

# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2015**

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

**955 Campbell Road, Houston, Texas 77024**

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**Prepared By The Department of Financial Services:**

**Karen Wilson  
Associate Superintendent for Finance**



**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL OFFICIALS AND ADVISORS**

**BOARD OF TRUSTEES**

Chris Vierra, President  
Communications Consultant/Parent

Karen Peck, Vice President  
Of Counsel/Attorney  
Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing, P.C

Wayne F. Schaper, Sr., Secretary  
Retired Educator

Katherine Dawson, Trustee  
Community Volunteer/Former Educator

Chris Gonzalez, Trustee  
Director of Marketing and Public Relations  
KIPP Houston

Pam Goodson, Trustee  
Community Volunteer/Former Educator

Bob Stevenson, Trustee  
Certified Public Accountant

**ADMINISTRATION**

Dr. Scott Muri, Ed. D., Superintendent of Schools

Karen Wilson, CPA, Associate Superintendent for Finance

**CONSULTANTS AND ADVISORS**

Whitley Penn, L.L.P.  
Houston, Texas - Independent Auditors

Andrews Kurth, L.L.P.  
Houston, Texas - Bond Counsel

First Southwest Company  
Houston, Texas - Financial Advisor

**CERTIFICATE OF BOARD**

**Spring Branch Independent School District**

Name of School District

**Harris**

County

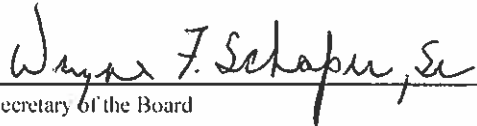
**101-920**

District Number

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended June 30, 2015, at a meeting of the Board of Trustees of such school district on the 23rd of November 2015.



President of the Board



Secretary of the Board



November 9, 2015

To the Board of Trustees and Taxpayers of the Spring Branch Independent School District:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Spring Branch Independent School District (the “District”) for the fiscal year ended June 30, 2015.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government’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 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s financial statements have been audited by Whitley Penn L.L.P., CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the District’s financial statements for the period ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was 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.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the District**

Spring Branch Independent School District (SBISD) encompasses about 44 square miles of wooded suburbs and vibrant business and retail districts located west of downtown Houston in Harris County along Interstate 10, also known as the Katy Freeway.

About 188,000 district residents live in this region of west Houston and in the incorporated villages of Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point and Spring Valley. Many families have lived in the Memorial/Spring Branch area all their lives, while others are new to the area or are relocating for career reasons. Others choose to return to this school district because they rank high quality education as a top priority for their children. In addition, Spring Branch offers taxpayers every tax exemption allowed by Texas law, which results in lower school taxes for homeowners.

The school district follows a small neighborhood school concept where attendance areas have been established for each individual school. As an established community, attendance zones rarely change in SBISD.

Under the district’s single goal for student achievement and system improvement known as Spring Branch T-2-4, SBISD aims to double the number of its graduates completing military certification, a technical certificate, or a two-year or four-year degree.

SBISD’s college-readiness indicators have consistently exceeded regional, state and national averages. More than 90 percent of SBISD students take either the SAT or ACT college-readiness performance measures. SBISD has one of the higher student participation rates in the Houston region on these exams.

In October 2015, 36 high school seniors were named either National Merit Scholarship Program Semifinalists or National Hispanic Recognition Program award winners. All 17 National Merit Semifinalists are eligible for either significant business or scholarship opportunities.

SBISD is home to 25 elementary schools, seven traditional middle school campuses, four traditional high schools and several other choice options. These include two innovative public charter schools: Westchester Academy for International Studies (WAIS), a combined middle and high school campus that offers the challenging International Baccalaureate (IB) academic program, and Cornerstone Academy, a top-rated middle school.

Beginning in 2012, SBISD joined with KIPP Houston (KIPP) and YES Prep Public Schools (YES Prep) to form charter campus programs at two district secondary schools, Landrum and Northbrook middle schools. Both of these programs add new classes yearly. In August 2015, a YES Prep high school program at Northbrook High School opened as a continuing option for graduates of the charter middle school program at Northbrook Middle. In 2016, first graduates of the KIPP Houston program at Landrum Middle will be eligible for this high school program.



Elsewhere, the non-traditional Academy of Choice offers a variety of online courses through its Virtual High School to serve student needs. In 2013, the Spring Branch ISD School for Highly Gifted Students opened with students in kindergarten through fourth grade. By 2015 fifth and sixth grades had been added. This special program, a first in the Houston region, is designed to serve students identified and tested as highly gifted.

Dual Language Programs from prekindergarten through fifth grade are offered at Cedar Brook Elementary, Pine Shadows and Sherwood elementary schools. Dual language programs are also offered at three district secondary schools – Spring Forest and Spring Woods middle schools and Westchester Academy for International Studies.

During the district's history, 19 SBISD campuses have been named national Blue Ribbon School award winners. They are: Bunker Hill, Frostwood, Hunters Creek, Memorial Drive, Nottingham, Ridgecrest, Rummel Creek, Spring Shadows and Wilchester elementary schools; Memorial, Northbrook, Spring Branch, Spring Forest and Spring Oaks middle schools; Memorial, Northbrook, Spring Woods and Stratford high schools, and Westchester Academy for International Studies (WAIS).

SBISD educates children from all over the world, and its student body reflects the increasing diversity of Texas and the nation. The district had a record 2013-14 enrollment of 35,312 students with 2014-2015 enrollment decreasing slightly to 35,110. About 61 percent of all students are Hispanic, 27 percent are white, 6 percent are Asian, 4 percent are African-American, and 2 percent are American Indian or two or more ethnicities.

SBISD provides full-day prekindergarten for all in-district students. Five separate Schools for Early Learning are designed especially for 4-year-olds and prekindergarten classes are also offered at several elementary schools. Students who meet state eligibility requirements attend prekindergarten at no cost while others attend at low comparable monthly cost.

In November 2007, Spring Branch voters approved a \$597.1 million Bond, the biggest in district history, to rebuild 12 of the district's oldest elementary schools, upgrade technology on every campus, and improve athletic facilities, safety and security systems across the district. Due to cost savings and planning, a 13th elementary school was added to the bond program. So far, 12 of 13 elementary schools have been rebuilt at or near their current campus locations and the 13<sup>th</sup> will be completed in 2015.

Renovation and rebuilding of the district's multi-campus, historic Spring Branch Education Center site began in the summer of 2015 using remaining bond program funds. Earlier in the bond program, the district renovated W.W. Emmons Natatorium, Don Coleman Coliseum and historic Darrell Tully Stadium with seating for up to 15,000 fans. The bond program has also paid for student technology and 202 new buses for the district's transportation fleet.

The privately run and financed Altharetta Yeargin Art Museum houses a donated collection of 600-plus art and artifacts from around the world valued at more than \$2 million. This museum facility is located on the WAIS campus.

Many of SBISD's comprehensive high schools consistently appear in top national high school rankings, ranging from Best High Schools competitions in national magazines to the local nonprofit Children at Risk's ranking of Top 10 High Schools, Top High Schools in Science & Mathematics, and Best Urban, Comprehensive High Schools. For details, please visit [www.springbranchisd.com](http://www.springbranchisd.com).

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District currently enjoys a favorable economic environment and local indicators point to continued relative stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the District's boundaries include oil field machinery and equipment, industrial machinery, paper and allied products, and lumber products.

The District's proximity to Houston, 10 miles from downtown, provides the area with access to the nation's second largest seaport 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 commerce, world trade and corporate management. In the fiscal year ended June 30, 2015, property values in the District increased, while the Harris County unemployment rate decreased and personal income increased. These economic indicators suggest continued growth of the District's tax base in the near term. See Table 12 Demographic and Economic Statistics of this report for additional information.

### **Relevant Financial Policies**

Budget. Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities, and provides the resources to implement them. 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 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.

Fund Balance. Recognizing fund balance as key in maintaining a strong financial position, the Board policy regarding fund balance stipulates a goal of maintaining an adequate fund balance. The level of adequacy for the general fund balance is defined as 19% of the current budget (except for nonspendable or restricted), while the debt service fund is defined as 15% of the current year debt service requirements.

Financial Planning. The primary foundation for the district's management and decision making is The Spring Branch Plan. The Spring Branch Plan is composed of the district's T-2-4 single goal and focus supported by Four Core Beliefs and Critical and Secondary Measures. During the budget process, expenditures to support T-2-4 are identified and receive top funding priority and are included in the multi-year forecasts. The district also maintains a Five-Year Technology Plan and a Long-Range Facilities Plan. Estimated taxable values are a major factor in forecasting, as the District currently generates 86% of general fund revenue and 99% of debt service revenue from local taxes. Other major factors used in developing these forecasts include number of students enrolled and in average daily attendance, salaries, insurance and cost of inflationary items such as utilities and fuel. Ultimately, these forecasts are prepared and reviewed several times a year and shared with the Board, staff, community and other stakeholders.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

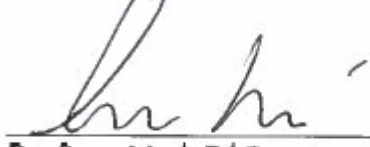
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The TEA has awarded the District a rating of “Pass” for the 2014-2015 School Financial Integrity Rating System of Texas (FIRST). FIRST requires Texas public schools to be accountable for their financial management practices. The District’s rating was based on performance against seven indicators of financial accountability. The district numeric score on the indicators was 30 of a possible 30 demonstrating the quality of the District’s financial management practices and reporting system.

Additionally, the District earned the Texas Comptroller’s 2015 Platinum Leadership Circle Award. The Texas Comptroller’s Leadership Circle program recognizes local governments that meet a high standard for financial transparency. Platinum recognition is the highest level of recognition available.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the District’s finances. Finally, we would like to thank the residents of the District for their support of and belief in our public school system, and the teachers and campus teams who provide the quality education for which our District is known.

Respectfully submitted,



Dr. Scott Muri, Ed.D.,  
Superintendent of Schools



Karen Wilson  
Associate Superintendent for Finance

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN**  
**FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spring Branch Independent School District, Texas for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such report must satisfy both accounting principles, generally accepted in the United States of America and applicable legal requirements.

Receiving the award is recognition that a school system has met the highest standards of excellence in government accounting and financial reporting.



Government Finance Officers Association

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

Presented to

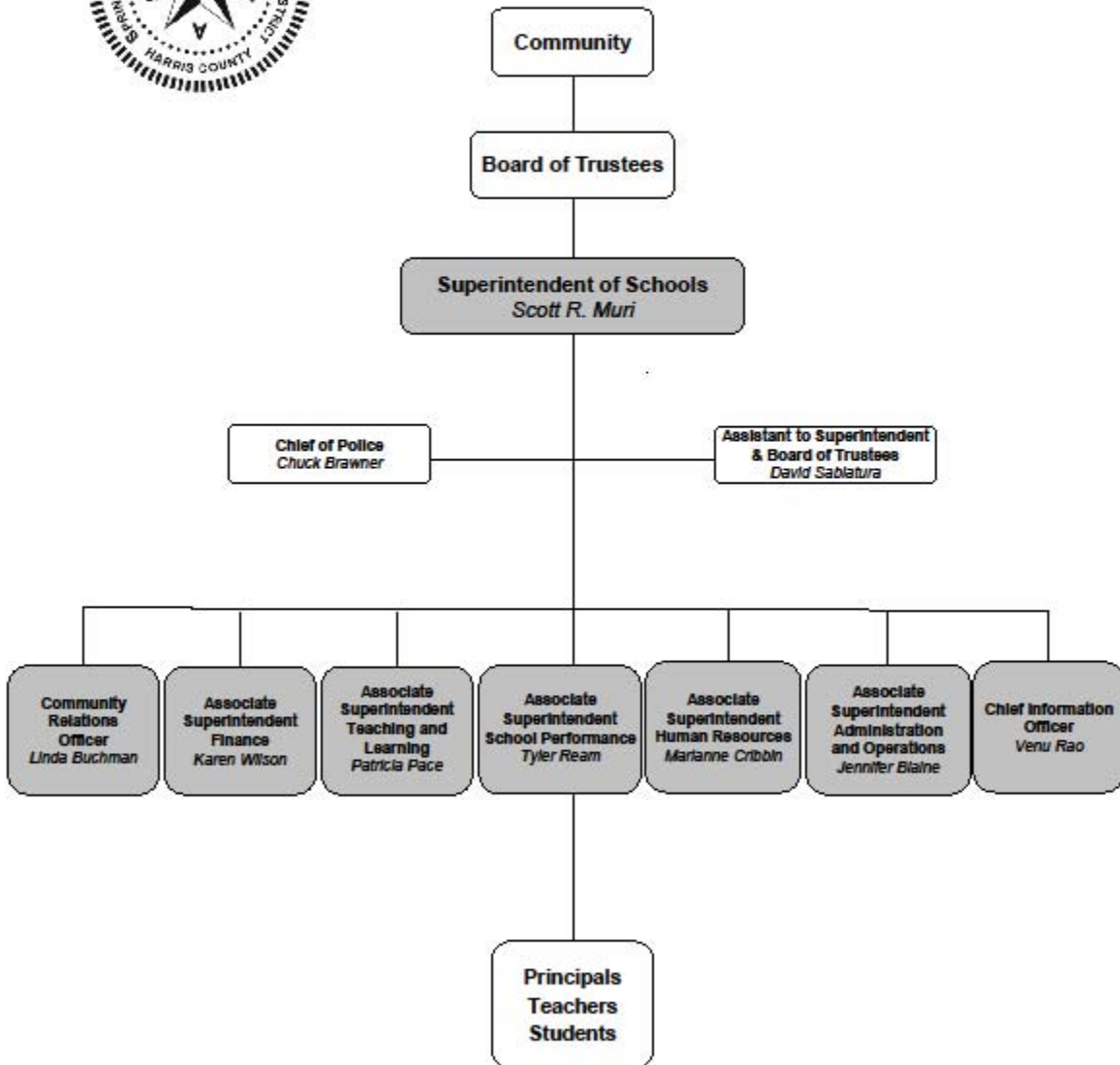
**Spring Branch Independent  
School District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Spring Branch Independent School District *Organizational Chart*



**FINANCIAL SECTION**





## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Spring Branch Independent School District  
Houston, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spring Branch Independent School District (the "District") as of and for the year ended June 30, 2015, 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 auditor's judgment, including the assessment of the risks 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 and Note 15 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, as of June 30, 2015. 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 required supplementary information, such as management’s discussion and analysis, budgetary comparison and pension system information on pages 6-14, 72-74, and 75-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 the District’s basic financial statements. The accompanying supplementary information such as the individual nonmajor fund financial statements, the Texas Education Agency required schedule, budgetary schedule and other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements and the Texas Education Agency required schedule and budgetary schedule are the responsibility of management and were derived from and relates 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 individual nonmajor fund financial statements and the Texas Education Agency required schedule and budgetary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of the 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 9, 2015

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Spring Branch Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii to vii of this report.

#### **Financial Highlights**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$104,833,802 (net position). Of this amount, \$48,789,797 was net investment in capital assets, \$18,582,403 was restricted for debt service, \$4,615,837 was restricted for the Food Service Program and \$11,229,599 was restricted for federal and state programs, leaving the District with a net \$21,616,166 in unrestricted net position.
- The District's total net position increased by \$25,076,171 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$213,231,922 as of June 30, 2015. Nonspendable fund balances include \$1,175,756 for inventories on hand in the General Fund and Special Revenue Fund; and \$1,219,086 for prepaid items in the General Fund. Restricted fund balances include \$4,472,316 for the Food Service Program included in the Special Revenue Fund, \$99,784,699 for Capital Projects Fund projects, \$32,256,942 for ongoing Debt Service Fund expenditures, and \$12,821,397 for Special Revenue Funds. Committed fund balance includes \$939,615 for Campus Activity funds included in the Special Revenue Fund. Management has assigned fund balance of \$23,332,944 for General Fund future spending. The remaining amount in unassigned fund balance of \$37,229,167 includes General Fund encumbrances re-appropriated in the subsequent year's budget of \$1,962,138 and the remaining amount is available for spending at the government's discretion.
- The Implementation of Government Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, increased the District's noncurrent liabilities by \$40,520,606 which represents the District's portion of the Teacher's Retirement System (TRS) net pension liability.

#### **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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves, including schedules required by the District's state oversight agency, the Texas Education Agency (TEA).

#### ***Government-Wide Financial Statements***

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 17 - 19), which are prepared using accounting principles that are similar to commercial enterprises. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's capital assets, debt obligations, and other financial matters.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The Statement of Net Position includes all the District's assets, deferred outflow of resources, liabilities, and deferred inflows of resources at the end of the year, with the residual of these elements reported as *net position*. This difference is similar to the total owner's equity presented by a commercial enterprise. All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years. Although the purpose of the District is not to accumulate net position, in general, as the amount increases, it may indicate that the financial position of the District is improving over time. To fully assess the overall health of the District, however, other factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's capital assets.

The purpose of the Statement of Activities is to present the revenues and expenses of the District. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received for summer school and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in the equalization funding processes (general revenues). Although the Statement of Activities looks different from a commercial enterprise income statement, the financial statement is different only in format, not substance.

The District's business-type activities include the District's tuition/fee-based self-sustaining programs, such as athletic rentals/concessions, after school programs, employee childcare, community education, fine arts, facility rental and summer school. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

The District does not have any component units for which it is financially accountable.

***Fund Financial Statements***

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's funds. For governmental activities, these statements tell how services were financed in the short term as well as resources remaining for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to employees, students and community members, and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Laws and contracts require the District to establish some programs, such as grants received from the U.S. Department of Education. The District's administration establishes many program revenue and cost centers to help control and manage money for particular program purposes (such as campus activities).

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

All of the District's funds 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements therefore 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 impact of the government's near-term financing decisions. Both, the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four governmental funds. Information is presented separately in fund financial statements for the general, special revenue, debt service, and capital projects funds, all of which are considered to be major funds. The District adopts annual appropriations budgets at the revenue source and functional expenditure levels for its general fund, the food service program included in the special revenue fund, and debt service fund as required by TEA. Budgetary comparison schedules have been provided to demonstrate finance related legal compliance with these budgets.

**Proprietary funds** - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The District has one business-type activity (enterprise fund), which consists of tuition-based self-sustaining programs, such as Child Care, Adult Education and Driver's Education. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District has one internal service fund, the Workers' Compensation Fund. The basic proprietary fund financial statements can be found on pages 27 to 29 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is the trustee, or fiduciary, for money raised by student activities and scholarships in private-purpose funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 30 and 31. We exclude these resources from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

***Notes to the Financial Statements***

The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for generally accepted full disclosure in the government-wide and fund financial statements.



**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The District has presented the general fund budget to actual comparisons in the supplementary information found on page 72 of this report. Additionally, the District's Food Service program included in the special revenue fund has an appropriated budget in accordance with requirements of TEA. This program budget is included on page 73 of this report as it is considered a perspective difference regarding required supplemental information for presentation of major special revenue fund budget comparison information in accordance with generally accepted financial reporting practices.

**Government-Wide Financial Analysis**

The government-wide financial statements for the District's overall financial position and operations for the fiscal years June 30, 2015 and June 30, 2014, are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets plus deferred outflows of resources exceeded total liabilities and deferred inflows by \$104,833,802 as of June 30, 2015, an increase of \$25,076,171 from June 30, 2014. The District's total unrestricted net position, which is the total net position of the District reduced by restricted net position of \$34,427,839 and net investment in capital assets of \$48,789,797, totaled \$21,616,166 on June 30, 2015.

**Table I - Net Position Summary**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 276,509,452	\$ 268,032,801	\$ 1,424,268	\$ 1,522,466	\$ 277,933,720	\$ 269,555,267
Capital Assets	722,256,326	711,940,695	232,945	176,312	722,489,271	712,117,007
<b>Total Assets</b>	<b>998,765,778</b>	<b>979,973,496</b>	<b>1,657,213</b>	<b>1,698,778</b>	<b>1,000,422,991</b>	<b>981,672,274</b>
<b>Total Deferred Outflows of Resources</b>	<b>13,307,945</b>	<b>12,008,091</b>	<b>-</b>	<b>-</b>	<b>13,307,945</b>	<b>12,008,091</b>
Current Liabilities	67,464,094	64,970,620	433,810	490,107	67,897,904	65,460,727
Long-Term Liabilities	828,603,856	848,462,007	-	-	828,603,856	848,462,007
<b>Total Liabilities</b>	<b>896,067,950</b>	<b>913,432,627</b>	<b>433,810</b>	<b>490,107</b>	<b>896,501,760</b>	<b>913,922,734</b>
<b>Deferred Inflows of Resources</b>	<b>12,395,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,395,374</b>	<b>-</b>
<b>Net Position</b>	<b>\$ 103,610,399</b>	<b>\$ 78,548,960</b>	<b>\$ 1,223,403</b>	<b>\$ 1,208,671</b>	<b>\$ 104,833,802</b>	<b>\$ 79,757,631</b>
Net investment in Capital Assets	\$ 48,556,852	\$ 31,340,087	\$ 232,945	\$ 176,312	\$ 48,789,797	\$ 31,516,399
Restricted	34,427,839	35,185,387	-	-	34,427,839	35,185,387
Unrestricted	20,625,708	12,023,486	990,458	1,032,359	21,616,166	13,055,845
<b>Total Net Position</b>	<b>\$ 103,610,399</b>	<b>\$ 78,548,960</b>	<b>\$ 1,223,403</b>	<b>\$ 1,208,671</b>	<b>\$ 104,833,802</b>	<b>\$ 79,757,631</b>

2014 Restated due to implementation of GASB 68, see Note 22

Investment in capital assets (e.g. land, buildings, furniture and equipment) less any related debt used to acquire those assets that is still outstanding is \$48,789,797 as of June 30, 2015. Although the District's debt issuances are used primarily to acquire capital assets, it should be noted that the resources needed to repay the District's debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$34,427,839 (approximately 32.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is \$21,616,166 which represents unrestricted amounts available for the District to meet on-going obligations.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

As shown in Table II, the net position of the District's governmental activities increased \$25,061,439 for the fiscal year ending June 30, 2015. The total cost of all governmental activities this year was \$384,836,884, an increase of \$6,222,870 over the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$318,446,988 or 77.7%, State funding of \$15,862,285 and federal and state grants and contributions of \$66,824,342 accounted for 20.2% of the resources used to cover expenses, with the remainder of \$5,601,187 from user charges and \$3,163,521 from interest and other income.

