



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Houston, Texas

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Letter to the Spring Community

We are proud to once again present the Spring Independent School District's Popular Annual Financial Report (PAFR) for the year ending June 30, 2019. This report is designed to help our citizens and taxpayers understand how their tax dollars are being spent to educate the students of this district.

We continually evaluate our district resources to ensure that your tax dollars are directed into the classroom where they will have the most impact on teaching and learning. We've approached our work with a commitment to staying within our budget while focusing on increasing student achievement.

The PAFR summarizes the financial activities and operating results of the district and was gathered from the financial information in our audited 2019 Comprehensive Annual Financial Report (CAFR). The CAFR is a more comprehensive document that is prepared in conformance with Generally Acceptable Accounting Principles (GAAP) and was audited by Whitley Penn, LLP.

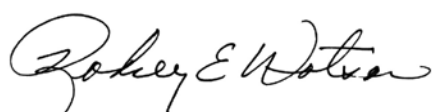
While the underlying accounting methods are similar to the CAFR, the PAFR simplifies reporting by not including all segregated funds, required presentations, and disclosure of all financial and nonfinancial events in the notes to the financial statements. Citizens who want to review full-disclosure financial statements may obtain a copy of the CAFR from the Financial Services Division or may look at it online at www.springisd.org/transparency.

We thank our Board of Trustees for continually working to increase public confidence in the governing body of our district through transparent communications with our community.

In addition, we are grateful for the support of our taxpayers and want you to be assured that we consider good financial stewardship an essential requirement of how we do business.

We welcome your questions or comments regarding this report. Please visit www.springisd.org and use the elevate tool to provide your feedback.

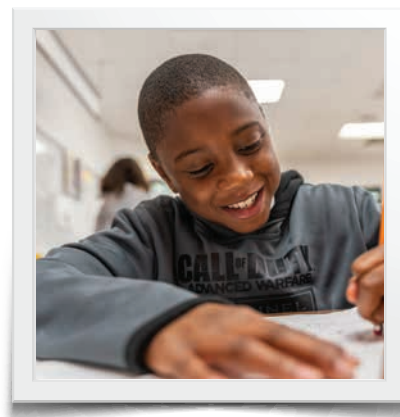
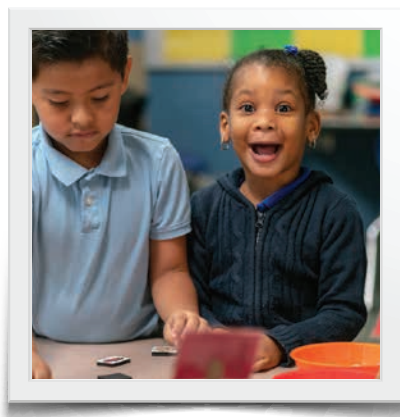
Respectfully,



Rodney E. Watson, Ph.D.
Superintendent of Schools



Ann Westbrooks, CPA, RTSBA
Chief Financial Officer



Spring

INDEPENDENT SCHOOL DISTRICT

Spring ISD is focused on preparing each student for success. The district's strategic plan, EVERY CHILD 2020, outlines an unwavering commitment to helping each child be successful in school and be ready for the next step, whether college or career.

This diverse district serves over 35,000 prekindergarten through 12th-grade students, providing a range of programs to meet individual needs, including special education, gifted and talented services, bilingual instruction and English as a Second Language. A strong core curriculum is enriched with opportunities for students to take part in award-winning athletics, art, dance, music and theater programs.

The district's 40 campuses include three comprehensive high schools classified as 6A, an early college academy and a career academy where students take courses aligned with their career interests. Additionally, all three of the district's comprehensive high schools offer career pathways, which include five specialization pathways that are unique to each school. The district's nine middle schools include two specialty schools and a campus that is currently seeking to become an International Baccalaureate Middle Years Programme.

