



# **Annual Report of Certain Financial and Local Debt Information**

**Fiscal Year Ended August 31, 2019**

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on February 23, 2020.



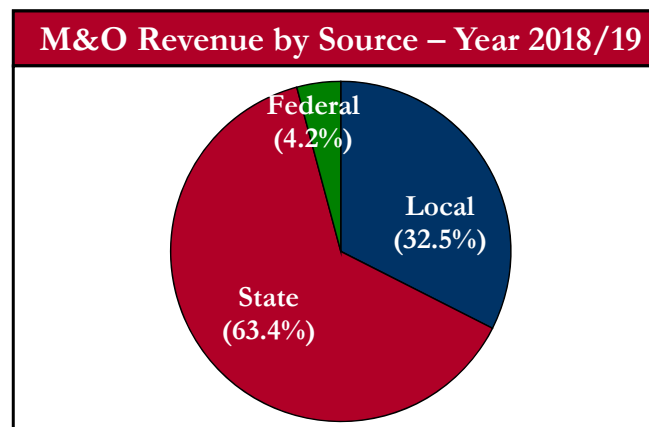
## ☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Pasadena Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
  - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to Subchapter D, Chapter 39 of the Texas Education Code, the State annually deploys a financial accountability rating system to distinguish the level of a school district’s financial performance based upon certain uniform criteria.
    - ✓ Based on data for year 2017/18, the District was assigned a 2018/19 FIRST Rating of “Superior” and the District’s score was 98 out of a possible 100 points.
  - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as Moody’s Investors Service and S&P Global Ratings that evaluate the District’s financial strength and its ability to pay its existing bonds.
    - ✓ **Moody’s Investors Service:** Assigns a “Aa2” credit rating to the District, defined as “Judged to be of high quality and are subject to very low credit risk.”
    - ✓ **S&P Global Ratings:** Assigns a “AA” credit rating to the District, defined as “Having a very strong capacity to meet its financial commitments. It differs from the highest-rating only to a small degree.”



# Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Pasadena ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, the Texas Education Code determines the District’s ability to generate local tax revenues for maintenance & operation purposes and for the repayment of voter-approved bonds. In this regard, the District annually sets two (2) separate tax rates that are levied upon its certified taxable value that is independently determined by the Harris County Appraisal District:
- **Maintenance & Operations (“M&O”) Tax Rate:** To provide funds for the “day to day” operational expenses of the District, including instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, utilities, facility infrastructure/maintenance, etc.
  - ✓ The District’s annual funds for maintenance & operation purposes primarily consist of a combination of State funding and local M&O taxes. In general, the dollar amount of each component is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. For year 2018/19, the District’s sources for M&O revenues are summarized below.





## ☑ Overview of State Funding System

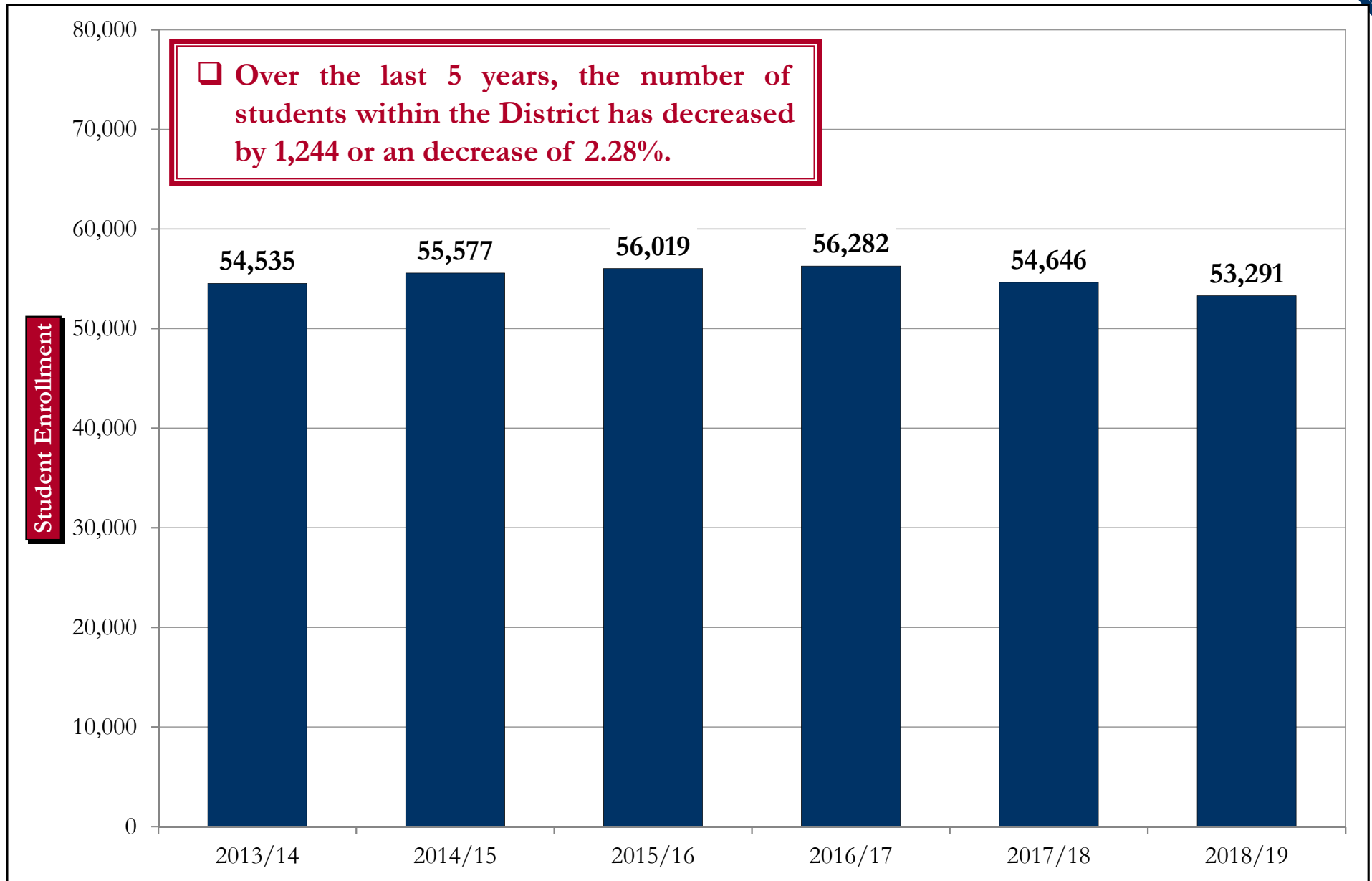
- Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds approved by a majority of voters for capital improvements. The following summarizes the District’s bond programs approved by voters over the last 20 years:

### District’s Historical Bond Elections Approved By Voters

| <b>Election Date</b>   | <b>Purpose</b>               | <b>Student Enrollment</b> | <b>Election Amount</b> | <b>Dollar Amount Remaining To Be Issued</b> |
|--|------------------------------|---------------------------|------------------------|---|
| February 12, 2000  | School Building              | 41,953                    | \$199,050,000          | \$0   |
| November 2, 2004   | School Building              | 46,142                    | \$299,880,000          | \$0   |
| November 8, 2011   | School Building              | 52,942                    | \$270,100,000          | \$0   |
| November 4, 2014   | School Building & Technology | 55,777                    | \$175,550,000          | \$0   |
| November 7, 2017   | School Building              | 56,282                    | \$135,000,000          | \$0   |
| <b>Total Dollar Amount Of Authorized But Unissued Bonds - As of August 31, 2019:</b> |                              |                           |                        | <b>\$0</b>                                  |

