

2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2018 • Houston, Texas



Prepared by the Office of Finance

The image shows the cover of the 2018 Comprehensive Annual Financial Report. It features a large green '2018' at the top left, followed by 'COMPREHENSIVE ANNUAL FINANCIAL REPORT' in blue capital letters. The background is white with faint green leaf-like patterns.

2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2018 • Houston, Texas



Hattie Mae White Educational Support Center
4400 West 18th Street
Houston, Texas 77092-8501

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Certificate of Board	v
Letter of Transmittal	vi
HISD Administrative Organizational Chart	xv
HISD Board of Education	xvi
Appointed Officials.....	xvii
ASBO Certificate of Excellence	xviii
GFOA Certificate of Achievement	xix
 FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	29
Notes to the Basic Financial Statements	31
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	79
Schedule of the District's Proportionate Share of the Net Pension Liability- Teacher Retirement System.....	80
Schedule of the District's Contributions – Teacher Retirement System.....	81
Schedule of the District's Contributions – Other Post Employment Benefits.....	82
Schedule of the District's Proportionate Share of the Net Pension Liability- Other Post Employment Benefits	83
Notes to Required Supplementary Information	84
Combining and Individual Fund Statements and Schedules:	
Combining Statement of Net Position – Nonmajor Enterprise Funds	88
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	89
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	90
Combining Statement of Net Position – Internal Service Funds	92
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	93
Combining Statement of Cash Flows – Internal Service Funds	94
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	96

TABLE OF CONTENTS

PAGE**Other Supplementary Information:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Debt Service Fund.....	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Renovation Fund.....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Nutrition Services	99

STATISTICAL SECTION (UNAUDITED)**Financial Trends:**

Net Position by Component	103
Expenses, Program Revenues, and Net (Expense)/Revenue.....	104
General Revenues and Total Changes in Net Position	105
Governmental Funds Fund Balances.....	106
Governmental Funds Revenues	107
Governmental Funds Expenditures and Debt Service Ratio	108
Other Financing Sources and Uses and Net Change in Fund Balances.....	109

Revenue Capacity:

Assessed Value and Actual Value of Taxable Property.....	111
Property Tax Exemptions.....	112
Direct and Overlapping Property Tax Rates.	113
Principal Property Taxpayers	114
Property Tax Levies and Collections.....	115
Schedule of Delinquent Taxes Receivable	116

Debt Capacity:

Legal Debt Margin Information.....	117
Ratios of Net General Bonded Debt Outstanding	118
Direct and Overlapping Governmental Activities Debt.....	119
Outstanding Debt by Type	120

Demographic and Economic Capacity:

Demographic Information	121
Principal Employers.....	122

Operating Information:

District Employees by Function	123
Student Information – General	124
Gifted and Talented/Special Education Student Data.....	125
LEP/Economically Disadvantaged Student Data	126
Teacher Information – General	127
Teacher Information – Education	128
School Building Information	129

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	159
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	161
Section I – Summary of Auditor's Results	165
Section II – Findings Related to Financial Statements.....	167
Section III – Federal Award Findings and Questioned Costs.....	168
Section IV – Corrective Action Plans.....	169
Section V – Findings Related to the Financial Statements	174
Schedule of Expenditures of Federal Awards	176
Notes to the Compliance Section	180



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

2018 COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
**INTRODUCTORY
SECTION**



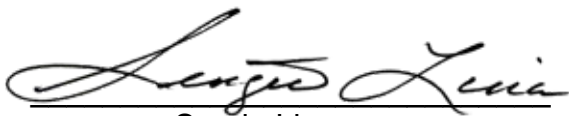
CERTIFICATE OF BOARD

Houston Independent School District

Harris County

101-912-IV

We, the undersigned, certify that the attached auditors' reports of the above-named school district were reviewed and approved for the fiscal year ended June 30, 2018, at a meeting of the Board of Education of such school district on the 8th day of November 2018.



Sergio Lira
Secretary, Board of Education
Houston Independent School District



Rhonda Skillern-Jones
President, Board of Education
Houston Independent School District



HOUSTON INDEPENDENT SCHOOL DISTRICT
Hattie Mae White Educational Support Center
4400 West 18th Street • Houston, Texas 77092-8501

Grenita F. Lathan, Ph.D.
Interim Superintendent of Schools

www.HoustonISD.org
www.twitter.com/HoustonISD

November 9, 2018

Members of the Board of Trustees and Citizens of the Houston Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Houston Independent School District (the "District" or "HISD") for the fiscal year ended June 30, 2018 is hereby submitted. This document is management's report of financial operations to the Board of Education (the "Board"), taxpayers, grantor agencies, employees, the Texas Education Agency, and other interested parties.

The Texas Education Code requires that all school districts file an annual report with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The annual report must be prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities and must be audited by a firm of independent licensed certified public accountants. This Comprehensive Annual Financial Report is submitted in fulfillment of that requirement. An audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The financial statements of the District have been audited by Weaver and Tidwell, L.L.P.

To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the District. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. Responsibility for the accuracy and completeness of the data presented, as well as the presentation of this report, rests with District management.

GAAP requires 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 the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.



Board of Education
November 9, 2018

PROFILE OF THE HOUSTON INDEPENDENT SCHOOL DISTRICT

The District was created and incorporated by an act of the Thirty-Eighth Legislature of the State of Texas in 1923. As an independent school district, a nine-member board of trustees elected from single-member districts constitutes the governing body. Based on legislative authority codified in the Texas Education Code, the trustees (1) have exclusive power and duty to govern and oversee the District; (2) can acquire and hold real and personal property, sue and be sued, and hold all rights and titles to school property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) have the right of eminent domain to acquire real property.

HISD, with an enrollment of over 214,000 students, is the seventh-largest public school system in the nation and the largest in Texas. The District encompasses 332 square miles within Harris County, Texas including 51% of the current geographic area of the City of Houston and all or part of four other cities or villages. HISD is an ethnically diverse district as 61.2 percent of all students are Hispanic, 24.0 percent are African-American, 8.7 percent are White, 4.1 percent are Asian and 2 percent are of other ethnicities. About 100 different languages are spoken by students throughout the District.

Houston Independent School District provides services through 284 schools, of which 8 are early childhood centers (pre-kindergarten for four year old students), 159 elementary schools (grades K-5), 38 middle schools (grades 6-8), 38 high schools (grades 9-12) and 41 combination/alternative sites. The average age of the District's schools is 46 years. A list of school buildings with year of construction can be found in the Statistical Data Section.

The District offers many education programs in addition to general education including special education services, gifted and talented programs, career and technical education, dual language programs, and various magnet programs. HISD contracted with ten charter schools which are funded with state tier one funds that flow through the District.



Board of Education

November 9, 2018

In August 2017, Hurricane Harvey caused damage to various facilities of the District, ranging from minor damage to complete destruction of certain buildings. The District spent approximately \$76 million from the General Fund on repairs. To date, the District has received approximately \$40 million in insurance proceeds and has submitted requests for FEMA reimbursement. Additionally, Harvey related flood damage required the closure of four elementary schools. These four schools are being rebuilt at an estimated cost of \$126 million using General Fund reserves and Capital Renovation funds derived from tax increment reinvestment zones.

ECONOMIC OUTLOOK

Houston is the largest city in Texas and the fourth largest city in the United States with a population of 2.3 million and 6.77 million people in the Houston metro area. Although Energy is still king, the area's economy is also supported by other industries including the Port of Houston, the Texas Medical Center, and NASA's Johnson Space Center. Employment in the Houston-Woodlands-Sugar Land Metropolitan Statistical Area stood at 3.11 million people in July 2018, per the U.S. Bureau of Labor Statistics. The Houston Metropolitan Statistical Area is home to 20 *Fortune 500* headquarters, ranking fourth among metro areas. Many other *Fortune 500* companies maintain U.S. administrative headquarters in Houston.

Houston's strategic location and core strengths, including very strong exports and imports, cutting-edge medical advancements, and technology breakthroughs across industries, uniquely position the city to play a vital role in meeting national and global market demands. At a time of unprecedented geopolitical demographic shifts affecting markets worldwide, Houston stands as a leader among U.S. cities of the 21st century.

ACCOUNTING AND BUDGETARY CONTROLS

The diverse nature of the District's operations and the necessity of legal compliance preclude recording the financial transactions of the District in a single fund. The District's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing accounting entity. The various funds are fully described in Note 1 of the "Notes to the Basic Financial Statements."

In developing, evaluating, and improving the District's accounting system, consideration is given to the adequacy of the internal control structure. Internal controls are designed to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and those transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above-mentioned framework. We believe the District's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions.

As a recipient of federal, state, and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to these grants. All funded grants are subject to testing as part of the District's Single Audit as mandated by the Uniform Guidance. The internal control structure is subject to ongoing reviews by management. As a part of the District's Single Audit, tests are conducted to determine the adequacy of the internal control structure as related to federal award programs as well as compliance with applicable laws and regulations. The Single Audit reports are included in the compliance section of this report.

Board of Education
November 9, 2018

The District utilizes a line-item budget of proposed expenditures and the means of financing them. The emphasis of the budget process is to identify the activities requiring resources and to rank those activities according to the needs of the entire District. Budgetary control is maintained at the function level by organizational unit through the encumbrance of estimated purchase amounts to coincide with the execution of contracts, approval of personnel transactions, or release of purchase orders to vendors. The Board of Education approves budgets for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Renovation Fund, and Nutrition Services.



Parker Elementary School (Opened March, 2018)

CAPITAL PROJECTS

The Capital Renovation Fund was created to account for the District's capital projects and includes the 2012 bond program.

In November 2012, Houston voters by a margin of nearly 2 to 1 approved a \$1.89 billion bond referendum to replace and repair 40 schools, including 29 high schools. In addition, the bond program includes funds that will benefit students across the District including funding for technology upgrades, replacement of regional field houses, athletic facilities improvements, middle school restroom renovations, and safety and security upgrades.

The amount of construction work now taking place is unrivaled and marks a major District milestone as 6.8 million of square footage is included in this program. All projects are completed or under construction.

The Public Facility Corporation ("PFC") was established to issue bonds to provide for the acquisition of and placement in service of educational facilities in accordance with the Public Facility Corporation Act. In December 2014, the PFC issued bonds to fund construction of three new schools: North Forest High School, Fonwood Early Childhood Center, and Energy Institute High School. The projects will be complete in fiscal year 2019.

For the fiscal year ended June 30, 2018, facilities acquisition and construction expenditures for the Capital Renovation Fund and the PFC amounted to \$571,899,483.



Board of Education
November 9, 2018



Energy Institute (Building Dedication Ceremony on September 19, 2018)

LONG-TERM FINANCIAL PLANNING

The District is subject to a target revenue formula for school district funding. Under the target revenue methodology, the District's maintenance and operations revenue from property taxes and state aid is capped. As collections from property taxes increase, state aid is reduced by the same amount. The District is challenged with providing salary increases and other inflationary fixed costs within a capped budget. Therefore, the District is constantly adjusting future projections as costs in the market shift and as changes are proposed or adopted by the Texas Legislature.

With the 2017 fiscal year, the Houston Independent School District became a "Chapter 41" or "Robin Hood" district under the current state finance system, whereby the District is considered property rich and required to equalize its wealth by sending funds back to the state. As of June 30, 2018, the District's "Chapter 41" expense was \$204 million.

Board of Education
November 9, 2018



Mission, Vision and Goals

The Board of Education's mission is to equitably educate the whole child so that every student graduates with the tools to reach their full potential.

HISD's vision is that every child shall have equitable opportunities and equal access to an effective and personalized education in a nurturing and safe environment. Our students will graduate as critical thinkers and problem solvers; they will know and understand how to be successful in a global society. HISD is a global district in a global city. We place an emphasis on ensuring our students graduate ready for the world – possessing the characteristics they need to be successful in college and to compete in today's global workforce.

Major Initiative

ACHIEVE 180 is a research-based action plan to support, strengthen, and empower underserved and underperforming HISD feeder pattern communities to increase student achievement. These are ten schools that have remained on the state's "Improvement Required" list for five or more years. Thirty school support officers report to the area superintendents. They provide leadership to principals, align resources and support for teachers, and ensure that the district is providing equitable and quality educational opportunities to students. HISD's organization is designed to emphasize teaching and learning, align school goals and programs for sustained improvement, eliminate duplication of services, and maintain compliance with both federal and state requirements.

Board of Education
November 9, 2018

AWARDS AND ACKNOWLEDGMENTS

Perhaps no responsibility is as great as that of educating our youth, and all of our efforts lead back to the classroom. Given that the District's academic advancements are dependent upon its fiscal successes, it is imperative that HISD continue to improve upon its reporting proficiencies. The following text cites awards received by the District for financial reporting excellence and the related acknowledgments in this regard.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 45th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ASBO Certificate of Excellence

The District received the Association of School Business Officials' ("ASBO") Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2017. The District has received this award for 39 consecutive years. This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO.

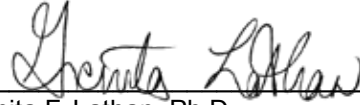
Board of Education
November 9, 2018

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire staff of the District's Office of Finance. Also, we would like to express our appreciation to other departments, schools, and individuals who assisted in its preparation.

Moreover, we wish to thank and express appreciation to the administrators and other employees of the District for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

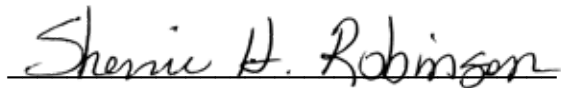
Respectfully submitted,



Grenita F. Lathan, Ph.D.
Superintendent of Schools



Rene Barajas, Ph.D.
Chief Financial Officer



Sherrie H. Robinson
Controller



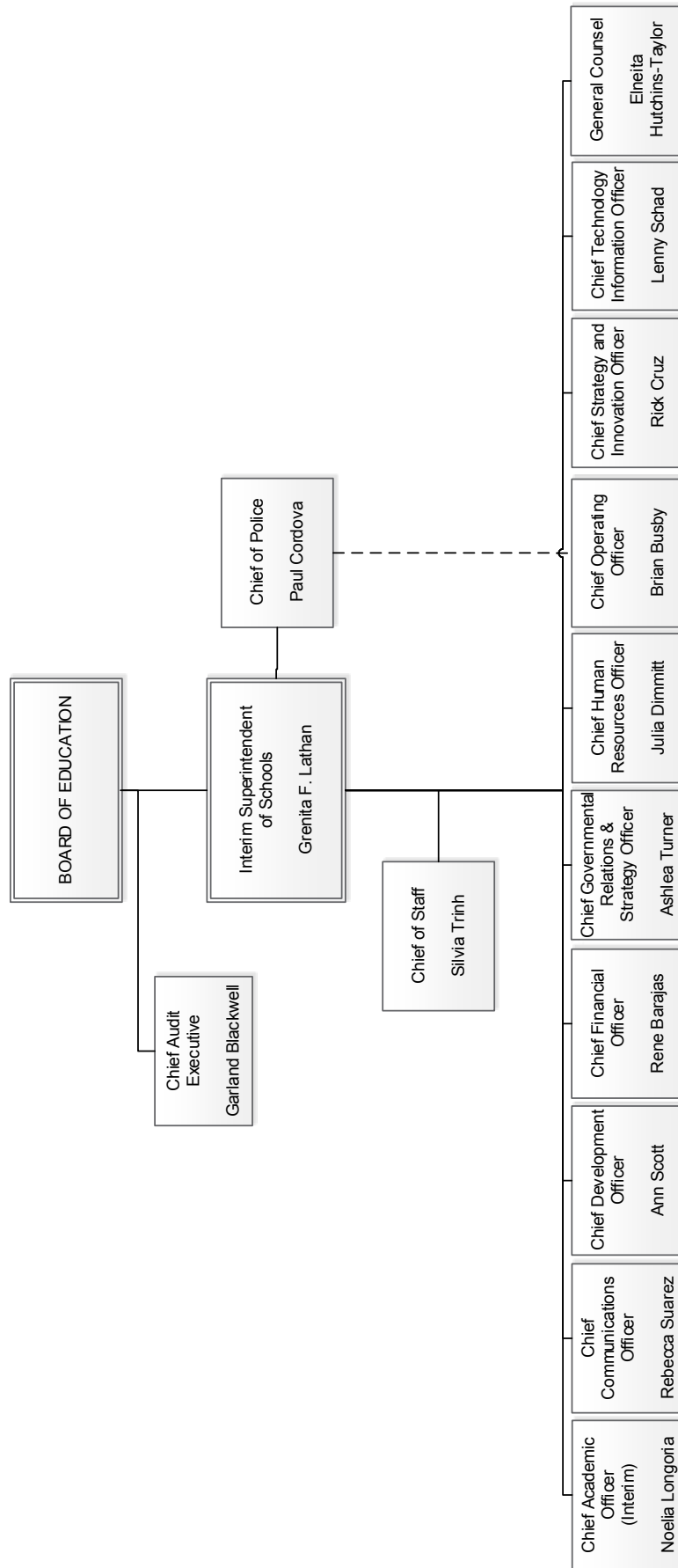
FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)



HOUSTON INDEPENDENT SCHOOL DISTRICT

Organization, June 30, 2018





2018 HISD BOARD OF EDUCATION



Rhonda Skillern-Jones
President



Jolanda Jones
First Vice President



Anne Sung
Second Vice President



Sergio Lira
Secretary



Holly Maria Flynn Vilaseca
Assistant Secretary



Wanda Adams
Trustee



Diana Dávila
Trustee



Susan Deigaard
Trustee



Elizabeth Santos
Trustee



HOUSTON INDEPENDENT SCHOOL DISTRICT

Appointed Officials as of June 30, 2018

Grenita F. Lathan	Interim Superintendent of Schools
Silvia Saenz Trinh	Chief of Staff
Rene Barajas	Chief Financial Officer
Noelia Longoria	Interim Chief Academic Officer
Rebecca Suárez	Chief Communications Officer
Ann Best Scott	Chief Development Officer
Ashlea Turner	Chief Governmental Relations and Strategy Officer
Julia Dimmit	Chief Human Resources Officer
Brian Busby	Chief Operating Officer
Paul Cordova	Chief of Police
Rick Cruz	Chief Strategy and Innovation Officer
Elneita Hutchins-Taylor	General Counsel
Lenny Schad	Chief Technology Information Officer
Garland Blackwell	Chief Audit Executive
Felicia Adams	Area Superintendent - Achieve 180
Geovanny Ponce	Area Superintendent - East
Yolanda Rodriguez	Area Superintendent - North
Jorge Arredondo	Area Superintendent - Northwest
Nicole Moore	Area Superintendent - South
James McSwain	Area Superintendent - West



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Houston Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Houston Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

2018 COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

**FINANCIAL
SECTION**



FINANCIAL
SECTION

2018
BASIC
FINANCIAL
STATEMENTS



Independent Auditor's Report

To the Board of Trustees and Management of
Houston Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Houston Independent School District (the District), as of and for the year ended June 30, 2018 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, 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.

The Board of Trustees and Management of
Houston Independent School District

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual- General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability-Teacher Retirement System, Schedule of the District's Contributions – Teacher Retirement System, Schedule of District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System, and Schedule of the District's Contributions for Other Postemployment Benefits – Teacher Retirement System, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The Introductory Section, Combining and Individual Fund Statements and Schedules, Other Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information and Individual and Combining Fund Statements and Schedules 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 Other Supplementary Information and Individual and Combining Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Section has 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 it.

The Board of Trustees and Management of
Houston Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018 on our consideration of 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 District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
November 9, 2018



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Houston Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the transmittal letter at the front of this report and the basic financial statements which follow this section.

The Management's Discussion and Analysis provides information on both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position as presented on the Government-wide *Statement of Net Position* is \$1.125 billion. For the fiscal year ended June 30, 2018, the net position of the District decreased by \$863 million, resulting from a prior period adjustment related to the implementation of OPEB of \$1.146 billion and increase in operations of \$283 million.
- The District's governmental funds financial statements reported a combined ending fund balance of \$1.628 billion. This balance consists of \$613 million in the General Fund of which \$166 million is assigned, \$11 million is nonspendable, \$46 million is committed, and \$390 million is unassigned and available for spending at the District's discretion. The total restricted fund balance of \$936 million consists of Special Revenue Funds, the Debt Service Fund, the Capital Renovation Fund, and the Nonmajor Capital Renovation Fund – PFC. The Capital Renovation Fund's fund balance also includes \$3 million in committed and \$77 million in assigned.
- For the fiscal year ended June 30, 2018, total revenue from governmental activities in the *Statement of Activities* was \$2.411 billion. Program revenues accounted for \$135 million. General revenues and transfers accounted for \$2.276 billion.
- The General Fund had \$1.990 billion in revenues of which \$1.7 billion is property taxes. General Fund expenditures and other financing sources were \$2.084 billion and \$4.7 million, respectively. This resulted in a decrease to fund balance of \$89.2 million.
- The debt obligations of the District that receive credit ratings are rated without regard to credit enhancement and received ratings of "AAA" by Moody's Investor Service Inc. and "AA+" by Standard and Poor's Financial Services LLC. Most general obligation debt receives an enhancement to "AAA" by virtue of a guarantee by the Texas Permanent School Fund Guarantee Program. Lease revenue debt issued by the Houston Independent School District's Public Facility Corporation received ratings of "Aa1" and "AA" by Moody's Investor Service Inc. and Standard and Poor's Financial Services LLC, respectively. Rating information referenced is as of the last rating reviews dated May 23, 2018.

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 basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business and are comprised of the *Statement of Net Position* and the *Statement of Activities*. These statements provide information about the activities of the District as a

whole and present both long-term and short-term information about the District's overall financial status. The District's basic services are primarily financed by property taxes and include instruction, counseling services, instructional staff development, student transportation, food service, co-curricular/extracurricular activities, general administration, and plant maintenance and operations.

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

The *Statement of Activities* presents information for all of the current fiscal year's revenues and expenses. This activity is reported as soon as the underlying event giving rise to the activity occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the District itself, but also a legally separate entity for which the District is financially accountable. Financial information for this component unit is reported separately in the fund financial statements as a nonmajor governmental fund.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage resources and expenditures for particular purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

The District maintains five 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, the Special Revenue Fund, the Debt Service Fund, and the Capital Renovation Fund, all of which are considered to be major funds. Data from the Capital Renovation Fund - Public Facility Corporation (PFC) is presented as a nonmajor governmental fund on the same statements.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long and short-term financial information. The District maintains two types of proprietary funds. Enterprise funds are used to report the same type of information as reported in the government-wide financial statements. The District uses enterprise funds to account for the employee cafeteria (MarketPlace), catering, business development, and Medicaid programs. The District uses internal service funds to report activities that provide services for the District's other programs and activities, i.e., health insurance, workers' compensation, print shop, and other internal services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities within the government-wide financial statements.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals and organizations. No fiduciary funds are used as clearing accounts to distribute financial resources to other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Other 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. Immediately following the required supplementary information, combining statements are included for the nonmajor enterprise funds and the internal service funds.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	<i>Government-wide</i>	<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	All activities of the District (except fiduciary funds) and the District's component unit	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Fund Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	Not applicable to Agency Funds

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the District's financial position. The District's combined net position decreased \$863 million. The District's net investment in capital assets is \$1.421 million and includes investments in capital assets (e.g. land, buildings and improvements, furniture, equipment, capital leases, and construction in progress) less any related debt used to acquire those assets that is still outstanding.

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.

The District's restricted net position of \$140 million represents resources that are subject to external restrictions on how they may be used. The remaining negative \$436 million is unrestricted net position.

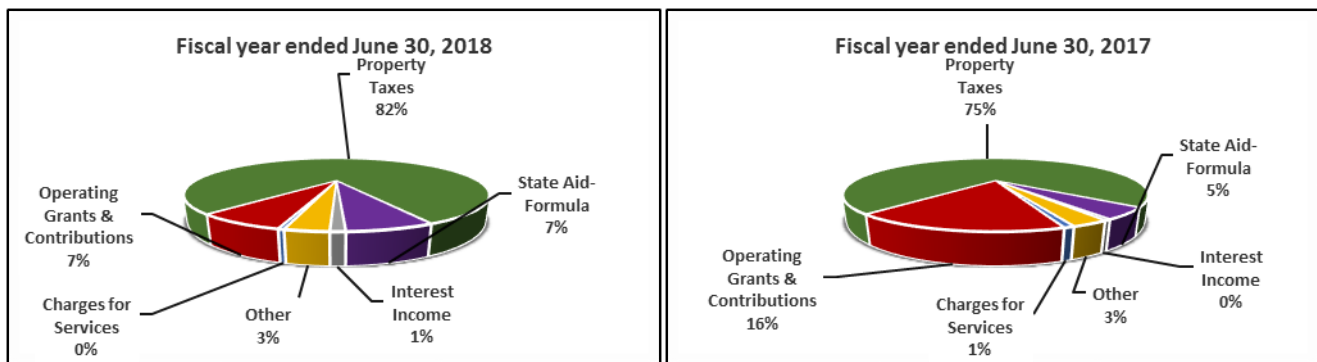
The District's Condensed Statement of Net Position
(in thousands of dollars)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		Difference
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 2,171,495	2,392,153	\$ 33,219	\$ 61,049	\$ 2,204,714	\$ 2,453,202	\$ (248,488)
Capital assets	4,278,737	3,884,342	126	3,377	4,278,863	3,887,719	391,144
Total assets	6,450,232	6,276,495	33,345	64,426	6,483,577	6,340,921	142,656
Deferred outflows	295,247	381,776	-	13,158	295,247	394,934	(99,687)
Current liabilities	454,412	421,782	163	5,817	454,575	427,599	26,976
Long term liabilities	4,749,490	4,211,702	124	26,929	4,749,614	4,238,631	510,983
Total liabilities	5,203,902	4,633,484	287	32,746	5,204,189	4,666,230	537,959
Deferred Inflows	449,575	77,112	-	4,885	449,575	81,997	367,578
Net position:							
Net investment in capital assets	1,420,746	1,365,784	126	3,377	1,420,872	1,369,161	51,711
Restricted	139,895	97,427	-	7,311	139,895	104,738	35,157
Unrestricted	(468,639)	484,464	32,931	29,265	(435,708)	513,729	(949,437)
Total net position	\$ 1,092,002	\$ 1,947,675	\$ 33,057	\$ 39,953	\$ 1,125,059	\$ 1,987,628	\$ (862,569)

The District's total revenues were \$2.416 billion. A significant portion, approximately 82 percent, of the District's revenue is from property taxes. Operating grants and contributions provided 7 percent while another 7 percent is provided by state aid.

Total revenues decreased by \$121.8 million from the prior year due to a decrease in operating grants and contributions.

Figure A-2 District Sources of Revenue



Governmental Activities

The net position of the District's governmental activities decreased by \$855.7 million due primarily to implementation of GASB 75, *Accounting and Financial Reporting for Other Post Employment Benefits Other than Pensions*, and the resulting liability of \$653 million. Funding for governmental activities is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental activities:

- The cost of all *governmental activities* this year was \$2.121 billion.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to \$135 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$1.986 billion of which \$1.974 billion was funded by property taxes and \$158 million was funded by state aid which is not restricted to specific programs.

Business-type Activities

The net position of the District's business-type activities decreased by \$7 million which is due to transfers out. Funding for business-type activities is by specific program revenue or through general revenues such as investment earnings and miscellaneous sources. The following is a summary of the business-type activities:

- The cost of all *business-type activities* this year was \$11 million.
- The specific program revenue directly attributable to specific activities was \$44 million.

HOUSTON INDEPENDENT SCHOOL DISTRICT

The District's Changes in Net Position

(in thousands of dollars)

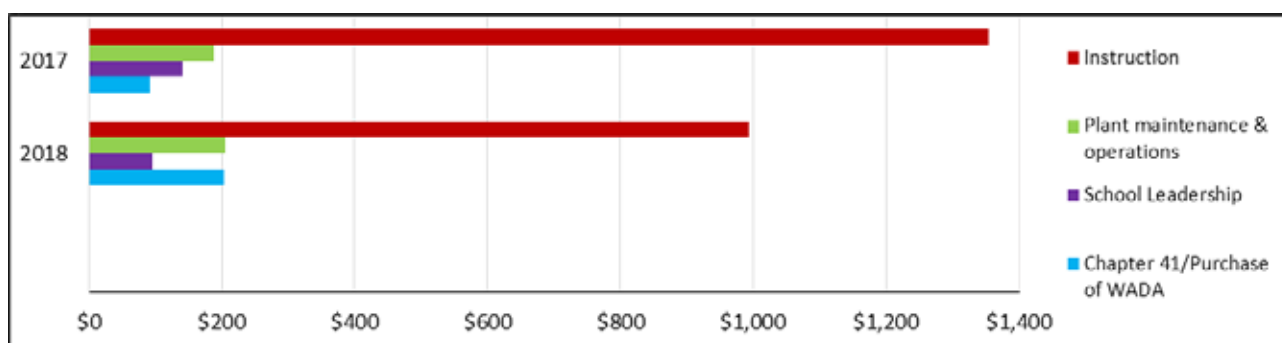
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		
	2018	2017	2018	2017	2018	2017	Difference
Revenues							
Program Revenues							
Charges for services	\$ 3,101	\$ 2,816	\$ 7,544	\$ 17,214	\$ 10,645	\$ 20,030	\$ (9,385)
Operating grants and contributions	132,119	257,063	36,237	150,103	168,356	407,166	(238,810)
General Revenues							
Property taxes	1,974,064	1,906,133	-	-	1,974,064	1,906,133	67,931
State aid - not restricted to specific programs	157,552	116,880	-	-	157,552	116,880	40,672
Earnings on investments	26,551	13,156	305	510	26,856	13,666	13,190
Other	78,059	72,683	13	746	78,072	73,429	4,643
Total revenues	<u>2,371,446</u>	<u>2,368,731</u>	<u>44,099</u>	<u>168,573</u>	<u>2,415,545</u>	<u>2,537,304</u>	<u>(121,759)</u>
Expenses							
Instruction	993,745	1,354,643	-	-	993,745	1,354,643	(360,898)
Instructional resources and media services	11,024	8,606	-	-	11,024	8,606	2,418
Instructional staff development	56,630	56,860	-	-	56,630	56,860	(230)
Instructional leadership	26,716	41,415	-	-	26,716	41,415	(14,699)
School leadership	96,093	142,370	-	-	96,093	142,370	(46,277)
Guidance, counseling, and evaluation services	45,699	59,189	-	-	45,699	59,189	(13,490)
Social work services	2,086	3,680	-	-	2,086	3,680	(1,594)
Health services	13,620	21,970	-	-	13,620	21,970	(8,350)
Student transportation	59,264	67,016	-	-	59,264	67,016	(7,752)
Food service	95,083	7	-	-	95,083	7	95,076
Co-curricular/extracurricular activities	17,098	20,826	-	-	17,098	20,826	(3,728)
General administration	29,646	45,509	-	-	29,646	45,509	(15,863)
Plant maintenance and operations	205,900	188,418	-	-	205,900	188,418	17,482
Security and monitoring services	17,118	26,353	-	-	17,118	26,353	(9,235)
Data processing services	73,051	87,199	-	-	73,051	87,199	(14,148)
Community services	6,307	7,856	-	-	6,307	7,856	(1,549)
Fiscal agent/member districts of shared services	3,045	2,912	-	-	3,045	2,912	133
Juvenile justice alternative education program	792	792	-	-	792	792	-
Tax reinvestment zone payments	56,170	55,617	-	-	56,170	55,617	553
Tax appraisal and collection	13,814	13,995	-	-	13,814	13,995	(181)
Nutrition service	-	-	-	129,529	-	129,529	(129,529)
Other	-	-	11,218	12,439	11,218	12,439	(1,221)
Interest and fiscal charges	93,472	84,889	-	-	93,472	84,889	8,583
Chapter 41\Purchase of WADA	204,404	93,081	-	-	204,404	93,081	111,323
Total expenses	<u>2,120,777</u>	<u>2,383,203</u>	<u>11,218</u>	<u>141,968</u>	<u>2,131,995</u>	<u>2,525,171</u>	<u>(393,176)</u>
Change in net position before transfers	250,669	(14,472)	32,881	26,605	283,550	12,133	271,417
Transfers	39,777	30,400	(39,777)	(30,400)	-	-	-
Change in net position	290,446	15,928	(6,896)	(3,795)	283,550	12,133	271,417
Beginning net position (restated, Note 1)	<u>801,556</u>	<u>1,931,747</u>	<u>39,953</u>	<u>43,748</u>	<u>841,509</u>	<u>1,975,495</u>	<u>(1,133,986)</u>
Ending net position	<u>\$ 1,092,002</u>	<u>\$ 1,947,675</u>	<u>\$ 33,057</u>	<u>\$ 39,953</u>	<u>\$ 1,125,059</u>	<u>\$ 1,987,628</u>	<u>\$ (862,569)</u>

The following table presents the cost of the District's largest governmental functions as well as their related *net cost*. The net cost reflects what was funded by local tax dollars, state revenues, grants, and other miscellaneous general revenues.

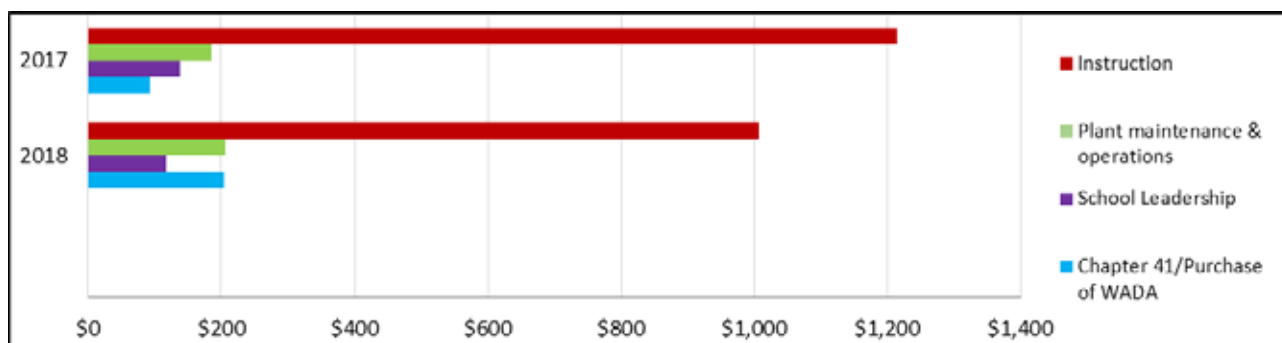
(in millions of dollars)

	<i>Total Cost of Services</i>		<i>Net Cost of Services</i>	
	2018	2017	2018	2017
Instruction	\$ 994	\$ 1,355	\$ 1,007	\$ 1,214
Plant maintenance & operations	206	188	206	185
Chapter 41/Purchase of WADA	204	93	204	93
School Leadership	96	142	118	137

Total Cost of Services



Net Cost of Services



- Plant maintenance and operations increased by \$18 million from fiscal year 2017 due to Hurricane Harvey repairs.
- Chapter 41 payments increased by \$111 million from fiscal year 2017.
- Food service increased due to transferring the Nutrition Services fund from an Enterprise Fund to the Special Revenue fund.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds For the fiscal year ended June 30, 2018, the District's governmental funds reported ending fund balances of \$1.628 billion. Of this amount, \$389.4 million is unassigned and available for use in activities at the District's discretion. The remainder of the fund balance is designated as nonspendable, restricted, committed, or assigned, which indicates that it is not available for new spending because it has already been obligated for grants, debt service, bond projects and other purposes of the District.

The General Fund is the primary operating fund of the District. The fund balance of the General Fund decreased \$89 million during the fiscal year primarily due to the increase in Chapter 41/WADA obligations. At the end of the fiscal year, the unassigned fund balance of \$389 million represented 19 percent of the total General Fund expenditures, while total fund balance of \$612 million represented 29 percent of that same amount.

The Debt Service Fund has a total fund balance of \$121 million all of which is restricted for the payment of debt service. The net decrease in fund balance during the fiscal year was \$8 million. The decrease resulted from fund balance utilized to make additional principal payments. The District makes semi-annual debt service payments in December/June, January/July, February/August and March/September of each year. Debt service payments for the fiscal year ended June 30, 2018 included all scheduled payments including payments due within 30 days of year end.

The Special Revenue Fund accounts for all grants received by the District from local, state, and federal sources. The fund balance increased \$26 million primarily due to transferring the Nutrition Services fund from the Enterprise Fund to the Special Revenue Fund.

The Capital Renovation Fund has a total fund balance of \$814 million, all of which is restricted for facility construction programs. The fund balance decreased by \$167 million due to expenditures for construction projects.

The Capital Renovation Fund – Public Facility Corporation has a total fund balance of \$17 million, all of which is restricted for construction of three projects. The fund balance decreased by \$11 million due to expenditures for construction projects.

Proprietary Funds The District maintains both enterprise funds and internal service funds. Information is presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2018, the District has invested \$4.279 billion, net of depreciation, in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, capital leases, and vehicles. This amount represents a net increase of \$394 million over last year.

District's Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities		Total		Percentage
	2018	2017	2018	2017	2018	2017	Change
							2018-2017
Land	\$ 292,071	\$ 291,265	\$ -	\$ -	\$ 292,071	\$ 291,265	0.28%
Buildings and Improvements	3,051,808	2,821,548	-	-	3,051,808	2,821,548	8.16%
Vehicles	39,523	38,056	-	1,276	39,523	39,332	0.49%
Furniture and Equipment	49,434	68,626	127	2,101	49,561	70,727	-29.93%
Construction in Progress	822,812	664,847	-	-	822,812	664,847	23.76%
Capital Leases - Computers	23,089	-	-	-	23,089	-	
Total	\$ 4,278,737	\$ 3,884,342	\$ 127	\$ 3,377	\$ 4,278,864	\$ 3,887,719	10.06%

As of June 30, 2018, the District had fully funded construction commitments of \$334 million. More detailed information about the District's capital assets is presented in Note 6 of the "Notes to the Basic Financial Statements."

Long Term Debt

As of June 30, 2018, the District had net bonded debt outstanding of \$3.289 billion. The District debt totals included \$485 million in Variable Rate Bonds outstanding at fiscal year end. The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per student are useful indicators of the District's debt position. This data reflects a decrease in the ratio of net bonded debt to assessed value to 1.90 percent, as compared to 2.05 percent last year.

On June 27, 2018 the District issued \$86,960,000 of general obligation debt. The new par debt along with original issuance premium utilized the remaining \$100,000,000 of authorized debt from the 2012 voter authorization.

Outstanding variable rate debt decreased by \$18 million compared to prior year ending balances as a result of redemptions through use of available debt service funds. Variable rate debt as a percentage of net bonded debt outstanding as of June 30, 2018 is 14.8 percent.

The District issued \$174,615,000 of maintenance tax notes on June 27, 2018. Including original issuance premiums the debt sale provided \$200,000,000 of project proceeds.

The District did not issue any contractual obligations during the year ended June 30, 2018. Contractual obligations, with a remaining balance of \$2,800,000 were previously issued for the purpose of acquiring personal property assets and are authorized pursuant to the laws of the State of Texas, including the Public Property Finance Act, Section 271.001 of the Texas Local Government Code.

Interest earnings on proceeds from debt issued since May 15, 1989, are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. The District records the liability as an assigned part of fund balance, if needed, on an annual basis. As of June 30, 2018, no arbitrage rebate liability is estimated to exist. More detailed information about the District's long term debt is presented in Note 8 of the "Notes to the Basic Financial Statements."

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Significant budget adjustments to appropriations include:

- Carryover encumbrances of \$102 million
- Hurricane Harvey remediation of \$73 million
- Reduction of Chapter 41/WADA payment of \$27 million
- Increase of \$56 million in transfers out for the rebuilding of four elementary schools damaged by Hurricane Harvey.

Total actual expenditures were \$111.4 million less than the final budget. Following were the key variances:

- \$45 million budgeted for a new Student Information System project that will continue into 2018-2019 and future years
- \$29 million of Hurricane Harvey expenditures were reclassified to federal grants
- \$16 million budgeted for plant maintenance and operations for projects to be completed in 2018-2019
- \$23 million under budget in salaries due to normal staffing vacancies and a hiring freeze due to budget cuts

The 2017-2018 final expenditure budget increased \$164.3 million over the prior year budget. This increase was due to an increase of \$65 million budgeted for Chapter 41/WADA payments; an increase of \$63 million budgeted for plant maintenance and operations due to Hurricane Harvey required repairs; and a \$20.7 million increase for capital outlay which was also related to Hurricane Harvey.

The final budgeted amount for revenues was \$1.952 billion. Actual revenues were over budget by \$38.3 million due to state and delinquent property tax revenue.

Budget amendments are presented to the Board of Education for consideration and approval throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's General Fund is funded primarily between local property taxes and state revenue. Through the state's funding formula, a school district receives a basic allotment for each student with weights added to that allotment if the student receives additional services such as special education, at-risk (state compensatory education) bilingual, gifted and talented, and career and technology. The District also receives other funds on top of student generated funding, such as the high school allotment, staff allotment, and transportation.

The 2018-2019 general fund budget, adopted in June 2018, included projected increases of \$17.3 million in revenues and \$16.7 in expenditures. The state revenue projections are based on an estimated average daily attendance (ADA) of 192,132.494 or 267,010.725 based on a weighted average daily attendance (WADA).

Under the current funding system, the District has a hold harmless level called targeted revenue. With this system, the District is guaranteed a minimum amount of revenue per Weighted Average Daily Attendance (WADA), between property taxes and state aid. Chapter 41 of the Texas Education Code (TEC) makes provisions for certain school districts to share their local tax revenue with other school districts. The relative wealth of the school district is measured in terms of the taxable value of property that lies within the school district borders divided by the weighted average daily attendance (WADA). The provisions of Chapter 41 are sometimes referred to as the "share the wealth" or "Robin Hood" plan because districts subject to Chapter 41 of the TEC are required to share their wealth with other school districts. The funds that are distributed by Chapter 41 districts are "recaptured" by the school finance system to assist with the financing of public education for all school districts.

