunding Bonds | 12,785,000 | 2.00% to 5.00% | 2021 | 2,060,000 | - | (2,060,000) | - |
| 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 | 4,215,000 | - | (4,215,000) | - |
| 2013 School Building and Refunding Bonds | 226,360,000 | 1.00% to 5.00% | 2043 | 129,735,000 | - | (485,000) | 129,250,000 |
| 2014B Refunding Bonds | 2,380,000 | 1.94% | 2021 | 355,000 | - | (355,000) | - |
| 2015A School Building Bonds | 61,060,000 | 3.00% to 5.00% | 2035 | 34,295,000 | - | (6,455,000) | 27,840,000 |
| 2015B School Building Bonds | 98,375,000 | Variable | 2044 | 61,060,000 | - | (785,000) | 60,275,000 |
| 2015 Refunding Bonds | 50,920,000 | 3.00% to 5.00% | 2035 | 98,375,000 | - | - | 98,375,000 |
| 2018 School Building Bonds | 120,095,000 | 4.00% to 5.00% | 2044 | 108,555,000 | - | (6,755,000) | 101,800,000 |
| 2019 Refunding Bonds | 43,000,000 | 5.00% | 2029 | 43,000,000 | - | - | 43,000,000 |
| 2020 Refunding Bonds | 108,635,000 | 1.47% to 5.00% | 2035 | 108,635,000 | - | (1,545,000) | 107,090,000 |
| | | | | <u>\$ 724,005,000</u> | <u>\$ -</u> | <u>\$ (22,900,000)</u> | <u>\$ 701,105,000</u> |

Variable Rate Unlimited Tax School Building Bonds, Series 2005B

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.

| Original Issuance Amount | End of Initial Rate Period | Final Maturity | Initial Rate | Initial Yield |
|--------------------------|----------------------------|----------------|--------------|---------------|
| \$ 80,000,000 | 8/31/2005 | 2/1/2035 | 4.70% | 2.35% |

Note 3 – Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

General Obligation Bonds (continued)

Variable Rate Unlimited Tax School Building Bonds, Series 2015B (continued)

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. 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.

| Original Issuance Amount | End of Initial Rate Period | Final Maturity | Initial Rate | Initial Yield |
|---------------------------------|-----------------------------------|-----------------------|---------------------|----------------------|
| \$ 98,375,000 | 8/15/2019 | 2/15/2044 | 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, 2021, the District reported \$332,791 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:

| Year Ending August 31, | Principal | Interest | Totals |
|-------------------------------|-----------------------|--------------------|-------------------------|
| 2022 | \$ 23,890,000 | \$ 27,518,769 | \$ 51,408,769 |
| 2023 | 23,275,000 | 26,395,394 | 49,670,394 |
| 2024 | 27,555,000 | 25,168,926 | 52,723,926 |
| 2025 | 23,780,000 | 26,389,996 | 50,169,996 |
| 2026 | 26,985,000 | 25,172,871 | 52,157,871 |
| 2027-2031 | 176,360,000 | 103,987,131 | 280,347,131 |
| 2032-2036 | 160,160,000 | 70,179,341 | 230,339,341 |
| 2037-2041 | 148,635,000 | 36,582,950 | 185,217,950 |
| 2042-2044 | 90,465,000 | 5,078,350 | 95,543,350 |
| | <u>\$ 701,105,000</u> | <u>346,473,728</u> | <u>\$ 1,047,578,728</u> |

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

Cumulative Sinking Fund (continued)

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, 2021.

Refunding of Long-Term Debt

The District periodically enters into transactions in which certain outstanding bonds are refunded 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, 2021, the District had \$101,450,000 in defeased bonds outstanding.

Interest Rate Swap Agreements

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 interest rate synthetic fixed 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.

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 of the derivative instrument outstanding at August 31, 2021, and the changes in fair value of the derivative instrument for the year then ended are as follows:

| Cash Flow Hedge: | <u>Amount</u> |
|---|----------------------|
| Positive/(Negative) fair value of interest rate swaps (deferred outflows) and derivative instruments (liabilities) | \$ (16,162,527) |
| Current year increase/(decrease) in fair value of interest rate swaps (deferred outflows) and derivative instruments (liabilities) | (4,781,155) |

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.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

Interest Rate Swap Agreements (continued)

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 | 0.680% |
| Ongoing swap interest costs | 4.429% |
| Swap cost (benefit) to date | 0.038% |
| Effective swap rate to date | 4.467% |

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 following amounts represent the benefits realized by participating in the Swap agreement:

| | Amount |
|---|---------------|
| Calculated Benefit to Maturity vs. Fixed Rate Bonds at Time of Original Transaction | \$ 2,564,094 |
| Basis (Cost) / Benefit to Date | \$ 3,515,547 |
| Adjusted Swap Benefit vs. Fixed Rate Bonds | \$ 6,079,640 |

Fair Value

Because long-term LIBOR Swap interest rates have declined since inception of the Swaps, the Swaps had a negative fair value of \$16,162,527. 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.

Credit Risk

As of August 31, 2021, 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 (Moody's) |
|---------------------------------|----------------------------|------------------------------|---|
| Morgan Stanley Capital Services | \$ 39,950,000 | \$ (8,083,208) | Aa2 |
| Bank of America, N.A. | 39,950,000 | (8,079,319) | Aa2 |
| | <u>\$ 79,900,000</u> | <u>\$ (16,162,527)</u> | |

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

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 fair 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 fair 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.

As of August 31, 2021, the debt obligations were rated Aa2 by Moody's Investor Service.

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.

Note 3 - Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

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, 2022. 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, 2021, 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 | Principal | Variable Rate Payments | Hedging Net | Total |
|---------------|---------------|---------------------------|----------------|----------------|
| 2022 | \$ 3,735,000 | \$ 7,730 | \$ 3,411,224 | \$ 7,153,954 |
| 2023 | 7,570,000 | 7,137 | 3,164,315 | 10,741,452 |
| 2024 | 6,355,000 | 6,455 | 2,859,905 | 9,221,360 |
| 2025 | 6,230,000 | 5,830 | 2,584,834 | 8,820,664 |
| 2026 | 6,050,000 | 5,221 | 2,316,426 | 8,371,647 |
| 2027 - 2031 | 26,330,000 | 18,694 | 8,311,328 | 34,660,022 |
| 2032 - 2035 | 23,630,000 | 4,581 | 2,098,466 | 25,733,047 |
| Totals | \$ 79,900,000 | \$ 55,648 | \$ 24,746,498 | \$ 104,702,146 |

Operating Leases

Commitments under operating lease agreements for facilities and equipment provide for minimum future rental payments. As of August 31, 2021, these payments were as follows:

| Year Ending August 31, | General |
|------------------------------|------------|
| 2022 | \$ 122,382 |
| 2023 | 107,270 |
| 2024 | 85,583 |
| 2025 | 80,498 |
| 2026 | 49,018 |
| Total Minimum Rentals | \$ 444,751 |

Rental expenditures in fiscal year 2021 were \$1,824,097.

Note 3 - Detailed Notes on All Funds (continued)

F. Fund Balance

At August 31, 2021, the following amounts are restricted, committed, or assigned in the governmental funds:

| <u>Fund</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| General Fund | \$ - | \$ 10,000,000 | \$ 10,045,689 |
| Debt Service Fund | 33,330,648 | - | - |
| Capital Projects Fund | 59,044,945 | 34,596,365 | - |
| Nonmajor Governmental Funds | 2,343,963 | 4,019,041 | - |
| Total Encumbrances | <u>\$ 94,719,556</u> | <u>\$ 48,615,406</u> | <u>\$ 10,045,689</u> |

The committed fund balance includes the following commitments of funds:

Committed Fund Balances

| | |
|---|-------------------|
| Campus Activity Funds | \$ 4,019,041 |
| Facilities Construction in the General Fund | 10,000,000 |
| Self Funded Construction in the Capital Projects Fund | 34,596,365 |
| | <u>48,615,406</u> |

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

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

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
|----------------------|-------------------------|----------------------------------|--------------------------------------|---------------------------|-----------------------|
| Property Taxes | \$ 173,835,014 | \$ 50,284,454 | \$ - | \$ - | \$ 224,119,468 |
| Charges for Services | 628,858 | - | - | 3,675,163 | 4,304,021 |
| Investment Earnings | 255,480 | 150,369 | 212,704 | 321 | 618,874 |
| Other | 2,742,404 | - | - | 1,451,242 | 4,193,646 |
| Total | <u>\$ 177,461,756</u> | <u>\$ 50,434,823</u> | <u>\$ 212,704</u> | <u>\$ 5,126,726</u> | <u>\$ 233,236,009</u> |

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, 2021, employees of the District were covered by a health insurance plan (the “Plan”). The District contributed \$295 per month per employee to the Plan. 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.

As of August 31, 2021, estimated claims that were unpaid and incurred but not reported totaled \$5,548,960. An analysis of claims liability for the past two fiscal years are as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|---------------------|---------------------|
| Accrual, September 1 | \$ 4,161,271 | \$ 4,558,245 |
| Current year estimates/provisions | (51,144,113) | 42,790,304 |
| Payments for claims | <u>52,531,802</u> | <u>(43,187,278)</u> |
| Accrual, August 31 | <u>\$ 5,548,960</u> | <u>\$ 4,161,271</u> |

Self-Funded Worker’s Compensation

During the year ended August 31, 2021, 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, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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.

Note 4 - Other Information (continued)

A. Risk Management (continued)

Self-Funded Workers' Compensation (continued)

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 \$1,962,254.

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

| <u>Fiscal Year</u> | <u>Claims</u> |
|--------------------|---------------|
| 2012 | 371 |
| 2013 | 588 |
| 2014 | 374 |
| 2015 | 347 |
| 2016 | 342 |
| 2017 | 343 |
| 2018 | 390 |
| 2019 | 375 |
| 2020 | 272 |
| 2021 | 247 |
| 10-Year Average | <u>365</u> |

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

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Unpaid Claims, Beginning of Fiscal Year | \$ 1,914,242 | \$ 2,004,080 |
| Incurred Claims, including provisions (adjustment) for IBNR | 667,943 | 906,948 |
| Claim Payments | (619,931) | (996,786) |
| Unpaid Claims, End of Fiscal Year | <u>\$ 1,962,254</u> | <u>\$ 1,914,242</u> |

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, 2021, 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.

Note 4 - Other Information (continued)

B. Pension Plan and Other Post-Employment Benefits

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). TRS's defined benefit pension plan is 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.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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 postemployment 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.

Texas Government Code section 821.006 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. Actuarial implications of the funding provided in the manner are determined by the TRS actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Note 4 - Other Information (continued)

B. Pension Plan and Other Post-Employment Benefits (continued)

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

| | Contribution Rates | |
|----------------------------------|---------------------------|-------------|
| | 2021 | 2020 |
| Member | 7.7% | 7.7% |
| Non-employer contributing agency | 7.5% | 7.5% |
| Employers | 7.5% | 7.5% |

| | Fiscal Year |
|--|--------------------|
| | 2021 |
| District Contributions | \$ 15,423,254 |
| Employee Contributions | 32,676,302 |
| Non-employer Contributing Entity (State) | 21,481,469 |

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 General Appropriations Act (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:

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member’s salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- 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.

Note 4 - Other Information (continued)

B. Pension Plan and Other Post-Employment Benefits (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

| Component | Result |
|---|---|
| Valuation Date | August 31, 2019, rolled forward to August 31, 2020 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Long-term Expected Rate | 7.25% |
| Municipal Bond Rate as of August 2020 | 2.33%. 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." |
| Last year ending August 31 in Projection Period (100 years) | 2119 |
| Inflation | 2.30% |
| Salary Increases | 3.05% to 9.05% including inflation |
| Ad Hoc Post-Employment Benefit Changes | None |

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. These assumptions are further described the 2020 TRS ACFR, which includes actuarial valuation report dated November 14, 2019.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

| Asset Class | Target Allocation ¹ | Long-Term Expected Arithmetic Real Rate of Return ² | Expected Contribution to Long-Term Portfolio Returns |
|--|--------------------------------|--|--|
| Global Equity | | | |
| USA | 18.00% | 3.90% | 0.99% |
| Non-U.S. Developed | 13.00% | 5.10% | 0.92% |
| Emerging Markets | 9.00% | 5.60% | 0.83% |
| Private Equity | 14.00% | 6.70% | 1.41% |
| Stable Value | | | |
| Government Bonds | 16.00% | -0.70% | -0.05% |
| Absolute Return (Including Credit Sensitive Investments) | 0.00% | 1.80% | 0.00% |
| Stable Value Hedge Funds | 5.00% | 1.90% | 0.11% |
| Real Return | | | |
| Real Estate | 15.00% | 4.60% | 1.01% |
| Energy, Natural Resources and Infrastructure | 6.00% | 6.00% | 0.42% |
| Commodities | 0.00% | 0.80% | 0.00% |
| Risk Parity | | | |
| Risk Parity | 8.00% | 3.00% | 0.30% |
| Leverage | | | |
| Cash | 2.00% | -1.50% | -0.03% |
| Asset Allocation Leverage | -6.00% | -1.30% | 0.08% |
| Inflation Expectation | | | 2.00% |
| Volatility Drag ³ | | | -0.67% |
| Expected Return | 100.00% | | 7.32% |

¹ Target allocations are based on the FY2020 policy model.

² Capital Market Assumptions come from Aon Hewitt as of August 31, 2020.

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 4 - Other Information (continued)

B. Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

| | Discount Rate | | |
|--|--------------------------------|---------------------------------|--------------------------------|
| | 1% Decrease (6.25%) | Current Rate (7.25%) | 1% Increase (8.25%) |
| District's proportional share of the net pension liability | \$ 297,218,439 | \$ 192,750,901 | \$ 107,873,314 |

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

At August 31, 2021, the District reported a liability of \$192,750,901 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 were as follows:

| | |
|--|-----------------------|
| District's proportionate share of the collective net pension liability | \$ 192,750,901 |
| State's proportionate share that is associated with the District | <u>277,074,385</u> |
| Total | <u>\$ 469,825,286</u> |

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020, the District's proportion of the collective net pension liability was 0.3599% which was a decrease of 0.0425% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation. There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$29,072,450. The District also recognized on-behalf pension expense and revenue of \$33,325,896 for support provided by the State.

Note 4 - Other Information (continued)

B. Pension Plan and Other Post-Employment Benefits (continued)

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

At August 31, 2021, the District reported 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 | \$ 351,948 | \$ (5,379,166) |
| Changes of assumption | 44,725,067 | (19,016,786) |
| Net difference between projected and actual earnings on pension plan investments | 3,902,077 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 9,510,035 | (15,571,195) |
| District contributions subsequent to the measurement date | 15,423,254 | - |
| Total | <u>\$ 73,912,381</u> | <u>\$ (39,967,147)</u> |

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$15,423,254 will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year</u> | <u>Pension Expense Amount</u> |
|--------------------|---------------------------------------|
| 2022 | \$ 6,409,534 |
| 2023 | 8,815,662 |
| 2024 | 7,908,453 |
| 2025 | 872,373 |
| 2026 | (4,565,527) |
| Thereafter | (918,515) |
| | <u>\$ 18,521,980</u> |

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the net pension liabilities on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

Note 4 - Other Information (continued)

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 Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to 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 non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table:

| TRS-Care Monthly Premium Rates | | | | |
|--|-----------------|-------|---------------------|-----|
| | 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 |

Note 4 - Other Information (continued)

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

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.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% 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 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. 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 | |
|----------------------------------|---------------------------|-------------|
| | 2021 | 2020 |
| Member | 0.65% | 0.65% |
| Non-employer contributing agency | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private funding | 1.25% | 1.25% |

| | Fiscal Year | |
|--|--------------------|-----------|
| | 2021 | |
| District Contributions | \$ | 3,597,180 |
| Employee Contributions | | 2,757,923 |
| Non-employer Contributing Entity (State) | | 6,798,012 |

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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Note 4 - Other Information (continued)

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

| Component | Result |
|--|---|
| Valuation Date | August 31, 2019, rolled forward to August 31, 2020 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 2.33% as of August 31, 2020 |
| Aging Factors | Based on plan specific experience |
| Election Rates | Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65 |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs. |
| Salary Increases | 3.05% to 9.05% including inflation |
| Ad Hoc Post-Employment Benefit Changes | None |

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation 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 and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

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 for healthy lives 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).

Note 4 - Other Information (continued)

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

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% 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. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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 (2.33%) in measuring the Net OPEB Liability.

| | Discount Rate | | |
|---|--------------------------------|---------------------------------|--------------------------------|
| | 1% Decrease (1.33%) | Current Rate (2.33%) | 1% Increase (3.33%) |
| District's proportional share of the net OPEB liability | \$ 212,894,043 | \$ 177,412,041 | \$ 149,386,352 |

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

At August 31, 2021, the District reported a liability of \$177,412,041 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 | \$ 177,412,041 |
| State's proportionate share that is associated with the District | 238,399,256 |
| Total | <u>\$ 415,811,297</u> |

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the District’s proportion of the collective Net OPEB Liability was 0.4667% which was a decrease of 0.0350% from its proportion measured as of August 31, 2019.

Note 4 - Other Information (continued)

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

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

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

| | Healthcare Cost Trend Rate | | |
|---|-----------------------------------|---------------------|--------------------|
| | 1% Decrease | Current Rate | 1% Increase |
| District's proportional share of the net OPEB liability | \$ 144,922,908 | \$ 177,412,041 | \$ 220,682,975 |

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date. There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized negative OPEB expense of \$2,667,815. The District also recognized negative on-behalf expense and revenue of \$1,655,354 for support provided by the State.

At August 31, 2021, the District reported 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 experience | \$ 9,289,224 | \$ (81,192,821) |
| Changes of assumption | 10,942,634 | (48,718,263) |
| Net difference between projected and actual earnings on OPEB plan investments | 57,652 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 14,485,928 | (19,587,297) |
| District contributions subsequent to the measurement date | 3,597,180 | - |
| Total | \$ 38,372,618 | \$ (149,498,381) |

The \$3,597,180 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 year ending August 31, 2022.

Note 4 - Other Information (continued)

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

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

The net amounts of the District’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year</u> | <u>OPEB Expense Amount</u> |
|--------------------|--------------------------------|
| 2022 | \$ (18,443,913) |
| 2023 | (18,451,620) |
| 2024 | (18,456,028) |
| 2025 | (18,454,821) |
| 2026 | (13,716,072) |
| Thereafter | <u>(27,200,489)</u> |
| | <u>\$ (114,722,943)</u> |

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the net OPEB liabilities on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

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, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$1,904,465, \$1,797,746, and \$1,523,940, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

D. Subsequent Events

As of September 2, 2021, the Texas Education Agency informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

LEAs have reported to TEA that attendance rate declines continue to occur due to COVID-19. As a result, TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the District has not determined the impact.

