COMPREHENSIVE ANNUAL FINANCIAL REPORT



TOMBALL INDEPENDENT
SCHOOL DISTRICT
FISCAL YEAR ENDED
AUGUST 31, 2013

Tomball Independent School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2013

Prepared by the Finance Department Jim Ross, Chief Financial Officer Zack Boles, Director of Finance

> 310 S. Cherry St Tomball, TX 77375

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2013

TABLE OF CONTENTS

INTRO	DDUCTORY SECTION	<u>Page</u>
	Letter of Transmittal	1
	Certificate of Achievement for Excellence in Financial Reporting	6
	Certificate of Excellence in Financial Reporting	7
	Leadership Organizational Chart	8
	Principal Officials and Advisors	9
FINA	NCIAL SECTION Independent Auditors' Report	10
	Management's Discussion and Analysis	13
Exhib	<u>bit</u>	
BASI	C FINANCIAL STATEMENTS	
A-1	Government-Wide Financial Statements: Statement of Net Position	18
A-2	Statement of Activities	19
B-1	Fund Financial Statements: Balance Sheet - Governmental Funds	20
B-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
B-3	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
B-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
B-5	Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	24
B-6	Statement of Net Position - Proprietary Fund	25
B-7	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	26
B-8	Statement of Cash Flows - Proprietary Fund	27
B-9	Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	28
	Notes to Basic Financial Statements	29

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2013

TABLE OF CONTENTS (Continued)

Exhib	<u>bit</u>	Page
SUP	PLEMENTARY INFORMATION	
C	OMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
C-1	Nonmajor Governmental Funds: Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	. 43
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds	. 47
C-3	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - National School Breakfast and Lunch Program	. 51
D-1	Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund	. 52
E-1	Agency Fund: Statement of Changes in Assets and Liabilities - Agency Fund	53

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2013

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION (UNAUDITED)

Table	<u>-</u>	Page
	Financial Trends Information:	
1	Net Position by Component - Last Ten Fiscal Years	54
2	Changes in Net Position - Last Ten Fiscal Years	56
3	Fund Balances - Governmental Funds - Last Ten Fiscal Years	58
4	Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	60
5	Revenue Capacity Information: Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	62
6	Property Tax Rates - Direct and Overlapping Governments (Per \$100 of Assessed Value) - Last Ten Fiscal Years	63
7	Principal Taxpayers - Current Year and Nine Years Ago	65
8	Property Tax Levies & Collections - Last Ten Fiscal Years	66
9	Debt Capacity Information: Outstanding Debt by Type - Last Ten Fiscal Years	67
10	Ratios of Net General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years	68
11	Direct and Overlapping Governmental Activities Debt As of August 31, 2013	69
12	Demographic and Economic Information: Demographic and Economic Statistics - Last Ten Fiscal Years	70
13	Principal Employers - Current Year and Five Years Ago	71
14	Operating Information: Full-time Equivalent District Employees by Position - Last Ten Fiscal Years	72
15	Operating Statistics - Last Ten Fiscal Years	74
16	Teacher Base Salaries - Last Ten Fiscal Years	76
17	School Building Information - Last Ten Fiscal Years	77

INTRODUCTORY SECTION





Tomball Independent School District

310 S. Cherry Street Tomball, Texas 77375

January 31, 2014

Board of Trustees and Citizens Tomball Independent School District 310 S. Cherry Street Tomball, Texas 77375

Dear Board of Trustees:

State law requires that each school district have its fiscal accounts audited annually. A copy of the annual financial report, approved by the Board of Trustees, must be filed with the Texas Education Agency (TEA) by the 150th day after the end of the fiscal year. The independent audit of the financial statements was submitted as prescribed by law. This Comprehensive Annual Financial Report (CAFR) of the Tomball Independent School District (Tomball ISD or the District) is published to provide additional information for the fiscal year ended August 31, 2013.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

The CAFR consists of management's representations concerning the finances of the District. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Hereford, Lynch, Sellars & Kirkham, P.C., a firm of licensed certified public accountants, has issued an unmodified opinion based upon the audit of the District's financial statements for the fiscal year ended August 31, 2013. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

In 1937 a petition was presented to the Harris County School Board requesting Tomball be allowed to form its own school district. That petition was granted and all related funds and debts were transferred to the Tomball Independent School District. Tomball ISD is legally recognized as a political subdivision of the State of Texas. The District is not included in any other governmental reporting entity and there are no component units. A seven-member Board of Trustees (the Board) governs the District and has governance responsibilities over all activities related to public elementary and secondary education. Each member is elected to an at-large position for four years in a nonpartisan election. An election is held in November of even-numbered years for either three or four positions. Based on legislative authority codified in the Texas Education Code, the Board (1) has exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) has the right of eminent domain to acquire real property.

Serving the city of Tomball and the communities of Lakewood, Canyon Gate, Village Creek, Creekside Park (a section of The Woodlands), Hufsmith, Decker Prairie, and Rosehill, Tomball ISD is primarily located in northwestern Harris County with a small portion in southwestern Montgomery County. The District is comprised of 6 elementary schools serving pre-kindergarten to fourth grades, 2 elementary schools serving pre-kindergarten to sixth grades, 2 intermediate schools serving fifth and sixth grades, 2 junior high schools serving seventh and eighth grades, 1 high school serving ninth to eleventh grades, 1 high school serving ninth to twelfth grades, and 1 alternative placement school. The ages of the schools range from two years to fifty years old.

Tomball ISD provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, bilingual/ESL, remedial, and career and technology programs, along with co-curricular/extracurricular activities. High school students have the opportunity to earn college credits through College Board Advanced Placement courses, early college attendance, and dual credit programs. The District is fully accredited by the Texas Education Agency (TEA).

The Board determines the District's vision, mission and goals. The District vision is "Tomball ISD students are well prepared for life and equipped with unlimited opportunities". The mission of the District is "Tomball ISD serves students through a culture that provides an innovative, personally rigorous and individually valuable education, reflective of community standards".

On or before August 20th of each year, the District must prepare a budget for the next succeeding fiscal year. The annual budget serves as the foundation for the District's financial planning and control. The budget process begins in December with the preparation of the budget calendar, updated enrollment and revenue projections, and tentative expenditure projections. Based on this information, budget development parameters for the next year's budget are established. All the District's budget managers are required to submit requests for appropriations based on those parameters. A preliminary budget is compiled and then presented and discussed with the Board at multiple budget workshops. After review, evaluation and revision in budget workshops, a meeting of the Board is called for the purpose of adopting the final proposed budget. A public hearing is held for taxpayer input after ten days' public notice of the meeting. Following the public hearing the Board adopts an appropriated budget for the general fund, debt service fund and the National School Breakfast and Lunch Program special revenue fund on a basis consistent with GAAP. The operating budget of proposed expenditures, and the means of financing them, must be approved and adopted by the Board prior to September 1st. The appropriated budget is prepared by fund and function. Transfers of appropriations between campuses/departments require the approval of the District's Superintendent. Increasing any one of the functional spending categories or revenue object accounts and other resources require the approval of the Board.

LOCAL ECONOMY

Tomball Independent School District encompasses 83 square miles in northwestern Harris County (90%) and southwestern Montgomery County (10%) located approximately 30 miles from downtown Houston, Texas. Harris County is the most populous of the 254 counties in Texas.

The District's proximity to the City of Houston provides the area with access to the nation's largest seaport in foreign waterborne commerce and second largest in total tonnage, one of the nation's leading centers for medical education and research, many colleges and universities, a dynamic cultural arts community, excellent recreational opportunities and a national center of corporate management, commerce and world trade.

The Port of Houston has helped fuel the Houston area's development as a center of international business and trade. This dynamic port is planning for a projected 15% growth in total tonnage in the near future in conjunction with the expansion of the Panama Canal. Companies that do business internationally find the Houston area attractive because of its well-developed financial infrastructure, skilled work force and diverse population. Ample space and favorable conditions for industrial development, as well as for cargo handling, make the Houston area a choice location for industry. This is a major factor contributing to the Houston area's, as well as Tomball's, positive economic outlook for the future.

The largest employer in Tomball ISD, and the number one taxpayer, is Hewlett-Packard Corporation. Hewlett-Packard produces computers and other technological products and services. Major administration, training center and research and development facilities are located in the District. Hewlett-Packard employs approximately 5,700 people in the Greater Houston area and its presence has contributed to the growth of the District. With expected industrial and commercial growth and the effect of its proximity to the City of Houston, the District anticipates a continuous, steady increase in its tax base.

The District's total tax base has increased on average 9.03 percent annually over the past ten years. The taxable value of property increased 9.39 percent from fiscal year 2011-2012 to 2012-2013 with a total taxable value of \$6,000,037,868. This taxable base is 58.75% residential and 41.25% business or other property. The average taxable value of residences is \$172,753. The District considers build-out space remaining at over 50 percent of usable space remaining.

Located within the District are numerous multi-use developments which include retail shopping centers, low to mid-rise office buildings, hotels, industrial parks, financial institutions, restaurants and high-density residential projects. The latest residential expansion of The Woodlands is located entirely within the boundaries of the District, and with the planned addition of over 6,500 homes in this development project the District expects steady and sustained economic growth well into the future. The District has opened two elementary schools in The Woodlands, and has plans to open an elementary school in August 2015 and a junior high in August 2016 in The Woodlands.

LONG-TERM FINANCIAL PLANNING

Tomball ISD has a student enrollment of 11,723 that is larger than 90 percent of the public school districts in Texas. Tomball ISD student enrollment has increased an average of 3.83 percent annually over a tenyear period. District enrollment increased 5.77 percent in 2012-2013 and is expected to again rise by over 6 percent during the 2013-2014 school year. This enrollment growth was anticipated and voters passed a \$160 million bond referendum in May 2013. Proceeds of the referendum are being used to build new instructional and support facilities, purchase school buses, renovate and expand the capacity of existing instructional facilities, as well as provide technology to accommodate new students and staff, replace aging technology, and increase student access to technology. Two new elementary schools and an intermediate school will be built using these proceeds; all three are to be opened in August 2015 for the 2015-2016 fiscal year. Tomball ISD's third junior high school will be constructed using these bond proceeds and opened in August 2016 for the 2016-2017 fiscal year.

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The 2011 Texas Legislative Session adopted a state budget that significantly reduced funding for public schools. The budget reduction was instrumented with a change in the funding system. This funding reduction, combined with the economic recession in the years prior, has caused significant financial stress for many Texas public school districts.

The District's approach to coping with the current overall funding environment, combined with the addition of new school facilities and rapid growth has been to ensure the budget process remains instructionally driven and guided by the goals of the District. One of those goals is for the District to be fiscally responsible. In line with these goals and objectives, Tomball ISD leadership took steps over a six-year period to set aside reserves for future contingencies and on-going financial stability.

The District has fund balance reserves available to fund over 37% of the 2013-2014 operating budget; well above the existing board policy of maintaining 25% of the current year's operating budget. To provide fiscal capacity other than these reserves the District has made an effort to retain an additional 2 cents of maintenance and operating (M&O) tax rate before reaching the state legislated maximum M&O tax rate. This M&O tax rate is lower than 93 percent of the public school districts in Texas. The total tax rate has not been increased in five consecutive years. Considering both operating cost increases and funding reductions, the District believes it is well-positioned financially through 2017.

RELEVANT FINANCIAL POLICIES

Budget planning is an integral part of overall program planning. Budget planning effectively supports the District's activities, and resources are provided to implement desired programs. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered, as well as input from the community, and District and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and are a part of each month's activities.

Evidence of the District's commitment to budget planning and implementation is the selection of Tomball ISD by the Texas State Comptroller as a model district in the Financial Allocation Study of Texas (FAST). This study was commissioned by the State of Texas to determine the school districts with the highest efficiency at the lowest costs. The measurements used are state test scores and costs per pupil. Tomball ISD was recognized as having very high academic achievement with low per pupil costs.

MAJOR INITIATIVES

Tomball Independent School District seeks to help students become skillful, active, reflective, self-disciplined and honorable members of our community through engaging learning experiences in a safe and nurturing environment. During the 2012-2013 school year, student achievement and character development continued to be primary objectives of the District. Strategies focused on raising the academic performance of all students; closing the achievement gap; establishing quality measures to gather information for feedback, improvement and accelerated solutions; encouraging parent and community involvement; developing positive character traits in students; recruiting and retaining quality staff; and building trusting and productive relationships allowed the District to work towards its objectives.

The District continues to meet or surpass state standards in student achievement in mathematics, science, language arts and social studies. By reviewing individual student test data and gauging the effectiveness of instructional programs, the District has strengthened and expanded its curriculum beyond the requirements of the state-mandated Texas Essential Knowledge and Skills (TEKS) in order to provide Tomball ISD students with an education that is more enriched and broader in scope. Advance offerings are being expanded as more students express a desire to participate. Tomball ISD students continue to excel in obtaining a well-rounded education as evidenced by the 97.8 percent of seniors who earned the necessary credits to graduate in May 2013 and passed the state exit exams.

AWARDS AND ACKNOWLEDGEMENTS

Tomball Independent School District received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2012. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review to determine its eligibility for another certificate.

The District also received the Association of School Business Official's (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended August 31, 2012. This award certifies that the Comprehensive Annual Financial Report for the fiscal year ended August 31, 2012, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe our current report will conform to the Certificate of Excellence Program requirements, and we are submitting it to the ASBO for their review.

We would like to express our appreciation to the Board of Trustees for their concern in providing fiscal accountability to the patrons of our District and for their expertise in financial decisions. Special appreciation goes to the District's finance department and the independent auditor's staff. The preparation of this report could not have been accomplished without their efficient and dedicated service.

m Ross

Chief Financial Officer

Respectfully submitted,

Huey Kinchen Superintendent

Zachary Boles Director of Finance

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The Government Finance Officers Association of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department

Tomball Independent School District, Texas



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date September 19, 2013

Association of School Business Officials International



The Certificate of Excellence in Financial Reporting Award is presented to

Tomball Independent School District

For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2012

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards

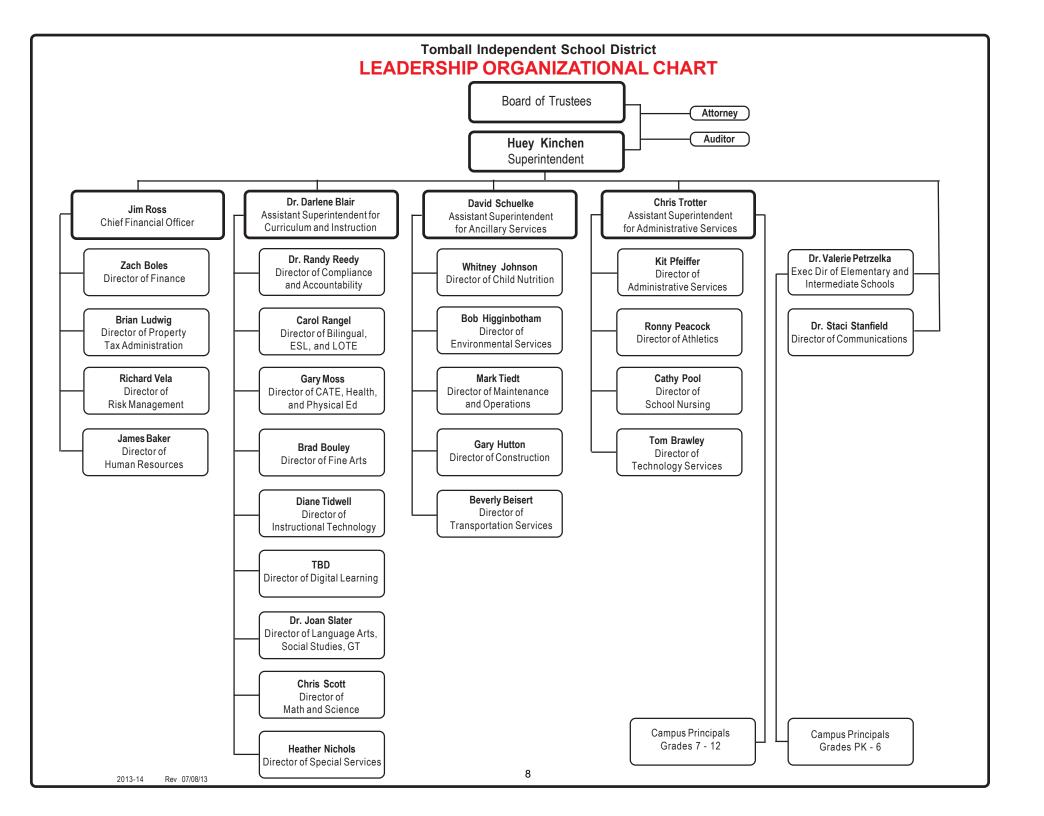


Ron McCulley, CPPB, RSBO

President

John D. Musso, CAE, RSBA Executive Director

7



TOMBALL INDEPENDENT SCHOOL DISTRICT PRINCIPAL OFFICIALS AND ADVISORS

BOARD OF TRUSTEES

John E. McStravick President
Mark Lewandowski Vice-President
Kathy Handler Secretary