In November 2016, the community approved a \$330 million bond program. To date much of the work included in the program has been completed. In 2019, that includes the opening of a replacement district stadium, replacement Roberson Middle School campus and a new middle school in the northern part of the district, Springwoods Village Middle School. In addition, major renovations were completed this past year at four schools: Dueitt, Twin Creeks and Wells middle schools, as well as Link Elementary.

Work was also previously completed on the new police department and tax office, which opened in 2018. Other work that is now complete is \$32 million in technology upgrades, including improved wireless infrastructure and the purchase and distribution of over 8,000 Chromebooks and laptops to students and teachers. In addition, the purchase of 60 new buses allowed the district to expand transportation to serve 5,000 more students.

Next year, the district is planning to open three ninth grade centers, currently under construction and also approved under the bond program.

Mission

Spring Independent School District prepares students to be lifelong learners, critical thinkers, and responsible citizens who display good character – ready to contribute, compete, and lead in today's global society.

Vision

Spring Independent School District will be a district of choice known for high quality academics with innovative and specialized programs that meet the needs of all students in a positive learning environment.

SPRING ISD AT-A-GLANCE



Student Enrollment
35,348

Early Childhood Education: 97
Prekindergarten: 1,627
Kindergarten: 2,510
Elementary: 13,626
Middle: 7,699
High School: 9,789



Campuses

Elementary Schools: 26
Middle Schools: 9
High Schools: 5



District Budget Priorities

- Special Education
- Gifted and Talented Education
- Dual-Language Programs
- Performing and Visual Arts Integration



Student Ethnicity

- **African-American:** 40.0%
- **American Indian/Alaskan:** 1.9%
- **Asian:** 2.7%
- **Hawaiian/Pacific Islander:** 0.3%
- **Hispanic:** 46.0%
- **White:** 7.5%
- **Two or More:** 1.6%

Additional Student Information

- 70.1% are Economically Disadvantaged
- 25.4% are Limited English Proficient
- 58.4% are At-Risk

Data based on Texas Education Agency 2018-19 PEIMS Report

ACADEMIC PERFORMANCE MEASURES

Spring ISD grew eight percentage points on the district’s 2018-19 State Accountability Report, earning an overall “C” rating from the Texas Education Agency, with nearly a third of its campuses earning an A or B.

According to the TEA, 80 percent of all rated Spring ISD schools earned a passing grade. Overall, the district earned a numeric score of 78, up from last year’s score of 70, as a result of more schools showing improvement.

That overall growth of eight points outpaced other area school districts.

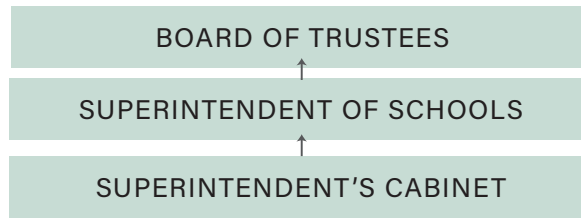
SPRING ISD STATISTICS

	2015	2016	2017	2018	2019
Enrollment	36,781	36,813	36,654	36,079	35,348
Teacher FTE	2,363.0	2,312.6	2,152.0	2,221.2	2,164.0
Average Salary	\$55,717	\$58,175	\$58,334	\$59,324	\$59,578
Student to Teacher Ratio	15.57	15.92	17.03	16.24	16.33
Operating Cost Per Student	\$9,745	\$10,115	\$10,213	\$10,966	\$11,154

Data based on Texas Education Agency, Texas Performance Reporting System and PEIMS



ORGANIZATIONAL CHART



Board of Trustees



The Team of Eight is comprised of seven Spring ISD Board of Trustees members and the superintendent of schools. Front row, from left, Justine Durant, Position 3; Vice President Jana Gonzales, Position 7; President Rhonda Newhouse, Position 5; and Dr. Deborah Jensen, Position 1. Top row, from left, Chris A. Bell, Position 2; Spring ISD Superintendent Dr. Rodney E. Watson; Secretary Donald Davis, Position 6; and Assistant Secretary Winford Adams Jr., Position 4.

