

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2018**

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

955 Campbell Road, Houston, Texas 77024

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

Reverend Josef D. Klam, President
Executive Pastor
Chapelwood United Methodist Church

Pam Goodson, Vice President
Community Volunteer/Former Educator

Chris Gonzalez, Secretary
Marketing and Education Consultant

Minda Caesar, Trustee
Community Volunteer/Parent

Chris Vierra, Trustee
Communications Consultant/Parent

J. Carter Breed, Trustee
Owner/Realtor
J. Carter Breed Properties

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

ADMINISTRATION

Dr. Scott Muri, Superintendent of Schools

Karen Wilson, CPA, Associate Superintendent for Finance

CONSULTANTS AND ADVISORS

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

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

Post Oak Municipal Advisors LLC
Houston, Texas – Co-Financial Advisor

Masterson Advisors LLC
Houston, Texas – Co-Financial Advisor

CERTIFICATE OF BOARD

Spring Branch Independent School District

Name of School District

Harris

County

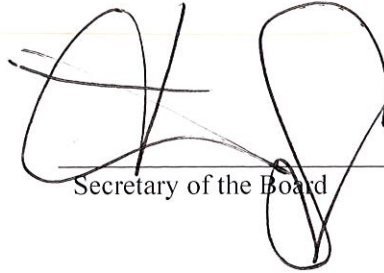
101-920

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, 2018, at a meeting of the Board of Trustees of such school district on the 12th of November 2018.



President of the Board



Secretary of the Board



November 2, 2018

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, 2018.

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, 2018, 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 unmodified opinion and that the District’s financial statements for the period ended June 30, 2018, 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 195,000 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 the school district.

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 2017-18 enrollment of 35,022 students. In that year, about 60 percent of all students were Hispanic, 27 percent were white, 6 percent were Asian, 5 percent were African-American, and 2 percent were American Indian or two or more ethnicities.

On April 26, 2016, SBISD's Board of Trustees approved unanimously a Local Innovation Plan as it is defined in state law, becoming one of the first school districts in Texas to obtain status as a District of Innovation. The status gives the district true local control and autonomy and greater flexibility and freedom to pursue the District's strategic plans. As a District of Innovation, SBISD is potentially exempt from state education rules in many areas, too.

The Learner's Journey is the District's five-year strategic plan to increase student achievement and develop a culture of high expectations for all students. The plan's goal, known as Spring Branch T-2-4, challenges the system to increase the number of students completing a technical certificate or military training, two-year or four-year degree from 44 percent to 72 percent by 2022.

SBISD's college-readiness indicators have consistently exceeded regional, state and national averages. In 2017-18, more than 90 percent of SBISD juniors took the district-funded SAT, and SBISD has one of the higher student participation rates in the Houston region on both the ACT and SAT exams. On the 2018 ACT, SBISD students once again posted scores higher than the Texas and national averages. This year's ACT results found SBISD scores above the state in all areas, as well as at a 10-year high in the district's own composite score.

In addition, the Advanced Placement (AP) program continues to grow in the district. Last spring, 5,825 AP course exams were taken by 2,741 SBISD students, and 682 of those students were named AP Course Scholar Award winners for their high achievement. SBISD students scored on average 11 points above their Texas peers on all AP tests taken.

In October 2018, 27 high school seniors were named either National Merit Scholarship Program Semifinalists or National Hispanic Recognition Program award winners. In all, 17 National Merit Semifinalists are eligible through the program 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 choice program 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 middle school rated exemplary by the state since its doors first opened more than a decade ago.

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. 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 programs at Landrum and Northbrook middle schools.

Elsewhere, the non-traditional Academy of Choice offers online, personalized learning and small group instruction. In 2013, the Spring Branch Academic Institute opened to serve children from kindergarten through fourth grade. This special program, a first in the Houston region, is designed to serve students identified and tested as highly gifted. By 2018, fifth through ninth grades had been added. Classes are taught at Valley Oaks Elementary School, Spring Forest Middle School and Stratford High School.

Dual Language Programs from prekindergarten through fifth grade are offered at Cedar Brook, Pine Shadows and Sherwood elementary schools. Dual language programs are also offered at several district secondary schools. The increasing popularity of choice options – from dual language to charter partnership programs like KIPP and YES Prep – has led SBISD to align its annual “Choice Fair” for families in November.