Note 4 - Other Information (continued)

E. COVID-19

The full extent of the ongoing impact of COVID-19 on the District’s 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

F. Prior Period Adjustment

During the current fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position of the District’s custodial funds has been restated as follows:

| | <u>Custodial Fund</u> |
|---|------------------------------|
| Beginning Net Position, as originally presented | \$ - |
| Reclassification of amounts due to student groups and others to net position | 510,339 |
| Beginning Net Position, as restated | <u><u>\$ 510,339</u></u> |



REQUIRED SUPPLEMENTARY INFORMATION





PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended August 31, 2021

Exhibit G-1

| | | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|---|-----------------------|-----------------------|-----------------------|-------------------------------|
| | | Original | Final | | |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 168,457,082 | \$ 179,402,682 | \$ 177,461,756 | \$ (1,940,926) |
| 5800 | State program revenues | 357,646,635 | 327,647,192 | 328,867,129 | 1,219,937 |
| 5900 | Federal program revenues | 9,821,000 | 16,119,207 | 36,724,710 | 20,605,503 |
| 5020 | Total Revenues | 535,924,717 | 523,169,081 | 543,053,595 | 19,884,514 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 335,703,461 | 338,639,752 | 321,488,981 | 17,150,771 |
| 0012 | Instruction resources and media services | 7,751,725 | 7,608,758 | 7,233,294 | 375,464 |
| 0013 | Curriculum and instructional staff development | 7,997,242 | 8,009,851 | 7,254,003 | 755,848 |
| 0021 | Instructional leadership | 7,229,512 | 8,992,463 | 8,067,152 | 925,311 |
| 0023 | School leadership | 41,277,065 | 42,153,743 | 40,612,594 | 1,541,149 |
| 0031 | Guidance, counseling and evaluation services | 27,475,436 | 25,051,688 | 22,867,407 | 2,184,281 |
| 0032 | Social work services | 213,322 | 255,117 | 167,296 | 87,821 |
| 0033 | Health services | 5,413,884 | 5,779,451 | 5,383,291 | 396,160 |
| 0034 | Student transportation | 17,458,116 | 17,531,014 | 16,802,869 | 728,145 |
| 0036 | Extracurricular activities | 8,341,899 | 8,141,313 | 7,536,907 | 604,406 |
| 0041 | General administration | 13,602,330 | 14,477,137 | 13,604,308 | 872,829 |
| 0051 | Facilities maintenance and operations | 59,225,763 | 65,270,171 | 60,674,385 | 4,595,786 |
| 0052 | Security and monitoring services | 5,222,730 | 6,225,095 | 5,474,832 | 750,263 |
| 0053 | Data processing services | 10,995,094 | 10,501,835 | 9,291,089 | 1,210,746 |
| 0061 | Community services | 397,439 | 370,432 | 202,895 | 167,537 |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 1,360,000 | 7,964,847 | 6,804,495 | 1,160,352 |
| Intergovernmental: | | | | | |
| 0093 | Payments related to shared services arrangements | 1,300,000 | 1,240,000 | 1,219,990 | 20,010 |
| 0095 | Payments to Juvenile Justice Alt. Ed. Prgm. | 100,000 | 200,000 | 39,600 | 160,400 |
| 0099 | Other intergovernmental charges | 1,600,000 | 1,600,000 | 1,597,903 | 2,097 |
| 6030 | Total Expenditures | 552,665,018 | 570,012,667 | 536,323,291 | 33,689,376 |
| 1100 | Excess (deficiency) of revenues over expenditures | (16,740,301) | (46,843,586) | 6,730,304 | 53,573,890 |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | 13,000,000 | - | (13,000,000) |
| 8911 | Transfers out | - | (27,000,000) | (27,000,000) | - |
| 8949 | Court mandated tax refunds | - | (1,900,000) | - | 1,900,000 |
| 7080 | Total Other Financing Sources (Uses) | - | (15,900,000) | (27,000,000) | (11,100,000) |
| 1200 | Net change in fund balances | (16,740,301) | (62,743,586) | (20,269,696) | 42,473,890 |
| 0100 | Fund Balance - beginning | 185,810,894 | 185,810,894 | 185,810,894 | - |
| 3000 | Fund Balance - ending | \$ 169,070,593 | \$ 123,067,308 | \$ 165,541,198 | \$ 42,473,890 |

PASADENA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2021.

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, 2020. 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 Seven Measurement Years

Exhibit G-2

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0.35990% | 0.40240% | 0.39102% | 0.39015% |
| District's proportionate share of the net pension liability | \$ 192,750,901 | \$ 209,167,194 | \$ 215,224,797 | \$ 124,749,408 |
| State's proportionate share of the net pension liability associated with the District | <u>277,074,385</u> | <u>257,967,666</u> | <u>289,741,506</u> | <u>174,464,486</u> |
| Total | <u>\$ 469,825,286</u> | <u>\$ 467,134,860</u> | <u>\$ 504,966,303</u> | <u>\$ 299,213,894</u> |
| District's covered payroll (for Measurement Year) | \$ 420,738,695 | \$ 402,982,794 | \$ 393,650,768 | \$ 385,280,812 |
| District's proportionate share of the net pension liability as a percentage of it's covered payroll | 45.81% | 51.90% | 54.67% | 32.38% |
| Plan fiduciary net position as a percentage of the total pension liability * | 75.54% | 75.24% | 73.74% | 82.17% |
| Plan's net pension liability as a percentage of covered payroll * | 110.36% | 114.93% | 128.28% | 77.66% |

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0.37514% | 0.38029% | 0.27776% |
| District's proportionate share of the net pension liability | \$ 141,759,250 | \$ 134,428,514 | \$ 74,193,350 |
| State's proportionate share of the net pension liability associated with the District | <u>207,913,636</u> | <u>194,271,517</u> | <u>164,362,313</u> |
| Total | <u>\$ 349,672,886</u> | <u>\$ 328,700,031</u> | <u>\$ 238,555,663</u> |
| District's covered payroll (for Measurement Year) | \$ 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 | 38.15% | 38.45% | 22.83% |
| Plan fiduciary net position as a percentage of the total pension liability * | 78.00% | 78.43% | 83.25% |
| Plan's net pension liability as a percentage of covered payroll * | 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.

* 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 Seven Fiscal Years

Exhibit G-3

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Contractually required contributions | \$ 15,423,254 | \$ 14,829,764 | \$ 14,083,533 | \$ 13,394,652 |
| Contributions in relation to the contractual required contributions | <u>(15,423,254)</u> | <u>(14,829,764)</u> | <u>(14,083,533)</u> | <u>(13,394,652)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | <u>\$ 424,341,150</u> | <u>\$ 420,738,695</u> | <u>\$ 402,982,794</u> | <u>\$ 393,650,768</u> |
| Contributions as a percentage of covered payroll | 3.63% | 3.52% | 3.49% | 3.40% |

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|-----------------------|
| Contractually required contributions | \$ 12,777,649 | \$ 11,919,889 | \$ 11,260,635 |
| Contributions in relation to the contractual required contributions | <u>(12,777,649)</u> | <u>(11,919,889)</u> | <u>(11,260,635)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | <u>\$ 385,280,812</u> | <u>\$ 371,602,326</u> | <u>\$ 349,578,393</u> |
| Contributions as a percentage of covered payroll | 3.32% | 3.21% | 3.21% |

PASADENA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
Teacher Retirement System of Texas

Changes of Assumptions

The single discount rate as of August 31, 2019 was 7.25 percent, which is the same rate as of August 31, 2020.

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 Four Measurement Years

Exhibit G-4

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net OPEB liability | 0.466700% | 0.501700% | 0.487809% | 0.469001% |
| District's proportionate share of the net OPEB liability | \$ 177,412,041 | \$ 237,273,584 | \$ 243,567,654 | \$ 203,950,904 |
| State's proportionate share of the net OPEB liability associated with the District | <u>238,399,256</u> | <u>315,283,522</u> | <u>327,217,929</u> | <u>294,054,584</u> |
| Total | <u>\$ 415,811,297</u> | <u>\$ 552,557,106</u> | <u>\$ 570,785,583</u> | <u>\$ 498,005,488</u> |
| District's covered payroll (for Measurement Year) | \$ 420,738,695 | \$ 402,982,794 | \$ 393,650,768 | \$ 385,280,812 |
| District's proportionate share of the net OPEB liability as a percentage of it's covered payroll | 42.17% | 58.88% | 61.87% | 52.94% |
| Plan fiduciary net position as a percentage of the total OPEB liability * | 4.99% | 2.66% | 1.57% | 0.91% |
| Plan's net OPEB liability as a percentage of covered payroll * | 101.46% | 135.21% | 146.64% | 132.55% |

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

* 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 Four Fiscal Years

Exhibit G-5

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Contractually required contributions | \$ 3,597,180 | \$ 3,541,172 | \$ 3,560,617 | \$ 3,370,143 |
| Contributions in relation to the contractually required contributions | <u>3,597,180</u> | <u>3,541,172</u> | <u>3,560,617</u> | <u>3,370,143</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | <u>\$ 424,341,150</u> | <u>\$ 420,738,695</u> | <u>\$ 402,982,794</u> | <u>\$ 393,650,768</u> |
| Contributions as a percentage of covered payroll | 0.85% | 0.84% | 0.88% | 0.86% |

The District adopted GASB Statement No. 75 during fiscal year 2019.

PASADENA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - OPEB
Teacher Retirement System of Texas

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that have affected measurement of the Total OPEB liability (TOL):

- The discount rate was 2.33 percent, 2.63 percent, and 3.69 percent as of August 31, 2020, August 31, 2019, and August 31, 2018, respectively.
- During measurement year 2020, the participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- During measurement year 2020, the ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- During measurement year 2019, the health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- During measurement year 2019, the participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- During measurement year 2019, the percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

Changes of Benefit Terms

There were no changes in benefit terms in the 2020 measurement year.

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

ESEA, Title X, Part C, Education for Homeless Children and Youth

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.

ESEA 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.

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, Discretionary

To account, on a project basis, for funds received from the U.S. Department of Education, passed through a regional education service center (ESC), granted for a special education component, targeted support, regional day school program for the deaf, private residential placements, priority projects, and other emerging needs..

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.

Career and Technical Education - 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.

ESEA 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.

**Nonmajor Governmental Funds
Special Revenue Funds
Fund Name & Description (continued)**

ESEA 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.

ESEA Title IV, Part B, 21st Century Learning Centers

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.

Elementary & Secondary School Emergency Relief Fund (ESSER)

Funds used to account for federal stimulus ESSER funds granted to the District through the CARES Act that support the District's ability to operate and instruct its students during the COVID-19 pandemic.

Title I School Improvement Program (SIP) Academy Grant

Funds used to help address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement. In addition, a portion of SIP funds are used to leverage change and improve technical assistance provided through targeting activities toward measurable outcomes as required by the US Department of Education (USDE). Expected results from the use of these grants include improving student proficiency, increasing the number of campuses that make adequate yearly progress, and using data to inform decisions and create a system of continuous feedback and improvement.

Elementary and Secondary School Emergency Relief Fund II

Funds used to account for federal stimulus ESSER funds granted to District through the CRSSA Act that support the District's ability to operate and instruct its students during the COVID-19 pandemic.

ESSER III of the American Rescue Plan Act of 2021

Funds used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.

Federally Funded Special Revenue Funds

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

Shared Services Arrangements, IDEA, Part B, Discretionary

To account for the fiscal agent activities for funds granted for a special education component, targeted support, regional day school program for the deaf, private residential placements, priority projects, and other emerging needs.

Shared Services Arrangements, IDEA, Part C, Deaf

Funds used to for programs in local regional day schools for the deaf and the Texas School for the Deaf. The programs use certified and trained teachers to provide direct services to hearing impaired infants and toddlers, ages birth through two years

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.

**Nonmajor Governmental Funds
Special Revenue Funds
Fund Name & Description (continued)**

Texas 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.

State Instructional Materials 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.

State Funded Special Revenue Funds

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

SSA Regional Day School for the Deaf

Accounts for funds allocated through a shared service arrangement for the staff and activities of the regional day school program for the Deaf (RDSPD).

SSA State Educational Programs

Accounts on a project basis for state funded shared service arrangement 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.

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.

BridgeUp at Menninger

To account, on a project basis, for funds received for the BridgeUp at Menninger grant.

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, 2021

Exhibit H-1
Page 1 of 9

| 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 |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | 3,256 | 4,961,152 | 20,290 | 1,686,542 |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 3,256</u> | <u>\$ 4,961,152</u> | <u>\$ 20,290</u> | <u>\$ 1,686,542</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ - | \$ 1,274,321 | \$ 9,870 | \$ 674,589 |
| 2170 | Due to other funds | 3,256 | 3,686,831 | 10,420 | 1,011,953 |
| 2180 | Payable to other governments | - | - | - | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>3,256</u> | <u>4,961,152</u> | <u>20,290</u> | <u>1,686,542</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 3,256</u> | <u>\$ 4,961,152</u> | <u>\$ 20,290</u> | <u>\$ 1,686,542</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 2 of 9

| | 225 | 226 | 240 | 242 |
|---|---------------------------|-----------------------------|---|---------------------------|
| Data Control Codes | IDEA, Part B Preschool | IDEA - B - Discretionary | National School Breakfast and Lunch | Summer Feeding Program |
| Assets | | | | |
| 1110 | \$ - | \$ - | \$ 230,533 | \$ - |
| Receivables: | | | | |
| 1240 | 51,266 | - | 1,963,752 | - |
| 1260 | - | - | - | 1,216,363 |
| 1290 | - | - | 95,742 | - |
| 1300 | - | - | 954,101 | - |
| 1410 | - | - | 28,135 | - |
| 1000 Total Assets | \$ 51,266 | \$ - | \$ 3,272,263 | \$ 1,216,363 |
| Liabilities and Fund Balance | | | | |
| Liabilities: | | | | |
| 2160 | \$ 5,397 | \$ - | \$ 904,690 | \$ - |
| 2170 | 45,869 | - | 1,211,838 | - |
| 2180 | - | - | - | - |
| 2300 | - | - | - | - |
| 2000 Total Liabilities | 51,266 | - | 2,116,528 | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| 3430 | - | - | 28,135 | - |
| Restricted: | | | | |
| 3450 | - | - | 1,127,600 | 1,216,363 |
| Committed: | | | | |
| 3545 | - | - | - | - |
| 3600 | - | - | - | - |
| 3000 Total Fund Balances | - | - | 1,155,735 | 1,216,363 |
| 4000 Total Liabilities and Fund Balances | \$ 51,266 | \$ - | \$ 3,272,263 | \$ 1,216,363 |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 3 of 9

| Data Control Codes | | 244 | 255 | 263 | 265 |
|-------------------------------------|--|---|---|---|---|
| | | Career and Technical Education - Basic Grant | ESEA Title II, Part A -Teacher and Principal Training and Recruiting | ESEA Title III, Part A - English Language Acquisition and Language Enhancement | ESEA Title IV, Part B - 21st Century Learning Centers |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | 102,366 | 387,723 | 218,330 | 546,680 |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 102,366</u> | <u>\$ 387,723</u> | <u>\$ 218,330</u> | <u>\$ 546,680</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ 28,488 | \$ 158,649 | \$ 97,059 | \$ 94,414 |
| 2170 | Due to other funds | 73,878 | 229,074 | 121,271 | 452,266 |
| 2180 | Payable to other governments | - | - | - | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>102,366</u> | <u>387,723</u> | <u>218,330</u> | <u>546,680</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 102,366</u> | <u>\$ 387,723</u> | <u>\$ 218,330</u> | <u>\$ 546,680</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 4 of 9

| Data Control Codes | 266 | 276 | 281 | 282 | |
|-------------------------------------|---|--|--|---|---------------------|
| | Elementary & Secondary School Emergency Relief Fund (ESSER) | Title I School Improvement Program (SIP) Academy Grant | Elementary and Secondary School Emergency Relief Fund II | ESSER III of the American Rescue Plan Act of 2021 | |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ 145,642 | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | 6,211 | 180,000 | 4,176,466 | 2,674,912 |
| 1260 | Due from other funds | - | - | - | - |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 6,211</u> | <u>\$ 180,000</u> | <u>\$ 4,322,108</u> | <u>\$ 2,674,912</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ - | \$ - | \$ - | \$ 582,167 |
| 2170 | Due to other funds | 6,211 | 180,000 | 4,322,108 | 2,092,745 |
| 2180 | Payable to other governments | - | - | - | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>6,211</u> | <u>180,000</u> | <u>4,322,108</u> | <u>2,674,912</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 6,211</u> | <u>\$ 180,000</u> | <u>\$ 4,322,108</u> | <u>\$ 2,674,912</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 5 of 9

| | | 289 | 315 | 340 | 397 |
|-------------------------------------|--|--|-----------------------------------|-----------------|-------------------------------------|
| Data Control Codes | | Federally Funded Special Revenue Funds | SSA-IDEA-Part B, Discretionary | SSA-IDEA C Deaf | Advanced Placement Incentives |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | 1,000,839 | 20,458 | - | - |
| 1260 | Due from other funds | - | - | - | 21,247 |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 1,000,839</u> | <u>\$ 20,458</u> | <u>\$ -</u> | <u>\$ 21,247</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ 44,138 | \$ 9,206 | \$ - | \$ - |
| 2170 | Due to other funds | 956,701 | 11,252 | - | - |
| 2180 | Payable to other governments | - | - | - | - |
| 2300 | Unearned revenue | - | - | - | 21,247 |
| 2000 | Total Liabilities | <u>1,000,839</u> | <u>20,458</u> | <u>-</u> | <u>21,247</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 1,000,839</u> | <u>\$ 20,458</u> | <u>\$ -</u> | <u>\$ 21,247</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 6 of 9

| | | 409 | 410 | 427 | 429 |
|-------------------------------------|--|--|------------------------------------|--------------------------------------|------------------------------------|
| Data Control Codes | | Texas High School Completion & Success | State Instructional Materials Fund | Juvenile Crisis Intervention Program | State Funded Special Revenue Funds |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | - | - | 30,985 | - |
| 1260 | Due from other funds | 3,113 | 641,147 | - | 116,384 |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 3,113</u> | <u>\$ 641,147</u> | <u>\$ 30,985</u> | <u>\$ 116,384</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ - | \$ - | \$ 6,302 | \$ 65,708 |
| 2170 | Due to other funds | - | - | 24,683 | - |
| 2180 | Payable to other governments | 3,113 | - | - | - |
| 2300 | Unearned revenue | - | 641,147 | - | 50,676 |
| 2000 | Total Liabilities | <u>3,113</u> | <u>641,147</u> | <u>30,985</u> | <u>116,384</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 3,113</u> | <u>\$ 641,147</u> | <u>\$ 30,985</u> | <u>\$ 116,384</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 7 of 9

| | | 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 | Cash and cash equivalents | \$ - | \$ - | \$ 9,400 | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | 151,193 | 193,284 | - | - |
| 1260 | Due from other funds | - | - | 4,020,006 | 193,950 |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | 1,388 | - |
| 1000 | Total Assets | <u>\$ 151,193</u> | <u>\$ 193,284</u> | <u>\$ 4,030,794</u> | <u>\$ 193,950</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ 48,474 | \$ 62,311 | \$ 10,365 | \$ - |
| 2170 | Due to other funds | 102,719 | 130,973 | - | - |
| 2180 | Payable to other governments | - | - | - | 193,950 |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>151,193</u> | <u>193,284</u> | <u>10,365</u> | <u>193,950</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | 1,388 | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | 4,019,041 | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>4,020,429</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 151,193</u> | <u>\$ 193,284</u> | <u>\$ 4,030,794</u> | <u>\$ 193,950</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

