

COMPREHENSIVE ANNUAL FINANCIAL REPORT



TOMBALL INDEPENDENT
SCHOOL DISTRICT
FISCAL YEAR ENDED
AUGUST 31, 2014



Tomball Independent School District

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
August 31, 2014**

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

310 S. Cherry St
Tomball, TX 77375

TOMBALL INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2014

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INTRODUCTORY SECTION





Tomball Independent School District

310 S. Cherry Street
Tomball, Texas 77375

January 31, 2015

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, 2014.

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, 2014. 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 9.19 percent annually over the past ten years. The taxable value of property increased 10.57 percent from fiscal year 2012-2013 to 2013-2014 with a total taxable value of \$6,634,270,147. This taxable base is 58.96% residential and 41.04% business or other property. The average taxable value of residences is \$217,584. The District considers build-out space remaining at over 47 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 another 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 13,191 that is larger than 90 percent of the public school districts in Texas. Tomball ISD student enrollment has increased an average of 4.01 percent annually over a ten-year period. District enrollment increased 6.12 percent in 2013-2014 and is expected to again rise by over 5.5 percent during the 2014-2015 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 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.

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 33% of the 2014-2015 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 2013-2014 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 98.3 percent of seniors who earned the necessary credits to graduate in May 2014 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, 2013. 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 Officials' (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended August 31, 2013. This award certifies that the Comprehensive Annual Financial Report for the fiscal year ended August 31, 2013, 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.

Respectfully submitted,



Huey Kinchen
Superintendent



Jim Ross
Chief Financial Officer



Zachary Boles
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Tomball Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2013

Executive Director/CEO

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, 2013*

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

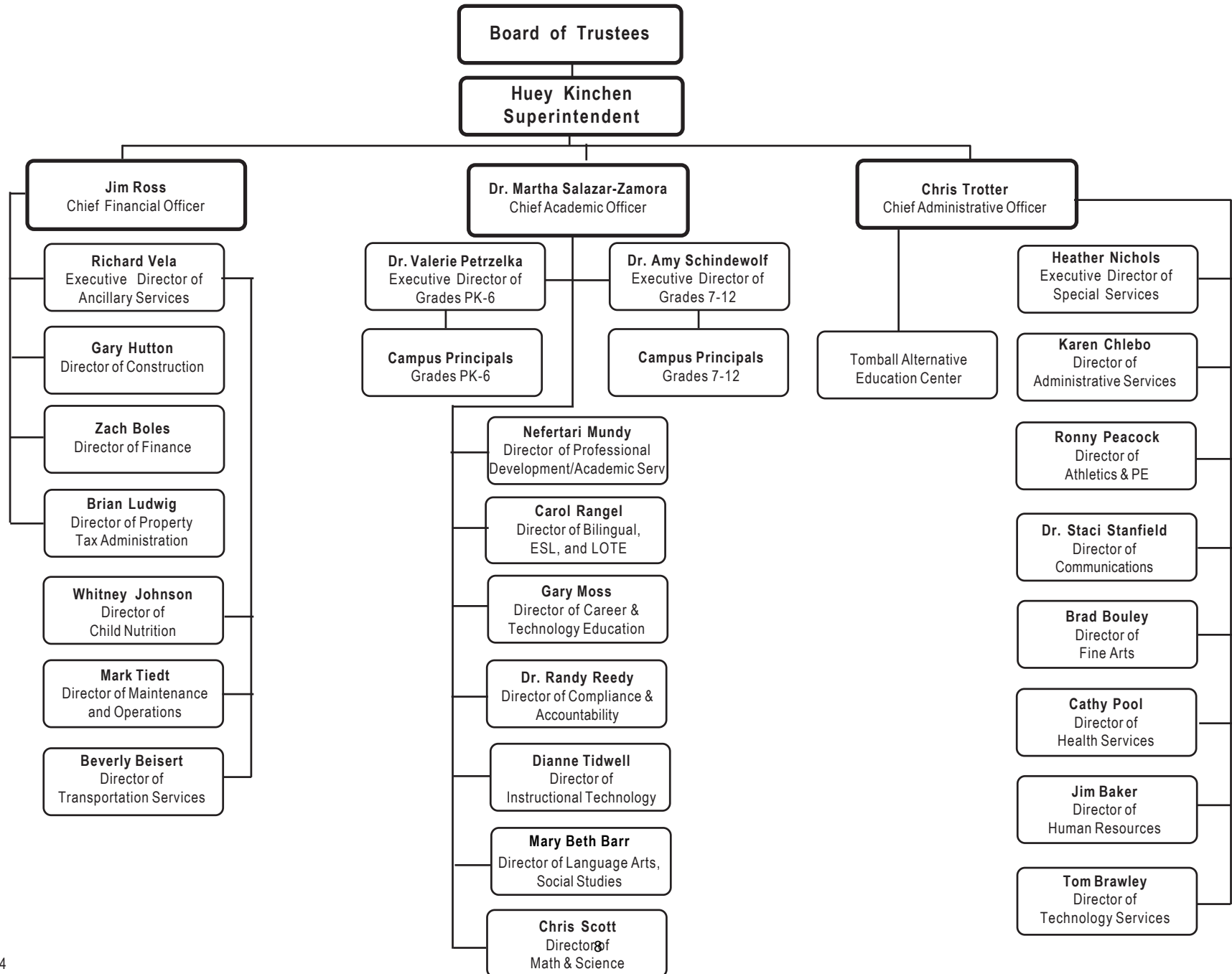


Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

Tomball Independent School District

LEADERSHIP ORGANIZATIONAL CHART



TOMBALL INDEPENDENT SCHOOL DISTRICT PRINCIPAL OFFICIALS AND ADVISORS

BOARD OF TRUSTEES

Mark Lewandowski	President
Michael J. Pratt	Vice President
Kathy Handler	Secretary
Ken Odom	Assistant Secretary
Sam Gregson	Trustee
Lisa Nicholas	Trustee
John E. McStravick	Trustee

ADMINISTRATION

Huey Kinchen	Superintendent
Martha Salazar-Zamora	Chief Academic Officer
Chris Trotter	Chief Administrative Officer
Jim Ross	Chief Financial Officer

CONSULTANTS AND ADVISORS

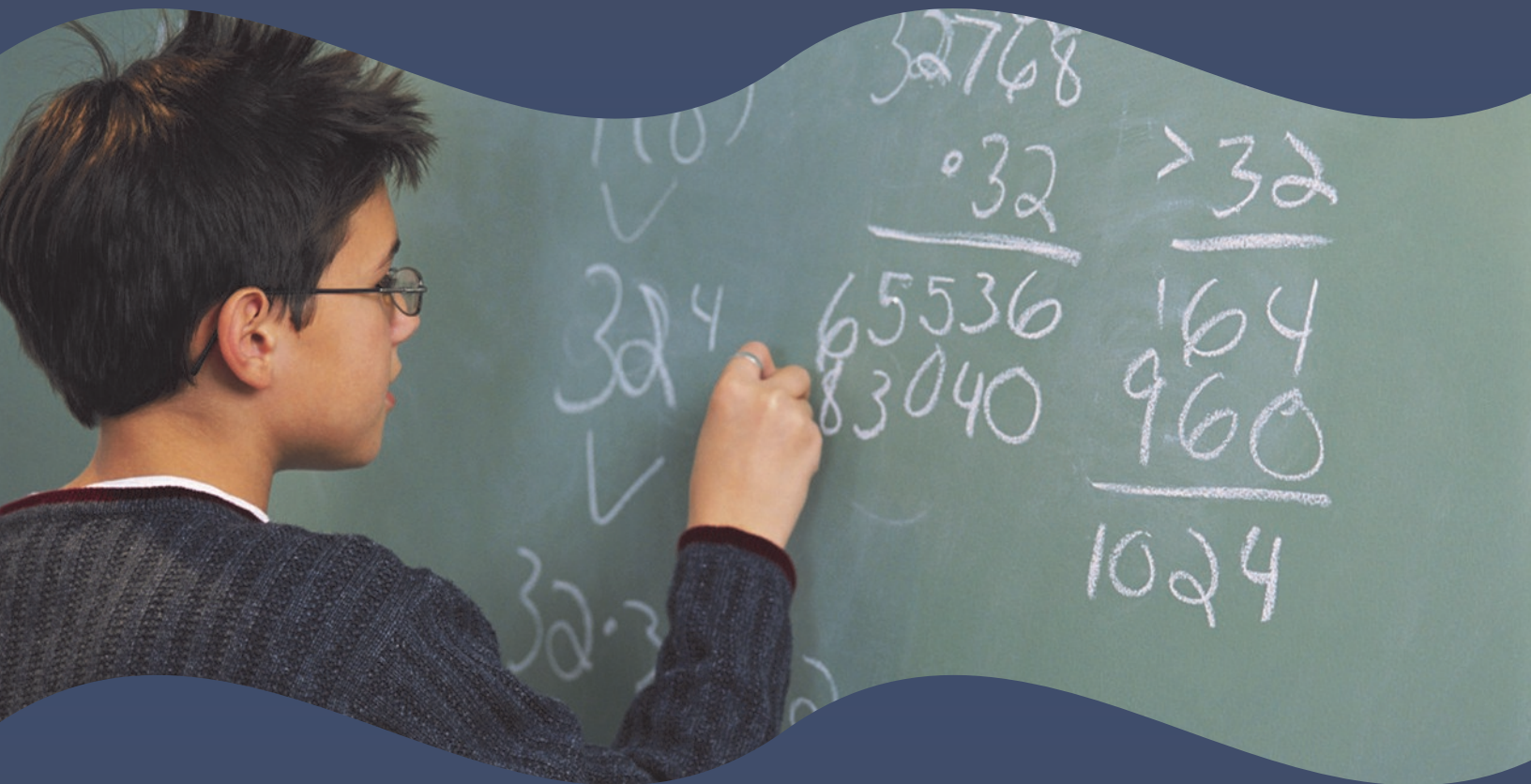
Bracewell & Giuliani, LLP
Rogers, Morris & Grover, LLP
Thompson & Horton, LLP
Houston, Texas – General Counsel

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



HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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Cleveland
111 East Boothe
Cleveland, Texas 77327
Tel 281-592-6443
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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, 2014, 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.

Auditor's 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, 2014, 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, 2014, 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, supplementary information (combining and individual fund financial statements and schedules and compliance schedules), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, (combining and individual fund financial statements and schedules and compliance schedules) is 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 supplementary information (combining and individual fund financial statements and schedules and compliance schedules) is 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 4, 2014, 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 4, 2014

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, 2014. 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 \$41,810,747 (net position). Of this amount, \$40,486,367 (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 decreased by \$803,491 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$137,079,038, an increase of \$63,939,203 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$20,709,537, or 21 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$77,978,110 (26 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 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 seventeen 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 fourteen 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. The District maintains one type of proprietary fund. An internal service fund 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 supplementary information, including schedules required by the Texas Education Agency. 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 \$41,810,747, a decrease of \$803,491 over the preceding year.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 151,979,979	35	\$ 85,407,543	24	\$ 66,572,436	78
Capital Assets, net of Depreciation	281,877,422	65	268,408,847	76	13,468,575	5
Total Assets	433,857,401	100	353,816,390	100	80,041,011	
Total Deferred Outflows of Resources	1,189,312	100	1,338,385	100	(149,073)	(11)
Long-term Liabilities Outstanding	382,734,726	97	304,754,538	98	77,980,188	26
Other Liabilities	10,501,240	3	7,785,999	2	2,715,241	35
Total Liabilities	393,235,966	100	312,540,537	100	80,695,429	
Net Position:						
Net Investment in Capital Assets	(3,450,507)	(8)	(7,456,807)	(17)	4,006,300	(54)
Restricted	4,774,887	11	4,908,891	11	(134,004)	(3)
Unrestricted	40,486,367	97	45,162,154	106	(4,675,787)	(10)
Total Net Position	\$ 41,810,747	100	\$ 42,614,238	100	\$ (803,491)	

The largest portion of the District's net position is unrestricted. Net investment in capital assets (e.g., land and improvements, buildings and improvements, and furniture and equipment), was in a deficit position resulting from capital projects fund expenditures that were capitalized. The District uses capital assets to provide services to students; consequently, these assets are *not* available for future spending and cannot be used to liquidate

liabilities. Net position of \$4,774,887, which represents 11 percent of total net position, is restricted for future grant expenditures. The remaining balance of net position, *unrestricted* \$40,486,367, may be used to meet future obligations to students and creditors.

