



# **Pearland Independent School District**

## **Special Meeting**

**Tuesday, August 28, 2018 8:30 AM**

**Agenda of SPECIAL Meeting  
The Board of Trustees  
PEARLAND INDEPENDENT SCHOOL DISTRICT**

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Notice is hereby given that a Special of the Board of Trustees of the Pearland Independent School District will be held on **August 28, 2018**, beginning at 8:30 AM at 1928 North Main, Pearland, Texas.

The subjects to be discussed, considered, or upon which any formal action may be taken are listed below. The items listed in this notice may be taken in any order at the discretion of the Board.

1. **Call to Order**
2. **Establishment of a Quorum**
3. **Closed Meeting** as Authorized by Section 551.001 et seq. of the Government Code
  - A. 551.071 - Private Consultation with the Board's Attorney
  - B. 551.072 - Discussing Purchase, Exchange, Lease or Value of Real Property
  - C. 551.074 - Personnel Discussion
    1. Employment of Professional and Instructional Personnel
    2. Review Resignations
  - D. 551.076 Considering the Deployment, Specific Occasions for, or Implementation of, Security Personnel or Devices
  - E. 551.082 - Consider Discipline of a Public School Child, or Complaint or Charge Against Personnel
4. **Reconvene** in Open Session
5. **Consider Action** on Items Discussed in Closed Session as Listed Under Closed Meeting in this Notice
6. **Regular Agenda**
  - A. Consider Tax Rate Information Used for Publishing the Required Advance Notice of Public Meeting Slated for September 11, 2018 at Which Time the 2018-2019 Pearland Independent School District Tax Rate will be Approved. 4
7. **Adjourn**

If, during the course of the meeting covered by this Notice, the Board of Trustees should determine that a closed meeting or session of the Board of Trustees is required, then such closed meeting or session as authorized by the Texas Open Meetings Act, Texas Government Code Section 551.001 et seq., will be held by the School Board at the date, hour and place given in this Notice or as soon after the commencement of the meeting covered by this Notice as the School Board may conveniently meet in such closed meeting or session concerning any and all purposes permitted by the Act, including, but not limited to the following sections and purposes:

Texas Government Code Section:

- |         |  |
|---------|--|
| 551.071 | Private consultation with the Board's attorney                     |
| 551.072 | Discussing purchase, exchange, lease or value of real property     |
| 551.073 | Discussing negotiated contracts for prospective gifts or donations |
| 551.074 | Discussing personnel or to hear complaints against personnel       |

- 551.076 Considering the deployment, specific occasions for, or implementation of, security personnel or devices
- 551.082 Considering discipline of a public school child, or complaint or charge against personnel
- 551.083 Considering the standards, guidelines, terms or conditions the Board will follow, or will instruct its representative to follow, in consultation with representative of employee groups
- 551.084 Excluding witnesses from a hearing

Should any final action, final decision, or final vote be required in the opinion of the School Board with regard to any matter considered in such closed meeting or session, then the final action, final decision, or final vote shall be either:

- (a) in the open meeting covered by the Notice upon the reconvening of the public meeting;  
or
- (b) at a subsequent public meeting of the School Board upon notice thereof; as the School Board shall determine

### ***Certificate of Posting***

On the **24th day of August, 2018**, this notice was made available to the public on the district website and an original copy of this notice was posted at the school district education support center at 11:00 a.m. on said date.

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Secretary to Board of Trustees



## Board of Trustees Agenda Item Information

**Meeting Date** August 28, 2018

**Meeting Type**

- Regular Meeting
- Special Meeting/Workshop
- Hearing

**Agenda Placement**

- |  |  |
|--|--|
| <input type="checkbox"/> Public Hearing          | <input type="checkbox"/> Administrative Report     |
| <input checked="" type="checkbox"/> Open Session | <input type="checkbox"/> Consent Agenda            |
| <input type="checkbox"/> Executive Session       | <input checked="" type="checkbox"/> Regular Agenda |
| <input type="checkbox"/> Recognition             | <input type="checkbox"/> Information/Discussion    |

**Date Submitted:** August 23, 2018

**Subject:** Consider Tax Rate Information Used for Publishing the Required Advance Notice of Public Meeting Slated for September 11, 2018 at Which Time the 2018-2019 Pearland Independent School District Tax Rate Will Be Approved

**Executive Summary:** The administration recommends maintaining the same overall tax rate for the 2018/19 school year as presently assessed in the 2017/18 school year.

However, in order to capture additional state funding within that same overall tax rate, the administration recommends that the Interest and Sinking (I&S) rate be lowered by 2 pennies and the Maintenance and Operations (M&O) rate be increased by 2 pennies. It is estimated that in so doing, the district will gain approximately \$5.5 million in additional funding – without any increase in the overall tax rate (M&O plus I&S) to our citizens.