**Table II - Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 5,601,187	\$ 5,495,433	\$ 3,670,514	\$ 3,743,510	\$ 9,271,701	\$ 9,238,943
Operating Grants and Contributions	66,824,342	62,114,750	-	-	66,824,342	62,114,750
<b>General Revenues:</b>						
Property Taxes	318,446,988	283,593,283	-	-	318,446,988	283,593,283
State Grants and Other Grants	15,862,285	25,250,989	-	-	15,862,285	25,250,989
Interest	805,188	533,462	1,628	1,320	806,816	534,782
Other	2,358,333	2,258,065	-	-	2,358,333	2,258,065
<b>Total Revenues</b>	<b>409,898,323</b>	<b>379,245,982</b>	<b>3,672,142</b>	<b>3,744,830</b>	<b>413,570,465</b>	<b>382,990,812</b>
<b>Expenses</b>						
Instructional	197,208,116	199,239,989	-	-	197,208,116	199,239,989
Instruction Resources and Media	3,657,049	3,544,567	-	-	3,657,049	3,544,567
Curriculum/Staff Development	7,482,753	7,912,503	-	-	7,482,753	7,912,503
Instructional Leadership	4,103,909	3,226,808	-	-	4,103,909	3,226,808
School Leadership	19,705,964	19,099,504	-	-	19,705,964	19,099,504
Guidance and Counseling Services	14,245,108	13,143,594	-	-	14,245,108	13,143,594
Social Work Services	94,149	96,337	-	-	94,149	96,337
Health Services	3,548,314	3,411,881	-	-	3,548,314	3,411,881
Student (Pupil) Transportation	9,045,577	8,763,517	-	-	9,045,577	8,763,517
Child Nutrition	16,419,940	16,287,375	-	-	16,419,940	16,287,375
Cocurricular/Extracurricular	7,122,368	6,724,772	-	-	7,122,368	6,724,772
General Administration	7,788,096	7,534,880	-	-	7,788,096	7,534,880
Plant Maintenance and Operations	29,605,740	29,776,709	-	-	29,605,740	29,776,709
Security and Monitoring Services	3,457,287	3,234,400	-	-	3,457,287	3,234,400
Data Processing	8,504,287	8,119,198	-	-	8,504,287	8,119,198
Community Services	4,310,416	4,310,606	-	-	4,310,416	4,310,606
Interest and Fiscal Charges	33,801,311	35,913,856	-	-	33,801,311	35,913,856
Facilities Acquisition and Construction	3,798,885	5,838,853	-	-	3,798,885	5,838,853
Purchase of WADA	8,199,477	-	-	-	8,199,477	-
Payments to Districts of SSAs	378,141	346,466	-	-	378,141	346,466
Other Intergovernmental Charges	2,359,997	2,088,199	-	-	2,359,997	2,088,199
Other Business-Type Activities	-	-	3,657,410	3,675,134	3,657,410	3,675,134
<b>Total Expenses</b>	<b>384,836,884</b>	<b>378,614,014</b>	<b>3,657,410</b>	<b>3,675,134</b>	<b>388,494,294</b>	<b>382,289,148</b>
Increase (Decrease) in Net Position	25,061,439	631,968	14,732	69,696	25,076,171	701,664
<b>Beginning Net Position</b>	125,150,434	124,518,466	1,208,671	1,138,975	126,359,105	125,657,441
Prior Period Adjustment	(46,601,474)	-	-	-	(46,601,474)	-
<b>Ending Net Position</b>	<b>\$ 103,610,399</b>	<b>\$ 125,150,434</b>	<b>\$ 1,223,403</b>	<b>\$ 1,208,671</b>	<b>\$ 104,833,802</b>	<b>\$ 126,359,105</b>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The District's combined property tax rate remained at \$1.3945 per \$100 of assessed value. This generated tax revenues of approximately \$318.4 million in fiscal year 2015, an increase of \$34.8 million over the 2014 fiscal year.

Total cost of governmental activities above includes depreciation of \$22.4 million. Capital outlay of \$32.8 million is not included in the above cost of governmental activities. In the government-wide financial statements, capital outlay is shown as an increase in the capital assets reported on the Statement of Net Position and depreciation expense is reported in the Statement of Activities in order to spread the recognition of the cost of capital assets over their estimated useful lives.

Net position of the District's business-type activities increased \$14,732 for the year ending June 30, 2015.

**Financial Analysis of the District's Funds**

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year June 30, 2015 the District's governmental funds reported:

- Combined ending fund balances were \$213,231,922, an increase of \$5,374,005 from the end of fiscal year ended June 30, 2014. A \$4,298,854 general fund increase, primarily due to local tax revenues higher than planned, was the most significant change.
- 17% or \$37,229,167 of the combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is not available because it is nonspendable, restricted, committed or assigned as follows:
  - (1) inventory \$1,175,756
  - (2) prepaid items \$1,219,086
  - (3) food service \$4,472,316
  - (4) capital projects \$99,784,699
  - (5) debt service \$32,256,942
  - (6) special revenue \$12,821,397
  - (7) campus activity \$939,615
  - (8) capital expenditures for equipment \$4,574,737
  - (9) compensated absences (retirement payoff) \$9,523,243
  - (10) subsequent year expenditures \$8,895,560
  - (11) other assignment totaling \$339,404

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$37,229,167 while the total fund balance was \$62,792,021. During fiscal year 2015 the fund balance of the general fund increased by \$4,298,854. The District budgeted to use \$5,777,857 of fund balance. Actual increase in fund balance was primarily due to local revenue from property tax being ahead of plan while expenditures did not increase at the same rate.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The debt service fund has a total fund balance of \$32,256,942 all of which is restricted for the payment of debt. The net decrease in the fund balance during fiscal year 2015 in the debt service fund was \$1,669,472.

The special revenue fund is used to account for all financial resources restricted to, or designated for, specific purposes by a grantor. The fund balance of the special revenue fund was \$18,398,260 on June 30, 2015, an increase of \$2,552,824 from \$15,845,436 on June 30, 2014. Fund balance is restricted or committed to the educational purposes defined by the grantors.

The capital projects fund is used to account for financial resources to be used for the construction and renovation of District facilities. The District is more than halfway through a 10-year bond program and sells authorized bonds as needed for projects. The fund balance of the District's capital projects fund was \$99,784,699 on June 30, 2015. The capital projects fund began the year with \$99,592,900 in fund balance. As bond proceeds exceeded project expenditures, fund balance increased \$191,799. The District had capital expenditures in the capital projects fund of \$34,975,633 in the current year. The remaining fund balance in the Capital Project Fund is restricted for future construction projects.

**General Fund Budgetary Highlights**

Over the course of the year, District administration recommended, and the Board of Trustees approved, several revisions to budgeted revenue and appropriations. Revisions to the revenue budget are necessary due to changes in estimates for local and state revenue based on updated information concerning student attendance and tax collections. Revisions to appropriations are necessary due to staffing adjustments based on actual enrollment, changes in spending needs over the course of the year and other occurrences subsequent to the Board of Trustees' approval of the original budget.

As a high property wealth Chapter 41 district, the District is required to send "Recapture" money back to the state. This "Recapture" is locally assessed tax dollars sent to the state to satisfy statewide school funding equalization. Revenue is now based on Target Revenue which is calculated as Weighted Average Daily Attendance (WADA) times a dollar amount. For 2014-15 the amount is \$5,613 per WADA.

The District's major budget amendments during the year are summarized as follows:

- The revenue budget increased by \$8.8 million during the year.
  - Tax Revenue increased by \$4.5 million due to higher taxable values.
  - State funding increased by \$3.0 million primarily due to funding of additional retirement costs allocated to the District.
  - Federal and other revenue increased by \$1.3 million primarily due to increased reimbursement of Medicaid expenditures.
- The expenditure budget increased by \$6.0 million and, although allocated to multiple functional categories, it can be attributed to 2 major factors.
  - Salary expenditure budget increased by \$1.9 million for added Academic Advisors, Counselors, and alignment of functional expenditures.
  - Teacher Retirement System of Texas expenditure budget increased by \$2.5 million for additional costs allocated to the District by the state of Texas.
  - All other expenditure budgets combined increased by \$1.6 million.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Capital Asset and Debt Administration**

*Capital Assets*

At the end of fiscal year 2015, the District had \$722.5 million (net of accumulated depreciation of \$236.2 million) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

**Table III - Capital Asset Summary**

	Governmental Activities		Business- Type Activities	
	2015	2014	2015	2014
Land	\$ 23,119,709	\$ 23,119,709	\$ -	\$ -
Buildings and Improvements	644,186,358	580,790,206	-	-
Furniture and Equipment	6,456,918	7,327,453	59,816	71,992
Vehicles	9,551,053	9,724,941	173,129	104,320
Construction in Progress	38,942,288	90,978,386	-	-
<b>Total Capital Assets,</b>				
<b>Net of Depreciation</b>	<b>\$ 722,256,326</b>	<b>\$ 711,940,695</b>	<b>\$ 232,945</b>	<b>\$ 176,312</b>

Additional information on the District's capital assets can be found in Note 9 on pages 52 through 54 of this report.

*Debt*

Debt-management policies seek to provide the most favorable climate for District debt projects while upholding the highest rating possible for debt instruments. Management policies include the following points:

- All debt service obligations will be met when due.
- Long-term financing will be restricted to capital projects and purchases of related equipment.
- Long-term bonds will not be issued to finance current operations.
- The District will cooperate and communicate with bond-rating agencies and work toward obtaining the most favorable municipal bond rating possible.
- Outstanding obligations will be reviewed frequently to ensure the most favorable funding structure for the District.
- All necessary information and material regarding the District's financial status will be provided to the appropriate parties.

The ratio of net bonded debt to assessed valuation is a useful indicator of the District's debt position. This data is presented in the schedule "Ratios of Net General Obligation Bonded Debt Outstanding" in the statistical section and reflects a decrease in the ratio of net bonded debt to assessed value of 3.13% as compared to 3.55 % in fiscal year 2014.

At year-end, the District had \$776.8 million in bonds outstanding including premiums on bonds at issuance.

The District continues to enjoy excellent bond ratings of Aaa by Moody's Investors Service and AAA by Standard & Poor's by virtue of the Permanent School Fund Guarantee Program. The underlying ratings not enhanced by the Permanent School Fund Guarantee Program are Aa1 by Moody's and AA from Standard and Poor's.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

At June 30, 2015, the District had no remaining authorized but unissued bonds.

More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements on pages 55 - 58 of this report.

**Table IV - District's Outstanding Debt**

	Governmental Activities	
	2015	2014
General Obligation Bonds	\$ 776,752,997	\$ 784,530,061
Capital Lease	1,305,097	1,548,229
<b>Total Outstanding Debt</b>	<b>\$ 778,058,094</b>	<b>\$ 786,078,290</b>

**Economic Factors and Next Year's Budgets and Rates**

Economic factors have a significant impact on the District's finances. As of August 2015, the unemployment rate for Harris County was 4.5% while the state and national rates were 4.4% and 5.2%, respectively. Increases in the unemployment rate could result in a reduction in the District's tax collections. Inflationary trends in the region tend to be somewhat lower than the national consumer price index (CPI). In general, this positive factor helps the District keep costs low. However specific trends have required significant increases in school district expenditures. Ongoing competition to attract and hire highly qualified staff, particularly secondary teachers, has mandated increases in compensation expenditures as the District attracts and retains the most qualified personnel. Expenditures for health insurance and other costs continue to increase at a rate higher than the CPI.

The District's elected and appointed officials considered many factors when setting the 2015-16 fiscal year, combined property tax rate of \$1.3945 per \$100 of assessed value and the general fund budget. General Fund expenditures in 2015-16 are budgeted to increase by \$32.3 million from the 2014-15 amended budget. Recapture money sent to the state accounts for \$26.4 of the \$32.3 million increase. General Fund revenues are budgeted to increase \$29.2 million from the 2014-15 amended budget. While budgeted revenues from local taxes increased due to growth in property values, the District realizes a lesser benefit as state funding decreases by \$1.4 million and recapture increases \$26.4 million.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Associate Superintendent for Finance, Spring Branch Independent School District, 955 Campbell, Houston, Texas, 77024.

## **BASIC FINANCIAL STATEMENTS**

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Exhibit A-1*

**STATEMENT OF NET POSITION**

June 30, 2015

<b>Data Control Codes</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
1110	\$ 192,388,874	\$ 1,273,709	\$ 193,662,583
1225	8,645,877	-	8,645,877
1240	13,367,433	-	13,367,433
1250	83,578	-	83,578
1260	(98,683)	98,683	-
1267	67,291	-	67,291
1290	846,784	51,876	898,660
1300	1,175,756	-	1,175,756
1410	1,219,086	-	1,219,086
Capital assets not subject to depreciation:			
1510	23,119,709	-	23,119,709
1580	38,942,288	-	38,942,288
Capital assets net of depreciation:			
1520	644,186,358	-	644,186,358
1530	6,456,918	59,816	6,516,734
1540	9,551,053	173,129	9,724,182
1910	58,813,456	-	58,813,456
<b>1000 Total Assets</b>	<b>998,765,778</b>	<b>1,657,213</b>	<b>1,000,422,991</b>
<b>Deferred Outflows of Resources</b>			
1700	4,638,730	-	4,638,730
1705	8,669,215	-	8,669,215
<b>Total Deferred Outflows of Resources</b>	<b>13,307,945</b>	<b>-</b>	<b>13,307,945</b>
<b>Liabilities</b>			
2110	11,696,250	49,325	11,745,575
2140	14,313,028	-	14,313,028
2150	5,585,242	-	5,585,242
2160	24,695,441	347,224	25,042,665
2177	3,200	368	3,568
2180	8,541,989	-	8,541,989
2190	1,062	-	1,062
2200	1,395,133	-	1,395,133
2300	1,232,749	36,893	1,269,642
Noncurrent Liabilities:			
2501	31,522,529	-	31,522,529
2502	756,560,721	-	756,560,721
2540	40,520,606	-	40,520,606
<b>2000 Total Liabilities</b>	<b>896,067,950</b>	<b>433,810</b>	<b>896,501,760</b>
<b>Deferred Inflows of Resources</b>			
2605	12,395,374	-	12,395,374
<b>Deferred Inflows of Resources</b>	<b>12,395,374</b>	<b>-</b>	<b>12,395,374</b>
<b>Net Position</b>			
3200	48,556,852	232,945	48,789,797
Restricted for:			
3820	11,229,599	-	11,229,599
3840	4,615,837	-	4,615,837
3850	18,582,403	-	18,582,403
3900	20,625,708	990,458	21,616,166
<b>3000 Total net position</b>	<b>\$ 103,610,399</b>	<b>\$ 1,223,403</b>	<b>\$ 104,833,802</b>

See Notes to the Financial Statements.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	<b>Governmental activities</b>			
11	Instruction	\$ 197,208,116	\$ 2,051,797	\$ 25,133,750
12	Instructional Resources and Media Services	3,657,049	-	306,321
13	Curriculum and Staff Development	7,482,753	-	4,574,915
21	Instructional Leadership	4,103,909	-	468,148
23	School Leadership	19,705,964	-	1,331,791
31	Guidance, Counseling, and Evaluation Services	14,245,108	-	2,818,352
32	Social Work Services	94,149	-	23
33	Health Services	3,548,314	-	4,841,879
34	Student Transportation	9,045,577	-	722,583
35	Food Service	16,419,940	2,638,425	14,016,555
36	Extracurricular Activities	7,122,368	452,040	3,300,892
41	General Administration	7,788,096	115,000	341,566
51	Plant, Maintenance and Operations	29,605,740	233,070	1,434,768
52	Security and Monitoring Services	3,457,287	110,855	195,651
53	Data Processing Services	8,504,287	-	2,705,931
61	Community Services	4,310,416	-	3,646,283
72	Interest on Long-term Debt	32,434,481	-	-
73	Debt Issuance costs and fees	1,366,830	-	-
81	Facilities Repairs and Maintenance	3,798,885	-	606,793
91	Purchase of WADA	8,199,477	-	-
93	Payments Related to Shared Services Arrangements	378,141	-	378,141
99	Other Intergovernmental Charges	2,359,997	-	-
<b>TG</b>	<b>Total governmental activities</b>	<b>384,836,884</b>	<b>5,601,187</b>	<b>66,824,342</b>
	<b>Business-type activities</b>			
01	Athletic Rentals/Concessions	1,004,163	847,067	-
02	After School Programs	69,331	69,910	-
03	Employee Childcare	1,629,226	1,712,809	-
04	Community Education	377,020	336,324	-
06	Fine Arts	138,667	120,290	-
07	Facility Rentals	50,383	92,193	-
08	Summer School	388,620	419,530	-
09	Other	-	72,391	-
<b>TB</b>	<b>Total business-type activities</b>	<b>3,657,410</b>	<b>3,670,514</b>	<b>-</b>
<b>TP</b>	<b>Total primary government</b>	<b>\$ 388,494,294</b>	<b>\$ 9,271,701</b>	<b>\$ 66,824,342</b>

Data Control Codes	
	<b>General revenues</b>
	<b>Taxes:</b>
<b>MT</b>	Property taxes, levied for general purposes
<b>DT</b>	Property taxes, levied for debt service
<b>SF</b>	State-aid formula grants
<b>IE</b>	Investment earnings
<b>MI</b>	Miscellaneous
<b>TR</b>	<b>Total general revenues, and transfers</b>
<b>CN</b>	Change in net position
<b>NB</b>	<b>Net position - beginning</b>
<b>PA</b>	Prior period adjustment
<b>NE</b>	<b>Net position - ending</b>

See Notes to the Financial Statements.

*Exhibit B-1*

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (170,022,569)	\$ -	\$ (170,022,569)
(3,350,728)	-	(3,350,728)
(2,907,838)	-	(2,907,838)
(3,635,761)	-	(3,635,761)
(18,374,173)	-	(18,374,173)
(11,426,756)	-	(11,426,756)
(94,126)	-	(94,126)
1,293,565	-	1,293,565
(8,322,994)	-	(8,322,994)
235,040	-	235,040
(3,369,436)	-	(3,369,436)
(7,331,530)	-	(7,331,530)
(27,937,902)	-	(27,937,902)
(3,150,781)	-	(3,150,781)
(5,798,356)	-	(5,798,356)
(664,133)	-	(664,133)
(32,434,481)	-	(32,434,481)
(1,366,830)	-	(1,366,830)
(3,192,092)	-	(3,192,092)
(8,199,477)	-	(8,199,477)
-	-	-
(2,359,997)	-	(2,359,997)
<u>(312,411,355)</u>	<u>-</u>	<u>(312,411,355)</u>
-	(157,096)	(157,096)
-	579	579
-	83,583	83,583
-	(40,696)	(40,696)
-	(18,377)	(18,377)
-	41,810	41,810
-	30,910	30,910
-	72,391	72,391
-	<u>13,104</u>	<u>13,104</u>
<u>(312,411,355)</u>	<u>13,104</u>	<u>(312,398,251)</u>
245,907,769	-	245,907,769
72,539,219	-	72,539,219
15,862,285	-	15,862,285
805,188	1,628	806,816
2,358,333	-	2,358,333
<u>337,472,794</u>	<u>1,628</u>	<u>337,474,422</u>
25,061,439	14,732	25,076,171
125,150,434	1,208,671	126,359,105
(46,601,474)	-	(46,601,474)
<u>\$ 103,610,399</u>	<u>\$ 1,223,403</u>	<u>\$ 104,833,802</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2015**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>
<b>Assets</b>				
1110	Cash and cash equivalents	\$ 4,790,193	\$ 14,679,719	\$ 17,997,675
1120	Investments	83,380,330	-	13,990,133
	Receivables:			
1220	Property taxes - delinquent	11,241,138	-	1,368,983
1230	Allowance for uncollectible taxes (credit)	(3,501,943)	-	(462,301)
1240	Receivables from other governments	5,341,050	8,026,383	-
1250	Accrued interest	5,141	6,945	16,701
1260	Due from other funds	298,390	239,410	-
1290	Other receivables	191,100	655,684	-
1300	Inventories, at cost	1,010,824	164,932	-
1410	Prepaid items	1,219,086	-	-
1910	Long-term investments	8,999,100	-	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 112,974,409</b>	<b>\$ 23,773,073</b>	<b>\$ 32,911,191</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>				
<b>Liabilities:</b>				
2110	Accounts payable	\$ 4,598,228	\$ 1,352,711	\$ 15,760
2150	Payroll deductions and withholdings payable	5,457,127	128,115	-
2160	Accrued wages payable	22,188,312	2,501,942	-
2170	Due to other funds	273,869	789,589	-
2180	Payable to other governments	8,541,989	-	-
2190	Due to student and employee groups	1,062	-	-
2200	Accrued expenditures	1,395,133	-	-
2300	Unearned Revenue	630,293	602,456	-
<b>2000</b>	<b>Total Liabilities</b>	<b>43,086,013</b>	<b>5,374,813</b>	<b>15,760</b>
<b>Deferred Inflows of Resources</b>				
2600	Unavailable revenue - property taxes	7,096,375	-	638,489
	<b>Deferred Inflows of Resources</b>	<b>7,096,375</b>	<b>-</b>	<b>638,489</b>
<b>Fund Balance:</b>				
<b>Nonspendable:</b>				
3410	Nonspendable - inventories	1,010,824	164,932	-
3430	Nonspendable - prepaid items	1,219,086	-	-
<b>Restricted:</b>				
3450	Restricted - grant funds	-	4,472,316	-
3470	Restricted - capital acquisitions and obligations	-	-	-
3480	Restricted - debt service	-	-	32,256,942
3490	Restricted - other	-	12,821,397	-
<b>Committed:</b>				
3545	Committed - other	-	939,615	-
<b>Assigned:</b>				
3570	Assigned - capital expenditures for equipment	4,574,737	-	-
3590	Assigned - Other	18,758,207	-	-
<b>Unassigned:</b>				
3600	Unassigned	37,229,167	-	-
<b>3000</b>	<b>Total fund balances</b>	<b>62,792,021</b>	<b>18,398,260</b>	<b>32,256,942</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 112,974,409</b>	<b>\$ 23,773,073</b>	<b>\$ 32,911,191</b>

See Notes to the Financial Statements.

*Exhibit C-1*

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 15,962,657	\$ 53,430,244
39,203,965	136,574,428
-	12,610,121
-	(3,964,244)
-	13,367,433
54,791	83,578
494,342	1,032,142
-	846,784
-	1,175,756
-	1,219,086
<u>49,814,356</u>	<u>58,813,456</u>
<u>\$ 105,530,111</u>	<u>\$ 275,188,784</u>
\$ 5,691,476	\$ 11,658,175
-	5,585,242
5,174	24,695,428
48,762	1,112,220
-	8,541,989
-	1,062
-	1,395,133
-	1,232,749
<u>5,745,412</u>	<u>54,221,998</u>
-	<u>7,734,864</u>
-	<u>7,734,864</u>
-	1,175,756
-	1,219,086
-	4,472,316
99,784,699	99,784,699
-	32,256,942
-	12,821,397
-	939,615
-	4,574,737
-	18,758,207
-	37,229,167
<u>99,784,699</u>	<u>213,231,922</u>
<u>\$ 105,530,111</u>	<u>\$ 275,188,784</u>

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS**  
**TO STATEMENT OF NET POSITION**

*Exhibit C-2*

June 30, 2015

<u>Data Control</u> <u>Codes</u>		
	<b>Total fund balance, governmental funds</b>	\$ 213,231,922
	Amounts reported for governmental activities in the statement of Net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	722,191,517
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	7,734,864
	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. Long-term liabilities at year-end consist of:	
3	General obligation bonds	(740,435,000)
4	Premiums on issuance	(36,317,997)
5	Capital leases	(1,305,097)
6	Accrued compensated absences	(10,025,156)
7	Accrued interest payable	(14,313,028)
8	Net pension liability	(40,520,606)
9	Deferred loss on refunding	4,638,730
10	Deferred outflow related to TRS pension	8,669,215
11	Deferred inflow for pension investment earnings	(12,395,374)
12	Addition of Internal Service fund net position	<u>2,456,409</u>
19	<b>Total net position - governmental activities (See B-1)</b>	<u>\$ 103,610,399</u>

*See Notes to the Financial Statements.*

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - GOVERNMENTAL FUNDS**

*For the Year Ended June 30, 2015*

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>
<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 248,725,998	\$ 11,133,028	\$ 72,840,145
5800	State program revenues	28,781,415	2,776,107	-
5900	Federal program revenues	7,569,609	37,299,115	-
<b>5020</b>	<b>Total revenues</b>	<u>285,077,022</u>	<u>51,208,250</u>	<u>72,840,145</u>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	164,724,799	17,173,092	-
0012	Instruction resources and media services	3,319,207	359,818	-
0013	Curriculum and instructional staff development	3,270,960	4,360,780	-
0021	Instructional leadership	3,810,847	305,748	-
0023	School leadership	19,414,742	152,313	-
0031	Guidance, counseling and evaluation services	11,851,839	2,310,022	-
0032	Social work services	99,324	-	-
0033	Health services	3,487,685	117,859	-
0034	Student transportation	7,600,658	256,274	-
0035	Food services	8,263	17,267,913	-
0036	Extracurricular activities	5,515,871	190,601	-
0041	General administration	7,685,412	28,370	-
0051	Facilities maintenance and operations	28,450,148	798,007	-
0052	Security and monitoring services	3,649,849	79,799	-
0053	Data processing services	6,240,149	1,043,563	-
0061	Community services	922,464	3,432,811	-
<b>Debt service:</b>				
0071	Principal on long-term debt	252,051	-	33,490,000
0072	Interest on long-term debt	38,820	-	35,875,651
0073	Bond issuance costs and fees	-	-	630,122
<b>Capital outlay:</b>				
0081	Capital outlay	37,576	414,015	-
<b>Intergovernmental:</b>				
0091	Contracted instructional services	8,199,477	-	-
0093	Payments related to shared services arrangements	-	378,141	-
0099	Other intergovernmental charges	2,359,997	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>280,940,138</u>	<u>48,669,126</u>	<u>69,995,773</u>
1100	Excess (deficiency) of revenues over expenditures	<u>4,136,884</u>	<u>2,539,124</u>	<u>2,844,372</u>
<b>Other Financing Sources (Uses)</b>				
7911	Refunding bonds issued	-	-	116,510,000
7911	Issuance of capital related debt	-	-	-
7912	Sale of real or personal property	80,761	13,700	-
7913	Proceeds from capital leases	1,500,093	-	-
7915	Transfers in	72,290	-	-
7916	Premium or discount on issuance of bonds	-	-	9,912,719
8912	Other uses	(1,491,174)	-	-
8949	Payment to Bond Refunding Escrow Agent	-	-	(130,936,563)
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>161,970</u>	<u>13,700</u>	<u>(4,513,844)</u>
1200	Net change in fund balances	4,298,854	2,552,824	(1,669,472)
<b>0100</b>	<b>Fund Balances - Beginning</b>	<u>58,493,167</u>	<u>15,845,436</u>	<u>33,926,414</u>
<b>3000</b>	<b>Fund Balances - Ending</b>	<u>\$ 62,792,021</u>	<u>\$ 18,398,260</u>	<u>\$ 32,256,942</u>

See Notes to the Financial Statements.