Exhibit H-1
Page 8 of 9

| | | 491 | 492 | 497 | 498 |
|-------------------------------------|--|--|------------------|-----------------------|------------------|
| Data Control Codes | | Environmental Health Youth Council Program | Early College | BridgeUp at Menninger | CASE Partnership |
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Receivables: | | | | | |
| 1240 | Receivables from other governments | - | - | - | 2,036 |
| 1260 | Due from other funds | 1,387 | 11,713 | 18,396 | 41,185 |
| 1290 | Other receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | Total Assets | <u>\$ 1,387</u> | <u>\$ 11,713</u> | <u>\$ 18,396</u> | <u>\$ 43,221</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| 2160 | Accrued wages payable | \$ - | \$ - | \$ 9,536 | \$ 3,694 |
| 2170 | Due to other funds | - | - | - | - |
| 2180 | Payable to other governments | 1,387 | 11,713 | 8,860 | 39,527 |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>1,387</u> | <u>11,713</u> | <u>18,396</u> | <u>43,221</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3430 | Prepaid items | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Federal/State grant restrictions | - | - | - | - |
| Committed: | | | | | |
| 3545 | Other purposes | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 1,387</u> | <u>\$ 11,713</u> | <u>\$ 18,396</u> | <u>\$ 43,221</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
August 31, 2021

| <u>Data Control Codes</u> | | <u>Total Nonmajor Governmental Funds</u> |
|-----------------------------------|--|--|
| | Assets | |
| 1110 | Cash and cash equivalents | \$ 385,575 |
| | Receivables: | |
| 1240 | Receivables from other governments | 18,377,741 |
| 1260 | Due from other funds | 6,284,891 |
| 1290 | Other receivables | 95,742 |
| 1300 | Inventories | 954,101 |
| 1410 | Prepaid items | 29,523 |
| 1000 | Total Assets | <u>\$ 26,127,573</u> |
| | Liabilities and Fund Balance | |
| | Liabilities: | |
| 2160 | Accrued wages payable | \$ 4,089,378 |
| 2170 | Due to other funds | 14,674,048 |
| 2180 | Payable to other governments | 258,550 |
| 2300 | Unearned revenue | 713,070 |
| 2000 | Total Liabilities | <u>19,735,046</u> |
| | Fund Balances: | |
| | Nonspendable: | |
| 3430 | Prepaid items | 29,523 |
| | Restricted: | |
| 3450 | Federal/State grant restrictions | 2,343,963 |
| | Committed: | |
| 3545 | Other purposes | 4,019,041 |
| 3600 | Unassigned | - |
| 3000 | Total Fund Balances | <u>6,392,527</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 26,127,573</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, 2021

Exhibit H-2
Page 1 of 9

| 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 | 193,021 | 19,813,213 | 8,835,181 |
| 5020 | Total revenues | <u>193,021</u> | <u>19,813,213</u> | <u>8,835,181</u> |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | Instruction | 192,712 | 16,003,352 | 5,304 |
| 0012 | Instruction resources and media services | - | 8,225 | - |
| | Curriculum and instructional staff | | | |
| 0013 | development | - | 514,033 | 81,795 |
| 0021 | Instructional leadership | - | 1,069,048 | - |
| 0023 | School leadership | - | 212,129 | - |
| | Guidance, counseling and evaluation | | | |
| 0031 | services | - | 1,536,365 | 59,102 |
| 0032 | Social work services | - | 89,767 | - |
| 0033 | Health services | - | 145,122 | - |
| 0034 | Student transportation | - | - | - |
| 0035 | Food services | - | - | - |
| 0036 | Extracurricular activities | - | - | - |
| 0041 | General administration | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - |
| 0052 | Security and monitoring services | - | 525 | - |
| 0053 | Data processing services | - | - | - |
| 0061 | Community services | 309 | 234,647 | - |
| Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | - | - | - |
| 6030 | Total Expenditures | <u>193,021</u> | <u>19,813,213</u> | <u>8,835,181</u> |
| 1100 | Excess (deficiency) of revenues over expenditures | - | - | - |
| 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, 2021

Exhibit H-2
Page 2 of 9

| | 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 | \$ - | \$ - | \$ 1,552,034 | \$ - |
| 5800 State program revenues | - | - | 156,563 | - |
| 5900 Federal program revenues | 131,099 | 534,016 | 25,962,164 | - |
| 5020 Total revenues | 131,099 | 534,016 | 27,670,761 | - |
| Expenditures | | | | |
| Current: | | | | |
| 0011 Instruction | 120,627 | 534,016 | - | - |
| 0012 Instruction resources and media services Curriculum and instructional staff | - | - | - | - |
| 0013 development | 2,190 | - | - | - |
| 0021 Instructional leadership | 1,222 | - | - | - |
| 0023 School leadership Guidance, counseling and evaluation | - | - | - | - |
| 0031 services | 7,060 | - | - | - |
| 0032 Social work services | - | - | - | - |
| 0033 Health services | - | - | - | - |
| 0034 Student transportation | - | - | - | - |
| 0035 Food services | - | - | 26,557,837 | - |
| 0036 Extracurricular activities | - | - | - | - |
| 0041 General administration | - | - | - | - |
| 0051 Facilities maintenance and operations | - | - | 5,300 | - |
| 0052 Security and monitoring services | - | - | - | - |
| 0053 Data processing services | - | - | - | - |
| 0061 Community services | - | - | - | - |
| Capital outlay: | | | | |
| 0081 Facilities acquisition and construction | - | - | - | - |
| 6030 Total Expenditures | 131,099 | 534,016 | 26,563,137 | - |
| 1100 Excess (deficiency) of revenues over expenditures | - | - | 1,107,624 | - |
| 1200 Net change in fund balances | - | - | 1,107,624 | - |
| 0100 Fund Balance - beginning | - | - | 48,111 | 1,216,363 |
| 3000 Fund Balance - ending | \$ - | \$ - | \$ 1,155,735 | \$ 1,216,363 |

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, 2021

Exhibit H-2
Page 3 of 9

| Data Control Codes | 244 | 255 | 263 ESEA Title III, Part A - English Language Acquisition and Language Enhancement | 265 ESEA Title IV, Part B - 21st Century Learning Centers |
|---------------------------|---|---|---|---|
| | Career and Technical Education - Basic Grant | ESEA Title II, Part A -Teacher and Principal Training and Recruiting | | |
| Revenues | | | | |
| 5700 | \$ - | \$ - | \$ - | \$ - |
| 5800 | - | - | - | - |
| 5900 | 785,119 | 2,091,576 | 1,546,650 | 3,398,237 |
| 5020 | 785,119 | 2,091,576 | 1,546,650 | 3,398,237 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | 388,551 | 1,898,234 | 1,492,699 | 1,476,966 |
| 0012 | - | - | - | - |
| 0013 | - | 142,432 | 6,470 | - |
| 0021 | 41,355 | 50,910 | - | 551,430 |
| 0023 | - | - | - | 1,324,992 |
| 0031 | 314,483 | - | 47,481 | - |
| 0032 | - | - | - | - |
| 0033 | - | - | - | 3,912 |
| 0034 | - | - | - | - |
| 0035 | - | - | - | - |
| 0036 | - | - | - | - |
| 0041 | - | - | - | - |
| 0051 | 40,730 | - | - | 11,263 |
| 0052 | - | - | - | - |
| 0053 | - | - | - | - |
| 0061 | - | - | - | 29,674 |
| Capital outlay: | | | | |
| 0081 | - | - | - | - |
| 6030 | 785,119 | 2,091,576 | 1,546,650 | 3,398,237 |
| 1100 | - | - | - | - |
| 1200 | - | - | - | - |
| 0100 | - | - | - | - |
| 3000 | \$ - | \$ - | \$ - | \$ - |

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, 2021

Exhibit H-2
Page 4 of 9

| | 266 | 276 | 281 | 282 |
|--------------------------------------|--|---|---|--|
| Data Control Codes | Elementary & Secondary School Emergency Relief Fund (ESSER) | Title I School Improvement Program (SIP) Academy Grant | Elementary and Secondary School Emergency Relief Fund II | ESSER III of the American Rescue Plan Act of 2021 |
| Revenues | | | | |
| 5700 | \$ - | \$ - | \$ - | \$ - |
| 5800 | - | - | - | - |
| 5900 | 6,211 | 180,000 | 6,007,797 | 2,674,912 |
| 5020 Total revenues | 6,211 | 180,000 | 6,007,797 | 2,674,912 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | 6,211 | - | 5,996,892 | 1,909,483 |
| 0012 | - | - | 5,923 | 49,750 |
| 0013 | - | - | - | 62 |
| 0021 | - | - | - | - |
| 0023 | - | - | - | 184,894 |
| 0031 | - | 180,000 | - | 5,986 |
| 0032 | - | - | - | - |
| 0033 | - | - | - | 39,987 |
| 0034 | - | - | - | 362,126 |
| 0035 | - | - | - | - |
| 0036 | - | - | 4,982 | - |
| 0041 | - | - | - | 6,450 |
| 0051 | - | - | - | 79,548 |
| 0052 | - | - | - | 16,575 |
| 0053 | - | - | - | 20,051 |
| 0061 | - | - | - | - |
| Capital outlay: | | | | |
| 0081 | - | - | - | - |
| 6030 Total Expenditures | 6,211 | 180,000 | 6,007,797 | 2,674,912 |
| 1100 | - | - | - | - |
| 1200 | - | - | - | - |
| 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, 2021

Exhibit H-2
Page 5 of 9

| | 289 | 315 | 340 | 397 |
|---|---|---|------------------------|--|
| Data Control Codes | Federally Funded Special Revenue Funds | SSA-IDEA-Part B, Discretionary | SSA-IDEA C Deaf | Advanced Placement Incentives |
| Revenues | | | | |
| 5700 Local, intermediate, and out-of-state | \$ - | \$ - | \$ - | \$ - |
| 5800 State program revenues | - | - | 96 | - |
| 5900 Federal program revenues | 1,877,255 | 60,370 | - | - |
| 5020 Total revenues | 1,877,255 | 60,370 | 96 | - |
| Expenditures | | | | |
| Current: | | | | |
| 0011 Instruction | 1,029,684 | 60,370 | 96 | - |
| 0012 Instruction resources and media services Curriculum and instructional staff | - | - | - | - |
| 0013 development | 24,148 | - | - | - |
| 0021 Instructional leadership | 453,919 | - | - | - |
| 0023 School leadership Guidance, counseling and evaluation | - | - | - | - |
| 0031 services | 128,728 | - | - | - |
| 0032 Social work services | - | - | - | - |
| 0033 Health services | - | - | - | - |
| 0034 Student transportation | - | - | - | - |
| 0035 Food services | - | - | - | - |
| 0036 Extracurricular activities | - | - | - | - |
| 0041 General administration | 56,827 | - | - | - |
| 0051 Facilities maintenance and operations | 45 | - | - | - |
| 0052 Security and monitoring services | 183,904 | - | - | - |
| 0053 Data processing services | - | - | - | - |
| 0061 Community services | - | - | - | - |
| Capital outlay: | | | | |
| 0081 Facilities acquisition and construction | - | - | - | - |
| 6030 Total Expenditures | 1,877,255 | 60,370 | 96 | - |
| 1100 Excess (deficiency) of revenues over expenditures | - | - | - | - |
| 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, 2021

Exhibit H-2
Page 6 of 9

| | 409 | 410 | 427 | 429 |
|------------------------|---|------------------------------------|--------------------------------------|------------------------------------|
| Data Control Codes | Texas High School Completion & Success | State Instructional Materials Fund | Juvenile Crisis Intervention Program | State Funded Special Revenue Funds |
| Revenues | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ - | \$ 69,035 |
| 5800 | State program revenues | - | 108,412 | 1,785,204 |
| 5900 | Federal program revenues | - | - | - |
| 5020 | Total revenues | - | 108,412 | 1,854,239 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 | Instruction | - | 1,616,152 | 739,848 |
| 0012 | Instruction resources and media services | - | - | - |
| | Curriculum and instructional staff | | | |
| 0013 | development | - | - | 158,981 |
| 0021 | Instructional leadership | - | - | 136,608 |
| 0023 | School leadership | - | - | - |
| | Guidance, counseling and evaluation | | | |
| 0031 | services | - | - | 329,704 |
| 0032 | Social work services | - | 108,412 | - |
| 0033 | Health services | - | - | - |
| 0034 | Student transportation | - | - | - |
| 0035 | Food services | - | - | - |
| 0036 | Extracurricular activities | - | - | - |
| 0041 | General administration | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - |
| 0052 | Security and monitoring services | - | - | 24,435 |
| 0053 | Data processing services | - | - | 228,609 |
| 0061 | Community services | - | - | - |
| Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | - | - | 236,054 |
| 6030 | Total Expenditures | - | 108,412 | 1,854,239 |
| 1100 | Excess (deficiency) of revenues over expenditures | - | - | - |
| 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, 2021

Exhibit H-2
Page 7 of 9

| | 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 |
| Revenues | | | | |
| 5700 Local, intermediate, and out-of-state | \$ - | \$ 917,702 | \$ 2,123,450 | \$ 91,186 |
| 5800 State program revenues | 536,879 | - | - | - |
| 5900 Federal program revenues | - | - | - | - |
| 5020 Total revenues | 536,879 | 917,702 | 2,123,450 | 91,186 |
| Expenditures | | | | |
| Current: | | | | |
| 0011 Instruction | 310,894 | 884,169 | 805,834 | 90,706 |
| 0012 Instruction resources and media services | - | - | 36,478 | - |
| 0013 Curriculum and instructional staff development | 81,611 | - | 198 | - |
| 0021 Instructional leadership | - | 32,999 | - | - |
| 0023 School leadership | - | - | 43,088 | - |
| 0031 Guidance, counseling and evaluation services | 144,374 | 534 | 57,510 | - |
| 0032 Social work services | - | - | - | - |
| 0033 Health services | - | - | 5,679 | - |
| 0034 Student transportation | - | - | - | - |
| 0035 Food services | - | - | - | - |
| 0036 Extracurricular activities | - | - | 1,356,795 | - |
| 0041 General administration | - | - | - | - |
| 0051 Facilities maintenance and operations | - | - | 101,472 | 480 |
| 0052 Security and monitoring services | - | - | 15,776 | - |
| 0053 Data processing services | - | - | - | - |
| 0061 Community services | - | - | 8,006 | - |
| Capital outlay: | | | | |
| 0081 Facilities acquisition and construction | - | - | 24,987 | - |
| 6030 Total Expenditures | 536,879 | 917,702 | 2,455,823 | 91,186 |
| 1100 Excess (deficiency) of revenues over expenditures | - | - | (332,373) | - |
| 1200 Net change in fund balances | - | - | (332,373) | - |
| 0100 Fund Balance - beginning | - | - | 4,352,802 | - |
| 3000 Fund Balance - ending | \$ - | \$ - | \$ 4,020,429 | \$ - |

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, 2021

Exhibit H-2
Page 8 of 9

| | 491 | 492 | 497 | 498 | |
|---------------------------|--|----------------------|------------------------------|-------------------------|---------------|
| Data Control Codes | Environmental Health Youth Council Program | Early College | BridgeUp at Menninger | CASE Partnership | |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 17,395 | \$ 181,709 | \$ 142,073 | \$ 32,142 |
| 5800 | State program revenues | - | - | - | - |
| 5900 | Federal program revenues | - | - | - | 30,000 |
| 5020 | Total revenues | 17,395 | 181,709 | 142,073 | 62,142 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 17,296 | 155,878 | 142,073 | 61,333 |
| 0012 | Instruction resources and media services Curriculum and instructional staff | - | - | - | - |
| 0013 | development | - | - | - | - |
| 0021 | Instructional leadership | - | - | - | - |
| 0023 | School leadership Guidance, counseling and evaluation | - | 831 | - | - |
| 0031 | services | - | - | - | - |
| 0032 | Social work services | - | - | - | - |
| 0033 | Health services | - | - | - | - |
| 0034 | Student transportation | - | - | - | - |
| 0035 | Food services | - | - | - | - |
| 0036 | Extracurricular activities | - | - | - | - |
| 0041 | General administration | - | - | - | - |
| 0051 | Facilities maintenance and operations | 99 | - | - | 809 |
| 0052 | Security and monitoring services | - | - | - | - |
| 0053 | Data processing services | - | - | - | - |
| 0061 | Community services | - | - | - | - |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | - | 25,000 | - | - |
| 6030 | Total Expenditures | 17,395 | 181,709 | 142,073 | 62,142 |
| 1100 | Excess (deficiency) of revenues over expenditures | - | - | - | - |
| 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, 2021

| <u>Data Control Codes</u> | | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------|--|--|
| Revenues | | |
| 5700 | Local, intermediate, and out-of-state | \$ 5,126,726 |
| 5800 | State program revenues | 4,203,306 |
| 5900 | Federal program revenues | 74,273,022 |
| 5020 | Total revenues | <u>83,603,054</u> |
| Expenditures | | |
| Current: | | |
| 0011 | Instruction | 39,836,373 |
| 0012 | Instruction resources and media services Curriculum and instructional staff | 100,376 |
| 0013 | development | 1,635,475 |
| 0021 | Instructional leadership | 2,591,688 |
| 0023 | School leadership Guidance, counseling and evaluation | 1,765,934 |
| 0031 | services | 6,856,436 |
| 0032 | Social work services | 198,179 |
| 0033 | Health services | 210,027 |
| 0034 | Student transportation | 362,126 |
| 0035 | Food services | 26,557,837 |
| 0036 | Extracurricular activities | 1,361,777 |
| 0041 | General administration | 63,277 |
| 0051 | Facilities maintenance and operations | 239,746 |
| 0052 | Security and monitoring services | 241,215 |
| 0053 | Data processing services | 248,660 |
| 0061 | Community services | 272,636 |
| Capital outlay: | | |
| 0081 | Facilities acquisition and construction | 286,041 |
| 6030 | Total Expenditures | <u>82,827,803</u> |
| 1100 | Excess (deficiency) of revenues over expenditures | <u>775,251</u> |
| 1200 | Net change in fund balances | 775,251 |
| 0100 | Fund Balance - beginning | <u>5,617,276</u> |
| 3000 | Fund Balance - ending | <u>\$ 6,392,527</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
August 31, 2021

Exhibit I-1

| | <u>Employee Health Insurance</u> | <u>Worker's Compensation Fund</u> | <u>Total Internal Service Funds</u> |
|--------------------------------------|--|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,754,142 | \$ - | \$ 1,754,142 |
| Temporary investments, at fair value | 5,612,304 | 2,147,790 | 7,760,094 |
| Total Assets | <u>\$ 7,366,446</u> | <u>\$ 2,147,790</u> | <u>\$ 9,514,236</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Due to other funds | \$ 1,478,113 | \$ 85,793 | \$ 1,563,906 |
| Claims payable | 5,548,960 | 544,498 | 6,093,458 |
| Non-current liabilities: | | | |
| Claims and judgments | - | 1,417,756 | 1,417,756 |
| Total Liabilities | <u>7,027,073</u> | <u>2,048,047</u> | <u>9,075,120</u> |
| Net Position | | | |
| Unrestricted net position | 339,373 | 99,743 | 439,116 |
| Total Net Position | <u>\$ 339,373</u> | <u>\$ 99,743</u> | <u>\$ 439,116</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended August 31, 2021