Governmental activities. Governmental activities decreased the District's net position by \$803,491 from current operations. Key elements of this change are as follows:

TOMBALL INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,279,299	4	\$ 4,956,229	5	\$ 323,070	7
Operating Grants and Contributions	11,715,123	9	9,661,952	8	2,053,171	21
General Revenues:						
Property Taxes, Levied for General Purposes	68,045,469	53	61,256,505	52	6,788,964	11
Property Taxes, Levied for Debt Service	22,642,257	17	21,100,637	18	1,541,620	7
Grants and Contributions Not Restricted to Specific Programs	21,697,550	17	19,944,171	17	1,753,379	9
Investment Earnings	140,182	-	128,753	-	11,429	9
Miscellaneous	3,307	-	168,253	-	(164,946)	(98)
Total Revenues	129,523,187	100	117,216,500	100	12,306,687	
Expenses:						
Instruction	64,053,457	50	57,529,140	50	6,524,317	11
Instructional Resources and Media Services	1,446,483	1	1,490,940	1	(44,457)	(3)
Curriculum and Instructional Staff Development	1,059,081	1	1,085,211	1	(26,130)	(2)
Instructional Leadership	1,201,533	1	1,047,845	1	153,688	15
School Leadership	6,443,317	5	6,047,417	5	395,900	7
Guidance, Counseling, and Evaluation Services	3,833,908	3	3,710,790	3	123,118	3
Social Work Services	59,804	-	61,248	-	(1,444)	(2)
Health Services	1,137,655	1	1,142,337	1	(4,682)	-
Student Transportation	4,880,484	4	4,597,969	4	282,515	6
Food Service	5,717,567	5	4,966,651	4	750,916	15
Extracurricular Activities	5,540,932	4	5,236,220	6	304,712	6
General Administration	3,003,401	2	2,802,508	2	200,893	7
Plant Maintenance and Operations	13,410,332	9	10,481,103	9	2,929,229	28
Security and Monitoring Services	447,606	-	418,110	-	29,496	7
Data Processing Services	1,682,560	1	1,521,517	1	161,043	11
Community Services	476,529	-	58,263	-	418,266	718
Interest on Long-term Debt	13,603,075	10	12,948,165	11	654,910	5
Issuance Costs and Fees	737,654	1	16,283	-	721,371	4,430
Facilities Repair and Maintenance	901,730	1	65,523	-	836,207	1,276
Payments to Juvenile Justice Alternative Education Programs	22,620	-	7,973	-	14,647	184
Other Intergovernmental Charges	666,950	1	633,291	1	33,659	5
Total Expenses	130,326,678	100	115,868,504	100	14,458,174	
Change in Net Position	(803,491)		1,347,996		(2,151,487)	
Net Position - Beginning	42,614,238		40,115,766		2,498,472	
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	42,614,238		41,266,242		1,347,996	
Net Position - Ending	\$ 41,810,747		\$ 42,614,238		\$ (803,491)	

The decrease in net position resulted primarily from the increases in instruction and plant maintenance and operations expenditures being greater than the increase in property tax revenues for general purposes.

Revenues, aggregating \$129,523,187, were generated primarily from two sources. Property taxes \$90,687,726 represent 70 percent of total revenues while grants and contributions, (including those not restricted for program-specific use as well as for general operations, totaling \$33,412,673), represent 26 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* \$64,053,457, which represents 50 percent of total expenses, 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 \$137,079,038, an increase of \$63,939,203 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 \$20,709,537, while total fund balance was \$54,037,782. 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 21 percent of total general fund expenditures, while total fund balance represents 54 percent of that same total. The fund balance of the general fund decreased \$4,280,596 during the year, primarily due to the increase in instructional and capital related expenditures.

The debt service fund ended the year with a total fund balance of \$2,053,799, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$258,198 during the year, primarily due to the increase in property tax revenues related to an increase in appraised values.

The capital projects fund has a total fund balance of \$78,123,766. The net increase in fund balance during the current year in the capital projects fund was \$68,663,330 due to the issuance of unlimited tax school building bonds.

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 was one significant increase in the original budget to the final amended budget of the general fund for Facilities Acquisition and Construction, which resulted from an anticipated purchase of land.

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, 2014 was \$281,877,422 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$13,468,575.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS

(net of depreciation)

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	\$ 22,097,492	8	\$ 15,717,111	6	\$ 6,380,381	41
Buildings and Improvements	230,976,922	82	236,136,276	88	(5,159,354)	(2)
Furniture and Equipment	15,160,419	5	16,555,460	6	(1,395,041)	(8)
Construction in Progress	13,642,589	5	-	-	13,642,589	100
Totals	\$ 281,877,422	100	\$ 268,408,847	100	\$ 13,468,575	

Major capital asset activity during the year included the following:

- School buses and vehicles purchased \$955,734.
- Land purchased \$7,921,864.
- Construction in progress additions \$13,642,589.

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.

Long-Term Liabilities. At year-end, the District had a liability for bonded debt of \$382,513,067. 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 \$221,659.

TOMBALL INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 382,513,067	100	\$ 304,534,957	100	\$ 77,978,110	26
Workers' Compensation	221,659	-	219,581	-	2,078	1
Totals	\$ 382,734,726	100	\$ 304,754,538	100	\$ 77,980,188	

The District's total bonded debt increased by \$77,978,110 (26 percent) during the current fiscal year, which resulted primarily from issuance of Unlimited Tax School Building Bonds, Series 2014A and 2014B.

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, 13,191, a 6 percent increase from the preceding year.
- District staff totals 1,688 employees in 2014-15, excluding substitutes and other part-time employees, of which 803 are teachers and 255 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 14% for the 2014-15 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 2014-15. Preceding year rates were \$1.02, \$.34 and \$1.36, respectively.

All of these factors and others were considered in preparing the District's budget for the 2014-15 fiscal year.

During 2013-14, fund balance in the general fund decreased \$4,280,596. 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 total general fund balance is 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

TOMBALL INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2014

EXHIBIT A-1

1

Data Control Codes		Primary Government Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 9,623,683
1120	Current Investments	138,677,914
1225	Property Taxes Receivables (Net)	1,940,639
1240	Due from Other Governments	863,489
1290	Other Receivables (Net)	259,061
1300	Inventories	579,017
1410	Prepaid Items	6,214
1490	Other Current Assets	29,962
	Capital Assets:	
1510	Land and Improvements	22,097,492
1520	Buildings and Improvements (Net)	230,976,922
1530	Furniture and Equipment (Net)	15,160,419
1580	Construction in Progress	13,642,589
1000	Total Assets	<u>433,857,401</u>
DEFERRED OUTFLOWS OF RESOURCES:		
1700	Deferred Charge on Refunding	1,189,312
	Total Deferred Outflows of Resources	<u>1,189,312</u>
LIABILITIES:		
2110	Accounts Payable	6,293,181
2140	Interest Payable	663,283
2165	Accrued Wages Payable	3,312,428
2180	Due to Other Governments	88,778
2300	Unearned Revenue	143,570
	Noncurrent Liabilities:	
2501	Due Within One Year	8,516,659
2502	Due in More Than One Year	374,218,067
2000	Total Liabilities	<u>393,235,966</u>
NET POSITION:		
3200	Net Investment in Capital Assets	(3,450,507)
3450	Restricted for Grants	4,774,887
3900	Unrestricted	40,486,367
3000	Total Net Position	<u>\$ 41,810,747</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Primary Government:				
	Governmental Activities:				
0011	Instruction	\$ 64,053,457	\$ 577,779	\$ 6,694,161	\$ (56,781,517)
0012	Instructional Resources and Media Services	1,446,483	122,601	80,840	(1,243,042)
0013	Curriculum and Instructional Staff Development	1,059,081	11,593	245,225	(802,263)
0021	Instructional Leadership	1,201,533	-	319,968	(881,565)
0023	School Leadership	6,443,317	84,581	352,319	(6,006,417)
0031	Guidance, Counseling, and Evaluation Services	3,833,908	2,288	749,718	(3,081,902)
0032	Social Work Services	59,804	-	3,104	(56,700)
0033	Health Services	1,137,655	567	59,871	(1,077,217)
0034	Student Transportation	4,880,484	-	166,385	(4,714,099)
0035	Food Service	5,717,567	2,863,223	2,079,510	(774,834)
0036	Extracurricular Activities	5,540,932	1,190,208	331,140	(4,019,584)
0041	General Administration	3,003,401	-	192,375	(2,811,026)
0051	Plant Maintenance and Operations	13,410,332	108,942	271,961	(13,029,429)
0052	Security and Monitoring Services	447,606	-	5,484	(442,122)
0053	Data Processing Services	1,682,560	-	65,826	(1,616,734)
0061	Community Services	476,529	317,517	92,794	(66,218)
0072	Interest on Long-term Debt	13,603,075	-	-	(13,603,075)
0073	Issuance Costs and Fees	737,654	-	-	(737,654)
0081	Facilities Repair and Maintenance	901,730	-	4,442	(897,288)
0095	Payments to Juvenile Justice Alternative Education Programs	22,620	-	-	(22,620)
0099	Other Intergovernmental Charges	666,950	-	-	(666,950)
TG	Total Governmental Activities	<u>130,326,678</u>	<u>5,279,299</u>	<u>11,715,123</u>	<u>(113,332,256)</u>
TP	Total Primary Government	\$ <u>130,326,678</u>	\$ <u>5,279,299</u>	\$ <u>11,715,123</u>	<u>(113,332,256)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				68,045,469
DT	Property Taxes, Levied for Debt Service				22,642,257
GC	Grants and Contributions Not Restricted to Specific Programs				21,697,550
IE	Investment Earnings				140,182
MI	Miscellaneous				3,307
TR	Total General Revenues				<u>112,528,765</u>
CN	Change in Net Position				<u>(803,491)</u>
NB	Net Position - Beginning				<u>42,614,238</u>
NE	Net Position - Ending				\$ <u>41,810,747</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data		199	599
Control Codes		General Fund	Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 7,615,420	\$ 138,707
1120	Current Investments	50,711,548	1,915,092
1225	Property Taxes Receivable (Net)	1,494,292	446,347
1240	Due from Other Governments	302,711	-
1260	Due from Other Funds	474,723	-
1290	Other Receivables (Net)	259,061	-
1300	Inventories	524,278	-
1410	Prepaid Items	6,214	-
1000	Total Assets	\$ 61,388,247	\$ 2,500,146
LIABILITIES:			
2110	Accounts Payable	\$ 1,145,129	\$ -
2160	Accrued Wages Payable	3,256,084	-
2170	Due to Other Funds	1,311,713	-
2180	Due to Other Governments	88,778	-
2300	Unearned Revenue	54,469	-
2000	Total Liabilities	5,856,173	-
DEFERRED INFLOWS OF RESOURCES:			
2600	Unavailable Revenue-Property Taxes	1,494,292	446,347
	Total Deferred Inflows of Resources	1,494,292	446,347
FUND BALANCES:			
Nonspendable:			
3410	Inventories	524,278	-
3430	Prepaid Items	6,214	-
Restricted For:			
3450	Grants	3,338,633	-
3470	Capital Acquisitions and Contractual Obligations	-	-
3480	Debt Service	-	2,053,799
Committed To:			
3545	Other	17,459,120	-
Assigned To:			
3550	Construction	3,000,000	-
3560	Claims and Judgments	1,000,000	-
3570	Capital Expenditures for Equipment	3,000,000	-
3580	Self-Insurance	1,000,000	-
3590	Other	4,000,000	-
3600	Unassigned	20,709,537	-
3000	Total Fund Balances	54,037,782	2,053,799
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61,388,247	\$ 2,500,146