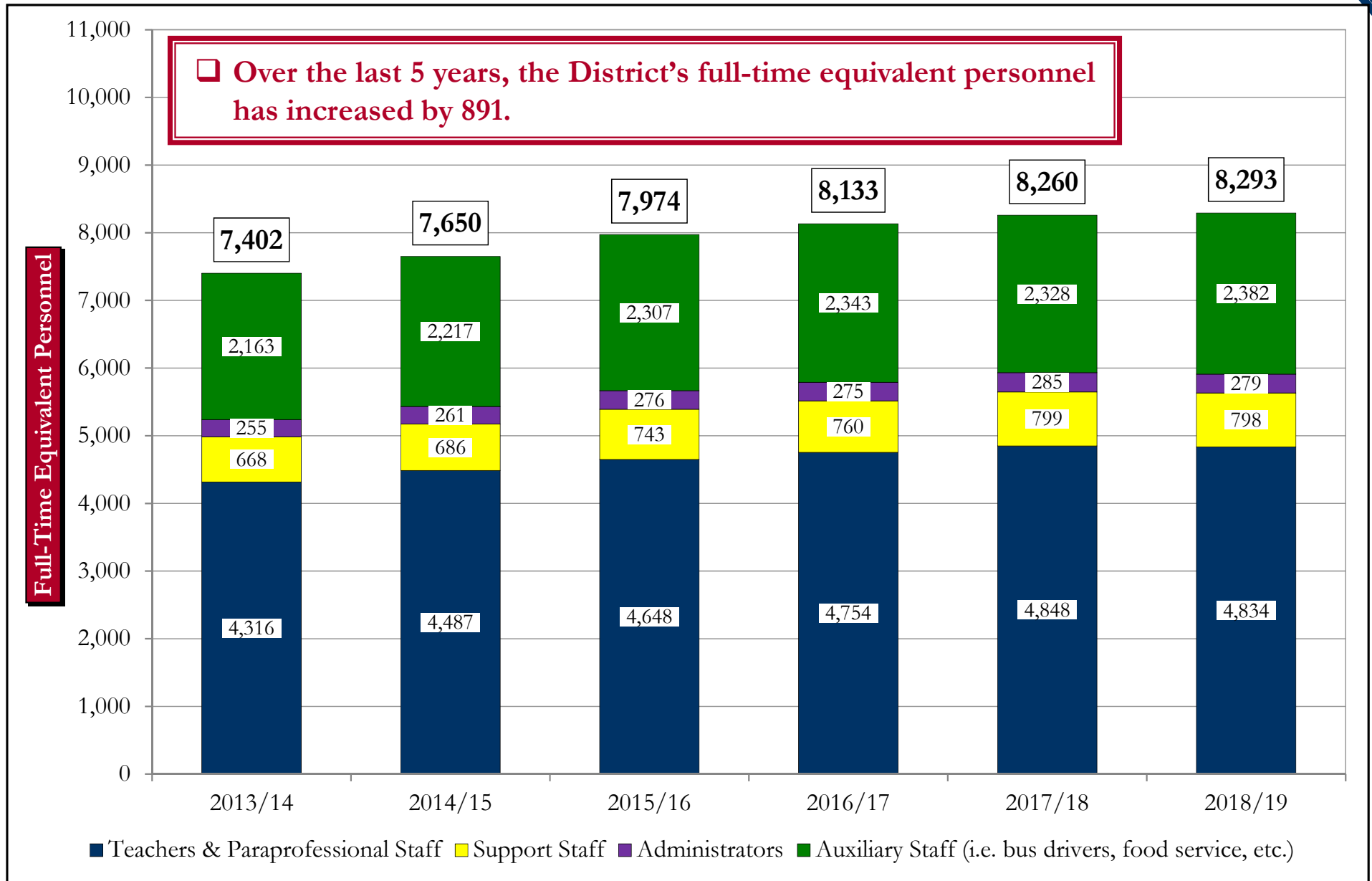


# Historical Student Enrollment



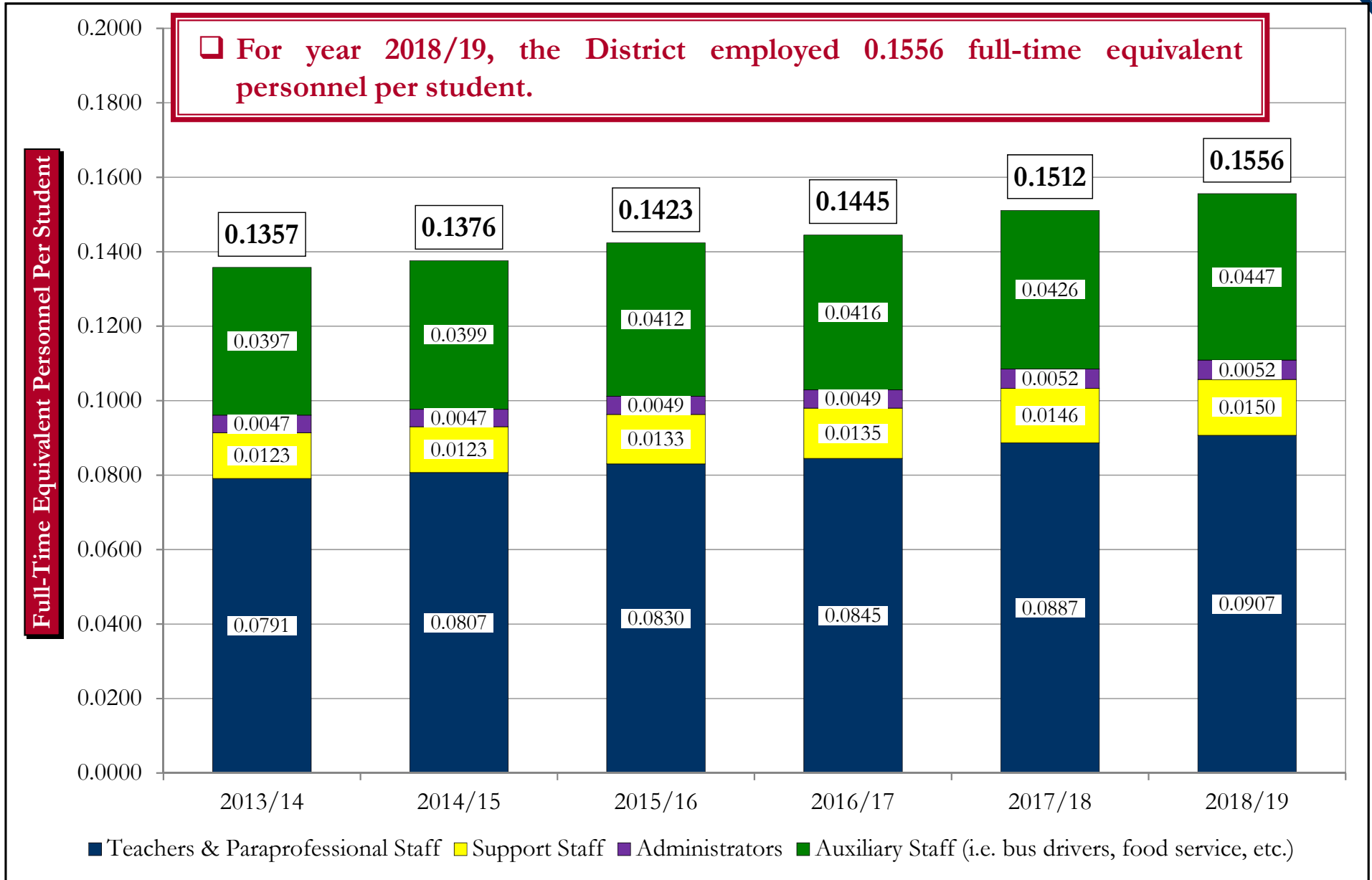


# Full-Time Equivalent Personnel



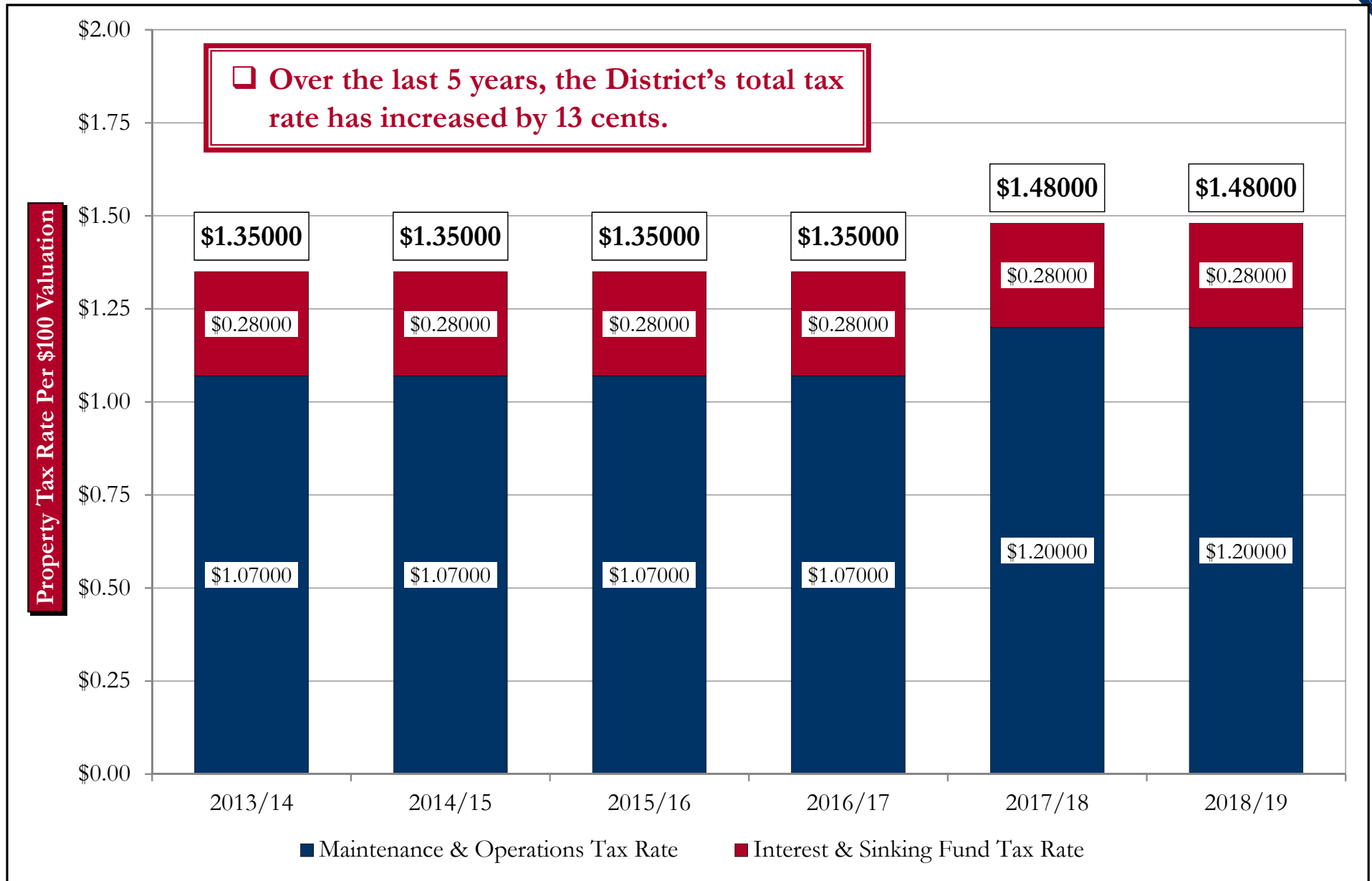


# Full-Time Equivalent Personnel Per Student





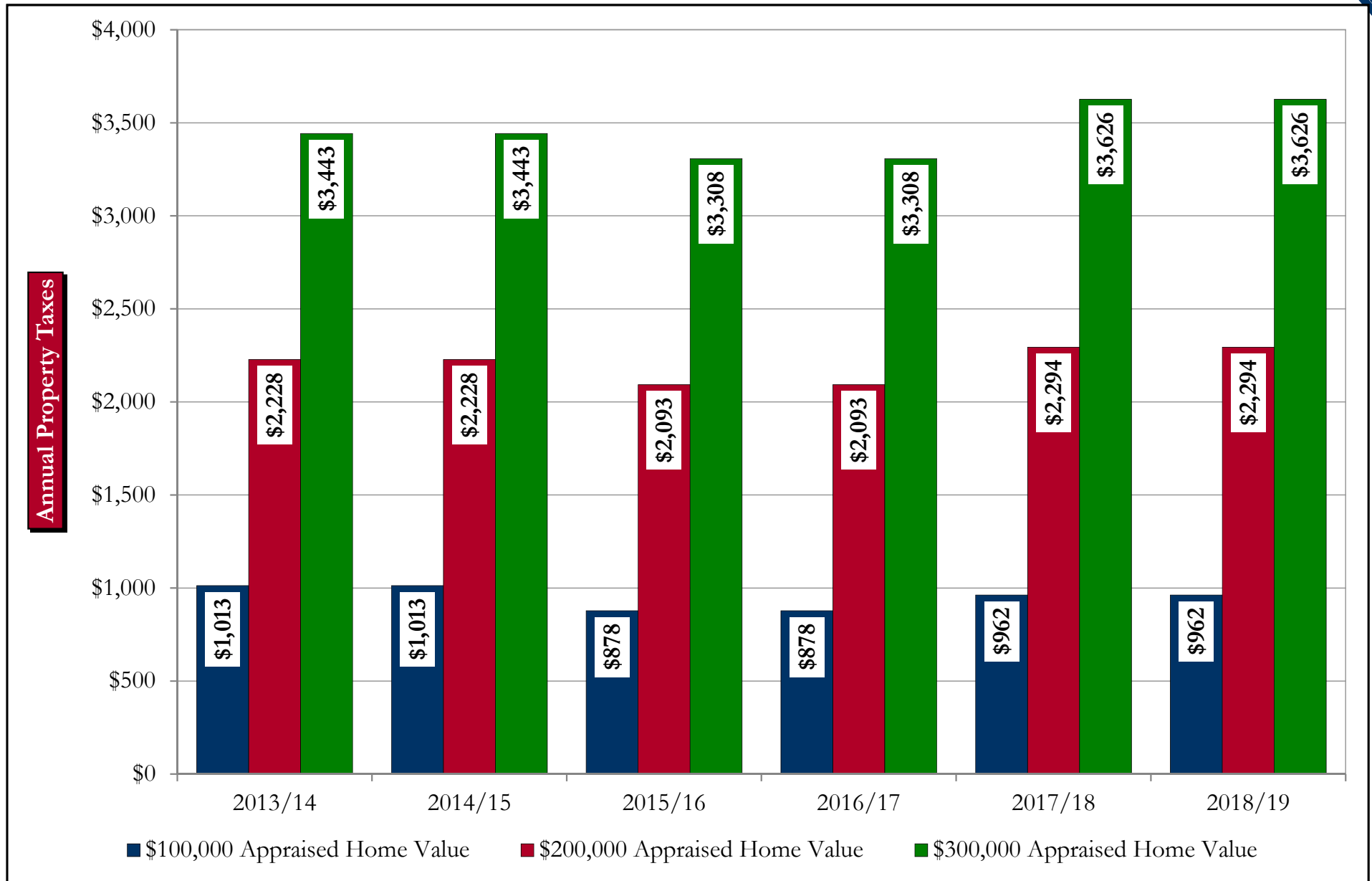