Exhibit I-2

| | Employee Health Insurance | Worker's Compensation Fund | Total Internal Service Funds |
|---|--|---|---|
| Operating Revenues | | | |
| Interfund services provided and used | \$ 45,675,392 | \$ - | \$ 45,675,392 |
| Insurance recovery | 2,107,080 | - | 2,107,080 |
| Miscellaneous revenue | - | 209,606 | 209,606 |
| Total Operating Revenues | 47,782,472 | 209,606 | 47,992,078 |
| Operating Expenses | | | |
| Payroll costs | - | 619,931 | 619,931 |
| Purchased and contracted services | 859,249 | 126,628 | 985,877 |
| Claims expense and other operating expenses | 53,060,242 | - | 53,060,242 |
| Total Operating Expenses | 53,919,491 | 746,559 | 54,666,050 |
| Operating Income (Loss) | (6,137,019) | (536,953) | (6,673,972) |
| Non-Operating Revenues (Expenses) | | | |
| Investment earnings | 7,019 | 1,906 | 8,925 |
| Total Non-Operating Revenues | 7,019 | 1,906 | 8,925 |
| Change in Net Position | (6,130,000) | (535,047) | (6,665,047) |
| Net Position - Beginning | 6,469,373 | 634,790 | 7,104,163 |
| Net Position - Ending | \$ 339,373 | \$ 99,743 | \$ 439,116 |

PASADENA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended August 31, 2021

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 | \$ 47,153,505 | \$ 85,793 | \$ 47,239,298 |
| Cash receipts from (payments to) miscellaneous sources | - | 209,606 | 209,606 |
| Cash receipts for insurance claims | 2,107,080 | - | 2,107,080 |
| Cash payments to employees | - | (619,931) | (619,931) |
| Cash payments to suppliers for goods and services | (52,531,802) | (78,616) | (52,610,418) |
| Net Cash Provided by (Used for) Operating Activities | (3,271,217) | (403,148) | (3,674,365) |
| Cash Flows from Investing Activities: | | | |
| Interest on investments | 7,019 | 1,906 | 8,925 |
| Sale (purchase) of investments | 4,496,339 | (657,974) | 3,838,365 |
| Net Cash Provided by (Used for) Investing Activities | 4,503,358 | (656,068) | 3,847,290 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,232,141 | (1,059,216) | 172,925 |
| Cash and Cash Equivalents at Beginning of Year | 522,001 | 1,059,216 | 1,581,217 |
| Cash and Cash Equivalents at End of Year | \$ 1,754,142 | \$ - | \$ 1,754,142 |
| Reconciliation to Balance Sheet | | | |
| Cash and Cash Equivalents Per Cash Flow | \$ 1,754,142 | \$ - | \$ 1,754,142 |
| Cash and Cash Equivalents per Balance Sheet | \$ 1,754,142 | \$ - | \$ 1,754,142 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Operating Income (Loss) | \$ (6,137,019) | \$ (536,953) | \$ (6,673,972) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | | |
| Change in Assets and Liabilities: | | | |
| Increase (decrease) in due to other funds | 1,478,113 | 85,793 | 1,563,906 |
| Increase (decrease) in Claims payable | 1,387,689 | 48,012 | 1,435,701 |
| Net Cash Provided by (Used for) Operating Activities | (3,271,217) | (403,148) | (3,674,365) |

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, 2021

Exhibit J-2

| Data Control Codes | | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------|---------------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | | Original | Final | | |
| | Revenues | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 5,640,000 | \$ 2,781,500 | \$ 1,552,034 | \$ (1,229,466) |
| 5800 | State program revenues | 200,000 | 160,000 | 156,563 | (3,437) |
| 5900 | Federal program revenues | 32,260,000 | 27,705,000 | 25,962,164 | (1,742,836) |
| 5020 | Total Revenues | <u>38,100,000</u> | <u>30,646,500</u> | <u>27,670,761</u> | <u>(2,975,739)</u> |
| | Expenditures | | | | |
| | Current: | | | | |
| 0035 | Food services | 38,089,000 | 30,452,700 | 26,557,837 | 3,894,863 |
| 0051 | Facilities maintenance and operations | 11,000 | 11,100 | 5,300 | 5,800 |
| 6030 | Total Expenditures | <u>38,100,000</u> | <u>30,463,800</u> | <u>26,563,137</u> | <u>3,900,663</u> |
| | Excess (deficiency) of revenues over | | | | |
| 1100 | expenditures | - | 182,700 | 1,107,624 | 924,924 |
| 1200 | Net change in fund balances | - | 182,700 | 1,107,624 | 924,924 |
| 0100 | Fund Balance - Beginning | <u>48,111</u> | <u>48,111</u> | <u>48,111</u> | <u>-</u> |
| 3000 | Fund Balance - Ending | <u>\$ 48,111</u> | <u>\$ 230,811</u> | <u>\$ 1,155,735</u> | <u>\$ 924,924</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, 2021

Exhibit J-3

| Data Control Codes | | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------|--|----------------------|----------------------|----------------------|-------------------------------|
| | | Original | Final | | |
| | Revenues | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 48,887,000 | \$ 50,887,000 | \$ 50,434,823 | \$ (452,177) |
| 5800 | State program revenues | 4,745,825 | 4,295,825 | 4,878,291 | 582,466 |
| 5020 | Total Revenues | <u>53,632,825</u> | <u>55,182,825</u> | <u>55,313,114</u> | <u>130,289</u> |
| | Expenditures | | | | |
| | Debt service: | | | | |
| 0071 | Principal on long-term debt | 22,900,000 | 23,355,000 | 22,900,000 | 455,000 |
| 0072 | Interest on long-term debt | 30,705,005 | 30,250,005 | 28,729,466 | 1,520,539 |
| 0073 | Bond issuance costs and fees | 27,820 | 27,820 | 33,603 | (5,783) |
| 6030 | Total Expenditures | <u>53,632,825</u> | <u>53,632,825</u> | <u>51,663,069</u> | <u>1,969,756</u> |
| 1100 | Excess (deficiency) of revenues over expenditures | - | 1,550,000 | 3,650,045 | 2,100,045 |
| | Other Financing Sources (Uses) | | | | |
| 8949 | Other uses - payment to refunding agent | (500,000) | (500,000) | - | 500,000 |
| 7080 | Total Other Financing Sources (Uses) | <u>(500,000)</u> | <u>(500,000)</u> | <u>-</u> | <u>500,000</u> |
| 1200 | Net change in fund balances | (500,000) | 1,050,000 | 3,650,045 | 2,600,045 |
| 0100 | Fund Balance - Beginning | <u>29,680,603</u> | <u>29,680,603</u> | <u>29,680,603</u> | <u>-</u> |
| 3000 | Fund Balance - Ending | <u>\$ 29,180,603</u> | <u>\$ 30,730,603</u> | <u>\$ 33,330,648</u> | <u>\$ 2,600,045</u> |





STATISTICAL SECTION

(UNAUDITED)





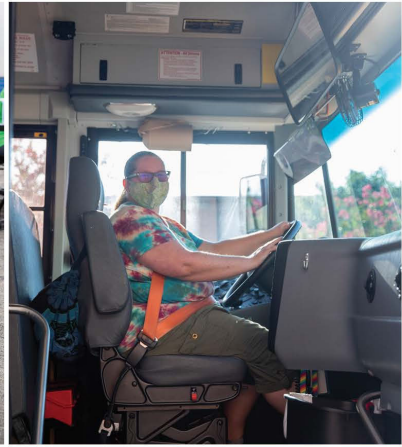
Statistical Section

(Unaudited)

Page

| | |
|---|-----|
| Financial Trends | 114 |
| These schedules contain trend information to assist users in understanding how the District's financial and position has changed over time. | |
| Revenue Capacity Information | 125 |
| 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 | 133 |
| 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 | 139 |
| 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 | 143 |
| 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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018 (3)</u> | <u>2017</u> |
|--|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 266,457,139 | \$ 260,980,118 | \$ 277,562,024 | \$ 279,117,949 | \$ 257,255,969 |
| Restricted | 37,482,936 | 32,865,875 | 37,988,890 | 43,112,633 | 60,713,417 |
| Unrestricted | <u>(230,882,329)</u> | <u>(222,791,555)</u> | <u>(213,296,609)</u> | <u>(244,189,277)</u> | <u>23,351,447</u> |
| Total Primary Government Net Position | <u>\$ 73,057,746</u> | <u>\$ 71,054,438</u> | <u>\$ 102,254,305</u> | <u>\$ 78,041,305</u> | <u>\$ 341,320,833</u> |

(1) The district adopted Governmental 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 Governmental 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
NET POSITION BY COMPONENT
For the Last Ten Years
(Accrual Basis of Accounting)

Table 1
Page 2 of 2

| | <u>2016</u> | <u>2015 (2)</u> | <u>2014</u> | <u>2013</u> | <u>2012 (1)</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 264,348,878 | \$ 261,603,345 | \$ 272,843,426 | \$ 269,759,098 | \$ 249,185,456 |
| Restricted | 53,609,363 | 56,355,063 | 56,505,747 | 58,428,315 | 74,818,112 |
| Unrestricted | 37,202,599 | 41,591,030 | 110,651,866 | 113,778,767 | 101,379,409 |
| Total Primary Government Net Position | <u>\$ 355,160,840</u> | <u>\$ 359,549,438</u> | <u>\$ 440,001,039</u> | <u>\$ 441,966,180</u> | <u>\$ 425,382,977</u> |

(1) The district adopted Governmental 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 Governmental 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 1 of 2

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018 (3)</u> | <u>2017</u> |
|--|----------------------|------------------------|----------------------|----------------------|------------------------|
| Expenses - Governmental Activities: | | | | | |
| Instruction | \$ 372,860,014 | \$ 412,476,671 | \$ 391,294,271 | \$ 240,757,586 | \$ 360,129,894 |
| Instructional Resources and Media Services | 7,556,719 | 8,254,580 | 8,315,278 | 5,940,698 | 7,646,925 |
| Curriculum and Staff Development | 8,955,517 | 9,999,796 | 9,878,356 | 7,137,987 | 10,143,208 |
| Instructional Leadership | 10,695,167 | 10,787,004 | 9,619,143 | 4,846,925 | 8,982,885 |
| School Leadership | 43,914,333 | 48,569,450 | 46,032,004 | 28,884,806 | 41,386,440 |
| Guidance, Counseling, and Evaluation Services | 30,028,751 | 33,694,832 | 30,267,504 | 15,427,568 | 27,047,028 |
| Social Work Services | 367,242 | 316,748 | 345,638 | 243,064 | 309,340 |
| Health Services | 5,712,302 | 6,491,585 | 5,926,990 | 3,668,580 | 5,391,271 |
| Student Transportation | 17,920,079 | 19,364,194 | 19,769,451 | 14,936,599 | 16,051,727 |
| Food Service | 25,755,624 | 31,678,818 | 33,933,645 | 23,597,639 | 33,725,141 |
| Extracurricular Activities | 9,037,301 | 11,243,237 | 12,902,510 | 10,574,450 | 11,537,877 |
| General Administration | 14,136,939 | 14,601,283 | 13,439,947 | 9,926,979 | 11,983,289 |
| Plant Maintenance and Operations | 62,743,647 | 60,364,047 | 61,674,755 | 56,127,640 | 50,071,209 |
| Security and Monitoring Services | 5,582,006 | 6,508,045 | 5,785,455 | 4,334,104 | 5,144,453 |
| Data Processing Services | 9,896,833 | 7,370,527 | 7,067,502 | 6,734,161 | 7,211,050 |
| Community Services | 484,272 | 460,044 | 545,018 | 527,262 | 449,139 |
| Interest on Long-term Debt | 24,434,176 | 26,502,700 | 30,834,342 | 29,751,023 | 28,362,105 |
| Bond Issuance Costs and Fees | - | 1,787,139 | - | 1,015,195 | 18,065 |
| Facilities Repair and Maintenance | 372,570 | 86,531 | 88,731 | - | 56,102 |
| Payments Related to Shared Services Arrangements | 1,219,990 | 903,093 | 767,296 | 992,825 | 839,131 |
| Payments to Juvenile Justice Alternative Education Programs | 39,600 | 98,085 | 91,716 | 122,945 | 105,950 |
| Other Intergovernmental Charges | 1,597,903 | 1,522,197 | 1,488,678 | 1,379,937 | 1,202,272 |
| Total Governmental Activities | 653,310,985 | 713,080,606 | 690,068,230 | 466,927,973 | 627,794,501 |
| Program Revenues - Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| Instruction | 1,632,229 | 1,335,808 | 2,260,992 | 2,762,648 | 1,661,717 |
| Extracurricular Activities | 1,501,263 | 1,475,278 | 4,338,170 | 3,586,934 | 3,508,113 |
| Food Service | 1,411,847 | 5,845,072 | 4,384,074 | 3,638,128 | 4,455,876 |
| Plant Maintenance and Operations | 88,318 | 9,449 | 236,494 | 7,622,616 | 246,391 |
| Other Activities | 228,903 | 512,008 | 1,191,718 | 1,129,073 | 233,048 |
| Operating Grants and Contributions | 120,045,432 | 155,032,044 | 156,048,283 | 6,401,325 | 119,058,345 |
| Total Governmental Activities Program Revenues | 124,907,992 | 164,209,659 | 168,459,731 | 25,140,724 | 129,163,490 |
| Net (Expense)Revenue | | | | | |
| Governmental Activities | (528,402,993) | (548,870,947) | (521,608,499) | (441,787,249) | (498,631,011) |
| General Revenue - Governmental Activities: | | | | | |
| Property Taxes, Levied for General Purposes | 175,407,432 | 167,471,082 | 166,441,003 | 155,069,674 | 130,927,001 |
| Property Taxes, Levied for Debt Service | 51,500,809 | 42,483,789 | 38,863,792 | 36,225,287 | 34,202,242 |
| Grants and Contributions Not restricted to Specific Programs | 300,408,900 | 300,703,430 | 327,011,357 | 335,919,922 | 310,199,845 |
| Investment Earnings | 627,799 | 5,511,638 | 10,517,950 | 3,429,956 | 2,868,413 |
| Miscellaneous | 2,461,361 | 1,501,141 | 2,987,397 | 5,489,561 | 6,593,503 |
| Total Governmental Activities General Revenues | 530,406,301 | 517,671,080 | 545,821,499 | 536,134,400 | 484,791,004 |
| Change in Net Position | \$ 2,003,308 | \$ (31,199,867) | \$ 24,213,000 | \$ 94,347,151 | \$ (13,840,007) |

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 2

| | <u>2016</u> | <u>2015 (2)</u> | <u>2014</u> | <u>2013</u> | <u>2012 (1)</u> |
|--|-----------------------|----------------------|-----------------------|----------------------|----------------------|
| Expenses - Governmental Activities: | | | | | |
| Instruction | \$ 354,205,178 | \$ 321,831,212 | \$ 325,153,833 | \$ 281,082,994 | \$ 279,481,563 |
| Instructional Resources and Media Services | 7,659,442 | 6,972,289 | 6,465,420 | 6,094,393 | 6,151,309 |
| Curriculum and Staff Development | 9,649,278 | 9,497,568 | 8,820,253 | 8,561,707 | 7,239,584 |
| Instructional Leadership | 8,145,039 | 7,399,776 | 6,863,218 | 5,890,317 | 5,187,804 |
| School Leadership | 40,624,435 | 37,633,013 | 35,211,293 | 32,962,634 | 31,598,938 |
| Guidance, Counseling, and Evaluation Services | 25,791,822 | 22,937,986 | 21,376,942 | 19,879,822 | 18,933,163 |
| Social Work Services | 316,556 | 299,521 | 264,439 | 228,199 | 220,407 |
| Health Services | 5,318,208 | 4,943,441 | 4,708,615 | 4,421,353 | 4,349,259 |
| Student Transportation | 16,713,137 | 17,021,162 | 15,297,552 | 13,585,958 | 12,026,790 |
| Food Service | 34,678,478 | 33,761,115 | 31,073,888 | 29,204,609 | 28,081,754 |
| Extracurricular Activities | 11,800,578 | 9,842,788 | 9,186,672 | 7,749,509 | 7,381,304 |
| General Administration | 12,625,764 | 12,002,308 | 10,951,819 | 10,296,752 | 10,170,769 |
| Plant Maintenance and Operations | 53,594,631 | 51,212,353 | 46,164,145 | 47,394,544 | 46,124,950 |
| Security and Monitoring Services | 5,322,890 | 5,204,081 | 5,041,819 | 4,605,872 | 4,457,814 |
| Data Processing Services | 9,110,464 | 6,484,373 | 6,267,263 | 5,792,598 | 5,687,778 |
| Community Services | 330,926 | 228,640 | 255,974 | 269,302 | 185,536 |
| Interest on Long-term Debt | 28,880,942 | 27,139,258 | 26,158,665 | 23,960,045 | 21,422,919 |
| Bond Issuance Costs and Fees | 19,884 | 1,684,522 | 144,516 | 1,390,501 | 920,470 |
| Facilities Repair and Maintenance | 58,547 | 103,205 | 65,274 | 68,173 | 37,456 |
| Payments Related to Shared Services Arrangements | - | - | - | - | - |
| Payments to Juvenile Justice Alternative Education Programs | 93,782 | 63,843 | 54,885 | 67,570 | 63,133 |
| Other Intergovernmental Charges | 1,162,022 | 1,131,892 | 1,042,995 | 1,023,578 | 1,045,847 |
| Total Governmental Activities | <u>626,102,003</u> | <u>577,394,346</u> | <u>560,569,480</u> | <u>504,530,430</u> | <u>490,768,547</u> |
| Program Revenues - Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| Instruction | 1,929,586 | 1,584,397 | 489,246 | 5,494,559 | 4,785,925 |
| Extracurricular Activities | 3,207,279 | 2,621,721 | 4,314,371 | 1,790,154 | 1,755,287 |
| Food Service | 4,689,417 | 4,524,601 | 3,294,157 | 4,138,638 | 4,239,806 |
| Plant Maintenance and Operations | 278,805 | 218,818 | 185,535 | 868,469 | 722,791 |
| Other Activities | 183,212 | 265,082 | - | 2,005,771 | 1,772,099 |
| Operating Grants and Contributions | 124,107,651 | 109,565,356 | 106,967,866 | 95,170,222 | 96,450,142 |
| Total Governmental Activities Program Revenues | <u>134,395,950</u> | <u>118,779,975</u> | <u>115,251,175</u> | <u>109,467,813</u> | <u>109,726,050</u> |
| Net (Expense)Revenue | | | | | |
| Governmental Activities | <u>(491,706,053)</u> | <u>(458,614,371)</u> | <u>(445,318,305)</u> | <u>(395,062,617)</u> | <u>(381,042,497)</u> |
| General Revenue - Governmental Activities: | | | | | |
| Property Taxes, Levied for General Purposes | 124,327,647 | 116,596,190 | 112,210,474 | 104,662,062 | 101,836,548 |
| Property Taxes, Levied for Debt Service | 32,709,809 | 30,413,560 | 29,153,316 | 27,013,750 | 26,642,669 |
| Grants and Contributions Not restricted to Specific Programs | 319,831,829 | 305,159,815 | 293,529,741 | 278,564,818 | 257,607,627 |
| Investment Earnings | 2,024,187 | 1,369,950 | 564,220 | 493,587 | 293,962 |
| Miscellaneous | 8,423,983 | 8,684,632 | 7,895,413 | 911,603 | 786,800 |
| Total Governmental Activities General Revenues | <u>487,317,455</u> | <u>462,224,147</u> | <u>443,353,164</u> | <u>411,645,820</u> | <u>387,167,606</u> |
| Change in Net Position | <u>\$ (4,388,598)</u> | <u>\$ 3,609,776</u> | <u>\$ (1,965,141)</u> | <u>\$ 16,583,203</u> | <u>\$ 6,125,109</u> |

