



# Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2017  
Houston, Texas

# CONTENT

<b>03</b>	SPRING ISD AT-A-GLANCE
<b>04</b>	DISTRICT'S MISSION AND VISION
<b>05</b>	SUPERINTENDENT'S LETTER CHIEF FINANCIAL OFFICER'S LETTER TO THE COMMUNITY
<b>06</b>	ORGANIZATIONAL CHART
<b>07</b>	WHERE DID THE 2017 GENERAL FUND REVENUES COME FROM?
<b>08</b>	PROPERTY VALUES AND TAXES
<b>09</b>	HOW WAS THE 2017 GENERAL FUND MONEY SPENT?
<b>11</b>	COMPARISON OF GENERAL FUND EXPENDITURES BY FUNCTION
<b>12</b>	DEBT SERVICE (PAYMENT OF DEBT)
<b>13</b>	SPECIAL REVENUE FUNDS CAPITAL PROJECTS FUND
<b>14</b>	ACCOMPLISHMENTS OF THE OFFICE OF FINANCIAL SERVICES AWARD FOR OUTSTANDING ACHIEVEMENT



# SPRING ISD AT-A-GLANCE



## Student Enrollment

**Early Education:** 114  
**Prekindergarten:** 1,696  
**Kindergarten:** 2,601  
**Elementary:** 14,285  
**Middle:** 7,958  
**High School:** 10,044  
**Total:** 36,698



## Campuses

**Elementary Schools:** 26  
**Middle Schools:** 7  
**High Schools:** 5  
**Total:** 38 Schools



## District Budget Priorities

- Expanded Transportation Offering
- Prekindergarten
- Literacy Plan
- Technology

## Student Ethnicity

- **African-American:** 39.95%
- **American Indian/Alaskan:** 1.92%
- **Asian:** 3.04%
- **Hawaiian/Pacific Islander:** 0.32%
- **Hispanic:** 44.60%
- **White:** 8.65%
- **Two or More:** 1.52%



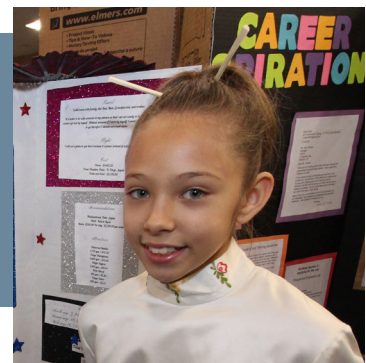
## Additional Student Information

- 68.46% are Economically Disadvantaged
- 22.98% are Limited English Proficient

Data based on Texas Education Agency 2016-17 PEIMS Report

# ACADEMIC PERFORMANCE MEASURES

For the 2016-17 school year, the Texas Education Agency rated Spring ISD and 36 of the district's 38 schools as Met Standard.



# 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 meeting every child exactly where they are so that they have what they need to get where they want to go in school and in life. This diverse district serves over 36,000 prekindergarten through 12th-grade students.

Every learner can succeed in Spring. Academic acceleration and enrichment are available for gifted and talented, while special education services are provided for those with disabilities. Bilingual instruction and English as a Second Language programs are also offered. Through district art, dance, music and theater programs, Spring ISD students have been recognized regionally and nationally for achievement in the arts.

The district's 38 campuses include three comprehensive high schools classified as 6A, an early college academy and a high school 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 seven middle schools include a middle school of choice that focuses on math, science and the fine arts.

In November 2016, the community approved a \$330 million bond program that is nearly two-thirds complete with plans for three ninth-grade centers, one at each comprehensive high school, and two new middle schools well into the planning and design phase. Among the completed projects are \$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.

## 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.



# Superintendent's Letter

I am proud to present this year's Popular Annual Financial Report. This report is designed to help you have a clear and concise look at how Spring Independent School District resources are used to educate the more than 36,000 students we serve.



Since my arrival at Spring ISD four years ago, we have worked hard to evaluate our district resources to ensure that all resources are focused on teaching and learning. In the pages of this document you will see that our financial activities and operating results completely support our five-year strategic plan - EVERY CHILD 2020.

Through good stewardship, creativity and innovation, we've been able to address many of our goals, including building a new home for our award-winning Spring Early College Academy, focusing on literacy and increasing college and career readiness across the district. We've done these things and continue to move forward with a balanced budget that remains squarely focused on increasing student achievement.