Michael J. Pratt Assistant Secretary

Sam Gregson Trustee
Ken Odom Trustee
Lisa Nicholas Trustee

ADMINISTRATION

Huey Kinchen Superintendent

Darlene Blair Assistant Superintendent for Curriculum & Instruction

Chris Trotter Assistant Superintendent for

Administrative Services

David A. Schuelke Assistant Superintendent for

Ancillary Services

Jim Ross Chief Financial Officer

CONSULTANTS AND ADVISORS

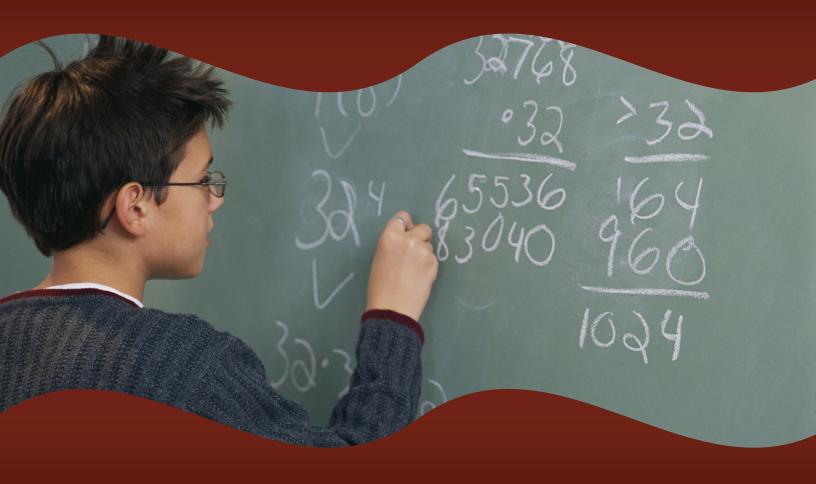
Bracewell & Giuliani, LLP Rogers, Morris & Grover, LLP Thompson & Horton, LLP Houston, Texas – General Counsel

Hereford, Lynch, Sellars and Kirkham, PC Conroe, Texas – Independent Auditors

> Norton Rose Fulbright, LLP Houston, Texas – Bond Counsel

BOSC, Inc. Houston, Texas – Financial Advisor

FINANCIAL SECTION





Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants

A Professional Corporation

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Texas Society of Certified Public Accounts
Private Companies Practice Section
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Cleveland
111 East Boothe
Cleveland, Texas 77327
Tel 281-592-6443
Fax 281-592-7706

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of Tomball Independent School District 310 South Cherry Street Tomball, Texas 77375-5595

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tomball Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessments of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tomball Independent School District, as of August 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I. F. Accounting Changes in the notes to the financial statements for the year ended August 31, 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tomball Independent School District's basic financial statements. The introductory section, combining and individual funds financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual funds financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual funds financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the Tomball Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tomball Independent School District's internal control over financial reporting and compliance.

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C. Certified Public Accountants

Conroe, Texas December 9, 2013

Management's Discussion and Analysis

As management of the Tomball Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2013. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable and claims payable of the District's self-insured workers' compensation program.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities at year-end by \$42,614,238 (net position). Of this amount, \$50,071,045 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$1,347,996 from current operations, decreased \$2,231,183 from the implementation of GASB 65 and increased \$3,381,659 from a prior period adjustment for correction of capital assets.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$73,139,835, an increase of \$1,316,248 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$22,606,078, or 27 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$8,527,664 (3 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The Statement of Net Position (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The Statement of Activities (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial operations (governmental activities) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of cash resources, as well as on balances of cash resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained nineteen individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation titled *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary fund. Internal service fund, which is a type of proprietary fund, that uses an accounting process which accumulates and allocates costs internally among the District's various funds and functions. The District uses the internal service fund to account for its self-funded workers' compensation program. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements are provided with the basic financial statements and provide information for the self-funded workers' compensation program.

The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs and activities. A statement of fiduciary assets and liabilities is presented for fiduciary funds, as noted in the table of contents of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report presents other supplementary information, including schedules required by the Texas Education Agency. Other supplementary information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities by \$42,614,238, an increase of \$2,498,472 over the preceding year.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S NET POSITION

		Governmental Activities									
	_	2013			2012			Increase (Decre	ease)		
		Amount	%	_	Amount	%		Amount	%		
Current and Other Assets	\$	85,407,543	24	\$	88,026,824	24	\$	(2,619,281)	(3)		
Capital Assets, net of Depreciation		268,408,847	76		273,076,414	76		(4,667,567)	(2)		
Total Assets	_	353,816,390	100	_	361,103,238	100	_	(7,286,848)			
Total Deferred Outflows of Resources	_	1,338,385	100	_	1,487,458	100	_	(149,073)	(10)		
Noncurrent Liabilities Outstanding	_	304,754,538	98		313,292,987	97	_	(8,538,449)	(3)		
Other Liabilities		7,785,999	2		9,181,943	3		(1,395,944)	(15)		
Total Liabilities	_	312,540,537	100	_	322,474,930	100	_	(9,934,393)			
Net Position:	_			_			_				
Net Investment in Capital Assets		(7,456,807)	(17)		(9,014,998)	(22)		1,558,191	(17)		
Unrestricted		50,071,045	117		49,130,764	122		940,281	2		
Total Net Position	\$_	42,614,238	100	\$_	40,115,766	100	\$	2,498,472			

The largest portion of the District's net position is unrestricted. Investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets that are still outstanding represent less than one percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of net position, *unrestricted* \$50,071,045, may be used to meet future obligations to students and creditors.

Governmental activities. Governmental activities increased the District's net position by \$1,347,996 from current operations, decreased \$2,231,183 from the implementation of GASB 65 and increased \$3,381,659 from a prior period adjustment for capital assets as described in the notes to the financial statements. Key elements of this change are as follows:

TOMBALL INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

			G	overnmental Ad	ctivities				
	2013			2012			Increase (Decrease		
	Amount	%		Amount	%		Amount	%	
Revenues:						_			
Program Revenues:									
Charges for Services	4,956,229	4	\$	4,928,988	5	\$	27,241	1	
Operating Grants and Contributions	9,661,952	8		11,176,201	10		(1,514,249)	(14)	
General Revenues:									
Property Taxes, Levied for General Purpose	61,256,505	53		56,401,809	49		4,854,696	9	
Property Taxes, Levied for Debt Service	21,100,637	18		19,469,388	17		1,631,249	8	
Grants and Contributions Not Restricted									
to Specific Programs	19,944,171	17		22,309,545	19		(2,365,374)	(11)	
Investment Earnings	128,753	-		147,088	-		(18,335)	(12)	
Miscellaneous	168,253		_	69,323	-	_	98,930	143	
Total Revenues	117,216,500	100	_	114,502,342	100	_	2,714,158		
Expenses:									
Instruction	57,529,140	50		54,853,901	47		2,675,239	5	
Instructional Resources and Media Services	1,490,940	1		1,379,876	1		111,064	8	
Curriculum and Instructional Staff Development	1,085,211	1		1,060,957	1		24,254	2	
Instructional Leadership	1,047,845	1		1,046,748	1		1,097	-	
School Leadership	6,047,417	5		5,708,324	5		339,093	6	
Guidance, Counseling, and Evaluation									
Services	3,710,790	3		3,399,011	3		311,779	9	
Social Work Services	61,248	-		59,732	-		1,516	3	
Health Services	1,142,337	1		1,001,096	1		141,241	14	
Student Transportation	4,597,969	4		4,925,437	4		(327,468)	(7)	
Food Service	4,966,651	4		4,379,968	4		586,683	13	
Extracurricular Activities	5,236,220	6		5,064,933	5		171,287	3	
General Administration	2,802,508	2		2,560,583	2		241,925	9	
Plant Maintenance and Operations	10,481,103	9		9,888,738	9		592,365	6	
Security and Monitoring Services	418,110	-		365,048	-		53,062	15	
Data Processing Services	1,521,517	1		1,729,528	1		(208,011)	(12)	
Community Services	58,263	-		41,818	-		16,445	39	
Interest on Long-term Debt	12,948,165	11		13,315,843	11		(367,678)	(3)	
Issuance Costs and Fees	16,283	-		148,988	-		(132,705)	(89)	
Facilities Repair and Maintenance	65,523	-		4,492,312	4		(4,426,789)	(99)	
Payments to Juvenile Justice Alternative									
Education Programs	7,973	-		22,516	-		(14,543)	(65)	
Other Intergovernmental Charges	633,291	1		583,557	1	_	49,734	9	
Total Expenses	115,868,504	100		116,028,914	100		(160,410)		
Change in Net Position	1,347,996			(1,526,572)			2,874,568		
Net Position - Beginning	40,115,766			41,642,338			(1,526,572)		
Prior Period Adjustment - Implement GASB 65									
for Bond Issuance Costs	(2,231,183)			-			(2,231,183)		
Prior Period Adjustment - Capital Assets	3,381,659						3,381,659		
Net Position - Beginning, as restated	41,266,242		_	41,642,338		_	(376,096)		
Net Position - Ending	42,614,238		\$	40,115,766		\$_	2,498,472		

The increase in net position resulted primarily from property tax revenue increases, related to increased appraised value.

Revenues, aggregating \$117,216,500, were generated primarily from two sources. Property taxes \$82,357,142 represent 71 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$29,606,123), represent 25 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District are *Instruction* \$57,529,140, which represents 50 percent of total expenses and Interest on Long-term Debt of \$12,948,165, while all remaining expense categories are individually 10 percent or less of total expenses.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$73,139,835, an increase of \$1,316,248 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$22,606,078, while total fund balance was \$58,318,378. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 69 percent of that same total. The fund balance of the general fund increased \$1,790,216 during the year, primarily due to the increase in property tax levy due to increase in appraised values.

The debt service fund ended the year with a total fund balance of \$1,795,601, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance decreased \$145,253 during the year, primarily due to the scheduled debt requirements.

The capital projects fund has a total fund balance of \$9,460,436. The net decrease in fund balance during the current year in the capital projects fund was \$961,116 due to the expenditures for capital projects as authorized per the bond issue.

Governmental funds financial statements may be found by referring to the table of contents.

Proprietary funds. The District's proprietary fund financial statements, reflect the District's internal service fund created for its self-funded workers' compensation program and provides information as to the profitability of that program. The net change in assets of the fund is eliminated and allocated to the governmental expenses in the government-wide financial statements.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. There were not significant differences between the original budget and the final amended budget of the general fund.

There were no significant variations between the final budget and actual results.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2013 was \$268,408,847 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The decrease in net investment in capital assets for the current fiscal year was \$4,667,567.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS

(net of depreciation)

Governmental Activities

		GOVOTIMO TIGAT TO CONTINUO									
	_	2013			2012		Increase (Decrease)				
	_	Amount	%		Amount	%		Amount	%		
Land	\$	15,717,111	6	\$	15,717,111	6	\$	-	-		
Buildings and Improvements		236,136,276	88		149,147,353	55		86,988,923	58		
Furniture and Equipment		16,555,460	6		18,096,951	7		(1,541,491)	(9)		
Construction in Progress		-	-		90,114,999	32		(90,114,999)	(100)		
Totals	\$	268,408,847	100	\$	273,076,414	100	\$	(4,667,567)			
	_			_			_				

Major capital asset activity during the year included the following:

Woodlands #2 Campus (K-6) and furniture and equipment.

Additional information on the District's capital assets can be found in Note III. D in the notes to the financial statements as per the table of contents.

Noncurrent Liabilities. At year-end, the District had a liability for bonded debt of \$304,534,957. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program, totaled \$219,581.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING NONCURRENT LIABILITIES

		Governmental Activities										
	_	2013			2012		Increase (Decrease)					
		Amount	%		Amount	%		Amount	%			
General Obligation Bonds (Net)	\$	304,534,957	100	\$	313,062,621	100	\$	(8,527,664)	(3)			
Workers' Compensation		219,581	-		230,366	-		(10,785)	(5)			
Totals	\$_	304,754,538	100	\$	313,292,987	100	\$_	(8,538,449)				

The District's total bonded debt decreased by \$8,527,664 (3 percent) during the current fiscal year, which resulted primarily from scheduled payments.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note III. E in the notes to the financial statements as per the table of contents.

Economic Factors and Next Year's Budgets and Tax Rates

- School year (2013-14) student enrollment is, 12,123, a 4 percent increase from the preceding year.
- District staff totals 1,668 employees in 2013-14, excluding substitutes and other part-time employees, of which 766 are teachers and 301 are teacher aides and secretaries.
- The District maintains fourteen regular education campuses, including an alternative campus for student instruction.
- Property values of the District are projected to increase 10% for the 2013-14 year.
- A maintenance and operations tax rate of \$1.02 and a debt service tax rate of \$.34, a total rate of \$1.36 were adopted for 2013-14. Preceding year rates were \$1.01, \$.35 and \$1.36, respectively.

All of these factors and others were considered in preparing the District's budget for the 2013-14 fiscal year.

During 2012-13, fund balance in the general fund increased \$1,790,216. Due to the uncertainty of state school funding, the District plans to set-aside these additional funds to ensure operating expenses are met in the 2013-14 and 2014-15 fiscal years. District Policy requires the District to maintain an operating cash reserve fund balance each fiscal year end that equals or exceeds the amount necessary to cover three months of the District's average operating expenses for the coming year. The general fund balance increase extends that coverage to more than three months of average operating expenses.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Tomball Independent School District, 310 South Cherry Street, Tomball, Texas 77375.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

August 31, 2013

ASSETS S 13,154,702 Current Investments 68,898,218 196,860 Due from Other Governments 621,944 Other Receivables 177,976 Inventories, at Cost 548,484 Prepaid Items 9,397 Other Current Assets 29,962 Capital Assets: 15,717,111 Land 15,717,111 Buildings and Improvements, Net 236,136,276 Furniture and Equipment, Net 16,555,460 Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES Accounts Payable 1,216,218 Interest Payable 567,537 Accounted Liabilities 2,925,641 Une other Governments 2,990,078 Une armed Revenues 86,525 Noncurrent Liabilities: 297,264,957 Due in more than one year 7,489,581 Due in more than one year 297,264,957 <		Primary Government Governmental Activities
Current Investments 68,898,218 Property Taxes Receivable (Net) 1,966,860 Due from Other Governments 621,944 Other Receivables 177,976 Inventories, at Cost 548,484 Prepaid Items 9,397 Other Current Assets 29,962 Capital Assets: 15,717,111 Land 15,717,111 Buildings and Improvements, Net 236,136,276 Furniture and Equipment, Net 16,555,460 Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,383,85 Total Deferred Outflows of Resources 1,338,385 Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,990,078 Unearmed Revenues 2,990,078 Noncurrent Liabilities: 2 Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets <td></td> <td></td>		
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Due from Other Governments 621,944 Other Receivables 177,976 Inventories, at Cost 548,484 Prepaid Items 9,397 Other Current Assets 29,962 Capital Assets: 15,717,111 Buildings and Improvements, Net 236,136,276 Furniture and Equipment, Net 16,555,460 Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,990,078 Une of Governments 2,990,078 Unearmed Revenues 86,525 Noncurrent Liabilities: 297,264,957 Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)		
Other Receivables 177,976 Inventories, at Cost 548,484 Prepaid Items 9,397 Other Current Assets 29,962 Capital Assets: 15,717,111 Buildings and Improvements, Net 236,136,276 Furniture and Equipment, Net 16,555,460 Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES 2 Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,995,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: 2 Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION (7,456,807)		
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Buildings and Improvements, Net 236,136,276 Furniture and Equipment, Net 16,555,460 Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,925,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: 30,990,078 Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Capital Assets:	
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Total Assets 353,816,390 DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES *** Accounts Payable** 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,925,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: *** Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION *** Net Investment in Capital Assets (7,456,807)	Buildings and Improvements, Net	236,136,276
DEFERRED OUTFLOWS OF RESOURCES Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES	Furniture and Equipment, Net	16,555,460
Deferred Charge on Refunding 1,338,385 Total Deferred Outflows of Resources 1,338,385 LIABILITIES 2 Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,925,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Total Assets	353,816,390
Total Deferred Outflows of Resources 1,338,385 LIABILITIES	DEFERRED OUTFLOWS OF RESOURCES	
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Accounts Payable 1,216,218 Interest Payable 567,537 Accrued Liabilities 2,925,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: 7,489,581 Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Total Deferred Outflows of Resources	1,338,385
Interest Payable 567,537 Accrued Liabilities 2,925,641 Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities: 7,489,581 Due within one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	LIABILITIES	
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Due to Other Governments 2,990,078 Unearned Revenues 86,525 Noncurrent Liabilities:	Interest Payable	567,537
Unearned Revenues 86,525 Noncurrent Liabilities: 7,489,581 Due within one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Accrued Liabilities	2,925,641
Noncurrent Liabilities: Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Due to Other Governments	2,990,078
Due within one year 7,489,581 Due in more than one year 297,264,957 Total Liabilities 312,540,537 NET POSITION (7,456,807) Net Investment in Capital Assets (7,456,807)	Unearned Revenues	86,525
Due in more than one year Total Liabilities 297,264,957 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Noncurrent Liabilities:	
Total Liabilities 312,540,537 NET POSITION Net Investment in Capital Assets (7,456,807)	Due within one year	7,489,581
NET POSITION Net Investment in Capital Assets (7,456,807)	Due in more than one year	297,264,957
Net Investment in Capital Assets (7,456,807)	Total Liabilities	312,540,537
	NET POSITION	
	Net Investment in Capital Assets	(7,456,807)
Total Net Position \$ 42,614,238	Total Net Position	