# Historical Tax Rates







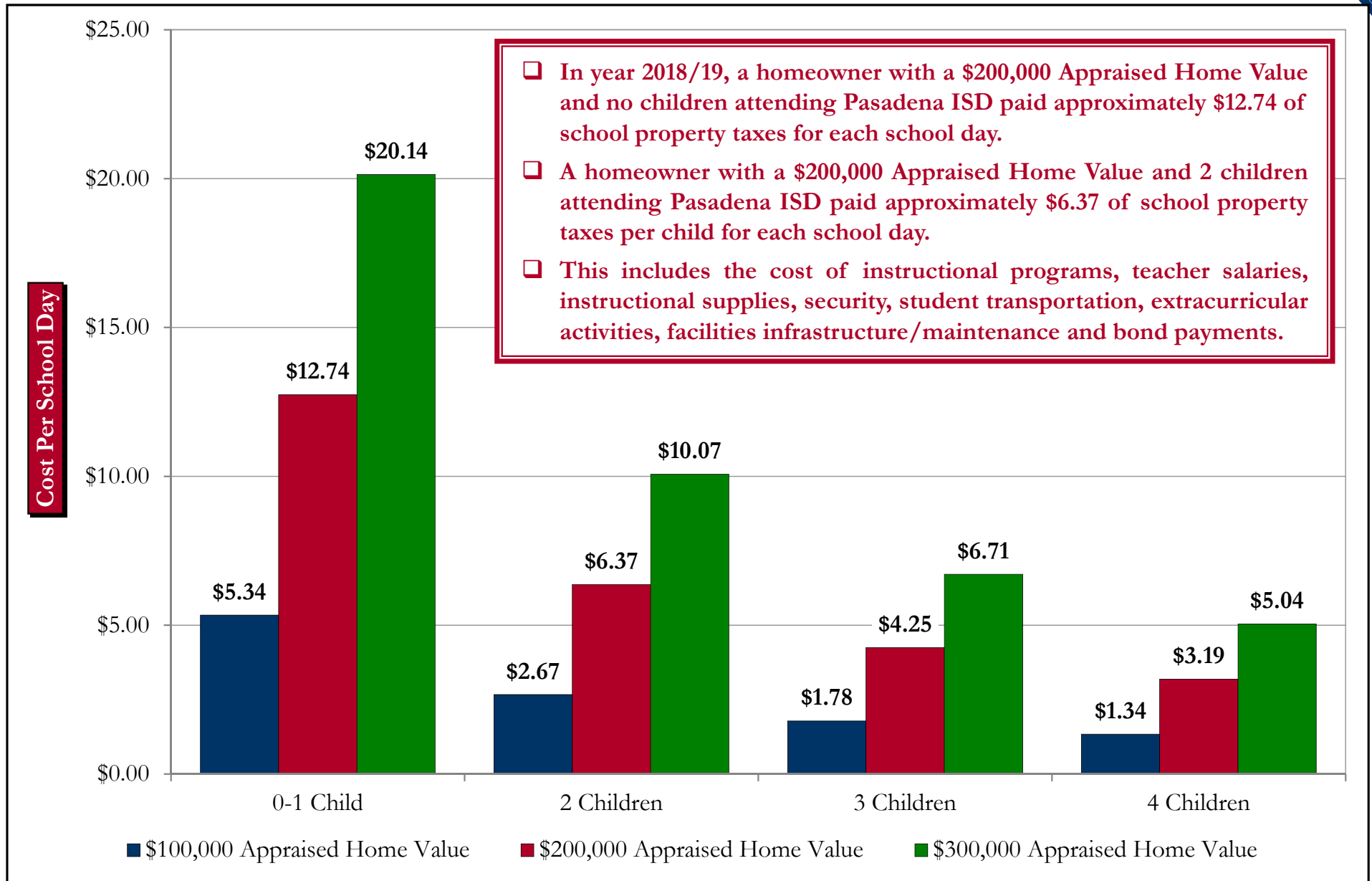
# Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



Note: Taxes are net of the State-mandated residential homestead exemption and the 10% local optional homestead exemption.



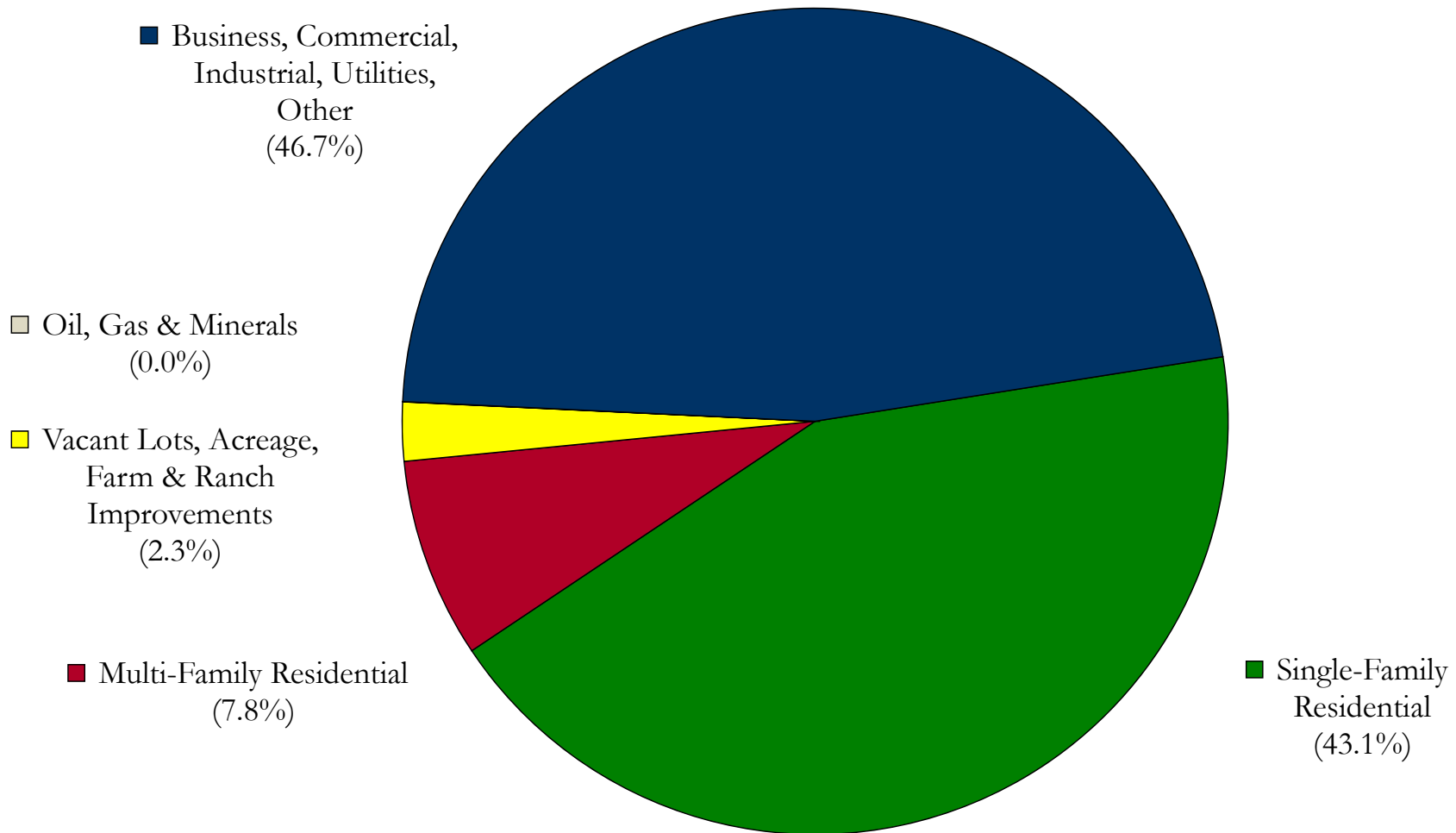
# Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2018/19