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

Table 3
Page 1 of 2

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 9,292,822 | \$ 8,145,087 | \$ 8,158,260 | \$ 6,875,132 | \$ 6,617,970 |
| Committed | 10,000,000 | 10,000,000 | 25,000,000 | 19,100,000 | 19,275,000 |
| Assigned | 10,045,689 | 10,045,689 | 2,242,299 | 2,242,299 | 7,988,031 |
| Unassigned | 136,202,687 | 157,620,118 | 142,647,753 | 95,659,941 | 61,902,526 |
| Total General Fund | <u>165,541,198</u> | <u>185,810,894</u> | <u>178,048,312</u> | <u>123,877,372</u> | <u>95,783,527</u> |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Nonspendable | 29,523 | 39,432 | 852,802 | 626 | - |
| Restricted for: | | | | | |
| Federal and state | | | | | |
| programs | 2,343,963 | 1,264,474 | 6,290,184 | 10,164,799 | 8,290,644 |
| Debt service | 33,330,648 | 29,680,603 | 30,729,133 | 32,717,437 | 51,602,157 |
| Construction | 59,044,945 | 74,964,560 | 115,600,512 | 134,624,564 | 45,881,164 |
| Committed | 38,615,406 | 14,011,442 | 4,176,336 | 4,006,640 | 3,847,278 |
| Total All Other Governmental Funds | <u>\$ 133,364,485</u> | <u>\$ 119,960,511</u> | <u>\$ 157,648,967</u> | <u>\$ 181,514,066</u> | <u>\$ 109,621,243</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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 978,634 | \$ 1,044,438 | \$ 1,020,153 | \$ 1,105,659 | \$ 7,122,607 |
| Committed | 21,600,000 | 27,850,000 | 11,334,110 | 42,454,094 | 28,525,000 |
| Assigned | 16,620,980 | 9,683,339 | 16,320,015 | 3,200,920 | 7,322,483 |
| Unassigned | 63,593,006 | 59,255,564 | 55,059,909 | 50,062,993 | 47,802,710 |
| Total General Fund | <u>102,792,620</u> | <u>97,833,341</u> | <u>83,734,187</u> | <u>96,823,666</u> | <u>90,772,800</u> |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted for: | | | | | |
| Federal and state | | | | | |
| programs | 7,060,002 | 6,454,425 | 7,844,719 | 1,002,453 | 8,356,406 |
| Debt service | 45,200,646 | 49,557,927 | 47,938,360 | 44,411,225 | 61,963,266 |
| Construction | 140,601,788 | 174,501,822 | 78,878,746 | 182,202,597 | 73,829,010 |
| Committed | 3,468,105 | 3,285,163 | 3,183,811 | 2,780,877 | 2,577,159 |
| Total All Other Governmental Funds | <u>\$ 196,330,541</u> | <u>\$ 233,799,337</u> | <u>\$ 137,845,636</u> | <u>\$ 230,397,152</u> | <u>\$ 146,725,841</u> |

Source: District Financial Statements

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

Table 4
Page 1 of 2

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|------------------------|----------------------|----------------------|------------------------|
| Revenues | | | | | |
| Local and Intermediate Revenues | \$ 233,236,009 | \$ 226,196,011 | \$ 232,753,722 | \$ 226,232,576 | \$ 188,361,439 |
| State Program Revenues | 337,948,726 | 346,148,819 | 362,474,109 | 369,211,059 | 347,413,115 |
| Federal Program Revenues | 110,997,732 | 87,669,777 | 101,736,330 | 85,440,369 | 70,886,398 |
| Total Revenues | <u>682,182,467</u> | <u>660,014,607</u> | <u>696,964,161</u> | <u>680,884,004</u> | <u>606,660,952</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction | 361,325,354 | 360,871,927 | 340,100,145 | 336,430,749 | 331,626,355 |
| Instructional Resources and Media Services | 7,333,670 | 7,214,572 | 7,387,444 | 7,456,356 | 7,099,448 |
| Curriculum and Staff Development | 8,889,478 | 8,599,608 | 8,787,308 | 9,690,072 | 9,302,477 |
| Instructional Leadership | 10,658,840 | 9,313,078 | 8,573,367 | 7,780,203 | 8,150,138 |
| School Leadership | 42,378,528 | 42,117,128 | 39,807,301 | 39,510,529 | 38,199,906 |
| Guidance, Counseling, and Evaluation Services | 29,723,843 | 28,829,141 | 26,442,220 | 25,609,592 | 24,464,681 |
| Social Work Services | 365,475 | 294,848 | 327,203 | 321,149 | 287,453 |
| Health Services | 5,593,318 | 5,609,452 | 5,212,153 | 5,078,585 | 4,966,423 |
| Student Transportation | 17,164,995 | 17,508,770 | 17,609,545 | 16,648,013 | 15,049,052 |
| Food Services | 26,557,837 | 30,807,525 | 35,340,496 | 32,686,032 | 33,829,620 |
| Extracurricular Activities | 8,898,684 | 10,367,921 | 12,070,308 | 12,099,126 | 11,008,967 |
| General Administration | 13,667,585 | 12,724,243 | 11,863,997 | 12,175,460 | 11,099,916 |
| Plant Maintenance and Operations | 60,914,131 | 56,187,337 | 57,193,941 | 59,275,635 | 46,962,700 |
| Security and Monitoring Services | 5,716,047 | 6,630,802 | 5,104,849 | 5,305,154 | 5,083,764 |
| Data Processing Services | 9,539,749 | 6,568,864 | 6,519,907 | 8,768,088 | 6,916,037 |
| Community Services | 475,531 | 439,605 | 525,466 | 550,027 | 434,303 |
| Debt Service: | | | | | |
| Principal on Long-term Debt | 22,900,000 | 19,855,000 | 17,095,000 | 38,720,000 | 15,235,000 |
| Interest on Long-term Debt | 28,729,466 | 30,050,570 | 33,938,719 | 32,404,732 | 30,748,363 |
| Bond Issuance Costs and Fees | 33,603 | 1,787,139 | - | 1,015,195 | 18,065 |
| Capital Outlay: | | | | | |
| Facilities Acquisition and Construction | 25,287,707 | 31,166,350 | 24,713,462 | 54,688,014 | 97,877,863 |
| Intergovernmental: | | | | | |
| Payments to Shared Services Arrangements | 1,219,990 | 903,093 | 767,296 | 992,825 | 839,131 |
| Payments to Juvenile Justice Alternative Education Program | 39,600 | 98,085 | 91,716 | 122,945 | 105,950 |
| Other Intergovernmental Charges | 1,597,903 | 1,522,197 | 1,488,678 | 1,379,937 | 1,202,272 |
| Total Expenditures | <u>689,011,334</u> | <u>689,467,255</u> | <u>660,960,521</u> | <u>708,708,418</u> | <u>700,507,884</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(6,828,867)</u> | <u>(29,452,648)</u> | <u>36,003,640</u> | <u>(27,824,414)</u> | <u>(93,846,932)</u> |
| Other Financing Sources (Uses) | | | | | |
| Refunding bonds issued | - | - | - | - | - |
| Issuance of bonds | - | 151,635,000 | - | 120,095,000 | - |
| Sale of real or personal property | - | - | 165,487 | - | 1,001,055 |
| Transfers in | 27,000,000 | 26,820,069 | 11,347,480 | 4,539,406 | 45,035 |
| Premium or discount on issuance of bonds | - | 22,392,312 | - | 15,911,128 | - |
| Prior year tax refunds per court order | - | - | (863,286) | (2,195,046) | (872,514) |
| Other non-operating revenues | - | - | - | - | - |
| Transfers out | (27,000,000) | (27,820,069) | (16,347,480) | (10,539,406) | (45,035) |
| Other uses - payment to refunding agent | - | (173,537,393) | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(510,081)</u> | <u>(5,697,799)</u> | <u>127,811,082</u> | <u>128,541</u> |
| Net Change in Fund Balances | <u>\$ (6,828,867)</u> | <u>\$ (29,962,729)</u> | <u>\$ 30,305,841</u> | <u>\$ 99,986,668</u> | <u>\$ (93,718,391)</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 7.81% | 7.89% | 8.08% | 11.11% | 11.11% |

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less capitalized assets per the reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.

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

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------------|-----------------------|-------------------------|----------------------|----------------------|
| Revenues | | | | | |
| Local and Intermediate Revenues | \$ 179,480,336 | \$ 169,398,583 | \$ 158,078,975 | \$ 148,488,211 | \$ 143,082,015 |
| State Program Revenues | 358,808,557 | 345,388,744 | 327,493,055 | 297,008,916 | 278,055,597 |
| Federal Program Revenues | 73,586,963 | 69,402,718 | 72,111,900 | 76,598,991 | 75,990,919 |
| Total Revenues | 611,875,856 | 584,190,045 | 557,683,930 | 522,096,118 | 497,128,531 |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction | 321,741,170 | 302,719,650 | 290,261,005 | 268,185,484 | 268,462,252 |
| Instructional Resources and Media Services | 7,059,654 | 6,569,559 | 6,107,560 | 5,739,563 | 5,844,315 |
| Curriculum and Staff Development | 8,925,416 | 9,032,214 | 8,415,773 | 8,178,297 | 6,922,325 |
| Instructional Leadership | 7,498,604 | 7,056,372 | 6,557,767 | 5,623,402 | 4,972,397 |
| School Leadership | 37,354,937 | 35,454,217 | 33,344,064 | 31,287,970 | 30,181,900 |
| Guidance, Counseling, and Evaluation Services | 23,679,841 | 22,005,303 | 20,591,835 | 19,192,795 | 18,443,513 |
| Social Work Services | 291,952 | 281,774 | 250,224 | 219,434 | 213,290 |
| Health Services | 4,897,165 | 4,653,708 | 4,453,897 | 4,167,199 | 4,127,557 |
| Student Transportation | 15,401,367 | 15,796,887 | 17,462,868 | 12,870,731 | 11,489,544 |
| Food Services | 32,924,067 | 33,879,493 | 34,021,593 | 29,790,739 | 28,360,339 |
| Extracurricular Activities | 11,059,681 | 9,463,566 | 8,819,775 | 7,423,784 | 7,050,975 |
| General Administration | 11,731,679 | 11,273,322 | 10,382,520 | 9,702,224 | 9,658,098 |
| Plant Maintenance and Operations | 50,496,826 | 47,980,999 | 44,133,209 | 45,135,772 | 43,888,815 |
| Security and Monitoring Services | 5,114,295 | 4,866,578 | 5,033,992 | 4,633,454 | 4,416,566 |
| Data Processing Services | 8,833,256 | 6,137,993 | 6,332,759 | 5,889,444 | 5,423,732 |
| Community Services | 310,292 | 265,100 | 285,057 | 267,942 | 185,244 |
| Debt Service: | | | | | |
| Principal on Long-term Debt | 24,790,000 | 17,220,000 | 16,465,000 | 31,130,000 | 13,490,000 |
| Interest on Long-term Debt | 31,286,022 | 28,964,382 | 27,583,613 | 26,937,545 | 17,109,658 |
| Bond Issuance Costs and Fees | 19,884 | 1,684,522 | 144,516 | 1,390,501 | 2,328,308 |
| Capital Outlay: | | | | | |
| Facilities Acquisition and Construction | 38,213,916 | 78,871,404 | 130,337,442 | 78,460,508 | 27,516,938 |
| Intergovernmental: | | | | | |
| Payments to Shared Services Arrangements | - | - | - | - | - |
| Payments to Juvenile Justice Alternative Education Program | 93,782 | 63,843 | 54,885 | 67,570 | 63,133 |
| Other Intergovernmental Charges | 1,162,022 | 1,131,892 | 1,042,995 | 1,023,578 | 1,045,847 |
| Total Expenditures | 642,885,828 | 645,372,778 | 672,082,349 | 597,317,936 | 511,194,746 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (31,009,972) | (61,182,733) | (114,398,419) | (75,221,818) | (14,066,215) |
| Other Financing Sources (Uses) | | | | | |
| Refunding bonds issued | - | 50,920,000 | 6,980,000 | 52,670,000 | 43,045,000 |
| Issuance of bonds | - | 159,435,000 | - | 173,690,000 | 89,805,000 |
| Sale of real or personal property | - | - | 1,120,716 | - | - |
| Transfers in | - | 22,369,435 | 22,117,946 | 9,550,670 | - |
| Premium or discount on issuance of bonds | - | 23,809,115 | - | 35,374,215 | 14,715,150 |
| Prior year tax refunds per court order | (1,499,545) | (1,304,413) | (891,639) | (957,386) | - |
| Other non-operating revenues | - | - | (438,806) | - | - |
| Transfers out | - | (26,369,435) | (22,117,946) | (9,550,670) | - |
| Other uses - payment to refunding agent | - | (57,624,114) | (7,012,847) | (86,832,834) | (50,482,938) |
| Total Other Financing Sources (Uses) | (1,499,545) | 171,235,588 | (242,576) | 173,943,995 | 97,082,212 |
| Net Change in Fund Balances | \$ (32,509,517) | \$ 110,052,855 | \$ (114,640,995) | \$ 98,722,177 | \$ 83,015,997 |
| Debt Service as a Percentage of Noncapital Expenditures | 10.35% | 7.91% | 8.47% | 8.26% | 11.25% |

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less capitalized assets per the reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.





REVENUE CAPACITY





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

Table 5

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Local Sources: | | | | | |
| Property tax | \$ 224,119,468 | \$ 208,928,167 | \$ 205,654,269 | \$ 196,269,431 | \$ 168,841,794 |
| Other | 9,116,541 | 17,267,844 | 27,100,098 | 29,963,145 | 19,519,645 |
| State Sources | 337,948,726 | 346,148,819 | 362,474,104 | 369,211,059 | 347,413,115 |
| Federal Sources | <u>110,997,732</u> | <u>87,669,777</u> | <u>101,736,330</u> | <u>85,440,369</u> | <u>70,886,398</u> |
| Total | <u>\$ 682,182,467</u> | <u>\$ 660,014,607</u> | <u>\$ 696,964,801</u> | <u>\$ 680,884,004</u> | <u>\$ 606,660,952</u> |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Local Sources: | | | | | |
| Property tax | \$ 157,037,456 | \$ 149,214,870 | \$ 140,009,046 | \$ 131,489,515 | \$ 128,587,098 |
| Other | 22,442,880 | 20,183,713 | 18,069,929 | 16,998,696 | 14,494,917 |
| State Sources | 358,808,557 | 345,388,744 | 327,493,055 | 297,008,916 | 278,055,597 |
| Federal Sources | <u>73,586,963</u> | <u>69,402,718</u> | <u>72,111,900</u> | <u>76,598,991</u> | <u>75,990,919</u> |
| Total | <u>\$ 611,875,856</u> | <u>\$ 584,190,045</u> | <u>\$ 557,683,930</u> | <u>\$ 522,096,118</u> | <u>\$ 497,128,531</u> |

Source: District Financial Statements.

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

Table 6

| Fiscal Year | Residential Property Value | Commercial Property Value | Personal Property Value | Total Actual Value | Exemptions | Taxable Assessed Value | Tax Rates |
|--------------------|-----------------------------------|----------------------------------|--------------------------------|---------------------------|--------------------|-------------------------------|------------------|
| 2021 | \$ 10,214,233,733 | \$ 7,533,290,079 | \$ 3,135,238,987 | \$ 20,882,762,799 | \$ (4,457,063,305) | \$ 16,425,699,494 | \$ 1.38 |
| 2020 | 9,159,872,068 | 7,775,694,991 | 2,956,216,219 | 19,891,783,278 | (4,332,085,074) | 15,559,698,204 | 1.38 |
| 2019 | 8,109,193,168 | 6,668,849,530 | 2,930,956,716 | 17,708,999,414 | (3,634,595,767) | 14,074,403,647 | 1.48 |
| 2018 | 7,834,997,932 | 7,701,837,301 | 1,276,594,009 | 16,813,429,242 | (5,081,028,701) | 11,732,400,541 | 1.48 |
| 2017 | 7,201,040,235 | 7,266,169,850 | 1,436,819,513 | 15,904,029,598 | (2,793,038,044) | 13,110,991,554 | 1.35 |
| 2016 | 6,498,176,002 | 7,099,247,574 | 1,401,864,088 | 14,999,287,664 | (2,602,768,923) | 12,396,518,741 | 1.35 |
| 2015 | 5,935,227,921 | 6,698,825,873 | 1,492,753,256 | 14,126,807,050 | (3,263,320,828) | 10,863,486,222 | 1.35 |
| 2014 | 5,656,695,787 | 6,768,502,075 | 1,219,758,476 | 13,644,956,338 | (3,371,017,005) | 10,273,939,333 | 1.35 |
| 2013 | 5,666,046,003 | 6,217,743,404 | 1,135,905,080 | 13,019,694,487 | (3,376,198,069) | 9,643,496,418 | 1.35 |
| 2012 | 5,849,352,590 | 5,862,935,029 | 1,106,758,541 | 12,819,046,160 | (3,427,974,381) | 9,391,071,779 | 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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Pasadena ISD | 1.3830 | 1.3784 | 1.4800 | 1.4800 | 1.3500 |
| Brazoria County MUD #28 | 0.8200 | 0.8200 | 0.8200 | 0.8200 | 0.8200 |
| Clear Brook City MUD | 0.5900 | 0.6000 | 0.6700 | 0.6700 | 0.6700 |
| Clear Lake City Water Authority | 0.2600 | 0.2700 | 0.2700 | 0.2700 | 0.2700 |
| Harris-Brazoria Counties MUD 509 | 0.8500 | 0.8500 | 0.8500 | 0.8500 | 0.8500 |
| Harris County | 0.3912 | 0.4071 | 0.4186 | 0.4180 | 0.4165 |
| Harris County Department of Education | 0.0050 | 0.0050 | 0.0052 | 0.0052 | 0.0052 |
| Harris County Flood Control District | 0.0314 | 0.0279 | 0.0288 | 0.0283 | 0.0283 |
| Harris County Hospital District | 0.1667 | 0.1659 | 0.1711 | 0.1711 | 0.1718 |
| Harris County MUD #381 | 0.5600 | 0.6000 | 0.6200 | 0.6300 | 0.6300 |
| Harris County MUD #382 | 0.5050 | 0.5300 | 0.5500 | 0.5500 | 0.5800 |
| Harris County MUD #410 | 0.5600 | 0.5600 | 0.5600 | 0.5900 | 0.5900 |
| Houston, City of | 0.5618 | 0.5600 | 0.5600 | 0.5400 | 0.5864 |
| Kirkmont MUD | 0.5373 | 0.5679 | 0.5883 | 0.5842 | 0.5200 |
| Pasadena, City of | 0.5337 | 0.5703 | 0.6154 | 0.5754 | 0.5754 |
| Pearland, City of | 0.7200 | 0.7412 | 0.7092 | 0.6851 | 0.6812 |
| Port of Houston Authority | 0.0099 | 0.0107 | 0.0116 | 0.0126 | 0.0133 |
| Sagemeadow UD | 0.4734 | 0.4800 | 0.4500 | 0.4500 | 0.4600 |
| San Jacinto CCD | 0.1694 | 0.1782 | 0.1793 | 0.1833 | 0.1824 |
| South Houston, City of | 0.6981 | 0.6999 | 0.6505 | 0.6433 | 0.6322 |
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Pasadena ISD | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 |
| Brazoria County MUD #28 | 0.8200 | 0.8200 | 0.8200 | 0.8200 | 0.8200 |
| Clear Brook City MUD | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 |
| Clear Lake City Water Authority | 0.2700 | 0.2800 | 0.2800 | 0.2800 | 0.2800 |
| Harris-Brazoria Counties MUD 509 | 0.8500 | 0.8500 | 0.8500 | - | - |
| Harris County | 0.4192 | 0.4173 | 0.4146 | 0.4002 | 0.3912 |
| Harris County Department of Education | 0.0054 | 0.0059 | 0.0064 | 0.0066 | 0.0066 |
| Harris County Flood Control District | 0.0273 | 0.0274 | 0.0283 | 0.0281 | 0.0281 |
| Harris County Hospital District | 0.1700 | 0.1700 | 0.1700 | - | - |
| Harris County MUD #381 | 0.7000 | 0.7400 | 0.7800 | 0.7800 | 0.7800 |
| Harris County MUD #382 | 0.6300 | 0.6700 | 0.6800 | 0.6900 | 0.6900 |
| Harris County MUD #410 | 0.6300 | 0.6900 | 0.7500 | 0.7500 | 0.7200 |
| Houston, City of | 0.6011 | 0.6311 | 0.6387 | 0.6387 | 0.6387 |
| Kirkmont MUD | 0.5350 | 0.5620 | 0.5690 | 0.5400 | 0.5350 |
| Pasadena, City of | 0.5754 | 0.5769 | 0.5916 | 0.5916 | 0.5916 |
| Pearland, City of | 0.7053 | 0.7121 | 0.7051 | 0.7051 | 0.6851 |
| Port of Houston Authority | 0.0134 | 0.0153 | 0.0172 | 0.0195 | 0.0186 |
| Sagemeadow UD | 0.5000 | 0.5200 | 0.5200 | 0.4900 | 0.3890 |
| San Jacinto CCD | 0.1756 | 0.1856 | 0.1856 | 0.1856 | 0.1856 |
| South Houston, City of | 0.6995 | 0.6445 | 0.6699 | 0.7082 | 0.6875 |