699	Nonmajor Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ -	\$ 1,869,556	\$ 9,623,683
82,794,917	100,008	135,521,565
-	-	1,940,639
-	560,778	863,489
40,838	1,270,875	1,786,436
-	-	259,061
-	54,739	579,017
-	-	6,214
\$ 82,835,755	\$ 3,855,956	\$ 150,580,104
\$ 4,711,989	\$ 372,097	\$ 6,229,215
-	56,344	3,312,428
-	474,723	1,786,436
-	-	88,778
-	89,101	143,570
<u>4,711,989</u>	<u>992,265</u>	<u>11,560,427</u>
-	-	1,940,639
-	-	1,940,639
-	38,548	562,826
-	-	6,214
-	1,436,254	4,774,887
78,123,766	-	78,123,766
-	-	2,053,799
-	1,388,889	18,848,009
-	-	3,000,000
-	-	1,000,000
-	-	3,000,000
-	-	1,000,000
-	-	4,000,000
-	-	20,709,537
<u>78,123,766</u>	<u>2,863,691</u>	<u>137,079,038</u>
\$ 82,835,755	\$ 3,855,956	\$ 150,580,104

TOMBALL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2014

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 137,079,038**

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	\$ 388,178,088	
Accumulated Depreciation of Governmental Capital Assets	<u>(106,300,666)</u>	281,877,422

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.	1,940,639
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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 such items, consist of:

Bonds Payable, at Original Par	\$ (366,490,000)	
Premium on Bonds Payable	(13,413,070)	
Accreted Interest	(2,609,997)	
Accrued Interest on the Bonds	<u>(663,283)</u>	(383,176,350)

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.	2,900,686
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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.	<u>1,189,312</u>
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Total Net Position - Governmental Activities (Exhibit A-1) **\$ 41,810,747**

TOMBALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ 68,977,006	\$ 22,710,998
5800	State Program Revenues	25,316,140	-
5900	Federal Program Revenues	1,022,755	-
5020	Total Revenues	95,315,901	22,710,998
EXPENDITURES:			
Current:			
0011	Instruction	55,186,270	-
0012	Instructional Resources and Media Services	1,067,462	-
0013	Curriculum and Instructional Staff Development	840,348	-
0021	Instructional Leadership	938,972	-
0023	School Leadership	5,988,654	-
0031	Guidance, Counseling, and Evaluation Services	3,139,098	-
0032	Social Work Services	59,826	-
0033	Health Services	1,095,981	-
0034	Student Transportation	4,259,679	-
0035	Food Service	-	-
0036	Extracurricular Activities	2,817,210	-
0041	General Administration	3,001,783	-
0051	Plant Maintenance and Operations	11,216,144	-
0052	Security and Monitoring Services	447,673	-
0053	Data Processing Services	1,538,054	-
0061	Community Services	646	-
Debt Service:			
0071	Principal on Long-term Debt	-	7,270,000
0072	Interest on Long-term Debt	-	15,230,633
0073	Issuance Costs and Fees	-	737,654
Capital Outlay:			
0081	Facilities Acquisition and Construction	7,921,864	-
Intergovernmental:			
0095	Payments to Juvenile Justice Alternative Education Programs	22,620	-
0099	Other Intergovernmental Charges	666,950	-
6030	Total Expenditures	100,209,234	23,238,287
1100	Excess (Deficiency) of Revenues Over		
1100	Expenditures	(4,893,333)	(527,289)
OTHER FINANCING SOURCES (USES):			
7901	Issuance of Bonds	-	-
7912	Sale of Real and Personal Property	900,000	-
7916	Premium or Discount on Issuance of Bonds	-	785,487
8949	Other Uses	(287,263)	-
7080	Total Other Financing Sources (Uses)	612,737	785,487
1200	Net Change in Fund Balances	(4,280,596)	258,198
0100	Fund Balances - Beginning	58,318,378	1,795,601
3000	Fund Balances - Ending	\$ 54,037,782	\$ 2,053,799

699	Nonmajor Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 13,613	\$ 5,268,970	\$ 96,970,587
5,616	1,566,023	26,887,779
-	4,961,601	5,984,356
<u>19,229</u>	<u>11,796,594</u>	<u>129,842,722</u>
359,344	4,036,562	59,582,176
-	175,841	1,243,303
-	217,293	1,057,641
-	258,681	1,197,653
-	129,237	6,117,891
-	572,548	3,711,646
-	-	59,826
-	1,345	1,097,326
747,032	-	5,006,711
-	5,247,943	5,247,943
-	1,382,718	4,199,928
-	-	3,001,783
2,588,833	266	13,805,243
-	-	447,673
1,481	-	1,539,535
-	475,889	476,535
-	-	7,270,000
-	-	15,230,633
-	-	737,654
13,994,209	-	21,916,073
-	-	22,620
-	-	666,950
<u>17,690,899</u>	<u>12,498,323</u>	<u>153,636,743</u>
<u>(17,671,670)</u>	<u>(701,729)</u>	<u>(23,794,021)</u>
81,095,000	-	81,095,000
-	-	900,000
5,240,000	-	6,025,487
-	-	(287,263)
<u>86,335,000</u>	<u>-</u>	<u>87,733,224</u>
68,663,330	(701,729)	63,939,203
9,460,436	3,565,420	73,139,835
<u>\$ 78,123,766</u>	<u>\$ 2,863,691</u>	<u>\$ 137,079,038</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT**EXHIBIT C-3****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2014**

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) **\$ 63,939,203**

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

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 Outlays	\$ 23,421,382	
Depreciation Expense	<u>(8,404,225)</u>	15,017,157

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net position. (1,548,582)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (26,221)

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (81,095,000)	
(Premium) Discount	<u>(6,025,487)</u>	(87,120,487)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,270,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is 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 due. The increase (decrease) in interest reported in the statement of activities consist of the following:

Accrued Interest on Current Interest Bonds Payable (<i>increased</i>) decreased	\$ (95,746)	
Interest Accreted on the Capital Appreciation Bonds	(171,027)	
Accreted Interest Paid	1,305,000	
Amortization of Bond Premium and Discount	738,404	
Amortization of Defeasance Costs	<u>(149,073)</u>	1,627,558

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. 37,881

Change in Net Position for Governmental Activities (Exhibit B-1) **\$ (803,491)**

TOMBALL INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 68,443,440	\$ 68,541,611	\$ 68,977,006	\$ 435,395
5800	State Program Revenues	22,340,284	24,840,284	25,316,140	475,856
5900	Federal Program Revenues	366,276	366,276	1,022,755	656,479
5020	Total Revenues	91,150,000	93,748,171	95,315,901	1,567,730
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	55,525,676	55,205,962	55,186,270	19,692
0012	Instructional Resources and Media Services	1,142,556	1,104,446	1,067,462	36,984
0013	Curriculum and Instructional Staff Development	877,905	943,100	840,348	102,752
	Total Instruction and Instructional Related Services	57,546,137	57,253,508	57,094,080	159,428
Instructional and School Leadership:					
0021	Instructional Leadership	815,401	940,413	938,972	1,441
0023	School Leadership	5,920,099	5,990,301	5,988,654	1,647
	Total Instructional and School Leadership	6,735,500	6,930,714	6,927,626	3,088
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	3,334,835	3,212,940	3,139,098	73,842
0032	Social Work Services	69,253	69,253	59,826	9,427
0033	Health Services	1,226,772	1,156,748	1,095,981	60,767
0034	Student Transportation	4,537,307	4,508,488	4,259,679	248,809
0036	Extracurricular Activities	2,841,537	3,087,519	2,817,210	270,309
	Total Support Services - Student (Pupil)	12,009,704	12,034,948	11,371,794	663,154
Administrative Support Services:					
0041	General Administration	2,902,780	3,109,205	3,001,783	107,422
	Total Administrative Support Services	2,902,780	3,109,205	3,001,783	107,422
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	10,265,482	12,565,977	11,216,144	1,349,833
0052	Security and Monitoring Services	477,636	488,656	447,673	40,983
0053	Data Processing Services	1,523,648	1,583,648	1,538,054	45,594
	Total Support Services - Nonstudent Based	12,266,766	14,638,281	13,201,871	1,436,410
Ancillary Services:					
0061	Community Services	4,113	4,113	646	3,467
	Total Ancillary Services	4,113	4,113	646	3,467
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	8,000,000	7,921,864	78,136
	Total Capital Outlay	-	8,000,000	7,921,864	78,136
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative Education Programs	35,000	35,000	22,620	12,380
0099	Other Intergovernmental Charges	650,000	675,000	666,950	8,050
	Total Intergovernmental Charges	685,000	710,000	689,570	20,430
6030	Total Expenditures	92,150,000	102,680,769	100,209,234	2,471,535
1100	Excess (Deficiency) of Revenues Over				
1100	Expenditures	(1,000,000)	(8,932,598)	(4,893,333)	4,039,265
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	900,000	900,000
8949	Other Uses	-	-	(287,263)	(287,263)
7080	Total Other Financing Sources (Uses)	-	-	612,737	612,737
1200	Net Change in Fund Balances	(1,000,000)	(8,932,598)	(4,280,596)	4,652,002
0100	Fund Balances - Beginning	58,318,378	58,318,378	58,318,378	-
3000	Fund Balances - Ending	\$ 57,318,378	\$ 49,385,780	\$ 54,037,782	\$ 4,652,002

TOMBALL INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION

PROPRIETARY FUND

AUGUST 31, 2014

755

**Governmental
Activities****Internal
Service
Fund****Data
Control
Codes****ASSETS:**

Current Assets:

1120	<i>Current Investments</i>	\$	3,156,349
1490	<i>Other Current Assets</i>		29,962
	Total Current Assets		<u>3,186,311</u>
1000	Total Assets		<u>3,186,311</u>

LIABILITIES:

Current Liabilities:

2110	<i>Accounts Payable</i>		63,966
2123	<i>Claims Payable - Due within one year</i>		221,659
	Total Current Liabilities		<u>285,625</u>
2000	Total Liabilities		<u>285,625</u>

NET POSITION:

3900	<i>Unrestricted</i>		2,900,686
3000	Total Net Position	\$	<u><u>2,900,686</u></u>

TOMBALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT D-2

755

**Data
Control
Codes**

**Governmental
Activities**
**Internal
Service
Fund**

OPERATING REVENUES:

5754 *Interfund Services Provided*
5020 *Total Operating Revenues*

\$ 410,170
410,170

OPERATING EXPENSES:

6200 *Professional and Contracted Services*
6400 *Other Operating Costs*
6030 *Total Operating Expenses*

158,342
214,995
373,337

Operating Income (Loss)

36,833

NON-OPERATING REVENUES:

7955 *Earnings from Temp. Deposits and Investments*
8030 *Total Non-operating Revenues*

1,048
1,048

1300 *Change in Net Position*

37,881

0100 *Total Net Position - Beginning*

2,862,805

3300 **Total Net Position - Ending**

\$ **2,900,686**

TOMBALL INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED AUGUST 31, 2014

755

**Governmental
Activities****Internal
Service
Fund****CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Employer	\$ 410,170
Cash Payments for Claims, Net of Stop Loss Reimbursements	(193,441)
Cash Payments for Payroll Costs, Contracted Services and Supplies and Materials	(158,342)
Net Cash Provided by (Used for) Operating Activities	<u>58,387</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received on Investments	1,048
Sale of Investments	(59,435)
Net Cash Provided by (Used For) Investing Activities	<u>(58,387)</u>

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 BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 36,833
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	19,476
Increase (Decrease) in Claims Payable	2,078
Net Cash Provided (Used) by Operating Activities	<u>\$ 58,387</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
AUGUST 31, 2014

EXHIBIT E-1

Data Control Codes		865 Agency Fund
		Student Activity
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 183,408
1000	Total Assets	\$ 183,408
LIABILITIES:		
2190	<i>Due to Student Groups</i>	\$ 183,408
2000	Total Liabilities	\$ 183,408

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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. 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.

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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, construction in progress, 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.

As the District constructs or acquires additional capital assets each period, 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 and construction in progress are 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	7-48
Furniture and Equipment	5-40

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 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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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.

G. 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.

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

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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 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.

6. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

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.

1. 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.