This “tax swap” is available to the district in the aftermath of Hurricane Harvey – for a one year period of time only. Texas tax law provides this possibility for areas affected by a declared natural disaster. Obviously Pearland ISD has been adversely affected by Hurricane Harvey.

In order to complete this one year tax swap, the board can place funds “left over” from completed bond projects and accumulated interest from bond proceeds into the I&S debt fund – for partial payment of 18/19 bond debt requirements. The district has approximately \$1 million left from the 2006 bond projects recently completed (i.e. renovations to Carleston, Lawhon, and PHS) and has approximately \$500,000 in bond interest that can be used for these purposes. The combined \$1.5 million is the equivalent of 2 pennies of the I&S rate and can be used to lower that rate by that amount.

Attached information includes the payment schedule for the district’s existing bond debt and illustrates the impact of the 2 cent I&S decrease on the 18/19 school year as well as the anticipated I&S rates for subsequent years. It should be noted that future year debt rates will be lower than originally forecasted to voters prior to the 2016 bond election.

**Fiscal Impact:**

**Cost:**

- Recurring
- One-Time
- No Fiscal Impact

**Funding Source:**

- General Fund
- Grant Funds
- Other Funds (Specify)

**Fiscal Year:**

- Amendment Required?
- Yes
  - No

<p><b>(If the rate is approved at the September 11, 2018 meeting, the district receives additional state funding.)</b></p>		
<p><b>Superintendent's Recommendation:</b> That the Board moves to approve for immediate publication the tax rate numbers of \$1.06 for the Maintenance and Operations rate and \$.355600 for the Interest and Sinking Rate in the required advance notice of the public meeting slated for September 11, 2018 at which the 18/19 tax rate will be approved. If approved, the proposed <u>overall</u> tax rate for the 18/19 school year would remain identical to the rate established in 2017-2018.</p>		
<p><b>Department Submitting:</b> Business Office, Superintendent Office</p>	<p><b>Requested By:</b> Superintendent</p>	
<p><b>Cabinet Member's Approval:</b> N/A</p>		
<p><b>Board Approval Required:</b>      <input checked="" type="checkbox"/>Yes      <input type="checkbox"/>No</p>		

# NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The PEARLAND INDEPENDENT SCHOOL DISTRICT will hold a public meeting at 6:00pm, September 11, 2018 in the District Board Room located at 1928 N Main Street in Pearland, Texas 77581. The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	\$1.060000/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.355600/\$100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

### Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	-1.07 % decrease
Debt Service	6.76 % increase
Total expenditures	0.05 % increase

### Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	<u>Preceding Tax Year</u>	<u>Current Tax Year</u>
Total appraised value* of all property	\$10,051,668,042	\$9,515,419,726
Total appraised value* of new property**	\$194,004,526	\$181,453,546
Total taxable value*** of all property	\$7,794,181,766	\$7,938,382,272
Total taxable value*** of new property**	\$184,653,322	\$145,826,757

\*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.

\*\* "New property" is defined by Section 26.012(17), Tax Code.

\*\*\* "Taxable value" is defined by Section 1.04(10), Tax Code.

### Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness\* \$467,580,000

\*Outstanding principal.

### Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance &amp; Operations</u>	<u>Interest &amp; Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
Last Year's Rate	\$1.040000	\$0.375600*	\$1.415600	\$5,044	\$3,966
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$1.164660	\$0.453800*	\$1.618460	\$5,366	\$3,875
Proposed Rate	\$1.060000	\$0.355600*	\$1.415600	\$5,194	\$3,945

\*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

### Comparison of Proposed Levy with Last Year's Levy on Average Residence

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$267,417	\$263,087
Average Taxable Value of Residences	\$224,701	\$221,818
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.415600	\$1.415600
Taxes Due on Average Residence	\$3,180.87	\$3,140.06
Increase (Decrease) in Taxes		\$-40.81

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

**Notice of Rollback Rate:** The highest tax rate the district can adopt before requiring voter approval at an election is \$1.415600. This election will be automatically held if the district adopts a rate in excess of the rollback rate of \$1.415600.

### Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	\$28,684,274
Interest & Sinking Fund Balance(s)	\$13,580,751

## PEARLAND INDEPENDENT SCHOOL DISTRICT

### \$220,000,000 November 2016 Bond Election - As of August 2018 (Tax Swap Analysis)

Base Case: Taxable Assessed Valuation Grow By 10.0% in 2017/18 and then grow by \$200,000,000 For 8 Years And To Remain Constant Thereafter, Tax Collection Rate Of 99.0%, Projected Year 2016/17 Enrollment Of 21,442 Students Will Grow By District' Projections For 9-Years (i.e. Year 2025/26) And Remain Constant Thereafter, Refined Average Daily Attendance Equals 96.00% Of Projected Student Enrollment, CPTD To Equal 108.0% Of Previous Year's Taxable Assessed Valuation.