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 2020 (Fiscal Year 2021) | | | Tax Year 2011 (Fiscal Year 2012) | | |
|-------------------------------|----------------------------------|------|--|----------------------------------|------|--|
| | Assessed Value (1) | Rank | Percentage of Total Assessed Value (2) | Assessed Value (1) | Rank | Percentage of Total Assessed Value (3) |
| Enterprise Crude Pipeline | \$312,407,929 | 1 | 1.90% | \$ - | - | - |
| GATX Terminals Corp. | 279,151,269 | 2 | 1.70% | 86,384,596 | 5 | 0.92% |
| CenterPoint Energy Inc. | 277,870,562 | 3 | 1.69% | 177,107,574 | 3 | 1.89% |
| Pasadena Refining System Inc. | 249,203,133 | 4 | 1.52% | 177,840,041 | 2 | 1.89% |
| KM Liquids Terminals LLC | 225,600,902 | 5 | 1.37% | - | - | - |
| Houston Refining LP | 218,091,942 | 6 | 1.33% | 539,839,307 | 1 | 5.75% |
| Phillips 66 Company | 115,043,985 | 7 | 0.70% | - | - | - |
| Channel Energy Center LP | 97,939,700 | 8 | 0.60% | 84,236,626 | 6 | 0.90% |
| KIR Pasadena LP | 73,848,973 | 9 | 0.45% | 45,989,914 | 8 | 0.49% |
| KV Ashmore Spe LLC | 65,419,849 | 10 | 0.40% | - | - | - |
| HD Supply Inc. | - | - | - | 90,345,038 | 4 | 0.96% |
| Walmart | - | - | - | 60,368,534 | 7 | 0.64% |
| Valero Energy | - | - | - | 40,493,643 | 9 | 0.43% |
| Air Product | - | - | - | 38,920,810 | 10 | 0.41% |
| TOTALS | \$ 1,914,578,244 | | 11.66% | \$ 1,341,526,083 | | 14.29% |

Source: District records.

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

(2) Total assessed value-current year (Table 6): \$ 16,425,699,494

(3) Total assessed value-ten years ago (Table 6): \$ 9,391,071,779

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

Table 9

| Fiscal Year | Adjusted Tax Levy | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | |
|--------------------|--------------------------|---|-------------------------------------|--|----------------------------------|---|
| | | Taxes Collected | Percent of Adjusted Tax Levy | Collections in Subsequent Years | Taxes Collected | Collected as Percent of Current Tax Levy |
| 2021 | \$ 227,167,424 | \$ 221,072,932 | 97.3% | \$ - | \$ 221,072,932 | 97.3% |
| 2020 | 208,148,724 | 204,103,207 | 98.1% | 404,870 | 204,508,077 | 98.3% |
| 2019 | 200,583,188 | 199,778,172 | 99.60 | 52,976 | 199,831,148 | 99.63 |
| 2018 | 192,391,311 | 190,518,402 | 99.03 | 1,335,044 | 191,853,446 | 99.72 |
| 2017 | 165,755,728 | 164,258,092 | 99.10 | 928,278 | 165,186,370 | 99.66 |
| 2016 | 154,186,615 | 152,672,348 | 99.02 | 1,010,894 | 153,683,242 | 99.67 |
| 2015 | 145,760,794 | 143,824,978 | 98.67 | 1,485,899 | 145,310,877 | 99.69 |
| 2014 | 137,832,316 | 135,830,660 | 98.55 | 1,639,422 | 137,470,082 | 99.74 |
| 2013 | 129,111,433 | 127,592,900 | 98.82 | 1,194,713 | 128,787,613 | 99.75 |
| 2012 | 125,255,400 | 123,551,583 | 98.64 | 1,360,551 | 124,912,134 | 99.73 |

Source: District records





DEBT CAPACITY





PASADENA INDEPENDENT SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Table 10

| Fiscal Year | Governmental Activities | | Total Primary Government | Percentage of Personal Income (2) | Population (3) | Debt per Capita |
|-------------|------------------------------|---------------|--------------------------|-----------------------------------|----------------|-----------------|
| | General Obligation Bonds (1) | Notes Payable | | | | |
| 2021 | \$ 769,509,081 | \$ - | \$ 769,509,081 | 2.44% | 234,144 | 3,286 |
| 2020 | 797,365,821 | - | 797,365,821 | 2.38% | 233,378 | 3,417 |
| 2019 | 826,059,285 | - | 826,059,285 | 2.91% | 246,182 | 3,355 |
| 2018 | 847,256,260 | - | 847,256,260 | 2.66% | 271,632 | 3,119 |
| 2017 | 754,910,583 | - | 754,910,583 | 2.49% | 274,845 | 2,747 |
| 2016 | 773,880,747 | - | 773,880,747 | 2.63% | 265,425 | 2,916 |
| 2015 | 802,405,911 | - | 802,405,911 | 2.70% | 259,791 | 3,089 |
| 2014 | 642,359,180 | - | 642,359,180 | 2.44% | 254,920 | 2,520 |
| 2013 | 661,471,965 | 195,000 | 661,666,965 | 2.52% | 247,451 | 2,674 |
| 2012 | 503,747,381 | 185,000 | 503,932,381 | 1.58% | 242,917 | 2,075 |

Source: District Financial Statements

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Demographic and Economic Statistics table

(3) United States Census Bureau

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 (2) | Net Bonded Debt | Ratio of Net Bonded Debt to Total Actual Property Value (3) | Net Bonded Debt per Student (4) |
|--------------------------|--------------------------------|--|------------------------|--|--|
| 2021 | \$ 769,509,081 | \$ 33,330,648 | \$ 736,178,433 | 4.48% | \$ 14,369 |
| 2020 | 797,365,821 | 29,680,603 | 767,685,218 | 4.93% | 14,719 |
| 2019 | 826,059,285 | 30,729,133 | 795,330,152 | 5.65% | 15,222 |
| 2018 | 847,256,260 | 32,717,437 | 814,538,823 | 6.94% | 15,701 |
| 2017 | 754,910,583 | 51,602,157 | 703,308,426 | 5.36% | 13,596 |
| 2016 | 773,880,747 | 45,200,646 | 728,680,101 | 5.88% | 14,083 |
| 2015 | 802,405,911 | 49,557,927 | 752,847,984 | 6.93% | 14,647 |
| 2014 | 642,359,180 | 47,938,360 | 594,420,820 | 5.79% | 11,782 |
| 2013 | 661,471,965 | 44,411,225 | 617,060,740 | 6.40% | 12,461 |
| 2012 | 503,747,381 | 61,963,266 | 441,784,115 | 4.70% | 9,009 |

Source of data - District records

- (1) Presented net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See Table 6 for total assessed value data.
- (4) See Table 16 for average daily attendance data.

PASADENA INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
August 31, 2021

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 (2) | \$1,723,192,125 | 2.98% | \$51,351,125 |
| Harris County Department of Education | 20,185,000 | 2.98% | 601,513 |
| Port of Houston Authority | 492,439,397 | 2.98% | 14,674,694 |
| San Jacinto Community College District | 529,434,594 | 26.11% | 138,235,372 |
| Cities | | | |
| Houston, City of | 3,410,920,000 | 2.50% | 85,273,000 |
| Pasadena, City of | 141,000,000 | 59.06% | 83,274,600 |
| Pearland, City of | 350,080,000 | 0.24% | 840,192 |
| South Houston, City of | 3,730,000 | 100.00% | 3,730,000 |
| Special Districts | | | |
| Brazoria County MUD #28 | 54,840,000 | 21.86% | 11,988,024 |
| Clear Brook City MUD | 92,050,000 | 40.86% | 37,611,630 |
| Clear Lake City Water Authority | 108,375,000 | 0.47% | 509,363 |
| Harris-Brazoria Counties MUD No. 509 | 41,975,000 | 73.78% | 30,969,155 |
| Harris County Flood Control District | 590,725,000 | 2.98% | 17,603,605 |
| Harris County Hospital District | 81,540,000 | 2.98% | 2,429,892 |
| Harris County MUD #381 | 13,445,000 | 100.00% | 13,445,000 |
| Harris County MUD #382 | 10,635,000 | 99.42% | 10,573,317 |
| Harris County MUD #410 | 17,605,000 | 71.93% | 12,663,277 |
| Harris County Toll Road | - | 3.34% | - |
| Kirkmont MUD | 3,825,000 | 100.00% | 3,825,000 |
| Sagemeadow Utility District | 13,580,000 | 100.00% | 13,580,000 |
| Total Overlapping Debt | | | \$ 533,178,759 |
| <u>Direct:</u> | | | |
| Pasadena Independent School District | 769,509,081 | 100.00% | \$ 769,509,081 |
| Total Direct and Overlapping Debt | | | \$ 1,302,687,840 |
| Total Direct and Overlapping Debt % of A.V. | | 7.32% | |
| Total Direct and Overlapping Debt per Capita | | \$5,582 | |

Source: Municipal Advisory Council

(1) 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 overlapping taxing authorities' total actual taxable value.

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





DEMOGRAPHIC & ECONOMIC INFORMATION





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

Table 13

| Fiscal Year | Unemployment Rate (%) (1) | Estimated Population (2) | Median Household Income (3) | Residential Units (4) | Personal Income (5) | Total Assessed Value of Residential Units (4) | Average Assessed Value Per Residential Unit (4) | Peak School Enrollment |
|--------------------|----------------------------------|---------------------------------|------------------------------------|------------------------------|----------------------------|--|--|-------------------------------|
| 2021 | 9.7% | 234,144 | \$ 55,039 | 57,189 | \$ 3,147,625,371 | \$ 10,214,233,733 | \$ 178,605 | 50,614 |
| 2020 | 6.7% | 233,378 | 61,705 | 54,291 | 3,350,026,155 | 9,159,872,068 | 168,718 | 53,157 |
| 2019 | 3.8% | 246,182 | 50,207 | 56,577 | 2,840,561,439 | 8,109,193,168 | 143,330 | 53,374 |
| 2018 | 5.5% | 271,632 | 56,565 | 56,263 | 3,182,516,595 | 7,834,997,932 | 139,257 | 54,712 |
| 2017 | 4.2% | 274,845 | 54,724 | 55,299 | 3,026,182,476 | 7,201,040,235 | 130,220 | 56,282 |
| 2016 | 4.9% | 265,425 | 54,230 | 54,363 | 2,948,105,490 | 6,498,176,002 | 119,533 | 56,019 |
| 2015 | 4.8% | 259,791 | 53,822 | 55,126 | 2,966,991,572 | 5,935,227,921 | 107,667 | 55,570 |
| 2014 | 5.2% | 254,920 | 45,843 | 57,541 | 2,637,852,063 | 5,656,695,787 | 98,307 | 54,505 |
| 2013 | 6.1% | 247,451 | 41,922 | 62,513 | 2,620,669,986 | 5,666,046,003 | 90,638 | 53,636 |
| 2012 | 6.8% | 242,917 | 51,289 | 62,308 | 3,195,715,012 | 5,849,352,590 | 93,878 | 52,942 |

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) Median household income x residential units

PASADENA INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior (Unaudited)

Table 14

| Employer | 2021 | | | 2012 | | |
|---------------------------------------|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Pasadena Independent School District | 8,400 | 1 | 31.95% | 7,402 | 1 | 31.39% |
| SGS Petroleum Service Corp | 3,200 | 2 | 12.17% | 1,127 | 8 | 4.78% |
| San Jacinto College | 3,162 | 3 | 12.03% | 2,924 | 3 | 12.40% |
| Turner Industries | 3,070 | 4 | 11.68% | - | - | - |
| The Boeing Company | 2,500 | 5 | 9.51% | 2,300 | 4 | 9.75% |
| University of Houston-Clear Lake | 1,589 | 6 | 6.04% | - | - | - |
| Bayshore Medical Center | 1,500 | 7 | 5.71% | - | - | - |
| Lyondell Chemical Co. | 1,150 | 8 | 4.37% | - | - | - |
| City of Pasadena | 1,148 | 9 | 4.37% | 1,030 | 10 | 4.37% |
| Mundy Company | 569 | 10 | 2.16% | 1,500 | 5 | 6.36% |
| Bayer - Baytown | - | - | - | - | - | - |
| Shell - Deer Park | - | - | - | 1,400 | 7 | 5.94% |
| Mundy Company | - | - | - | - | - | - |
| Exxon Mobil Refining - Baytown | - | - | - | - | - | - |
| Silver Eagle Distributors, L.P. | - | - | - | 1,100 | 9 | 4.66% |
| Zachry Holding Inc. | - | - | - | 1,400 | 6 | 5.94% |
| Dorsett Brothers Concrete Supply Inc. | - | - | - | 3,400 | 2 | 14.42% |
| Totals: | 26,288 | | 100.00% | 23,583 | | 100.00% |

Source: Municipal Advisory Council



OPERATING INFORMATION





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

Table 15

| Full-Time Equivalent: | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Professional Staff: | | | | | | | | | | |
| Teachers | <u>3,752</u> | <u>3,757</u> | <u>3,926</u> | <u>3,887</u> | <u>3,846</u> | <u>3,761</u> | <u>3,642</u> | <u>3,540</u> | <u>3,430</u> | <u>3,376</u> |
| Support Staff: | | | | | | | | | | |
| Counselors | 130 | 104 | 106 | 104 | 102 | 100 | 96 | 91 | 91 | 114 |
| Educational Diagnosticians | 42 | 42 | 41 | 44 | 41 | 41 | 37 | 37 | 32 | 37 |
| Librarians | 71 | 64 | 72 | 72 | 71 | 69 | 64 | 63 | 65 | 64 |
| School Nurses | 69 | 69 | 72 | 72 | 69 | 68 | 66 | 65 | 63 | 66 |
| Teacher Facilitators | 39 | 39 | 178 | 178 | 138 | 133 | 129 | 124 | 124 | 113 |
| Therapists | 61 | 61 | 61 | 61 | 59 | 52 | 52 | 60 | 52 | 56 |
| School Psychologists | 34 | 34 | 49 | 49 | 44 | 46 | 47 | 39 | 40 | 34 |
| Other Support Staff | <u>402</u> | <u>241</u> | <u>240</u> | <u>241</u> | <u>237</u> | <u>234</u> | <u>195</u> | <u>189</u> | <u>151</u> | <u>140</u> |
| Subtotal | <u>848</u> | <u>654</u> | <u>819</u> | <u>821</u> | <u>761</u> | <u>743</u> | <u>686</u> | <u>668</u> | <u>618</u> | <u>624</u> |
| Administrators: | | | | | | | | | | |
| Admin/Instr Officers | 70 | 64 | 64 | 64 | 63 | 64 | 59 | 52 | 56 | 53 |
| Principals | 65 | 66 | 67 | 67 | 67 | 67 | 62 | 62 | 62 | 61 |
| Assistant Principals | 138 | 138 | 132 | 138 | 131 | 132 | 125 | 125 | 116 | 119 |
| Superintendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assoc. Superintendents | <u>13</u> | <u>13</u> | <u>13</u> | <u>13</u> | <u>13</u> | <u>14</u> | <u>14</u> | <u>15</u> | <u>14</u> | <u>13</u> |
| Subtotal | <u>287</u> | <u>282</u> | <u>277</u> | <u>283</u> | <u>275</u> | <u>278</u> | <u>261</u> | <u>255</u> | <u>249</u> | <u>247</u> |
| Total Professional Staff | 4,887 | 4,693 | 5,022 | 4,991 | 4,882 | 4,782 | 4,589 | 4,463 | 4,297 | 4,247 |
| Educational Aides | 1062 | 970 | 973 | 970 | 908 | 885 | 844 | 776 | 766 | 681 |
| Auxiliary Staff | <u>2,375</u> | <u>2,395</u> | <u>2,405</u> | <u>2,395</u> | <u>2,343</u> | <u>2,307</u> | <u>2,217</u> | <u>2,163</u> | <u>2,121</u> | <u>2,109</u> |
| Total Personnel | <u>8,324</u> | <u>8,058</u> | <u>8,400</u> | <u>8,356</u> | <u>8,133</u> | <u>7,974</u> | <u>7,650</u> | <u>7,402</u> | <u>7,184</u> | <u>7,037</u> |

Source: Texas Education Agency Website

PASADENA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
Last Ten Fiscal Years

Table 16
Page 1 of 2

| Fiscal Year | Average Daily Attendance | Operating Expenditures (1) | Cost Per Student | Percentage Change | Government - Wide Expenses (2) |
|--------------------|---------------------------------|-----------------------------------|-------------------------|--------------------------|---------------------------------------|
| 2021 | 51,234 | \$ 609,931,890 | \$ 11,905 | 2.92% | \$ 653,310,985 |
| 2020 | 52,157 | 603,327,935 | 11,568 | 4.14% | \$ 713,080,606 |
| 2019 | 52,250 | 580,365,420 | 11,107 | -0.21% | 689,840,642 |
| 2018 | 51,877 | 577,430,402 | 11,131 | 4.00% | 466,927,973 |
| 2017 | 51,730 | 553,626,182 | 10,702 | 1.28% | 627,794,501 |
| 2016 | 51,742 | 546,744,724 | 10,567 | 4.72% | 626,102,003 |
| 2015 | 51,399 | 518,632,470 | 10,090 | 2.32% | 577,394,346 |
| 2014 | 50,452 | 497,551,778 | 9,862 | 6.30% | 560,569,480 |
| 2013 | 49,519 | 459,399,382 | 9,277 | 0.93% | 504,530,430 |
| 2012 | 49,039 | 450,749,842 | 9,192 | -2.40% | 488,587,059 |