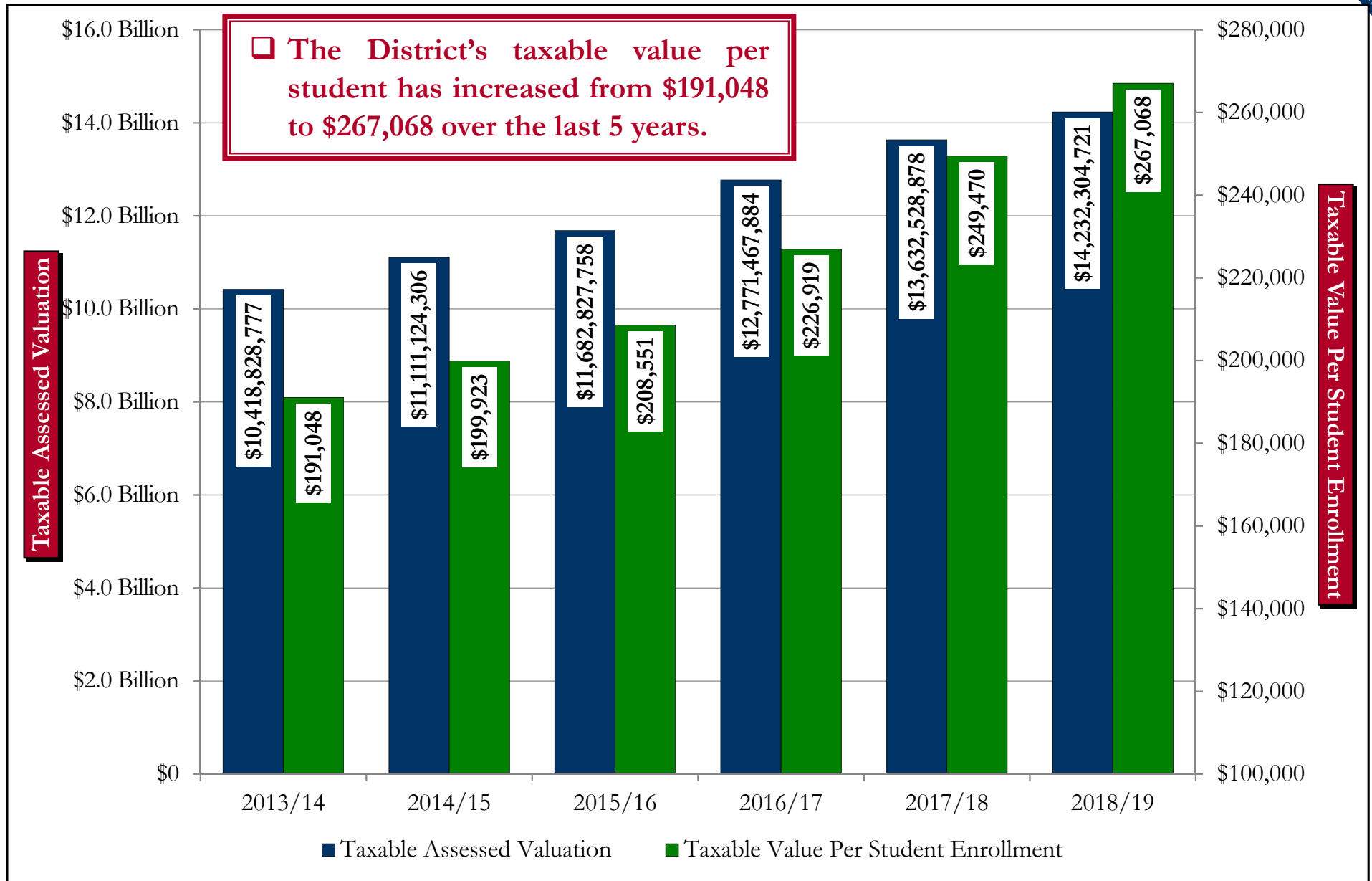
# Composition of Total Assessed Valuation – Year 2018/19

For year 2018/19, Single-Family Residential properties comprised 43.1% of the District's total assessed valuation and other property categories comprised 56.9%.





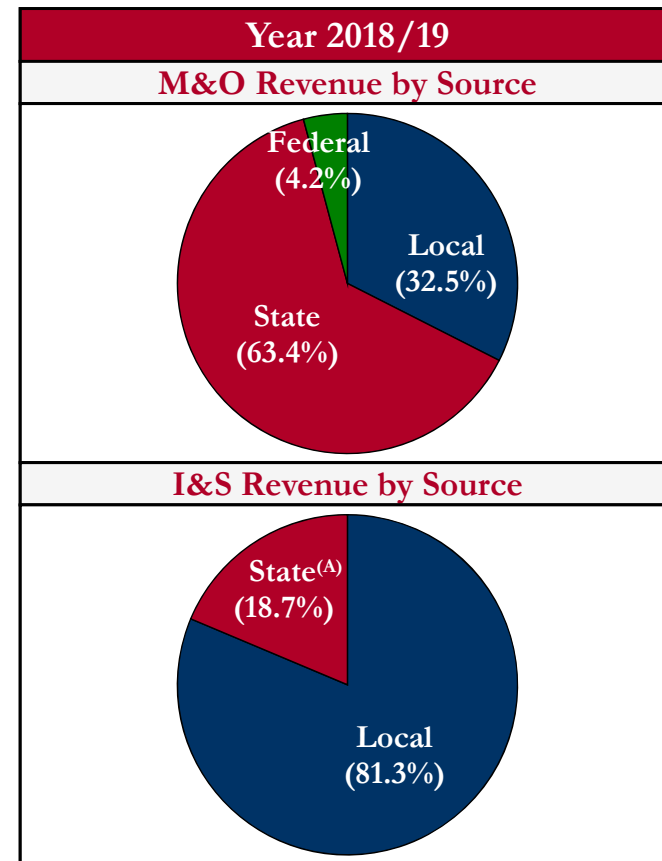
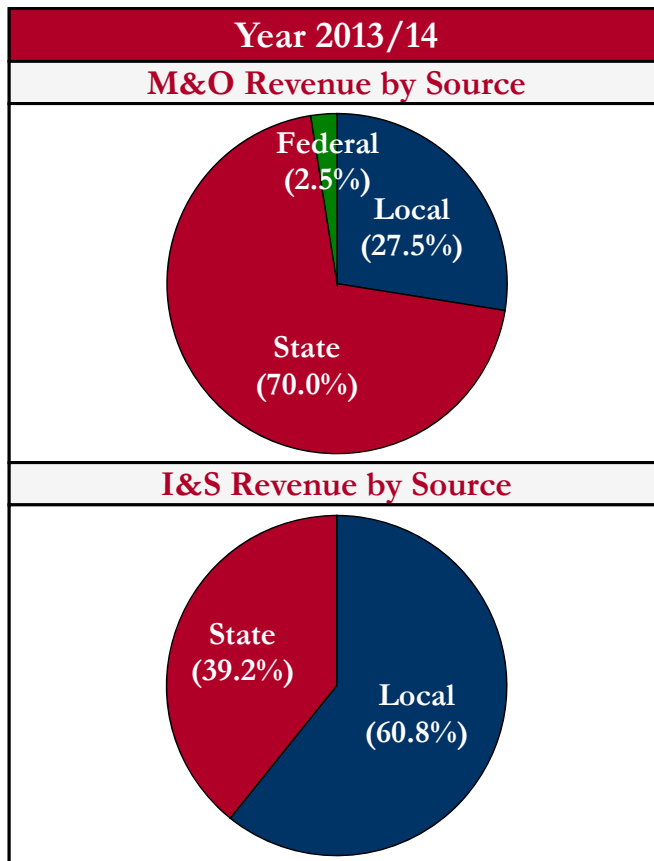
# Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





# General Fund and Debt Service Fund – Revenue By Source

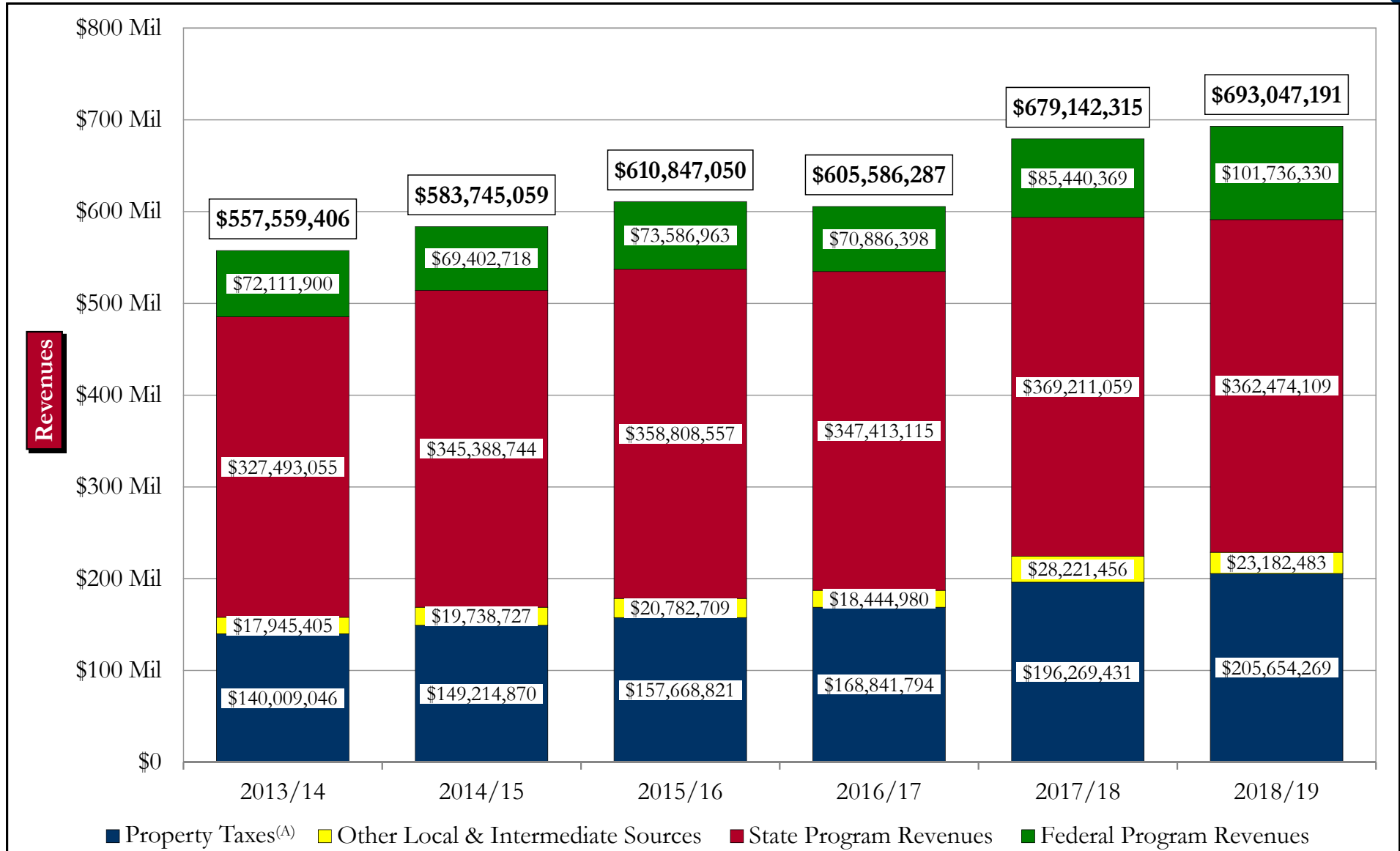
- Given the State funding system is structured to provide the District with an “equalized” dollar amount per student, the increase of the District’s taxable value per student has reduced the percentage of M&O revenues received from the State from 70.0% to 63.4% over the last 5 years.