SBISD provides full-day prekindergarten for in-district 4-year old students as well as half-day prekindergarten for in-district 3-year old students. Five separate Schools for Early Learning are designed especially for prekindergarten classes. Prekindergarten classes are also offered at several elementary schools. Students who meet state eligibility requirements attend prekindergarten at no cost while others attend at a low comparable monthly cost.

In November 2017, Spring Branch voters approved an \$898.4 million bond, the biggest in district history. The bond will provide for rebuilding nine of the district’s oldest elementary schools and one middle school, addition and renovation at other campuses, upgrading safety and security, replacement of Career and Technical Education classroom equipment, replacement of aged music instruments and equipment, upgrading of athletics including four turf fields, and replacing older buses.

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.

For details, please visit 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, 2018 property values in the District increased 5.0%. The most recent data on Harris County personal income also shows continued growth. The Harris County unemployment rate decreased from 5.3% in June 2017 to 4.4% in June 2018. These economic indicators suggest continued moderate growth of the District's tax base. However in August of 2017 Hurricane Harvey struck the Texas gulf coast flooding many residences and business within the District. While many of the structures flooded by Harvey experience reduced property values, total property value in the District increased 1.8% in the fiscal year ended June 30, 2019. We believe the District's tax base will in the long term continue to grow. None of the District's facilities were significantly flooded or damaged as a result of the hurricane. 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 foundation for the district's management and decision making is The Learner's Journey strategic plan and the plan's goal, known as Spring Branch T 2-4, to increase the number of students completing a technical certificate or military training, two-year or four-year degree from 44% to 72% by 2022. During the budget process, expenditures to support Spring Branch T-2-4 are identified and receive top funding priority. 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

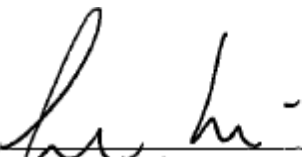
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, the government 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 we plan to submit it to the GFOA to determine its eligibility for another certificate.

The TEA has awarded the District a rating of "A - Superior" for the 2017-2018 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 fifteen indicators of financial accountability. The district numeric score on the indicators was 94 out of 100 demonstrating the quality of the District's financial management practices and reporting system.

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, CPA
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, 2017.

