Comprehensive Annual Financial Report

for the fiscal year ended August 31, 2016

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

Pasadena Independent School District

www.pasadenaisd.org

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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.

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PASADENA INDEPENDENT SCHOOL DISTRICT

Pasadena, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended August 31, 2016

DeeAnn Powell Ed. D
Superintendent of Schools

John M. Piscacek
Associate Superintendent,
Business and Finance

PASADENA INDEPENDENT SCHOOL DISTRICT

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PASADENA INDEPENDENT SCHOOL DISTRICT

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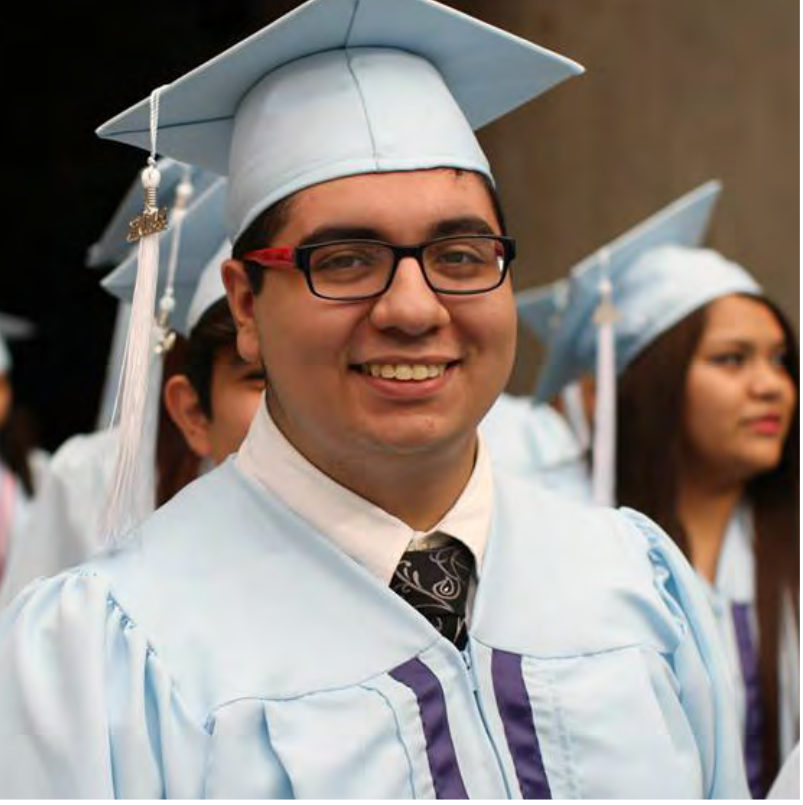

Introductory Section

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PASADENA INDEPENDENT SCHOOL DISTRICT

Board of Trustees, Length of Service, Term Expiration

Nelda Sullivan, President, 24 Years, 2017

Fred Roberts, Vice President, 24 Years, 2017

Kenny Fernandez, Secretary, 1 Year, 2019

Vickie Morgan, Assistant Secretary, 31 Years, 2019

Jack Bailey, Trustee, 6 Years, 2017

Marshall Kendrick, Trustee, 28 Years, 2019

Mariselle Quijano, Trustee, 7 Years, 2017

For pictures and profiles visit
www1.pasadenaisd.org/cms/One.aspx?portalId=80772&pageId=217627

Superintendent of Schools
Dr. DeeAnn Powell

Administrative Cabinet

Dr. Karen Hickman, Deputy Superintendent, Academic Achievement

Dr. Steve Fullen, Associate Superintendent, Campus Development

Alyta Harrell, Associate Superintendent, Campus Development

Dr. Rhonda Parmer, Associate Superintendent, Campus Development

Dr. Angela Stallings, Associate Superintendent, Campus Development

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

Barbara Fuqua, Associate Superintendent, Accountability & Compliance

Gloria Gallegos, Associate Superintendent, Special Programs

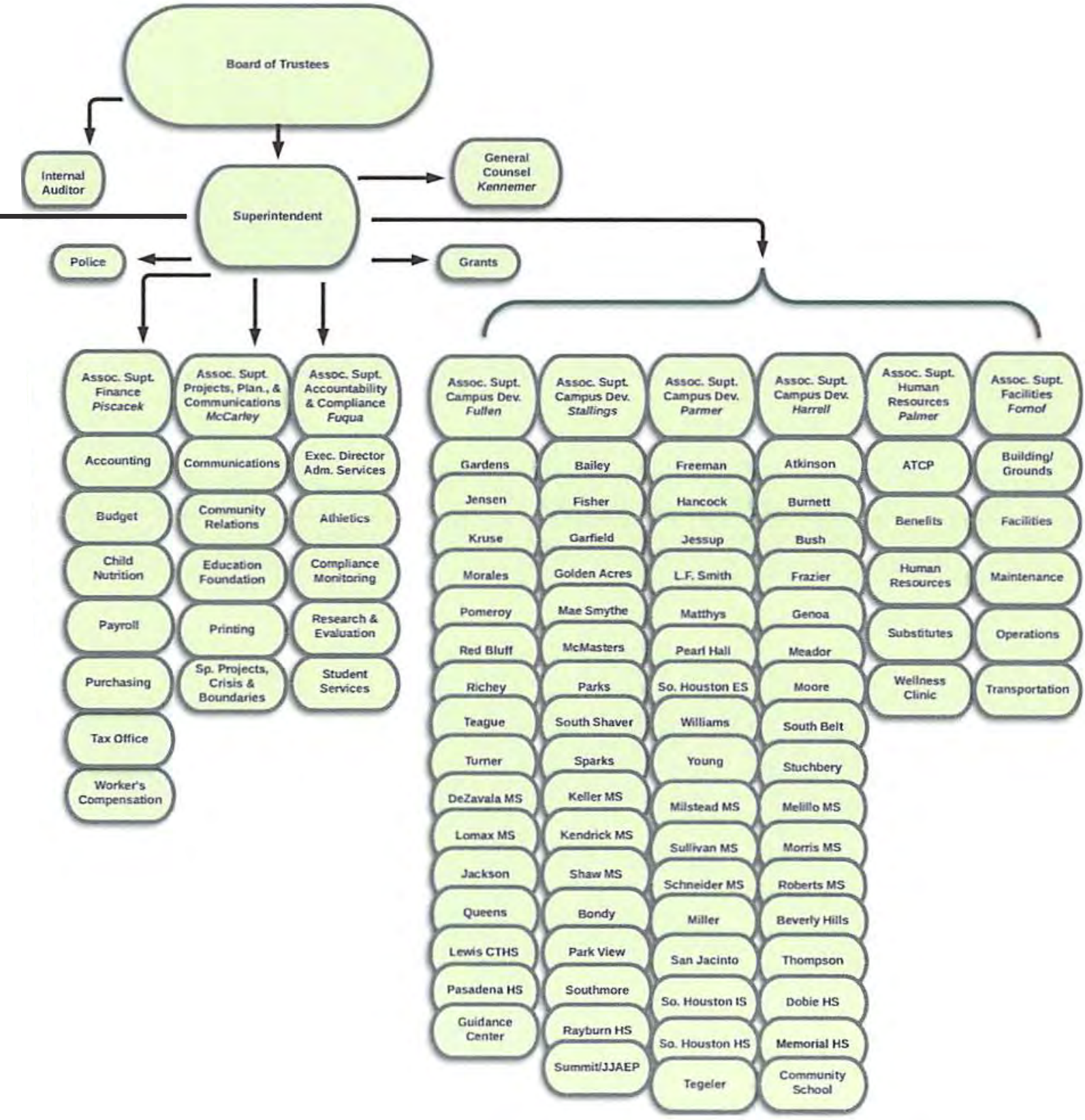
Keith Palmer, Associate Superintendent, Human Resources

John Piscacek, Associate Superintendent, Business & Finance

Kevin Fornof, Associate Superintendent, Facilities & Construction

Jodie Kennemer, General Counsel

Revised 8/16/16


Board of Trustees
Internal Auditor
Superintendent
General Counsel Kennemer
Police
Grants
Assoc. Supt. Finance Piscacek
Accounting
Budget
Child Nutrition
Payroll
Purchasing
Tax Office
Worker's Compensation
Assoc. Supt. Projects, Plan., & Communications McCarley
Communications
Community Relations
Education Foundation
Printing
Sp. Projects, Crisis & Boundaries
Assoc. Supt. Accountability & Compliance Fuqua
Exec. Director Adm. Services
Athletics
Compliance Monitoring
Research & Evaluation
Student Services
Assoc. Supt. Campus Dev. Fullen
Gardens
Jensen
Kruse
Morales
Pomeroy
Red Bluff
Richey
Teague
Turner
DeZavala MS
Lomax MS
Jackson
Queens
Lewis CTHS
Pasadena HS
Guidance Center
Assoc. Supt. Campus Dev. Stallings
Bailey
Fisher
Garfield
Golden Acres
Mae Smythe
McMasters
Parks
South Shaver
Sparks
Keller MS
Kendrick MS
Shaw MS
Bondy
Park View
Southmore
Rayburn HS
Summit/JJAEP
Assoc. Supt. Campus Dev. Parmer
Freeman
Hancock
Jessup
L.F. Smith
Matthys
Pearl Hall
So. Houston ES
Williams
Young
Milstead MS
Sullivan MS
Schneider MS
Miller
San Jacinto
So. Houston IS
So. Houston HS
Tegeler
Assoc. Supt. Campus Dev. Harrell
Atkinson
Burnett
Bush
Frazier
Genoa
Meador
Moore
South Belt
Stuchbery
Melillo MS
Morris MS
Roberts MS
Beverly Hills
Thompson
Dobie HS
Memorial HS
Community School
Assoc. Supt. Human Resources Palmer
ATCP
Benefits
Human Resources
Substitutes
Wellness Clinic
Assoc. Supt. Facilities Fornof
Building/ Grounds
Facilities
Maintenance
Operations
Transportation

Pasadena Independent School District

DeeAnn Powell, Ed.D.
Superintendent

January 24, 2017

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

Dear Board Members and Citizens:

The Texas Education Code requires that all school districts file and publish a complete set of financial statements with the Texas Education Agency ("TEA") within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Pasadena Independent School District (the "District") for the fiscal year ended August 31, 2016. The CAFR is management's report of financial operations to the Board of Trustees (the "Board"), taxpayers, grantor agencies, employees, the TEA, and other interested parties.

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 Weaver and Tidwell, LLP, 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, 2016 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, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally- mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented as part of the CAFR's Federal Awards Section.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors' Report.

Profile of the District

The Pasadena Independent School District, established in 1898, encompasses 85.5 square miles in southeast Harris County just east of Houston, Texas. The District covers portions of the cities of Pasadena, Pearland and Houston, all of the City of South Houston and an unincorporated area of Harris County.

The District is a political subdivision of the State of Texas governed by a seven-member Board of Trustees who serves staggered four-year terms. Elections are held in May of every other year. The District has a population of approximately 272,144 and employs almost 8,000 persons, 3,761 of which are classroom teachers. These employees provide educational services for 56,019 students enrolled in the District. In the last five years, the student enrollment growth has averaged 1.5% annually.

As the sixteenth largest district in the state of Texas, the District now serves thirty-five elementary schools (pre-kindergarten through fourth or fifth), ten middle schools (fifth and sixth grade), ten intermediate schools (sixth or seventh grade through eighth grade), six high schools (ninth grade through twelfth grade), and four alternative or specialized campuses. Hispanic students make up 82.7% of the student body with the remainder of the student population being comprised of 6.3% White, 7.2% African American, 3% Asian, and less that 1% American Indian, Pacific Islander or Two or More Races reported.

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 percent salary increase for 2015-2016. In March and April 2015, 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 extablished 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, PISD'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 $12.5 billion for the school year 2016-2017. Per student spending is expected to increase from $8,412 to $8,553 in the 2016-2017 school year. This increase is due to the opening of two new campuses and increased costs for instructional programming. Refined average daily attendance (ADA) is expected to increase in the 2016-

2017 school year by .95% to 52,300. Total enrollment is expected to increase to 56,800 during the 2016-2017 school year, an increase of almost 800 students, or 30-35 classrooms.

The Greater Houston area is the nation's fourth largest metro economy and has experienced four years of extraordinary growth, creating more than 480,000 jobs since the peak of the recession – three jobs for every one lost. According to the *Houston Business Journal,* Harris County will be the fastest growing county in Texas by 2050.

To ensure skilled workers and good jobs, both essential for continued economic growth, the district is partnering with local companies and other public agencies to design innovative ways for students to gain skills and earn credentials that companies will value and reward. These efforts will enable the creation of good jobs, support strong businesses, and assist in building healthy communities.

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 65 campuses currently is 22.6 years.

On November 8, 2011, the voters approved issuing school bonds totaling $270.1 million. Proceeds from these bond sales were used to address the need for new schools to manage growth, improve existing school and facilities, and expand the Career and Technical Education Program. Debt service requirements for this bond issue did not require an increase in the Interest & Sinking tax rate.

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

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

The Dr. Kirk Lewis Career and Technical High School opened its doors in the 2014-2015 school year. Two new middle schools, Fred Roberts Middle School and Marshall Kendrick Middle School opened in the 2015-2016 school year. A middle school, Nelda Sullivan Middle School and an elementary, Tom Hancock Elementary will be opening at the beginning of the 2016-2017 school year. The expansion of the Dr. Kirk Lewis Career and Technical High School, as well as the Early College High Schools and the ninth grade campus at Dobie High School, are expected to be open for the 2017-2018 school year.

Awards and Acknowledgments

Pasadena Independent School District embraces its fiscal responsibility and endeavors to be financially sound and publicly accountable.

The District received a "Superior Achievement" rating under the State's FIRST (Financial Integrity Rating System of Texas) program for fourteen (14) consecutive years, the highest rating given. The District received the Texas Comptroller of Public Accounts' Platinum Leadership Circle Award, the highest given, for the seventh (7th) consecutive year for its efforts to make its finances open and accessible to the public.

Additionally, the Association of School Business Officials International (ASBO) awarded the District its Meritorious Budget Award for excellence in budget presentation for the fourteenth (14th) consecutive year. The district also received ASBO's COE (Certificate of Excellence in financial reporting) for its third consecutive year ending August 31, 2015. Additionally, the district was awarded the Government and Finance Officers Association's (GFOA) Distnguished Budget Presentation Award and the Certificate of Achievement for Excellence in Financial Reporting for the school year ending August 31, 2014 and August 31, 2015.

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 Weaver and Tidwell, LLP.

Respectfully submitted,

DeeAnn Powell, Ed.D.

CERTIFICATE OF THE BOARD

Pasadena Independent School District	**Harris**	**101-917**
Name of School District	County	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, 2016 at a meeting of the Board of Trustees of such school district on the 24th day of January 2017.

Kenny Fremont
Signature of Board Secretary

Nelda R. Sullivan
Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award is presented to

Pasadena Independent School District

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended August 31, 2015.

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards.

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso, CAE, RSBA
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pasadena Independent School District, Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
Pasadena Independent School District
1515 Cherrybrook
Pasadena, Texas 77502

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 (District), as of and for the year ended August 31, 2016, 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.

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 Pasadena Independent School District, as of August 31, 2016, 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 and the Required Supplementary 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pasadena Independent School District's basic financial statements. The Introductory Section, Supplementary Information 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Pasadena Independent School District
January 12, 2017

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017 on our consideration of Pasadena Independent School 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 Pasadena Independent School District's internal control over financial reporting and compliance.

Yours truly,

Weaver and Tidwell, L.L.P.

Weaver and Tidwell, L.L.P.

Conroe, Texas
January 12, 2017

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Management's Discussion & Analysis

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Management's 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, 2016.

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 $355,160,840 *(net position)*. Of this amount, $37,202,599 (*unrestricted net position)* may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased from current year activities by $4,388,598.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $299,123,161, a decrease of $32,509,517 in comparison with the prior year. The decrease in governmental fund balances was primarily due to the facilities acquisition and construction expenditures as authorized by the bond issue.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $63,593,006, or 13% percent of total general fund expenditures.
- The District's total net bonded debt decreased by $28,525,164 (4%) 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 Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to 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.

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 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 twenty-seven 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 appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

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

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

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

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

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

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information also provides information on the District's cost-sharing multiple-employer defined benefit pension 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 combining and individual fund statements and the compliance schedules comprise the supplemental information and are presented immediately following the required supplementary information. The supplementary information 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, 2016 by $355,160,840.

PASADENA INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2016		2015		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	$ 378,495,839	30	$ 409,924,893	32	$ (31,429,054)	(8)
Capital Assets, Net of Depreciation	881,966,872	70	872,470,257	68	9,496,615	1
Total Assets	**1,260,462,711**	**100**	**1,282,395,150**	**100**	**(21,932,439)**	
Total Deferred Outflows of Resources	**113,462,141**	**100**	**54,064,858**	**100**	**59,397,283**	110
Long-term Liabilities Outstanding	938,804,524	95	901,347,201	94	37,457,323	4
Other Liabilities	52,946,539	5	52,867,403	6	79,136	-
Total Liabilities	**991,751,063**	**100**	**954,214,604**	**100**	**37,536,459**	
Total Deferred Inflows of Resources	**27,012,949**	**100**	**22,695,966**	**100**	**4,316,983**	100
Net Position:						
Net Investment in Capital Assets	264,348,878	75	261,603,345	72	2,745,533	1
Restricted	53,609,363	15	56,355,063	16	(2,745,700)	(5)
Unrestricted	37,202,599	10	41,591,030	12	(4,388,431)	(11)
Total Net Position	**$ 355,160,840**	**100**	**$ 359,549,438**	**100**	**$ (4,388,598)**	

The largest portion of the District's net position ($264,348,878) 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 ($53,609,363) is restricted for grants related to state and federal programs and debt service.

The remaining balance of *unrestricted net position* ($37,202,599) may be used to meet the District's ongoing obligations to students and creditors.

PASADENA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2016		2015		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
REVENUES						
Program Revenues:						
Charges for Services	$ 10,288,299	2	$ 9,214,619	2	$ 1,073,680	12
Operating Grants and Contributions	124,107,651	20	109,565,356	19	14,542,295	13
General Revenues:						0
Property Taxes, Levied for General Purpose	124,327,647	20	116,596,190	20	7,731,457	7
Property Taxes, Levied for Debt Service	32,709,809	5	30,413,560	5	2,296,249	8
Grants and Contributions Not Restricted	319,831,829	52	305,159,815	53	14,672,014	5
Investment Earnings	2,024,187	-	1,369,950	-	654,237	48
Miscellaneous	8,423,983	1	8,684,632	1	(260,649)	-3
Total Revenues	**621,713,405**	**100**	**581,004,122**	**100**	**40,709,283**	
EXPENSES						
Instruction	354,205,178	56	321,831,212	55	32,373,966	10
Instructional Resources and Media Services	7,659,442	1	6,972,289	1	687,153	10
Curriculum and Staff Development	9,649,278	2	9,497,568	2	151,710	2
Instructional Leadership	8,145,039	1	7,399,776	1	745,263	10
School Leadership	40,624,435	6	37,633,013	7	2,991,422	8
Guidance, Counseling, and Evaluation Services	25,791,822	4	22,937,986	4	2,853,836	12
Social Work Services	316,556	-	299,521	-	17,035	6
Health Services	5,318,208	1	4,943,441	1	374,767	8
Student Transportation	16,713,137	3	17,021,162	3	(308,025)	-2
Food Services	34,678,478	6	33,761,115	6	917,363	3
Extracurricular Activities	11,800,578	2	9,842,788	2	1,957,790	20
General Administration	12,625,764	2	12,002,308	2	623,456	5
Plant Maintenance and Operations	53,594,631	9	51,212,353	9	2,382,278	5
Security and Monitoring Services	5,322,890	1	5,204,081	1	118,809	2
Data Processing Services	9,110,464	1	6,484,373	1	2,626,091	40
Community Services	330,926	-	228,640	-	102,286	45
Interest on Long-term Debt	28,880,942	5	27,139,258	5	1,741,684	6
Issuance Costs and Fees	19,884	-	1,684,522	-	(1,664,638)	-99
Facilities Repair and Maintenance	58,547	-	103,205	-	(44,658)	-43
Payments to Juvenile Justice Alternative Education Programs	93,782	-	63,843	-	29,939	47
Other Intergovernmental Charges	1,162,022	-	1,131,892	-	30,130	3
Total Expenses	**626,102,003**	**100**	**577,394,346**	**100**	**48,707,657**	
Change in Net Position	(4,388,598)		3,609,776		(7,998,374)	
Net Position - Beginning	359,549,438		440,001,039		(80,451,601)	
Prior Period Adjustment - Implement GASB 68 and 71 for Pensions (a)	-		(84,061,377)		84,061,377	
Net Position - Beginning, as restated	359,549,438		355,939,662		3,609,776	
Net Position - Ending	**$ 355,160,840**		**$ 359,549,438**		**$ (4,388,598)**	

(a) The restatement of the beginning net position in fiscal year 2015 is the result of the District implementing GASB Statement No. 68 and 71 in fiscal year 2015.