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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; 8) Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

As of August 31, 2014, the District had the following governmental and internal service funds investments:

Investment Type	Standard & Poor's Rating	Fair Value	Percentage of Total Investments	Weighted Average Maturity (Years)
Texpool	AAAm	\$ 129,618,169	93%	0.22
Certificate of Deposits	N/A	9,059,745	7%	0.46
Total Fair Value		\$ 138,677,914	100%	
Portfolio Weighted Average Maturity				0.23

Credit risk. For fiscal year 2014, 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. The District has certificates of deposits at their depository bank which has a term of one year.

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.

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, 2014, District's banks' balances of \$11,454,435 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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

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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:

	General	Debt Service	Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	\$ 2,197,223	\$ 656,313	\$ -	\$ 2,853,536
Due From Other Governments	-			
State	232,382	-	2,538	234,920
Federal	70,329	-	558,240	628,569
Other	259,061	-	-	259,061
Gross Receivables	2,758,995	656,313	560,778	3,976,086
Less: Allowance for Uncollectibles	(702,931)	(209,966)	-	(912,897)
Net Total Receivables	\$ 2,056,064	\$ 446,347	\$ 560,778	\$ 3,063,189

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	\$ (30,571)
Uncollectibles Related to Debt Service Property Taxes	(9,131)
Total Uncollectibles of the Current Fiscal Year	\$ (39,702)

Approximately 67% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables and Payables

Receivables/Payables

The composition of interfund balances as of August 31, 2014, is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 474,723	\$ 1,311,713
Capital Project Funds	40,838	-
Other Governmental Funds - Nonmajor		
Special Revenue Funds:		
ESEA, Title I Improving Basic Programs	-	158,144
IDEA - B Formula	-	250,274
IDEA - B Preschool	-	3,120
National School Breakfast/Lunch Program	1,148,062	-
Career and Technical - Basic Grant	-	11,693
ESEA, Title II, Part A - Teacher and Principal Training and Recruiting	-	25,194
Title III, Part A, English Language Acquisition and Enhancement	-	21,538
Summer School LEP	-	2,222
Non-Ed Community Based Support	-	2,538
Instructional Materials Allotment	122,813	-
Total Special Revenue Funds	1,270,875	474,723
Totals	\$ 1,786,436	\$ 1,786,436

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT

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D. Capital Assets

Capital asset activity for the year ended August 31, 2014 was as follows:

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land and Improvements	\$ 15,717,111	\$ 7,921,864	\$ (1,541,483)	\$ 22,097,492
Construction in Progress	-	13,642,589	-	13,642,589
Total Capital Assets, not being Depreciated	15,717,111	21,564,453	(1,541,483)	35,740,081
Capital Assets, being Depreciated:				
Buildings and Improvements	314,367,337	68,957	-	314,436,294
Furniture and Equipment	36,285,374	1,787,972	(71,633)	38,001,713
Total Capital Assets, being Depreciated	350,652,711	1,856,929	(71,633)	352,438,007
Less Accumulated Depreciation for:				
Buildings and Improvements	(78,231,061)	(5,228,311)	-	(83,459,372)
Furniture and Equipment	(19,729,914)	(3,175,914)	64,534	(22,841,294)
Total Accumulated Depreciation	(97,960,975)	(8,404,225)	64,534	(106,300,666)
Total Capital Assets, being Depreciated, net	252,691,736	(6,547,296)	(7,099)	246,137,341
Governmental Activities Capital Assets, net	\$ 268,408,847	\$ 15,017,157	\$ (1,548,582)	\$ 281,877,422

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

Governmental Activities:	
11 Instruction	\$ 4,486,585
12 Instructional Resources and Media Services	203,549
13 Curriculum and Instructional Staff Development	1,744
21 Instructional Leadership	4,271
23 School Leadership	326,763
31 Guidance, Counseling, and Evaluation Services	123,539
33 Health Services	40,713
34 Student Transportation	790,829
35 Food Service	517,259
36 Extracurricular Activities	1,348,279
41 General Administration	2,658
51 Plant Maintenance and Operations	414,456
53 Data Processing Services	143,580
Total Depreciation Expense-Governmental Activities	\$ 8,404,225

Construction Commitments

The District has active construction projects as of August 31, 2014. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Tomball ISD Oakcrest Intermediate	\$ 15,498,098
Tomball ISD Wildwood Elementary	14,233,349
Tomball ISD Creekview Junior High	15,586,976
Tomball ISD Northpointe Intermediate	302,371
Tomball ISD Athletic Updates	873,280
Tomball ISD Security Vestibules	155,948
Totals	\$ 46,650,022

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 292,665,000	\$ 81,095,000	\$ (7,270,000)	\$ 366,490,000	\$ 8,295,000
Deferred Amounts:					
For Issuance Premiums (CIB's)	8,125,987	6,025,487	(738,404)	13,413,070	-
For Accreted Interest (CAB's)	3,743,970	171,027	(1,305,000)	2,609,997	-
Total Bonds Payable, net	<u>304,534,957</u>	<u>87,291,514</u>	<u>(9,313,404)</u>	<u>382,513,067</u>	<u>8,295,000</u>
Workers' Compensation	219,581	94,618	(92,540)	221,659	221,659
Governmental Activity Long-term Liabilities	<u>\$ 304,754,538</u>	<u>\$ 87,386,132</u>	<u>\$ (9,405,944)</u>	<u>\$ 382,734,726</u>	<u>\$ 8,516,659</u>

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 buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 7-29 year current interest (CIB) or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
1993 CAB	-	\$ 1,186,411	2015	\$ 10,000	\$ -	\$ (5,000)	\$ 5,000
1997 CAB	-	1,753,405	2014	20,000	-	(20,000)	-
2001 B BLDG	3.45-3.55%	25,000,000	2026	25,000,000	-	-	25,000,000
2002 B BLDG	4.27%	19,650,000	2026	19,650,000	-	-	19,650,000
2007 BLDG	4.0-5.5%	9,800,000	2032	9,515,000	-	(70,000)	9,445,000
2008 REF	3.0-4.75%	103,410,000	2033	101,160,000	-	(1,205,000)	99,955,000
2008 CAB	-	620,000	2015	620,000	-	-	620,000
2009 BLDG	2.0-5.0%	52,960,000	2034	49,505,000	-	(1,655,000)	47,850,000
2010 REF	2.0-5.0%	16,005,000	2020	16,005,000	-	(410,000)	15,595,000
2010 A BLDG	3.0-5.0%	26,535,000	2034	26,210,000	-	(550,000)	25,660,000
2010 B REF	3.0-5.0%	16,080,000	2023	10,750,000	-	(2,485,000)	8,265,000
2011 BLDG	4.0-5.0%	30,015,000	2034	30,015,000	-	(350,000)	29,665,000
2011 REF	2.0-3.5%	4,715,000	2020	4,205,000	-	(520,000)	3,685,000
2014 A BLDG	2.0-5.0%	17,775,000	2033	-	17,775,000	-	17,775,000
2014 B BLDG	2.0-3.0%	63,320,000	2043	-	63,320,000	-	63,320,000
Totals				<u>\$ 292,665,000</u>	<u>\$ 81,095,000</u>	<u>\$ (7,270,000)</u>	<u>\$ 366,490,000</u>

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

Year Ending August 31	Principal	Interest	Total Requirements
2015	\$ 8,295,000	\$ 17,822,986	\$ 26,117,986
2016	11,315,000	14,802,780	26,117,780
2017	11,780,000	14,848,711	26,628,711
2018	12,260,000	14,370,680	26,630,680
2019	12,760,000	14,055,368	26,815,368
2020	13,305,000	13,510,324	26,815,324
2021	13,885,000	13,122,045	27,007,045
2022	14,495,000	12,511,032	27,006,032
2023	15,155,000	11,848,287	27,003,287
2024	15,865,000	11,138,182	27,003,182
2025	16,610,000	10,393,292	27,003,292
2026	17,395,000	9,608,692	27,003,692
2027	16,065,000	8,817,494	24,882,494
2028	16,860,000	8,020,419	24,880,419
2029	17,695,000	7,187,575	24,882,575
2030	18,540,000	6,339,234	24,879,234
2031	19,430,000	5,451,266	24,881,266
2032	20,380,000	4,501,769	24,881,769
2033	21,375,000	3,506,091	24,881,091
2034	15,780,000	2,642,300	18,422,300
2035	6,325,000	2,163,300	8,488,300
2036	6,580,000	1,905,200	8,485,200
2037	5,985,000	1,653,900	7,638,900
2038	6,225,000	1,409,700	7,634,700
2039	6,480,000	1,155,600	7,635,600
2040	6,035,000	905,300	6,940,300
2041	6,280,000	659,000	6,939,000
2042	6,535,000	402,700	6,937,700
2043	6,800,000	136,000	6,936,000
Totals	\$ 366,490,000	\$ 214,889,227	\$ 581,379,227

As of August 31, 2014, the District had authorized but unissued bonds in the amount of \$73,665,000.

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, 2014, the District does not have any outstanding defeased bonds.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General Fund - Start Up Cost for New High Schools	\$ 16,000,000
General Fund - Capital Replacement Projects	1,459,120
Other Governmental Fund - Campus Activity	1,386,889
Other Governmental Fund - High School Scholarship Fund	2,000
Total Other Committed Fund Balance	\$ 18,848,009

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

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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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	\$ 67,548,780	\$ 22,496,792	\$ -	\$ -	\$ 90,045,572
Penalties, Interest, and Other Tax Related Income	516,879	151,496	-	-	668,375
Summer School, Tuition and Fees	128,198	-	-	-	128,198
Investment Income	62,144	62,710	13,613	667	139,134
Food Sales	-	-	-	2,863,223	2,863,223
Extracurricular Student Activities	225,561	-	-	1,953,560	2,179,121
Rental Income	108,757	-	-	-	108,757
Gifts & Bequests	89,018	-	-	451,520	540,538
Other	297,669	-	-	-	297,669
Total	\$ 68,977,006	\$ 22,710,998	\$ 13,613	\$ 5,268,970	\$ 96,970,587

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, 2014, 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 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 \$350,000 per occurrence with a

TOMBALL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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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:

	Year Ended 8/31/2014	Year Ended 8/31/2013
Unpaid Claims, Beginning of Fiscal Year	\$ 219,581	\$ 230,366
Incurred Claims	94,618	98,455
Claim Payments	(92,540)	(109,240)
Unpaid Claims, End of Fiscal Year	<u>\$ 221,659</u>	<u>\$ 219,581</u>

B. Litigation and 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, 2014, 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.

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

C. 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.

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 2014-2012 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

Year	Member		State		School District Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 4,511,141	6.800%	\$ 3,657,110	\$ 954,717
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

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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.

D. 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 2014-2012.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 458,163	1.00%	\$ 688,117	0.55%	\$ 387,676
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

In addition, the State of Texas contributed \$192,629, \$256,359, and \$319,163 in 2014, 2013, and 2012, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

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. Nonmonetary Transactions

During 2014, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,086,186. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,086,186 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.

IDEA-B, Formula - funds are used to operate education programs for children with disabilities.

IDEA-B, Preschool - funds are used to operate educational programs for preschool children with disabilities.

National School Breakfast and Lunch Program - 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.

Career and Technical, Basic Grant - 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.

English Language Acquisition and Enhancement - 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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Early Childhood Limited English Proficient (LEP) Summer Programs - funds are used for summer school programs for LEP students.

Non-Ed Community Based Support – 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.

State Textbook Fund– funds are used to purchase instructional materials, technological equipment, and technology related services.

Texas Reading Initiative – fund is used to account for funds granted to improve student achievement in reading, math, and science through the provision of materials, professional development, student instructional programs, and other related activities.

State Funded Special Revenue Grants – fund accounts for state funded special revenue funds that have not been specified above.

Campus Activity Funds - 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.

High School Scholarship Fund – 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 2014-2015 school year.