Source: Nonfinancial information from district records.
 ADA number is from TEA Finance Website

- (1) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position)
- (2) Government-wide expenses include only governmental activities

PASADENA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
Last Ten Fiscal Years

Table 16
Page 2 of 2

| Fiscal Year | Cost Per Student | Percentage Change | Teaching Staff | Student to Teacher Ratio | Percentage of Students in Free/Reduced Lunch Program |
|--------------------|-------------------------|--------------------------|-----------------------|---------------------------------|---|
| 2021 | \$ 12,752 | -6.73% | 3,752 | 13.66 | 83.00% |
| 2020 | 13,672 | 3.55% | 3,757 | 13.88 | 82.00% |
| 2019 | 13,203 | -25.83% | 3,926 | 13.31 | 76.00% |
| 2018 | 9,001 | -25.83% | 3,887 | 13.35 | 76.00% |
| 2017 | 12,136 | 7.72% | 3,846 | 13.45 | 77.70% |
| 2016 | 12,100 | 1.10% | 3,761 | 13.76 | 77.80% |
| 2015 | 11,234 | 9.05% | 3,642 | 14.11 | 79.50% |
| 2014 | 11,111 | 2.26% | 3,540 | 14.25 | 79.50% |
| 2013 | 10,189 | -2.45% | 3,430 | 14.44 | 79.60% |
| 2012 | 9,963 | -0.94% | 3,376 | 14.53 | 80.00% |

Source: Nonfinancial information from district records.
 ADA number is from TEA Finance Website

- (1) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position)
- (2) Government-wide expenses include only governmental activities



PASADENA INDEPENDENT SCHOOL DISTRICT**TEACHER BASE SALARIES***Last Ten Fiscal Years**Table 17*

| <u>Fiscal Year</u> | <u>District Average Salary (1)</u> | <u>Region IV Average Salary (2)</u> | <u>Statewide Average Salary (1)</u> |
|--------------------|------------------------------------|-------------------------------------|-------------------------------------|
| 2021 | \$ 60,082 | \$ 57,641 | \$ 53,288 |
| 2020 | 59,590 | 60,292 | 52,162 |
| 2019 | 56,548 | 57,707 | 54,122 |
| 2018 | 54,646 | 57,600 | 52,363 |
| 2017 | 54,351 | 55,992 | 52,525 |
| 2016 | 54,877 | 55,580 | 51,891 |
| 2015 | 53,652 | 54,157 | 50,715 |
| 2014 | 52,509 | 52,222 | 49,692 |
| 2013 | 51,331 | 50,968 | 48,821 |
| 2012 | 49,746 | 50,383 | 48,375 |

Sources:

- (1) TEA website, Texas Academic Performance Report
- (2) Region IV Education Service Center

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

Table 18
Page 1 of 2

| CAMPUS | Year Constructed | Building Age (Years) | Building Capacity | # of Portable Classrooms | Portable Capacity (# of rooms*22) | Total Capacity | 2020-2021 Enrollment | % of Capacity Used |
|---------------------------------|-------------------------|-----------------------------|--------------------------|---------------------------------|--|-----------------------|-----------------------------|---------------------------|
| <u>HIGH SCHOOL</u> | | | | | | | | |
| Dobie | 2003 | 18 | 3,500 | 38 | 950 | 4,450 | 2,898 | 65% |
| Dobie 9th | 2018 | 3 | 1,100 | - | - | 1,100 | 962 | 87% |
| Dr. Lewis CTHS | 2014 | 7 | 1,500 | - | - | 1,500 | 1,478 | 99% |
| Pasadena | 2001 | 20 | 3,024 | 2 | 50 | 3,074 | 2,255 | 73% |
| Pasadena Memorial | 2003 | 18 | 2,816 | 18 | 450 | 3,266 | 2,790 | 85% |
| Pasadena Memorial Early College | 2017 | 4 | 280 | 8 | 200 | 480 | 250 | 52% |
| Sam Rayburn | 2002 | 19 | 2,528 | 30 | 750 | 3,278 | 2,467 | 75% |
| Sam Raybrun Early College | 2017 | 4 | 280 | - | - | 280 | 252 | 90% |
| South Houston | 2001 | 20 | 2,450 | 27 | 675 | 3,125 | 1,977 | 63% |
| South Houston Early College | 2017 | 4 | 280 | - | - | 280 | 246 | 88% |
| <u>INTERMEDIATE</u> | | | | | | | | |
| Beverly Hills | 2004 | 17 | 1,500 | 2 | 50 | 1,550 | 969 | 63% |
| Bondy | 1993 | 28 | 1,144 | 1 | 25 | 1,169 | 998 | 85% |
| Jackson | 2002 | 19 | 1,384 | - | - | 1,384 | 633 | 46% |
| Miller | 1968 | 53 | 980 | 10 | 250 | 1,230 | 912 | 74% |
| Park View | 1966 | 55 | 960 | 9 | 225 | 1,185 | 657 | 55% |
| Queens | 2014 | 7 | 900 | - | - | 900 | 622 | 69% |
| San Jacinto | 2008 | 13 | 850 | - | - | 850 | 672 | 79% |
| South Houston | 1989 | 32 | 1,108 | 4 | 100 | 1,208 | 735 | 61% |
| Southmore | 2008 | 13 | 850 | 2 | 50 | 900 | 747 | 83% |
| Thompson | 1972 | 49 | 995 | 15 | 375 | 1,370 | 979 | 71% |
| <u>MIDDLE SCHOOLS</u> | | | | | | | | |
| DeZavala | 2002 | 19 | 850 | 6 | 132 | 982 | 738 | 75% |
| Keller | 2014 | 7 | 850 | - | - | 850 | 710 | 84% |
| Kendrick | 2015 | 6 | 850 | - | - | 850 | 787 | 93% |
| Lomax | 2007 | 14 | 850 | 6 | 150 | 1,000 | 684 | 68% |
| Melillo | 2008 | 13 | 850 | 6 | 150 | 1,000 | 673 | 67% |
| Milstead | 2007 | 14 | 950 | 6 | 150 | 1,100 | 813 | 74% |
| Morris | 2004 | 17 | 850 | 14 | 350 | 1,200 | 827 | 69% |
| Roberts | 2015 | 6 | 850 | - | - | 850 | 617 | 73% |
| Schneider | 2006 | 15 | 850 | 2 | 50 | 900 | 772 | 86% |
| Shaw | 2008 | 13 | 850 | 2 | 50 | 900 | 772 | 86% |
| Sullivan | 2015 | 6 | 850 | - | - | 850 | 649 | 76% |
| <u>ALTERNATIVE</u> | | | | | | | | |
| College Readiness Ctr | 2010 | 11 | 800 | - | - | 800 | | 0% |
| Community School | 2003 | 18 | 107 | - | - | 107 | 109 | 102% |
| Guidance Center | 2005 | 16 | 200 | - | - | 200 | | 0% |
| Summit | 2004 | 17 | 175 | - | - | 175 | 330 | 189% |
| Tegeler | 2013 | 8 | 520 | 8 | 120 | 640 | 415 | 65% |

Source: District records

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

Table 18
Page 2 of 2

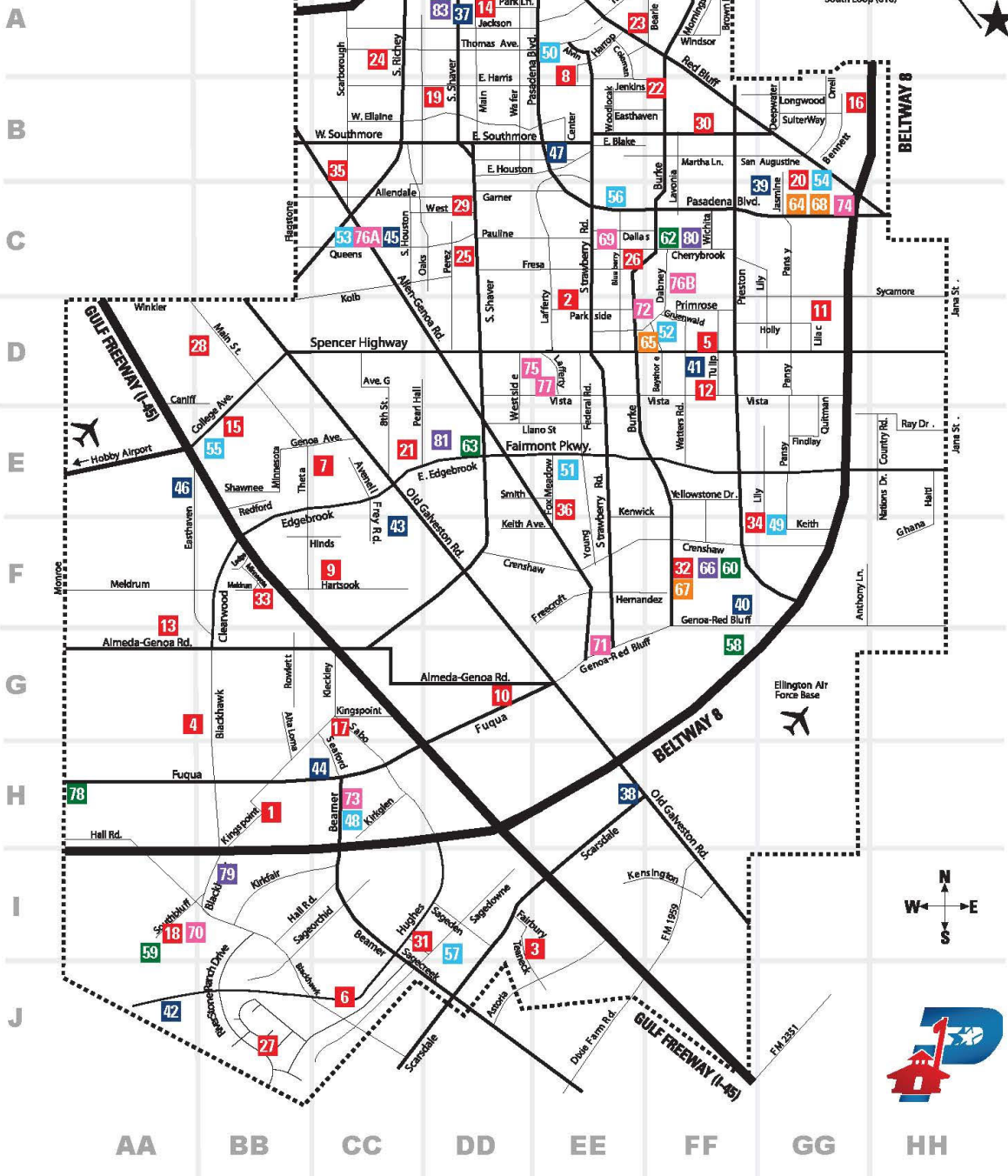
| CAMPUS | Year Constructed | Building Age (Years) | Building Capacity | # of Portable Classrooms | Portable Capacity (# of rooms*22) | Total Capacity | 2020-2021 Enrollment | % of Capacity Used |
|--------------------------|-------------------------|-----------------------------|--------------------------|---------------------------------|--|-----------------------|-----------------------------|---------------------------|
| <u>ELEMENTARY</u> | | | | | | | | |
| Atkinson | 1969 | 52 | 607 | 8 | 176 | 783 | 459 | 59% |
| Bailey | 1959 | 62 | 585 | 27 | 594 | 1,179 | 598 | 51% |
| Burnett | 2002 | 19 | 585 | 21 | 462 | 1,047 | 462 | 44% |
| Laura Bush | 2006 | 15 | 750 | 10 | 220 | 970 | 589 | 61% |
| Fisher | 1963 | 58 | 637 | 19 | 418 | 1,055 | 596 | 56% |
| Frazier | 2002 | 19 | 512 | 4 | 88 | 600 | 431 | 72% |
| Freeman | 1960 | 61 | 585 | 5 | 110 | 695 | 449 | 65% |
| Gardens | 2014 | 7 | 800 | - | - | 800 | 527 | 66% |
| Garfield | 2002 | 19 | 694 | 14 | 308 | 1,002 | 577 | 58% |
| Genoa | 2002 | 19 | 721 | 12 | 264 | 985 | 590 | 60% |
| Golden Acres | 1998 | 23 | 635 | 6 | 132 | 767 | 396 | 52% |
| Hancock | 2016 | 5 | 800 | - | - | 800 | 398 | 50% |
| Jensen | 1998 | 23 | 669 | 9 | 198 | 867 | 564 | 65% |
| Jessup | 1958 | 63 | 800 | 18 | 396 | 1,196 | 601 | 50% |
| Kruse | 2009 | 12 | 825 | 3 | 66 | 891 | 508 | 57% |
| L.F. Smith | 1959 | 62 | 825 | - | - | 825 | 606 | 73% |
| Matthys | 1992 | 29 | 777 | 6 | 132 | 909 | 546 | 60% |
| McMasters | 2001 | 20 | 430 | 8 | 176 | 606 | 393 | 65% |
| Meador | 1963 | 58 | 627 | 8 | 176 | 803 | 749 | 93% |
| Moore | 1980 | 41 | 700 | - | - | 700 | 392 | 56% |
| Morales | 1992 | 29 | 644 | 2 | 44 | 688 | 475 | 69% |
| Parks | 2001 | 20 | 687 | - | - | 687 | 430 | 63% |
| Pearl Hall | 2007 | 14 | 800 | 4 | 88 | 888 | 562 | 63% |
| Pomeroy | 1959 | 62 | 1,058 | - | - | 1,058 | 778 | 74% |
| Red Bluff | 2001 | 20 | 752 | - | - | 752 | 482 | 64% |
| Richey | 2008 | 13 | 815 | 4 | 88 | 903 | 550 | 61% |
| Smythe, Mae | 1955 | 66 | 750 | - | - | 750 | 739 | 99% |
| South Belt | 2009 | 12 | 780 | - | - | 780 | 685 | 88% |
| So. Houston | 2013 | 8 | 800 | - | - | 800 | 465 | 58% |
| So. Shaver | 1949 | 72 | 800 | - | - | 800 | 554 | 69% |
| Sparks | 1993 | 28 | 649 | 2 | 44 | 693 | 338 | 49% |
| Stuchbery | 1967 | 54 | 587 | 5 | 110 | 697 | 625 | 90% |
| Teague | 1977 | 44 | 593 | 8 | 176 | 769 | 749 | 97% |
| Turner | 1992 | 29 | 680 | - | - | 680 | 490 | 72% |
| Williams | 1958 | 63 | 672 | 8 | 176 | 848 | 482 | 57% |
| Young | 1980 | 41 | 660 | 12 | 264 | 924 | 646 | 70% |