In 2016-2017 the District was considered property wealthy (Chapter 41 or “Robin Hood”) and was required to equalize its wealth by trading Foundation School Program Funding in the amount of \$93 million to equalize its wealth. In 2017-2018, the District traded \$204 million of Foundation School Program Funding to equalize its wealth.

Actions of the 85th Legislature in 2017:

1. The basic allotment remained the same at \$5,140 for 2017-2018 and 2018-2019. This base amount is generated by every student in HISD.
2. The Equalized Wealth Level remained the same at \$514,000 for 2017-2018 and 2018-2019. This is the level at which a district becomes Chapter 41 (“Robin Hood”) and must send a portion of local property taxes to the state.
3. The Tier II (Austin Yield) changed to \$94.85 in 2017-2018 and \$106.37 in 2017-18. This funding is generated by \$.04 pennies of the District’s tax rate approved in 2006-2007.
4. The state mandated local homestead exemption was increased from \$15,000 to \$25,000 upon approval by voters in November 2015.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 4400 West 18th Street, Houston, Texas 77092, or call (713) 556-5500.



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,403,265	\$ 950	\$ 7,404,215
Investments	1,953,406,617	2,536,153	1,955,942,770
Delinquent taxes receivable - net of estimated uncollectible taxes	39,847,204	-	39,847,204
Accounts receivable	40,045,408	-	40,045,408
Due from other governments	112,206,379	31,115,495	143,321,874
Internal balances	498,978	(498,978)	-
Inventories	8,179,539	64,681	8,244,220
Other assets	9,907,974	-	9,907,974
Land	292,070,744	-	292,070,744
Construction in progress	822,811,628	-	822,811,628
Buildings and improvements	4,537,337,989	-	4,537,337,989
Property under capital lease	23,481,683	-	23,481,683
Furniture and equipment	204,975,834	450,672	205,426,506
Vehicles	134,688,746	-	134,688,746
Accumulated depreciation	(1,736,629,784)	(324,128)	(1,736,953,912)
Total assets	<u>6,450,232,204</u>	<u>33,344,845</u>	<u>6,483,577,049</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred losses on debt refundings	29,051,501	-	29,051,501
Deferred outflows related to TRS-Pension	256,668,752	-	256,668,752
Deferred outflows related to TRS-OPEB	9,526,982	-	9,526,982
	<u>295,247,235</u>	<u>-</u>	<u>295,247,235</u>
LIABILITIES			
Accounts payable	142,901,401	163,256	143,064,657
Accrued salaries and related expenses	123,552,811	59	123,552,870
Due to other governments	49,518,743	-	49,518,743
Other liabilities	80,546,232	-	80,546,232
Unearned revenues	10,224,801	-	10,224,801
Interest payable	47,667,827	-	47,667,827
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	201,106,956	-	201,106,956
Contractual obligations payable	1,400,000	-	1,400,000
Notes payable	10,090,000	-	10,090,000
Lease purchases	10,819,243	-	10,819,243
Accretion payable	2,575,483	-	2,575,483
Compensated absences payable	2,413,297	30,966	2,444,263
Claims payable	13,930,805	-	13,930,805
Portion due or payable after one year:			
Bonds payable	3,134,683,030	-	3,134,683,030
Contractual obligations payable	1,400,000	-	1,400,000
Notes payable	194,660,000	-	194,660,000
Lease purchases	13,404,127	-	13,404,127
Accretion payable	6,787,864	-	6,787,864
Compensated absences payable	33,092,802	93,124	33,185,926
Claims payable	5,486,502	-	5,486,502
Net pension liability (District's share)	464,672,473	-	464,672,473
Net OPEB liability (District's share)	652,967,581	-	652,967,581
Total liabilities	<u>5,203,901,978</u>	<u>287,405</u>	<u>5,204,189,383</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to TRS-Pension	176,401,254	-	176,401,254
Deferred inflows related to TRS-OPEB	273,173,794	-	273,173,794
	<u>449,575,048</u>	<u>-</u>	<u>449,575,048</u>
NET POSITION			
Net investment in capital assets	1,420,746,056	126,544	1,420,872,600
Restricted for:			
Debt service	76,991,838	-	76,991,838
Grants	62,903,803	-	62,903,803
Unrestricted	(468,639,284)	32,930,896	(435,708,388)
Total net position	<u>\$ 1,092,002,413</u>	<u>\$ 33,057,440</u>	<u>\$ 1,125,059,853</u>

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



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 993,744,972	\$ 2,334,403	\$ (15,220,150)	\$ (1,006,630,719)	-	\$ (1,006,630,719)
Instructional resources and media services	11,024,125	-	(1,269,535)	(12,293,660)	-	(12,293,660)
Instructional staff development	56,629,458	-	34,976,378	(21,653,080)	-	(21,653,080)
Instructional leadership	26,716,134	-	5,058,946	(21,657,188)	-	(21,657,188)
School leadership	96,092,512	-	(21,743,804)	(117,836,316)	-	(117,836,316)
Guidance, counseling, and evaluation services	45,699,226	-	6,525,610	(39,173,616)	-	(39,173,616)
Social work services	2,085,558	-	888,526	(1,197,032)	-	(1,197,032)
Health services	13,620,061	-	(750,641)	(14,370,702)	-	(14,370,702)
Student transportation	59,264,188	-	11,550,683	(47,713,505)	-	(47,713,505)
Food service	95,083,392	-	113,949,388	18,865,996	-	18,865,996
Co-curricular/extracurricular activities	17,097,818	400,260	(1,338,216)	(18,035,774)	-	(18,035,774)
General administration	29,646,295	-	(2,075,925)	(31,722,220)	-	(31,722,220)
Plant maintenance and operations	205,899,444	366,504	(749,579)	(206,282,519)	-	(206,282,519)
Security and monitoring services	17,118,026	-	(3,090,403)	(20,208,429)	-	(20,208,429)
Data processing services	73,051,368	-	(2,631,540)	(75,682,908)	-	(75,682,908)
Community services	6,306,700	-	4,994,550	(1,312,150)	-	(1,312,150)
Fiscal agent/member districts of shared services	3,045,173	-	3,045,173	-	-	-
Juvenile justice alternative education program	792,000	-	-	(792,000)	-	(792,000)
Tax reinvestment zone payments	56,170,397	-	-	(56,170,397)	-	(56,170,397)
Tax appraisal and collection	13,814,336	-	-	(13,814,336)	-	(13,814,336)
Chapter 41/Purchase of WADA	204,404,117	-	-	(204,404,117)	-	(204,404,117)
Interest and fiscal charges	93,472,234	-	-	(93,472,234)	-	(93,472,234)
Total governmental activities	2,120,777,534	3,101,167	132,119,461	(1,985,556,906)	-	(1,985,556,906)
Business-type activities:						
Nutrition services	-	-	-	-	-	-
Business development	3,760,760	3,504,667	-	-	(256,093)	(256,093)
Medicaid	6,327,467	2,639,068	36,237,575	-	32,549,176	32,549,176
Marketplace	1,130,270	1,400,135	-	-	269,865	269,865
Total business-type activities	11,218,497	7,543,870	36,237,575	-	32,562,948	32,562,948
Total activities	\$ 2,131,996,031	\$ 10,645,037	\$ 168,357,036	\$ (1,985,556,906)	\$ 32,562,948	\$ (1,952,993,958)
General revenues:						
Taxes:						
Maintenance & operations property taxes				1,701,821,616	-	1,701,821,616
Debt service property taxes				272,242,638	-	272,242,638
State aid - not restricted to specific programs				157,551,822	-	157,551,822
Tax increment reinvestment zone				30,250,708	-	30,250,708
Unrestricted investment earnings				26,551,157	304,954	26,856,111
Miscellaneous				25,298,359	13,402	25,311,761
Insurance Recovery				22,510,326	-	22,510,326
Transfers in (out)				39,776,855	(39,776,855)	-
Total general revenues and transfers				2,276,003,481	(39,458,499)	2,236,544,982
Change in net position				290,446,575	(6,895,551)	283,551,024
Net position—beginning				1,947,674,750	39,952,991	1,987,627,741
Prior period adjustment OPEB				(1,146,118,912)	-	(1,146,118,912)
Net position—beginning restated				801,555,838	39,952,991	841,508,829
Net position—ending				\$ 1,092,002,413	\$ 33,057,440	\$ 1,125,059,853

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	MAJOR				NONMAJOR		
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Capital Renovation Fund - PFC	Total Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 7,317,485	\$ 4,730	\$ -	\$ -	\$ 81,050	\$ 7,403,265	
Investments	801,188,566	51,122,315	128,183,864	863,670,821	20,399,049	1,864,564,615	
Delinquent taxes receivable - net of estimated uncollectible taxes							
Accounts receivable	35,210,745	-	4,636,459	-	-	39,847,204	
Due from other governments	8,840,410	642,957	2,458	30,365,315	-	39,851,140	
Due from other funds	34,554,388	75,196,338	2,455,653	-	-	112,206,379	
Inventories	50,598,376	-	872,378	2,911,690	-	54,382,444	
Other assets	3,193,447	4,986,092	-	-	-	8,179,539	
Total assets	9,349,646	426,440	14,397	77,500	23,342	9,891,325	
	<u>\$ 950,253,063</u>	<u>\$ 132,378,872</u>	<u>\$ 136,165,209</u>	<u>\$ 897,025,326</u>	<u>\$ 20,503,441</u>	<u>\$ 2,136,325,911</u>	
LIABILITIES							
Accounts payable	\$ 39,952,078	\$ 12,353,297	\$ 15,543	\$ 82,586,720	\$ 3,104,412	\$ 138,012,050	
Debt service payable	-	-	11,748,972	-	-	11,748,972	
Accrued salaries and expenditures	123,462,756	26,226	-	2,919	-	123,491,901	
Due to other governments	49,518,743	-	-	-	-	49,518,743	
Other liabilities	80,546,232	-	-	-	-	80,546,232	
Due to other funds	10,763,477	46,870,745	-	-	-	57,634,222	
Unearned revenues	-	10,224,801	-	-	-	10,224,801	
Total liabilities	<u>304,243,286</u>	<u>69,475,069</u>	<u>11,764,515</u>	<u>82,589,639</u>	<u>3,104,412</u>	<u>471,176,921</u>	
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	30,778,020	-	3,843,038	-	-	34,621,058	
Other deferred resource inflows	2,553,087	-	-	-	-	2,553,087	
Total deferred inflows of resources	<u>33,331,107</u>	<u>-</u>	<u>3,843,038</u>	<u>-</u>	<u>-</u>	<u>37,174,145</u>	
FUND BALANCES							
Nonspendable	11,394,093	-	-	-	-	11,394,093	
Restricted	-	62,903,803	120,557,656	734,975,292	17,399,029	935,835,780	
Committed	46,364,840	-	-	2,729,367	-	49,094,207	
Assigned	165,504,729	-	-	76,731,028	-	242,235,757	
Unassigned	389,415,008	-	-	-	-	389,415,008	
Total fund balances	<u>612,678,670</u>	<u>62,903,803</u>	<u>120,557,656</u>	<u>814,435,687</u>	<u>17,399,029</u>	<u>1,627,974,845</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 950,253,063</u>	<u>\$ 132,378,872</u>	<u>\$ 136,165,209</u>	<u>\$ 897,025,326</u>	<u>\$ 20,503,441</u>	<u>\$ 2,136,325,911</u>	

Total liabilities, deferred inflows of resources, and fund balances

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances— Governmental Funds \$ 1,627,974,845

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 cost of the assets is \$6,015,366,624 and the accumulated depreciation is \$1,736,629,784.	4,278,736,840
Property taxes and other receivables are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.	37,174,145
Internal service fund noncurrent assets included in the proprietary funds statement of net position.	(2,637,101)
Internal service funds are used by the District's management to charge the costs of workers' compensation, health insurance, and print shop activities to the funds. A portion of the assets and liabilities of the internal service funds are included with governmental activities.	71,073,208
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long term liabilities at year-end consist of:	
Bonds payable	\$ (3,081,467,263)
Accretion of interest payable	(9,363,347)
Contractual obligations payable	(1,400,000)
Notes payable	(194,660,000)
Compensated absences payable	(35,506,099)
Lease purchases payable	(24,223,370)
Premium on bonds payable	(254,322,723)
	(3,600,942,802)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(47,408,855)
Deferred gains and losses on the refunding of bonds are not reported in the funds but are considered deferred inflows and outflows in the statement of net position.	29,051,501
Included in the items related to debt is the recognition of the District's proportionate share of the pension liability:	
Net pension liability	\$ (464,672,473)
Deferred resource inflow related to TRS	(176,401,254)
Deferred resource outflow related to TRS	256,668,752
Decrease in Net Position	(384,404,975)
Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability:	
Net OPEB liability	\$ (652,967,581)
Deferred resource inflow related to TRS-OPEB	(273,173,794)
Deferred resource outflow related to TRS-OPEB	9,526,982
Decrease in Net Position	(916,614,393)
Total Net Position of Governmental Activities	\$ 1,092,002,413

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	MAJOR			NONMAJOR		Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund - PFC	Capital Renovation Fund	
REVENUES						
Property taxes	\$ 1,710,326,173	\$ -	\$ 273,662,311	\$ -	\$ -	\$ 1,983,988,484
Earnings on investments	10,408,645	645,193	1,436,784	268,909	-	25,732,548
Miscellaneous local sources	18,246,935	22,415,146	-	-	-	70,388,913
State sources	243,073,835	17,759,444	2,618,427	-	-	263,451,706
Federal sources	8,381,410	336,848,410	7,107,587	-	-	352,337,407
Total revenues	1,990,436,998	377,668,193	284,825,109	268,909	-	2,695,899,058
EXPENDITURES						
Current						
Instruction	1,054,217,502	141,961,026	-	-	-	1,196,178,528
Instructional resources and media services	9,246,603	189,630	-	-	-	9,436,233
Instructional staff development	27,141,888	41,413,560	-	-	-	68,555,448
Instructional leadership	20,307,711	9,628,713	-	-	-	29,936,424
School leadership	148,888,990	2,822,315	-	-	-	151,711,305
Guidance, counseling and evaluation services	47,489,488	14,840,742	-	-	-	62,330,230
Social work services	1,699,752	1,338,918	-	-	-	3,038,670
Health services	18,657,747	2,968,385	-	-	-	21,626,132
Student transportation	69,146,802	3,430,622	-	-	-	72,577,424
Food services	-	124,090,805	-	-	-	124,090,805
Co-curricular/extracurricular activities	19,493,953	1,906,714	-	-	-	21,400,667
General administration	37,861,920	2,705,668	-	-	-	40,567,588
Plant maintenance and operations	226,626,540	14,023,806	-	-	-	240,650,346
Security and monitoring services	25,073,050	968,393	-	-	-	26,041,443
Data processing services	64,835,876	6,294,379	-	-	-	71,130,255
Community services	2,294,499	5,921,673	-	-	-	8,216,172
Fiscal agent/member districts of shared services arrangements	-	3,045,173	-	-	-	3,045,173
Juvenile justice alternative education program	792,000	-	-	-	-	792,000
Tax reinvestment zone payments	56,170,397	-	-	-	-	56,170,397
Tax appraisal and collection	13,814,336	-	-	-	-	13,814,336
Chapter 41/Purchase of WADA	204,404,117	-	-	-	-	204,404,117
Debt service						
Principal	14,216,599	-	202,634,393	-	-	216,850,992
Interest	498,626	-	129,865,764	-	-	130,364,390
Fiscal charges	-	-	740,121	-	-	740,121
Capital outlay						
Facilities acquisition and construction	21,463,684	130,577	-	11,379,573	-	593,524,936
Total expenditures	2,084,342,080	377,681,099	333,240,278	11,379,573	-	3,367,194,132
Excess (deficiency) of revenues over (under) expenditures	(93,905,082)	(12,906)	(48,415,169)	(11,110,664)	-	(671,295,074)
OTHER FINANCING SOURCES (USES)						
Transfers in	29,274,879	25,858,259	39,936,152	-	-	151,069,290
Transfers out	(88,500,216)	-	-	-	-	(95,936,152)
Issuance of bonds and other debt	-	-	-	-	-	261,575,000
Premium on the sale of bonds	-	-	-	-	-	40,253,761
Capital leases	23,481,683	-	-	-	-	23,481,683
Insurance proceeds	40,478,727	-	-	-	-	40,478,727
Total other financing sources (uses)	4,735,073	25,858,259	39,936,152	-	-	420,922,309
Net change in fund balances	(89,170,009)	25,845,353	(8,479,017)	(11,110,664)	-	(250,372,765)
Fund balances--beginning	701,848,679	37,058,450	129,036,673	28,509,693	-	1,878,347,610
Fund balances--ending	\$ 612,678,670	\$ 62,903,803	\$ 120,557,656	\$ 17,399,029	\$ -	\$ 1,627,974,845

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances—Governmental Funds \$ (250,372,765)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Facilities acquisition and construction and other acquisitions	664,721,521	
Disposals	(123,011,477)	
Depreciation expense	(150,506,493)	
Interfund transfer - Nutrition Services Fund	<u>3,191,122</u>	394,394,673

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from the sale of bonds is a source of financing in the governmental funds, but the statement of net position recognizes it as an increase in the long term liabilities. The changes in long term liabilities at year end consist of:

Bonds payable	104,184,393	
Contractual obligations payable	1,400,000	
Notes payable	(164,525,000)	
Amortization of premium on bonds payable	11,392,846	
Lease purchase payable, net	(7,481,016)	
Accretion payable, net	1,711,614	
Interfund transfer - Nutrition Services Fund	<u>(18,547,405)</u>	(71,864,568)

Deferred inflows of gains and losses on debt refunding are amortized over the term of the bonds in the statements but are expensed in the year incurred in governmental funds. (3,369,759)

Property taxes and other receivables, that will not be collected until after the District's fiscal year end, are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues, net of allowance for bad debt, and other deferred revenues decreased by this amount. (8,850,614)

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. (10,536,490)

The net effect of various miscellaneous transactions involving capital assets having the effect of decreasing net position. (363,502)

In the statement of activities, compensated absences (sick pay, state personal leave, vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amounts earned exceeded the compensated absences used. (677,365)

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation, health insurance, and print shop activities, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with governmental activities. 13,208,872

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 resource inflow related to TRS (increased)	(94,403,945)	
Deferred resource outflow related to TRS (decreased)	(105,844,857)	
Net pension liability decreased	<u>199,622,376</u>	(626,426)

The net change in net other postemployment benefit 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 resource inflow related to TRS-OPEB (increased)	(273,173,794)	
Deferred resource outflow related to TRS-OPEB increased	2,864,612	
Net OPEB liability decreased	<u>499,813,701</u>	<u>229,504,519</u>

Change in Net Position of Governmental Activities \$ 290,446,575

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-type Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 950	\$ -
Investments	2,536,153	88,842,002
Receivables	-	194,268
Due from other governments	31,115,495	-
Due from other funds	371,739	6,607,670
Accrued interest	-	16,649
Inventories	64,681	-
Total current assets	<u>34,089,018</u>	<u>95,660,589</u>
Noncurrent assets:		
Buildings and improvements	-	2,146,578
Furniture and equipment	450,672	1,280,192
Vehicles	-	182,311
Less accumulated depreciation	<u>(324,128)</u>	<u>(971,980)</u>
Total noncurrent assets	<u>126,544</u>	<u>2,637,101</u>
Total assets	<u>34,215,562</u>	<u>98,297,690</u>
LIABILITIES		
Current liabilities:		
Accounts payable	163,256	4,889,351
Due to other funds	3,005,700	721,931
Accrued salaries payable	59	60,910
Compensated absences payable	30,966	83,067
Claims and judgments payable	-	13,930,805
Total current liabilities	<u>3,199,981</u>	<u>19,686,064</u>
Noncurrent liabilities:		
Compensated absences payable	93,124	249,201
Claims and judgments payable	-	5,486,502
Total noncurrent liabilities	<u>93,124</u>	<u>5,735,703</u>
Total liabilities	<u>3,293,105</u>	<u>25,421,767</u>
NET POSITION		
Net investment in capital assets	126,544	2,637,101
Unrestricted	30,795,913	70,238,822
Total net position	<u>\$ 30,922,457</u>	<u>\$ 72,875,923</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund operations are included with business-type activities.

	<u>2,134,983</u>
Net position of business-type activities	<u>\$ 33,057,440</u>

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Nutrition Services Fund	Nonmajor Enterprise Funds	Totals	
OPERATING REVENUES:				
Charges for sales and services:				
Sales to customers	\$ -	\$ 1,400,135	\$ 1,400,135	\$ 23,419,076
Consulting services	-	6,143,735	6,143,735	-
Charges to employees and other funds	-	-	-	158,204,737
Miscellaneous	-	13,402	13,402	9,887,991
Total operating revenues	-	<u>7,557,272</u>	<u>7,557,272</u>	<u>191,511,804</u>
OPERATING EXPENSES:				
Payroll costs	-	2,989,030	2,989,030	15,233,356
Purchased and contracted services	-	7,581,873	7,581,873	12,650,227
Supplies and materials	-	1,159,608	1,159,608	2,377,594
Other operating expenses	-	450,879	450,879	1,231,993
Claims and judgments	-	-	-	146,449,690
Depreciation	-	59,668	59,668	229,637
Total operating expenses	-	<u>12,241,058</u>	<u>12,241,058</u>	<u>178,172,497</u>
Operating income (loss)	-	<u>(4,683,786)</u>	<u>(4,683,786)</u>	<u>13,339,307</u>
NONOPERATING REVENUES (EXPENSES):				
Earnings on investments	-	304,954	304,954	818,609
Capital asset contribution to Special Revenue Fund	(3,191,122)	-	(3,191,122)	-
Debt assignments to Special Revenue Fund	18,547,405	-	18,547,405	-
School health services (SHARS)	-	36,237,575	36,237,575	-
Miscellaneous	-	-	-	73,517
Total nonoperating revenue	<u>15,356,283</u>	<u>36,542,529</u>	<u>51,898,812</u>	<u>892,126</u>
Income (loss) before transfers	15,356,283	31,858,743	47,215,026	14,231,433
Transfers out	<u>(25,858,259)</u>	<u>(29,274,879)</u>	<u>(55,133,138)</u>	<u>-</u>
Change in net position	(10,501,976)	2,583,864	(7,918,112)	14,231,433
Total net position—beginning	10,501,976	28,338,593	-	58,644,490
Total net position—ending	<u>\$ -</u>	<u>\$ 30,922,457</u>	<u>-</u>	<u>\$ 72,875,923</u>
Some amounts reported for business-type activities in the statement of activities are different because a portion of the net revenue (expense) of certain internal service funds is reported with business-type activities.				<u>1,022,561</u>
Change in net position of business-type activities			<u>\$ (6,895,551)</u>	

Nutrition Services Fund was reclassified as a governmental fund effective fiscal year 2018.

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
	Nutrition Services Fund	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from user charges	\$ -	\$ (904,047)	\$ (904,047)	\$ 198,504,574
Receipts from other funds	-	(23,289)	(23,289)	-
Other receipts	-	-	-	10,552,728
Payments to suppliers	-	(12,802,467)	(12,802,467)	(11,822,037)
Payments to employees	-	(2,975,245)	(2,975,245)	(15,336,792)
Claims paid	-	-	-	(148,639,270)
Net cash provided by (used in) operating activities	-	(16,705,048)	(16,705,048)	33,259,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from SHARS	-	36,237,575	36,237,575	-
Transfers to other funds	(2,760)	(29,274,879)	(29,277,639)	-
Net cash provided by (used in) noncapital financing activities	(2,760)	6,962,696	6,959,936	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(591,485)
Net cash provided by (used in) capital and related financing activities	-	-	-	(591,485)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	(61,738,227)	(61,738,227)	(216,222,668)
Proceeds from sales and maturities of investments	-	71,175,825	71,175,825	182,662,824
Interest and dividends	-	304,954	304,954	818,609
Net cash provided by (used in) investing activities	-	9,742,552	9,742,552	(32,741,235)
CASH FLOWS FROM NONOPERATING ACTIVITIES				
Proceeds from insurance claims	-	-	-	73,517
Net cash provided by (used in) nonoperating activities	-	-	-	73,517
Net increase (decrease) in cash and cash equivalents	(2,760)	200	(2,560)	-
Balances—beginning of the year	2,760	750	3,510	-
Balances—end of the year	\$ -	\$ 950	\$ 950	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ -	\$ (4,683,786)	\$ (4,683,786)	\$ 13,412,824
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	59,667	59,667	228,724
Unrealized gain (loss) on investments	-	-	-	(6,697)
Change in assets and liabilities:				
Receivables	-	(8,461,320)	(8,461,320)	30,893
Inventories and other assets	-	(14,102)	(14,102)	-
Accounts payables	-	(874,566)	(874,566)	3,653,691
Due from other funds	-	(2,744,726)	(2,744,726)	27,720,123
Due to other funds	-	-	-	(9,486,689)
Accrued salaries payable	-	(2,049)	(2,049)	58,621
Compensated absences payable	-	15,834	15,834	2,990
Current portion of claims and judgments	-	-	-	(1,747,704)
Other long term claims and judgments	-	-	-	(596,126)
Other	-	-	-	(11,447)
Net cash provided by (used in) operating activities	\$ -	\$ (16,705,048)	\$ (16,705,048)	\$ 33,259,203
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets to governmental activities	\$ 3,191,122	\$ -	\$ 3,191,122	\$ -
Transfers of noncapital assets and liabilities to governmental activities	18,547,405	-	18,547,405	-

Nutrition Services Fund was reclassified as a governmental fund effective fiscal year 2018.

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



FINANCIAL EXCELLENCE SUPPORTING ACADEMIC SUCCESS

(This page left blank intentionally)

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 4,050
Investments	5,302,647	15,634,294
Accounts receivable	-	15,352
Total assets	<u>5,302,647</u>	<u>15,653,696</u>
LIABILITIES		
Accounts payable	15,598	827,127
Accrued salaries payable	-	2,124
Other liabilities	-	2,789
Due to student/administrative groups	-	14,821,656
Total liabilities	<u>15,598</u>	<u>\$ 15,653,696</u>
NET POSITION		
Held in trust for scholarships	<u>5,287,049</u>	
Total net position	<u>\$ 5,287,049</u>	

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

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Gifts and contributions	\$ 1,493
Earnings on investments	76,246
Total additions	<u>77,739</u>
DEDUCTIONS	
Scholarships awarded	<u>548,914</u>
Total deductions	<u>548,914</u>
Change in net position	(471,175)
Net position - beginning of the year	<u>5,758,224</u>
Net position - end of the year	<u>\$ 5,287,049</u>

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



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Houston Independent School District ("District") is an independent school district created and incorporated through legislation enacted by the Thirty-Eighth Texas State Legislature in 1923. The District is the largest school district in Texas and is governed by the Board of Education, composed of nine Board Members, all of whom are elected officials.

In accordance with Governmental Accounting Standards Board ("GASB"), a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the District are financially accountable, or for which the relationship to the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the District. The District's blended component unit, although a legally separate entity, is in substance a part of the District's operations, and so data from this entity is combined with data of the primary government.

The criteria used to determine whether an organization is a component unit of the District includes: financial accountability of the District for the component unit, whether the District appoints a voting majority of the entity's board, the ability to impose the District's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden to the District, and whether services are provided entirely or almost entirely to the District.

For financial reporting purposes, the Houston Independent School District Public Facility Corporation ("Public Facility Corporation") is included as a blended component unit in the operations and activities of the District. The criteria used to include the Public Facility Corporation as a blended component unit of the District include: the District appoints a voting majority of the Public Facility Corporation's governing body, the District is able to impose its will on the Public Facility Corporation, and the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects. The Public Facility Corporation's data is reported in a separate column in the governmental funds financial statements.

For financial reporting purposes, the Houston Independent School District GEAR UP Trust ("GEAR UP Trust") is included in the fiduciary activities of the District because of the financial accountability of the District, the appointment of a voting majority, and the fiscal dependency criteria whereby the GEAR UP Trust serves the District's students exclusively. The GEAR UP Trust was incorporated to ensure that the scholarship funds are properly spent and to guarantee a college scholarship to the eligible students at participating schools of the GEAR UP program. The GEAR UP financial information is blended with that of the District in the Statement of Fiduciary Net Position for Private-Purpose Trust Funds. Separate financial statements for GEAR UP Trust are not issued.

During fiscal year 2018, the District adopted *GASB Statement 75, Accounting and Financial Reporting for OPEB* which improves the usefulness of financial reports of employer governments whose employees are provided with other post-employment benefits (OPEB). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The amount of the prior period adjustment is a reduction in the beginning net position of \$1,146,118,912. The entire prior period adjustment is attributable to Governmental Activities. The restated beginning net position for the Governmental Activities is \$801,555,838, \$39,952,991 for Business-type Activities and a combined \$841,508,829 for the total Primary Government.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities of the government-wide financial statements report information on all of the nonfiduciary activities of the District and its blended component unit. The District eliminates from the Statement of Net Position and the Statement of Activities most interfund receivables, payables and transfers between funds. Interfund services provided and uses are not eliminated in the process of consolidation. Governmental activities, which normally 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 are offset by program revenues. Program revenues include (1) charges to customers or applicants for goods or services provided, and (2) grants and contributions that are restricted to meeting operational requirements of a particular function. Program revenues included in the Statement of Activities reduce the cost of the function to be financed from general revenues. Taxes and other items not restricted to specific programs are properly excluded from program revenues and reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds 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

Government-wide Financial Statements - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33. 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 have been met and funds are available to meet current expenditures.

Fund Financial Statements - 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. State aid and miscellaneous revenues, other than property taxes, are considered to be available when they are collected within the current period or within 90 days of the fiscal year end to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures are generally recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures are recognized in the current fiscal period for debt service principal and interest payments due within 30 days in the subsequent fiscal period as these funds have been set aside for that purpose. Compensated absences and claims and judgments are recorded only when payment is due. Proprietary fund statements are reported using the *economic resources*

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

measurement focus and the accrual basis of accounting. Fiduciary fund statements are reported using the *economic resources measurement focus and the accrual basis of accounting.*

FUNDS

The District reports its financial activities through the use of “fund accounting.” The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to assist management in demonstrating compliance with finance-related legal and contractual provisions. As required by the Texas Education Agency, the following fund types are included in the financial statements:

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources, and the related liabilities are accounted for through the Governmental Fund Types. The following are the District's major governmental funds:

- *General Fund* - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.
- *Special Revenue Fund* - The Special Revenue Fund is used to account for Nutrition Services activities as well as federal, state, and locally financed programs where unused balances are returned to the grantor at the close of specific grant periods.
- *Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, general long-term debt and related costs.
- *Capital Renovation Fund* - The Capital Renovation Fund is used to account for financial resources to be used for the acquisition, renovation or construction of capital facilities.

Proprietary Funds

Proprietary Funds are used to account for operations that are financed in a manner similar to those found in the private sector, where the determination of net income is appropriate for sound financial administration.

- *Enterprise Funds* - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private enterprise where the District's intent is to provide services financed primarily through user charges. The District's enterprise funds include Business Development, Medicaid, and the Marketplace activities.
- *Internal Service Funds* - The Internal Service Funds are used to account for operations related to the Print Shop, Alternative Certification Program, Athletics, University Interscholastic League (“UIL”), Shared Services, and risk financing activities of the District.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers and other funds for sales and services. Operating expenses for proprietary funds include the cost of sales

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds.

- *Private-Purpose Trust Funds* - Private-purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds being held in trust for students.
- *Agency Funds* - Agency funds are custodial in nature. These funds have no equity. Assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. Agency funds use the accrual basis of accounting to recognize assets and liabilities. The District's agency funds represent school class and club activity funds.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Stewardship, Compliance, and Accountability

The District is required by law to prepare and file a budget with the Texas Education Agency (TEA). Activities of the General Fund, Nutrition Services Fund, and Debt Services Fund are included in the District's formally adopted budget. Budgets for the Special Revenue Fund (other than Nutrition Services) and Capital Projects Fund are approved on a project basis. The District is required to present the adopted and final amended budgeted revenues and expenditures and actual revenues and expenditures for the General Fund, Nutrition Services and Debt Service Fund. These budgets are in the financial section of the Comprehensive Annual Financial Report.

Pensions

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Cash and Cash Equivalents

The District's *Cash Management and Investment Policy* requires all deposits to be fully collateralized with depository insurance; obligations of the United States of America or its agencies and instrumentalities (excluding those mortgage backed securities prohibited by the Public Funds Investment Act); public funds investment pools; or in any other manner and amount provided by law for deposits of the District. At all times, such securities are to have a fair value sufficient to fully collateralize deposit balances as adjusted by the amount of applicable depository insurance pursuant to Texas Government Code Section 2257.022.

The District considers cash and cash equivalents to be cash on hand and demand deposits. All other monetary assets are treated as investments including certificates of deposit, investment pools, money market instruments, and other securities defined under the Public Funds Investment Act.

Investments

Investments are stated at fair value where applicable under the GASB statements, which is the amount at which the investment can be exchanged in a current transaction between willing parties. Management of the District believes that in the areas of investment practice, management reports, and establishment of appropriate policies, the District adhered to the requirements of the State of Texas Public Funds Investment Act. Additionally, management of the District believes that investment practices of the District were in accordance with local policies.

Receivables

All trade and property tax receivables are shown net of allowance for uncollectibles. The property tax receivable allowance is 61.6 percent of outstanding property taxes at June 30, 2018.

Inventories and Prepaids

Under the moving average inventory method, the average cost of each inventory item in stock is recalculated after every inventory purchase. This method tends to yield inventory valuations and cost of goods sold that are in-between those derived under the first in, first out (FIFO) method and the last in, last out (LIFO) method. These materials and supplies are subsequently charged to expenditures when consumed. Inventories include instructional materials, plant maintenance operating supplies, as well as nutrition services food and supplies. Revenue for donated commodities is recognized when the commodities are received. Inventories and prepaids are offset at year end by non-spendable fund balance in the governmental fund financial statements.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the portion of the applicable appropriation, is employed in the Governmental Fund Types on the governmental fund financial statements. Encumbrances, which have not been liquidated, are reported as assigned fund balances.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Capital Assets

Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital acquisition and construction are reflected as expenditures in governmental funds. Land, buildings and improvements, furniture and equipment, and vehicles are recorded at historical cost if purchased or constructed. The capitalization threshold is a unit cost of \$5,000. Donated capital assets are recorded at estimated acquisition value at the date of donation. Depreciation on all depreciable capital assets begins on the date the asset is placed into service using the straight-line method of depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings and improvements	40 years
Vehicles:	
Buses	12 years
Medium	7 years
Small	5 years
Furniture	5 years
Equipment	5 years
Capital leases	5 years

Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other balances between funds are reported as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

A description of the basic types of interfund transactions and the related accounting policies are as follows:

- Charges for services are reported as revenues for the performing fund and expenditures/expenses of the requesting fund.
- Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund that is reimbursed.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

- All other interfund transfers, such as legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, are transfers. Transfers are classified as other financing sources or uses in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

For reporting at the government-wide financial statement level, the District eliminates direct interfund charges for services and the balances created within the same activity categories (i.e. governmental vs. business-type). This process ensures neither governmental nor business-type activities report direct internal revenue/expenditures. Interfund activity and balances resulting from transactions with the fiduciary funds are not eliminated. Instead, the fiduciary interfund activity and balances are treated as transactions with an external party. The Internal Service Funds are essentially repositories for income, expenses, assets and liabilities of the District's health insurance, worker's compensation, print shop, alternative certification, athletics, shared services, and UIL activities.

Compensated Absences

The District's contract employees earn one day of sick leave per month for all months under contract, which may either be taken or accumulated with no limitation. Accumulated sick leave balances are not paid upon termination from the District, except those paid on retirement or death of employees who meet certain eligibility requirements and were hired prior to October 10, 1972.

Twelve-month employees earn vacation ranging from two to four weeks per year based on length of service. Vacation days may be carried over from one contract year to another with a maximum limit of 30 days. For twelve-month employees, the contract runs from September 1st through August 31st.

The District accrues vacation, state personal leave, and eligible sick leave in the government-wide and proprietary fund financial statements. A liability and related expenditure for these amounts is reported in the governmental funds only if they have matured as a result of employee retirements or resignations and are due.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Gains and losses on refundings are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period(s) and therefore, will not be recognized as an outflow of resources (expenses/expenditures)

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

until then. Included in this category are deferred losses on refunding, TRS pension costs, and TRS OPEB costs.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until then. Included in this category are TRS pension and OPEB. The Governmental Funds Balance Sheet also includes a section for deferred inflows of resources. Unavailable revenue is reported as deferred inflows of resources only in the Governmental Funds Balance Sheet.

NET POSITION AND FUND BALANCES

Government-wide Financial Statements

The District's net position is composed of the following:

Net Investment in Capital Assets - the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for Grants - the component of net position that reports the difference between assets and liabilities of the Special Revenue Fund that consists of assets with constraints placed on their use by the Department of Education, Department of Agriculture, TEA, and other grantor agencies and organizations.

Unrestricted - the difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, and net position restricted for grants.

The District applies restricted resources before unrestricted resources when an expense is incurred for which restricted net position is available.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable Fund Balance

Non-spendable fund balance is that portion of fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use. Non-spendable fund balance reserves include inventories and prepaid items.

Spendable Fund Balance

Spendable fund balance is the portion of fund balance that is comprised of restricted, committed, assigned, and unassigned fund balances.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Restricted Fund Balance -- the component of the spendable fund balance constrained to a specific purpose by the provider, such as a grantor. Restricted fund balance includes funds for the Nutrition Services program, funds restricted for construction programs, funds used to retire debt, and resources from other granting agencies.

Committed Fund Balance -- the component of the spendable fund balance constrained to a specific purpose by a resolution approved by the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action used to establish it. Committed fund balance includes funds for potential litigation, claims, and judgments.

Assigned Fund Balance -- the component of the spendable fund balance that is earmarked for a specific purpose by the Superintendent or Chief Financial Officer. The assigned amounts can only be removed by the Superintendent or Chief Financial Officer. Assigned fund balance includes funds for encumbrances which are purchase orders, contracts, and other commitments for the expenditure of funds that are carried forward, insurance deductibles, specific program costs, and other legal issues.

Unassigned Fund Balance -- the component of the spendable fund balance within the General Fund which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

In general, it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

FUND BALANCES	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Capital Renovation Fund - PFC	Total Governmental Funds
Nonspendable						
Inventory	\$ 3,193,447	\$ -	\$ -	\$ -	\$ -	\$ 3,193,447
Prepays	8,200,646	-	-	-	-	8,200,646
Restricted						
Special Revenue/Grants	-	62,903,803	-	-	-	62,903,803
Debt Service	-	-	120,557,656	-	-	120,557,656
Capital Projects	-	-	-	734,975,292	17,399,029	752,374,321
Committed						
Contingency Operating Reserve	46,364,840	-	-	-	-	46,364,840
Pay-As-You-Go Capital Program	-	-	-	2,729,367	-	2,729,367
Assigned						
Auto/General Liability	3,000,000	-	-	-	-	3,000,000
Insurance Programs	25,000,000	-	-	-	-	25,000,000
ERP Projects	30,589,556	-	-	-	-	30,589,556
Encumbrances	51,152,797	-	-	-	-	51,152,797
School Carryforward	454,126	-	-	-	-	454,126
PFC Debt Service/Capital Projects	55,308,250	-	-	76,731,028	-	132,039,278
Unassigned	389,415,008	-	-	-	-	389,415,008
Total fund balances	\$ 612,678,670	\$ 62,903,803	\$ 120,557,656	\$ 814,435,687	\$ 17,399,029	\$ 1,627,974,845

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Encumbrances are commitments to expend resources and are documented by purchase orders and contracts. General Fund outstanding encumbrances at June 30, 2018 that were subsequently provided for in the 2018-19 budget totaled \$51,152,797 and were charged to the following functions:

Function 51 – Plant maintenance and operations	\$ 16,676,970
Function 53 – Data processing services	14,737,566
Function 11 – Instruction	12,387,879
Various other functions	7,350,382

NOTE 2: HISD PUBLIC FACILITY CORPORATION

The Houston Independent School District Public Facility Corporation is a public non-profit corporation, the creation of which was sponsored by the District pursuant to the Public Facility Corporation Act, Article 717s, Vernon's Texas Civil Statutes, as amended (the "Public Facility Corporation Act"). The Public Facility Corporation Act authorizes the creation and utilization by school districts of public facility corporations to issue bonds to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placing in service of public facilities of its governmental sponsor and further authorizes the governmental sponsor to incur lease purchase obligations in favor of the corporation to serve as security for the bonds issued by the Public Facility Corporation.

To accomplish the financings, the Public Facility Corporation and the District have entered into a number of "Leases With An Option to Purchase" pursuant to the terms of which the District will pay to the Public Facility Corporation such lease payments at such times and in such amounts as will be required to pay the principal and premium, if any, and interest on the lease revenue bonds as they become due.

The Public Facility Corporation has utilized this structure to issue Lease Revenue Bonds for building two high schools in 1998, a food warehouse facility in 2006, four elementary schools in 2010 and three instructional facilities in 2015. The Public Facility Corporation refunded the Series 2006 (food warehouse) bonds in fiscal year 2017 for the purpose of decreasing debt service costs in future years.

NOTE 3: CASH DEPOSITS AND INVESTMENTS

Statutes of the State of Texas and policies mandated by the District's Board of Education authorize the District to invest in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, corporate bonds, public fund investment pools, mutual funds and money market accounts. All investments are held separately in each of the funds. With the exception of the Public Facility Corporation, all bank demand accounts are held within the General Fund.