<sup>(A)</sup> Includes payment from State received for lost tax revenues resulting from increase of residential homestead exemption in year 2015/16.



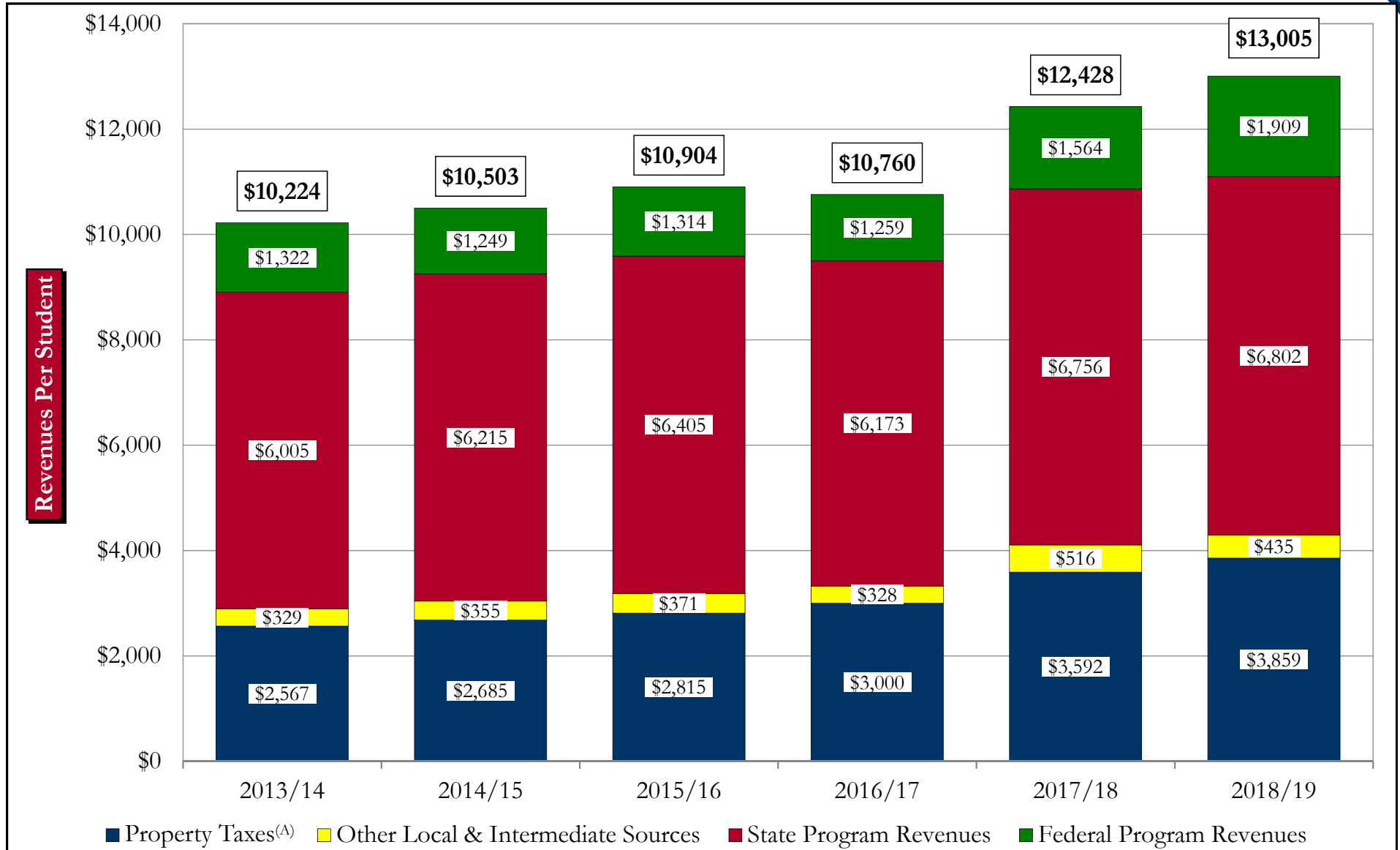
# Total Revenues (All Governmental Funds\*) By Source



<sup>(A)</sup> Includes maintenance and operation expenses and bond payments of voter-approved bonds.



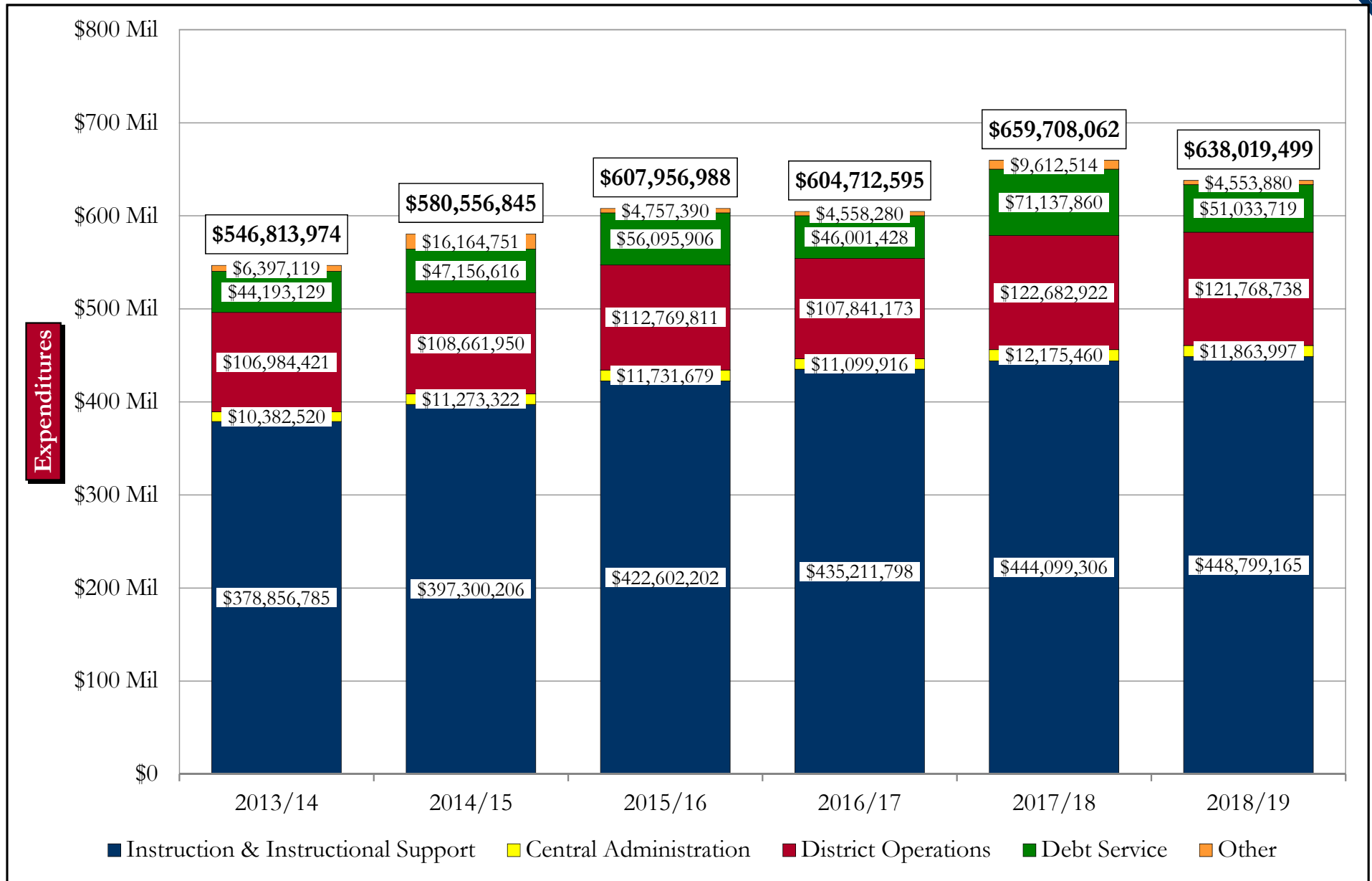
# Total Revenues (All Governmental Funds\*) Per Student



<sup>(A)</sup> Includes maintenance and operation expenses and bond payments of voter-approved bonds.