STATEMENT OF ACTIVITIES

		_	Prograi	n Rev	venues	Net (Expense) Revenue and Changes in Net Position		
					Operating			
Eunation/Dynamama	Evnoncos		Charges for Services		Grants and Contributions	Governmental Activities		
Function/Programs Primary government:	Expenses	-	Services	-	Contributions	Activities		
Governmental Activities:								
Instruction	\$ 57,529,140	\$	652,924	\$	5,241,832 \$	(51,634,384)		
Instructional Resources and Media Services	1,490,940	Ψ	150,412	Ψ.	73,913	(1,266,615)		
Curriculum and Instructional Staff Development	1,085,211		10,651		261,822	(812,738)		
Instructional Leadership	1,047,845		-		303,576	(744,269)		
School Leadership	6,047,417		134,818		291,315	(5,621,284)		
Guidance, Counseling, & Evaluation Services	3,710,790		3,710		627,917	(3,079,163)		
Social Work Services	61,248		-		2,523	(58,725)		
Health Services	1,142,337		444		48,411	(1,093,482)		
Student (Pupil) Transportation	4,597,969		-		124,448	(4,473,521)		
Food Services	4,966,651		2,746,723		1,901,640	(318,288)		
Extracurricular Activities	5,236,220		1,201,893		335,245	(3,699,082)		
General Administration	2,802,508		-		106,245	(2,696,263)		
Plant Maintenance and Operations	10,481,103		47,424		222,359	(10,211,320)		
Security and Monitoring Services	418,110		3,447		4,837	(409,826)		
Data Processing Services	1,521,517		-		50,729	(1,470,788)		
Community Services	58,263		3,783		65,140	10,660		
Interest on Long-term Debt	12,948,165		-		<u>-</u>	(12,948,165)		
Issuance Costs and Fees	16,283		-		_	(16,283)		
Facilities Repair and Maintenance	65,523		-			(65,523)		
Payments to Juvenile Justice Alter. Ed. Programs	7,973		-			(7,973)		
Other Intergovernmental Charges	633,291		-		_	(633,291)		
Total Governmental Activities	115,868,504	-	4,956,229	_	9,661,952	(101,250,323)		
Total Primary Government	\$ 115,868,504	\$	4,956,229	\$	9,661,952	(101,250,323)		
	General Revenues: Property Taxes, Levie Property Taxes, Levie Investment Earnings	d for	Debt Service			61,256,505 21,100,637 19,944,171		
	Grants and Contribution	ons N	Not Restricted to S	Specif	ic Programs	128,753		
	Miscellaneous					168,253		
	Total General Rever	iues				102,598,319 1,347,996		
Change in Net Position								
	Vet Position - Beginnin					40,115,766		
P	rior Period Adjustmen	t - In	nplement GASB	65 for	Bond Issuance Costs	(2,231,183)		
	rior Period Adjustmen					3,381,659		
	Vet Position - Beginnin	g, as	restated			41,266,242		
N	let Position - Ending				\$	42,614,238		

BALANCE SHEET GOVERNMENTAL FUNDS

August 31, 2013

		General Fund	S	Debt ervice Fund		Capital Projects Fund		Nonmajor Governmental Funds		Total Governmental Funds
ASSETS	_	-			_		_		_	
Cash and Cash Equivalents	\$	11,471,552	\$	150,020	\$	-	\$	1,533,130	\$	13,154,702
Current Investments		54,121,323		1,645,581		9,481,814		552,586		65,801,304
Taxes Receivable, Net		1,514,482		452,378		-		=		1,966,860
Due from Other Governments		89,735		-		-		532,209		621,944
Due from Other Funds		476,337		-		-		1,607,292		2,083,629
Other Receivables		177,976		-		-		=		177,976
Inventories		494,012		_		-		54,472		548,484
Prepaid Items		9,397		_		_		-		9,397
Total Assets	\$	68,354,814	\$	2,247,979	\$	9,481,814	\$	4,279,689	\$	84,364,296
LIABILITIES										
Accounts Payable	\$	969,843	\$	_	\$	21,378	\$	180,507	\$	1,171,728
Accrued Wages Payable		2,879,159		_		-		46,482		2,925,641
Due to Other Funds		1,607,292		_		-		476,337		2,083,629
Due to Other Governments		2,990,078		_		-		-		2,990,078
Deferred Revenues		75,582		_		-		10,943		86,525
Total Liabilities	_	8,521,954		-	_	21,378	_	714,269		9,257,601
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes		1,514,482		452,378		-		-		1,966,860
Total Deferred Inflows of Resources	_	1,514,482		452,378	_	-	_	-		1,966,860
FUND BALANCES										
Nonspendable:										
Inventory		494,012		-		-		43,529		537,541
Prepaid Items		9,397		-		-		-		9,397
Restricted For:										
Federal/State Funds Grant Restrictions		4,908,891		-		-		-		4,908,891
Capital Acquisitions & Contractual Obligations		-		-		9,460,436		-		9,460,436
Retirement of Long-term Debt		-		1,795,601		-		-		1,795,601
Other Committed Fund Balance		18,300,000		-		-		3,521,891		21,821,891
Assigned Fund Balances:										
Construction		3,000,000		-		-		-		3,000,000
Claims and Judgments		1,000,000		-		-		-		1,000,000
Capital Expenditures for Equipment		3,000,000		_		-		-		3,000,000
Self-Insurance		1,000,000		_		-		-		1,000,000
Other Assigned Fund Balance		4,000,000		_		-		-		4,000,000
Unassigned Fund Balance		22,606,078		_		-		-		22,606,078
Total Fund Balances	_	58,318,378		1,795,601	_	9,460,436	_	3,565,420	_	73,139,835
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	68,354,814	s	2,247,979	\$	9,481,814	\$	4,279,689	\$	84,364,296

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

August 31, 2013

Total Fund Balances - Governmental Funds (Exhibit B-1)

\$ 73.139.835

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year end consist of:

Governmental Capital Assets Costs \$ 366,369,822 Accumulated Depreciation of Governmental Capital Assets (97,960,975)

268,408,847

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.

1,966,860

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to bonds payable, consist of:

Bonds Payable, at Original Par \$ (292,665,000)
Premium on Bonds Payable (8,125,987)
Accreted Interest (3,743,970)
Accrued Interest on the Bonds (567,537)

(305,102,494)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

2,862,805

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures.

1,338,385

Total Net Position - Governmental Activities (Exhibit A-1)

\$ 42,614,238

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

	General Fund		Debt Service Fund		Capital Projects Fund	Nonmajor Governmental Funds		Total Governmental Funds
REVENUES		_		_				
Local and Intermediate Sources	\$ 62,229,632	\$	21,208,110	\$	10,687	\$ 4,907,499	\$	88,355,928
State Program Revenues	23,305,022		-		-	598,721		23,903,743
Federal Program Revenues	510,631		-		-	4,767,713		5,278,344
Total Revenues	86,045,285	_	21,208,110		10,687	10,273,933		117,538,015
EXPENDITURES								
Current:								
Instruction	49,830,392		-		-	2,968,003		52,798,395
Instructional Resources and Media Services	1,108,174		-		-	146,691		1,254,865
Curriculum and Instructional								
Staff Development	850,295		-		-	232,383		1,082,678
Instructional Leadership	784,801		-		-	257,930		1,042,731
School Leadership	5,532,202		-		-	141,162		5,673,364
Guidance, Counseling, & Evaluation Services	3,091,899		-		-	486,916		3,578,815
Social Work Services	61,196		-		-	-		61,196
Health Services	1,094,558		-		-	433		1,094,991
Student (Pupil) Transportation	3,794,636		-		180,313	-		3,974,949
Food Services	-		-		-	4,406,515		4,406,515
Extracurricular Activities	2,885,323		-		-	937,883		3,823,206
General Administration	2,796,846		-		-	-		2,796,846
Plant Maintenance and Operations	9,977,604		-		243,579	2,475		10,223,658
Security and Monitoring Services	414,596		-		-	3,361		417,957
Data Processing Services	1,390,811		-		-	-		1,390,811
Community Services	472		-		-	57,780		58,252
Payments to Juvenile Justice Alternative								
Education Programs	7,973		-		-	-		7,973
Other Intergovernmental Charges	633,291		-		-	-		633,291
Debt Service:								
Principal on Long-term Debt	-		8,165,000		-	-		8,165,000
Interest on Long-term Debt	-		13,172,080		-	-		13,172,080
Issuance Costs and Fees	-		16,283		-	-		16,283
Capital Outlay:								
Facilities Acquisition and Construction			-	_	547,911	 -		547,911
Total Expenditures	84,255,069	_	21,353,363		971,803	9,641,532		116,221,767
Net Change in Fund Balances	1,790,216		(145,253)		(961,116)	632,401		1,316,248
Fund Balances - Beginning	56,528,162	_	1,940,854		10,421,552	2,933,019	-	71,823,587
Fund Balances - Ending	\$ 58,318,378	\$	1,795,601	\$	9,460,436	\$ 3,565,420	\$	73,139,835

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Total Net Change in Fund Balances – Governmental Funds (Exhibit B-3)	\$	1,316,248
Amounts reported for governmental activities in the statement of activities are different became	use:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Assets increased Depreciation Expense	\$ 890,090 (8,842,896)	(7,952,806)
The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a decrease to net position.	5,	(96,420)
Because some property taxes will not be collected for several months after the District's fix year end, they are not considered "available" revenues and are deferred in the governme funds. Deferred tax revenues decreased by this amount this year.		(228,290)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	ent	6,415,000
Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recognized as an expenditure in the funds when it due, and thus requires the use of current financial resources. In the statement of activities however, interest expense is recognized as the interest accrues, regardless of when it is of the increase in interest reported in the statement of activities consists of the following:	t is es,	
Accrued Interest on Current Interest Bonds Payable decreased Interest Accreted on the District's Capital Appreciation Bonds Accreted Interest Paid Amortization of Bond Premiums	\$ 10,324 (249,181) 1,750,000 611,845	
Amortization of Defeased Charge on Refunding	(149,073)	1,973,915
An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements.	on 	(79,651)
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$</u>	1,347,996

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

							Variance with Final Budget
	 Budget	ed Amo		_			Over
	 Original		Final	_	Actual	_	(Under)
REVENUES							
Local and Intermediate Sources	\$ 62,296,986	\$	62,404,034	\$	62,229,632	\$	(174,402)
State Program Revenues	18,753,014		18,753,014		23,305,022		4,552,008
Federal Program Revenues	450,000		450,000		510,631	_	60,631
Total Revenues	 81,500,000		81,607,048		86,045,285	_	4,438,237
EXPENDITURES							
Current:							
Instruction	50,758,333		50,294,367		49,830,392		463,975
Instructional Resources and Media Services	1,065,777		1,120,909		1,108,174		12,735
Curriculum and Instructional							
Staff Development	872,959		883,272		850,295		32,977
Instructional Leadership	838,290		807,890		784,801		23,089
School Leadership	5,611,563		5,614,336		5,532,202		82,134
Guidance, Counseling and Evaluation Services	2,931,289		3,131,986		3,091,899		40,087
Social Work Services	66,234		66,234		61,196		5,038
Health Services	1,069,215		1,149,715		1,094,558		55,157
Student (Pupil) Transportation	4,058,830		3,996,130		3,794,636		201,494
Extracurricular Activities	2,862,507		3,137,466		2,885,323		252,143
General Administration	2,720,480		2,965,530		2,796,846		168,684
Plant Maintenance and Operations	10,488,289		10,542,749		9,977,604		565,145
Security and Monitoring Services	458,934		463,354		414,596		48,758
Data Processing Services	1,573,900		1,428,900		1,390,811		38,089
Community Services	4,000		4,000		472		3,528
Intergovernmental Charges:							
Payments to Juvenile Justice Alt. Ed. Prog.	30,000		30,000		7,973		22,027
Other Intergovernmental Charges	589,400		639,400		633,291		6,109
Total Expenditures	86,000,000		86,276,238		84,255,069	_	2,021,169
Net Change in Fund Balances	(4,500,000)		(4,669,190)		1,790,216		6,459,406
Fund Balances - Beginning	56,528,162	_	56,528,162	_	56,528,162		
Fund Balances - Ending	\$ 52,028,162	\$	51,858,972	\$	58,318,378	\$	6,459,406

STATEMENT OF NET POSITION PROPRIETARY FUND

August 31, 2013

		Governmental Activities Internal Service	
	Ī		
		Fund	
ASSETS			
Current Assets:			
Investments	\$	3,096,914	
Other Current Assets		29,962	
Total Current Assets	_	3,126,876	
Total Assets	_	3,126,876	
LIABILITIES			
Current Liabilities:			
Accounts Payable		44,490	
Claims Payable - Due within one year		219,581	
Total Current Liabilities	_	264,071	
Total Liabilities	_	264,071	
NET POSITION			
Unrestricted Net Position		2,862,805	
Total Net Position	\$	2,862,805	

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

	Governmental Activities
	Internal Service
	Fund
OPERATING REVENUES	
Local and Intermediate Sources:	
Employer Contributions	\$377,830
Total Operating Revenues	377,830
OPERATING EXPENSES	
Payroll Costs	91,501
Professional and Contracted Services	137,422
Other Operating Costs	231,753
Total Operating Expenses	460,676
Operating Income (Loss)	(82,846)
NONOPERATING REVENUES	
Earnings from Temp. Deposits and Investments	3,195
Total Nonoperating Revenues	3,195
Change in Net Position	(79,651)
Total Net Position - Beginning	2,942,456
Total Net Position - Ending	\$ 2,862,805

TOMBALL INDEPENDENT SCHOOL DISTRICT STATEMENT OF CASH FLOWS PROPRIETARY FUND

		Activities ternal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Employer	\$	377,830
Cash Payments for Claims, Net of Stop-loss Reimbursements		(201,588)
Cash Payments for Payroll Costs, Services and Supplies and Materials		(228,923)
Net Cash Provided (Used) by Operating Activities	<u> </u>	(52,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received on Investments		3,195
Sale of Investments		49,486
Net Cash Provided (Used) by Investing Activities	_	52,681
Net Increase (Decrease) in Cash and Cash Equivalents		_
Cash and Cash Equivalents at Beginning of Year		-
Cash and Cash Equivalents at End of Year	\$	-
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$	(82,846)
Change in Assets and Liabilities:		
Increase (Decrease) in Claims Payable		(10,785)
Increase (Decrease) in Accounts Payable	. —	40,950
Net Cash Provided (Used) by Operating Activities	\$	(52,681)

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUND

August 31, 2013

		Agency Fund	
	_	Student Activity	
ASSETS	-		
Cash and Cash Equivalents	\$	213,087	
Total Assets	\$	213,087	
LIABILITIES			
Due to Student Groups	\$	213,087	
Total Liabilities	\$	213,087	

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

I. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Tomball Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *internal service fund* accounts for workers' compensation claims and administrative expenses provided for other funds of the District on a cost reimbursement basis.