TOMBALL INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

AUGUST 31, 2014

		211	224
Data Control Codes		ESEA Title I Improving Basic Programs	IDEA-B Formula
ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -
1120	Current Investments	-	-
1240	Due from Other Governments	158,282	289,980
1260	Due from Other Funds	-	-
1300	Inventories	-	-
1000	Total Assets	\$ 158,282	\$ 289,980
LIABILITIES:			
2110	Accounts Payable	\$ 138	\$ 39,706
2160	Accrued Wages Payable	-	-
2170	Due to Other Funds	158,144	250,274
2300	Unearned Revenue	-	-
2000	Total Liabilities	158,282	289,980
FUND BALANCES:			
3410	Nonspendable - Inventories	-	-
3450	Restricted - Grants	-	-
3545	Committed - Other	-	-
3000	Total Fund Balances	-	-
4000	Total Liabilities and Fund Balances	\$ 158,282	\$ 289,980

225	240	244	255	263
IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting	English Language Acquisition and Enhancement
\$ -	\$ 580,675	\$ -	\$ -	\$ -
-	-	-	-	-
3,120	40,930	11,693	25,857	26,156
-	1,148,062	-	-	-
-	54,739	-	-	-
<u>\$ 3,120</u>	<u>\$ 1,824,406</u>	<u>\$ 11,693</u>	<u>\$ 25,857</u>	<u>\$ 26,156</u>
\$ -	\$ 277,732	\$ -	\$ -	\$ 4,618
-	55,681	-	663	-
3,120	-	11,693	25,194	21,538
-	16,191	-	-	-
<u>3,120</u>	<u>349,604</u>	<u>11,693</u>	<u>25,857</u>	<u>26,156</u>
-	38,548	-	-	-
-	1,436,254	-	-	-
-	-	-	-	-
<u>-</u>	<u>1,474,802</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,120</u>	<u>\$ 1,824,406</u>	<u>\$ 11,693</u>	<u>\$ 25,857</u>	<u>\$ 26,156</u>

Continued

TOMBALL INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

AUGUST 31, 2014

	289	392
Data Control Codes	Title VI, Part A, Summer School LEP	Non-Ed Community Based Support
ASSETS:		
1110 Cash and Cash Equivalents	\$ -	\$ -
1120 Current Investments	-	-
1240 Due from Other Governments	2,222	2,538
1260 Due from Other Funds	-	-
1300 Inventories	-	-
1000 Total Assets	<u>\$ 2,222</u>	<u>\$ 2,538</u>
LIABILITIES:		
2110 Accounts Payable	\$ -	\$ -
2160 Accrued Wages Payable	-	-
2170 Due to Other Funds	2,222	2,538
2300 Unearned Revenue	-	-
2000 Total Liabilities	<u>2,222</u>	<u>2,538</u>
FUND BALANCES:		
3410 Nonspendable - Inventories	-	-
3450 Restricted - Grants	-	-
3545 Committed - Other	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,222</u>	<u>\$ 2,538</u>

410	414	429	461	463	Total Nonmajor Governmental Funds (See Exhibit C-1)
State Textbook Fund	Texas Reading Initiative	State Funded Grants	Campus Activity Funds	High School Scholarship	
\$ -	\$ -	\$ -	\$ 1,286,881	\$ 2,000	\$ 1,869,556
-	-	-	100,008	-	100,008
-	-	-	-	-	560,778
122,813	-	-	-	-	1,270,875
-	-	-	-	-	54,739
<u>\$ 122,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,386,889</u>	<u>\$ 2,000</u>	<u>\$ 3,855,956</u>
\$ 49,903	\$ -	\$ -	\$ -	\$ -	\$ 372,097
-	-	-	-	-	56,344
-	-	-	-	-	474,723
72,910	-	-	-	-	89,101
<u>122,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,265</u>
-	-	-	-	-	38,548
-	-	-	-	-	1,436,254
-	-	-	1,386,889	2,000	1,388,889
-	-	-	1,386,889	2,000	2,863,691
<u>\$ 122,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,386,889</u>	<u>\$ 2,000</u>	<u>\$ 3,855,956</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		211	224
		ESEA Title I Improving Basic Programs	IDEA-B Formula
	REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ -	\$ -
5800	<i>State Program Revenues</i>	-	-
5900	<i>Federal Program Revenues</i>	905,009	1,657,041
5020	Total Revenues	<u>905,009</u>	<u>1,657,041</u>
	EXPENDITURES:		
	Current:		
0011	<i>Instruction</i>	757,290	966,742
0012	<i>Instructional Resources and Media Services</i>	-	-
0013	<i>Curriculum and Instructional Staff Development</i>	26,216	1,841
0021	<i>Instructional Leadership</i>	100,714	148,784
0023	<i>School Leadership</i>	4,849	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	-	539,142
0033	<i>Health Services</i>	-	532
0035	<i>Food Service</i>	-	-
0036	<i>Extracurricular Activities</i>	-	-
0051	<i>Plant Maintenance and Operations</i>	-	-
0061	<i>Community Services</i>	15,940	-
6030	Total Expenditures	<u>905,009</u>	<u>1,657,041</u>
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225	240	244	255	263
IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting	English Language Acquisition and Enhancement
\$ -	\$ 2,863,856	\$ -	\$ -	\$ -
-	129,066	-	-	-
30,984	1,950,444	93,885	204,103	116,098
<u>30,984</u>	<u>4,943,366</u>	<u>93,885</u>	<u>204,103</u>	<u>116,098</u>
858	-	82,385	64,721	81,807
-	-	-	-	-
-	-	11,500	128,932	32,186
-	-	-	7,300	1,883
-	-	-	3,150	-
30,126	-	-	-	-
-	-	-	-	-
-	5,247,943	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	222
<u>30,984</u>	<u>5,247,943</u>	<u>93,885</u>	<u>204,103</u>	<u>116,098</u>
-	(304,577)	-	-	-
-	1,779,379	-	-	-
<u>\$ -</u>	<u>\$ 1,474,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

TOMBALL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		289	392
		Title VI, Part A, Summer School LEP	Non-Ed Community Based Support
	REVENUES:		
5700	Local and Intermediate Sources	\$ -	\$ -
5800	State Program Revenues	-	2,601
5900	Federal Program Revenues	4,037	-
5020	Total Revenues	<u>4,037</u>	<u>2,601</u>
	EXPENDITURES:		
	Current:		
0011	Instruction	4,037	-
0012	Instructional Resources and Media Services	-	-
0013	Curriculum and Instructional Staff Development	-	-
0021	Instructional Leadership	-	-
0023	School Leadership	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-
0033	Health Services	-	-
0035	Food Service	-	-
0036	Extracurricular Activities	-	-
0051	Plant Maintenance and Operations	-	-
0061	Community Services	-	2,601
6030	Total Expenditures	<u>4,037</u>	<u>2,601</u>
1200	Net Change in Fund Balances	-	-
0100	Fund Balances - Beginning	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>

410	414	429	461	463	Total Nonmajor Governmental Funds (See Exhibit C-2)
State Textbook Fund	Texas Reading Initiative	State Funded Grants	Campus Activity Funds	High School Scholarship	
\$ -	\$ -	\$ -	\$ 2,405,114	\$ -	\$ 5,268,970
1,419,445	14,805	106	-	-	1,566,023
-	-	-	-	-	4,961,601
<u>1,419,445</u>	<u>14,805</u>	<u>106</u>	<u>2,405,114</u>	<u>-</u>	<u>11,796,594</u>
1,419,445	14,805	-	644,472	-	4,036,562
-	-	106	175,735	-	175,841
-	-	-	16,618	-	217,293
-	-	-	-	-	258,681
-	-	-	121,238	-	129,237
-	-	-	3,280	-	572,548
-	-	-	813	-	1,345
-	-	-	-	-	5,247,943
-	-	-	1,382,718	-	1,382,718
-	-	-	266	-	266
-	-	-	455,126	2,000	475,889
<u>1,419,445</u>	<u>14,805</u>	<u>106</u>	<u>2,800,266</u>	<u>2,000</u>	<u>12,498,323</u>
-	-	-	(395,152)	(2,000)	(701,729)
-	-	-	1,782,041	4,000	3,565,420
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,386,889</u>	<u>\$ 2,000</u>	<u>\$ 2,863,691</u>

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**AGENCY FUND**For the Year Ended August 31, 2014*

	Balance August 31, 2013	Additions	Deductions	Balance August 31, 2014
ASSETS				
Cash and Cash Equivalents	\$ 213,087	\$ 856,192	\$ 885,871	\$ 183,408
Total Assets	\$ 213,087	\$ 856,192	\$ 885,871	\$ 183,408
LIABILITIES				
Due to Student Groups	\$ 213,087	\$ 856,192	\$ 885,871	\$ 183,408
Total Liabilities	\$ 213,087	\$ 856,192	\$ 885,871	\$ 183,408

SUPPLEMENTARY INFORMATION



COMPLIANCE SCHEDULES

Compliance Schedules are required by the Texas Education Agency and are not required for disclosure in the Comprehensive Annual Financial Report.

TOMBALL INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2014**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
2006		1.44		0.270		3,264,072,071
2007		1.29		0.290		3,664,923,873
2008		1.00		0.275		4,108,368,641
2009		1.01		0.350		4,662,989,485
2010		1.01		0.350		4,956,210,147
2011		1.01		0.350		5,100,646,618
2012		1.01		0.350		5,485,021,691
2013		1.01		0.350		6,000,037,868
2014 School Year Under Audit		1.02		0.340		6,634,270,132

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 437,611	\$ -	\$ 38,527	\$ 6,508	\$ (142,051)	\$ 250,525
132,274	-	10,866	2,038	(1,093)	118,277
170,752	-	20,610	4,632	(1,036)	144,474
148,534	-	28,053	7,715	(3,118)	109,648
172,355	-	32,289	11,192	(1,650)	127,224
289,980	-	42,972	14,895	23,510	255,623
317,943	-	39,177	13,579	5,551	270,738
311,413	-	79,375	27,513	1,139	205,664
859,193	-	58,651	20,330	(372,281)	407,931
-	90,226,074	66,946,981	22,315,660	(1)	963,432
<u>\$ 2,840,055</u>	<u>\$ 90,226,074</u>	<u>\$ 67,297,501</u>	<u>\$ 22,424,062</u>	<u>\$ (491,030)</u>	<u>\$ 2,853,536</u>
		\$ -	\$ -		

TOMBALL INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

BUDGETARY COMPARISON SCHEDULE

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,777,160	\$ 2,977,160	\$ 2,863,856	\$ (113,304)
5800	State Program Revenues	111,243	111,243	129,066	17,823
5900	Federal Program Revenues	1,711,597	1,711,597	1,950,444	238,847
5020	Total Revenues	4,600,000	4,800,000	4,943,366	143,366
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,600,000	5,452,155	5,247,943	204,212
	Total Support Services - Student (Pupil)	4,600,000	5,452,155	5,247,943	204,212
6030	Total Expenditures	4,600,000	5,452,155	5,247,943	204,212
1200	Net Change in Fund Balance	-	(652,155)	(304,577)	347,578
0100	Fund Balance - Beginning	1,779,379	1,779,379	1,779,379	-
3000	Fund Balance - Ending	\$ 1,779,379	\$ 1,127,224	\$ 1,474,802	\$ 347,578

TOMBALL INDEPENDENT SCHOOL DISTRICT
EXHIBIT J-3
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 22,540,000	\$ 23,250,000	\$ 22,710,998	\$ (539,002)
5020	Total Revenues	<u>22,540,000</u>	<u>23,250,000</u>	<u>22,710,998</u>	<u>(539,002)</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-term Debt	7,270,000	7,270,000	7,270,000	-
0072	Interest on Long-term Debt	15,230,633	15,230,633	15,230,633	-
0073	Issuance Costs and Fees	39,367	749,367	737,654	11,713
	Total Debt Service	<u>22,540,000</u>	<u>23,250,000</u>	<u>23,238,287</u>	<u>11,713</u>
6030	Total Expenditures	<u>22,540,000</u>	<u>23,250,000</u>	<u>23,238,287</u>	<u>11,713</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	-	-	(527,289)	(527,289)
	OTHER FINANCING SOURCES (USES):				
7916	Premium or Discount on Issuance of Bonds	-	-	785,487	785,487
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>785,487</u>	<u>785,487</u>
1200	Net Change in Fund Balance	-	-	258,198	258,198
0100	Fund Balance - Beginning	1,795,601	1,795,601	1,795,601	-
3000	Fund Balance - Ending	<u>\$ 1,795,601</u>	<u>\$ 1,795,601</u>	<u>\$ 2,053,799</u>	<u>\$ 258,198</u>