Governmental Activities. The District's net position decreased by $4,388,598 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 $443,939,480 represent 72 percent of total revenues and property taxes totaling $157,037,456 represent 25 percent of total revenues. The remaining 3 percent is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction ($354,205,178), which represents 56 percent of total expenses. The remaining individual functional categories of expenses are each less than ten percent of total expenses.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $299,123,161, a decrease of $32,509,517 in comparison with the prior year. The decrease in ending governmental fund balances is primarily due to the facilities acquisition and construction expenditures as authorized by the bond issue.

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 $63,593,006, while total fund balance reached $102,792,620. 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 13% of total general fund expenditures, while total fund balance represents 22% of that same amount. The fund balance of the District's general fund increased by $4,959,279 during the current fiscal year, primarily due to the increases in property tax revenue from the growth in assessed value and increases in state funding resulting primarily from growth in average daily attendance exceeded the related increase in instructional expenditures from attendance growth.

The debt service fund has a total fund balance of $45,200,646, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of $4,357,281 was attributable to the increase in debt service expenditures brought upon by a defeasance from funds accumulated by the debt service fund.

The capital projects fund has a total fund balance of $140,601,788, all of which is restricted for authorized construction and technology projects/enhancements. The net decrease in fund balance during the current year of $33,900,034 was primarily due to the District's continuing construction projects authorized by the bond issue. Capital project expenditures totaled $34.9 million.

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 is primarily due to the District did not contribute to the self-funded workers' compensation fund during the year due to the accumulation of equity was sufficient to cover current year claims and the claims liabilities. The net change in net position of the funds is eliminated and allocated to the governmental expenses in the government-wide financial statements.

General Fund Budgetary Highlights

PASADENA INDEPENDENT SCHOOL DISTRICT'S GENERAL FUND BUDGETARY HIGHLIGHTS

	Budget		
	Original	Final Amended	Actual
Total Revenues	$ 460,953,901	$ 471,823,658	$ 479,098,362
Total Expenditures	464,804,224	490,421,320	472,950,067
Other Uses - Tax Refunds Per Court Order	-	1,500,000	1,189,016
Net change in fund balance	**$ (3,850,323)**	**$ (20,097,662)**	**$ 4,959,279**

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

- Budgeted revenues increased primarily for additional state revenue resulting from increases in enrollment and additional property tax revenues for growth in property values.
- Budgeted expenditures increased $5 million for health insurance, $1 million for land purchases and the remainder for instruction expenditures due to enrollment increases.

Differences between the final budgeted and actual revenue were primarily due to increases in state revenues relative to enrollment increases. Differences between final budgeted and actual expenditures were primarily due to funds not expended for Instruction.

Capital Assets and Long-Term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2016 amounts to $881,966,872 (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 increase in the District's investment in capital assets for the current fiscal year was $9,496,615.

PASADENA INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities					
	2016		2015		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	$ 71,067,634	8	$ 70,071,033	8	$ 996,601	1
Buildings and Improvements	746,110,846	85	722,888,504	83	23,222,342	3
Furniture and Equipment	51,786,971	6	50,735,844	6	1,051,127	2
Construction in Progress	13,001,421	1	28,774,876	3	(15,773,455)	(55)
Totals	**$ 881,966,872**	**100**	**$ 872,470,257**	**100**	**$ 9,496,615**	

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

- $996,601 in land purchases and improvements to land
- $27,883,831 in additions to buildings and improvements
- $11,165,216 in additions to equipment and furnishing new campuses

Construction Commitments. The District has active construction projects as of August 31, 2016. The projects include the construction and equipment of school facilities. At year-end, the District's remaining commitments with contractors totals $89.6 million for all ongoing projects.

Additional information on the District's capital assets can be found in Note 5 in the notes to the financial statements.

Long-Term Liabilities. Changes to long-term liabilities, for the year ended August 31, 2016, are as follows:

PASADENA INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING LONG-TERM LIABILITIES

	Governmental Activities					
	2016		2015		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds, net	$ 773,880,747	83	$ 802,405,911	90	$ (28,525,164)	(4)
Health Insurance Claims	3,299,023	-	2,009,819	-	1,289,204	64
Workers' Compensation Claims	2,339,313	-	2,734,170	-	(394,857)	(14)
Compensated Absences	485,761	-	566,979	-	(81,218)	(14)
Net Pension Liability	134,428,514	14	74,193,350	8	60,235,164	81
Derivative Instruments - Rate Swaps	24,371,166	3	19,436,972	2	4,934,194	25
Totals	**$ 938,804,524**	**100**	**$ 901,347,201**	**100**	**$ 37,457,323**	

Additional information on the District's long-term liabilities can be found in Note 7 in the notes to the financial statements.

The increase in the District's net pension liability (NPL) to $134,428,514 at August 31, 2016 from $74,193,350 at August 31, 2015 were primarily the result of a decrease in the difference between projected and actual investment earnings and changes in proportion and differences between District contributions and proportionate share of contributions in the TRS plan during 2015 plan year.

Additional information on the District's net pension liability can be found in the notes 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 2016-2017 fiscal year budget:

- Appraised value used for the 2016-2017 budget preparation is expected to be $12.5 billion.
- General operating fund spending per student increased in the 2016-2017 budget from $8,412 to $8,553 as additional funding from the state and property values increases becomes available.
- The District's 2016-2017 refined average daily attendance is expected to be 52,300. This is an increase of 491 or 0.95% over the actual amount of 51,809 for 2015-2016.

These indicators were taken into account when adopting the general fund budget for 2016-2017. Estimated revenue in the general fund budget for the 2016-2017 school year is $486.2 million, an increase of 4.6% over the adopted 2015-2016 budget of $464.8 million. State revenue will increase as the student population grows. The District will use these revenues to finance programs we currently offer and primarily fund teacher salaries.

General fund expenditures are budgeted to increase 4.6% or $21.4 million primarily due to additional staff needed for student growth. The 2016-2017 budget includes opening a new middle school, Nelda Sullivan Middle school and an elementary, Hancock Elementary. The District adopted a deficit budget for 2016-2017 in the amount of $9.7 million. The Maintenance and Operations rate remained at $1.07 and the Interest and Sinking rate to pay the debt remained at $.28 for a total tax rate of $1.35.

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.

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Basic Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2016

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	*Cash and Cash Equivalents*	$ 36,708,215
1120	*Current Investments*	168,707,427
	Receivables:	
1220	*Property Taxes - Delinquent*	24,584,648
1230	*Allowance For Uncollectible Taxes*	(7,106,640)
1240	*Due from Other Governments*	26,928,117
1250	*Accrued Interest*	420,280
1290	*Other Receivables*	765,640
1300	*Inventories, at Cost*	1,826,957
1410	*Prepaid Items*	260,296
	Capital Assets Not Being Depreciated:	
1510	*Land and Improvements*	71,067,634
1580	*Construction in Progress*	13,001,421
	Capital Assets, Net of Accumulated Depreciation:	
1520	*Buildings and Improvements, Net*	746,110,846
1530	*Furniture and Equipment, Net*	51,786,971
1910	*Long-term Investments*	125,400,899
1000	Total Assets	1,260,462,711
	DEFERRED OUTFLOWS OF RESOURCES	
1700	*Derivative Instruments - Rate Swaps*	24,371,166
1705	*Deferred Outflows - Pension*	73,430,010
1710	*Deferred Charge on Refunding*	15,660,965
1700	Total Deferred Outflows of Resources	113,462,141
	LIABILITIES	
2110	*Accounts Payable*	16,133,459
2140	*Interest Payable*	1,506,698
2150	*Payroll Deductions and Withholdings*	3,593,933
2160	*Accrued Wages Payable*	30,277,181
2180	*Due to Other Governments*	272,533
2200	*Accrued Liabilities*	3,211
2300	*Unearned Revenue*	1,159,524
	Noncurrent Liabilities:	
2501	*Due Within One Year*	19,277,943
2502	*Due in More Than One Year*	760,726,901
2540	*Net Pension Liabilities*	134,428,514
2590	*Derivative Instruments - Rate Swaps*	24,371,166
2000	Total Liabilities	991,751,063
	DEFERRED INFLOWS OF RESOURCES	
2605	*Deferred Inflows - Pension*	27,012,949
2600	Total Deferred Inflows of Resources	27,012,949
	NET POSITION	
3200	*Net Investment in Capital Assets*	264,348,878
3820	*Restricted for Grants*	7,060,002
3850	*Restricted for Debt Service*	46,549,361
3900	*Unrestricted*	37,202,599
3000	**Total Net Position**	**$ 355,160,840**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
AUGUST 31, 2016

Data Control Codes	Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Primary Government:				
	Governmental Activities:				
0011	*Instruction*	$ 354,205,178	$ 1,820,458	$ 51,188,225	$ (301,196,495)
0012	*Intructional Resources and Media Services*	7,659,442	108,725	538,769	(7,011,948)
0013	*Curriculum and Staff Development*	9,649,278	403	1,791,284	(7,857,591)
0021	*Instructional Leadership*	8,145,039	-	1,977,024	(6,168,015)
0023	*School Leadership*	40,624,435	141,783	3,994,975	(36,487,677)
0031	*Guidance, Counseling, and Evaluation Services*	25,791,822	26,563	6,388,940	(19,376,319)
0032	*Social Work Services*	316,556	-	18,305	(298,251)
0033	*Health Services*	5,318,208	762	939,043	(4,378,403)
0034	*Student Transportation*	16,713,137	-	854,378	(15,858,759)
0035	*Food Services*	34,678,478	4,689,417	29,574,815	(414,246)
0036	*Extracurricular Activities*	11,800,578	3,207,279	1,056,392	(7,536,907)
0041	*General Administration*	12,625,764	-	1,214,376	(11,411,388)
0051	*Plant Maintenance and Operations*	53,594,631	186,444	1,715,952	(51,692,235)
0052	*Security and Monitoring Services*	5,322,890	5,472	324,833	(4,992,585)
0053	*Data Processing Services*	9,110,464	-	1,972,926	(7,137,538)
0061	*Community Services*	330,926	8,632	155,465	(166,829)
0072	*Interest on Long-term Debt*	28,880,942	-	20,333,343	(8,547,599)
0073	*Issuance Costs and Fees*	19,884	-	-	(19,884)
0081	*Facilities Repair and Maintenance*	58,547	92,361	68,606	102,420
0095	*Payments to Juvenile Justice Alternative Education Programs*	93,782	-	-	(93,782)
0099	*Other Intergovernmental Charges*	1,162,022	-	-	(1,162,022)
TG	**Total Governmental Activities**	626,102,003	10,288,299	124,107,651	(491,706,053)
TP	**Total Primary Government**	**$ 626,102,003**	**$ 10,288,299**	**$ 124,107,651**	(491,706,053)
	General Revenues:				
MT	*Property Taxes, Levied for General Purposes*				124,327,647
DT	*Property Taxes, Levied for Debt Service*				32,709,809
GC	*Grants and Contributions Not Restricted to Specific Programs*				319,831,829
IE	*Investment Earnings*				2,024,187
MI	*Miscellaneous*				8,423,983
TR	Total General Revenues				487,317,455
CN	Change in Net Position				(4,388,598)
NB	Net Position - Beginning				359,549,438
NE	**Net Position - Ending**				**$ 355,160,840**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes		General Fund	Debt Service Fund
	ASSETS		
1110	*Cash and Cash Equivalents*	$ 13,284,827	$ 22,572,558
1120	*Current Investments*	73,508,132	18,280,111
	Receivables:		
1220	*Property Taxes - Delinquent*	20,623,591	3,961,057
1230	*Allowance For Uncollectible Taxes*	(6,000,996)	(1,105,644)
1240	*Due from Other Governments*	18,585,613	-
1250	*Accrued Interest*	73,691	24,599
1260	*Due from Other Funds*	6,530,206	31,244
1290	*Other Receivables*	608,714	-
1300	*Inventories, at Cost*	914,481	-
1410	*Prepaid Items*	64,153	-
1910	*Long-term Investments*	42,689,795	4,657,050
1000	**Total Assets**	**$ 170,882,207**	**$ 48,420,975**
	LIABILITIES		
2110	*Accounts Payable*	$ 13,339,826	$ 222,131
2150	*Payroll Deductions and Withholdings Payable*	3,593,933	-
2160	*Accrued Wages Payable*	27,762,068	-
2170	*Due to Other Funds*	8,651,330	-
2180	*Due to Other Governments*	21,695	142,785
2200	*Accrued Liabilities*	3,211	-
2300	*Unearned Revenue*	94,929	-
2000	Total Liabilities	53,466,992	364,916
	DEFERRED INFLOWS OF RESOURCES		
2600	*Unavailable Revenue - Property Taxes*	14,622,595	2,855,413
	Total Deferred Inflows of Resources	14,622,595	2,855,413
	FUND BALANCES		
	Nonspendable:		
3410	*Inventories*	914,481	-
3430	*Prepaid Items*	64,153	-
	Restricted:		
3450	*Grants*	-	-
3470	*Capital Acquisitions and Contractual Obligations*	-	-
3480	*Debt Service*	-	45,200,646
	Committed:		
3510	*Construction*	19,100,000	-
3545	*Instructional Start-Up Supplies*	1,000,000	-
3545	*Technology Software & Equipment*	1,500,000	-
3450	*Other*	-	-
	Assigned:		
3550	*Construction*	16,620,980	-
3600	Unassigned	63,593,006	-
3000	Total Fund Balances	102,792,620	45,200,646
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	**$ 170,882,207**	**$ 48,420,975**

The accompanying notes to the financial statements are an integral part of this statement.

Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ -	$ 498,590	$ 36,355,975
62,342,005	6,045,419	160,175,667
-	-	24,584,648
-	-	(7,106,640)
-	8,342,504	26,928,117
321,990	-	420,280
2,266,206	5,086,209	13,913,865
-	156,926	765,640
-	912,476	1,826,957
-	106,144	170,297
78,054,054	-	125,400,899
$ 142,984,255	**$ 21,148,268**	**$ 383,435,705**
$ 2,382,467	$ 189,035	$ 16,133,459
-	-	3,593,933
-	2,515,113	30,277,181
-	6,743,365	15,394,695
-	108,053	272,533
-	-	3,211
-	1,064,595	1,159,524
2,382,467	10,620,161	66,834,536
-	-	17,478,008
-	-	17,478,008
-	-	914,481
-	-	64,153
-	7,060,002	7,060,002
140,601,788	-	140,601,788
-	-	45,200,646
-	-	19,100,000
-	-	1,000,000
-	-	1,500,000
-	3,468,105	3,468,105
-	-	16,620,980
-	-	63,593,006
140,601,788	10,528,107	299,123,161
$ 142,984,255	**$ 21,148,268**	**$ 383,435,705**

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PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2016

Total Fund Balances - Governmental Funds (Exhibit C-1)		$ 299,123,161
Amounts reported for governmental activities in the statement of net position are different because:		
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	$ 1,270,765,060	
Accumulated Depreciation of Governmental Capital Assets	(388,798,188)	881,966,872
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.		17,478,008
Long-term liabilities, including bonds payable, compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:		
Bonds Payable, at Original Par	$ (704,940,000)	
Premium on Bonds Payable	(68,940,747)	
Deferred Charge on Refunding	15,660,965	
Accrued Interest on the Bonds	(1,506,698)	
Compensated Absences	(485,761)	
Net Pension Liability	(134,428,514)	(894,640,755)
An internal service fund is used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the following internal service funds are included with governmental activities:		
Employee Health Insurance	$ 1,614,710	
Workers' Compensation	3,201,783	4,816,493
Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		73,430,010
Deferred inflows for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(27,012,949)
Total Net Position - Governmental Activities (Exhibit A-1)		**$ 355,160,840**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		General Fund	Debt Service Fund
	REVENUES		
5700	*Local and Intermediate Revenues*	$ 134,677,127	$ 32,822,891
5800	*State Program Revenues*	333,472,340	19,226,263
5900	*Federal Program Revenues*	10,948,895	-
5020	Total Revenues	479,098,362	52,049,154
	EXPENDITURES		
	Current:		
0011	*Instruction*	290,968,322	-
0012	*Instructional Resources and Media Services*	6,819,759	-
0013	*Curriculum and Staff Development*	7,592,941	-
0021	*Instructional Leadership*	5,973,938	-
0023	*School Leadership*	35,765,134	-
0031	*Guidance, Counseling, and Evaluation Services*	18,772,114	-
0032	*Social Work Services*	291,952	-
0033	*Health Services*	4,763,027	-
0034	*Student Transportation*	15,393,942	-
0035	*Food Services*	-	-
0036	*Extracurricular Activities*	7,635,509	-
0041	*General Administration*	11,722,760	-
0051	*Plant Maintenance and Operations*	50,390,496	-
0052	*Security and Monitoring Services*	5,106,957	-
0053	*Data Processing Services*	7,233,287	-
0061	*Community Services*	154,019	-
	Debt Service:		
0071	*Principal on Long-term Debt*	-	24,790,000
0072	*Interest on Long-term Debt*	-	31,286,022
0073	*Issuance Costs and Fees*	-	19,884
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	3,110,106	-
	Intergovernmental:		
0095	*Payments to Juvenile Justice Alternative Education Programs*	93,782	-
0099	*Other Intergovernmental Charges*	1,162,022	-
6030	Total Expenditures	472,950,067	56,095,906
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	6,148,295	(4,046,752)
	OTHER FINANCING SOURCES (USES)		
8949	*Tax Refunds Per Court Order*	(1,189,016)	(310,529)
7080	Total Other Financing Sources (Uses)	(1,189,016)	(310,529)
1200	Net Change in Fund Balances	4,959,279	(4,357,281)
0100	Fund Balances - Beginning	97,833,341	49,557,927
3000	**Fund Balances - Ending**	**$ 102,792,620**	**$ 45,200,646**

The accompanying notes to the financial statements are an integral part of this statement.

Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
$ 1,028,806	$ 10,951,512	$ 179,480,336
-	6,109,954	358,808,557
-	62,638,068	73,586,963
1,028,806	79,699,534	611,875,856
-	30,772,848	321,741,170
-	239,895	7,059,654
-	1,332,475	8,925,416
-	1,524,666	7,498,604
-	1,589,803	37,354,937
-	4,907,727	23,679,841
-	-	291,952
-	134,138	4,897,165
-	7,425	15,401,367
-	32,924,067	32,924,067
-	3,424,172	11,059,681
-	8,919	11,731,679
-	106,330	50,496,826
-	7,338	5,114,295
-	1,599,969	8,833,256
-	156,273	310,292
-	-	24,790,000
-	-	31,286,022
-	-	19,884
34,928,840	174,970	38,213,916
-	-	93,782
-	-	1,162,022
34,928,840	78,911,015	642,885,828
(33,900,034)	788,519	(31,009,972)
-	-	(1,499,545)
-	-	(1,499,545)
(33,900,034)	788,519	(32,509,517)
174,501,822	9,739,588	331,632,678
$ 140,601,788	**$ 10,528,107**	**$ 299,123,161**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2016

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-3)		$ (32,509,517)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
Capital Assets *increased*	$ 40,045,648	
Depreciation Expense	(30,549,033)	9,496,615
Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		868,180
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		24,790,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase (decrease) in interest reported in the statement of activities consist of the following:		
Accrued Interest on Current Interest Bonds Payable *increased*	$ 46,128	
Amortization of Bond Premium	3,735,164	
Amortization of Deferred Charge on Refunding Bonds	(1,376,212)	2,405,080
The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		81,218
An internal service fund is used by the District to charge the costs of various services to the individual funds. The net activity of the following internal service funds are reported in the government-wide statements:		
Employee Health Insurance	$ (30,906)	
Workers' Compensation	(776,422)	(807,328)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred Outflows Increased (Decreased)	$ 55,839,301	
Deferred Inflows (Increased) Decreased	(4,316,983)	
Net Pension Liability (Increased) Decreased	(60,235,164)	(8,712,846)
Change in Net Position for Governmental Activities (Exhibit B-1)		**$ (4,388,598)**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016

Data Control Codes		Governmental Activities Internal Service Funds
	ASSETS	
	Current Assets:	
1110	*Cash and Cash Equivalents*	$ 352,240
1120	*Current Investments*	8,531,760
1260	*Due from Other Funds*	1,480,830
1410	*Prepaid Items*	89,999
	Total Current Assets	10,454,829
1000	Total Assets	10,454,829
	LIABILITIES	
	Noncurrent Liabilities:	
2123	*Claims Payable - Due Within One Year*	3,948,778
2590	*Claims Payable - Due in More Than One Year*	1,689,558
	Total Noncurrent Liabilities	5,638,336
2000	Total Liabilities	5,638,336
	NET POSITION	
3900	*Unrestricted*	4,816,493
3000	**Total Net Position**	**$ 4,816,493**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Governmental Activities Internal Service Funds
	OPERATING REVENUES	
5745	*Miscellaneous Revenue from Local Sources*	$ 3,430,997
5754	*Interfund Services Provided*	45,050,358
5020	Total Operating Revenues	48,481,355
	OPERATING EXPENSES	
6100	*Payroll Costs*	6,949
6400	*Claims Expense, Net of Provision Adjustment*	49,305,411
6030	Total Operating Expenses	49,312,360
	Operating Loss	(831,005)
	NONOPERATING REVENUES	
7955	*Investment Earnings*	23,677
8030	Total Nonoperating Revenues	23,677
1300	Change in Net Position	(807,328)
0100	Net Position - Beginning	5,623,821
3300	**Net Position - Ending**	**$ 4,816,493**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	Governmental Activities — Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 3,430,997
Cash Received from Internal Services Provided	43,619,070
Cash Payments for Claims	(48,540,172)
Cash Payments for Administrative Services	(6,949)
Net Cash Used for Operating Activities	(1,497,054)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	23,677
Purchase of Current Investments	(8,531,760)
Net Cash Used by Investing Activities	(8,508,083)
Net Decrease in Cash and Cash Equivalents	(10,005,137)
Cash and Cash Equivalents at Beginning of Year	10,357,377
Cash and Cash Equivalents at End of Year	**$ 352,240**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Loss	$ (831,005)
Change in Assets and Liabilities:	
Increase in Due from Other Funds	(1,480,830)
Decrease in Other Receivables	10,433
Increase in Prepaid Items	(89,999)
Increase in Claims Payable	894,347
Net Cash Used for Operating Activities	**$ (1,497,054)**

The accompanying notes to the financial statements are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
AUGUST 31, 2016

Data Control Codes		Agency Fund
	ASSETS	
1110	*Cash and Cash Equivalents*	$ 630,757
1290	*Other Receivables*	13,137
1000	**Total Assets**	**$ 643,894**
	LIABILITIES	
2190	*Due to Student Groups*	$ 643,894
2000	**Total Liabilities**	**$ 643,894**

The accompanying notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

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 basic 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.

Reporting Entity

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 general purpose 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 general purpose 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.

Government-wide and Fund 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,* which are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely to a significant extent on fees and charges for support.

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*.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The fiduciary fund financial statements reflect the District's agency fund, reporting only assets and liabilities, and do not have a measurement focus.

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 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.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Additionally, the District reports the following fund types:

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

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

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.

Amounts reported as program revenues include (1) charges to students or users for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

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

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 net asset value; i.e. fair value.

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). All other outstanding balances between funds are reported as "due to/from other funds."

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 uncollectibles. 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.

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. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations.

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.

Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, furniture and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), 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. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements:	
Buildings	50
Buildings Improvements	50
Furniture and Equipment:	
Vehicles	10
Office Equipment	10
Computer Equipment	10

Land and improvements and construction in progress are not depreciated.

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 1994-95 daily rate.

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 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, then 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 sick leave prior to August 1, 1980, is 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.

Long-Term Obligations

The District's long-term obligations consist of bond indebtedness, health insurance, workers' compensation, compensated absences, net pension liability and derivative instruments-rate swaps. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column on the statement of net position. 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 current and past requirements for other long-term liabilities are generally liquidated with resources of the general fund.

Deferred Outflows/Inflows of Resources

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

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Debt Service Fund
Deferred Outflows of Resources:			
Derivative Instruments - Rate Swaps	$ 24,371,166	$ -	$ -
Deferred Outflows from Pension Activities	61,510,121	-	-
Deferred Contributions after the Measurement Date	11,919,889	-	-
Deferred Charge on Refunding	15,660,965	-	-
Total Deferred Outflows of Resources	**$ 113,462,141**	**$ -**	**$ -**
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activities	$ 27,021,949	$ -	$ -
Unavailable Property Taxes	-	14,622,595	2,855,413
Total Deferred Inflows of Resources	**$ 27,021,949**	**$ 14,622,595**	**$ 2,855,413**

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- The deferred outflow for the derivative instruments-rate swaps will be recognized upon the maturity of the related Series 2005B bonds.
- Property taxes are recognized in the period the amount becomes available.

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.

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). It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. 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. The District

considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

Fund Balance Policies

In the fund financial statements, governmental funds report fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts is the respective governmental funds can be spent. 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 Board. These amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes), unless the Board modifies or removes the specified use by taking the same formal Board action. The amounts reported in this category include the campus activity fund balances in the special revenue fund and various board commitments noted in the Exhibit C-1 or the notes to the financial statements.
- Assigned fund balance – amounts that the District intends to use for a specific purpose. The Board delegates to the Superintendent or designee the responsibility to assign funds. The amounts reported in this category include assignments for construction 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.

The District establishes (and modifies or rescinds) fund balance commitments by passage of resolution. A fund balance commitment is further indicated in the budget document as a commitment. Per Policy CE local, assigned fund balance amounts are established by the Board or an official that has been delegated the authority to assign amounts.

Pension

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 14. and the required supplementary section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are

recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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 insure accuracy in building a statewide database for policy development and funding plans.

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.

Note 2- Stewardship, Compliance, and Accountability

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

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

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.

Encumbrances

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

At August 31, 2016, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. These amounts are as follows:

Fund	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	$ -	$ 2,903,225	$ 1,772,090
Capital Projects Fund	89,079,901	-	-
Total Encumbrances	**$ 89,079,901**	**$ 2,903,225**	**$ 1,772,090**

Note 3 - 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.

All demand and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities pledged in the District’s name and held in safekeeping by a third party at year end in accordance with provisions of the depository contract.

Investments

The District’s investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Government Agencies, certificates of deposit, no-load money market mutual funds, certain municipal securities, repurchase agreements, banker’s acceptances, commercial paper or investment pools.

For fiscal year 2016, the District invested in certificates of deposit, broker cash and money market funds, municipal bonds, U.S. Treasuries bonds, U.S. Government Agency securities, commercial paper, the Texas Local Government Investment Pool (Texpool), Texas CLASS, TexasDAILY, and Texas Association of School Boards Lone Star Investment Pool (Lone Star).

Texpool is duly chartered and overseen by the State Comptroller’s Office, administered and managed by Federated Investment Counseling. 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 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.

TexasTERM 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 the following:

- TexasDAILY, a money market portfolio with daily liquidity that is rated AAAm* by Standard & Poor's.
- TexasTERM, a fixed rate, fixed-term portfolio, rated AAAf* by Standard & Poor's, that enables investors to lock in a fixed rate for a term of 60 days to 365 days.

Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo 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 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.

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

	Current Investments	Long-term Investments	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments Measured at Amortized Costs:							
Investment Pools							
TexPool	$ 27,811,124	$ -	$ -	$ -	9.5%	42	AAAm
TexPool Prime	486,637	-	-	-	0.2%	37	AAAm
Lone Star Corporate Overnight Fund	1,372,305	-	-	-	0.5%	37	AAAm
Lone Star Government Overnight Fund	46,198	-	-	-	0.0%	23	AAAm
TexasDAILY	295,169	-	-	-	0.1%	53	AAAf
Investments Measured at Net Asset Value (NAV), fair value							
Investment Pools							
Lone Star Corporate Overnight Plus Fund	31,321,230	-	-	-	10.6%	41	AAAf/SI+
Texas CLASS	58,430,662	-	-	-	19.9%	47	AAAm
Investments Subject to Fair Value:							
Certificates of Deposit	4,496,536	-	2,012,420	2,484,116	1.5%	1012	Not Rated*
Federated Government Obligation Service Money Market	28,147	-	-	28,147	0.0%	1	AAAm
Commercial Paper	44,419,419	-	-	44,419,419	15.1%	254	P1/A1/A1+**
U.S. Government Agencies	-	115,166,236	29,041,031	86,125,205	39.2%	851	AA+
Municipal Bonds	-	8,079,288	8,079,288	-	2.7%	633	AA-/AA/AA+
U.S. Treasury Notes	-	2,155,375	-	2,155,375	0.7%	1101	AAA***
Total	**$ 168,707,427**	**$ 125,400,899**	**$ 39,132,739**	**$ 135,212,262**	**100.0%**		
Portfolio Weighted Average Maturity						**415**	

*Certificates are insured or collateralized
**Moody's and S&P rating
***Moody's rating only

Investment Pools are measured at amortized cost or net asset value and are exempt from fair value hierarchy reporting.

Certificates of deposit reported at fair value are classified in Level 1 and Level 2. Certificates of deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Federated Government Obligation Service Money Market classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

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 1 and Level 2 on the fair value hierarchy. The U.S. Government Agency Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. Government Agency Securities classified as Level 2 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 classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

The Texpool, Lone Star, and TexasDAILY 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. Texpool, Lone Star, and TexasDAILY 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 their net asset value. Lone Star Corporate Overnight Plus Fund and Texas CLASS'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.

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 one year. However, the maturity can be longer than one year as long as legal limits are not exceeded. For example, this applies to bond proceeds that are matched to a specific cash flow; diversification; and by holding securities to maturity. Total investment earnings for the year ended August 31, 2016, were $2,024,187.

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, 2016, District's banks' balances of $39,104,738 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
The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk. 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.

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 table above.

Note 4 - Receivables

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

Uncollectibles Related to General Fund Property Taxes	$ (326,831)
Uncollectibles Related to Debt Service Property Taxes	(50,166)
Total Uncollectibles of the Current Fiscal Year	**$ (376,997)**

Approximately 77% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

Note 5 - Capital Assets

Capital asset activity for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Retirements, Transfers and Adjustments	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land and Improvements	$ 70,071,033	$ 996,601	$ -	$ 71,067,634
Construction in Progress	28,774,876	-	(15,773,455)	13,001,421
Total Capital Assets, not being Depreciated	**98,845,909**	**996,601**	**(15,773,455)**	**84,069,055**
Capital Assets, being Depreciated:				
Buildings and Improvements	981,700,057	27,883,831	15,773,455	1,025,357,343
Furniture and Equipment	150,173,446	11,165,216	-	161,338,662
Total Capital Assets, being Depreciated	**1,131,873,503**	**39,049,047**	**15,773,455**	**1,186,696,005**
Less Accumulated Depreciation for:				
Buildings and Improvements	(258,811,553)	(20,434,944)	-	(279,246,497)
Furniture and Equipment	(99,437,602)	(10,114,089)	-	(109,551,691)
Total Accumulated Depreciation	**(358,249,155)**	**(30,549,033)**	**-**	**(388,798,188)**
Total Capital Assets, being Depreciated, net	**773,624,348**	**8,500,014**	**15,773,455**	**797,897,817**
Governmental Activities Capital Assets, net	**$ 872,470,257**	**$ 9,496,615**	**$ -**	**$ 881,966,872**

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

	Governmental Activities:	
11	Instruction	$ 19,848,310
12	Instructional Resources and Media Services	335,019
13	Curriculum and Staff Development	423,559
21	Instructional Leadership	355,850
23	School Leadership	1,772,694
31	Guidance, Counseling, and Evaluation Services	1,123,737
32	Social Work Services	13,855
33	Health Services	232,397
34	Student Transportation	730,878
35	Food Service	1,558,200
36	Extracurricular Activities	524,842
41	General Administration	556,732
51	Plant Maintenance and Operations	2,396,348
52	Security and Monitoring Services	242,701
53	Data Processing Services	419,186
61	Community Services	14,725
	Total Depreciation Expense-Governmental Activities	**$ 30,549,033**

Construction Commitments

The District has active construction projects as of August 31, 2016. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Projects	**Remaining Commitment**
Dobie 9th Grade Campus	$ 28,490,450
Pomeroy Elementary	23,820,515
L. F. Smith Elementary	17,636,530
Early College High School-Rayburn	7,437,354
Early College High School-South Houston	6,347,632
Early College High School-Memorial	5,346,322
Beverly Hills Intermediate Roof	483,600
South Houston Int. Science Room Renovation	48,826
Morris Middle Portables	14,169
Thompson Int. Portables	7,741
Hancock Elementary	1,097
Totals	**$ 89,634,236**

Note 6 - 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, 2016, were as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	$ 6,530,206	$ 8,651,330
Debt Service Fund	31,244	-
Capital Projects Fund	2,266,206	-
Nonmajor-Other Governmental Funds	5,086,209	6,743,365
Proprietary Funds:		
Internal Service Fund	1,480,830	-
Totals	**$ 15,394,695**	**$ 15,394,695**

Note 7 - Long-Term Liabilities

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

Changes in Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 729,730,000	$ -	$ (24,790,000)	$ 704,940,000	$ 15,235,000
Deferred Amounts:					
For Issuance Premiums	72,675,911	-	(3,735,164)	68,940,747	-
Total Bonds Payable, net	802,405,911	-	(28,525,164)	773,880,747	15,235,000
Health Insurance Claims	2,009,819	48,515,746	(47,226,542)	3,299,023	3,299,023
Workers' Compensation Claims	2,734,170	518,022	(912,879)	2,339,313	649,755
Compensated Absences	566,979	13,688	(94,906)	485,761	94,165
Net Pension Liability	74,193,350	81,485,190	(21,250,026)	134,428,514	-
Derivative Instruments-Rate Swaps	19,436,972	4,934,194	-	24,371,166	-
Governmental Activities Long-term Liabilities	**$ 901,347,201**	**$ 135,466,840**	**$ (98,009,517)**	**$ 938,804,524**	**$ 19,277,943**

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	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
1996A - BLDG	3.00-6.05%	$ 18,100,000	2016	$ 1,100,000	$ -	$ (1,100,000)	$ -
2005B - BLDG	Variable	80,000,000	2035	79,900,000	-	-	79,900,000
2006 - BLDG	4.00-5.00%	118,020,000	2036	10,455,000	-	(10,455,000)	-
2007 - BLDG	3.60-5.00%	66,980,000	2026	9,510,000	-	(4,755,000)	4,755,000
2008 - REF	3.00-5.00%	42,930,000	2022	34,850,000	-	(2,790,000)	32,060,000
2010 - REF	2.50-5.00%	56,385,000	2029	50,895,000	-	-	50,895,000
2012A - BLDG	2.00-5.00%	60,755,000	2041	56,040,000	-	-	56,040,000
2012B - REF	2.00-5.00%	12,785,000	2021	11,465,000	-	(1,335,000)	10,130,000
2012C - BLDG	4.089%	29,050,000	2030	29,050,000	-	-	29,050,000
2012D - REF	2.00-5.00%	30,260,000	2024	26,900,000	-	(1,180,000)	25,720,000
2013 - BLDG & REF	1.00-5.00%	226,360,000	2043	204,005,000	-	(1,380,000)	202,625,000
2014A - REF	0.97%	4,600,000	2017	3,085,000	-	(1,530,000)	1,555,000
2014B - REF	1.94%	2,380,000	2021	2,120,000	-	(265,000)	1,855,000
2015A - BLDG	3.00-5.00%	61,060,000	2035	61,060,000	-	-	61,060,000
2015B - BLDG	Variable	98,375,000	2044	98,375,000	-	-	98,375,000
2015 - REF	3.00-5.00%	50,920,000	2035	50,920,000	-	-	50,920,000
Totals				**$ 729,730,000**	**$ -**	**$ (24,790,000)**	**$ 704,940,000**

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

Variable Rate Unlimited Tax School Building Bonds, Series 2005B

Principal Amount	End of Initial Rate Period	Final Maturity	Initial Rate	Initial Yield
$ 80,000,000	August 31, 2005	February 15, 2035	4.70%	2.35%

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

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

Variable Rate Unlimited Tax School Building Bonds, Series 2015B

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

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

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

Year Ending August 31	Principal Value	Interest	Total Requirements
2017	$ 15,235,000	$ 30,729,156	$ 45,964,156
2018	17,585,000	30,031,203	47,616,203
2019	18,520,000	29,209,923	47,729,923
2020	19,850,000	29,273,711	49,123,711
2021	21,615,000	28,261,334	49,876,334
2022	22,675,000	27,206,568	49,881,568
2023	24,850,000	26,079,268	50,929,268
2024	25,000,000	24,883,349	49,883,349
2025	24,330,000	23,750,269	48,080,269
2026	25,475,000	22,607,095	48,082,095
2027	27,000,000	21,342,812	48,342,812
2028	26,910,000	20,031,219	46,941,219
2029	28,220,000	18,721,021	46,941,021
2030	51,555,000	16,953,462	68,508,462
2031	26,245,000	15,259,509	41,504,509
2032	27,375,000	14,120,135	41,495,135
2033	28,510,000	12,950,811	41,460,811
2034	29,535,000	11,661,567	41,196,567
2035	30,925,000	10,273,059	41,198,059
2036	18,915,000	9,136,850	28,051,850
2037	23,595,000	8,168,650	31,763,650
2038	24,700,000	7,059,675	31,759,675
2039	25,865,000	5,897,950	31,762,950
2040	27,080,000	4,680,900	31,760,900
2041	28,335,000	3,427,375	31,762,375
2042	25,570,000	2,216,150	27,786,150
2043	26,710,000	1,073,100	27,783,100
2044	12,760,000	255,200	13,015,200
Totals	**$ 704,940,000**	**$ 455,261,321**	**$ 1,160,201,321**

As of August 31, 2016, $1,325 of debt authorized by the voters remained unissued.

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, 2016.

Prior Years' Refunding of Long-Term Debt

In prior years, the District defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the District's financial statements. At August 31, 2016, the following outstanding bonds are considered defeased:

2007 General Obligation Bonds (maturing 2018-2026, callable Feburary 15, 2017)	$ 34,495,000
Totals	**$ 34,495,000**

Interest Rate Swap Agreements

Variable Interest Rate Bonds Synthetic Fixed Rate Swaps

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

Objective

The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the District's $80,000,000 variable interest rate Unlimited Tax School Building Bonds Series 2005B ("2005B Bonds"). The fair value balance and notional amounts of the derivative instrument outstanding at August 31, 2016, and the changes in fair value of the derivative instrument for the year then ended are as follows:

	Fair Value at August 31, 2016		
Governmental Activities	**Classification**	**Amount**	**Notional**
Cash Flow Hedge:			
Accumulated decrease in fair value of interest rate swaps	Deferred Outflow	$ 24,371,166	
Derivative instrument - rate swap	Liability	24,371,166	$ 79,900,000

	Change in Fair Value	
Governmental Activities	**Classification**	**Amount**
Cash Flow Hedge:		
Increase in fair value of interest rate swaps	Deferred Outflow	$ 4,934,194
Increase in Derivative instrument - rate swap	Liability	4,934,194

Terms

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

For the fiscal year ending August 31, 2016, the effective rate on the 2005B Bonds associated with the Swap is as follows:

	Terms	Rate Received (Paid)
Variable rate payment received from counterparties	LIBOR x 68%	0.357%
Fixed rate (paid) received for swap		-3.689%
Net rate (paid) received for swap		-3.332%
Average variable rate paid on 2005B Bonds		0.550%
Remarketing and liquidity fees on 2005B Bonds		-0.450%
Effective rate of 2005B Bonds		-3.232%

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 4.36%. The savings on the interest expenditures realized by participating in the Swap agreement has resulted in $3,831,252 as compared to costs the District would have incurred if the debt had been issued as traditional fixed rate bonds at the time of issuance.

Fair Value

Because long-term LIBOR Swap interest rates have declined since inception of the Swaps, the Swaps had a negative fair value of $24,371,166. 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, 2016, 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&P)
Morgan Stanley Capital Services	$ 39,950,000	$ (12,182,457)	A1 / A+-t
Bank of America, N.A.	39,950,000	(12,188,709)	A1 / A
	$ 79,900,000	$ (24,371,166)	

Basis Risk

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

Interest Rate Risk

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

Termination Risk

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

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

- Agreement with Morgan Stanley: If the ratings assigned to either the District's or Morgan Stanley 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, 2016, Morgan Stanley was rated A+-t and A1 by Moody's Investors Service and Standard & Poor's respectively, while Bank of America, N.A. was rated A1 and A by Moody's and S&P respectively.