# Total Expenditures (All Governmental Funds\*) By Source

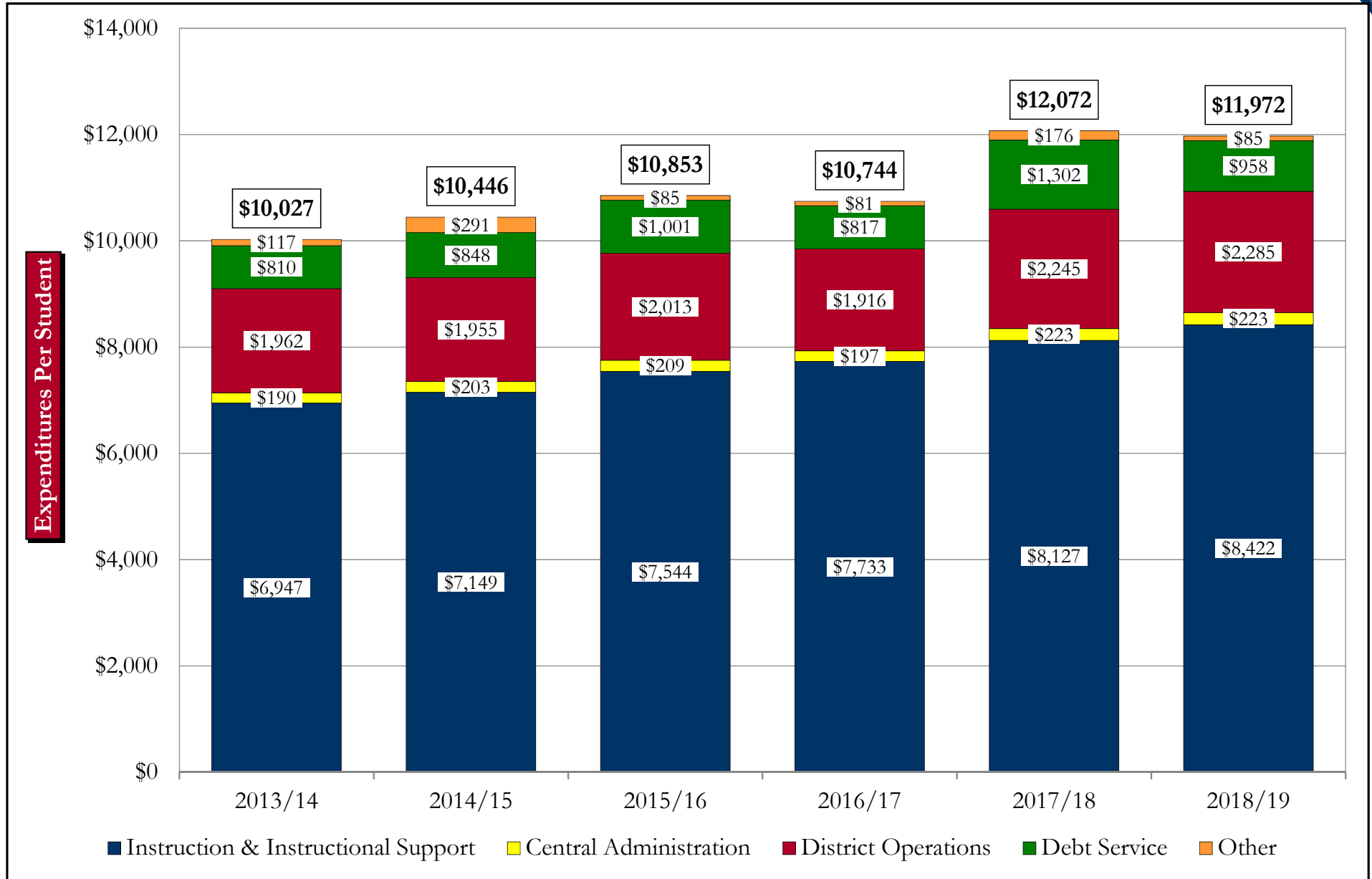


\*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.





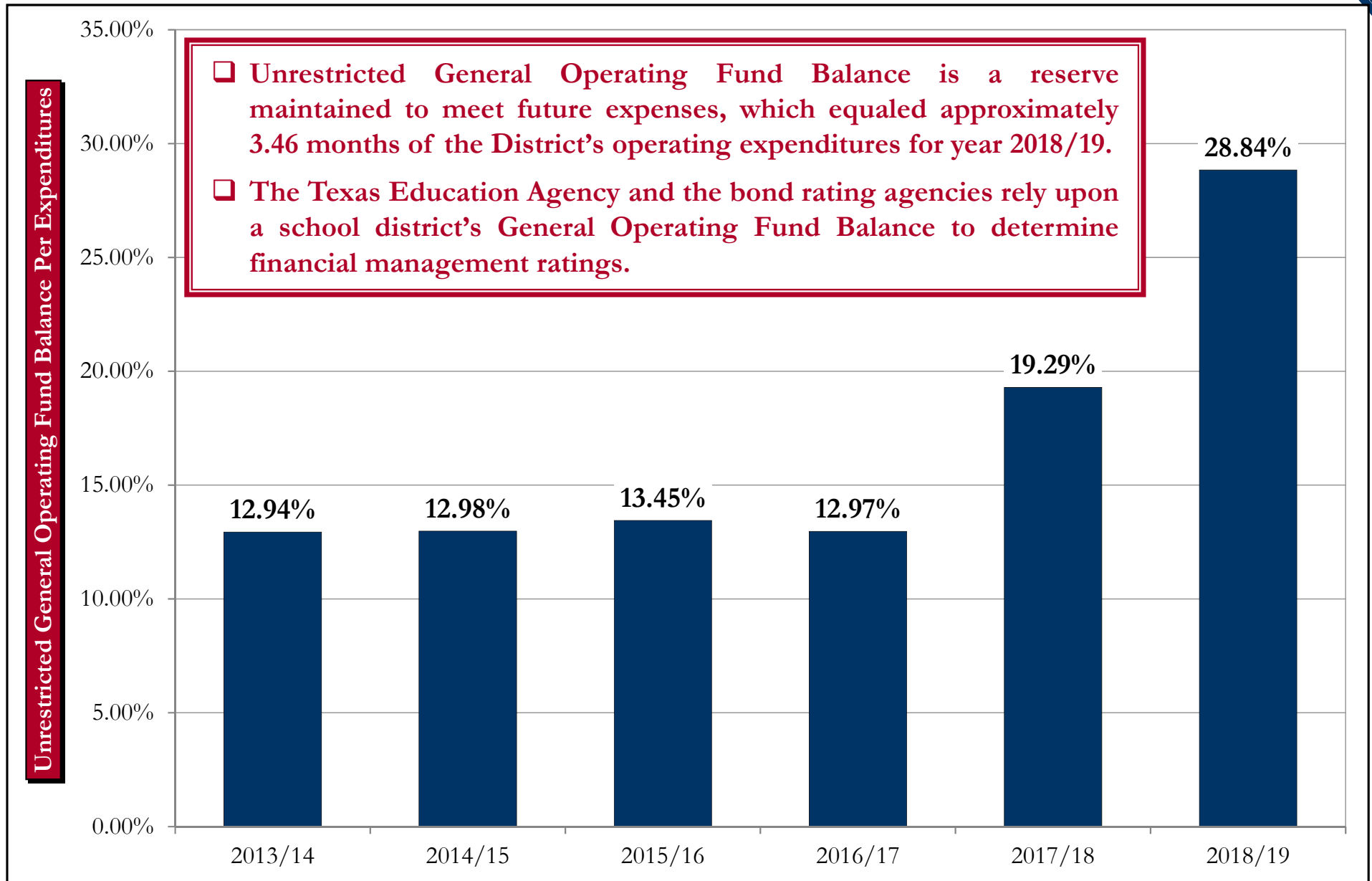
# Total Expenditures (All Governmental Funds\*) Per Student



\*Excludes Capital Projects Fund. Source: District's Audited Financial Statements, Texas Education Agency - PEIMS and District records.