Source: District records

PASADENA ISD DISTRICT MAP

PASADENA INDEPENDENT SCHOOL DISTRICT

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



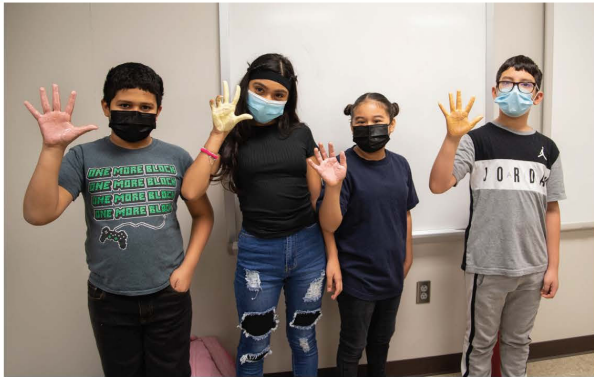
PASADENA INDEPENDENT SCHOOL DISTRICT

| | | | |
|-----------------------------------|---|--------------------------|---|
| ELEMENTARY | <ol style="list-style-type: none"> 1. H-BB Atkinson, 9602 Kingspoint Rd., Houston, TX. 77075.....713-740-0520 2. D-EE Bailey, 2707 Lafferty Rd., Pasadena, Tx. 77502713-740-0528 3. J-EE Bumett, 11825 Teaneck Dr., Houston, Tx. 77089.....713-740-0536 4. G-AA Bush, 9100 Blackhawk Blvd., Houston, Tx. 77075713-740-0928 5. D-FF Fisher, 2920 Watters Rd., Pasadena, Tx. 77502713-740-0552 6. J-CC Frazier, 10503 Hughes Rd., Houston, Tx. 77089713-740-0560 7. E-CC Freeman, 2323 Theta St., Houston, Tx. 77034713-740-0568 8. A-EE Gardens, 1107 East Harris, Pasadena, Tx. 77506713-740-0576 9. F-CC Garfield, 10301 Hartsook St., Houston, Tx. 77034713-740-0584 10. G-DD Genoa, 12900 Almeda Genoa Rd., Houston, Tx. 77034 .713-740-0592 11. D-GG Golden Acres, 5232 Sycamore, Pasadena, Tx. 77503...713-740-0600 12. D-FF Jensen, 3514 Tulip, Pasadena, Tx. 77504713-740-0608 13. G-AA Jessup, 9301 Almeda Genoa Rd., Houston, Tx., 77075 .713-740-0616 14. A-DD Kruse, 400 Park Lane, Pasadena, Tx. 77506713-740-0624 15. E-BB Matthys, 1500 Main St., South Houston, Tx. 77587713-740-0632 16. B-GG McMasters, 1011 Bennett Dr., Pasadena, Tx. 77503713-740-0640 17. H-CC Meador, 10701 Seaford Dr., Houston, Tx. 77089.....713-740-0648 18. I-AA Moore, 8880 Southbluff, Houston, Tx. 77089713-740-0656 19. B-DD Morales, 305 W. Harris, Pasadena, Tx. 77506713-740-0664 20. B-GG Parks, 3302 San Augustine, Pasadena, Tx. 77503713-740-0680 21. E-CC Pearl Hall, 1504 9th St., South Houston, Tx. 77587713-740-0688 22. B-FF Pomeroy, 922 Burke Rd., Pasadena, Tx. 77506713-740-0696 23. A-EE Red Bluff, 416 Bearle St., Pasadena, Tx. 77506713-740-0704 24. A-CC Richey, 610 South Richey, Pasadena, Tx. 77506713-740-0712 25. C-DD Smith, L.F., 2703 Perez, Pasadena, TX 77502.....713-740-0720 26. C-EE Smythe, Mae, 2424 Burke Rd. Pasadena, TX 77502713-740-0728 27. I-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. 77502713-740-0842 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 77075 ..713-740-5430 34. E-GG Turner, 4333 Lily, Pasadena, Tx. 77505713-740-0768 35. B-CC Williams, 1522 Scarborough Ln., Pasadena, Tx. 77502 ..713-740-0776 36. E-EE Young, 4221 Fox Meadow Ln., Pasadena, Tx. 77504713-740-0784 | HIGH SCHOOLS | <ol style="list-style-type: none"> 58. G-FF Career & Technical, 1348 Genoa Red Bluff, Houston, Tx. 77034.. 713-740-5320 59. I-AA J. Frank Dobie, 10220 Blackhawk Blvd., Houston, Tx. 77089...713-740-0370 60. F-FF Memorial, 4410 Crenshaw, Pasadena, Tx. 77504713-740-0390 61. A-DD Pasadena, 206 South Shaver, Pasadena, Tx. 77506713-740-0310 62. C-FF Sam Rayburn, 2121 Cherrybrook Ln., Pasadena, Tx. 77502 713-740-0330 63. E-DD South Houston, 3820 South Shaver, South Houston, Tx. 77587 713-740-0350 |
| MIDDLE | <ol style="list-style-type: none"> 37. A-DD DeZavala, 101 E. Jackson, Pasadena, Tx. 77506713-740-0544 38. H-EE Roberts, Fred 13402 Conklin Lane, Houston Tx. 77034..713-740-5390 39. B-GG Keller, 1711 Magnolia Dr., Pasadena, Tx. 77503.....713-740-5284 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. 77089.....713-740-5260 43. F-CC Milstead, 338 Gilpin, Houston, Tx. 77034713-740-5238 44. H-CC Morris, 10415 Fuqua, Houston, Tx. 77089.....713-740-0672 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. 77502.....713-740-5268 | ALT | <ol style="list-style-type: none"> 64. C-GG Community School, 1838A E.Sam Houston Pkwy. So., Pasadena, Tx. 77503 .713-740-0298 65. D-FF Guidance Center, 3010 Bayshore Dr., Pasadena, Tx. 77502713-740-0792 67. F-FF Tegeler Career Center, 4949 Burke Rd., Pasadena, Tx. 77504.....713-740-0410 68. C-GG The Summit, 1838 E.Sam Houston Pkwy. So., Pasadena, Tx. 77503.....713-740-0290 |
| INTERMEDIATE | <ol style="list-style-type: none"> 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. 77502.....713-740-0500 57. I-DD Thompson, 11309 Sagedowne Ln., Houston, Tx. 77089 713-740-0510 | ADMIN / COMMUNITY | <ol style="list-style-type: none"> 69. C-EE Administration Building, 1515 Cherrybrook Ln., Pasadena, TX 77502 70. I-AA AG Complex 1 (Dobie), 10502 BlackHawk, Houston, TX 77089 71. G-EE AG Complex 2, 525 Genoa Red Bluff, Houston, TX 77034 72. D-EE Athletic Complex (Philips Fieldhouse, Shippey Aquatic Center, Stadium) 2906 Dabney, Pasadena, Texas 77502 73. H-CC Collaborative Learning Center, 11111 Beamer Rd., Houston, TX 77089 74. C-GG Frank Braden Center-Orozco Professional Development Center 1814-1854 E.Sam Houston Parkway South, Pasadena, TX 77503 75. D-DD Maintenance & Warehouse, 3131-3135 Westside Dr., Pasadena, TX 77504 76A. C-CC Softball Complex 1112 Queens, Rd, Pasadena, TX 77502 76B. C-EE Aux. Field/Baseball 2906 Dabney, Pasadena, TX 77502 77. D-EE Transportation & Operations, 3212-3214 Lafferty, Pasadena, TX 77504 |
| EARLY COLLEGE HIGH SCHOOLS | <ol style="list-style-type: none"> 78. H-AA J. Frank Dobie 9th Grade Campus 10811 Monroe St., Houston, TX 77075 79. I-BB J. Frank Dobie Early College High School 10220 Blackhawk, Houston, TX 77089 80. C-FF Sam Rayburn Early College High School 2121 Cherrybrook, Pasadena, TX 77502 81. E-DD South Houston Early College High School 1606 Ave. "N", South Houston, TX 77587 82. F-FF Pasadena Memorial Early College High School 4320 Crenshaw, Pasadena, TX 77504 83. A-DD Pasadena Early College High School 206 South Shaver, Pasadena, TX 77506 | | |





FEDERAL AWARDS





**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 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, 2021, 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 25, 2022.

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) as a basis for designing 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 financial statements. 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, professional style.

Houston, Texas
January 25, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE 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, 2021. 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, 2021.

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 25, 2022

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

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:

| <u>Name of Federal Program or Cluster</u> | <u>Assistance Listing Number (ALN)</u> |
|--|--|
| Child Nutrition Cluster | 10.553, 10.555, 10.558 |
| COVID-19 - ESSER Grant | 84.425D |
| COVID-19 - ESSER - PRIOR PURCHASE REIMB PROG (PPRP) | 84.425D |
| COVID-19 - CRRSA ESSER II | 84.425D |
| COVID-19 - ARP ESSER III | 84.425U |
| Title IV, Part B 21st Century Community Learning Centers | 84.287C |
| COVID-19 - Coronavirus Relief Fund - Harris County Match | 21.019 |
| COVID-19 - Coronavirus Relief Fund - Non-Cash Assistance | 21.019 |
| COVID-19 - Coronavirus Relief Fund - TDEM 1 | 21.019 |

| | |
|---|-------------|
| Dollar threshold used to distinguish between Type A and Type B Federal Programs | \$2,905,295 |
| Auditee qualified as a low-risk auditee? | Yes |

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021**

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

| Fund Code | (1) Federal Grantor/ Pass-Through Grantor/ Program Title | (2) Federal Assistance Listing Number* | (2A) Pass-Through Entity Identifying Number | (3) Federal Expenditures |
|---|--|---|--|--------------------------------|
| U. S. Department of Education | | | | |
| Direct Award | | | | |
| 289 | <i>COPS School Violence Prevention Program</i> | 84.184S | 2019SVWX0001 | \$ 240,731 |
| 289 | <i>STOP School Violence Prevention Program</i> | 84.184S | 2020-YS-BX-0119 | 71,447 |
| | <i>Total ALN 84.184</i> | | | <u>312,178</u> |
| Passed Through State Department of Education: | | | | |
| 206 | <i>Texas Support for Homeless Education Program</i> | 84.196A | 214600057110053 | 199,861 |
| 206 | <i>Texas Support for Homeless Education Program</i> | 84.196A | 204600057110057 | 96 |
| | <i>Total ALN 84.196</i> | | | <u>199,957</u> |
| 211 | <i>ESEA Title I, Part A - Improving Basic Programs</i> | 84.010A | 22610101101917 | 1,275,860 |
| 211 | <i>ESEA Title I, Part A - Improving Basic Programs</i> | 84.010A | 21610101101917 | 16,275,675 |
| 211 | <i>ESEA Title I, Part A - Improving Basic Programs</i> | 84.010A | 20610101101917 | 2,726,633 |
| 211 | <i>Title I - School Improvement Grant</i> | 84.010A | 21610141101917 | 218,920 |
| | <i>Total ALN 84.010</i> | | | <u>20,497,088</u> |
| 212 | <i>Title I, Part C - Migrant Education Program</i> | 84.011A | 22615001101917 | 9,870 |
| 212 | <i>Title I, Part C - Migrant Education Program</i> | 84.011A | 21615001101917 | 84,403 |
| 212 | <i>Title I, Part C - Migrant Education Program</i> | 84.011A | 20615001101917 | 57,282 |
| | <i>Total ALN 84.011</i> | | | <u>151,555</u> |
| 224 | <i>IDEA - Part B, Formula</i> | 84.027A | 226600011019176000 | 665,554 |
| 224 | <i>IDEA - Part B, Formula</i> | 84.027A | 216600011019176000 | 7,760,584 |
| 224 | <i>IDEA - Part B, Formula</i> | 84.027A | 206600011019176000 | 739,910 |
| 225 | <i>IDEA - Part B, Preschool</i> | 84.173A | 226610011019176000 | 5,397 |
| 225 | <i>IDEA - Part B, Preschool</i> | 84.173A | 216610011019176000 | 104,405 |
| 225 | <i>IDEA - Part B, Preschool</i> | 84.173A | 206610011019176000 | 26,504 |
| 226 | <i>IDEA - Part B High Cost</i> | 84.027A | 66002106 | 534,016 |
| Passed Through Region 4 Education Service Center: | | | | |
| 315 | <i>DEAF</i> | 84.027A | 3159-93-878 | 60,370 |
| | <i>Total Special Education Cluster (ALN 84.027, 84.173)</i> | | | <u>9,896,740</u> |
| Passed Through State Department of Education (continued) | | | | |
| 244 | <i>Career and Technical - Basic Grant</i> | 84.048A | 22420006101917 | 28,488 |
| 244 | <i>Career and Technical - Basic Grant</i> | 84.048A | 21420006101917 | 772,586 |
| 244 | <i>Career and Technical - Basic Grant</i> | 84.048A | 20420006101917 | 3,188 |
| 244 | <i>2019-2020 Perkins Reserve</i> | 84.048A | 204200287110066 | 6,630 |
| | <i>Total ALN 84.048</i> | | | <u>810,892</u> |
| 255 | <i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i> | 84.367A | 22694501101917 | 158,650 |
| 255 | <i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i> | 84.367A | 21694501101917 | 1,950,126 |
| 255 | <i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i> | 84.367A | 20694501101917 | 54,712 |
| | <i>Total ALN 84.367</i> | | | <u>2,163,488</u> |
| 263 | <i>Title III, Part A - English Language Acquisition and Language Enhancement</i> | 84.365A | 22671001101917 | 97,059 |
| 263 | <i>Title III, Part A - English Language Acquisition and Language Enhancement</i> | 84.365A | 21671001101917 | 1,280,077 |
| 263 | <i>Title III, Part A - English Language Acquisition and Language Enhancement</i> | 84.365A | 20671001101917 | 178,994 |
| | <i>Total CFDA 84.365</i> | | | <u>1,556,130</u> |
| 265 | <i>Title IV, Part B 21st Century Community Learning Centers</i> | 84.287C | 216950247110019 | 1,715,412 |
| 265 | <i>Title IV, Part B 21st Century Community Learning Centers</i> | 84.287C | 206950247110019 | 74,703 |
| 265 | <i>Title IV, Part B 21st Century Community Learning Centers</i> | 84.287C | 226950267110035 | 96,376 |
| 265 | <i>Title IV, Part B 21st Century Community Learning Centers</i> | 84.287C | 216950267110035 | 1,433,742 |
| 265 | <i>Title IV, Part B 21st Century Community Learning Centers</i> | 84.287C | 206950267110035 | 44,569 |
| | <i>Total ALN 84.287</i> | | | <u>3,364,802</u> |
| 276 | <i>Instructional Continuity</i> | 84.377A | 17610740101917 | 180,000 |

*ALN formerly known as CFDA #.

PASADENA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit K-1
Page 2 of 2

| Fund Code | (1) Federal Grantor/ Pass-Through Grantor/ Program Title | (2) Federal Assistance Listing Number* | (2A) Pass-Through Entity Identifying Number | (3) Federal Expenditures |
|--|---|--|--|-----------------------------|
| U. S. Department of Education (continued) | | | | |
| Passed Through State Department of Education (continued) | | | | |
| 266 | COVID-19 - ESSER Grant | 84.425D | 20521001101917 | 292,072 |
| 199 | COVID-19 - ESSER - PRIOR PURCHASE REIMB PROG (PPRP) | 84.425D | 52102135 | 1,711,121 |
| 281 | COVID-19 - ESSER - PRIOR PURCHASE REIMB PROG (PPRP) | 84.425D | 52102135 | 1,831,331 |
| 281 | COVID-19 - CRRSA ESSER II | 84.425D | 21521001101917 | 4,176,466 |
| 282 | COVID-19 - ARP ESSER III | 84.425U | 21528001101917 | 2,870,735 |
| | Total ALN 84.425 | | | <u>10,881,725</u> |
| 289 | Title IV, Part A, Subpart 1 | 84.424A | 22680101101917 | 34,603 |
| 289 | Title IV, Part A, Subpart 1 | 84.424A | 21680101101917 | 1,148,234 |
| 289 | Title IV, Part A, Subpart 1 | 84.424A | 20680101101917 | 407,433 |
| | Total ALN 84.424 | | | <u>1,590,270</u> |
| 199 | Restart Hurricane Harvey, Cycle 2 | 84.938A | 21511704101917 | 12,892,139 |
| Passed Through Harris County Department of Education | | | | |
| 265 | Title IV, Part B 21st Century Community Learning Centers | 84.287C | 748001215 | 150,423 |
| Total U. S. Department of Education | | | | <u>64,647,387</u> |
| U. S. Department of Agriculture | | | | |
| Passed Through the Texas Department of Agriculture: | | | | |
| National School Lunch Program - USDA Commodities | | | | |
| 240 | (non-cash assistance) | 10.555 | 00527 | 2,420,836 |
| 240 | COVID-19 - Emergency Operational Costs (EOC) | 10.555 | 00527 | 2,896,187 |
| Passed Through State Department of Education: | | | | |
| 240 | School Breakfast Program | 10.553 | 71402101 | 5,442,767 |
| 240 | School Breakfast Program - Seamless Summer Option | 10.553 | 71402101 | 125,571 |
| 240 | National School Lunch Program | 10.555 | 71302101 | 15,272,596 |
| 240 | National School Lunch Program - Seamless Summer Option | 10.555 | 71302101 | 310,217 |
| | Total Child Nutrition Cluster (ALN 10.553, 10.555) | | | <u>26,468,174</u> |
| Passed Through the Texas Department of Agriculture: | | | | |
| 240 | Child and Adult Care Food Program (CACFP) | 10.558 | 00527 | 345,424 |
| 240 | COVID-19 - Commodity Storage Reimbursement | 10.560 | 00527 | 148,566 |
| Total U. S. Department of Agriculture | | | | <u>26,962,164</u> |
| U. S. Department of Treasury | | | | |
| Passed Through State Department of Education: | | | | |
| 199 | COVID-19 - Coronavirus Relief Fund - Harris County Match | 21.019 | 39312101 | 622,125 |
| Passed Through Region IV Education Service Center: | | | | |
| 199 | COVID-19 - Coronavirus Relief Fund - Non-Cash Assistance | 21.019 | 52202002 | 1,244,250 |
| Passed through Texas Department of Public Safety | | | | |
| Division of Emergency Management: | | | | |
| 199 | COVID-19 - Coronavirus Relief Fund - TDEM 1 | 21.019 | LEA2020 | 1,745,346 |
| Total U. S. Department of Treasury | | | | <u>3,611,721</u> |
| U. S. Department of Health and Human Services | | | | |
| Passed through Harris County Department of Education | | | | |
| 498 | CASE | 93.596 | N/A | 30,000 |
| | Total CCDF Cluster (ALN 93.596) | | | <u>30,000</u> |
| Passed through Texas Health and Human Services Commission | | | | |
| 199 | Medicaid Administrative Claiming (MAC) | 93.778 | 529-07-0157-00079 | 471,203 |
| | Total Medicaid Cluster (ALN 93.778) | | | <u>471,203</u> |
| Total U. S. Department of Health and Human Services | | | | <u>501,203</u> |
| U.S. Department of Housing & Urban Development | | | | |
| Passed through Texas Health and Human Services Commission | | | | |
| 199 | Community Development Block Grant | 14.218 | 068-CV132-8593 | 772,736 |
| | Total CDBG - Entitlement Grants Cluster (ALN 14.218) | | | <u>772,736</u> |
| Total U.S. Department of Housing & Urban Development | | | | <u>772,736</u> |
| U.S. Department of Defense | | | | |
| 199 | Reserve Officers' Training Corp. (ROTC) | 12.000 | N/A | 347,967 |
| Total U.S. Department of Defense | | | | <u>347,967</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 96,843,178</u> |

*ALN formerly known as CFDA #.

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, 2021. 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 | \$ 96,843,178 |
| General Fund - Federal Revenue Excluded: | |
| School Health and Related Services (SHARS) | 11,580,372 |
| Interest Subsidy on Qualified School Construction Bond | 1,684,648 |
| E-Rate Schools and Libraries Universal Service Support Mechanism | 889,534 |
| Total Expenditures of Federal Awards per Exhibit C-3 | <u><u>\$ 110,997,732</u></u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021, are as follows:

| <u>Program Source</u> | <u>ALN</u> | <u>Amount</u> |
|---|------------|----------------------|
| SHARS | N/A | \$ 11,580,372 |
| Interest Subsidy on Qualified School Construction Bond | N/A | 1,684,648 |
| Medicaid Administrative Claiming Program | 93.778 | 471,203 |
| ROTC | 12.000 | 347,967 |
| E-Rate Schools and Libraries Universal Service Support Mechanism | N/A | 889,534 |
| COVID-19 - ESSER - Prior Purchase Reimb Program (PPRP) | 84.425D | 1,711,121 |
| Community Development Block Grant | 14.218 | 772,736 |
| Restart Hurricane Harvey, Cycle 2 | 84.938A | 12,892,139 |
| COVID-19 - Coronavirus Relief Fund - Harris County Match | 21.019 | 622,125 |
| COVID-19 - Coronavirus Relief Fund - Non-Cash Assistance | 21.019 | 1,244,250 |
| COVID-19 - Coronavirus Relief Fund - TDEM 1 | 21.019 | 1,745,346 |
| Indirect Costs: | | |
| STOP School Violence Prevention Program | 84.184S | 6,047 |
| Career and Technical - Basic Grant | 84.048A | 25,773 |
| ESEA Title I, Part A - Improving Basic Programs | 84.010A | 676,269 |
| ESEA Title II, Part A - Teacher and Principal Training and Recruiting | 84.367A | 71,912 |
| ESSER Grant | 84.425D | 285,861 |
| ARP ESSER III | 84.425U | 195,823 |
| IDEA - Part B, Formula | 84.027A | 330,867 |
| IDEA - Part B, Preschool | 84.173A | 5,207 |
| National School Lunch Program | 10.555 | 1,000,000 |
| Texas Support for Homeless Education Program | 84.196A | 6,936 |
| Title I - School Improvement Grant | 84.010A | 7,606 |
| Title I, Part C - Migrant Education Program | 84.011A | 5,354 |
| Title III, Part A - English Language Acquisition and Language Enhancement | 84.365A | 9,480 |
| Title IV, Part A, Subpart 1 | 84.424A | 19,146 |
| Title IV, Part B 21st Century Community Learning Centers | 84.287C | 116,988 |
| Total | | <u>\$ 36,724,710</u> |

Note 5 – Amounts on the Schedule of Expenditures of Federal Awards for Expenditures Occurring in Previous Fiscal Years

The District periodically receives grant awards subsequent to the fiscal year in which the original expenditure occurred. The following amounts were awarded in fiscal year 2021 as reimbursement for prior period expenditures.

| <u>Program Source</u> | <u>ALN</u> | <u>Amount</u> |
|--|------------|----------------------|
| COVID-19 - ESSER - Prior Purchase Reimb Program (PPRP) | 84.425D | \$ 1,711,121 |
| Community Development Block Grant | 14.218 | 772,736 |
| Restart Hurricane Harvey, Cycle 2 | 84.938A | 12,892,139 |
| COVID-19 - Coronavirus Relief Fund - Harris County Match | 21.019 | 622,125 |
| COVID-19 - Coronavirus Relief Fund - Non-Cash Assistance | 21.019 | 1,244,250 |
| COVID-19 - Coronavirus Relief Fund - TDEM 1 | 21.019 | 1,745,346 |
| | | <u>\$ 18,987,717</u> |

PASADENA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2021

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, 2021 has been prepared to address these requirements.

I. Prior Audit Findings

None noted

PASADENA INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2021

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, 2021 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.