Market – Access Risk

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

Rollover Risk

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

Currently, the District's Stand-by Purchase Bond Agreement is with Bank of America, N.A. and expires on August 29, 2017. 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, 2016, the following are debt service requirement assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net Swap payments will vary.

Fiscal Year Ending	Principal	Variable Rate Payments	Hedging, Net	Total
2017	$ -	$ 439,450	$ 3,021,818	$ 3,461,268
2018	-	439,450	3,021,818	3,461,268
2019	-	439,450	3,021,818	3,461,268
2020	-	439,450	3,021,818	3,461,268
2021	-	439,450	3,021,818	3,461,268
2022-2026	29,940,000	1,785,194	12,414,683	44,139,877
2027-2031	26,330,000	1,030,810	7,199,356	34,560,166
2032-2035	23,630,000	252,485	1,822,007	25,704,492
Totals	**$ 79,900,000**	**$ 5,265,739**	**$ 36,545,136**	**$ 121,710,875**

Operating Leases

Commitments under operating lease agreements for facilities and equipment provide for minimum future rental payments. As of August 31, 2016, these payments were as follows:

Year ending August 31:	General
2017	$ 321,127
2018	306,492
2019	119,508
2020	119,508
Total Minimum Rentals	**$ 866,635**

Rental expenditures in fiscal year 2016 were $ 327,184.

Note 8 – Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor-Other Governmental Funds:	
Campus Activity Funds	$ 3,468,105
Total Other Committed Fund Balance	**$ 3,468,105**

Note 9 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Property Taxes	$ 125,037,488	$ 32,631,333	$ -	$ -	$ 157,668,821
Charges for Services	1,349,523	-	-	8,938,776	10,288,299
Investment Earnings	764,872	191,558	1,028,806	15,274	2,000,510
Other	7,525,244	-	-	1,997,462	9,522,706
Total	**$ 134,677,127**	**$ 32,822,891**	**$ 1,028,806**	**$ 10,951,512**	**$ 179,480,336**

Note 10 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. There we no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverage for each of the past three fiscal years.

Note 11 - Self-Funded Health Insurance

During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed $245 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 Everest 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 $375,000. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions Article 4413(32c), Interlocal Cooperation Act.

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. According to the latest actuarial opinion updated August 31, 2016 in reported claims that were unpaid and estimated incurred but not reported, the accrual for such claims totaled $3,299,023.

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

	2016	2015
Accrual, September 1	$ 2,009,819	$ 1,146,057
Current year estimates	48,515,746	46,096,901
Payments for claims	(47,226,542)	(45,233,139)
Accrual, August 31	**$ 3,299,023**	**$ 2,009,819**

Note 12 - Self-Insured Worker's Compensation

During the year ended August 31, 2016, 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.

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 nonincremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of $850,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented in the amount of $2,339,313.

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

Fiscal Year	Claims
2007	325
2008	365
2009	311
2010	365
2011	359
2012	371
2013	588
2014	373
2015	347
2016	358
10-Year Average	376

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

	2016	2015
Unpaid Claims, Beginning of Fiscal Year	$ 2,734,170	$ 2,636,972
Incurred Claims, including provision (adjustment) for IBNR	518,022	964,569
Claim Payments	(912,879)	(867,371)
Unpaid Claims, End of Fiscal Year	**$ 2,339,313**	**$ 2,734,170**

Note 13 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

From time to time, 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.

Note 14 - Pension Information

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017.

	2016	2015	2014
Member	7.2%	6.7%	6.4%
Non-Employer Contributing Entity (State)	6.8%	6.8%	6.8%
Employers/District	6.8%	6.8%	6.8%

The contribution amounts for the District's fiscal year 2016 are as follows:

District Contributions	$	11,919,889
Member Contributions		26,755,367
NECE On-behalf Contributions (State)		17,235,328

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:

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

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments 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 8%. 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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	-	-	2.2%
Alpha	-	-	1.0%
Total	**100.0%**		**8.7%**

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	$ 210,624,144	$ 134,428,514	$ 70,962,289

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

At August 31, 2016, the District reported a liability of $134,428,574 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's Proportionate Share of the Net Pension Liability	$ 134,428,514
State's Proportionate Share of the Net Pension Liability Associated with the District	194,271,517
Total	**$ 328,700,031**

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015, the employer's proportion of the collective net pension liability was .3802930%, which was an increase of .1025337% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation
The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.

- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of $27,680,565 and revenue of $8,712,846 for support provided by the State.

At August 31, 2016, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actuarial Experience	$ 954,274	$ 5,166,208
Changes of Assumptions	4,010,838	4,795,821
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,106,749	17,007,390
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	23,438,260	43,530
District Contribution after Measurement Date	11,919,889	-
Totals	**$ 73,430,010**	**$ 27,012,949**

$11,919,889 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending August 31:	
2017	$ 5,887,595
2018	5,887,595
2019	5,887,595
2020	11,556,725
2021	3,220,538
Thereafter	2,057,124
Total	**$ 34,497,172**

Note 15 - Retiree Health Plan

Fund Description

The Pasadena Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2016-2014.

Contribution Rates and Contribution Amounts

	Active Member		State		District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	$ 2,415,415	1.00%	$ 3,396,326	0.55%	$ 2,043,813
2015	0.65%	$ 2,272,260	1.00%	$ 3,190,911	0.55%	$ 1,922,681
2014	0.65%	$ 2,112,144	1.00%	$ 2,953,967	0.55%	$ 1,787,199

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State on behalf of the District have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on-behalf of the District were $1,440,835, $1,428,250, and $876,431, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 16 – Nonmonetary Transaction

During 2016, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of $124,917. The textbooks purchased by the State on behalf of the District have been recorded in the Instructional Materials Allotment special revenue fund as both state revenue and expenditures.

Required Supplementary Information

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	REVENUES				
5700	*Local and Intermediate Revenues*	$ 130,625,800	$ 133,569,945	$ 134,677,127	$ 1,107,182
5800	*State Program Revenues*	319,989,170	327,914,782	333,472,340	5,557,558
5900	*Federal Program Revenues*	10,338,931	10,338,931	10,948,895	609,964
5020	Total Revenues	460,953,901	471,823,658	479,098,362	7,274,704
	EXPENDITURES				
	Current:				
0011	*Instruction*	291,790,750	297,708,720	290,968,322	6,740,398
0012	*Instructional Resources and Media Services*	6,401,514	7,271,493	6,819,759	451,734
0013	*Curriculum and Staff Development*	7,285,313	7,904,329	7,592,941	311,388
0021	*Instructional Leadership*	5,724,198	6,066,137	5,973,938	92,199
0023	*School Leadership*	34,642,333	35,951,229	35,765,134	186,095
0031	*Guidance, Counseling, and Evaluation Services*	18,025,288	19,349,565	18,772,114	577,451
0032	*Social Work Services*	327,700	343,300	291,952	51,348
0033	*Health Services*	4,754,940	4,974,412	4,763,027	211,385
0034	*Student Transportation*	15,167,766	16,864,744	15,393,942	1,470,802
0036	*Extracurricular Activities*	5,871,836	7,923,248	7,635,509	287,739
0041	*General Administration*	11,214,383	12,411,267	11,722,760	688,507
0051	*Plant Maintenance and Operations*	49,009,808	51,978,827	50,390,496	1,588,331
0052	*Security and Monitoring Services*	4,941,068	5,325,236	5,106,957	218,279
0053	*Data Processing Services*	6,485,377	9,628,584	7,233,287	2,395,297
0061	*Community Services*	252,950	361,889	154,019	207,870
	Capital Outlay:				
0081	*Facilities Acquisition and Construction*	1,550,000	5,089,340	3,110,106	1,979,234
	Intergovernmental:				
0095	*Payments to Juvenile Justice Alternative Education Programs*	100,000	100,000	93,782	6,218
0099	*Other Intergovernmental Charges*	1,259,000	1,169,000	1,162,022	6,978
6030	Total Expenditures	464,804,224	490,421,320	472,950,067	17,471,253
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,850,323)	(18,597,662)	6,148,295	24,745,957
	OTHER FINANCING SOURCES (USES)				
8949	*Tax Refunds Per Court Order*	-	(1,500,000)	(1,189,016)	310,984
7080	Total Other Financing Sources (Uses)	-	(1,500,000)	(1,189,016)	310,984
1200	Net Change in Fund Balance	(3,850,323)	(20,097,662)	4,959,279	25,056,941
0100	Fund Balance - Beginning	97,833,341	97,833,341	97,833,341	-
3000	**Fund Balance - Ending**	**$ 93,983,018**	**$ 77,735,679**	**$ 102,792,620**	**$ 25,056,941**

The accompanying notes to the required supplementary information are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

REQUIRED SUPPLEMENTARY INFORMATION
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 (TRS)
*FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
District's Proportion of the Net Pension Liability	0.3802930%	0.2777593%
District's Proportionate Share of the Net Pension Liability	$ 134,428,514	$ 74,193,350
State's Proportionate Share of the Net Pension Liability Associated with the District	194,271,517	164,362,313
Total	**$ 328,700,031**	**$ 238,555,663**
District's Covered-Employee Payroll	$ 349,578,393	$ 324,945,284
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	38.45%	22.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

The accompanying notes to the required supplementary information are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
TEACHER RETIREMENT SYSTEM PENSION PLAN (TRS)
*FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
TRS		
Contractually Required Contributions	$ 11,919,889	$ 11,260,635
Contributions in Relation to the Contractually Required Contributions	(11,919,889)	(11,260,635)
Contribution Deficiency (Excess)	**$ -**	**$ -**
District's Covered-Employee Payroll	$ 371,602,326	$ 349,578,393
Contributions as a Percentage of Covered-Employee Payroll	3.21%	3.22%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.
Ten years of data is not available.

The accompanying notes to the required supplementary information are an integral part of this statement.

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, 2016.

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, 2015. 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.

Variances with Final Budget

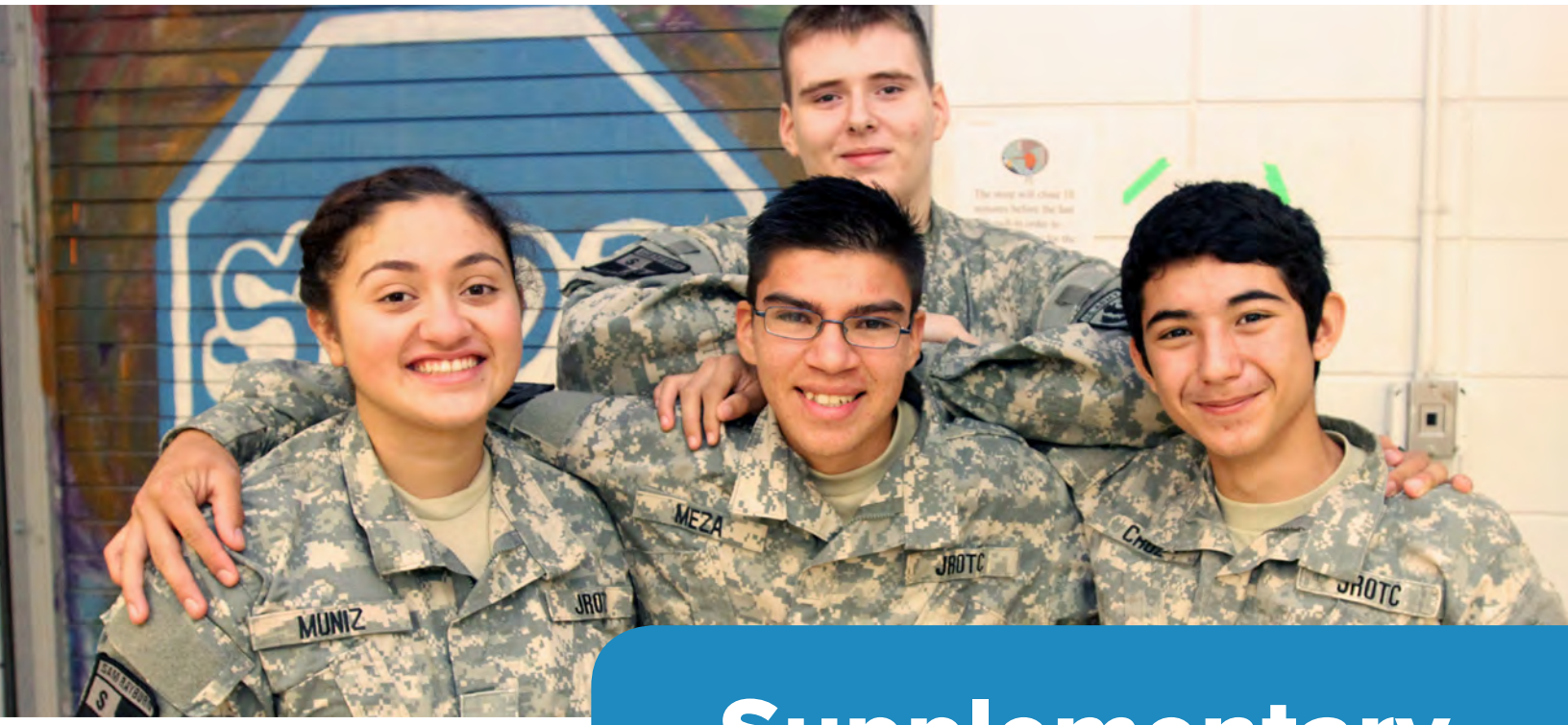
The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period. The most significant differences between the original budget and the final amended budget of the general fund were to increase appropriations $25,617,096 for instruction, plant maintenance and operations, security and monitoring services, and facilities acquisition and construction and to increase state program revenues for increased average daily attendance. The most significant differences between the final amended budget and actual results were the favorable variances for instruction expenditures and state program revenues.

Note 2 - Pension

TRS - Actuarial Assumptions for Contribution Rate

Actuarial Assumptions – The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation Date	August 31, 2015
Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	33 Years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.50% to 9.50% including Inflation
Investment Rate of Return	8.00%
Ad Hoc Post-employment Benefit Changes	None
Benefit Changes During the Year	None



Supplementary Information

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

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.

ESEA 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.

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 - 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.

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.

Title IV, Part B, 21st Century
Accounts on a project basis for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related education development for families of students.

AWARE Project
To account, on a project basis, for funds awarded by the Department of Health and Human Services to support the district to increase mental health awareness in youth and provide training for adults working with youth.

Miscellaneous Federal Grants:

Summer School Program for LEP Students in Kindergarten and First Grade
To account, on a project basis, for funds awarded by State Department of Education to support the school district summer program by focusing on language development, essential knowledge, and skill appropriate to the level of the English language learner.

School Climate Transformation
To account, on a project basis, for funds awarded by the U.S. Department of Education to help create a positive school climate district-wide that increase school safety, reduce bullying behaviors and office discipline referrals, and improve student academic achievement.

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

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

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

Technology Lending Program
To account, on a project basis, for funds to implement a technology lending program to loan students the equipment necessary to access and use electronic instructional materials.

Juvenile Crisis Intervention Program
To account, on a project basis, for funds awarded by the U.S. Department of Justice, Office of the Justice Programs, Office on Juvenile Justice and Delinquency Prevention to support state and local delinquency prevention and intervention efforts and juvenile justice system improvements.

High School Allotment
To account, on a project basis, for funds provided by the State Department of Education to school districts to prepare for underachieving students to enter institutions of higher education and encourage advanced academic opportunities.

Miscellaneous State Grants
Accounts on a project basis for funds granted for a variety of library services and supplies.

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

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

Miscellaneous Local Grants
To account for local projects not specified individually.

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.

Gulf Coast PASS
To account, on a project basis, for funds awarded by Houston A+ Challenge as part of the Gulf Coast PASS Initiative. The purpose of this grant initiative is to increase college application rates among graduating seniors, through the creating of campus "Decision Day" events.

Bus Grant and Measurable Outcomes
To account, on a project basis, for funds awarded by Texas Commission on Environmental Quality for the purpose of converting older diesel school bus engines to run on cleaner, more environmentally-friendly compressed natural gas. To account, on a project basis, for funds awarded by Verizon to allow teachers to attend training sessions at the iNACOL conference, as well as at the South by Southwest Education Conference. To account, on a project basis, for funds awarded by Chevron Corp. as a part of the JASON Project grant program. The purpose of this funding is to provide training for both students and teachers in the fields of science, technology, engineering, and mathematics, or "STEM".

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
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		206 Texas Support for Homeless Education	211 ESEA Title I, Part A
	ASSETS		
1110	*Cash and Cash Equivalents*	$ -	$ -
1120	*Current Investments*	-	-
	Receivables:		
1240	*Due from Other Governments*	51,084	3,353,448
1260	*Due from Other Funds*	-	-
1290	*Other Receivables*	-	-
1300	*Inventories, at Cost*	-	-
1410	*Prepaid Items*	-	64,140
1000	**Total Assets**	**$ 51,084**	**$ 3,417,588**
	LIABILITIES		
2110	*Accounts Payable*	$ -	$ -
2160	*Accrued Wages Payable*	-	973,447
2170	*Due to Other Funds*	51,084	2,444,141
2180	*Due to Other Governments*	-	-
2300	*Unearned Revenue*	-	-
2000	Total Liabilities	51,084	3,417,588
	FUND BALANCES		
	Restricted:		
3450	*Grants*	-	-
	Committed:		
3545	*Other*	-	-
3000	Total Fund Balances	-	-
4000	**Total Liabilities and Fund Balances**	**$ 51,084**	**$ 3,417,588**

212	224	225	240	242
ESEA Title I, Part C	**IDEA - Part B, Formula**	**IDEA - Part B, Preschool**	**National School Breakfast and Lunch Program**	**Summer Feeding Program**
$ -	$ -	$ -	$ 275,690	$ -
-	-	-	6,045,419	-
21,729	1,212,700	46,694	1,013,335	-
-	-	-	213,159	643,757
-	-	-	-	-
-	-	-	912,476	-
-	-	-	-	-
$ 21,729	**$ 1,212,700**	**$ 46,694**	**$ 8,460,079**	**$ 643,757**
$ -	$ 22,870	$ -	$ 89,336	$ -
10,424	397,738	3,316	658,806	2,497
11,305	792,092	43,378	1,080,036	213,159
-	-	-	-	-
-	-	-	-	-
21,729	1,212,700	46,694	1,828,178	215,656
-	-	-	6,631,901	428,101
-	-	-	-	-
-	-	-	6,631,901	428,101
$ 21,729	**$ 1,212,700**	**$ 46,694**	**$ 8,460,079**	**$ 643,757**

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUES FUNDS
AUGUST 31, 2016

Data Control Codes		244 Career and Technical - Basic Grant	255 ESEA, Title II, Part A - Training and Recruiting
	ASSETS		
1110	*Cash and Cash Equivalents*	$ -	$ -
1120	*Current Investments*	-	-
	Receivables:		
1240	*Due from Other Governments*	220,982	310,478
1260	*Due from Other Funds*	-	-
1290	*Other Receivables*	-	-
1300	*Inventories, at Cost*	-	-
1410	*Prepaid Items*	-	-
1000	**Total Assets**	**$ 220,982**	**$ 310,478**
	LIABILITIES		
2110	*Accounts Payable*	$ 6,176	$ -
2160	*Accrued Wages Payable*	26,890	114,620
2170	*Due to Other Funds*	187,916	195,858
2180	*Due to Other Governments*	-	-
2300	*Unearned Revenue*	-	-
2000	Total Liabilities	220,982	310,478
	FUND BALANCES		
	Restricted:		
3450	*Grants*	-	-
	Committed:		
3545	*Other*	-	-
3000	Total Fund Balances	-	-
4000	**Total Liabilities and Fund Balances**	**$ 220,982**	**$ 310,478**

263	265	288	289	397
Title III, Part A - English Language	**Title IV, Part B - 21st Century**	**AWARE Project**	**Miscellaneous Federal Grants**	**Advanced Placement Incentives**
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
296,245	1,308,712	10,719	173,960	-
-	-	-	-	48,738
-	59,173	-	-	-
-	-	-	-	-
42,004	-	-	-	-
$ 338,249	**$ 1,367,885**	**$ 10,719**	**$ 173,960**	**$ 48,738**
$ -	$ 267	$ -	$ 141	$ -
69,663	111,582	-	45,864	-
268,586	1,149,001	10,719	125,937	-
-	107,035	-	-	-
-	-	-	2,018	48,738
338,249	1,367,885	10,719	173,960	48,738
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 338,249	**$ 1,367,885**	**$ 10,719**	**$ 173,960**	**$ 48,738**