*Exhibit C-3*

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 644,197	\$ 333,343,368
-	31,557,522
-	44,868,724
<u>644,197</u>	<u>409,769,614</u>
-	181,897,891
-	3,679,025
-	7,631,740
-	4,116,595
-	19,567,055
-	14,161,861
-	99,324
-	3,605,544
-	7,856,932
-	17,276,176
-	5,706,472
-	7,713,782
-	29,248,155
-	3,729,648
-	7,283,712
-	4,355,275
-	33,742,051
-	35,914,471
450,469	1,080,591
34,525,164	34,976,755
-	8,199,477
-	378,141
-	2,359,997
<u>34,975,633</u>	<u>434,580,670</u>
<u>(34,331,436)</u>	<u>(24,811,056)</u>
-	116,510,000
31,390,000	31,390,000
-	94,461
-	1,500,093
-	72,290
3,133,235	13,045,954
-	(1,491,174)
-	(130,936,563)
<u>34,523,235</u>	<u>30,185,061</u>
191,799	5,374,005
<u>99,592,900</u>	<u>207,857,917</u>
<u>\$ 99,784,699</u>	<u>\$ 213,231,922</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF ACTIVITIES**

*Exhibit C-4*

*For the Year Ended June 30, 2015*

<u>Data Control Codes</u>		
	<b>Net change in fund balances - total governmental funds (from C-3)</b>	\$ 5,374,005
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
<b>1</b>	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	
	Capital expenditures reclassified to assets.	32,770,822
	Depreciation expense charged to each function in the Statement of Activities	(22,344,031)
<b>2</b>	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(87,540)
<b>3</b>	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	337,541
<b>4</b>	Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.	86,480,000
<b>5</b>	Premium from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(13,045,954)
<b>6</b>	Payment to escrow agent for payment of refunded bonds	77,946,563
<b>7</b>	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(147,900,000)
<b>8</b>	Proceeds from issuance of long-term debt (capital lease) is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(1,500,093)
<b>9</b>	Repayment of capital lease	1,743,225
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
<b>10</b>	Decrease in interest payable not recognized in fund statements	240,696
<b>11</b>	Increase in long-term portion of accrued compensated absences	(277,793)
<b>12</b>	Amortization of bond premiums	3,878,335
<b>13</b>	Amortization on deferred loss on refunding	(916,361)
<b>14</b>	TRS contributions made after the plan measurement date	2,354,709
<b>15</b>	Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental funds.	7,315
	<b>Change in net position of governmental activities</b>	<u>\$ 25,061,439</u>

*See Notes to the Financial Statements.*

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Exhibit D-1*

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

June 30, 2015

<u>Data Control Codes</u>	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets</b>		
<b>Current Assets:</b>		
1110 Cash and cash equivalents	\$ 1,273,709	\$ 2,384,202
<b>Receivables:</b>		
1260 Due from other funds	143,860	45,486
1290 Other receivables	51,876	-
<b>Total current assets</b>	<u>1,469,445</u>	<u>2,429,688</u>
<b>Land, Buildings and Equipment:</b>		
1530 Furniture and equipment	103,639	30,596
1531 Vehicles	253,566	147,500
1572 Accumulated depreciation - vehicles	(80,437)	(90,958)
1573 Accumulated depreciation - furniture and equipment	(43,823)	(22,329)
<b>Total non-current assets</b>	<u>232,945</u>	<u>64,809</u>
<b>1000 Total Assets</b>	<u>1,702,390</u>	<u>2,494,497</u>
<b>Liabilities</b>		
Current Liabilities:		
2110 Accounts payable	49,325	38,075
2160 Accrued wages payable	347,224	13
2170 Due to other funds	45,545	-
2300 Unearned revenue	36,893	-
<b>Total current liabilities</b>	<u>478,987</u>	<u>38,088</u>
<b>2000 Total Liabilities</b>	<u>478,987</u>	<u>38,088</u>
<b>Net Position</b>		
3200 Investment in capital assets	232,945	64,809
3900 Unrestricted net position	990,458	2,391,600
<b>3000 Total Net Position</b>	<u>\$ 1,223,403</u>	<u>\$ 2,456,409</u>

See Notes to the Financial Statements.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended June 30, 2015*

*Exhibit D-2*

<u>Data Control Codes</u>	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenues</b>		
5700 Local and intermediate sources	\$ 3,670,514	\$ 135
5754 Interfund services provided and used	-	1,070,758
<b>5020 Total Operating Revenues</b>	<u>3,670,514</u>	<u>1,070,893</u>
<b>Operating Expenses</b>		
6100 Payroll costs	2,658,885	203,351
6200 Purchased and contracted services	276,653	17,930
6300 Supplies and materials	432,839	98,010
6400 Claims expense and other operating expenses	245,626	648,377
6449 Depreciation	43,407	23,620
<b>6030 Total Operating Expenses</b>	<u>3,657,410</u>	<u>991,288</u>
1200 Operating Income (Loss)	<u>13,104</u>	<u>79,605</u>
<b>Non-Operating Revenues</b>		
7020 Investment earnings	1,628	-
<b>Total Non-Operating Revenues</b>	<u>1,628</u>	<u>-</u>
Income (Loss) before Transfers	<u>14,732</u>	<u>79,605</u>
<b>Transfers</b>		
8911 Transfers out	-	(72,290)
<b>Total Transfers</b>	<u>-</u>	<u>(72,290)</u>
1200 Change in Net Position	14,732	7,315
<b>Net Position</b>		
<b>0100 Total Net Position - Beginning</b>	<u>1,208,671</u>	<u>2,449,094</u>
<b>3300 Total Net Position - Ending</b>	<u>\$ 1,223,403</u>	<u>\$ 2,456,409</u>

*See Notes to the Financial Statements.*

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

Exhibit D-3

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 3,611,006	\$ -
Receipts from interfund charges for insurance services	-	1,069,116
Payments to suppliers for goods and services	(987,915)	(889,373)
Payments to employees	(2,704,115)	(203,364)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(81,024)</b>	<b>(23,621)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances to other funds	-	(72,290)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>-</b>	<b>(72,290)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of capital assets	(100,040)	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(100,040)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	1,628	-
<b>Net Cash Provided by Investing Activities</b>	<b>1,628</b>	<b>-</b>
Net Increase in Cash and Cash Equivalents	(179,436)	(95,911)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>1,453,145</b>	<b>2,480,113</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,273,709</b>	<b>\$ 2,384,202</b>
<b>Reconciliation to Balance Sheet:</b>		
Cash	\$ 1,273,709	\$ 2,384,202
Cash and Cash Equivalents per Balance Sheet	\$ 1,273,709	\$ 2,384,202
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 13,104	\$ 79,605
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	43,407	23,620
<b>Change in Assets and Liabilities:</b>		
Decrease (increase) in Interfund Receivables	(8,925)	(1,777)
Decrease (increase) in Receivable	(51,666)	-
Increase (decrease) in Accounts Payable	(11,719)	(125,056)
Increase (decrease) in Accrued Wages Payable	(45,230)	(13)
Increase (decrease) in Interfund Payables	(21,078)	-
Increase (decrease) in Deferred Revenue	1,083	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (81,024)</b>	<b>\$ (23,621)</b>

See Notes to the Financial Statements.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Exhibit E-1*

**STATEMENT OF FIDUCIARY NET POSITION**

*June 30, 2015*

<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
	<b>Assets</b>		
1110	Cash and cash equivalents	\$ 1,175,807	\$ 3,198,007
	Receivables:		
1260	Due from other funds	-	3,568
1290	Other receivables	-	5,632
1410	Prepaid items	1,500	-
<b>1000</b>	<b>Total Assets</b>	<u>1,177,307</u>	<u>\$ 3,207,207</u>
	<b>Liabilities</b>		
2110	Accounts payable	153,948	\$ 306,879
2150	Payroll deductions and withholding	-	337,909
2160	Accrued Wages Payable	9,861	5,549
2170	Due to other funds	47,023	20,268
2190	Due to others	-	2,536,602
<b>2000</b>	<b>Total Liabilities</b>	<u>210,832</u>	<u>\$ 3,207,207</u>
	<b>Net Position</b>		
3800	Restricted - other	<u>\$ 966,475</u>	

*See Notes to the Financial Statements.*

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT***Exhibit E-2***STATEMENT OF CHANGES IN FIDUCIARY NET POSITION***For the Year Ended June 30, 2015*

	<b>Private Purpose Trust Fund</b>
<b>Additions</b>	
Gifts and contributions	\$ 706,255
Earnings on investments	1,423
<b>Total Additions</b>	<u>707,678</u>
<b>Deductions</b>	
Community Service	33,000
Other	567,170
Administrative	1,523
<b>Total Deductions</b>	<u>601,693</u>
Change in net position	105,985
<b>Net position - Beginning of Year</b>	<u>860,490</u>
<b>Net position - End of Year</b>	<u>\$ 966,475</u>

*See Notes to the Financial Statements.*

**Note 1 - Summary of Significant Accounting Policies**

The Spring Branch Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69*, as amended by *Statement on Auditing Standards No.'s 91 and 93* of the American Institute of Certified Public Accountants; and it complies with the most recent requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide" or FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

**A. Reporting Entity**

The District is considered an independent entity for financial reporting purposes and is considered a primary government. The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the GASB in its Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*. The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

As required by U.S. generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. The District has implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB No. 39 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Spring Branch Independent School District operating activities and activities other than the District's fiduciary (Agency-type) activities. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. The District's business-type activities rely to a significant extent on fees and charges for support.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of direct costs. The "Charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include school lunch charges, etc. The "Operating Grants and Contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act (ESEA). If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Property taxes are considered general revenues.

Interfund activities between governmental funds and proprietary funds appear as "Due To/Due From" on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements except for internal services provided. Interfund activities between governmental funds and the enterprise fund remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers all governmental and enterprise funds to be major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources, and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within sixty days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Trust Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when appropriate, and then unrestricted resources as they are needed.

**Implementation of New Standards**

In the current fiscal year, the District implemented the following new standards:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* (GASB 68) establishes accounting and financial reporting standards for pension that are provided to the employees of state and local governmental employers through pension plans that are administered through trust or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71) amends the transition provisions of GASB 68. GASB 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting**

The accounts of the District are organized on the basis of funds in accordance with the provisions of the Resource Guide. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the District's fund financial statements provide more detailed information about the District's funds-not the District as a whole. All of the District's governmental and enterprise funds are considered major funds in accordance with generally accepted financial reporting criteria.

**Governmental Funds:**

**General Fund** - The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, state funding under the Foundation School Program, interest earnings on fund investments, and federal source revenues. Expenditures include all costs associated with the daily operations of the District, except for specific programs funded by the federal or state government, food service, debt service and capital projects.

**Special Revenue Fund** - The Special Revenue Fund is used to account for all financial resources restricted to, or designated for, specific purposes by a grantor. Specifically, this type of fund is used to account for the District's food service program, including local and federal revenue sources, for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Project accounting is employed to maintain integrity for the various sources of revenues. Resources accounted for in these programs are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

**Debt Service Fund** - The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the District. The primary sources of revenue for debt service is local property taxes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the renovation, acquisition and construction of school facilities.

**Proprietary Funds:**

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.

**Enterprise Fund** - The Enterprise fund is used to account for revenues and expenses related to the District's tuition/fee-based self-sustaining programs such as Employee Child Care, Adult Education and Driver's Education. The District accounts for revenues and expenses related to services provided to parties inside the District. Revenues are received based on fees charged for services. Expenses include payments to employees and charges incurred in administering the programs.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**Internal Service Fund** - The district's internal service fund is used to account for the operations of the District's partially self-funded workers' compensation plan, which is supported by employer contributions. Expenses include plan benefit payments to employees and charges incurred in administering the plan.

**Fiduciary funds:**

**Private Purpose Trust Funds** - Funds set up for handling specific scholarship money received by the District.

**Agency Funds** - The Agency Funds are used to account for activities of student groups, employee's flex plan and the Charter Partners. These funds have no equity; assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. The agency fund accounts for resources held in a custodial capacity by the District, and consists of funds that are property of students and others and cannot be used by the District in operations.

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in private-managed public funds investment pools (TexPool, TexSTAR and Lone Star), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the Proprietary Fund Types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents. For cash management purposes, the District transfers balances to either a money market mutual fund or an externally pooled investment account. The cash is transferred back to the District as needed.

**2. Investments**

Investments consist largely of commercial paper, U.S. government agency securities, certificates of deposits and government investment pools. The District's investments are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents.

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined fund balance sheets.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

**4. Inventories and prepaid items**

Inventories consisting of supplies and materials are stated at first-in, first-out method and they include consumable custodial, maintenance, transportation, instructional, food consumables and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities are recorded at fair market value supplied by the Texas Department of Human Services on the date received. Commodity inventory are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the State and recorded as inventory and revenue when received in the government funds. A portion of fund balance is non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations, generally in an amount equal to inventory values on hand at the end of the year.

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.

**5. Capital Assets**

Capital Assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of the Facilities Acquisition and Construction function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed. Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	40
Building Improvements	40
Temporary Buildings	40
Buses	15
Vehicles	10
Furniture, Fixtures and Equipment	5

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

**6. Deferred Outflow/Inflows of Resources**

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

*A deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

- Deferred outflows of resources for refunding – Reported in the government-wide financial statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that provided with through the pension plan which is currently 6.94 years.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be over a closed five year period.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. Accretion of interest on Capital Appreciation Bonds is recorded at the accreted value through the end of the fiscal year. The District did not have any outstanding capital appreciation bonds for fiscal year 2015.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**8. Transactions Between Funds**

Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is reimbursed.

Other legally authorized transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

**9. Compensated Absences - Accumulated Vacation Pay and Sick Leave**

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. The estimated liability for accumulated sick leave is reported in the government-wide statement of net position for the portion that is not currently payable from available financial resources at year-end and is accounted for as an assigned fund balance in the governmental funds-general fund. Annual vacation time is granted to full-time employees assigned to the auxiliary salary schedule in positions normally requiring 12 months of service and non-duty days are allowed for certain employees on a 223 and 230 day work calendar. No more than 30 days may be accumulated.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

**10. Pensions**

The fiduciary net position of the Teacher's Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and information about assets, liabilities and additions to and deduction for TRS's fiduciary net position. Benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**11. Fund Equity**

Beginning with fiscal year 2011, Spring Branch Independent School District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** - amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

**Restricted fund balance** - Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed fund balance** - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 *Campus Activity Funds*' fund balance.

**Assigned fund balance** - amounts the District intends to use for a specific purpose. Assignment can be expressed by the District's Board of Trustees. The District did have assigned fund balance as of June 30, 2015, see Note 12 for additional details.

**Unassigned fund balance** - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. The District has not adopted a policy stating which fund balance category is spent first when committed, assigned or unassigned fund balances are available. By default, the District will consider amounts to have been spent first out of committed funds, then assigned and finally unassigned funds.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**E. Other Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

The Board passed a resolution stating the District will strive to maintain an annual fund balance in the general operating fund in which the total fund balance is (except for nonspendable and restricted) 19 percent of the total operating expenditures. The debt service fund balance is targeted at 15 percent of the current year debt service requirements.

**12. Use of Estimates**

The presentation of financial statements, in conformity with U.S. 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.

**13. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements submitted to them in order to insure accuracy in building a statewide database for policy development and funding plans.

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as deferred in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts.

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (continue)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund basis financial statements but are a reduction of debt in the government wide financial statements. The capital asset additions are expenditures in the fund basis financial statements but are capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the Government-Wide Statement of Activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unearned revenues are adjusted based on prior year levies and current year uncollectible amounts.

**Note 3 - Stewardship, Compliance, and Accountability**

**A. Budgetary Data**

The Board of Trustees adopts an annual "appropriated budget" for the General and Debt Service Funds and the Food Service Program included in the Special Revenue Fund. Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final annual amended budgeted revenues and expenditures for all funds and programs that have "appropriated budgets." The General Fund and Food Service Program budget reports appear in the required supplementary information section where the District compares the final annual amended budget to actual revenues and expenditures. Per TEA regulatory requirements, the Debt Service Fund is required to be reported with the annual original budget, amended budget, and actual revenues and expenditures. This schedule is included as Other Supplementary Information at the end of the Financial Section of the School District's Annual Financial and Compliance Report in Exhibit H-1.

The Capital Projects Fund budget is prepared on a project-basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is re-appropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds.

**Note 3 - Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Data (continued)**

The following procedures are followed in establishing the budgetary data reflected in the fund financial statements:

1. Prior to June 19th, the District prepares a budget for the next succeeding fiscal year beginning July 1st. 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. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. During the year, amendments are presented to the Board at its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. All supplemental appropriations must be within limits of available revenues and fund equity.
4. Each budget is controlled by a budget manager at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

**B. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since under Texas law, appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. Outstanding encumbrances as of June 30, 2015, are \$1,962,138 for general fund, \$1,602,298 for special revenue funds, \$12,818,453 for capital project funds, \$7,174 for proprietary funds and \$93,562 for fiduciary funds.

**Note 4 - Deposits (Cash) and Investments**

**A. Deposits (Cash)**

Deposits and investment transactions of the District are regulated by State statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8 (the School Depository Act) of the Texas Education Code and other Code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47, Articles 2529c, and 2548a regarding security for District funds in depository institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank (Depository). All depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. Depository contracts are awarded on the basis of competitive bids received from area banks and can be awarded to more than one bank if the bids received are relatively equal.

The District may place funds with the Depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the Depository with proper indication that the collateral securities are pledged by the Depository to secure funds of the District.

Acceptable collateral securities include direct obligations of the United States of America (U.S.), bonds of any agency of the U.S. (except Farmers Home Administration Insured Notes), Bonds of the State of Texas or of any county, school district, city, or town of the State of Texas as authorized by the Public Funds Collateral Act (Chapter 2257, Texas Government Code).

The District must approve all collateral securities prior to the security being pledged.

All demand and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities held in the District's name by an agent of the District at year-end in accordance with provisions of the depository contract.

At June 30, 2015, the carrying amount of the District's deposits was \$57,974,386 and the bank balance was \$66,191,685 . The District deposits in Wells Fargo were secured by \$176,296,057 of pledged collateral and \$250,000 of FDIC coverage. The Certificates of Deposit with Comerica Bank, East West Bank, and Green Bank are also fully collateralized.

**Note 4 - Deposits (Cash) and Investments (continued)**

**B. Investments**

The Board of Trustees of the District has adopted a written investment policy (the “Investment Policy”) regarding the investment of its funds as defined in the Public Funds Investment Act (Chapter 2256, Texas Government Code). The Public Funds Investment Act (the “Act”) requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of the Act. Additionally, the investments and investment practices of the District are in compliance with the Boards' investment policies.

The Investment Policy emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity, and addresses the quality and capability of investment personnel. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity of any individual investment and the maximum average dollar weighted maturity allowed for fund groups. In addition, it includes an “Investment Strategy Statement” that specifically addresses each fund’s investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas, or its agencies and instrumentalities;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States, or its agencies and instrumentalities;
4. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; and have a stated maturity no longer than ten years;
5. Certificates of deposit fully collateralized and guaranteed or insured by the FDIC;
6. Repurchase agreements fully collateralized (102%), pledged to and held in the District’s name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, with a defined termination date, and placed through a primary government securities dealer;
7. Commercial paper having a stated maturity of 270 days or fewer and a rating of not less than A-1/P-1 by two nationally recognized credit rating agencies; or a fully secured irrevocable letter of credit from a U.S. bank and one A-1/P-1 credit rating;
8. Money Market Mutual Funds approved by the Board, with its funds only in investments approved by the Investment Policy;
9. Public Funds Investment Pools approved by the Board, with its funds only in investments approved by the Investment Policy.

**Note 4 - Deposits (Cash) and Investments (continued)**

**B. Investments (continued)**

A summary of the District's cash and investments at June 30, 2015, are shown below.

	<u>Cash and Deposits</u>	<u>Money Market &amp; Certificates of Deposit</u>	<u>External Investment Pools</u>	<u>Investments Securities</u>	<u>Total</u>
<b>Governmental Funds</b>					
General Fund	\$ 4,790,193	\$ 23,400,737	\$ 845	\$ 68,977,848	\$ 97,169,623
Special Revenue Fund	11,471,312	-	727	3,207,680	14,679,719
Debt Service Fund	17,997,354	1,001	321	13,989,132	31,987,808
Capital Projects Fund	15,961,038	51,525,596	1,619	37,492,725	104,980,978
<b>Total Governmental Funds</b>	<u>50,219,897</u>	<u>74,927,334</u>	<u>3,512</u>	<u>123,667,385</u>	<u>248,818,128</u>
Internal Service Fund	<u>2,384,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,384,202</u>
<b>Total Governmental Activities</b>	<u>52,604,099</u>	<u>74,927,334</u>	<u>3,512</u>	<u>123,667,385</u>	<u>251,202,330</u>
<b>Business-Type Funds</b>					
Enterprise Fund	<u>1,272,421</u>	<u>-</u>	<u>1,288</u>	<u>-</u>	<u>1,273,709</u>
<b>Fiduciary Funds</b>	<u>4,097,866</u>	<u>-</u>	<u>275,948</u>	<u>-</u>	<u>4,373,814</u>
<b>Total Cash and Investments</b>	<u>\$ 57,974,386</u>	<u>\$ 74,927,334</u>	<u>\$ 280,748</u>	<u>\$ 123,667,385</u>	<u>\$ 256,849,853</u>

The District's investments are registered, or held by the District's agent in the District's name. Therefore, the District is not exposed to custodial credit risk. Custodial Credit risk for investments is the risk that, in event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party custodian hold all securities owned by the District.

The District generally holds all investments to maturity. The District did not purchase any derivative investment products during the fiscal year 2015 nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2015.

**Note 4 - Deposits (Cash) and Investments (continued)**

**B. Investments (continued)**

The following table includes the portfolio balance, credit rating, and percentage of the portfolio balance by investment type and weighted average days to maturity of investments held by the District as of June 30, 2015:

<b>Investment Type</b>	<b>Fair Value</b>	<b>S&amp;P Credit Quality Ratings</b>	<b>Percentage of Investments</b>	<b>Weighted Average Maturity (Days)</b>
Certificates of Deposit	\$ 64,550,988		32.45%	206
Municipal Bonds - City of Austin	5,868,666	AA-	2.95%	138
Money Market	4,507,680		2.27%	1
<b>Total</b>	<u>74,927,334</u>			
Local Government Investment Pools:				
TexPool	3,223	AAAm	0.00%	48
TexSTAR	277,525	AAAm	0.14%	52
	<u>280,748</u>			
<b>Total</b>				
Investments-Securities:				
Securities of U.S. Government Agencies:				
Federal Farm Credit Bank	17,320,000	AA+	8.71%	448
Federal Home Loan Bank	17,999,400	AA+	9.05%	737
Federal National Mortgage Association	3,207,680	AA+	1.61%	423
Federal Home Loan Mortgage Corp	4,211,520	AA+	2.12%	457
	<u>42,738,600</u>			
Corporate Obligations Short-Term:				
Toyota Motor Credit	23,997,040	A-1+	12.07%	70
GE Capital Corp	29,984,286	A-1+	15.08%	53
J.P. Morgan Securities	26,947,459	A-1	13.55%	31
	<u>80,928,785</u>			
Total	<u>123,667,385</u>			
<b>Total Investments</b>	<u>\$ 198,875,467</u>		<u>99.99%</u>	

**Note 4 - Deposits (Cash) and Investments (continued)**

**B. Investments (continued)**

**Local Government Investment Pools**

As of June 30, 2015, the District's investments included the Texas Local Government Investment Pool (TexPool), and the Texas Short Term Asset Reserve Program (TexSTAR). The TexPool, and TexSTAR investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1987, as amended. The Texas State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Federated Investors manages the daily operations of the pool under a contract with the Comptroller.