In addition, taxpayers approved a \$330 million bond referendum in November 2016. The biggest bond program ever in Spring ISD is progressing on schedule following the sale of nearly 70 percent of the bonds in February 2016.

We welcome your questions or comments regarding this report. Please visit [www.springisd.org](http://www.springisd.org) and use the elevate tool to provide your feedback.

Respectfully,

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

# Chief Financial Officer's Letter to the Community

We are pleased to present the Spring Independent School District's Popular Annual Financial Report (PAFR) for the year ended June 30, 2017. This report is designed to make the financial operations of our school district easier to understand for our citizens and other potential users.



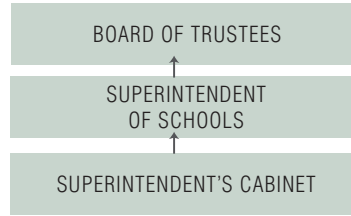
The PAFR summarizes the financial activities and operating results of the district and was gathered from the financial information reported in our audited 2017 Comprehensive Annual Financial Report (CAFR). The CAFR is a more comprehensive document that is prepared in conformance with Generally Acceptable Accounting Principles (GAAP) and was audited by Whitley Penn, LLP, receiving an "unmodified" (the highest) opinion. However, the PAFR is unaudited and presented on a GAAP basis. While the underlying accounting methods are similar to the CAFR, the PAFR simplifies reporting by not including all segregated funds, required presentations, and full disclosure of all material financial and non-financial events in the notes to the financial statements. Citizens desiring to review full disclosure financial statements may obtain a copy of the CAFR from the Office of Financial Services Division or may view it online at [www.springisd.org/transparency](http://www.springisd.org/transparency).

The Spring Independent School District is proud of this report and the support offered by the Board of Trustees in its continuous effort to increase public confidence in the governing body of the district as well as increasing communication with the community. The PAFR should assist citizens and taxpayers in understanding how their tax dollars are being spent to educate the students of Spring ISD. As you will see in this report, the district is directing your tax dollars into the classroom to maximize our student achievement.

Respectfully,

Ann Westbrooks, CPA, RTSBA  
Chief Financial Officer

# ORGANIZATIONAL CHART



## Board of Trustees



**Rhonda Newhouse, M.Ed.**  
*President*



**Jana Gonzales**  
*Vice President*



**Donald Davis**  
*Secretary*



**Justine Durant**  
*Assistant Secretary*



**Winford Adams Jr.**  
*Board Member*



**Chris A. Bell**  
*Board Member*



**Deborah Jensen, Ph.D.**  
*Board Member*

## Superintendent's Cabinet



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



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



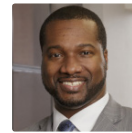
**Lupita Hinojosa, Ed.D.**  
*Chief of School Leadership and Student Support Services*



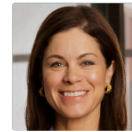
**Lauren Topek, Ed.D.**  
*Chief of Curriculum, Instruction and Assessment*



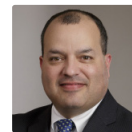
**Ann Westbrook, CPA, RTSBA**  
*Chief Financial Officer*



**Deeone G. McKeithan**  
*Chief Human Resources Officer*



**Tiffany Dunne-Oldfield**  
*Chief Communications Officer*



**Mark Miranda**  
*Chief Operations Officer*



**Victor L. Mitchell**  
*Chief of Police*

# WHERE DID THE 2017 GENERAL FUND REVENUES COME FROM?

The district received \$299,943,108 in revenue for the general fund during Fiscal Year 2016-2017 a decrease of 4.24% from the previous fiscal year. The general fund is the district's operating fund and accounts for 74.64% 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 2016	Fiscal Year 2017	% Change
Local Property Taxes	\$108,820,254	\$118,591,048	8.98%
Other Revenues from Local Sources	2,422,070	2,421,350	-0.03%
State Revenues	196,802,537	172,481,335	-12.36%
Federal Revenues	5,169,690	6,449,375	24.75%
<b>Total Revenues</b>	<b>\$313,214,551</b>	<b>\$299,943,108</b>	<b>-4.24%</b>

## Local Sources



**40.35%**

Local sources of revenue generated 40.35% of all sources of revenue and increased by 8.78% 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



**57.50%**

State sources of revenue that support the general fund are the most significant for the district, representing 57.50% of all available sources of funding. State revenues decreased by 12.36% from the previous fiscal year. The district received less state revenues as a result of higher property tax collections, lower student enrollment and lower average daily attendance, all of which decrease state aid per the funding formula used to calculate the amount of revenue received from the Texas Education Agency (TEA).