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		409 High School Completion and Success	410 State Textbook Fund
	ASSETS		
1110	*Cash and Cash Equivalents*	$ -	$ -
1120	*Current Investments*	-	-
	Receivables:		
1240	*Due from Other Governments*	-	-
1260	*Due from Other Funds*	54,685	563,459
1290	*Other Receivables*	-	-
1300	*Inventories, at Cost*	-	-
1410	*Prepaid Items*	-	-
1000	**Total Assets**	**$ 54,685**	**$ 563,459**
	LIABILITIES		
2110	*Accounts Payable*	$ -	$ -
2160	*Accrued Wages Payable*	-	-
2170	*Due to Other Funds*	-	-
2180	*Due to Other Governments*	-	-
2300	*Unearned Revenue*	54,685	563,459
2000	Total Liabilities	54,685	563,459
	FUND BALANCES		
	Restricted:		
3450	*Grants*	-	-
	Committed:		
3545	*Other*	-	-
3000	Total Fund Balances	-	-
4000	**Total Liabilities and Fund Balances**	**$ 54,685**	**$ 563,459**

411	427	428	429	461
Technology Lending Program	**Juvenile Crisis Intervention Program**	**High School Allotment**	**Miscellaneous State Grants**	**Campus Activity Funds**
$ -	$ -	$ -	$ -	$ 222,900
-	-	-	-	-
-	373	-	318,378	-
-	-	13,650	-	3,201,305
-	-	-	-	60,797
-	-	-	-	-
-	-	-	-	-
$ -	**$ 373**	**$ 13,650**	**$ 318,378**	**$ 3,485,002**
$ -	$ -	$ -	$ 69,782	$ 395
-	-	-	78,816	15,484
-	373	-	169,780	-
-	-	-	-	1,018
-	-	13,650	-	-
-	373	13,650	318,378	16,897
-	-	-	-	-
-	-	-	-	3,468,105
-	-	-	-	3,468,105
$ -	**$ 373**	**$ 13,650**	**$ 318,378**	**$ 3,485,002**

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUES FUNDS
AUGUST 31, 2016

Data Control Codes		480 PISD Education Foundation Grant	490 Miscellaneous Local Grants
	ASSETS		
1110	*Cash and Cash Equivalents*	$ -	$ -
1120	*Current Investments*	-	-
	Receivables:		
1240	*Due from Other Governments*	-	-
1260	*Due from Other Funds*	98,693	132,785
1290	*Other Receivables*	-	-
1300	*Inventories, at Cost*	-	-
1410	*Prepaid Items*	-	-
1000	**Total Assets**	**$ 98,693**	**$ 132,785**
	LIABILITIES		
2110	*Accounts Payable*	$ 68	$ -
2160	*Accrued Wages Payable*	-	-
2170	*Due to Other Funds*	-	-
2180	*Due to Other Governments*	-	-
2300	*Unearned Revenue*	98,625	132,785
2000	Total Liabilities	98,693	132,785
	FUND BALANCES		
	Restricted:		
3450	*Grants*	-	-
	Committed:		
3545	*Other*	-	-
3000	Total Fund Balances	-	-
4000	**Total Liabilities and Fund Balances**	**$ 98,693**	**$ 132,785**

492	493	497	498	
Early College	**Gulf Coast PASS**	**Bus Grant and Measurable Outcomes**	**CASE Partnership**	**Total Nonmajor Funds (See Exhibit C-1)**
-	$ -	$ -	$ -	$ 498,590
-	-	-	-	6,045,419
-	-	3,667	-	8,342,504
28,000	-	73,857	14,121	5,086,209
-	-	3,667	33,289	156,926
-	-	-	-	912,476
-	-	-	-	106,144
28,000	**$ -**	**$ 81,191**	**$ 47,410**	**$ 21,148,268**
-	$ -	$ -	$ -	$ 189,035
-	-	1,051	4,915	2,515,113
-	-	-	-	6,743,365
-	-	-	-	108,053
28,000	-	80,140	42,495	1,064,595
28,000	-	81,191	47,410	10,620,161
-	-	-	-	7,060,002
-	-	-	-	3,468,105
-	-	-	-	10,528,107
28,000	**$ -**	**$ 81,191**	**$ 47,410**	**$ 21,148,268**

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUES FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		206 Texas Support for Homeless Education	211 ESEA Title I, Part A
	REVENUES		
5700	*Local and Intermediate Revenues*	$ -	$ -
5800	*State Program Revenues*	-	-
5900	*Federal Program Revenues*	214,230	15,848,089
5020	Total Revenues	214,230	15,848,089
	EXPENDITURES		
	Current:		
0011	*Instruction*	214,230	12,852,722
0012	*Instructional Resources and Media Services*	-	9,741
0013	*Curriculum and Staff Development*	-	371,991
0021	*Instructional Leadership*	-	431,713
0023	*School Leadership*	-	198,649
0031	*Guidance, Counseling, and Evaluation Services*	-	1,705,115
0033	*Health Services*	-	133,116
0034	*Student Transportation*	-	-
0035	*Food Services*	-	-
0036	*Extracurricular Activities*	-	-
0041	*General Administration*	-	-
0051	*Plant Maintenance and Operations*	-	618
0052	*Security and Monitoring Services*	-	-
0053	*Data Processing Services*	-	-
0061	*Community Services*	-	144,424
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	-	-
6030	Total Expenditures	214,230	15,848,089
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	**Fund Balances - Ending**	**$ -**	**$ -**

212	224	225	240	242
ESEA Title I, Part C	**IDEA - Part B, Formula**	**IDEA - Part B, Preschool**	**National School Breakfast and Lunch Program**	**Summer Feeding Program**
$ -	$ -	$ -	$ 4,715,092	$ -
-	-	-	197,813	-
223,874	8,631,851	96,210	28,182,024	506,880
223,874	8,631,851	96,210	33,094,929	506,880
106,391	4,856,536	70,285	-	-
-	-	-	-	-
66,026	703,270	-	-	-
594	288,913	-	-	-
-	-	-	-	-
50,818	2,775,707	25,925	-	-
-	-	-	-	-
-	7,425	-	-	-
-	-	-	32,642,363	281,704
-	-	-	-	-
-	-	-	-	-
45	-	-	8,810	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	63,355	-
223,874	8,631,851	96,210	32,714,528	281,704
-	-	-	380,401	225,176
-	-	-	6,251,500	202,925
$ -	**$ -**	**$ -**	**$ 6,631,901**	**$ 428,101**

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		244 Career and Technical - Basic Grant	255 ESEA, Title II, Part A - Training and Recruiting
	REVENUES		
5700	*Local and Intermediate Revenues*	$ -	$ -
5800	*State Program Revenues*	-	-
5900	*Federal Program Revenues*	754,365	1,616,460
5020	Total Revenues	754,365	1,616,460
	EXPENDITURES		
	Current:		
0011	*Instruction*	469,843	1,616,460
0012	*Instructional Resources and Media Services*	-	-
0013	*Curriculum and Staff Development*	-	-
0021	*Instructional Leadership*	11,779	-
0023	*School Leadership*	-	-
0031	*Guidance, Counseling, and Evaluation Services*	272,743	-
0033	*Health Services*	-	-
0034	*Student Transportation*	-	-
0035	*Food Services*	-	-
0036	*Extracurricular Activities*	-	-
0041	*General Administration*	-	-
0051	*Plant Maintenance and Operations*	-	-
0052	*Security and Monitoring Services*	-	-
0053	*Data Processing Services*	-	-
0061	*Community Services*	-	-
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	-	-
6030	Total Expenditures	754,365	1,616,460
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	**Fund Balances - Ending**	**$ -**	**$ -**

263	265	288	289	397
Title III, Part A - English Language	**Title IV, Part B - 21st Century**	**AWARE Project**	**Miscellaneous Federal Grants**	**Advanced Placement Incentives**
$ -	$ -	$ -	$ -	$ -
-	-	-	-	875
1,641,710	3,942,556	46,919	792,900	-
1,641,710	3,942,556	46,919	792,900	875
1,431,489	2,250,762	37,552	536,974	875
-	-	-	-	-
167,343	80	-	-	-
404	485,637	9,367	255,926	-
-	1,201,017	-	-	-
41,797	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
677	4,787	-	-	-
-	-	-	-	-
-	-	-	-	-
-	273	-	-	-
-	-	-	-	-
1,641,710	3,942,556	46,919	792,900	875
-	-	-	-	-
-	-	-	-	-
$ -	**$** -	**$** -	**$** -	**$** -

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		409 High School Completion and Success	410 State Textbook Fund
	REVENUES		
5700	*Local and Intermediate Revenues*	$ -	$ -
5800	*State Program Revenues*	17,762	5,354,351
5900	*Federal Program Revenues*	-	-
5020	Total Revenues	17,762	5,354,351
	EXPENDITURES		
	Current:		
0011	*Instruction*	17,762	3,670,355
0012	*Instructional Resources and Media Services*	-	84,027
0013	*Curriculum and Staff Development*	-	-
0021	*Instructional Leadership*	-	-
0023	*School Leadership*	-	-
0031	*Guidance, Counseling, and Evaluation Services*	-	-
0033	*Health Services*	-	-
0034	*Student Transportation*	-	-
0035	*Food Services*	-	-
0036	*Extracurricular Activities*	-	-
0041	*General Administration*	-	-
0051	*Plant Maintenance and Operations*	-	-
0052	*Security and Monitoring Services*	-	-
0053	*Data Processing Services*	-	1,599,969
0061	*Community Services*	-	-
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	-	-
6030	Total Expenditures	17,762	5,354,351
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	**Fund Balances - Ending**	**$** -	**$** -

411	427	428	429	461
Technology Lending Program	**Juvenile Crisis Intervention Program**	**High School Allotment**	**Miscellaneous State Grants**	**Campus Activity Funds**
$ -	$ -	$ -	$ -	$ 5,512,807
51,705	154,639	14,109	318,700	-
-	-	-	-	-
51,705	154,639	14,109	318,700	5,512,807
-	150,713	14,109	318,378	1,375,168
-	-	-	322	145,805
-	-	-	-	540
-	-	-	-	-
-	-	-	-	190,137
-	-	-	-	35,622
-	-	-	-	1,022
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,424,172
-	3,926	-	-	-
51,705	-	-	-	26,870
-	-	-	-	7,338
-	-	-	-	-
-	-	-	-	11,576
-	-	-	-	111,615
51,705	154,639	14,109	318,700	5,329,865
-	-	-	-	182,942
-	-	-	-	3,285,163
$ -	**$ -**	**$ -**	**$ -**	**$ 3,468,105**

Continued

PASADENA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		480 PISD Education Foundation Grant	490 Miscellaneous Local Grants
	REVENUES		
5700	*Local and Intermediate Revenues*	$ 226,981	$ 34,415
5800	*State Program Revenues*	-	-
5900	*Federal Program Revenues*	-	-
5020	Total Revenues	226,981	34,415
	EXPENDITURES		
	Current:		
0011	*Instruction*	221,988	34,415
0012	*Instructional Resources and Media Services*	-	-
0013	*Curriculum and Staff Development*	-	-
0021	*Instructional Leadership*	-	-
0023	*School Leadership*	-	-
0031	*Guidance, Counseling, and Evaluation Services*	-	-
0033	*Health Services*	-	-
0034	*Student Transportation*	-	-
0035	*Food Services*	-	-
0036	*Extracurricular Activities*	-	-
0041	*General Administration*	4,993	-
0051	*Plant Maintenance and Operations*	-	-
0052	*Security and Monitoring Services*	-	-
0053	*Data Processing Services*	-	-
0061	*Community Services*	-	-
	Capital Outlay:		
0081	*Facilities Acquisition and Construction*	-	-
6030	Total Expenditures	226,981	34,415
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	**Fund Balances - Ending**	**$** -	**$** -

492	493	497	498	
Early College	**Gulf Coast PASS**	**Bus Grant and Measurable Outcomes**	**CASE Partnership**	**Total Nonmajor Funds (See Exhibit C-3)**
$ 89,956	$ 2,151	$ 147,351	$ 222,759	$ 10,951,512
-	-	-	-	6,109,954
-	-	-	140,000	62,638,068
89,956	2,151	147,351	362,759	79,699,534
89,956	2,151	83,793	349,941	30,772,848
-	-	-	-	239,895
-	-	23,225	-	1,332,475
-	-	40,333	-	1,524,666
-	-	-	-	1,589,803
-	-	-	-	4,907,727
-	-	-	-	134,138
-	-	-	-	7,425
-	-	-	-	32,924,067
-	-	-	-	3,424,172
-	-	-	-	8,919
-	-	-	12,818	106,330
-	-	-	-	7,338
-	-	-	-	1,599,969
-	-	-	-	156,273
-	-	-	-	174,970
89,956	2,151	147,351	362,759	78,911,015
-	-	-	-	788,519
-	-	-	-	9,739,588
$ -	**$ -**	**$ -**	**$ -**	**$ 10,528,107**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit I-1

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2016

Data Control Codes		753 Employee Health Insurance	770 Workers' Compensation Fund	Total Internal Service Funds
	ASSETS			
	Current Assets:			
1110	*Cash and Cash Equivalents*	$ 244,507	$ 107,733	$ 352,240
1120	*Current Investments*	3,147,939	5,383,821	8,531,760
1260	*Due from Other Funds*	1,431,288	49,542	1,480,830
1410	*Prepaid Items*	89,999	-	89,999
	Total Current Assets	4,913,733	5,541,096	10,454,829
1000	Total Assets	4,913,733	5,541,096	10,454,829
	LIABILITIES			
	Noncurrent Liabilities:			
2123	*Claims Payable - Due Within One Year*	3,299,023	649,755	3,948,778
2590	*Claims Payable - Due in More Than One Year*	-	1,689,558	1,689,558
	Total Noncurrent Liabilities	3,299,023	2,339,313	5,638,336
2000	Total Liabilities	3,299,023	2,339,313	5,638,336
	NET POSITION			
3900	*Unrestricted*	1,614,710	3,201,783	4,816,493
3000	**Total Net Position**	**$ 1,614,710**	**$ 3,201,783**	**$ 4,816,493**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit I-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		753 Employee Health Insurance	770 Workers' Compensation Fund	Total Internal Service Funds
	OPERATING REVENUES			
5745	*Miscellaneous Revenue from Local Sources*	$ 3,430,997	$ -	$ 3,430,997
5754	*Interfund Services Provided*	45,050,358	-	45,050,358
5020	Total Operating Revenues	48,481,355	-	48,481,355
	OPERATING EXPENSES			
6100	*Payroll Costs*	6,949	-	6,949
6400	*Claims Expense, Net of Provision Adjustment*	48,515,746	789,665	49,305,411
6030	Total Operating Expenses	48,522,695	789,665	49,312,360
	Operating Loss	(41,340)	(789,665)	(831,005)
	NONOPERATING REVENUES			
7955	*Investment Earnings*	10,434	13,243	23,677
8030	Total Nonoperating Revenues	10,434	13,243	23,677
1300	Change in Net Position	(30,906)	(776,422)	(807,328)
0100	Net Position - Beginning	1,645,616	3,978,205	5,623,821
3300	**Net Position - Ending**	**$ 1,614,710**	**$ 3,201,783**	**$ 4,816,493**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit I-3

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	753 Employee Health Insurance	770 Workers' Compensation Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 3,430,997	$ -	$ 3,430,997
Cash Received from Internal Services Provided	43,619,070	-	43,619,070
Cash Payments for Claims	(47,306,108)	(1,234,064)	(48,540,172)
Cash Payments for Administrative Services	(6,949)	-	(6,949)
Net Cash Used for Operating Activities	(262,990)	(1,234,064)	(1,497,054)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	10,434	13,243	23,677
Purchase of Current Investments	(3,147,939)	(5,383,821)	(8,531,760)
Net Cash Used for Investing Activities	(3,137,505)	(5,370,578)	(8,508,083)
Net Decrease in Cash and Cash Equivalents	(3,400,495)	(6,604,642)	(10,005,137)
Cash and Cash Equivalents at Beginning of Year	3,645,002	6,712,375	10,357,377
Cash and Cash Equivalents at End of Year	**$ 244,507**	**$ 107,733**	**$ 352,240**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating Loss	$ (41,340)	$ (789,665)	$ (831,005)
Change in Assets and Liabilities:			
Increase in Due from Other Funds	(1,431,288)	(49,542)	(1,480,830)
Decrease in Other Receivables	10,433	-	10,433
Increase in Prepaid Items	(89,999)	-	(89,999)
Increase (Decrease) in Claims Payable	1,289,204	(394,857)	894,347
Net Cash Used for Operating Activities	**$ (262,990)**	**$ (1,234,064)**	**$ (1,497,054)**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit I-4

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2016

AGENCY FUND:

Data Control Codes		Beginning Balance 9/1/15	Additions	Deductions	Ending Balance 8/31/16
	ASSETS				
1110	*Cash and Cash Equivalents*	$ 604,959	$ 1,905,156	$ 1,879,358	$ 630,757
1290	*Other Receivables*	25,235	26,273	38,371	13,137
1000	**Total Assets**	$ 630,194	$ 1,931,429	$ 1,917,729	$ 643,894
	LIABILITIES				
2110	*Accounts Payable*	$ 484	$ 39	$ 523	$ -
2190	*Due to Student Groups*	629,710	1,426,071	1,411,887	643,894
2000	**Total Liabilities**	$ 630,194	$ 1,426,110	$ 1,412,410	$ 643,894

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2016

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Net Assessed/Appraised Value For School Tax Purposes
2007 and Prior Years	$ Various	$ Various	$ Various
2008	1.070000	0.28	8,526,003,321
2009	1.070000	0.28	10,387,222,963
2010	1.070000	0.28	10,169,692,944
2011	1.070000	0.28	9,425,999,982
2012	1.070000	0.28	9,391,071,779
2013	1.070000	0.28	9,643,496,418
2014	1.070000	0.28	10,273,939,333
2015	1.070000	0.28	10,863,486,222
2016	1.070000	0.28	11,574,837,630
1000 Totals			

10 Beginning Balance 9/1/15	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/16
$ 4,166,774	$ -	$ 119,804	$ 39,637	$ (130,396)	$ 3,876,937
488,693	-	26,584	6,956	(28,119)	427,034
538,738	-	41,195	10,780	(29,225)	457,538
652,307	-	58,069	15,196	(32,397)	546,645
648,201	-	84,139	22,018	(13,359)	528,685
1,013,844	-	99,153	25,947	(40,576)	848,168
906,878	-	148,518	38,864	(49,034)	670,462
1,363,595	-	223,175	58,401	(167,319)	914,700
2,905,672	-	584,947	153,070	(657,659)	1,509,996
-	156,260,308	121,006,972	31,665,376	111,599	3,699,559
$ 12,684,702	**$ 156,260,308**	**$ 122,392,556**	**$ 32,036,245**	**$ (1,036,485)**	**$ 13,479,724**

Reconciliation of Ending Balance to Exhibit C-1:

Ending Balance at 8/31/16	$ 13,479,724
Plus: Penalty and Interest Accrued on Taxes Receivable	11,104,924
Property Taxes - Delinquent per Exhibit C-1	**$ 24,584,648**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	*Local and Intermediate Revenues*	$ 4,800,000	$ 4,800,000	$ 4,715,092	$ (84,908)
5800	*State Program Revenues*	200,000	205,000	197,813	(7,187)
5900	*Federal Program Revenues*	29,180,000	29,180,000	28,182,024	(997,976)
5020	Total Revenues	34,180,000	34,185,000	33,094,929	(1,090,071)
	EXPENDITURES				
	Current:				
0035	*Food Services*	34,180,000	34,185,000	32,642,363	1,542,637
0051	*Plant Maintenance and Operations*	-	-	8,810	(8,810)
	Capital Outlay:				
0081	*Facilities Acquisition and Construction*	-	-	63,355	(63,355)
6030	Total Expenditures	34,180,000	34,185,000	32,714,528	1,470,472
1200	Net Change in Fund Balance	-	-	380,401	380,401
0100	Fund Balance - Beginning	6,251,500	6,251,500	6,251,500	-
3000	**Fund Balance - Ending**	**$ 6,251,500**	**$ 6,251,500**	**$ 6,631,901**	**$ 380,401**