Funds held at the depository bank were properly secured at all times with the exceptions of November 7, 2017 and December 28, 2017. The following disclosure pertains to the date of highest deposit:

- a. Name of depository bank: JP Morgan Chase Bank
- b. Amount of bond or security pledged as of the date of the highest balance on deposit was \$7,988,662.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

- c. Highest cash deposit account balances amounted to \$129,084,583 and occurred on December 28, 2017. The collateral requirement that applied to total deposits that day was \$128,834,583. The under-collateralization of \$120,845,921 on this date was the result of unexpectedly receiving a wire transfer of \$127,541,434 at 5:01 PM CST from the tax assessor/collector. The payment should have been sent via ACH for settlement the following day. The excess funds were transferred to District investment accounts on December 29th. There was no loss experienced by the District.
- d. Total amount of Federal Deposit Insurance Corporation ("FDIC") coverage at the time of highest balance was \$250,000 for all accounts.

Cash, Demand and Time Deposits

As of June 30, 2018, the carrying amount of the District's demand deposits and cash on hand was \$7,327,215. The \$23,105,574 bank balance was fully covered on June 30, 2018 by a combination of federal deposit insurance through the FDIC, collateralization by securities held by the District's depository in joint safekeeping at the Federal Reserve Bank in the District's name, and a Federal Home Loan Bank Letter of Credit issue with the District as beneficiary. The HISD Public Facility Corporation's \$81,050 was held in money market accounts at the Bank of New York Mellon Trust Company, N. A.

The District purchased nonnegotiable certificates of deposit issued by East West Bank, Independent Bank, and Unity Bank, of \$90,000,000, \$10,000,000, and \$240,000, respectively, as of June 30, 2018, for a total of \$100,240,000, or 5.07 percent of the investment portfolio. The collateral for the East West Bank certificates is comprised of a Federal Home Loan Bank Letter of Credit in the amount of \$92,700,000 issued with the District as beneficiary. The collateral for the Independent Bank certificate of deposit is comprised of Federal Home Loan Bank Letter of Credits in the amount of \$20,500,000 issued with the District as beneficiary. Unity Bank's certificate of deposit is covered in full by the FDIC; therefore, it requires no additional collateral under the Public Funds Investment Act, Section 2257.022. Certificates of deposit are reported at cost by the District.

Investments

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* ("GASB Statement No. 31"), the District's investment securities have been recorded at fair value based upon quoted market prices as of June 30, 2018, with the increase or decrease in fair value being recorded as a component of earnings on investments. None of the District's investment securities have been reported at amortized cost.

The District's investments in public funds investment pools and money market mutual funds include those with the Lone Star Investment Pool ("LSIP"), TexSTAR, and TexPool. The fair value of the District's position in the above pools is the same as the value of the pool shares.

LSIP is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas, Article 4413(32c), Vernon's Texas Civil Statutes, as amended, and is designed to provide participating local governments with investment vehicles for local funds that may be required for immediate expenditure. The primary objective of the LSIP is to emphasize the importance of safety of principal and liquidity of pool assets. The administrator and distributor of LSIP is First Public, LLC, a Texas limited liability company. Investment advisory services are provided by American Beacon Advisors and Standish Mellon Asset Management Company. The

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

custodial account is managed by State Street Bank and Trust while CAPTRUST Financial Advisors provides investment consulting services.

The Lone Star Government Overnight Fund is a stable net asset value fund rated AAAM by Standard & Poor's rating service, Lone Star Corporate Overnight Fund is a stable net asset value fund rated AAAM by Standard & Poor's, and the Lone Star Corporate Overnight Plus Fund is a stable net asset value rated AAAs/S1+ by Standard & Poor's. All of these funds seek to maintain a stable \$1.00 net asset value.

The District's investment in LSIP's Government Overnight Fund, Corporate Overnight Fund, and the Corporate Overnight Plus Fund, as of June 30, 2018 was \$192,565,857, \$173,065,907 and \$274,832,861, respectively, for a total of \$640,464,625 representing 32.40 percent of the total portfolio.

TexPool is a public funds investment pool operated by the Texas Treasury Safekeeping Trust Company, an entity of which the Texas Comptroller of Public Accounts is the sole officer, director, and shareholder. Administrative and investment services are provided by Federated Investors, Inc. TexPool and TexPool Prime funds are rated AAAM by Standard & Poor's.

As of June 30, 2018, the District's investment in TexPool and TexPool Prime was \$426,414,643 and \$250,548,158, respectively, for a total of \$676,962,801 representing 34.24 percent of the total portfolio.

TexSTAR was created in April 2003, also under the Interlocal Cooperation Act. Hilltop Securities, Inc. and J.P. Morgan Investment Management Inc. are co-administrators. JPMorgan Investment Management, Inc. provides investment management services while Hilltop Securities, Inc. provides participant services and marketing. The fund is rated AAAM by Standard & Poor's.

As of June 30, 2018, the District's investment in TexSTAR was \$483,676,142, or 24.70 percent of the portfolio. As with all the investment pools, funds are readily available to support daily cash requirements. The balance includes the HISD Public Facility Corporation's \$14,563,982 invested in TexSTAR through its trustee, the Bank of New York Mellon Trust Company, N.A. These funds are restricted for use in the building of specific school projects as defined in bond issuance documents.

The District holds investments in U.S. Agency Securities, issued by Federal Farm Credit Bank ("FFCB") and Federal Home Loan Mortgage Corporation ("FHLMC") as of June 30, 2018. Investments in these securities total \$64,737,265 and represent 3.27 percent of the value of the total portfolio.

The District has invested in Municipal Bonds, issued by local or state governments. Investments in these Municipal Bonds total \$10,798,878 and represent 0.55 percent of the value of the total portfolio.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3, establishes and modifies disclosure requirements related to deposits and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.

To ensure compliance with the various risk factors addressed in GASB Statement No. 40, the District's Investment Advisory Committee reviewed the *Cash Management and Investment Policy*. The *Cash Management and Investment Policy* is reviewed by the Investment Advisory Committee at least annually and presented to the Board of Education for approval. The Investment Officers

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

submit a Quarterly Investment Report to the Board of Education certifying that all investments were purchased in compliance with the *Cash Management and Investment Policy*.

The District's *Cash Management and Investment Policy* contains the following objectives:

- (1) assure the safety of District's funds;
- (2) maintain sufficient liquidity to provide adequate and timely working funds;
- (3) maintenance of the public trust as custodians and managers responsible for the investing of funds subject to state and federal laws;
- (4) optimization of yield as expressed in terms of rate of return and interest earnings;
- (5) diversification of investments as relating to maturity, instruments, and issuers shall be considered a priority within the context of the overall investment policy; and
- (6) avoid investments for speculation.

All objectives are approached with the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the capital, as well as the probable income to be derived. Preservation of District capital is of highest importance. All participants in the investment process seek to act responsibly as custodians of the public trust. Investment officials avoid any transaction that might impair public confidence in the District's ability to govern effectively.

Interest Rate Risk

As a means of limiting its exposure to fair value losses that could occur from rising interest rates, the District's investment policy limits the maturities of investments and prohibits any investment for speculative gains. The available funds in the General Fund may be invested for greater than one year provided that all cash flow requirements have been met. Available monies in all other funds, except for bond proceeds, can be invested for a period of up to ten years provided that cash flow needs are met. Bond proceeds can be invested for a period up to five years provided that the drawdown schedules permit such maturities.

The District recognizes that investment risks can result from market price changes. Portfolio diversification is employed as a way to control risk. Investment officers are expected to display prudence in the selection of securities, as a way to minimize risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

At June 30, 2018, the District's exposure to interest rate risk as measured by segmented time distribution by investment type is summarized below:

	6/30/2018 Fair Value	Issuer Concentration	Investment Maturities in Years	
			Less than 1	1-5
Municipal Bonds	\$ 10,798,878	0.55%	\$ 10,798,878	\$ -
FFCB	32,110,952	1.62%	17,314,367	14,796,585
FHLMC	32,626,313	1.65%	14,906,146	17,720,167
Total agency securities	64,737,265	3.27%	32,220,513	32,516,752
Lone Star Investment Pool	640,464,625	32.40%	640,464,625	-
TexPool	676,962,801	34.24%	676,962,801	-
TexStar	483,676,142	24.47%	483,676,142	-
Total Investment Pools	1,801,103,568	91.11%	1,801,103,568	-
Certificates of Deposit	100,240,000	5.07%	100,240,000	-
Total Investments	\$ 1,976,879,711	100.00%	\$ 1,944,362,959	\$ 32,516,752

As of June 30, 2018, the dollar weighted average maturity of the total portfolio, assuming investments are held to final maturity date and not call dates, was 16 days. The modified duration as of June 30, 2018 was 0.0441 years.

Credit Risk

The District's *Cash Management and Investment Policy* allows for investments in commercial paper provided it meets the following criteria:

1. the maximum maturity does not exceed 270 days from the date of issuance;
2. it is rated at least A1 or P1 by two nationally recognized credit rating agencies;
3. be issued for a specific face amount;
4. be issued either through a direct placement or through broker dealers;
5. the District will diversify its investment in commercial paper by issuer and by length of maturity; and
6. the maximum the District will have in commercial paper at any time is 30 percent of the District's portfolio.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

As of June 30, 2018, the District did not have any investments in commercial paper. The District's exposure to credit risk at June 30, 2018 is presented below by investment category as rated by Standard & Poor's along with the District's level of input hierarchy utilized to measure fair values:

	6/30/2018 Fair Value	Fair Value Measurement Input Level	Rating
Municipal Bonds	\$ 10,798,878	Level 2	AAA
FFCB	32,110,952	Level 2	AA+
FHLMC	32,626,313	Level 2	AA+
Total U.S. Agency Investments	<u>64,737,265</u>		
Lone Star Investment Pool	640,464,625	N/A	AAAm, AAAf/S1+
TexPool	676,962,801	N/A	AAAm
TexSTAR	483,676,142	N/A	AAAm
Total Investment Pools	<u>1,801,103,568</u>		
Certificates of Deposit	<u>100,240,000</u>	N/A	Not rated
Total Investments	<u>\$ 1,976,879,711</u>		

GASB Statement Number 72 established a hierarchy that prioritizes the inputs used to measure fair value. Certain investment types utilized by the District are not required to be fair valued. Debt securities classified as Level 2 have used a number of pricing methodologies including matrix pricing, Bloomberg Valuation and Interactive Data Corporation inputs. The District additionally chooses to utilize the average of three price inputs from separate providers. Since these are not prices quoted for identical securities quoted in active markets they are not classified as Level 1 inputs.

The District has investments in TexPool, including both TexPool and TexPool Prime, which maintain stable net asset values of \$1 per share and utilize the amortized cost method as allowed by GASB 79. The District has investments in TexSTAR which maintains a stable net asset value of \$1 and has chosen to utilize fair value reporting per GASB 72. The District invests in the Lone Star Government Fund and Lone Star Corporate Overnight Fund which both maintain a stable net asset value of \$1 and are reported at amortized cost per GASB 79. The District invests in the Lone Star Corporate Overnight Plus Fund which maintains a stable net asset value of \$1.00 and utilizes fair value reporting per GASB 72. The District has no unfunded commitments to these pools and may redeem investments at any time.

Federal Farm Credit Bank (FFCB) and the Federal Home Loan Mortgage Corporation (FHLMC) are instrumentalities of the U.S. government; otherwise known as government sponsored corporations. These instrumentalities are established by law to implement the Federal Government's various lending programs. These instrumentalities frequently do not have individual debt offerings rated therefore the credit rating disclosed is the overall long term rating of the entity.

Custodial Credit Risk - Funds on deposit with the depository bank are collateralized by pledged approved securities, surety bonds, or Federal Home Loan Bank Letters of Credit as specified by Section 45.208, Subchapter G, of Texas Education Code in order to adequately protect the funds of the District. Further, the District will require pledged securities at least equal to that set forth in Texas Government Code Chapter 2257.022, Subchapter B, Depository: Security For Deposit of

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Public Funds (currently 110 percent of the amount of the deposit if a reducing value security and equal to the deposit otherwise). The District has the right to designate the amount of approved securities and/or the aggregate amount of the bond to adequately protect the District. The District may not designate an amount less than the balance of school district funds on deposit with the depository bank from day to day, less any applicable FDIC insurance. The approved securities shall be valued at market value for purposes of calculating the designated amount of collateral required. The bank shall have the right and privilege of substituting approved securities upon obtaining the approval of the District.

The FDIC provides deposit insurance limits of \$250,000 for all accounts in total.

Investments purchased for the District are made in the name of the Houston Independent School District. All investments are purchased with the delivery versus payment method and are recorded in the District's name on the Federal Reserve's book entry system and confirmed to the District via safekeeping receipt maintained on the books of the depository bank's safekeeping department.

Investments purchased for the Public Facility Corporation are purchased in the name of the Public Facility Corporation and held by the trustee, Bank of New York Mellon, as stipulated in related bond documents.

Concentration of Credit Risk - The investment portfolio is diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, or a specific class of securities. Within the cash flow requirement constraints, investment maturities are staggered in a way that avoids undue concentration of assets in a specific maturity sector.

As of June 30, 2018 no single investment security (FFCB, FHLMC, or Municipal Bonds) comprised more than 0.75 percent of the total investment portfolio. No investments by issuer comprised a concentration of 5.00 percent or greater of the total portfolio.

The maximum asset mix approved by the investment policy is as follows:

<u>Type</u>	<u>District Limit</u>	<u>Issuer Limit</u>
U.S. Government Securities	100%	100%
Investment Pools*	100%	40%
U.S. Agency Securities	80%	40%
Certificates of Deposit	50%	10%
Commercial Paper	30%	5%
Municipal Securities	20%	5%
Money Market Mutual Funds	15%	5%
Mutual Funds	15%	5%
Corporate Bonds	15%	5%
Repurchase Agreements	8%	8%
Money Market Accounts	7%	7%

*The District does not invest its portfolio in any single investment pool. Funds are subdivided between various pools for diversification and security reasons. Investments in any pool will be limited to 25 percent of the average Net Asset Value of that pool.

The District is prohibited from investing in the following types of investments:

- a. obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- b. obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- c. collateralized mortgage obligations that have a stated final maturity date of greater than 10 years;
- d. collateralized mortgage obligations whose interest rate is determined by an index that adjusts opposite to the changes in a market index; and
- e. banker's acceptances.

The District neither enters into reverse repurchase agreements nor trades in options or future contracts. Additionally, the District does not participate in any securities lending program.

As of June 30, 2018, the following was the composition of the District's investment portfolio:

TexPool	34.24%
Lone Star Investment Pool	32.40%
TexSTAR	24.47%
Certificates of Deposit	5.07%
U.S. Agency Securities	3.27%
Municipal Bonds	0.55%
Total	100.00%

Foreign Currency Risk

The District does not engage in any deposit or investment transactions involving foreign currency.

NOTE 4: PROPERTY TAXES AND STATE AID REVENUE

Property Taxes

The appraisal of property within the District is the responsibility of the Harris County Appraisal District ("Appraisal District"). The District's ad valorem property tax is levied annually in October on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid by January 31 of the next calendar year. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property after January 31 of the subsequent calendar year. Delinquent taxes receivable on the government-wide statement of net position and the governmental fund balance sheet is net of estimated uncollectible taxes.

The District is permitted to levy taxes up to \$1.67 per \$100 of assessed valuation for general governmental services and for the payment of principal and interest on general obligation long-term debt. For the current fiscal year, the Board of Education set a tax rate of \$1.2067 per \$100 of assessed valuation. The maintenance and debt service portions of such rate are \$1.04 and \$0.1667 respectively. The 2017 tax year assessed valuation was \$171,610,628,471 which resulted in a gross tax levy of \$2,070,825,454 for the current fiscal year. After deductions of all exemptions and reductions provided by law and those granted by the District, the 2017 tax year levy was based on property values of \$2,002,012,192.

Property taxes which are measurable (quantifiable) and available (collectible within the current period or soon enough thereafter to finance expenditures of the current period, which the District has estimated to be collected in the two months after the fiscal year end) are recognized as revenue in the year of levy in the governmental fund financial statements. Property taxes, which are measurable but not available, are recorded net of estimated uncollectible amounts, as

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

unavailable revenues in the year of the levy in the governmental financial statements. Such unavailable revenues are recognized in the fund financial statements as revenue in the fiscal year in which they become available. In the government-wide financial statements, property taxes are recognized as revenues in the year for which the taxes are levied. Uncollectible property taxes in the current period increased the allowance for uncollectible property taxes in the government-wide and fund financial statements by \$3,823,328.

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2018 are as follows:

	<u>Delinquent Taxes Receivables, Gross</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Delinquent Taxes Receivable, Net</u>
General Fund	\$ 91,000,498	\$ 55,789,753	\$ 35,210,745
Debt Service Fund	<u>12,809,295</u>	<u>8,172,836</u>	<u>4,636,459</u>
Total	<u>\$ 103,809,793</u>	<u>\$ 63,962,589</u>	<u>\$ 39,847,204</u>

State Aid Revenue

The Texas Education Agency, through its application of state law, allocates state revenues to school districts by formula allocation. The District receives two allocations—a per capita allocation and a foundation program allocation. The District also recognizes revenues for the state's share of the contributions to the Teacher Retirement System of Texas (TRS). See Note 11 for additional information on the employee's retirement plan. Other state revenues are received through other state miscellaneous programs on an allocated basis. The components of state aid as shown in the governmental fund financial statements are as follows:

<u>Revenues</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Per Capita Revenues	\$ 40,054,418	\$ -	\$ -	\$ 40,054,418
Foundation Fund Revenues	127,311,532	20,000	-	127,331,532
Other State	110,078	17,739,444	2,618,427	20,467,949
TRS On-Behalf	75,597,807	-	-	75,597,807
Total State Aid	<u>\$ 243,073,835</u>	<u>\$ 17,759,444</u>	<u>\$ 2,618,427</u>	<u>\$ 263,451,706</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5: RECEIVABLES AND PAYABLES

Receivables as of June 30, 2018 for the District's individual major funds and nonmajor enterprise funds and internal service funds in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Nonmajor and Other Funds	Total
Due from the State of Texas	\$ 34,333,548	\$ 72,665,031	\$ 62,565	\$ -	\$ 30,387,109	\$ 137,448,253
Due from the Federal government	220,840	2,531,307	2,393,088	-	-	5,145,235
Other Governments	-	-	-	-	728,386	728,386
	<u>\$ 34,554,388</u>	<u>\$ 75,196,338</u>	<u>\$ 2,455,653</u>	<u>\$ -</u>	<u>\$ 31,115,495</u>	<u>\$ 143,321,874</u>
Other Accounts Receivables	\$ 8,840,410	\$ 642,957	\$ 2,458	\$ 30,365,315	\$ 194,268	\$ 40,045,408

Governmental funds report unearned/deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2018, the various components of deferred and unearned revenue reported in the governmental funds expected to be received during the subsequent fiscal year are as follows:

Liabilities

Grant advances (unearned), Special Revenue Fund \$ 10,224,801

Deferred inflows of resources

Deferred property taxes, General Fund 30,778,020

Deferred property taxes, Debt Service Fund 3,843,038

Deferred revenues, General fund 2,553,087

Total deferred inflows 37,174,145

Total Deferred & Unearned Revenues \$ 47,398,946

Payables as of June 30, 2018 for the District's individual major funds and nonmajor enterprise funds and internal service funds in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Nonmajor and Other Funds	Total
Vendors Payable	\$ 39,909,058	\$ 12,353,297	\$ 15,543	\$ 44,079,862	\$ 6,435,816	\$ 102,793,576
Retainage Payable	43,020	-	-	38,506,858	1,721,203	40,271,081
Total Payables	<u>\$ 39,952,078</u>	<u>\$ 12,353,297</u>	<u>\$ 15,543</u>	<u>\$ 82,586,720</u>	<u>\$ 8,157,019</u>	<u>\$ 143,064,657</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6: CAPITAL ASSETS

A summary of capital asset activity during the fiscal year ended June 30, 2018 follows:

<u>Governmental activities:</u>	Balance July 1, 2017	Increases	Decreases	Transfer/ Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 291,265,283	\$ 858,589	\$ (55,628)	\$ 2,500	\$ 292,070,744
Construction in progress	664,846,952	446,452,338	(4,517,075)	(283,970,587)	822,811,628
Total capital assets not being depreciated	956,112,235	447,310,927	(4,572,703)	(283,968,087)	1,114,882,372
Capital assets being depreciated:					
Buildings and improvements	4,210,432,733	71,017,242	(27,084,772)	282,972,786	4,537,337,989
Furniture and equipment	186,422,409	14,944,946	(1,011,595)	4,620,074	204,975,834
Vehicles	126,207,856	7,473,040	(2,614,841)	3,622,691	134,688,746
Capital Leases - Computers	-	23,481,683	-	-	23,481,683
Total capital assets being depreciated	4,523,062,998	116,916,911	(30,711,208)	291,215,551	4,900,484,252
Less accumulated depreciation for:					
Buildings and improvements	(1,388,885,171)	(106,212,818)	9,536,095	31,571	(1,485,530,323)
Furniture and equipment	(117,796,402)	(36,706,421)	670,827	(1,709,963)	(155,541,959)
Vehicles	(88,151,493)	(7,195,893)	2,527,624	(2,346,379)	(95,166,141)
Capital leases - computers	-	(391,361)	-	-	(391,361)
Total accumulated depreciation	(1,594,833,066)	(150,506,493)	12,734,546	(4,024,771)	(1,736,629,784)
Governmental activities capital assets, net	\$ 3,884,342,167	\$ 413,721,345	\$ (22,549,365)	\$ 3,222,693	\$ 4,278,736,840
<u>Business-type Activities:</u>					
Capital assets being depreciated:					
Furniture and equipment	\$ 4,075,445	\$ -	\$ -	\$ (3,624,773)	\$ 450,672
Vehicles	3,622,691	-	-	(3,622,691)	-
Total capital assets being depreciated:	7,698,136	-	-	(7,247,464)	450,672
Less accumulated depreciation for:					
Furniture and equipment	(1,974,423)	(59,668)	-	1,709,963	(324,128)
Vehicles	(2,346,379)	-	-	2,346,379	-
Total accumulated depreciation	(4,320,802)	(59,668)	-	4,056,342	(324,128)
Business-type activities capital assets, net	\$ 3,377,334	\$ (59,668)	\$ -	\$ (3,191,122)	\$ 126,544

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Internal Service Funds capital assets are included in the governmental activities in the summary of capital asset activity.

Effective, July 1, 2017, the Nutrition Services Fund was transferred from Business-type to Governmental activities. The column titled "Transfer/Adjustment" reflects both the Nutrition Services Fund transfer and the transfer from Construction in Progress to the appropriate asset classes for equipment placed into service as of June 30, 2018.

The net amount of \$126,544 in Business-type activities are capital assets related to the non-major Medicaid and Marketplace Funds for the 2017-2018 fiscal year.

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

Governmental activities:

Instructional	\$ 115,284,108
Resources	4,912,294
Staff Development	128,445
Instructional Development	6,071,780
School Administration	4,394
Guidance & Counseling Services	5,016
Health Services	1,127
Student Transportation	5,492,834
Food Service	1,478,130
Extracurricular Activities	248,958
General Administration	96,733
Plant Maintenance & Operation	1,318,197
Security & Monitoring Services	215,314
Data Processing Services	15,248,660
Community Services	<u>503</u>

Total depreciation expense, governmental activities	\$ <u><u>150,506,493</u></u>
---	------------------------------

Business-type activities:

Other nonmajor business-type activities	<u>59,668</u>
---	---------------

Total depreciation expense, business-type activities	\$ <u><u>59,668</u></u>
--	-------------------------

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Construction Commitments

The District has active construction projects as of June 30, 2018. These projects include new school construction, renovation of existing schools, safety and security projects, non-school facilities, middle school restrooms, and technology upgrades. At June 30, 2018, the District had fully funded commitments for the following categories:

<u>Project</u>	<u>Spent-To-Date</u>	<u>Remaining Commitment</u>
New Schools	\$ 463,280,334	\$ 322,985,902
Renovated Schools	49,792,546	5,204,798
Non-school Facilities	939,952	503,276
Early Colleges	32,328	37,410
Middle School Restrooms	2,605,107	292,633
Technology Upgrades	3,669,039	2,294,994
Safety and Security	3,929,763	2,331,128
Total	<u>\$ 524,249,068</u>	<u>\$ 333,650,141</u>

Impairments

GASB Statement No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and Insurance Recoveries*, requires the disclosure of impairment losses and associated insurance recoveries. In FY 2018, the District impaired assets damaged by Hurricane Harvey. According to GASB Statement No. 42, the asset impairment is measured as follows:

1. Buildings and improvements at carrying value of \$17,288,420
2. Furniture and equipment at carrying value of \$326,875

The impairment loss is included in the capital asset activity schedule under "Decreases" for the year ended June 30, 2018. The District did not have impairment losses to report for the year ended June 30, 2017. In FY 2018, the total impairment of capital assets is \$17,615,295. As of June 30, 2018, the District has not yet filed insurance claims for the impairments caused to assets by Hurricane Harvey. However, the District has received \$40,553,031 in insurance proceeds for other damages caused by Hurricane Harvey.

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances in the fund financial statements as of June 30, 2018 was as follows.

<u>GENERAL FUND</u>	Special Revenue Fund	46,870,745
	Business Development Fund	4,789
	Medicaid Fund	3,000,911
	Workers' Compensation	704,837
	Internal Service Funds	17,094
	DUE FROM OTHER FUNDS	\$ 50,598,376
<u>GENERAL FUND</u>	Capital Renovation Funds	\$ (2,911,690)
	Debt Service Fund	(872,378)
	Marketplace Fund	(371,739)
	Print Shop Fund	(416,184)
	Insurance Fund	(6,191,486)
	DUE TO OTHER FUNDS	\$ (10,763,477)
<u>CAPITAL RENOVATION FUNDS</u>	General Fund	\$ 2,911,690
	DUE FROM OTHER FUNDS	\$ 2,911,690
<u>DEBT SERVICE FUND</u>	General Fund	\$ 872,378
	DUE FROM OTHER FUNDS	\$ 872,378
<u>SPECIAL REVENUE FUND</u>	General Fund	\$ (46,870,745)
	DUE TO OTHER FUNDS	\$ (46,870,745)
<u>BUSINESS DEVELOPMENT FUND</u>	General Fund	\$ (4,789)
	DUE TO OTHER FUNDS	\$ (4,789)
<u>MEDICAID FUND</u>	General Fund	\$ (3,000,911)
	DUE TO OTHER FUNDS	\$ (3,000,911)
<u>MARKETPLACE FUND</u>	General Fund	\$ 371,739
	DUE FROM OTHER FUNDS	\$ 371,739
<u>PRINT SHOP FUND</u>	General Fund	\$ 416,184
	DUE FROM OTHER FUNDS	\$ 416,184
<u>INSURANCE FUND</u>	General Fund	\$ 6,191,486
	DUE FROM OTHER FUNDS	\$ 6,191,486
<u>WORKERS' COMPENSATION FUND</u>	General Fund	\$ (704,837)
	DUE TO OTHER FUNDS	\$ (704,837)
<u>OTHER INTERNAL SERVICE FUNDS</u>	General Fund	\$ (17,094)
	DUE TO OTHER FUNDS	\$ (17,094)

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments from funding agencies are received. The primary interfund transactions included amounts due from the Special Revenue Fund to the General Fund for remittances made by General Fund.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

The following is a summary of the District's transfers for the fiscal year ended June 30, 2018:

\$ 32,500,216	From the General Fund to the Debt Service Fund for interest and principal debt payments
56,000,000	From the General Fund to the Capital Renovation Fund for a portion of the costs to rebuild four elementary schools damaged as a result of Tropical Storm Harvey.
25,858,259	From the Proprietary Funds to the Special Revenue Fund for the re-allocation of Nutrition Services from an enterprise fund to a special revenue fund. This amount represents the contributions of current assets and assignments of current liabilities from the enterprise fund to the Special Revenue Fund related to Nutrition Services. Disposal of long-term assets and liabilities are treated as other operating income (expense).
7,435,936	From the Capital Renovation Fund to the Debt Service Fund for TIRZ High School and Elementary School debt payments
29,274,879	From Nonmajor Enterprise Funds to the General Fund for use of unrestricted revenues
\$ 151,069,290	Total transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) use unrestricted revenues collected in an internal service fund to finance activities in another internal service fund.

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: LONG-TERM LIABILITIES AND RELATED DEFERRED INFLOWS AND OUTFLOWS

The following is a summary of the District's long-term liabilities for the fiscal year ended June 30, 2018:

	Balance			Balance	Amortizable/ Payable Within
	July 1, 2017	Increases	Decreases	June 30, 2018	One year
Governmental activities:					
Bonds payable	\$ 3,185,651,656	\$ 86,960,000	\$ (191,144,393)	\$ 3,081,467,263	\$ 153,164,517
Contractual obligations	5,625,000	-	(2,825,000)	2,800,000	1,400,000
Notes payable	35,360,000	174,615,000	(5,225,000)	204,750,000	10,090,000
Total debt payable - principal	3,226,636,656	261,575,000	(199,194,393)	3,289,017,263	164,654,517
Premium/discount	265,715,569	40,253,761	(51,646,607)	254,322,723	47,942,439
Accretion on capital appreciation bonds	11,074,961	783,993	(2,495,607)	9,363,347	2,575,483
Total amortizations and accretions	276,790,530	41,037,754	(54,142,214)	263,686,070	50,517,922
Total debt payable	3,503,427,186	302,612,754	(253,336,607)	3,552,703,333	215,172,439
Capital leases payable	16,742,354	23,481,683	(16,000,667)	24,223,370	10,819,243
Compensated absences payable	34,487,714	3,507,823	(2,489,438)	35,506,099	2,413,297
Claims payable	19,232,436	146,066,981	(145,882,110)	19,417,307	13,930,805
Total other long-term liabilities payable	70,462,504	173,056,487	(164,372,215)	79,146,776	27,163,345
Total governmental activities long-term liabilities	\$ 3,573,889,690	\$ 475,669,241	\$ (417,708,822)	\$ 3,631,850,109	\$ 242,335,784
Business-type activities:					
Compensated absences payable	\$ 447,433	\$ 95,463	\$ (418,806)	\$ 124,090	\$ 30,966
Total business-type activities long-term liabilities	\$ 447,433	\$ 95,463	\$ (418,806)	\$ 124,090	\$ 30,966
Deferred outflows of resources:					
Deferred loss on debt refundings	\$ (32,421,260)	\$ -	\$ 3,369,759	\$ (29,051,501)	\$ (3,354,541)

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$332,268 of Internal Service Funds' compensated absences payable and \$19,417,307 of claims payable is included in the above governmental activities amounts. For the governmental activities, claims and judgments, and compensated absences are generally liquidated by the General Fund.

Debt Payable-Governmental Activities

At June 30, 2018, the District had outstanding \$3,552,703,333 of general obligation and lease revenue bonds, public property finance contractual obligations, and maintenance tax notes. Of the \$3,552,703,333 debt payable, \$9,363,347 was attributable to the accretion on capital appreciation bonds (CAB). These debt obligations, whose original issuance value was \$4,014,861,108, were issued at various dates from May 1, 1998 through June 27, 2018, with interest rates ranging from

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1.00 percent to 6.22 percent for the purpose of new construction and maintenance of facilities. All debt obligations fully mature at various dates through February 15, 2043.

Of the District's \$3,552,703,333 total debt payable outstanding at June 30, 2018, \$126,097,264 of bonds payable and \$9,363,347 of CAB accretions are attributable to lease revenue bonds issued by the Public Facility Corporation.

The District held a bond election on November 6, 2012 for the purpose of authorizing the issuance of \$1,890,000,000 in bonded debt obligations. The election was passed by the electorate. The District utilized \$340,000,000 of the bond authorization through new debt issuance on February 14, 2013 followed by an issuance of \$349,740,000 on September 10, 2014 which together with a portion of the original issuance premium utilized \$350,000,000 of the bond authorization. On April 12, 2016 the District sold debt utilizing \$560,000,000 of the remaining authorization as part of a combined refunding and new issuance sale in the amount of \$757,195,000. On May 23, 2017 the District sold debt utilizing \$540,000,000 of the remaining authorization as part of a combined refunding and new issuance sale in the amount of \$848,740,000 leaving \$100,000,000 of authorized but unissued debt from the 2012 election.

Limited Tax Schoolhouse Bonds, Series 2018 were issued on June 27, 2018 in the amount of \$86,960,000. Proceeds of the new money portion of the debt issuance will be utilized for the construction, acquisition and equipment of school buildings in the District and to pay for the cost of issuing the bonds. The new debt issuance utilized the remaining \$100,000,000 of the 2012 voter authorization with a par amount of \$89,960,000 and an original issuance premium of \$13,728,663. Combined costs of issuance and underwriter's discount for the sale were \$684,932.

Maintenance Tax Notes, Series 2018 were issued on June 27, 2018 with a par value of \$174,615,000 and original issuance premium of \$26,525,098. Combined costs of issuance and underwriter's discount for the sale were \$1,134,764. Proceeds from the sale will be used for the maintenance of existing facilities including repair and renovations along with replacement of building systems of existing properties.

On June 1, 2018, the District remarketed \$89,595,000 of Variable Rate Limited Tax Refunding Bonds, Series 2014A-1B. The bonds were originally issued in 2014 and had been currently refunded creating two sub-series on June 1, 2016. Bonds with a maturity date of June 1, 2039, yield of 1.06 percent and principal amount of \$100,000,000 were subject to remarketing. The scheduled remarketing amount of \$100,000,000 was reduced by the District utilizing \$10,405,000 in available debt service funds to redeem bonds. The term expiration date of the remarketed bonds is June 1, 2020 with a yield of 2.20 percent. Combined costs of issuance and underwriter's discount for the remarketing was \$271,324.

Variable Rate Limited Tax Bonds, Series 2014A-1B

Maturity June 1st	Rate Period Ending June 1st	Principal	Rate	Yield
2039	2020	\$ 89,595,000	2.20%	2.20%
		<u>\$ 89,595,000</u>		

On June 1, 2018, the District remarketed \$49,050,000 of Variable Rate Limited Tax Refunding Bonds, Series 2013B. The bonds were issued on February 14, 2013 with three tranches of initial rate periods expiring on the first day of June in 2014, 2015, and 2016 and have all been subsequently remarketed with the same three year tranche schedule. Bonds with a maturity date of June 1, 2036, yield of 1.70 percent, and principal amount of \$49,050,000 were subject to

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

remarketing. The term expiration date of the remarketed bonds is June 1, 2021 with a yield of 2.40 percent. Combined costs of issuance and underwriter's discount for the remarketing were \$210,140.

Variable Rate Limited Tax Schoolhouse Bonds, Series 2013B

Maturity June 1st	Rate Period Ending June 1st	Principal	Rate	Yield
2035	2020	\$ 48,030,000	1.45%	1.45%
2036	2021	49,050,000	2.40%	2.40%
2037	2019	50,050,000	1.38%	1.38%
		<u>\$ 147,130,000</u>		

On June 1, 2018, the District remarketed \$57,470,000 of Variable Rate Limited Tax Refunding Bonds, Series 2012. The bonds were issued on June 1, 2012 with three tranches of initial rate periods expiring on the first day of June in 2013, 2014, and 2015 and were subsequently remarketed with the same three year tranche schedule. Bonds with a maturity date of June 1, 2030, yield of 1.70 percent and principal amount of \$65,065,000 were subject to remarketing. The scheduled remarketing amount of \$65,065,000 was reduced by the District utilizing \$7,595,000 in available debt service funds to redeem bonds. The term expiration date of the remarketed bonds is June 1, 2021 with a yield of 2.40 percent. Combined costs of issuance and underwriter's discount for the remarketing was \$227,498.

Variable Rate Limited Tax Schoolhouse Bonds, Series 2012

Maturity June 1st	Rate Period Ending June 1st	Principal	Rate	Yield
2028	2016	\$ Redeemed	0.00%	0.00%
2029	2020	40,420,000	1.45%	1.45%
2030	2021	57,470,000	2.40%	2.40%
		<u>\$ 97,890,000</u>		

Variable Rate Limited tax Schoolhouse Bonds, Series 2014A-2 were not in a term period subject to remarketing in the year ended June 30, 2018.

Variable Rate Limited Tax Bonds, Series 2014A-2

Maturity June 1st	Rate Period Ending June 1st	Principal	Rate	Yield
2039	2019	\$ 149,955,000	3.00%	1.17%
		<u>\$ 149,955,000</u>		

The District issues variable rate debt for term periods and interest rate modes which may be changed should the District elect to do so at remarketing dates. The maximum rate of the variable rate debt cannot exceed the maximum net effective interest rate permitted under Chapter 1204 Texas Government Code, as amended. Following the new rate periods, the bonds will convert to and bear interest at a term rate to be determined by the remarketing agent. Subsequent to the new rate periods, the interest rate modes may be changed to a weekly rate, monthly rate, quarterly rate, semiannual rate, flexible rate or converted to a fixed rate until stated maturity. The Bonds are subject to mandatory tender at the end of the new rate period. In the event of a failed remarketing

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

for any series, a step rate of 6.50 percent (Series 2012 and 2013B) or 7.00 percent (Series 2014A-1B and 2014A-2) will be invoked until such time as the bonds are successfully remarketed. A failed remarketing will not be considered an event of default.

Contractual Obligations are issued for the purpose of acquiring personal property assets and are authorized pursuant to the laws of the State of Texas, including the Public Property Finance Act, Section 271.001 of the Texas Local Government Code. The District did not issue any contractual obligations in the fiscal year ended June 30, 2018.

The following table provides details of the related debt transactions during the fiscal year:

	<u>Face Value</u>	<u>Premium/ (Discount)</u>	<u>Total</u>	<u>Underwriter's Discount</u>	<u>Issue Cost</u>
<u>Issuance</u>					
Ltd Tax Sch Series 2018	\$ 86,960,000	\$ 13,728,663	\$ 100,688,663	\$ 367,461	\$ 317,471
MTN Series 2018	174,615,000	26,525,098	201,140,098	634,135	500,629
Total	<u>\$ 261,575,000</u>	<u>\$ 40,253,761</u>	<u>\$ 301,828,761</u>	<u>\$ 1,001,596</u>	<u>\$ 818,100</u>
	<u>Face Value</u>	<u>Premium/ (Discount)</u>	<u>Total</u>	<u>Underwriter's Discount</u>	<u>Issue Cost</u>
<u>Remarketing</u>					
Rem Series 2014A-1B	\$ 89,595,000	\$ -	\$ 89,595,000	\$ 174,564	\$ 96,760
Rem Series 2013B	49,050,000	-	49,050,000	113,380	96,760
Rem Series 2012	57,470,000	-	57,470,000	130,738	96,760
Total	<u>\$ 196,115,000</u>	<u>\$ -</u>	<u>\$ 196,115,000</u>	<u>\$ 418,682</u>	<u>\$ 290,280</u>

Premiums or discounts on each bond transaction is amortized over the life of the bond and the amortization payable of the bonds have been added to this note. Pursuant to GASB 65 underwriter's discounts and issuance costs have been expensed in the period reported.

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The following table summarizes by type the annual debt service requirements of the outstanding debt issues at June 30, 2018 to maturity. Capital Appreciation Bond accretions are included in bond interest.

	Bond		Bond		
	<u>Principal</u>		<u>Interest</u>		<u>Totals</u>
2019	\$	153,164,517	\$	135,492,578	\$ 288,657,095
2020		143,841,217		129,593,828	273,435,045
2021		170,581,456		122,533,965	293,115,421
2022		152,645,073		115,176,960	267,822,033
2023		165,300,000		105,317,959	270,617,959
2024-2028		806,490,000		412,348,448	1,218,838,448
2029-2033		797,315,000		234,070,800	1,031,385,800
2034-2038		450,185,000		98,901,702	549,086,702
2039-2043		241,945,000		24,055,230	266,000,230
	\$	<u>3,081,467,263</u>	\$	<u>1,377,491,470</u>	\$ <u>4,458,958,733</u>
	Contractual		Contractual		
	<u>Obligations</u>		<u>Obligations</u>		<u>Totals</u>
	<u>Principal</u>		<u>Interest</u>		
2019	\$	1,400,000	\$	63,000	\$ 1,463,000
2020		1,400,000		21,000	1,421,000
	\$	<u>2,800,000</u>	\$	<u>84,000</u>	\$ <u>2,884,000</u>
	Notes		Notes		
	<u>Principal</u>		<u>Interest</u>		<u>Totals</u>
2019	\$	10,090,000	\$	5,066,271	\$ 15,156,271
2020		15,735,000		8,657,024	24,392,024
2021		15,955,000		8,250,025	24,205,025
2022		6,260,000		7,872,650	14,132,650
2023		6,580,000		7,551,650	14,131,650
2024-2028		38,330,000		32,335,750	70,665,750
2029-2033		49,225,000		21,446,375	70,671,375
2034-2038		62,575,000		8,093,600	70,668,600
	\$	<u>204,750,000</u>	\$	<u>99,273,345</u>	\$ <u>304,023,345</u>
	Total		Total		
	<u>Principal</u>		<u>Interest</u>		<u>Totals</u>
	<u>Requirements</u>		<u>Requirements</u>		
2019	\$	164,654,517	\$	140,621,849	\$ 305,276,366
2020		160,976,217		138,271,852	299,248,069
2021		186,536,456		130,783,990	317,320,446
2022		158,905,073		123,049,610	281,954,683
2023		171,880,000		112,869,609	284,749,609
2024-2028		844,820,000		444,684,198	1,289,504,198
2029-2033		846,540,000		255,517,175	1,102,057,175
2034-2038		512,760,000		106,995,302	619,755,302
2039-2043		241,945,000		24,055,230	266,000,230
	\$	<u>3,289,017,263</u>	\$	<u>1,476,848,815</u>	\$ <u>4,765,866,078</u>

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

The following table displays total principal debt outstanding by issuance as of June 30, 2018. Accreted values as of June 30, 2018 are included for each applicable debt issuance.

Premiums on Capital Appreciation Bonds are included in the accreted value of the bonds.

