

2017-2018
ADOPTED BUDGET BOOK

FINANCIAL SECTION





Financial Section Table of Contents

Houston Independent School District

Budgetary Control and Accounting Basis	66
All Funds Structure Diagram / Summary	73
Function Matrix By Fund.....	74
All Governmental Funds and Proprietary Funds Selected Items Summary	75
Governmental Fund Types	77
General Fund	80
Special Revenue Fund	86
Debt Service Fund.....	90
Capital Renovation Fund.....	94
Public Facilities Corporation	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
-Three Year Projection Summary	99
Internal Service Funds/Internal Service Funds with Assumptions.....	105
Health Insurance.....	110
Workers' Compensation.....	111
Print Shop	112
Alternative Certification	113
UIL	114
Athletics	115
Special Education Shared Services.....	116
Virtual Schools	117
Copier Services.....	118
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
-Three Year Projection Summary	119
Enterprise Funds/Enterprise Funds with Assumptions	121
Nutrition Services.....	125
Nutrition Services Statistics	127
The Marketplace	128
Medicaid	129
Business Development	130
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
-Three Year Projection Summary	131



Budgetary Control and Accounting Basis

Houston Independent School District

Budgetary Control

Budgetary control is maintained through the encumbrance of estimated purchase amounts and other expenditures prior to the execution of contracts or release of purchase orders to vendors. Those obligations that would result in the overrun of appropriated funds are not released until additional appropriations are made available via budgetary transfers. Such transfers must be approved by the principal (for schools) or by the appropriate Department Head/Superintendent's Direct Report (for central departments). The district also encumbers each pay period any obligated salary and benefit expenditures for filled and vacant positions to ensure available balances are accurate and to be able to do more accurate year-end forecasting. If the transfer increases a particular functional amount, it must also be approved or ratified by the Board of Education via one of the district's semi-annual functional report requests.

Basis of Budgeting

The basis of budgeting is the recognition of revenues and expenditures that the district has the legal authority to spend or collect. The district budgets on an expected annual spend for the entire 12-month period of the fiscal year. This basis is used for all governmental, enterprise, and internal service fund types. The budget is presented to the Board of Education for adoption each year and is reconciled to the accounting system each year before the funds are made available. It is also reconciled two more times during the fiscal year with changes that have occurred as well as any requested funding changes and presented to the Board of Education for approval.

Basis of Accounting

The district's basis of budgeting and accounting for all funds is maintained on a modified accrual basis as prescribed by Generally Acceptable Accounting Principles (GAAP) and the TEA Financial Accountability System Resource Guide, with revenues being recorded when available and measurable to finance expenditures of the fiscal period. The general rule for recognition of revenues is 60 days and expenditures is 90 days. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. All estimated revenues, appropriations, and expenditures are coded to specific funds (categorizing how it is financed), accounts (describing why and what funds are being received or goods and services are being purchased), and fund centers (who is purchasing the goods or services) as mandated in the TEA Financial Accountability System Resource Guide. Property taxes are recognized in the school year they are levied because they become due and collectable within the fiscal year. The district's goal is to maintain a five percent reserve for the operation account, in addition to the unreserved undesignated fund balance.

The modified accrual basis of accounting or accrual basis of accounting, as appropriate, should be utilized in measuring the financial position and operating results.

(a) Governmental fund revenues and expenditures should be recognized on a modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except of unmatured interest on general long-term debt, which should be recognized when due.

(b) Proprietary fund statements net assets and revenues, expenses and changes in fund net assets should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable; expenses should be recognized in the period incurred, if measurable.

(c) Fiduciary funds should be reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post employment healthcare plans.

(d) Transfers should be recognized in the accounting period in which the interfund receivable and payable arise.

Explanation of Funds

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 budgeting and accounting system is organized and operated on a "fund basis" and on an organizational unit basis within each fund. Each fund is a distinct, self-balancing accounting entity that is differentiated by funding source and is comprised of its assets, liabilities, fund balances, revenues, and expenditures as appropriate.

How an expenditure is financed determines the fund used, according to the TEA *Financial Accountability System Resource Guide*. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds (general, special revenue, capital projects, and debt service funds).

The **General Fund** is the primary operating fund, consisting of the general operations, capital acquisition program, and on-behalf payments. While the General Fund represents over 80 percent of all HISD revenues and expenditures, there are also other funds that support the various programs and services necessary to operate and maintain the school system. The district's other funds are described below, with further detail provided in each fund section in the Financial Section of this document.

The **Special Revenue Fund** records special programs through the receipt of federal, state, and local grants whose expenditures are restricted to the designated purpose of each grant.

The **Debt Service Fund** accumulates the resources for the planned retirement of general long-term debt (including contractual obligations) and related costs and is funded from annual tax revenue.

The **Capital Renovation Fund** is a governmental fund that must be used to account, on a project basis, for projects financed by the proceeds from bond issues or for capital projects otherwise mandated to be accounted for in this fund. The capital projects fund utilizes the modified accrual basis of accounting.

The **Nutrition Services Fund** provides for the operation of the school lunch and breakfast programs, with funding derived primarily from the U. S. Department of Agriculture through the National School Lunch Program. Over 80 percent of HISD students are eligible for free or reduced-price meals through this program. This fund is operated and financed similar to a private business enterprise because some of the costs are financed through user fees (meal charges).

Classification of Revenues

Although local property tax and Foundation School Program (FSP) revenues account for the majority of school district revenues, other sources must be considered in completing a district's overall annual revenue estimate. Federal funds and private sources (e.g., private foundations, businesses, etc.) are forecasted as well. In addition, school districts should examine delinquent tax collections, fees, and extracurricular revenue sources.

Classification of Expenditures

While the responsibility for developing revenue estimates lies primarily with district administrators, expenditure estimates are the shared responsibility of district administrators, support personnel and individual schools. Budget guidelines may provide substantial guidance for the estimation of campus expenditures through the use of standard cost allocations, per pupil estimates or other guidelines. If not, individual schools will be responsible for estimating campus expenditures themselves. Regardless of whether expenditures are estimated at the campus or district level, these estimates are critical to the development of the district's budget.

Estimates of district/campus expenditures at the functional level normally will be made during budget preparation for the following major expenditure categories (objects): (1) Payroll Costs (6100), (2) Professional and Contracted Services (6200), (3) Supplies and Materials (6300), (4) Other Operating Costs (6400), (5) Debt Service (6500), (6) Capital Outlay - Land, Buildings and Equipment (6600), and (7) Other Uses/Non-Operating Expenses/Residual Equity Transfers Out (8900). Specific techniques for estimating these expenditure categories are discussed later in the Informational Section of this document.

Expenditures by Functions

A function represents a general operational area in a school district and groups together related activities. Most school districts use all of the functions in the process of educating students or organizing the resources

to educate students. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities are a function.

Instruction-Function 11

This function is used for activities that deal directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations. Teaching may also be provided through some other approved medium such as television, radio, telephone, telecommunications, multimedia and correspondence. This function includes expenditures and/or expenses for direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students.

Certain expenditures must be accounted for by organization code and program intent code, defined later in this section.

School districts are encouraged to use appropriate program intent and organization codes for all other costs that are directly attributable to a specific program intent and/or organization. However, benefits to the management of the school district in relation to the effort to allocate these costs should be examined before allocating costs that are not mandatory.

Per TEA guidelines, if specific program intent codes are not used, the school district is to use Program Intent Code 99 (Undistributed). If specific organization codes are not used, the school district is to use Organization Code 999 (Undistributed) or Organization Code 998 (Unallocated, Local Option). HISD follows this practice.

Instructional Resources and Media Services-Function 12

This function is used for expenditures/expenses that are directly and exclusively used for resource centers, establishing and maintaining libraries and other major facilities dealing with educational resources and media.

Curriculum Development and Instructional Staff Development-Function 13

This function is used for expenditures/expenses that are directly and exclusively used to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students. Expenditures and expenses include in-service training and other staff development for instructional or instructional-related personnel (Functions 11, 12, and 13) of the school district.

Instructional Leadership-Function 21

This function is used for expenditures/expenses that are directly used for managing, directing, supervising, and providing leadership for staff who provides general and specific instructional services.

School Leadership-Function 23

This function is used for expenditures/expenses that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principals and other assistants while they supervise all operations of the campus, evaluate staff members of the campus, and assign duties to staff members maintaining the records of the students on the campus.

Guidance, Counseling and Evaluation Services-Function 31

This function is used for expenditures/expenses that are directly and exclusively used for assessing and testing students' abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals. This function includes costs of psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling.

Social Work Services-Function 32

This function is used for expenditures/expenses that are directly and exclusively used for activities such as investigating and diagnosing student social needs arising out of the home, school or community; casework and group work services for the child, parent or both; interpreting the social needs of students for other staff members; promoting modification of the circumstances surrounding the individual student which are related to his or her social needs. (This includes referrals to and interaction with other governmental agencies.)

Health Services-Function 33

This function is used for expenditures/expenses that are directly and exclusively used for providing physical health services to students. This includes activities that provide students with appropriate medical, dental and nursing services.

Student (Pupil) Transportation-Function 34

This function is used for expenditures/expenses that are incurred for transporting students to and from school. Expenditures/expenses for regular bus routes to and from school are to be recorded using Program Intent Code 99 (Undistributed), and Organization Code 999 (Undistributed) or Organization Code 998 (Unallocated, Local Option). Expenditures/expenses for transportation specifically and exclusively for purposes of transporting students relating to enhanced program intents such as Career and Technology and Services to Students with Disabilities (Special Education), etc., are to be recorded in Function 34 with the appropriate program intent codes.

Food Services-Function 35

This function is used for food service operation expenditures/expenses, including the cost of food, labor, and other expenditures/expenses necessary for the preparation, transportation and storage of food to provide to students and staff. Expenditures/expenses are used directly and exclusively for supervision and maintenance of a food service operation.

Extra-curricular Activities-Function 36

This function is used for expenditures/expenses for school-sponsored activities outside of the school day. These activities are generally designed to provide students with experiences such as motivation and the enjoyment and improvement of skills in either a competitive or noncompetitive setting.

Extracurricular activities include athletics and other activities that normally involve competition between schools (and frequently involve offsetting gate receipts or fees such as football, baseball, volleyball, track and tennis). Other kinds of related activities are included (such as drill team, pep squad and cheerleading, University Interscholastic League competition such as one-act plays, speech, debate, band, Future Farmers of America (FFA), National Honor Society, etc.).

If the school district has activity funds, the goods purchased for resale are to be classified in this function, with the gross sale of goods recorded in Revenue Object Code 5755, Results from Enterprising Activities, Activity Funds and/or Clearing Accounts.

General Administration-Function 41

This function is for expenditures/expenses that are for purposes of managing or governing the school district as an overall entity. This function covers multiple activities that are not directly and exclusively used for costs applicable to specific functions. General administration is an indirect cost applicable to other expenditure functions of a school district.

Facilities Maintenance and Operations-Function 51

This function is used for expenditures/expenses for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair, and insured. This function is used to record expenditures/expenses for the maintenance and operation of the physical facilities and grounds. This function also includes expenditures/expenses associated with warehousing and receiving services.

Security and Monitoring Services-Function 52

This function is used for expenditures/expenses that are for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.

Data Processing Services-Function 53

This function is for expenditures/expenses for data processing services, whether in-house or contracted. Examples of Function 53 costs are costs for computer facility management, computer processing, systems development, analysis of workflows, processes and requirements; coding, testing, debugging and documentation; systems integration; design of applications supporting information technology infrastructure; maintenance of programs; maintenance of networks; and those interfacing costs associated with general types of technical assistance to data users. Specific types of applications include student accounting, financial accounting and human resources/personnel. Personal Computers (PC's) that are stand alone are to be charged to the appropriate function. Peripherals, including terminals and printers, are to be charged to the appropriate function. Costs associated with mainframe, minicomputers, servers and networked or stand alone microcomputers that provide services to multiple functions are to be recorded here.

Community Services-Function 61

This function is used for expenditures that are for activities or purposes other than regular public education and adult basic education services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. This includes providing resources to non-public schools, institutions of higher education, and any proprietary types of services incurred for outside entities in the community

Debt Service-Function 71

This function is used for expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest. Note principal for short-term loans (one year or less in duration) is to be recorded in the liability account 2122, Notes Payable-Current Year.

Capital Outlay-Function 80

This function code series is used for expenditures that are acquisitions, construction, or major renovation of school district facilities.

Facilities Acquisition and Construction-Function 81

This function is used by school districts for expenditures that are for acquiring, equipping, and/or making additions to real property and sites, including lease and capital lease transactions.

Intergovernmental Charges-Function 90

“Intergovernmental” is a classification that is appropriate where one governmental unit transfers resources to another. In particular, Chapter 41 purchase of WADA and the transfer of students where one school district pays another school district for educating students are examples of intergovernmental charges.

Contracted Instructional Services Between Public Schools-Function 91

This function code is used for expenditures that are used for: providing financial resources for services in another public school through a contract for education of nonresident students under Subchapter E, Chapter 41, TEC; and purchasing attendance credits from the state under Subchapter D, Chapter 41, TEC.

Costs for contractual arrangements under Subchapter E, Chapter 41, are recorded under this function code only if the agreement is to pay for services managed and administered by another school district receiving payments under Subchapter E, Chapter 41, TEC. This function is to be used exclusively for the purchase of Weighted Average Daily Attendance (WADA) from either the state or other school districts.

Incremental Costs Associated with Chapter 41, Texas Education Code, Purchase or Sale of WADA-Function 92

This function code is used for expenditures that are for the purpose of positioning a school district with Chapter 41 excess wealth per WADA to purchase attendance credits either from the state or from other school district(s).

Payments to Fiscal Agent/Member Districts of Shared Services Arrangements-Function 93

This function code is used for expenditures that are for (1) payments from a member district to a fiscal agent of a shared services arrangement; or, (2) payments from a fiscal agent to a member district of a shared services arrangement.

Payments to Juvenile Justice Alternative Education Programs-Function 95

This function code is used for expenditures that are for the purpose of providing financial resources for Juvenile Justice Alternative Education Programs under Chapter 37, TEC. This function code is used to account for payments to other governmental entities in connection with students that are placed in discretionary or mandatory JJAEP settings.

Payments to Tax Increment- Function 97

This function code is used for expenditures that are for the purpose of providing financial resources paid into a tax increment fund (TIF) under Chapter 311, Tax Code. The revenues are recorded under fund 199, Object 5746. The expenditures are recorded under fund 199, Object 6499.

Other Intergovernmental Charges- Function 99

This code is used to record other intergovernmental charges not defined above.

This function code is used for expenditures that are used for obtaining instructional services from another public school for grade levels not served in a school district under Section 25.039, TEC.

Expenditures/Expense Object Code

Expenditures/expenses should be classified by the major object classes according to the types of items purchased or services obtained. Expenditure codes always begin with the digit "6."

An expenditure/expense account identifies the nature and object of an account, or a transaction. The school district's accounting records are to reflect expenditures/expenses at the most detail level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. For PEIMS budget reporting purposes, expenditures/expenses are reported to the second digit of detail (6100, 6200, etc.) If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the TEA code structure should be used.

6100 PAYROLL COSTS

This major classification includes the gross salaries or wages and benefit costs for employee services. An employee is paid a salary or wage. The school district acts in a supervisory capacity over an employee and furnishes the working area and usually the equipment and materials necessary for the completion or performance of a task or service. Although an employee may work with more than one supervisor subsequent to, during, or after the normal employment period of hours, if the services or tasks performed are at the general direction of the school district, the amount paid to that employee is considered a payroll cost.

6200 PROFESSIONAL AND CONTRACTED SERVICES

This major account classification is used to record expenditures/expenses for services rendered to the school district by firms, individuals, and other organizations. This includes services provided by internal service funds unless the internal service fund is used to account for employee benefits. Internal service fund expenditures/expenses for employee benefits, such as health insurance, are to be classified to the appropriate code in the 6100 series of accounts. Normally, professional and contracted services represent a complete service that is rendered for the school district, and no attempt should be made to separate labor from supplies.

6300 SUPPLIES AND MATERIALS

This major classification includes all expenditures/expenses for supplies and materials.

6400 OTHER OPERATING COSTS This major classification is used to classify expenditures/expenses for items other than Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Service and Capital Outlay that are necessary for the operation of the school district.

6500 DEBT SERVICE

This major classification includes all expenditures for debt service. All debt service object codes must be used only with Function 71, Debt Service.

6600 CAPITAL OUTLAY - LAND, BUILDINGS AND EQUIPMENT

This major classification is used to classify expenditures for capital assets.

8900 OTHER USES

This major classification is used to classify other uses such as transfers out to other funds and are not considered normal operational expenditures for most state expenditure calculations.

Program Intent

The program intent is a two-digit code that identifies the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the **PROGRAM INTENT CODE**, not the demographic make-up of the students served.

Program Intent

Code

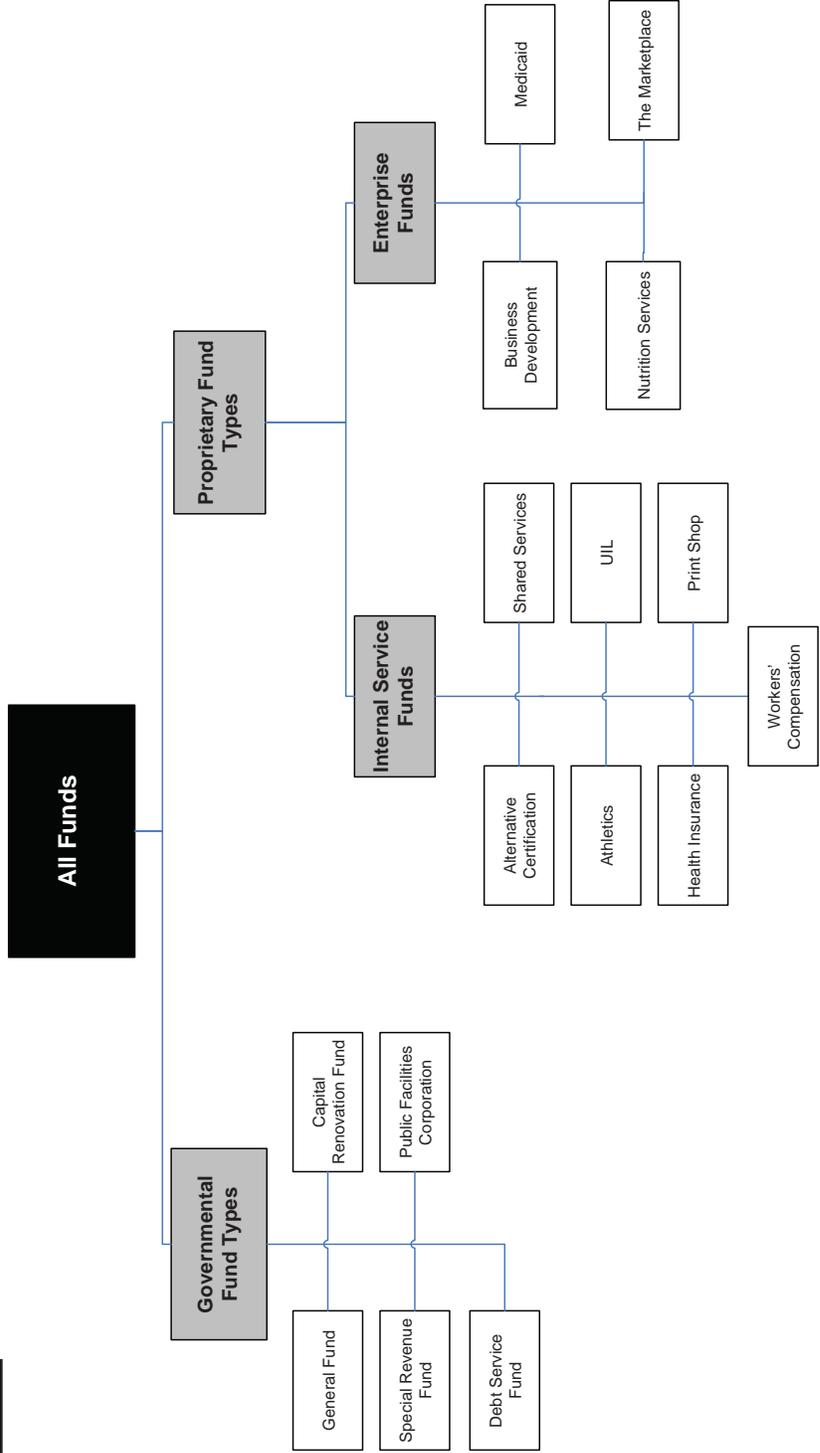
Program Intent Code Description

11	Basic Educational Services
21	Gifted and Talented
22	Career and Technical
23	Services to Students with Disabilities (Special Education)
24	Accelerated Education
25	Bilingual Education and Special Language Programs
26	Non-disciplinary Alternative Education Programs - AEP Services
28	Disciplinary Alternative Education Program – DAEP Basic Services
29	Disciplinary Alternative Education Program – DAEP Supplemental
30	Title I, Part A Schoolwide Activities Related to State Compensatory Education
31	High School Allotment (High Schools Only)
32	Pre-Kindergarten—Regular
33	Pre-Kindergarten—Special Education
34	Pre-Kindergarten—Compensatory Education
35	Pre-Kindergarten—Bilingual Education
91	Athletics & Related Activities
99	Undistributed/Other-Not allocated to other program intent codes



All Funds Structure Diagram / Summary

Houston Independent School District



Descriptions of the above funds are included in this Financial Selection.