A	B	C	D	E	F	G	H	I	J	K	L			
Year	Total Outstanding Bond Payments	Plus: February 2019 Variable Rate Series 2019 \$90,000,000 @ 4.00%	Total Combined Bond Payments	Less: Projected State Funding Assistance	Less: Frozen Levy, Delinquent Tax Collections & Interest Earnings	Less: District Contribution	Less: Capitalized Interest	Less: I&S Fund Contribution	Net Combined Bond Payments	Taxable Assessed Valuation (Net of Frozen)	Updated Projection Projected I&S Tax Rate	Updated Projection I&S Tax Rate Difference	Original Projection I&S Tax Rate	Original Projection Tax Rate Difference
2017/18	30,575,150		30,575,150	547,944	1,250,000	0	2,440,831	0	26,336,375	7,082,640,782	0.3756		0.3756	
2018/19	30,037,316	2,002,500	32,039,816	0	1,250,000	1,495,000	2,002,500	1,655,000	25,637,316	7,282,640,782	0.3556	(0.0200)	0.3756	
2019/20	30,130,916	4,005,000	34,135,916	0	1,250,000	0	0	3,580,000	29,305,916	7,482,640,782	0.3956	0.0400	0.4156	0.0400
2020/21	29,616,816	4,005,000	33,621,816	0	1,250,000	0	0	762,000	31,609,816	7,682,640,782	0.4156	0.0200	0.4256	0.0100
2021/22	31,246,391	4,005,000	35,251,391	0	1,250,000	0	0	0	34,001,391	7,882,640,782	0.4356	0.0200	0.4356	0.0100
2022/23	32,106,616	4,005,000	36,111,616	0	1,250,000	0	0	0	34,861,616	8,082,640,782	0.4356		0.4356	
2023/24	32,966,829	4,005,000	36,971,829	0	1,250,000	0	0	0	35,721,829	8,282,640,782	0.4356		0.4356	
2024/25	33,831,916	4,005,000	37,836,916	0	1,250,000	0	0	0	36,586,916	8,482,640,782	0.4356		0.4356	
2025/26	34,694,495	4,005,000	38,699,495	0	1,250,000	0	0	0	37,449,495	8,682,640,782	0.4356	0.0000	0.4456	0.0100
2026/27	34,694,021	4,005,000	38,699,021	0	1,250,000	0	0	0	37,449,021	8,682,640,782	0.4356		0.4456	
2027/28	34,691,540	4,005,000	38,696,540	0	1,250,000	0	0	0	37,446,540	8,682,640,782	0.4356		0.4456	
2028/29	34,693,724	4,005,000	38,698,724	0	1,250,000	0	0	0	37,448,724	8,682,640,782	0.4356		0.4456	
2029/30	34,693,238	4,005,000	38,698,238	0	1,250,000	0	0	0	37,448,238	8,682,640,782	0.4356		0.4456	
2030/31	34,689,338	4,005,000	38,694,338	0	1,250,000	0	0	0	37,444,338	8,682,640,782	0.4356		0.4456	
2031/32	34,692,806	4,005,000	38,697,806	0	1,250,000	0	0	0	37,447,806	8,682,640,782	0.4356		0.4456	
2032/33	7,716,400	10,507,038	18,223,438	0	1,250,000	0	0	0	16,973,438	8,682,640,782	0.1975	(0.2381)	0.2088	(0.2368)
2033/34	7,719,175	10,499,549	18,218,724	0	1,250,000	0	0	0	16,968,724	8,682,640,782	0.1975		0.2088	
2034/35	7,716,775	10,503,376	18,220,151	0	1,250,000	0	0	0	16,970,151	8,682,640,782	0.1975		0.2087	
2035/36	7,718,625	10,502,741	18,221,366	0	1,250,000	0	0	0	16,971,366	8,682,640,782	0.1975		0.2087	
2036/37	7,717,375	10,502,088	18,219,463	0	1,250,000	0	0	0	16,969,463	8,682,640,782	0.1975		0.2087	
2037/38	7,715,750	10,505,636	18,221,386	0	1,250,000	0	0	0	16,971,386	8,682,640,782	0.1975		0.2088	
2038/39	7,713,000	10,507,609	18,220,609	0	1,250,000	0	0	0	16,970,609	8,682,640,782	0.1975		0.2087	
2039/40	5,188,000	13,034,821	18,222,821	0	1,250,000	0	0	0	16,972,821	8,682,640,782	0.1975		0.2087	
2040/41	5,183,250	13,038,825	18,222,075	0	1,250,000	0	0	0	16,972,075	8,682,640,782	0.1975		0.2088	
2041/42	5,186,500	13,033,688	18,220,188	0	1,250,000	0	0	0	16,970,188	8,682,640,782	0.1975		0.2087	
<b>Total</b>	<b>\$562,935,963</b>	<b>\$166,702,870</b>	<b>\$729,638,833</b>	<b>\$547,944</b>	<b>\$31,250,000</b>	<b>\$1,495,000</b>	<b>\$4,443,331</b>	<b>\$5,997,000</b>	<b>\$685,905,558</b>	<b>Total Tax Rate Increase:</b>	<b>\$0.0600</b>			<b>\$0.0700</b>