Date of Issue	Description	Purpose
3/22/07	Limited Tax Sch Refunding Bonds, Series 2007	Refund a portion of the District's outstanding indebtedness
5/01/98	Public Facility Corp Lease Revenue Series 1998A	Construction of certain shared educational high school facilities
11/01/09	Limited tax Sch Bonds, Series 2009A-2 (BABS)	Construction, acquisition and equipment of school buildings
11/01/09	Limited Tax Sch Bonds, Taxable Series 2009A-3 (BABS)	Construction, acquisition and equipment of school buildings
4/26/10	Public Facility Corp Lease Revenue Series 2010A	Construction of public school facilities
4/26/10	Public Facility Corp Lease Revenue Series 2010B (BABS)	Construction of public school facilities
5/15/12	Variable Rate Limited Tax Refunding Bonds, Series 2012	Refund a portion of the District's outstanding indebtedness
2/14/13	Limited Tax Refunding Bonds, Series 2013C	Refund a portion of the District's outstanding indebtedness
2/14/13	Limited Tax Sch and Refunding Bonds, Series 2013A	Construction of school buildings and refund indebtedness
2/14/13	Variable Rate Limited Tax Sch Bonds, Series 2013B	Construction, acquisition and equipment of school buildings
12/16/14	Limited Tax Refunding Bonds, Series 2014B	Refund a portion of the District's outstanding indebtedness
12/23/14	Public Facility Corp Lease Revenue Series 2014	Construction of public school facilities
4/12/16	Limited Tax Sch and Ref Bonds, Series 2016A	Construction of school buildings and refund indebtedness
4/19/16	Limited Tax Refunding Bonds, Series 2016B	Refund a portion of the District's outstanding indebtedness
6/01/16	Variable Rate Limited Tax Sch Bonds, Series 2014A-1B	Refund and remarket a portion of the District's outstanding variable rate debt
5/23/17	Limited Tax Sch and Ref Bonds, Series 2017	Construction of school buildings and refund indebtedness
6/01/17	Variable Rate Limited Tax Sch Bonds, Series 2014A-2	Refund and remarket a portion of the District's outstanding variable rate debt
6/29/17	Public Facility Corp Lease Rev Ref Bonds, Series 2017	Refund all of the Corporation's Lease Revenue Series 2006 outstanding debt
6/27/18	Limited tax Sch Bonds, Series 2018	Construction, acquisition and equipment of school buildings
Bonds Payable		
11/01/11	Public Property Finance Contractual Obligations, Series 2011	Acquisition of certain capital items
Contractual Obligations		
7/13/15	Maintenance Notes Refunding, Series 2015	Refund a portion of the District's outstanding indebtedness
6/27/18	Maintenance Tax Notes, Series 2018	Maintenance of existing facilities including repair and renovation along with replacement of building systems of existing properties
Notes Payable		
Total Debt Payable - Principal		

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Type	Interest Rates	Original Issue Amount	Final Maturity Date	Debt Principal	CAB Accretion	Total Debt Payable
GO	5.25	\$ 279,865,000	2/15/2021	\$ 10,000,000	\$ -	\$ 10,000,000
LR	4.45 to 5.43	46,246,108	9/15/2021	4,842,263	9,363,347	14,205,610
GO	6.07 to 6.17	148,850,000	2/15/2034	148,850,000	-	148,850,000
GO	4.76 to 6.13	183,750,000	2/15/2028	183,750,000	-	183,750,000
LR	2.00 to 4.00	16,070,000	9/15/2021	11,300,000	-	11,300,000
LR	5.24 to 6.22	38,430,000	9/15/2029	38,430,000	-	38,430,000
GO	1.45 to 2.40	182,080,000	6/01/2030	97,890,000	-	97,890,000
GO	2.50 to 5.00	92,905,000	2/15/2032	79,430,000	-	79,430,000
GO	2.50 to 5.00	209,640,000	2/15/2038	154,585,000	-	154,585,000
GO	1.38 to 2.40	147,130,000	6/01/2037	147,130,000	-	147,130,000
GO	1.00 to 5.00	365,395,000	2/15/2033	256,275,000	-	256,275,000
LR	4.00 to 5.00	81,650,000	9/15/2020	51,370,000	-	51,370,000
GO	4.00 to 5.00	757,195,000	2/15/2041	712,235,000	-	712,235,000
GO	3.50	19,975,000	2/15/2033	19,975,000	-	19,975,000
GO	2.20	100,000,000	6/01/2039	89,595,000	-	89,595,000
GO	2.25 to 5.00	848,740,000	2/15/2042	818,740,000	-	818,740,000
GO	3.00	149,955,000	6/01/2039	149,955,000	-	149,955,000
LR	2.00 to 5.00	21,550,000	9/15/2030	20,155,000	-	20,155,000
GO	4.00 to 5.00	86,960,000	2/15/2043	86,960,000	-	86,960,000
		<u>3,776,386,108</u>		<u>3,081,467,263</u>	<u>9,363,347</u>	<u>3,090,830,610</u>
CO	2.00 to 3.00	23,500,000	7/15/2019	2,800,000	-	2,800,000
		<u>23,500,000</u>		<u>2,800,000</u>	-	<u>2,800,000</u>
NT	1.44	40,360,000	7/15/2020	30,135,000	-	30,135,000
NT	4.00 to 5.00	174,615,000	1/15/2038	174,615,000	-	174,615,000
		<u>214,975,000</u>		<u>204,750,000</u>	-	<u>204,750,000</u>
		<u>\$ 4,014,861,108</u>		<u>\$ 3,289,017,263</u>	<u>\$ 9,363,347</u>	<u>\$ 3,298,380,610</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Other long-term debt

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The District had no estimated arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2018. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. Liabilities resulting from issuances in the General Fund are typically liquidated in the General Fund. Liabilities resulting from issuances in the Capital Renovation Fund are liquidated in the Capital Renovation Fund if unspent proceeds are remaining.

Compensated Absences - On retirement or death of certain employees who meet eligibility requirements, the District pays any accumulated sick leave as an employer contribution to a 403(b) plan in the employee's name to such employees or the estates of the employees. Individuals employed after October 9, 1972 are not eligible to receive the lump-sum cash payments. Additionally, certain employees are entitled to receive accrued vacation pay in a lump-sum cash payment upon termination of employment with the District. The net increase of \$695,042 over the prior fiscal year represents the recorded liability for employees vesting in the accumulated sick leave program adjusted by the amounts paid employees retiring from the District. The General Fund has typically been used in prior years to liquidate compensated absences.

Capital Leases: Computer Equipment - In 2018, the District entered into capital leases with HP Lease Financing. Each lease meets the criteria of a capital lease as defined by generally accepted accounting principles, which define a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets acquired by lease have been capitalized in an amount equal to the present value of the future minimum lease payments at the time of acquisition. Principal and interest payments in fiscal year 2018 totaled \$14,216,599 and \$498,626, respectively. Capital assets acquired by lease have a net book value of \$23,090,322. The General Fund has typically been used in prior years to liquidate capital lease liabilities.

The future minimum lease obligations and the net present value of these minimum equipment lease payments as of June 30, 2018 were as follows:

Year Ending June 30	Governmental Activities
2019	\$ 11,087,402
2020	6,501,520
2021	5,562,493
2022	1,630,079
	<hr/>
Total minimum lease payments (Gross Amt.)	24,781,494
Amount Representing Interest at 2.3041 %	558,124
	<hr/>
Present Value of minimum lease payments	\$ 24,223,370
	<hr/> <hr/>

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

NOTE 9: OPERATING LEASES

The District leases copiers, temporary buildings, parking lots, an instructional educational facility, and communication towers under non-cancellable operating leases. Total cost for such leases was \$7,135,772 for the fiscal year ended June 30, 2018. The future minimum lease payments for these leases were as follows:

Year Ending June 30	Amount
2019	\$ 6,816,897
2020	2,546,016
2021	152,400
2022	25,400
	<u>\$ 9,540,713</u>

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District's risk management program encompasses various means of protecting the District against losses through policies with commercial insurance carriers or through self-insurance.

Workers' Compensation

The District maintains a self-insurance program for workers' compensation. Contributions are paid from all governmental and proprietary funds to the Workers' Compensation Internal Service Fund from which all claims and administrative expenses are paid. Claims administration, loss control, and consultant services are provided by a third-party administrator. The District maintains a catastrophic loss insurance policy for catastrophic losses exceeding \$1,000,000 per occurrence up to statutory limit of liability.

An accrual for incurred but not reported claims in the amount of \$6,112,307 (discounted at .5 percent), of which \$3,371,025 is the current portion, has been recorded in the fund as of June 30, 2018. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on the District's historical claims experience and an estimate of the remaining liability on known claims.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

At June 30, 2018, the fund had net position of \$33,941,100. Changes in claims payable for the fiscal years ended June 30, 2017 and 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Claims payable, beginning of fiscal year	\$ 7,379,436	\$ 9,528,684
Incurred claims and claim adjustment expenses for insured events of the current fiscal year	2,854,907	3,529,611
Increase (decrease) in provision for insured events of prior fiscal year	<u>2,184,182</u>	<u>(298,296)</u>
Total incurred claims and claim adjustment expenses	<u>5,039,089</u>	<u>3,231,315</u>
<u>Payments:</u>		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,203,016	1,729,969
Claims and claim adjustment expenses attributable to insured events of the prior fiscal year	<u>3,103,202</u>	<u>3,650,594</u>
Total payments	<u>6,306,218</u>	<u>5,380,563</u>
Claims payable, end of fiscal year	<u>\$ 6,112,307</u>	<u>\$ 7,379,436</u>

Health Insurance

Effective January 1, 2002, the District established a self-insurance program for health insurance. Contributions are paid from all governmental and proprietary funds to the Health Insurance Internal Service Fund from which all claims and administrative expenses are paid. Claims administration and consultant services are provided by a third party administrator. The District maintains aggregate stop loss coverage for medical cost.

The District is insured for covered medical paid and incurred during the plan year by Cigna and Aetna under an annual aggregate insurance contract. The coverage provides that the insurer will reimburse the District for such paid claims that exceed an annual aggregate attachment point that is determined by a monthly amount per covered employee based on the tier of coverage enrolled.

An accrual for incurred but not reported claims in the amount of \$13,305,000, of which \$10,559,780 is the current portion, has been recorded in the fund as of June 30, 2018. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on an estimate of the remaining liability on known claims.

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

At June 30, 2018, the fund had net position of \$31,432,782. Changes in claims payable for the fiscal years ended June 30, 2017 and 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Claims payable, beginning of fiscal year	\$ 11,853,000	\$ 12,596,000
Incurring claims and claim adjustment expenses		
for insured events of the current fiscal year	139,617,613	139,121,782
Increase in provision for insured events of prior fiscal year	<u>1,410,279</u>	<u>1,405,271</u>
Total incurred claims and claim adjustment expenses	<u>141,027,892</u>	<u>140,527,053</u>
<u>Payments:</u>		
Claims and claim adjustment expenses attributable		
to insured events of the current fiscal year	138,180,133	139,857,352
Claims and claim adjustment expenses attributable		
to insured events of the prior fiscal year	<u>1,395,759</u>	<u>1,412,701</u>
Total payments	<u>139,575,892</u>	<u>141,270,053</u>
Claims payable, end of fiscal year	<u>\$ 13,305,000</u>	<u>\$ 11,853,000</u>

Property, Casualty, General and Professional Liability

The District purchases All-Risk Property Insurance with limits of \$250,000,000. The policies include sublimits of \$75,000,000 per occurrence for flood and quake and \$150,000,000 per occurrence for Named Storms. General and Professional Liability risks are insured with limits of \$9,750,000. Within these policy limits, the District's exposure for covered losses is limited to the policy deductibles and self-insured retentions. Automobile liability exposures are self-insured in Texas and insurance coverage is purchased for out of state risks with a \$1,000,000 limit. The District is self-insured for workers compensation and employer's liability risk exposure. The District has not had any claims in excess of its policy limits in the past three years.

NOTE 11: EMPLOYEES' RETIREMENT PLAN

Pensions

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.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

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 Teacher Retirement System's Fiduciary Net Position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by visiting <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to the TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2017 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position for the year ending August 31, 2017:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 179,336,534,819
Less: Plan Fiduciary Net Position	147,361,922,120
Net Pension Liability	<u>\$ 31,974,612,699</u>
Net Position as % of Total Pension Liability	82.17%

Benefit Provisions and Service Requirements

TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of the Texas Constitution Article XVI, Section 67 and the Texas Government Code, Title 8, Subtitle C, Chapter 803 and 805, respectively. Service requirements are as follows:

Normal -- Age 65 with 5 years of credited service, or when the sum of member's age and years of credit equals or exceeds 80.

Reduced -- Age 55 with at least 5 years of credited service, or any age below 50 with 30 or more years of credited service but the sum of member's age and years of credited service total less than 80.

Members are fully vested after five years of creditable service and are entitled to any benefit for which eligibility requirements have been met. For more detail about benefits see the Summary of Benefits section of TRS 2017 Comprehensive Annual Financial Report.

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 percent of the member's annual compensation and a state contribution of not less than 6 percent and not more than 10 percent 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 actions, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period 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

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rate for fiscal years 2016 & 2017 and the 85th Legislature GAA established contribution rates for 2018 and 2019.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 District Contributions	\$	42,988,120
District's 2018 Member Contributions	\$	93,151,007
District's 2017 NECE On-Behalf Contributions	\$	54,462,665

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the GAA.

As the non-employer contributing entity for public education, 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 including public 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 source or a privately sponsored source.

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 does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50% including inflation
Ad hoc Post Employment Benefit Changes	None

**If a municipal bond rate was to be used, the rate would be 3.42 percent as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Date Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. 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 8.0 percent. 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, 2017 are summarized below:

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Asset Class	Target Allocation %	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the current discount rate that was used (8 percent) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ 783,345,979	\$ 464,672,473	\$ 199,325,057

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

At June 30, 2018, the District reported a net pension liability of \$ 464,672,473 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 464,672,473
State's proportionate share that is associated with the District	460,406,284
Total	<u>\$ 925,078,757</u>

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.014532544187 which was a decrease of 0.003046735763 from its proportion measured as of August 31, 2016.

Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the measurement period August 31, 2017, the District recognized pension expense of \$103,336,368 and revenue of \$35,117,960 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2018, 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
Difference between expected and actual actuarial experience	\$ 6,798,368	\$ 25,059,176
Changes in actuarial assumptions	21,166,568	12,117,366
Difference between projected and actual investment earnings	-	33,864,315
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	191,520,971	105,360,397
Contributions paid to TRS subsequent to the measurement date	37,182,845	-
Total	\$ 256,668,752	\$ 176,401,254

The net amounts of the employer's balances of deferred outflows and (inflows) of resources related to pensions will be recognized in pension expense as follows:

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Year ended June 30:	Pension Expense Amount
2019	\$ 3,754,793
2020	33,416,041
2021	1,475,875
2022	(4,700,903)
2023	18,769,183
Thereafter	(9,630,336)

Other Post-Employment Benefit Plans

Health Care Plan Description (TRS-Care)

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

Employees of the system who retire with 10 or more years of eligible service credit and meet the Rule of 80 or are at least 65 years of age continue to receive health care and basic life insurance benefits through the Texas Employees Group Benefits Program (GBP) of the State Retiree Health Plan (SRHP) in accordance with Texas Insurance Code, Chapter 1551.

OPEB Plan Fiduciary Net Position

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

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 43,885,784,621
Less: Plan Fiduciary Net Position	399,535,986
Net OPEB Liability	<u>\$ 43,486,248,635</u>
Net Position as % of Total Pension Liability	0.91%

Benefit Provided

TRS-Care provides a basic health insurance coverage (TRS-Care1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

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

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

**TRS-Care Plan Premium Rates
Effective Sept. 1, 2016 - Dec. 31, 2017**

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

* or surviving spouse

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

Contribution Rates

	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
District's 2018 District Contributions	\$	10,561,622
District's 2018 Member Contributions	\$	7,865,239
District's 2017 NECE On-Behalf Contributions	\$	16,425,798

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50% to 9.5% **
Healthcare Trend Rates***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

** Includes Inflation at 2.50 percent

*** Initial trend rates are 7.00 percent for non-Medicare retirees; 10.00 percent for Medicare retirees and 12.00 percent for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 10 years.

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare part D subsidies and a change to the discount rate from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017.

Discount Rate

A single discount rate of 3.42 percent was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.42 percent) in measuring Net OPEB Liability.

HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the Net OPEB liability:	\$ 770,663,846	\$ 652,967,581	\$ 558,366,320

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB liability:	\$ 543,660,746	\$ 652,967,581	\$ 796,391,925

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

At June 30, 2018, the District reported a liability of \$ 652,967,581 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 652,967,581
State's proportionate share that is associated with the District	892,054,326
Total	<u>\$ 1,545,021,907</u>

The Net OPEB liability was measured as of August 31, 2017 and the Total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB liability was 0.015015495726 which was the same proportion measured as of August 31, 2016.

Changes since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

***HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***

1. Significant plan changes were adopted during fiscal year ending June 30, 2018. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(517,453,944) and revenue of \$(298,505,103) for support provided by the State.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial experience	\$ -	\$ 13,631,194
Changes in Actuarial Assumptions	-	259,506,378
Net Difference between projected and actual investment earnings	99,187	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	36,222
Contributions paid to TRS subsequent to the measurement date	9,427,795	-
Total	\$ 9,526,982	\$ 273,173,794

The net amounts of the employer's balances of deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2019	\$ (36,032,515)
2020	(36,032,515)
2021	(36,032,515)
2022	(36,032,515)
2023	(36,057,312)
Thereafter	(92,887,235)

Medicare Part D

The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program known as Medicare Part D. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. For the years ended August 30, 2018 and August 31, 2017, the subsidy payments received by TRS-Care on behalf of the District were \$3,683,572 and \$5,016,365, respectively. TRS issues a publicly available financial report. That report may be found by visiting the TRS Web site at www.trs.state.tx.us.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The District received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the Texas Education Agency. Any disallowed claims resulting from such audits could become a liability of the General Fund.

The District is party to various legal actions, none of which is believed by the administration or legal counsel to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

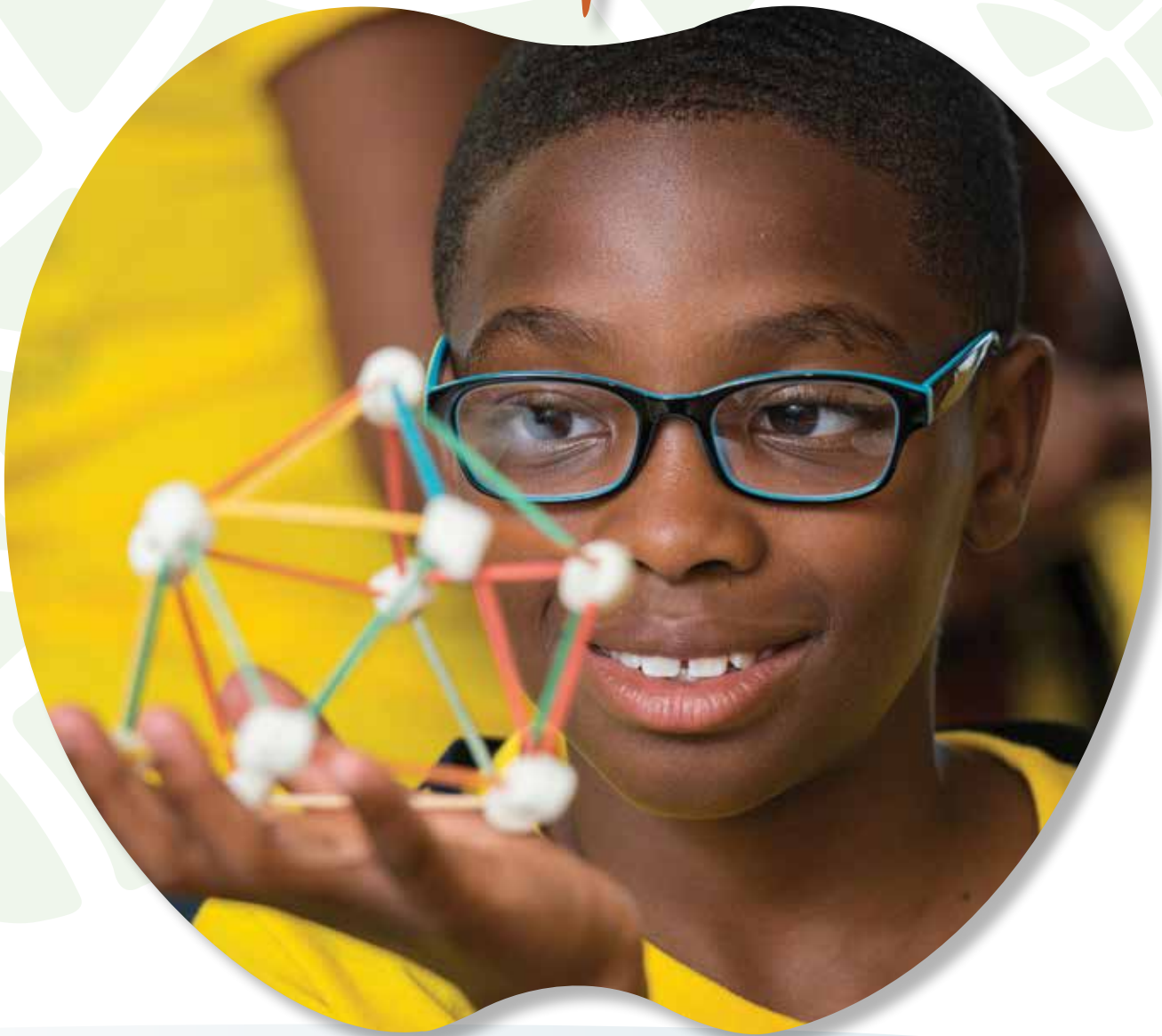


FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

FINANCIAL
SECTION

2018
REQUIRED
SUPPLEMENTARY
INFORMATION



**HOUSTON INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Better (Worse)
	Original	Final		
REVENUES				
Property taxes	\$ 1,708,235,681	\$ 1,680,857,671	\$ 1,710,326,173	\$ 29,468,502
Earnings on investments	1,465,000	9,000,000	10,408,645	1,408,645
Miscellaneous local sources	9,661,901	42,301,118	18,246,935	(24,054,183)
State sources	185,036,762	213,704,798	243,073,835	29,369,037
Federal sources	6,250,624	6,250,624	8,381,410	2,130,786
Total revenues	<u>1,910,649,968</u>	<u>1,952,114,211</u>	<u>1,990,436,998</u>	<u>38,322,787</u>
EXPENDITURES				
Current				
Instruction	1,047,496,903	1,063,201,574	1,054,217,502	8,984,072
Instructional resources and media services	8,667,581	8,592,287	9,246,603	(654,316)
Curriculum & Instructional staff development	25,866,339	27,491,552	27,141,888	349,664
Instructional leadership	26,153,164	22,918,703	20,307,711	2,610,992
School leadership	136,724,969	139,409,168	148,888,990	(9,479,822)
Guidance, counseling and evaluation services	43,221,764	46,667,936	47,489,488	(821,552)
Social work services	2,108,642	2,181,823	1,699,752	482,071
Health services	20,007,781	20,137,844	18,657,747	1,480,097
Student transportation	60,145,096	73,140,236	69,146,802	3,993,434
Co-curricular/extracurricular activities	15,478,434	18,925,779	19,493,953	(568,174)
General administration	38,283,958	48,576,149	37,861,920	10,714,229
Plant maintenance and operations	190,480,921	265,976,001	226,626,540	39,349,461
Security and monitoring services	22,573,332	23,852,464	25,073,050	(1,220,586)
Data processing services	61,474,987	118,455,765	64,835,876	53,619,889
Community services	2,018,360	2,318,332	2,294,499	23,833
Juvenile justice alternative education programs	893,650	893,650	792,000	101,650
Tax increment reinvestment zone	56,907,676	56,741,810	56,170,397	571,413
Chapter 41/Purchase of WADA	268,986,857	204,673,796	204,404,117	269,679
Tax appraisal and collection	14,940,330	15,424,592	13,814,336	1,610,256
Debt service				
Principal	13,534,841	14,223,826	14,216,599	7,227
Interest and fiscal charges	1,007,379	480,124	498,626	(18,502)
Capital outlay				
Facilities acquisition and construction	-	21,547,924	21,463,684	84,240
Total expenditures	<u>2,056,972,964</u>	<u>2,195,831,335</u>	<u>2,084,342,080</u>	<u>111,489,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,322,996)</u>	<u>(243,717,124)</u>	<u>(93,905,082)</u>	<u>149,812,042</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,400,000	30,400,000	29,274,879	(1,125,121)
Transfers out	(39,321,832)	(95,321,832)	(88,500,216)	6,821,616
Capital lease proceeds	-	-	23,481,683	23,481,683
Insurance proceeds and sale of capital assets	-	-	40,478,727	40,478,727
Total other financing sources (uses)	<u>(8,921,832)</u>	<u>(64,921,832)</u>	<u>4,735,073</u>	<u>69,656,905</u>
Net change in fund balances	(155,244,828)	(308,638,956)	(89,170,009)	219,468,947
Fund balances-beginning	<u>701,848,679</u>	<u>701,848,679</u>	<u>701,848,679</u>	<u>-</u>
Fund balances-ending	<u>\$ 546,603,851</u>	<u>\$ 393,209,723</u>	<u>\$ 612,678,670</u>	<u>\$ 219,468,947</u>

The notes to required supplementary information are an integral part of this schedule.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE LAST FOUR FISCAL YEARS ENDING JUNE 30TH**

	2018	2017	2016	2015
District's proportion of the net pension liability	0.014532544	0.01757928	0.008479058	0.010781403
District's proportionate share of the net pension liability	\$ 464,672,473	\$ 664,294,849	\$ 299,723,414	\$ 287,986,184
State's proportionate share of the net pension liability associated with the District	460,406,284	648,209,392	645,866,011	510,071,049
Total	<u>\$ 925,078,757</u>	<u>\$ 1,312,504,241</u>	<u>\$ 945,589,425</u>	<u>\$ 798,057,233</u>
District's covered payroll	1,208,366,962	1,173,667,245	1,159,791,606	1,107,330,812
District's proportionate share of the net pension liability as a percentage of its Covered Payroll	38.45%	56.60%	25.84%	26.01%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31st measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE LAST FOUR FISCAL YEARS ENDING JUNE 30TH**

	2018	2017	2016	2015
Contractually Required Contribution	\$ 42,988,120	\$ 50,787,112	\$ 44,318,451	\$ 35,477,854
Contribution in Relation to the Contractually Required Contribution	<u>(42,988,120)</u>	<u>(50,787,112)</u>	<u>(44,318,451)</u>	<u>(35,477,854)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	1,209,753,335	1,173,667,245	1,221,845,231	1,153,641,436
Contributions as a Percentage of Covered Payroll	3.55%	4.33%	3.63%	3.08%

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS
TEACHER RETIREMENT SYSTEM
FOR THE LAST FOUR FISCAL YEARS ENDING JUNE 30TH**

	2018	2017	2016	2015
Contractually Required Contribution	\$ 10,561,622	\$ 7,844,378	\$ 8,414,747	\$ 7,742,748
Contribution in Relation to the Contractually Required Contribution	(10,561,622)	(7,844,378)	(8,414,747)	(7,742,748)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	1,209,753,335	1,173,667,245	1,221,845,231	1,153,641,436
Contributions as a Percentage of Covered Payroll	0.87%	0.67%	0.69%	0.67%

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2018</u>
District's proportion of the net OPEB liability	0.015015496
District's proportionate share of the net OPEB liability	\$ 652,967,581
State's proportionate share of the net OPEB liability associated with the District	892,054,326
Total	<u>\$ 1,545,021,907</u>
District's covered payroll	1,208,366,962
District's proportionate share of the net OPEB liability as a percentage of its Covered Payroll	54.04%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31st measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 1: Stewardship, Compliance, and Accountability

The District uses the following procedures in establishing the budgets reflected in the financial statements:

- Prior to June 30th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain citizens' comments. However, the final priorities and funding of projects are determined by the Board of Education that establishes a tax rate to support the approved budget.
- A meeting of the Board of Education is then called for the purpose of adopting the proposed budget.
- Budgets are approved on a fund-by-fund basis. The District can make amendments to the budget at any time during the year; however, amendments changing functional expenditure categories or revenue object accounts (as defined in the Texas Education Agency's *Financial Accountability System Resource Guide*) must be ratified by the Board of Education. The Board of Education formally reviews the budget twice during the fiscal year.
- Budgets are considered a management control and planning tool and, as such, are incorporated into the accounting system of the District.
- Annual budgets are legally adopted for the General Fund, the Debt Service Fund, and the Nutrition Services. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles and are monitored by the Budgeting Office. By state law, expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at the end of the fiscal year.
- Per TEA requirements, the expenditure in any functional category should not exceed the approved budget. For the year ended June 30, 2018, function 12 exceeded budget due to media salaries budgeted in function 41 instead of function 12. Functions 23, 31, 36, and 52 exceeded budget due to a TRS on-behalf calculation correction and higher than expected payroll costs.

Note 2: Notes to Schedules for the TRS Pension

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes in the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

Note 3: Notes to Schedules for the TRS Pension OPEB Plan*Changes of Benefit Terms*

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

Changes of Assumptions

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

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent of August 31, 2017. This change lowered the total OPEB liability.

In this valuation the impact of the Cadillac tax has been calculated as a portion of the trend assumption.

Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as provisions or applicable law.



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

FINANCIAL
SECTION

2018
COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND
SCHEDULES



NON-MAJOR ENTERPRISE FUNDS

The **Medicaid Fund** is used to account for the financial operations of special education reimbursement programs. The District participates in a Medicaid reimbursement program, which is a federal program to provide partial reimbursement for health care services provided to eligible children. In addition, the District currently provides Medicaid advisory services to over 500 schools in over 100 Texas school districts.

The **Marketplace and Catering Fund** is used to account for the financial operations of the restaurant-style cafeteria on the first level of the Hattie Mae White (HMW) Educational Support Center. The District established the Marketplace years ago as a benefit to employees working in the HMW building and in 2018 expanded services to include other office locations in the District. The Marketplace currently serves nearly 500 employees on a daily basis and provides catering services to departments within and outside of Hattie Mae White. The catering department was added to this fund in an effort to increase revenue to subsidize the Marketplace as well as to promote HISD catering activities.

Previously, the **Business Development Fund** was used to account for the financial operations of the District's Marketing Office and was primarily engaged in the development of products and services related to the provision of benefits programs to other school districts along with other incidental programs. In 2018, due to the declining demand for benefits services by other school districts, the District discontinued the operations of the Business Development Fund and transferred any remaining assets and activity to the General Fund.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018**

	Enterprise Funds			
	Business Development	Medicaid	The Marketplace	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 950	\$ 950
Investments	4,789	2,475,190	56,174	2,536,153
Due from other governments	-	31,113,123	2,372	31,115,495
Due from other funds	-	-	371,739	371,739
Inventories	-	-	64,681	64,681
Total current assets	<u>4,789</u>	<u>33,588,313</u>	<u>495,916</u>	<u>34,089,018</u>
Noncurrent assets:				
Furniture and equipment	-	435,470	15,202	450,672
Less accumulated depreciation	-	(319,061)	(5,067)	(324,128)
Total noncurrent assets	<u>-</u>	<u>116,409</u>	<u>10,135</u>	<u>126,544</u>
Total assets	<u>4,789</u>	<u>33,704,722</u>	<u>506,051</u>	<u>34,215,562</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	74,274	88,982	163,256
Due to other funds	4,789	3,000,911	-	3,005,700
Accrued salaries payable	-	59	-	59
Compensated absences payable	-	29,609	1,357	30,966
Total current liabilities	<u>4,789</u>	<u>3,104,853</u>	<u>90,339</u>	<u>3,199,981</u>
Noncurrent liabilities:				
Compensated absences payable	-	86,924	6,200	93,124
Total noncurrent liabilities	<u>-</u>	<u>86,924</u>	<u>6,200</u>	<u>93,124</u>
Total liabilities	<u>-</u>	<u>3,191,777</u>	<u>96,539</u>	<u>3,293,105</u>
NET POSITION				
Net investment in capital assets	-	116,409	10,135	126,544
Unrestricted	-	30,396,536	399,377	30,795,913
Total net position	<u>\$ -</u>	<u>\$ 30,512,945</u>	<u>\$ 409,512</u>	<u>\$ 30,922,457</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Enterprise Funds			
	Business Development	Medicaid	Marketplace	Totals
OPERATING REVENUES				
Charges for sales and services:				
Sales to customers	\$ -	\$ -	\$ 1,400,135	\$ 1,400,135
Consulting services	3,504,667	2,639,068	-	6,143,735
Miscellaneous	13,402	-	-	13,402
Total operating revenues	<u>\$ 3,518,069</u>	<u>\$ 2,639,068</u>	<u>\$ 1,400,135</u>	<u>\$ 7,557,272</u>
OPERATING EXPENSES				
Payroll costs	-	2,662,257	326,773	2,989,030
Purchased and contracted services	4,103,292	3,440,869	37,712	7,581,873
Supplies and materials	260	315,628	843,720	1,159,608
Other operating expenses	-	428,832	22,048	450,880
Depreciation	-	56,627	3,040	59,667
Total operating expenses	<u>4,103,552</u>	<u>6,904,213</u>	<u>1,233,293</u>	<u>12,241,058</u>
Operating income (loss)	<u>(585,483)</u>	<u>(4,265,145)</u>	<u>166,842</u>	<u>(4,683,786)</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	37,582	260,884	6,488	304,954
School health services (SHARS)	-	36,237,575	-	36,237,575
Total nonoperating revenue	<u>37,582</u>	<u>36,498,459</u>	<u>6,488</u>	<u>36,542,529</u>
Income before transfers	(547,901)	32,233,314	173,330	31,858,743
Transfers out	<u>(1,274,879)</u>	<u>(28,000,000)</u>	<u>-</u>	<u>(29,274,879)</u>
Change in net position	(1,822,780)	4,233,314	173,330	2,583,864
Total net position—beginning	1,822,780	26,279,631	236,182	28,338,593
Total net position—ending	<u>\$ -</u>	<u>\$ 30,512,945</u>	<u>\$ 409,512</u>	<u>\$ 30,922,457</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Enterprise Funds			
	Business Development	Medicaid	Marketplace	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from user charges	\$ 4,793,648	\$ (7,099,508)	\$ 1,401,813	\$ (904,047)
Receipts from other funds	-	-	(23,289)	(23,289)
Payments to suppliers	(8,119,717)	(3,672,921)	(1,009,829)	(12,802,467)
Payments to employees	-	(2,645,754)	(329,491)	(2,975,245)
Net cash provided (used) in operating activities	<u>(3,326,069)</u>	<u>(13,418,183)</u>	<u>39,204</u>	<u>(16,705,048)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from SHARS program	-	36,237,575	-	36,237,575
Transfers to other funds	<u>(1,274,879)</u>	<u>(28,000,000)</u>	<u>-</u>	<u>(29,274,879)</u>
Net cash provided (used) in noncapital financing activities	<u>(1,274,879)</u>	<u>8,237,575</u>	<u>-</u>	<u>6,962,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(4,172,808)	(56,713,524)	(851,895)	(61,738,227)
Proceeds from sales and maturities of investments	8,736,174	61,633,248	806,403	71,175,825
Interest and dividends	37,582	260,884	6,488	304,954
Net cash provided (used) in investing activities	<u>4,600,948</u>	<u>5,180,608</u>	<u>(39,004)</u>	<u>9,742,552</u>
Net increase in cash and cash equivalents	-	-	200	200
Balances—beginning of the year	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>
Balances—end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 950</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (585,483)	\$ (4,265,145)	\$ 166,842	\$ (4,683,786)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	56,627	3,040	59,667
Change in assets and liabilities:				
Receivables	1,275,579	(9,738,577)	1,678	(8,461,320)
Inventories and other assets	-	-	(14,102)	(14,102)
Accounts payables	(646,365)	(135,954)	(92,247)	(874,566)
Due to other funds	(3,369,800)	648,363	(23,289)	(2,744,726)
Compensated absence payable	-	16,984	(1,150)	15,834
Accrued salaries payable	-	(481)	(1,568)	(2,049)
Net cash provided (used) in operating activities	<u>\$ (3,326,069)</u>	<u>\$ (13,418,183)</u>	<u>\$ 39,204</u>	<u>\$ (16,705,048)</u>

INTERNAL SERVICE FUNDS

The **Print Shop Fund** is used to account for all the printing and distribution activities of the District's two print shop facilities. Schools and departments are charged for the costs of printing and distribution requests. During non-peak times, the Print Shop contracts with other governmental agencies requiring assistance during their peak periods. In addition, the Print Shop handles the districtwide copier contract/services for all schools and departments. Accounting for copier services moved from Internal Services to Print Shop during the current year.

The **Health Insurance Fund** is used to account for the health insurance plan administered by the District. The plan is a self-insured plan requiring the District and its employees to contribute the cost. The District contributes approximately 73.18 percent of the annual cost of the plan with employees paying for the remaining 26.82 percent. These contributions are paid from all governmental and proprietary funds to the Health Insurance Fund from which all claims and administrative expenses are paid.

The **Workers' Compensation Fund** is used to account for risk financing activities related to the self-insured workers' compensation program. All employees of the District are covered by this plan for injuries occurring on the job. The District contributes 100 percent of the funding for this program.

