



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

## **Fiscal Year Ended August 31, 2023**

Denotes Required Information Pursuant to Local Government Code, Section 140.008

**This report was posted on the District's website on February 9, 2024.**



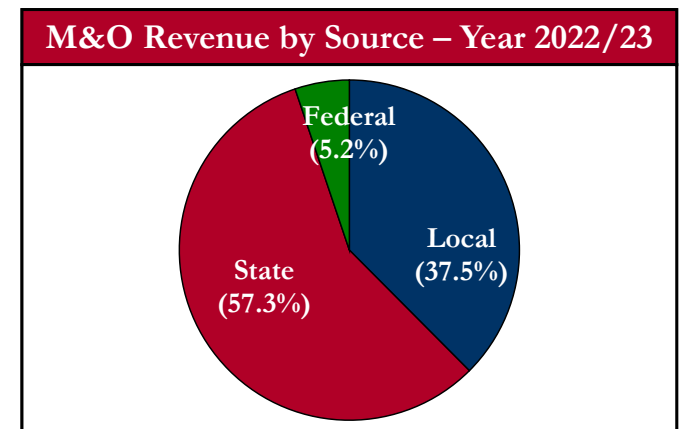
## ☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Pasadena Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
  - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to Subchapter D, Chapter 39 of the Texas Education Code, the State annually deploys a financial accountability rating system to distinguish the level of a school district’s financial performance based upon certain uniform criteria.
    - ✓ Based on data for year 2021/22, the District was assigned a 2022/23 FIRST Rating of “**A=Superior Achievement**” and the District’s score was 94 out of a possible 100 points.
  - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as Moody’s Investors Service and S&P Global Ratings that evaluate the District’s financial strength and its ability to pay its existing bonds.
    - ✓ **Moody’s Investors Service:** Assigns a “Aa2” credit rating to the District, defined as “Judged to be of high quality and are subject to very low credit risk.”
    - ✓ **S&P Global Ratings:** Assigns a “AA” credit rating to the District, defined as “Having a very strong capacity to meet its financial commitments. It differs from the highest-rating only to a small degree.”



# Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Pasadena ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, the Texas Education Code determines the District’s ability to generate local tax revenues for maintenance & operation purposes and for the repayment of voter-approved bonds. In this regard, the District annually sets two (2) separate tax rates that are levied upon its certified taxable value that is independently determined by the Harris County Appraisal District:
- **Maintenance & Operations (“M&O”) Tax Rate:** To provide funds for the “day to day” operational expenses of the District, including instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, utilities, facility infrastructure/maintenance, etc.
- ✓ The District’s annual funds for maintenance & operation purposes primarily consist of a combination of State funding and local M&O taxes. In general, the dollar amount of each component is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. For year 2022/23, the District’s sources for M&O revenues are summarized to the right.
- ✓ Beginning in year 2019/20, the District’s M&O tax rate is subject to compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.





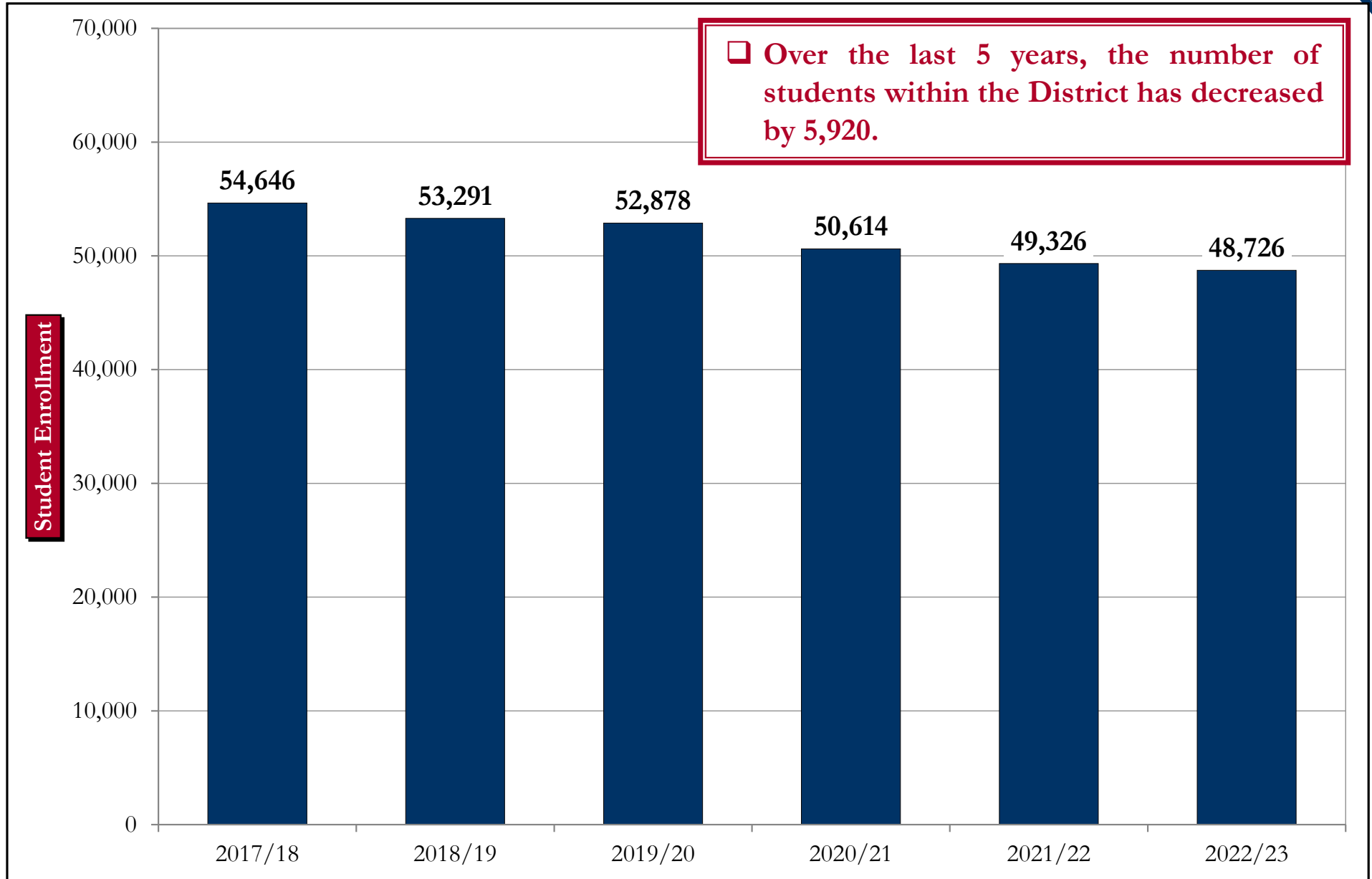
## ☑ Overview of State Funding System

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

District’s Historical Bond Elections Approved By Voters			
Election Date	Purpose	Election Amount	Dollar Amount Remaining To Be Issued - As of August 31, 2023
February 12, 2000	School Building	\$199,050,000	\$0
November 2, 2004	School Building	\$299,880,000	\$0
November 8, 2011	School Building	\$270,100,000	\$0
November 4, 2014	School Building & Technology	\$175,550,000	\$0
November 7, 2017	School Building	\$135,000,000	\$0
May 7, 2022	School Building	\$281,269,000	\$0
May 7, 2022	Technology	\$14,921,000	\$0
May 7, 2022	Athletic Improvements	\$8,810,000	\$0
<b>Total Dollar Amount Of Authorized But Unissued Bonds:</b>			<b>\$0</b>