PASADENA INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	*Local and Intermediate Revenues*	$ 32,200,000	$ 32,550,000	$ 32,822,891	$ 272,891
5800	*State Program Revenues*	17,000,000	17,000,000	19,226,263	2,226,263
5020	Total Revenues	49,200,000	49,550,000	52,049,154	2,499,154
	EXPENDITURES				
	Debt Service:				
0071	*Principal on Long-term Debt*	25,840,000	25,840,000	24,790,000	1,050,000
0072	*Interest on Long-term Debt*	23,360,000	31,286,022	31,286,022	-
0073	*Issuance Costs and Fees*	-	923,978	19,884	904,094
6030	Total Expenditures	49,200,000	58,050,000	56,095,906	1,954,094
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,500,000)	(4,046,752)	4,453,248
	OTHER FINANCING SOURCES (USES)				
8949	*Tax Refunds Per Court Order*	-	(350,000)	(310,529)	39,471
7080	Total Other Financing Sources (Uses)	-	(350,000)	(310,529)	39,471
1200	Net Change in Fund Balance	-	(8,850,000)	(4,357,281)	4,492,719
0100	Fund Balance - Beginning	49,557,927	49,557,927	49,557,927	-
3000	**Fund Balance - Ending**	**$ 49,557,927**	**$ 40,707,927**	**$ 45,200,646**	**$ 4,492,719**

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Statistical Section

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Statistical Section

(Unaudited)

The statistical section of the Pasadena Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

	Page
Financial Trends These schedules contain trend information to assist users in understanding how the District's financial and position has changed over time.	114
Revenue Capacity Information These schedules contain information to assist users in understanding the factors affecting the District's ability to generate its own-source revenues.	124
Debt Capacity Information 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.	132
Demographic and Economic Information 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.	138
Operating Information 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.	142

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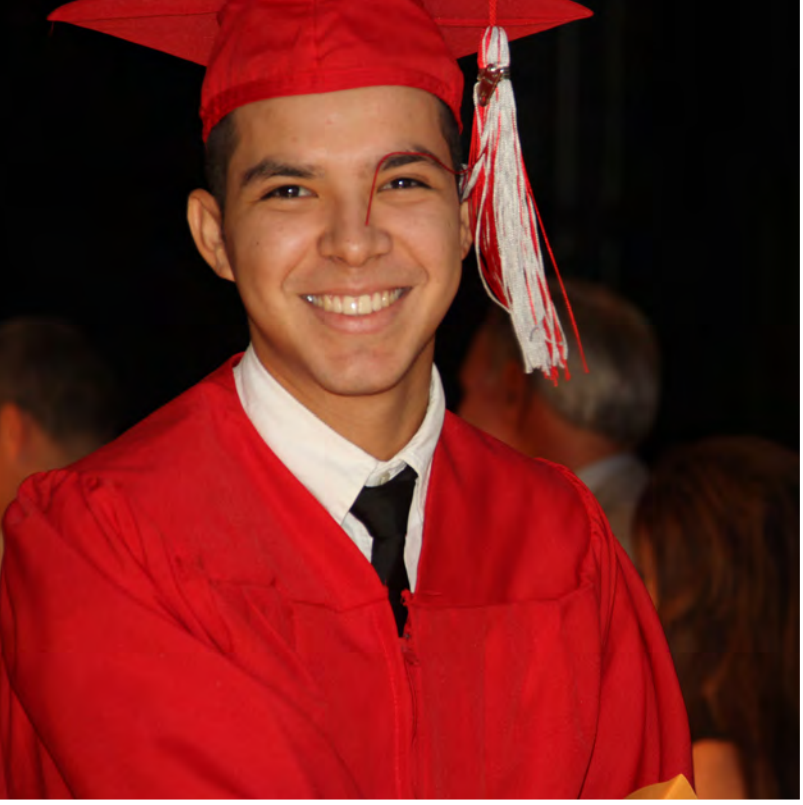

Financial Trends

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PASADENA INDEPENDENT SCHOOL DISTRICT

Table 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	2016	2015 (2)	2014	2013	As Restated 2012
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	$355,160,840	$359,549,438	$440,001,039	$441,966,180	$425,382,977

	2011 (1)	2009 (1)	2009 (1)	2008 (1)	2007 (1)
Primary Government					
Governmental Activities					
Net investment in capital assets	$236,149,687	$248,130,421	$248,130,421	$244,467,631	$255,356,794
Restricted	58,104,519	41,702,168	41,702,168	29,894,751	19,874,307
Unrestricted	97,852,662	87,505,837	87,505,837	95,619,248	74,032,714
Total Primary Government Net Position	$392,106,868	$377,338,426	$377,338,426	$369,981,630	$349,263,815

(1) Fiscal years 2011 has not been restated for GASB 65 regarding expensing of bond issuance costs.

(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.

PASADENA INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013	2012 Restated
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 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	626,102,003	577,394,346	560,569,480	504,530,430	490,768,547
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	134,395,950	118,779,975	115,251,175	109,467,813	109,726,050
Net (Expense)Revenue					
Governmental Activities	(491,706,053)	(458,614,371)	(445,318,305)	(395,062,617)	(381,042,497)
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 retricted 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	487,317,455	462,224,147	443,353,164	411,645,820	387,167,606
Change in Net Position	$ (4,388,598)	$ 3,609,776	$ (1,965,141)	$ 16,583,203	$ 6,125,109

Source: District Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 2
Page 2 of 2

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	2011	2010	2009	2008	2007
Expenses- Governmental Activities:					
Instruction	$281,367,024	$285,659,477	$269,777,425	$255,018,780	$206,105,517
Instructional Resources and Media Services	6,387,688	6,200,687	6,425,258	6,986,698	6,063,834
Curriculum and Staff Development	7,621,886	9,198,680	8,771,467	8,622,417	6,741,512
Instructional Leadership	6,251,276	5,253,072	4,728,369	4,835,423	6,111,570
School Leadership	32,895,017	31,544,642	30,815,053	28,232,876	23,937,198
Guidance, Counseling, and Evaluation Services	19,634,366	19,262,473	15,665,185	13,833,474	11,909,718
Social Work Services	233,151	174,157	201,238	231,556	157,184
Health Services	4,643,035	4,552,629	4,503,752	4,170,425	3,377,357
Student Transportation	12,559,177	11,818,604	10,463,475	9,913,716	9,102,732
Food Service	27,838,575	26,521,224	24,052,049	23,508,375	23,383,897
Extracurricular Activities	6,757,699	7,089,138	6,580,363	6,480,643	5,944,338
General Administration	10,361,767	9,765,102	9,298,117	10,828,334	8,902,371
Plant Maintenance and Operations	47,322,211	49,788,328	55,420,189	44,512,223	38,494,002
Security and Monitoring Services	4,907,271	4,634,630	4,533,619	4,025,772	3,745,843
Data Processing Services	4,956,293	6,268,541	6,974,071	4,613,734	6,274,555
Community Services	293,667	499,244	738,188	616,887	632,338
Interest on Long-term Debt	17,443,988	16,491,626	18,340,469	20,275,039	21,331,652
Bond Issuance Costs and Fees	784,974	658,073	-	468,774	808,167
Facilities Repair and Maintenance	-	-	25,613	64,142	13,756,976
Payments to Juvenile Justice Alternative Education Program	355,238	340,200	53,189	243,224	209,865
Other Intergovernmental Charges	1,086,952	1,136,522	876,443	-	-
Total Governmental Activities Expenses	493,701,255	496,857,049	478,243,532	447,482,512	396,990,626
Program Revenues - Governmental Activities:					
Charges for Services:					
Instruction	4,909,981	6,066,029	5,636,022	1,742,963	2,115,467
Extracurricular Activities	1,717,844	1,343,620	1,256,310	1,054,094	1,187,833
Food Service	4,645,023	5,187,622	5,437,099	5,841,959	5,325,128
Plant Maintenance and Operations	819,306	1,043,264	1,033,238	160,669	77,036
Other Activities	1,886,190	2,053,230	1,784,347	654,502	705,365
Operating Grants and Contributions	122,259,463	124,926,147	79,281,475	75,301,397	71,076,908
Total Governmental Activities Program Revenues	136,237,807	140,619,912	94,428,491	84,755,584	80,487,737
Net (Expense)Revenue					
Governmental Activities	(357,463,448)	(356,237,137)	(383,815,041)	(362,726,928)	(316,502,889)
General Revenue - Governmental Activities:					
Property Taxes, Levied for General Purposes	101,307,354	109,348,136	110,409,026	110,187,344	120,853,331
Property Taxes, Levied for Debt Service	26,412,793	28,932,019	29,628,701	27,561,530	23,699,891
Grants and Contributions Not retricted to Specific Programs	239,093,022	242,339,969	237,985,859	241,351,170	191,637,710
Investment Earnings	1,325,113	4,276,791	1,843,266	8,005,261	11,968,918
Miscellaneous	1,940,617	644,213	11,304,985	3,660,542	7,993,514
Total Governmental Activities General Revenues	370,078,899	385,541,128	391,171,837	390,765,847	356,153,364
Change in Net Position	$ 12,615,451	$ 29,303,991	$ 7,356,796	$ 28,038,919	$ 39,650,475

Source: District Financial Statements

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PASADENA INDEPENDENT SCHOOL DISTRICT

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013	2012
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	$102,792,620	$97,833,341	$83,734,187	$96,823,666	$90,772,800
All Other Governmental Funds					
Restricted for:					
Federal and state programs	7,060,002	6,454,425	7,844,719	9,300,045	7,274,862
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	$196,330,541	$233,799,337	$137,845,636	$239,397,152	$146,725,841

	2011	2010	2009	2008	2007 restated
General Fund					
Nonspendable	$6,542,969	$4,291,977	$5,467,634	$7,020,416	$1,641,900
Committed	30,000,000	13,800,000	5,557,095	7,730,565	23,659,915
Assigned	8,136,653	5,745,235	2,903,171	7,371,600	4,117,589
Unassigned	48,174,594	63,428,850	58,288,135	53,863,729	43,946,033
Total General Fund	$92,854,216	$87,266,062	$72,216,035	$75,986,310	$73,365,437
All Other Governmental Funds					
Restricted for:					
Federal and state programs	6,552,623	7,516,988	6,245,194	3,472,309	2,121,246
Debt service	52,594,921	44,834,851	35,129,164	24,254,765	18,180,737
Construction	355,128	5,283,904	14,471,098	48,140,328	133,755,094
Committed	2,125,756	247,731	224,063	437,823	99,625
Total All Other Governmental Funds	$61,628,428	$57,883,474	$56,069,519	$76,305,225	$154,156,702

Source: District Financial Statements

Note: 2007 was restated due to prior period adjustment in 2008 USDA commodities

PASADENA INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES–GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	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 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)					
Transfers In		22,369,435	22,117,946	9,550,670	-
Transfers Out		(26,369,435)	(22,117,946)	(9,550,670)	-
Bonds Issued		159,435,000	-	173,690,000	89,805,000
Issuance of Refunding Bonds		50,920,000	6,980,000	52,670,000	43,045,000
Premium or Discount on Issuance of Bonds		23,809,115	-	35,374,215	14,715,150
Payments to Refunded Bonds Escrow Agent		(57,624,114)	(7,012,847)	(86,832,834)	(50,482,938)
Tax Refunds Per Court Order	(1,499,545)	(1,304,413)	(891,639)	(957,386)	-
Extraordinary Item - FEMA Refund	-	-	(438,806)	-	-
Sale of Real and Personal Property	-	-	1,120,716	-	-
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	9.31%	8.47%	8.26%	11.25%	6.35%

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less facilities acquisition/construction expenditures and other capital assest (unit price over $5,000).

PASADENA INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES–GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	2011	2010	2009	2008	2007 restated
Revenues					
Local and Intermediate Revenues	$ 146,068,919	$ 155,954,806	$ 170,547,037	$ 154,491,245	$ 170,969,449
State Program Revenues	262,447,707	266,439,689	261,269,808	263,605,393	215,770,425
Federal Program Revenues	98,851,957	100,603,600	55,997,526	47,735,924	47,084,486
Total Revenues	507,368,583	522,998,095	487,814,371	465,832,562	433,824,360
Expenditures					
Current:					
Instruction	266,818,898	268,972,744	254,099,689	240,518,365	209,867,182
Instructional Resources and Media Services	6,005,730	5,789,521	6,091,494	6,652,377	5,276,579
Curriculum and Staff Development	7,274,457	8,827,519	8,474,410	8,309,997	6,711,318
Instructional Leadership	5,962,798	4,962,313	4,568,499	4,638,119	6,104,586
School Leadership	30,787,773	29,309,653	28,817,504	26,477,045	23,925,816
Guidance, Counseling, and Evaluation Services	18,734,641	18,494,427	15,004,113	13,186,877	11,909,718
Social Work Services	222,562	161,565	192,351	221,236	156,317
Health Services	4,378,401	4,232,635	4,272,088	3,932,121	3,377,357
Student Transportation	13,541,964	11,872,087	11,986,021	9,915,249	8,134,311
Food Services	28,647,695	27,736,010	24,479,574	23,421,797	23,223,928
Extracurricular Activities	6,404,302	6,642,235	6,323,362	6,137,341	5,914,676
General Administration	9,763,042	9,108,047	8,815,862	8,904,018	8,271,671
Plant Maintenance and Operations	44,534,269	46,265,599	52,605,462	42,146,666	38,254,959
Security and Monitoring Services	4,770,890	4,398,628	4,330,813	3,916,073	4,057,110
Data Processing Services	5,682,054	6,965,059	6,727,619	5,168,918	6,722,745
Community Services	292,824	483,743	707,997	585,174	632,338
Debt Service:					
Principal on Long-term Debt	16,515,000	18,075,000	16,184,293	13,909,190	14,385,579
Interest on Long-term Debt	17,660,881	16,578,214	20,322,919	25,200,557	24,154,888
Bond Issuance Costs and Fees	784,435	1,201,050	1,060,869	920,030	808,167
Capital Outlay:					
Facilities Acquisition and Construction	7,810,669	15,118,769	35,826,326	94,866,825	94,191,041
Intergovernmental:					
Payments to Juvenile Justice Alternative Education Program	355,238	340,200	53,189	243,244	209,865
Other Intergovernmental Charges	1,086,952	1,136,522	876,443	1,319,175	779,551
Total Expenditures	498,035,475	506,671,540	511,820,897	540,590,394	497,069,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,333,108	16,326,555	(24,006,526)	(74,757,832)	(63,245,342)
Other Financing Sources (Uses)					
Transfers In	-	500,000	-	-	1,213,652
Transfers Out	-	(500,000)	-	-	(1,213,652)
Bonds Issued	-	-	-	42,930,000	185,000,000
Issuance of Refunding Bonds	-	56,385,000	-	-	-
Premium or Discount on Issuance of Bonds	-	4,999,667	-	3,350,465	5,135,260
Payments to Refunded Bonds Escrow Agent	-	(60,849,161)	-	(46,599,970)	-
Tax Refunds Per Court Order	-	-	-	(162,867)	-
Extraordinary Item net of FEMA reimbursement	-	-	-	-	-
Sale of Real and Personal Property	-	1,921	545	9,600	31,355
Total Other Financing Sources (Uses)	-	537,427	545	(472,772)	190,166,615
Net Change in Fund Balances	$ -	$ 16,863,982	$ (24,005,981)	$ (75,230,604)	$ 126,921,273
Debt Service as a Percentage of Noncapital Expenditures	7.04%	7.11%	7.40%	8.40%	9.22%

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less facilities acquisition and construction expenditures.

Note: 2007 was restated due to prior period adjustment in 2008 USDA commodities

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Revenue Capacity

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PASADENA INDEPENDENT SCHOOL DISTRICT *Table 5*

GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013	2012
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	73,586,963	69,402,718	72,111,900	76,598,991	75,990,919
Total	$ 611,875,856	$ 584,190,045	$ 557,683,930	$ 522,096,118	$ 497,128,531

	2011	2010	2009	2008	2007
Local Sources:					
Property tax	$ 128,494,153	$ 135,465,700	$ 142,461,284	$ 131,668,470	$ 145,430,034
Other	17,574,766	20,489,106	28,085,753	22,822,775	25,539,415
State sources	262,447,707	266,439,689	261,269,808	263,605,393	215,770,425
Federal sources	98,851,957	100,603,600	55,997,526	47,735,924	46,567,494
Total	$ 507,368,583	$ 522,998,095	$ 487,814,371	$ 465,832,562	$ 433,307,368

Source: District Financial Statements and Notes to the Basic Financial Statements

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 6

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Residential Property Value	Commercial Property Value	Personal Property Value	Total Actual Value	Exemptions	Taxable Assessed Value	Tax Rates
8/31/2016	$ 6,498,176,002	$ 7,099,247,574	$ 1,401,864,088	$ 14,999,287,664	$ 3,240,090,668	$ 11,574,837,630	$ 1.350
8/31/2015	5,935,227,921	6,698,825,873	1,492,753,256	14,126,807,050	3,263,320,828	10,863,486,222	1.350
8/31/2014	5,656,695,787	6,768,502,075	1,219,758,476	13,644,956,338	3,371,017,005	10,273,939,333	1.350
8/31/2013	5,666,046,003	6,217,743,404	1,135,905,080	13,019,694,487	3,376,198,069	9,643,496,418	1.350
8/31/2012	5,849,352,590	5,862,935,029	1,106,758,541	12,819,046,160	3,427,974,381	9,391,071,779	1.350
8/31/2011	5,956,692,078	5,655,133,246	1,097,835,086	12,709,660,410	3,283,660,428	9,425,999,982	1.350
8/31/2010	6,027,563,231	5,612,644,828	1,088,998,897	12,729,206,956	2,559,514,012	10,169,692,944	1.350
8/31/2009	6,244,873,470	4,928,126,256	1,078,352,022	12,251,351,748	1,864,128,785	10,387,222,963	1.350
8/31/2008	6,030,474,894	4,266,152,487	991,575,776	11,288,203,157	2,762,199,836	8,526,003,321	1.350
8/31/2007	5,552,158,396	4,725,415,226	1,203,430,438	11,481,004,060	2,997,458,475	8,483,545,585	1.690

Source: District records and the Harris County Appraisal District

PASADENA INDEPENDENT SCHOOL DISTRICT *Table 7*

PROPERTY TAX AMOUNT - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(unaudited)

	2016	2015	2014	2013	2012
Pasadena ISD	1.3500	1.3500	1.3500	1.3500	1.3500
Clear Brook City MUD	0.6700	0.6700	0.6700	0.6700	0.6700
Clear Lake City Water Authority	0.2700	0.2800	0.2800	0.2800	0.2800
Harris-Brazoria Counties MUD 509	0.8200	0.8500			
Harris County	0.4192	0.4173	0.4146	0.4002	0.3912
Harris County Department of Education	0.0054	0.0060	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
Kirkmont MUD	0.5350	0.5620	0.5690	0.5400	0.5350
Houston, City of	0.6011	0.6311	0.6387	0.6387	0.6387
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	0.1758	0.1856	0.1856	0.1856	0.1856
South Houston, City of	0.6995	0.6445	0.6699	0.7082	0.6875
TOTALS	9.4975	9.7182	9.0262	8.8336	8.6469

	2011	2010	2009	2008	2007
Pasadena ISD	1.3500	1.3500	1.3500	1.3500	1.6900
Clear Brook City MUD	0.6700	0.6700	0.6700	0.6900	0.7100
Clear Lake City Water Authority	0.2800	0.2800	0.2800	0.2800	0.2800
Harris County	0.3881	0.3922	0.3892	0.3924	0.4024
Harris County Department of Education	0.0066	0.0061	0.0058	0.0059	0.0063
Harris County Flood Control District	0.0293	0.0292	0.0309	0.0311	0.0324
Harris County MUD #381	0.7800	0.7800	0.7800	0.7800	0.7800
Harris County MUD #382	0.6900	0.6900	0.6900	0.6900	0.6900
Harris County MUD #410	0.7200	0.7200	0.7200	0.7200	0.7200
Kirkmont MUD	0.4670	0.4670	0.4670	0.4670	0.4670
Houston, City of	0.6387	0.6387	0.6438	0.6450	0.6475
Pasadena, City of	0.5916	0.5620	0.5620	0.5670	0.5670
Pearland, City of	0.6651	0.6526	0.6526	0.6526	0.6527
Port of Houston Authority	0.0205	0.0164	0.0177	0.0144	0.0130
Sagemeadow UD	0.3790	0.3650	0.3650	0.3560	0.3560
San Jacinto CCD	0.1708	0.1708	0.1634	0.1454	0.1454
South Houston, City of	0.6731	0.6784	0.6784	0.6770	0.6588
TOTALS	8.5198	8.4684	8.4659	8.4637	8.8185