The **Internal Services Fund** is used to account for the fee-for-services offered by the District to serve the specific needs of schools and departments. The Alternative Certification, Athletics, UIL, and Shared Services programs are accounted for within this fund.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Print Shop	Health Insurance	Workers' Compensation	Internal Services	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,040,247	42,658,633	40,985,314	4,157,808	88,842,002
Receivables	194,268	-	-	-	194,268
Due from other funds	416,184	6,191,486	-	-	6,607,670
Accrued interest	-	-	16,649	-	16,649
Total current assets	<u>1,650,699</u>	<u>48,850,119</u>	<u>41,001,963</u>	<u>4,157,808</u>	<u>95,660,589</u>
Noncurrent assets:					
Buildings and improvements	555,828	-	-	1,590,750	2,146,578
Furniture and equipment	-	-	5,827	1,274,365	1,280,192
Vehicles	97,585	-	-	84,726	182,311
Less accumulated depreciation	(278,229)	-	(5,827)	(687,924)	(971,980)
Total noncurrent assets	<u>375,184</u>	<u>-</u>	<u>-</u>	<u>2,261,917</u>	<u>2,637,101</u>
Total assets	<u>2,025,883</u>	<u>48,850,119</u>	<u>41,001,963</u>	<u>6,419,725</u>	<u>98,297,690</u>
LIABILITIES					
Current liabilities:					
Accounts payable	18,324	4,064,212	210,372	596,443	4,889,351
Due to other funds	-	-	704,837	17,094	721,931
Accrued salaries payable	-	4,145	1,305	55,460	60,910
Compensated absences payable	16,891	10,995	8,011	47,170	83,067
Claims and judgments payable	-	13,182,920	3,371,025	-	16,553,945
Total current liabilities	<u>35,215</u>	<u>17,262,272</u>	<u>4,295,550</u>	<u>716,167</u>	<u>22,309,204</u>
Noncurrent liabilities:					
Compensated absences payable	50,674	32,985	24,031	141,511	249,201
Claims and judgments payable	-	122,080	2,741,282	-	2,863,362
Total noncurrent liabilities	<u>50,674</u>	<u>155,065</u>	<u>2,765,313</u>	<u>141,511</u>	<u>3,112,563</u>
Total liabilities	<u>85,889</u>	<u>17,417,337</u>	<u>7,060,863</u>	<u>857,678</u>	<u>25,421,767</u>
NET POSITION					
Net investment in capital assets	375,184	-	-	2,261,917	2,637,101
Unrestricted	1,564,810	31,432,782	33,941,100	3,300,130	70,238,822
Total net position	<u>\$ 1,939,994</u>	<u>\$ 31,432,782</u>	<u>\$ 33,941,100</u>	<u>\$ 5,562,047</u>	<u>\$ 72,875,923</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Print Shop</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Internal Services</u>	<u>Totals</u>
OPERATING REVENUES:					
Charges for sales and services:					
Sales to customers	\$ 7,996,764	\$ -	\$ -	\$ 15,422,312	\$ 23,419,076
Charges to employees and other funds	-	149,653,307	8,551,430	-	158,204,737
Miscellaneous	-	9,323,506	475,066	89,419	9,887,991
Total operating revenues	<u>7,996,764</u>	<u>158,976,813</u>	<u>9,026,496</u>	<u>15,511,731</u>	<u>191,511,804</u>
OPERATING EXPENSES:					
Payroll costs	1,442,845	1,023,119	1,762,975	11,004,417	15,233,356
Purchased and contracted services	5,913,887	4,185,104	10,797	2,540,439	12,650,227
Supplies and materials	947,822	3,677	2,654	1,423,441	2,377,594
Other operating expenses	1,497	5,692	29,473	1,195,331	1,231,993
Claims and judgments	-	139,817,987	6,631,703	-	146,449,690
Depreciation	14,637	-	913	214,087	229,637
Total operating expenses	<u>8,320,688</u>	<u>145,035,579</u>	<u>8,438,515</u>	<u>16,377,715</u>	<u>178,172,497</u>
Operating income (loss)	<u>(323,924)</u>	<u>13,941,234</u>	<u>587,981</u>	<u>(865,984)</u>	<u>13,339,307</u>
NONOPERATING REVENUES:					
Earnings on investments	53,208	130,690	543,842	90,869	818,609
Miscellaneous	73,517	-	-	-	73,517
Total nonoperating revenue	<u>126,725</u>	<u>130,690</u>	<u>543,842</u>	<u>90,869</u>	<u>892,126</u>
Change in net position	(197,199)	14,071,924	1,131,823	(775,115)	14,231,433
Total net position—beginning	2,137,193	17,360,858	32,809,277	6,337,162	58,644,490
Total net position—ending	<u>\$ 1,939,994</u>	<u>\$ 31,432,782</u>	<u>\$ 33,941,100</u>	<u>\$ 5,562,047</u>	<u>\$ 72,875,923</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Print Shop</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Internal Services</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from user charges	\$ 8,101,175	\$ 170,514,313	\$ 13,953,462	\$ 5,935,624	\$ 198,504,574
Other receipts	682,882	9,323,506	468,369	77,971	10,552,728
Payments to suppliers	(7,359,454)	-	830,912	(5,293,495)	(11,822,037)
Payments to employees	(1,434,342)	(1,008,714)	(1,920,718)	(10,973,018)	(15,336,792)
Claims paid	-	(140,894,688)	(7,744,582)	-	(148,639,270)
Net cash provided (used) by operating activities	<u>(9,739)</u>	<u>37,934,417</u>	<u>5,587,443</u>	<u>(10,252,918)</u>	<u>33,259,203</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	-	-	-	(591,485)	(591,485)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(591,485)</u>	<u>(591,485)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(7,810,208)	(176,048,721)	(14,952,336)	(17,411,403)	(216,222,668)
Proceeds from sales and maturities of investments	7,693,222	137,983,614	8,821,051	28,164,937	182,662,824
Interest and dividends	53,208	130,690	543,842	90,869	818,609
Net cash provided (used) by investing activities	<u>(63,778)</u>	<u>(37,934,417)</u>	<u>(5,587,443)</u>	<u>10,844,403</u>	<u>(32,741,235)</u>
CASH FLOWS FROM NONOPERATING ACTIVITIES					
Proceeds from insurance claims	73,517	-	-	-	73,517
Net cash provided (used) by nonoperating activities	<u>73,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,517</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances—beginning of the year	-	-	-	-	-
Balances—end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (323,924)	\$ 13,941,234	\$ 587,981	\$ (865,984)	\$ 13,339,307
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	14,637	-	913	214,087	229,637
Unrealized gain (loss) on investments	-	-	(6,697)	-	(6,697)
Change in assets and liabilities:					
Receivables, net	30,893	-	-	-	30,893
Due from other funds	682,882	21,635,209	5,402,032	-	27,720,123
Accounts payable	(422,731)	3,420,270	863,039	(134,283)	3,726,295
Due to other funds	-	-	-	(9,486,689)	(9,486,689)
Accrued salaries payable	(984)	4,145	-	55,460	58,621
Compensated absences payable	9,488	10,260	7,304	(24,062)	2,990
Current portion of claims and judgments	-	(1,101,501)	(646,203)	-	(1,747,704)
Other long term claims and judgments	-	24,800	(620,926)	-	(596,126)
Other	-	-	-	(11,447)	(11,447)
Net cash provided (used) by operating activities	<u>\$ (9,739)</u>	<u>\$ 37,934,417</u>	<u>\$ 5,587,443</u>	<u>\$ (10,252,918)</u>	<u>\$ 33,259,203</u>

AGENCY FUNDS

The **Centralized Activity Fund** was created in 1977 for the purpose of providing centralized accounting for school activity funds. As of June 30, 2018, two hundred sixty-four schools are in the program. The program also includes accounting for activity funds of various administrative departments or groups. Centralized accounting includes deposits to a central depository, funds invested by the Treasury Department for best utilization of cash balances, payments, ledger maintenance and reporting provided through the District's accounting system. Schools in the district are required to maintain uniform accounting records.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Student/Administrative Activity Funds				
ASSETS				
Cash and cash equivalents	\$ 4,050	\$ 62,775,913	\$ 62,775,913	\$ 4,050
Investments	27,285,938	23,580,664	35,232,308	15,634,294
Accounts receivable	4,491	6,110,079	6,099,218	15,352
Total assets	<u>\$ 27,294,479</u>	<u>\$ 92,466,656</u>	<u>\$ 104,107,439</u>	<u>\$ 15,653,696</u>
LIABILITIES				
Accounts payable	\$ 11,919,911	\$ 21,022,246	\$ 32,115,030	\$ 827,127
Accrued salaries payable	14,412	11,832	24,120	2,124
Other liabilities	-	2,789	-	2,789
Due to student/administrative groups	15,360,156	20,803,822	21,342,322	14,821,656
Total liabilities	<u>\$ 27,294,479</u>	<u>\$ 41,840,689</u>	<u>\$ 53,481,472</u>	<u>\$ 15,653,696</u>

FINANCIAL
SECTION

2018
OTHER
SUPPLEMENTARY
INFORMATION



**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Better (Worse)
	Original	Final		
REVENUES				
Local maintenance taxes	\$ 297,329,251	\$ 272,746,273	\$ 273,662,311	\$ 916,038
Earnings on investments	800,000	1,350,000	1,436,784	86,784
State sources	2,659,862	2,467,982	2,618,427	150,445
Federal sources	7,088,479	7,099,900	7,107,587	7,687
Total revenues	307,877,592	283,664,155	284,825,109	1,160,954
EXPENDITURES				
Debt service				
Principal	213,090,851	202,634,393	202,634,393	-
Interest	135,113,702	129,883,714	129,865,764	17,950
Fiscal charges	2,500,000	850,000	740,121	109,879
Payment to escrow agents - current refunding	-	-	-	-
Total expenditures	350,704,553	333,368,107	333,240,278	127,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,826,961)	(49,703,952)	(48,415,169)	1,288,783
OTHER FINANCING SOURCES (USES)				
Transfers in	46,192,066	39,936,152	39,936,152	-
Total other financing sources	46,192,066	39,936,152	39,936,152	-
Net change in fund balances	3,365,105	(9,767,800)	(8,479,017)	1,288,783
Fund balances-beginning	129,036,673	129,036,673	129,036,673	-
Fund balances-ending	\$ 132,401,778	\$ 119,268,873	\$ 120,557,656	\$ 1,288,783

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL RENOVATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			Actual	Variance with Final Budget Better (Worse)
	Original	Final			
REVENUES					
Earnings on investments	\$ 8,712,500	\$ 8,712,500	\$	12,973,017	\$ 4,260,517
Miscellaneous local sources	26,000,000	26,000,000		29,726,832	3,726,832
Total revenues	34,712,500	34,712,500		42,699,849	7,987,349
EXPENDITURES					
Capital outlay					
Facilities acquisition and construction	550,000,000	1,374,986,789		560,519,910	814,466,879
Total expenditures	550,000,000	1,374,986,789		560,519,910	814,466,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	(515,287,500)	(1,340,274,289)		(517,820,061)	822,454,228
OTHER FINANCING SOURCES (USES)					
Transfers in	570,000	56,570,000		56,000,000	(570,000)
Transfers out	(7,440,234)	(7,435,936)		(7,435,936)	-
Issuance of bonds and other debt	-	261,575,000		261,575,000	-
Premium on sale of bonds	-	40,253,761		40,253,761	-
Proceeds from sale of capital assets	-	-		(31,192)	(31,192)
Total other financing sources	(6,870,234)	350,962,825		350,361,633	(601,192)
Net change in fund balances	(522,157,734)	(989,311,464)		(167,458,428)	821,853,036
Fund balances--beginning	981,894,115	981,894,115		981,894,115	-
Fund balances--ending	\$ 459,736,381	\$ (7,417,349)	\$	814,435,687	\$ 821,853,036

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NUTRITION SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts				Variance with Final Budget Better (Worse)
	Original	Final	Actual		
REVENUES					
Food sales	\$ 8,083,130	\$ 4,783,069	\$ 4,935,531	\$	152,462
Interest income	58,800	405,044	645,193		240,149
Miscellaneous local sources	60,000	169,877	189,099		19,222
State matching funds and others	584,688	574,319	574,319		-
Child nutrition programs/Summer food program	112,097,029	114,497,338	115,158,622		661,284
Donated commodities	7,393,880	7,393,880	5,806,938		(1,586,942)
Total revenues	128,277,527	127,823,527	127,309,702		(513,825)
EXPENDITURES					
Food services	124,758,204	126,152,488	124,044,956		2,107,532
General administration	1,167,998	1,169,998	725,685		444,313
Plant maintenance and operations	1,514,824	926,006	177,596		748,410
Total expenditures	127,441,026	128,248,492	124,948,237		3,300,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	836,501	(424,965)	2,361,465		2,786,430
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	25,858,259		25,858,259
Total other financing sources	-	-	25,858,259		25,858,259
Net change in fund balances	836,501	(424,965)	28,219,724		28,644,689
Total fund balance-beginning	10,501,976	10,501,976	-		(10,501,976)
Total fund balance-ending	\$ 11,338,477	\$ 10,077,011	\$ 28,219,724	\$	18,142,713

The Nutrition Services Fund was reclassified from an enterprise fund to a governmental fund in fiscal year 2018.



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

2018 COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

STATISTICAL
SECTION



HOUSTON INDEPENDENT SCHOOL DISTRICT
STATISTICAL INFORMATION
(Unaudited)

The Statistical Section of the 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 overall financial health.

CONTENTS

Financial Trends

These schedules contain information to help the reader understand how the District's financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's major revenue sources.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the District provides and activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

STATISTICAL
SECTION

2018
FINANCIAL
TRENDS



HOUSTON INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 1,420,746,056	\$ 1,365,783,744	\$ 1,248,306,026	\$ 1,251,173,392	\$ 1,107,825,229	\$ 1,017,816,914	\$ 849,051,723	\$ 607,088,046	\$ 683,024,510	\$ 606,423,128
Restricted	139,895,641	97,427,017	78,988,962	47,832,498	84,103,019	56,598,918	84,478,848	115,045,479	84,381,231	91,063,905
Unrestricted	(488,639,284)	484,463,989	604,451,655	536,765,712	700,219,163	685,555,330	683,841,354	754,037,910	589,054,667	632,251,253
Total governmental activities	\$ 1,092,002,413	\$ 1,947,674,750	\$ 1,931,746,643	\$ 1,835,771,602	\$ 1,892,147,411	\$ 1,739,971,162	\$ 1,617,371,925	\$ 1,476,171,435	\$ 1,356,460,408	\$ 1,329,738,286
Business-type activities										
Net investment in capital assets	\$ 126,544	\$ 3,377,334	\$ 3,543,365	\$ 2,312,189	\$ 1,423,266	\$ 833,369	\$ 386,947	\$ 306,387	\$ 267,578	\$ 21,289,416
Restricted	-	7,310,854	5,268,295	7,004,373	20,426,635	14,605,458	8,423,522	-	-	-
Unrestricted	32,930,896	29,264,803	34,936,560	43,924,804	48,677,085	42,285,257	55,946,769	33,966,335	25,896,844	(6,253,630)
Total business-type activities	\$ 33,057,440	\$ 39,952,991	\$ 43,748,220	\$ 53,241,366	\$ 70,526,986	\$ 57,724,084	\$ 64,757,238	\$ 34,272,722	\$ 26,164,422	\$ 15,035,786
Total										
Net investment in capital assets	\$ 1,420,872,600	\$ 1,369,161,078	\$ 1,251,849,391	\$ 1,253,485,581	\$ 1,109,248,495	\$ 1,018,650,283	\$ 849,438,670	\$ 607,394,433	\$ 683,292,088	\$ 627,712,544
Restricted	139,895,641	104,737,871	84,257,257	54,836,871	104,529,654	71,204,376	92,902,370	115,045,479	84,381,231	91,063,905
Unrestricted	(435,708,388)	513,728,792	639,388,215	580,690,516	748,896,248	707,840,587	739,788,123	788,004,245	614,951,511	625,997,623
Total net position	\$ 1,125,059,853	\$ 1,987,627,741	\$ 1,975,494,863	\$ 1,889,012,968	\$ 1,962,674,397	\$ 1,797,695,246	\$ 1,682,129,163	\$ 1,510,444,157	\$ 1,382,624,830	\$ 1,344,774,072

HOUSTON INDEPENDENT SCHOOL DISTRICT

**HOUSTON INDEPENDENT SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
Instruction	\$ 993,744,972	\$ 1,354,643,323	\$ 1,321,923,485	\$ 1,209,883,205	\$ 1,182,118,522	\$ 1,042,458,041	\$ 1,059,621,975	\$ 1,183,179,760	\$ 1,181,805,764	\$ 1,153,304,979
Instructional resources and media services	11,024,125	8,606,334	6,736,890	7,702,863	9,944,748	10,869,915	9,156,011	16,023,275	17,261,306	21,093,535
Instructional staff development	56,629,458	56,859,881	61,690,290	60,005,763	59,082,951	55,893,549	63,721,103	54,518,931	67,113,124	66,556,702
Curriculum development	-	-	9,683,262	5,717,871	6,133,884	5,622,290	4,128,424	4,902,643	4,665,111	5,354,011
Instructional leadership	26,716,134	41,414,704	31,044,536	28,477,630	25,360,441	18,901,351	20,131,917	24,911,226	27,244,755	26,930,049
School leadership	96,092,512	142,369,897	144,729,360	129,495,908	125,593,716	115,221,354	117,065,506	128,978,440	130,773,278	132,667,937
Guidance, counseling, and evaluation services	45,699,226	59,189,470	56,613,106	46,638,994	49,573,307	46,489,885	54,065,013	57,842,064	62,038,198	49,789,308
Social work services	2,085,558	3,680,254	3,667,034	2,920,092	3,201,197	1,708,965	1,815,776	2,198,842	2,269,165	2,285,724
Health services	13,620,061	21,968,601	21,657,215	20,326,190	20,089,085	18,126,366	16,734,818	21,446,184	20,012,485	20,803,330
Student transportation services	59,264,188	67,016,009	60,617,212	56,262,972	54,382,120	49,177,675	47,554,907	51,893,718	49,177,482	49,161,505
Food service	95,083,392	7,594	260,243	735,266	739,979	1,852,859	3,188,052	3,008,334	4,048,882	2,804,934
Co-curricular/extracurricular activities	17,097,818	20,825,642	19,065,366	17,216,086	15,882,667	15,819,706	16,987,312	20,340,457	17,164,043	17,545,394
General administration	29,646,295	45,509,427	36,675,151	35,366,990	36,400,073	32,135,778	31,731,912	34,477,259	34,203,064	31,754,240
Plant maintenance and operations	205,899,444	188,418,295	259,431,697	175,914,882	192,637,508	165,753,820	171,545,597	173,578,807	175,125,622	199,198,108
Security and monitoring services	17,118,026	26,353,998	26,590,964	22,506,620	21,716,890	19,354,386	18,767,276	20,382,003	21,151,657	21,709,881
Data processing services	73,051,368	87,198,668	93,903,264	95,132,817	68,775,556	47,359,605	33,848,438	37,132,523	39,020,554	44,367,319
Community services	6,306,700	7,855,726	7,124,283	6,532,422	4,871,601	4,117,037	4,997,510	5,908,205	4,521,889	5,252,954
Fiscal agent/member districts of shared services	3,045,173	2,911,732	2,260,646	2,704,595	1,956,874	2,405,128	-	-	-	667,494
Juvenile justice alternative education program	792,000	792,117	792,000	792,000	843,660	843,660	984,270	-	551,243	-
Tax reinvestment zone payments	56,170,397	55,616,783	52,100,723	49,360,389	53,641,961	51,016,677	52,834,027	49,634,345	54,620,528	35,104,450
Tax appraisal and collection	13,814,336	13,995,353	13,355,890	12,555,327	10,588,700	9,927,290	9,775,757	9,797,218	9,876,688	9,629,776
WADA-Chapter 41	204,404,117	93,080,703	-	-	-	-	-	-	-	-
Interest and fiscal charges	93,472,234	84,888,843	87,029,681	89,351,058	92,546,879	102,759,843	113,712,948	107,186,397	104,870,409	106,192,056
Total governmental activities expenses	\$ 2,120,777,534	\$ 2,383,203,354	\$ 2,316,952,276	\$ 2,075,599,940	\$ 2,036,088,299	\$ 1,817,815,360	\$ 1,852,368,549	\$ 2,007,340,631	\$ 2,027,515,247	\$ 2,002,063,686
Business-type activities:										
Nutrition services	-	129,529,363	128,435,220	122,401,383	115,781,436	106,852,176	105,832,493	115,099,249	107,858,328	109,347,648
Business development	3,760,780	4,720,556	4,576,260	4,490,622	4,576,179	9,404,905	10,136,636	10,845,529	9,397,281	9,594,698
Medicaid	6,327,467	6,630,716	6,992,294	4,287,529	3,977,731	3,028,196	2,130,061	1,637,317	1,652,331	1,430,670
Marketplace	1,130,270	1,088,138	1,163,580	1,007,281	500,486	528,513	599,041	-	-	-
Total business-type activities expenses	\$ 11,218,497	\$ 141,967,354	\$ 141,167,354	\$ 132,186,815	\$ 124,835,832	\$ 119,813,790	\$ 118,698,231	\$ 127,582,095	\$ 118,907,940	\$ 120,373,016
Total expenses	\$ 2,131,996,031	\$ 2,525,172,127	\$ 2,458,119,630	\$ 2,207,786,755	\$ 2,160,924,131	\$ 1,937,629,150	\$ 1,971,066,780	\$ 2,134,922,726	\$ 2,146,423,187	\$ 2,122,436,702
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 2,334,403	\$ 2,121,163	\$ 1,615,963	\$ 1,406,428	\$ 1,492,445	\$ 924,014	\$ 891,197	\$ 840,370	\$ 924,253	\$ 817,212
Co-curricular/extracurricular activities	400,260	400,260	369,886	814,171	1,027,891	991,819	1,003,509	592,192	607,204	611,688
Plant maintenance and operations	366,504	294,928	451,698	326,551	613,334	589,794	620,570	525,656	561,756	456,395
Operating grants and contributions	132,119,461	257,062,737	284,606,909	283,688,955	358,082,926	328,935,582	369,298,966	445,161,872	458,717,421	355,444,861
Total governmental entities program revenues	\$ 135,220,628	\$ 259,879,088	\$ 287,044,456	\$ 286,236,105	\$ 361,215,596	\$ 331,441,209	\$ 371,815,242	\$ 447,120,090	\$ 460,810,634	\$ 357,330,156
Business-type activities:										
Charges for services:										
Nutrition services	-	7,816,438	7,287,832	8,374,719	10,245,808	10,301,716	10,347,193	9,645,209	10,632,279	12,814,355
Business development	3,504,667	5,616,323	5,047,196	4,944,367	5,665,010	9,695,176	11,006,871	11,251,482	10,518,232	10,588,704
Medicaid	2,639,068	3,212,201	2,366,643	3,345,480	2,746,689	2,471,830	2,282,917	2,719,083	1,984,651	1,366,900
Marketplace	1,400,135	569,122	598,726	755,925	424,008	451,426	100,823	-	-	-
Operating grants and contributions	36,237,575	150,103,306	143,417,677	144,334,759	138,265,205	128,754,038	162,517,103	141,623,302	115,040,272	89,392,353
Total business-type activities program revenues	\$ 43,781,445	\$ 167,317,390	\$ 158,718,074	\$ 161,755,250	\$ 157,337,720	\$ 151,674,186	\$ 186,254,907	\$ 165,239,076	\$ 138,175,434	\$ 114,162,312
Total program revenues	\$ 179,002,073	\$ 427,196,478	\$ 445,762,530	\$ 447,991,355	\$ 518,553,316	\$ 483,115,395	\$ 558,070,149	\$ 612,359,166	\$ 598,986,068	\$ 471,492,468
Net (Expense)/Revenue										
Governmental activities	\$ (1,985,556,906)	\$ (2,123,324,266)	\$ (2,029,907,820)	\$ (1,789,363,835)	\$ (1,674,871,703)	\$ (1,486,374,151)	\$ (1,480,553,307)	\$ (1,560,220,541)	\$ (1,566,704,613)	\$ (1,644,733,530)
Business-type activities	\$ 32,562,948	\$ 25,348,617	\$ 17,550,720	\$ 29,588,435	\$ 32,307,888	\$ 31,860,396	\$ 67,556,676	\$ 37,656,961	\$ 19,267,494	\$ 16,210,704
Total net expense	\$ (1,952,993,958)	\$ (2,097,975,649)	\$ (2,012,357,100)	\$ (1,759,795,400)	\$ (1,642,369,815)	\$ (1,454,513,755)	\$ (1,412,996,631)	\$ (1,522,563,580)	\$ (1,547,437,119)	\$ (1,650,944,234)

HOUSTON INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue										
Governmental activities	\$ (1,985,556,906)	\$ (2,123,324,266)	\$ (2,029,907,820)	\$ (1,788,912,045)	\$ (1,674,871,703)	\$ (1,486,374,151)	\$ (1,480,553,307)	\$ (1,560,220,541)	\$ (1,566,704,613)	\$ (1,644,733,530)
Business-type activities	32,562,948	25,348,617	17,550,720	29,116,645	32,501,888	31,860,396	67,556,676	37,656,981	19,267,494	(6,210,704)
Total net expense	<u>\$ (1,952,993,958)</u>	<u>\$ (2,097,975,649)</u>	<u>\$ (2,012,357,100)</u>	<u>\$ (1,759,795,400)</u>	<u>\$ (1,642,369,815)</u>	<u>\$ (1,454,513,755)</u>	<u>\$ (1,412,996,631)</u>	<u>\$ (1,522,563,560)</u>	<u>\$ (1,547,437,119)</u>	<u>\$ (1,650,944,234)</u>
General Revenues										
Governmental activities:										
Taxes:										
Maintenance & operations property taxes	\$ 1,701,821,616	\$ 1,616,374,560	\$ 1,524,975,899	\$ 1,397,469,254	\$ 1,236,374,779	\$ 1,102,005,554	\$ 992,624,091	\$ 1,027,522,513	\$ 1,065,193,515	\$ 1,058,019,228
Debt service property taxes	272,242,638	289,758,068	247,590,294	232,266,371	195,804,754	164,908,522	147,135,700	151,859,268	157,268,604	158,048,285
State aid - not restricted to specific programs	157,551,822	116,880,152	219,041,630	288,405,460	323,852,977	249,637,884	361,077,829	393,524,758	317,029,674	365,108,678
Tax increment reinvestment zone	30,250,708	29,369,236	28,256,492	25,200,451	23,850,334	28,760,661	31,010,087	43,023,511	21,653,331	20,562,533
Unrestricted investment earnings	26,551,157	13,156,226	6,979,458	3,724,932	3,979,465	2,755,071	3,780,140	4,255,542	7,127,247	26,927,592
Miscellaneous	25,298,359	20,277,442	17,286,979	19,274,951	18,604,624	20,945,146	47,425,950	29,345,976	16,018,276	23,940,145
Insurance Recovery	22,510,326	-	-	53,413,990	-	-	-	-	-	-
Gain/(Loss) on sale of real or personal property	-	(10,252,446)	(7,730,853)	-	-	-	-	-	-	-
On-behalf contribution relating to pension-GASB 68	-	33,289,135	59,082,962	-	-	-	-	-	-	-
Transfers	39,776,855	30,400,000	30,400,000	30,400,000	21,260,550	39,960,550	38,700,000	30,400,000	9,136,088	13,200,000
Total governmental activities	<u>\$ 2,276,003,481</u>	<u>\$ 2,139,252,373</u>	<u>\$ 2,125,882,861</u>	<u>\$ 2,048,155,409</u>	<u>\$ 1,823,727,483</u>	<u>\$ 1,608,973,388</u>	<u>\$ 1,621,753,797</u>	<u>\$ 1,679,931,568</u>	<u>\$ 1,593,426,735</u>	<u>\$ 1,665,806,461</u>
Business-type activities:										
Unrestricted investment earnings	304,954	510,543	146,707	57,514	59,550	87,300	109,681	88,424	58,983	219,246
Miscellaneous	13,402	745,611	619,151	425,772	1,055,403	979,700	1,518,159	762,895	938,247	842,237
On-behalf contribution relating to pension-GASB 68	-	-	2,590,276	-	-	-	-	-	-	-
Transfers	(39,776,855)	(30,400,000)	(30,400,000)	(30,400,000)	(21,260,550)	(39,960,550)	(38,700,000)	(30,400,000)	(9,136,088)	(13,200,000)
Total business-type activities	<u>(39,458,499)</u>	<u>(23,143,846)</u>	<u>(27,043,866)</u>	<u>(29,916,714)</u>	<u>(20,145,597)</u>	<u>(38,893,550)</u>	<u>(37,072,160)</u>	<u>(29,548,681)</u>	<u>(8,138,868)</u>	<u>(12,138,517)</u>
Total general revenues	<u>\$ 2,236,544,982</u>	<u>\$ 2,110,108,527</u>	<u>\$ 2,098,839,995</u>	<u>\$ 2,018,238,695</u>	<u>\$ 1,803,581,886</u>	<u>\$ 1,570,079,838</u>	<u>\$ 1,584,681,637</u>	<u>\$ 1,650,382,887</u>	<u>\$ 1,585,287,877</u>	<u>\$ 1,653,667,944</u>
Change in Position										
Governmental activities	\$ 290,446,575	\$ 15,928,107	\$ 95,975,041	\$ 259,243,364	\$ 148,855,780	\$ 122,589,237	\$ 141,200,490	\$ 119,711,027	\$ 26,722,122	\$ 21,072,931
Business-type activities	(6,895,551)	(3,795,229)	(9,493,146)	(800,069)	12,396,291	(7,033,154)	30,484,516	8,108,300	11,128,636	(18,349,221)
Total change in net position	<u>\$ 283,551,024</u>	<u>\$ 12,132,878</u>	<u>\$ 86,481,895</u>	<u>\$ 258,443,295</u>	<u>\$ 161,212,071</u>	<u>\$ 115,556,083</u>	<u>\$ 171,685,006</u>	<u>\$ 127,819,327</u>	<u>\$ 37,850,758</u>	<u>\$ 2,723,710</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS FUND BALANCES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund Balances										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,515,835	\$ 45,001,452
Unreserved	-	-	-	-	-	-	-	-	406,635,723	432,413,584
Nonspendable	11,394,093	10,115,337	10,166,319	11,234,622	10,919,610	10,970,265	11,274,260	8,535,501	-	-
Restricted	-	-	-	5,686,179	10,558,662	23,628,833	25,294,791	23,746,635	-	-
Committed	46,364,840	102,364,840	91,482,865	89,706,733	83,790,695	81,161,009	78,974,229	100,954,015	-	-
Assigned	165,504,729	222,413,318	250,970,779	256,992,372	155,446,311	128,138,692	124,225,921	92,059,275	-	-
Unassigned	389,415,008	366,955,184	385,625,902	282,545,916	279,351,748	276,796,499	312,621,371	257,315,672	-	-
Total general fund	\$ 612,678,670	\$ 701,848,679	\$ 738,245,865	\$ 646,165,822	\$ 540,067,026	\$ 520,695,298	\$ 552,390,572	\$ 482,611,098	\$ 452,151,558	\$ 477,415,036
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,538,459	\$ 307,660,468
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	9,237,349	9,342,633
Capital Renovations Fund	-	-	-	-	-	-	-	-	619,110,517	410,120,800
Public Facility Corporation	-	-	-	-	-	-	-	-	54,519,448	1,321,516
Restricted, reported in:										
Special Revenue Fund	62,903,803	37,058,450	34,657,380	28,091,528	27,171,222	25,304,978	25,445,723	9,703,595	-	-
Debt Service Fund	120,557,656	129,036,673	123,124,995	125,699,276	145,910,262	127,037,935	144,143,368	131,866,758	-	-
Capital Renovation Fund	734,975,292	921,555,203	876,943,939	648,942,505	445,828,592	573,881,680	376,547,064	553,805,808	-	-
Public Facility Corporation	17,399,029	28,509,693	63,955,273	93,235,178	6,129,820	6,837,689	6,817,756	17,857,956	-	-
Committed, reported in:										
Capital Renovation Fund	2,729,367	7,922,067	21,000,196	38,462,761	64,916,459	75,469,488	93,542,185	124,962,185	-	-
Assigned, reported in:										
Capital Renovations Fund	76,731,028	52,416,845	59,896,209	70,481,908	38,361,620	45,155,473	57,889,113	54,177,283	-	-
Total all other government	\$ 1,015,296,175	\$ 1,176,498,931	\$ 1,179,577,992	\$ 1,004,913,156	\$ 728,317,975	\$ 853,687,243	\$ 704,385,209	\$ 892,373,585	\$ 1,078,405,773	\$ 728,445,417

NOTES: Governmental Funds Balances include fund balances from the following funds: General, Special Revenue, Debt Service, Capital Renovation, and the nonmajor governmental fund (Public Facility Corporation).

For the fiscal year 2010 and 2009, the amounts represent Pre-GASB 54

HOUSTON INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Local sources:										
Property taxes	\$ 1,983,988,484	\$ 1,893,322,842	\$ 1,777,993,410	\$ 1,620,768,964	\$ 1,439,001,774	\$ 1,267,605,956	\$ 1,199,168,635	\$ 1,188,465,129	\$ 1,223,132,904	\$ 1,210,370,148
Earnings on investments	25,732,548	12,674,863	6,537,913	3,227,580	3,567,672	2,491,504	3,405,057	3,976,620	6,459,794	24,159,405
Miscellaneous local sources	70,388,913	55,920,082	53,679,466	46,389,598	52,031,641	59,749,175	73,964,248	68,656,990	43,483,510	52,811,748
Total local sources	2,080,109,945	1,961,917,587	1,838,210,789	1,670,386,142	1,494,601,087	1,329,846,635	1,276,537,940	1,261,098,739	1,273,076,208	1,287,341,301
State sources:										
Per capita	40,054,418	76,341,323	35,116,457	49,580,221	49,423,912	85,664,101	46,005,198	59,890,994	21,511,001	46,266,828
Foundation school program	127,331,532	49,296,541	193,435,639	247,558,062	285,992,699	175,880,327	327,816,675	369,544,820	318,014,257	353,795,852
On behalf payments	75,597,807	32,914,554	42,570,730	46,763,431	67,095,628	60,285,800	57,774,897	69,305,020	70,403,585	70,039,599
Other state sources	20,467,949	23,740,776	39,394,909	7,355,681	39,304,253	21,289,371	49,854,401	23,520,135	29,475,244	28,708,318
Total state sources	263,451,706	182,293,194	310,517,735	351,257,395	441,816,492	343,119,599	481,451,171	522,260,969	439,404,087	498,810,597
Federal sources	352,337,407	185,375,265	185,158,431	213,682,616	206,949,586	203,715,416	246,425,350	319,183,246	330,383,551	215,127,489
Total revenues	\$ 2,695,899,058	\$ 2,329,586,046	\$ 2,333,886,955	\$ 2,235,326,153	\$ 2,143,367,165	\$ 1,876,681,650	\$ 2,004,414,461	\$ 2,102,542,954	\$ 2,042,863,846	\$ 2,001,279,387

NOTE: Governmental Funds Revenues include those received by the following funds: General, Special Revenue, Debt Service, Capital Renovation, and the nonmajor governmental fund (Public Facility Corporation).

HOUSTON INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$ 1,196,178,528	\$ 1,099,037,778	\$ 1,156,049,711	\$ 1,104,440,814	\$ 1,088,908,173	\$ 992,163,478	\$ 1,013,494,213	\$ 1,101,162,131	\$ 1,107,406,037	\$ 1,078,428,648
Instructional resources and media services	9,436,233	8,963,155	6,593,406	7,952,267	10,278,369	11,118,905	11,555,276	16,381,158	17,801,466	23,903,416
Instructional staff development	68,555,448	54,161,088	60,270,149	59,107,913	58,154,670	54,939,279	63,856,333	54,263,839	66,453,364	65,418,777
Curriculum development	-	-	9,394,342	5,697,622	6,127,068	5,687,120	4,201,940	4,890,219	4,614,962	5,277,650
Instructional leadership	29,936,424	33,352,131	29,042,244	27,204,848	24,074,779	24,416,685	27,599,188	24,888,930	27,261,578	26,410,595
School leadership	151,711,305	132,074,470	138,095,849	128,611,645	124,755,647	116,733,825	119,183,528	128,698,374	130,265,164	130,502,940
Guidance, counseling, and evaluation services	62,330,230	55,556,445	53,831,166	45,117,000	49,135,835	48,204,442	56,123,250	57,677,493	61,156,891	48,002,187
Social work services	3,038,670	3,430,189	3,549,028	2,899,837	3,193,461	1,735,345	1,846,464	2,192,944	2,264,505	2,230,353
Health services	21,626,132	21,288,305	20,779,347	19,860,156	19,925,875	18,590,270	17,042,335	21,422,280	19,954,632	20,532,155
Student transportation	72,577,424	70,696,961	58,910,024	54,059,722	53,007,805	54,970,802	47,175,230	48,240,258	52,000,103	52,242,760
Food services	124,090,805	13,090	253,641	591,158	172,172	583,973	583,260	131,151	10,879,396	1,906,326
Co-curricular/extracurricular activities	21,400,667	18,388,966	18,942,687	17,083,246	15,831,469	16,029,157	17,217,488	20,289,786	16,699,117	16,647,786
General administration	40,567,588	35,182,633	35,119,538	36,289,625	32,554,127	32,363,024	33,915,789	33,095,416	33,095,416	29,752,854
Plant maintenance and operations	240,650,346	181,942,691	165,977,640	173,825,216	191,750,049	166,933,319	172,762,187	175,450,003	173,340,380	198,821,677
Security and monitoring services	26,041,443	24,841,791	25,332,111	22,425,128	22,059,980	19,739,550	18,836,057	20,264,492	20,748,092	21,125,694
Data processing services	71,130,255	73,362,175	85,484,194	89,624,688	61,605,594	45,275,495	27,338,836	26,180,383	24,825,952	30,531,146
Community services	8,216,172	7,479,612	6,963,614	6,467,383	4,840,611	4,167,845	5,087,450	5,890,353	4,506,100	5,166,207
Fiscal agent/member districts of shared services arrangements	3,045,173	2,911,732	2,260,646	2,704,595	1,956,874	2,405,128	-	-	-	-
Juvenile Justice alternative education program	792,000	792,117	792,000	792,000	843,660	843,660	984,270	-	551,243	667,494
Tax reinvestment zone payments	56,170,397	55,616,783	52,100,723	49,360,389	53,641,961	51,016,677	52,834,027	49,634,345	54,620,528	35,104,450
Tax appraisal and collection	13,814,336	13,995,353	13,355,890	12,555,327	10,588,700	9,927,290	9,775,757	9,797,218	9,876,688	9,629,776
Chapter 41/ Purchase of WADA	204,404,117	93,080,703	-	-	-	-	-	-	-	-
Debt service										
Principal	216,850,992	215,034,493	140,278,176	117,446,886	129,080,391	96,045,369	74,639,997	71,034,340	90,918,150	101,872,999
Interest	130,364,390	130,444,013	157,739,465	132,138,517	153,493,148	160,202,075	142,211,510	141,891,751	114,632,129	113,535,871
Fiscal charges	740,121	2,808,883	1,959,956	2,728,904	243,134	-	-	-	-	-
Payments to escrow agent- current refunding	-	601,759,534	203,287,228	752,140,331	-	-	186,455,000	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	593,524,936	603,314,687	429,290,307	241,104,027	181,127,977	211,984,053	287,682,245	294,750,604	175,974,734	97,697,019
Total expenditures	\$ 3,367,194,132	\$ 3,546,954,834	\$ 2,875,716,177	\$ 3,111,059,157	\$ 2,301,087,027	\$ 2,144,267,869	\$ 2,384,847,865	\$ 2,309,047,841	\$ 2,219,846,627	\$ 2,115,408,780
(1) Debt service as a percentage of non-capital expenditures	12.85%	14.75%	13.21%	11.88%	13.62%	13.71%	11.48%	10.55%	10.14%	10.81%
(2) Debt service as a percentage of non-capital expenditures (incl ref)	12.85%	32.17%	20.39%	35.11%	13.62%	13.71%	19.44%	10.55%	10.14%	10.81%

NOTES: Governmental Funds expenditures include those made by the following funds: General, Special Revenue, Debt Service, Capital Renovation, and the nonmajor governmental fund (Public Facility Corporation).

- (1) The current refundings in fiscal years 2012, 2015, 2016 and 2017 have been deducted from non-capital expenditures in order to insure comparability between years.
- (2) The debt service ratio is calculated by dividing total debt service (principal and interest) by total noncapital expenditures. Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditure categories. The calculation for the debt service ratio in the year reported is as follows: $(216,850,992 + 130,364,390) / (3,367,162,940 - 664,721,521)$ where 664,721,521 is the portion of capital outlay capitalized in the government-wide statements.

Prior to fiscal year 2014, interest and fiscal charges were reported in aggregate.

HOUSTON INDEPENDENT SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess of revenues under expenditures	\$ (671,295,074)	\$ (1,217,368,788)	\$ (541,829,222)	\$ (875,733,004)	\$ (157,719,862)	\$ (267,586,219)	\$ (380,433,404)	\$ (206,504,887)	\$ (175,867,683)	\$ (114,129,393)
Other Financing Sources (Uses)										
Capital leases	23,481,683	562,012	8,640,097	19,814,339	15,732,872	66,979	-	55,772	-	62,307
Issuance of bonds and other debt	261,575,000	488,670,000	492,880,000	1,132,865,000	-	449,675,000	205,580,000	14,500,000	479,520,000	28,660,000
Issuance of refunding debt	-	531,575,000	461,945,000	-	-	-	-	-	-	-
Payments to escrow agents	-	-	(313,982,644)	(51,072,776)	-	(158,136,613)	-	-	-	(30,958,706)
Premium on sale of bonds	40,253,761	53,599,739	69,665,118	65,105,203	-	50,189,281	6,371,654	727,960	7,332,903	17,340,279
Premium on sale of refunding bonds	-	72,600,830	55,976,555	-	-	-	-	-	-	-
Discount on sale of bonds	-	-	-	-	-	-	-	-	(115,214)	-
Insurance proceeds and gain on sale of capital assets	40,478,727	484,960	3,049,975	61,799,149	1,259,647	3,437,781	11,572,848	4,748,507	4,871,945	91,136
Transfers in	151,069,290	97,486,060	69,663,964	79,648,453	120,753,258	122,337,002	144,071,182	150,794,392	112,085,429	103,858,212
Transfers out	(95,936,152)	(67,086,060)	(39,263,964)	(49,732,387)	(99,492,708)	(82,376,451)	(105,371,182)	(119,894,392)	(102,015,404)	(91,408,212)
Total other financing sources	420,922,309	1,177,892,541	808,574,101	1,258,426,981	38,253,069	385,192,979	262,224,502	50,932,239	501,679,659	27,645,016
Net change in fund balances	\$ (250,372,765)	\$ (39,476,247)	\$ 266,744,879	\$ 382,693,977	\$ (119,466,793)	\$ 117,606,760	\$ (118,208,902)	\$ (155,572,648)	\$ 325,811,976	\$ (86,484,377)

NOTE: Governmental Funds include the following: General, Special Revenue, Debt Service, Capital Renovation, and the nonmajor governmental fund (Public Facility Corporation).