Superintendent's Cabinet

Rodney E. Watson, Ph.D.
Superintendent of Schools

Julie F. Hill, J.D.
Chief of Staff

Lupita Hinojosa, Ed.D.
Chief of School Leadership and Student Support Services

Ann Westbrooks, CPA, RTSBA
Chief Financial Officer

Deeone G. McKeithan
Chief Human Resources Officer

Tiffany Dunne-Oldfield
Chief Communications Officer

Mark Miranda
Chief Operations Officer

Kenneth Culbreath
Chief of Police

Khechara Bradford
Chief of Curriculum and Instruction

WHERE DID THE 2019 GENERAL FUND REVENUES COME FROM?

The District received \$332,998,508 in revenue for the general fund during fiscal year 2018-2019, an increase of 7.96% over the previous fiscal year. The general fund is the district's operating fund and accounts for 73.21% of the district's total revenues. The district's revenues come from local, state, and federal sources with state revenues being the primary source.

Resources from Operating Funds	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Local and Intermediate Sources	\$121,012,398	\$129,211,219	\$139,549,058
State Revenues	172,481,335	171,918,923	181,925,312
Federal Revenues	6,449,375	7,311,794	11,524,138
Total Revenues	\$299,943,108	\$308,441,936	\$332,998,508

Local Sources

41.91%



Local sources of revenue generated 41.91% of all sources of revenue and increased by 8% over the previous fiscal year. The increase in local sources was a result of increased property tax collections due to an increase in assessed values in the district. Local revenues include property taxes, earnings on investments, and tuition and fees; nearly all of local revenues come from the collection of property taxes – what you, as a citizen, pay for educating our students.

State Sources

54.63%



State sources of revenue that support the general fund are the most significant for the district, representing 54.63% of all available sources of funding. State revenues increased by 5.82% from the previous fiscal year. The increase in state revenues is due to additional state aid received as a supplemental appropriation via Senate Bill 500 for property value declines as a result of Hurricane Harvey which impacted the District in the fall of 2017.

Federal Sources

3.46%



Revenues received from federal sources constitute 3.46% of total revenues; fiscal year 2019 federal revenues experienced a 57.61% increase over the prior year. Most federal revenues received are reimbursements through Medicaid for certain health related services. The increase is due to a change in the School Health and Related Services (SHARS) payment schedule resulting in a second settlement of \$3.3 million for fiscal year 2019.

PROPERTY VALUES AND TAXES

What are Property Taxes?

Property taxes (also called ad valorem taxes) are locally assessed taxes. The Harris County Appraisal District appraises property located in the Spring ISD boundaries, while the District (a local taxing unit) sets tax rates and collects property taxes based on those values.

Property Taxable Values

The 2018 tax year experienced an increase in taxable values of \$0.5 billion. The Harris County Appraisal District is in charge of certifying the taxable values of our District. Total taxable valuation for the 2018 tax year was \$13,098,329,077, representing a 4.26% increase in total taxable values over the 2017 tax year.

Tax Rate

The tax rate of the District for fiscal year 2019 was \$1.51. Of this tax, \$1.06 is used for the maintenance and operations of the District and \$0.45 to service debt.

Tax Levy

The District levied \$194,068,046 in taxes during fiscal year 2019, a 5.04% increase over the previous fiscal year.

Tax Collections

The Tax Office was able to collect \$190,998,714 or 98.42% of the tax levied in the 2018 tax year during fiscal year 2019.