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Accounting Changes

Change in Accounting Principles – As the result of implementing GASB Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of September 1, 2012 by \$2,231,183. The decrease results from no longer deferring and amortizing bond issuance costs. Further, the District has restated its long-term liabilities to reflect that a component of those liabilities as of August 31, 2012 – deferred charge on refunding – is now reported as a deferred outflow of resources on the government-wide Statement of Net Position. The effect of this change, as of August 31, 2012, is an increase of \$1,487,458 in long-term liabilities and a corresponding increase in deferred outflows of resources.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land is not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and Improvements	5-40
Furniture and Equipment	2-40

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable*

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

revenue - property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Net position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by policy authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District shall maintain at a minimum an assigned and unassigned fund balances equal to or exceeding three months of average operating expenditures of the current budget.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

2. Property Taxes

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. The District does not have a liability for unpaid vacation at year-end due to the District's policy does not allow a carryover of vacation not taken at August 31.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are interfund services provided. Operating expenses for the internal service fund include payroll cost, professional and contracted services, and other operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast/Lunch Program* special revenue fund, and debt service fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

- Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- **2.** A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- **3.** Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year which were not significant.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

C. Excess of Expenditures Over Appropriations

For the year ended August 31, 2013, expenditures exceeded appropriations per the functions (the legal level of budgetary control) in the following funds:

Fund	Function	Final Budget	Actual	Variance
National School Breakfast/Lunch Program	35	\$ 4,393,784	\$ 4,406,515	\$ (12,731)

III. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of August 31, 2013, the District had the following governmental and internal service funds investments:

	Standard &			Percentage of	Weighted Average
Investment Type	Poor's Rating		Fair Value	Total Investments	Maturity (Years)
Texpool	AAAm	\$	68,898,218	100%	0.19
Total Fair Value		\$	68,898,218	100%	
Portfolio Weighted Average Maturity		_			0.19

Credit risk. For fiscal year 2013, the District invested in Texpool. Texpool is duly chartered and administered by the State Comptroller's Office. The credit rating for such investment is noted in the preceding table.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment shall not exceed two years from the time of purchase, unless specifically authorized by the Board of Trustees.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

Concentration of credit risk. The District's investment policy does not limit an investment in any one issuer.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2013, District's banks' balances of \$12,445,044 were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are in the District's name or held by the District's agent in the District's name.

B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

			Nonmajor					
				Debt		Governmental		
	<u></u>	General		Service		Funds		Total
Receivables:								
Property Taxes	\$	2,186,842	\$	653,213	\$	-	\$	2,840,055
Due From Other Governments								
State		63,909		-		532,209		596,118
Federal		11,179		-		-		11,179
Local		14,647		-		-		14,647
Other		177,976		-		-		177,976
Gross Receivables		2,454,553		653,213		532,209		3,639,975
Less: Allowance for Uncollectibles		(672,360)		(200,835)		-		(873, 195)
Net Total Receivables	\$ <u></u>	1,782,193	\$	452,378	\$_	532,209	\$	2,766,780

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ 150,676
Uncollectibles Related to Debt Service Property Taxes	(99,112)
Total Uncollectibles of the Current Fiscal Year	\$ 51,564

Approximately \$1,905,000 of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

C. Interfund Receivables and Payables

Receivables/Payables

The composition of interfund balances as of August 31, 2013, is as follows:

	Interfund		Interfund
Fund	 Receivables		Payables
General fund	\$ 476,337	\$	1,607,292
Other Governmental Funds - Nonmajor			
Special Revenue Funds:			
ESEA, Title I Improving Basic Programs	-		156,716
IDEA - B Formula	-		274,457
National School Breakfast/Lunch Program	1,583,692		-
ESEA, Title II, Part A - Teacher and Principal Training and Recruiting	-		18,925
Title VI, Part A, English Language Acquisition and Enhancement	-		17,648
Summer School LEP	-		3,750
Non-Ed Community Based Support	-		2,052
Student Success Initiatives	-		2,789
Instructional Materials Allotment	23,600		-
Total Special Revenue Funds	 1,607,292	-	476,337
Totals	\$ 2,083,629	\$	2,083,629

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

D. Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

		Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental Activities:		· · · · · · · · · · · · · · · · · · ·	_		
Capital Assets, not being Depreciated:					
Land	\$	15,717,111 \$	-	\$ - \$	15,717,111
Construction in Progress		90,114,999	331,856	(90,446,855)	-
Total Capital Assets, not being Depreciated	_	105,832,110	331,856	(90,446,855)	15,717,111
Capital Assets, being Depreciated:					
Buildings and Improvements		221,259,720	_	93,107,617	314,367,337
Furniture and Equipment		35,561,849	558,234	165,291	36,285,374
Total Capital Assets, being Depreciated	_	256,821,569	558,234	93,272,908	350,652,711
Less Accumulated Depreciation for:					
Buildings and Improvements		(72,112,367)	(6,118,694)	-	(78,231,061)
Furniture and Equipment		(17,464,898)	(2,724,202)	459,186	(19,729,914)
Total Accumulated Depreciation	_	(89,577,265)	(8,842,896)	459,186	(97,960,975)
Total Capital Assets, being Depreciated, net	_	167,244,304	(8,284,662)	93,732,094	252,691,736
Governmental Activities Capital Assets, net	\$_	273,076,414 \$	(7,952,806)	\$3,285,239_\$	268,408,847

Prior Period Adjustment

As of August 31, 2013, the District made adjustments to correct costs for capital assets. Such adjustments increased capital assets, net and the government-wide net position by \$3,381,659. The adjustments are included in the preceeding table.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
11 Instruction	\$ 4,705,250
12 Instructional Resources and Media Services	235,131
13 Curriculum and Instructional Staff Development	1,744
21 Instructional Leadership	4,271
23 School Leadership	368,099
31 Guidance, Counseling, and Evaluation Services	128,984
33 Health Services	46,428
34 Student Transportation	797,545
35 Food Service	557,164
36 Extracurricular Activities	1,411,176
41 General Administration	3,220
51 Plant Maintenance and Operations	435,381
61 Data Processing	148,503
Total Depreciation Expense-Governmental Activities	\$ 8,842,896

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and workers' compensation claims. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for workers' compensation claims are accounted for in the internal service fund. In prior years, the general fund has been used to liquidate any other long-term liability not accounted for in the debt service fund or an internal service fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013, was as follows:

		Beginning Balance	Additions		Reductions	Ending Balance		Due Within One Year
Governmental Activities:				-			_	
Bonds Payable:								
General Obligation Bonds	\$	299,080,000	\$ -	\$	(6,415,000) \$	292,665,000	\$	7,270,000
Deferred Amounts:								
For Issuance Premiums (CIB's)		8,737,832	-		(611,845)	8,125,987		-
For Accreted Interest (CAB's)		5,244,789	249,181		(1,750,000)	3,743,970		-
Total Bonds Payable, net	_	313,062,621	 249,181	-	(8,776,845)	304,534,957	_	7,270,000
Workers' Compensation		230,366	98,455		(109,240)	219,581		219,581
Governmental Activity Long-term Liabilities	\$_	313,292,987	\$ 347,636	\$	(8,886,085)	304,754,538	\$	7,489,581

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 7-25 year current interest or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

The following is a summary of changes in the general obligation bonds for the fiscal year:

0	Interest	Original	Maturity		Beginning		A .d .d(s)	De doot one	Ending
Series	Rate	Issue	Date		Balance	_	Additions	Reductions	Balance
1993 (CAB)		\$ 1,186,411	2015	\$	15,000	\$	- \$	(5,000) \$	10,000
1997 (CAB)		1,753,405	2014		135,000		-	(115,000)	20,000
1999	4.25-5.0%	20,985,000	2020		335,000		-	(335,000)	-
2001 B	3.45-3.55%	25,000,000	2026		25,000,000		-	-	25,000,000
2002 B	4.27%	19,650,000	2026		19,650,000		-	-	19,650,000
2007	4.0-5.5%	9,800,000	2032		9,580,000		-	(65,000)	9,515,000
2008	3.0-4.75%	103,410,000	2033		102,315,000		-	(1,155,000)	101,160,000
2008 (CAB)		620,000	2015		620,000		-	-	620,000
2009	2.0-5.0%	52,960,000	2034		51,115,000		-	(1,610,000)	49,505,000
2010 REF	2.0-5.0%	16,005,000	2020		16,005,000		-	-	16,005,000
2010 A	3.0-5.0%	26,535,000	2034		26,535,000		-	(325,000)	26,210,000
2010 B REF	3.0-5.0%	16,080,000	2023		13,045,000		-	(2,295,000)	10,750,000
2011	4.0-5.0%	30,015,000	2034		30,015,000		-	-	30,015,000
2011 REF	2.0-3.5%	4,715,000	2020	_	4,715,000	_	<u> </u>	(510,000)	4,205,000
Totals				\$	299,080,000	\$_	- \$	(6,415,000) \$	292,665,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending			Total
August 31	Principal	Interest	Requirements
2014	\$ 7,270,000	\$ 14,220,480	\$ 21,490,480
2015	7,975,000	15,348,286	23,323,286
2016	10,985,000	12,336,230	23,321,230
2017	11,440,000	11,879,211	23,319,211
2018	11,910,000	11,411,530	23,321,530
2019	12,400,000	10,921,768	23,321,768
2020	12,930,000	10,391,424	23,321,424
2021	13,495,000	9,830,595	23,325,595
2022	14,090,000	9,235,407	23,325,407
2023	14,740,000	8,587,037	23,327,037
2024	15,430,000	7,893,932	23,323,932
2025	16,155,000	7,169,117	23,324,117
2026	16,915,000	6,407,892	23,322,892
2027	14,460,000	5,668,819	20,128,819
2028	15,170,000	4,954,119	20,124,119
2029	15,920,000	4,207,900	20,127,900
2030	16,680,000	3,450,434	20,130,434
2031	17,470,000	2,657,966	20,127,966
2032	18,320,000	1,808,969	20,128,969
2033	19,205,000	919,041	20,124,041
2034	9,705,000	231,000	9,936,000
Totals	\$ 292,665,000	\$ 159,531,157	\$ 452,196,157

As of August 31, 2013, the District had authorized but unissued bonds in the amount of \$160,000,000.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the Districts basic financial statements. As of August 31, 2013, the District does not have any outstanding defeased bonds.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General Fund - Fiscal Stabilization for New High Schools General Fund - Capital Replacement Projects Other Governmental Fund - National School Breakfast and Lunch Program Other Governmental Fund - Campus Activity Other Governmental Fund - Scholarships	\$	16,000,000 2,300,000 1,735,850 1,329,604 452,437
Other Governmental Fund - High School Scholarship Fund Total Other Committed Fund Balance	\$ <u></u>	4,000 21,821,891
Other assigned fund balance includes the following assignments of funds:		
General Fund - Land Purchases	\$	3,000,000
General Fund - Maintenance and Repairs		1,000,000
Total Other Designated Fund Balance	\$	4,000,000

G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources of the governmental funds consisted of the following:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 60,945,461	\$ 21,069,242	\$ - ;	\$ -	\$ 82,014,703
Penalties, Interest, and					
Other Tax Related Income	438,254	132,475	-	-	570,729
Summer School, Tuition and Fees	119,930	-	-	-	119,930
Investment Income	107,077	6,393	10,687	1,401	125,558
Food Sales	-	-	-	2,746,723	2,746,723
Extracurricular Student Activities	240,026	-	-	1,804,665	2,044,691
Rental Income	44,885	-	-	-	44,885
Gifts & Bequests	69,326	-	-	354,710	424,036
Other	264,673	-	-	-	264,673
Total	\$ 62,229,632	\$ 21,208,110	\$ 10,687	\$ 4,907,499	\$ 88,355,928

IV. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. In addition, the District participates in the Texas Association of School Boards Risk Management Fund (Fund) for liability, vehicle coverage, crime and tax-assessor bond insurance. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

During the year ended August 31, 2013, the District contributed a \$150 along with a state contribution of \$75 (\$225) per month per employee towards the cost of health care for those who elected to participate in the TRS health care plan.

Workers' Compensation

The District established a limited risk management program for workers' compensation in 2004 by participating as a self-funded member of the Texas Public Schools Workers' Compensation Project (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Pool, the District is solely responsible for all claims costs, both reported and unreported. A third party administrator provides administrative services to its self-funded members including claims administration and customer service.

Premiums are paid into the internal service fund by the other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Texas Public Schools Workers' Compensation Project limits the Pool's liability to \$325,000 per occurrence with a maximum aggregate exposure of \$5,000,000. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past two fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	ľ	ear Ended 8/31/2013	8/31/2012
Unpaid Claims, Beginning of Fiscal Year	\$	230,366	\$ 216,893
Incurred Claims (including IBNRs and changes in provisions)		98,455	224,549
Claim Payments		(109,240)	(211,076)
Unpaid Claims, End of Fiscal Year	\$	219,581	\$ 230,366

B. Related Party Transaction

For the year ended August 31, 2013, the District purchased \$1,528,239 of food products from an entity in which a family member of a member of the Board has a financial interest.

C. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2013, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

D. Defined Benefit Pension Plan

Pension Plan for Employees Participating in Teacher Retirement System

Plan Description. The Tomball Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions. Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

		Member			State			School District Statutory Minimum
Year	Rate		Amount	Rate		Amount	_	Amount
2013	6.4%	- \$	4,144,367	6.400%	\$	3,177,819	\$	788,074
2012	6.4%	\$	3,844,438	6.000%	\$	2,795,670	\$	667,436
2011	6.4%	\$	3,797,137	6.644%	\$	3,125,963	\$	815,940

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

E. School District Retiree Health Plan

Plan Description. The Tomball Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates

	Activ	/e Mem	ber			School District			
Year	Rate		Amount	Rate	Amount		Rate		Amount
2013	0.65%	\$	420,912	0.50%	\$	314,692	0.55%	\$	356,157
2012	0.65%	\$	390,451	1.00%	\$	583,253	0.55%	\$	330,381
2011	0.65%	\$	385,647	1.00%	\$	574,704	0.55%	\$	326,316

In addition, the State of Texas contributed \$256,359, \$319,163, and \$162,167 in 2013, 2012, and 2011, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2013

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

F. Nonmonetary Transactions

During 2013, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$293,716. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$293,716 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS



SPECIAL REVENUE FUNDS

The Special Revenue Funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The proceeds may be from federal, state, and local sources.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Grants accounted for in the Special Revenue Funds include:

- **ESEA, Title I, Part A, Improving Basic Programs** funds are used to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.
- <u>IDEA-Part B, Formula -</u> funds are used to operate education programs for children with disabilities.
- <u>IDEA Part B, Preschool</u> funds are used to operate educational programs for preschool children with disabilities.
- <u>National School Breakfast and Lunch Program</u> fund accounts for revenues originating from the United States Department of Agriculture and fees from child and adult meals, as well as allowable child nutrition program expenditures.
- <u>Career and Technical, Basic Grant</u> funds are used to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment.
- **ESEA, Title II, Part A, Teacher and Principal Training and Recruiting ("TPTR")** funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, in addition to holding local education agencies and schools accountable for improving student academic achievement.
- <u>English Language Acquisition and Enhancement</u> funds are used to improve the education of limited English proficient children and assist children to learn English and meet challenging State academic content and student academic achievement standards.
- <u>NIST Summer Institute for Middle School Science Teachers</u> funds are used to assist the District in covering the cost of employees attending the NIST Summer Institute..

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

- <u>Early Childhood Limited English Proficient (LEP) Summer Programs</u> funds are used for summer school programs for LEP students.
- <u>Non-Ed Community Based Support</u> fund is used to account for the provision of non-educational community-based support services to students with disabilities, who would remain or have to be placed in residential facilities for educational reasons without the provision of these services.
- <u>Student Success Initiative</u> fund is used to account, on a project basis, for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of third grade.
- <u>Instructional Materials Allotment</u> funds are used to purchase instructional materials, technological equipment, and technology related services.
- <u>State Funded Special Revenue Fund</u> fund accounts for state funded special revenue funds that have not been specified above.
- <u>Campus Activity Funds</u> funds are generated by the campus and are not subject to recall by the board of trustees into the General Fund. The funds accounted for are non-agency and discretionary.
- <u>Scholarship Fund</u> funds are used to provide scholarships to qualifying students who graduate from a high school in the Tomball Independent School District. These scholarships may be awarded to students pursuing undergraduate work at Tomball College.
- <u>High School Scholarship Fund</u> fund is used to account for scholarship funds that have been donated to an individual high school, and awarded to current and former students for post-secondary education purposes. These funds are restricted for use in the 2013-2014 school year.