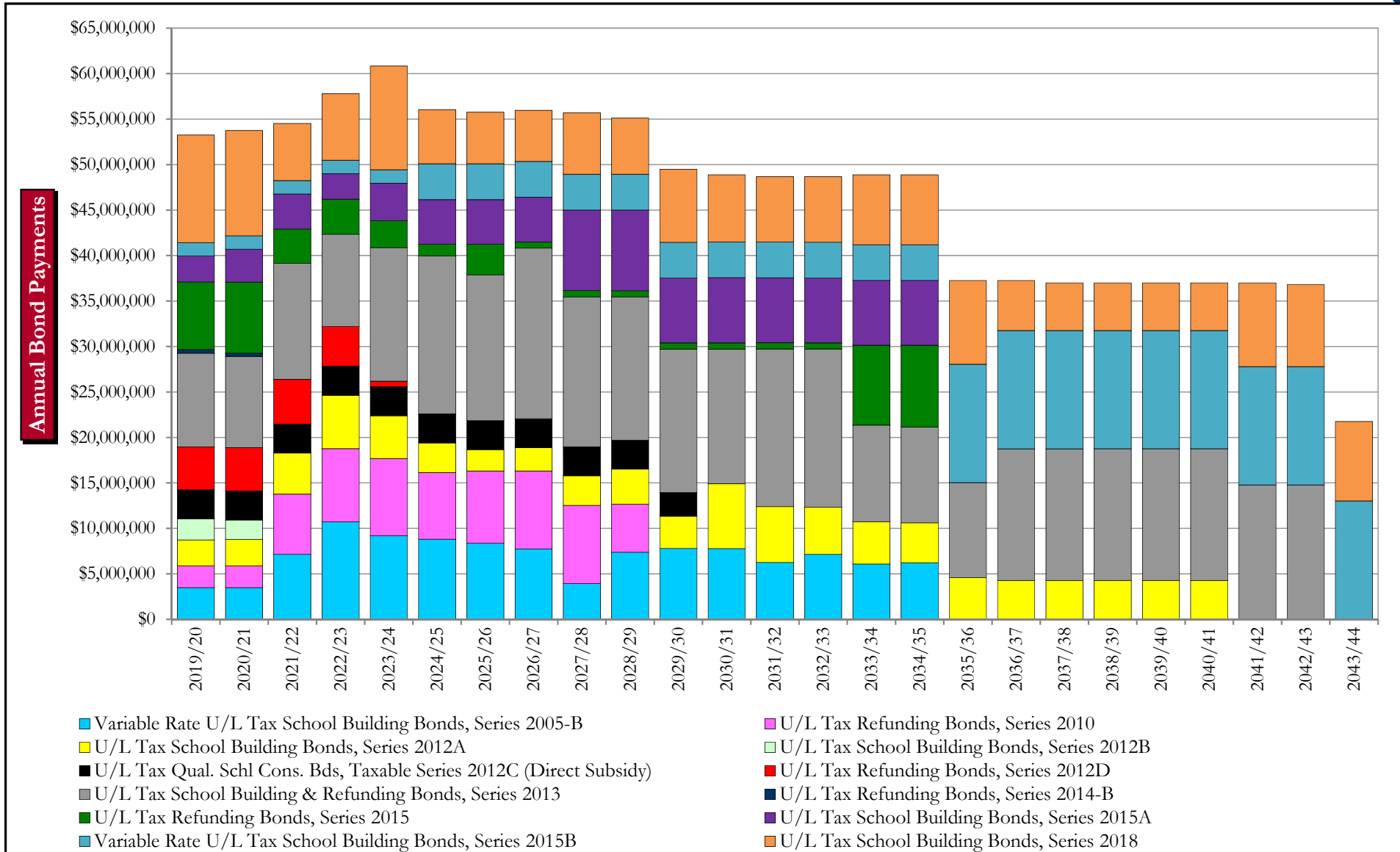


# Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





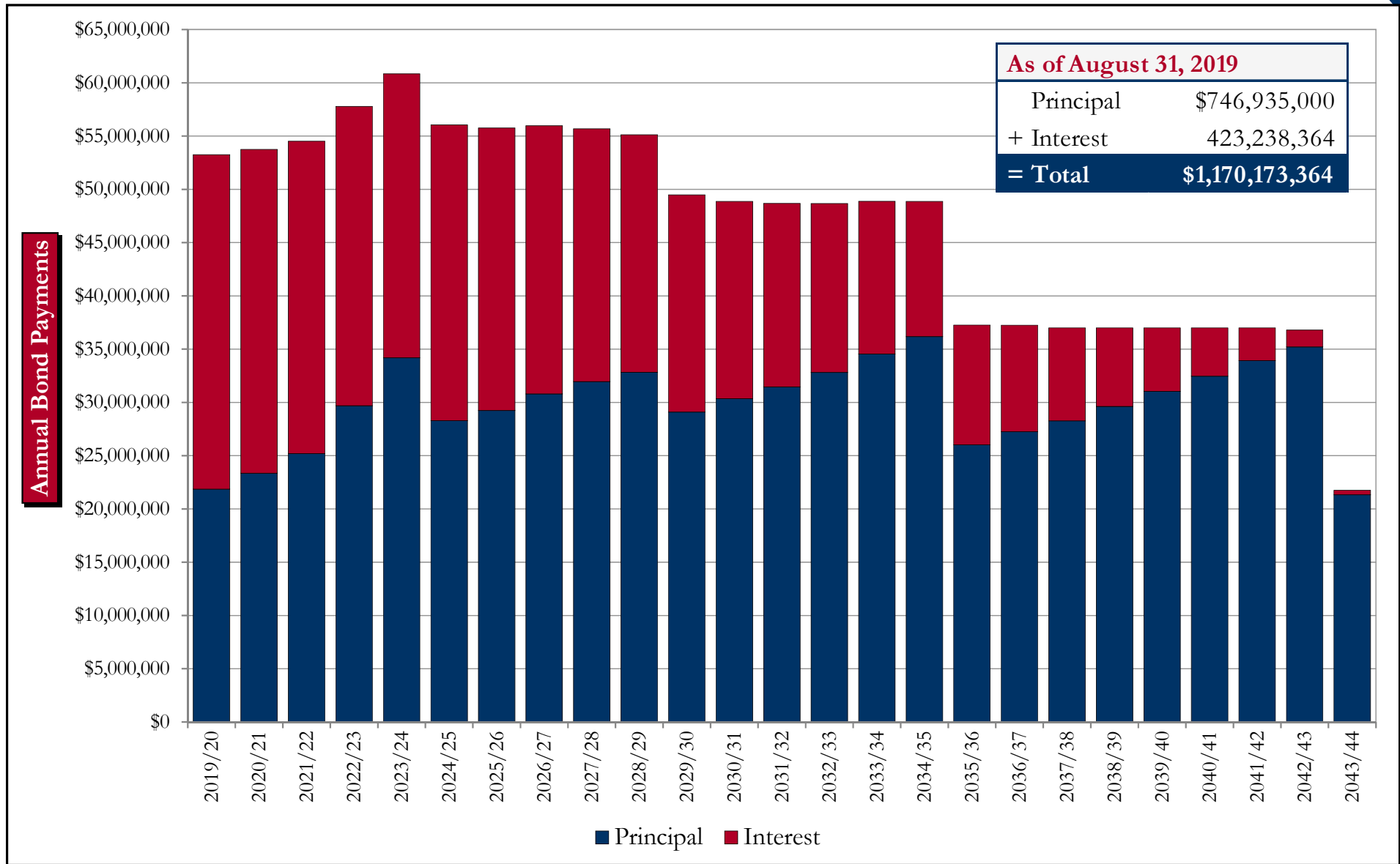
# Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31.



# Unlimited Tax Debt Service By Principal and Interest – Existing Bonds Approved By Voters



Note: Debt service payments reflect payments from September 1 through August 31.



# Savings from District's Bond Refunding and Prepayment Programs to Lower Interest Costs

- ❑ Pasadena ISD has implemented 6 refunding programs to reduce the cost of voter-approved bonds – which have generated more than \$26.4 million of savings for District taxpayers since 2012.

## Summary of Interest Cost Savings – Bond Refunding Programs

| Issue  | Series Refunded | Principal Amount Refunded | Total Savings        |
|--|-----------------|---------------------------|----------------------|
| Unlimited Tax Refunding Bonds, Series 2012B                  | 2005            | \$ 13,425,000             | \$ 1,002,093         |
| Unlimited Tax Refunding Bonds, Series 2012D                  | 2000-A          | 35,600,000                | 9,135,925            |
| Unlimited Tax School Building & Refunding Bonds, Series 2013 | 2006            | 76,720,000                | 9,352,551            |
| Unlimited Tax Refunding Bonds, Series 2014-B                 | 2005            | 2,380,000                 | 227,244              |
| Unlimited Tax Refunding Bonds, Series 2014-A                 | 2005-A          | 4,630,000                 | 321,744              |
| Unlimited Tax Refunding Bonds, Series 2015                   | 2006, 2007      | 53,720,000                | 6,426,328            |
| <b>Totals</b>  | ---             | <b>\$ 186,475,000</b>     | <b>\$ 26,465,885</b> |

- ✓ Additionally, on November 21, 2019, the District issued its \$43,000,000 Unlimited Tax Refunding Bonds, Series 2019, which refunded \$50,895,000 in principal amount of the outstanding Series 2010 Unlimited Tax Refunding Bonds and, as a result, generated \$9,095,650 in savings.

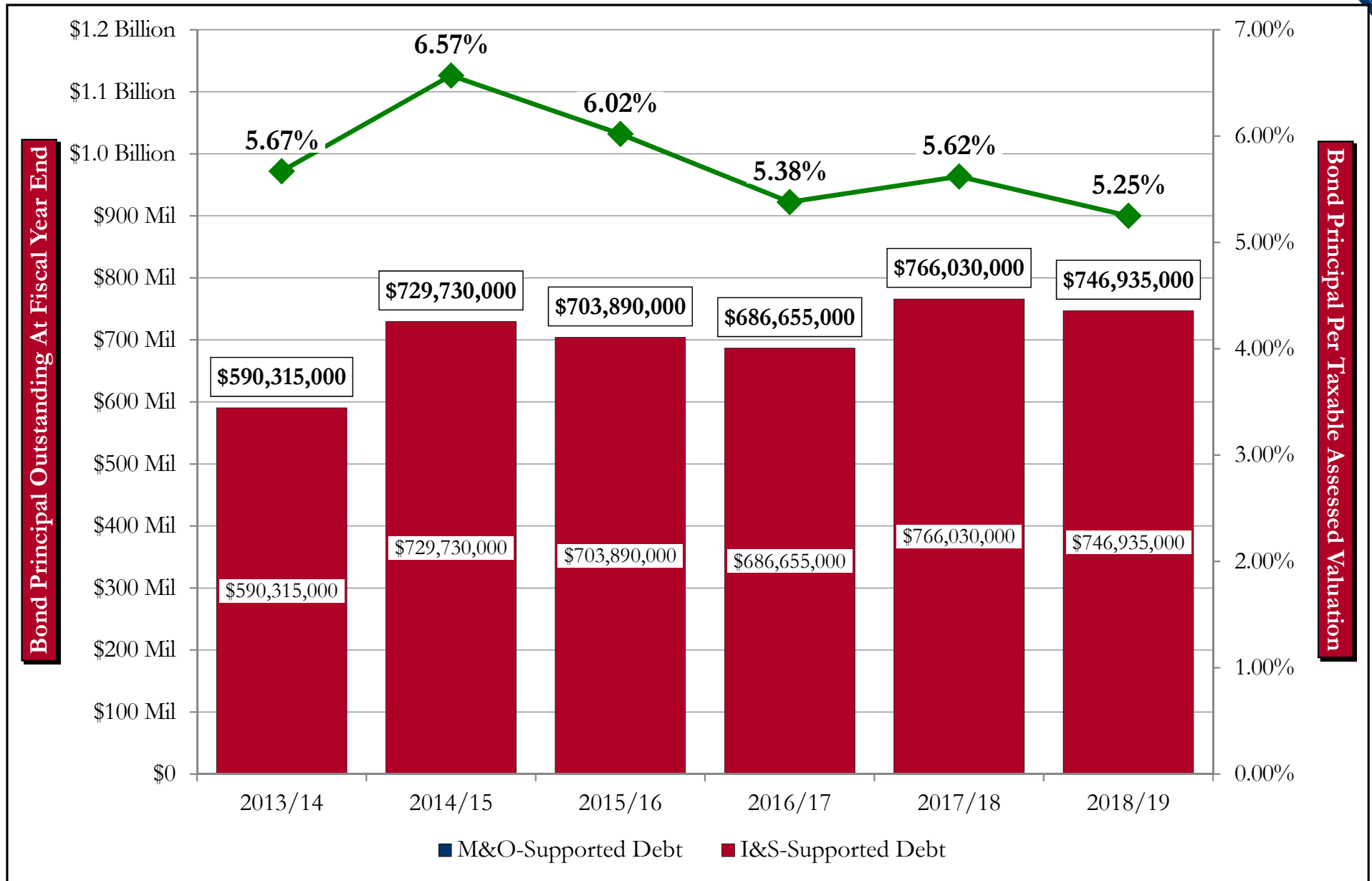


# ☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2019

| No. | Issue Description   | Purpose                                  | Original Principal Amount | Outstanding Principal | Total Outstanding Debt Service | Outstanding Principal Per Capita | Outstanding Debt Service Per Capita | Final Maturity Date | Total Proceeds Received | Spent Proceeds   | Unspent Proceeds |
|-----|---|--|---------------------------|-----------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------|-------------------------|------------------|------------------|
| 1   | Variable Rate Unlimited Tax School Building Bonds, Series 2005-B        | Capital Improvements                     | \$80,000,000.00           | \$79,900,000.00       | \$111,575,003.00               | \$324.56                         | \$453.22                            | 02/01/2035          | \$79,878,000.00         | \$79,878,000.00  | \$0.00           |
| 2   | Unlimited Tax Refunding Bonds, Series 2010                              | Refunding at a lower interest rate, etc. | \$56,385,000.00           | \$50,895,000.00       | \$65,707,400.00                | \$206.74                         | \$266.91                            | 02/15/2029          | \$61,033,546.73         | \$61,033,546.73  | \$0.00           |
| 3   | Unlimited Tax School Building Bonds, Series 2012A                       | Capital Improvements                     | \$60,755,000.00           | \$55,905,000.00       | \$93,024,125.00                | \$227.09                         | \$377.87                            | 02/15/2041          | \$67,576,138.80         | \$67,576,138.80  | \$0.00           |
| 4   | Unlimited Tax Refunding Bonds, Series 2012B                             | Refunding at a lower interest rate, etc. | \$12,785,000.00           | \$4,225,000.00        | \$4,433,625.00                 | \$17.16                          | \$18.01                             | 02/15/2021          | \$14,608,895.25         | \$14,608,895.25  | \$0.00           |
| 5   | Unlimited Tax Qualified School Construction Bonds, Taxable Series 2012C | Capital Improvements                     | \$29,050,000.00           | \$22,000,000.00       | \$34,472,472.25                | \$89.36                          | \$140.03                            | 02/15/2030          | \$28,864,907.67         | \$28,864,907.67  | \$0.00           |
| 6   | Unlimited Tax Refunding Bonds, Series 2012D                             | Refunding at a lower interest rate, etc. | \$30,260,000.00           | \$17,575,000.00       | \$19,384,425.00                | \$71.39                          | \$78.74                             | 02/15/2024          | \$35,712,483.60         | \$35,712,483.60  | \$0.00           |
| 7   | Unlimited Tax School Building & Refunding Bonds, Series 2013            | Capital Improvements & Refunding at a    | \$226,360,000.00          | \$200,950,000.00      | \$341,162,800.00               | \$816.27                         | \$1,385.82                          | 02/15/2043          | \$260,659,004.55        | \$260,659,004.55 | \$0.00           |
| 8   | Unlimited Tax Refunding Bonds, Series 2014-B                            | Refunding at a lower interest rate, etc. | \$2,380,000.00            | \$745,000.00          | \$759,113.50                   | \$3.03                           | \$3.08                              | 02/15/2021          | \$2,380,000.00          | \$2,380,000.00   | \$0.00           |
| 9   | Unlimited Tax Refunding Bonds, Series 2015                              | Refunding at a lower interest rate, etc. | \$50,920,000.00           | \$40,075,000.00       | \$53,113,425.00                | \$162.79                         | \$215.75                            | 02/15/2035          | \$57,074,725.30         | \$57,074,725.30  | \$0.00           |
| 10  | Unlimited Tax School Building Bonds, Series 2015A                       | Capital Improvements                     | \$61,060,000.00           | \$61,060,000.00       | \$92,461,250.00                | \$248.03                         | \$375.58                            | 02/15/2035          | \$70,764,063.75         | \$70,764,063.75  | \$0.00           |
| 11  | Variable Rate Unlimited Tax School Building Bonds, Series 2015B         | Capital Improvements                     | \$98,375,000.00           | \$98,375,000.00       | \$167,793,025.00               | \$399.60                         | \$681.58                            | 02/15/2044          | \$105,335,838.90        | \$105,335,838.90 | \$0.00           |
| 12  | Unlimited Tax School Building Bonds, Series 2018                        | Capital Improvements                     | \$120,095,000.00          | \$115,230,000.00      | \$186,286,700.00               | \$468.07                         | \$756.70                            | 02/15/2044          | \$135,351,611.00        | \$135,351,611.00 | \$0.00           |