TAX RATE OVER THE LAST FIVE YEARS

Fiscal Year Ended June 30,	Tax Year	Tax Rate*	Property Values (in billions)			Net Tax Levy (in millions)	Percent Collected	
			Assessed Values	Less Exemptions	Actual Taxable Values		Within Fiscal Year	As of June 30, 2019
2019	2018	\$1.51000	\$15.6	\$2.5	\$13.1	\$194.1	98.42%	98.42%
2018	2017	\$1.51000	\$15.0	\$2.4	\$12.6	\$184.8	99.26%	99.59%
2017	2016	\$1.46996	\$14.0	\$2.3	\$11.7	\$167.6	99.55%	99.72%
2016	2015	\$1.46996	\$12.8	\$2.2	\$10.6	\$153.6	98.97%	99.72%
2015	2014	\$1.51000	\$10.8	\$1.8	\$9.0	\$135.0	98.47%	99.73%
2014	2013	\$1.57000	\$9.5	\$1.8	\$7.7	\$118.4	99.32%	99.77%

* Tax rates are per \$100 of assessed value

TOP TAXPAYERS

Taxpayer	Property Type	2018 Appraised Taxable Value	% of Total Valuation
Palmetto Transoceanic LLC (Exxon Mobil)	Oil & Gas	\$1,195,025,847	9.12%
Southwestern Energy Company	Energy	141,575,352	1.08%
Houston NW Manager LLC	Healthcare	71,697,806	0.55%
Springwoods Realty Inc.	Real Estate	70,785,664	0.54%
EAN Holdings LLC	Real Estate	68,223,846	0.52%
CenterPoint Energy, Inc.	Electric Utility	66,549,948	0.51%
Cardinal Health 200, Inc.	Healthcare	55,710,468	0.43%
CP Residential LP	Real Estate	50,402,093	0.38%
Springwoods Residential LP	Real Estate	49,961,174	0.38%
Health Care Reit Inc.	Healthcare	46,994,150	0.36%
Total		\$1,816,926,348	13.87%
Total Assessed Value within Spring ISD's Boundaries		\$13,098,329,077	

HOW WAS THE 2019 GENERAL FUND MONEY SPENT?

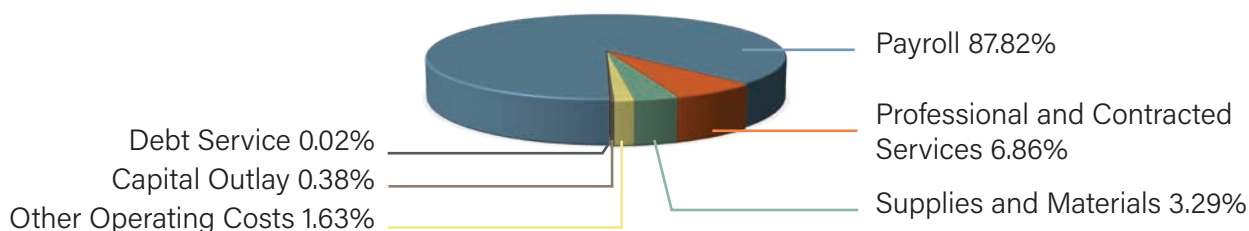


Spring ISD had \$307,350,887 in general fund expenditures during fiscal year 2019, an increase of \$7.7 million or 2.57% from prior fiscal year. The increase in expense was primarily due to a one-time retention supplement of \$1,500 and \$750 paid to full-time and half-time employees that were in good standing and who returned to work for the District in the 2018-2019 school year. In addition, the General Fund transferred \$6,000,000 to the Capital Projects funds for future district-wide capital improvements, technology equipment purchases, and infrastructure upgrades needed to support the district's five-year strategic plan.

The primary use of money in the general fund is for instruction and instructional related services, which together encompassed 60.82% of total expenditures. The District is spending its funds where it matters most, in the classroom.

GENERAL FUND EXPENDITURES BY OBJECT FOR FISCAL YEAR ENDED JUNE 30, 2019

\$307,350,887



Payroll

Costs of \$269,908,408 include the gross salaries or wages and benefit costs for employee services.

87.82%



Debt Service

Costs of \$47,390 was for principal and interest payments related to a capital lease obligation.