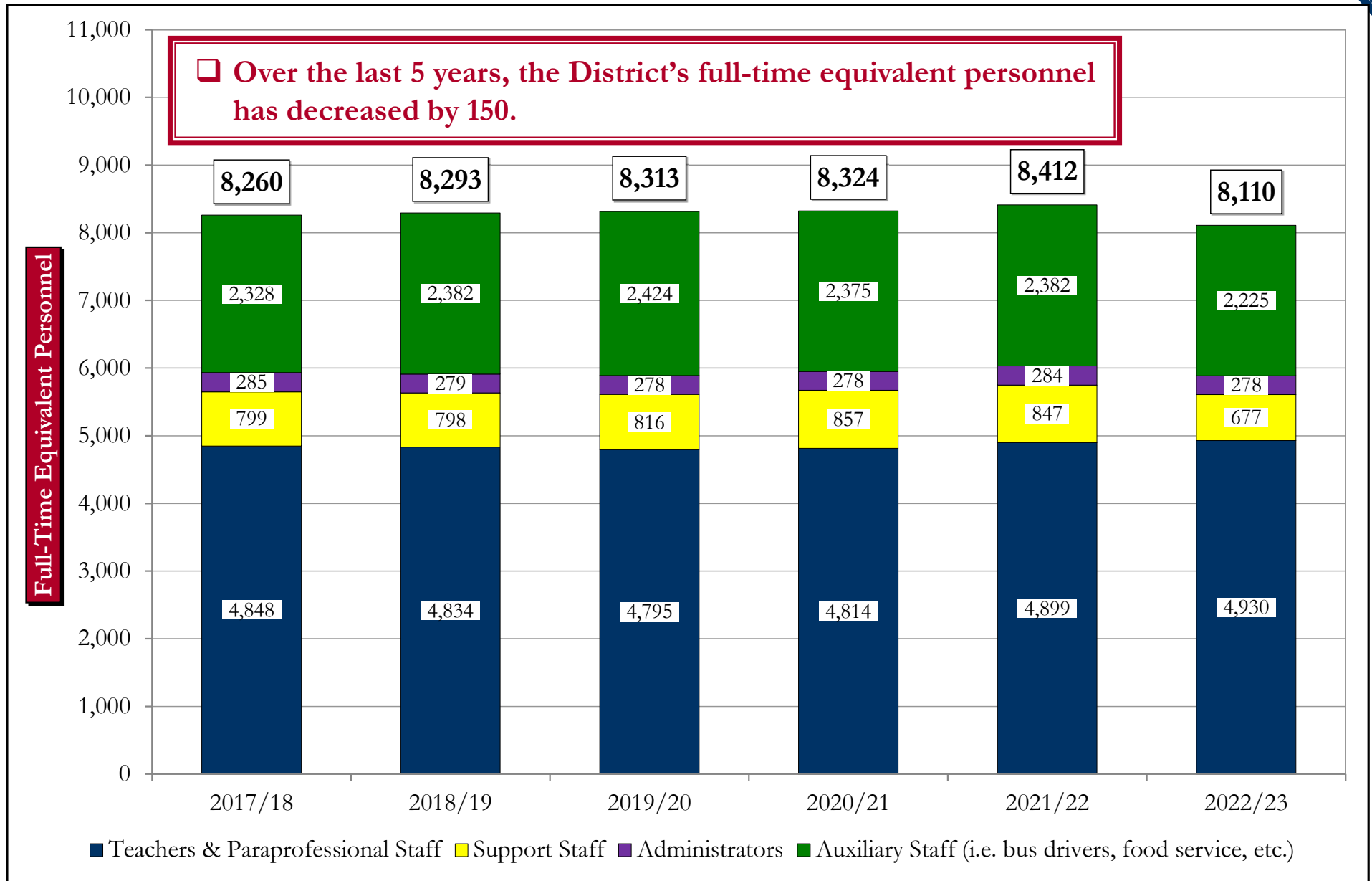


# Historical Student Enrollment



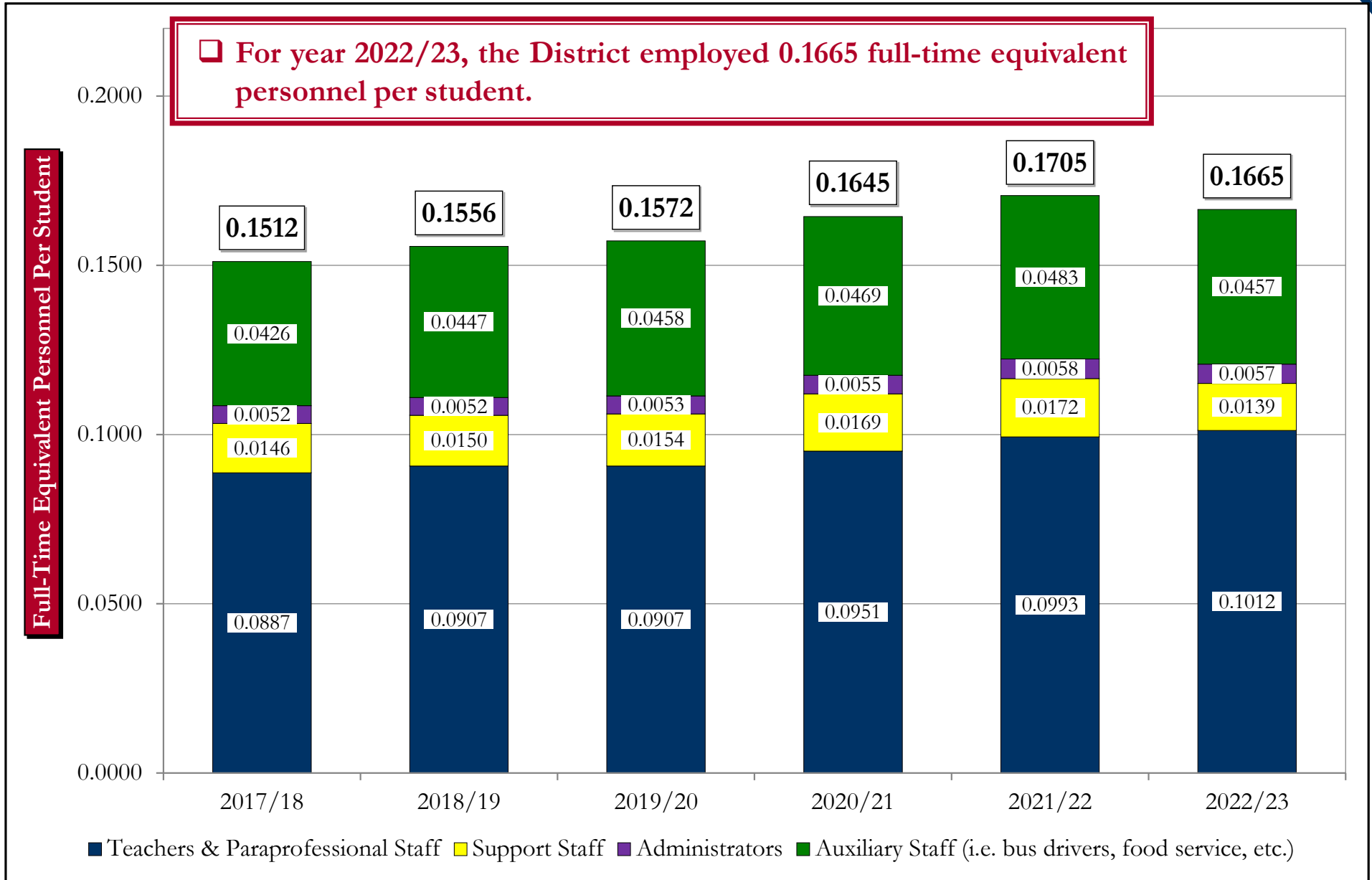


# Full-Time Equivalent Personnel



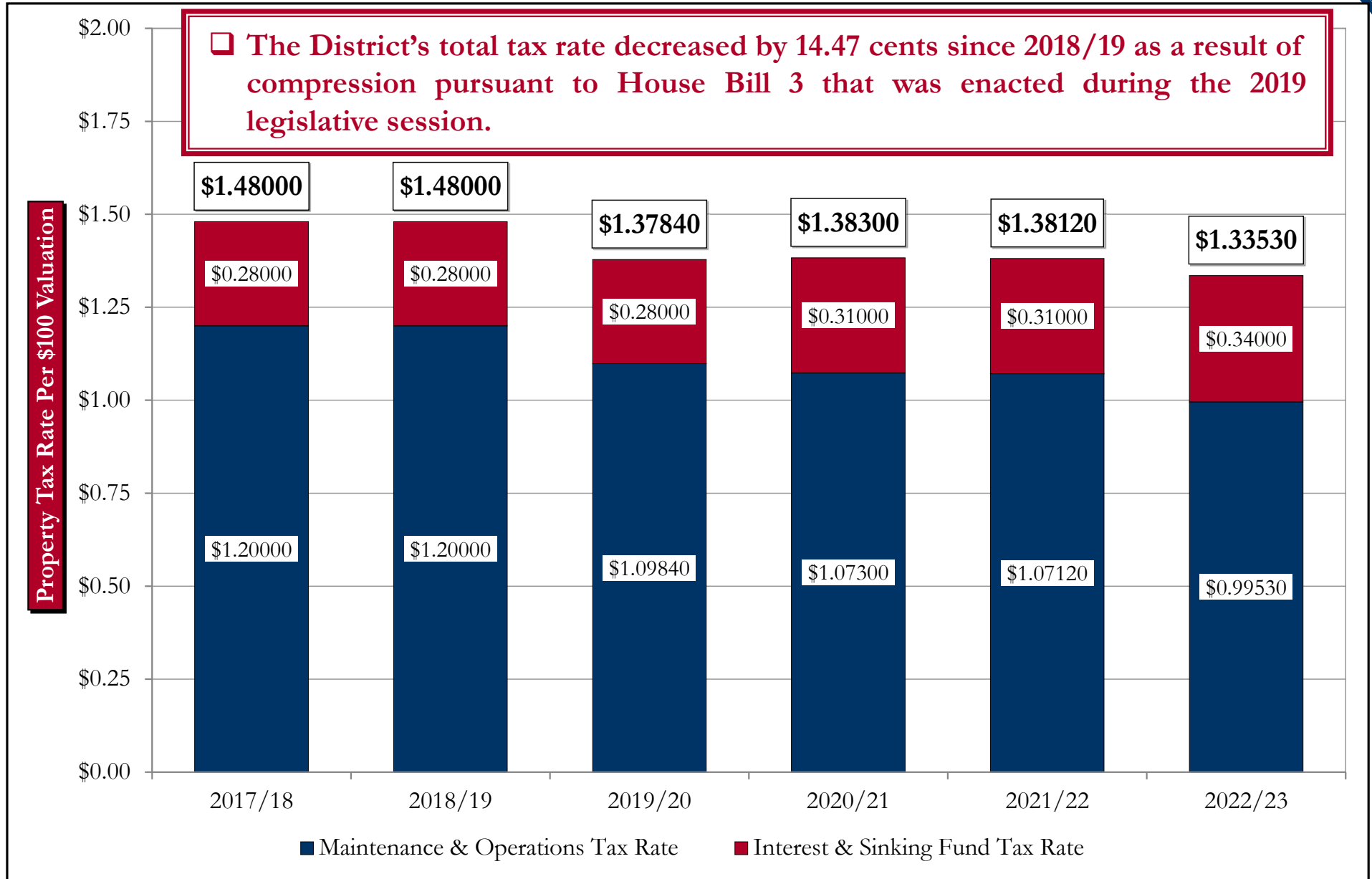


# Full-Time Equivalent Personnel Per Student





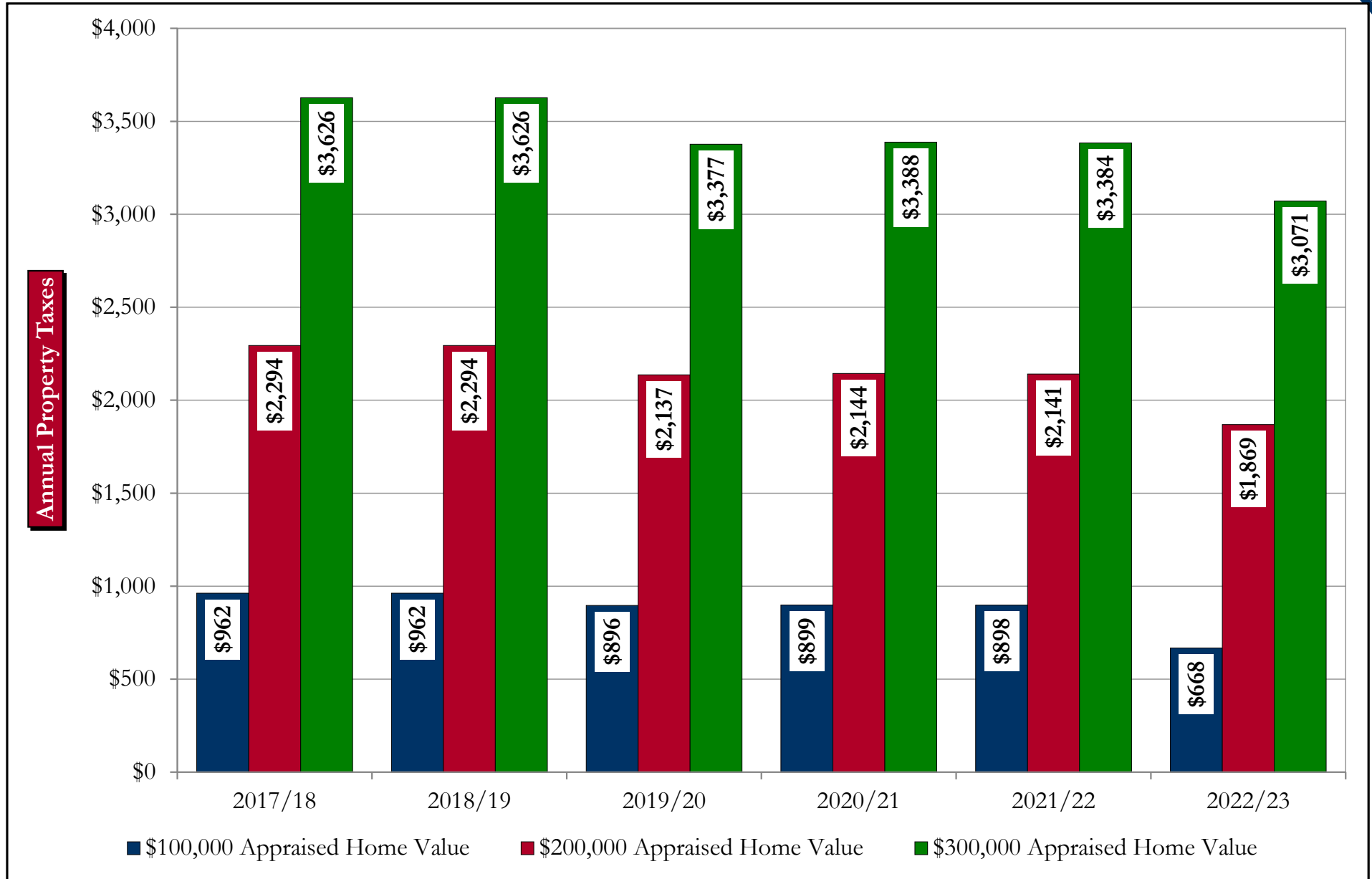