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:

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

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

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

Demographic and Economic Information - 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)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ (3,450,507)	\$ (7,456,807)	\$ (9,014,998)	\$ 165,603
Restricted	4,774,887	-	-	-
Unrestricted	<u>40,486,367</u>	<u>50,071,045</u>	<u>49,130,764</u>	<u>41,476,735</u>
Total Primary Government Net Position	<u><u>\$ 41,810,747</u></u>	<u><u>\$ 42,614,238</u></u>	<u><u>\$ 40,115,766</u></u>	<u><u>\$ 41,642,338</u></u>

Source of Data: District Records

Table 1

2010	2009	2008	2007	2006	2005
\$ 2,012,220	\$ 2,960,161	\$ 8,416,465	\$ 6,041,906	\$ 7,337,125	\$ 10,629,381
-	-	-	-	-	-
43,675,080	39,824,049	31,133,799	31,353,689	21,175,184	16,975,328
<u>\$ 45,687,300</u>	<u>\$ 42,784,210</u>	<u>\$ 39,550,264</u>	<u>\$ 37,395,595</u>	<u>\$ 28,512,309</u>	<u>\$ 27,604,709</u>

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

Expenses	2014	2013	2012	2011
Governmental Activities:				
Instruction	\$ 64,053,457	\$ 57,529,140	\$ 54,853,901	\$ 52,830,648
Instructional Resources and Media Services	1,446,483	1,490,940	1,379,876	1,359,597
Curriculum and Instructional Staff Development	1,059,081	1,085,211	1,060,957	1,151,047
Instructional Leadership	1,201,533	1,047,845	1,046,748	1,064,216
School Leadership	6,443,317	6,047,417	5,708,324	5,598,113
Guidance, Counseling, and Evaluation Services	3,833,908	3,710,790	3,399,011	3,449,417
Social Work Services	59,804	61,248	59,732	254,764
Health Services	1,137,655	1,142,337	1,001,096	1,037,795
Student (Pupil) Transportation	4,880,484	4,597,969	4,925,437	4,500,539
Food Services	5,717,567	4,966,651	4,379,968	4,111,298
Extracurricular Activities	5,540,932	5,236,220	5,064,933	4,166,663
General Administration	3,003,401	2,802,508	2,560,583	2,564,409
Plant Maintenance and Operations	13,410,332	10,481,103	9,888,738	10,319,560
Security and Monitoring Services	447,606	418,110	365,048	112,917
Data Processing Services	1,682,560	1,521,517	1,729,528	1,619,689
Community Services	476,529	58,263	41,818	48,600
Interest on Long-term Debt	13,603,075	12,948,165	13,315,843	10,999,925
Issuance Cost and Fees	737,654	16,283	148,988	130,271
Facilities, Repair and Maintenance	901,730	65,523	4,492,312	8,975,408
Payments to Juvenile Justice Alternative Ed. Prog.	22,620	7,973	22,516	14,479
Other Intergovernmental Charges	666,950	633,291	583,557	566,313
Total Primary Government Expenses	130,326,678	115,868,504	116,028,914	114,875,668

Program Revenues

Governmental Activities:				
Charges for Services				
Instruction	577,779	652,924	614,889	657,523
Food Services	2,863,223	2,746,723	2,590,416	2,265,108
Extracurricular Activities	1,190,208	1,201,893	1,417,442	1,371,714
Other Activities	648,089	354,689	306,241	337,994
Operating Grants and Contributions	11,715,123	9,661,952	11,176,201	11,948,258
Total Primary Government Program Revenues	16,994,422	14,618,181	16,105,189	16,580,597

Net (Expense)/Revenue

Total Primary Government Net Expense	\$ (113,332,256)	\$ (101,250,323)	\$ (99,923,725)	\$ (98,295,071)
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General Revenues and Other Changes in Net Position

Governmental Activities:				
Property Taxes, Levied for General Purposes	68,045,469 (1)	61,256,505	56,401,809	51,878,692
Property Taxes, Levied for Debt Service	22,642,257 (1)	21,100,637	19,469,388	18,128,209
Investment Earnings	140,182	128,753	147,088	168,033
Grants and Contributions Not Restricted to Specific Programs	21,697,550	19,944,171	22,309,545	24,073,335
Miscellaneous	3,307	168,253	69,323	1,840
Total Governmental Activities General Revenues	112,528,765	102,598,319	98,397,153	94,250,109

Change in Net Position

Governmental Activities	\$ (803,491)	\$ 1,347,996	\$ (1,526,572)	\$ (4,044,962)
--------------------------------	---------------------	---------------------	-----------------------	-----------------------

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

Source of Data: District Records

Table 2

2010	2009	2008	2007	2006	2005
\$ 53,241,569	\$ 46,749,727	\$ 43,188,361	\$ 39,446,015	\$ 37,851,064	\$ 34,848,298
1,494,273	1,177,541	1,161,973	1,091,750	1,083,485	1,085,992
1,164,578	1,212,720	1,086,713	1,343,973	1,267,583	1,204,701
914,355	888,181	815,973	592,615	646,236	505,247
5,336,630	5,212,930	4,711,310	3,439,064	3,236,723	3,144,346
3,548,162	3,180,999	2,953,601	2,841,150	2,501,773	2,546,768
279,588	233,325	240,734	572,414	569,828	492,138
1,073,199	918,515	841,608	790,355	784,183	737,396
4,163,275	3,756,820	3,577,282	3,217,470	3,115,730	2,936,840
4,269,083	3,644,023	3,091,289	2,939,377	2,849,433	2,766,385
3,830,804	3,330,299	3,593,453	3,745,430	3,632,752	3,576,314
2,465,280	2,278,329	2,301,808	2,463,371	2,205,664	2,171,906
9,702,719	9,756,753	8,499,737	7,479,495	7,083,837	6,521,926
117,265	110,480	89,525	101,739	103,138	94,923
1,805,033	1,682,320	1,598,363	1,826,215	1,269,571	1,232,379
88,239	82,621	94,862	161,035	284,644	74,354
12,680,186	10,310,670	9,003,166	6,278,272	6,420,695	6,240,319
177,637	137,011	55,831	129,562	66,734	97,551
493,271	797,787	891,697	3,328	-	30,306
18,900	28,034	22,250	12,424	10,340	13,184
545,839	491,402	437,653	-	-	-
<u>107,409,885 (3)</u>	<u>95,980,487 (3)</u>	<u>88,257,189 (3)</u>	<u>78,475,054</u>	<u>74,983,413</u>	<u>70,321,273</u>
547,176	460,611	574,342	431,663	505,292	555,801
2,172,510	2,055,228	1,916,038	1,701,224	1,616,294	1,560,814
1,128,220	752,076	863,031	1,235,132	1,007,385	1,012,404
253,773	350,842	275,303	267,753	281,048	337,122
12,235,758	8,138,724	7,202,356	6,939,602	7,528,635	6,617,005
<u>16,337,437</u>	<u>11,757,481</u>	<u>10,831,070</u>	<u>10,575,374</u>	<u>10,938,654</u>	<u>10,083,146</u>
<u>\$ (91,072,448)</u>	<u>\$ (84,223,006)</u>	<u>\$ (77,426,119)</u>	<u>\$ (67,899,680)</u>	<u>\$ (64,044,759)</u>	<u>\$ (60,238,127)</u>
50,674,625	48,215,536	41,703,494 (4)	48,730,325	47,610,602	46,455,410
17,757,848	16,492,693	11,444,750	10,891,039	8,963,827	7,845,322
384,985	1,398,783	3,003,969	2,379,852	1,797,558	887,153
25,147,797	21,246,933	22,680,169 (2)	14,714,548	6,359,100	7,964,120
10,283	103,007	748,406	67,202	221,272	72,666
<u>93,975,538</u>	<u>87,456,952</u>	<u>79,580,788</u>	<u>76,782,966</u>	<u>64,952,359</u>	<u>63,224,671</u>
<u>\$ 2,903,090</u>	<u>\$ 3,233,946</u>	<u>\$ 2,154,669</u>	<u>\$ 8,883,286</u>	<u>\$ 907,600</u>	<u>\$ 2,986,544</u>

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

Fiscal Year Ended 08/31:	2014	2013	2012	2011 (9)
General Fund				
Non-spendable for:				
Inventories	\$ 524,278	\$ 494,012	\$ 467,846	\$ 397,963
Prepaid Items	6,214	9,397	13,259	2,060
Restricted for Federal/State Funds Grant Restrictions	3,338,633	4,908,891	4,006,559	3,349,524
Other Committed	17,459,120	18,300,000	16,000,000	16,000,000
Assigned for:				
Construction	3,000,000	3,000,000	3,000,000	3,000,000
Claims and Judgements	1,000,000	1,000,000	1,000,000	1,000,000
Capital Expenditures for Equipment	3,000,000	3,000,000	3,000,000	3,000,000
Self-Insurance	1,000,000	1,000,000	1,000,000	1,000,000
Other Assigned Fund Balance	4,000,000	4,000,000	4,000,000	4,000,000
Unassigned Fund Balance	20,709,537	22,606,078	24,040,498	17,659,755
Reserved	-	-	-	-
Designated for:				
Construction	-	-	-	-
Claims and Judgements	-	-	-	-
Capital Expenditures for Equipment	-	-	-	-
Self-Insurance	-	-	-	-
Other Designated Fund Balance	-	-	-	-
Unreserved, Undesignated	-	-	-	-
Total General Fund	<u>\$ 54,037,782</u>	<u>\$ 58,318,378</u>	<u>\$ 56,528,162</u>	<u>\$ 49,409,302</u>
All Other Governmental Funds				
Non-spendable Inventories	\$ 38,548	\$ 43,529	\$ 97,302	\$ 90,509
Restricted for:				
Federal/State Funds Grant Restrictions	1,436,254	-	-	287,948
Capital Acquisition Program and Contractual Obligations	78,123,766	9,460,436	10,421,552	24,856,649
Retirement of Long-term Debt	2,053,799	1,795,601	1,940,854	2,616,535
Other Committed	1,388,889	3,521,891	2,835,717	2,419,792
Reserved, reported in:				
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
Total All Other Governmental Funds	<u>\$ 83,041,256</u>	<u>\$ 14,821,457</u>	<u>\$ 15,295,425</u>	<u>\$ 30,271,433</u>

- (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 ~~the~~*national 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

Source of Data: District records.

Table 3

2010	2009	2008	2007	2006	2005
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 2,231,842	\$ 445,677	\$ 509,619	\$ 403,850	\$ 412,159	\$ 362,674
3,000,000	3,000,000	3,000,000	2,000,000	2,000,000	-
1,000,000	1,000,000	1,000,000	1,000,000	300,000	-
3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	-
1,000,000	1,500,000	1,500,000	1,500,000	500,000	-
12,000,000 (7)	6,000,000	6,000,000	5,800,000	5,000,000	3,200,000
22,412,608	24,169,064	19,628,634	20,577,704	15,210,495	20,126,601
<u>\$ 44,644,450 (5)</u>	<u>\$ 39,614,741 (5)</u>	<u>\$ 35,138,253</u>	<u>\$ 34,781,554</u>	<u>\$ 26,922,654 (1)</u>	<u>\$ 23,689,275</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (155,928) (8)	\$ 56,050,303 (6)	\$ 55,171,355 (6)	\$ 1,997,999	\$ 1,693,031 (2)	\$ 2,539,658
3,252,812	2,805,686	1,803,588	1,087,987	237,267 (3)	115,490
1,616,942	1,336,158	1,236,208	846,784	704,838 (4)	564,487
<u>\$ 4,713,826</u>	<u>\$ 60,192,147</u>	<u>\$ 58,211,151</u>	<u>\$ 3,932,770</u>	<u>\$ 2,635,136</u>	<u>\$ 3,219,635</u>