## Federal Sources



**2.15%**

Revenues received from federal sources constitute 2.15% of total revenues; Fiscal Year 2017 federal revenues experienced a 24.75% increase over the prior year. Most federal revenues received are reimbursements through Medicaid for certain health related services. The increase is due to an increase in the percent of expenditures eligible for Medicaid reimbursements.

# 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 2016 tax year experienced an increase in taxable values of a little over \$1 billion. The Harris County Appraisal District is in charge of certifying the taxable values of properties within our district. Total taxable valuation for the 2016 tax year was \$11,673,757,226, representing a 9.74% increase in total taxable values over the 2015 tax year.

## Tax Rate

The tax rate of the district for Fiscal Year 2017 was \$1.46996, which was the same as the prior fiscal year. Of this tax, \$1.04 is used for the maintenance and operations of the district and \$0.42996 is used to pay debt.

## Tax Levy

The district levied \$169,650,346 in taxes during Fiscal Year 2017, a 9.59% increase over the previous fiscal year.

## Tax Collections

The Tax Office was able to collect \$166,826,072 or 98.34% of the taxes levied in the 2016 tax year during Fiscal Year 2017.

### 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	
			Taxable Assessed Values	Less Exemptions	Total Taxable Values		Within Fiscal Year	As of June 30, 2017
2017	2016	\$1.46996	\$14.0	\$2.3	\$11.7	\$169.7	98.34%	98.34%
2016	2015	\$1.46996	\$12.8	\$2.2	\$10.6	\$153.7	98.87%	99.53%
2015	2014	\$1.51000	\$10.9	\$1.8	\$9.1	\$134.9	98.56%	99.65%
2014	2013	\$1.57000	\$9.4	\$1.8	\$7.6	\$118.4	99.35%	99.71%
2013	2012	\$1.57000	\$8.9	\$1.7	\$7.2	\$111.5	98.95%	99.74%

\* Tax rates are per \$100 of assessed value

### TOP TAXPAYERS

Taxpayer	Property Type	2016 Appraised Taxable Value	% of Total Valuation
Palmetto Transoceanic LLC (ExxonMobil)	Real Estate	\$1,289,093,020	11.04%
Southwestern Energy Company	Energy	165,360,000	1.42%
Houston Northwest Medical Center, Inc.	Healthcare	91,899,120	0.79%
CenterPoint Energy, Inc.	Electric Utility	82,292,017	0.70%
Springwoods Realty, Inc.	Real Estate	69,856,060	0.60%
Cardinal Health 200, Inc.	Healthcare	67,443,352	0.58%
Ab-Go Trails at Dominion Park Propco, LLC	Real State	50,926,444	0.44%
St. Luke's Community Health Services	Healthcare	47,351,734	0.41%
Houston Pipeline Company LP	Oil & Gas	44,750,936	0.38%
Springwoods Residential LP	Real Estate	44,500,000	0.38%
<b>Total</b>		<b>\$1,953,472,683</b>	<b>16.74%</b>
<b>Total Assessed Value within Spring ISD's Boundaries</b>		<b>\$11,673,757,226</b>	