# Historical Tax Rates







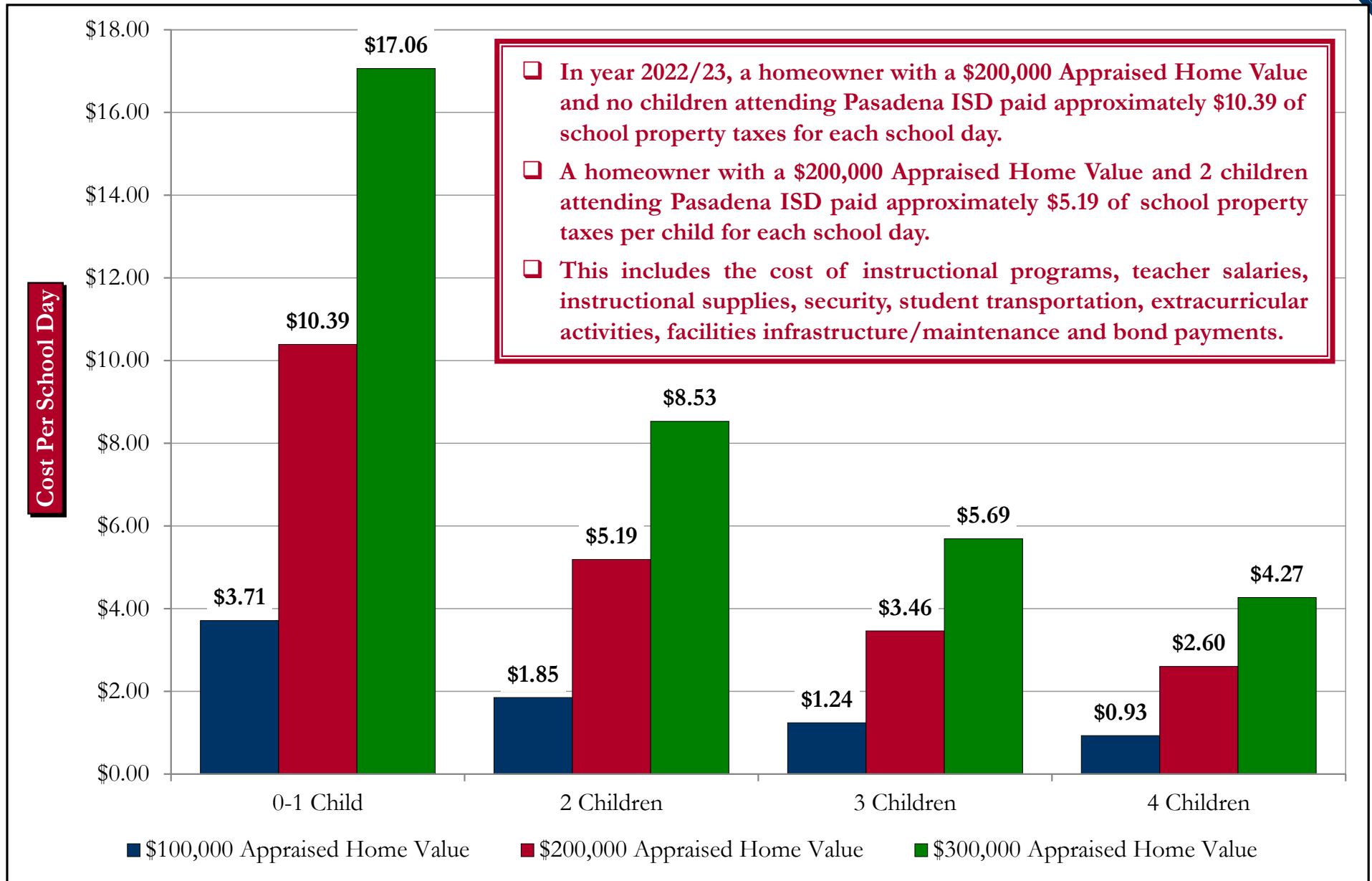
# Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



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



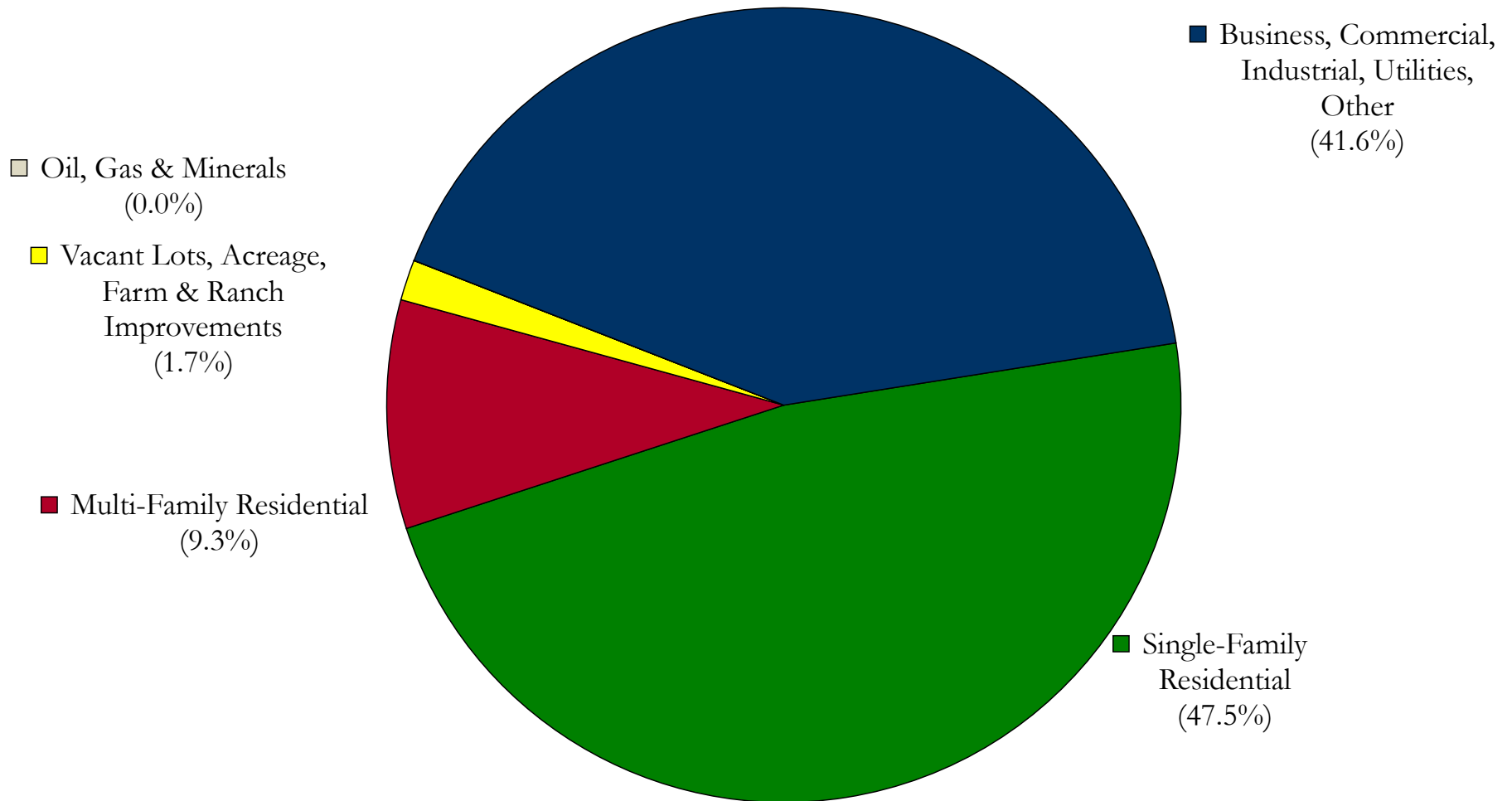
# Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2022/23