0.02%



Professional and Contracted Services

Costs of \$21,092,538 were used for services rendered to the school district by firms, individuals, utility companies, and/or other organizations.

6.86%



Capital Outlay

Capital outlay of \$1,183,232 was spent on building improvements, furniture, and other equipment.

0.38%



Supplies and Materials

Amounted to \$10,122,086; these include testing materials, fuel to transport children, and other general supplies and materials.

3.29%



Other Operating Costs

Costs of \$4,997,233 include student and staff travel fees, and property insurance.

1.63%

GENERAL FUND EXPENDITURES BY FUNCTION FOR FISCAL YEAR ENDED JUNE 30, 2019


58.81%

Instruction

This function is used for activities that deal directly with the interaction between teachers and students.


0.90%

Instructional Resources and Media Services

These costs are directly and exclusively used for resource centers, establishing and maintaining libraries, and other major facilities dealing with educational resources and media.


1.11%

Curriculum and Staff Development

These are expenses used to aid instructional staff in planning, developing and evaluating student learning experiences.


2.95%

Instructional Leadership

These are expenditures directly used for managing, directing, supervising and providing leadership for staff who provide general and specific instructional services.


7.05%

School Leadership

These costs are used to direct and manage a school campus and include activities performed by campus administrative staff.


3.57%

Guidance and Counseling Services

These are costs for psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling.


0.86%

Health Services

These are expenditures used for providing physical health services such as appropriate medical, dental, and nursing services to students.


4.87%

Student (Pupil) Transportation

These are expenditures incurred for transporting students to and from school.


1.90%

Co-curricular Activities

These are expenditures 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 non-competitive setting.


3.81%

General Administration

These are costs associated with the overall general administrative support services of the school district.


8.66%

Plant Maintenance and Operations

These are expenditures for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair and insured.


1.94%

Security and Monitoring Services

These are expenditures for activities to keep students and staff safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.


2.14%

Data Processing Services

These costs are for computer facility management, computer processing, systems development, analysis and design, and those interfacing costs associated with general types of technical assistance to data users.


1.43%

Other Expenditures

Consists of costs related to social work services, community services, capital lease principal and interest payment, payment to other governmental entities, and costs for acquiring, equipping, constructing, and/or making additions to real property and school sites.

COMPARISON OF GENERAL FUND EXPENDITURES BY FUNCTION FISCAL YEARS 2017, 2018 AND 2019

Expenditures by Function	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Instruction	\$176,064,956	\$180,066,044	\$180,758,688
Instructional Resources and Media Services	2,504,292	2,421,321	2,768,316
Curriculum and Staff Development	2,951,137	3,425,001	3,398,233
Instructional Leadership	6,765,143	8,438,341	9,063,398
School Leadership	19,246,390	19,567,259	21,673,672
Guidance and Counseling Services	10,561,678	10,744,977	10,960,414
Social Work Services	302,597	387,586	576,023
Health Services	2,585,088	2,741,226	2,637,983
Student (Pupil) Transportation	13,143,516	14,701,124	14,964,661
Co-curricular Activities	5,255,001	5,313,894	5,840,549
General Administration	12,941,353	11,759,101	11,707,340
Plant Maintenance and Operations	26,813,885	24,738,562	26,603,525
Security and Monitoring Services	5,431,938	5,824,871	5,949,071
Data Processing Services	4,777,264	6,213,547	6,565,377
Community Services	1,022,161	607,803	578,236
Debt Service:			
Principal on long-term debt	36,425	34,253	37,699
Interest on long-term debt	10,965	13,137	9,691
Capital Outlay:			
Facilities Acquisition and Construction	4,041,911	690,076	1,073,144
Intergovernmental Charges:			
Fiscal Agent/ Shared Services Arrangement	16,925	11,354	13,291
Alternative Education	118,800		64,800
Payments to Tax Increment Fund	579,271	596,952	695,707
Other Intergovernmental Charges	1,214,247	1,339,461	1,411,069
Total Expenditures	\$296,384,943	\$299,635,890	\$307,350,887



DEBT SERVICE (Payment of Debt)

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Spring ISD issues general obligation bonds to provide funds for the construction and equipment of school facilities, to purchase new school buses, and to refund general obligation bonds. Debt service requirements are payable solely from future revenue of the Debt Service Fund which consist principally of property taxes collected by the District, state funding and investment income.