*The Copier Services and Virtual Schools Internal Service Funds are not represented on this chart since they are being merged/transitional to other funds. Copier Services transitioned to the Internal Service fund under the Print Shop. Virtual Schools transitioned to the General Fund. They are, however, represented in the financial schedules until the five year history is completed.

HOUSTON INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL AND PROPRIETARY FUNDS SELECTED ITEMS SUMMARY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

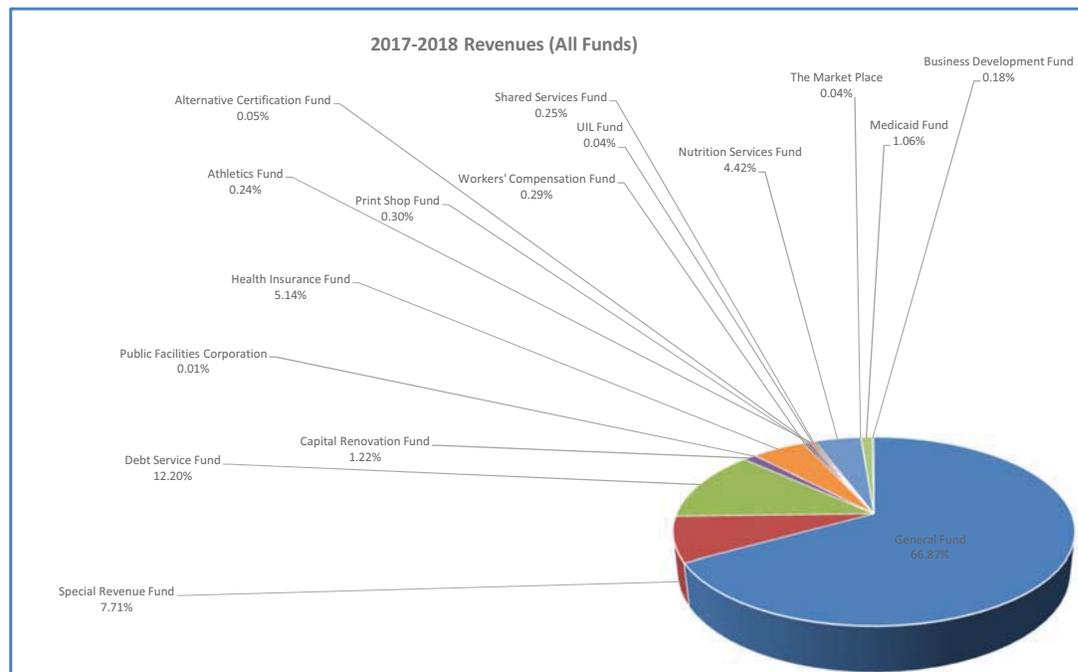
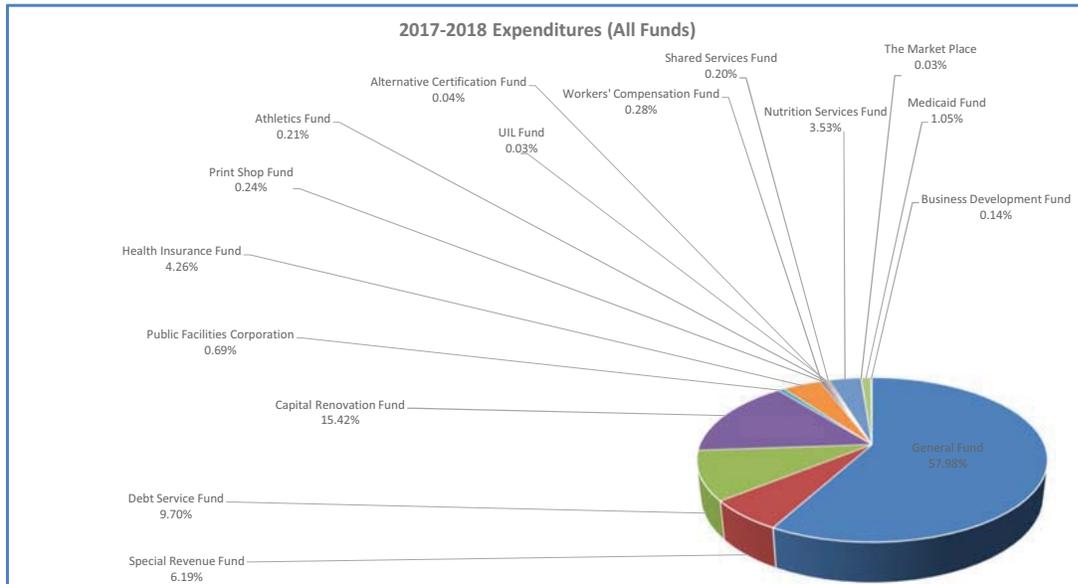
All Governmental and Proprietary Funds	Total All Funds
Total revenue	2,677,310,140
Total expenditures	3,538,166,021
Excess (def.) revenues over (under) expenditures	(860,855,881)
Total other financing sources (uses)	225,539,747 (77,162,066)
Fund balances/Net assets, beginning	1,975,746,710
Anticipated unspent funds	30,000,000
Fund balances/Net assets, ending	1,293,268,510

Governmental Fund Types	General Fund	Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Public Facilities Corporation	Total Governmental Fund Types
Total revenue	1,910,649,968	223,828,239	307,877,592	34,712,500	208,500	2,477,276,799
Total expenditures	2,056,972,964	223,828,239	350,704,553	550,000,000	25,000,000	3,206,505,756
Excess (def.) revenues over (under) expenditures	(146,322,996)	-	(42,826,961)	(515,287,500)	(24,791,500)	(729,228,957)
Total other financing sources (uses)	30,400,000 (39,321,832)	-	46,192,066	570,000 (7,440,234)	-	77,162,066 (46,762,066)
Fund balances/Net assets, beginning	701,848,679	37,058,450	129,036,673	981,894,115	28,509,693	1,878,347,610
Anticipated unspent funds	30,000,000	-	-	-	-	30,000,000
Fund balances/Net assets, ending	576,603,851	37,058,450	132,401,778	459,736,381	3,718,193	1,209,518,653

Internal Service Fund Types	Health Insurance Fund	Workers' Compensation Fund	Print Shop Fund	Alternative Certification Fund	Athletics Fund	UIL Fund	Shared Services Fund	Total Internal Service Fund Types
Total revenue	149,038,000	8,329,280	8,688,904	1,423,000	6,835,909	1,048,404	7,293,400	182,656,897
Total expenditures	154,125,623	10,171,851	8,761,906	1,423,000	7,626,757	1,063,263	7,301,398	190,473,798
Excess (def.) revenues over (under) expenditures	(5,087,623)	(1,842,571)	(73,002)	-	(790,848)	(14,859)	(7,998)	(7,816,901)
Total other financing sources (uses)	202,000 -	145,366 -	990 -	- -	94,015 -	2,000 -	7,998 -	452,369 -
Fund balances/Net assets, beginning	17,360,858	32,809,277	2,137,193	2,337	3,201,300	336,360	2,711,206	58,558,531
Fund balances/Net assets, ending	12,475,235	31,112,072	2,065,181	2,337	2,504,467	323,501	2,711,206	51,193,999

Proprietary Fund Types	Nutrition Services Fund	The Market Place	Medicaid Fund	Business Development Fund	Total Enterprise Fund Types
Total revenue	8,143,130	1,130,270	2,924,065	5,178,979	17,376,444
Total expenditures	127,441,026	1,101,541	7,974,088	4,669,812	141,186,467
Excess (def.) revenues over (under) expenditures	(119,297,896)	28,729	(5,050,023)	509,167	(123,810,023)
Total other financing sources (uses)	120,134,397 -	-	27,788,618 (30,000,000)	2,297 (400,000)	147,925,312 (30,400,000)
Fund balances/Net assets, beginning	10,501,976	236,182	26,279,631	1,822,780	38,840,569
Fund balances/Net assets, ending	11,338,477	264,911	19,018,226	1,934,244	32,555,858

HOUSTON INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL AND PROPRIETARY FUNDS SELECTED ITEMS SUMMARY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018





Governmental Fund Types

Houston Independent School District

Governmental Fund Types 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 measurement focus is based upon determination of changes in financial position rather than upon net income determination. The following are the district’s major governmental funds:

- **General Fund** – The *General Fund* is the primary 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 the proceeds of specific revenue sources (other than private-purpose trust funds or capital projects) such as federal, state or locally financed programs where unused balances are returned to the grant or at the close of specified project periods. Funds are legally restricted to expenditures for specified purposes.
- **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 major capital facilities other than those financed by proprietary funds.
- **Public Facilities Corporation (a non-major governmental fund)** – The *Public Facilities Corporation* is used to account for financial resources to be used for the acquisition, renovation, or construction of district facilities.

Classifications of Fund Balances:

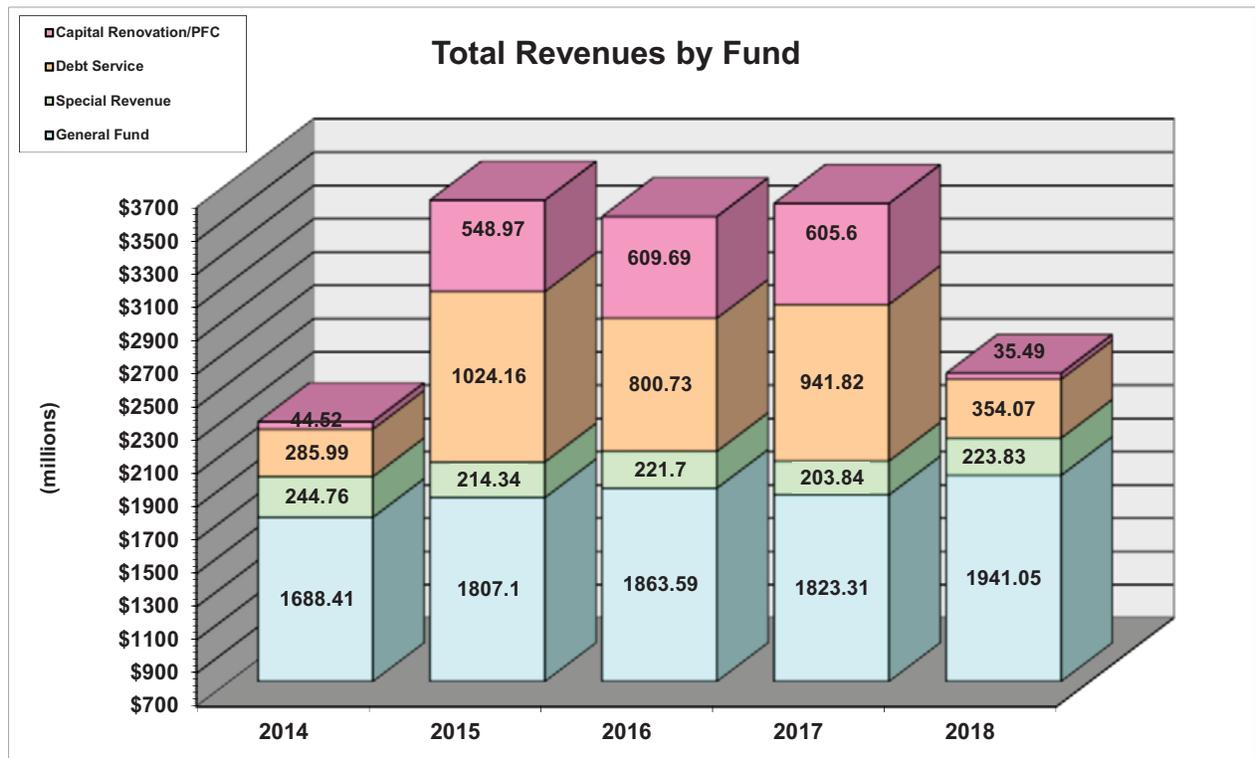
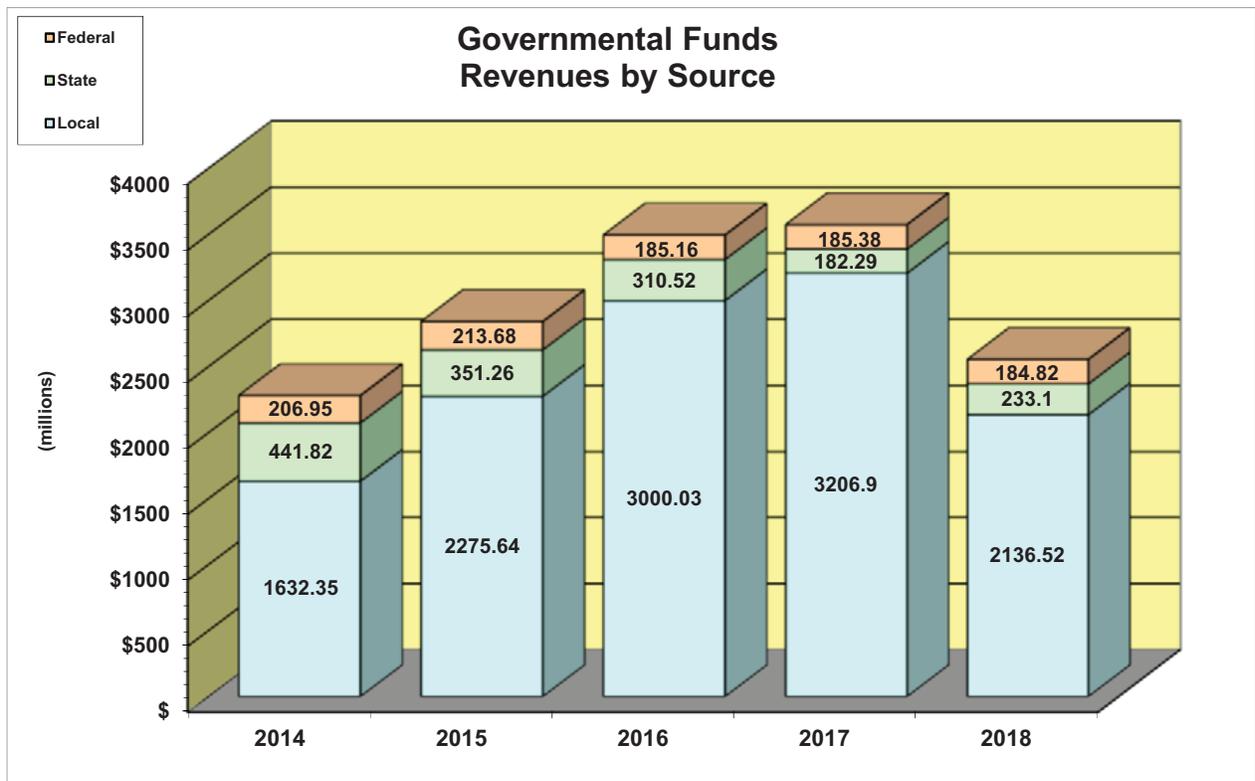
The following table shows fund balances as of June 30, 2017.

- **Accrued Obligation for Post-Employment Benefits** – as of June 30, 2017 net pension liability was \$637,812,876.

Fund Balances	General Fund	Major			NonMajor		Total Governmental Funds
		Special Revenue Fund	Debt Service Fund	Capital Renovation Fund	Capital Renovation-PFC		
Nonspendable	10,115,337	-	-	-	-	-	10,115,337
Restricted	-	37,058,450	129,036,673	921,555,203	28,509,693	-	1,116,160,019
Committed	102,364,840	-	-	7,922,067	-	-	110,286,907
Assigned	222,413,318	-	-	52,416,845	-	-	274,830,163
Unassigned	366,955,184	-	-	-	-	-	366,955,184
Total Fund Balances	701,848,679	37,058,450	129,036,673	981,894,115	28,509,693	-	1,878,347,610

HOUSTON INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
	Actual	Actual	Actual	Projected	Budget
REVENUES					
Property taxes	1,439,001,774	1,620,768,964	1,777,993,410	1,893,322,642	2,005,564,932
Earnings on investments	3,567,672	3,227,580	6,537,913	12,674,863	11,186,000
Miscellaneous local sources	52,031,641	46,389,598	53,679,466	55,920,082	42,610,244
State sources	441,816,492	351,257,395	310,517,735	182,293,194	233,097,530
Federal sources	206,949,586	213,682,616	185,158,431	185,375,265	184,818,093
Total revenues	2,143,367,165	2,235,326,153	2,333,886,955	2,329,586,046	2,477,276,799
EXPENDITURES BY FUNCTION					
Current					
Instruction	1,088,908,173	1,104,440,814	1,156,049,711	1,099,037,778	1,165,355,475
Instructional resources and media services	10,278,369	7,952,267	6,593,406	8,963,155	9,383,094
Curriculum development and instructional staff development	64,281,738	64,805,535	69,664,491	54,161,088	67,537,627
Instructional leadership	24,074,779	27,204,848	29,042,244	33,352,131	41,145,745
School leadership	124,755,647	128,611,645	138,095,849	132,074,470	138,080,474
Guidance, counseling, and evaluation services	49,135,835	45,117,000	53,831,166	55,556,445	63,079,359
Social work services	3,193,461	2,899,837	3,549,028	3,430,189	3,394,193
Health services	19,925,875	19,860,156	20,779,347	21,288,305	23,514,696
Student (pupil) transportation	53,007,805	54,059,722	58,910,024	70,696,961	63,472,032
Food services	172,172	591,158	253,641	13,090	-
Co-Curricular/extracurricular activities	15,831,469	17,083,246	18,942,687	18,388,966	17,272,305
General administration	36,289,625	35,119,538	35,182,633	42,607,689	44,307,663
Facilities maintenance and operations	191,750,049	173,825,216	165,977,640	181,942,691	192,491,147
Security and monitoring services	22,059,980	22,425,128	25,332,111	24,841,791	23,008,981
Data processing services	61,605,594	89,624,688	85,484,194	73,362,175	64,060,046
Community services	4,840,611	6,467,383	6,963,614	7,479,612	8,253,300
Juvenile justice alternative education program	843,660	792,000	792,000	792,117	893,650
Contracted Instructional Services Between Public Schools	-	-	-	-	268,986,857
Payments to tax increment fund	53,641,961	49,360,389	52,100,723	55,616,783	56,907,676
Tax appraisal and collection	10,588,700	12,555,327	13,355,890	13,995,353	14,940,330
Chapter 41/Purchase of WADA	-	-	-	93,080,703	-
Debt service					
Principal	129,080,391	117,446,886	140,278,176	215,034,493	226,625,692
Interest and fiscal charges	153,493,148	134,867,421	159,699,421	133,252,896	138,621,081
Payment to escrow agents-current and advanced refunding	243,134	752,140,331	203,287,228	601,759,534	-
Capital outlay					
Facilities acquisition and construction	181,127,977	241,104,027	429,290,307	603,314,687	575,174,333
Intergovernmental charges					
Fiscal agent/member districts of shared services arrangements	1,956,874	2,704,595	2,260,646	2,911,732	-
Total expenditures	2,301,087,027	3,111,059,157	2,875,716,177	3,546,954,834	3,206,505,756
Excess (deficiency) of revenues over (under) expenditures	(157,719,862)	(875,733,004)	(541,829,222)	(1,217,368,788)	(729,228,957)
OTHER FINANCING SOURCES (USES)					
Transfers in	120,753,258	79,648,453	69,663,964	97,486,060	77,162,066
Transfers out	(99,492,708)	(49,732,387)	(39,263,964)	(67,086,060)	(46,762,066)
Capital leases	15,732,872	19,814,339	8,640,097	562,012	-
Issuance of bonds and other debt	-	431,390,000	492,880,000	488,670,000	-
Issuance of refunding debt	-	701,475,000	461,945,000	531,575,000	-
Premium on the sale of bonds	-	12,603,840	69,665,118	53,599,739	-
Premium on the sale of refunding bonds	-	52,501,363	55,976,555	72,600,830	-
Proceeds from sale of capital assets	1,259,647	61,799,149	3,049,975	484,960	-
Payments to escrow agents - advance refunding	-	(51,072,776)	(313,982,644)	-	-
Total other financing sources (uses)	38,253,069	1,258,426,981	808,574,101	1,177,892,541	30,400,000
Net change in fund balances	(119,466,793)	382,693,977	266,744,879	(39,476,247)	(698,828,957)
Fund balances, beginning	1,387,851,794	1,268,385,001	1,651,078,978	1,917,823,857	1,878,347,610
Anticipated unspent funds	-	-	-	-	30,000,000
Fund balances, ending	1,268,385,001	1,651,078,978	1,917,823,857	1,878,347,610	1,209,518,653





General Fund

Houston Independent School District

The **General Fund** is the district's principal fund, accounting for the majority of current operating expenditures. Recorded in the General Fund are transactions encompassing the approved current operating budget, related revenues, expenditures, assets, liabilities, and fund balance. Financial transactions of the district are recorded in detail in the general ledger by objects and functions within projects and programs. This fund has often been described as an operating or current fund and includes revenues from an ad valorem local maintenance tax, state funding, and other sources such as tuition, fees, and investment earnings.