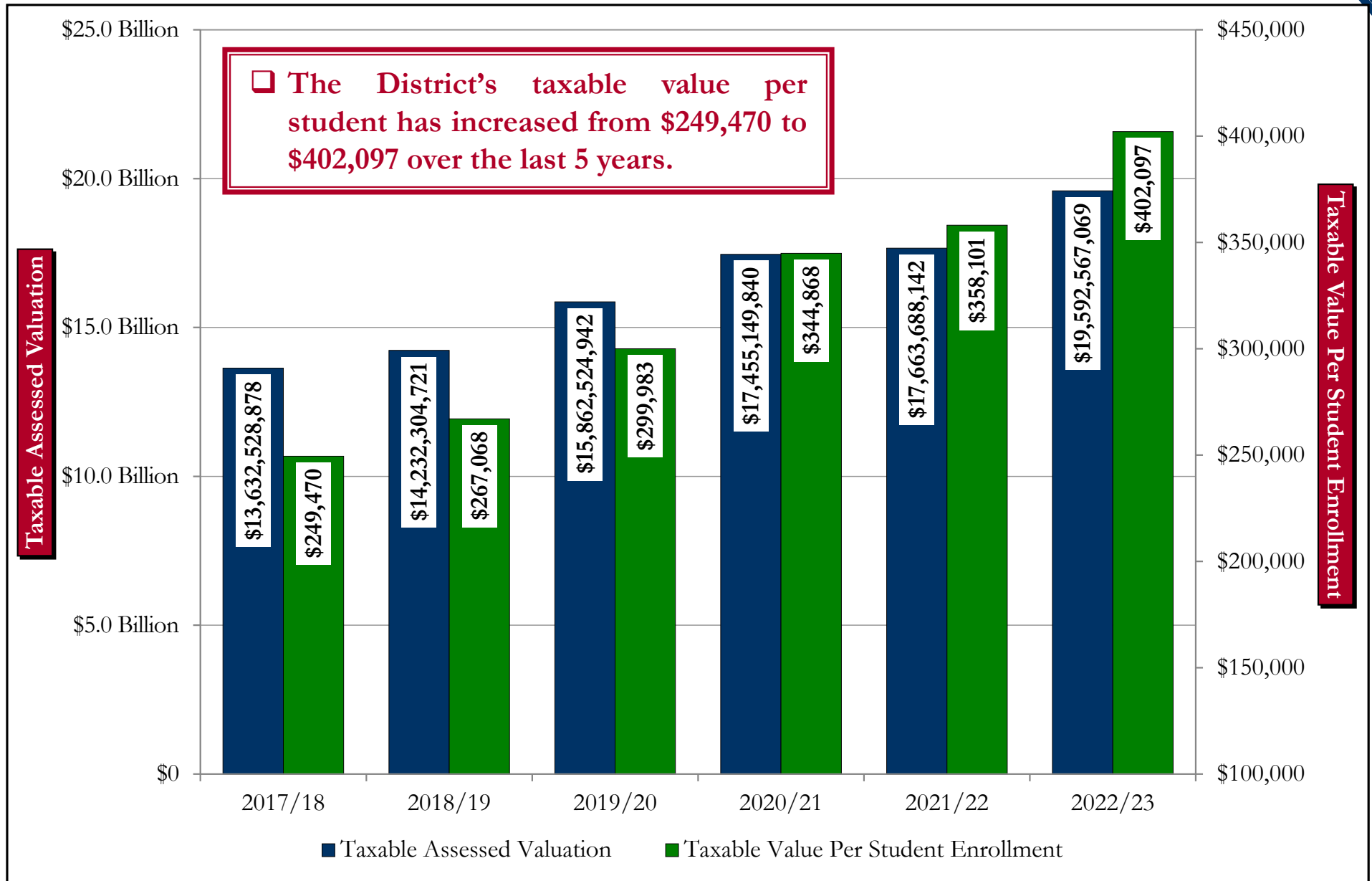
# Composition of Total Assessed Valuation – Year 2022/23

For year 2022/23, Single-Family Residential properties comprised 47.5% of the District's total assessed valuation and other property categories comprised 52.5%.





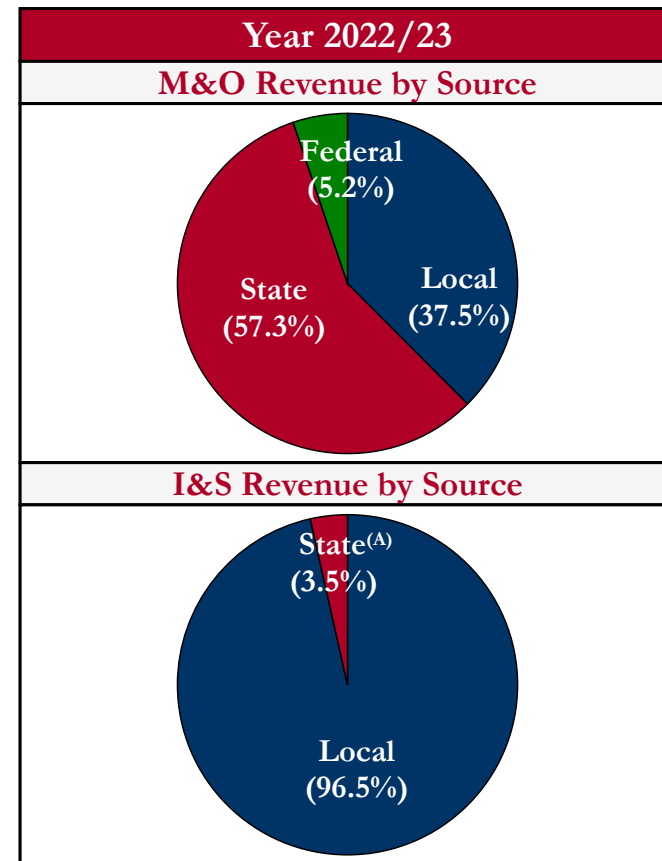
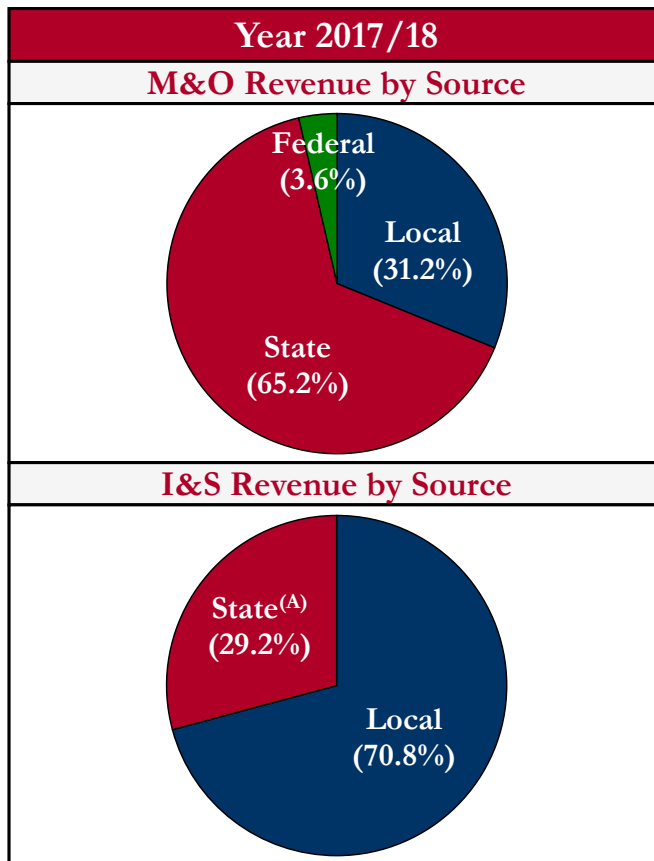
# Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





# General Fund and Debt Service Fund – Revenue By Source

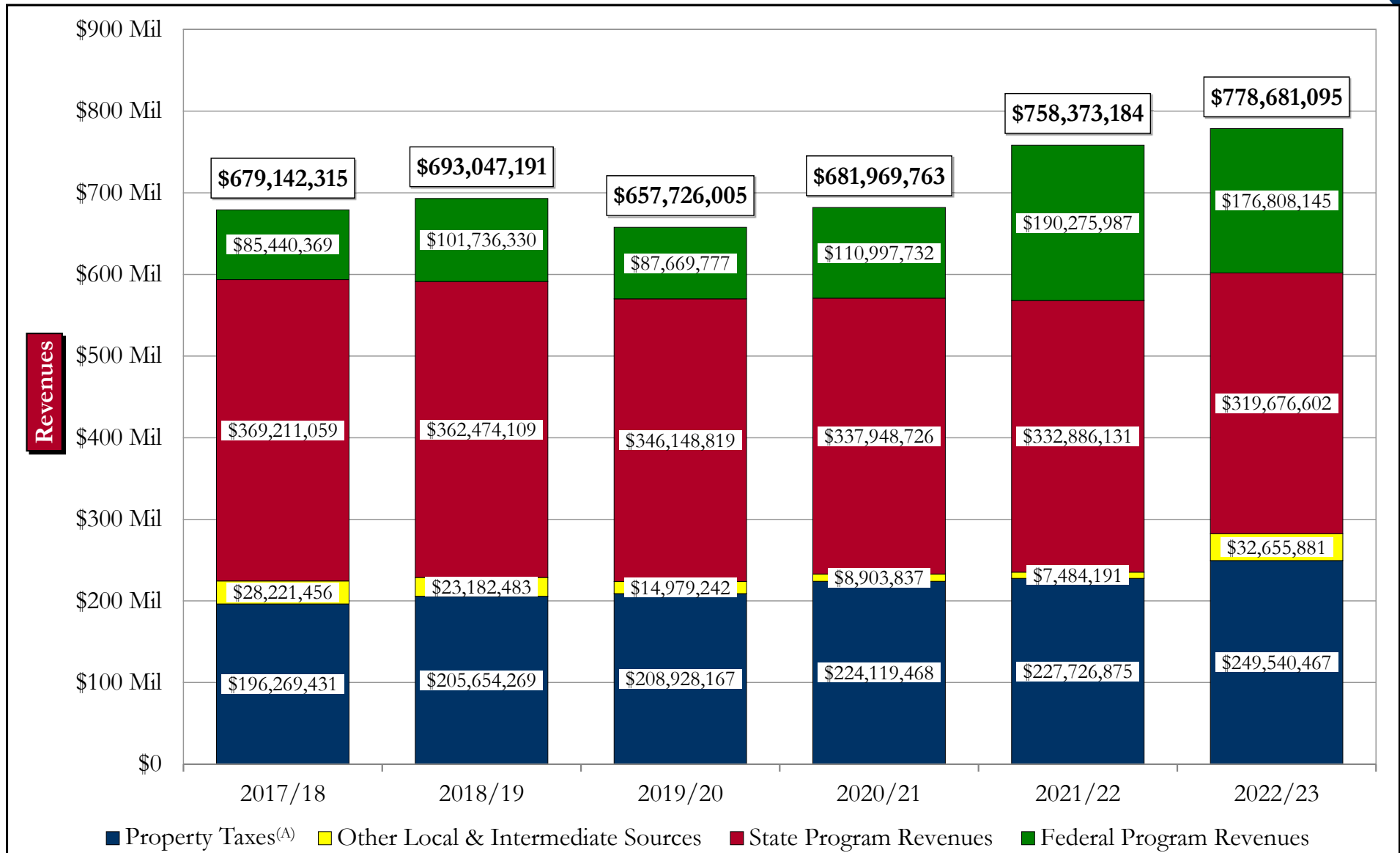
- Given the State funding system is structured to provide the District with an “equalized” dollar amount per student, the increase of the District’s taxable value per student has reduced the percentage of M&O revenues received from the State from 65.2% to 57.3% over the last 5 years.