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

STATISTICAL
SECTION

2018
REVENUE
CAPACITY



HOUSTON INDEPENDENT SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property	Personal Property	Less Exemptions	Assessed Value	Total Direct Rate	Actual Value
2009	105,657,356,884	32,425,515,427	29,974,212,713	108,108,659,598	1.156700	140,724,820,111
2010	106,785,580,557	34,085,106,917	31,806,317,766	109,064,369,708	1.156700	142,508,918,121
2011	103,475,205,925	32,721,545,410	31,757,721,688	104,439,029,647	1.156700	136,968,429,462
2012	104,819,348,791	33,583,123,258	32,507,383,892	105,895,088,157	1.156700	138,915,121,643
2013	109,332,409,911	37,212,465,190	34,976,103,329	111,568,771,772	1.156700	147,084,283,042
2014	121,883,221,417	40,189,161,984	36,959,867,237	125,112,516,134	1.186700	163,016,705,430
2015	137,640,731,747	41,268,373,303	39,328,697,496	139,580,407,554	1.196700	183,562,093,146
2016	153,367,413,252	44,404,146,318	44,911,076,773	152,860,482,797	1.196700	206,223,497,079
2017	168,120,296,681	44,977,402,521	47,236,054,537	165,861,644,665	1.206700	218,146,974,374
2018	174,959,532,253	45,435,432,088	48,784,335,870	171,610,628,471	1.206700	223,346,451,297

SOURCE: Harris County Appraisal District (HCAD)

NOTES: The real property numbers were derived by using the tax roll for the corresponding year and adding the totals for all items designated as "real" in the category description.
 Personal property represents items not identified as "real" in the category description.
 Actual value is the market value as reported by HCAD.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX EXEMPTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Classification of Exemption or Exclusion</u>	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Local Option and State-Mandated Homestead Exemption	\$ 20,130,642,759	41.26%	\$ 19,425,189,768	41.12%	\$ 18,223,216,591	40.58%	\$ 14,564,042,575	37.03%	\$ 13,441,842,882	36.37%
Local Option and State-Mandated Homestead Exemption Over 65 years of age or older (up to \$10,000 AV)										
Disabled Veterans, Surviving Spouses and/or Children and Certain Other	958,814,009	1.97%	938,082,355	1.99%	894,636,337	1.99%	930,079,467	2.36%	913,697,777	2.47%
Disabled Persons	319,965,918	0.66%	294,923,836	0.62%	272,968,718	0.61%	283,067,126	0.72%	270,328,598	0.73%
Tax Exempt (i.e., Church)	26,091,717,785	53.48%	25,123,729,903	53.19%	23,862,120,885	53.13%	21,929,143,755	55.76%	20,610,459,907	55.76%
Pollution Control	299,434,085	0.61%	328,871,032	0.70%	312,294,880	0.70%	307,945,565	0.78%	311,426,503	0.84%
Foreign Trade	377,921,871	0.77%	192,057,213	0.41%	299,554,557	0.67%	370,778,596	0.94%	422,087,984	1.14%
Other	605,839,443	1.24%	933,200,430	1.98%	1,046,284,805	2.33%	943,640,412	2.40%	990,023,586	2.68%
Total Exemptions from Assessed Value	<u>\$ 48,784,335,870</u>	<u>100.00%</u>	<u>\$ 47,236,054,537</u>	<u>100.00%</u>	<u>\$ 44,911,076,773</u>	<u>100.00%</u>	<u>\$ 39,328,697,496</u>	<u>100.00%</u>	<u>\$ 36,959,867,237</u>	<u>100.00%</u>
<u>Classification of Exemption or Exclusion</u>	<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Local Option and State-Mandated Homestead Exemption	\$ 12,806,116,133	36.61%	\$ 12,883,366,847	39.63%	\$ 12,894,170,714	40.60%	\$ 12,817,857,122	40.30%	\$ 12,427,615,266	41.46%
Local Option and State-Mandated Homestead Exemption Over 65 years of age or older (up to \$10,000 AV)										
Disabled Veterans, Surviving Spouses and/or Children and Certain Other	856,136,308	2.45%	864,938,181	2.66%	864,784,473	2.72%	859,822,423	2.70%	856,046,142	2.86%
Disabled Persons	246,378,759	0.70%	237,097,058	0.73%	229,161,105	0.72%	217,141,908	0.68%	180,117,801	0.60%
Tax Exempt (i.e., Church)	19,534,688,907	55.85%	17,299,253,783	53.22%	16,522,229,073	52.03%	16,528,390,421	51.97%	15,211,360,090	50.75%
Pollution Control	320,196,159	0.92%	294,242,289	0.91%	256,699,345	0.81%	318,183,561	1.00%	284,915,920	0.95%
Foreign Trade	358,450,852	1.02%	121,857,525	0.37%	282,810,548	0.89%	472,745,651	1.49%	358,754,981	1.20%
Other	854,136,211	2.44%	806,628,209	2.48%	707,866,430	2.23%	592,176,680	1.86%	655,402,513	2.19%
Total Exemptions from Assessed Value	<u>\$ 34,976,103,329</u>	<u>100.00%</u>	<u>\$ 32,507,383,892</u>	<u>100.00%</u>	<u>\$ 31,757,721,688</u>	<u>100.00%</u>	<u>\$ 31,806,317,766</u>	<u>100.00%</u>	<u>\$ 29,974,212,713</u>	<u>100.00%</u>

SOURCE: Harris County Appraisal District

**HOUSTON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Fiscal Year	District Direct Rates			Overlapping Rates									
	General Fund	Debt Service Fund	Total	Harris County	City of Houston	City of Bellaire	Jacinto City	Missouri City	City of Southside Place	City of West University Place	Houston Community College	Harris County MUD'S	Various MUD'S
2009	\$ 1,006,700	\$ 0.150000	\$ 1,156,700	\$ 0.635820	\$ 0.638750	\$ 0.377500	\$ 0.661470	\$ 0.517240	\$ 0.347833	\$ 0.359000	\$ 0.092430	\$ 0.143500	\$ 1,360,000
2010	1,006,700	0.150000	1,156,700	0.636030	0.638750	0.375900	0.721076	0.528400	0.347833	0.358750	0.092220	0.143500	1,360,000
2011	1,006,700	0.150000	1,156,700	0.636561	0.638750	0.399900	0.801526	0.528400	0.347833	0.374110	0.092220	0.143500	1,360,000
2012	1,006,700	0.150000	1,156,700	0.636561	0.638750	0.399900	0.795926	0.528400	0.347833	0.374110	0.097222	0.143500	1,360,000
2013	1,006,700	0.150000	1,156,700	0.636597	0.638750	0.399900	0.766120	0.544800	0.367833	0.374110	0.097173	0.143500	1,440,000
2014	1,026,700	0.160000	1,186,700	0.636338	0.638750	0.399900	0.799907	0.573750	0.367833	0.374000	0.097173	0.143450	1,470,000
2015	1,026,700	0.170000	1,196,700	0.417310	0.631080	0.393600	0.799907	0.565000	0.337159	0.361790	0.106890	0.143450	1,400,000
2016	1,026,700	0.170000	1,196,700	0.419230	0.601120	0.380500	0.783554	0.544680	0.324000	0.331790	0.101942	0.143450	1,290,000
2017	1,026,700	0.180000	1,206,700	0.416560	0.586420	0.387400	0.783554	0.560100	0.324000	0.316800	0.100263	0.143450	1,250,000
2018	1,040,000	0.166700	1,206,700	0.418010	0.584210	0.415900	0.783554	0.600000	0.320000	0.316800	0.100263	0.143450	1,250,000

SOURCE: Harris County Appraisal District and Missouri City

NOTE: The rate reported for Harris County consists of the rates for Harris County, Harris County Flood Control District, Harris County Department of Education, Harris County Port Authority, and the Harris County Hospital District.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

<u>Taxpayer</u>	<u>Fiscal Year Ending 2018</u>			<u>Fiscal Year Ending 2009</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
Centerpoint Energy, Inc.	\$ 1,525,666,929	1	0.8890 %	\$ 1,039,803,856	2	0.9618 %
Chevron Chemical Company	1,100,194,199	2	0.6411	478,700,396	8	0.4428
Crescent HC & 4HC Investors LP	873,921,559	3	0.5092	-	-	-
One, Two, and Three Allen Center	857,457,136	4	0.4997	-	-	-
Valero Energy	721,980,186	5	0.4207	386,825,360	10	0.3578
Cousins Greenway and Post Oak Central	715,139,095	6	0.4167	-	-	-
HG Galleria I II III LP	679,040,894	7	0.3957	-	-	-
Texas Towers LTD	568,398,531	8	0.3312	-	-	-
1000 Louisiana LP	516,382,503	9	0.3009	-	-	-
Busycon Properties	512,787,835	10	0.2988	-	-	-
Anheuser Busch, Inc.	-	-	-	451,539,258	9	0.4177
Hines Interests LTD Partnership	-	-	-	962,302,817	3	0.8901
Cullen Allen Holding	-	-	-	596,155,386	4	0.5514
SBC	-	-	-	584,839,854	5	0.5410
Teachers Insurance	-	-	-	578,530,234	6	0.5351
Crescent Real Estate	-	-	-	1,378,543,156	1	1.2752
TPG BH ICC LP	-	-	-	576,224,151	7	0.5330
	<u>\$ 8,070,968,867</u>		<u>4.7030 %</u>	<u>\$ 7,033,464,468</u>		<u>6.5059 %</u>

SOURCE: Harris County Appraisal District.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2009	1,209,859,983	1,166,266,392	96.40%	22,997,146	1,189,263,538	98.30%
2010	1,220,831,835	1,181,471,318	96.78%	22,554,022	1,204,025,340	98.62%
2011	1,169,639,727	1,137,633,695	97.26%	22,383,241	1,160,016,936	99.18%
2012	1,189,044,360	1,161,106,348	97.65%	18,478,343	1,179,584,691	99.20%
2013	1,257,650,819	1,230,398,073	97.83%	17,314,894	1,247,712,967	99.21%
2014	1,448,983,295	1,420,969,869	98.07%	2,281,776	1,423,251,645	98.22%
2015	1,626,867,734	1,593,140,114	97.93%	(4,445,046)	1,588,695,068	97.65%
2016	1,776,902,751	1,738,512,893	97.84%	9,309,088	1,747,821,982	98.36%
2017	1,938,101,993	1,904,734,976	98.28%	(13,042,441)	1,891,692,534	97.61%
2018	2,002,012,192	1,963,918,398	98.10%	-	1,963,918,398	98.10%

SOURCE: Harris County Tax Assessor

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Last Ten Years Ended	TAX RATE		Assessed Valuation	Fiscal Year Beginning	Current Year Levy	General Fund Collection	Debt Service Collection	Adjustments	Fiscal Year Ending
	Maintenance	Debt Service							
2009 and prior	various	various	various	18,763,539	-	(1,599,294)	(158,172)	(3,073,928)	13,932,146
2010	1.006700	0.150000	109,064,369,708	4,161,600	-	(365,614)	(54,477)	(34,464)	3,707,044
2011	1.006700	0.150000	104,439,029,647	4,163,298	-	(426,015)	(63,477)	(51,325)	3,622,481
2012	1.006700	0.150000	105,895,088,157	4,387,955	-	(526,082)	(78,387)	(69,151)	3,714,335
2013	1.006700	0.150000	111,568,771,772	4,684,415	-	(761,579)	(113,477)	234,357	4,043,716
2014	1.026700	0.160000	125,112,516,134	5,081,901	-	(370,937)	(57,806)	(304,386)	4,348,772
2015	1.026700	0.170000	139,580,407,554	6,668,262	-	(776,676)	(128,601)	(445,090)	5,317,894
2016	1.026700	0.170000	152,860,482,797	10,989,016	-	(2,144,083)	(355,015)	(1,716,772)	6,773,145
2017	1.026700	0.180000	165,861,644,665	45,516,732	-	11,096,938	1,945,504	(45,908,852)	12,650,322
2018	1.040000	0.166700	171,610,628,471	-	2,002,012,192	(1,692,612,193)	(271,306,204)	7,606,143	45,699,938
1000 TOTAL				\$ 104,416,718	\$ 2,002,012,192	\$ (1,688,485,537)	\$ (270,370,113)	\$ (43,763,467)	103,809,793
									\$
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone under Chapter 311, Tax Code				\$ -	\$ -	\$ (43,820,321)	\$ (3,636,965)	\$ -	\$ (47,457,286)

NOTES: Total exemptions for fiscal year 2018 is \$68,813,262.

The June 30, 2018 delinquent taxes receivable balance of \$103,809,793 represents gross taxes receivable and is not reduced by estimated uncollectible taxes of \$63,962,589.

STATISTICAL
SECTION

2018
DEBT
CAPACITY



**HOUSTON INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 13,987,237,567	\$ 13,518,662,850	\$ 12,458,994,566	\$ 11,376,593,266	\$ 10,197,378,224	\$ 9,093,486,399	\$ 8,631,049,053	\$ 8,512,372,059	\$ 8,889,363,460	\$ 8,811,467,672
Total Net Debt Applicable to Limit	3,268,500,408	3,394,612,558	3,075,365,261	2,674,555,713	2,394,535,582	2,476,907,334	2,295,333,491	2,372,615,315	2,465,000,969	2,087,126,981
Legal Debt Margin	\$ 10,718,737,159	\$ 10,124,050,292	\$ 9,383,629,305	\$ 8,702,037,553	\$ 7,802,842,642	\$ 6,616,579,065	\$ 6,335,715,562	\$ 6,139,756,744	\$ 6,424,362,491	\$ 6,724,340,691
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.37%	25.11%	24.68%	23.51%	23.48%	27.24%	26.59%	27.87%	27.73%	23.69%

Legal Debt Margin Calculation for Fiscal Year 2018:

Assessed Value	\$171,610,628,471
Maximum Tax Rate (1)	\$0.50
Number of Years (2)	40
Maximum Principal	\$ -
Outstanding Principal (3)	\$ 3,268,500,408

Notes:

- (1) Per Section 45.0031 of the Texas Education Code, the District has to have a projected ability to pay the principal and interest on the bonds from a tax at a rate not to exceed \$0.50 per \$100 valuation.
- (2) Per Section 45.001, the Bonds must mature serially or otherwise not more than 40 years from their date.
- (3) Outstanding principal of General Obligation and Lease Revenue Bonds net of premiums, accretions for capital appreciation bonds, and funds restricted for payment of principal on the related debt. Net debt applicable to the legal debt margin is equal to net bonded debt.

HOUSTON INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER STUDENT
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended	Gross Bonded Debt (1)	Less Restricted For Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt Per Student (3)	Ratio of Debt to Personal Income (4)	Net Bonded Debt Per Capita (5)
2009	\$ 2,151,759,067	\$ 64,632,086	2,087,126,981	1.93	\$ 10,461	3.64	\$ 1,597
2010	2,520,469,494	55,468,525	2,465,000,969	2.26	12,267	4.23	1,878
2011	2,453,286,391	80,671,076	2,372,615,315	2.27	11,671	4.01	1,800
2012	2,375,354,550	80,021,059	2,295,333,491	2.17	11,386	3.86	1,734
2013	2,588,759,849	114,852,515	2,473,907,334	2.22	12,212	4.15	1,861
2014	2,508,442,969	113,907,387	2,394,535,582	1.91	11,364	3.76	1,688
2015	2,771,510,713	96,955,000	2,674,555,713	1.92	12,427	4.12	1,851
2016	3,154,354,223	78,988,962	3,075,365,261	2.01	14,262	4.62	2,078
2017	3,462,409,946	67,797,388	3,394,612,558	2.05	15,708	5.00	2,245
2018	3,320,324,548	51,824,140	3,268,500,408	1.90	15,261	4.75	2,137

Notes: (1) Includes general obligation bonds as well as lease revenue bonds issued by the Houston Independent School District Public Facility Corporation, a component unit of the District. See Note 2 of the financial statements for additional detail.

(2) See assessed value and actual value of taxable property schedule. Ratio is per \$100 of assessed value.

(3) See student information schedule.

(4) See personal income of demographic information schedule.

(5) See population of demographic information.

HOUSTON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Outstanding as of</u>	<u>Percent Overlapping</u>	<u>Amount Applicable to the District</u>
Overlapping :				
Bellaire, City of	\$ 113,375,000	06/30/18	100.00%	\$ 113,375,000
Fort Bend Co WC&ID #2	67,465,000	06/30/18	0.87%	586,946
Harris County	2,208,674,361	06/30/18	39.58%	874,193,312
Harris County Dept of Ed	6,555,000	06/30/18	39.58%	2,594,469
Harris County Flood Control	83,075,000	06/30/18	39.58%	32,881,085
Harris County Hospital District	59,490,000	06/30/18	39.58%	23,546,142
Harris County ID #1	31,520,000	06/30/18	100.00%	31,520,000
Harris County ID #3	2,245,000	06/30/18	100.00%	2,245,000
Harris County MUD #122	1,295,000	06/30/18	100.00%	1,295,000
Harris County MUD #148	9,535,000	06/30/18	3.44%	328,004
Harris County MUD #355	7,370,000	06/30/18	100.00%	7,370,000
Harris County MUD #382	12,030,000	06/30/18	1.30%	156,390
Harris County MUD #390	29,105,000	06/30/18	100.00%	29,105,000
Harris County MUD #393	10,205,000	06/30/18	99.69%	10,173,365
Harris County MUD #404	7,780,000	06/30/18	100.00%	7,780,000
Harris County MUD #407	4,550,000	06/30/18	100.00%	4,550,000
Harris County MUD #410	13,040,000	06/30/18	18.37%	2,395,448
Harris County MUD #411	5,050,000	06/30/18	100.00%	5,050,000
Harris County MUD #420	5,250,000	06/30/18	100.00%	5,250,000
Harris County MUD #451	5,985,000	06/30/18	100.00%	5,985,000
Harris County MUD #460	7,665,000	06/30/18	100.00%	7,665,000
Harris County MUD #480	4,300,000	06/30/18	100.00%	4,300,000
Harris County MUD #529	10,750,000	06/30/18	100.00%	10,750,000
Harris County MUD #537	6,750,000	06/30/18	100.00%	6,750,000
Harris County WC&ID #89	49,775,000	06/30/18	100.00%	49,775,000
Harris County WC&ID (Fondren Road)	2,640,000	06/30/18	100.00%	2,640,000
Houston, Community College	580,635,000	06/30/18	90.05%	522,861,818
Houston, City of	3,742,955,000	06/30/18	64.87%	2,428,054,909
Jacinto City, City of	1,810,000	06/30/18	65.04%	1,177,224
Lower Kirby Pearland Mgmt District	16,265,000	06/30/18	100.00%	16,265,000
Missouri City, City of	137,355,000	06/30/18	4.47%	6,139,769
Pine Village PUD	690,000	06/30/18	8.07%	39,947
Port of Houston Authority	638,829,397	06/30/18	39.58%	252,848,675
Southside Place, City of	7,625,000	06/30/18	100.00%	7,625,000
Southwest Harris Co. MUD #1	1,590,000	06/30/18	100.00%	1,590,000
West University Place, City of	38,370,000	06/30/18	100.00%	38,370,000
SUBTOTAL OVERLAPPING DEBT				4,517,232,503
Direct :				
Houston Independent School District				3,576,926,703
TOTAL DIRECT AND OVERLAPPING DEBT				\$ 8,094,159,206

Notes: Information furnished by Texas Municipal Advisory Council, except for the net debt of the Houston Independent School District.

The percentage of overlapping debt is estimated using property market values. Percentages were estimated by determining the portion of the overlapping taxing authority's market value contained within the District's boundaries and dividing it by the overlapping taxing authority's total market value.

Net debt for the Houston Independent School District includes the following:

Bonds	\$ 2,955,370,000
Notes	204,750,000
Contractual Obligations	2,800,000
PFC debt	126,097,263
Accretion of PFC CABS	9,363,347
Premium/discount on debt	254,322,723
Capital leases payable	24,223,370
	<u>\$ 3,576,926,703</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended	General Obligation Bonds	Lease Revenue Bonds	Contractual Obligations	Notes Payable	Capital Leases	Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt Per Student (2)	Percentage of Total Personal Income (3)	Total Debt Per Capita (4)
2009	\$ 2,040,502,487	\$ 111,256,580	\$ 63,987,119	\$ 75,729,125	\$ 119,435	\$ 2,291,594,746	\$ 2.12	\$ 11,485	4.00%	\$ 1,753
2010	2,361,218,650	159,250,844	77,102,226	70,465,950	32,070	2,668,069,740	2.45	13,278	4.58%	2,033
2011	2,300,865,182	152,421,209	75,390,744	65,072,753	55,772	2,593,805,660	2.48	12,759	4.39%	1,968
2012	2,230,594,347	144,760,203	76,525,910	59,448,724	28,268	2,511,357,452	2.37	12,458	4.23%	1,897
2013	2,452,198,822	136,561,027	53,188,101	54,170,251	66,678	2,696,184,879	2.42	13,309	4.52%	2,029
2014	2,382,594,863	125,848,106	31,378,525	50,811,081	15,766,729	2,606,399,304	2.08	12,369	4.09%	1,837
2015	2,564,919,056	206,591,656	17,468,401	45,360,000	31,008,613	2,865,347,726	2.05	13,313	4.41%	1,983
2016	2,961,137,471	193,216,752	8,387,221	40,360,000	29,416,353	3,232,517,797	2.11	14,991	4.86%	2,184
2017	3,298,533,887	163,876,059	5,657,240	35,360,000	16,742,354	3,520,169,540	2.12	16,289	5.18%	2,328
2018	3,180,310,237	140,014,311	2,809,325	229,569,460	24,223,370	3,576,926,703	2.08	16,701	5.20%	2,339

Notes:

(1) See assessed value and actual value of taxable property schedule. Ratio is per \$100 of assessed value.

(2) See student information schedule.

(3) See personal income of demographic information schedule.

(4) See population of demographic information schedule.

Increase in capital leases starting in 2014 is due to the District's "Power Up" program which provides a lap top to each high school student for use at school and at home.

STATISTICAL
SECTION

2018
DEMOGRAPHIC
AND ECONOMIC
CAPACITY



**HOUSTON INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC INFORMATION
LAST TEN CALENDAR YEARS
(UNAUDITED)**

Calendar Year	Population	Personal Income	Per Capita Income	Average Daily Attendance	Unemployment Rate	Residential Units	Total Assessed Value of Residential Units	Average Assessed Value of Residential Units
2009	1,307,281	\$ 57,320,784,805	\$ 43,847	179,830	6.40 %	307,756	\$ 45,467,649,666	\$ 147,739
2010	1,312,685	58,300,219,505	44,413	181,125	8.40	309,986	46,752,215,763	150,820
2011	1,318,111	59,126,620,208	44,857	184,022	8.80	311,812	46,554,622,525	149,303
2012	1,323,559	59,388,836,130	44,871	182,376	7.50	313,110	46,864,855,862	149,675
2013	1,329,030	59,652,214,933	44,884	182,589	7.80	313,971	47,432,413,118	151,073
2014	1,418,820	63,714,178,514	44,906	191,150	5.10	315,004	49,776,901,061	158,020
2015	1,445,277	64,928,229,539	44,924	188,957	4.20	332,960	56,700,980,749	170,294
2016	1,480,107	66,512,894,937	44,938	193,965	5.80	335,533	63,143,658,828	188,189
2017	1,512,221	67,956,030,540	44,938	194,935	5.30	338,185	69,142,683,603	204,452
2018	1,529,513	68,760,589,882	44,956	194,049	4.60	339,806	73,027,017,795	214,908

NOTES: Population estimates have been restated from 2009 through 2013. Previous financial statements have utilized the Houston-Sugarland-Baytown MSA obtained from the US Bureau of Economic Analysis via DATAbook Houston (June 2006) using an estimate average annual increase from 2006 forward.

Population estimates have been revised utilizing population figures for the Houston Independent School District geographic area only as reported by the National Center for Education Statistics for US census years 2000 and 2010. Intervening years are estimated based upon average annual percentage increases.

Per capita income figures for the fiscal years 2009 - 2010 are estimates based on the increase reported by the US Bureau of Economic Analysis via DATAbook Houston

Per capita income figure for the fiscal year 2011 is an estimate based on the increase reported by Tradingeconomics.com

Per capital income figure for the fiscal year 2012-2018 is an estimate based on the increase reported by the US Department of Commerce

Average Daily Attendance obtained from the Academic Excellence Indicator System, Texas Academic Performance Reports and TEA Summary of Finances

Unemployment rate for the City of Houston, as reported by the US Bureau of Labor Statistics

Residential Unit data obtained from the Harris County Appraisal District - Certified Values Only (Single Family and Mobile Homes)

**HOUSTON INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

<u>Employer</u>	<u>Fiscal Year Ending 2018</u>			<u>Fiscal Year Ending 2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Wal-Mart Stores	34,000	1	1.0977 %	31,900	1	1.2625 %
H-E-B	26,956	2	0.8703	12,283	10	0.4861
Memorial Hermann Health System	26,011	3	0.8397	20,201	3	0.7995
Houston Methodist Hospital System	22,247	4	0.7182	12,363	9	0.4893
UT MD Anderson Cancer Center	20,189	5	0.6518	17,536	4	0.6940
The Kroger Co.	17,188	6	0.5549	14,620	6	0.5786
McDonald's Corporation	16,100	7	0.5198	-	-	-
United Airlines	14,084	8	0.4547	-	-	-
Texas Childrens Hospital	13,445	9	0.4341	-	-	-
Exxon Mobil Corporation	13,000	10	0.4197	14,396	7	0.5698
Shell Oil Company	-	-	-	12,850	8	0.5086
Continental Airlines	-	-	-	16,451	5	0.6511
Administaff	-	-	-	20,589	2	0.8149
Total	<u>203,220</u>		<u>6.5608 %</u>	<u>173,189</u>		<u>6.8544 %</u>

Sources: Employment numbers were obtained from the Houston Chronicle.

Notes: Percentage of total employment was calculated using total non-agricultural employment for the Houston-Sugarland-Baytown MSA and was obtained directly from the U.S. Bureau of Economic Statistics via DATAbook Houston.

These lists exclude employment numbers for Houston ISD and the City of Houston

STATISTICAL
SECTION

2018
OPERATING
INFORMATION



**HOUSTON INDEPENDENT SCHOOL DISTRICT
DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Employees as of June 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction	12,539	13,564	13,763	13,502	12,679	12,561	12,627	13,461	15,075	14,965
Instructional resources and media services	96	74	68	78	87	122	131	174	222	244
Instructional staff development	356	351	390	360	333	324	307	257	224	414
Curriculum development	-	-	65	73	67	65	56	61	55	48
Instructional leadership	253	242	236	238	222	198	197	221	293	285
School leadership	2,318	2,347	2,520	2,391	2,276	2,201	2,188	2,291	2,462	2,478
Guidance, counseling, and evaluation services	631	560	550	472	437	432	442	509	523	526
Social work services	45	51	57	53	41	30	30	31	40	38
Health services	286	293	285	295	281	280	262	279	299	319
Student transportation services	1,195	1,332	1,383	1,294	1,307	1,287	1,184	1,252	1,282	1,280
Nutrition service	1,922	1,964	1,861	1,909	1,834	1,828	1,846	1,788	1,775	1,672
Co-curricular/extracurricular activities	98	253	80	73	73	73	80	81	87	146
General administration	320	384	426	422	422	396	421	406	462	445
Plant maintenance and operations	1,833	1,975	1,954	2,031	2,013	2,024	1,986	1,972	2,105	2,124
Security and monitoring services	838	883	842	826	814	783	749	790	828	828
Data processing services	298	328	328	296	260	244	234	213	222	216
Community services	105	107	134	111	108	68	71	79	79	85
Facilities acquisition and construction	82	67	60	74	73	67	52	53	51	43
Total	23,215	24,775	25,001	24,496	23,327	22,984	22,864	23,918	26,084	26,156

Source: District records

Note: Count includes both FTE and hourly employees (excluding hourly employees where the position is not their primary job) and excludes substitutes.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STUDENT INFORMATION - GENERAL
LAST TEN CALENDAR YEARS
(UNAUDITED)**

Calendar Year	Enrollment	Teacher Count	Student / Teacher Ratio	State Student / Teacher Ratio	Operating Expenditures	Cost Per Pupil	Percentage of Students Eligible for Free or Reduced-Price Meals
2009	199,524	11,993.8	16.7	14.4	1,735,076,675	8,696	80.5
2010	200,944	12,029.9	16.7	14.5	1,800,176,524	8,959	79.1
2011	203,294	11,818.1	17.3	14.7	1,869,338,031	9,195	78.3
2012	201,594	11,340.5	17.8	15.4	1,655,450,631	8,212	81.2
2013	202,586	11,266.9	18.0	15.5	1,622,981,707	8,011	80.7
2014	210,716	11,739.2	18.0	15.4	1,776,791,156	8,432	81.5
2015	215,225	11,678.5	18.4	15.2	1,794,759,572	8,339	77.6
2016	215,627	12,009.8	18.0	15.2	1,909,369,634	8,855	75.4
2017	216,106	12,061.7	18.7	15.1	1,993,593,224	9,225	81.2
2018	214,175	12,367.7	17.3	N/A	2,354,485,916	10,978	89.9

Sources: 2007-2012 AEIS (Academic Excellence Indicator System)
2013-2016 TAPR (Texas Academic Performance Report)
2017-2018 PEIMS (Public Education Information Management System)

Notes: Operating Expenditures are total governmental expenditures less debt service and capital outlay.

State Student/Teacher Ratio was not available at time of printing.

Increase in Operating Expenditures in 2018 is primarily due to the transfer of the Nutrition Services Fund from Proprietary Funds to Special Revenue Fund.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
GIFTED AND TALENTED/SPECIAL EDUCATION STUDENT DATA
LAST TEN CALENDAR YEARS
(UNAUDITED)**

Fiscal Year	Gifted and Talented Enrollment	Gifted and Talented % of Total Enrollment	State Gifted and Talented %	Special Education Enrollment	Special Education % of Total Enrollment	State Special Education %
2009	24,979	12.5	7.5	16,657	8.3	9.4
2010	27,069	13.5	7.6	16,182	8.1	9.0
2011	29,003	14.2	7.7	16,402	8.6	8.8
2012	30,587	15.2	7.7	15,506	7.7	8.6
2013	31,689	15.6	7.7	15,604	7.7	8.5
2014	32,906	15.6	7.6	15,906	7.5	8.5
2015	33,061	15.4	7.6	15,884	7.4	8.5
2016	32,200	15.0	7.7	15,545	7.2	8.6
2017	32,533	15.1	7.8	15,114	7.0	8.8
2018	33,676	15.7	N/A	15,500	7.2	N/A

Sources: 2009-2012 AEIS (Academic Excellence Indicator System)
2013-2015 TAPR (Texas Academic Performance Report)
2016-2018 PEIMS (Public Education Information Management System)

Note: State Gifted and Talented/Special Education percentages for 2018 were not available at time of printing.
Certain amounts have been updated from prior years based on updated data from PEIMS.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
LEP/ECONOMICALLY DISADVANTAGED STUDENT DATA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Limited English Proficiency Enrollment	Limited English Proficiency % of Total Enrollment	State Limited English Proficiency %	Economically Disadvantaged Enrollment	Economically Disadvantaged % of Total Enrollment	State Economically Disadvantaged %
2009	61,755	31.0	16.9	161,591	81.0	56.7
2010	62,178	30.9	16.9	160,524	79.9	59.0
2011	62,050	30.4	16.9	164,247	80.4	59.2
2012	60,546	30.0	16.8	162,699	80.7	60.4
2013	60,501	29.9	17.1	161,834	79.9	60.4
2014	62,413	29.6	17.5	169,856	80.6	60.2
2015	64,524	30.1	18.2	162,116	75.6	58.8
2016	65,216	30.3	18.5	164,412	76.5	59.0
2017	68,579	31.8	18.9	166,108	77.0	59.0
2018	67,393	31.5	N/A	160,474	74.9	N/A

Sources: 2009-2012 AEIS (Academic Excellence Indicator System)
2013-2015 TAPR (Texas Academic Performance Reports)
2016-2018 PEIMS (Public Education Information Management System)

Note: State LEP/Economically Disadvantaged percentages for 2018 were not available at time of printing.
Certain amounts have been updated from prior year based on updated data from PEIMS.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
TEACHER INFORMATION - GENERAL
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Beginning Salary			Average Salary		
	HISD	Region	State	HISD	Region	State
2009	44,119	42,418	40,372	51,580	49,186	47,159
2010	45,072	43,350	41,165	52,523	50,129	48,263
2011	44,952	43,029	41,272	52,387	50,616	48,638
2012	44,107	42,716	40,911	51,866	50,383	48,375
2013	45,425	44,365	41,878	51,922	50,968	48,821
2014	46,506	45,902	43,480	52,186	52,222	49,692
2015	48,949	48,275	44,540	53,698	54,157	50,715
2016	51,051	49,117	45,507	55,431	55,580	51,891
2017	50,541	50,173	46,199	53,471	55,992	52,525
2018	44,889	N/A	N/A	52,099	N/A	N/A

Sources: 2008-2012 AEIS (Academic Excellence Indicator System)
2013-2016 TAPR (Texas Academic Performance Report)
2017-2018 PEIMS (Public Education Information Management System)

Note: Region and State information for 2018 was not available at time of printing.
Certain amounts have been updated from prior years based on updated data from PEIMS.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
TEACHER INFORMATION - EDUCATION
LAST TEN CALENDAR YEARS
(UNAUDITED)**

Fiscal Year	Bachelor's Degree			Master's Degree			Doctorate		
	Minimum	Maximum	Teacher Count	Minimum	Maximum	Teacher Count	Minimum	Maximum	Teacher Count
2009	44,027	65,222	8,462.0	45,057	68,590	3,246.2	46,087	71,960	223.6
2010	44,987	66,182	8,454.5	46,017	69,550	3,291.3	47,047	72,920	219.6
2011	44,987	66,182	8,200.4	46,017	69,550	3,331.8	47,047	72,920	224.4
2012	44,987	66,182	7,749.2	46,017	69,550	3,283.2	47,047	72,920	221.4
2013	45,887	67,506	8,288.0	46,937	70,941	3,402.0	47,988	74,378	218.0
2014	46,805	68,856	8,244.0	47,876	72,360	3,314.0	48,948	75,866	201.0
2015	49,100	69,956	8,241.0	49,100	69,956	3,250.0	49,100	69,956	187.0
2016	51,500	71,500	8,612.4	51,500	71,500	3,190.8	51,500	71,500	206.7
2017	51,500	71,500	8,821.0	51,500	71,500	3,058.8	51,500	71,500	181.9
2018	52,530	74,360	9,468.8	52,530	74,360	2,740.4	52,530	74,360	158.5

Sources: Teacher Count information obtained from PEIMS (Public Education Information Management System)
Teacher Salary information obtained from HISD Compensation Manual

Note: Bachelor's degree teacher count includes approximately 2,000 non-degreed teachers

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Elementary	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Alcott (1953)										
Square feet	60,936	60,497	60,497	60,497	60,497	60,497	60,497	60,497	60,497	60,497
Capacity	771	771	774	774	774	774	774	632	632	632
Enrollment	267	299	326	322	399	425	491	492	467	488
Almeda (2011)										
Square feet	86,044	86,073	86,073	86,073	86,073	86,073	86,073	86,073	46,367	46,367
Capacity	783	783	752	752	716	716	716	750	663	663
Enrollment	856	845	827	857	795	762	835	812	747	757
Anderson (1959)										
Square feet	72,829	76,110	76,110	76,110	76,110	76,110	76,110	76,110	76,110	76,110
Capacity	1,039	1,039	1,039	1,039	1,149	1,149	1,149	959	959	959
Enrollment	807	833	812	672	640	640	680	663	667	695
Arabic Immersion (2015)										
Square feet	36,632	36,632	34,570	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	364	364	358	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	273	190	127	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ashford (1971)										
Square feet	86,083	86,083	83,294	83,294	83,294	83,294	83,294	83,294	83,294	83,294
Capacity	691	691	690	690	690	690	690	621	621	621
Enrollment	746	659	546	539	542	531	508	519	522	443
Askew (1977/2018)										
Square feet	58,167	48,951	48,951	67,383	67,383	67,383	67,383	67,383	67,383	67,383
Capacity	991	991	856	856	856	856	856	900	900	900
Enrollment	902	911	908	968	899	886	818	847	872	884
Atherton (1927/2013)										
Square feet	89,072	85,900	85,900	85,900	85,900	N/A	48,562	48,562	48,562	48,562
Capacity	615	615	669	669	669	N/A	669	411	411	411
Enrollment	584	577	589	568	535	N/A	367	342	357	387
Barrick (1949)										
Square feet	59,173	57,857	57,857	57,857	57,857	57,857	57,857	57,857	57,857	57,857
Capacity	817	817	806	806	982	982	982	704	704	704
Enrollment	703	705	715	695	718	678	694	718	709	681
Bastian (2005)										
Square feet	107,952	107,952	105,276	105,276	105,276	105,276	105,276	105,276	105,276	105,276
Capacity	972	972	962	962	962	962	962	942	942	942
Enrollment	696	643	635	688	701	732	747	797	761	765

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Bell (1978)										
Square feet	71,733	56,373	55,279	70,639	70,639	70,639	70,639	70,639	70,639	70,639
Capacity	967	967	773	773	773	773	773	799	799	799
Enrollment	752	759	763	819	813	779	762	778	801	772
Bellfort ECC (1960)										
Square feet	44,560	44,560	43,583	43,583	43,583	43,583	43,583	43,583	43,583	43,583
Capacity	373	373	376	376	376	376	376	427	427	427
Enrollment	365	343	372	374	362	395	392	355	336	297
Benavidez (1962)										
Square feet	94,393	93,786	93,786	93,786	93,786	93,786	93,786	93,786	93,786	93,786
Capacity	1,181	1,181	1,182	1,182	1,182	1,182	1,182	1,204	1,204	1,204
Enrollment	1,031	1,127	1,128	1,072	905	839	878	996	989	954
Benbrook (1968)										
Square feet	48,538	44,595	44,595	44,595	44,595	44,595	44,595	44,595	44,595	44,595
Capacity	598	598	573	573	606	606	606	576	576	576
Enrollment	614	620	600	613	551	523	524	536	546	507
Berry (2012)										
Square feet	87,137	87,137	85,988	85,988	85,988	85,988	85,988	51,732	51,732	51,732
Capacity	819	819	806	806	716	716	716	614	614	614
Enrollment	824	836	808	809	740	736	708	643	630	630
Blackshear (1916)										
Square feet	57,274	96,976	96,976	96,976	96,976	96,976	96,976	96,976	96,976	96,976
Capacity	778	778	711	711	711	711	711	541	541	541
Enrollment	485	520	519	531	343	378	406	425	427	323
Bonham (1962)										
Square feet	78,349	83,201	83,201	83,201	83,201	83,201	83,201	83,201	83,201	83,201
Capacity	1,297	1,297	1,236	1,236	1,358	1,358	1,358	1,495	1,495	1,495
Enrollment	988	1,049	1,140	1,091	1,054	952	928	1,054	877	928
Bonner (1948)										
Square feet	95,451	102,316	102,316	102,316	102,316	102,316	102,316	102,316	102,316	102,316
Capacity	1,040	1,040	982	982	982	982	982	1,214	1,214	1,214
Enrollment	860	955	1,001	989	986	992	977	997	950	839
Braeburn (1956)										
Square feet	81,172	84,218	84,218	84,218	84,218	84,218	84,218	84,218	84,218	84,218
Capacity	1,116	1,116	1,075	1,075	1,075	1,075	1,075	943	943	943
Enrollment	770	930	902	870	934	916	912	950	966	965

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Briargrove (2008)										
Square feet	102,025	103,585	103,585	103,585	103,585	103,585	103,585	103,585	103,585	103,585
Capacity	823	823	788	815	815	815	815	817	817	817
Enrollment	917	837	869	838	918	896	885	877	851	837
Briarmeadow (2001)										
Square feet	122,759	136,689	136,689	136,689	136,689	136,689	130,189	122,759	122,759	122,759
Capacity	621	621	606	606	606	606	606	546	546	546
Enrollment	594	595	594	595	603	595	590	549	541	543
Briscoe (1928)										
Square feet	56,305	56,305	53,829	53,829	53,829	53,829	53,829	53,829	53,829	53,829
Capacity	655	655	690	690	690	690	690	691	691	691
Enrollment	330	381	385	381	420	433	491	490	528	539
Brookline (1952)										
Square feet	87,074	121,979	121,979	121,979	121,979	121,979	121,979	121,979	121,979	121,979
Capacity	1,340	1,340	1,290	1,290	1,290	1,290	1,290	1,168	1,168	1,168
Enrollment	922	962	962	955	1,002	1,039	996	1,023	1,031	1,019
Browning (1927)										
Square feet	52,255	52,570	52,570	52,570	52,570	52,570	52,570	52,570	52,570	52,570
Capacity	653	653	585	585	585	585	585	711	711	711
Enrollment	541	557	559	556	612	634	600	600	577	562
Bruce (2005)										
Square feet	82,648	82,648	80,916	80,916	80,916	80,916	80,916	80,916	80,916	80,916
Capacity	739	739	732	732	732	732	732	671	671	671
Enrollment	516	571	601	627	597	571	593	600	593	587
Burbank (1927)										
Square feet	82,433	81,647	81,647	81,647	81,647	81,647	81,647	81,647	81,647	81,647
Capacity	1,040	1,040	985	985	1,087	1,087	1,087	868	868	868
Enrollment	904	943	856	860	920	891	835	829	858	827
Burnet (1926)										
Square feet	77,339	77,339	76,801	76,801	76,801	76,801	76,801	76,801	76,801	76,801
Capacity	780	780	788	836	836	836	836	928	928	928
Enrollment	497	511	501	521	509	524	593	630	621	652
Burrus (1926)										
Square feet	72,128	72,128	71,372	71,372	71,372	71,372	71,188	71,188	71,188	71,188
Capacity	678	678	690	690	690	690	690	517	517	517
Enrollment	471	436	484	506	420	453	514	390	378	360

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Bush (1992)										
Square feet	80,105	87,803	87,803	87,803	87,803	87,803	87,803	87,803	87,803	87,803
Capacity	892	892	878	878	920	920	920	978	978	978
Enrollment	899	837	833	860	771	733	724	698	673	658
Cage (1907) / Chrysalis MS										
Square feet	64,803	60,205	60,205	60,205	60,205	60,205	60,205	60,205	60,205	60,205
Capacity	783	783	806	1,128	1,128	1,128	1,328	906	906	906
Enrollment	524	538	575	617	798	808	819	826	847	820
Carrillo (1993)										
Square feet	48,675	80,281	80,281	80,281	80,281	80,281	80,281	80,281	80,281	80,281
Capacity	853	853	857	857	857	857	857	830	830	830
Enrollment	549	585	610	613	608	623	690	670	670	645
Codwell (1977)										
Square feet	54,338	58,946	58,946	58,946	58,946	58,946	58,946	58,946	58,946	58,946
Capacity	577	577	555	555	836	836	836	750	750	750
Enrollment	451	417	451	501	555	570	599	599	608	648
Condit (2017)										
Square feet	91,146	82,698	46,502	46,502	46,502	46,502	46,502	46,502	46,502	46,502
Capacity	692	692	731	731	731	731	731	579	579	579
Enrollment	760	725	667	707	683	652	646	663	649	609
Cook (2007)										
Square feet	121,370	121,370	89,049	89,049	89,049	89,049	89,049	89,049	89,049	89,049
Capacity	853	853	815	815	815	815	815	657	657	657
Enrollment	654	654	712	712	756	693	712	702	718	714
Coop (2005)										
Square feet	84,504	84,504	83,409	83,409	83,409	83,409	83,409	83,409	83,409	83,409
Capacity	746	746	690	690	690	690	690	712	712	712
Enrollment	747	712	759	745	755	745	738	772	745	779
Cornelius (1960)										
Square feet	78,122	76,904	76,904	76,904	76,904	76,904	76,904	76,904	76,904	76,904
Capacity	1,098	1,098	1,057	1,057	1,236	1,236	1,236	920	920	920
Enrollment	921	911	942	983	920	913	918	976	961	964
Crespo (1991)										
Square feet	84,047	85,508	85,508	85,508	85,508	85,508	85,508	85,508	85,508	85,508
Capacity	1,062	1,062	1,170	1,170	1,170	1,170	1,170	900	900	900
Enrollment	874	908	979	946	958	933	930	878	885	868