TOMBALL INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

August 31, 2013

	ESEA Title I, Part A	DEA - B Formula	 DEA - B reschool]	Nat'l School Breakfast & Lunch
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$	299,675
Current Investments	-	-	-		-
Due from Other Governments	159,743	282,724	-		39,354
Due from Other Funds	-	-	-		1,583,692
Inventories	 -	 -	 -		54,472
Total Assets	\$ 159,743	\$ 282,724	\$ -	\$	1,977,193
LIABILITIES					
Accounts Payable	\$ 3,027	\$ 8,267	\$ -	\$	140,389
Accrued Wages Payable	-	-	-		46,482
Due to Other Funds	156,716	274,457	-		-
Deferred Revenues	-	 	 -		10,943
Total Liabilities	 159,743	 282,724	 -		197,814
FUND BALANCES					
Nonspendable Inventories	_	_	_		43,529
Other Committed Fund Balance	-		 -		1,735,850
Total Fund Balances	 	 	 _		1,779,379
Total Liabilities & Fund Balances	\$ 159,743	\$ 282,724	\$ _	\$	1,977,193

Ca	areer & Tech Basic Grant	-	ESEA Fitle II, Part A TPTR	Acq	ish Language uisition and hancement	NIST Summer Institute for Middle School Science Teachers				
\$	-	\$	-	\$	-	\$	-			
	-		20,115		21,682		-			
	-		-		-		-			
\$		\$	20,115	\$	21,682	\$	_			
					_					
\$	-	\$	1,190	\$	4,034	\$	-			
	-		- 18,925		- 17,648		-			
			-		-					
			20,115		21,682					
	-		-		-		-			
		_			-					
\$		\$	20,115	\$	21,682	\$				

(Continued)

TOMBALL INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

August 31, 2013

	LEP Summer Program		C	Non-Ed ommunity sed Support		Student Success nitiatives	Instructional Materials Allotment		
ASSETS									
Cash and Cash Equivalents	\$	-	\$	-	\$	-	\$	-	
Current Investments		-		-		-		-	
Due from Other Governments		3,750		2,052		2,789		-	
Due from Other Funds		-		-		-		23,600	
Inventories					-				
Total Assets	\$	3,750	\$	2,052	\$	2,789	\$	23,600	
LIABILITIES									
Accounts Payable	\$	_	\$	-	\$	-	\$	23,600	
Accrued Wages Payable		-		-		-		-	
Due to Other Funds		3,750		2,052		2,789		-	
Deferred Revenues									
Total Liabilities		3,750		2,052		2,789		23,600	
FUND BALANCES									
Nonspendable Inventories		-		-		-		-	
Other Committed Fund Balance									
Total Fund Balances									
Total Liabilities &									
Fund Balances	\$	3,750	\$	2,052	\$	2,789	\$	23,600	

State Funded Special Revenue Fund		Campus Activity Funds	 Scholarship Fund	Se	High School cholarship Fund	Total Nonmajor Governmental Funds	
\$	-	\$ 1,229,455	\$ -	\$	4,000	\$ 1,533,130	
	-	100,149	452,437		-	552,586	
	-	-	-		-	532,209 1,607,292	
	<u>-</u>	<u>-</u>	<u>-</u>			 54,472	
\$		\$ 1,329,604	\$ 452,437	\$	4,000	\$ 4,279,689	
\$	-	\$ -	\$ -	\$	-	\$ 180,507	
	-	-	-		-	46,482	
	-	-	-		-	476,337	
			 <u> </u>			10,943	
	-	 	 <u>-</u>			 714,269	
	_	_	-		_	43,529	
	-	 1,329,604	 452,437		4,000	 3,521,891	
		1,329,604	 452,437		4,000	 3,565,420	
\$	-	\$ 1,329,604	\$ 452,437	\$	4,000	\$ 4,279,689	

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

For the Year Ended August 31, 2013

	ESEA Title I, Part A	IDEA - B Formula	IDEA - B Preschool	Nat'l. School Breakfast & Lunch
REVENUES				
Local and Intermediate Sources State Program Revenues	\$ -	\$ -	\$ -	\$ 2,747,554 100,726
Federal Program Revenues	789,718	1,766,388	39,043	1,800,914
Total Revenues	789,718	1,766,388	39,043	4,649,194
EXPENDITURES				
Current:				
Instruction	619,123	1,170,806	_	_
Instructional Resources	, .	,,		
& Media Services	-	_	_	-
Curriculum & Instructional				
Staff Development	27,874	2,386	-	-
Instructional Leadership	100,592	148,940	-	-
School Leadership	1,406	-	-	-
Guidance, Counseling &	,			
Evaluation Services	-	444,256	39,043	-
Health Services	-	-	-	-
Food Services	-	-	-	4,406,515
Extracurricular Activities	-	-	-	-
Plant Maintenance & Operations	-	-	-	-
Security & Monitoring Services	-	-	-	-
Community Services	40,723			<u> </u>
Total Expenditures	789,718	1,766,388	39,043	4,406,515
Net Change in Fund Balances	-	-	-	242,679
Fund Balances - Beginning				1,536,700
FUND BALANCES - ENDING	\$ <u> </u>	\$	\$	\$

Career & Tech Basic Grant		ESEA Title II, Part A TPTR			English Language Acquisition and Enhancement	NIST Summer Institute for Middle School Science Teachers				
\$	_	\$	-	\$	-	\$	-			
	-		-		-		-			
	69,905	_	172,093		121,902		4,000			
	69,905	_	172,093		121,902	į	4,000			
	62,864		14,765		83,975		-			
	,,,,		,		,					
	-		-		-		-			
	7,041		142,271		35,426		4,000			
	-		6,758		1,640		-			
	-		8,299		-		-			
	-		-		-		-			
	-		-		-		-			
	-		-		-		-			
	-		-		-		-			
	-		-		-		-			
	-		-		-		-			
			-		861		-			
	69,905	-	172,093		121,902		4,000			
	-		-		-		-			
	-	-					-			
\$		\$		\$	-	\$				

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

For the Year Ended August 31, 2013

		LEP Summer Program		Non-Ed Community Based Support		Student Success Initiatives	Instructional Materials Allotment
REVENUES	<u></u>	_		_			_
Local and Intermediate Sources	\$	-	\$	-	\$	-	\$ -
State Program Revenues		-		2,052		27,890	468,024
Federal Program Revenues	_	3,750		-	_	-	-
Total Revenues	_	3,750	-	2,052	_	27,890	468,024
EXPENDITURES							
Current:							
Instruction		3,750		-		24,890	468,024
Instructional Resources							
& Media Services		-		-		-	-
Curriculum & Instructional							
Staff Development		-		-		3,000	-
Instructional Leadership		-		-		-	-
School Leadership		-		-		-	-
Guidance, Counseling &							
Evaluation Services		-		-		-	-
Health Services		-		-		-	-
Food Services		-		-		-	-
Extracurricular Activities		-		-		-	-
Plant Maintenance & Operations		-		-		-	-
Security & Monitoring Services		-		-		-	-
Community Services			_	2,052			
Total Expenditures	_	3,750	-	2,052		27,890	468,024
Net Change in Fund Balances		-		-		-	-
Fund Balances - Beginning	_	-	-		_	-	-
FUND BALANCES - ENDING	\$ _		\$		\$ _	-	\$ -

State Funded Special Revenue Fund		Campus Activity Funds			Scholarship Fund	High School Scholarship Fund			Total Nonmajor Governmental Funds	
\$	-	\$	2,139,149	\$	20,796	\$	-	\$	4,907,499	
	29		-		-		-		598,721	
į	<u> </u>	_	<u> </u>	i	-	_	-		4,767,713	
,	29	-	2,139,149	•	20,796	=			10,273,933	
	-		519,806		-		-		2,968,003	
	29		146,662		-		-		146,691	
	-		10,385		-		-		232,383	
	-		-		-		-		257,930	
	-		131,457		-		-		141,162	
	_		3,617		_		_		486,916	
	-		433		-		-		433	
	-		-		-		-		4,406,515	
	-		937,883		-		-		937,883	
	-		2,475		-		-		2,475	
	-		3,361		-		-		3,361	
į	-	_	3,689		10,455	_	-		57,780	
	29	_	1,759,768		10,455	_	-		9,641,532	
	-		379,381		10,341		-		632,401	
		_	950,223		442,096	_	4,000		2,933,019	
\$	-	\$_	1,329,604	\$	452,437	\$_	4,000	\$	3,565,420	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

For the Year Ended August 31, 2013

	 Original Budgeted Amounts		Final Budgeted Amounts		Actual		Variance with Final Budget Over (Under)
REVENUES							
Local and Intermediate Sources	\$ 2,557,676	\$	2,557,676	\$	2,747,554	\$	189,878
State Program Revenues	108,145		108,145		100,726		(7,419)
Federal Program Revenues	1,569,179		1,569,179		1,800,914		231,735
Total Revenues	4,235,000		4,235,000		4,649,194	_	414,194
EXPENDITURES							
Current:							
Food Services	 4,235,000		4,393,784		4,406,515	_	(12,731)
Total Expenditures	 4,235,000	_	4,393,784	_	4,406,515	_	(12,731)
Net Change in Fund Balance	-		(158,784)		242,679		401,463
Fund Balance - Beginning	 1,536,700		1,536,700	<u></u>	1,536,700		-
Fund Balance - Ending	\$ 1,536,700	\$	1,377,916	\$	1,779,379	\$	401,463

MAJOR GOVERNMENTAL FUNDS



DEBT SERVICE FUND

This fund is used to account for revenues from advalorem debt services taxes, the state existing debt allotment and earnings on temporary investments as well as the expenditure of these funds in payment of long-term debt principal, interest and related costs with general obligations bonds.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended August 31, 2013

	_	Original Budgeted Amounts		Final Budgeted Amounts		Actual	_	Variance with Final Budget Over (Under)
REVENUES								
Local and Intermediate Sources	\$	21,380,000	\$	21,380,000	\$	21,208,110	\$_	(171,890)
Total Revenues	_	21,380,000	_	21,380,000		21,208,110	-	(171,890)
EXPENDITURES								
Debt Service:								
Principal on Long-term Debt		8,165,000		8,165,000		8,165,000		-
Interest on Long-term Debt		13,172,080		13,172,080		13,172,080		-
Issuance Costs and Fees		42,920		42,920		16,283		26,637
Total Expenditures	_	21,380,000	_	21,380,000	_	21,353,363	-	26,637
Net Change in Fund Balance		-		-		(145,253)		(145,253)
Fund Balance - Beginning		1,940,854		1,940,854		1,940,854	_	_
Fund Balance - Ending	\$	1,940,854	\$	1,940,854	\$	1,795,601	\$	(145,253)

AGENCY FUND



The Agency fund consists of the Student Activity Funds that are held in a custodial capacity by the District and are the property of the student organizations. The students through fund raising activities and the payment of dues raise these funds. The School principal is responsible, under the authority of the Board, for collecting, controlling, disbursing and accounting for all student activity.

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND

For the Year Ended August 31, 2013

	Aug	Balance gust 31, 2012	Additions Deductions		A	Balance ugust 31, 2013		
ASSETS Cash and Cash Equivalents Total Assets	\$	170,989 170,989	\$ \$	720,389 720,389	\$ \$	678,291 678,291	\$ \$	213,087 213,087
LIABILITIES Due to Student Groups Total Liabilities	\$ \$	170,989 170,989	\$ \$	720,389 720,389	\$ \$	678,291 678,291	\$ \$	213,087 213,087

STATISTICAL SECTION



STATISTICAL SECTION

The statistical section of this report is used to provide detailed data on the physical, economic and social characteristic of the district. This data (both current and historical) is provided so that financial report users will have a broader and more complete understanding of the government unit and its financial affairs than is possible to achieve from the basic financial statements alone. This section is categorized as follows:

<u>Financial Trends Information</u> - data that will assist users in understanding and assessing how the government's financial position has changed over time.

<u>Revenue Capacity Information</u> - data that will help users assess the factors affecting the Districts most significant local revenue source, the property tax.

<u>Debt Capacity Information</u> - data presented to assist in assessing the Districts current debt burden and its ability to issue additional debt in the future.

<u>Demographic and Economic Information</u> - data that will assist with understanding the socioeconomic environment in which the District operates and that facilitates comparisons over time.

Operating Information – data that is intended to provide information about the District's operations and resources that will assist the user or understand and assess the economic condition of the District.

The tables in this section usually cover ten fiscal years and often include data obtained from sources outside the District's accounting records. The source of financial information found in these tables is from the District's Annual Financial Reports for the relevant year, unless indicated otherwise. The tables are unaudited due to nature of the information contained therein.

TOMBALL INDEPENDENT SCHOOL DISTRICT NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING) (Unaudited)

	2013	2012	2011	2010
Governmental Activities:				
Net Investment in Capital Assets	\$ (7,456,807)	\$ (9,014,998)	\$ 165,603	\$ 2,012,220
Unrestricted	50,071,045	49,130,764	41,476,735	43,675,080
Total Primary Government Net Position	\$42,614,238	\$ 40,115,766	\$ 41,642,338	\$ 45,687,300

Source of Data: District Records

Table 1

2009	2008	2007	2006	2005	2004
\$ 2,960,161	\$ 8,416,465	\$ 6,041,906	\$ 7,337,125	\$10,629,381	\$ 2,653,208
39,824,049	31,133,799	31,353,689	21,175,184	16,975,328	21,964,957
\$ 42,784,210	\$ 39,550,264	\$37,395,595	\$28,512,309	\$27,604,709	\$24,618,165

TOMBALL INDEPENDENT SCHOOL DISTRICT CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING) (Unaudited)