<sup>(A)</sup> Includes payments from State received for lost tax revenues resulting from increases of residential homestead exemption.



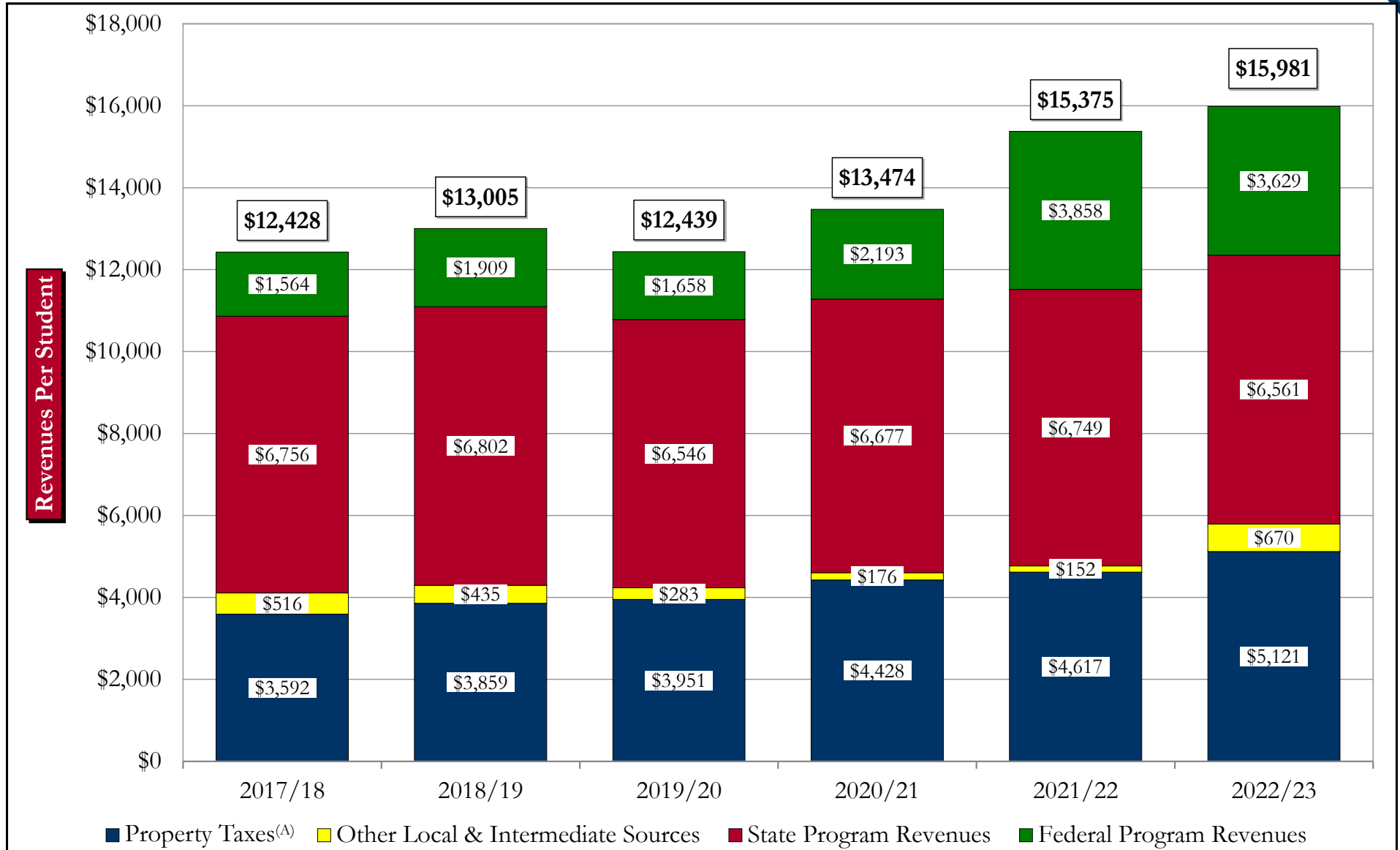
# Total Revenues (All Governmental Funds\*) By Source



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



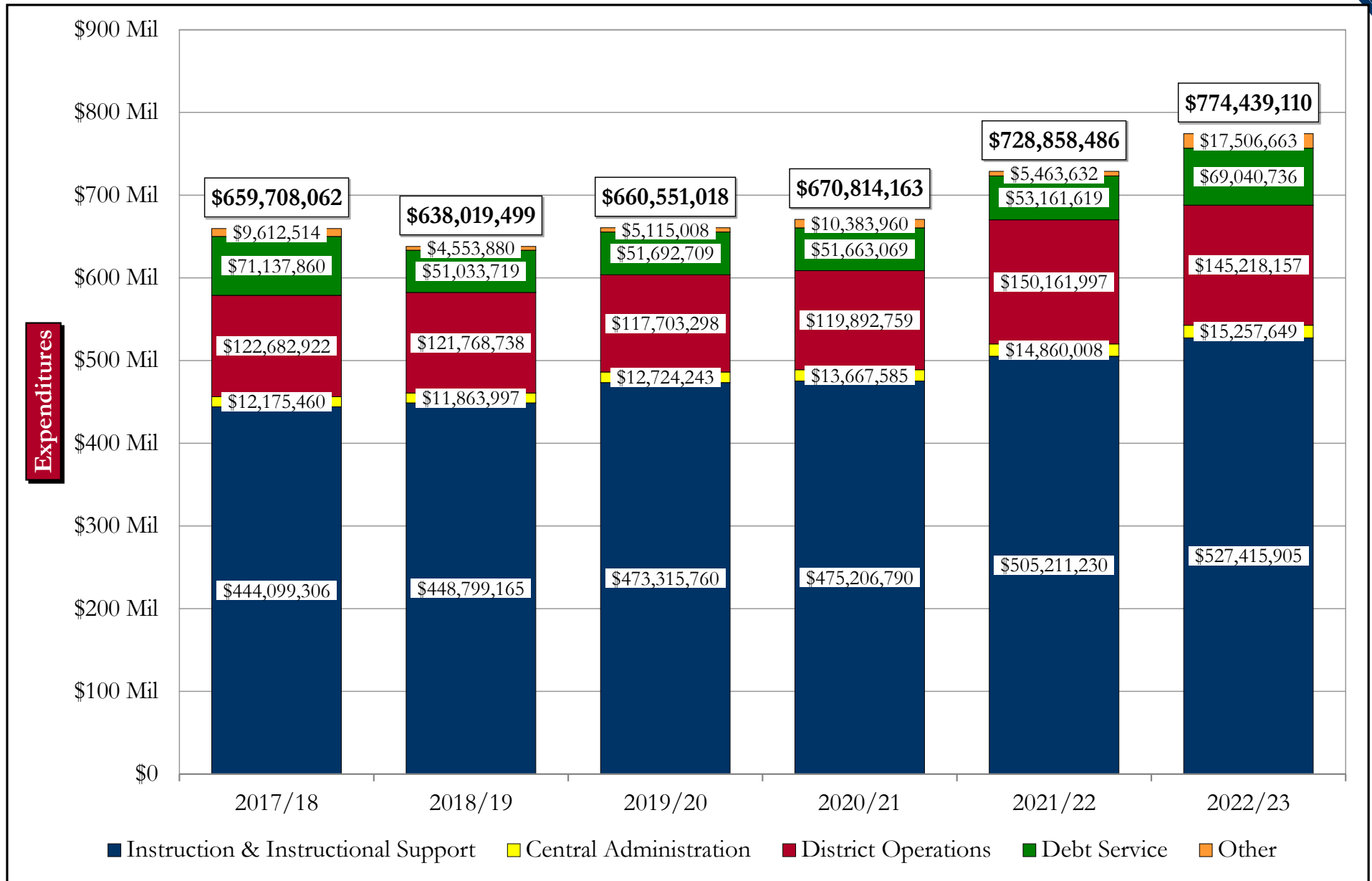
# Total Revenues (All Governmental Funds\*) Per Student