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Crockett (1980/2011)										
Square feet	59,744	63,783	63,783	63,783	63,783	63,783	63,783	63,783	39,603	39,603
Capacity	582	582	573	573	711	711	711	557	325	325
Enrollment	563	543	500	486	474	500	456	402	412	414
Cunningham (2012)										
Square feet	88,687	88,687	84,500	84,500	84,500	84,500	84,500	56,747	56,747	56,747
Capacity	783	783	716	716	716	716	716	719	719	719
Enrollment	722	732	724	755	755	707	696	713	708	673
Daily (2007)										
Square feet	82,572	82,572	82,572	82,572	82,572	82,572	82,572	82,572	82,572	82,572
Capacity	729	729	699	699	711	711	711	697	697	697
Enrollment	828	751	733	700	744	741	737	794	717	652
Davila (1990)										
Square feet	79,231	80,396	80,396	80,396	80,396	80,396	80,396	80,396	80,396	80,396
Capacity	866	866	878	878	878	878	878	837	837	837
Enrollment	401	417	454	460	478	531	540	641	662	695
DeChaumes (1956)										
Square feet	86,847	86,847	84,650	84,650	84,500	84,500	84,500	53,559	53,559	53,559
Capacity	765	765	752	716	716	716	716	676	676	676
Enrollment	834	841	834	826	820	791	739	691	686	662
DeZavala (1928)										
Square feet	67,041	64,141	64,141	64,141	64,141	64,141	64,141	64,141	64,141	64,141
Capacity	857	857	898	898	898	898	898	747	747	747
Enrollment	586	605	564	547	553	588	586	612	640	618
DeAnda (2011)										
Square feet	90,904	90,904	85,450	85,450	84,500	84,500	84,500	N/A	N/A	N/A
Capacity	767	767	734	857	857	857	857	N/A	N/A	N/A
Enrollment	674	724	719	781	763	691	536	N/A	N/A	N/A
Dogan (1949)										
Square feet	93,136	93,136	87,500	87,500	87,000	43,380	43,380	50,637	50,637	50,637
Capacity	725	725	732	732	732	732	732	396	396	396
Enrollment	618	630	681	649	617	592	625	321	329	334
Durham (1967)										
Square feet	49,951	70,003	70,003	70,003	70,003	70,003	70,003	70,003	70,003	70,003
Capacity	616	616	609	609	609	772	772	543	543	543
Enrollment	558	590	591	555	547	517	523	490	450	457

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Durkee (1954)										
Square feet	64,623	72,334	72,334	72,334	72,334	72,334	72,334	72,334	72,334	72,334
Capacity	959	959	931	931	1,045	1,045	1,045	764	764	764
Enrollment	591	653	713	714	739	683	679	679	665	648
Eliot (1926) / EL DAEP										
Square feet	79,754	86,834	86,834	86,834	86,834	86,834	86,834	86,834	86,834	86,834
Capacity	735	735	734	734	1,066	1,066	1,066	983	983	983
Enrollment	583	608	627	597	571	571	545	550	577	542
Elmore (2000)*										
Square feet	123,225	124,800	124,800	124,800	124,800	N/A	N/A	N/A	N/A	N/A
Capacity	718	718	681	788	788	N/A	N/A	N/A	N/A	N/A
Enrollment	633	656	671	713	769	N/A	N/A	N/A	N/A	N/A
Elrod (1964)										
Square feet	60,945	66,456	66,456	66,456	66,456	66,456	66,456	66,456	66,456	66,456
Capacity	914	914	842	842	1,400	1,400	1,400	731	731	731
Enrollment	776	742	695	697	658	623	589	489	490	474
Emerson (1963)										
Square feet	79,754	79,754	65,364	65,364	65,364	65,364	65,364	65,364	65,364	65,364
Capacity	856	856	860	774	774	774	774	773	773	773
Enrollment	956	919	919	955	917	883	869	874	831	812
Farias ECC (2005)										
Square feet	38,885	39,885	39,885	39,885	39,885	39,885	39,885	39,885	39,885	39,885
Capacity	374	374	418	418	418	418	418	418	418	418
Enrollment	414	408	368	368	418	421	418	420	418	418
Field (1928)										
Square feet	56,681	54,809	54,809	54,809	54,809	54,809	54,809	54,809	54,809	54,809
Capacity	710	710	732	732	732	732	732	483	483	483
Enrollment	490	508	516	476	455	463	472	488	451	367
Foerster (1969)										
Square feet	66,816	67,013	67,013	67,013	67,013	67,013	67,013	67,013	67,013	67,013
Capacity	932	932	898	898	898	898	898	824	824	824
Enrollment	715	672	669	758	672	717	705	641	643	685
Fondren (1960)										
Square feet	39,126	40,001	40,001	40,001	40,001	40,001	40,001	40,001	40,001	40,001
Capacity	573	573	647	647	647	647	647	579	579	579
Enrollment	366	402	420	423	464	433	430	408	425	408

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fonwood ECC (2017)*										
Square feet	89,147	89,147	75,900	75,900	75,900	N/A	N/A	N/A	N/A	N/A
Capacity	617	617	609	609	609	N/A	N/A	N/A	N/A	N/A
Enrollment	561	520	465	419	494	N/A	N/A	N/A	N/A	N/A
Foster (1949)										
Square feet	87,704	87,704	79,998	79,998	79,998	79,998	79,998	79,998	79,998	79,998
Capacity	729	729	753	753	753	753	753	692	692	692
Enrollment	426	419	432	435	438	426	454	525	520	492
Franklin (1948)										
Square feet	68,734	64,274	64,274	64,274	64,274	64,274	64,274	64,274	64,274	64,274
Capacity	724	724	770	982	982	982	982	864	864	864
Enrollment	423	441	440	445	479	530	502	562	577	591
Frost (2012)										
Square feet	87,054	87,054	89,277	89,277	89,277	89,277	89,277	59,465	59,465	59,465
Capacity	766	766	716	716	716	716	716	566	566	566
Enrollment	652	630	623	647	597	576	580	443	467	552
Gallegos (1992)										
Square feet	75,494	73,958	73,925	73,925	73,925	73,925	73,925	73,925	73,925	73,925
Capacity	798	798	836	836	836	836	836	697	697	697
Enrollment	380	422	481	502	529	524	524	542	542	589
Garcia (1992)										
Square feet	83,272	111,056	111,056	111,056	111,056	111,056	111,056	111,056	111,056	111,056
Capacity	872	872	836	836	836	836	836	816	816	816
Enrollment	629	643	745	747	744	771	789	805	801	789
Garden Oaks Montessori (1949/2018)										
Square feet	114,710	41,306	41,306	41,306	41,306	41,306	41,306	41,306	41,306	41,306
Capacity	638	638	645	645	645	645	584	586	586	586
Enrollment	804	799	768	693	670	637	635	601	563	498
Garden Villas (1931)										
Square feet	85,799	93,762	93,762	93,762	93,762	93,762	93,762	93,762	93,762	93,762
Capacity	1,068	1,068	899	899	899	899	899	879	879	879
Enrollment	778	833	892	847	825	866	925	938	974	991
Golfcrest (1949)										
Square feet	73,161	71,475	71,475	71,475	71,475	71,475	71,475	71,475	71,475	71,475
Capacity	838	838	877	877	877	877	877	769	769	769
Enrollment	653	730	787	766	790	763	786	762	735	715

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Gregg (2012)										
Square feet	94,892	84,908	84,704	84,704	84,704	84,704	84,704	47,713	47,713	47,713
Capacity	748	748	716	716	716	716	716	704	704	704
Enrollment	567	577	606	575	531	542	562	553	543	568
Gregory-Lincoln (2007)										
Square feet	125,538	158,561	158,561	158,561	158,561	158,561	158,561	158,561	158,561	158,561
Capacity	947	947	938	938	938	938	938	896	896	896
Enrollment	733	687	732	646	660	638	599	704	689	570
Energized for STEM/Grimes (1959)										
Square feet	43,702	43,702	42,432	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Capacity	N/A	200	200	200	800	N/A	N/A	398	398	398
Enrollment	N/A	139	188	26	412	N/A	N/A	380	351	371
Grissom (1966)										
Square feet	72,893	68,683	68,683	68,683	68,683	68,683	68,683	68,683	68,683	68,683
Capacity	930	930	877	877	877	877	877	871	871	871
Enrollment	559	535	563	586	569	629	787	791	806	812
Gross, (2001)										
Square feet	75,551	73,277	73,277	73,277	73,277	73,277	73,277	73,277	73,277	73,277
Capacity	832	832	806	806	565	565	565	802	802	802
Enrollment	652	640	644	737	673	663	681	813	789	822
Halpin ECC (1929)										
Square feet	40,484	41,873	41,873	41,873	41,873	41,873	41,873	41,873	41,873	41,873
Capacity	506	506	731	731	731	731	731	482	482	482
Enrollment	439	417	457	476	482	491	440	461	486	493
Harris J.R. (1949)										
Square feet	66,780	66,082	66,082	66,082	66,082	66,082	66,082	66,082	66,082	66,082
Capacity	824	824	815	815	815	815	815	892	892	892
Enrollment	449	489	541	625	637	697	692	684	688	692
Harris R.P. (1958)										
Square feet	58,768	61,425	61,425	61,425	61,425	61,425	61,425	61,425	61,425	61,425
Capacity	743	743	918	918	918	918	918	718	718	718
Enrollment	604	662	624	634	624	642	615	624	643	588
Hartsfield (1954)										
Square feet	44,321	44,321	42,767	42,767	42,767	42,767	42,767	42,767	42,767	42,767
Capacity	544	544	543	543	543	543	543	411	411	411
Enrollment	350	325	317	362	374	403	435	414	413	355

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Harvard (1930)										
Square feet	58,721	58,721	56,930	56,930	56,930	56,930	56,930	56,930	56,930	56,930
Capacity	681	681	690	690	690	690	690	606	606	606
Enrollment	669	717	704	708	716	700	710	689	663	627
Helms (1919)										
Square feet	49,878	44,444	44,444	44,444	44,444	44,444	44,444	44,444	44,444	44,444
Capacity	664	664	543	543	543	543	543	558	558	558
Enrollment	474	464	493	500	530	532	540	533	540	547
Henderson J.P. (1929)										
Square feet	58,081	57,524	57,524	57,524	57,524	57,524	57,524	57,524	57,524	57,524
Capacity	735	735	878	878	878	878	878	794	794	794
Enrollment	782	776	789	784	795	789	816	773	785	749
Henderson N.Q. (1956)										
Square feet	45,640	46,894	46,894	46,894	46,846	46,846	46,846	46,846	46,846	46,846
Capacity	558	558	710	710	710	710	710	503	503	503
Enrollment	315	279	304	323	370	376	394	349	355	323
Herod (2012)										
Square feet	87,110	87,110	86,000	86,000	86,000	86,000	86,000	58,230	58,230	58,230
Capacity	779	779	716	716	716	716	716	871	871	871
Enrollment	791	748	766	784	828	770	778	746	729	708
Herrera (1993)										
Square feet	87,379	115,302	115,302	115,302	115,302	115,302	115,302	115,302	115,302	115,302
Capacity	984	984	920	920	920	920	920	901	901	901
Enrollment	878	892	874	891	901	906	919	959	951	952
Highland Heights (2007)										
Square feet	87,977	87,977	85,405	85,405	85,405	85,405	85,405	85,405	85,405	85,405
Capacity	747	747	681	681	815	815	815	725	725	725
Enrollment	551	569	586	553	617	628	635	643	655	321
Hilliard (2000)*										
Square feet	112,106	112,106	45,500	45,500	45,500	N/A	N/A	N/A	N/A	N/A
Capacity	878	878	878	878	878	N/A	N/A	N/A	N/A	N/A
Enrollment	570	674	647	712	861	N/A	N/A	N/A	N/A	N/A
Hines-Caldwell (2005)										
Square feet	88,778	88,788	85,829	85,829	85,829	85,829	85,829	85,829	85,829	85,829
Capacity	758	758	711	711	711	711	711	752	752	752
Enrollment	787	778	764	810	788	756	798	791	766	731

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Hobby (1965)										
Square feet	69,342	66,680	66,680	66,680	66,680	66,680	66,680	66,680	66,680	66,680
Capacity	912	912	1,065	1,065	1,065	1,065	1,065	920	920	920
Enrollment	805	790	865	835	767	830	829	851	817	801
Hom (2012)										
Square feet	86,220	86,220	84,500	84,500	84,500	84,500	84,500	43,504	43,504	43,504
Capacity	767	767	716	716	716	716	716	502	502	502
Enrollment	859	845	849	875	829	765	701	610	577	554
Isaacs (1962)										
Square feet	46,607	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883
Capacity	646	646	751	751	751	751	751	599	599	599
Enrollment	298	304	381	390	379	410	459	482	468	484
Janowski (1955)										
Square feet	67,668	77,958	77,958	77,958	77,958	77,958	77,958	77,958	77,958	77,958
Capacity	804	804	770	770	815	815	815	1,097	1,097	1,097
Enrollment	593	607	623	625	644	653	686	657	658	597
Jefferson (1950)										
Square feet	44,046	58,657	58,657	58,657	58,657	58,657	58,657	58,657	58,657	58,657
Capacity	851	851	877	877	877	877	877	694	694	694
Enrollment	445	438	451	465	485	482	509	527	532	535
Kandy Stripe / Fairchild (1960)										
Square feet	51,751	51,751	51,571	51,571	51,571	51,571	51,571	51,571	51,571	51,571
Capacity	618	618	480	480	480	480	480	536	536	536
Enrollment	287	287	281	297	356	398	427	435	430	N/A
Kashmere Gardens (1949)										
Square feet	47,465	49,213	49,213	49,213	49,213	49,213	49,213	49,213	49,213	49,213
Capacity	644	644	710	710	710	710	710	579	579	579
Enrollment	379	433	452	439	430	410	408	416	421	460
Kelso (1951)										
Square feet	47,059	46,826	46,826	46,826	46,826	46,826	46,826	46,826	46,826	46,826
Capacity	703	703	689	689	689	689	689	648	648	648
Enrollment	469	487	430	449	445	448	454	515	514	521
Kennedy (1964/2012)										
Square feet	92,580	92,580	86,041	86,041	86,041	86,041	86,041	42,648	42,648	42,648
Capacity	765	765	732	732	732	732	732	531	531	531
Enrollment	740	743	741	794	784	761	737	743	736	516

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Ketelsen (2002)										
Square feet	86,504	86,504	84,503	84,503	84,503	84,503	84,503	84,503	84,503	84,503
Capacity	764	764	732	732	732	732	732	632	632	632
Enrollment	598	616	620	623	655	650	647	718	693	683
King, M.L. ECC (2004)										
Square feet	40,150	40,150	38,707	38,707	38,707	38,707	38,707	38,707	38,707	38,707
Capacity	374	374	418	418	418	418	418	418	418	418
Enrollment	401	353	413	411	411	405	413	417	417	413
Kolter (1960)										
Square feet	50,868	49,345	49,345	49,345	49,345	49,345	49,345	49,345	49,345	49,345
Capacity	686	686	668	668	668	668	668	548	548	548
Enrollment	631	652	661	659	614	617	580	594	580	572
Lantrip (2005)										
Square feet	91,936	99,529	99,529	99,529	99,529	99,529	99,529	99,529	99,529	99,529
Capacity	851	851	920	920	920	920	920	1,110	1,110	1,110
Enrollment	725	755	759	756	765	715	706	717	696	700
Laurenzo ECC (2004)										
Square feet	40,026	40,026	38,399	38,399	38,399	38,399	38,399	38,399	38,399	38,399
Capacity	337	765	376	376	376	376	376	346	346	346
Enrollment	329	743	321	324	334	329	310	311	299	298
Law (1966)										
Square feet	62,976	53,310	53,310	53,310	53,310	53,310	53,310	53,310	53,310	53,310
Capacity	804	804	731	731	731	731	731	650	650	650
Enrollment	795	808	771	776	754	710	741	737	719	653
Lewis (2012)										
Square feet	107,963	107,963	105,595	105,595	98,444	98,444	98,444	63,548	63,548	63,548
Capacity	972	972	904	904	904	904	904	878	878	878
Enrollment	816	835	890	906	961	963	905	878	830	834
Lockhart (1950/2012)										
Square feet	85,728	86,960	86,960	86,960	86,960	86,960	86,960	74,507	74,507	74,507
Capacity	728	728	716	716	913	913	913	558	558	558
Enrollment	637	654	722	747	697	685	675	708	711	533
Longfellow (2007)										
Square feet	99,790	99,790	99,790	99,790	99,790	99,790	99,790	99,790	99,790	99,790
Capacity	780	780	774	774	774	774	774	1,172	1,172	1,172
Enrollment	794	733	746	726	764	743	732	732	713	706

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Looscan (1936)										
Square feet	52,454	45,343	45,343	45,343	45,343	45,343	45,343	45,343	45,343	45,343
Capacity	570	570	606	606	606	606	606	516	516	516
Enrollment	363	422	472	473	482	498	510	481	491	490
Love (1926)										
Square feet	55,480	56,312	56,312	56,312	56,312	56,312	56,312	56,312	56,312	56,312
Capacity	683	683	543	543	543	543	543	513	513	513
Enrollment	406	463	447	433	492	503	493	426	419	405
Lovett (2012)										
Square feet	88,696	88,696	86,000	86,000	86,000	86,000	86,000	52,746	52,746	52,746
Capacity	729	729	716	716	716	716	648	648	648	648
Enrollment	710	697	683	705	723	706	675	681	674	653
Lyons (1993)										
Square feet	82,044	82,716	82,716	82,716	82,716	82,716	82,716	82,716	82,716	82,716
Capacity	892	892	878	878	878	878	878	901	901	901
Enrollment	1,021	982	1,008	1,022	1,013	995	943	925	905	899
MacGregor (1966)										
Square feet	65,333	59,189	45,795	45,795	45,795	45,795	45,795	45,795	45,795	45,795
Capacity	692	692	699	699	699	710	710	397	397	397
Enrollment	555	546	541	510	505	514	511	483	489	444
Mading (1959/2006)										
Square feet	97,754	97,754	94,478	94,478	94,478	94,478	94,478	94,478	94,478	94,478
Capacity	711	711	690	690	690	690	690	616	616	616
Enrollment	493	524	597	616	591	590	612	545	582	577
Mandarin (2012) / Gordon (1955)										
Square feet	119,966	119,966	37,425	37,425	37,425	37,425	37,425	37,425	37,425	37,425
Capacity	954	954	543	543	543	543	543	432	432	432
Enrollment	627	536	473	389	333	251	399	355	405	379
Marshall, T. (2000)										
Square feet	107,200	107,200	46,400	46,400	46,400	N/A	N/A	N/A	N/A	N/A
Capacity	915	915	878	878	878	N/A	N/A	N/A	N/A	N/A
Enrollment	1,005	1,071	1,020	1,021	802	N/A	N/A	N/A	N/A	N/A
Martinez C. (1994)										
Square feet	78,295	77,883	77,883	77,883	77,883	77,883	77,883	77,883	77,883	77,883
Capacity	773	773	795	795	795	795	795	697	697	697
Enrollment	491	522	532	587	572	577	601	614	588	591

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Martinez R. (1991)										
Square feet	77,277	77,277	75,674	75,674	75,674	75,674	75,674	75,674	75,674	75,674
Capacity	737	737	732	732	732	732	732	684	684	684
Enrollment	566	566		546	526	571	578	612	658	652
McGowen / Houston Gardens (1998)										
Square feet	70,591	70,591	67,708	67,708	67,708	67,708	67,708	67,708	67,708	67,708
Capacity	494	494	459	459	459	459	459	488	488	488
Enrollment	483	440	432	433	437	432	439	362	358	350
McNamara (1958)										
Square feet	55,967	54,973	54,973	54,973	54,973	54,973	54,973	54,973	54,973	54,973
Capacity	858	858	814	814	814	814	814	948	948	948
Enrollment	904	939	891	903	826	788	816	763	687	695
Memorial (1926)										
Square feet	53,216	53,216	51,276	51,276	51,276	51,276	51,276	51,276	51,276	51,276
Capacity	557	557	543	543	543	543	543	462	462	462
Enrollment	354	434	493	410	390	390	405	338	336	343
Milne (1960)										
Square feet	93,225	93,225	91,611	91,611	91,611	91,611	91,611	91,611	91,611	91,611
Capacity	857	857	857	857	857	857	857	834	834	834
Enrollment	583	658	676	698	747	703	667	568	654	601
Mistral ECC (2005)										
Square feet	40,217	40,150	38,899	38,899	38,899	38,899	38,899	38,899	38,899	38,899
Capacity	374	374	418	418	418	418	418	418	418	418
Enrollment	337	331	347	312	368	366	394	411	412	395
Mitchell (1968)										
Square feet	48,625	62,617	62,617	62,617	62,617	62,617	61,686	61,686	61,686	61,686
Capacity	626	626	591	591	1,484	1,484	1,484	982	982	982
Enrollment	404	538	549	597	518	486	513	1,011	1,052	1,070
Montgomery (1960)										
Square feet	64,154	63,393	63,393	63,393	63,393	63,393	63,393	63,393	63,393	63,393
Capacity	911	911	961	961	961	961	961	743	743	743
Enrollment	592	731	687	740	632	678	785	738	759	737
Moreno (2005)										
Square feet	82,810	82,810	82,810	82,810	82,810	82,810	82,810	82,810	82,810	82,810
Capacity	709	709	753	753	753	753	753	712	712	712
Enrollment	744	768	811	812	807	814	788	777	757	756

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Neff ECC (2012)										
Square feet	49,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	769	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	675	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Neff ES (1964)										
Square feet	44,094	86,000	86,000	86,000	86,000	86,000	66,007	66,007	66,007	66,007
Capacity	804	1,573	1,359	609	1,984	1,984	1,234	1,255	1,255	1,255
Enrollment	763	1,571	1,492	687	1,347	1,245	1,090	1,035	1,017	996
Northline (1963)										
Square feet	64,695	60,102	60,102	60,102	60,102	60,102	60,102	60,102	60,102	60,102
Capacity	987	987	949	949	1,128	1,128	1,128	869	869	869
Enrollment	595	673	634	639	615	652	686	694	666	641
Oak Forest (2004)										
Square feet	86,664	86,664	84,120	84,120	84,120	84,120	84,120	84,120	84,120	84,120
Capacity	740	740	795	795	795	795	795	754	754	754
Enrollment	861	824	819	809	815	782	761	760	774	757
Oates (1929)										
Square feet	64,249	61,945	60,417	60,417	60,417	60,417	60,417	60,417	60,417	60,417
Capacity	742	742	732	732	732	732	732	662	662	662
Enrollment	364	362	368	366	397	391	446	440	444	442
Osborne (1960)										
Square feet	55,874	55,514	55,514	55,514	55,514	55,514	54,648	54,648	54,648	54,648
Capacity	634	634	573	573	626	626	626	559	559	559
Enrollment	420	425	395	397	410	400	430	464	457	450
Paige / Bowie (1950)										
Square feet	71,382	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000
Capacity	579	579	543	543	543	543	543	503	503	503
Enrollment	498	459	492	457	356	376	392	349	344	375
Park Place (2005)										
Square feet	115,025	109,866	109,866	109,866	109,866	109,866	109,866	109,866	109,866	109,866
Capacity	1,045	1,045	1,003	1,003	836	836	836	1,059	1,059	1,059
Enrollment	923	938	985	1,002	1,034	1,063	1,028	1,041	1,064	1,092
Parker (1959)										
Square feet	64,255	72,167	72,167	72,167	72,167	72,167	72,167	72,167	72,167	72,167
Capacity	823	823	857	857	857	857	857	871	871	871
Enrollment	850	813	833	839	824	844	846	844	817	826

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Patterson (2012)										
Square feet	99,708	99,708	98,444	98,444	98,444	98,444	98,444	62,986	62,986	62,986
Capacity	935	935	931	931	931	931	931	961	961	961
Enrollment	949	936	968	951	969	965	950	824	809	850
Peck (2012)										
Square feet	108,178	108,178	89,365	89,365	89,365	89,365	89,365	34,277	34,277	34,277
Capacity	767	767	711	711	711	711	711	418	418	418
Enrollment	537	533	573	589	563	506	497	506	549	338
Petersen (1966)										
Square feet	51,026	52,335	52,335	52,335	52,335	52,335	52,335	52,335	52,335	52,335
Capacity	881	881	877	877	877	877	877	753	753	753
Enrollment	462	501	504	627	641	587	630	672	683	681
Pilgrim (2007)										
Square feet	101,777	110,392	110,392	110,392	110,392	110,392	110,392	110,392	110,392	110,392
Capacity	1,115	1,115	997	997	997	997	997	1,136	1,136	1,136
Enrollment	1,148	1,146	1,145	1,155	1,109	1,136	1,100	1,071	1,016	932
Piney Point (2011)										
Square feet	113,476	114,185	114,185	114,185	114,185	114,185	114,185	114,185	72,864	72,864
Capacity	1,010	1,010	1,003	1,000	1,000	1,000	1,000	1,000	817	817
Enrollment	1,195	1,220	1,173	1,212	1,203	1,141	1,119	1,004	974	929
Pleasantville (1955)										
Square feet	60,505	60,505	59,032	59,032	59,032	59,032	59,032	59,032	59,032	59,032
Capacity	744	744	753	753	753	753	753	551	551	551
Enrollment	264	301	319	331	317	340	365	356	375	357
Poe (1928)										
Square feet	70,893	70,067	70,067	70,067	70,067	70,067	70,067	70,067	70,067	70,067
Capacity	800	800	815	815	815	815	815	743	743	743
Enrollment	841	868	791	794	771	762	748	730	730	706
Port Houston (1960)										
Square feet	38,836	36,309	36,309	36,309	36,309	36,309	36,309	36,309	36,309	36,309
Capacity	494	494	502	502	502	502	502	363	363	363
Enrollment	304	302	322	794	343	339	342	352	342	333
Pugh (1952)										
Square feet	38,839	40,053	40,053	40,053	40,053	40,053	40,053	40,053	40,053	40,053
Capacity	538	538	627	627	627	627	627	606	606	606
Enrollment	403	439	431	436	434	443	501	522	564	517

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Reagan, B. (2012)										
Square feet	179,191	179,191	143,000	143,000	143,000	143,000	N/A	N/A	N/A	N/A
Capacity	1,072	1,072	900	900	900	900	N/A	N/A	N/A	N/A
Enrollment	1,091	1,085	1,046	1,044	1,194	938	N/A	N/A	N/A	N/A
Red (1957)										
Square feet	60,617	58,830	58,830	58,830	58,830	58,830	58,830	58,830	58,830	58,830
Capacity	760	760	732	732	732	732	732	667	667	667
Enrollment	631	667	699	663	645	597	588	601	567	539
Reynolds (1959)										
Square feet	86,084	86,084	83,711	83,711	83,711	83,711	83,711	83,711	83,711	83,711
Capacity	728	728	795	795	795	795	795	642	642	642
Enrollment	488	556	516	543	468	519	556	551	513	471
Rice, The School (1994)										
Square feet	183,564	202,704	202,704	202,704	202,704	202,704	202,704	202,704	202,704	202,704
Capacity	1,252	1,252	1,056	1,056	1,056	1,056	1,056	1,101	1,101	1,101
Enrollment	1,132	1,135	1,139	1,138	1,151	1,157	1,228	1,145	1,140	1,135
River Oaks (1928)										
Square feet	62,632	62,632	60,632	60,632	60,632	60,632	60,632	60,632	60,632	60,632
Capacity	669	669	648	648	648	648	648	627	627	627
Enrollment	649	679	677	681	704	714	717	680	664	674
Roberts (1936)										
Square feet	64,278	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685	62,685
Capacity	781	781	773	773	773	773	773	606	606	606
Enrollment	730	807	781	804	756	740	755	746	683	698
Robinson (2002)										
Square feet	84,872	84,872	84,928	84,928	84,928	84,928	84,928	84,928	84,928	84,928
Capacity	782	782	753	753	753	753	753	796	796	796
Enrollment	556	626	699	708	737	684	712	726	747	743
Rodriguez (2002)										
Square feet	116,654	115,118	111,716	111,716	111,716	111,716	111,716	111,716	111,716	111,716
Capacity	1,010	1,010	962	962	962	962	962	942	942	942
Enrollment	956	1,002	1,032	1,067	1,023	944	935	931	964	938
Rogers, T.H. (1962)										
Square feet	183,035	187,570	187,570	187,570	187,570	187,570	187,570	187,570	187,570	187,570
Capacity	1,321	1,321	1,310	1,368	1,368	1,368	1,368	1,227	1,227	1,227
Enrollment	958	918	935	789	794	815	820	846	857	825

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Roosevelt (2012)										
Square feet	94,865	94,865	84,500	84,500	84,500	84,500	84,500	49,583	49,583	49,583
Capacity	785	785	732	732	732	732	732	593	593	593
Enrollment	646	722	735	721	710	709	669	612	634	593
Ross (1948)										
Square feet	45,775	51,820	51,820	51,820	51,820	51,820	51,820	51,820	51,820	51,820
Capacity	631	631	627	627	627	627	627	474	474	474
Enrollment	358	359	387	447	423	432	457	462	471	441
Rucker (1953)										
Square feet	64,553	70,722	70,722	70,722	70,722	70,722	70,722	70,722	70,722	70,722
Capacity	995	995	961	961	961	961	961	956	956	956
Enrollment	473	538	595	609	611	614	662	677	681	684
Rusk (1960)										
Square feet	43,467	39,671	39,671	39,671	39,671	39,671	39,671	39,671	39,671	39,671
Capacity	715	715	699	699	502	502	502	405	405	405
Enrollment	388	369	537	576	534	535	558	534	501	434
Saint George Place (2007)										
Square feet	86,054	86,054	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000
Capacity	729	729	732	732	732	732	732	961	961	961
Enrollment	797	808	788	795	753	764	723	699	614	598
Sanchez (1952)										
Square feet	70,105	70,105	69,397	69,397	69,397	69,397	69,397	69,397	69,397	69,397
Capacity	735	735	716	899	899	899	899	704	704	704
Enrollment	530	562	598	606	623	592	562	596	609	634
Scarborough (1959)										
Square feet	66,594	64,412	64,412	64,412	64,412	64,412	64,412	64,412	64,412	64,412
Capacity	907	907	824	824	898	898	898	788	788	788
Enrollment	697	751	744	773	761	737	741	780	757	769
Scroggins (1966)										
Square feet	52,906	53,126	53,126	53,126	53,126	53,126	53,126	53,126	53,126	53,126
Capacity	701	701	663	663	459	459	459	641	641	641
Enrollment	556	589	614	621	631	597	576	606	588	590
Seguin (2002)										
Square feet	87,186	87,186	85,427	85,427	85,427	85,427	85,427	85,427	85,427	85,427
Capacity	767	767	732	732	732	732	732	670	670	670
Enrollment	572	610	652	689	667	613	621	643	638	625

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Shadowbriar (1992)										
Square feet	75,704	78,704	74,382	74,382	74,382	74,382	74,382	74,382	74,382	74,382
Capacity	763	763	732	732	732	732	732	524	524	524
Enrollment	488	512	494	393	392	365	398	434	449	437
Shadydale (2000)*										
Square feet	141,270	141,270	102,400	102,400	102,400	N/A	N/A	N/A	N/A	N/A
Capacity	765	765	842	1,003	1,003	N/A	N/A	N/A	N/A	N/A
Enrollment	927	932	897	897	806	N/A	N/A	N/A	N/A	N/A
Shearn (1954)										
Square feet	43,970	43,132	43,132	43,132	43,132	43,132	43,132	43,132	43,132	43,132
Capacity	650	650	584	584	584	584	584	543	543	543
Enrollment	641	657	650	610	564	551	518	502	485	467
Sherman (1964)										
Square feet	86,950	87,020	87,020	87,020	87,020	55,289	55,289	55,289	55,289	55,289
Capacity	784	784	836	836	836	836	836	747	747	747
Enrollment	599	653	661	664	570	555	587	369	495	486
Sinclair (1959)										
Square feet	59,114	54,308	54,308	54,308	54,308	54,308	54,308	54,308	54,308	54,308
Capacity	723	723	716	716	835	835	835	774	774	774
Enrollment	599	549	539	525	536	513	546	532	510	476
Smith, K. (1954)										
Square feet	73,399	73,399	56,294	56,294	56,294	56,294	56,294	56,294	56,294	56,294
Capacity	898	898	860	860	1,218	1,218	1,218	1,345	1,345	1,345
Enrollment	885	919	937	890	760	748	742	793	861	858
Southmayd (1936)										
Square feet	76,614	76,614	67,258	67,258	67,258	67,258	67,258	67,258	67,258	67,258
Capacity	745	745	773	773	773	773	773	701	701	701
Enrollment	659	716	727	711	698	739	764	728	700	649
Stevens (1952)										
Square feet	56,361	68,822	68,822	68,822	68,822	68,822	68,822	68,822	68,822	68,822
Capacity	849	849	824	815	815	815	815	682	682	682
Enrollment	692	721	731	776	655	627	656	646	642	693
Sutton (1958)										
Square feet	113,274	91,002	88,701	88,701	88,701	88,701	88,701	88,701	88,701	88,701
Capacity	1,312	1,312	1,233	1,233	1,233	1,233	1,233	1,370	1,370	1,370
Enrollment	1,145	1,138	1,097	1,148	1,060	1,029	1,047	1,126	1,133	1,053

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Thompson (2006)										
Square feet	83,694	96,252	96,252	96,252	96,252	96,252	96,252	96,252	96,252	96,252
Capacity	729	729	816	816	816	816	816	1,047	1,047	1,047
Enrollment	450	458	467	552	561	619	620	659	618	640
Tijerina (1979)										
Square feet	68,452	68,452	35,771	35,771	35,771	35,771	35,771	35,771	35,771	35,771
Capacity	860	860	857	857	857	857	857	858	858	858
Enrollment	379	422	426	458	491	502	620	624	613	647
Tinsley (2001)										
Square feet	90,415	90,415	90,415	90,415	90,415	90,415	90,415	90,415	90,415	90,415
Capacity	775	775	815	815	815	815	815	757	757	757
Enrollment	739	789	792	780	812	700	705	739	761	741
Travis (2007)										
Square feet	88,641	88,641	86,530	86,530	86,530	86,530	86,530	86,530	86,530	86,530
Capacity	729	729	734	734	734	669	669	674	674	674
Enrollment	710	712	698	723	755	733	729	734	724	726
Twain (2007)										
Square feet	86,511	86,511	83,634	83,634	83,634	83,634	83,634	83,634	83,634	83,634
Capacity	887	887	815	815	815	815	815	781	781	781
Enrollment	895	870	905	953	924	873	810	787	793	775
Valley West (1994)										
Square feet	91,911	84,763	84,763	84,763	84,763	84,763	84,763	84,763	46,763	46,763
Capacity	1,209	1,209	1,023	1,023	1,023	1,023	1,023	726	676	676
Enrollment	843	879	878	845	830	748	705	623	604	580
Wainwright (1962)										
Square feet	60,036	56,531	56,531	56,531	56,531	56,531	56,531	56,531	56,531	56,531
Capacity	877	877	824	824	824	824	824	699	699	699
Enrollment	559	510	608	722	751	835	760	794	760	701
Walnut Bend (2005)										
Square feet	82,451	114,707	114,707	114,707	114,707	114,707	114,707	114,707	114,707	114,707
Capacity	746	746	753	753	753	753	753	1,590	1,590	1,590
Enrollment	736	734	762	743	750	678	647	694	625	608
Wesley (1949)										
Square feet	62,479	73,580	73,580	73,580	73,580	73,580	73,580	73,580	73,580	73,580
Capacity	740	740	681	681	1,045	1,045	1,045	639	639	639
Enrollment	359	334	412	418	438	448	436	464	480	458

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
West University (1928)										
Square feet	115,034	105,818	99,423	99,423	99,423	99,423	99,423	99,423	99,423	99,423
Capacity	1,247	1,247	1,108	1,108	1,108	1,108	1,108	1,067	1,067	1,067
Enrollment	1,305	1,286	1,259	1,300	1,245	1,210	1,202	1,197	1,068	1,071
Wharton (1959) / Dual Language										
Square feet	32,310	32,310	32,310	32,310	32,310	32,310	32,310	32,310	32,310	32,310
Capacity	582	469	469	469	469	469	469	397	397	397
Enrollment	520	490	490	486	474	436	439	425	428	396
Whidby (1959)										
Square feet	47,454	46,870	46,870	46,870	46,870	46,870	46,870	49,942	49,942	49,942
Capacity	657	657	609	609	710	710	710	572	572	572
Enrollment	609	612	631	577	536	483	518	482	614	577
White (1966)										
Square feet	62,795	65,599	65,599	65,599	65,599	65,599	65,599	65,599	65,599	65,599
Capacity	868	868	806	806	522	522	522	920	920	920
Enrollment	773	829	855	871	851	824	811	813	795	746
White, Mark (2017)										
Square feet	89,834	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	748	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	659	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Whittier (1959)										
Square feet	51,895	46,154	46,154	46,154	46,154	46,154	46,154	46,154	46,154	46,154
Capacity	709	709	606	606	606	606	606	659	659	659
Enrollment	549	553	592	589	582	578	526	530	537	547
Wilson (1924) / Montessori										
Square feet	36,032	41,579	41,579	41,579	41,579	41,579	41,579	41,579	41,579	41,579
Capacity	619	619	539	539	539	508	508	471	471	471
Enrollment	572	538	547	520	501	502	500	489	459	447
Windsor Village (1960)										
Square feet	60,010	59,414	59,414	59,414	59,414	59,414	59,414	59,414	59,414	59,414
Capacity	931	931	913	913	967	967	967	892	892	892
Enrollment	808	780	782	781	748	745	755	750	790	800
Young, Ethel Mosley (1960)										
Square feet	42,238	45,477	45,447	45,447	45,447	45,447	45,447	45,447	45,447	45,447
Capacity	518	518	501	501	501	501	501	390	390	390
Enrollment	308	281	366	414	388	414	456	421	431	460

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Middle										
Attucks (1953)										
Square feet	181,562	176,123	176,123	176,123	173,819	173,819	173,819	173,819	173,819	173,819
Capacity	1,440	1,140	1,144	1,144	1,144	1,144	1,144	898	898	898
Enrollment	490	497	482	483	459	445	446	506	581	650
Black (1957)										
Square feet	169,343	169,343	166,511	166,511	165,662	165,662	165,662	165,662	165,662	165,662
Capacity	1,380	1,380	1,238	1,238	1,238	1,238	1,238	935	935	935
Enrollment	1,093	1,024	966	932	840	714	536	490	547	559
Burbank (1950)										
Square feet	164,852	196,811	196,811	196,811	162,511	162,511	162,511	162,511	162,511	162,511
Capacity	1,843	1,843	1,988	1,988	1,988	1,988	1,988	1,406	1,406	1,406
Enrollment	1,414	1,433	1,440	1,424	1,422	1,418	1,417	1,261	1,214	1,170
Clifton (1979)										
Square feet	147,401	156,742	156,742	156,742	156,742	156,742	156,742	156,742	156,742	156,742
Capacity	1,128	1,128	1,163	1,163	1,163	1,163	1,163	992	992	992
Enrollment	725	777	837	919	919	987	1,009	1,001	1,044	1,075
Cullen (1955)										
Square feet	162,379	162,379	158,851	158,851	158,581	158,581	158,581	158,581	158,581	158,581
Capacity	1,201	1,201	1,106	1,106	1,106	1,106	1,106	898	898	898
Enrollment	474	484	576	623	656	494	510	580	639	692
Deady (1929)										
Square feet	193,876	193,000	183,653	183,653	183,653	183,653	183,653	183,653	183,653	183,653
Capacity	1,456	1,456	1,388	1,388	1,388	1,388	1,388	1,267	1,267	1,267
Enrollment	716	703	702	775	861	898	880	872	975	1,015
Edison (1925)										
Square feet	146,432	146,432	143,758	143,758	143,758	143,758	143,758	143,758	143,758	143,758
Capacity	1,172	1,172	1,144	1,144	1,144	1,144	1,144	1,042	1,042	1,042
Enrollment	655	674	721	750	744	720	706	791	843	910
Fleming (1968)										
Square feet	183,474	183,474	179,515	179,515	179,515	179,515	179,515	179,515	179,515	179,515
Capacity	1,197	1,197	1,031	1,031	1,031	1,031	1,031	785	785	785
Enrollment	508	486	497	525	492	539	644	528	528	544
Fondren (1966)										
Square feet	148,757	161,421	161,421	161,421	158,349	158,349	158,349	158,349	158,349	158,349
Capacity	1,078	1,078	1,369	1,369	1,369	1,369	1,369	1,136	1,136	1,136
Enrollment	988	926	938	870	780	750	679	723	880	737