TexSTAR is an investment pool managed by J.P. Morgan Fleming Asset Management (USA), Inc. (JPMFAM) and First Southwest Asset Management, Inc. (FSAM). JPMFAM provides investment services and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co. TexSTAR will seek to maintain a credit rating no lower than AAA, AAAM, or the equivalent by at least one nationally recognized rating agency.

The value of District portions in TexPool and TexSTAR are the same as the value of the shares. The external pooled funds use amortized cost rather than market value to report net position to compute share price. Accordingly, the fair value of the positions of the pooled funds is the same as the value of the external pool shares. The funds are structured similar to a money market mutual fund which allows shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1, although this cannot be fully guaranteed. TexPool and TexSTAR pooled funds have weighted average maturities of 48 and 52 days, respectively. However, the District can redeem its share position within one day when necessary.

**Investment Risk**

The risk exposure for governmental and business-type activities, major funds, the internal service fund, and fiduciary fund types of the District are not significantly greater than the deposit and investment risk of the overall primary government. The District's Investment Policy segregates the portfolios into strategic categories including:

1. General Fund
2. Debt Service Fund
3. Capital Projects Fund
4. Special Revenue and Other Special-Purpose Funds

The District's Investment Policy seeks to control credit risk. Such risk is controlled by investing only in instruments of the highest credit quality; pre-qualifying the brokers and financial institutions with whom the District conducts business; obtaining sufficient collateral when required; diversifying investments among security types, issuers, and maturity dates; limiting final and weighted average maturities; and closely monitoring credit ratings.



**Note 4 - Deposits (Cash) and Investments (continued)**

**B. Investments (continued)**

**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 the Investment Policy, the District reduces its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to no more than 365 days, with the exception of debt service and capital projects funds which are matched to a specific cash flow for liquidity. In addition, the District shall not directly invest in an individual security maturing more than three years from the date of purchase. All investments at year-end complied with the Investment Policy in regard to maximum maturity dates and weighted average maturity limitations.

**Adjustment to Investment's Fair Value**

The District's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. Market values of U.S. Treasury Notes, U.S. Government Agency Securities, and Commercial Paper, are based on quoted market values. The investments are reported by the District at fair value in accordance with Governmental Accounting Standards. The amount of increase or decrease in the fair value of investments is included in investment income. The District recorded a \$34,819 increase in the fair value of investments for the year that is included in investment income.

	<b>Governmental Funds</b>	<b>Proprietary Fund</b>	<b>Fiduciary Fund</b>	<b>Total</b>
Interest Income	\$ 770,369	\$ 1,628	\$ 6,736	\$ 778,733
Net Increase in Fair Value of Investments	34,819	-	-	34,819
<b>Total Investment Income</b>	<b>\$ 805,188</b>	<b>\$ 1,628</b>	<b>\$ 6,736</b>	<b>\$ 813,552</b>

**Note 5 - Property Taxes**

Property taxes are levied by October 1st or within 60 days of receiving a certified roll in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Appraised values are established by the Central Appraisal District (CAD) of Harris County, Texas. Taxes are levied by the District's Board of Trustees based on the appraised values received from Harris County Appraisal District. Billing and collection of tax levies are performed by the District.

Property tax rates, established in accordance with state law, are levied on real and personal property within the District's boundaries for use in financing general government and debt service expenditures. Tax rates levied to finance general government and debt service expenditures for the fiscal year were \$1.09 and \$0.3045, respectively, based on an assessed property valuation of approximately \$24.2 billion resulting in an adjusted tax levy of approximately \$319.4 million. Allowances for uncollectible taxes are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**Note 5 - Property Taxes (continued)**

Governmental funds net property taxes receivable at June 30, 2015, consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Totals</b>
<b>Delinquent Taxes:</b>			
Current Year Levy	\$ 2,685,730	\$ 380,314	\$ 3,066,044
Prior Years' Levies	4,673,216	300,776	4,973,992
<b>Total Delinquent Taxes</b>	<u>7,358,946</u>	<u>681,090</u>	<u>8,040,036</u>
Penalty and Interest on Delinquent Taxes	3,882,192	687,893	4,570,085
<b>Total Delinquent Taxes and Penalty and Interest</b>	<u>11,241,138</u>	<u>1,368,983</u>	<u>12,610,121</u>
Less Allowance for Uncollectible Taxes	(3,501,943)	(462,301)	(3,964,244)
<b>Net Property Taxes Receivable</b>	<u><u>\$ 7,739,195</u></u>	<u><u>\$ 906,682</u></u>	<u><u>\$ 8,645,877</u></u>

**Note 6 - Receivables Due From Other Governments**

Receivables due from other governments at June 30, 2015, consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
<b>Due From Other Governments</b>			
Federal	\$ 130,809	\$ 7,331,259	\$ 7,462,068
State	5,210,241	663,910	5,874,151
Other (Local Governments and other)	-	31,214	31,214
<b>Total Due from Other Governments</b>	<u><u>\$ 5,341,050</u></u>	<u><u>\$ 8,026,383</u></u>	<u><u>\$ 13,367,433</u></u>

**Note 7 - Payables Due To Other Governments**

Payables due to other governments at June 30, 2015, consisted of the following:

	<b>General Fund</b>
<b>Due To Other Governments</b>	
<b>State:</b>	
Texas Education Agency	\$ 8,541,989
<b>Total Due To Other Governments</b>	<u><u>\$ 8,541,989</u></u>

**Note 8 - Interfund Receivables, Payables and Transfers**

Interfund balances consist of short term lending/borrowing arrangements that result primarily from payroll, warehouse ordering, accounts payable 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 governmental funds. Amounts due to/from other funds at June 30, 2015, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Governmental Funds</b>		
General Fund	\$ 298,390	\$ 273,869
Special Revenue Fund	239,410	789,589
Capital Projects Fund	494,342	48,762
<b>Total Governmental Funds</b>	<u>1,032,142</u>	<u>1,112,220</u>
<b>Proprietary Funds</b>		
Enterprise Fund	143,860	45,545
Internal Service Fund	45,486	-
<b>Total Proprietary Funds</b>	<u>189,346</u>	<u>45,545</u>
<b>Fiduciary Funds</b>		
Trust Funds	-	47,023
Agency Funds	3,568	20,268
<b>Total Fiduciary Funds</b>	<u>3,568</u>	<u>67,291</u>
<b>Total - All Funds</b>	<u>\$ 1,225,056</u>	<u>\$ 1,225,056</u>

Interfund transfers are defined as “flow of assets without equivalent flows of assets in return and without a requirement for repayment”. Interfund transfers during the year ended June 30, 2013, were as follows:

	<u>Transfers In General Fund</u>	<u>Total</u>
<b>Transfer Out:</b>		
Internal Service Fund	\$ 72,290	\$ 72,290
	<u>\$ 72,290</u>	<u>\$ 72,290</u>

The Internal Service Fund transfer to the General Fund was for equipment replacement at Sherwood Elementary to address a safety concern.

**Note 9 - Capital Assets**

The District records assets based on historical costs and calculates depreciation on capital assets in accordance with GASB Statement 34. The District's capitalization policy is to capitalize assets costing over \$5,000 and with a life expectancy of two years or more. Depreciation expense on capital assets not directly related to a specific function will be allocated to the functional expense categories. Allocation is based on the square feet of buildings that are related to a specific function.

Capital asset activity for the governmental and business-type activities of the District for the year ended June 30, 2015, are as follows:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance June 30, 2015</b>
<b>Governmental Activities</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 23,119,709	\$ -	\$ -	\$ 23,119,709
Construction in Progress	90,978,386	30,463,943	(82,500,041)	38,942,288
<b>Total Capital Assets, Not Being Depreciated</b>	<b>114,098,095</b>	<b>30,463,943</b>	<b>(82,500,041)</b>	<b>62,061,997</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	768,771,829	-	79,040,309	847,812,138
Furniture and Equipment	22,172,996	902,986	703,385	23,779,367
Vehicles	20,775,123	1,403,893	(321,959)	21,857,057
Capital Lease Assets	4,656,889	-	(1,750,000)	2,906,889
<b>Total Capital Assets, Being Depreciated at Historical Cost</b>	<b>816,376,837</b>	<b>2,306,879</b>	<b>77,671,735</b>	<b>896,355,451</b>
<b>Less: Accumulated Depreciation:</b>				
Buildings and Improvements	(187,981,623)	(18,082,288)	2,438,131	(203,625,780)
Furniture and Equipment	(14,845,543)	(2,737,476)	260,570	(17,322,449)
Vehicles	(11,050,182)	(1,547,887)	292,065	(12,306,004)
Capital Lease Assets	(4,656,889)	-	1,750,000	(2,906,889)
<b>Total Accumulated Depreciation</b>	<b>(218,534,237)</b>	<b>(22,367,651)</b>	<b>4,740,766</b>	<b>(236,161,122)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 711,940,695</b>	<b>\$ 10,403,171</b>	<b>\$ (87,540)</b>	<b>\$ 722,256,326</b>
<b>Business-type Activities</b>				
<b>Capital Assets being depreciated:</b>				
Furniture and Equipment	\$ 96,814	\$ 6,825	\$ -	\$ 103,639
Vehicles	160,351	93,215	-	253,566
<b>Total Capital Assets, being Depreciated at historical cost</b>	<b>257,165</b>	<b>100,040</b>	<b>-</b>	<b>357,205</b>
<b>Less: Accumulated Depreciation for:</b>				
Furniture and Equipment	(24,822)	(19,001)	-	(43,823)
Vehicles	(56,031)	(24,406)	-	(80,437)
<b>Total Accumulated Depreciation</b>	<b>(80,853)</b>	<b>(43,407)</b>	<b>-</b>	<b>(124,260)</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 176,312</b>	<b>\$ 56,633</b>	<b>\$ -</b>	<b>\$ 232,945</b>
<b>Totals</b>	<b>\$ 712,117,007</b>	<b>\$ 10,459,804</b>	<b>\$ (87,540)</b>	<b>\$ 722,489,271</b>

**Note 9 - Capital Assets (continued)**

Capital assets for Internal Service funds included in governmental activities were as follows:

	<b>Balance</b>
	<b>June 30, 2015</b>
Vehicles	\$ 147,500
Furniture & Equipment	30,596
Accumulated Depreciation	(113,287)
	<u>\$ 64,809</u>

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

	<b>Depreciation Expense</b>
<b>Governmental Activities Depreciation Expense:</b>	
11 Instruction	\$ 17,592,660
34 Student Transportation	1,086,226
35 Food Services	272,748
36 Cocurricular/Extracurricular activities	1,371,698
41 General Administration	77,444
51 Facilities Maintenance and Operations	587,273
52 Security and Monitoring Services	114,660
53 Data Processing Services	1,170,528
81 Facilities Acquisition and Construction	94,414
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 22,367,651</u>
<b>Business-type Activities Depreciation Expense:</b>	
36 Cocurricular/Extracurricular activities	\$ 796
51 Plant Maintenance and Operations	41,450
61 Community Services	1,161
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 43,407</u>

**Note 9 - Capital Assets (continued)**

A summary of capital projects having construction in progress as of June 30, 2015, is scheduled as follows:

Description of Project	Construction in Progress at Cost	Approved Project Budget	Estimated Remaining Commitment
Memorial High	\$ 98,486	\$ 375,920	\$ 277,434
Northbrook High	1,449,290	2,043,409	594,119
Spring Woods High	4,331,507	5,077,313	745,806
Stratford High	294,682	864,917	570,235
Guthrie Center	84,002	174,918	90,916
Westchester Academy	3,521,642	3,968,525	446,883
Science Center	-	771,387	771,387
Spring Branch Education Center	2,647,472	33,092,097	30,444,625
Landrum Middle	-	635,948	635,948
Memorial Middle	14,887	139,427	124,540
Northbrook Middle	-	151,408	151,408
Spring Branch Middle	-	146,105	146,105
Spring Forest Middle	-	241,588	241,588
Spring Oaks Middle	-	179,014	179,014
Spring Woods Middle	-	191,276	191,276
Bendwood	-	1,618,239	1,618,239
Buffalo Creek Elementary	-	173,192	173,192
Bunker Hill Elementary	-	177,190	177,190
Cedar Brook Elementary	-	163,930	163,930
Edgewood Elementary	486,251	1,209,663	723,412
Frostwood Elementary	698,642	792,350	93,708
Hollibrook Elementary	115,100	164,942	49,842
Housman Elementary	-	41,622	41,622
Hunters Creek Elementary	47,020	219,359	172,339
Meadow Wood Elementary	32,196	81,785	49,589
Memorial Drive Elementary	303,303	449,029	145,726
Nottingham Elementary	-	171,918	171,918
Pine Shadows Elementary	22,737	84,435	61,698
Ridgecrest Elementary	-	47,544	47,544
Rummel Creek Elementary	16,471,861	26,816,451	10,344,590
Shadow Oaks Elementary	30,172	76,261	46,089
Sherwood Elementary	-	173,427	173,427
Spring Branch Elementary	-	50,000	50,000
Spring Shadows Elementary	-	65,430	65,430
Terrace Elementary	-	174,842	174,842
Thornwood Elementary	9,947	225,044	215,097
Treasure Forest Elementary	-	174,575	174,575
Valley Oaks Elementary	-	1,819,040	1,819,040
Westwood Elementary (new)	311,982	355,533	43,551
Westwood Elementary (old)	1,318,843	1,606,207	287,364
Wilchester Elementary	-	50,000	50,000
Woodview Elementary	27,390	202,390	175,000
Bear Blvd	41,644	141,644	100,000
Lion Lane	47,573	147,573	100,000
Panda Path	19,855	119,855	100,000
Tiger Trail	39,695	139,695	100,000
Wildcat Way	39,388	139,388	100,000
Playground Fall Protection	-	1,644	1,644
Ag Farm	347,168	349,855	2,687
Tax Office	157,498	173,227	15,729
Technology Training Center	-	50,000	50,000
District Wide Programs	1,990,373	4,306,734	2,316,361
Propane Fueling Station	-	39,613	39,613
Wayne Schaper, Sr. Admin Bldg	1,493,744	3,495,805	2,002,061
Other Warehouses	53,404	161,972	108,568
Gessner Warehouses	-	243,510	243,510
Athletic Complexes	1,406,211	3,493,032	2,086,821
Natatorium	-	97,244	97,244
Transition Campus	765,601	1,808,099	1,042,498
T Buildings	197,972	236,124	38,152
Long Range Facility Update	24,750	97,137	72,387
General Trades	-	4,410,960	4,410,960
MEP	-	1,225,573	1,225,573
	<u>\$ 38,942,288</u>	<u>\$ 106,116,334</u>	<u>\$ 67,174,046</u>

**Note 10 - Long-Term Debt and Debt Service Requirements**

The District issues general obligation bonds to provide funds for the renovation, acquisition and construction of major capital facilities. The general obligation bonds are direct obligations and pledge the full faith and credit of the District.

General long-term debt consists of bonds payable, capital leases and compensated absences. Bonds are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, and investment income. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bonds indentures. The District has never defaulted on any bond principal or interest payment. Debt service requirements for accrued compensated absences are payable from the General Fund when due. Capital lease obligations are payable from the General Fund.

On December 1, 2014, the District issued \$31,390,000 of Unlimited Tax Schoolhouse Bonds, Series 2014A and \$63,250,000 of Limited Tax Refunding Bonds, Series 2014B. The 2014A bonds bear interest at rates of 2.50% to 5.00% and the 2014B bonds bear interest at rates of 3.00% to 5.00%. Proceeds from the 2014A bonds will be used for (i) the construction, acquisition and equipment of school buildings in the District, including technology upgrades, (ii) the purchase of the necessary sites for school buildings, (iii) the purchase of new school buses and (iv) the payment of costs of issuance associated with the sale of the Bonds. Proceeds from the 2014B bonds were used for (i) refunding certain outstanding District bonds, (ii) to generate present value debt service savings and (iii) for the payment of costs of issuance associated with the sale of the bonds.

For the 2014B refunding, \$77,946,562 of the issuance was used to refund outstanding bonds of the District. The securities from the refunding were deposited into an irrevocable trust with an escrow agent to provide for future debt service on \$74,770,000 of refunded bonds. As a result, the refundable bonds are considered to be defeased and the related liability for the bonds have been removed from the District's liabilities.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,064,002. This amount is netted against the new debt and amortized over the remaining life of the new debt, which was equal and or shorter that the refunded debt. The refunding was undertaken to reduce total debt service payments and the District achieved a cash flow difference and an economic gain of \$7,276,720.

On October 2, 2009 and December 7, 2010 the District issued Unlimited Tax Schoolhouse Bonds, Taxable Series 2009 and 2010, also known as direct payment Build America Bonds (BABS) which provides for a direct reimbursement of up to 35 percent of the interest paid on the bonds. The District received reimbursements totaling \$2,621,079 during the fiscal year.

**Note 10 - Long-Term Debt and Debt Service Requirements (continued)**

A summary of general long-term debt transactions of the District for the fiscal year ended June 30, 2015, follows:

	<b>Balance July 1, 2014</b>	<b>Issued and Additions</b>	<b>Retired and Refunded</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
<b>Bonds Payable</b>					
General Obligation Bonds	\$ 753,785,000	\$ 147,900,000	\$ (161,250,000)	\$ 740,435,000	\$ 30,005,000
Plus Premiums on					
Bonds at Issuance	30,745,061	13,045,954	(7,473,018)	36,317,997	-
<b>Total Bonds Payable</b>	<b>784,530,061</b>	<b>160,945,954</b>	<b>(168,723,018)</b>	<b>776,752,997</b>	<b>30,005,000</b>
Compensated Absences	9,747,363	1,147,799	(870,006)	10,025,156	1,252,954
Capital Lease	1,548,229	1,500,093	(1,743,225)	1,305,097	264,575
<b>Total Long-Term Debt</b>	<b>\$ 795,825,653</b>	<b>\$ 163,593,846</b>	<b>\$ (171,336,249)</b>	<b>\$ 788,083,250</b>	<b>\$ 31,522,529</b>

**Bonds Payable**

Bonded debt, at June 30, 2015, is comprised of the following individual issues:

<b>Series</b>	<b>Issue Amount</b>	<b>Interest Rate (%)</b>	<b>Matures</b>	<b>Amount Outstanding</b>
2007 Refunding Bonds	\$ 162,370,000	4.00-5.625	2026	\$ 103,440,000
2008 Schoolhouse Bonds	194,600,000	5.00 - 5.50	2038	162,410,000
2009A Schoolhouse Bonds	61,720,000	5.00	2030	61,720,000
2009B BABS	62,085,000	5.892	2039	62,085,000
2010 Refunding Bonds	37,910,000	5.00	2018	27,880,000
2010A Schoolhouse Bonds	25,000,000	4.00 & 5.00	2025	25,000,000
2010B BABS	75,000,000	5.538 & 6.038	2039	75,000,000
2011 Schoolhouse Bonds	75,000,000	4.00 & 5.00	2041	75,000,000
2013 Schoolhouse Bonds	60,990,000	Variable	2041	52,990,000
2014A Schoolhouse Bonds	31,390,000	2.50 & 5.00	2042	31,390,000
2014B Refunding Bonds	63,520,000	3.00 & 5.00	2026	63,520,000
	Total Bonds Payable			740,435,000
	Plus Unamortized Premiums on Issuance			36,317,997
	Total Bonds Payable			776,752,997
	Less Current Portion			30,005,000
	<b>Long-Term Portion Bonds Payable</b>			<b>\$ 746,747,997</b>



**Note 10 - Long-Term Debt and Debt Service Requirements (continued)**

**Annual Debt Service Requirements**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, follow:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 30,005,000	\$ 35,257,602	\$ 65,262,602
2017	29,200,000	33,960,889	63,160,889
2018	30,675,000	34,250,450	64,925,450
2019	31,510,000	32,814,844	64,324,844
2020	31,945,000	31,324,826	63,269,826
2021	34,045,000	29,840,047	63,885,047
2022	30,055,000	28,271,708	58,326,708
2023	31,475,000	26,855,052	58,330,052
2024	32,685,000	25,369,142	58,054,142
2025	34,570,000	23,808,557	58,378,557
2026	33,600,000	22,157,181	55,757,181
2027	22,090,000	20,535,398	42,625,398
2028	23,110,000	19,427,167	42,537,167
2029	24,180,000	18,303,227	42,483,227
2030	25,295,000	17,107,869	42,402,869
2031	26,475,000	15,826,523	42,301,523
2032	27,635,000	14,407,805	42,042,805
2033	28,870,000	12,927,189	41,797,189
2034	30,135,000	11,380,782	41,515,782
2035	31,475,000	9,763,517	41,238,517
2036	32,880,000	8,074,826	40,954,826
2037	34,340,000	6,311,216	40,651,216
2038	35,885,000	4,450,706	40,335,706
2039	24,775,000	2,507,178	27,282,178
2040	10,520,000	1,144,999	11,664,999
2041	11,030,000	637,721	11,667,721
2042	1,975,000	98,750	2,073,750
<b>Total</b>	<b>740,435,000</b>	<b>\$486,815,171</b>	<b>\$1,227,250,171</b>
Less Current Portion	30,005,000		
<b>Long-Term Portion</b>	<b>\$710,430,000</b>		

The District is in compliance with all significant bond compliance requirements. As of June 30, 2015, the District had issued all authorized bonds.

**Note 10 - Long-Term Debt and Debt Service Requirements (continued)**

**Capital Lease Obligations**

In November 2004, the District entered into a lease purchase of Utility Conservation and HVAC systems equipment for various buildings in the District totaling \$2,906,889. The accumulated depreciation on the capital assets as of June 30, 2015, was \$2,906,889, leaving a net book value of \$0. During the year the District refinanced the capital lease for \$1,500,093, at a contract interest rate of 2.00% per annum. The future payments under the lease agreements are as follows as of June 30, 2015:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 264,575	\$ 24,126	\$ 288,701
2017	269,906	18,795	288,701
2018	275,344	13,356	288,700
2019	280,893	7,807	288,700
2020	214,379	2,147	216,526
<b>Total</b>	<u>1,305,097</u>	<u>\$ 66,231</u>	<u>\$ 1,371,328</u>
Less Current Portion	<u>264,575</u>		
<b>Long-Term Portion</b>	<u>\$ 1,040,522</u>		

**Note 11 - Deferred Outflows/Inflows of Resources and Unearned Revenue**

*Deferred Outflows of Resources*

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. The deferred loss on refunding as of June 30, 2015 was \$4,638,730. A detailed discussion on deferred outflows – pension is presented in Note 15 Retirement Plan.

*Deferred Inflows of Resources*

A detailed discussion of deferred inflow of resources – pension is presented in Note 15 - Retirement Plan and only affects the government-wide financial statements. Property taxes that have not been collected within 60 days of year-end are considered unavailable in the fund financial statements.

Unearned revenue at year-end represents funds received in advance for which expenditures have not been incurred as is the case with grant revenue. A summary of deferred inflows and unearned revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
<b>Deferred Inflows of Resources</b>		
General Fund - Property Taxes	\$ 7,096,375	\$ -
Debt Service - Property Taxes	638,489	-
<b>Unearned Revenue</b>		
Unearned Revenue on Grants	-	602,456
Other Unearned Revenue	-	630,293
<b>Total Deferred Inflows and Unearned Revenue</b>	<u>\$ 7,734,864</u>	<u>\$ 1,232,749</u>

**Note 12 - Fund Equity**

**Assignments of Fund Balance**

According to District policy CE Local, the Board may establish assignments or commitments of fund balance from time to time in order to meet specific District needs. Assignments and commitments of fund balance shall be vetted and approved by the Board. Furthermore, commitments of fund balance shall be submitted to the Board for approval. The District assigns portions of the fund balance to indicate the administration's tentative plans for future use of financial resources. The assignment is determined by management at the end of each fiscal year.