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

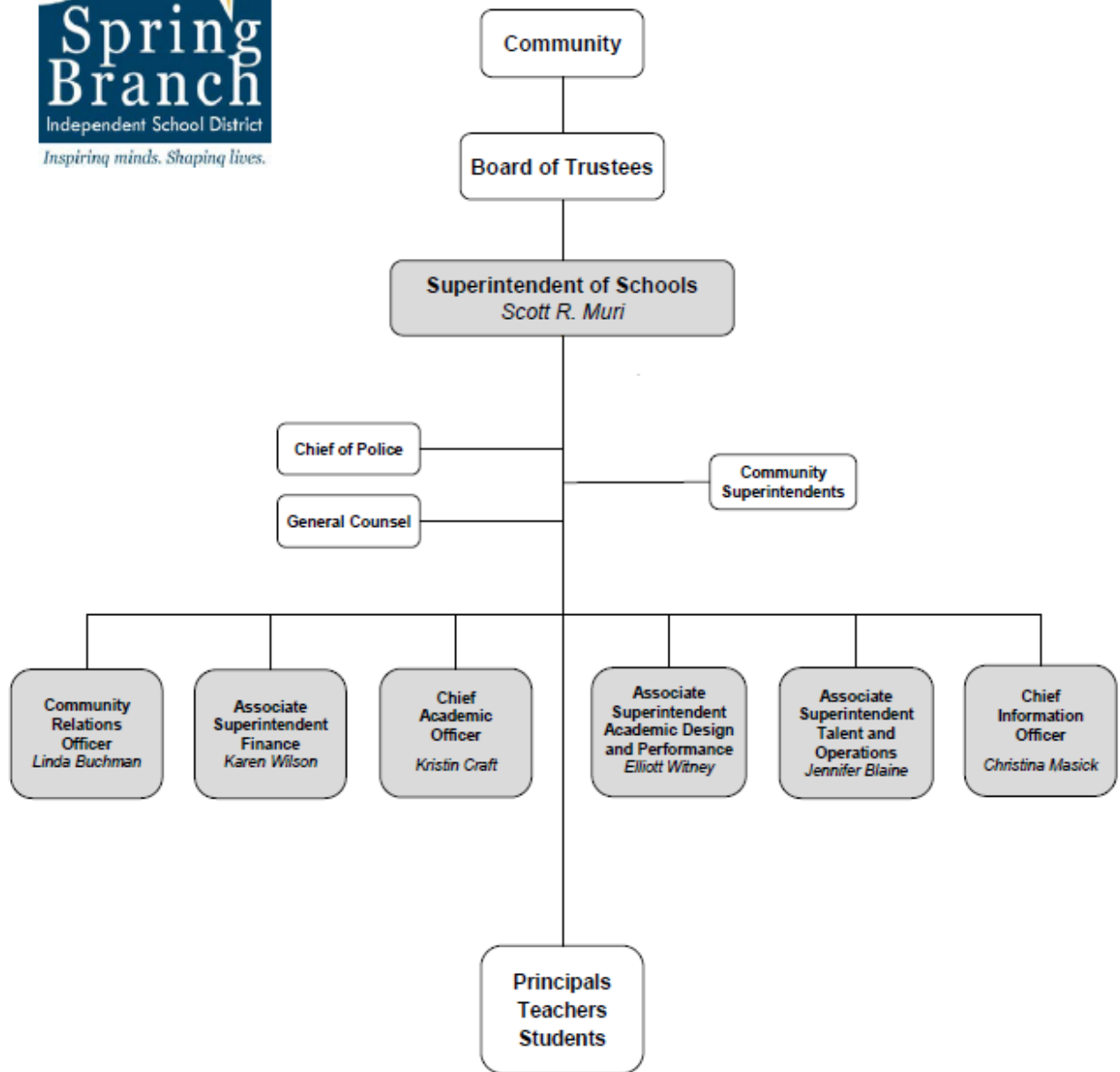
June 30, 2017

Christopher P. Morrill

Executive Director/CEO



Spring Branch Independent School District Organizational Chart 2018-2019



FINANCIAL SECTION

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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, 2018, 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.

To the Board of Trustees
Spring Branch Independent School District

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, 2018, 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 Matter

As discussed in Notes 1 E 15 and 16 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of June 30, 2018. 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, pension information and other post employment benefit information on pages 6-15, 82-83, and 84-87, respectively, 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 Texas Education Agency required 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.

To the Board of Trustees
Spring Branch Independent School District

The other supplementary information as described in the Table of Contents and the Texas Education Agency required 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 2, 2018, 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 2, 2018

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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, 2018. 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 resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$54,008,030 (net position). Of this amount, \$144,539,144 was net investment in capital assets, \$27,239,206 was restricted for debt service, \$3,904,958 was restricted for the Food Service Program and \$10,059,421 was restricted for federal and state programs, leaving the District with a net deficit of (\$131,734,699) in unrestricted net position. This deficit in unrestricted net position is mainly due to the implementation of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB) and reflecting the District's proportionate share of the post-employment benefit liability in the financial statements. This accounting and financial reporting change does not indicate a decrease in the financial stability of the District nor does it change how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the liability for projected future costs of health care for Texas public school retired employees, a liability that the State of Texas manages and operates.
- The District's noncurrent liabilities include \$64,374,862, which represents the District's portion of the Teacher's Retirement System (TRS) net pension liability and \$113,745,362 for the District portion of the TRS net other post-employment benefits liability.
- The District's total net position increased by \$79,775,917 as a result of this year's operations and implementation of GASB 75.
- The District's governmental funds reported combined ending fund balances of \$306,325,760 as of June 30, 2018. Non-spendable fund balances include \$1,228,697 for inventories on hand in the General Fund and Special Revenue Fund; and \$1,991,119 for prepaid items in the General Fund and Special Revenue Fund. Restricted fund balances include \$3,587,774 for the Food Service Program included in the Special Revenue Fund, \$170,940,126 for Capital Projects Fund projects, \$36,976,948 for ongoing Debt Service Fund expenditures, and \$10,049,237 for Special Revenue Funds. Committed fund balance includes \$1,337,627 for Campus Activity funds included in the Special Revenue Fund. Management has assigned fund balance of \$20,834,023 for General Fund future spending. The remaining amount in unassigned fund balance of \$59,380,209 includes General Fund encumbrances re-appropriated in the subsequent year's budget of \$1,543,190 and the remaining amount is available for spending at the government's discretion.