#### FUND BALANCE COVERAGE CALCULATION

	Date	Amount	Coverage
Fund Balance (FYE)	6/30/2018	21,993,034	
Interest Payment	8/15/2018	(8,412,283)	
Fund Balance (Tax Year End)	8/31/2018	<b>13,580,751</b>	42.39%
Use of Fund Balance to Manage Tax Rate:	<i>FY 2018/19</i>	(1,655,000)	34.94%
	<i>FY 2019/20</i>	(3,580,000)	24.82%
	<i>FY 2020/21</i>	(762,000)	21.51%
<b>Projected Fund Balance</b>	<b>8/31/2021</b>	<b>7,583,751</b>	

PEARLAND INDEPENDENT SCHOOL DISTRICT  
 ESTIMATED REVENUES  
 GENERAL OPERATING FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019 - AMENDED FOR M&O RATE INCREASE OF \$0.02

	<b>2018-2019 ADOPTED BUDGET</b>	<b>AMENDMENT</b>	<b>VARIANCE</b>
<b>Local Sources</b>			
Current Year Taxes	\$78,232,400	\$79,736,870	\$1,504,470
Delinquent Taxes, Penalty & Interest	1,180,000	1,180,000	-
Investment Earnings	560,000	560,000	-
Miscellaneous Local Revenue	1,218,000	1,218,000	-
Total Local Sources	<u>81,190,400</u>	<u>82,694,870</u>	<u>1,504,470</u>
<b>State Sources</b>			
Foundation School Fund	77,118,684	81,174,841	4,056,157
On-Behalf TRS Payments	6,958,027	6,958,027	-
Other State Sources	-	-	-
Total State Sources	<u>84,076,711</u>	<u>88,132,868</u>	<u>4,056,157</u>
<b>Federal Sources</b>			
Miscellaneous Federal Sources	<u>2,106,000</u>	<u>2,106,000</u>	<u>-</u>
Total Revenues	<u><u>\$167,373,111</u></u>	<u><u>\$172,933,738</u></u>	<u><u>\$5,560,627</u></u>



PEARLAND INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GENERAL OPERATING FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019 - AMENDED FOR M&O RATE INCREASE OF \$0.02

	<b>2018-2019 ADOPTED BUDGET</b>	<b>AMENDMENT</b>
Revenues	\$167,373,111	\$172,933,738
Expenditures	175,413,422	175,413,422
Revenues Over/(Under) Expenditures	<u>(8,040,311)</u>	<u>(2,479,684)</u>
Other Financing Sources/(Uses)	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u><u>(\$8,040,311)</u></u>	<u><u>(\$2,479,684)</u></u>

PEARLAND INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES AND OTHER FINANCING SOURCES  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019 - AMENDED FOR I&S RATE DECREASE OF \$0.02

	<b>2018-2019 PROPOSED BUDGET</b>	<b>AMENDMENT</b>	<b>VARIANCE</b>
Revenues			
5700 Local and Intermediate Sources	\$28,868,932	\$27,364,462	(\$1,504,470)
5800 State Program Revenue	268,384	268,384	0
5900 Federal Program Revenue	0	0	0
Total Revenues	<u>29,137,316</u>	<u>27,632,846</u>	<u>(1,504,470)</u>
Other Financing Sources			
7915 Transfer In	0	1,504,470	1,504,470
7916 Premium on Sale of Bond	1,800,000	1,800,000	0
Total Other Financing Sources	<u>1,800,000</u>	<u>3,304,470</u>	<u>1,504,470</u>
Total Revenues and Other Financing Sources	<u><u>\$30,937,316</u></u>	<u><u>\$30,937,316</u></u>	<u><u>\$0</u></u>