Source: Harris County Appraisal District

(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

Table 8

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR
(unaudited)

	Tax Year 2015			Tax Year 2006 **		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Houston Refining	$316,865,314	1	2.92%			-
Channel Energy Center LP	198,437,305	2	1.83%			-
Pasadena Refining System Inc	172,230,891	3	1.59%			
Centerpoint Energy	171,002,740	4	1.57%	216,271,899	2	2.84%
Enterprise Crude Pipeline	169,502,704	5	1.56%			
PRSI Trading	146,626,312	6	1.35%			
Valero Energy Corp	108,675,727	7	1.00%			
GATX Terminals Corp	83,738,589	8	0.77%	60,207,530	4	0.79%
WalMart	63,690,642	9	0.59%			-
KIR Pasadena LP	61,526,359	10	0.57%			-
Lyondell Basell Ind	-		-	260,475,467	1	3.43%
CalPine Const. Fin. Co. LP	-		-	158,591,730	3	2.09%
Texas Genco	-		-	46,765,221	5	0.61%
Southwestern Bell	-		-	38,918,180	6	0.51%
CHCA Bayshore Pl	-		-	32,340,315	9	0.43%
Air Products Inc				32,910,038	8	0.43%
O'Reilly Automotive	-		-	27,694,220	10	0.36%
TOTALS	$1,492,296,583		13.74%	$874,174,600		11.50%

Source: District records. Official Statements January 28, 2015 *
District records. Official Statements August 15, 2006 **

(1) Assessed (taxable) value equals appraised value after exemptions.
(2) Total assessed value-current year (Table 6): $ 10,863,486,222
(3) Total assessed value-ten years ago (Table 6): $ 7,604,110,083

PASADENA INDEPENDENT SCHOOL DISTRICT *Table 9*

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Taxes Collected	Percent of Adjusted Tax Levy		Taxes Collected	Collected as Percent of Current Tax Levy
8/31/2016	$ 156,371,907	$ 152,672,348	97.6 %	$ -	$ 152,672,348	97.6 %
8/31/2015	146,072,991	143,824,978	98.5	738,017	144,562,995	99.0
8/31/2014	137,829,474	135,830,660	98.5	1,084,008	136,914,668	99.3
8/31/2013	129,098,527	127,592,900	98.8	835,165	128,428,065	99.5
8/31/2012	125,528,389	123,551,583	98.4	1,128,638	124,680,221	99.3
8/31/2011	126,830,090	123,912,114	97.7	2,389,291	126,301,405	99.6
8/31/2010	134,081,658	130,901,636	97.6	2,633,377	133,535,013	99.6
8/31/2009	139,487,229	136,528,257	97.9	2,501,435	139,029,692	99.7
8/31/2008	128,380,069	125,189,125	97.5	2,763,912	127,953,037	99.7
8/31/2007	143,364,794	138,719,542	96.8	4,338,480	143,058,022	99.8

Source: District records

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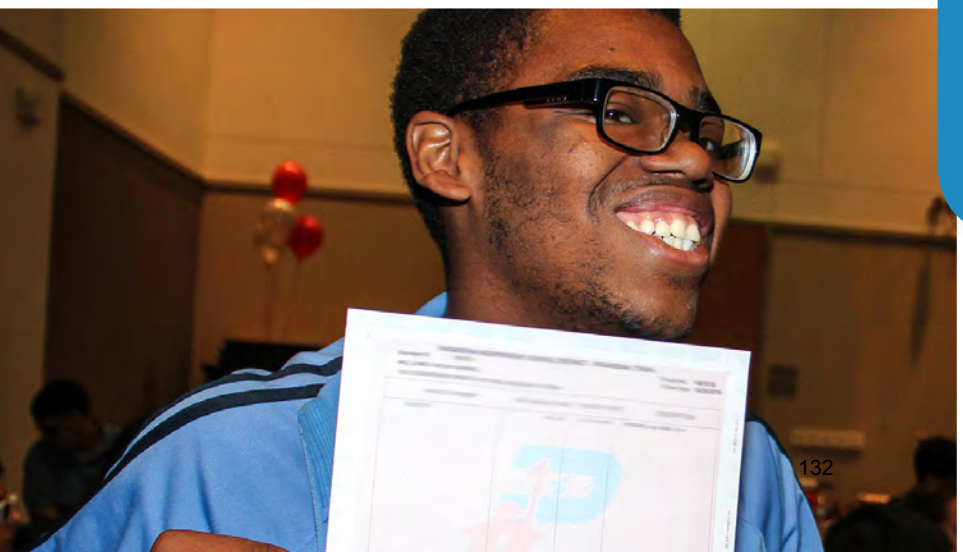
Debt Capacity



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PASADENA INDEPENDENT SCHOOL DISTRICT

Table 10

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Governmental Activities: General Obligation Bonds (3)	Governmental Activities: Notes Payable	Total Primary Government	Ratio of Debt to Personal Income (1)	Net Bonded Debt per Capita (2)
8/31/2015	$ 773,880,747	$ -	$ 773,880,747	2.36%	$ 2,916
8/31/2015	802,405,911	-	802,405,911	2.45%	3,089
8/31/2014	642,359,180	-	642,359,180	2.44%	2,520
8/31/2013	661,471,965	195,000	661,666,965	2.52%	2,674
8/31/2012	503,747,381	185,000	503,932,381	1.58%	2,075
8/31/2011	420,461,615	290,000	420,751,615	1.36%	1,723
8/31/2010	437,107,814	280,000	437,387,814	1.45%	1,803
8/31/2009	454,645,264	1,190,000	455,835,264	1.50%	1,744
8/31/2008	472,322,034	1,150,000	473,472,034	1.53%	1,854
8/31/2007	487,870,000	3,290,000	491,160,000	1.72%	1,959

Source: District Financial Statements

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

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

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

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 11

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	General Bonded Debt (1)	Less Amounts Available in Debt Service Fund (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Total Actual Property Value (2)	Net Bonded Debt per Student (3)
8/31/2015	$ 773,880,747	$ 45,200,646	$ 728,680,101	4.86%	$ 14,083
8/31/2015	802,405,911	49,557,927	752,847,984	5.33%	14,647
8/31/2014	642,359,180	47,938,360	594,420,820	4.36%	11,782
8/31/2013	661,471,965	44,411,225	617,060,740	4.74%	12,461
8/31/2012	503,747,381	61,963,266	441,784,115	3.45%	9,009
8/31/2011	420,461,615	52,594,921	367,866,694	2.89%	7,610
8/31/2010	437,107,814	44,834,851	392,272,963	3.08%	8,140
8/31/2009	454,645,264	35,129,164	419,516,100	3.42%	8,821
8/31/2008	472,322,034	24,254,766	448,067,268	3.97%	9,543
8/31/2007	487,870,000	18,180,737	469,689,263	4.09%	10,187
8/31/2006	329,893,825	12,359,582	317,534,243	3.12%	6,975

Source of data - District records

(1) Details regarding the District's outstanding debt, net of premiums, discounts and adjustments may be found in the Notes to the Financial Statements which includes general obligation bonds

(2) See Table 6 for total assessed value data.

(3) See Table 16 for average daily attendance data.

(4) This is the amount restricted for debt service payments on general bonded debt.

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2016
(unaudited)

Taxing Authority	Debt Outstanding	Percent Overlapping (1)	Amount Applicable to School District
Overlapping:			
Governmental Subdivisions			
Harris County	$2,421,235,464	2.96%	$71,668,570
Harris County Department of Education	7,000,000	2.96%	207,200
Port of Houston Authority	674,269,397	2.96%	19,958,374
San Jacinto Community College District	405,482,618	28.08%	113,859,519
Cities			
Houston, City of	2,924,340,000	2.88%	84,220,992
Pasadena, City of	124,340,000	61.96%	77,041,064
Pearland, City of	322,950,000	0.24%	775,080
South Houston, City of	1,915,000	100.00%	1,915,000
Special Districts			
Clear Brook City MUD	61,795,000	44.84%	27,708,878
Clear Lake City Water Authority	71,955,000	0.47%	338,189
Harris-Brazoria Counties MUD No. 509	3,500,000	89.74%	3,140,900
Harris County Flood Control District	83,075,000	2.96%	2,459,020
Harris County Hospital District	62,815,000	2.96%	1,859,324
Harris County MUD #381	9,650,000	100.00%	9,650,000
Harris County MUD #382	9,655,000	99.08%	9,566,174
Harris County MUD #410	13,500,000	81.17%	10,957,950
Kirkmont MUD	2,890,000	100.00%	2,890,000
Sagemeadow Utility District	10,010,000	100.00%	10,010,000
Total Overlapping Debt			**$448,226,234**
Direct:			
Pasadena Independent School District *	$773,880,747	100.00%	$773,880,747
Total Direct and Overlapping Debt			**$1,222,106,981**
Total Direct and Overlapping Debt % of A.V.		**8.15%**	
Total Direct and Overlapping Debt per Capita		**$4,604**	

Source: Municipal Advisory Council

Includes the Bonds and excludes the Refunded Bonds

* Includes $72,675,911 Issuance Premiums

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

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

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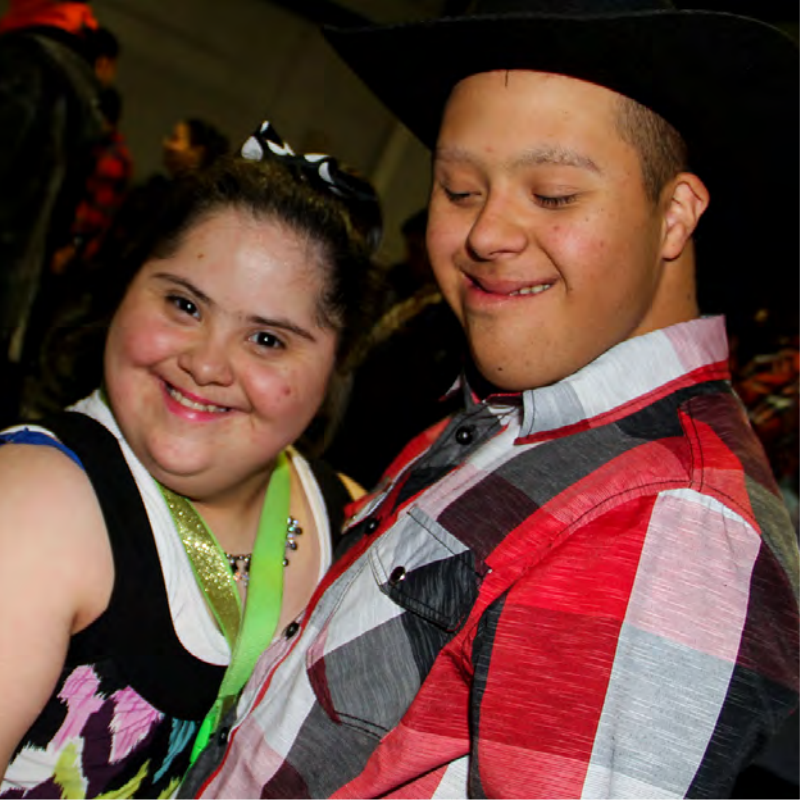

Demographic & Economic Information

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PASADENA INDEPENDENT SCHOOL DISTRICT *Table 13*

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	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
8/31/2016	4.9 %	265,425	$ 54,230	54,363	$ 3,276,306,606	$ 6,498,176,002	$ 119,532	56,019
8/31/2015	4.8	259,791	53,822	55,126	3,276,306,606	5,935,227,921	107,667	55,570
8/31/2014	5.2	254,920	45,843	57,514	2,636,614,302	5,656,695,787	98,353	54,505
8/31/2013	6.1	247,451	41,922	62,513	2,620,669,986	5,666,046,003	90,638	53,636
8/31/2012	6.8	242,917	51,289	62,308	3,195,715,012	5,849,352,590	93,878	52,942
8/31/2011	8.1	244,213	50,928	60,898	3,101,413,344	5,956,692,078	97,814	52,218
8/31/2010	8.4	242,630	50,422	60,019	3,026,278,018	6,027,563,231	100,427	52,303
8/31/2009	8.5	261,365	50,569	59,990	3,033,634,310	6,244,873,470	104,099	51,578
8/31/2008	5.1	255,368	52,391	59,039	3,093,112,249	6,030,474,894	102,144	50,757
8/31/2007	4.3	250,770	49,977	57,231	2,860,233,687	5,552,158,396	97,013	49,851

Sources: (1) US Bureau of Labor Statistics

(2) Municipal Advisory Council of Texas

(3) US Census Bureau - Harris County

(4) Harris County Appraisal District

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

PASADENA INDEPENDENT SCHOOL DISTRICT

Table 14

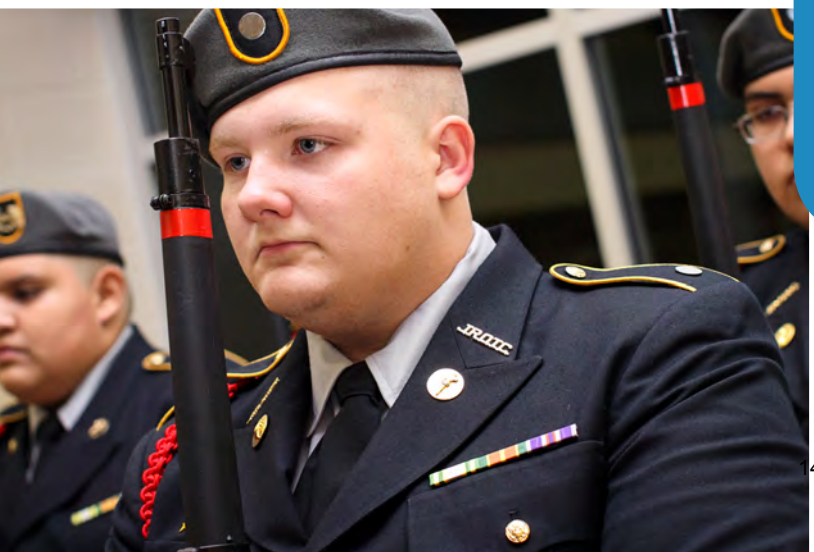
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR
(unaudited)

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Pasadena Independent School District *	7,974	1	8.54%	6,541	1	5.07%
Lyondell Chemical Company	2,613	2	2.80%	-	-	-
SGS Petroleum Service Corp.	2,500	9	2.68%	-	-	-
The Boeing Company	2,000	3	2.14%	2,300	2	1.78%
Mundy Company	1,200	4	1.29%	1,500	4	1.16%
Shell Chemical	1,600	6	1.71%	1,750	3	1.36%
Bayshore Medical Center	1,350	5	1.45%	1,042	7	0.81%
San Jacinto College	1,322	7	1.42%	1,179	6	0.91%
University of Houston-Clear Lake	1,245	8	1.33%	1,200	5	0.93%
City of Pasadena	1,056	10	1.13%	990	8	0.77%
Lyondell Houston Refinery	-		-	900	9	0.70%
Chevron Phillips-Pasadena Plastics	-		-	693	10	0.54%
Totals:	**22,860**		**24.49%**	**18,095**		**14.03%**

Source: City of Pasadena and San Jacinto Community College District websites

*PISD District Records

Operating Information



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PASADENA INDEPENDENT SCHOOL DISTRICT *Table 15*

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
(unaudited)

Full-Time Equivalent:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Professional Staff										
Teachers	3,761	3,642	3,540	3,430	3,376	3,500	3,442	3,457	3,332	3,305
Support Staff										
Counselors	100	96	91	91	114	108	91	91	79	94
Educational Diagnosticians	41	37	37	32	37	32	19	19	21	27
Librarians	69	64	63	65	64	58	55	55	48	48
School Nurses	68	66	65	63	66	60	59	57	54	55
Teacher Facilitators	133	129	124	124	113	106	124	-	-	-
Therapists	52	52	60	52	56	62	42	49	40	43
School Psychologists	46	47	39	40	34	31	16	20	20	16
Other Support Staff	234	195	189	151	140	128	132	268	281	196
Subtotal	743	686	668	618	624	585	538	559	543	479
Administrators										
Admin/Instr Officers	64	59	52	56	53	58	56	62	48	48
Principals	67	62	62	62	61	60	59	58	57	57
Assistant Principals	132	125	125	116	119	118	115	122	110	110
Superintendent	1	1	1	1	1	1	1	1	1	1
Assoc. Superintendents	14	14	15	14	13	14	13	10	11	11
Subtotal	278	261	255	249	247	251	244	253	227	227
Total Professional Staff	4,782	4,589	4,463	4,297	4,247	4,336	4,224	4,269	4,102	4,011
Educational Aides	885	844	776	766	681	734	671	586	396	722
Auxiliary Staff	2,307	2,217	2,163	2,121	2,109	2,107	2,252	2,299	2,394	1,808
Total Personnel	7,974	7,650	7,402	7,184	7,037	7,177	7,147	7,154	6,892	6,541

Source: Texas Education Agency Website

PASADENA INDEPENDENT SCHOOL DISTRICT *Table 16*

OPERATING STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	Average Daily Attendance	Operating Expenditures (1)	Cost Per Student	Percentage Change	Government - Wide Expenses (2)	Cost Per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
8/31/2016	51,742	$ 546,744,274	$ 10,567	4.72%	$ 626,102,003	$ 12,101	7.72%	3,761	13.76	77.8%
8/31/2015	51,399	518,632,470	10,090	2.32%	577,394,346	11,234	1.10%	3,642	14.11	79.5%
8/31/2014	50,452	497,551,778	9,862	6.30%	560,569,480	11,111	9.05%	3,540	14.25	79.5%
8/31/2013	49,519	459,399,382	9,277	0.93	504,530,430	10,189	2.26	3,430	14.44	79.60
8/31/2012	49,039	450,749,842	9,192	(2.40)	488,587,059	9,963	(2.45)	3,376	14.53	80.00
8/31/2011	48,340	455,264,490	9,418	(0.40)	493,701,255	10,213	(0.94)	3,500	13.81	78.90
8/31/2010	48,191	455,698,507	9,456	2.58	496,857,049	10,310	2.53	3,442	14.00	74.90
8/31/2009	47,560	438,426,490	9,218	6.69	478,243,532	10,056	5.51	3,457	13.76	69.00
8/31/2008	46,953	405,693,792	8,640	9.59	447,482,532	9,530	10.69	3,332	14.09	69.00
8/31/2007	46,108	363,530,027	7,884	2.86	396,990,626	8,610	2.77	3,305	13.95	70.30

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 from Table 4

(2) Government-wide expenses include only governmental activities

PASADENA INDEPENDENT SCHOOL DISTRICT *Table 17*

TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended	District Average Salary (1)	Region IV Average Salary (2)	Statewide Average Salary (1)
8/31/2016	$ 54,877	$ 55,580	$ 51,891
8/31/2015	53,652	54,157	50,715
8/31/2014	52,509	52,222	49,692
8/31/2013	51,331	50,968	48,821
8/31/2012	49,746	50,383	48,375
8/31/2011	49,694	50,616	48,638
8/31/2010	48,436	50,129	48,263
8/31/2009	47,648	50,561	47,159
8/31/2008	46,101	48,125	46,179
8/31/2007	44,662	46,676	44,897

Source (1): Texas Education Agency website, Texas Academic Performance Report
Source (2): Region IV Education Service Center

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
(unaudited)