Instructional Resources and Media Services 1,490,940 1379,876 1,359,597 1,494,273 1,464,578 1,444,578 1,444,578 1,444,578 1,444,579 1,444,577 1,444,57	Expenses	2013	2012	2011	2010
Instructional Resources and Media Services					
Curriculum and Instructional Staff Development 1,085,211 1,060,957 1,151,047 1,164,788 Instructional Leadership 1,047,845 1,046,748 1,046,166 914,355 School Leadership 6,047,417 5,708,324 5,598,113 5,336,630 Guidance, Counseling, and Evaluation Services 3,710,790 3,399,011 3,449,417 3,548,162 Social Work Services 161,248 59,732 254,764 279,588 Health Services 1,142,337 1,001,096 1,037,795 1,073,199 Student (Pupil) Transportation 4,597,969 4,925,437 4,500,539 4,163,275 Food Services 4,966,651 4,379,968 4,111,298 4,269,083 Extracurricular Activities 5,236,220 5,064,933 4,166,663 3,380,804 General Administration 2,802,508 2,560,583 2,564,409 2,465,280 Plant Maintenance and Operations 10,481,103 9,888,738 10,319,560 9,702,719 Security and Monitoring Services 4,181,10 365,048 112,917 117,265 Data Processing Services 1,521,517 1,739,528 1,619,689 1,805,933 Community Services 5,82,63 44,818 44,600 88,239 Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 1,224,81,65 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 65,233 44,818 48,600 88,239 Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 1,224,81,818 493,271 77,637 Facilities, Repair and Maintenance 65,232 44,82,312 8,975,408 493,271 7,7637 Facilities, Repair and Maintenance 65,232 4,849,312 8,975,408 493,271 7,7637 7,973 22,516 14,479 13,900 14,479 13,900 14,479 13,900 14,479					
School Leadership 1.047,845 1.046,748 1.064,216 914,355 School Leadership 6.047,417 5,708,324 5,598,113 5,336,630 Guidance, Counseling, and Evaluation Services 3,710,790 3,399,011 3,449,417 3,548,162 Social Work Services 1.142,337 1.001,006 1.037,795 1.073,199 Student (Papil) Transportation 4,597,969 4,925,437 4,500,539 4,165,275 4,260,831 4,260,631 4,379,968 4,111,298 4,260,983 4,166,663 3,330,804 6,661,632,75 4,2		, ,	/ /	, ,	, ,
School Leadership 6,047,417 5,708,324 5,598,113 5,336,630 Guidance, Counseling, and Evaluation Services 1,142,337 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,073,199 1,001,006 1,037,795 1,001,006 1,037,795 1,001,009 1,002,795 1,003,199 1,03,199 1,003,199 1,003,199 1,003,199 1,003,199 1,003,199	1	, ,	, ,		
Guidance, Counseling, and Evaluation Services 3,710,790 3,399,011 3,449,417 3,548,162 279,588 16,2148 59,732 254,764 279,588 16,2148 59,732 254,764 279,588 16,2148 1,001,096 1,037,795 1,073,199 1,	1				
Social Work Services	1				, , ,
Health Services 1,142,337 1,001,096 1,037,795 1,073,199 Student (Pupil) Transportation 4,597,696 4,925,437 4,500,539 4,163,275 Food Services 4,966,651 4,379,968 4,111,298 4,269,083 Extracurricular Activities 5,236,220 5,064,933 4,166,663 3,830,804 General Administration 2,802,508 2,560,583 2,564,409 2,465,280 Plant Maintenance and Operations 10,481,103 9,888,738 10,319,560 9,702,719 Sceutity and Monitoring Services 418,110 365,048 112,917 117,265 Data Processing Services 1,521,517 1,729,528 1,619,689 1,805,033 Community Services 5,82,63 441,818 48,600 8,82,39 Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 16,283 148,988 130,271 177,637 Facilities, Repair and Maintenance 65,523 4,492,312 8,975,408 493,271 Payments to Juvenile Justice Alternative Ed. Prog. 7,973 22,516 14,479 18,900 Other Intergovernmental Laterage 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 (3) **Program Revenue*** **Covernmental Activities:** **Charges for Services** **Instruction** **Charges for Services** **Instruction** **Ford Services** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction** **Instruction** **Instruction** **Ford Services** **Instruction** **Instruction*	,	, , ,			, , ,
Student (Pupil) Transportation			,		
Extracurricular Activities 5,236,220 5,064,933 4,166,633 3,830,804 General Administration 2,802,508 2,560,4833 2,564,409 2,465,280 Plant Maintenance and Operations 10,481,103 9,888,738 10,319,560 9,702,719 Security and Monitoring Services 4181,110 365,048 112,917 117,265 Data Processing Services 1,521,517 1,729,528 1,619,689 1,805,033 Community Services 58,263 41,818 48,600 88,239 Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 16,283 148,988 130,271 177,637 Facilities, Repair and Maintenance 65,523 4,492,312 8,975,408 493,271 Payments to Juvenile Justice Alternative Ed. Prog. 7,973 22,516 14,479 18,900 Other Intergovernmental Charges 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 (3) Program Revenues Governmental Activities: 1,201,893 1,417,442 1,371,714 1,128,220 Other Activities 334,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 10,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Program Revenues 14,618,181 10,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Program Revenues 14,618,181 10,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense 5 (101,250,323) 5,99,923,725 5,98,295,071 5,01,072,448) Net (Expense)/Revenue 128,753 147,088 18,128,209 17,757,848 Investment Earnings 128,753 147,088 18,128,209 17,757,848 Investment Earnings 128,753 147,079 186,223 6,93,33 147,088 18,128,209 17,757,848 Investment Earnings 128,753 199,44,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,333 194,250,109 93,975,538 Total Governmental Activities General Revenue 128,753 199,44,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,333 194,250,109 93,975,538 Total Governmental Activities General Revenue 128,753 199,44,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,333 94,250,109 9					, ,
Stracurricular Activities		, , ,			
General Administration 2,802,508 2,564,409 2,465,280 Plant Maintenance and Operations 10,481,103 9,888,738 10,319,560 9,702,719 Security and Monitoring Services 418,110 365,048 112,917 117,265 Data Processing Services 1,521,517 1,729,528 1,619,689 1,805,033 Community Services 58,263 41,818 48,600 88,239 Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 16,283 148,988 130,271 177,637 Facilities, Repair and Maintenance 65,523 4,492,312 8,975,408 493,271 Payments to Juvenile Justice Alternative Ed. Prog. 7,973 22,516 14,479 18,900 Other Intergovermental Charges 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 30 Program Revenues 652,924 614,889 657,523 547,176 Food Services 2,746,723 2,590,416 2,265,108 2,172,510 Extracurricular Activities 334,689 306,241 337,994 2253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) Operating Grants and Other Changes in Net Position 12,875 14,063 14,088 18,128,209 17,757,848 Investment Earnings 12,875 14,063 14,088 18,128,209 17,757,848 Investment Earnings 19,944,171 22,309,545 24,073,335 25,147,797 Miscellancous 168,253 69,333 14,080 93,975,538 Change in Net Position 10,259,319 98,397,153 94,250,109 93,975,538		, ,			
Plant Maintenance and Operations 10,481,103 9,888,738 10,319,560 9,702,719		, , ,			
Security and Monitoring Services			, ,	, ,	
Data Processing Services					
Community Services				,	
Interest on Long-term Debt 12,948,165 13,315,843 10,999,925 12,680,186 Issuance Cost and Fees 16,283 148,988 130,271 177,637 Facilities, Repair and Maintenance 65,523 4492,312 8,975,408 493,271 Payments to Juvenile Justice Alternative Ed. Prog. 7,973 22,516 14,479 18,900 Other Intergovernmental Charges 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 30 30 30 30 30 30 30 3	e e	, , ,		, ,	
Issuance Cost and Fees 16,283 148,988 130,271 177,637 Facilities, Repair and Maintenance 65,523 4,492,312 8,975,408 493,271 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 18,900 14,479 14,900 14,479 14,900 1	•			,	
Facilities, Repair and Maintenance	\mathcal{E}	, ,	, ,	, ,	, ,
Payments to Juvenile Justice Alternative Ed. Prog. 7,973 22,516 14,479 18,900 Other Intergovernmental Charges 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 (3) Program Revenues Governmental Activities: Charges for Services 5 652,924 614,889 657,523 547,176 Food Services 2,746,723 2,590,416 2,265,108 2,172,510 Foot Services 1,201,893 1,417,442 1,371,714 1,128,220 Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position			· · · · · · · · · · · · · · · · · · ·		
Other Intergovernmental Charges 633,291 583,557 566,313 545,839 Total Primary Government Expenses 115,868,504 116,028,914 114,875,668 107,409,885 (3) Program Revenues Governmental Activities: Charges for Services Instruction 652,924 614,889 657,523 547,176 Food Services 2,746,723 2,590,416 2,265,108 2,172,510 Extracurricular Activities 1,201,893 1,417,42 1,371,714 1,128,220 Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net Expense/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) Ceneral Revenues and Other Changes in Net Position Governmental Activities <td< td=""><td></td><td>,</td><td></td><td>, ,</td><td></td></td<>		,		, ,	
Program Revenues Sevenues Sevenue Sevenues Se					
Program Revenues Governmental Activities: Charges for Services Instruction 652,924 614,889 657,523 547,176 Food Services 2,746,723 2,590,416 2,265,108 2,172,510 Extracurricular Activities 1,201,893 1,417,442 1,371,714 1,128,220 Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 I	e e				
Concernmental Activities Charges for Services Charges for Serv	Total Primary Government Expenses	115,868,504	116,028,914	114,875,668	107,409,885 (3)
Food Services 2,746,723 2,590,416 2,265,108 2,172,510 Extracurricular Activities 1,201,893 1,417,442 1,371,714 1,128,220 Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position 10,283 10,280 10,280 10,280 Change in Net Position 10,280 10,2	Governmental Activities:				
Extracurricular Activities 1,201,893 1,417,442 1,371,714 1,128,220 Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted 10,244,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total	Instruction	652,924	614,889	657,523	547,176
Other Activities 354,689 306,241 337,994 253,773 Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,25	Food Services	2,746,723	2,590,416	2,265,108	2,172,510
Operating Grants and Contributions 9,661,952 11,176,201 11,948,258 12,235,758 Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538	Extracurricular Activities	1,201,893	1,417,442	1,371,714	1,128,220
Total Primary Government Program Revenues 14,618,181 16,105,189 16,580,597 16,337,437 Net (Expense)/Revenue Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538	Other Activities	354,689	306,241	337,994	253,773
Net (Expense)/Revenue \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: 8 (101,256,505) 10 (1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	Operating Grants and Contributions	9,661,952	11,176,201	11,948,258	12,235,758
Total Primary Government Net Expense \$ (101,250,323) \$ (99,923,725) \$ (98,295,071) \$ (91,072,448) General Revenues and Other Changes in Net Position Governmental Activities: Froperty Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Total Primary Government Program Revenues	14,618,181	16,105,189	16,580,597	16,337,437
General Revenues and Other Changes in Net Position Governmental Activities: 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Net (Expense)/Revenue				
Governmental Activities: Property Taxes, Levied for General Purposes 61,256,505 (1) 56,401,809 51,878,692 50,674,625 Property Taxes, Levied for Debt Service 21,100,637 (1) 19,469,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Total Primary Government Net Expense	\$ (101,250,323)	\$ (99,923,725)	\$ (98,295,071)	\$ (91,072,448)
Property Taxes, Levied for Debt Service 21,100,637 (1) 19,460,388 18,128,209 17,757,848 Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted 50,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	· · ·				
Investment Earnings 128,753 147,088 168,033 384,985 Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Property Taxes, Levied for General Purposes	61,256,505 (1)	56,401,809	51,878,692	50,674,625
Grants and Contributions Not Restricted to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Property Taxes, Levied for Debt Service	21,100,637 (1)	19,469,388	18,128,209	17,757,848
to Specific Programs 19,944,171 22,309,545 24,073,335 25,147,797 Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Investment Earnings	128,753	147,088	168,033	384,985
Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	Grants and Contributions Not Restricted				
Miscellaneous 168,253 69,323 1,840 10,283 Total Governmental Activities General Revenue: 102,598,319 98,397,153 94,250,109 93,975,538 Change in Net Position	to Specific Programs	19,944,171	22,309,545	24,073,335	25,147,797
Change in Net Position		168,253		1,840	10,283
	Total Governmental Activities General Revenue:	102,598,319	98,397,153	94,250,109	93,975,538
Governmental Activities \$ 1,347,996 \$ (1,526,572) \$ (4,044,962) \$ 2,903,090	Change in Net Position				
	Governmental Activities	\$ 1,347,996	\$ (1,526,572)	\$ (4,044,962)	\$ 2,903,090

⁽¹⁾ Higher tax revenues were the result of the District's increased property values.

Source of Data: District Records

⁽²⁾ Increase in state aid to offset state mandated decrease in tax rate.

⁽³⁾ Increase is due to expenditures related to student growth and increased construction expenditures.

⁽⁴⁾ Decrease in tax revenues were the result of the State mandated decrease in tax rate.

 2009	2008		2007	 2006	 2005	 2004
\$ 46,749,727	\$ 43,188,361	\$	39,446,015	\$ 37,851,064	\$ 34,848,298	\$ 31,990,313
1,177,541	1,161,973		1,091,750	1,083,485	1,085,992	1,096,094
1,212,720	1,086,713		1,343,973	1,267,583	1,204,701	975,420
888,181	815,973		592,615	646,236	505,247	434,763
5,212,930	4,711,310		3,439,064	3,236,723	3,144,346	3,122,920
3,180,999	2,953,601		2,841,150	2,501,773	2,546,768	2,183,257
233,325	240,734		572,414	569,828	492,138	449,013
918,515	841,608		790,355	784,183	737,396	696,980
3,756,820	3,577,282		3,217,470	3,115,730	2,936,840	2,775,448
3,644,023	3,091,289		2,939,377	2,849,433	2,766,385	2,704,848
3,330,299	3,593,453		3,745,430	3,632,752	3,576,314	3,725,859
2,278,329	2,301,808		2,463,371	2,205,664	2,171,906	2,067,282
9,756,753	8,499,737		7,479,495	7,083,837	6,521,926	6,138,486
110,480	89,525		101,739	103,138	94,923	93,818
1,682,320	1,598,363		1,826,215	1,269,571	1,232,379	1,100,354
82,621	94,862		161,035	284,644	74,354	85,872
10,310,670	9,003,166		6,278,272	6,420,695	6,240,319	6,310,466
137,011	55,831		129,562	66,734	97,551	97,839
797,787	891,697		3,328	-	30,306	2,802
28,034	22,250		12,424	10,340	13,184	34,650
491,402	437,653		-	-	-	5 1,050
 95,980,487 (3)	88,257,189 (3)		78,475,054	 74,983,413	 70,321,273	 66,086,484
460,611 2,055,228 752,076 350,842 8,138,724 11,757,481	574,342 1,916,038 863,031 275,303 7,202,356 10,831,070		431,663 1,701,224 1,235,132 267,753 6,939,602 10,575,374	 505,292 1,616,294 1,007,385 281,048 7,528,635 10,938,654	555,801 1,560,814 1,012,404 337,122 6,617,005 10,083,146	 584,648 1,472,323 1,145,526 434,850 6,499,968 10,137,315
\$ (84,223,006)	\$ (77,426,119)	\$	(67,899,680)	\$ (64,044,759)	\$ (60,238,127)	\$ (55,949,169)
48,215,536	41,703,494 (4)		48,730,325	47,610,602 (1)	46,455,410	41,689,554
16,492,693	11,444,750		10,891,039	8,963,827 (1)	7,845,322	6,953,146
1,398,783	3,003,969		2,379,852	1,797,558	887,153	431,079
21,246,933	22,680,169 (2)		14,714,548	6,359,100	7,964,120	7,107,894
 103,007	748,406		67,202	 221,272	 72,666	 1,714
 87,456,952	79,580,788	_	76,782,966	 64,952,359	 63,224,671	 56,183,387
\$ 3,233,946	\$ 2,154,669	\$	8,883,286	\$ 907,600	\$ 2,986,544	\$ 234,218

FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (Unaudited)

Fiscal Year Ended 08/31:		2013		2012		2011 (9)		2010
General Fund								
Non-spendable for:								
Inventories	\$	494,012	\$	467,846	\$	397,963		_
Prepaid Items		9,397		13,259		2,060		_
Restricted for Federal/State Funds Grant Restrictions		4,908,891		4,006,559		3,349,524		_
Other Committed		18,300,000		16,000,000		16,000,000		_
Assigned for:		, ,		, ,		, ,		
Construction		3,000,000		3,000,000		3,000,000		-
Claims and Judgements		1,000,000		1,000,000		1,000,000		_
Capital Expenditures for Equipment		3,000,000		3,000,000		3,000,000		-
Self-Insurance		1,000,000		1,000,000		1,000,000		_
Other Assigned Fund Balance		4,000,000		4,000,000		4,000,000		-
Unassigned Fund Balance		22,606,078		24,040,498		17,659,755		_
Reserved		, , , <u>-</u>		, , , <u>-</u>		, , , <u>-</u>	\$	2,231,842
Designated for:								, ,
Construction		_		_		_		3,000,000
Claims and Judgements		_		-		_		1,000,000
Capital Expenditures for Equipment		_		_		_		3,000,000
Self-Insurance		_		_		_		1,000,000
Other Designated Fund Balance		_		-		_		12,000,000 (7)
Unreserved, Undesignated		_		-		_		22,412,608
Total General Fund	\$	58,318,378	\$	56,528,162	\$	49,409,302	\$	44,644,450 (5)
All Other Governmental Funds								
Non-spendable Inventories	\$	43,529	\$	97,302	\$	90,509		_
Restricted for:	Ψ	45,527	Ψ	71,302	Ψ	70,507		
Federal/State Funds Grant Restrictions		_		_		287,948		_
Capital Acquisition Program and						207,5 .0		
Contractual Obligations		9,460,436		10,421,552		24,856,649		_
Retirement of Long-term Debt		1,795,601		1,940,854		2,616,535		_
Other Committed		3,521,891		2,835,717		2,419,792		
Reserved, reported in:		3,021,071		2,000,717		_,,,,,_		
Capital Projects Funds		_		_		_	\$	(155,928) (8)
Debt Service Funds		_		_		_	ų.	3,252,812
Special Revenue Funds		_		_		_		1,616,942
Total All Other Governmental Funds	\$	14,821,457	\$	15,295,425	\$	30,271,433	\$	4,713,826

Source of Data: District records.

⁽¹⁾ Increase is primarily due to an increase in property tax revenue resulting from an increase in property values.

⁽²⁾ Decrease of proceeds from the sale of bonds reflecting expenditures on program projects.

⁽³⁾ Increase due to a transfer of funds from the capital projects fund to meet the scheduled increase in debt payments.

⁽⁴⁾ Increase is primarily due to controlled food costs and an increase in meals served in thenational school breakfast/lunch program special revenue fund.

⁽⁵⁾ Increase primarily due to an increase in state program revenue. and the increase in appraised values.

⁽⁶⁾ Increase due to sale of bonds for construction of new facilities and renovations of existing facilities.

⁽⁷⁾ Increase for fiscal stabilization to cover additional expenses of opening a new high school.

⁽⁸⁾ A deficit fund balance recorded due to the accrual of retainage liabilities at year-end. Bonds were issued in subsequent months to pay liability and complete planned construction.