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



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

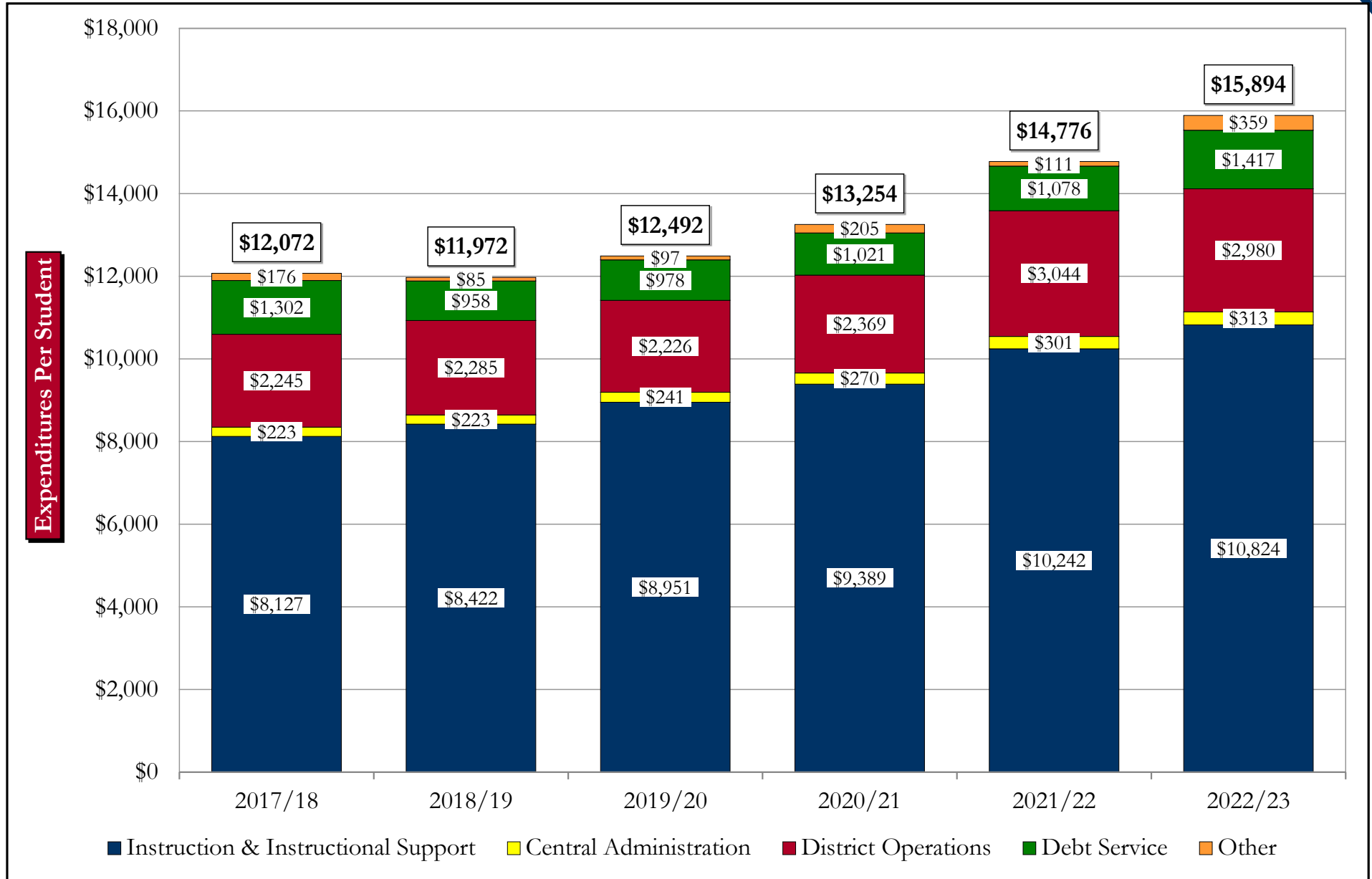


\*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.





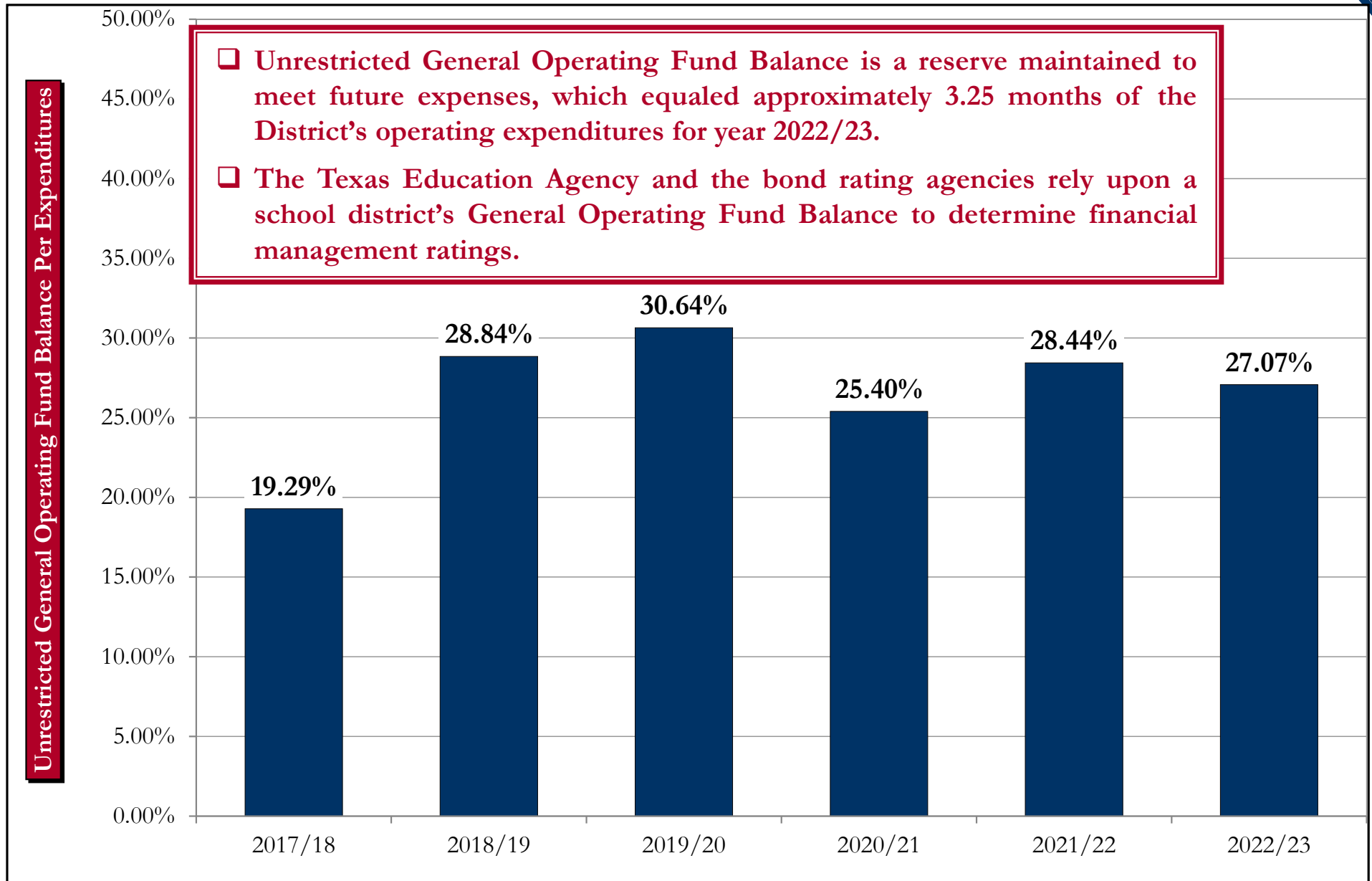
# Total Expenditures (All Governmental Funds\*) Per Student