A summary of restricted, committed and assigned fund balance as of June 30, 2015, for all governmental fund types follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Restricted Fund Balance</b>				
Grant funds	\$ -	\$ 4,472,316	\$ -	\$ -
Debt service	-	-	32,256,942	-
Capital acquisitions and obligations	-	-	-	99,784,699
Other:				
Instruction Material Allotment	-	466,283	-	-
Local technology	-	7,114,743	-	-
Donations - locally funded	-	5,240,371	-	-
Total Other	-	12,821,397	-	-
<b>Total Restricted</b>	<u>-</u>	<u>17,293,713</u>	<u>32,256,942</u>	<u>99,784,699</u>
<b>Committed Fund Balance</b>				
Other:				
Campus Activity	-	939,615	-	-
<b>Total Committed</b>	<u>-</u>	<u>939,615</u>	<u>-</u>	<u>-</u>
<b>Assigned Fund Balance</b>				
Capital equipment replacement	4,574,737	-	-	-
Other:				
Compensated absences	9,523,243	-	-	-
Subsequent year expenditures	8,895,560	-	-	-
Athletics	339,404	-	-	-
Total Other	18,758,207	-	-	-
<b>Total Assigned</b>	<u>23,332,944</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>\$ 23,332,944</u>	<u>\$ 18,233,328</u>	<u>\$ 32,256,942</u>	<u>\$ 99,784,699</u>

**Note 13 - Revenues from Local, Intermediate and Out-of-State Sources**

A summary of local revenues recorded in the governmental funds for the fiscal year ended June 30, 2015, follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 243,895,764	\$ -	\$ 72,446,057	\$ -	\$ 316,341,821
Penalties, Interest and Other Related Tax Income	1,454,257	-	313,369	-	1,767,626
Tuition and Fees	1,442,296	-	-	-	1,442,296
Investment Income	251,145	14,127	80,719	459,197	805,188
Food Sales	-	2,625,502	-	-	2,625,502
Cocurricular Activities	452,040	-	-	-	452,040
Insurance Recovery	74,488	-	-	-	74,488
Other	1,156,008	8,493,399	-	185,000	9,834,407
<b>Total</b>	<u>\$ 248,725,998</u>	<u>\$ 11,133,028</u>	<u>\$ 72,840,145</u>	<u>\$ 644,197</u>	<u>\$ 333,343,368</u>

**Note 14 - General Fund Federal Program Revenues**

A summary of federal program revenues received in the General Fund for the fiscal year ended June 30, 2015, follows:

<u>Program or Grant</u>	<u>CFDA Number</u>	<u>Amount Recorded in General Fund</u>
<b>Indirect Costs:</b>		
ESEA, Title I, Part A - Improving Basic Programs	84.010A	\$ 152,836
IDEA, Part B - Formula	84.027A	70,000
ESEA, Title II, Part A - TPTR	84.367A	19,914
21st CCLC Cycle 7 Year 2	84.287C	43,401
<b>Total Indirect Costs</b>		<u>286,151</u>
<b>Direct Costs:</b>		
Medicaid Program	93.778	226,505
SHARS Program	n/a	4,326,983
Build America Bonds Subsidized Interest	n/a	2,621,079
ROTC	12.000	108,891
<b>Total Direct Costs</b>		<u>7,283,458</u>
<b>Total Indirect and Direct Costs</b>		<u>\$ 7,569,609</u>

**Note 15 - Retirement Plan**

**Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 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.

**Note 15 - Retirement Plan (continued)**

**Plan Description (continued)**

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 Comprehensive Annual Financial Report (CAFR). The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2014</b>	<b>2015</b>
Member	6.4%	6.7%
Employer	6.8%	6.8%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Note 15 - Retirement Plan (continued)**

**Plan Description (continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Note 15 - Retirement Plan (continued)

Plan Description (continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014, are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.



**Note 15 - Retirement Plan (continued)**

**Plan Description (continued)**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 72,407,867	\$ 40,520,606	\$ 16,674,874

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2014, the District reported a liability of \$40,520,606 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 40,520,606
State's proportionate share that is associated with District	<u>108,711,946</u>
Total	<u>\$ 149,232,552</u>

The net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 0.1516979% which was no change from its proportion measured as of August 31, 2013.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

**Note 15 - Retirement Plan (continued)**

**Plan Description (continued)**

For the year ended June 30, 2015, the District recognized pension expense of \$3,745,414 and revenue of \$10,050,217 for support provided by the State.

At August 31, 2014, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 626,664	\$ -
Changes of assumptions	2,633,885	-
Net difference between projected and actual earnings on pension plan investments	-	12,384,752
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,622
District contributions subsequent to the measurement date	5,408,666	-
Total	<u>\$ 8,669,215</u>	<u>\$ 12,395,374</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	
2016	\$ (2,549,118)
2017	(2,549,118)
2018	(2,549,118)
2019	(2,549,118)
2020	547,070
2021	514,577

**Note 16 - Retiree Health Plan**

**Plan Description**

The Spring Branch 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 Retired Plan 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 TRS 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 website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal year 2015. 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. For staff members funded by federal programs, the federal programs are required to contribute 1.0 percent for fiscal year 2015, 0.5 percent for 2014 and 1.0 percent for fiscal year 2013.

Contributions made by the State, District, and employees, and the District's annual covered payroll for the fiscal years 2015, 2014, and 2013, are as follows:

<b>Fiscal Year</b>	<b>State TRS Contributions Made on Behalf of the District</b>	<b>District Required Contributions to TRS</b>	<b>Employees Contributions to TRS</b>	<b>District's Annual Covered Payroll</b>
2013	\$ 1,061,976	\$ 1,166,867	\$ 1,278,523	\$ 196,703,893
2014	1,719,503	1,272,669	1,324,926	203,839,425
2015	1,939,237	1,321,331	1,156,972	210,359,613

The contributions made by the State on behalf of the District have been recorded in the financial statements of the District as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments are made by the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2015, 2014 and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$617,466, \$557,875, and \$760,714, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

**Note 16 - Retiree Health Plan (continued)**

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. These funds will be allocated to reporting agencies using the same basis as the Medicare Part D - On Behalf Payments (GASB 24) reporting that is done each year. Reporting Entities should report this allocation on their annual financial statements much like on behalf payments. The District has not received any subsidy payment for TRS-Care on behalf for fiscal year 2013, 2014 and 2015.

**Note 17 - Risk Management**

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, liability, health and workers compensation insurance coverage through commercial carriers. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from the previous year.

***Health Care Coverage***

The District sponsors a fully-insured insurance plan to provide health care benefits to staff members and their dependents. Partial staff member contributions are required for personal coverage and staff member contributions are required for coverage of dependents.

***Workers Compensation***

The District established a risk management program for workers' compensation in 2007 by participating as a member of the TASB Risk Management Fund (the “Fund”). The Fund 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 member of the Fund, the District is responsible for all claims costs up to an aggregate deductible in addition to an annual contribution to the Fund. This annual contribution is based upon actual payroll costs of the District. The Fund provides administrative service to its members including claims administration and customer service.

The workers' compensation plan is accounted for in the Workers' Compensation Internal Service Fund. The Internal Service Fund charges the premiums for the District's contribution to all funds that have salary costs.

**Note 18 - Compensated Absences**

***Sick Leave Policy***

The District has established policies regarding the compensation of employees for unused sick leave upon retirement from service. An employee who is eligible to retire under the state retirement system, who selects the retirement system annuity options available, and who has been employed by the District for a continuous period of five years at the time of retirement shall be reimbursed for each day of unused local sick leave at a rate based on a percentage of the employee's average salary over the ten continuous years preceding retirement. Compensation for unused sick leave is limited and based on the years employed with the District, which are used to calculate the number of days and salary amounts that will be paid upon retirement.

The District records the payments for sick leave as an expenditure in the General Fund. The District records a liability at year-end in the General Fund for payments to be made to employees who have given notice before the end of the fiscal year and the amounts will be paid out of current resources early in the following fiscal year. As of June 30, 2015, the General Fund did not report a liability.

The District estimates the long-term portion of the sick leave liability and records this amount in the government-wide financials as a long-term liability. The long-term liability for compensated absences was \$10,025,156 as of June 30, 2015. The management of the District has assigned a portion of the fund balance in the General Fund to pay the accrued sick leave liability.

**Note 19 - Shared Service Arrangements**

The District participates in a Shared Service Arrangement (SSA) for deaf education services with eight other school districts. Approximately 19% of the students served by the SSA are attributable to the District. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to Spring Branch Independent School District. The fiscal agent manager is responsible for all financial activities of the SSA. The expenditures attributable to the District's participation totaled \$378,141.

**Note 20 - Litigation, Commitments and Contingencies**

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

The District received significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at year-end.

**Note 21 - Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of the amount earned on investments purchased with bond proceeds, over the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that there is no arbitrage liability as of June 30, 2015.

**Note 22 - Prior Period Adjustments**

In fiscal year 2015, the District implemented GASB Statement 68 *Accounting and Financial Reporting for Pensions* and GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As such, a prior period adjustment of \$46,601,474 was necessary to record the beginning pension liability of the District.

	<b>Governmental Activities</b>
<b>Beginning Net Position - As Originally Presented</b>	\$ 125,150,434
Restatement due to:	
Net pension liability (measurement date as of August 31, 2013)	(49,755,979)
Deferred Outflows:	
District contributions made to TRS during the fiscal year	3,154,505
<b>Beginning Net Position - As Restated</b>	<u><u>\$ 78,548,960</u></u>

**Note 23 - Subsequent Events**

Effective July 1, 2015 the District named a new superintendent of schools, Dr. Scott Muri. Dr. Muri had 27 years of experience in education prior to joining the District.

On November 4, 2015 the District closed the sale of \$65,795,000 Limited Tax Refunding Bonds Series 2015A as well as \$153,550,000 Unlimited Tax Refunding Bonds Series 2015B. Proceeds from the sale will be used to generate present value debt service savings, for refunding \$74,415,000 of the Series 2007 Refunding Bonds and \$160,200,000 of the Series 2008 Schoolhouse Bonds, and for the payment of the costs of issuance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Exhibit G-1*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND**

*For the Fiscal Year Ended June 30, 2015*

*with Actual Totals for 2014*

Data Control Codes	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget	2014 Actual	
	Original	Final Amended		Positive (Negative)		
<b>Revenues</b>						
5700	Local and Intermediate Sources	\$ 243,798,097	\$ 248,287,835	\$ 248,725,998	\$ 438,163	\$ 223,138,499
5800	State Program Revenues	25,211,619	28,189,561	28,781,415	591,854	37,511,967
5900	Federal Program Revenues	6,129,666	7,415,517	7,569,609	154,092	7,105,066
5020	<b>Total Revenues</b>	<u>275,139,382</u>	<u>283,892,913</u>	<u>285,077,022</u>	<u>1,184,109</u>	<u>267,755,532</u>
<b>Expenditures</b>						
<b>Current:</b>						
11	Instruction	164,776,677	167,646,200	164,724,799	2,921,401	159,601,057
12	Instructional Resources and Media Services	3,346,287	3,531,317	3,319,207	212,110	3,210,289
13	Curriculum and Instructional Staff Development	3,516,688	3,751,357	3,270,960	480,397	3,505,941
21	Instructional Leadership	3,548,902	3,919,253	3,810,847	108,406	3,078,489
23	School Leadership	19,691,512	19,601,047	19,414,742	186,305	18,872,662
31	Guidance, Counseling and Evaluation Services	11,082,361	11,945,663	11,851,839	93,824	10,753,379
32	Social Work Services	105,138	105,138	99,324	5,814	96,211
33	Health Services	3,477,159	3,700,418	3,487,685	212,733	3,364,017
34	Student Transportation	7,729,671	8,429,671	7,600,658	829,013	7,566,251
35	Food Services	3,600	10,100	8,263	1,837	4,220
36	Cocurricular/Extracurricular Activities	5,894,197	5,985,789	5,515,871	469,918	5,158,995
41	General Administration	7,584,659	7,793,849	7,685,412	108,437	7,453,402
51	Facilities Maintenance and Operations	30,671,453	29,684,111	28,450,148	1,233,963	28,470,566
52	Security and Monitoring Services	3,513,315	3,872,434	3,649,849	222,585	3,116,895
53	Data Processing Services	6,401,404	6,845,757	6,240,149	605,608	5,938,537
61	Community Services	921,731	975,806	922,464	53,342	936,293
71	Debt Service	299,623	299,623	290,871	8,752	290,921
81	Capital outlay	38,365	43,365	37,576	5,789	34,913
91	Contracted Instructional	8,620,099	9,257,315	8,199,477	1,057,838	-
99	Other Intergovernmental Charges	2,534,438	2,359,997	2,359,997	-	2,088,199
6030	<b>Total Expenditures</b>	<u>283,757,279</u>	<u>289,758,210</u>	<u>280,940,138</u>	<u>8,818,072</u>	<u>263,541,237</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,617,897)</u>	<u>(5,865,297)</u>	<u>4,136,884</u>	<u>10,002,181</u>	<u>4,214,295</u>
<b>Other Financing Sources (Uses)</b>						
7912	Sale of Real and Personal Property	50,000	50,000	80,761	30,761	103,622
7913	Proceeds from Capital Lease			1,500,093	1,500,093	
7915	Transfers in	-	37,440	72,290	34,850	41,605
8949	Other uses			(1,491,174)	(1,491,174)	
7080	<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>87,440</u>	<u>161,970</u>	<u>74,530</u>	<u>145,227</u>
1200	Net Change in Fund Balance	<u>(8,567,897)</u>	<u>(5,777,857)</u>	<u>4,298,854</u>	<u>10,076,711</u>	<u>4,359,522</u>
100	<b>Fund Balance - Beginning</b>	<u>58,493,167</u>	<u>58,493,167</u>	<u>58,493,167</u>	<u>-</u>	<u>54,133,645</u>
3000	<b>Fund Balance - Ending</b>	<u>\$ 49,925,270</u>	<u>\$ 52,715,310</u>	<u>\$ 62,792,021</u>	<u>\$ 10,076,711</u>	<u>\$ 58,493,167</u>



**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROGRAM BALANCES**  
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - FOOD SERVICE PROGRAM**  
**For the Fiscal Year Ended June 30, 2015**  
**with Actual Totals for 2014**

*Exhibit G-2*

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget	2014 Actual
		Original	Amended		Positive (Negative)	
<b>Revenues</b>						
5700	Local, Intermediate and Out-of-State	\$ 3,044,500	\$ 2,694,500	\$ 2,652,552	\$ (41,948)	\$ 2,915,109
5800	State Program Revenues	100,000	100,000	102,258	2,258	102,182
5900	Federal Program Revenues	14,935,500	14,291,000	14,500,381	209,381	14,450,680
5020	<b>Total Revenues</b>	<u>18,080,000</u>	<u>17,085,500</u>	<u>17,255,191</u>	<u>169,691</u>	<u>17,467,971</u>
<b>Expenditures</b>						
0035	Food Services	17,828,700	17,479,915	17,267,913	212,002	16,040,625
0051	Facilities Maintenance and Operations	788,400	788,400	785,796	2,604	783,590
0052	Security and Monitoring Services	32,600	32,600	31,045	1,555	30,073
6030	<b>Total Expenditures</b>	<u>18,649,700</u>	<u>18,300,915</u>	<u>18,084,754</u>	<u>216,161</u>	<u>16,854,288</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(569,700)</u>	<u>(1,215,415)</u>	<u>(829,563)</u>	<u>385,852</u>	<u>613,683</u>
<b>Other Financing Sources (Uses)</b>						
7912	Sale of Real and Personal Property	<u>10,000</u>	<u>10,000</u>	<u>13,700</u>	<u>3,700</u>	<u>15,265</u>
7080	<b>Total Other Financing Sources (Uses)</b>	<u>10,000</u>	<u>10,000</u>	<u>13,700</u>	<u>3,700</u>	<u>15,265</u>
1200	Net Change in Fund Balance	(559,700)	(1,205,415)	(815,863)	389,552	628,948
0100	<b>Fund Balance - Beginning</b>	<u>5,431,700</u>	<u>5,431,700</u>	<u>5,431,700</u>	<u>-</u>	<u>4,802,752</u>
3000	<b>Fund Balance - Ending</b>	<u>\$ 4,872,000</u>	<u>\$ 4,226,285</u>	<u>\$ 4,615,837</u>	<u>\$ 389,552</u>	<u>\$ 5,431,700</u>

**Budgets and Budgetary Accounting**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General and Debt Service Funds and the Food Service program included in the Special Revenue Fund before the beginning of the fiscal year. For fiscal year beginning July 1<sup>st</sup>, the Texas Education Code requires the budget to be prepared not later than June 19th and adopted by June 30th of each year. The District's administration determines budgetary funding priorities using a modified zero-based budgeting concept, which is consistent with GAAP. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General and Debt Service Funds and the Food Service program included in the Special Revenue Fund.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Management may amend the budget without seeking Board approval if appropriations are not transferred between functions. During fiscal year 2015, General Fund appropriations were increased by \$6.0 million, Food Service program appropriations were decreased by \$0.6 million.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
*Teacher Retirement System of Texas*

*Exhibit G-4*

	<u>2014</u>
District's proportion of the net pension liability	0.1516979%
District's proportionate share of the net pension liability	\$ 40,520,606
State's proportionate share of the net pension liability associated with the District	108,711,946
Total	<u>\$ 149,232,552</u>
District's covered-employee payroll (for Measurement Year)	\$ 205,458,627
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	19.7%
Plan fiduciary net position as a percentage of the total pension liability *	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using an new methodology and will be presented prospectively in accordance with GASB 68.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
*Teachers Retirement System of Texas*  
*Last 5 Fiscal Years*

*Exhibit G-5*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 6,034,880	\$ 3,683,688	\$ 3,136,061	\$ 2,881,642	\$ 3,484,401
Contributions in relation to the contractual required contributions	<u>6,034,880</u>	<u>3,683,688</u>	<u>3,136,061</u>	<u>2,881,642</u>	<u>3,484,401</u>
contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 210,359,614	\$ 203,842,425	\$ 196,703,893	\$ 199,440,793	\$ 209,668,678
Contributions as a percentage of covered employee payroll	2.87%	1.81%	1.60%	1.40%	1.70%

### **Changes in Assumptions**

Modifications to the actuarial methods and assumptions are based on a study of actual experience as adopted on April 8, 2011. The assumptions and methods used in the current valuation are the same except for the following modifications;

- Small reductions in the rates of retirements at most age and service combinations.
- Decrease in the post-retirement rates of mortality for both males and females.
- The salary increase assumption in the first year of employment was reduced.
- The method for determining the actuarial value of assets was modified to a method that sets the actuarial value of assets as the expected actuarial value of assets plus 20% of the difference between the actual market value of the assets and the expected actuarial value of assets.

Amounts reported for 2014 reflect the adoption of a new mortality assumption that the average life expectancy for members over 65 years of age will increase by roughly nine months over the next four years.

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**OTHER SUPPLEMENTARY INFORMATION**

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Years Ended June 30, 2015 and 2014**

Exhibit H-1

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)	2014 Actual
		Original	Amended			
<b>Revenues</b>						
5700	Local, Intermediate and Out-of-State	\$ 71,013,902	\$ 72,744,610	\$ 72,840,145	\$ 95,535	\$ 65,084,911
5020	<b>Total Revenues</b>	<u>71,013,902</u>	<u>72,744,610</u>	<u>72,840,145</u>	<u>95,535</u>	<u>65,084,911</u>
<b>Expenditures</b>						
<b>Debt Service:</b>						
0071	Principal on Long-Term Debt	33,490,000	33,490,000	33,490,000	-	23,375,000
0072	Interest on Long-Term Debt	37,596,557	35,875,651	35,875,651	-	37,596,557
0073	Bond issuance costs and fees	4,083,170	782,878	630,122	152,756	9,250
6030	<b>Total Expenditures</b>	<u>75,169,727</u>	<u>70,148,529</u>	<u>69,995,773</u>	<u>152,756</u>	<u>60,980,807</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(4,155,825)</u>	<u>2,596,081</u>	<u>2,844,372</u>	<u>248,291</u>	<u>4,104,104</u>
<b>Other Financing Sources (Uses)</b>						
7911	Refunding bonds issued	-	73,541,813	116,510,000	42,968,187	-
7916	Premium or discount on Issuance of Bonds	-	-	9,912,719	9,912,719	-
8940	Payment to Refunded Bond	-	(77,946,563)	(130,936,563)	(52,990,000)	-
7080	<b>Total Other Financing Sources and (Uses)</b>	<u>-</u>	<u>(4,404,750)</u>	<u>(4,513,844)</u>	<u>(109,094)</u>	<u>-</u>
1200	Net Change in Fund Balance	<u>(4,155,825)</u>	<u>(1,808,669)</u>	<u>(1,669,472)</u>	<u>139,197</u>	<u>4,104,104</u>
0100	<b>Fund Balance - Beginning</b>	<u>33,926,414</u>	<u>33,926,414</u>	<u>33,926,414</u>	<u>-</u>	<u>29,822,310</u>
3000	<b>Fund Balance - Ending</b>	<u>\$ 29,770,589</u>	<u>\$ 32,117,745</u>	<u>\$ 32,256,942</u>	<u>\$ 139,197</u>	<u>\$ 33,926,414</u>

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## **Fiduciary Funds**

### ***Agency Fund***

Accounts for assets held by the District as an agent for employees and various student groups throughout the District.

### ***Student Activity Fund***

Accounts for assets held for various student groups throughout the District.

### ***Employee Flex Plan Fund***

Accounts for assets held for the employee's contributions to the District's Flex Plan.