# HOW WAS THE 2017 GENERAL FUND MONEY SPENT?

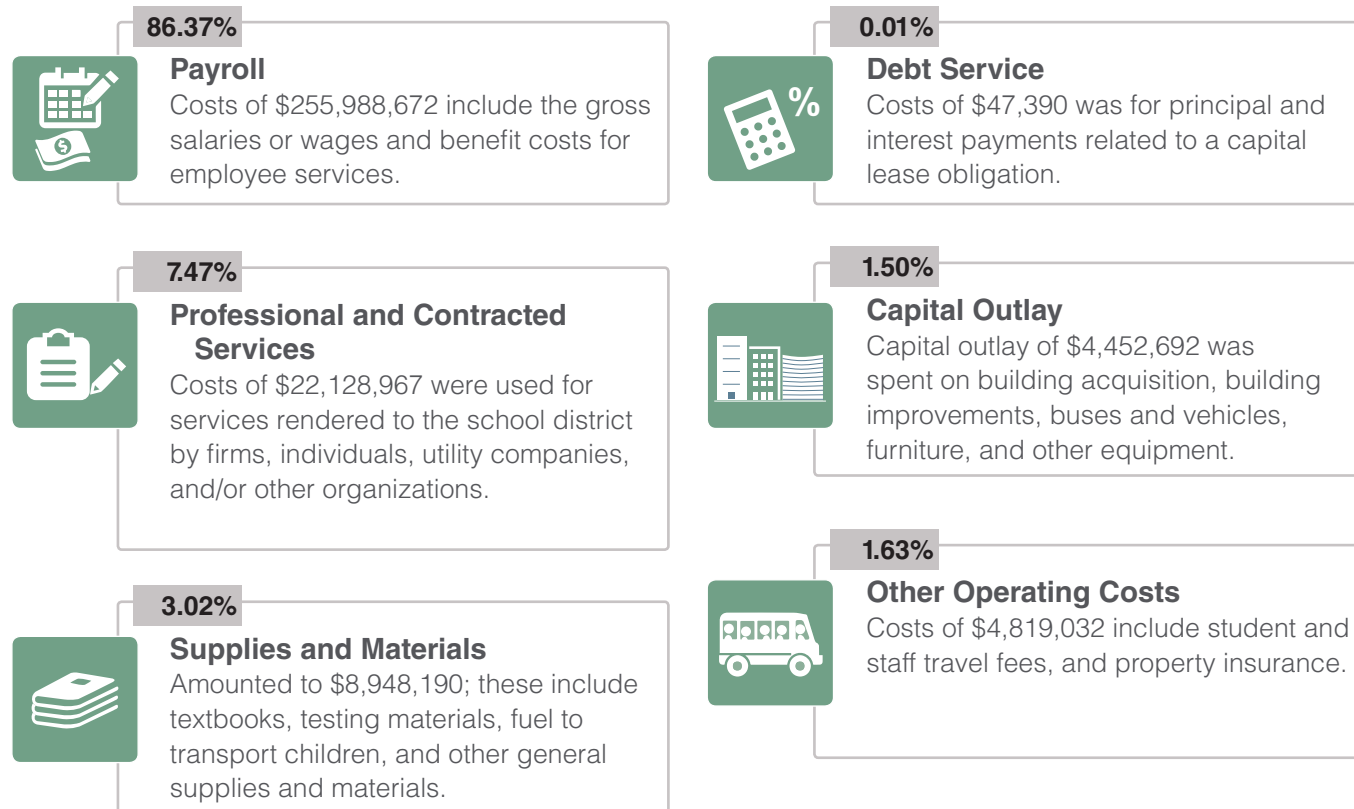
Spring ISD had \$296,384,943 in General Fund expenditures during Fiscal Year 2017, a decrease of \$2.68 million or 0.89% from Fiscal Year 2016. The decrease in expenditures was primarily due to staffing adjustments to align to less students. In addition, the district purchased a new instructional facility. The General Fund transferred \$3,500,000 to the Capital Projects Fund 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 61.25% 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, 2017