The district has four sources of revenue: Local, State, Federal, and Other.

Local Sources

Current and delinquent property tax revenue (levy) is the district's largest revenue source in the amount of \$1,692,735,681 or 87.21 percent of all General Fund Revenues. The district has been seeing significant increases in the local roll values as shown in the Introductory Section of this document. However, unlike many city and county tax rolls HISD does not keep all of the increase in tax revenues generated. Under the state funding formula, as local property values rise the state reduces their share of public education. In fact the state share of education in HISD has declined over time from 24.0 percent in 2009-2010 to an estimated -7.3 percent in 2017-2018. The negative state aid is due to recapture and discussed later in this document.

The revenue projections used for 2017-2018 are based off the certified estimated roll value that the district receives in April of each fiscal year. The district worked with the Harris County Appraisal District (HCAD) earlier in the year, usually around February, as a starting point for property tax revenue projections. These are used to build early estimates of the district's budget resources and help with the planning and ranking of programs in the upcoming years. For the past three years the district has seen double digit growth in the roll value as represented in more detail in the Introductory Section of this document.

State Sources

State sources include the Foundation School Program (FSP) which is formula driven based off the district's property values and student counts at approximately \$38.95 million for 2017-2018. Available School Fund (ASF) is revenue from the states permanent fund and is revenue earned on a per capita basis for education by all school districts as outlined in the state's constitution. at approximately \$96.80. Also included is pass-through funding of \$49 million for the state's contribution to the Texas Teacher's Retirement System (TRS). Total state funding (including the pass-through funds) is approximately 9.53 percent of the total revenues of the district. Without the pass-through funds the state funding is approximately 7.00 percent of total operating revenues. However, after netting the district's Recapture payment, actual state sources is a -1.3 percent.

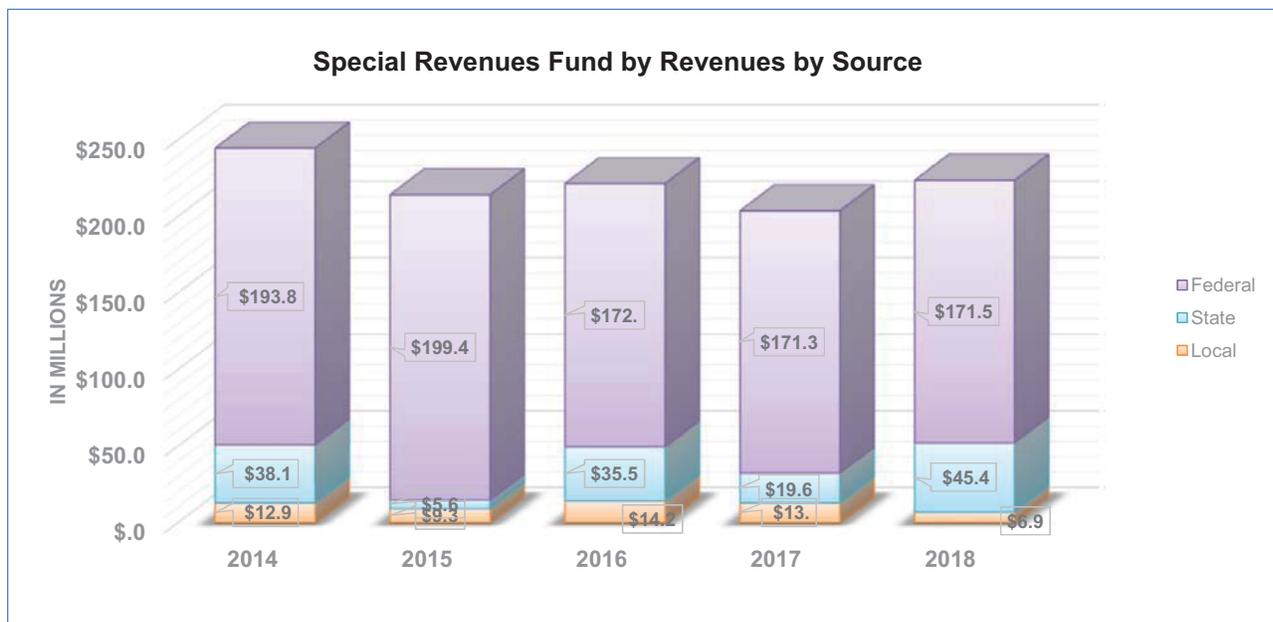
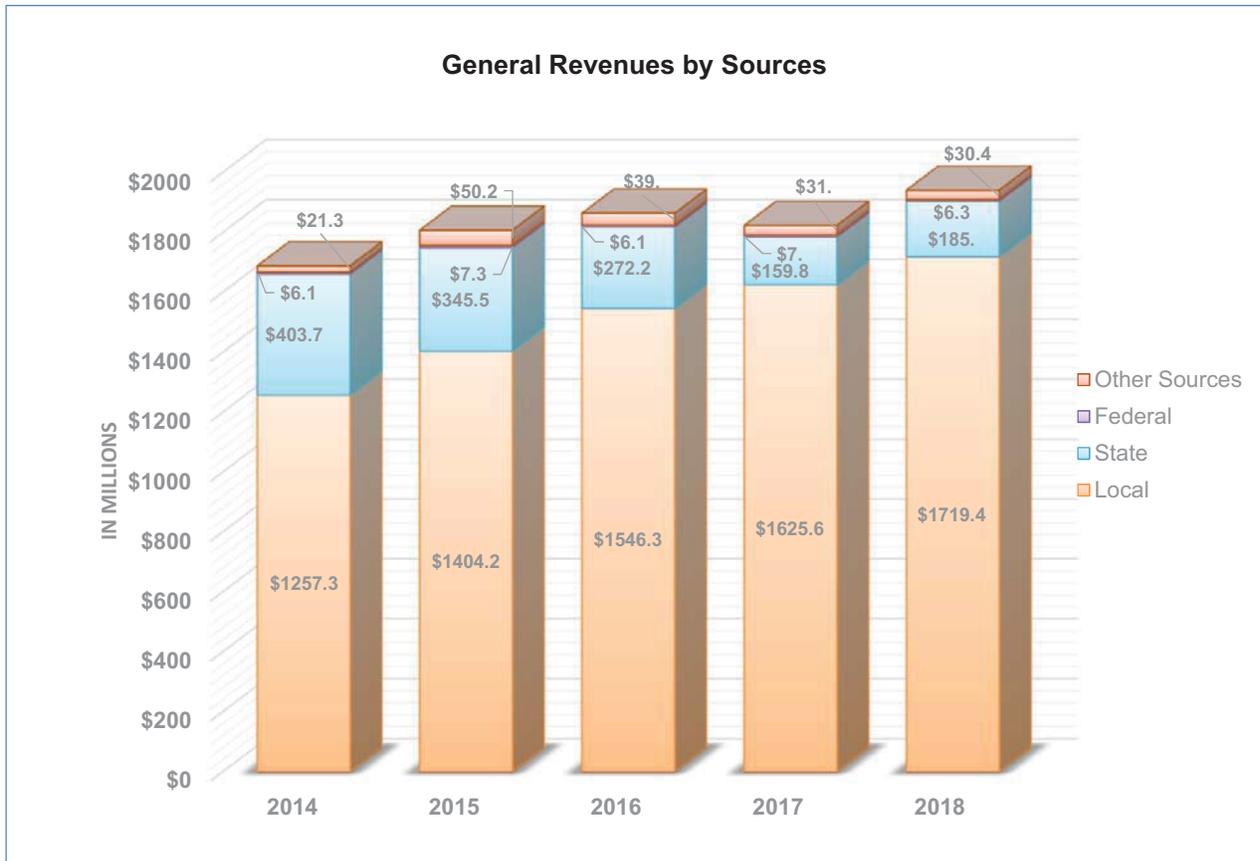
Federal Sources

Federal sources total \$6.25 million and include indirect cost of \$4.00 million and revenue for the JROTC staff from the Army, Air Force, and Navy in the amount of \$1.96 million.

Other Sources

Other sources are transfers from the district's Medicaid program, and the Business Development funds, both are explained in more detail later in this section.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
GENERAL FUND AND SPECIAL REVENUE FUND REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

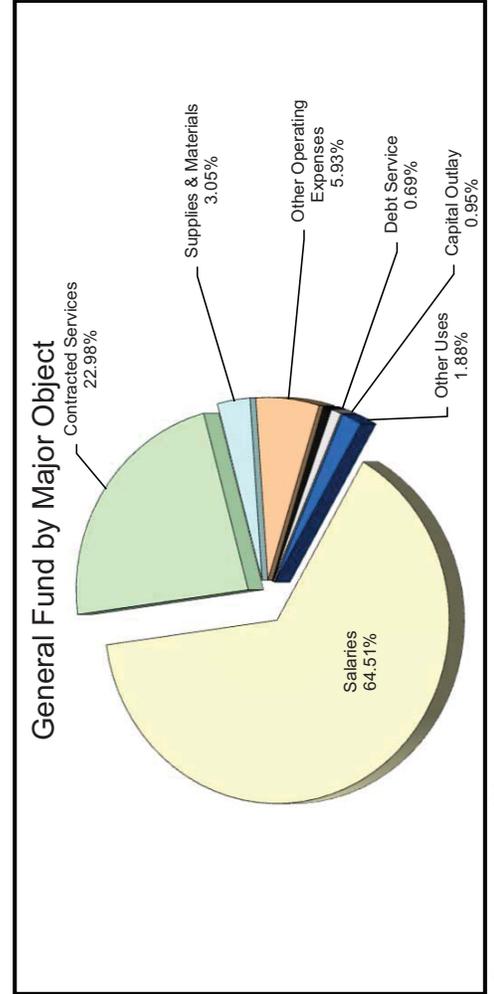


HOUSTON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget	Ending Fund Balance Detail				
						6/30/2014	6/30/2015	6/30/2016	6/30/2017	
REVENUES										
Property taxes	1,242,514,890	1,389,906,245	1,529,263,319	1,605,550,897	1,708,235,681	10,919,610	11,234,622	10,166,319	10,115,337	
Earnings on investments	1,741,289	1,570,032	3,232,594	5,312,460	1,485,000	10,558,662	5,686,179	-	-	
Miscellaneous local sources	13,014,701	12,694,795	13,759,647	14,717,701	9,661,901	83,790,695	88,706,733	91,482,865	102,364,840	
State sources	403,749,782	346,456,076	272,213,562	159,777,752	185,036,762	155,446,311	259,992,372	250,970,779	222,413,318	
Federal sources	6,126,695	7,255,184	6,084,032	6,988,840	6,250,624	279,351,749	282,545,916	385,625,902	366,955,184	
Total revenues	1,867,147,357	1,758,882,332	1,824,553,174	1,792,347,640	1,910,649,968	540,087,027	646,165,822	738,245,865	701,848,679	
EXPENDITURES										
Current										
Instruction	921,446,414	986,111,818	1,025,346,290	985,581,537	1,047,496,903	4,220,710	4,489,351	4,701,697	2,961,380	
Instructional resources and media services	9,956,864	7,599,254	5,928,415	8,734,256	8,667,581	23,988,456	23,114,598	12,515,100	4,010,218	
Curriculum development and instructional staff development	25,084,422	28,551,242	31,503,552	21,080,905	25,866,339	24,438,373	25,993,853	25,631,689	28,441,606	
Instructional leadership	16,638,293	18,547,813	20,540,184	22,841,523	26,153,164	-	-	-	19,417,765	
School leadership	122,672,082	128,803,708	136,138,474	130,464,557	136,724,969	93,465,053	95,239,730	79,706,806	75,170,963	
Guidance, counseling, and evaluation services	38,233,049	35,363,920	41,209,339	40,486,806	43,221,764	9,353,719	14,996,081	19,233,337	18,667,736	
Social work services	2,098,496	1,755,908	2,219,238	1,990,502	2,108,642	-	-	-	-	
Health services	16,334,850	16,091,754	16,707,595	17,186,897	20,007,781	155,446,311	256,992,372	260,970,779	222,413,318	
Student (pupil) transportation	50,027,890	51,057,512	54,671,151	65,865,235	60,145,096	-	-	-	-	
Food services	169,638	526,666	248,052	-	-	-	-	-	-	
Co-curricular/extracurricular activities	13,159,242	14,431,423	16,505,881	16,043,694	15,478,434	83,790,695	89,706,733	91,482,865	102,364,840	
General administration	31,783,881	31,772,375	33,252,921	40,722,954	38,283,958	83,790,695	89,706,733	91,482,865	102,364,840	
Facilities maintenance and operations	189,553,017	171,577,843	165,689,639	181,129,238	190,480,921	-	-	-	-	
Security and monitoring services	21,832,721	22,113,411	25,181,544	24,459,246	22,573,332	-	-	-	-	
Data processing services	55,976,623	86,772,215	84,812,978	69,989,727	61,474,987	-	-	-	-	
Community services	2,093,401	2,120,485	2,196,934	2,111,054	2,018,360	-	-	-	-	
Juvenile justice alternative education program	843,660	792,000	792,000	792,000	893,650	-	-	-	-	
Payments to tax increment fund	53,641,961	49,360,389	52,100,723	55,616,783	56,907,676	-	-	-	-	
Contracted instructional services between public schools	-	-	-	-	-	-	-	-	-	
Tax appraisal and collection	10,588,700	12,555,327	13,355,890	13,995,353	14,940,330	-	-	-	-	
Chapter 41 purchase of WADA	-	-	-	83,080,703	-	-	-	-	-	
Debt service	-	-	-	-	-	-	-	-	-	
Principal	32,821	34,157	13,053,280	13,236,011	13,534,841	-	-	-	-	
Interest	2,724	1,389	893,523	905,859	1,007,379	-	-	-	-	
Fiscal charges	-	-	-	-	-	-	-	-	-	
Payment to escrow agents - current refunding	-	-	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	-	-	-	
Facilities acquisition and construction	4,983,225	571,723	2,869,217	732,839	-	-	-	-	-	
Total expenditures	1,587,153,664	1,663,912,332	1,745,118,145	1,807,057,796	2,056,972,964	10,558,662	5,686,179	-	-	
Excess (deficiency) of revenues over (under) expenditures	279,993,753	92,970,000	79,435,029	(14,710,156)	(146,322,996)	279,351,749	282,545,916	385,625,902	366,955,184	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	
Transfers out	21,280,850	30,400,000	30,400,000	30,400,000	30,400,000	-	-	-	-	
Capital leases	(84,599,639)	(37,085,543)	(26,395,083)	(62,649,042)	(39,321,832)	-	-	-	-	
Issuance of bonds and other debt	-	19,814,339	8,640,097	562,012	-	-	-	-	-	
Premium on the sale of bonds	-	-	-	-	-	-	-	-	-	
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	(63,339,289)	13,128,796	12,845,014	(21,687,030)	(8,921,832)	-	-	-	-	
Net change in fund balances	16,654,504	106,098,796	92,080,043	(36,397,186)	(155,244,825)	279,351,749	282,545,916	385,625,902	366,955,184	
Fund balances, beginning	523,412,622	540,087,026	646,165,822	738,245,865	701,848,679	279,351,749	282,545,916	385,625,902	366,955,184	
Reserve adjustments	-	-	-	-	-	-	-	-	-	
Anticipated unspent funds	-	-	-	-	-	-	-	-	-	
Fund balances, ending	540,067,026	646,165,822	738,245,865	701,848,679	576,603,851	540,067,026	646,165,822	738,245,865	701,848,679	

HOUSTON INDEPENDENT SCHOOL DISTRICT
 EXPENDITURES BY FUNCTION AND MAJOR OBJECT - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