### ***Charter Partners Fund***

Accounts for assets held for local charter partners.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Years Ended June 30, 2015

*Exhibit H-2*

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>Student Activities</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,212,531	\$ 4,407,879	\$ 3,820,926	\$ 2,799,484
Due From Other Funds	125,263	103,705	225,400	3,568
Other Receivables	-	11,265	5,632	5,633
<b>Total Assets</b>	<b>\$ 2,337,794</b>	<b>\$ 4,522,849</b>	<b>\$ 4,051,958</b>	<b>\$ 2,808,685</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 68,602	\$ 4,603,832	\$ 4,365,555	\$ 306,879
Accrued Wages Payable	871	5,549	871	5,549
Due to Other Funds	53,564	144,200	183,047	14,717
Due to Student Groups	2,214,757	266,783	-	2,481,540
<b>Total Liabilities</b>	<b>\$ 2,337,794</b>	<b>\$ 5,020,364</b>	<b>\$ 4,549,473</b>	<b>\$ 2,808,685</b>
<b>Employee Flex Plan</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 325,963	\$ 826,571	\$ 808,025	\$ 344,509
<b>Total Assets</b>	<b>\$ 325,963</b>	<b>\$ 826,571</b>	<b>\$ 808,025</b>	<b>\$ 344,509</b>
<b>Liabilities:</b>				
Payroll Deductions and Withholdings Payable	\$ 310,231	\$ 821,640	\$ 793,962	\$ 337,909
Due to Other Funds	15,000	5,869	15,318	5,552
Due to Others	732	316	-	1,048
<b>Total Liabilities</b>	<b>\$ 325,963</b>	<b>\$ 827,825</b>	<b>\$ 809,280</b>	<b>\$ 344,509</b>
<b>Charter Partner</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ -	\$ 54,014	\$ -	\$ 54,014
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 54,014</b>	<b>\$ -</b>	<b>\$ 54,014</b>
<b>Liabilities:</b>				
Due to Others	\$ -	\$ -	\$ 54,014	\$ 54,014
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,014</b>	<b>\$ 54,014</b>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,538,494	\$ 5,288,464	\$ 4,628,951	\$ 3,198,007
Due From Other Funds	125,263	103,705	225,400	3,568
Other Receivables	-	11,265	5,632	5,633
<b>Total Assets</b>	<b>\$ 2,663,757</b>	<b>\$ 5,403,434</b>	<b>\$ 4,859,983</b>	<b>\$ 3,207,208</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 68,602	\$ 4,603,832	\$ 4,365,555	\$ 306,879
Accrued Wages Payable	871	5,549	871	5,549
Payroll Deductions and Withholding	310,231	821,640	793,962	337,909
Due to Other Funds	68,564	150,069	198,365	20,269
Due to Student Groups	2,215,489	267,099	54,014	2,536,602
<b>Total Liabilities</b>	<b>\$ 2,663,757</b>	<b>\$ 5,848,189</b>	<b>\$ 5,412,767</b>	<b>\$ 3,207,208</b>

**REQUIRED TEA SCHEDULE**

Compliance schedules (Exhibits J-1) is required by the Texas Education Agency and is not a required disclosure in the Comprehensive Annual Financial Report.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
*For the Year Ended June 30, 2015*

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rates</u>			<u>3 Assessed/Appraised Value for School Tax Purposes</u>	<u>10 Beginning Balance 7/1/14</u>
		<u>1 Maintenance</u>	<u>2 Debt Service</u>	<u>Total</u>		
2006 and prior	2005 and prior	Various	Various	Various	Various	\$ 1,536,823
2007	2006	1.4365	0.1950	1.6315	14,561,929,849	441,425
2008	2007	1.0900	0.1950	1.2850	16,060,095,592	340,562
2009	2008	1.0900	0.2925	1.3825	16,513,320,868	374,020
2010	2009	1.0900	0.3045	1.3945	17,544,385,745	499,681
2011	2010	1.0900	0.3045	1.3945	17,096,512,944	460,187
2012	2011	1.0900	0.3045	1.3945	17,596,164,360	532,562
2013	2012	1.0900	0.3045	1.3945	18,628,331,804	951,671
2014	2013	1.0900	0.3045	1.3945	20,421,592,686	2,727,288
2015	2014	1.0900	0.3045	1.3945	22,906,404,805	-
<b>1000 Totals</b>						<u>\$ 7,864,219</u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code (Function 97)						<u>-</u>

<b>20 Current Year's Total Levy</b>	<b>31 Maintenance and Operations Collections</b>	<b>32 Debt Service Collections</b>	<b>33 Total Collections</b>	<b>40 Entire Year's Adjustments</b>	<b>50 Ending Balance 6/30/15</b>
\$ -	\$ 85,309	\$ 15,181	\$ 100,490	\$ (411,665)	\$ 1,024,668
-	21,736	2,951	24,687	(2,131)	414,607
-	10,941	2,896	13,837	(1,088)	325,637
-	9,712	955	10,667	(13,991)	349,362
-	27,787	9,914	37,701	(10,961)	451,019
-	24,745	10,258	35,003	(2,479)	422,705
-	51,444	15,025	66,469	(8,014)	458,079
-	176,600	50,190	226,790	(71,281)	653,600
-	(546,520)	(83,845)	(630,365)	(2,483,338)	874,315
<u>319,429,815</u>	<u>243,972,858</u>	<u>72,390,913</u>	<u>316,363,771</u>	<u>-</u>	<u>3,066,044</u>
<u>\$319,429,815</u>	<u>\$ 243,834,612</u>	<u>\$ 72,414,438</u>	<u>\$ 316,249,050</u>	<u>\$ (3,004,948)</u>	<u>8,040,036</u>
				Penalty and interest receivable on taxes	<u>4,570,085</u>
				Total taxes receivable per Exhibit C-1	<u>\$ 12,610,121</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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## **STATISTICAL SECTION**

(Unaudited)

The statistical section of the Spring Branch Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

### **Financial Trends**

These schedules contain trend information to show how the District's financial performance and position have changed over time.

### **Revenue Capacity**

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

### **Operating Information**

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

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## **Spring Branch Independent School District**

### **General Information Regarding the District**

(Unaudited)

#### **General**

Spring Branch Independent School District, encompassing about 44 square miles, is located in Harris County, a Gulf Coast County in Southeast Texas. The District is located approximately 10 miles from downtown Houston and includes part of the City of Houston and the incorporated villages of Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point and Spring Valley. Interstate Highway 10 (I.H. 10) runs east-west through the center of the District and Interstate 610, the inner loop, forms the District's eastern boundary.

#### **Education**

The Spring Branch Independent School District serves approximately 35,000 students in 25 elementary, 7 traditional middle, 4 traditional high, 2 charter, 5 pre-kindergarten and 3 special campuses. The District's schools are well-known for academics and an outstanding college preparatory program.

#### **Economy**

Harris County and the Houston Metropolitan area comprise a leading region of business development in the nation. The economy is based on petrochemicals, tourism, shipping, refining, chemicals, space exploration, medical research, manufacturing and education. The West Houston area, of which the District is a major component, is recognized as one of the most active centers of business and industrial development in the region. Industry in the District includes manufacturers of oil field machinery and equipment, fabricated metals, lumber, plastic and rubber products, tools and nonelectric machinery.

Numerous shopping centers, malls, other retail establishments and a wide variety of service oriented businesses are located within the District, and offer a complement to industry within the District.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*NET POSITION BY COMPONENT*

*LAST TEN FISCAL YEARS*

*(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2015</u>	<u>2014 *</u>	<u>2013</u>	<u>2012</u>
<b>Governmental Activities:</b>				
Net investment in Capital Assets	\$ 48,556,852	\$ 31,340,087	\$ 39,027,408	\$ 40,642,961
Restricted	34,427,839	35,185,387	29,177,399	26,639,052
Unrestricted	20,625,708	12,023,486	56,313,659	62,589,840
<b>Total Governmental Activities Net Position</b>	<u>\$ 103,610,399</u>	<u>\$ 78,548,960</u>	<u>\$ 124,518,466</u>	<u>\$ 129,871,853</u>
<b>Business-type Activities:</b>				
Net investment in Capital Assets	\$ 232,945	\$ 176,312	\$ 127,443	\$ 65,149
Unrestricted	990,458	1,032,359	1,011,532	1,379,690
<b>Total Business-type Activities Net Position</b>	<u>\$ 1,223,403</u>	<u>\$ 1,208,671</u>	<u>\$ 1,138,975</u>	<u>\$ 1,444,839</u>
<b>Primary Government:</b>				
Net investment in Capital Assets	\$ 48,789,797	\$ 31,516,399	\$ 39,154,851	\$ 40,708,110
Restricted	34,427,839	35,185,387	29,177,399	26,639,052
Unrestricted	21,616,166	59,657,319	57,325,191	63,969,530
<b>Total Primary Government Net Position</b>	<u>\$ 104,833,802</u>	<u>\$ 79,757,631</u>	<u>\$ 125,657,441</u>	<u>\$ 131,316,692</u>

\* As restated for implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior to 2014.

*Source: The Statement of Net Position for Spring Branch Independent School District*

Table 1

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 51,468,759	\$ 51,888,293	\$ 40,624,417	\$ 29,521,229	\$ 11,882,008	\$ 12,847,356
18,331,462	17,731,468	10,068,647	10,343,604	12,207,679	12,536,009
59,650,441	59,686,394	64,641,979	67,754,083	76,198,602	59,978,617
<u>\$ 129,450,662</u>	<u>\$ 129,306,155</u>	<u>\$ 115,335,043</u>	<u>\$ 107,618,916</u>	<u>\$ 100,288,289</u>	<u>\$ 85,361,982</u>
\$ 76,287	\$ 87,788	\$ -	\$ -	\$ -	\$ -
1,152,713	625,149	953,903	1,040,489	1,169,174	1,476,976
<u>\$ 1,229,000</u>	<u>\$ 712,937</u>	<u>\$ 953,903</u>	<u>\$ 1,040,489</u>	<u>\$ 1,169,174</u>	<u>\$ 1,476,976</u>
\$ 51,545,046	\$ 51,976,081	\$ 40,624,417	\$ 29,521,229	\$ 11,882,008	\$ 12,847,356
18,331,462	17,731,468	10,068,647	10,343,604	12,207,679	12,536,009
60,803,154	60,311,543	65,595,882	68,794,572	77,367,776	61,455,593
<u>\$ 130,679,662</u>	<u>\$ 130,019,092</u>	<u>\$ 116,288,946</u>	<u>\$ 108,659,405</u>	<u>\$ 101,457,463</u>	<u>\$ 86,838,958</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT****CHANGES IN NET POSITION****LAST TEN FISCAL YEARS****(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Expenses</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 197,208,116	\$ 199,239,989	\$ 183,750,501	\$ 177,338,029
Instructional Resources and Media Services	3,657,049	3,544,567	3,653,392	4,275,895
Curriculum and Instructional Staff Development	7,482,753	7,912,503	8,100,879	7,401,464
Instructional Leadership	4,103,909	3,226,808	3,624,133	3,730,097
School Leadership	19,705,964	19,099,504	18,333,639	17,937,787
Guidance, Counseling, and Evaluation Services	14,245,108	13,143,594	11,728,287	11,252,726
Social Work Services	94,149	96,337	96,369	116,817
Health Services	3,548,314	3,411,881	3,286,152	3,383,876
Student Transportation	9,045,577	8,763,517	8,521,668	7,811,242
Food Services	16,419,940	16,287,375	15,555,202	15,035,744
Cocurricular/Extracurricular Activities	7,122,368	6,724,772	6,294,896	4,983,976
General Administration	7,788,096	7,534,880	6,897,517	6,654,497
Plant Maintenance and Operations	29,605,740	29,776,709	30,409,741	27,435,296
Security and Monitoring Services	3,457,287	3,234,400	3,198,976	3,128,068
Data Processing Services	8,504,287	8,119,198	6,431,531	7,105,270
Community Services	4,310,416	4,310,606	4,498,122	4,186,329
Interest on Long-term Debt	32,434,481	35,188,228	34,343,484	34,510,526
Bond Issuance Costs and Fees	1,366,830	725,628	728,367	820,965
Facilities Repairs and Maintenance	3,798,885	5,838,853	4,748,351	8,933,935
Purchase of WADA	8,199,477	-	-	6,900,318
Payments related to Shared Service Arrangements	378,141	346,466	285,156	239,935
Payments to JJAEP	-	-	-	-
Other Intergovernmental Charges	2,359,997	2,088,199	1,042,363	2,988,000
<b>Total Governmental Activities Expenses</b>	<u>384,836,884</u>	<u>378,614,014</u>	<u>355,528,726</u>	<u>356,170,792</u>
<b>Business-type Activities:</b>				
Athletic Rentals/Concessions	1,004,163	1,185,289	923,305	641,512
After School Programs	69,331	73,027	90,002	90,002
Employee Childcare	1,629,226	1,581,070	1,592,635	1,592,635
Community Education	377,020	343,753	325,576	325,576
Fine Arts	138,667	158,233	137,436	137,436
Facility Rentals	50,383	46,437	57,911	57,911
Summer School	388,620	287,325	232,231	232,231
Other	-	-	42,617	42,617
<b>Total Business-type Activities Expenses</b>	<u>3,657,410</u>	<u>3,675,134</u>	<u>3,401,713</u>	<u>3,119,920</u>
<b>Total Primary Government Expenses</b>	<u>388,494,294</u>	<u>382,289,148</u>	<u>358,930,439</u>	<u>359,290,712</u>

**Table 2**  
**Page 1 of 2**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 201,207,980	\$ 193,356,124	\$ 188,009,562	\$ 185,928,189	\$ 168,841,826	\$ 164,083,413
4,387,542	3,493,605	3,586,375	4,008,100	4,650,928	4,905,090
7,589,849	7,373,266	7,707,441	8,278,919	8,337,524	6,340,022
4,189,885	4,650,828	3,515,095	3,170,962	3,190,038	3,713,364
18,442,088	18,457,940	17,303,406	17,372,720	16,855,633	15,969,717
12,680,996	12,424,778	10,453,989	10,366,093	10,321,466	10,150,848
277,370	427,390	555,754	503,079	485,614	955
3,365,807	3,364,031	3,357,452	3,123,632	2,893,949	2,500,750
7,990,151	7,270,976	7,225,731	7,468,318	6,211,246	6,813,249
15,411,567	14,902,668	13,911,311	13,654,670	15,221,088	14,813,150
5,234,157	4,947,829	4,987,685	4,698,510	5,593,250	5,223,067
6,422,833	7,002,494	5,974,050	5,772,859	7,898,090	7,661,148
27,693,563	27,592,294	27,369,870	25,419,506	24,582,865	23,288,901
3,294,200	3,241,718	3,475,434	2,942,103	3,215,290	2,437,361
6,289,021	8,904,479	5,950,202	5,308,636	3,524,631	4,569,241
1,936,180	2,060,316	2,468,312	2,802,352	3,081,263	2,840,558
31,348,197	28,614,947	25,672,470	18,767,462	17,876,764	17,857,018
435,636	548,555	546,265	528,639	366,524	254,920
5,123,708	3,592,489	1,660,229	358,142	1,137,853	2,533,309
2,657,017	-	7,273,270	6,501,316	19,073,000	17,454,165
388,064	382,265	215,695	34,818	165,907	-
83,160	75,600	75,607	56,700	78,364	8,844
2,002,289	1,478,151	1,793,664	1,618,331	-	-
<u>368,451,260</u>	<u>354,162,743</u>	<u>343,088,869</u>	<u>328,684,056</u>	<u>323,603,113</u>	<u>313,419,090</u>
725,486	613,268	486,677	401,312	446,938	566,382
216,640	216,640	226,157	224,983	220,056	179,392
1,779,049	1,779,049	1,686,910	1,435,259	1,256,971	1,099,880
436,089	436,089	458,669	524,671	576,212	508,824
100,013	100,013	103,290	92,749	314,215	310,285
49,858	49,858	46,024	52,273	22,678	17,601
352,134	352,134	195,108	331,392	344,020	134,483
21,159	21,159	28,860	7,621	26,744	-
<u>3,680,428</u>	<u>3,568,210</u>	<u>3,231,695</u>	<u>3,070,260</u>	<u>3,207,834</u>	<u>2,816,847</u>
<u>372,131,688</u>	<u>357,730,953</u>	<u>346,320,564</u>	<u>331,754,316</u>	<u>326,810,947</u>	<u>316,235,937</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*CHANGES IN NET POSITION*

*LAST TEN FISCAL YEARS*

*(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
Instruction	\$ 2,051,797	\$ 1,830,851	\$ 1,912,510	\$ 1,409,694
Food Services	2,638,425	2,911,703	3,039,522	3,276,516
Cocurricular/Extracurricular Activities	452,040	434,228	418,223	462,041
Other Activities	458,925	318,651	278,731	375,516
<b>Operating Grants and Contributions</b>	<u>66,824,342</u>	<u>62,114,750</u>	<u>58,398,780</u>	<u>60,574,226</u>
<b>Total Governmental Activities Program Revenues</b>	<u>72,425,529</u>	<u>67,610,183</u>	<u>64,047,766</u>	<u>66,097,993</u>
<b>Business-type Activities:</b>				
<b>Charges for Services:</b>				
Athletic Rentals/Concessions	847,067	1,001,533	666,031	656,305
After School Programs	69,910	79,330	91,915	91,915
Employee Childcare	1,712,809	1,727,317	1,594,438	1,594,438
Community Education	336,324	343,947	357,980	357,980
Fine Arts	120,290	139,471	137,594	137,594
Facility Rentals	92,193	92,193	91,393	91,393
Summer School	419,530	287,328	289,164	289,164
Other	72,391	72,391	115,528	115,528
<b>Total Business-type Activities Program Revenues</b>	<u>3,670,514</u>	<u>3,743,510</u>	<u>3,344,043</u>	<u>3,334,317</u>
<b>Total Primary Government Program Revenues</b>	<u>76,096,043</u>	<u>71,353,693</u>	<u>67,391,809</u>	<u>69,432,310</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(312,411,355)	(311,003,831)	(291,480,960)	(290,072,799)
Business-type Activities	13,104	68,376	(57,670)	214,397
<b>Total Primary Government Net (Expense)/Revenue</b>	<u>(312,398,251)</u>	<u>(310,935,455)</u>	<u>(291,538,630)</u>	<u>(289,858,402)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property Taxes, Levied for General Purposes	245,907,769	219,095,170	200,319,455	189,162,413
Property Taxes, Levied for Debt Service	72,539,219	64,498,113	59,498,741	56,071,281
Investment Earnings	805,188	533,462	713,180	868,755
State Aid - Formula Grants - Unrestricted	15,862,285	25,180,349	27,257,873	42,506,183
Grants and Contributions Not Restricted to Specific Programs	-	70,640	-	-
Gain on Sale of Capital Assets	-	-	-	-
Miscellaneous	2,358,333	2,258,065	1,941,416	1,885,358
Transfers	-	-	250,000	-
<b>Total Governmental Activities</b>	<u>337,472,794</u>	<u>311,635,799</u>	<u>289,980,665</u>	<u>290,493,990</u>
<b>Business-type Activities:</b>				
Investment Earnings	1,628	1,320	1,806	1,442
Transfers	-	-	(250,000)	-
<b>Total Business-type Activities</b>	<u>1,628</u>	<u>1,320</u>	<u>(248,194)</u>	<u>1,442</u>
<b>Total Primary Government</b>	<u>\$ 337,474,422</u>	<u>\$ 311,637,119</u>	<u>\$ 289,732,471</u>	<u>\$ 290,495,432</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 25,061,439	\$ 631,968	\$ (1,500,295)	\$ 421,191
Business-type Activities	14,732	69,696	(305,864)	215,839
<b>Total Primary Government</b>	<u>\$ 25,076,171</u>	<u>\$ 701,664</u>	<u>\$ (1,806,159)</u>	<u>\$ 637,030</u>

Source: The Statement of Activities for Spring Branch Independent School District



*Table 2*  
*Page 2 of 2*

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,287,699	\$ 1,467,644	\$ 1,109,270	\$ 1,631,010	\$ 1,779,506	\$ 995,600
3,315,561	3,570,466	3,354,439	3,448,932	3,607,219	3,617,136
373,420	329,822	303,404	366,946	339,139	316,959
337,093	509,814	415,681	369,316	344,793	449,620
72,320,049	73,233,585	58,428,248	55,747,293	57,058,325	60,282,466
<u>77,633,822</u>	<u>79,111,331</u>	<u>63,611,042</u>	<u>61,563,497</u>	<u>63,128,982</u>	<u>65,661,781</u>
786,610	525,572	498,424	337,980	474,768	512,801
200,170	200,170	207,380	245,110	211,482	187,190
1,663,200	1,663,200	1,472,076	1,313,612	1,208,149	1,160,373
406,384	406,384	458,394	513,213	498,930	589,775
108,209	108,209	110,513	110,582	270,079	296,648
90,241	90,241	90,241	90,916	37,919	70,238
276,486	276,486	237,615	262,718	254,333	177,425
55,480	55,480	54,833	13,286	44,523	-
<u>3,586,780</u>	<u>3,325,742</u>	<u>3,129,476</u>	<u>2,887,417</u>	<u>3,000,183</u>	<u>2,994,450</u>
<u>81,220,602</u>	<u>82,437,073</u>	<u>66,740,518</u>	<u>64,450,914</u>	<u>66,129,165</u>	<u>68,656,231</u>
(290,817,438)	(275,051,412)	(279,477,827)	(267,120,559)	(260,474,131)	(247,757,309)
(93,648)	(242,468)	(102,219)	(182,843)	(207,651)	177,603
<u>(290,911,086)</u>	<u>(275,293,880)</u>	<u>(279,580,046)</u>	<u>(267,303,402)</u>	<u>(260,681,782)</u>	<u>(247,579,706)</u>
183,535,631	186,369,188	176,011,657	163,727,834	198,833,041	201,339,103
54,176,940	55,814,168	50,472,698	31,025,813	27,010,508	30,016,334
815,827	1,500,688	6,792,037	6,172,347	7,853,073	6,417,813
46,980,742	43,702,903	60,682,496	68,922,483	38,204,271	10,754,435
-	-	49,655	35,131	1,281,779	96,433
-	-	-	55,471	-	-
4,561,348	1,635,569	388,020	4,512,107	192,597	2,260,823
(608,543)	-	-	-	188,550	-
<u>289,461,945</u>	<u>289,022,516</u>	<u>294,396,563</u>	<u>274,451,186</u>	<u>273,563,819</u>	<u>250,884,941</u>
1,168	1,503	15,633	54,158	88,399	-
608,543	-	-	-	(188,550)	-
609,711	1,503	15,633	54,158	(100,151)	-
<u>\$ 290,071,656</u>	<u>\$ 289,024,019</u>	<u>\$ 294,412,196</u>	<u>\$ 274,505,344</u>	<u>\$ 273,463,668</u>	<u>\$ 250,884,941</u>
\$ (1,355,493)	\$ 13,971,104	\$ 14,918,736	\$ 7,330,627	\$ 13,089,688	\$ 3,127,632
516,063	(240,965)	(86,586)	(128,685)	(307,802)	177,603
<u>\$ (839,430)</u>	<u>\$ 13,730,139</u>	<u>\$ 14,832,150</u>	<u>\$ 7,201,942</u>	<u>\$ 12,781,886</u>	<u>\$ 3,305,235</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

*(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	2,229,910	3,104,807	4,886,501	4,413,621
Assigned	23,332,944	23,005,277	18,448,202	25,595,778
Unassigned	37,229,167	32,383,083	30,798,942	32,513,688
<b>Total General Fund</b>	<u>\$ 62,792,021</u>	<u>\$ 58,493,167</u>	<u>\$ 54,133,645</u>	<u>\$ 62,523,087</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Capital Projects Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
Non-spendable, Reported in:				
Special Revenue Funds	164,932	232,365	256,839	266,615
Restricted, Reported in:				
Special Revenue Funds	17,293,713	14,721,636	13,345,058	10,464,804
Debt Service Fund	32,256,942	33,926,414	29,822,310	29,791,979
Capital Projects Funds	99,784,699	99,592,990	63,190,878	124,944,742
Committed, Reported in:				
Special Revenue Funds	939,615	891,434	847,600	905,297
<b>Total All Other Governmental Funds</b>	<u>\$ 150,439,901</u>	<u>\$ 149,364,839</u>	<u>\$ 107,462,685</u>	<u>\$ 166,373,437</u>

**Note:** This statement was updated on June 30, 2011 to accommodate the changes in Fund Balance classification per GASB 54.