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Fonville (1951)										
Square feet	164,320	162,228	162,228	162,228	162,228	162,228	162,228	162,228	162,228	162,228
Capacity	1,297	1,297	1,444	1,444	1,444	1,444	1,444	1,085	1,085	1,085
Enrollment	855	985	934	1047	1,111	1,088	1,045	1,080	1,081	1,119
Forest Brook (1972)*										
Square feet	211,723	226,770	226,770	226,770	226,770	N/A	N/A	N/A	N/A	N/A
Capacity	1,108	1,108	1,256	1,256	1,256	N/A	N/A	N/A	N/A	N/A
Enrollment	852	896	911	937	990	N/A	N/A	N/A	N/A	N/A
Hamilton (1919)										
Square feet	138,080	140,674	140,674	140,674	137,710	137,710	137,710	137,710	137,710	137,710
Capacity	1,394	1,394	1,125	1,125	1,125	1,125	1,125	1,020	1,020	1,020
Enrollment	1,355	1,287	1,267	1,223	1,253	1,269	1,307	1,390	1,378	1,346
Hartman (2005)										
Square feet	195,556	222,606	222,606	222,606	222,606	222,606	222,606	222,606	222,606	222,606
Capacity	1,679	1,679	1,444	1,444	1,444	1,444	1,444	1,349	1,349	1,349
Enrollment	1,314	1,401	1,356	1,424	1,421	1,448	1,436	1,527	1,597	1,632
Henry (1965)										
Square feet	182,537	182,031	182,031	182,031	181,623	181,623	181,623	181,623	181,623	181,623
Capacity	1,279	1,279	1,200	1,200	1,200	1,200	1,200	1,179	1,179	1,179
Enrollment	835	889	876	896	939	975	983	1,004	1,026	1,065
HS Ahead Academy / (1920)										
Square feet	45,779	54,936	54,936	54,936	54,888	54,888	54,888	54,888	54,888	54,888
Capacity	641	641	617	617	617	617	617	599	599	599
Enrollment	164	165	269	208	297	301	368	386	219	483
Hogg (1926)										
Square feet	162,849	177,148	177,148	177,148	177,148	176,380	176,380	176,380	176,380	176,380
Capacity	1,211	1,211	1,069	1,069	1,069	1,069	1,069	926	926	926
Enrollment	891	779	698	735	722	733	668	732	816	813
Holland (1980)										
Square feet	137,676	135,130	135,130	135,130	135,130	131,290	131,290	131,290	131,290	131,290
Capacity	1,124	1,124	994	994	994	994	994	875	875	875
Enrollment	655	675	693	719	675	698	696	749	771	797
Key (1957)										
Square feet	188,403	186,507	185,923	185,923	185,923	185,923	185,923	185,923	185,923	185,923
Capacity	1,153	1,153	1,294	1,294	1,294	1,294	1,294	1,033	1,033	1,033
Enrollment	644	698	691	705	654	483	518	485	543	585

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Lanier, Bob (1926)										
Square feet	159,210	159,574	159,574	159,574	159,574	159,574	159,574	159,574	159,574	159,574
Capacity	1,282	1,282	1,276	1,276	1,276	1,276	1,276	1,155	1,155	1,155
Enrollment	1,461	1,431	1,375	1,348	1,396	1,391	1,341	1,347	1,336	1,319
Lawson, Audrey H. (1968)										
Square feet	197,093	207,029	207,029	207,029	199,121	199,121	199,121	199,121	199,121	199,121
Capacity	2,087	2,087	1,800	1,800	1,800	1,800	1,800	1,824	1,824	1,824
Enrollment	1,128	1,080	1,115	1,208	1,129	1,188	1,335	1,301	1,432	1,534
Marshall, J. (1981)										
Square feet	216,160	212,645	212,645	212,645	212,645	212,645	212,645	212,645	212,645	212,645
Capacity	1,406	1,406	1,331	1,331	1,538	1,538	1,538	1,153	1,153	1,153
Enrollment	817	887	888	889	960	952	950	1,013	964	941
McReynolds (1956)										
Square feet	157,008	153,168	133,056	133,056	130,392	130,392	130,392	130,392	130,392	130,392
Capacity	1,034	1,034	1,163	1,163	1,163	1,163	1,163	863	863	863
Enrollment	599	588	598	602	637	651	712	646	602	580
Meyerland Performing and Visual Arts MS (1959)										
Square feet	189,637	189,637	189,637	189,637	174,981	174,981	174,981	174,981	174,981	174,981
Capacity	2,128	2,128	2,063	2,063	2,063	2,063	2,063	1,294	1,294	1,294
Enrollment	1,597	1,723	1,722	1,744	1,676	1,619	1,501	1,486	1,426	1,357
Navarro MS (1925)										
Square feet	188,537	211,186	211,186	211,186	211,186	211,186	211,186	211,186	211,186	211,186
Capacity	1,286	1,286	1,632	1,632	1,632	1,632	1,632	1,235	1,235	1,235
Enrollment	697	835	821	901	931	1,015	985	912	893	957
Ortiz (2002)										
Square feet	183,786	183,786	178,481	178,481	178,481	178,481	178,481	178,481	178,481	178,481
Capacity	1,432	1,432	1,313	1,313	1,313	1,313	1,313	1,126	1,126	1,126
Enrollment	1,056	1,055	993	1028	1,010	1,014	1,035	1,032	979	998
Pershing (2007)										
Square feet	233,281	233,281	226,410	226,410	240,234	240,234	240,234	240,234	240,234	240,234
Capacity	1,844	1,844	1,631	1,631	1,631	1,631	1,631	1,478	1,478	1,478
Enrollment	1,698	1,651	1,592	1,594	1,653	1,751	1,748	1,816	1,748	1,795
P'in Oak (2002)										
Square feet	253,616	233,281	233,081	233,081	233,081	233,081	233,081	233,081	233,081	233,081
Capacity	1,295	1,295	1,200	1,200	1,200	1,200	1,200	1,077	1,077	1,077
Enrollment	1,237	1,233	1,210	1,208	1,205	1,195	1,157	1,161	1,153	1,140

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revere (1980)										
Square feet	192,064	194,079	194,079	194,079	194,031	194,031	194,031	194,031	194,031	194,031
Capacity	1,405	1,405	1,294	1,294	1,294	1,294	1,294	1,295	1,295	1,295
Enrollment	1,285	1,324	1,250	1,264	1,221	1,108	940	883	873	834
Baylor College of Medicine / Ryan (1925)										
Square feet	114,156	133,488	133,488	133,488	113,447	113,447	113,447	113,447	113,447	113,447
Capacity	1,237	1,237	941	941	956	956	956	899	899	899
Enrollment	757	741	789	471	236	272	305	329	364	389
Stevenson (1994)										
Square feet	170,785	173,685	173,685	173,685	173,685	173,685	173,685	173,685	173,685	173,685
Capacity	1,519	1,519	1,388	1,388	1,388	1,388	1,388	1,156	1,156	1,156
Enrollment	1,380	1,357	1,333	1,319	1,386	1,420	1,374	1,396	1,386	1,329
Sugar Grove Academy (2009)										
Square feet	54,463	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108
Capacity	822	822	902	902	902	902	902	796	796	796
Enrollment	687	798	842	839	739	717	920	429	443	213
Tanglewood MS (1949)										
Square feet	94,746	94,746	94,746	94,746	94,746	94,746	94,746	64,902	64,902	64,902
Capacity	988	988	713	713	488	488	488	690	690	690
Enrollment	840	759	632	604	558	527	518	482	471	463
Thomas (1968)										
Square feet	155,059	155,059	151,508	151,508	151,508	151,508	151,508	174,596	174,596	174,596
Capacity	994	994	956	956	1,294	1,294	1,294	869	869	869
Enrollment	556	464	459	504	492	531	531	545	570	651
Welch (1979)										
Square feet	153,259	156,530	156,530	156,530	156,530	156,530	156,530	156,530	156,530	156,530
Capacity	1,633	1,633	1,726	1,726	1,726	1,726	1,726	1,331	1,331	1,331
Enrollment	733	808	859	884	919	926	995	1,099	1,159	1,176
West Briar (2002)										
Square feet	177,231	174,159	170,614	170,614	169,062	169,062	169,062	169,062	169,062	169,062
Capacity	1,460	1,460	1,181	1,181	1,181	1,181	1,181	1,106	1,106	1,106
Enrollment	1,078	1,033	993	1,022	1,158	1,257	1,359	1,347	1,310	1,316
Williams (1962)										
Square feet	139,230	163,107	163,107	163,107	163,107	163,107	163,107	163,107	163,107	163,107
Capacity	1,087	1,087	975	975	975	975	975	1,299	1,299	1,299
Enrollment	516	504	511	529	490	468	443	441	438	449
Woodson (1966) / Middle										
Square feet	169,033	164,732	164,732	164,732	164,732	164,732	164,732	164,732	164,732	164,732
Capacity	1,426	1,426	1,310	1,310	1,870	1,870	1,870	2,258	2,258	2,258
Enrollment	727	767	757	904	891	798	772	686	792	847

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
High										
Austin (1953)										
Square feet	131,474	314,157	314,157	314,157	314,157	314,157	314,157	314,157	314,157	314,157
Capacity	2,542	2,542	1,900	1,900	1,900	2,156	2,156	2,079	2,079	2,079
Enrollment	1,709	1,837	1,899	1,719	1,696	1,830	1,859	1,864	1,944	1,936
Bellaire (1955)										
Square feet	474,451	474,451	474,451	474,451	474,451	474,451	418,451	362,451	362,451	362,451
Capacity	3,756	3,756	2,906	2,906	2,906	2,906	2,906	2,801	2,801	2,801
Enrollment	3,379	3,400	3,615	3,550	3,604	3,520	3,476	3,466	3,377	3,447
Carnegie Vanguard (2002)										
Square feet	103,502	103,502	99,208	99,208	99,000	99,000	42,504	42,504	42,504	42,504
Capacity	826	826	600	600	600	600	656	525	525	525
Enrollment	611	623	623	598	608	590	523	458	426	399
Chavez (2000)										
Square feet	519,307	519,307	519,307	519,307	519,307	519,307	519,307	519,307	519,307	519,307
Capacity	2,806	2,806	2,213	2,213	2,213	2,213	2,213	2,082	2,082	2,082
Enrollment	2,908	3,023	3,142	3,103	2,988	2,831	2,856	2,757	2,770	2,612
DeBakey (2017)										
Square feet	193,000	193,000	161,426	161,426	161,426	161,426	161,426	161,426	161,426	161,426
Capacity	1,673	1,673	825	825	825	825	825	851	851	851
Enrollment	860	822	842	832	823	864	871	865	887	797
East Early College (2009)										
Square feet	45,524	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	414	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	479	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eastwood Academy (1985)										
Square feet	59,849	59,849	40,391	40,391	28,823	28,823	28,823	28,823	28,823	28,823
Capacity	420	420	525	525	525	525	525	293	293	293
Enrollment	425	425	419	415	415	407	407	359	320	292
Energy Institute (2018)										
Square feet	114,476	82,976	82,976	82,976	82,976	82,976	82,976	82,976	82,976	82,976
Capacity	1,048	1,048	1,033	0	941	941	941	748	748	748
Enrollment	692	683	546	336	644	487	506	563	437	422
Furr (2018)										
Square feet	213,394	178,044	170,589	170,589	168,285	168,285	168,285	168,285	168,285	168,285
Capacity	1,587	1,407	1,407	1,407	1,407	1,407	1,407	1,384	1,384	1,384
Enrollment	1,047	1,050	1,022	964	1,274	1,194	1,160	1,167	1,278	1,224

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Heights (1926)										
Square feet	353,659	360,372	360,372	360,372	360,372	360,372	360,372	360,372	360,372	360,372
Capacity	2,141	2,141	1,781	1,781	1,781	1,781	1,781	2,306	2,306	2,306
Enrollment	2,328	2,312	2,334	2,192	2,190	2,135	2,047	2,001	1,861	1,756
HS Law Enforcement (1925)										
Square feet	115,502	102,862	102,862	102,862	102,694	102,694	102,694	102,694	102,694	102,694
Capacity	1,127	1,127	900	900	900	900	900	926	926	926
Enrollment	415	408	413	434	504	548	547	570	562	606
Houston Academy International / Jones, J.W. (1966)										
Square feet	53,761	53,761	53,761	53,761	52,255	52,255	52,255	52,255	52,255	52,255
Capacity	630	630	665	665	665	665	665	423	423	423
Enrollment	478	460	425	430	432	426	414	385	323	298
Houston, Sam MST (1955)										
Square feet	334,683	355,049	355,049	355,049	355,049	355,049	325,181	325,181	325,181	325,181
Capacity	4,048	4,048	3,412	3,412	3,412	3,412	3,412	3,047	3,047	3,047
Enrollment	2,595	2,691	2,689	2,346	2,614	2,533	2,653	2,613	2,599	2,384
Jones Futures Academy (1958)										
Square feet	190,692	212,457	212,457	212,457	198,401	198,401	198,401	198,401	198,401	198,401
Capacity	1,503	2,100	1,425	1,425	1,425	1,425	1,425	1,278	1,278	1,278
Enrollment	420	343	274	175	512	594	653	663	788	829
Jordan, Barbara (1979)										
Square feet	289,134	288,366	287,903	287,903	287,615	287,615	287,615	287,615	287,615	287,615
Capacity	1,905	1,905	1,988	1,988	1,988	1,988	1,988	1,661	1,661	1,661
Enrollment	142	314	551	779	883	952	925	1,109	1,155	1,160
Kashmere (1968)										
Square feet	207,173	204,032	204,032	204,032	202,496	202,496	202,496	202,496	202,496	202,496
Capacity	1,609	1,609	1,238	1,238	1,238	1,238	1,238	1,088	1,088	1,088
Enrollment	690	556	561	502	501	497	535	600	593	589
Kinder HS Performing Visual Arts (1980)										
Square feet	106,464	104,124	104,124	104,124	104,092	104,092	104,092	104,092	104,092	104,092
Capacity	844	844	751	751	751	751	751	863	863	863
Enrollment	751	746	724	707	699	690	687	655	638	651
Lamar (1937)										
Square feet	316,731	302,907	279,700	279,700	279,700	279,700	279,700	279,700	279,700	279,700
Capacity	2,681	2,681	3,306	3,306	3,306	3,306	2,194	2,229	2,229	2,229
Enrollment	3,278	3,323	3,347	3,236	3,225	3,270	3,371	3,268	3,003	3,013

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Madison (1965)										
Square feet	236,177	206,225	259,405	259,405	225,541	225,541	225,541	225,541	225,541	225,541
Capacity	2,571	2,571	2,044	2,044	2,044	2,044	2,044	1,875	1,875	1,875
Enrollment	1,548	1,653	1,828	1,723	2,005	2,033	2,027	2,213	2,289	2,373
Milby (2017)										
Square feet	385,765	389,342	389,342	389,342	389,342	389,342	389,342	389,342	389,342	389,342
Capacity	1,974	3,075	3,075	3,075	3,075	3,075	3,075	2,868	2,868	2,868
Enrollment	1,616	1,342	1,470	1,570	2,092	2,032	2,009	2,190	2,187	2,246
North Forest (2017) *										
Square feet	205,000	307,050	307,050	307,050	307,050	N/A	N/A	N/A	N/A	N/A
Capacity	2,180	2,180	1,725	1,725	1,725	N/A	N/A	N/A	N/A	N/A
Enrollment	946	904	1,011	954	1,044	N/A	N/A	N/A	N/A	N/A
Northside (1925)										
Square feet	260,056	267,110	267,110	267,110	264,038	264,038	264,038	264,038	264,038	264,038
Capacity	1,974	1,974	1,613	1,613	1,613	1,613	1,613	1,558	1,558	1,558
Enrollment	1,444	1,517	1,693	1,650	1,652	1,613	1,603	1,674	1,655	1,677
Scarborough (1968)										
Square feet	176,665	183,119	183,119	183,119	183,119	183,119	182,593	182,593	182,593	182,593
Capacity	1,435	1,435	1,482	1,482	1,482	1,482	1,482	1,032	1,032	1,032
Enrollment	745	729	773	673	670	1,065	1,028	753	828	736
Sharpstown HS (2018)										
Square feet	254,747	234,779	201,355	201,355	195,195	195,195	195,195	195,195	195,195	195,195
Capacity	2,183	2,183	2,062	2,062	2,062	2,062	2,062	1,781	1,781	1,781
Enrollment	1,608	1,567	1,535	1,439	1,683	1,335	1,276	1,280	1,254	1,455
South Early College (2017)										
Square feet	56,719	168,247	168,247	168,247	168,247	168,247	168,247	168,247	168,247	168,247
Capacity	368	368	1,350	1,350	1,350	1,350	1,350	1,406	1,406	1,406
Enrollment	369	270	1,049	1,010	1,068	1,008	973	973	1,000	927
Sterling (2017)										
Square feet	218,133	219,683	219,683	219,683	219,667	219,667	219,667	219,667	219,667	219,667
Capacity	1,925	1,925	1,537	1,537	1,537	1,537	1,537	1,397	1,397	1,397
Enrollment	1,303	1,086	1,129	973	830	938	939	1,090	1,086	1,081
Waltrip (1960)										
Square feet	266,780	264,979	264,979	264,979	264,659	264,659	264,659	264,659	264,659	264,659
Capacity	233	2,333	1,932	1,932	1,932	1,932	1,932	1,805	1,805	1,805
Enrollment	1,732	1,577	1,760	1,612	1,631	1,668	1,701	1,762	1,777	1,808

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Washington (1959)										
Square feet	248,142	248,775	248,775	248,775	244,527	244,527	244,527	244,527	244,527	244,527
Capacity	2,264	2,264	1,931	1,931	1,931	1,931	1,931	1,652	1,652	1,652
Enrollment	732	723	734	653	773	831	823	907	960	903
Westbury (1961)										
Square feet	328,644	324,292	324,292	324,292	324,292	324,292	324,292	324,292	324,292	324,292
Capacity	3,303	3,303	2,644	2,644	2,644	2,644	2,644	2,263	2,263	2,263
Enrollment	2,271	2,153	2,108	2,026	2,083	2,101	2,219	2,160	2,116	2,010
Westside (2000)										
Square feet	490,480	490,480	448,776	448,776	448,776	448,776	448,776	448,776	448,776	448,776
Capacity	2,768	2,768	2,381	2,381	2,381	2,381	2,381	2,171	2,171	2,171
Enrollment	2,836	2,875	2,948	2,728	2,755	2,736	2,996	3,143	2,960	2,950
Wheatley (1950)										
Square feet	274,285	272,749	268,485	268,485	268,485	268,485	268,485	268,485	268,485	268,485
Capacity	1,178	1,178	1,144	1,144	1,144	1,144	1,144	976	976	976
Enrollment	875	782	773	715	860	902	1,007	1,080	1,086	1,166
Wisdom (2018)										
Square feet	259,600	332,694	332,694	332,694	332,694	332,694	332,694	332,694	332,694	332,694
Capacity	2,829	2,829	2,981	2,981	2,981	2,981	2,981	2,523	2,523	2,523
Enrollment	1,950	1,865	1,598	1,464	1,362	1,418	1,609	1,691	1,891	1,928
Worthing (1962)										
Square feet	229,967	229,967	220,983	220,983	220,983	220,983	220,983	220,983	220,983	220,983
Capacity	1,508	1,508	1,707	1,707	1,707	1,707	1,707	1,470	1,470	1,470
Enrollment	758	806	669	631	641	728	812	935	1,023	1,024
Yates (1958)										
Square feet	291,236	289,881	289,881	289,881	289,881	289,881	289,881	289,881	289,881	289,881
Capacity	2,735	2,735	2,644	2,644	2,644	2,644	2,644	2,120	2,120	2,120
Enrollment	764	791	950	935	935	972	966	1,329	1,320	1,337

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
MS/HS Combination										
Harper School (1951)										
Square feet	56,107	53,605	53,605	53,605	42,826	42,826	42,826	42,826	42,826	42,826
Capacity	N/A	372	75	75	75	75	75	150	150	150
Enrollment	N/A	34	56	70	45	64	71	N/A	N/A	N/A
Long Academy (1957)										
Square feet	159,945	178,671	178,671	178,671	177,135	177,135	177,135	177,135	177,135	177,135
Capacity	1,450	1,450	1,200	1,200	1,463	1,463	1,463	1,577	1,577	1,577
Enrollment	914	1,013	1,070	1,021	1,133	1,028	946	934	1,004	1,154
Las Americas (Sq. ft. Housed at Long Academy)										
Square feet	159,945	178,671	178,671	178,671	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	450	450	413	413	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	243	334	112	305	N/A	N/A	N/A	N/A	N/A	N/A
Mickey Leland College Prep (2017)										
Square feet	140,862	66,902	66,092	66,092	134,926	134,926	134,926	134,926	134,926	134,926
Capacity	719	719	999	999	999	999	999	850	850	850
Enrollment	479	441	422	435	384	258	148	406	442	496
Sharpstown International School / MS (1969)										
Square feet	180,395	169,643	168,247	168,247	168,247	168,247	168,247	168,247	168,247	168,247
Capacity	1,546	1,546	1,350	1,350	1,350	1,350	1,350	1,406	1,406	1,406
Enrollment	1,090	1,046	1,049	1,010	1,068	1,008	973	973	1,000	927
Young Women's College Prep (1925)										
Square feet	116,757	168,125	168,125	168,125	112,742	112,742	112,742	112,742	112,742	112,742
Capacity	921	921	1,257	1,257	1,257	1,257	1,257	926	926	926
Enrollment	495	579	629	497	497	354	211	581	755	691
Charter										
Community Services / Chatham (1964)										
Square feet	40,620	47,379	47,379	47,379	42,379	42,379	42,379	42,379	42,379	42,379
Capacity	N/A	429	429	429	429	429	429	429	429	429
Enrollment	120	100	83	93	114	N/A	N/A	2	11	N/A

*Campus acquired via annexation of North Forest ISD in 2014.

Note: Changes to square feet are due to new construction, additions or deletions of temporary buildings, and/or adjustments due to a facilities assessment.



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

2018 COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

COMPLIANCE
SECTION



**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

The Board of Trustees of
Houston Independent School District

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, business-type activities, each major fund, and the aggregate remaining fund information of Houston Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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*.

The Board of Trustees of
Houston Independent School District

Houston Independent School District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses or schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
November 9, 2018

**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
Required by the Uniform Guidance**

The Board of Trustees of
Houston Independent School District

Report on Compliance for Each Major Federal Program

We have audited Houston Independent School District's (the 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 June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (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 June 30, 2018.

Report on Internal Control over Compliance

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

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.

The Board of Trustees of
Houston Independent School District

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 9, 2018, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph related to the implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
November 9, 2018



FINANCIAL EXCELLENCE
SUPPORTING
ACADEMIC SUCCESS

(This page left blank intentionally)

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section I — Summary of Auditor's Results:**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	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 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
84.287C	Twenty-First Century Community Learning Centers
84.377A	School Improvement Grants
84.416A	Race to the Top–District
84.938A, 84.938C	Hurricane Education Recovery

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? No

Section II - Findings Related to Financial Statements

2018-001 Material weakness in internal control over financial reporting - allowance for uncollectible accounts

Criteria: Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of a misstatement of an entity's financial statements related to prior periods may be an indication of a weakness in internal control.

Condition: During the fiscal year ending June 30, 2018, the District's management identified an overstatement in recorded accounts receivable of approximately \$26 million arising from accounts determined to be uncollectible in the prior fiscal year, related to advance payments made to teachers during fiscal year 2017. However, no allowance for uncollectible accounts was recorded in fiscal year 2017. These uncollectible accounts were written off in the current fiscal year through the recognition of payroll expense of approximately \$26 million for the fiscal year ended June 30, 2018. However, since the accounts were determined to be uncollectible in the prior fiscal year, the related adjustments and payroll expense should have been recognized in a prior period.

Cause: The District implemented a new HR/Payroll system effective July 1, 2017 which included a new method of calculating pay for employees who work less than twelve month schedules, i.e., teachers, food service staff, etc. Under the previous method, this group of employees received advance pay for time not earned of approximately one and a half pay periods prior to their contract start date for the applicable school year. This resulted in the District's recognition of accounts receivable related to the advance payment. Before the implementation of the new system, the receivable would then be collected through payroll deductions for the remaining contract pay periods. Upon implementation of the new system, these employees were no longer paid in advance and therefore, recognition of a receivable and subsequent collections was no longer required. However, the receivable that had been recognized for the advance payroll payment in July and August of 2016, prior to the transition was not subsequently collected during fiscal year 2017. Due to collection inactivity, the balance had to be expensed.

While the accounts receivable balance had been determined to be uncollectible during fiscal year 2017, management's review of the June 30, 2017 financial statements did not identify the balance and no allowance was recorded for amounts deemed uncollectible.

Effect or Potential Effect: The June 30, 2017 financial statements include misstatements for the overstatement of the balance of teacher's payroll receivable of approximately \$26 million and therefore the beginning balance of fund balance/net position in the June 30, 2018 financial statements is overstated by the same amount. The error in timing of recognition of the payroll expense results in misstatement of the change in fund balance/net position in the fiscal year 2018 financial statements, due to the recognition of the payroll expense in fiscal year 2018 that should have been recognized in the prior year.

Furthermore, failure to identify uncollectible accounts timely could result in future misstatements of the District's financial statements.

Recommendation: We recommend that the District review all accounts receivable balances for collectability at each reporting period and properly address any amounts determined to be collectible.

Views of Responsible Officials and Planned Corrective Action: See corrective action plan.

2018-002 Material weakness in internal control over financial reporting - School Health and Related Services (SHARS) Revenue/Receivable

Criteria: Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of a material misstatement of an entity's financial statements is an indication of a material weakness in internal control.

Condition: The financial information for the fiscal year ended June 30, 2018 that was provided for audit contained a material error related to SHARS revenue. For the June 30, 2018 financial statements, the District did not identify approximately \$20 million of SHARS revenue that should have been recorded in the Medicaid fund through the recognition of the revenue and related receivable. This error was identified by our audit procedures, and was corrected by management.

Cause: The District did not identify a SHARS report that should have been reflected in the fiscal year 2018 financial statements. Because this error was not detected prior to the information being provided for audit, there is an indication that closing procedures, specifically the reconciliation and review of financial information, had not been effectively performed.

Effect or Potential Effect: A material misstatement of the District's financial statements was not prevented, or detected and corrected, by the District's system of internal control, requiring an audit adjustment to correct the misstatement identified during the audit. Failure to establish effective reconciliation and closing procedures will allow possible irregularities to exist and continue without notice.

Recommendation: We recommend that the District's balance sheet accounts be reconciled and evaluated timely as part of the financial review and closing procedures to identify and record transactions in the proper period.

Views of Responsible Officials and Planned Corrective Action: See corrective action plan.

Section III. Federal Award Findings and Questioned Costs

None reported



HOUSTON INDEPENDENT SCHOOL DISTRICT
 Hattie Mae White Educational Support Center
 4400 West 18th Street • Houston, Texas 77092-8501

Sherrie H. Robinson
Controller

Dr. Rene Barajas
Chief Financial Officer

www.HoustonISD.org
www.twitter.com/HoustonISD

Section IV – Corrective Action Plans

Corrective Action Plan - 2018-001 Material weakness in internal control over financial reporting - allowance for uncollectible accounts

Corrective Action Plan: Staff will reconcile and analyze accounts receivable balances quarterly.

Estimated Completion Date: December 31, 2018

Management Contact: Sherrie H. Robinson, Controller

Status: In process

Corrective Action Plan - 2018-002 Material weakness in internal control over financial reporting - School Health and Related Services (SHARS) Revenue/Receivable

Corrective Action Plan: Staff will review reconciliation processes and schedule so that balance sheet accounts are reconciled quarterly in order to ensure transactions are recorded properly.

Estimated Completion Date: December 31, 2018

Management Contact: Sherrie H. Robinson, Controller

Status: In process

HOUSTON INDEPENDENT SCHOOL DISTRICT

STATUS OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2017

Section IV – Findings Related to Federal Award Findings and Questioned Costs**2017-01:** Noncompliance and Deficiency related to Eligibility**Program:** Child Nutrition Cluster

10.553 – School Breakfast Program

10.555 – National School Lunch Program

10.559 – Summer Food Service Program for Children

U.S. Department of Agriculture

Criteria/Requirement: The District is responsible for ensuring compliance with all applicable provisions of the Child Nutrition Cluster as prescribed by the U.S. Department of Agriculture. According to requirements included in the Uniform Grant Guidance, households applying for free or reduced meals must submit an income application. Children whose households fall below specified nationwide income eligibility requirements may receive meals at no charge or at a reduced price. Children who have been determined ineligible for free or reduced price school meals are required to pay the full price for their meals.

Condition: As part of our eligibility testing, we noted that 1 out of 80 selections of submitted applications for Free and Reduced Meals was inappropriately recorded with a status of Reduced rather than Paid according to USDA Income Guidelines. The difference between the Reduced reimbursement rate and the Paid reimbursement rate for the number of meals served to the student resulted in a difference of approximately \$444 total known questioned costs.

Cause: Applications are scanned into the system and then manually reviewed by Nutrition Service employees to ensure the scan read the application accurately. During the review process, an employee did not identify the scanned version's omission of an income line item, resulting in the total income appearing lower.

Effect: The selected student was incorrectly identified as qualifying for Reduced status and the District received the incorrect amount of reimbursement.

Questioned Costs: \$444 total known questioned costs related to the one incorrect eligibility selection.

Perspective: The violation in program eligibility requirements could result in revocation of current funds or denial of future funds due to noncompliance with the program agreement.

Recommendation: The District should review all submitted applications in closer detail for accuracy and completeness to ensure that they adhere to the eligibility requirements as required by the U.S. Department of Agriculture.

View of responsible officials: See Corrective Action Plan

Corrective Action Plan–2017-01 Noncompliance and Deficiency related to Eligibility

Corrective Action Plan: All employees responsible for processing of student eligibility applications will be retrained to avoid future errors.

Estimated Completion Date: November 30, 2017

Management Contact: Jennifer Boesch, General Manager of Nutrition Services

Status: Completed

2017-02: Noncompliance related to Procurement**Program:** Child Nutrition Cluster

10.553 – School Breakfast Program

10.555 – National School Lunch Program

10.559 – Summer Food Service Program for Children

U.S. Department of Agriculture

Criteria/Requirement: The District is responsible for following Federal and State statutes and District policy related to procurement, suspension, and debarment for the Child Nutrition Cluster as prescribed by the U.S. Department of Agriculture.

Condition: We noted that 2 out of 10 vendor selections that we made related to adherence to procurement standards for the program did not go through the appropriate procurement process.

Cause: The District previously used a third party food management service which would make purchases for the program on behalf of the District. During the current year, the agreement with the third party was terminated. As a result, the purchases previously made by the third party through the termination date were paid directly by the District. As these vendors were selected by the third party and not the District, the vendors did not go through the District's procurement process.

Effect: Vendors were used by the District without going through the approved procurement process. As a result, there was not an equal opportunity for businesses to respond to procurement requests of the District.

Questioned Costs: Not Applicable

Perspective: The violation in program procurement, suspension, and debarment requirements could result in revocation of current funds or denial of future funds due to noncompliance with the program agreement.

Recommendation: The District should review all vendors used, including those used by third party management services, to ensure the District adheres to Federal and State statute and District policy related to procurement, suspension, and debarment

View of responsible officials: See Corrective Action Plan

Corrective Action Plan–2017-02 Noncompliance related to Procurement

Corrective Action Plan: Nutrition Services staff will work with the Procurement Department to ensure that all purchases adhere to Federal and State statute and district policy related to procurement, suspension, and debarment.

Estimated Completion Date: June 30, 2018

Management Contact: Rene Barajas, Chief Financial Officer

Status: Completed

Section V– Findings Related to the Financial Statements**2017-03:** Material Weakness related to General Information Technology Controls

Program: Not Applicable

Criteria: The District is responsible for maintaining access controls over general information technology systems.

Condition and Cause: During our testing of general information technology (“IT”) controls, we observed that the District did not have effective access security controls in place to cover the SAP environment, including SAP ECC, SAP SRM, and SAP GRC. Inappropriate users with privileged access to SAP existed which gave them the ability to manage security, import changes to production, execute all transactions, modify programs and tables, open/close the SAP client, and make changes directly in the production instances. Additionally, the District did not have controls in place to monitor the use of highly privileged accounts and the opening/closing of the SAP client which allows changes to be made directly in production.

Effect: Individuals had the ability to maintain access they no longer required for their job function, had access to make inappropriate changes to the system, including access to directly modifying data in tables, execute and modify programs, process transactions outside of normal duties, and bypass automated controls.

Questioned Costs: Not Applicable

Recommendation: The District should review the controls related with general IT controls and remove inappropriate access and reconfigure settings. Further, management should implement a process for monitoring controls.

View of responsible officials: See Corrective Action Plan

Corrective Action Plan–2017-03 Material Weakness related to General Information Technology Controls**Corrective Action Plan:**

1. On June 29, 2017 Management completed a change control and removed inappropriate access and appropriately configured settings. Additionally, management implemented a monitoring control for standard SAP accounts, privileged profiles, and SCC4/SE06 setting.
2. As per the recommendation, the District put systematic controls in place to monitor the use of highly privileged accounts and the opening/closing of the SAP client which allows changes to be made directly in production.

Estimated Completion Date:

1. June 30, 2017
2. October 2017

Management Contact: Lenny Schad, Chief Technology Officer

Status: Resolved

HOUSTON INDEPENDENT SCHOOL DISTRICT

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE—FOOD AND NUTRITION SERVICE</u>			
Child Nutrition Cluster:			
Pass-Through Texas Department of Agriculture:			
71401801	School Breakfast Program - Cash Assistance	10.553	\$ 36,139,676
71301801	National School Lunch Program - Cash Assistance	10.555	67,708,590
00522	National School Lunch Program - Non-Cash Assistance	10.555	5,573,505
	Total National School Lunch Program		<u>73,282,095</u>
00522	Summer Food Service Program for Children - Cash Assistance	10.559	2,869,934
00522	Summer Food Service Program for Children - Non-Cash Assistance	10.559	233,433
	Total Summer Food Service Program for Children		<u>3,103,367</u>
	Total Child Nutrition Cluster		<u>112,525,138</u>
00522	Child and Adult Care Food Program - Cash Assistance	10.558	7,625,803
00522	Fresh Fruit and Vegetable Program - Cash Assistance	10.582	814,619
	Total U.S. Department of Agriculture—Food and Nutrition Service		<u>120,965,560</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Direct Program:			
N/A	JROTC Career Academy	12.000	1,977,757
	Total U.S. Department of Defense		<u>1,977,757</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through City of Houston/Department of Housing and Community Development:			
CDBG Entitlement Grants Cluster:			
3200001/2018-0270	Community Development Block Grant/Entitlement Grants	14.218	43,359
4600014230/2017-0076	Community Development Block Grant/Entitlement Grants	14.218	(3,443)
	Total U.S. Department of Housing and Urban Development		<u>39,916</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Pass-Through Humanities Texas:			
2017-5275	Promotion of the Humanities Federal/State Partnership	45.129	1,000
	Total National Endowment for the Humanities		<u>1,000</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
U165A130045	Magnet Schools Assistance	84.165A	991,492
U165A170059	Magnet Schools Assistance	84.165A	1,495,543
S215G140125	Fund for the Improvement of Education	84.215G	4,020
U351C170101	Arts in Education	84.351C	5,907
U374A170050	Teacher and School Leader Incentive Grants	84.374A	345,735
S374B120011	Teacher Incentive Fund	84.374B	1,627,236
B416A140166	Race to the Top - District	84.416A	5,133,997
	Total Direct Programs		<u>9,603,930</u>
Pass-Through Texas Education Agency:			
18610101101912	Title I Grants to Local Educational Agencies	84.010A	86,124,265
17610101101912	Title I Grants to Local Educational Agencies	84.010A	16,156,747
18610123101912	Title I Grants to Local Educational Agencies	84.010A	3,704,272
17610112101912000	Title I Grants to Local Educational Agencies	84.010A	360,019

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
18610103101912	Title I Grants to Local Educational Agencies	84.010A	98,809
	Total Title I Grants		106,444,112
	Special Education Cluster (IDEA):		
186600011019126600	Special Education-Grants to States	84.027A	33,037,781
176600011019126600	Special Education-Grants to States	84.027A	4,356,460
66001806	Special Education-Grants to States	84.027A	1,169,312
176600061019126680	Special Education-Grants to States	84.027A	12,031
	Total Special Education-Grants to States		38,575,584
186610011019126610	Special Education-Preschool Grants	84.173A	286,460
176610011019126610	Special Education-Preschool Grants	84.173A	71,494
	Total Special Education-Preschool Grants		357,954
	Total Special Education Cluster (IDEA)		38,933,538
18615001101912	Migrant Education-State Grant Program	84.011A	329,280
17615001101912	Migrant Education-State Grant Program	84.011A	106,052
18420006101912	Career and Technical Education Basic Grants to State	84.048A	2,226,871
17420006101912	Career and Technical Education Basic Grants to State	84.048A	474,671
184200557110020	Career and Technical Education Basic Grants to State	84.048A	16,141
186950197110015	Twenty-First Century Community Learning Centers	84.287C	1,903,309
176950197110015	Twenty-First Century Community Learning Centers	84.287C	146,737
186950247110016	Twenty-First Century Community Learning Centers	84.287C	1,561,894
176950247110016	Twenty-First Century Community Learning Centers	84.287C	111,609
51061201	Advanced Placement Incentive Program	84.330B	26,538
18671001101912	English Language Acquisition State Grants	84.365A	6,897,625
17671001101912	English Language Acquisition State Grants	84.365A	889,266
18671003101912	English Language Acquisition State Grants	84.365A	1,599,802
17671003101912	English Language Acquisition State Grants	84.365A	888,695
18694501101912	Supporting Effective Instruction State Grants	84.367A	8,586,658
17694501101912	Supporting Effective Instruction State Grants	84.367A	3,265,956
69551802	Grants for State Assessments and Related Activities	84.369A	222,020
69551702	Grants for State Assessments and Related Activities	84.369A	(3,515)
146107137110004	School Improvement Grants	84.377A	884,676
156107277110002	School Improvement Grants	84.377A	1,184,088
156107277110003	School Improvement Grants	84.377A	1,266,253
166107307110005	School Improvement Grants	84.377A	1,413,559
146107107110006	School Improvement Grants	84.377A	94,203
136107267110002	School Improvement Grants	84.377A	10,939
136107267110003	School Improvement Grants	84.377A	80,306
18680101101912	Student Support and Academic Enrichment Program	84.424A	1,135,112
18511701101912	Hurricane Education Recovery	84.938A	12,453,465
51271901	Hurricane Education Recovery	84.938C	17,383,003
	Total Pass-Through Texas Education Agency		210,532,863
	Pass-Through Education Service Centers:		
	Special Education Cluster (IDEA):		
3157-93-878	Special Education-Grants to State	84.027A	270,796
3158-93-878	Special Education-Grants to State	84.027A	25,892
3408-93-877	Special Education-Grants for Infants and Families	84.181A	1,449
	Total Special Education Cluster (IDEA)		298,137
18-024	Education for Homeless Children and Youth	84.196A	158,942
17-024	Education for Homeless Children and Youth	84.196A	35,689
			194,631
	Total Pass-Through Education Service Centers		492,768
	Pass-Through Harris County Department of Education:		

HOUSTON INDEPENDENT SCHOOL DISTRICT

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
186950197110013	Twenty-First Century Community Learning Centers	84.287C	193,568
176950197110013	Twenty-First Century Community Learning Centers	84.287C	6,847
	Total Pass-Through Harris County Department of Education		<u>200,415</u>
U411A150002	Pass-Through Children's Literacy Initiative: Education Innovation and Research	84.411A	22,706
	Total Pass-Through Children's Literacy Initiative		<u>22,706</u>
	Total U.S. Department of Education		<u>220,852,682</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
5U87PS004142	Direct Program: Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	441,583
H17MC29438	Maternal and Child Health Federal Consolidated Programs	93.110	31,237
	Total Direct Program		<u>472,820</u>
1702TXRSOC	Pass-Through U.S. Conference of Catholic Bishops/Migration and Refugee Services: Refugee and Entrant Assistance State Replacement Designee	93.566	69,079
	Total Pass-Through U.S. Conference of Catholic Bishops/Migration and Refugee Services		<u>69,079</u>
	Pass-Through Harris County Department of Education: CCDF Cluster:		
2818CCMC24	Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596	143,005
2817CCMC24	Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596	(20,545)
2816CCMC24	Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596	(18,122)
2815CCMC24	Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596	9,557
	Total Pass-Through Harris County Department of Education		<u>113,895</u>
1Z0CMS331531-00	Pass-Through Gateway to Care: Children's Health Insurance Program	93.767	20,100
	Total Pass-Through Gateway to Care		<u>20,100</u>
	Pass-Through Health and Human Services Commission: Medicaid Cluster:		
N/A	Medical Assistance Program	93.778	176,403
	Total Pass-Through Health and Human Services Commission		<u>176,403</u>
2016-001350B	Pass-Through Texas Department of State Health Services: Maternal and Child Health Services Block Grant to the States	93.994	131,777
	Total Pass-Through Texas Department of State Health Services		<u>131,777</u>
	Total U.S. Department of Health and Human Services		<u>984,074</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
GF40065-4/15ACHTX0010005	Pass-Through University of North Texas: AmeriCorps	94.006	32,890
GF40025-4/15ACHTX0010005	AmeriCorps	94.006	11,593
	Total Corporation for National and Community Service		<u>44,483</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
DR-4269	Pass-Through Texas Department of Public Safety: Disaster Grants - Public Assistance	97.036	68,632
DR-4223	Disaster Grants - Public Assistance	97.036	295,716
	Total U.S. Department of Homeland Security		<u>364,348</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Pass-Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
TOTAL EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE			<u>\$ 345,229,820</u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

(Concluded)

HOUSTON INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. The Houston Independent School District (the "District") utilizes the funds specified in the Texas Education Agency Financial Accountability System Resource Guide. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The Special Revenue Fund is 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 specified project periods.

Beginning on July 1, 2017, the National School Lunch Program, School Breakfast Program, Summer Food Program, and Child and Adult Care Food Program revenues are accounted for in the Special Revenue Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due.

National School Lunch Program and Summer Food Service Program non-cash commodities are recorded at their estimated market value at the time of donation.

Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

3. The period of availability for federal grant funds for the purpose of liquidating outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, *Period of Availability of Federal Funds, Part 3, OMB Uniform Guidance*.
4. The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the District at June 30, 2018.

Total Expenditures of Federal Financial Assistance:	\$ 345,229,820
--	----------------

Additional federal revenues reported

Interest Subsidy on Build America & Qualified School Construction Bonds	7,107,587
School Health and Related Services (SHARS)	36,237,575

Total Federal Revenues Reported	\$ 388,574,982
--	-----------------------

5. The District has elected not to use the 10-percent de minimis indirect cost as allowed under the Uniform Guidance.



HISD

Controller's Office

FINANCIAL EXCELLENCE SUPPORTING ACADEMIC SUCCESS

It is the policy of the Houston 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.