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

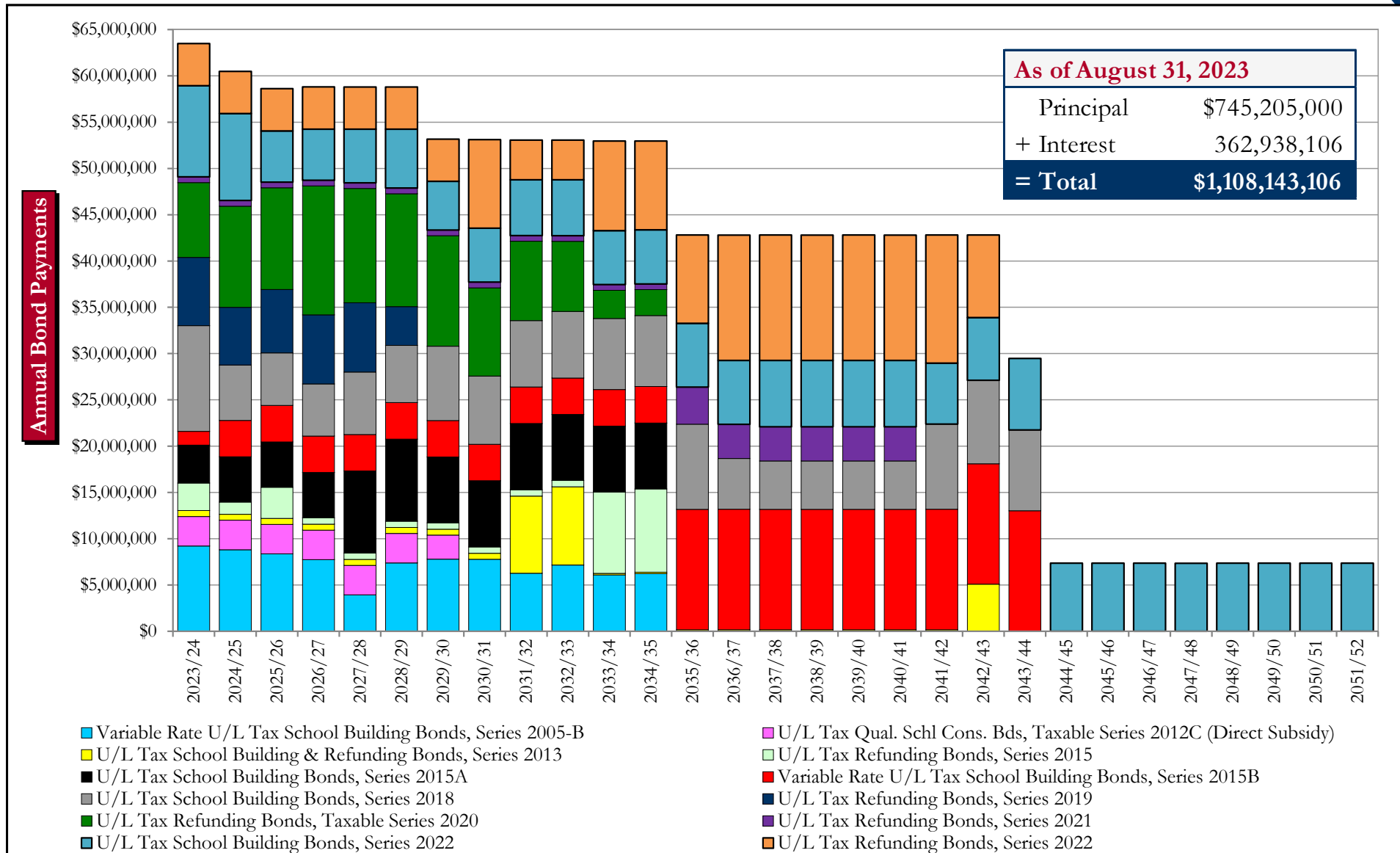


# Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





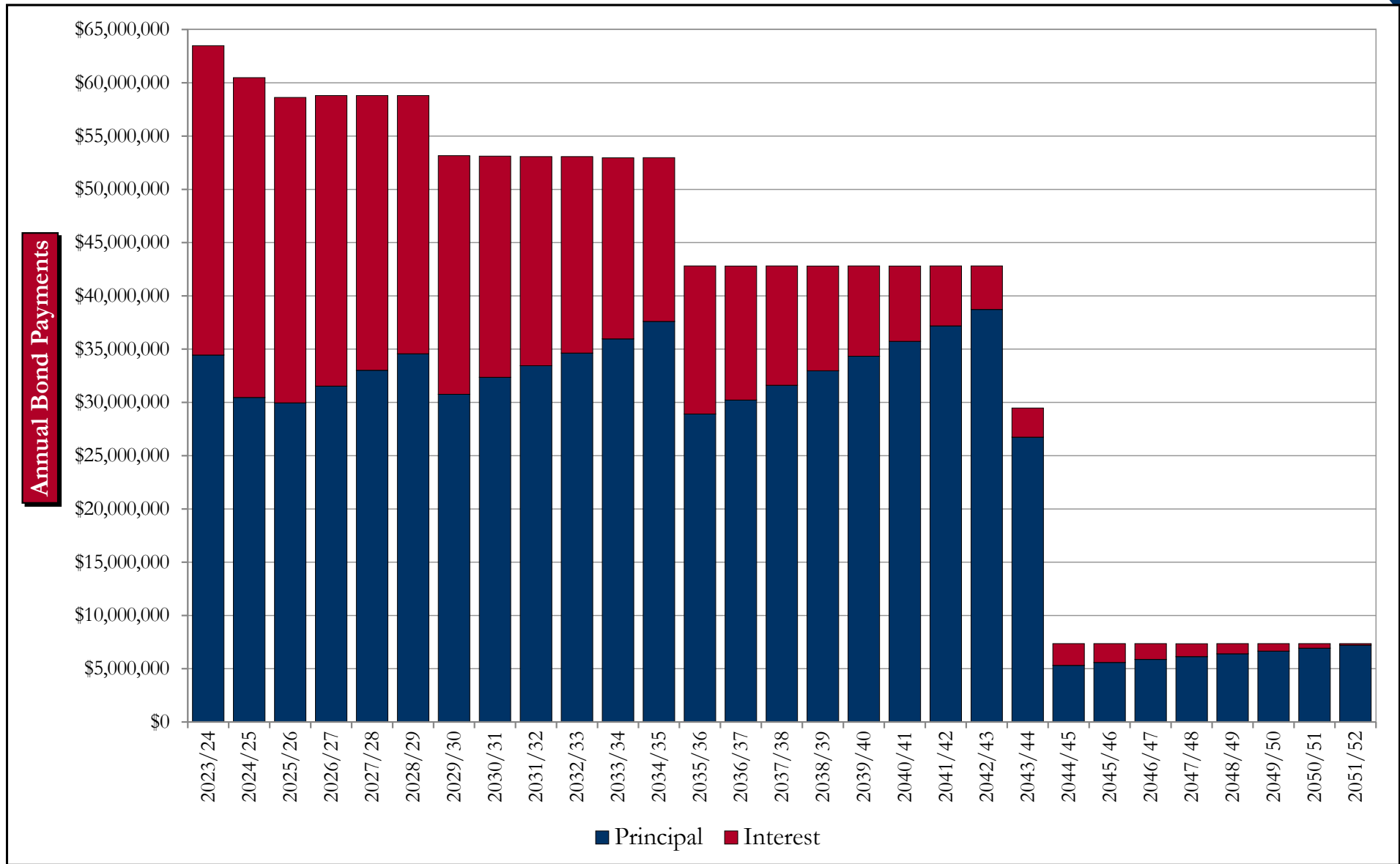
# ✓ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



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



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



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



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

- ❑ Pasadena ISD has implemented 10 refunding and 2 prepayment programs to reduce the cost of voter-approved bonds – which have generated more than \$87.587 million of savings for District taxpayers since 2012.

Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds			
Issue / Description	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2012B	2005	\$ 13,425,000	\$ 1,002,093
Unlimited Tax Refunding Bonds, Series 2012D	2000-A	35,600,000	9,135,925
Unlimited Tax School Building & Refunding Bonds, Series 2013	2006	76,720,000	9,352,551
Unlimited Tax Refunding Bonds, Series 2014-B	2005	2,380,000	227,244
Unlimited Tax Refunding Bonds, Series 2014-A	2005-A	4,630,000	321,744
Unlimited Tax Refunding Bonds, Series 2015	2006, 2007	53,720,000	6,426,328
Prepayment of Bonds - Cash Defeasance (February 2016)	2006	9,045,000	8,586,250
Prepayment of Bonds - Cash Defeasance (February 2018)	2008	21,135,000	2,224,850
Unlimited Tax Refunding Bonds, Series 2019	2010	50,895,000	9,095,650
Unlimited Tax Refunding Bonds, Taxable Series 2020	2012A, 2012D, 2013	110,865,000	17,814,614
Unlimited Tax Refunding Bonds, Series 2021	2012A	22,635,000	9,632,250
Unlimited Tax Refunding Bonds, Series 2022	2013	10,413,000	13,768,407
<b>Totals</b>	---	<b>\$ 411,463,000</b>	<b>\$ 87,587,906</b>

- ✓ Additionally, on November 28, 2023, the District issued \$39,535,000 Unlimited Tax Refunding Bonds, Series 2023A and \$65,815,000 Unlimited Tax Refunding Bonds, Series 2023B to refund \$109,995,000 in principal amount of the outstanding Unlimited Tax School Building Bonds, Series 2015A and Variable Rate Unlimited Tax School Building Bonds, Series 2005-B and, as a result, generated \$6,286,750 in interest cost savings.