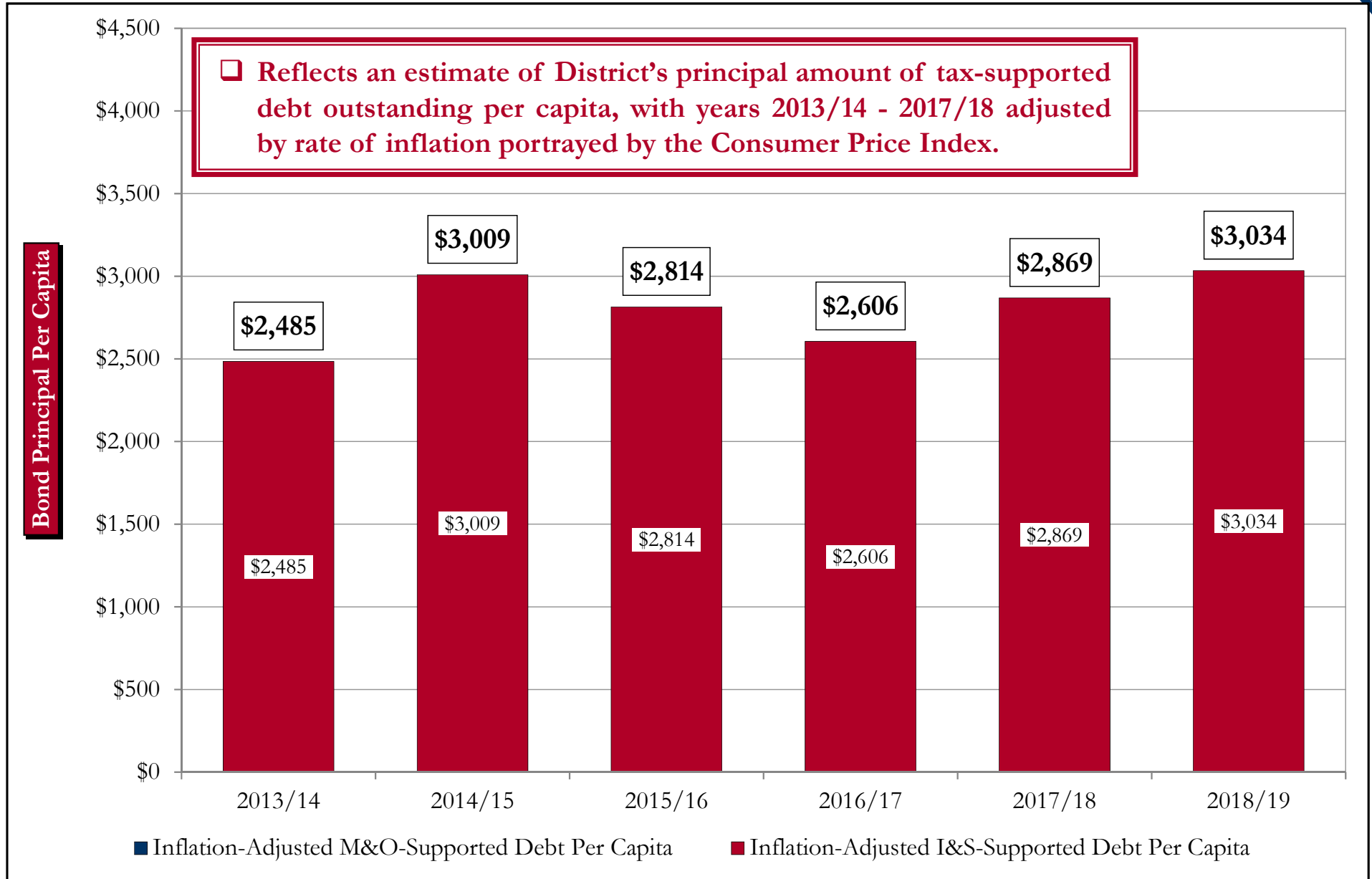


# Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation





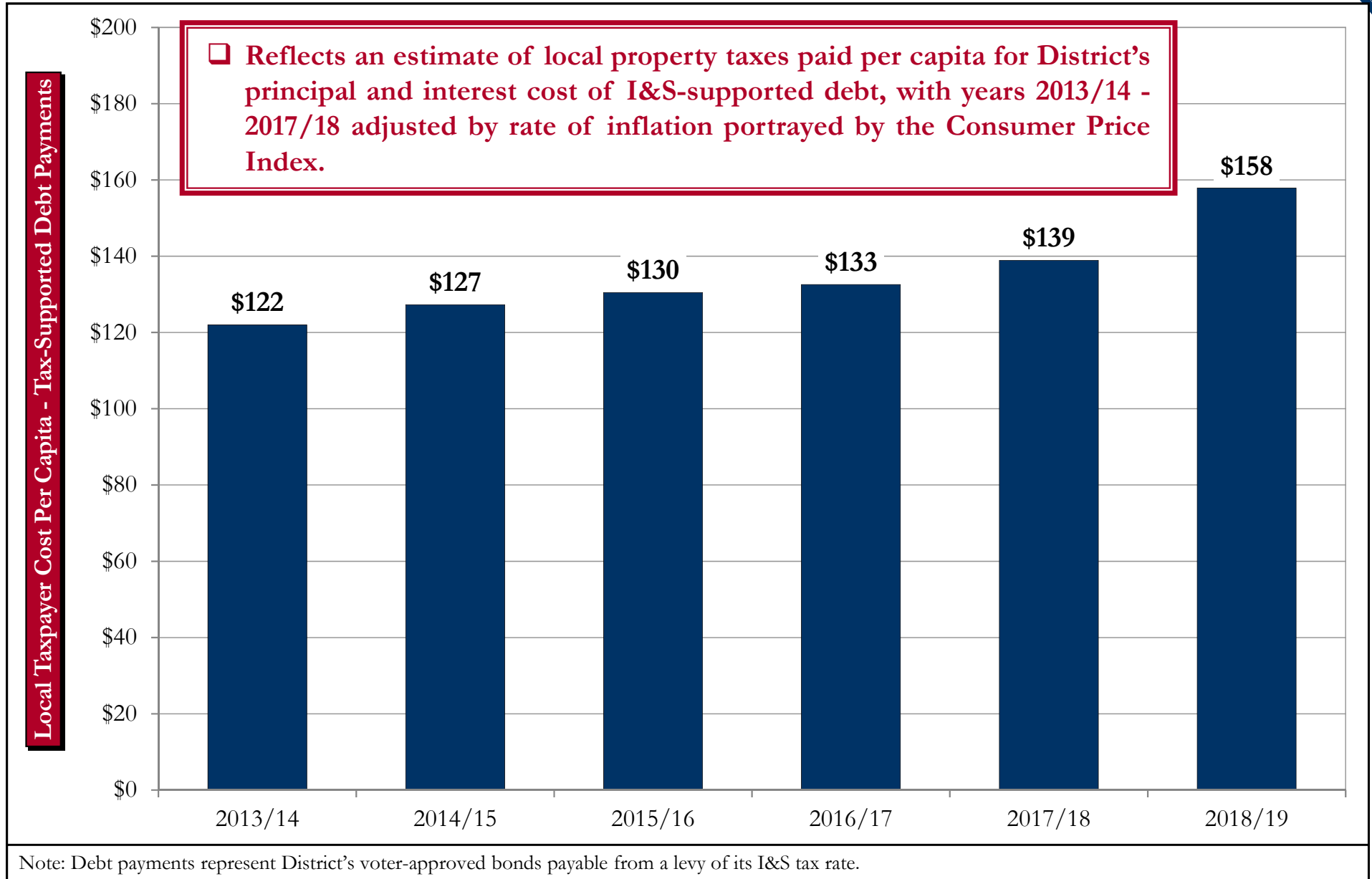
# Inflation-Adjusted Tax-Supported Debt Per Capita







# Inflation-Adjusted Tax-Supported Debt Cost Per Capita – Principal and Interest In Each of the Last 5 Years





## Contact Information and Links to Additional Resources

### Main Office Contact Information:

Physical and Mailing Address:

1515 Cherrybrook Lane  
Pasadena, Texas 77502

Phone: (713) 740-0000

### For additional information regarding this report, please contact:

Carla Merka

Chief Financial Officer

Phone: (713) 740-0023

Email: [cmerka@pasadenaisd.org](mailto:cmerka@pasadenaisd.org)

### Links to Additional Resources:

<https://www.comptroller.texas.gov/transparency/local/debt/isds.php>

[http://www.brb.state.tx.us/local\\_debt\\_search.aspx](http://www.brb.state.tx.us/local_debt_search.aspx)