**Source:** The Balance Sheet - Governmental Funds for Spring Branch Independent School District

**Table 3**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ -	\$ 2,784,089	\$ 4,386,219	\$ 1,784,863	\$ 1,263,374	\$ 1,456,666
-	64,283,417	67,605,320	71,331,413	68,943,868	62,013,460
3,435,791	-	-	-	-	-
27,423,625	-	-	-	-	-
32,055,868	-	-	-	-	-
<u>\$ 62,915,284</u>	<u>\$ 67,067,506</u>	<u>\$ 71,991,539</u>	<u>\$ 73,116,276</u>	<u>\$ 70,207,242</u>	<u>\$ 63,470,126</u>
\$ -	\$ 99,632,905	\$ 78,819,120	\$ 18,546,897	\$ 16,808,909	\$ 17,047,132
-	97,539,935	113,773,001	215,776,266	39,480,586	46,497,233
-	1,478,813	1,989,459	1,740,969	2,346,489	2,024,563
274,256	-	-	-	-	-
9,424,062	-	-	-	-	-
21,982,200	-	-	-	-	-
145,114,405	-	-	-	-	-
791,976	-	-	-	-	-
<u>\$177,586,899</u>	<u>\$ 198,651,653</u>	<u>\$ 194,581,580</u>	<u>\$ 236,064,132</u>	<u>\$ 58,635,984</u>	<u>\$ 65,568,928</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>				
Local, Intermediate, and Out-of-State	\$ 333,343,368	\$ 296,858,984	\$ 271,546,150	\$ 256,909,683
State Programs	31,557,522	40,550,933	40,161,499	55,973,177
Federal Programs	44,868,724	43,242,824	41,761,766	44,151,738
<b>Total Revenues</b>	<u>409,769,614</u>	<u>380,652,741</u>	<u>353,469,415</u>	<u>357,034,598</u>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	181,897,891	175,826,794	166,462,318	162,655,760
Instructional Resources and Media Services	3,679,025	3,522,081	3,625,706	4,276,737
Curriculum and Instructional Staff Development	7,631,740	7,920,098	8,119,977	7,511,768
Instructional Leadership	4,116,595	3,275,003	3,636,186	3,727,104
School Leadership	19,567,055	19,098,113	18,409,260	17,953,805
Guidance, Counseling, and Evaluation Services	14,161,861	13,149,995	11,707,677	11,275,372
Social Work Services	99,324	96,211	96,353	116,027
Health Services	3,605,544	3,407,619	3,286,091	3,387,179
Student Transportation	7,856,932	7,773,279	8,612,641	7,839,289
Food Services	17,276,176	16,044,845	15,363,078	14,875,495
Cocurricular/Extracurricular Activities	5,706,472	5,502,637	5,029,405	4,873,901
General Administration	7,713,782	7,473,402	6,757,554	6,798,880
Plant Maintenance and Operations	29,248,155	29,275,234	30,553,170	27,481,186
Security and Monitoring Services	3,729,648	3,161,314	3,134,772	3,029,380
Data Processing Services	7,283,712	7,045,325	6,907,464	7,077,192
Community Services	4,355,275	4,298,963	4,507,100	4,194,246
Principal on Long-term Debt	33,742,051	23,590,671	24,333,071	19,979,158
Interest on Long-term Debt	35,914,471	37,671,807	38,060,027	39,402,477
Other Debt Service Expenditures	1,080,591	416,706	21,161	194,030
Facilities Acquisition and Construction	34,976,755	26,872,674	61,124,859	92,357,980
Contracted Instructional Services	8,199,477	-	-	6,900,318
Payments related to Shared Service Arrangements	378,141	346,466	285,156	239,935
Payments to Juvenile Justice Alt. Ed. Prgm.	-	-	-	-
Other Intergovernmental Charges	2,359,997	2,088,199	1,042,363	2,988,000
<b>Total Expenditures</b>	<u>434,580,670</u>	<u>397,857,436</u>	<u>421,075,389</u>	<u>449,135,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,811,056)</u>	<u>(17,204,695)</u>	<u>(67,605,974)</u>	<u>(92,100,621)</u>

**Table 4**  
**Page 1 of 2**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 252,491,199	\$ 253,981,109	\$ 244,097,720	\$ 215,799,169	\$ 244,267,377	\$ 249,179,996
63,322,358	60,814,817	81,722,458	89,327,975	57,741,605	29,027,373
52,253,146	52,486,989	33,676,081	31,013,102	34,402,367	38,302,637
<u>368,066,703</u>	<u>367,282,915</u>	<u>359,496,259</u>	<u>336,140,246</u>	<u>336,411,349</u>	<u>316,510,006</u>
181,209,645	184,796,121	177,209,859	175,516,066	162,853,195	155,622,417
4,445,006	3,496,617	3,549,537	4,028,713	3,604,751	3,852,271
7,597,563	7,287,043	7,624,433	8,272,914	8,257,064	6,349,120
4,241,091	4,647,966	3,534,219	3,170,813	3,090,647	3,663,941
18,572,888	18,488,195	17,330,300	17,387,777	16,249,965	15,400,912
12,740,481	12,418,147	10,488,296	10,492,932	10,134,864	10,101,755
277,839	426,309	557,289	504,733	484,505	-
3,383,474	3,370,129	3,362,808	3,130,192	2,779,868	2,383,473
7,078,622	8,245,515	6,462,952	12,708,935	6,972,552	8,197,722
15,863,594	14,942,825	13,933,367	13,040,231	15,529,950	14,303,238
5,268,800	4,847,878	4,698,673	4,426,433	4,214,196	4,028,423
6,493,670	6,987,967	5,880,489	5,623,606	7,697,726	7,507,743
27,642,407	27,210,044	26,720,387	24,851,673	23,873,548	22,411,468
3,298,378	3,356,088	3,614,005	2,925,198	3,193,102	2,414,898
6,337,152	8,686,842	5,967,460	6,053,099	3,962,792	4,240,970
1,977,035	2,061,809	2,436,134	2,799,934	3,040,368	2,877,734
24,106,120	29,254,512	25,443,172	15,825,476	14,540,379	10,082,389
31,900,415	27,347,328	25,173,566	18,578,725	18,737,498	20,390,290
875,093	945,909	13,175	714,863	-	-
128,448,076	129,186,117	47,965,798	17,315,239	9,398,728	24,599,669
2,657,017	-	7,273,270	6,501,316	19,073,000	17,454,165
388,064	382,265	215,695	34,818	165,907	-
83,160	75,600	75,600	56,700	78,364	8,844
2,002,289	1,478,151	1,793,664	1,618,331	-	-
<u>496,887,879</u>	<u>499,939,377</u>	<u>401,324,148</u>	<u>355,578,717</u>	<u>337,932,969</u>	<u>335,891,442</u>
<u>(128,821,176)</u>	<u>(132,656,462)</u>	<u>(41,827,889)</u>	<u>(19,438,471)</u>	<u>(1,521,620)</u>	<u>(19,381,436)</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Other Financing Sources (Uses)</b>				
Refunding Bonds Issued	\$ 116,510,000	\$ -	\$ -	\$ -
Issuance of Capital Related Debt (Regular Bonds)	31,390,000	60,990,000	-	75,000,000
Premium/Discount from Issuance of Bonds	13,045,954	2,315,790	-	5,328,914
Sale of Real and Personal Property	94,461	118,887	55,780	135,775
Capital Lease Proceeds	1,500,093	-	-	-
Other Sources (Uses)	-	-	-	-
Transfers In	72,290	41,605	250,000	2,464,112
Transfers Out	(1,491,174)	-	-	(2,433,839)
Payment to Refunded Bond Escrow Agent	(130,936,563)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>30,185,061</u>	<u>63,466,282</u>	<u>305,780</u>	<u>80,494,962</u>
 Net Change in Fund Balances	 <u>\$ 5,374,005</u>	 <u>\$ 46,261,587</u>	 <u>\$ (67,300,194)</u>	 <u>\$ (11,605,659)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditur</b>	 17.34%	 16.27%	 17.29%	 16.35%

**Note:** Significant negative changes in fund balance are generally associated with facilities, acquisition and construction projects.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ 163,040,000	\$ -
137,910,000	123,805,000	-	194,600,000	-	-
10,038,466	7,944,494	-	6,163,044	4,537,869	-
133,137	53,008	104,708	119,991	69,461	84,782
-	-	-	8,510	913,024	-
-	-	-	-	(167,423,136)	-
347,922	3,578,451	-	2,445,651	5,621,337	-
(908,563)	(3,578,451)	-	(2,445,651)	(5,432,787)	-
(45,416,762)	-	-	-	-	-
102,104,200	131,802,502	104,708	200,891,545	1,325,768	84,782
\$ (26,716,976)	\$ (853,960)	\$ (41,723,181)	\$ 181,453,074	\$ (195,852)	\$ (19,296,654)
15.03%	15.24%	14.30%	10.41%	10.28%	9.83%

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

*Table 5*

<b>Fiscal Year Ended June 30</b>	<b>Appraised Value</b>			<b>Taxable Assessed Value</b>	<b>Total Direct Rate (1)</b>
	<b>Real Property Value</b>	<b>Personal Property Value</b>	<b>Less: Exemptions</b>		
2015	\$ 28,167,826,641	\$ 2,212,613,252	\$ 6,176,359,821	\$ 24,204,080,072	\$ 1.3945
2014	25,212,260,439	2,154,708,573	5,833,418,802	21,533,550,210	1.3945
2013	23,401,710,061	1,888,419,343	5,618,449,625	19,671,679,779	1.3945
2012	22,419,960,609	1,807,332,828	5,557,144,928	18,670,148,509	1.3945
2011	21,763,576,757	1,817,303,004	5,414,045,696	18,166,834,065	1.3945
2010	22,071,628,367	1,967,561,359	5,511,774,490	18,527,415,236	1.3945
2009	20,977,939,158	1,864,813,988	5,245,449,268	17,597,303,878	1.3825
2008	19,033,169,794	1,767,867,201	4,740,941,403	16,060,095,592	1.2850
2007	17,374,139,575	1,556,063,949	4,362,577,308	14,567,626,216	1.6315
2006	15,921,429,929	1,557,718,751	3,946,657,704	13,532,490,976	1.8100

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

Source: Harris County Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority. Appraised value, which includes frozen tax levies less exemptions equals taxable assessed value.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Taxing Authority</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b><i>Overlapping Rates:</i></b>				
Bunker Hill Village, City of	\$ 0.2829	\$ 0.2979	\$ 0.2979	\$ 0.3077
Harris County *	0.4659	0.4663	0.4544	0.4444
Hedwig Village, City of	0.1964	0.2086	0.2173	0.2218
Hilshire Village, City of	0.5334	0.5743	0.6056	0.6051
Houston, City of	0.6311	0.6388	0.6388	0.6388
Hunters Creek Village, City of	0.1841	0.1841	0.1900	0.1825
Memorial Village Water Authority	0.0346	0.0386	0.0400	0.0399
Piney Point Village, City of	0.2551	0.2151	0.2151	0.2151
Spring Valley, City of	0.4878	0.5128	0.5398	0.5398
<b>Total</b>	<b>\$ 3.0713</b>	<b>\$ 3.1365</b>	<b>\$ 3.1989</b>	<b>\$ 3.1951</b>
<b><i>District Direct Rates:</i></b>				
Maintenance & Operations	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900
Debt Service	0.3045	0.3045	0.3045	0.3045
<b>Total District Direct Rates</b>	<b>\$ 1.3945</b>	<b>\$ 1.3945</b>	<b>\$ 1.3945</b>	<b>\$ 1.3945</b>

\* Includes Harris County, Harris County Department of Education, Harris County Flood Control District and the Port of Houston Authority

Source: Harris County Appraisal District Assessments

**Table 6**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 0.2730	\$ 0.2649	\$ 0.2779	\$ 0.2897	\$ 0.3079	\$ 0.3079
0.4444	0.4439	0.4437	0.3924	0.4024	0.4541
0.2230	0.2151	0.2050	0.2118	0.1818	0.1946
0.6374	0.5526	0.5286	0.5198	0.3717	0.3624
0.6388	0.6388	0.6388	0.6438	0.6450	0.6475
0.1850	0.1850	0.1850	0.1850	0.2467	0.2550
0.0382	0.0362	0.0360	0.0372	0.0382	0.0426
0.2151	0.2151	0.2151	0.2151	0.2277	0.2339
0.5398	0.5398	0.5187	0.5650	0.5244	0.5055
<u>\$ 3.1947</u>	<u>\$ 3.0914</u>	<u>\$ 3.0488</u>	<u>\$ 3.0597</u>	<u>\$ 2.9458</u>	<u>\$ 3.0035</u>
\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.4365	\$ 1.5750
0.3045	0.3045	0.2925	0.1950	0.1950	0.2350
<u>\$ 1.3945</u>	<u>\$ 1.3945</u>	<u>\$ 1.3825</u>	<u>\$ 1.2850</u>	<u>\$ 1.6315</u>	<u>\$ 1.8100</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Table 7*

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Taxpayer</b>	<b>Fiscal Year 2015</b>			<b>Fiscal Year 2006</b>		
	<b>Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value (2)</b>	<b>Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value (3)</b>
Metro National Corp	\$ 598,796,615	1	2.47%	\$ 379,557,608	1	2.80%
MC Medical Campus LP	220,670,860	2	0.91%			
Memorial City Towers Ltd	203,694,899	3	0.84%			
Behringer Harvard	216,579,095	4	0.89%			
MN Coxen LLC	198,605,545	5	0.82%			
Energy Tower II	111,000,000	6	0.46%			
Town and Country Ptrn	105,337,532	7	0.44%	38,486,820	8	0.28%
Centerpoint Energy Inc	101,236,049	8	0.42%	102,498,208	2	0.76%
Walmart	87,167,093	9	0.36%			
Murphy District No 1 Et al	87,081,767	10	0.36%			
Mitsubishi Caterpillar				90,970,675	3	0.67%
TR Eldridge Place Corp				55,155,848	4	0.41%
Orix PLC Houston Venture				45,198,260	5	0.33%
Energy Tower I Ltd				39,854,830	6	0.29%
Houstonian Campus Ltd				39,540,079	7	0.29%
Daniel Industries Inc				38,020,780	9	0.28%
Southwestern Bell				33,290,360	10	0.25%
<b>Totals</b>	<b>\$ 1,930,169,455</b>		<b>7.97%</b>	<b>\$ 862,573,468</b>		<b>6.37%</b>

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) Total assessed value tax year 2014 equals: \$ 24,204,080,072

(3) Total assessed value tax year 2005 equals: \$ 13,532,490,976

Source: Municipal Advisory Council of Texas

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

*Table 8*

<b>Fiscal Year</b>	<b>Tax Levy For The Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections In Subsequent Years</b>	<b>Total Collections to Date (Including 60 Day Accrual)</b>	
		<b>Amount</b>	<b>Percentage of Net Tax Levy</b>		<b>Amount</b>	<b>Percent of Total Tax Collections To Net Tax Levy</b>
2015	\$319,429,815	\$ 316,363,771	99.04%	\$ -	\$ 316,363,771	99.04%
2014	282,295,772	282,051,822	99.91%	(734,129)	281,317,693	99.65%
2013	257,755,728	256,391,346	99.47%	733,440	257,124,786	99.76%
2012	244,231,161	242,036,758	99.10%	1,748,899	243,785,657	99.82%
2011	236,850,556	235,119,670	99.27%	1,303,812	236,423,482	99.82%
2010	240,857,327	238,268,576	98.93%	2,143,369	240,411,945	99.82%
2009	225,907,701	224,473,965	99.37%	1,086,300	225,560,265	99.85%
2008	193,210,527	191,151,362	98.93%	1,734,181	192,885,543	99.83%
2007	223,925,939	220,861,647	98.63%	2,650,051	223,511,698	99.82%
2006	229,634,536	225,155,499	98.05%	4,008,372	229,163,871	99.80%

(1) Appraised value less exemptions equal taxable assessed value. The beginning 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.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

*Table 9*

<b>Fiscal Year (1)</b>	<b>Governmental Activities</b>			<b>Ratio of Debt to Assessed Value (1)</b>	<b>Debt Per Student (2)</b>
	<b>General Obligation Bonds</b>	<b>Capital Leases/Notes Payable</b>	<b>Total Primary Government</b>		
2015	\$ 776,752,997	\$ 1,305,097	\$ 778,058,094	3.21%	\$ 23,973
2014	784,530,061	1,548,229	786,078,290	3.65%	24,206
2013	747,206,839	1,763,900	748,970,739	3.81%	23,364
2012	766,535,537	1,961,971	768,497,508	4.12%	24,740
2011	707,780,793	2,143,433	709,924,226	3.91%	23,376
2010	630,403,384	2,309,240	632,712,624	3.42%	21,199
2009	528,454,366	2,568,752	531,023,118	3.02%	17,853
2008	553,979,007	3,021,924	557,000,931	3.47%	19,018
2007	368,456,529	3,819,382	372,275,911	2.56%	12,694
2006	383,440,433	3,577,944	387,018,377	2.86%	12,987

(1) See Table 5 for assessed value data.

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

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

*Table 10*

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less Reserve for Retirement of Bonded Debt</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt To Assessed Value (1)</b>	<b>Net Bonded Debt Per Student (2)</b>
2015	\$ 776,752,997	\$ 18,582,403	\$ 758,170,594	3.13%	\$ 23,361
2014	784,530,061	20,231,386	764,298,675	3.55%	23,536
2013	747,206,839	14,984,741	732,222,098	3.72%	22,841
2012	766,535,537	15,002,336	751,533,201	4.03%	24,194
2011	707,780,793	7,841,168	699,939,625	3.85%	23,047
2010	630,403,384	11,423,005	618,980,379	3.34%	20,739
2009	528,454,366	4,368,636	524,085,730	2.98%	17,619
2008	553,979,007	4,921,725	549,057,282	3.42%	18,747
2007	368,456,529	7,192,916	361,263,613	2.48%	12,318
2006	383,440,433	6,676,049	376,764,384	2.78%	12,643

(1) See Table 5 for assessed value data.

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

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT**  
*June 30, 2015*

*Table 11*

<u>Taxing Body</u>	<u>Net Debt Amount</u>	<u>Outstanding As of</u>	<u>Percent Overlapping</u>	<u>Share of Debt</u>
<b><i>Overlapping:</i></b>				
Bunker Hill Village, City of	\$ 13,260,000	6/30/2015	100.00%	\$ 13,260,000
Harris County	2,229,169,312	2/28/2014	6.81%	151,806,430
Harris County Dept of Education	7,210,000	6/30/2015	6.81%	491,001
Harris County Flood Control	83,017,090	2/28/2014	6.81%	5,653,464
Harris County Toll Road	319,740,427	6/30/2015	6.95%	22,221,960
Hedwig Village, City of	5,640,000	6/30/2015	100.00%	5,640,000
Hilshire Village, City of	1,185,000	6/30/2015	100.00%	1,185,000
Houston, City of	2,997,596,341	6/30/2014	9.27%	277,877,181
Piney Point Village, City of	7,335,000	6/30/2015	100.00%	7,335,000
Port of Houston Authority	659,089,397	12/31/2014	6.81%	44,883,988
Spring Valley, City of	13,475,000	6/30/2015	100.00%	<u>13,475,000</u>
<b>Total Net Overlapping Debt</b>				543,829,023
<b><i>Direct:</i></b>				
Spring Branch Independent School District	778,058,094		100.00%	<u>778,058,094</u>
<b>Total Direct and Overlapping Debt</b>				<u><u>\$ 1,321,887,117</u></u>

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. 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.



**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

*Table 12*

<b>Fiscal Year</b>	<b>Residential Units (1)</b>	<b>Total Assessed Value of Residential Units (1)</b>	<b>Personal Income (2)</b>	<b>Average Assessed Value Per Residential Unit</b>	<b>Per Capita Income (2)</b>	<b>Average Daily Attendance (3)</b>	<b>Unemployment Rate (4)</b>
2015	42,816	\$ 18,569,606,282	*	\$ 433,707	*	32,455	4.5%
2014	42,494	16,521,857,706	*	388,804	*	32,474	5.4%
2013	42,325	15,545,579,506	\$ 230,462,963,000	367,291	\$ 53,141	32,057	6.8%
2012	42,257	15,128,026,545	224,617,980,000	358,000	52,805	31,063	7.6%
2011	42,054	14,643,857,476	204,593,445,000	348,216	48,935	30,370	8.8%
2010	42,023	14,760,379,169	183,924,314,000	351,245	44,757	29,846	8.6%
2009	42,163	14,756,078,229	175,241,127,000	349,977	43,432	29,745	5.1%
2008	42,097	13,546,497,679	190,226,395,000	321,792	47,788	29,288	4.0%
2007	41,957	12,559,332,808	194,177,877,000	299,338	49,634	29,327	4.3%
2006	41,847	11,913,154,868	178,160,838,000	284,684	45,961	29,800	5.7%

(1) Source: Harris County (Texas) Appraisal District

(2) Source: TRACER of Texas Workforce Commission; income information is for Harris County

(3) Source: Texas Education Agency

(4) Source: TRACER of Texas Workforce Commission; Unemployment rate is for Harris County

\* Information not yet available

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

*Table 13*

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Principal Employers</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Wal-Mart Stores Inc	32,000	1	18.00%	29,554	1	15.71%
HEB	21,471	2	12.08%			
University of Texas M.D. Anderson Cancer Center	20,357	3	11.45%	15,293	8	8.13%
Memorial Hermann Healthcare System	20,055	4	11.28%	16,248	7	8.64%
Methodist Hospital System	16,961	5	9.54%			
Kroger Co.	15,216	6	8.56%	12,803	9	6.81%
United Airlines	15,108	7	8.50%			
Exxon Mobil Corp.	12,814	8	7.21%	16,732	6	8.89%
Schlumberger	12,207	9	6.87%			
National Oilwell Varco	11,563	10	6.51%			
City of Houston				20,600	3	10.95%
Houston Independent School District				25,521	2	13.57%
Continental Airlines				19,661	5	10.45%
Administaff				19,851	4	10.55%
Halliburton				11,868	10	6.31%

Source: Houston Chronicle

<http://www.chron.com/databases/chron100-largestemployers.html>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION**  
**LAST TEN FISCAL YEARS**

<b>POSITION:</b>	<b>2015 ***</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Administrator	81.8	72.0	70.5	69.8
Assistant Principal	81.0	78.5	77.5	76.5
Athletic Director	4.0	4.0	4.0	4.0
Athletic Trainer	6.5	8.0	8.0	8.0
Bus Driver/Bus Attendants	221.5	157.0	157.0	157.0
Cafeteria Workers	294.0	384.0	383.0	384.0
Child Care Worker	67.0	85.0	83.0	76.0
Counselor	71.5	59.5	59.0	59.5
Crossing Guard	34.0	56.0	55.0	55.0
Custodial	207.0	209.0	204.0	203.0
Intervention Specialists	119.0	122.9	116.4	103.2
Librarian/Library Assistant	38.0	40.0	39.0	39.0
Maintenance	101.0	109.0	109.0	95.0
Nurse/Nurse Assistant	46.0	53.0	53.0	53.0
Other Auxiliary*	35.5	28.0	28.0	29.0
Other Professional **	193.1	154.5	147.3	140.1
Police Officer	32.0	24.0	25.0	25.0
Principal	44.5	45.5	44.5	44.5
Registrar	6.0	5.0	5.0	5.0
Secretary/Clerical	334.0	342.8	335.9	328.4
Social Worker	1.0	0.0	0.0	0.0
Teacher	2,136.3	2,188.5	2,150.9	2,113.4
Teacher Assistant	330.0	333.7	332.7	337.0
Technology	54.0	38.0	38.0	37.0
<b>Total Employees</b>	<b>4,538.8</b>	<b>4,597.8</b>	<b>4,525.7</b>	<b>4,442.4</b>

\* Includes Warehouse Drivers, Child Nutrition Drivers, Telecommunications, and other technical auxiliary staff not otherwise listed.

\*\* Includes Diagnosticians, Psychologists, Program Coordinators, Case Managers, Speech Pathologists and other professional staff not listed individually.

\*\*\* Methodology for grouping FTEs has been updated for several categories.

Source: District Records

*Table 14*

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
74.5	73.0	72.0	72.0	68.5	68.0
75.0	74.5	79.0	76.5	74.0	70.5
4.0	4.0	4.0	4.0	4.0	4.0
8.0	8.0	8.0	8.0	8.0	8.0
157.0	157.0	157.0	156.8	156.8	153.0
384.0	384.0	384.0	384.0	384.0	383.0
76.0	63.0	59.0	57.8	61.4	61.8
78.0	78.0	78.0	77.0	79.0	73.5
55.0	53.5	53.5	53.5	53.5	52.5
203.0	202.0	200.0	200.0	200.0	201.0
133.8	127.7	130.8	133.0	131.6	145.0
42.0	43.0	44.3	39.0	43.0	44.0
100.0	104.0	92.0	92.0	92.0	92.0
53.0	53.8	50.9	51.0	51.0	51.0
30.0	30.0	30.0	30.0	30.0	26.0
135.5	127.9	117.7	117.4	118.4	107.0
30.0	30.0	30.0	33.0	37.0	31.0
44.5	44.5	46.0	46.0	46.0	46.0
5.0	5.0	5.0	5.0	5.0	5.0
358.9	362.7	358.1	362.5	370.7	370.0
0.0	2.0	8.0	8.0	10.0	10.5
2,301.2	2,273.7	2,274.3	2,305.4	2,274.4	2,260.0
361.9	358.6	351.5	342.1	405.3	413.0
38.0	39.0	39.0	39.0	39.0	41.0
<u>4,748.2</u>	<u>4,698.9</u>	<u>4,672.0</u>	<u>4,692.9</u>	<u>4,742.4</u>	<u>4,716.8</u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT****OPERATING STATISTICS****LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Average Daily Attendance</b>	<b>Operating Expenditures (1)</b>	<b>Cost Per Student</b>	<b>Percentage Change</b>	<b>Governmental Activities Expenses</b>
2015	32,455	\$331,072,735	\$10,201	5.23%	\$384,836,884
2014	32,474	314,795,540	9,694	4.12%	378,614,014
2013	32,057	298,459,754	9,310	-4.71%	355,528,726
2012	31,063	303,511,703	9,771	-6.05%	356,170,792
2011	30,370	315,856,068	10,400	-1.08%	368,451,260
2010	29,846	313,788,253	10,514	3.01%	354,162,743
2009	29,745	303,594,881	10,207	8.38%	343,088,869
2008	29,288	275,819,180	9,417	-4.88%	328,684,056
2007	29,327	290,350,652	9,900	5.49%	323,603,113
2006	29,800	279,676,519	9,385	N/A	313,419,090

Source: Nonfinancial information from district records.