\$296,384,943



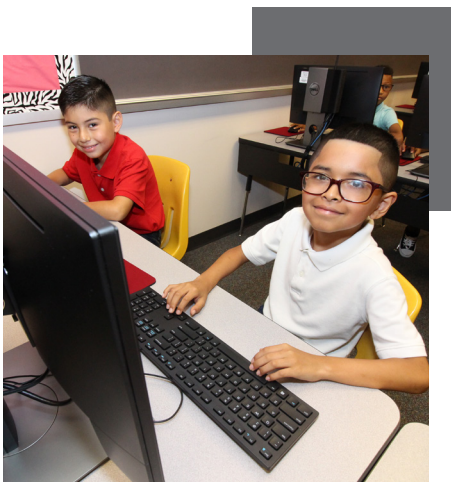
# GENERAL FUND EXPENDITURES BY FUNCTION FOR FISCAL YEAR ENDED JUNE 30, 2017



# COMPARISON OF GENERAL FUND EXPENDITURES BY FUNCTION

## FISCAL YEARS 2016 AND 2017

Expenditures by Function	Fiscal Year 2016	Percent of Fiscal Year 2016 Expenditures	Fiscal Year 2017	Percent of Fiscal Year 2017 Expenditures
Instruction	\$184,006,961	61.53%	\$176,064,956	59.40%
Instructional Resources and Media Services	2,689,716	0.90%	2,504,292	0.85%
Curriculum and Staff Development	3,504,399	1.17%	2,951,137	1.00%
Instructional Leadership	5,671,467	1.90%	6,765,143	2.28%
School Leadership	19,020,905	6.36%	19,246,390	6.49%
Guidance and Counseling Services	10,525,023	3.52%	10,561,678	3.56%
Social Work Services	313,452	0.10%	302,597	0.10%
Health Services	2,615,173	0.87%	2,585,088	0.87%
Student (Pupil) Transportation	12,348,694	4.13%	13,143,516	4.44%
Co-curricular Activities	5,287,558	1.77%	5,255,001	1.77%
General Administration	12,950,792	4.33%	12,941,353	4.37%
Plant Maintenance and Operations	26,504,810	8.86%	26,813,885	9.05%
Security and Monitoring Services	5,342,444	1.79%	5,431,938	1.83%
Data Processing Services	5,461,521	1.83%	4,777,264	1.61%
Community Services	715,229	0.24%	1,022,161	0.35%
Debt Service:				
Principal on long-term debt			36,425	0.01%
Interest on long-term debt			10,965	0.00%
Capital Outlay:				
Facilities Acquisition and Construction	397,036	0.13%	4,041,911	1.36%
Intergovernmental Charges:				
Fiscal Agent/ Shared Services Arrangement	24,443	0.01%	16,925	0.01%
Alternative Education	78,158	0.03%	118,800	0.04%
Payments to Tax Increment Fund	482,378	0.16%	579,271	0.20%
Other Intergovernmental Charges	1,121,057	0.37%	1,214,247	0.41%
<b>Total Expenditures</b>	<b>\$299,061,216</b>	<b>100.00%</b>	<b>\$296,384,943</b>	<b>100.00%</b>



# 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 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 \$54,527,241 in Fiscal Year 2017; \$50,938,160 and \$3,589,081, in local and state revenues, respectively.

As of the Fiscal Year ending June 30, 2017, the district had a balance of \$695,255,000 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, 2017

Date Series Issued	Series Maturing Through	Interest Rates %	Original Issuance	Outstanding Balance
2005-A	2029	4.500 - 5.375	\$57,695,000	\$57,695,000
2008-A	2033	3.625 - 5.000	142,290,000	18,780,000
2009	2018	3.250 - 3.500	94,135,000	6,130,000
2011	2026	3.000 - 5.000	60,965,000	50,710,000
2012	2027	3.000 - 5.000	21,410,000	16,810,000
2013	2027	4.000 - 5.250	38,110,000	30,300,000
2013-A	2029	3.250 - 5.000	33,005,000	28,030,000
2014	2030	2.000 - 5.000	76,865,000	74,100,000
2015	2033	4.000 - 5.000	136,870,000	133,865,000
2016	2034	3.500 - 5.000	80,120,000	80,120,000
2017	2042	3.000 - 5.000	198,715,000	198,715,000
			<b>940,180,000</b>	<b>695,255,000</b>

## PRINCIPAL AND INTEREST PAYMENT OBLIGATIONS BY YEAR

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$22,600,000	\$32,599,481	\$55,199,481
2019	27,295,000	31,608,159	58,903,159
2020	30,310,000	30,390,721	60,700,721
2021	31,700,000	28,922,271	60,622,271
2022	33,265,000	27,329,021	60,594,021
2023-2027	191,935,000	110,436,254	302,371,254
2028-2032	209,075,000	58,686,634	267,761,634
2033-2037	78,260,000	25,216,550	103,476,550
2038-2042	57,525,000	10,793,625	68,318,625
2043	13,290,000	332,250	13,622,250
<b>Total</b>	<b>\$695,255,000</b>	<b>\$356,314,966</b>	<b>\$1,051,569,966</b>



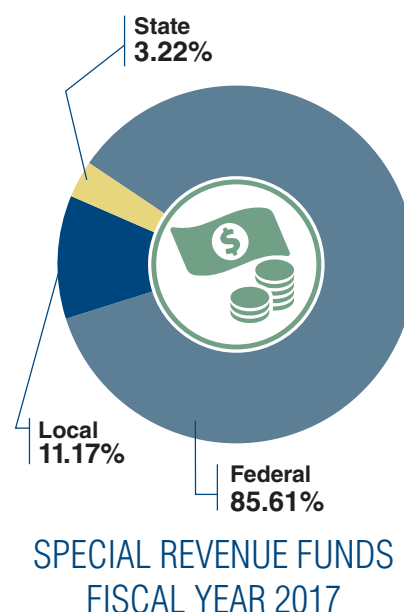
# SPECIAL REVENUE FUNDS

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 2017 the district received \$45,913,522 in special revenues from local, state, and federal sources.