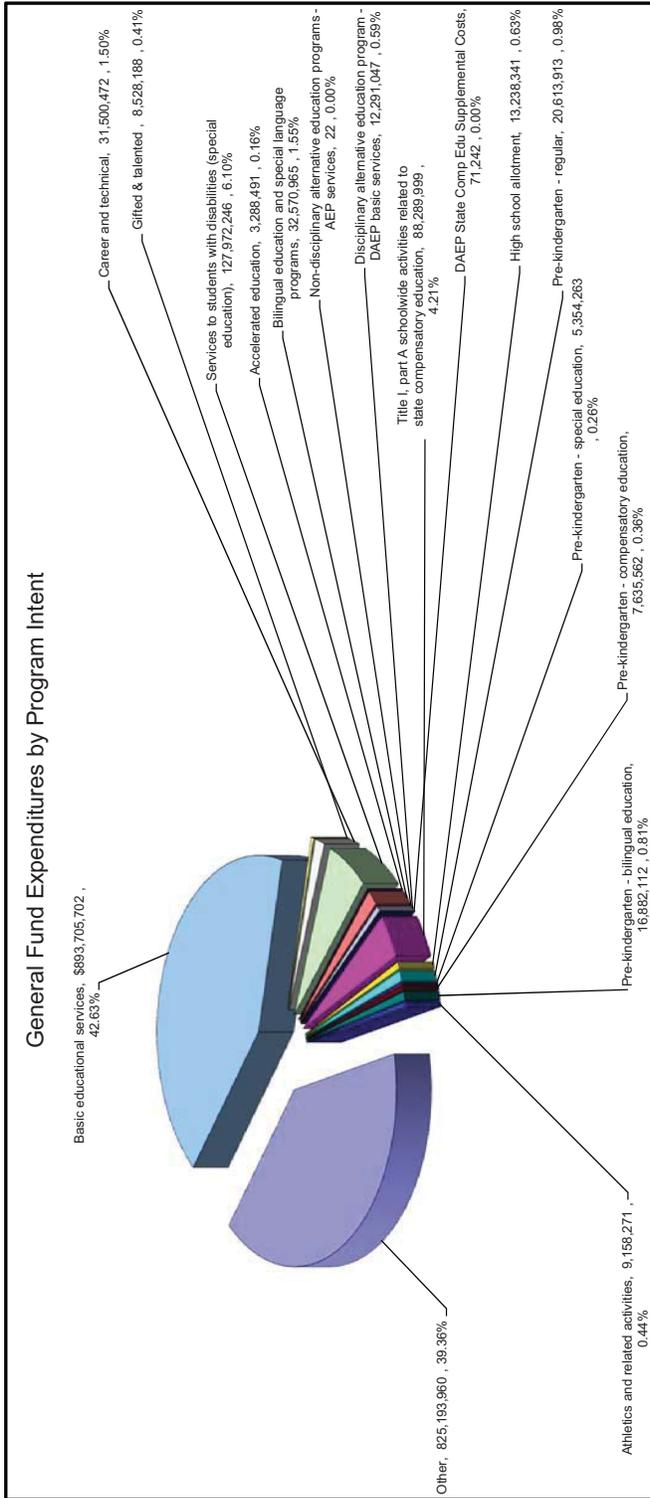
Function	Function Name	Salaries 6100	Contracted Services 6200	Supplies & Materials 6300	Other Operating Expenses 6400	Debt Service 6500	Capital Outlay 6600	Other Uses 8900	Function Totals
11	Instruction	906,217,474	69,929,843	33,427,404	24,670,298	11,499	13,240,385	-	1,047,496,903
12	Instructional resources and media services	7,874,653	295,113	171,669	170,756	-	155,390	-	8,667,581
13	Curriculum development and instructional staff development	14,959,090	4,282,863	4,385,320	2,198,866	-	40,200	-	25,866,339
21	Instructional leadership	18,603,112	220,955	590,658	6,723,447	-	14,992	-	26,153,164
23	School leadership	133,586,198	208,671	583,607	727,273	-	1,619,220	-	136,724,969
31	Guidance, counseling, and evaluation services	29,035,219	10,998,355	2,716,612	416,831	-	54,747	-	43,221,764
32	Social work services	2,008,991	46,801	500	52,350	-	-	-	2,108,642
33	Health services	19,352,855	335,500	209,576	109,850	-	-	-	20,007,781
34	Student (pupil) transportation	47,052,865	1,714,933	8,905,749	2,221,406	-	250,343	-	60,145,096
35	Food services	-	-	-	-	-	-	-	-
36	Co-curricular/extracurricular activities	4,332,845	9,943,972	370,817	715,728	-	115,072	-	15,478,434
41	General administration	28,504,472	6,240,186	368,714	3,163,721	-	6,865	-	38,283,958
51	Facilities maintenance and operations	89,030,482	66,645,333	9,663,172	24,951,174	-	190,760	-	190,480,921
52	Security and monitoring services	21,437,730	480,302	289,950	362,350	-	3,000	-	22,573,332
53	Data processing services	28,414,519	25,657,879	2,242,629	862,245	-	4,297,715	-	61,474,987
61	Community services	1,777,517	84,218	61,645	94,980	-	-	-	2,018,360
71	Debt services	-	-	-	-	14,542,220	-	-	14,542,220
81	Facilities acquisition and construction	-	-	-	-	-	-	-	-
91	Contracted instructional services between public schools	-	268,986,857	-	-	-	-	-	268,986,857
95	Juvenile justice alternative education program	101,650	792,000	-	-	-	-	-	893,650
96	Other financing sources (uses)	-	-	-	-	-	-	39,321,832	39,321,832
97	Payments to tax increment fund	-	-	-	56,907,676	-	-	-	56,907,676
99	Other intergovernmental charges	-	14,940,330	-	-	-	-	-	14,940,330
Major Object Totals		1,352,289,472	481,804,111	63,988,022	124,348,951	14,553,719	19,988,689	39,321,832	2,096,294,796



* Chart may not add to 100% due to rounding.

Houston Independent School District
 GENERAL FUND EXPENDITURES BY PROGRAM INTENT & MAJOR OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Program Intent Code	Program Intent Code Description	Salaries 6100	Contracted Services 6200	Supplies & Materials 6300	Other Operating Expenses 6400	Debt Service 6500	Capital Outlay 6600	Transfers Out 8900	Program Intent Totals
11	Basic educational services	794,536,612	47,494,206	22,702,907	20,308,486	11,499	8,651,992	-	\$ 893,705,702
21	Gifted & talented	6,729,991	132,749	1,426,625	221,107	-	17,716	-	8,528,188
22	Career and technical	25,853,998	871,323	2,803,916	916,363	-	1,062,872	-	31,500,472
23	Services to students with disabilities (special education)	115,007,868	9,702,996	1,454,471	804,461	-	1,002,450	-	127,972,246
24	Accelerated education	3,076,433	6,000	178,958	27,100	-	-	-	3,288,491
25	Bilingual education and special language programs	27,620,400	1,503,253	2,939,833	212,924	-	294,555	-	32,570,965
26	Non-disciplinary alternative education programs - AEP services	22	-	-	-	-	-	-	22
28	Disciplinary alternative education program - DAEP basic services	5,972,117	968,303	280,134	2,518,750	-	2,551,743	-	12,291,047
29	DAEP State Comp Edu Supplemental Costs	71,242	-	-	-	-	-	-	71,242
30	Title I, part A schoolwide activities related to state compensatory education	66,590,223	15,672,311	2,473,154	2,182,599	-	1,371,712	-	88,289,999
31	High school allotment	10,568,956	1,447,029	545,414	590,320	-	86,622	-	13,238,341
32	Pre-kindergarten - regular	16,148,888	4,325,847	124,818	11,000	-	3,380	-	20,613,913
33	Pre-kindergarten - special education	5,350,950	-	3,313	-	-	-	-	5,354,263
34	Pre-kindergarten - compensatory education	7,596,766	5,222	30,663	-	-	2,911	-	7,635,562
35	Pre-kindergarten - bilingual education	16,863,952	-	14,660	3,500	-	-	-	16,882,112
91	Athletics and related activities	3,835,968	5,039,328	131,700	132,275	-	19,000	-	9,159,271
99	Other	246,465,106	394,635,544	28,877,456	96,418,066	14,542,220	4,933,736	39,321,832	825,193,960
Major Object Totals		\$ 1,352,289,472	\$ 481,804,111	\$ 65,988,022	\$ 124,346,951	\$ 14,553,719	\$ 19,988,689	\$ 39,321,832	\$ 2,096,294,796



* Chart may not add to 100% due to rounding.

This Page Left Blank Intentionally



Special Revenue Fund

Houston Independent School District

The **Special Revenue Fund** accounts for all designated-purpose monies received in the form of federal, state or local grants. These grants, referred to as projects, are awarded to the Houston Independent School District for the purpose of accomplishing specified educational tasks; therefore, revenues and expenditures are recorded by project or similar groups of projects related by funding to accomplish the purpose of accounting for each grant.

Budget Assumptions

HISD continues to seek out and obtain grant funding for supplemental services for students. The Special Revenue Budget was based off of several assumptions.

1. ESSA (Every Student Succeeds Act) amounts based on the TEA (Texas Education Agency) planning amounts.
2. Special Education amount based on Texas Education Agency planning amounts.
3. Carl Perkins amounts based on Texas Education Agency planning amounts.
4. 21st Century amounts based on amounts that were in negotiation.
5. Teacher Incentive and Race to the Top grant funds were based on the award amounts listed in the Notice of Grant Award (NOGA) letter from the United States Department of Education.
6. The Instructional Materials Allotment was included in the amount that Texas Education Agency provided in the allotment report.
7. Houston Endowment Inc. amount based on the award letter.

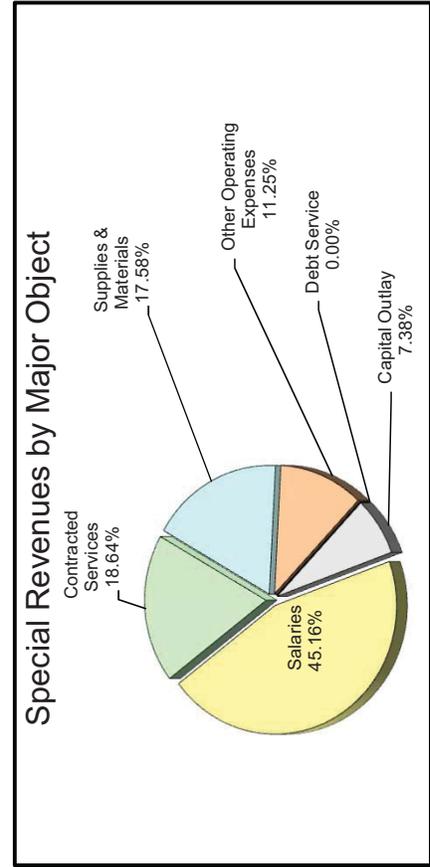
HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
REVENUES					
Miscellaneous local sources	12,920,605	9,338,939	14,217,474	12,951,715	6,948,343
State sources	38,066,710	5,630,394	35,493,126	19,591,236	45,400,906
Federal sources	193,775,964	199,368,163	171,984,510	171,296,701	171,478,990
Total revenues	244,763,279	214,337,496	221,695,110	203,839,652	223,828,239
EXPENDITURES					
Current					
Instruction	167,461,759	118,328,996	130,703,421	113,456,241	117,858,572
Instructional resources and media services	321,505	353,013	664,991	228,899	715,513
Curriculum development and instructional staff development	39,197,316	36,254,293	38,160,939	33,080,183	41,671,288
Instructional leadership	7,436,486	8,657,035	8,502,060	10,510,608	14,992,581
School leadership	2,083,565	1,807,937	1,956,375	1,609,913	1,355,505
Guidance, counseling, and evaluation services	10,902,786	9,753,080	12,621,827	15,069,639	19,857,595
Social work services	1,094,965	1,143,929	1,329,790	1,439,687	1,285,551
Health services	3,591,025	3,768,402	4,071,752	4,101,408	3,506,915
Student (pupil) transportation	2,980,225	3,002,210	4,238,508	4,831,726	3,326,936
Food services	2,634	64,492	5,589	13,090	-
Co-curricular/extracurricular activities	2,672,227	2,651,823	2,436,826	2,345,272	1,793,871
General administration	4,505,744	3,347,163	1,929,712	1,884,735	6,023,705
Facilities maintenance and operations	2,197,032	2,247,373	288,001	813,453	2,010,226
Security and monitoring services	227,259	311,717	150,567	382,545	435,649
Data processing services	5,628,971	3,452,473	871,216	3,362,448	2,585,059
Community services	2,747,210	4,346,898	4,766,680	5,368,558	6,234,940
Debt service					
Principal	4,908,795	10,755,383	-	-	-
Interest and fiscal charges	-	370,497	-	-	-
Capital outlay					
Facilities acquisition and construction	413,529	95,881	170,358	28,445	174,333
Intergovernmental charges					
Fiscal agent/member districts of shared services arrangements	1,956,874	2,704,595	2,260,646	2,911,732	-
Total expenditures	260,329,907	213,417,190	215,129,258	201,438,582	223,828,239
Excess (deficiency) of revenues over (under) expenditures	(15,566,628)	920,306	6,565,852	2,401,070	-
OTHER FINANCING SOURCES (USES)					
Transfers in	1,700,000	-	-	-	-
Capital leases	15,732,872	-	-	-	-
Total other financing sources (uses)	17,432,872	-	-	-	-
Net change in fund balances	1,866,244	920,306	6,565,852	2,401,070	-
Fund balances, beginning	25,304,978	27,171,222	28,091,528	34,657,380	37,058,450
Fund balances, ending	27,171,222	28,091,528	34,657,380	37,058,450	37,058,450

Note: FY14, FY15, and FY16 budgets include all grants received including carryover funding from prior years. Fiscal year 2017-2018 only includes those grants that the district received NOGAs or pre-award notifications as of June 6, 2017. The budget will be amended throughout 2017-2018 as grant awards are received.

HOUSTON INDEPENDENT SCHOOL DISTRICT
EXPENDITURES BY FUNCTION AND MAJOR OBJECT - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Function	Function Name	Salaries 6100	Contracted Services 6200	Supplies & Materials 6300	Other Operating Expenses 6400	Debt Service 6500	Capital Outlay 6600	Function Totals
11	Instruction	48,161,795	16,542,925	33,345,646	11,945,367	-	7,862,839	117,858,572
12	Instructional resources and media services	77,720	173,473	165,397	-	-	298,923	715,513
13	Curriculum development and instructional staff development	21,058,441	11,537,896	4,201,656	3,169,718	-	1,703,577	41,671,288
21	Instructional leadership	7,264,257	2,451,306	422,624	556,813	-	4,297,581	14,992,581
23	School leadership	1,296,579	7,703	7,133	44,090	-	-	1,355,505
31	Guidance, counseling, and evaluation services	12,925,071	1,753,751	225,984	4,923,914	-	28,875	19,857,595
32	Social work services	1,284,808	-	-	743	-	-	1,285,551
33	Health services	816,193	2,443,976	129,646	103,086	-	14,014	3,506,915
34	Student (pupil) transportation	1,152,685	-	-	207,288	-	1,966,963	3,326,936
35	Food services	-	-	-	-	-	-	-
36	Co-curricular/extracurricular activities	638,137	775,854	250,423	122,550	-	6,907	1,793,871
41	General administration	1,728,109	325,334	22,091	3,910,993	-	37,178	6,023,705
51	Facilities maintenance and operations	585,493	1,251,997	172,736	-	-	-	2,010,226
52	Security and monitoring services	423,853	-	-	-	-	11,796	435,649
53	Data processing services	13,091	2,571,968	-	-	-	-	2,585,059
61	Community services	3,644,020	1,886,340	394,569	200,114	-	109,897	6,234,940
71	Debt service	-	-	-	-	-	-	-
81	Facilities acquisition and construction	-	-	-	-	-	174,333	174,333
93	Fiscal agent/member districts of shared services arrangements	-	-	-	-	-	-	-
00	Other financing sources (uses)	-	-	-	-	-	-	-
Major Object Totals		101,070,252	41,722,523	39,337,905	25,184,676	-	16,512,883	223,828,239



* Chart may not add to 100% due to rounding.

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF GRANT SOURCES
SPECIAL REVENUE FUND
For Fiscal Year 2017-2018 with Comparative Data for Prior Year

	<u>2016-2017</u> <u>Budget</u>	<u>2017-2018</u> <u>Budget</u>	<u>2017-2018 %</u> <u>Change</u>
<u>Local sources</u>			
Houston Endowment Inc.	2,872,850	2,995,650	4.10%
The Super School Project	-	938,993	100.00%
Misc. Project Grants	368,000	101,968	-260.90%
Special Ed. Local	-	2,911,732	100.00%
Total Local Sources	<u>3,240,850</u>	<u>6,948,343</u>	<u>114.40%</u>
<u>State Sources</u>			
Instructional Materials Allotment	13,383,849	43,231,969	223.02%
Misc. State Grants	1,121,812	441,857	-153.89%
Special Ed. - State Programs	-	1,727,080	100.00%
Total State Sources	<u>14,505,661</u>	<u>45,400,906</u>	<u>212.99%</u>
<u>Federal Sources</u>			
Title I - Part A	92,642,416	95,857,079	3.35%
Title I - Migrant	474,042	484,273	2.16%
Title I - Part D	156,696	110,000	100.00%
Title II - Part A	11,237,649	10,783,723	-4.04%
Title III - Part A - LEP	6,918,350	5,918,350	-14.45%
Title III - Immigrant	1,882,860	1,382,796	-26.56%
Title IV -Part A	-	4,570,910	100.00%
Special Ed. - IDEA B	38,506,135	38,451,600	-0.14%
Special Ed. - Preschool	861,713	458,213	-46.83%
Special Ed. - Shared Services	-	3,675,702	100.00%
Carl Perkins	2,797,276	2,728,701	-2.45%
21st Century	2,199,544	1,800,000	-18.16%
TTIPS	-	5,257,643	100.00%
Race to the Top	7,595,785	-	-100.00%
Misc. Federal Grants	1,599,299	-	-100.00%
Total Federal Sources	<u>166,871,765</u>	<u>171,478,990</u>	<u>2.76%</u>
TOTAL BUDGET AND REVENUES	<u><u>184,618,276</u></u>	<u><u>223,828,239</u></u>	<u><u>21.24%</u></u>

Note: 2016-2017 Budget includes all grants received including carryover funding from prior years. Fiscal year 2017-2018 only includes those grants that the district received NOGAs or pre-award notifications as of June 6, 2017. The budget will be adjusted throughout 2017-2018 as grant awards are received. USDE Magnet, TTIPS, and Teacher Incentive were competitive grants and those grants expired at the end of 2016-



Debt Service Fund

Houston Independent School District

The Debt Service Fund includes all accounts necessary to record transactions reflecting revenues collected from taxes and investment earnings and expenditures made for the payment of interest and principal on long-term, general debt obligations.

The tax rate for the Debt Service fund is levied to pay general obligation debt of the district. Less than 1 percent of the resources necessary to meet debt service needs are received in the form of state funds.

Growth in the property tax rolls has decreased from double digit increases in prior years and is represented in more detail in the Introductory Section.

The debt service tax rate for 2017-2018 has remained the same from the previous year at \$0.18 in the adopted budget.

As of June 30, 2017, the district had total outstanding bonded debt principal of \$3.19 billion and other outstanding obligations of \$40.99 million for total debt principal outstanding of \$3.23 billion. The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the District's debt position.