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

(2) Teachers per Table 14

*Table 15*

<b>Cost Per Student</b>	<b>Percentage Change</b>	<b>Teaching Staff (2)</b>	<b>Student to Teacher Ratio</b>	<b>Percentage of Students in Free/Reduced Lunch Program</b>
\$11,858	1.70%	2,136	15.19	55.94%
11,659	5.13%	2,188	14.84	58.41%
11,091	-3.28%	2,151	14.90	59.00%
11,466	-5.49%	2,113	14.70	58.74%
12,132	2.24%	2,301	13.20	58.58%
11,866	2.88%	2,274	13.13	58.41%
11,534	2.78%	2,274	13.08	58.78%
11,222	1.71%	2,305	12.70	55.97%
11,034	4.91%	2,274	12.89	56.95%
10,517	N/A	2,260	13.19	55.94%

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**

*Table 16*

<b>Fiscal Year</b>	<b>Minimum Salary (1)</b>	<b>Maximum Salary (1)</b>	<b>County Average Salary (2)</b>	<b>Statewide Average Salary (2)</b>
2015	\$ 48,000	\$ 79,738	\$ 54,284	\$ 50,715
2014	47,000	77,416	52,356	49,692
2013	45,500	75,161	51,124	48,821
2012	45,500	75,951	50,536	48,375
2011	45,350	72,698	50,712	48,639
2010	45,320	72,598	50,236	48,263
2009	44,000	71,073	49,376	47,158
2008	43,000	69,518	48,232	46,178
2007	41,000	67,493	46,825	44,897
2006	38,500	64,493	44,084	41,743

(1) Source: District records

(2) Source: Texas Education Agency website

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT****SCHOOL BUILDING INFORMATION****LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>HIGH SCHOOLS</b>				
Memorial (1962)				
Square Footage	311,115	311,115	311,115	311,115
Capacity	2,516	2,516	2,516	2,441
Enrollment	2,602	2,567	2,564	2,461
Northbrook (1974)				
Square Footage	394,609	394,609	394,609	394,609
Capacity	2,477	2,477	2,477	2,427
Enrollment	2,258	2,119	2,155	2,027
Spring Woods (1964)				
Square Footage	349,382	349,382	349,382	349,382
Capacity	2,098	2,098	2,098	2,023
Enrollment	2,131	2,094	2,120	2,002
Stratford (1974)				
Square Footage	323,500	323,500	323,500	323,500
Capacity	1,923	1,923	1,923	1,891
Enrollment	1,934	2,010	2,091	1,967
<b>MIDDLE SCHOOLS</b>				
Landrum (1956)				
Square Footage	178,731	178,731	178,731	178,731
Capacity	954	954	954	954
Enrollment	1,047	740	828	750
Memorial (1963)				
Square Footage	195,328	195,328	195,328	195,328
Capacity	1,441	1,441	1,441	1,041
Enrollment	1,377	1,411	1,367	1,297
Northbrook (1973)				
Square Footage	203,020	203,020	203,020	203,020
Capacity	1,004	1,004	1,004	1,004
Enrollment	991	627	827	678
Spring Branch (1953)				
Square Footage	226,188	226,188	226,188	226,188
Capacity	1,122	1,122	1,122	1,122
Enrollment	1,193	1,163	1,145	1,109
Spring Forest (1967)				
Square Footage	192,559	192,559	192,559	192,559
Capacity	1,094	1,094	1,094	1,094
Enrollment	832	804	874	820
Spring Oaks (1967)				
Square Footage	192,544	192,544	192,544	192,544
Capacity	896	896	896	896
Enrollment	782	820	826	824
Spring Woods (1961)				
Square Footage	200,776	200,776	200,776	200,776
Capacity	1,032	1,032	1,032	982
Enrollment	925	938	865	830

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
311,115	311,115	311,115	311,115	311,115	239,578
2,441	2,441	2,441	2,441	2,441	2,441
2,377	2,274	2,113	2,232	2,241	2,300
394,609	394,609	394,609	394,609	394,609	394,609
2,427	2,427	2,427	2,427	2,427	2,427
2,036	1,896	1,732	1,841	1,817	1,956
349,382	349,382	336,366	336,366	336,366	336,366
2,023	2,023	2,023	2,023	2,023	2,023
1,951	1,907	1,770	1,923	2,068	2,123
323,500	323,500	320,000	320,000	320,000	320,000
1,891	1,891	1,891	1,891	1,891	1,891
1,941	1,945	1,838	1,917	1,967	2,035
178,731	178,731	177,665	177,665	177,665	177,665
954	954	954	954	954	954
726	710	699	664	700	684
195,328	195,328	188,852	188,852	188,852	188,852
1,441	1,441	1,041	1,041	1,041	1,041
1,209	1,162	1,128	1,126	1,080	1,081
203,020	203,020	203,020	203,020	203,020	203,020
1,004	1,004	1,004	1,004	1,004	1,004
636	593	532	581	575	674
226,188	226,188	226,208	226,208	226,208	226,208
1,122	1,122	1,122	1,122	1,122	1,122
1,055	1,058	996	1,012	988	1,018
192,559	192,559	192,559	192,559	192,559	192,559
1,094	1,094	1,094	1,094	1,094	1,094
867	851	820	803	817	910
192,544	192,544	189,660	189,660	189,660	189,660
896	896	896	896	896	896
786	763	774	788	810	811
200,776	200,776	200,616	200,616	200,616	200,616
982	982	982	982	982	982
850	836	812	862	841	829

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>ELEMENTARY SCHOOLS</b>				
Buffalo Creek (1997)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	636	657	649	684
Bunker Hill (1956)				
Square Footage	65,335	65,335	65,335	65,335
Capacity	773	773	773	773
Enrollment	697	702	682	662
Cedar Brook (1993)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	898	898	882	781
Edgewood (2011) / (1960)				
Square Footage	109,000	109,000	109,000	109,000
Capacity	791	791	791	791
Enrollment	750	769	819	805
Frostwood (2014) / (1960) demolished/(2013) transition				
Square Footage	110,145	110,145	32,768	60,625
Capacity	750	750	720	882
Enrollment	701	687	696	727
Hollibrook (2010) / (1957)				
Square Footage	112,095	112,095	112,095	112,095
Capacity	882	882	882	882
Enrollment	830	799	793	824
Housman (2011) / (1950)				
Square Footage	101,561	101,561	101,561	101,561
Capacity	717	717	717	717
Enrollment	587	573	589	555
Hunters Creek (1954)				
Square Footage	61,937	61,937	61,937	61,937
Capacity	634	634	634	634
Enrollment	669	643	669	670
Meadow Wood (2011) / (1964)				
Square Footage	95,278	95,278	95,278	95,278
Capacity	683	683	683	683
Enrollment	501	508	475	445
Memorial Drive (1949)				
Square Footage	58,614	58,614	58,614	58,614
Capacity	466	466	466	466
Enrollment	466	470	424	436
Nottingham (1969)				
Square Footage	61,574	61,574	61,574	61,574
Capacity	568	568	568	568
Enrollment	445	555	643	591

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
82,179	82,179	82,179	82,179	82,179	82,179
688	688	688	688	688	688
679	687	629	629	646	629
65,335	65,335	58,385	58,385	58,385	58,385
758	758	648	648	648	648
613	648	626	639	648	625
82,179	82,179	82,179	82,179	82,179	82,179
688	688	688	688	688	688
881	847	767	634	560	591
68,978	68,978	68,978	68,978	68,978	68,978
756	756	756	756	756	756
722	726	689	799	818	772
60,625	60,625	60,625	60,625	60,625	60,625
650	650	650	650	650	650
748	727	697	668	632	647
112,095	112,095	95,043	95,043	95,043	95,043
938	938	938	938	938	938
776	712	722	785	718	800
89,762	89,762	76,895	76,895	76,895	76,895
682	682	682	682	682	682
575	555	567	572	564	613
61,937	61,937	61,937	61,937	61,937	61,937
634	634	634	634	634	634
662	637	649	673	669	668
32,766	72,722	72,722	72,722	72,722	72,722
514	526	526	526	526	526
423	466	386	439	438	431
58,614	58,614	58,965	58,965	58,965	58,965
466	466	466	466	466	466
445	436	402	435	453	438
61,574	61,574	66,393	66,393	66,393	66,393
568	568	568	568	568	568
552	513	510	483	548	530

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>ELEMENTARY SCHOOLS (continued)</b>				
Pine Shadows (2012) / (1955)				
Square Footage	118,167	118,167	118,167	90,184
Capacity	913	913	913	674
Enrollment	824	813	827	725
Ridgecrest (2010) / (1953)				
Square Footage	111,352	111,352	111,352	111,352
Capacity	960	960	960	960
Enrollment	865	903	839	836
Rummel Creek (1962) demolished/(2015) transition				
Square Footage	32,768	72,615	72,615	72,615
Capacity	720	760	760	760
Enrollment	695	679	694	679
Shadow Oaks (2011) / (1959)				
Square Footage	118,314	118,314	118,314	118,314
Capacity	871	871	871	871
Enrollment	723	706	685	675
Sherwood (1968)				
Square Footage	69,371	69,371	69,371	69,371
Capacity	538	538	538	538
Enrollment	455	452	445	429
Spring Branch (2011) / (1938)				
Square Footage	101,897	101,897	101,897	101,897
Capacity	737	737	737	737
Enrollment	669	632	670	668
Spring Shadows (1968)				
Square Footage	96,664	96,664	96,664	96,664
Capacity	830	830	830	830
Enrollment	758	814	743	685
Terrace (1973)				
Square Footage	74,349	74,349	74,349	74,349
Capacity	702	702	702	702
Enrollment	465	486	480	526
Thornwood (1973)				
Square Footage	69,038	69,038	69,038	69,038
Capacity	548	548	548	548
Enrollment	380	489	477	457
Treasure Forest (1996)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	627	647	638	644
Valley Oaks (2015)/(1956) demolished				
Square Footage	117,872	72,240	72,240	72,240
Capacity	810	716	716	716
Enrollment	573	631	632	626

**Table 17**  
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<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
90,184	90,184	86,910	86,910	86,910	86,910
674	674	674	674	674	674
735	685	626	673	645	642
111,352	111,352	88,853	88,853	88,853	88,853
960	960	706	706	706	706
820	782	759	753	751	794
72,615	72,615	72,615	72,615	72,615	72,615
760	760	760	760	760	760
729	712	700	727	696	657
77,230	84,588	84,588	84,588	84,588	84,558
700	814	814	814	814	814
666	680	720	735	723	760
69,371	69,371	69,371	69,371	69,371	69,371
538	538	538	538	538	538
394	370	386	344	361	363
101,897	91,788	77,352	77,352	77,352	77,352
680	680	680	680	680	680
540	545	540	573	585	587
96,664	96,664	83,904	83,904	83,904	83,904
830	830	830	830	830	830
667	701	666	730	675	698
74,349	74,349	74,349	74,349	74,349	74,349
702	702	702	702	702	702
544	555	524	574	570	655
69,038	69,038	69,038	69,038	69,038	69,038
548	548	548	548	548	548
419	440	449	455	511	540
82,149	82,149	82,149	82,149	82,149	82,149
688	688	688	688	688	688
650	701	620	637	652	601
72,240	72,240	75,697	75,697	75,697	75,697
716	716	716	716	716	716
627	594	527	575	626	648

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>ELEMENTARY SCHOOLS (continued)</b>				
Westwood (2011) / (1963)				
Square Footage	98,264	98,264	98,264	98,264
Capacity	871	871	871	871
Enrollment	670	658	595	599
Wilchester (2011) / (1967)				
Square Footage	123,253	123,253	123,253	123,253
Capacity	906	906	906	906
Enrollment	735	747	731	673
Woodview (1958)				
Square Footage	86,114	86,114	86,114	86,114
Capacity	716	716	716	716
Enrollment	666	643	638	623
<b>PRE-KINDERGARTEN CENTERS</b>				
Bear Blvd (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	290	348	328	346
Lion Lane (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	394	309	321	416
Panda Path (2001-Leased Space)				
Square Footage	15,618	15,618	15,618	15,618
Capacity	136	136	136	136
Enrollment	137	168	131	148
Tiger Trail (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	248	309	265	307
Wildcat Way (2002)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	287	286	329	280
<b>OTHER CAMPUSES</b>				
Bendwood (1958)				
Square Footage	38,830	38,830	38,830	38,830
Capacity	440	440	440	440
Enrollment	47	39	45	41
Cornerstone Academy (1951)				
Square Footage	**	**	**	**
Capacity	413	413	413	413
Enrollment	370	369	383	381



*Table 17*  
*Page 4 of 5*

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
98,264	56,409	56,409	56,409	56,409	56,409
608	608	608	608	608	608
603	648	573	576	589	571
71,798	71,798	71,798	71,798	71,798	71,798
574	574	574	574	574	574
630	609	548	560	570	548
86,114	86,114	70,508	70,508	70,508	70,508
716	716	716	716	716	716
583	628	636	660	679	665
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
275	114	234	303	310	303
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
314	307	324	333	347	334
15,618	15,618	15,618	15,618	15,618	15,618
136	136	136	136	136	136
129	279	147	135	139	149
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
372	343	296	314	333	316
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
313	313	178	239	264	269
38,830	38,830	38,830	38,830	38,830	38,830
440	440	440	440	440	440
62	46	26	40	58	58
**	**	**	**	**	**
413	413	413	413	413	413
388	380	361	375	371	362

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>OTHER CAMPUSES (continued)</b>				
The Guthrie Center (1972)				
Square Footage	83,614	83,614	83,614	83,614
Capacity	326	326	326	326
Enrollment	n/a	n/a	n/a	n/a
School of Choice (1951)				
Square Footage	**	**	**	**
Capacity	494	494	494	494
Enrollment	n/a	n/a	n/a	n/a
Spring Branch Education Center (1951) **				
Square Footage	268,780	268,780	268,780	268,780
Capacity	n/a	n/a	n/a	n/a
Enrollment	n/a	n/a	n/a	n/a
Westchester Academy (1967)				
Square Footage	294,963	294,963	294,963	294,963
Capacity	1,012	1,012	1,012	1,012
Enrollment	973	936	957	977

Source: District records

\* Information not available

\*\* Spring Branch Education Center facility houses Cornerstone & School of Choice.  
Square footage is for entire complex.

Note: Capacity does not include temporary buildings

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
83,614	83,614	83,614	83,614	83,614	83,614
326	326	326	326	326	326
n/a	n/a	n/a	n/a	n/a	n/a
**	**	**	**	**	**
494	494	494	494	494	494
n/a	116	146	262	242	182
268,780	268,780	268,780	268,780	268,780	268,780
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
294,963	294,963	294,963	294,963	294,963	294,963
1,012	1,012	1,012	1,012	1,012	1,012
977	999	938	952	852	825

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**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
*June 30, 2015*

*Exhibit L-1*

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion on the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance with grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an overall allocation of Foundation School Program (FSP) funds as a result of financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF 12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 40,520,606
SF 13	Pension Expense (6147) at fiscal year-end.	\$ 3,745,414

**DO NOT PRINT**

**SPRING BRANCH  
INDEPENDENT SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2015**

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
***SINGLE AUDIT REPORT***  
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Spring Branch Independent School District  
Houston, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 9, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Trustees  
Spring Branch Independent School District

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
November 9, 2015

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY *OMB CIRCULAR A-133***

To the Board of Trustees  
Spring Branch Independent School District  
Houston, Texas

***Report on Compliance for Each Major Federal Program***

We have audited Spring Branch Independent School District’s (the “District”) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2015. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

To the Board of Trustees  
Spring Branch Independent School District

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

***Internal Control over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

To the Board of Trustees  
Spring Branch Independent School District

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 9, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Whitley Penn LLP*

Houston, Texas  
November 9, 2015

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2015*

**I. Summary of Audit Results**

**Financial Statements**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal controls over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) 2-7 of OMB Circular A-133	None

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
<b>10.553</b>	<b>Child Nutrition Cluster</b>
<b>10.555</b>	School Breakfast Program
<b>10.559</b>	National School Lunch Program
	Summer Food Service Program
<b>84.287C</b>	<b>Twenty-First Century Community Learning Centers</b>

Dollar threshold used to distinguish between Type A and Type B federal Programs:	\$1,134,353
Auditee qualified as low-risk auditee?	Yes

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
*For the Year Ended June 30, 2015*

**II. Financial Statement Findings**

There were no current year findings.

**III. Federal Award Findings and Questioned Costs**

There were no current year findings.

**IV. Status of Prior-Year Findings**

There were no prior year findings.

**V. Corrective Action Plan**

Not applicable.

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2015

(01) Project Number	Federal Grantor Pass-Through Grantor Program Title	(02) Federal CFDA Number	(A) Expenditures, Indirect Cost
<b>U.S. Department of Agriculture</b>			
<b>Pass-through Texas Department of Agriculture:</b>			
Noncash assistance (commodities):			
101920	National School Lunch Program***	10.555	\$ 1,208,360
Cash assistance:			
101920	Summer Food Service Program***	10.559	413,170
101920	Fresh Fruit and Vegetable Program	10.582	39,840
<b>Total Pass-Through Texas Department of Agriculture</b>			<b>1,661,370</b>
<b>Pass-Through State Department of Education:</b>			
Cash assistance:			
71401501	School Breakfast Program***	10.553	2,867,354
71301501	National School Lunch Program***	10.555	9,971,657
<b>Total Pass-Through State Department of Education</b>			<b>12,839,011</b>
<b>Total U.S. Department of Agriculture</b>			<b>14,500,381</b>
<b>U.S. Department of Education</b>			
<b>Pass-Through State Department of Education:</b>			
14610101101920	ESEA, Title I, Part A - Improving Basic Programs	84.010A	606,630
15610101101920	ESEA, Title I, Part A - Improving Basic Programs	84.010A	8,486,667
<b>Total ESEA, Title I, Part A - Improving Basic Programs</b>			<b>9,093,297</b>
14610112101920041-	Title I - Priority and Focus School Grant	84.010A	6,449
14610112101920046-	Title I - Priority and Focus School Grant	84.010A	1,224
14610112101920047-	Title I - Priority and Focus School Grant	84.010A	317
14610112101920105-	Title I - Priority and Focus School Grant	84.010A	9,523
14610112101920111-	Title I - Priority and Focus School Grant	84.010A	3,530
14610112101920113-	Title I - Priority and Focus School Grant	84.010A	5,375
14610112101920122-	Title I - Priority and Focus School Grant	84.010A	1,329
14610112101920125-	Title I - Priority and Focus School Grant	84.010A	14,319
14610112101920110-	Title I - Priority and Focus School Grant	84.010A	26,720
14610112101920114-	Title I - Priority and Focus School Grant	84.010A	88,173
15610112101920041-	Title I - Priority and Focus School Grant	84.010A	17,638
15610112101920046-	Title I - Priority and Focus School Grant	84.010A	21,011
15610112101920047-	Title I - Priority and Focus School Grant	84.010A	15,297
15610112101920105-	Title I - Priority and Focus School Grant	84.010A	26,361
15610112101920110-	Title I - Priority and Focus School Grant	84.010A	169,029
15610112101920111-	Title I - Priority and Focus School Grant	84.010A	15,074
15610112101920113-	Title I - Priority and Focus School Grant	84.010A	9,296
15610112101920114-	Title I - Priority and Focus School Grant	84.010A	126,297
15610112101920122-	Title I - Priority and Focus School Grant	84.010A	22,582
15610112101920125-	Title I - Priority and Focus School Grant	84.010A	19,929
<b>Total ESEA, Title I, Part A</b>			<b>9,692,771</b>
146600011019206600-	IDEA, Part B - Formula**	84.027A	102,530
156600011019206600-	IDEA, Part B - Formula**	84.027A	6,684,127
<b>Total IDEA, Part B - Formula</b>			<b>6,786,657</b>
146610011019206610-	IDEA, Part B - Preschool**	84.173A	1,170
156610011019206610-	IDEA, Part B - Preschool**	84.173A	117,269
<b>Total IDEA, Part B - Preschool</b>			<b>118,439</b>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2015

(01) Project Number	Federal Grantor Pass-Through Grantor Program Title	(02) Federal CFDA Number	(A) Expenditures, Indirect Cost
15660006101920-	<i>IDEA, Part B - High Cost Risk Pool**</i>	84.027A	\$ 266,005
	<b>Total IDEA, Part B - High Cost Risk Pool</b>		<u>266,005</u>
15420006101920-	<i>Carl D. Perkins Basic Grant Formula Grant</i>	84.048A	440,721
	<b>Total Carl D. Perkins Basic Grant Formula Grant</b>		<u>440,721</u>
14694501101920-	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	27,032
15694501101920-	<i>ESEA, Title II, Part A - TPTR</i>	84.367A	1,156,091
	<b>Total ESEA, Title II, Part A - TPTR</b>		<u>1,183,123</u>
14671001101920-	<i>ESEA, Title III, Part A - LEP</i>	84.365A	15,761
15671001101920-	<i>ESEA, Title III, Part A - LEP</i>	84.365A	1,156,936
	<b>Total ESEA, Title III, Part A LEP</b>		<u>1,172,697</u>
15671003101920-	<i>ESEA, Title III, Part A - Immigrant</i>	84.365A	260,368
	<b>Total ESEA, Title III, Part A Immigrant</b>		<u>260,368</u>
	<b>Total ESEA, Title III, Part A</b>		<u>1,433,065.97</u>
146950167110038-	<i>21ST CCLC Cycle 7 YEAR 3</i>	84.287C	160,022
156950167110038-	<i>21ST CCLC Cycle 7 YEAR 4</i>	84.287C	2,716,938
	<b>Total 21ST CCLC Cycle 7</b>		<u>2,876,960</u>
69551402-	<i>Summer School LEP</i>	84.369A	83,481
	<b>Total Summer School LEP</b>		<u>83,481</u>
	<b>Total Pass-Through State Department of Education</b>		<u>22,881,222</u>
	<b>Pass-Through Harris County Department of Education</b>		
096950127110014	<i>21st Century Community Learning Center</i>	84.287C	1,304
096950127110014	<i>21st Century Community Learning Center</i>	84.287C	161,272
	<b>Total Harris County Department of Education</b>		<u>162,576</u>
	<b>Total U.S. Department of Education</b>		<u>23,043,797</u>
	<b>U.S. Department of Health and Human Services</b>		
	<b>Pass-Through Texas Health and Human Services Commission</b>		
None	<i>Medicaid Administrative Claiming Program</i>	93.778	226,505
1H79SM061990-01	<i>NITT-AWARE-LEA</i>	93.243	41,088
	<b>Total U.S. Department of Health and Human Services</b>		<u>267,594</u>
	<b>Total Federal Awards</b>		<u>\$ 37,811,771</u>

\*\* Special Education Cluster (IDEA)  
\*\*\* Child Nutrition Cluster



**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Basis of Accounting**

The District accounts for all awards under federal programs in the General and Special Revenue Fund in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such amounts are received, they are recorded as deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported on Exhibit C-3:

Total Federal Awards per SEFA	<u>\$ 37,811,771</u>
Federal Revenue Accounted for in the General Fund	
SHARS	4,326,983
ROTC	108,892
Build America Bonds	<u>2,621,078</u>
	<u>7,056,953</u>
Total Federal Assistance per CAFR	<u><u>\$ 44,868,724</u></u>

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**

**Note 4 - General Fund Information**

Federal awards reported in the general fund are summarized as follows:

<u>Federal Revenue in the General Fund</u>	<u>CFDA Number</u>	<u>Amount</u>
<b>Indirect Costs:</b>		
ESEA, Title I, Part A - Improving Basic Programs	84.010A	\$ 152,835
IDEA, Part B - Formula	84.027A	70,000
ESEA, Title II, Part A - TPTR	84.367A	19,915
21st CCLC Cycle 7 Year 2	84.287C	43,401
<b>Total Indirect Costs</b>		<u>286,151</u>
 Medicaid Program	 93.778	 <u>226,505</u>
 <b>Total Federal Program Revenue</b>		 <u>512,656</u>
 <b>Other Federal Revenue</b>		
SHARS	N/A	4,326,983
ROTC	N/A	108,892
Build America Bonds	N/A	2,621,078
		<u>7,056,953</u>
 <b>Total Federal Revenue</b>		 <u>\$ 7,569,609</u>