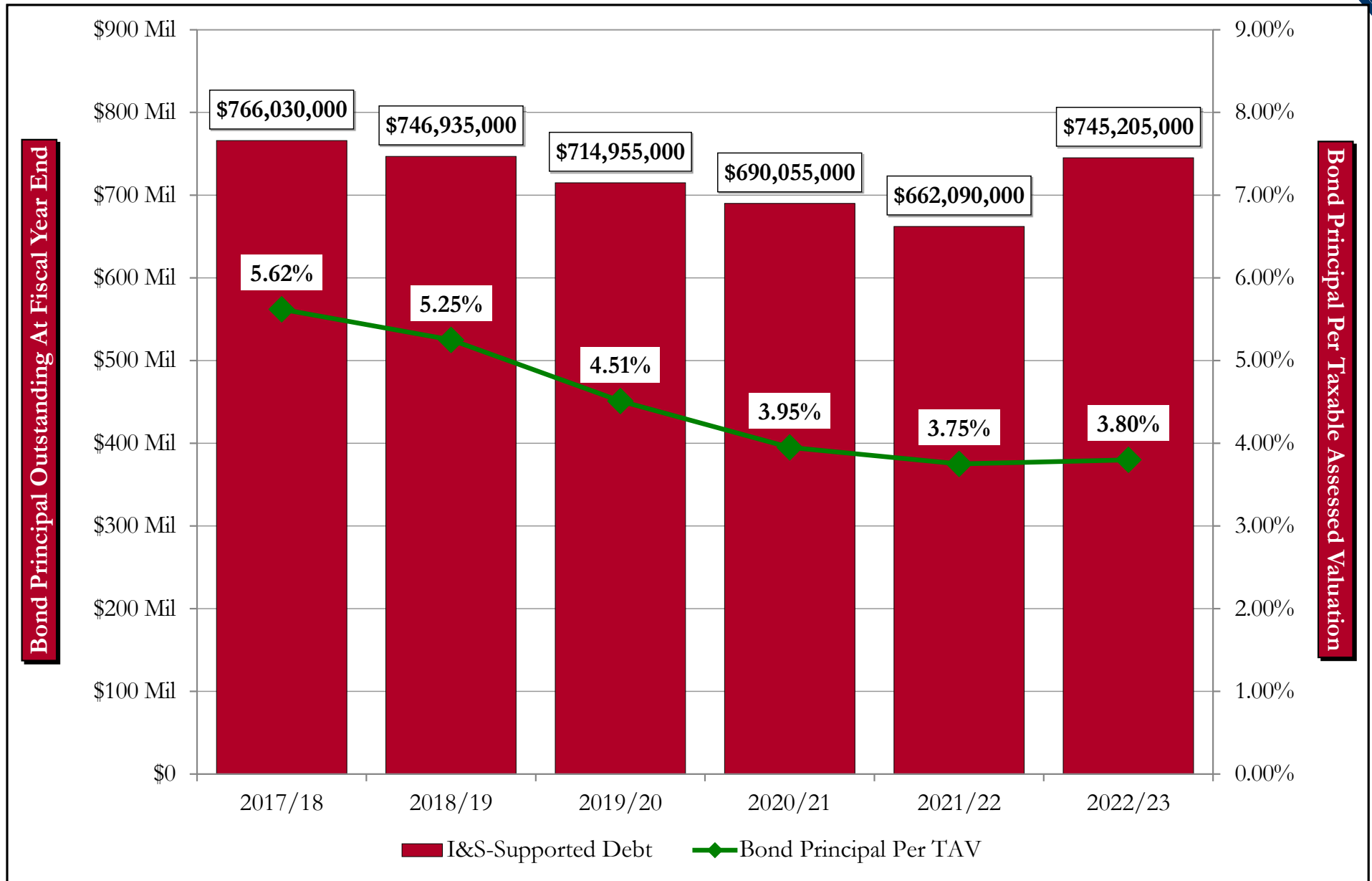


# Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended August 31, 2023

No.	Issue Description	Purpose	Original Principal Amount	Outstanding Principal	Total Outstanding Debt Service	Outstanding Principal Per Capita	Outstanding Debt Service Per Capita	Final Maturity Date	Total Proceeds Received	Spent Proceeds	Unspent Proceeds
1	Variable Rate Unlimited Tax School Building Bonds, Series 2005-B	Capital Improvements	\$80,000,000.00	\$76,165,000.00	\$97,460,992.70	\$287.94	\$368.45	02/01/2035	\$79,878,000.00	\$79,878,000.00	\$0.00
3	Unlimited Tax Qualified School Construction Bonds, Taxable Series 2012C	Capital Improvements	\$29,050,000.00	\$16,000,000.00	\$24,908,908.75	\$60.49	\$94.17	02/15/2030	\$28,864,907.67	\$28,864,907.67	\$0.00
4	Unlimited Tax School Building & Refunding Bonds, Series 2013	Capital Improvements & Refunding for	\$226,360,000.00	\$125,940,000.00	\$218,277,600.00	\$476.12	\$825.21	02/15/2043	\$260,659,004.55	\$260,659,004.55	\$0.00
5	Unlimited Tax Refunding Bonds, Series 2015	Refunding for Savings	\$50,920,000.00	\$25,200,000.00	\$34,090,500.00	\$95.27	\$128.88	02/15/2035	\$57,074,725.30	\$57,074,725.30	\$0.00
6	Unlimited Tax School Building Bonds, Series 2015A	Capital Improvements	\$61,060,000.00	\$59,240,000.00	\$82,137,300.00	\$223.96	\$310.52	02/15/2035	\$70,764,063.75	\$70,764,063.75	\$0.00
7	Variable Rate Unlimited Tax School Building Bonds, Series 2015B	Capital Improvements	\$98,375,000.00	\$98,375,000.00	\$163,366,150.00	\$371.91	\$617.61	02/15/2044	\$105,335,838.90	\$105,335,838.90	\$0.00
8	Unlimited Tax School Building Bonds, Series 2018	Capital Improvements	\$120,095,000.00	\$100,120,000.00	\$156,623,400.00	\$378.51	\$592.12	02/15/2044	\$135,351,611.00	\$121,045,272.19	\$14,306,338.81
9	Unlimited Tax Refunding Bonds, Series 2019	Refunding for Savings	\$43,000,000.00	\$39,540,000.00	\$46,533,750.00	\$149.48	\$175.92	02/15/2029	\$51,251,519.00	\$51,251,519.00	\$0.00
10	Unlimited Tax Refunding Bonds, Taxable Series 2020	Refunding for Savings	\$108,635,000.00	\$100,950,000.00	\$119,629,704.54	\$381.64	\$452.26	02/15/2035	\$121,994,929.80	\$121,994,929.80	\$0.00
11	Unlimited Tax Refunding Bonds, Series 2021	Refunding for Savings	\$20,560,000.00	\$20,560,000.00	\$30,459,400.00	\$77.73	\$115.15	02/15/2041	\$22,632,887.70	\$22,632,887.70	\$0.00
12	Unlimited Tax School Building Bonds, Series 2022	Capital Improvements	\$116,900,000.00	\$111,290,000.00	\$199,621,100.00	\$420.74	\$754.67	02/15/2052	\$125,346,148.50	\$33,017,396.31	\$92,328,752.19
13	Unlimited Tax Refunding Bonds, Series 2022	Refunding for Savings	\$101,230,000.00	\$101,230,000.00	\$169,388,593.75	\$382.70	\$640.38	02/15/2043	\$104,289,947.05	\$104,289,947.05	\$0.00

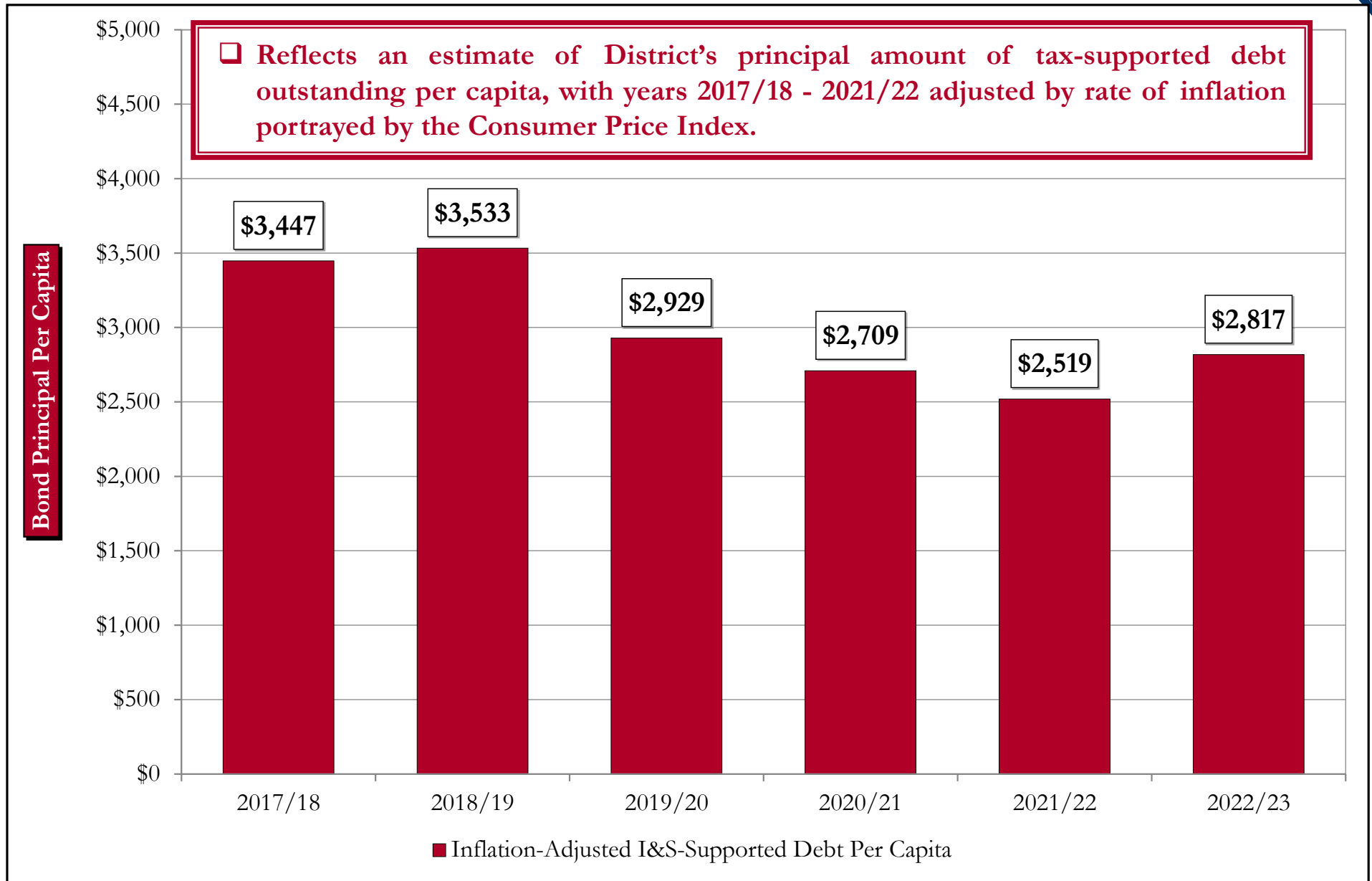


# Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation





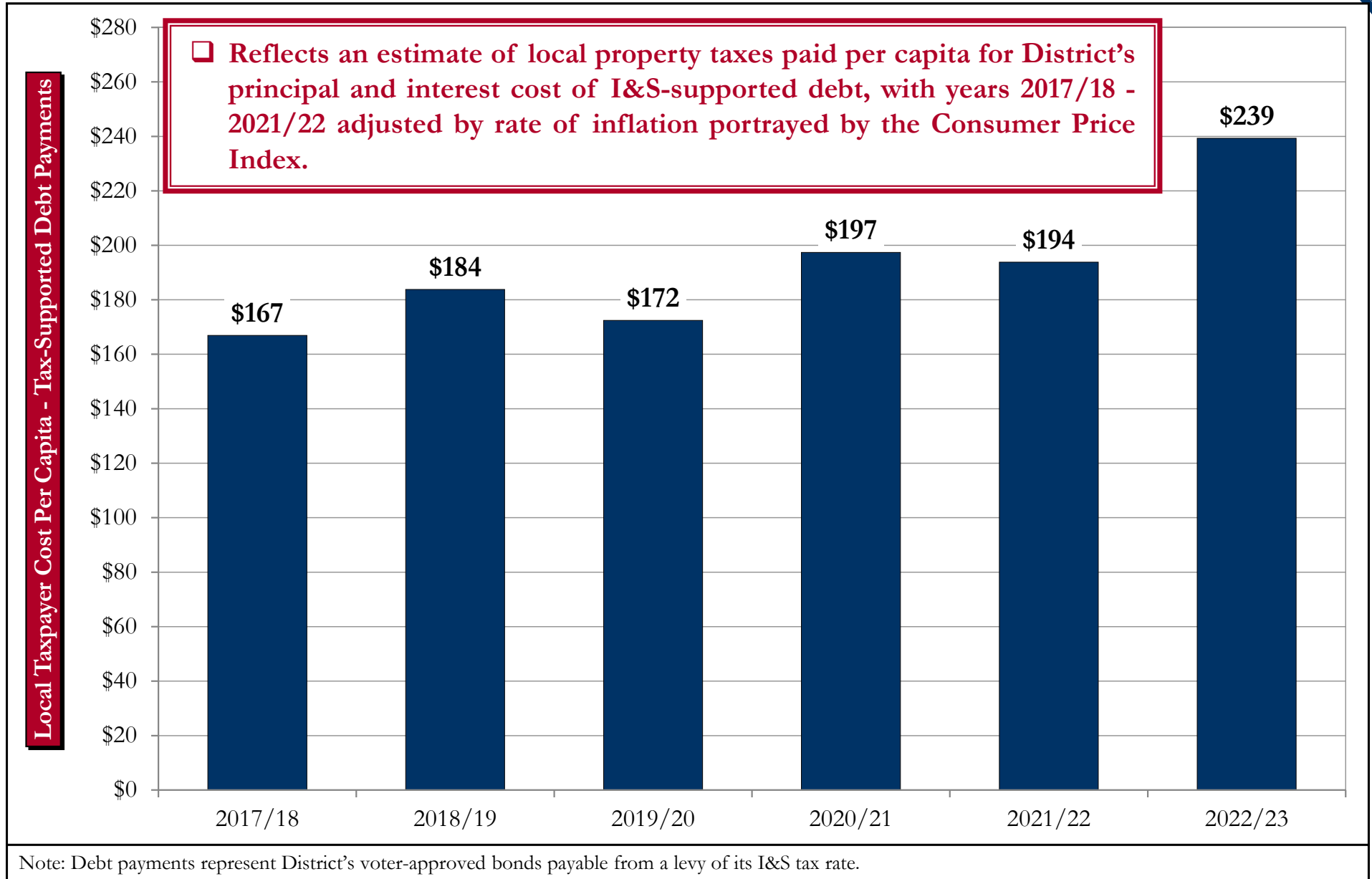
# Inflation-Adjusted Tax-Supported Debt Per Capita







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





## Contact Information and Links to Additional Resources

### Main Office Contact Information:

Physical and Mailing Address:

3920 Mickey Gilley Blvd.

Pasadena, Texas 77505-3005

Phone: (713) 740-0000

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

Ben Pape

Chief Financial Officer

Phone: (713) 740-0023

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

### Links to Additional Resources:

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

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