The district's ratings include the "Aaa" long-term rating on the District's bonds by Moody's Investors Services, Inc. and "AAA" rating by Standard and Poor's Corporation for debt enhanced by the Texas Permanent Fund guarantee. The unenhanced ratings by Moody's and Standard and Poor's are "Aaa" and "AA+" respectively. The latest review by the rating agencies was completed by both Moody's and Standard and Poor's in April 2017. Lease revenue debt issued by the Houston Independent School received ratings of "Aa1" and "AA" by Moody's and Standard and Poor's respectively.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
REVENUES					
Local maintenance taxes	196,486,884	230,862,719	248,730,091	287,771,745	297,329,251
Earnings on investments	212,704	308,757	463,186	769,166	800,000
State sources	-	170,925	2,811,047	2,924,206	2,659,862
Federal sources	7,046,927	7,059,269	7,089,869	7,089,724	7,088,479
Total revenues	203,746,515	238,401,670	259,094,193	298,554,841	307,877,592
EXPENDITURES					
Debt service					
Principal	124,138,775	106,657,346	127,224,916	201,798,482	213,090,851
Interest and fiscal charges	153,490,424	134,495,535	158,805,898	132,347,037	137,613,702
Payment to escrow agents-current and advanced refunding	243,134	752,140,331	203,287,228	601,759,534	-
Total expenditures	277,872,333	993,293,212	489,318,042	935,905,053	350,704,553
Excess (deficiency) of revenues over (under) expenditures	(74,125,818)	(754,891,542)	(230,223,849)	(637,350,212)	(42,826,961)
OTHER FINANCING SOURCES (USES)					
Transfers in	82,246,116	31,776,969	23,710,657	39,086,060	46,192,066
Issuance of bonds and other debt	-	-	-	-	-
Issuance of refunding debt	-	701,475,000	461,945,000	531,575,000	-
Premium on the sale of bonds	-	-	-	-	-
Premium on the sale of refunding bonds	-	52,501,363	55,976,555	72,600,830	-
Payments to escrow agents - advance refunding	-	(51,072,776)	(313,982,644)	-	-
Total other financing sources (uses)	82,246,116	734,680,556	227,649,568	643,261,890	46,192,066
Net change in fund balances	8,120,298	(20,210,986)	(2,574,281)	5,911,678	3,365,105
Fund balances, beginning	137,789,964	145,910,262	125,699,276	123,124,995	129,036,673
Fund balances, ending	145,910,262	125,699,276	123,124,995	129,036,673	132,401,778

**HOUSTON INDEPENDENT SCHOOL DISTRICT
EXPENDITURES BY FUNCTION AND MAJOR OBJECT - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Function	Function Name	Salaries	Contracted Services	Supplies & Materials	Other Operating Expenses	Debt Service	Capital Outlay	Function Totals
		6100	6200	6300	6400	6500	6600	
11	Instruction	-	-	-	-	-	-	-
12	Instructional resources and media services	-	-	-	-	-	-	-
13	Curriculum development and instructional staff development	-	-	-	-	-	-	-
21	Instructional leadership	-	-	-	-	-	-	-
23	School leadership	-	-	-	-	-	-	-
31	Guidance, counseling, and evaluation services	-	-	-	-	-	-	-
32	Social work services	-	-	-	-	-	-	-
33	Health services	-	-	-	-	-	-	-
34	Student (pupil) transportation	-	-	-	-	-	-	-
35	Food services	-	-	-	-	-	-	-
36	Co-curricular/extracurricular activities	-	-	-	-	-	-	-
41	General administration	-	-	-	-	-	-	-
51	Facilities maintenance and operations	-	-	-	-	-	-	-
52	Security and monitoring services	-	-	-	-	-	-	-
53	Data processing services	-	-	-	-	-	-	-
61	Community services	-	-	-	-	-	-	-
71	Debt service	-	-	-	-	350,704,553	-	350,704,553
81	Facilities acquisition and construction	-	-	-	-	-	-	-
95	Juvenile justice alternative education program	-	-	-	-	-	-	-
00	Other financing sources (uses)	-	-	-	-	-	-	-
Major Object Totals		-	-	-	-	350,704,553	-	350,704,553

VALUATION, EXEMPTIONS AND TAX-SUPPORTED DEBT

Tax Year 2015 Taxable Assessed Valuation (100% of estimated market value).....	\$ 152,860,482,797	(1)
Tax Year 2016 Taxable Assessed Valuation (100% of estimated market value).....	165,861,644,665	(1)
Total Ad Valorem Tax Debt as of June 30, 2017.....	\$ 3,080,680,000	(2)
Less: Debt Service Fund as of June 30, 2017.....	(129,036,673)	
Net Debt Outstanding.....	<u>\$ 2,951,643,327</u>	
Ratio of Net Debt to Tax Year 2015 Taxable Assessed Valuation.....		1.93%
Ratio of Net Debt to Tax Year 2016 Taxable Assessed Valuation.....		1.78%
Tax Year 2016 District Tax Rate (per \$100 T.A.V.):		
Local Maintenance.....	\$ 1.02670	
Debt Service.....	<u>0.18000</u>	
Total.....	\$ 1.20670	
Tax Rate Limitation (per \$100 T.A.V.):.....	\$ 1.70000	
Average percentage of current tax collections for Tax Years 2012 through 2016.....		97.99%
Average percentage of total (current and delinquent) tax collections for Tax Years 2012 through 2016.....		99.16%
Peak Student Enrollment (2016).....		216,106 (3)
District Population Estimate.....		1,512,221 (4)

(1) Source: The District, as reported by Harris County Appraisal District. Net of exemptions.

(2) Debt payable from I&S taxes at 7/1/2017	\$ 3,039,695,000
Debt payable from M&O taxes	<u>40,985,000</u>
Total	\$ 3,080,680,000

Comprised of \$3,039,695,000 in bonds payable from debt service taxes and \$40,985,000 in obligations payable from maintenance taxes. Does not include \$145,956,656 in lease/purchase obligations issued by the Public Facilities Corporation.

(3) Source: The District. PEIMS fall 2016 submission.

(4) Source: The District, as reported by the U.S. Census Bureau.



Capital Renovation Fund

Houston Independent School District

The **Capital Renovation Fund** is being used to account for all capital program projects on an individual project basis. The primary source of funds include the \$1.89 billion bond referendum approved in November 2012, Tax Increment Re-Investment Zones (TIRZ) funds, and Pay-As-You-Go funds.

More detail about the Capital Renovation Fund and the Facilities Bond Program can be found in the Informational Section of this document.

Budget Assumptions

REVENUE

TIRZ sources will continue based on the estimated return to HISD for educational facilities and “pass-through funds” for the 2017-2018 fiscal year.

EXPENDITURES

Increased from 2016-2017 based on trends of capital project funds and an increase in activities for the 2012 Facilities Capital Program.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CAPITAL RENOVATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
REVENUES					
Earnings on investments	1,516,278	1,274,378	2,644,715	6,353,995	8,712,500
Miscellaneous local sources	26,096,335	24,355,864	25,702,345	28,250,666	26,000,000
Total revenues	27,612,613	25,630,242	28,347,060	34,604,661	34,712,500
EXPENDITURES					
Capital outlay					
Facilities acquisition and construction	175,731,128	234,857,306	396,673,409	566,868,571	550,000,000
Total expenditures	175,731,128	234,857,306	396,673,409	566,868,571	550,000,000
Excess (deficiency) of revenues over (under) expenditures	(148,118,515)	(209,227,064)	(368,326,349)	(532,263,910)	(515,287,500)
OTHER FINANCING SOURCES (USES)					
Transfers in	15,546,592	17,471,484	15,553,307	28,000,000	570,000
Transfers out	(14,087,694)	(12,646,844)	(12,868,881)	(14,437,018)	(7,440,234)
Issuance of bonds and other debt	-	349,740,000	492,880,000	488,670,000	-
Premium on the sale of bonds	-	1,643,778	69,665,118	53,599,739	-
Proceeds from sale of capital assets	1,259,647	61,799,149	3,049,975	484,960	-
Total other financing sources (uses)	2,718,545	418,007,567	568,279,519	556,317,681	(6,870,234)
Net change in fund balances	(145,399,970)	208,780,503	199,953,170	24,053,771	(522,157,734)
Fund balances, beginning	694,506,641	549,106,671	757,887,174	957,840,344	981,894,115
Fund balances, ending	549,106,671	757,887,174	957,840,344	981,894,115	459,736,381

HOUSTON INDEPENDENT SCHOOL DISTRICT
 EXPENDITURES BY FUNCTION AND MAJOR OBJECT - CAPITAL RENOVATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Function	Function Name	Salaries 6100	Contracted Services 6200	Supplies & Materials 6300	Other Operating Expenses 6400	Debt Service 6500	Capital Outlay 6600	Other Uses 8900	Function Totals
11	Instruction	-	-	-	-	-	-	-	-
12	Instructional resources and media services	-	-	-	-	-	-	-	-
13	Curriculum development and instructional staff development	-	-	-	-	-	-	-	-
21	Instructional leadership	-	-	-	-	-	-	-	-
23	School leadership	-	-	-	-	-	-	-	-
31	Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-
32	Social work services	-	-	-	-	-	-	-	-
33	Health services	-	-	-	-	-	-	-	-
34	Student (pupil) transportation	-	-	-	-	-	-	-	-
35	Food services	-	-	-	-	-	-	-	-
36	Co-curricular/extracurricular activities	-	-	-	-	-	-	-	-
41	General administration	-	-	-	-	-	-	-	-
51	Facilities maintenance and operations	-	-	-	-	-	-	-	-
52	Security and monitoring services	-	-	-	-	-	-	-	-
53	Data processing services	-	-	-	-	-	-	-	-
61	Community services	-	-	-	-	-	-	-	-
71	Debt service	-	-	-	-	-	-	-	-
81	Facilities acquisition and construction	6,094,321	396,500	84,500	107,500	-	543,317,179	-	550,000,000
95	Juvenile justice alternative education program	-	-	-	-	-	-	-	-
00	Other financing sources (uses)	-	-	-	-	-	-	7,440,234	7,440,234
Major Object Totals		6,094,321	396,500	84,500	107,500	-	543,317,179	7,440,234	557,440,234



Public Facilities Corporation Houston Independent School District

The **Public Facility Corporation Fund** was established by the Houston Independent School District Public Facility Corporation (HISD-PFC) in 1998 and has funded the Food Services Warehouse, two high schools: Chavez and Westside, and four elementary schools: Cunningham, DeAnda, Peck, and Roosevelt. The revenue is currently funding the replacement the North Forest High School Fonwood Early Childhood Center.and the Energy Institute High School.

Budget Assumptions

REVENUE

Projected remaining interest earnings.

EXPENDITURES

Projected spending the majority of the remaining project balances, projects should be nearing completion.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - PUBLIC FACILITIES CORPORATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
REVENUES					
Earnings on investments	97,401	74,413	197,418	239,252	208,500
Miscellaneous local sources	-	-	-	-	-
Total revenues	97,401	74,413	197,418	239,252	208,500
EXPENDITURES					
Capital outlay					
Facilities acquisition and construction	95	5,579,117	29,477,323	35,684,832	25,000,000
Total expenditures	95	5,579,117	29,477,323	35,684,832	25,000,000
Excess (deficiency) of revenues over (under) expenditures	97,306	(5,504,704)	(29,279,905)	(35,445,580)	(24,791,500)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(805,175)	-	-	-	-
Issuance of bonds and other debt	-	81,650,000	-	-	-
Premium on the sale of bonds	-	10,960,062	-	-	-
Discount on the sale of bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	(805,175)	92,610,062	(29,279,905)	(35,445,580)	(24,791,500)
Net change in fund balances	(707,869)	87,105,358	93,235,178	63,955,273	28,509,693
Fund balances, beginning	6,837,689	6,129,820	93,235,178	63,955,273	28,509,693
Fund balances, ending	6,129,820	93,235,178	63,955,273	28,509,693	3,718,193



Three Year Projection Summary

Houston Independent School District

The 2017-2018 Adopted Budget **Four Major Governmental Funds -**

- **General Fund**
- **Special Revenue Fund**
- **Debt Service Fund**
- **Capital Projects Fund**

They are presented on the following pages along with three years of budget projections. Budget forecasting is one of the various tools used in the budget development process annually. Budget projection assumptions are included to identify projected revenue and other resources, expenditure demands, and changes in fund balance for the upcoming years. The figures are meant for planning purposes only and are subject to change.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—GENERAL FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021**

	2017-2018 Adopted	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
Revenues				
Property taxes	1,706,235,681	1,788,445,109	1,862,507,364	2,028,428,880
Earnings on investments	1,465,000	1,465,000	1,465,000	1,465,000
Miscellaneous local sources	9,661,901	7,961,901	7,961,901	7,961,901
State sources	185,036,762	217,535,474	176,816,115	210,802,719
Federal sources	6,250,624	6,250,624	6,250,624	6,250,624
Total revenues	1,910,649,968	2,021,658,108	2,075,001,004	2,254,909,124
Expenditures				
Current				
Instruction	1,047,496,903	1,046,685,346	1,046,685,346	1,046,685,346
Instructional resources and media services	6,667,561	8,718,643	8,718,643	8,718,643
Curriculum development and instructional staff development	25,866,339	26,018,722	26,018,722	26,018,722
Instructional leadership	26,153,164	26,307,237	26,307,237	26,307,237
School leadership	136,724,969	137,530,441	137,530,441	137,530,441
Guidance, counseling, and evaluation services	43,221,764	43,476,391	43,476,391	43,476,391
Social work services	2,108,642	2,121,064	2,121,064	2,121,064
Health services	20,007,761	20,125,651	20,125,651	20,125,651
Student (pupil) transportation	60,145,096	60,499,422	60,499,422	60,499,422
Food services	-	-	-	-
Co-curricular/extracurricular activities	15,478,434	15,568,620	15,568,620	15,568,620
General administration	38,283,958	38,509,496	38,509,496	38,509,496
Facilities maintenance and operations	190,480,921	191,603,079	191,603,079	191,603,079
Security and monitoring services	22,573,332	22,706,316	22,706,316	22,706,316
Data processing services	61,474,987	64,651,170	64,651,170	64,651,170
Community services	2,018,360	2,043,486	2,043,486	2,043,486
Juvenile justice alternative education program	893,650	898,915	898,915	898,915
Payments to tax increment fund	56,907,676	61,811,240	63,914,923	63,914,923
Contracted Instructional Services Between Public Schools (Chapter 41 Payment)	268,966,657	325,253,487	395,259,509	494,310,039
Tax appraisal and collection	14,940,330	15,687,268	16,471,621	17,295,202
Debt service				
Principal	13,534,841	13,534,841	13,534,841	13,534,841
Interest and fiscal charges	1,007,379	1,007,379	1,007,379	1,007,379
Capital outlay				
Facilities acquisition and construction	-	-	-	-
Total expenditures	2,056,972,964	2,122,234,833	2,195,549,598	2,297,527,392
Excess (deficiency) of revenues over (under) expenditures	(46,322,996)	(100,576,725)	(120,548,594)	(42,618,268)
Other Financing Sources (Uses)				
Transfers-in	30,400,000	30,400,000	25,400,000	20,400,000
Transfers-out	(39,321,832)	(47,367,568)	(45,743,141)	(35,600,888)
Capital leases	-	-	-	-
Issuance of bonds and other debt	-	-	-	-
Premium on the sale of bonds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(8,921,832)	(16,967,568)	(20,343,141)	(15,200,888)
Expected unspent funds	30,000,000	30,000,000	30,000,000	30,000,000
Net change in fund balances (after unspent funds)	(125,244,828)	(67,544,283)	(110,891,735)	(27,819,156)
Fund balances, beginning	701,848,679	576,603,851	489,059,568	378,167,833
Fund balances, ending	576,603,851	489,059,568	378,167,833	350,348,677

Budget Projection Assumptions

- Taxroll increase at 5%, 5% and 7% respectively
- No salary projections included in estimates
- Average Daily Attendance is kept level
- State Aid decreasing as property tax revenue increases
- No projections or assumptions included for legislative session beginning in 2019

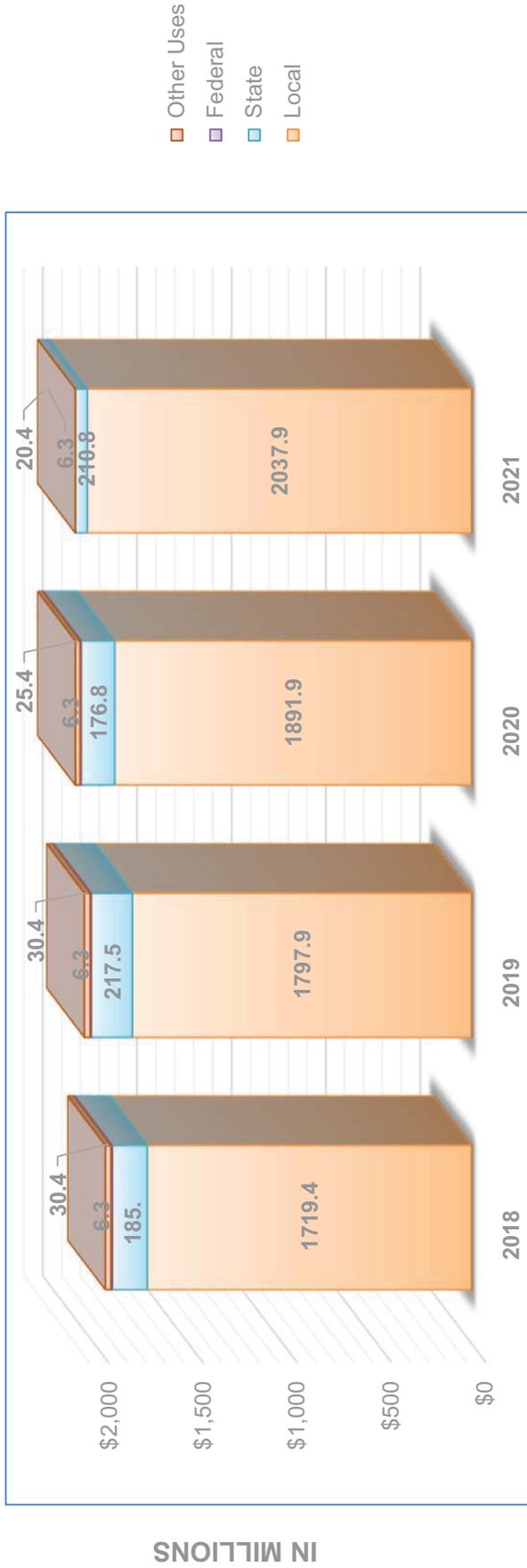
Chapter 41 Recapture

- 2016-2017 was the first year the district paid recapture by sending funds to the state
- The district is required to equalize wealth according to Chapter 41 of the Texas Education Code. The assumption in this budget is the district remaining a payment to the state

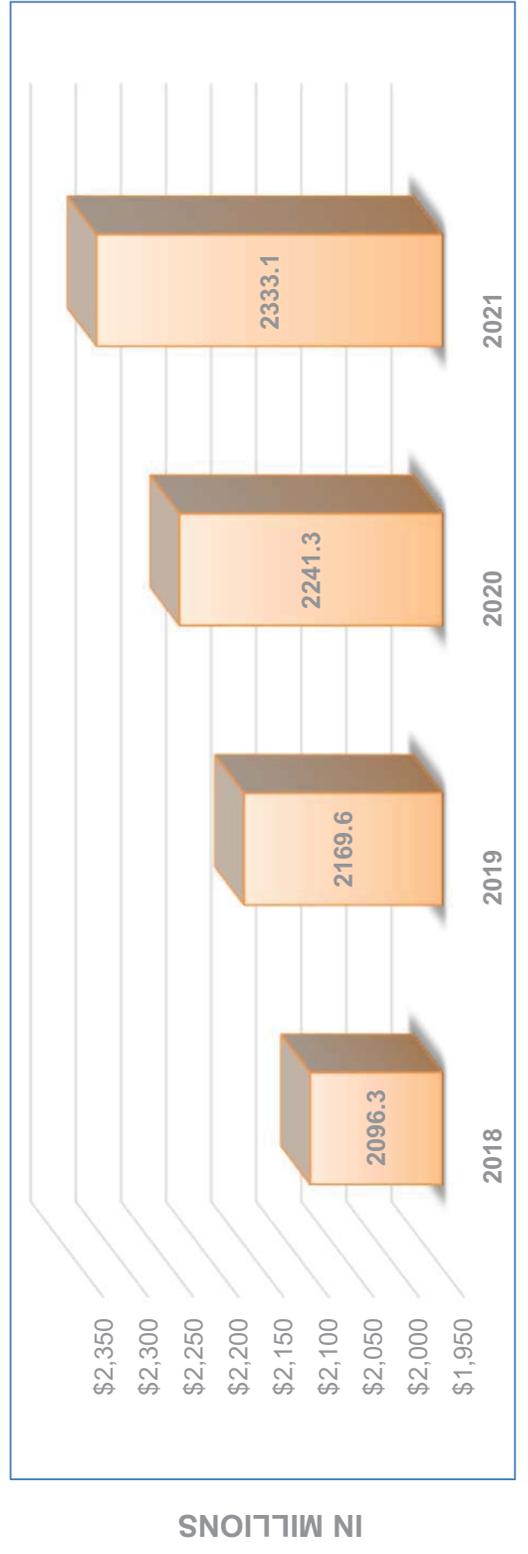
Hurricane Harvey

- In 2017 the Houston area and South Texas was heavily impacted by Hurricane Harvey. At the time of budget adoption, this schedule was the planning schedule used to present future years to the board of education. There will be a drop in property values for the next tax year, but the numbers are unknown at this time. The district is working on multiple scenarios for future years related to the impact of Hurricane Harvey.