CAMPUS	YEAR CONSTRUCTED	BLDG AGE (YEARS)	BLDG CAPACITY	# OF PORTABLE CLASSRMS	PORTABLE CAPACITY (# of classrms x 25)	Total Capacity	2015/2016 Enrollment	% of Capacity Used
HIGH SCHOOL								
Dobie High	2003	13	3,500	44	1100	4,600	3,881	84%
Dr Lewis CTHS	2014	2	1,500	0	0	1,500	1,257	84%
Pasadena High	2001	15	3,024	0	0	3,024	2,415	80%
Pasadena Memorial	2003	13	3,000	28	700	3,700	2,928	79%
Sam Rayburn	2002	14	2,528	31	775	3,303	2,800	85%
South Houston High	2001	15	2,450	28	700	3,150	2,445	78%
INTERMEDIATE								
Beverly Hills	2004	12	1,501	2	50	1,551	1,024	66%
Bondy	1993	23	1,144	2	50	1,194	958	80%
Jackson	2002	14	1,384	0	0	1,384	708	51%
Miller Int	1968	48	982	8	200	1,182	883	75%
Park View Int	1966	50	963	9	225	1,188	609	51%
Queens Int	2014	2	925	0	0	925	695	75%
San Jacinto	2008	8	850	0	0	850	705	83%
South Houston Int	1989	27	1,058	4	100	1,158	852	74%
Southmore	2008	8	850	2	50	900	821	91%
Thompson	1972	44	995	14	350	1,345	964	72%
MIDDLE SCHOOL								
DeZavala	2002	14	845	6	132	977	743	76%
Keller Middle	2014	2	889	2	44	933	682	73%
Kendrick Middle	2015	1	889	0	0	889	726	82%
Lomax Middle	2007	9	925	6	132	1,057	618	58%
Melillo Middle	2008	8	850	6	132	982	636	65%
Milstead Middle	2007	9	925	6	132	1,057	893	84%
Morris Middle	2004	12	873	12	264	1,137	947	83%
Roberts MS	2015	1	889	0	0	889	624	70%
Schneider Middle	2006	10	878	0	0	878	799	91%
Shaw Middle	2008	8	925	2	44	969	835	86%
Sullivan Middle	2015	1	850	0	0	850		0%
ALTERNATIVE								
College Readiness Ctr	2010	6	800	0	0	800	0	0%
Community School	2003	13	107	0	0	107	74	69%
Guidance Center	2005	11	200	0	0	200	0	0%
Summit	2004	12	175	0	0	175	101	58%
Tegeler	2013	3	400	8	120	520	398	77%

(continued on next page)

Source: District records

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
(unaudited)

Table 18
Page 2 of 2

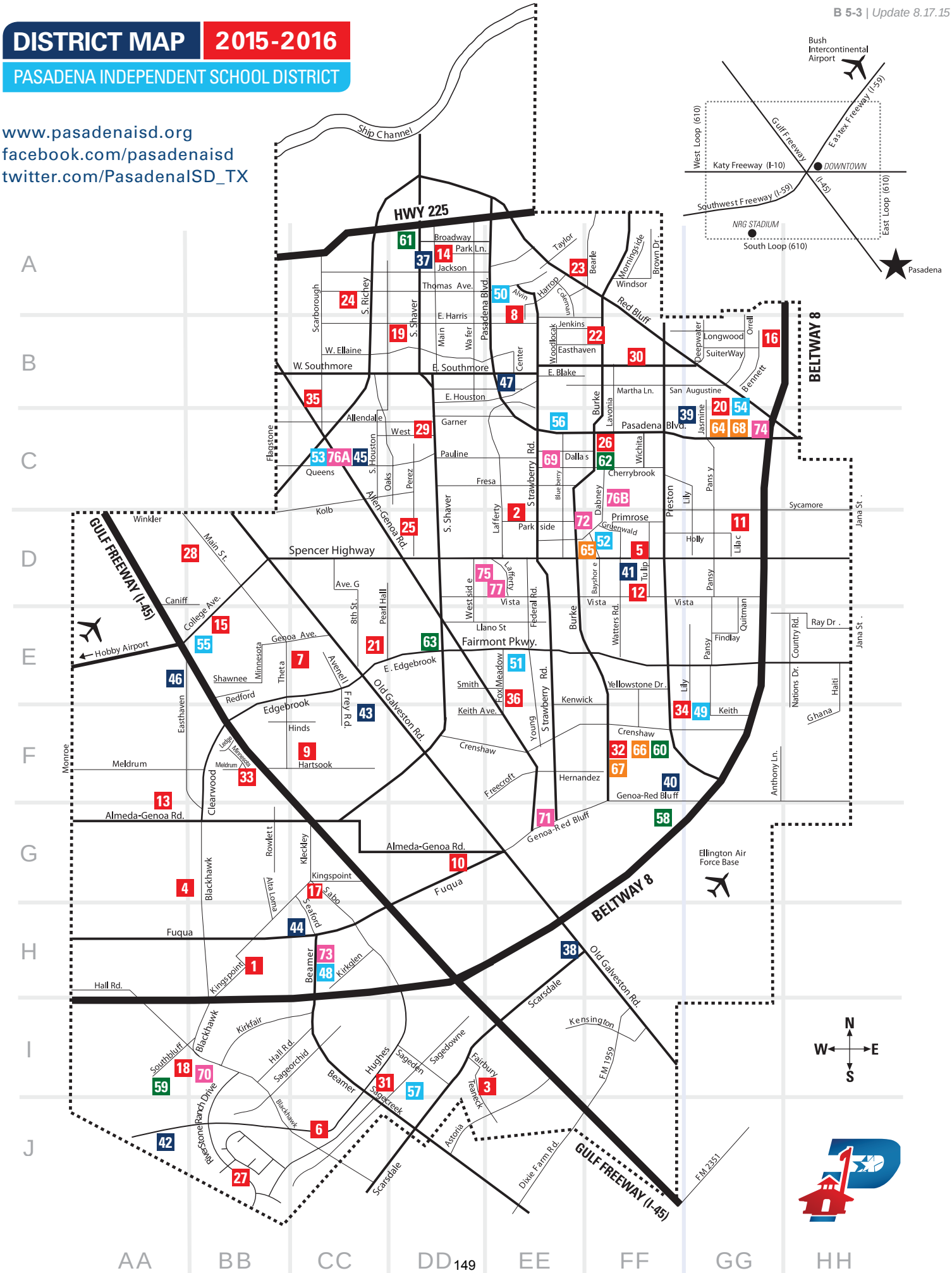
CAMPUS	YEAR CONSTRUCTED	BLDG AGE (YEARS)	BLDG CAPACITY	# OF PORTABLE CLASSRMS	PORTABLE CAPACITY (# of classrms x 25)	Total Capacity	2015/2016 Enrollment	% of Capacity Used
ELEMENTARY								
Atkinson	1969	47	607	8	176	783	564	72%
Bailey	1959	57	585	28	616	1,201	727	61%
Burnett	2002	14	585	24	528	1,113	573	51%
Laura Bush	2006	10	750	14	308	1,058	943	89%
Fisher	1963	53	637	19	418	1,055	747	71%
Frazier	2002	14	512	4	88	600	548	91%
Freeman	1960	56	585	5	110	695	588	85%
Gardens	2014	2	800	0	0	800	664	83%
Garfield	2002	14	694	14	308	1,002	800	80%
Genoa	2002	14	721	12	264	985	785	80%
Golden Acres	1998	18	635	6	132	767	482	63%
Hancock	2016	0	800	0	0	800	0	0%
Jensen	1998	18	669	9	198	867	684	79%
Jessup	1958	58	800	12	264	1,064	858	81%
Kruse	2009	7	825	3	66	891	733	82%
LF Smith	1959	57	722	13	286	1,008	879	87%
Matthys	1992	24	777	6	132	909	728	80%
McMasters	2001	15	430	6	132	562	469	83%
Meador	1963	53	627	8	176	803	636	79%
Moore	1980	36	700	0	0	700	534	76%
Morales	1992	24	644	2	44	688	548	80%
Parks	2001	15	687	0	0	687	502	73%
Pearl Hall	2007	9	800	4	88	888	825	93%
Pomeroy Elem	1959	57	598	23	506	1,104	907	82%
Red Bluff	2001	15	752	9	198	950	624	66%
Richey	2008	8	815	4	88	903	840	93%
Smythe, Mae	1955	61	669	14	308	977	714	73%
Southbelt Elem	2009	7	780	0	0	780	571	73%
So. Houston Elem	2013	3	800	0	0	800	709	89%
So. Shaver Elem	2014	2	800	0	0	800	706	88%
Sparks	1993	23	649	2	44	693	465	67%
Stuchbery	1967	49	946	5	110	1,056	781	74%
Teague	1977	39	720	4	88	808	711	88%
Turner	1992	24	680	0	0	680	595	88%
Williams	1958	58	672	12	264	936	829	89%
Young Elem	1980	36	660	12	264	924	729	79%

Source: District records

DISTRICT MAP 2015-2016

PASADENA INDEPENDENT SCHOOL DISTRICT

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



PASADENA INDEPENDENT SCHOOL DISTRICT

ELEMENTARY

1. H-BB **Atkinson**, 9602 Kingspoint Rd., Houston, TX. 77075.....713-740-0520
2. D-EE **Bailey**, 2707 Lafferty Rd., Pasadena, Tx. 77502.....713-740-0528
3. J-EE **Burnett**, 11825 Teaneck Dr., Houston, Tx. 77089.....713-740-0536
4. G-AA **Bush**, 9100 Blackhawk Blvd., Houston, Tx. 77075.....713-740-0928
5. D-FF **Fisher,** 2920 Watters Rd., Pasadena, Tx. 77502.....713-740-0552
6. J-CC **Frazier**, 10503 Hughes Rd., Houston, Tx. 77089 713-740-0560
7. E-CC **Freeman**, 2323 Theta St., Houston, Tx. 77034 713-740-0568
8. A-EE **Gardens**, 1105 East Harris, Pasadena, Tx. 77506.....713-740-0576
9. F-CC **Garfield**, 10301 Hartsook St., Houston, Tx. 77034 713-740-0584
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. 77504 713-740-0608
13. G-AA **Jessup**, 9301 Almeda Genoa Rd., Houston, Tx., 77075 .713-740-0616
14. A-DD **Kruse,** 400 Park Lane, Pasadena, Tx. 77506 713-740-0624
15. E-BB **Matthys,** 1500 Main St., South Houston, Tx. 77587 713-740-0632
16. B-GG **McMasters**, 1011 Bennett Dr., Pasadena, Tx. 77503 713-740-0640
17. H-CC **Meador**, 10701 Seaford Dr., Houston, Tx. 77089.....713-740-0648
18. I-AA **Moore**, 8880 Southbluff, Houston, Tx. 77089.....713-740-0656
19. B-DD **Morales**, 305 W. Harris, Pasadena, Tx. 77506 713-740-0664
20. B-GG **Parks**, 3302 San Augustine, Pasadena, Tx. 77503 713-740-0680
21. E-CC **Pearl Hall**, 1504 9th St., South Houston, Tx. 77587 713-740-0688
22. B-FF **Pomeroy,** 920 Burke Rd., Pasadena, Tx. 77506 713-740-0696
23. A-EE **Red Bluff,** 416 Bearle St., Pasadena, Tx. 77506.....713-740-0704
24. A-CC **Richey**, 610 South Richey, Pasadena, Tx. 77506 713-740-0712
25. D-DD **Smith, L.F.,** 1401 Avenue A., South Houston, Tx. 77587.713-740-0720
26. C-FF **Smythe, Mae,** 2202 Pasadena Blvd., Pasadena,Tx.77502.713-740-0728
27. J-BB **South Belt,** 1801 Riverstone Ranch Dr., Houston Tx. 77089 713-740-5276
28. D-BB **South Houston**, 900 Main St., South Houston, Tx. 77587 713-740-0736
29. C-DD **South Shaver**, 200 West Ave., Pasadena, Tx. 77502 713-740-0842
30. B-FF **Sparks,** 2503 E. Southmore, Pasadena, Tx. 77502 713-740-0744
31. I-DD **Stuchbery,** 11210 Hughes Rd., Houston, Tx. 77089 713-740-0752
32. F-FF **Teague**, 4200 Crenshaw, Pasadena, Tx. 77504.....713-740-0760
33. F-FF **Thomas Hancock,** 9604 Minnesota, Houston,TX 77034 (Fall 2016)713-740-5430
34. E-GG **Turner**, 4333 Lily, Pasadena, Tx. 77505 713-740-0768
35. B-CC **Williams**, 1522 Scarborough Ln., Pasadena, Tx. 77502 ..713-740-0776
36. E-EE **Young,** 4221 Fox Meadow Ln., Pasadena, Tx. 77504 713-740-0784

MIDDLE

37. A-DD **DeZavala**, 101 E. Jackson, Pasadena, Tx. 77506 713-740-0544
38. H-EE **Fred Roberts**, 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 **Marshall Kendrick**, 3000 Watters Rd., Pasadena Tx. 77502..713-740-5830
42. J-AA **Melillo**, 9220 Hughes Rd., Houston, Tx. 77089.....713-740-5260
43. F-CC **Milstead**, 338 Gilpin, Houston, Tx. 77034 713-740-5238
44. H-CC **Morris**, 10415 Fuqua, Houston, Tx. 77089.....713-740-0672
45. C-CC **Nelda Sullivan,** 1112 Queens Rd.,Houston,Tx.77502(Fall 2016)713-740-5420
46. F-BB **Schneider**, 8420 Easthaven, Houston, Tx. 77587.....713-740-0920
47. B-EE **Shaw**, 1201 Houston Ave., Pasadena, Tx. 77502.....713-740-5268

INTERMEDIATE

48. H-CC **Beverly Hills**, 11111 Beamer Rd., Houston, Tx. 77089 .713-740-0420
49. E-GG **Bondy**, 5101 Keith Road, Pasadena, Tx. 77505 713-740-0430
50. A-EE **Jackson**, 1020 East Thomas, Pasadena, Tx. 77506 713-740-0440
51. E-EE **Miller**, 1002 Fairmont Pkwy., Pasadena, Tx. 77504 713-740-0450
52. D-FF **Park View**, 3003 Dabney, Pasadena, Tx. 77502 713-740-0460
53. C-CC **Queens**, 1452 Queens Rd., Houston, Tx. 77017 713-740-0470
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. J-DD **Thompson**, 11309 Sagedowne Ln., Houston, Tx. 77089 713-740-0510

HIGH SCHOOLS

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. 77504.....713-740-0390
61. A-DD **Pasadena**, 206 South Shaver, Pasadena, Tx. 77506 713-740-0310
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

ALT

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. 77502 713-740-0792
66. F-FF **L.P. Card Career & Technical Center,**
4320 Crenshaw, Pasadena, Tx. 77504 713-740-0802
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

ADMIN / COMMUNITY

69. C-EE **Administration Building,**
1515 Cherrybrook Ln., Pasadena, TX 77502
70. I-BB **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,**
1814 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

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Federal Awards

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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*

The Board of Trustees of
Pasadena Independent School District
1515 Cherrybrook
Pasadena, Texas 77502

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pasadena Independent School District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated January 12, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.
Yours truly,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 12, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Trustees of
Pasadena Independent School District
1515 Cherrybrook
Pasadena, Texas 77502

Report on Compliance for Each Major Federal Program

We have audited Pasadena Independent School District's (District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2016. 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 the requirements of laws, regulations, contracts, and grants 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 (CFR) 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.

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, 2016.

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 as a basis for designing 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 the 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.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Yours truly,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 12, 2017

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

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?	None Reported
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:

CFDA Numbers	Name of Federal Program or Cluster:
10.553 10.555 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B federal programs	$1,921,230
Auditee qualified as a low-risk auditee?	Yes

II. Financial Statement Findings

None noted

III. Federal Awards Findings and Questioned Costs

None noted

IV. Status of Prior Year Findings

None noted

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct:			
Fund for the Improvement of Education- Foundation for Academic Success	84.1840	S184GI40243	$ 773,389
Passed Through State Department of Education:			
Title I, Part A:			
ESEA Title I, Part A -Improving Basic Programs	84.010A	16610101101917	16,053,915
Title I- Priority and Focus School Grant	84.010A	15610112101917104	1,371
Title I- Priority and Focus School Grant	84.010A	15610112101917109	2,920
Title I- Priority and Focus School Grant	84.010A	15610112101917119	442
Title I- Priority and Focus School Grant	84.010A	15610112101917136	9,073
Title I- Priority and Focus School Grant	84.010A	16610112101917000	77,871
Total Program 84.010A			16,145,592
Title I, Part C- Migrant Education Program	84.011A	16615001101917	228,466
Special Education Cluster (IDEA):			
IDEA -Part B, Formula	84.027A	166600011019176600	8,805,483
IDEA -Part B, Formula	84.027A	176600011019176600	2,344
IDEA -Part B, Preschool	84.173A	166610011019176610	92,894
IDEA - Part B, Preschool	84.173A	176610011019176610	3,316
Total Special Education Cluster (IDEA)			8,904,037
Career and Technical- Basic Grant	84.048A	16420006101917	677,822
Career and Technical- Basic Grant	84.048A	17420006101917	76,543
Total Program 84.048A			754,365
Title 11Part B 21sf Century Community Learning Centers	84.287C	166950167110032	1,885,202
Title IV, Part B 21sf Century Community Learning Centers	84.287C	166950197110026	1,683,325
Title 11Part B 21st Century Community Learning Centers	84.287C	176950197110026	63,009
Title 11Part B 21st Century Community Learning Centers	84.287C	176950247110020	44,999
Passed Through Harris County Department of Education:			
Title IV. Part B 21st Century Community Learning Centers	84.287C	746001215	336,561
Title IV, Part B 21sf Century Community Learning Centers	84.287C	747001215	4,678
Total Program 84.287C			4,017,774
Passed Through State Department of Education:			
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	16671001101917	1,512,324
Title III, Part A -Immigrant	84.365A	16671003101917	80,708
Title III, Part A - English Language Acquisition	84.3658	156711037110042	48,678
Total Program 84.365			1,641,710
ESEA Title II, Part A- Teacher and Principal Training and Recruiting	84.367A	16694501101917	1,501,840
ESEA Title II, Part A- Teacher and Principal Training and Recruiting	84.367A	17694501101917	114,620
Total Program 84.367A			1,616,460

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

PASADENA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
Summer School LEP	84.369A	69551502	30,262
Passed Through Region X Education Service Center:			
Texas Support for Homeless Education Program	84.196A	16-030	213,750
Texas Support for Homeless Education Program	84.196A	17-050	480
			214,230
TOTAL U.S. DEPARTMENT OF EDUCATION			34,326,285
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct:			
Fund for the Improvement of Education- Pasadena AWARE Project	93.243	H79SM062053-0	54,421
Passed Through Harris County Department of Education:			
CASE	93.596	N/A	140,000
Passed Through State Department of Health and Human Services:			
Medicaid Administrative Claiming Program (MAC)	93.778	529-07-0157-00079	465,840
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			660,261
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture- Noncash Assistance:			
National School Lunch Program	10.555	00527	2,027,038
Passed Through State Department of Education- Cash Assistance:			
School Breakfast Program	10.553	71401601	5,962,952
National School Lunch Program	10.555	71301601	19,868,693
Passed Through State Department of Agriculture- Cash Assistance:			
Summer Feeding	10.559	00527	506,880
Total Child Nutrition Cluster			28,365,563
Passed Through State Department of Agriculture -Cash Assistance:			
Child and Adult Care Food Program (CACFP)	10.558	00527	323,341
TOTAL U.S. DEPARTMENT OF AGRICULTURE			28,688,904
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Reserve Officers' Training Corp.	12.000	N/A	365,534
U.S. GENERAL SERVICES ADMINISTRATION			
Direct:			
Donation of Federal Surplus Personal Property	39.003	N/A	137
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 64,041,121

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

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.

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, 2016. 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	$	64,041,121
General Fund - Federal Revenue Excluded:		
School Health and Related Services (SHARS)		8,438,899
Interest Subsidy on Qualified School Construction Bond		1,107,080
Total Federal Revenues per Exhibit C-3	**$**	**73,587,090**

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, 2016, are as follows:

Program Source	CFDA Number	Amount
SHARS	N/A	$ 8,438,899
Interest Subsidy on Qualified School Construction Bond	N/A	1,107,080
Medicaid Administrative Claiming Program	93.778	465,840
ROTC	12.000	365,534
Indirect Costs:		
Title I - Part A - Improving Basic Programs	84.010A	295,000
Title I - Priority and Focus School Grant	84.010A	2,503
Title I, Part C - Migrant Education Program	84.011A	4,592
IDEA Part B - Formula	84.027A	175,976
Fund for the Improvement of Education - Foundation for Academic Success	84.184G	10,751
Title IV, Part B 21st Century Community Learning Centers	84.287C	75,218
Fund for the Improvement of Education - Pasadena AWARE Project	93.243	7,502
Total		**$ 10,948,895**

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PASADENA INDEPENDENT SCHOOL DISTRICT EXHIBIT L-1
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2016

Data Control Codes			Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?		No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?		Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?		No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?		No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?		Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?		Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	$	-
SF11	Net Pension Assets (1920) at fiscal year-end.	$	-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	$	134,428,514
SF13	Pension Expense (6147) at fiscal year-end, excluding On-Behalf Pension Expense (6144).	$	8,712,846

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.