The district received revenues of \$61,391,910 in fiscal year 2019; \$59,369,155 and \$2,022,755, in local and state revenues, respectively.

As of fiscal year ending June 30, 2019, the District had a balance of \$738,520,000 in general obligation bonds; the table presented on the bottom is a schedule of their required payments.

GENERAL OBLIGATION AND REFUNDING BONDS PAYABLE AT JUNE 30, 2019

Date Series Issued	Series Maturing Through	Interest Rates %	Original Issuance	Outstanding Balance
2011	2026	3.000 - 5.000	\$60,965,000	\$42,120,000
2012	2027	3.000 - 5.000	21,410,000	14,265,000
2013	2027	4.000 - 5.250	38,110,000	24,565,000
2013A	2029	3.250 - 5.000	33,005,000	24,375,000
2014	2030	2.000 - 5.000	76,865,000	73,150,000
2015	2033	4.000 - 5.000	136,870,000	133,865,000
2016	2034	3.500 - 5.000	80,120,000	70,305,000
2017	2042	4.000 - 5.000	198,715,000	194,750,000
2017A	2029	3.000 - 5.000	53,615,000	53,615,000
2018	2033	4.000 - 5.000	10,385,000	9,440,000
2019	2043	4.000 - 5.000	98,070,000	98,070,000
			\$808,130,000	\$738,520,000

:::

PRINCIPAL AND INTEREST PAYMENT OBLIGATIONS BY YEAR

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$30,290,000	\$34,106,014	\$64,396,014
2021	31,680,000	32,774,596	64,454,596
2022	34,930,000	31,147,521	66,077,521
2023	37,580,000	29,409,290	66,989,290
2024	39,350,000	27,601,514	66,951,514
2025-2029	224,430,000	106,572,910	331,002,910
2030-2034	178,295,000	54,449,450	232,744,450
2035-2039	81,230,000	27,834,275	109,064,275
2040-2044	80,735,000	8,324,175	89,059,175
Total	\$738,520,000	\$352,219,745	\$1,090,739,745

SPECIAL REVENUE FUNDS

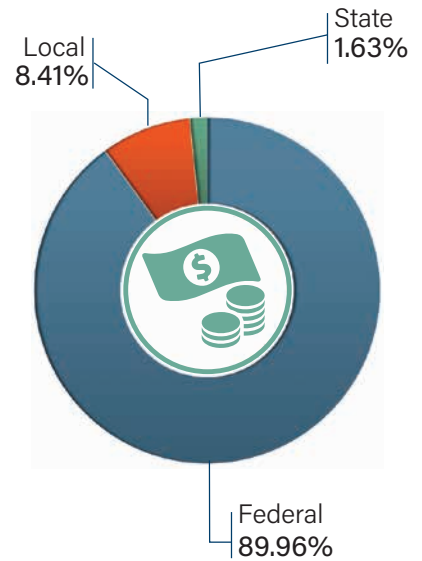
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During fiscal year 2019 the District received \$53,346,521 in special revenues from local, state, and federal sources.

Federal grants received were \$47,991,695 or 89.96%. Of these revenues, the District received \$24,592,338 to fund the Nutritional School Breakfast and Lunch Program and \$11,123,983 were received by ESEA Title I Fund.

Local and state revenues received were \$4,487,856 and \$866,970, respectively. Included in local revenues are \$2.0 million generated from food sales.

Total Special Revenue Funds expenditures for fiscal year 2019 totaled \$51,833,009. Revenues exceeded expenditures by a net of \$1,513,512 primarily due to a surplus in the child nutrition fund.