General Fund Revenues 2018-2021



General Fund Expenditures 2018-2021



Source: HISD Office of Budgeting and Financial Planning

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-SPECIAL REVENUE FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021**

	2017-2018 Adopted	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
Revenues				
Local sources	6,948,343	7,017,826	7,088,004	7,158,884
State sources	45,400,906	45,854,915	46,313,464	46,776,599
Federal sources	171,478,990	173,193,780	174,925,718	176,674,975
Total Revenues	223,828,239	226,066,521	228,327,186	230,610,458
Expenditures by Function				
Current				
Instruction	117,858,572	119,037,158	120,227,530	121,429,806
Instructional resources and media services	715,513	722,668	729,895	737,194
Curriculum development and instructional staff development	41,671,288	42,088,001	42,508,881	42,933,970
Instructional leadership	14,992,581	15,142,507	15,293,932	15,446,871
School leadership	1,355,505	1,369,060	1,382,751	1,396,579
Guidance, counseling, and evaluation services	19,857,595	20,056,171	20,256,733	20,459,300
Social work services	1,285,551	1,298,407	1,311,391	1,324,505
Health services	3,506,915	3,541,984	3,577,404	3,613,178
Student (pupil) transportation	3,326,936	3,360,205	3,393,807	3,427,745
Food services	-	-	-	-
Co-curricular/extracurricular activities	1,793,871	1,811,810	1,829,928	1,848,227
General administration	6,023,705	6,083,942	6,144,781	6,206,229
Facilities maintenance and operations	2,010,226	2,030,328	2,050,631	2,071,137
Security and monitoring services	435,649	440,005	444,405	448,849
Data processing services	2,585,059	2,610,910	2,637,019	2,663,389
Community services	6,234,940	6,297,289	6,360,262	6,423,865
Juvenile Justice Alternative Education Program	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	174,333	176,076	177,836	179,614
Facilities acquisition and construction	-	-	-	-
Intergovernmental charges	-	-	-	-
Fiscal agent/member districts of shared services arrangements	-	-	-	-
Total Expenditures	223,828,239	226,066,521	228,327,186	230,610,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, beginning	37,058,450	37,058,450	37,058,450	37,058,450
Fund Balances, ending	37,058,450	37,058,450	37,058,450	37,058,450

Budget Projection Assumption

- The district continues to seek out and obtain grant funding for supplemental services for students.
- The state of Texas has projected growth of 1.8% in the education and health industry and HISD is projecting a 1% growth rate in funding.
- In 2017-2018 the district will seek other federal funds to replace the USDE Magnet Grant and the Race to the Top with other initiatives.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—DEBT SERVICE FUND PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021

	2017-2018 Adopted	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
Revenues				
Local maintenance tax	297,329,251	286,411,165	300,681,723	321,659,444
Earnings on investments	800,000	800,000	800,000	800,000
State sources	2,659,862	2,659,862	2,659,862	2,659,862
Federal sources	7,088,479	7,059,269	6,823,630	6,563,400
Total revenues	307,877,592	296,830,296	310,965,215	331,682,706
Expenditures				
Debt service				
Principal	213,090,851	202,714,517	222,726,219	240,616,456
Interest and fiscal charges	137,613,702	145,805,588	138,755,764	130,965,750
Other debt service fees	-	2,500,000	2,500,000	2,500,000
Total expenditures	350,704,553	351,120,105	363,981,983	374,082,206
Excess (deficiency) of revenues over (under) expenditures	(42,826,961)	(54,189,809)	(53,016,768)	(42,399,500)
Other Financing Sources (Uses)				
Transfers-in	46,192,066	54,307,652	53,192,879	42,898,205
Total other financing sources (uses)	46,192,066	54,307,652	53,192,879	42,898,205
Net change in fund balances	3,365,105	117,843	176,111	498,705
Fund balances, beginning	129,036,673	132,401,778	132,519,621	132,695,732
Fund balances, ending	132,401,778	132,519,621	132,695,732	133,194,437

Budget Projection Assumptions

Assumptions are estimates only and are contingent upon actual results. For example the required tax rate is largely contingent upon the realization of estimated roll value increases.

Roll value increase of 4% for fiscal year 2019, 5% for 2020 and 7% for 2021.

Debt tax rate is decreased from \$0.1800 in fiscal year 2018 to \$0.1667 in subsequent years.

The remaining \$100M authorized from the 2012 voter election is sold in fiscal year 2018.

Maintenance Tax Notes of \$200M are sold in fiscal year 2018.

Hurricane Harvey

*In 2017 the Houston area and South Texas was heavily impacted by Hurricane Harvey. At the time of budget adoption, this schedule was the planning schedule used to present future years to the board of education. There will be a drop in property values for the next tax year, but the numbers are unknown at this time. The district is working on multiple scenarios for future years related to the impact of Hurricane Harvey.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-CAPITAL RENOVATION FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021**

	2017-2018 Adopted	2018-2019 Projected	2019-2020 Projected	2020-2021 Projected
Revenues				
Property taxes	-	-	-	-
Earnings on investments	8,712,500	997,000	728,000	884,000
Miscellaneous local sources	26,000,000	26,000,000	21,000,000	22,000,000
Total revenues	34,712,500	26,997,000	21,728,000	22,884,000
Expenditures				
Capital outlay	-	-	-	-
Facilities acquisition and construction	550,000,000	250,000,000	150,000,000	100,000,000
Total expenditures	550,000,000	250,000,000	150,000,000	100,000,000
Excess (deficiency) of revenues over (under) expenditures	(515,287,500)	(223,003,000)	(128,272,000)	(77,116,000)
Other Financing Sources (Uses)				
Transfers-in	570,000	-	-	-
Transfers-out	(7,440,234)	(7,646,179)	(7,878,154)	(8,007,855)
Issuance of bonds and other debt	-	-	-	-
Premium on the sale of bonds	-	-	-	-
Proceeds from sale of bonds and other debt	-	-	-	-
Total other financing sources (uses)	(6,870,234)	(7,646,179)	(7,878,154)	(8,007,855)
Net change in fund balances	(522,157,734)	(230,649,179)	(136,150,154)	(85,123,855)
Fund balances, beginning	981,894,115	459,736,381	229,087,202	92,937,048
Fund balances, ending	459,736,381	229,087,202	92,937,048	7,813,193

Budget Projection Assumptions
 • PAYG Program \$15M allocation will stay in General fund starting 2016-2017.
 • Remaining funds from prior projects and using other remaining funds for school renovations, maintenance and repairs.
 • Bond sales for 2012 bond per original published plan

Other Assumptions and Notes
 Expenditures-based on trends of other programs and the expectation of the pace increasing for Bond 2012 program with the program expecting to be completed in 2018-2019.
 TIRZ revenue may decrease based on the legislature regarding recapture.



Internal Service Funds

Houston Independent School District

The **Health Insurance Fund** is used to account for the health insurance plan administered by the district. The plan is a premium based plan requiring the district and its employees to share the cost.

The **Workers' Compensation Fund** is used to account for risk financing activities related to the 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 **Print Shop Fund** is used to account for all the printing, copying and distribution activities of the district's print shop. Schools and departments are charged for the costs of printing and distribution requests. This year, all campus copiers have been moved into the Print Shop's budget for better management and accounting. During non-peak times, the Print Shop takes in work from other governmental agencies requiring assistance during their peak period. The district also has reciprocal agreements with other governmental agencies in the event a backlog of jobs is experienced by district users.

The **Alternative Certification Fund** is used to account for the recruiting, training, and supporting of qualified, degreed professionals. It provides professional development services to degreed interns so that they are successful in their classrooms and fulfill the requirements of SBEC (State Board for Educator Certification) of Texas teacher certification.

The **UIL Fund** is used to account for the UIL activities. It provides for schools to participate in One Act Play, Solo/Ensemble, Academics, Debate Cross-Examination, Marching Band, Concert Band, Choir, and Orchestra.

The **Athletics Fund** is used to account for the educational, social, moral and athletic skills of the student athlete. It provides a comprehensive High School and Middle School program for male and female athletes in areas such as football, basketball, track/field and soccer. The Athletics Fund is also used to schedule athletic activities, transportation trips and game officials and to efficiently operate Sports Complex venues for HISD athletics competitions and events.

The **Special Education Shared Service Fund** is used to account for school support services. These buy back services include instructional support, special education, compliance, crisis intervention and other.

The **Virtual School Fund** is used to account for the support services, coordination, implementation, and oversight of online programs throughout the district that are provided to help students and adults with online instructional courses offered through the Texas Virtual School Network (TxVSN) and the Virtual School Department. This fund transitioned to the General Fund in 2016-2017.

The **Copier Services Fund** is used to consolidate orders for all of the district's multi-function copying and duplicating devices installed in campuses, departments and HMWESC. Schools and departments choose from a long list of approved choices, the number of machines and the required features, print method (color or black & white), speed and monthly volume they need at their location. Funds to pay for their equipment are transferred from their budget into this fund at the beginning of every fiscal year. Purchase orders are then written from this fund to pay for the equipment. The fund is intended to break even every fiscal year. This fund merged with the Print Shop in 2016-2017.



Internal Service Funds - Budget Assumptions Houston Independent School District

Health Insurance

REVENUE

Estimated medical plan enrollment is projected at 19,360 for 2017-2018 based on enrollment data adjusted for typical monthly variations.

EXPENDITURES

The medical trend of 5.5 percent and pharmacy trend of 13 percent for 2017 and 2018 is included in expenditure projections. Stop Loss Insurance includes the current \$2 million specific stop loss.

Workers' Compensation

REVENUE

The estimated decrease in 2017-2018 revenue is based on a decrease in employer contributions. Interest revenue remains unchanged.

EXPENDITURES

Overall, costs are expected to increase by 7 percent. This is primarily due to higher expected claim cost and related claim expenses. The employer funded rates will remain the same with an anticipated funding shortfall paid from fund balance.

Print Shop – Administrative Services

REVENUE

All copiers in the HISD fleet are included inside the Print Shop budget and are a direct pass-through of school funds to allow efficient management and accounting of this activity. A reduction of billings to schools is anticipated because of tighter budgets and the fleet of color copiers on the campuses. Conversely, we think work will grow somewhat from departments and other external customers. For this reason, Administrative Services' budget projects an overall increase in the Print Shop 2017-2018 revenue of 3 percent as compared to the 2016-2017 budget.

EXPENDITURES

Previous consolidation and resource reallocation efforts have proven to add efficiency at the McCarty plant. Marketing of HMW self-service fleet to better meet the demand for onsite and immediate-need copying services should increase work on that equipment and lessen the need for laser printers and provide a cost avoidance for departments at the HMW facility. Annual reviews and preventative maintenance of aging Print Shop equipment is necessary to keep the production plant running.

Alternative Certification Program (ACP)

REVENUE

Alternative Certification Program revenue is based on available staffing, resignation, and termination data at the time of budget submission. As HISD continues to compete for new teacher talent and aggressively

works to address strategic staffing needs, ACP, in conjunction with HR projects 2,000 teacher vacancy postings. Our Effective Teacher Fellowship (ETF) ACP will serve as a certification entity for approximately 115 of these teachers.

ACP will facilitate a fee-for-service professional development program focused on Classroom Management and Culture (CMC) and Time and Task Management (TTM) throughout the year. ACP will begin another Educational Diagnostician ACP cohort in pursuit of a two-year, professional certification pathway. The Counselor ACP cohort will continue with year two of their certification pathway. Fees to support these programs and services include fees for the Intern Program (\$4,400), Intern Extensions (\$2,000), Counselor Program (\$3,000), Educational Diagnostician (\$3,000), Memtor Program Support (\$400), New Teacher Induction (\$600), and Application Fee (\$35).

EXPENDITURES

Staff and operating costs will decrease proportionally to reflect lower projected enrollment numbers in ACP programs and services for 2017-2018. Staff and operating costs will be regularly monitored and adjusted as needed, based on actual enrollment numbers.

UIL Department (IS3)

REVENUE

UIL revenue for 2018 is based on UIL 2018 applications received to date and current year trends in UIL academic and cocurricular events participation. Major trends include decreased participation in Elementary School and Middle School academic meets and increased participation in One-Act Play, Band, and Spelling Bee contests.

The largest initiative within the UIL Academics budget continues to be Initiative 35-Houston Urban Debate League (HUDL) participation. The 2017-2018 budget assumes that the district will continue to fund HUDL at the same level as in 2016-2017.

EXPENDITURES

Transportation, contracted services, student travel, and food expenses are expected to increase due to the addition of One Act Play Bi-District contests in 2017-2018. Reading material costs will decrease due to the transition to digital materials.

Athletics Department

REVENUE

The Athletic Department has based its 2017-2018 revenue projections on the 2016-2017 participation level for the second year of the program, with the exception of Young Men's and Young Woman's College Prep Academies that added additional sports programs to support its students.

The ticket sales and other revenues are forecasted on a conservative basis and does not take into consideration potential playoff receipts.

Delmar Field House revenue to increase due to completion of construction.

EXPENDITURES

Estimated expenditures for annual costs include official's pay for all sports will increase by \$124,000. There is a one time cost of \$2,647,000 which includes the following: resurface of track at Butler and Dyer Stadiums (\$450,000), restriping of parking lot at Butler and Barnett Stadiums (\$20,000), new track at Cowart Stadium (\$750,000), end zone cameras (\$50,000), softball swing field due to construction (\$30,000), uniforms and equipment for middle schools (\$442,000), uniforms and equipment for high schools (\$800,000), field work at Dyer and Cowart Baseball Fields (\$25,000), replace back stop padding at Butler and Delmar Stadiums (\$30,000), and replace football helmets (\$50,000).

With the completion of construction for the new Delmar Field House, there will be a need for additional employees to manage the facility. Additionally, there may be some unforeseen costs that need to be addressed to meet needs not covered by the Bond Program.

Special Education Shared Services

REVENUE

The amount charged to schools for 2017-2018 for shared special education services will remain the same as in 2016-2017 at \$68 per student.

EXPENDITURES

Staffing of all shared service employees such as evaluation specialists and nurses, etc. will remain the same for 2017-2018. There will be no additional employees added for the new school year. The remaining expenditures will be for equipment, supplies and subscriptions, etc. paid for the schools for special education services.

HOUSTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	20,200,097	23,643,824	24,527,125	23,433,802	24,005,074
Charges to employees or other funds	120,077,068	123,708,154	128,606,979	136,610,820	150,386,414
Miscellaneous	1,105,997	1,226,340	1,402,941	7,062,025	8,265,409
Total operating revenues	<u>141,383,162</u>	<u>148,578,318</u>	<u>154,537,045</u>	<u>167,106,647</u>	<u>182,656,897</u>
OPERATING EXPENSES:					
Payroll costs	15,110,472	14,819,294	13,943,490	13,603,961	14,041,553
Purchased and contracted services	5,813,438	8,366,317	9,754,916	8,038,577	9,098,848
Supplies and materials	2,906,908	2,892,589	2,691,768	2,181,386	2,305,174
Other operating expenses	1,654,661	1,707,345	1,383,396	1,830,825	1,999,321
Claims and judgements	120,186,482	138,625,976	146,181,709	147,983,254	161,257,412
Depreciation	154,625	181,172	146,148	185,075	151,331
Capital assets	99,951	165,337	821,842	7,543	1,620,159
Total operating expenses	<u>145,926,537</u>	<u>166,758,030</u>	<u>174,923,269</u>	<u>173,830,621</u>	<u>190,473,798</u>
Operating income (loss)	<u>(4,543,375)</u>	<u>(18,179,712)</u>	<u>(20,386,224)</u>	<u>(6,723,974)</u>	<u>(7,816,901)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	411,793	497,353	441,546	450,508	452,369
Gain (Loss) on sale of assets	-	-	-	(301,700)	-
Total nonoperating revenue	<u>411,793</u>	<u>497,353</u>	<u>441,546</u>	<u>148,808</u>	<u>452,369</u>
Income (loss) before transfers	<u>(4,131,582)</u>	<u>(17,682,359)</u>	<u>(19,944,678)</u>	<u>(6,575,166)</u>	<u>(7,364,532)</u>
Transfers In	-	483,934	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	<u>(4,131,582)</u>	<u>(17,198,425)</u>	<u>(19,944,678)</u>	<u>(6,575,166)</u>	<u>(7,364,532)</u>
Total net assets, beginning	<u>106,494,340</u>	<u>102,362,758</u>	<u>85,164,333</u>	<u>65,219,655</u>	<u>58,644,489</u>
Adjustment for Copier Services*	-	-	-	-	-
Total net assets, ending	<u>102,362,758</u>	<u>85,164,333</u>	<u>65,219,655</u>	<u>58,644,489</u>	<u>51,279,957</u>

Note: In 2016-2017, the Copier Services Fund merged with the Print Shop.

* A final adjustment has been made to eliminate the Copier Services by adding the same adjustment to the Print Shop, net zero.

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - HEALTH INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services	108,684,185	112,007,387	119,186,998	129,300,850	142,448,000
Charges to employees other funds	525,209	770,205	719,689	6,060,736	6,590,000
Miscellaneous					
Total operating revenues	<u>109,209,394</u>	<u>112,777,592</u>	<u>119,906,687</u>	<u>135,361,586</u>	<u>149,038,000</u>
OPERATING EXPENSES:					
Payroll costs	2,106,129	2,331,968	1,101,412	843,421	1,065,079
Purchased and contracted services	20,187	65,402	6,470	126,979	95,000
Supplies and materials	28,952	17,801	7,968	9,861	7,000
Other operating expenses	9,376	13,781	2,876	4,111	7,500
Claims and judgements	110,332,014	133,001,115	141,327,026	142,412,341	152,951,044
Total operating expenses	<u>112,496,658</u>	<u>135,430,067</u>	<u>142,445,752</u>	<u>143,396,713</u>	<u>154,125,623</u>
Operating income (loss)	<u>(3,287,264)</u>	<u>(22,652,475)</u>	<u>(22,539,065)</u>	<u>(8,035,127)</u>	<u>(5,087,623)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	289,721	332,535	212,976	84,871	202,000
Total nonoperating revenue	<u>289,721</u>	<u>332,535</u>	<u>212,976</u>	<u>84,871</u>	<u>202,000</u>
Income (loss) before transfers	<u>(2,997,543)</u>	<u>(22,319,940)</u>	<u>(22,326,089)</u>	<u>(7,950,256)</u>	<u>(4,885,623)</u>
Transfer out	-	-	-	-	-
Change in net assets	<u>(2,997,543)</u>	<u>(22,319,940)</u>	<u>(22,326,089)</u>	<u>(7,950,256)</u>	<u>(4,885,623)</u>
Total net assets, beginning	72,954,686	69,957,143	47,637,203	25,311,114	17,360,858
Total net assets, ending	<u>69,957,143</u>	<u>47,637,203</u>	<u>25,311,114</u>	<u>17,360,858</u>	<u>12,475,235</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - WORKERS' COMPENSATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services	11,392,883	11,700,767	9,419,981	7,309,970	7,938,414
Charges to employees other funds	465,538	332,309	564,704	860,011	390,866
Miscellaneous					
Total operating revenues	<u>11,858,421</u>	<u>12,033,076</u>	<u>9,984,685</u>	<u>8,169,981</u>	<u>8,329,280</u>
OPERATING EXPENSES:					
Payroll costs	1,259,126	1,244,269	1,321,003	872,783	1,309,149
Purchased and contracted services	2,100,866	1,912,964	518,202	11,939	10,500
Supplies and materials	8,269	4,861	8,371	2,120	18,960
Other operating expenses	398,937	430,913	462,119	32,599	519,040
Claims and judgements	9,854,468	5,624,861	4,854,683	5,570,913	8,306,368
Depreciation	1,165	1,165	1,165	1,068	7,834
Total operating expenses	<u>13,622,831</u>	<u>9,219,033</u>	<u>7,165,543</u>	<u>6,491,422</u>	<u>10,171,851</u>
Operating income (loss)	<u>(1,764,410)</u>	<u>2,814,043</u>	<u>2,819,142</u>	<u>1,678,559</u>	<u>(1,842,571)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	117,858	158,664	197,537	290,387	145,366
Total nonoperating revenue	<u>117,858</u>	<u>158,664</u>	<u>197,537</u>	<u>290,387</u>	<u>145,366</u>
Income (loss) before transfers	<u>(1,646,552)</u>	<u>2,972,707</u>	<u>3,016,679</u>	<u>1,968,946</u>	<u>(1,697,205)</u>
Transfer in	-	-	-	-	-
Change in net assets	<u>(1,646,552)</u>	<u>2,972,707</u>	<u>3,016,679</u>	<u>1,968,946</u>	<u>(1,697,205)</u>
Total net assets, beginning	26,497,497	24,850,945	27,823,652	30,840,331	32,809,277
Total net assets, ending	<u>24,850,945</u>	<u>27,823,652</u>	<u>30,840,331</u>	<u>32,809,277</u>	<u>31,112,072</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PRINT SHOP
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	4,817,727	4,347,079	4,320,622	8,031,464	8,688,904
Total operating revenues	<u>4,817,727</u>	<u>4,347,079</u>	<u>4,320,622</u>	<u>8,031,464</u>	<u>8,688,904</u>
OPERATING EXPENSES:					
Payroll costs	1,670,583	1,645,080	1,420,451	1,402,206	1,420,215
Purchased and contracted services	1,624,604	1,296,042	1,027,268	5,858,072	6,200,091
Supplies and materials	1,309,331	1,432,543	1,109,264	859,351	1,049,500
Other operating expenses	11,501	8,742	4,148	1,996	18,600
Depreciation	84,232	77,379	14,435	13,896	73,500
Total operating expenses	<u>4,700,251</u>	<u>4,459,786</u>	<u>3,575,566</u>	<u>8,135,521</u>	<u>8,761,906</u>
Operating income (loss)	<u>117,476</u>	<u>(112,707)</u>	<u>745,056</u>	<u>(104,057)</u>	<u>(73,002)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	2	2	629	33,850	990
Total nonoperating revenue	<u>2</u>	<u>2</u>	<u>629</u>	<u>33,850</u>	<u>990</u>
Income (loss) before transfers	<u>117,478</u>	<u>(112,705)</u>	<u>745,685</u>	<u>(70,207)</u>	<u>(72,012)</u>
Change in net assets	117,478	(112,705)	745,685	(70,207)	(72,012)
Total net assets, beginning	327,166	444,644	331,939	1,077,624	2,137,193
Adjustment for Copier Services*	-	-	-	1,129,776	-
Total net assets, ending	<u>444,644</u>	<u>331,939</u>	<u>1,077,624</u>	<u>2,137,193</u>	<u>2,065,181</u>

Note: In 2016-2017, the Copier Services Fund merged with the Print Shop.