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

	2014	2013	2012	2011
REVENUES				
Local and Intermediate	\$ 96,683,324	\$ 88,355,928	\$ 81,206,461	\$ 74,951,558
State Programs	26,887,779	23,903,743	26,920,619	28,017,867
Federal Programs	5,984,356	5,278,344	6,508,257	8,003,726
Total Revenues	129,555,459	117,538,015	114,635,337	110,973,151
EXPENDITURES				
Current:				
Instruction	59,582,176	52,798,395	50,494,154	49,169,156
Instructional Resources and Media Services	1,243,303	1,254,865	1,142,030	1,123,597
Curriculum and Instructional Staff Development	1,057,641	1,082,678	1,056,084	1,147,976
Instructional Leadership	1,197,653	1,042,731	1,038,386	1,057,789
School Leadership	6,117,891	5,673,364	5,331,476	5,233,148
Guidance, Counseling, and Evaluation Services	3,711,646	3,578,815	3,265,689	3,324,028
Social Work Services	59,826	61,196	59,654	254,825
Health Services	1,097,326	1,094,991	953,248	1,022,794
Student (Pupil) Transportation	5,006,711	3,974,949	4,332,949	4,274,697
Food Services	5,247,943	4,406,515	3,925,750	3,793,891
Extracurricular Activities	4,199,928	3,823,206	3,648,972	2,763,199
General Administration	3,001,783	2,796,846	2,543,279	2,553,622
Plant Maintenance and Operations	13,805,243	10,223,658	9,347,163	10,342,785
Security and Monitoring Services	447,673	417,957	364,874	113,002
Data Processing Services	1,539,535	1,390,811	1,622,418	1,535,895
Community Services	476,535	58,252	41,801	48,612
Payments to Juvenile Justice Alternative Education Programs	22,620	7,973	22,516	14,479
Other Intergovernmental Charges:	666,950	633,291	583,557	566,313
Debt Service:				
Principal on Long-term Debt	7,270,000	8,165,000	6,280,000	6,920,000
Interest on Long-term Debt	15,230,633	13,172,080	13,894,829	11,825,647
Issuance Costs and Fees	737,654	16,283	105,489	740,956
Capital Outlay:				
Facilities Acquisition and Construction	21,916,073	547,911	12,842,572	33,346,431
Total Expenditures	153,636,743	116,221,767	122,896,890	141,172,842
Excess (Deficiency) of Revenues Over Expenditures	(24,081,284)	1,316,248	(8,261,553)	(30,199,691)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds, Refunding and Building	81,095,000	-	4,715,000	72,630,000
Premium/Discount on Sale of Bonds	6,025,487	-	208,721	5,480,793
Sale of Real and Personal Property	900,000	-	299,635	2,000
Loan Proceeds	-	-	-	-
Other Resources	-	-	-	-
Transfers In	-	-	-	1,215,907
Transfers Out	-	-	-	(1,215,907)
Payment to Refunded Bond Escrow Agent	-	-	(4,818,951)	(17,590,643)
Total Other Financing Sources (Uses)	88,020,487	-	404,405	60,522,150
Net Change in Fund Balances	\$ 63,939,203 (3)	\$ 1,316,248	\$ (7,857,148)	\$ 30,322,459 (3)
Debt Service(6) as a Percentage of Noncapital Expenditures(4)	17.28%	18.50%	17.71%	16.48%

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

(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) Noncapital Expenditures are Total Expenditures above Capital Expenditures as stated in Exhibit C-3.

(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.

Source: District records

Table 4

2010	2009	2008	2007	2006	2005
\$ 73,361,839	\$ 69,512,468 (1)	\$ 60,608,462	\$ 65,812,645 (1)	\$ 61,498,865 (1)	\$ 58,606,732
28,917,563	24,952,620	26,024,479 (2)	18,119,355 (2)	9,225,643	11,407,995
8,245,489	4,248,722	3,733,429	3,365,661	4,512,319	3,081,814
110,524,891	98,713,810	90,366,370	87,297,661	75,236,827	73,096,541
48,160,568	43,378,673	42,538,285	36,733,067	34,874,124	31,947,686
1,108,322	971,845	1,012,594	919,594	902,873	910,003
1,160,367	1,208,409	1,081,632	1,340,319	1,269,958	1,209,608
906,737	880,506	807,667	585,613	643,115	509,974
4,898,404	4,851,536	4,348,485	3,084,354	2,900,578	2,814,329
3,395,964	3,116,593	2,890,493	2,782,563	2,457,414	2,540,562
279,524	233,281	240,607	572,414	572,583	495,376
1,004,396	872,049	798,087	747,989	746,440	701,675
4,721,107	4,217,816	4,779,457	3,163,750	2,986,881	2,962,444
3,508,914	3,157,873	2,648,036	2,543,392	2,455,702	2,451,479
2,512,239	2,313,222	2,413,375	2,552,732	2,446,150	2,431,660
2,430,162	2,254,108	2,273,119	2,437,950	2,197,180	2,161,139
10,456,349	9,472,518	9,393,880	7,631,836	7,051,978	6,617,380
117,181	110,381	89,395	101,739	103,712	96,047
1,581,495	1,532,753	1,778,763	1,861,748	1,189,072	1,156,972
88,200	82,577	94,754	161,035	285,238	74,394
18,900	28,034	22,250	12,424	10,340	13,184
545,839	491,402	437,653	-	-	-
3,250,000	4,270,000	4,630,000	4,310,000	3,680,000	2,945,000
13,929,249	11,219,087	6,310,611	5,718,004	5,832,704	5,663,718
249,917	774,249	867,977	107,225	44,397	136,305
56,884,686	51,030,578	32,008,125	773,379	124,062	704,343
161,208,520	146,467,490	121,465,245	78,141,127	72,774,501	68,543,278
(50,683,629)	(47,753,680)	(31,098,875)	9,156,534	2,462,326	4,553,263
16,005,000	52,960,000	113,830,000	-	-	-
1,742,204	1,251,164	2,449,891	-	-	-
-	-	17,301	-	186,554	93,224
-	-	-	-	-	-
-	-	-	-	-	-
75,782	74,502	31,483	1,067,687	805,482	395,235
(75,782)	(74,502)	(31,483)	(1,067,687)	(805,482)	(309,379)
(17,512,187)	-	(30,563,237)	-	-	-
235,017	54,211,164	85,733,955	-	186,554	179,080
\$ (50,448,612) (5)	\$ 6,457,484	\$ 54,635,080 (3)	\$ 9,156,534	\$ 2,648,880	\$ 4,732,343
16.95%	16.37%	12.95%	13.15%	13.16%	12.81%

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

Table 5

Fiscal Year Ended 8/31:	Assessed Value		Less: Exemptions	Actual Taxable Value	Total Direct Rate (1)
	Real Property Value	Personal Property Value			
2014	\$ 6,907,768,414	\$ 1,025,319,254	\$ 1,298,817,536	\$ 6,634,270,132	\$1.36
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

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

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ACTUAL TAXABLE VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

Taxing Authority	2014	2013	2012	2011
<u>Overlapping Rates:</u>				
Faulkey Gulley MUD	0.52600	0.52600	0.51800	0.49000
Harris County	0.41455	0.40021	0.39117	0.38805
Harris County Dept. of Education	0.00635	0.00662	0.00658	0.00658
Harris County Flood Control Dist.	0.02827	0.02809	0.02809	0.02923
Harris County MUD #280	0.70500	0.70500	0.70500	0.70500
Harris County MUD #281	0.86000	0.98000	1.03000	1.05000
Harris County MUD #286	0.18000	0.18000	0.18000	0.18000
Harris-Montgomery County MUD #386	0.72000	0.94000	0.99000	0.99000
Lone Star College System District	0.11600	0.11980	0.12100	0.11760
Malcomson Road UD	0.53000	0.53000	0.53000	0.53000
Montgomery County	0.48380	0.48380	0.48380	0.48380
Northpointe WC&ID	0.38500	0.38500	0.39000	0.39500
Northwest Harris County MUD #5	0.79000	0.79000	0.79000	0.80000
Northwest Harris County MUD #15	0.83000	0.83000	0.83000	0.83000
Port of Houston Authority	0.01716	0.01952	0.01856	0.02054
Tomball, City of	0.34145	0.34145	0.34146	0.25146
The Woodlands Township	0.29400	0.31730	0.32500	0.32740
<u>District Direct Rates:</u>				
Maintenance & Operations	\$ 1.0200	\$ 1.0100	\$ 1.0100	\$ 1.0100
Debt Service	0.3400	0.3500	0.3500	0.3500
Total District Direct Rates	\$ 1.3600	\$ 1.3600	\$ 1.3600	\$ 1.3600

Source of Data: District's financial advisor.

Table 6

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
0.46000	0.46000	0.46000	0.46000	0.46000	0.46000
0.39224	0.38923	0.39239	0.40240	0.39986	0.39986
0.00605	0.00584	0.00585	0.00629	0.00629	0.00629
0.02922	0.03086	0.03106	0.03322	0.03322	0.03318
0.60000	0.60000	0.60000	0.07400	0.74000	0.89000
1.10000	1.10000	1.10000	1.10000	1.10000	1.10000
0.18000	0.18000	0.20000	0.29000	0.29000	0.29000
1.15000	1.25000	1.25000	1.25000	1.25000	-
0.11010	0.11010	0.11440	0.11450	0.11450	0.11450
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
0.48380	0.48380	0.48880	0.49630	0.49630	0.49630
0.40000	0.40000	0.40000	0.40000	0.40000	0.40000
0.80000	0.81000	0.81000	0.81000	0.81000	0.82000
-	0.83000	0.85000	0.94000	0.94000	0.95000
0.01636	0.01773	0.01437	0.14740	0.14740	0.01673
0.25146	0.25146	0.25146	0.28000	0.28000	0.28000
0.32800	-	-	-	-	-
\$ 1.0100 0.3500	\$ 1.0100 0.3500	\$ 1.0000 0.2750	\$ 1.2900 0.2900	\$ 1.4400 0.2700	\$ 1.4800 0.2500
<u>\$ 1.3600</u>	<u>\$ 1.3600</u>	<u>\$ 1.2750</u>	<u>\$ 1.5800</u>	<u>\$ 1.7100</u>	<u>\$ 1.7300</u>

TOMBALL INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Table 7

Taxpayer	2014			2005		
	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (2)	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (3)
Hewlett Packard	\$ 357,354,684	1	5.39%	\$ 479,640,220	1	15.47%
BJ Services Company	223,645,690	2	3.37%	64,887,150	2	2.09%
Tomball Texas Hospital Co LLC	160,565,258	3	2.42%			
TCH Northwest Association	45,270,482	4	0.68%			
Hon Hai Precision	44,469,919	5	0.67%			
Wal-Mart Stores	38,966,985	6	0.59%	37,647,430	3	1.21%
Centerpoint Energy	38,402,920	7	0.58%	31,265,630	4	1.01%
PCA Cypress Creek LLC	37,537,000	8	0.57%			
CTP Office Ltd.	36,269,700	9	0.55%	11,479,450	10	0.37%
Genesis Capital Part.	35,420,000	10	0.53%			
Jefferson Pines LP				17,251,600	5	0.56%
Southwestern Bell				14,781,450	6	0.48%
Target				14,394,870	7	0.46%
Lowes Home Centers Inc.				14,066,660	8	0.45%
Fred Haas				11,704,530	9	0.38%
TOTALS	\$ 1,017,902,638		15.35%	\$ 697,118,990		22.48%

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

(2) Actual taxable value equals: \$ 6,634,270,132

(3) Actual taxable value equals: \$ 3,099,980,180

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)

Table 8

Fiscal Year Ended 8/31:	Net Tax Levy for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2014	\$ 90,226,073	\$ 89,262,641	98.93%	-	\$ 89,262,641	98.93%
2013	81,228,234	80,741,322	99.40%	78,981	80,820,303	99.50%
2012	74,597,434	73,815,305	98.95%	576,465	74,391,770	99.72%
2011	69,374,345	68,415,033	98.62%	688,574	69,103,607	99.61%
2010	67,427,968	66,228,898	98.22%	943,447	67,172,345	99.62%
2009	63,415,007	62,064,014	97.87%	1,223,769	63,287,783	99.80%
2008	52,378,582	51,357,471	98.05%	911,463	52,268,934	99.79%
2007	57,904,761	56,678,515	97.88%	1,081,772	57,760,287	99.75%
2006	56,069,830	54,358,816	96.95%	1,592,737	55,951,553	99.79%
2005	54,131,327	52,494,955	96.98%	1,385,847	53,880,802	99.54%

(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.