Federal grants received were \$39,306,328 or 85.61%. Of these revenues, the district received 53.20% or \$20,910,531 to fund the Nutritional School Breakfast and Lunch Program.

Local and state revenues received were \$5,128,557 and \$1,478,637, respectively. Included in local revenues are \$3.1 million generated from food sales.

Total Special Revenue Fund expenditures for Fiscal Year 2017 totaled \$45,418,639. Revenues exceeded expenditures by a net of \$494,883 primarily due to a surplus in the child nutrition fund.



# 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, of which \$225,000,000 were issued in February 2017. The proceeds of the bond will address longstanding facility, technology and safety and security needs.

The district received revenues of \$1,465,680 in Fiscal Year 2017; \$667,652 and \$798,028, in local and federal revenues, respectively. Additionally, the Capital Projects Fund received a \$3,500,000 transfer from the general fund to fund renovations, construction projects, and technology improvements.

Total Capital Projects Fund expenditures for Fiscal Year 2017 were \$15,285,920, which includes facility acquisitions, renovations, technology improvements, and other capital projects.





# ACCOMPLISHMENTS OF THE OFFICE OF FINANCIAL SERVICES

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

Our mission is to support Spring ISD and our community. One way we can achieve this is by 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 ended June 30, 2017, include:

- No findings of questioned costs in the annual audit of fiscal operations.
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.
- Association of School Business Officials Certificate of Excellence in Financial Reporting.
- Superior Achievement under Schools FIRST (Financial Integrity Rating System of Texas) for the Fiscal Year 2015-16.
- Maintained a Standard & Poor's credit rating of A+ and Moody's rating of Aa3.

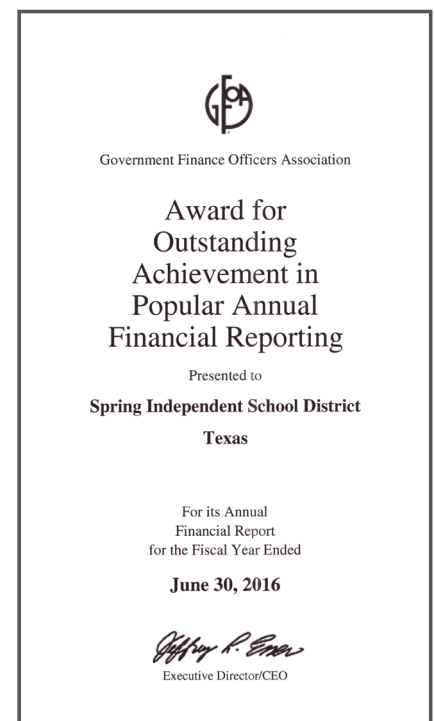


## AWARD FOR OUTSTANDING ACHIEVEMENT

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, 2016. 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 two consecutive years (fiscal years ended 2015 and 2016). 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 Westbrooks, CPA, RTSBA**, Chief Financial Officer

**Mary Welch, RTSBA**, Director of Accounting

**Susy Morales**, Director of Finance

**Sylvia Wood**, Communications Officer

**Georgina Garza**, Bilingual Communications Specialist - Graphic Design

*Individuals who wish to review the full disclosure financial statements and want to print a copy should refer to the Spring ISD Comprehensive Annual Financial Report available at [www.springisd.org/transparency](http://www.springisd.org/transparency) or contact the Office of Financial Services at 281-891-6077.*



**16717 Ella Boulevard**  
**Houston, Texas 77090-4213**  
**281-891-6000 • Fax 281-891-6006**  
[www.springisd.org](http://www.springisd.org)

Non-Profit  
Organization  
US Postage  
PAID  
Spring Independent  
School District