* A final adjustment has been made to eliminate the Copier Services by adding the same adjustment to the Print Shop, net zero.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ALTERNATIVE CERTIFICATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	955,149	1,124,422	1,161,391	937,148	1,423,000
Miscellaneous	-	-	-	-	-
Total operating revenues	<u>955,149</u>	<u>1,124,422</u>	<u>1,161,391</u>	<u>937,148</u>	<u>1,423,000</u>
OPERATING EXPENSES:					
Payroll costs	1,154,010	933,978	1,263,441	1,416,614	1,259,190
Purchased and contracted services	48,276	9,859	1,039	1,440	70,800
Supplies and materials	57,439	56,640	59,606	22,458	26,000
Other operating expenses	54,066	73,326	44,015	32,117	67,010
Capital assets	-	-	-	7,543	-
Total operating expenses	<u>1,313,791</u>	<u>1,073,803</u>	<u>1,368,101</u>	<u>1,480,172</u>	<u>1,423,000</u>
Operating income (loss)	<u>(358,642)</u>	<u>50,619</u>	<u>(206,710)</u>	<u>(543,024)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	254	308	1,614	2,537	-
Total nonoperating revenue	<u>254</u>	<u>308</u>	<u>1,614</u>	<u>2,537</u>	<u>-</u>
Income (loss) before transfers	<u>(358,388)</u>	<u>50,927</u>	<u>(205,096)</u>	<u>(540,487)</u>	<u>-</u>
Change in net assets	(358,388)	50,927	(205,096)	(540,487)	-
Total net assets, beginning	1,055,381	696,993	747,920	542,824	2,337
Total net assets, ending	<u>696,993</u>	<u>747,920</u>	<u>542,824</u>	<u>2,337</u>	<u>2,337</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UJL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	980,982	1,003,443	1,097,333	1,134,458	1,048,404
Total operating revenues	<u>980,982</u>	<u>1,003,443</u>	<u>1,097,333</u>	<u>1,134,458</u>	<u>1,048,404</u>
OPERATING EXPENSES:					
Payroll costs	605,992	635,873	560,708	581,804	574,746
Purchased and contracted services	137,194	162,541	206,064	204,687	164,720
Supplies and materials	104,025	119,233	118,138	135,682	49,878
Other operating expenses	156,185	158,616	179,671	273,245	273,919
Depreciation	-	-	-	4,071	-
Total operating expenses	<u>1,003,396</u>	<u>1,076,263</u>	<u>1,064,581</u>	<u>1,199,489</u>	<u>1,063,263</u>
Operating income (loss)	<u>(22,414)</u>	<u>(72,820)</u>	<u>32,752</u>	<u>(65,031)</u>	<u>(14,859)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	301	320	1,502	1,710	2,000
Total nonoperating revenue	<u>301</u>	<u>320</u>	<u>1,502</u>	<u>1,710</u>	<u>2,000</u>
Income (loss)	<u>(22,113)</u>	<u>(72,500)</u>	<u>34,254</u>	<u>(63,321)</u>	<u>(12,859)</u>
Change in net assets	(22,113)	(72,500)	34,254	(63,321)	(12,859)
Total net assets, beginning	460,040	437,927	365,427	399,681	336,360
Total net assets, ending	<u>437,927</u>	<u>365,427</u>	<u>399,681</u>	<u>336,360</u>	<u>323,501</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ATHLETICS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	6,183,280	5,955,335	6,045,286	6,243,252	5,551,366
Miscellaneous	115,250	123,826	118,548	141,278	1,284,543
Total operating revenues	<u>6,298,530</u>	<u>6,079,161</u>	<u>6,163,834</u>	<u>6,384,530</u>	<u>6,835,909</u>
OPERATING EXPENSES:					
Payroll costs	2,913,877	2,687,681	2,993,449	2,714,493	2,507,452
Purchased and contracted services	1,118,055	1,227,574	1,443,064	1,586,055	1,387,678
Supplies and materials	1,034,697	874,395	939,707	957,458	928,219
Other operating expenses	1,018,555	1,019,030	688,970	1,181,139	1,113,252
Capital assets	58,578	44,728	320,940	-	1,620,159
Depreciation	62,374	64,428	66,664	79,574	69,997
Total operating expenses	<u>6,206,136</u>	<u>5,917,836</u>	<u>6,452,794</u>	<u>6,518,719</u>	<u>7,626,757</u>
Operating income (loss)	<u>92,394</u>	<u>161,325</u>	<u>(288,960)</u>	<u>(134,189)</u>	<u>(790,848)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	1,842	2,184	11,520	17,743	94,015
Gain (Loss) on sale of assets	-	-	-	(301,700)	-
Total nonoperating revenue	<u>1,842</u>	<u>2,184</u>	<u>11,520</u>	<u>(283,957)</u>	<u>94,015</u>
Income (loss)	<u>94,236</u>	<u>163,509</u>	<u>(277,440)</u>	<u>(418,146)</u>	<u>(696,833)</u>
Transfers in	-	483,934	-	-	-
Change in net assets	94,236	647,443	(277,440)	(418,146)	(696,833)
Total net assets, beginning	3,155,207	3,249,443	3,896,886	3,619,446	3,201,300
Total net assets, ending	<u>3,249,443</u>	<u>3,896,886</u>	<u>3,619,446</u>	<u>3,201,300</u>	<u>2,504,467</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - SPECIAL EDUCATION SHARED SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	7,179,916	7,193,992	7,337,997	7,087,480	7,293,400
Total operating revenues	<u>7,179,916</u>	<u>7,193,992</u>	<u>7,337,997</u>	<u>7,087,480</u>	<u>7,293,400</u>
OPERATING EXPENSES:					
Payroll costs	5,346,396	5,291,443	5,262,677	5,772,640	5,905,722
Purchased and contracted services	759,117	810,449	2,124,112	249,405	1,170,059
Supplies and materials	356,063	384,489	445,382	194,456	225,617
Other operating expenses	-	-	-	305,618	-
Depreciation	6,854	38,200	63,884	86,466	-
Capital Assets	41,373	120,609	500,902	-	-
Total operating expenses	<u>6,509,803</u>	<u>6,645,190</u>	<u>8,396,957</u>	<u>6,608,585</u>	<u>7,301,398</u>
Operating income (loss)	670,113	548,802	(1,058,960)	478,895	(7,998)
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	1,812	2,210	10,574	19,410	7,998
Total nonoperating revenue	<u>1,812</u>	<u>2,210</u>	<u>10,574</u>	<u>19,410</u>	<u>7,998</u>
Income (loss)	<u>671,925</u>	<u>551,012</u>	<u>(1,048,386)</u>	<u>498,305</u>	<u>-</u>
Change in net assets	671,925	551,012	(1,048,386)	498,305	-
Total net assets, beginning	2,038,350	2,710,275	3,261,287	2,212,901	2,711,206
Total net assets, ending	<u>2,710,275</u>	<u>3,261,287</u>	<u>2,212,901</u>	<u>2,711,206</u>	<u>2,711,206</u>

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - VIRTUAL SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	83,043	100,053	51,924	-	-
Total operating revenues	<u>83,043</u>	<u>100,053</u>	<u>51,924</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES:					
Payroll costs	54,359	49,002	20,349	-	-
Purchased and contracted services	5,139	1,044	700	-	-
Supplies and materials	8,132	2,627	3,332	-	-
Other operating expenses	6,041	2,937	1,597	-	-
Total operating expenses	<u>73,671</u>	<u>55,610</u>	<u>25,978</u>	<u>-</u>	<u>-</u>
Operating income (loss)	9,372	44,443	25,946	-	-
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	3	26	155	-	-
Total nonoperating revenue	<u>3</u>	<u>26</u>	<u>155</u>	<u>-</u>	<u>-</u>
Income (loss)	9,375	44,469	26,101	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	9,375	44,469	26,101	-	-
Total net assets, beginning	6,014	15,389	59,858	85,959	85,959
Total net assets, ending	<u>15,389</u>	<u>59,858</u>	<u>85,959</u>	<u>85,959</u>	<u>85,959</u>

Note: In 2016-2017, Virtual Schools transitioned to the General Fund.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - COPIER SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services					
Sales to customers	-	3,919,500	4,512,572	-	-
Total operating revenues	-	3,919,500	4,512,572	-	-
OPERATING EXPENSES:					
Payroll costs	-	-	-	-	-
Purchased and contracted services	-	2,880,442	4,427,997	-	-
Supplies and materials	-	-	-	-	-
Other operating expenses	-	-	-	-	-
Total operating expenses	-	2,880,442	4,427,997	-	-
Operating income (loss)	-	1,039,058	84,575	-	-
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	-	1,104	5,039	-	-
Total nonoperating revenue	-	1,104	5,039	-	-
Income (loss)	-	1,040,162	89,614	-	-
Change in net assets	-	1,040,162	89,614	-	-
Total net assets, beginning	-	-	1,040,162	1,129,776	-
Adjustment for Copier Services*	-	-	-	(1,129,776)	-
Total net assets, ending	-	1,040,162	1,129,776	-	-

Note: In 2016-2017, the Copier Services Fund merged with the Print Shop.

* A final adjustment has been made to eliminate the Copier Services by adding the same adjustment to the Print Shop, net zero.



Three Year Projection Summary

Houston Independent School District

The 2017-2018 Adopted Budget **Seven Internal Service Funds -**

- **Health Service**
- **Workers Compensation**
- **Print Shop**
- **Alternative Certification**
- **UIL**
- **Athletics**
- **Special Education Shared Services**

They are presented on the following page along with three years of budget projections. Budget forecasting is one of the various tools used in the budget development process annually. Budget projection assumptions are included to identify projected revenue and other resources, expenditure demands, and changes in net assets for the upcoming years. The figures are meant for planning purposes only and are subject to change.

HOUSTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
 PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021

	2017-2018 Budget	2018-2019 Projection	2019-2020 Projection	2020-2021 Projection
OPERATING REVENUES:				
Charges for sales and services				
Sales to customers	24,005,074	24,245,125	24,487,576	24,732,452
Charges to employees or other funds	150,386,414	151,890,278	153,409,181	154,943,273
Miscellaneous	8,265,409	8,348,063	8,431,544	8,515,859
Total operating revenues	182,656,897	184,483,466	186,328,301	188,191,584
OPERATING EXPENSES:				
Payroll costs	14,041,553	14,181,969	14,323,788	14,467,026
Purchased and contracted services	9,098,848	9,189,836	9,281,735	9,374,552
Supplies and materials	2,305,174	2,328,226	2,351,508	2,375,023
Other operating expenses	1,999,321	2,019,314	2,039,507	2,059,902
Claims and judgements	161,257,412	162,869,986	164,498,686	166,143,673
Depreciation	151,331	152,844	154,373	155,916
Capital assets	1,620,159	1,636,361	1,652,724	1,669,251
Total operating expenses	190,473,798	192,378,536	194,302,321	196,245,345
Operating income (loss)	(7,816,901)	(7,895,070)	(7,974,021)	(8,053,761)
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	452,369	456,893	461,462	466,076
Gain (Loss) on sale of assets	-	-	-	-
Total nonoperating revenue	452,369	456,893	461,462	466,076
Income (loss) before transfers	(7,364,532)	(7,438,177)	(7,512,559)	(7,587,685)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net assets	(7,364,532)	(7,438,177)	(7,512,559)	(7,587,685)
Total net assets, beginning	58,844,489	51,279,957	43,841,780	36,329,221
Total net assets, ending	51,279,957	43,841,780	36,329,221	28,741,536

Budget Projection Assumption

•The state of Texas has projected growth of 1.8% in the education and health services industry. Accordingly, HISD is projecting a 1% growth rate in revenue and expenses.



Enterprise Funds

Houston Independent School District

The **Nutrition Services Fund** is used to account for the financial operations of the breakfast, lunch, and snack programs offered and managed through the district's own Nutrition Services Department. The district currently operates nearly 300 school cafeterias and satellite programs serving an average of over 269,000 meals a day.

The district participates in the federally funded National School Breakfast and Lunch Program which provides partial reimbursement of the cost of meals served to children. The remaining costs of preparing and serving these meals are covered by the price of the meals for students, staff and state fund. Also, over half of the schools in the district now participate in the Community Eligibility Provision (CEP). And finally, the district's Nutrition Services Department participates in the Summer Food Service as well as the Fresh Fruit and Vegetable Programs and most recently, the Child and Adult Care Food Program (CACFP).

The **Marketplace & Catering Fund** is used to account for the financial operation of the restaurant-style cafeteria on the first level of the Hattie Mae White (HMW) Educational Support Center as well as the district-wide Catering service program. The district established the Marketplace years ago as a benefit to employees working in the HMW building. The Marketplace currently serves approximately 350 employees on a daily basis as well as provides catering services to departments within HMW. The catering department was recently added to this fund to allow for enterprise-type catering services throughout the whole district and also services outside of the district. Both departments provide on-line services through the Marketplace and schoolhouse event portal.

The **Medicaid Fund** is used to account for the financial operation of special reimbursement programs offered by the district. For several years, the district has participated in a Medicaid reimbursement program, which is a federal program to provide partial reimbursement for health care services to eligible children. The district currently provides Medicaid Financial advisory services to over 400 schools in more than 100 Texas school districts.

The **Business Development Fund** is used to account for the financial operations of the district's Marketing Office. The Business Development Department was organized to help develop and coordinate the district's efforts in marketing and the sale of goods and services to other school districts. Primary relationships between HISD and other school districts are through cooperative purchasing programs or inter-local agreements, both of which are statutorily authorized ways for governmental entities to acquire goods or services. Activities involve the marketing and development of business relationships, which both directly relate to district products such as curriculum, Power for Schools, and DriversED program, which is under our Virtual Schools Material website, and products/services developed through vendor/HISD partnerships such as benefits programs. The Marketing Office manages contracts related to marketing and sales activities and participates actively in the development of entrepreneurial approaches to securing funding for various innovative district activities.



Enterprise Funds - Budget Assumptions

Houston Independent School District

NUTRITION SERVICES

REVENUE

Meals for students are projected to increase by 1 percent despite one less serving day in 2018. Based on current trends, actual USDA allocations, and state matching fund Operating Revenue is projected to increase by approximately \$3.67 million overall. Based on a comparison with the 2017 adopted budget reductions in revenue are projected for lunch and breakfast sales, pre-processed commodity revenue, and federal revenue from other state agencies. Federal Revenue-Other State Agencies is projected at a 20 percent reduction due to anticipated reduction in Summer School student enrollment.

EXPENSES

- Personnel costs include an increase in hourly payroll and a decrease in substitute support staff payroll due to the substitute staff being converted to hourly workers and additional food service attendants. A 10 percent increase in fringe benefits due to the new Nutrition Services staff FTEs. Overtime projected to be reduced by 25 percent.
- Contracted services costs are reduced based on the ARA contract not being renewed and the Comfort Systems contract ending in December.
- Food cost projected to increase due to expanded menu choices to improve food quality and 2 percent CPI increase. Marketing costs will also increase as Nutrition Services promotes the new menu choices and conducts a school branding initiative.
- Commodity expensed is equal to commodity revenues.
- Rentals/Operational Lease costs decreased by \$200,000. Funds moved to capital equipment budget for the purchase of trucks.

MARKETPLACE & CATERING

REVENUE

The Marketplace revenue is based on the current year projections along with anticipated 2 percent increase in potential sales from implementation of monthly promotions. The Marketplace budget also consist of Nutrition catering, which is estimated to generate over half a million dollars in both current catering sales as well as new sales outside of the district venues; which is an initiative from fiscal year 2016.

EXPENSES

The labor expenses are based on current filled positions. Food, non-food, general supplies and miscellaneous operating cost are based on projections as well as additional costs from catering services new packing initiative that is intended to increase participation/sales.

MEDICAID FINANCE SERVICES

REVENUE

The Medicaid Finance Service revenue is based on the current year projections along with adjusted contract rates of our current client districts.

EXPENSES

The labor expenses are based on current filled positions along with the calculations for vacancies and additional staffing as needed.

Other expenses include professional services, rental of office space at the Teledyne building, annual workshops, miscellaneous contracted services, supplies, food, travel, fees, equipment, and consulting services including maintenance of licenses for a CRM application (Salesforce), SLA, hosting licenses for MRMS billing system and GE/Centricity system, and contract with staff from Isphere and Executeam for data entry and technical support.

BUSINESS DEVELOPMENT

REVENUE

Revenue for other governments for Aldine ISD and Katy ISD are based on the Per Benefit Eligible Employee Per Month (PBEEPMP) as estimated by the Benefits Office. The PBEEPMP for Aldine ISD is 10,722. The PBEEPMP for Katy ISD is 10,488. The miscellaneous revenue is based on the current year projection for Drivers Education and Power for Schools initiatives.

EXPENSES

Professional and miscellaneous contracted services expenses are based on fees and rates per existing contracts. Department expenses (print charges, general supplies, out-of-district and in-district travel, fees, and miscellaneous operating costs) for support of Business Development are projected to remain at the same level as 2017.