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.

TOMBALL INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Table 9

Fiscal Year Ended 8/31:	<u>Governmental Activities</u> General Obligation Bonds (1)	Total Primary Government	Ratio of Debt to Actual Taxable Value (2)	Ratio of Debt to Personal Income (3)	Debt Per Capita (4)	Debt Per Student (5)
2014	\$ 382,513,067	\$ 382,513,067	5.77%	(6)	(6)	\$ 32,133
2013	304,534,957	304,534,957	5.08%	0.13%	70	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

(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 12 for personal income data.

(4) See Table 12 for population data.

(5) See Table 15 for student average daily attendance data.

(6) Data not available for 2014.

Source: District records.

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

Table 10

Fiscal Year Ended 8/31:	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund	(4)	Net General Bonded Debt	Ratio of Net General Bonded Debt to Actual Taxable Value (2)	Net General Bonded Debt per Student (3)
2014	\$ 382,513,067	\$ 2,053,799		\$ 380,459,268	5.73%	\$ 31,961
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

(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 15 for student average daily attendance data.

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

Source: District records.

TOMBALL INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
August 31, 2014
(Unaudited)

Table 11

<u>Taxing Authority</u>	<u>Gross Debt Outstanding (2)</u>	<u>Percent Overlapping (1)</u>	<u>Amount Applicable to School District</u>
<u>Overlapping:</u>			
Governmental Subdivisions			
Harris County	\$ 2,503,553,204	1.79 %	\$ 44,813,602
Harris County Flood Control District	89,990,000	1.79	1,610,821
Montgomery County	426,935,000	1.27	5,422,075
Port of Houston Authority	717,624,397	1.79	12,845,477
The Woodlands Township	42,855,000	6.02	2,579,871
Cities			
City of Tomball	35,945,000	100.00	35,945,000
Special Districts			
Harris County Department of Education	7,410,000	1.79	132,639
Harris-Montgomery Counties MUD #386	115,955,000	100.00	115,955,000
Malcomson Road UD	13,385,000	100.00	13,385,000
Northpointe WC&ID	17,540,000	100.00	17,540,000
Northwest Harris County MUD #5	74,670,000	57.06	42,606,702
Northwest Harris County MUD #15	17,930,000	100.00	17,930,000
Co-Line Special Districts			
Faulkey Gulley MUD	12,180,000	60.41	7,357,938
Harris County MUD #280	8,670,000	100.00	8,670,000
Harris County MUD #281	17,630,000	100.00	17,630,000
Harris County MUD #282	10,675,000	100.00	10,675,000
Co-Line School Districts & Junior College Districts			
Lone Star College System	471,655,000	5.11	24,101,571
Total Overlapping Debt			379,200,696
<u>Direct:</u>			
Tomball Independent School District	366,490,000	100.00	366,490,000
Total Direct and Overlapping Debt			<u>\$ 745,690,696</u>

(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.

Source: District's Financial Advisor.

TOMBALL INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Table 12

Fiscal Year Ended 08/31:	Residential Units (1)	Actual Taxable Value of Residential Units (1)	Average Actual Taxable Value Per Residential Unit	Population (2)	Total Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2014	20,896	\$ 3,880,071,806	185,685	(3)	(3)	(3)	5.5%
2013	19,542	3,375,945,264	172,753	4,336,853	230,462,963,000	53,141	6.2%
2012	18,804	3,143,378,599	167,165	4,253,963	224,617,980,000	52,805	6.9%
2011	17,803	2,930,113,218	164,585	4,176,674	204,593,445,000	48,935	8.2%
2010	16,416	2,750,546,199	167,553	4,092,459	188,994,227,000	45,991	8.5%
2009	15,765	2,535,891,060	160,856	4,034,866	196,779,227,000	48,337	7.5%
2008	14,779	2,237,406,346	151,391	3,938,580	204,888,827,000	51,472	4.8%
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%

(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 2014.

TOMBALL INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Table 13

Employer	2014(1)			2005(2)		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Wal-Mart Stores	30,000	1	1.37%	25,450	1	1.39%
M. D. Anderson Cancer Center	19,504	2	0.89%	14,437	6	0.79%
H-E-B	19,175	3	0.88%			
Memorial Hermann Healthcare System	18,574	4	0.85%	16,445	4	0.90%
Methodist Hospital System	17,011	5	0.78%			
United Airlines (3)	15,550	6	0.71%	19,627	2	1.07%
McDonald's Corporation	15,479	7	0.71%			
Kroger Co.	14,197	8	0.65%	12,287	8	0.67%
Exxon-Mobil	12,835	9	0.59%	16,321	5	0.89%
National Oilwell Varco	12,211	10	0.56%			
Aramark				10,275	10	0.56%
Shell Oil Company				12,200	9	0.67%
Administaff, Inc.				16,668	3	0.91%
Haliburton				12,395	7	0.68%
	<u>174,536</u>		<u>7.98%</u>	<u>156,105</u>		<u>8.53%</u>

(1) Total employment 2014 equals: 2,186,493

(2) Total employment 2005 equals: 1,829,753

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

Sources: Houston Chronicle Top 100 Employers for 2014 and Texas Workforce Commission.
Employment data is for Harris County only.

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

POSITION:	2014	2013	2012	2011
Administrative/Instructional Officers	11.0	9.5	10.5	12.5
Assistant/Deputy Superintendents	4.0	5.0	5.0	5.0
Associate/Assistant Principals	28.0	24.9	23.0	23.1
Auxiliary Staff	518.9	490.0	470.5	440.0
Counselors	22.0	21.0	20.0	20.0
Educational Aides/Interpreters	151.2	140.8	119.6	136.0
Educational Diagnosticians	10.9	8.4	8.4	8.0
Librarians	13.5	14.0	13.0	12.0
Nurses/Physicians	16.0	13.8	14.0	15.0
Other Support Staff	60.5	52.8	50.9	47.6
Principals	15.0	15.0	14.0	14.0
Psychologist/Assoc. Psychologist	6.0	6.0	6.0	6.0
Superintendents	1.0	1.0	1.0	1.0
Supervisors	-	-	-	-
Teachers	760.7	711.1	669.5	659.0
Therapists	12.2	9.7	9.0	9.0
Total Employees	1,630.8	1,523.0	1,434.3	1,408.2

Source: Texas Education Agency

Table 14

2010	2009	2008	2007	2006	2005
11.0	10.0	11.7	11.7	11.8	10.9
3.8	4.0	4.0	4.0	4.0	4.0
24.0	22.7	18.6	18.5	18.5	15.8
430.4	371.0	358.5	367.4	357.3	359.3
20.0	18.0	17.1	18.9	17.5	16.7
132.3	128.3	122.3	117.7	110.3	109.9
7.0	9.8	8.0	8.0	8.0	8.0
12.0	12.0	10.3	11.0	11.0	10.3
15.0	14.0	12.0	11.9	12.0	12.8
45.6	40.5	38.4	27.7	19.5	19.5
13.0	13.0	12.0	12.0	12.0	10.1
6.0	5.0	4.0	5.0	5.0	5.0
1.0	1.0	1.0	1.0	1.0	1.0
-	-	-	-	2.0	-
649.0	620.5	604.5	595.6	574.2	553.8
8.0	7.0	5.4	6.0	5.5	6.0
<u>1,378.1</u>	<u>1,276.9</u>	<u>1,227.8</u>	<u>1,216.4</u>	<u>1,169.6</u>	<u>1,143.1</u>

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
2014	11,904	\$ 106,977,074	8,987	6.76%
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%

(1) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net assets) per Exhibit C-3 and expenditures for capitalized assets included within the functional expenditure categories.

Source: Texas Education Agency and district records.

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
\$ 130,326,678	10,948	5.49%	760.7	15.65	22.0%
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%

TOMBALL INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(Unaudited)

Table 16

Fiscal Year Ended 08/31:	Minimum Salary (1)	Maximum Salary (1)	County Average Salary (2)		Statewide Average Salary
			Harris County	Montgomery County	
2014	\$ 50,000	\$ 69,632	\$ 52,356	\$ 51,414	\$ 49,692
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

(1) Source: District records

(2) 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.

TOMBALL INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Building:	2014	2013	2012	2011	2010
HIGH SCHOOL					
Tomball (1974)					
Square Footage	573,156	573,156	570,216	570,216	570,216
Capacity	3,933	3,628	3,628	3,628	3,628
Enrollment	1,612	1,551	1,878	3,099	2,865
Tomball Memorial (2011)					
Square Footage	368,640	364,320	360,000	-	-
Capacity	2,349	2,343	2,349	-	-
Enrollment	1,949	1,787	1,307	-	-
JUNIOR HIGH SCHOOLS					
Tomball (1993)					
Square Footage	168,935	168,935	164,615	164,615	164,615
Capacity	1,071	1,111	1,111	1,111	1,111
Enrollment	896	830	799	748	647
Willow Wood (2003)					
Square Footage	194,870	190,550	187,670	187,670	187,670
Capacity	1,264	1,191	1,191	1,191	1,191
Enrollment	1,025	1,029	934	869	873
INTERMEDIATE SCHOOLS					
Tomball (1962)					
Square Footage	127,445	127,445	116,700	116,700	116,700
Capacity	920	900	900	900	900
Enrollment	700	715	708	700	678
Northpointe (2003)					
Square Footage	115,152	113,712	106,512	106,512	106,512
Capacity	920	900	900	900	900
Enrollment	1,019	941	863	869	791
ELEMENTARY SCHOOLS					
Lakewood (1983)					
Square Footage	86,970	88,410	86,970	86,970	86,970
Capacity	926	848	848	848	848
Enrollment	766	753	753	709	712
Decker Prairie (1983)					
Square Footage	86,970	88,410	86,970	86,970	
Capacity	900	926	926	926	926
Enrollment	602	574	559	581	494
Tomball (1999)					
Square Footage	99,320	102,200	95,000	95,000	95,000
Capacity	866	838	838	838	838
Enrollment	720	698	729	724	811
Willow Creek (1999)					
Square Footage	96,440	102,200	95,000	95,000	95,000
Capacity	866	860	860	860	860
Enrollment	901	847	813	844	822
Rosehill (2003)					
Square Footage	95,000	96,440	95,000	95,000	95,000
Capacity	866	826	826	826	826
Enrollment	562	568	545	529	527
Canyon Pointe (2008)					
Square Footage	102,760	102,760	97,000	97,000	97,000
Capacity	866	826	826	826	826
Enrollment	963	818	751	670	667
Creekside Forest (2010)					
Square Footage	121,880	121,880	119,000	119,000	119,000
Capacity	722	730	730	730	730
Enrollment	764	761	547	694	280
Timber Creek (2012)					
Square Footage	120,000	120,000	-	-	-
Capacity	844	844	-	-	-
Enrollment	642	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 constructing permanent additions. Capacities may fluctuate due to a change in program use of various areas of the building.

Table 17

2009	2008	2007	2006	2005
602,868	602,868	602,868	602,868	605,748
3,702	3,702	3,702	3,702	3,702
2,831	2,722	2,662	2,654	2,578
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
164,615	164,615	164,615	164,615	171,815
1,164	1,164	1,164	1,164	1,164
621	626	634	645	582
187,670	187,670	187,670	187,670	187,670
1,269	1,269	1,269	1,269	1,269
816	807	779	777	754
85,445	85,445	85,445	85,445	91,205
1,256	1,256	1,256	1,256	1,256
644	652	633	652	685
106,512	106,512	106,512	106,512	106,512
970	970	970	970	970
837	786	733	679	665
77,970	77,970	77,970	77,970	80,850
836	836	836	836	836
739	820	825	812	820
77,970	77,970	77,970	77,970	79,410
836	773	773	773	773
488	677	682	694	676
95,000	95,000	95,000	95,000	102,200
836	836	836	836	836
918	615	538	586	588
95,000	95,000	95,000	95,000	99,320
836	836	836	836	836
721	967	920	843	701
98,160	98,160	98,160	98,160	98,160
836	836	836	836	836
508	712	714	698	680
98,588	-	-	-	-
826	-	-	-	-
663	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

OUR CHILDREN ARE
THE PROMISE OF OUR FUTURE



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

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