⁽⁹⁾ GASB 54 new fund balance categories required beginning with fiscal year ended August 31, 2011

	2009	2008			2007		2006		2005		2004
	-		_		_		_		_		_
	-		_		-		-		_		_
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	445,677	\$	509,619	\$	403,850	\$	412,159	\$	362,674	\$	1,019,962
	3,000,000	3	3,000,000		2,000,000		2,000,000		_		_
	1,000,000		1,000,000		1,000,000		300,000		_		200,000
	3,500,000		3,500,000		3,500,000		3,500,000		-		´ -
	1,500,000		1,500,000		1,500,000		500,000		-		-
	6,000,000	(6,000,000		5,800,000		5,000,000		3,200,000		3,000,000
	24,169,064	19	9,628,634		20,577,704		15,210,495		20,126,601		13,703,565
\$	39,614,741 (5)	\$ 3:	5,138,253	\$	34,781,554	\$	26,922,654 ((1) \$	23,689,275	\$	17,923,527
					_				_		
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	56,050,303 (6)	\$ 53	5,171,355 (6	5) \$	1,997,999	\$	1,693,031 (2) \$	2,539,658	\$	3,419,687
-	2,805,686		1,803,588		1,087,987	•	237,267 (115,490	-	327,215
	1,336,158	:	1,236,208		846,784		704,838 (564,487	_	506,138
\$	60,192,147	\$ 58	3,211,151	\$	3,932,770	\$	2,635,136	\$	3,219,635	\$	4,253,040

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

DEVENUES	2013	2012	2011	2010
REVENUES Local and Intermediate	\$ 88,355,928	\$ 81,206,461	\$ 74,951,558	\$ 73,361,839
State Programs	23,903,743	26,920,619	28,017,867	28,917,563
Federal Programs	5,278,344	6,508,257	8,003,726	8,245,489
Total Revenues	117,538,015	114,635,337	110,973,151	110,524,891
Total Revenues	117,550,015	114,055,557	110,775,151	110,324,071
EXPENDITURES				
Current:	52 700 205	50 404 154	40.160.156	40 160 560
Instruction	52,798,395	50,494,154	49,169,156	48,160,568
Instructional Resources and Media Services	1,254,865	1,142,030	1,123,597	1,108,322
Curriculum and Instructional Staff Development	1,082,678	1,056,084	1,147,976	1,160,367
Instructional Leadership	1,042,731	1,038,386	1,057,789	906,737
School Leadership	5,673,364	5,331,476	5,233,148	4,898,404
Guidance, Counseling, and Evaluation Services	3,578,815	3,265,689	3,324,028	3,395,964
Social Work Services	61,196	59,654	254,825	279,524
Health Services	1,094,991	953,248	1,022,794	1,004,396
Student (Pupil) Transportation	3,974,949	4,332,949	4,274,697	4,721,107
Food Services	4,406,515	3,925,750	3,793,891	3,508,914
Extracurricular Activities	3,823,206	3,648,972	2,763,199	2,512,239
General Administration	2,796,846	2,543,279	2,553,622	2,430,162
Plant Maintenance and Operations	10,223,658	9,347,163	10,342,785	10,456,349
Security and Monitoring Services	417,957	364,874	113,002	117,181
Data Processing Services	1,390,811	1,622,418	1,535,895	1,581,495
Community Services	58,252	41,801	48,612	88,200
Payments to Juvenile Justice Alternative Education Programs	7,973	22,516	14,479	18,900
Other Intergovernmental Charges:	633,291	583,557	566,313	545,839
Debt Service:				
Principal on Long-term Debt	8,165,000	6,280,000	6,920,000	3,250,000
Interest on Long-term Debt	13,172,080	13,894,829	11,825,647	13,929,249
Issuance Costs and Fees	16,283	105,489	740,956	249,917
Capital Outlay:				
Facilities Acquisition and Construction	547,911	12,842,572	33,346,431	56,884,686
Total Expenditures	116,221,767	122,896,890	141,172,842	161,208,520
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	1,316,248	(8,261,553)	(30,199,691)	(50,683,629)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds, Refunding and Building	-	4,715,000	72,630,000	16,005,000
Premium/Discount from Sale of Bonds	-	208,721	5,480,793	1,742,204
Sale of Real and Personal Property	-	299,635	2,000	-
Loan Proceeds	-		-	-
Other Resources	-		-	-
Transfers In	-	-	1,215,907	75,782
Transfers Out	-	-	(1,215,907)	(75,782)
Payment to Refunded Bond Escrow Agent	-	(4,818,951)	(17,590,643)	(17,512,187)
Total Other Financing Sources (Uses)		404,405	60,522,150	235,017
Net Change in Fund Balances	\$ 1,316,248	\$ (7,857,148)	\$ 30,322,459 (3)	\$ (50,448,612) (5)
Debt Service(6) as a Percentage of Noncapital Expenditures	18.50%	17.71% (4	16.48% (4)	16.95% (4)

 $^{(1) \ \} Increase \ primarily \ due \ to \ an \ increase \ in \ property \ tax \ revenue \ resulting \ from \ an increase \ in \ property \ values.$

Source: District records

 $^{(2) \ \} Increase \ due \ to \ additional \ state \ aid \ to \ offset \ state \ mandated \ decrease \ to \ tax \ rate.$

⁽³⁾ Increase due to sale of general obligation bonds for construction projects.

⁽⁴⁾ Utilized capital expenditures as stated in Exhibit B-4.

⁽⁵⁾ Decrease primarily due to the use of Capital Projects funds to continue construction and renovations of new and existing facilities.

⁽⁶⁾ Debt Service includes principal and interest.

2009			2008	_	 2007	_	 2006	_		2005		2004
\$ 69,512,468	(1)	\$	60,608,462		\$ 65,812,645	(1)	\$ 61,498,865	(1)	\$	58,606,732	\$	52,929,878
24,952,620	(-)	Ψ	26,024,479	(2)	18,119,355		9,225,643	(-)	Ψ	11,407,995	Ψ	10,543,657
4,248,722			3,733,429	(-)	3,365,661	(-)	4,512,319			3,081,814		3,064,205
98,713,810			90,366,370	-	 87,297,661	-	 75,236,827	-		73,096,541		66,537,740
			, ,	-	, ,	-		=,				
43,378,673			42,538,285		36,733,067		34,874,124			31,947,686		30,065,386
971,845			1,012,594		919,594		902,873			910,003		903,484
1,208,409			1,081,632		1,340,319		1,269,958			1,209,608		1,001,051
880,506			807,667		585,613		643,115			509,974		455,708
4,851,536			4,348,485		3,084,354		2,900,578			2,814,329		2,831,934
3,116,593			2,890,493		2,782,563		2,457,414			2,540,562		2,161,804
233,281			240,607		572,414		572,583			495,376		456,913
872,049			798,087		747,989		746,440			701,675		674,259
4,217,816			4,779,457		3,163,750		2,986,881			2,962,444		3,429,925
3,157,873			2,648,036		2,543,392		2,455,702			2,451,479		2,260,163
2,313,222			2,413,375		2,552,732		2,446,150			2,431,660		2,194,674
2,254,108			2,273,119		2,437,950		2,197,180			2,161,139		2,125,697
9,472,518			9,393,880		7,631,836		7,051,978			6,617,380		6,684,379
110,381			89,395		101,739		103,712			96,047		96,301
1,532,753			1,778,763		1,861,748		1,189,072			1,156,972		1,121,430
82,577			94,754		161,035		285,238			74,394		85,914
28,034			22,250		12,424		10,340			13,184		34,650
491,402			437,653		-		-			-		-
4,270,000			4,630,000		4,310,000		3,680,000			2,945,000		2,290,000
11,219,087			6,310,611		5,718,004		5,832,704			5,663,718		5,733,640
774,249			867,977		107,225		44,397			136,305		78,165
51,030,578	_		32,008,125	_	 773,379	_	 124,062	_		704,343		2,958,228
146,467,490			121,465,245	_	 78,141,127	-	72,774,501	-		68,543,278		67,643,705
(47,753,680)			(31,098,875)	-	 9,156,534	-	 2,462,326	-		4,553,263		(1,105,965)
52,960,000			113,830,000		-		-			-		-
1,251,164			2,449,891		-		-			-		-
-			17,301		-		186,554			93,224		9,550
-			-		-		-			-		-
-			-		-		-			-		-
74,502			31,483		1,067,687		805,482			395,235		1,095,472
(74,502)			(31,483)		(1,067,687)		(805,482)			(309,379)		(255,272)
			(30,563,237)	-	 -	-	 106.551	-		170.000		040.750
54,211,164			85,733,955	-	 -	-	 186,554	-		179,080	_	849,750
\$ 6,457,484	= :	\$	54,635,080	(3)	\$ 9,156,534	=	\$ 2,648,880	=	\$	4,732,343	\$	(256,215)
16.37%	(4)		12.95%	(4)	13.15%		13.16%			12.81%		12.58%

TOMBALL INDEPENDENT SCHOOL DISTRICT ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS (Unaudtied)

	Assess	ed Value			
Fiscal Year Ended 8/31:	Real Property Value	Personal Property Value	Less: Exemptions	Actual Taxable Value	Total Direct Rate (1)
2013	\$ 6,188,833,790	\$ 1,057,020,308	\$ 1,245,816,230	\$ 6,000,037,868	\$1.36
2012	5,840,856,830	1,012,183,659	1,368,018,798	5,485,021,691	1.36
2011	5,066,453,510	821,076,050	786,882,942	5,100,646,618	1.36
2010	5,341,201,970	780,457,883	1,165,449,706	4,956,210,147	1.36
2009	5,018,060,238	718,793,366	1,073,864,119	4,662,989,485	1.36
2008	4,324,804,884	677,223,981	893,660,224	4,108,368,641	1.275
2007	3,854,343,231	621,085,031	810,504,389	3,664,923,873	1.58
2006	3,424,398,173	615,942,662	776,268,764	3,264,072,071	1.71
2005	2,825,879,285	687,523,145	413,422,250	3,099,980,180	1.73
2004	2,635,829,413	526,326,860	394,432,211	2,767,724,062	1.73

Source: Harris and Montgomery County (Texas) Appraisal Districts provide the District's tax office with appraised values for properties within the District's taxing authority. Appraised value equals assessed value.

Assessed value less exemptions equals actual taxable value. Taxable value times the tax rate set by the District's Board of Trustess each fall equals the tax levy.

⁽¹⁾ Tax Rates are per \$100 of actual taxable value.

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ACTUAL TAXABLE VALUE)

LAST TEN FISCAL YEARS

(Unaudited)

Taxing Authority	2013	2012	2011	2010
<i>Overlapping Rates:</i> Faulkey Gulley MUD	0.52600	0.51800	0.49000	0.46000
Harris County	0.40021	0.39117	0.38805	0.39224
Harris County Dept. of Education	0.00662	0.00658	0.00658	0.00605
Harris County Flood Control Dist.	0.02809	0.02809	0.02923	0.02922
Harris County MUD #280	0.70500	0.70500	0.70500	0.60000
Harris County MUD #281	0.98000	1.03000	1.05000	1.10000
Harris County MUD #286	0.18000	0.18000	0.18000	0.18000
Harris-Montgomery County MUD #386	0.94000	0.99000	0.99000	1.15000
Lone Star College System District	0.11980	0.12100	0.11760	0.11010
Malcomson Road UD	0.53000	0.53000	0.53000	0.50000
Montgomery County	0.48380	0.48380	0.48380	0.48380
Northpointe WC&ID	0.38500	0.39000	0.39500	0.40000
Northwest Harris County MUD #5	0.79000	0.79000	0.80000	0.80000
Northwest Harris County MUD #15	0.83000	0.83000	0.83000	
Port of Houston Authority	0.01952	0.01856	0.02054	0.01636
Tomball, City of	0.34145	0.34146	0.25146	0.25146
The Woodlands Township	0.31730	0.32500	0.32740	0.32800
District Direct Rates: Maintenance & Operations Debt Service	\$ 1.0100 0.3500	\$ 1.0100 0.3500	\$ 1.0100 0.3500	\$ 1.0100 0.3500
Total District Direct Rates	\$ 1.3600	\$ 1.3600	\$ 1.3600	\$ 1.3600

Source of Data: District's financial advisor.

2009	2008	2007	2006	2005	2004
0.46000	0.46000	0.46000	0.46000	0.46000	0.46000
0.38923	0.39239	0.40240	0.39986	0.39986	0.38803
0.00584	0.00585	0.00629	0.00629	0.00629	0.00629
0.03086	0.03106	0.03322	0.03322	0.03318	0.04174
0.60000	0.60000	0.07400	0.74000	0.89000	0.99000
1.10000	1.10000	1.10000	1.10000	1.10000	-
0.18000	0.20000	0.29000	0.29000	0.29000	0.29000
1.25000	1.25000	1.25000	1.25000	-	-
0.11010	0.11440	0.11450	0.11450	0.11450	0.11450
0.50000	0.50000	0.50000	0.50000	0.50000	0.53000
0.48380	0.48880	0.49630	0.49630	0.49630	0.48280
0.40000	0.40000	0.40000	0.40000	0.40000	0.40000
0.81000	0.81000	0.81000	0.81000	0.82000	0.82000
0.83000	0.85000	0.94000	0.94000	0.95000	0.97000
0.01773	0.01437	0.14740	0.14740	0.01673	0.02000
0.25146	0.25146	0.28000	0.28000	0.28000	0.28000
-	-	-	-	-	-
\$ 1.0100 0.3500	\$ 1.0000 0.2750	\$ 1.2900 0.2900	\$ 1.4400 0.2700	\$ 1.4800 0.2500	\$ 1.4800 0.2500
\$ 1.3600	<u>\$ 1.2750</u>	\$ 1.5800	<u>\$ 1.7100</u>	\$ 1.7300	\$ 1.7300

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

		2013			2004	
Taxpayer	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (2)	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (3)
Hewlett Packard	\$ 480,375,971	1	8.01%	\$ 362,060,800	1	13.08%
BJ Services Company	191,216,477	2	3.19%	53,471,790	2	1.93%
Tomball Texas Hospital Co LLC	140,843,583	3	2.35%			
Hon Hai Precision	44,698,287	4	0.74%			
The Woodlands Lan Dev	43,881,969	5	0.73%	15,057,070	5	0.54%
Wal-Mart Stores	36,779,240	6	0.61%	12,716,890	8	0.46%
PCA Cypress Creek LLC	32,113,609	7	0.54%			
CTP Office Ltd.	31,132,530	8	0.52%			
Mustang Cat-Manufacturing	30,324,697	9	0.51%			
Centerpoint Energy	29,807,897	10	0.50%	30,873,600	3	1.12%
Southwestern Bell				13,121,070	7	0.47%
Jefferson Pines LP				16,908,670	4	0.61%
Lowes Home Centers Inc.				14,344,360	6	0.52%
Blue Ridge Partners Ltd.				11,497,620	9	0.42%
Fred Haas				11,323,210	10	0.41%
TOTALS	\$ 1,061,174,260		17.70%	\$ 541,375,080		19.56%

Table 7

(1) Actual (taxable) value equals appraised/assessed value after exemptions.

(2) Actual taxable value equals: \$6,000,037,868 (3) Actual taxable value equals: \$2,767,724,062

Source: Harris and Montgomery County (Texas) Appraisal Districts Note: Hewlett Packard was previously Compaq Computer Corp.

TOMBALL INDEPENDENT SCHOOL DISTRICT PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS (Unaudited)

		Collected w Fiscal Year o			Total Coll	ections to Date	
Fiscal Year Ended 8/31:	Net Tax Levy for the Fiscal Year (1)	Amount	Percentage of Net Tax Levy	Collections in Subsequent Years	Amount	Percent of Total Tax Collections To Net Tax Levy	
2013	\$ 81,600,515	\$ 80,741,322	98.95%	-	\$ 80,741,322	98.95%	
2012	74,596,295	73,815,305	98.95%	469,577	74,284,882	99.58%	
2011	69,368,794	68,415,033	98.63%	635,818	69,050,851	99.54%	
2010	67,404,458	66,228,898	98.26%	885,580	67,114,478	99.57%	
2009	63,416,657	62,064,014	97.87%	1,180,288	63,244,302	99.73%	
2008	52,381,700	51,357,471	98.04%	875,695	52,233,166	99.72%	
2007	57,905,797	56,678,515	97.88%	1,056,530	57,735,045	99.71%	
2006	56,070,923	54,358,816	96.95%	1,579,833	55,938,649	99.76%	
2005	53,960,470	52,494,955	97.28%	1,341,812	53,836,767	99.77%	
2004	48,172,503	46,814,106	97.18%	1,253,026	48,067,132	99.78%	

Source: Harris and Montgomery County (Texas) Appraisal Districts provide the District's tax office with appraised values for properties within the District's taxing authority. Collections are reported from District records.

⁽¹⁾ Appraised/assessed value less exemptions equals actual taxable value. The beginning actual taxable value net of adjustments times the tax rate set by the District's Board of Trustees each fall equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year Ended 8/31:			Total Primary Government		Ratio of Debt to Actual TaxableValue (2)		Ratio of Debt to Personal Income (3)		ersonal Debt		Debt Per Student (5)	
2013	\$	304,534,957	\$	304,534,957		5.08%		(6)		(6)	\$	27,278
2012		313,062,621		313,062,621		5.71%		0.14%		74		29,660
2011		318,624,785		318,624,785		6.25%		0.16%		76		27,139
2010		265,032,078		261,779,266		5.28%		0.14%		64		27,139
2009		269,638,539		266,832,853		5.72%		0.14%		66		29,064
2008		219,177,814		217,374,226		5.29%		0.11%		55		24,710
2007		137,553,279		136,465,292		3.72%		0.08%		35		15,851
2006		141,298,360		141,061,093		4.32%		0.08%		37		16,572
2005		144,396,993		144,396,993		4.66%		0.09%		39		17,490
2004		146,763,788		146,763,788		5.30%		0.10%		40		18,456

Source: District records.