HOUSTON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

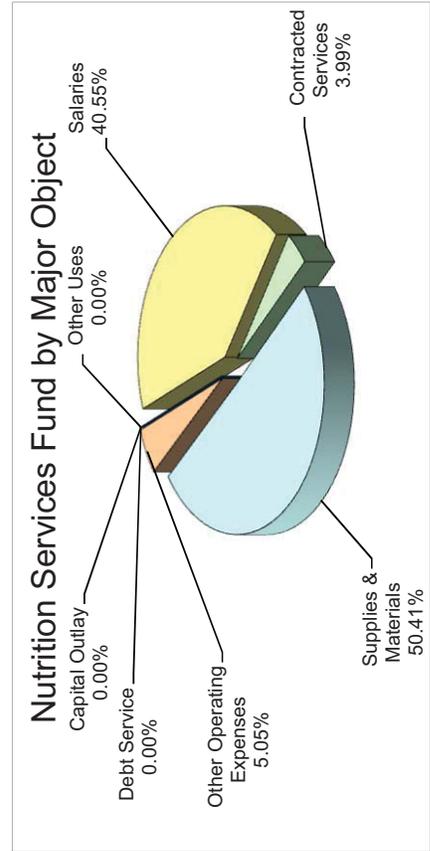
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
	Actual	Actual	Actual	Projected	Budget
OPERATING REVENUES:					
Charges for sales and services:					
Sales to customers	10,669,816	9,130,644	7,886,558	8,385,560	9,213,400
Consulting services	8,402,699	8,289,847	7,413,839	8,828,524	8,103,044
Miscellaneous	1,055,403	425,772	619,151	745,611	60,000
Total operating revenues	<u>20,127,918</u>	<u>17,846,263</u>	<u>15,919,548</u>	<u>17,959,695</u>	<u>17,376,444</u>
OPERATING EXPENSES:					
Payroll costs	44,741,430	47,768,517	51,014,157	53,233,295	55,086,794
Purchased and contracted services	16,617,067	17,087,543	19,997,309	19,243,789	13,413,195
Supplies and materials	54,067,006	58,875,001	60,924,347	60,529,202	65,214,746
Other operating expenses	1,405,190	1,179,645	1,368,300	5,583,659	6,262,775
Claims and judgements	-	-	-	-	-
Depreciation	160,139	372,925	594,075	911,040	1,208,957
Capital assets	-	-	-	-	-
Total operating expenses	<u>116,990,832</u>	<u>125,283,631</u>	<u>133,898,188</u>	<u>139,500,985</u>	<u>141,186,467</u>
Operating income (loss)	<u>(96,862,914)</u>	<u>(107,437,368)</u>	<u>(117,978,640)</u>	<u>(121,541,290)</u>	<u>(123,810,023)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	59,550	57,514	146,707	510,543	61,097
Grants from federal agencies					
Child nutrition program	96,883,741	102,634,090	103,597,536	107,814,878	109,476,330
Child and Adult Care Program	1,676,660	2,005,794	1,759,279	2,174,821	-
Summer food program	5,538,651	4,280,040	3,698,336	3,629,092	2,620,699
Donated Commodities	5,409,247	7,677,201	6,862,230	7,399,764	7,393,880
School health services (SHARS)	28,160,897	27,164,887	26,915,256	27,444,421	27,788,618
Medicaid claim program (MACM)	-	-	-	-	-
Star health	-	-	-	-	-
State matching and other	596,009	572,747	3,175,316	1,640,330	584,688
Total nonoperating revenue	<u>138,324,755</u>	<u>144,392,273</u>	<u>146,154,660</u>	<u>150,613,849</u>	<u>147,925,312</u>
Income (loss) before transfers	41,461,841	36,954,905	28,176,020	29,072,559	24,115,289
Transfers in	-	-	-	-	-
Transfers out	<u>(21,260,550)</u>	<u>(30,400,000)</u>	<u>(30,400,000)</u>	<u>(30,400,000)</u>	<u>(30,400,000)</u>
Change in net assets	20,201,291	6,554,905	(2,223,980)	(1,327,441)	(6,284,711)
Total net assets, beginning	53,649,929	66,289,457	50,239,166	42,119,665	38,840,569
Prior period adjustment required by GASB 68	-	(16,937,341)	-	-	-
Net position - beginning restated	-	-	-	-	-
Total net assets, ending	<u>73,851,220</u>	<u>55,907,021</u>	<u>48,015,186</u>	<u>40,792,224</u>	<u>32,555,858</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS - NUTRITION SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
REVENUES:					
Food sales	10,245,808	8,374,719	7,287,832	7,816,438	8,083,130
Miscellaneous local sources	1,050,367	61,669	105,686	63,319	60,000
Total revenues	11,296,175	8,436,388	7,393,518	7,879,757	8,143,130
EXPENDITURES					
Current					
Food services	109,494,830	116,132,649	123,957,686	127,600,842	124,758,204
General administration	1,033,287	1,095,687	1,213,240	882,156	1,167,998
Plant maintenance and operations	4,970,082	3,937,718	1,890,649	530,232	1,514,824
Total expenditures	115,498,199	121,166,054	127,061,575	129,013,230	127,441,026
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	11,409	15,760	40,092	312,024	58,800
Grants from federal agencies					
Child nutrition program	96,883,741	102,634,090	103,597,536	107,814,878	109,476,330
Child and Adult Care Program	1,676,660	2,005,794	1,759,279	2,174,821	-
Summer food program	5,538,651	4,280,040	3,698,336	3,629,092	2,620,699
Donated Commodities	5,409,247	7,677,201	6,862,230	7,399,764	7,393,880
State matching and other	596,009	572,747	3,175,316	1,640,330	584,688
Total nonoperating revenue	110,115,717	117,185,632	119,132,789	122,970,909	120,134,397
Transfers out	-	-	-	-	-
Change in net assets	5,913,693	4,455,966	(535,268)	1,837,436	836,501
Total net assets, beginning	15,767,490	21,681,183	9,199,808	8,664,540	10,501,976
Prior Period Adjustment Required by GASB 68	-	(16,937,341)	-	-	-
Net position - beginning restated	-	4,743,842	-	-	-
Total net assets, ending	21,681,183	9,199,808	8,664,540	10,501,976	11,338,477

**HOUSTON INDEPENDENT SCHOOL DISTRICT
EXPENDITURES BY FUNCTION AND MAJOR OBJECT - NUTRITION SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Function	Function Name	Salaries 6100	Contracted Services 6200	Supplies & Materials 6300	Other Operating Expenses 6400	Debt Service 6500	Capital Outlay 6600	Function Totals
11	Instruction	-	-	-	-	-	-	-
12	Instructional resources and media services	-	-	-	-	-	-	-
13	Curriculum development and instructional staff development	-	-	-	-	-	-	-
21	Instructional leadership	-	-	-	-	-	-	-
23	School leadership	-	-	-	-	-	-	-
31	Guidance, counseling, and evaluation services	-	-	-	-	-	-	-
32	Social work services	-	-	-	-	-	-	-
33	Health services	-	-	-	-	-	-	-
34	Student (pupil) transportation	-	-	-	-	-	-	-
35	Food services	50,507,639	3,583,046	64,238,138	6,429,381	-	-	124,758,204
36	Co-curricular/extracurricular activities	-	-	-	-	-	-	-
41	General administration	1,166,067	-	-	1,931	-	-	1,167,998
51	Facilities maintenance and operations	-	1,507,609	-	7,215	-	-	1,514,824
52	Security and monitoring services	-	-	-	-	-	-	-
53	Data processing services	-	-	-	-	-	-	-
61	Community services	-	-	-	-	-	-	-
71	Debt service	-	-	-	-	-	-	-
81	Facilities acquisition and construction	-	-	-	-	-	-	-
95	Juvenile justice alternative education program	-	-	-	-	-	-	-
Major Object Totals		51,673,706	5,090,655	64,238,138	6,438,527	-	-	127,441,026

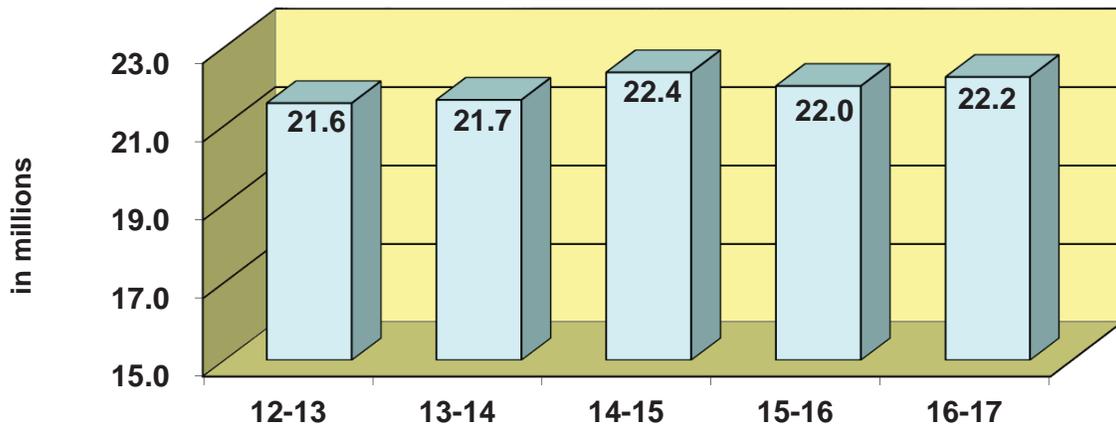


* Chart may not add to 100% due to rounding.

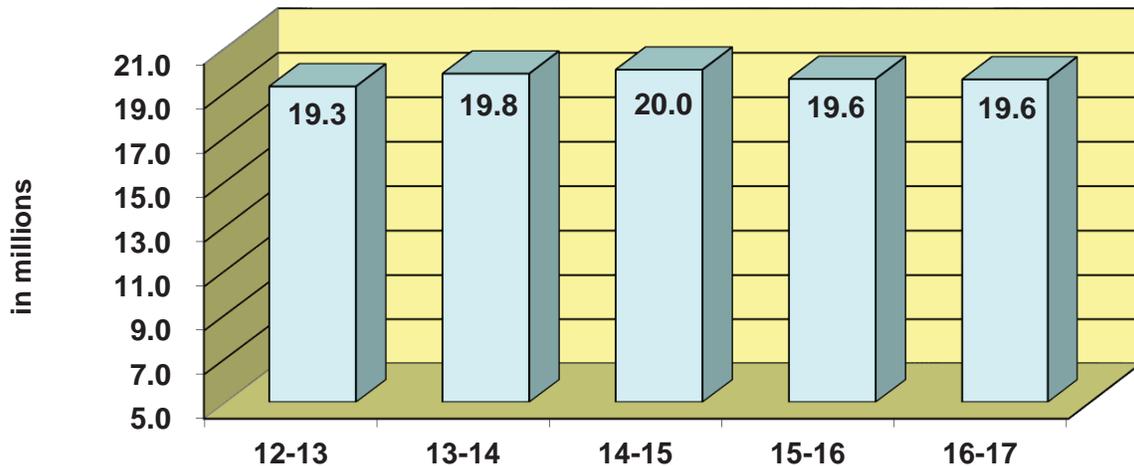
Nutrition Services Statistics

		12-13	13-14	14-15	15-16	16-17	FY17 Percent Change
Lunch	Paid	1,582,601	1,556,953	1,358,191	1,361,122	1,337,968	-1.7%
	Reduced	1,290,136	1,322,648	587,324	503,933	456,505	-9.4%
	Free	18,696,741	18,775,020	20,409,396	20,142,057	20,443,181	1.5%
	Total	21,569,478	21,654,621	22,354,911	22,007,112	22,237,654	1.0%
Breakfast	Paid	2,217,779	2,187,330	1,679,881	1,665,751	1,543,563	-7.3%
	Reduced	1,286,710	1,363,671	546,910	467,135	408,637	-12.5%
	Free	15,748,967	16,278,928	17,781,061	17,456,196	17,619,126	0.9%
	Total	19,253,456	19,829,929	20,007,852	19,589,082	19,571,326	-0.1%

Total Lunches Served 2013-2017



Total Breakfasts Served 2013-2017



HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS - THE MARKETPLACE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES					
Food sales	424,008	755,925	598,726	569,122	1,130,270
Miscellaneous local sources	5,036	364,103	513,465	668,317	-
Total revenues	429,044	1,120,028	1,112,191	1,237,439	1,130,270
OPERATING EXPENSES					
Payroll costs	210,285	339,150	336,405	294,215	361,264
Purchased and contracted services	305	50	90	-	-
Supplies and materials	276,365	655,813	810,874	775,276	709,508
Other operating expenses	13,531	12,268	16,211	18,647	30,769
Total operating expenses	500,486	1,007,281	1,163,580	1,088,138	1,101,541
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	123	30	134	87	-
Total nonoperating revenue	123	30	134	87	-
Transfers in	-	-	-	-	-
Change in net assets	(71,319)	112,777	(51,255)	149,388	28,729
Total net assets, beginning	96,591	25,272	138,049	86,794	236,182
Total net assets, ending	25,272	138,049	86,794	236,182	264,911

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - MEDICAID
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS**

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services:					
Consulting services	2,746,689	3,345,480	2,366,643	3,212,201	2,924,065
Total operating revenues	<u>2,746,689</u>	<u>3,345,480</u>	<u>2,366,643</u>	<u>3,212,201</u>	<u>2,924,065</u>
OPERATING EXPENSES:					
Payroll costs	2,194,491	2,510,528	2,562,468	2,159,002	3,051,824
Purchased and contracted services	1,310,048	1,207,901	3,740,086	3,722,222	3,659,828
Supplies and materials	146,602	237,101	272,403	197,428	266,500
Other operating expenses	288,702	283,192	354,946	473,101	772,890
Depreciation	37,888	48,807	62,391	78,963	223,046
Total operating expenses	<u>3,977,731</u>	<u>4,287,529</u>	<u>6,992,294</u>	<u>6,630,716</u>	<u>7,974,088</u>
Operating income (loss)	<u>(1,231,042)</u>	<u>(942,049)</u>	<u>(4,625,651)</u>	<u>(3,418,515)</u>	<u>(5,050,023)</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	45,965	40,839	104,915	177,177	-
Grants from federal agencies:					
School health services (SHARS)	28,160,897	27,164,887	26,915,256	27,444,421	27,788,618
Total nonoperating revenue	<u>28,206,862</u>	<u>27,205,726</u>	<u>27,020,171</u>	<u>27,621,598</u>	<u>27,788,618</u>
Income (loss) before transfers	26,975,820	26,263,677	22,394,520	24,203,083	22,738,595
Transfers out	<u>(20,860,550)</u>	<u>(30,000,000)</u>	<u>(30,000,000)</u>	<u>(30,000,000)</u>	<u>(30,000,000)</u>
Change in net assets	6,115,270	(3,736,323)	(7,605,480)	(5,796,917)	(7,261,405)
Total net assets, beginning	37,303,081	43,418,351	39,682,028	32,076,548	26,279,631
Total net assets, ending	<u>43,418,351</u>	<u>39,682,028</u>	<u>32,076,548</u>	<u>26,279,631</u>	<u>19,018,226</u>

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUSINESS DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2013-2014 Actual	2014-2015 Actual	2015-2016 Actual	2016-2017 Projected	2017-2018 Budget
OPERATING REVENUES:					
Charges for sales and services:					
Consulting services	5,656,010	4,944,367	5,047,196	5,616,323	5,178,979
Miscellaneous	-	-	-	13,975	-
Total operating revenues	<u>5,656,010</u>	<u>4,944,367</u>	<u>5,047,196</u>	<u>5,630,298</u>	<u>5,178,979</u>
OPERATING EXPENSES:					
Payroll costs	-	-	-	-	-
Purchased and contracted services	4,572,709	4,489,222	4,576,260	4,720,556	4,662,712
Supplies and materials	55	-	-	-	600
Other operating expenses	3,415	1,400	-	-	6,500
Total operating expenses	<u>4,576,179</u>	<u>4,490,622</u>	<u>4,576,260</u>	<u>4,720,556</u>	<u>4,669,812</u>
Operating income (loss)	<u>1,079,831</u>	<u>453,745</u>	<u>470,936</u>	<u>909,742</u>	<u>509,167</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	2,053	885	1,566	21,255	2,297
Total nonoperating revenue	<u>2,053</u>	<u>885</u>	<u>1,566</u>	<u>21,255</u>	<u>2,297</u>
Income before transfers	1,081,884	454,630	472,502	930,997	511,464
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>
Change in net assets	681,884	54,630	72,502	530,997	111,464
Total net assets, beginning	482,767	1,164,651	1,219,281	1,291,783	1,822,780
Total net assets, ending	<u>1,164,651</u>	<u>1,219,281</u>	<u>1,291,783</u>	<u>1,822,780</u>	<u>1,934,244</u>



Three Year Projection Summary

Houston Independent School District

The 2017-2018 Adopted Budget **Four Enterprise Funds -**

- **Nutrition Services**
- **The Marketplace**
- **Medicaid**
- **Business Development**

They are presented on the following page along with three years of budget projections. Budget forecasting is one of the various tools used in the budget development process annually. Budget projection assumptions are included to identify projected revenue and other resources, expenditure demands, and changes in net assets for the upcoming years. The figures are meant for planning purposes only and are subject to change.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ENTERPRISE FUNDS
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2018 THROUGH JUNE 30, 2021**

	2017-2018 Budget	2018-2019 Projection	2019-2020 Projection	2020-2021 Projection
OPERATING REVENUES:				
Charges for sales and services:				
Sales to customers	9,213,400	9,305,534	9,398,589	9,492,575
Consulting services	8,103,044	8,184,074	8,265,915	8,348,574
Miscellaneous	60,000	60,600	61,206	61,818
Total operating revenues	<u>17,376,444</u>	<u>17,550,208</u>	<u>17,725,711</u>	<u>17,902,968</u>
OPERATING EXPENSES:				
Payroll costs	55,086,794	55,637,662	56,194,039	56,755,979
Purchased and contracted services	13,413,195	13,547,327	13,682,800	13,819,628
Supplies and materials	65,214,746	65,866,893	66,525,562	67,190,818
Other operating expenses	6,262,775	6,325,403	6,388,657	6,452,543
Claims and judgements	-	-	-	-
Depreciation	1,208,957	1,221,047	1,233,257	1,245,590
Capital assets	-	-	-	-
Total operating expenses	<u>141,186,467</u>	<u>142,598,332</u>	<u>144,024,315</u>	<u>145,464,558</u>
Operating income (loss)	<u>(123,810,023)</u>	<u>(125,048,123)</u>	<u>(126,298,604)</u>	<u>(127,561,591)</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	61,097	61,708	62,325	62,948
Grants from federal agencies				
Child nutrition program	109,476,330	110,571,093	111,676,804	112,793,572
Child and Adult Care Program	-	-	-	-
Summer food program	2,620,699	2,646,906	2,673,375	2,700,109
Donated Commodities	7,393,880	7,467,819	7,542,497	7,617,922
School health services (SHARS)	27,788,618	28,066,504	28,347,169	28,630,641
Medicaid claim program (MACM)	-	-	-	-
Star health	-	-	-	-
Slate matching and other	594,688	590,535	596,440	602,405
Total nonoperating revenue	<u>147,925,312</u>	<u>149,404,565</u>	<u>150,898,611</u>	<u>152,407,597</u>
Income (loss) before transfers	24,115,289	24,356,442	24,600,006	24,846,006
Transfers out	<u>(30,400,000)</u>	<u>(30,704,000)</u>	<u>(31,011,040)</u>	<u>(31,321,150)</u>
Change in net assets	(6,284,711)	(6,347,558)	(6,411,034)	(6,475,144)
Total net assets, beginning	38,840,569	32,555,858	26,208,300	19,797,266
Total net assets, ending	<u>32,555,858</u>	<u>26,208,300</u>	<u>19,797,266</u>	<u>13,322,122</u>

Budget Projection Assumption

- The state of Texas has projected growth of 1.8% in the education and health services industry. Accordingly, HISD is projecting a 1% growth rate in revenue and expenses.