SPECIAL REVENUE FUNDS FISCAL YEAR 2019



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for proceeds from the sale of general obligation bonds and other financial resources and the expenditure of these funds for the construction and equipping of new school facilities, the purchase of school sites, renovation of present facilities, and the purchase of school buses and other capital assets. On November 8, 2016, the District's voters authorized the issuance of \$330,000,000 in bonds, \$105,000,000 of the remaining bond authorization were issued in February 2019.

The District received revenues of \$7,113,335 in fiscal year 2019; \$4,613,250 and \$2,500,085, in local and federal revenues, respectively. Additionally, the district received a \$6,000,000 transfer from general funds to fund renovations, construction projects, and technology improvements.

Total Capital Projects Fund expenditures for fiscal year 2019 were \$140,733,406, which includes construction of new facilities and renovations to existing facilities, and upgrades to security and technology equipment and infrastructure.



ACCOMPLISHMENTS OF THE OFFICE OF FINANCIAL SERVICES

Spring Independent School District's Office of Financial Services is charged with the maximization of fiscal resources and utilization of sound financial management.

Our mission is to support Spring ISD and our community. One way we can achieve this is providing transparency through accounting, accounts payable, budget, business systems, cash management, payroll and purchasing. Financial transparency is an ongoing goal for Spring ISD.

Some of the accomplishments for the fiscal year ending June 30, 2019, include:

- No findings of questioned costs in the annual audit of fiscal operations.
- Was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Was awarded the Certificate of Excellence in Financial Reporting from the Association of School Business Officials.
- Achieved a rating of Superior Achievement under School FIRST (Financial Integrity Rating System of Texas) for the fiscal year 2017-2018.
- Maintained a Standard & Poor's credit rating of AA- and Moody's rating of Aa2.



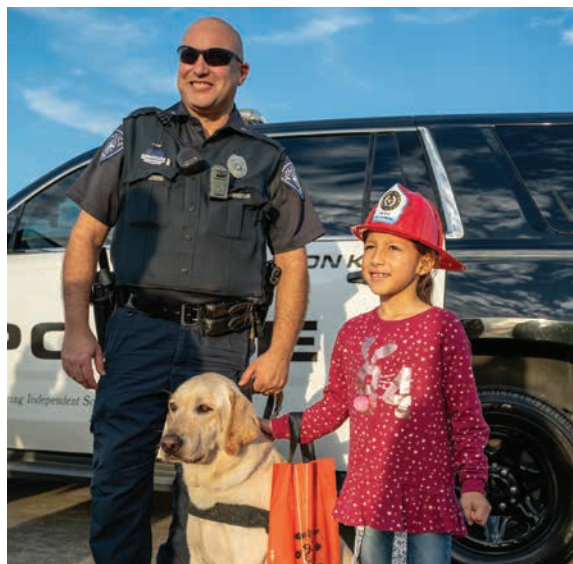
AWARD FOR OUTSTANDING ACHIEVEMENT

The Government Finance Officers Association (GFOA) of the United States and Canada has given the Award for Outstanding Achievement in Popular Financial Reporting to Spring Independent School District for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

In order to receive an Award for Outstanding Achievement in Popular Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Financial Reporting is valid for a period of one year only. Spring Independent School District has received a Popular Award for the last four consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.





We would like to acknowledge the following individuals for their assistance in the development of this report:

Ann Westbrook, CPA, RTSBA, Chief Financial Officer

Mary Welch, RTSBA, Director of Accounting

Susy Morales, CPA, MBA, Director of Finance

Sylvia Wood, Communications Officer

Karen Garrison, Director of Communications

Georgina Garza, Bilingual Graphic Design Specialist

Individuals who wish to review the full disclosure financial statements should refer to the School District's Comprehensive Annual Financial Report available at www.springisd.org/transparency or by contacting the Office of Financial Services at 281-891-6077.



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