⁽¹⁾ Details regarding the District's outstanding debt, net of premiums, discounts, and adjustments can be found in the Notes to the Financial Statements.

⁽²⁾ See Table 5 for actual taxable value data.

⁽³⁾ See Table 13 for personal income data.(4) See Table 13 for population data.

⁽⁵⁾ See Table 16 for student enrollment data.

⁽⁶⁾ Data not available for 2013.

TOMBALL INDEPENDENT SCHOOL DISTRICT RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year Ended 8/31:	General Obligation Bonds (1)	Less Restricted for Retirement of Bonded Debt (4)	Net General Bonded Debt	Ratio of Net General Bonded Debt to Actual Taxable Value (2)	Net General Bonded Debt per Student (3)
2013	\$ 304,534,957	\$ 1,795,601	\$ 302,739,356	5.05%	\$ 27,117
2012	313,062,621	1,940,854	311,121,767	5.67%	29,476
2011	318,624,785	2,616,535	316,008,250	6.20%	31,397
2010	265,032,078	3,252,812	261,779,266	5.28%	27,139
2009	269,638,539	2,805,686	266,832,853	5.72%	29,064
2008	219,177,814	1,803,588	217,374,226	5.29%	24,710
2007	137,553,279	1,087,987	136,465,292	3.72%	15,851
2006	141,298,360	237,267	141,061,093	4.32%	16,572
2005	144,396,993	115,490	144,281,503	4.65%	17,476
2004	146,763,788	327,215	146,436,573	5.29%	18,415

Source: District records.

⁽¹⁾ Details regarding the District's outstanding debt, net of premiums, discounts, and adjustments can be found in the Notes to the Financial Statements.

⁽²⁾ See Table 5 for actual taxable value data.

⁽³⁾ See Table 16 for student enrollment data.

⁽⁴⁾ This is the amount restricted for debt service payments on general obligation bonds in the governmental funds financial statements.

TOMBALL INDEPENDENT SCHOOL DISTRICT DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT August 31, 2013 (Unaudited)

Taxing Authority	Gross Debt Outstanding (2)		Percent Overlapping (1)	Amount Applicable to School District	
Overlapping:					
Governmental Subdivisions					
Harris County	\$	2,576,263,704	1.70 %	\$	43,796,483
Harris County Flood Control District		92,935,000	1.70		1,579,895
Montgomery County		446,595,000	1.31		5,850,395
Port of Houston Authority		717,624,397	1.70		12,199,615
The Woodlands Township		44,820,000	6.02		2,698,164
Cities					
City of Tomball		38,725,000	100.00		38,725,000
Special Districts					
Harris County Department of Education		7,605,000	1.70		129,285
Harris-Montgomery Counties MUD #386		91,170,000	100.00		91,170,000
Malcomson Road UD		14,985,000	100.00		14,985,000
Northpointe WC&ID		17,360,000	100.00		17,360,000
Northwest Harris County MUD #5		79,340,000	57.06		45,271,404
Northwest Harris County MUD #15		18,740,000	100.00		18,740,000
Co-Line Special Districts					
Faulkey Gulley MUD		13,665,000	60.41		8,255,027
Harris County MUD #280		8,670,000	100.00		8,670,000
Harris County MUD #281		17,620,000	100.00		17,620,000
Harris County MUD #282		6,925,000	100.00		6,925,000
Co-Line School Districts & Junior College Distri	cts				
Lone Star College System		488,630,000	4.74		23,161,062
Total Overlapping Debt					357,136,330
<u>Direct:</u>					
Tomball Independent School District		292,665,000	100.00		292,665,000
Total Direct and Overlapping Debt				\$	649,801,330

Source: District's Financial Advisor.

⁽¹⁾ The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

⁽²⁾ The District's debt is reported gross for comparability, due to premiums and discounts of overlapping entities not being readily available.

Table 12

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended 08/31:	Residential Units (1)	Actual Taxable Value of Residential Units (1)	Acti V	Average ual Taxable Talue Per esidential Unit	Population (2)	Total Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2013	19,542	\$ 3,375,945,264	\$	172,753	(3)	(3)	(3)	6.1%
2012	18,804	3,143,378,599		167,165	4,253,700	224,617,980,000	52,805	6.9%
2011	17,803	2,930,113,218		164,585	4,180,894	204,593,445,000	48,935	8.5%
2010	16,416	2,750,546,199		167,553	4,092,459	188,994,227,000	45,991	8.6%
2009	15,765	2,535,891,060		160,856	4,034,866	196,779,227,000	48,337	8.2%
2008	14,779	2,237,406,346		151,391	3,938,580	204,888,827,000	51,472	5.2%
2007	14,103	1,999,259,554		141,761	3,863,344	181,218,243,000	46,356	4.3%
2006	13,926	1,856,754,964		133,330	3,807,435	172,903,623,000	44,843	5.1%
2005	13,854	1,718,086,790		124,014	3,681,829	154,973,148,000	41,522	5.4%
2004	13,509	1,544,205,390		114,309	3,672,691	143,417,824,000	39,796	6.2%

⁽¹⁾ Single family dwellings. Source: Harris and Montgomery County (Texas) Appraisal Districts

⁽²⁾ Source: TRACER of Texas Workforce Commission for Harris County. Data not available for Tomball ISD alone.

⁽³⁾ Data not available for 2013.

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO (Unaudited)

	2013(1)			2004(2)		
Employer	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Memorial Hermann Healthcare System	21,000	1	1.05%	16,291	5	0.96%
M. D. Anderson Cancer Center	19,486	2	0.97%	13,384	7	0.79%
Н-Е-В	18,887	3	0.94%			0.00%
United Airlines (3)	16,315	4	0.81%	17,200	2	1.01%
McDonald's Corporation	16,300	5	0.81%			0.00%
Kroger Co.	14,866	6	0.74%	13,662	6	0.80%
Methodist Hospital System	14,826	7	0.74%	10,593	10	0.62%
Exxon-Mobil	13,700	8	0.68%	16,761	3	0.99%
National Oilwell Varco	12,036	9	0.60%			0.00%
Shell Oil Company	11,389	10	0.57%	13,018	9	0.77%
Wal-Mart Stores (4)				24,000	1	1.41%
Administaff, Inc.				16,615	4	0.98%
Haliburton				13,377	8	0.79%
	158,805		7.91%	154,901		9.12%

2,003,030

1,698,147

Sources: Houston Chronicle Top 100 Employers for 2012 and Texas Workforce Commission. Employment data is for Harris County only.

⁽¹⁾ Total employment 2013 equals:

⁽²⁾ Total employment 2004 equals:

⁽³⁾ United Airlines and Continental Airlines merged in 2011.

⁽⁴⁾ Wal-Mart Stores declined to participate in the survey for 2012.

TOMBALL INDEPENDENT SCHOOL DISTRICT FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION LAST TEN FISCAL YEARS (Unaudited)

POSITION:	2013	2012	2011	2010
Administrative/Instructional Officers	9.5	10.5	12.5	11.0
Assistant/Deputy Superintendents	5.0	5.0	5.0	3.8
Associate/Assistant Principals	24.9	23.0	23.1	24.0
Auxiliary Staff	490.0	470.5	440.0	430.4
Counselors	21.0	20.0	20.0	20.0
Educational Aides/Interpreters	140.8	119.6	136.0	132.3
Educational Diagnosticians	8.4	8.4	8.0	7.0
Librarians	14.0	13.0	12.0	12.0
Nurses/Physicians	13.8	14.0	15.0	15.0
Other Support Staff	52.8	50.9	47.6	45.6
Principals	15.0	14.0	14.0	13.0
Psychologist/Assoc. Psychologist	6.0	6.0	6.0	6.0
Superintendents	1.0	1.0	1.0	1.0
Supervisors	-	-	-	-
Teachers	711.1	669.5	659.0	649.0
Therapists	9.7	9.0	9.0	8.0
Total Employees	1,523.0	1,434.3	1,408.2	1,378.1

Source: Texas Education Agency

Table 14

2009	2008	2007	2006	2005	2004
10.0	11.7	11.7	11.8	10.9	11.0
4.0	4.0	4.0	4.0	4.0	4.0
22.7	18.6	18.5	18.5	15.8	12.8
371.0	358.5	367.4	357.3	359.3	351.9
18.0	17.1	18.9	17.5	16.7	13.8
128.3	122.3	117.7	110.3	109.9	102.4
9.8	8.0	8.0	8.0	8.0	7.0
12.0	10.3	11.0	11.0	10.3	9.3
14.0	12.0	11.9	12.0	12.8	10.1
40.5	38.4	27.7	19.5	19.5	17.9
13.0	12.0	12.0	12.0	10.1	10.4
5.0	4.0	5.0	5.0	5.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
-	-	-	2.0	-	-
620.5	604.5	595.6	574.2	553.8	532.9
7.0	5.4	6.0	5.5	6.0	5.0
1,276.9	1,227.8	1,216.4	1,169.6	1,143.1	1,093.5

TOMBALL INDEPENDENT SCHOOL DISTRICT OPERATING STATISTICS LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year Ended 8/31:	Average Daily Attendance	Operating Expenditures (1)		 Cost Per Student	Percentage Change
2013	11,164	\$	93,978,314	\$ 8,418	-5.10%
2012	10,555		93,627,554	8,870	-5.27%
2011	10,065		94,250,720	9,364	7.64%
2010	9,646		83,917,150	8,700	1.93%
2009	9,181		78,359,930	8,535	3.30%
2008	8,797		72,685,993	8,263	7.60%
2007	8,609		66,106,890	7,679	4.17%
2006	8,512		62,746,385	7,372	4.58%
2005	8,256		58,196,678	7,049	0.63%
2004	7,952		55,700,723	7,005	0.02%

Source: Texas Education Agency and district records.

⁽¹⁾ Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories.

Table 15

Government Wide Expenses (2)	Cost Per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$ 115,868,504	\$ 10,379	-5.59%	711.1	15.70	23.5%
116,028,914	10,993	-3.69%	669.5	15.76	16.3%
114,875,668	11,413	2.50%	659.0	15.27	24.9%
107,409,885	11,135	6.51%	649.0	14.86	23.4%
95,980,487	10,454	4.20%	620.5	14.80	22.9%
88,257,189	10,033	10.06%	604.5	14.55	20.1%
78,475,054	9,115	3.48%	595.6	14.45	19.8%
74,983,413	8,809	3.42%	574.2	14.82	19.6%
70,321,273	8,518	2.49%	553.8	14.91	17.8%
66,086,484	8,311	0.02%	532.9	14.92	16.8%

TEACHER BASE SALARIES LAST TEN FISCAL YEARS (Unaudited)

			County Aver	County Average Salary (2)(3)		
Fiscal Year Ended 08/31:	Minimum Salary (1)	Maximum Salary (1)	Harris County	Montgomery County	Average Salary (2)	
2013	\$ 47,000	\$ 70,104	\$ 51,124	\$ 50,122	\$ 48,821	
2012	47,000	68,751	50,536	49,065	48,375	
2011	46,700	67,547	50,712	49,292	48,639	
2010	46,700	68,868	50,236	48,404	48,263	
2009	44,200	64,420	49,376	47,595	47,158	
2008	42,850	62,209	48,232	46,680	46,178	
2007	41,400	64,605	46,825	45,065	44,897	
2006	37,500	58,084	44,084	41,787	41,743	
2005	36,500	57,525	43,348	40,550	41,009	
2004	35,500	56,380	42,845	39,855	40,476	

⁽¹⁾ Source: District records

⁽²⁾ Source: Texas Education Agency.

⁽³⁾ Tomball ISD is primarily located in Harris County. Because a small portion of the district is located in Montgomery County, average salaries are being reported for both counties.

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

Building:	2013	2012	2011	2010	2009
HIGH SCHOOL					
Tomball (1974)					
Square Footage	573,156	570,216	570,216	570,216	602,868
Capacity	3,628	3,628	3,628	3,628	3,702
Enrollment	1,551	1,878	3,099	2,865	2,831
Tomball Memorial (2011)					
Square Footage	364,320	360,000	-	_	-
Capacity	2,343	2,349	-	_	-
Enrollment	1,787	1,307	-	-	-
JUNIOR HIGH SCHOOLS					
Tomball (1993)					
Square Footage	168,935	164,615	164,615	164,615	164,615
Capacity	1,111	1,111	1,111	1,111	1,164
Enrollment	830	799	748	647	621
Willow Wood (2003)					
Square Footage	190,550	187,670	187,670	187,670	187,670
Capacity	1,191	1,191	1,191	1,191	1,269
Enrollment	1,029	934	869	873	816
INTERMEDIATE SCHOOLS					
Tomball (1962)					
Square Footage	127,445	116,700	116,700	116,700	85,445
Capacity	900	900	900	900	1,256
Enrollment	715	708	700	678	644
Northpointe (2003)	112 512	104.510	106.710	104.510	104.510
Square Footage	113,712	106,512	106,512	106,512	106,512
Capacity	900	900	900	900	970
Enrollment	941	863	869	791	837
ELEMENTARY SCHOOLS					
Lakewood (1983)					
Square Footage	88,410	86,970	86,970	86,970	77,970
Capacity	848	848	848	848	836
Enrollment	753	753	709	712	739
Decker Prairie (1983)	00.410	06.070	06.070		77.070
Square Footage	88,410	86,970	86,970	026	77,970
Capacity	926	926	926	926	836
Enrollment	574	559	581	494	488
Tomball (1999) Square Footage	102,200	95,000	95,000	95,000	95,000
Capacity	838	838	838	838	836
Enrollment	698	729	724	811	918
Willow Creek (1999)	076	12)	/24	011	710
Square Footage	102,200	95,000	95,000	95,000	95,000
Capacity	860	860	860	860	836
Enrollment	847	813	844	822	721
Rosehill (2003)					
Square Footage	96,440	95,000	95,000	95,000	98,160
Capacity	826	826	826	826	836
Enrollment	568	545	529	527	508
Canyon Pointe (2008)					
Square Footage	102,760	97,000	97,000	97,000	98,588
Capacity	826	826	826	826	826
Enrollment	818	751	670	667	663
Creekside Forest (2010)					
Square Footage	121,880	119,000	119,000	119,000	-
Capacity	730	730	730	730	-
Enrollment	761	547	694	280	-
Timber Creek (2012)					
Square Footage	120,000	-	-	-	-
Capacity	844	-	-	-	-
Enrollment	490	-	-	-	-

Source: District records and Texas Education Agency.

Note: The square footage of buildings may fluctuate due to the addition or removal of portable classroom buildings in addition to constucting permanent additions. Capacities may fluctuate due to a change in program use of various areas of the building.

77

Table 17

2008	2007	2007 2006		2004	
602,868	602,868	602,868	605,748	605,748	
3,702	3,702	3,702	3,702	3,702	
2,722	2,662	2,654	2,578	2,477	
_	_	_	_	_	
<u>-</u>	-	-	- -	-	
-	-	-	-	-	
164,615	164,615	164,615	171,815	173,255	
1,164	1,164	1,164	1,164	1,164	
626	634	645	582	604	
187,670	187,670	187,670	187,670	187,670	
1,269	1,269	1,269	1,269	1,269	
807	779	777	754	708	
85,445	85,445	85,445	91,205	91,205	
1,256	1,256	1,256	1,256	1,256	
652	633	652	685	668	
106,512	106,512	106,512	106,512	106,512	
970	970	970	970	970	
786	733	679	665	612	
77,970	77,970	77,970	80,850	80,850	
836	836	836	836	836	
820	825	812	820	770	
77,970	77,970	77,970	79,410	79,410	
773	773	773	773	773	
677	682	694	676	657	
95,000	95,000	95,000	102,200	102,200	
836	836	836	836	836	
615	538	586	588	644	
95,000	95,000	95,000	99,320	99,320	
836	836	836	836	836	
967	920	843	701	608	
98,160	98,160	98,160	98,160	98,160	
836	836	836	836	836	
712	714	698	680	641	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	

OUR CHILDREN ARE THE PROMISE OF OUR FUTURE



TOMBALL INDEPENDENT SCHOOL DISTRICT 310 S. Cherry Street Tomball, TX 77375

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