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).

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

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 19 - 21), 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.

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 22) 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 reflect 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.

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

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).

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 29 to 31 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 32 and 33. 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 34) 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 82 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 pages 92 and 93 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, 2018 and June 30, 2017, 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 of resources by \$54,008,030 as of June 30, 2018, an increase of \$79,775,917 from June 30, 2017. The District's total unrestricted net position, which is the total net position of the District reduced by restricted net position of \$41,203,585 and net investment in capital assets of \$144,539,144, totaled (\$131,734,699) on June 30, 2018.

Table I - Net Position Summary

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 383,461,461	\$ 236,430,690	\$ 2,466,634	\$ 2,026,178	\$ 385,928,095	\$ 238,456,868
Capital Assets	709,595,171	728,379,152	131,178	178,044	709,726,349	728,557,196
Total Assets	<u>1,093,056,632</u>	<u>964,809,842</u>	<u>2,597,812</u>	<u>2,204,222</u>	<u>1,095,654,444</u>	<u>967,014,064</u>
Total Deferred Outflows of Resources	<u>40,811,070</u>	<u>46,654,683</u>	<u>-</u>	<u>-</u>	<u>40,811,070</u>	<u>46,654,683</u>
Current Liabilities	78,139,468	6,627,124	405,036	343,800	78,544,504	6,970,924
Long-Term Liabilities	933,231,425	961,749,519	-	-	933,231,425	961,749,519
Total Liabilities	<u>1,011,370,893</u>	<u>968,376,643</u>	<u>405,036</u>	<u>343,800</u>	<u>1,011,775,929</u>	<u>968,720,443</u>
Deferred Inflows of Resources	<u>70,681,555</u>	<u>43,087,882</u>	<u>-</u>	<u>-</u>	<u>70,681,555</u>	<u>43,087,882</u>
Net Position:						
Net Investment in Capital Assets	144,407,966	102,444,943	131,178	178,044	144,539,144	102,622,987
Restricted	41,203,585	39,416,425	-	-	41,203,585	39,416,425
Unrestricted	(133,796,297)	(169,489,677)	2,061,598	1,682,378	(131,734,699)	(167,807,299)
Total Net Position	<u>\$ 51,815,254</u>	<u>\$ (27,628,309)</u>	<u>\$ 2,192,776</u>	<u>\$ 1,860,422</u>	<u>\$ 54,008,030</u>	<u>\$ (25,767,887)</u>

The prior year governmental activities and total net position balances have been restated to reflect the implementation of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (GASB 75). A large portion of the changes in total net position, \$199.7 million, is the result of reductions in the benefit provisions of TRS-Care.

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 \$144,539,144 as of June 30, 2018. 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 \$41,203,585

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

(approximately 76.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is (\$131,734,699) which represents a deficit unrestricted balance.

As shown in Table II, the net position of the District's governmental activities increased \$79,443,563 for the fiscal year ending June 30, 2018. The total cost of all governmental activities this year was \$371,481,825, a decrease of \$81,941,402 from the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$411,655,740 or 91.3%, with operating grants and contributions of \$8,318,950 or 1.8%, and state funding of \$20,397,035 or 4.5% as the next most significant sources of revenue. Other sources of revenue for governmental activities were \$4,968,834 from user charges and \$5,475,948 from interest and other income.

Table II - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 4,968,834	\$ 5,450,807	\$ 3,508,297	\$ 3,798,951	\$ 8,477,131	\$ 9,249,758
Operating Grants and Contributions	8,318,950	69,635,811	-	-	8,318,950	69,635,811
General Revenues:						
Property Taxes	411,655,740	396,757,850	-	-	411,655,740	396,757,850
State Grants and Other Grants	20,397,035	25,863,767	-	-	20,397,035	25,863,767
Interest	3,369,856	1,224,540	22,012	8,215	3,391,868	1,232,755
Other	2,106,092	3,342,888	-	-	2,106,092	3,342,888
Total Revenues	450,816,507	502,275,663	3,530,309	3,807,166	454,346,816	506,082,829
Expenses						
Instructional	149,201,257	217,226,205	-	-	149,201,257	217,226,205
Instruction Resources and Media	2,461,202	3,620,703	-	-	2,461,202	3,620,703
Curriculum/Staff Development	7,657,095	9,113,423	-	-	7,657,095	9,113,423
Instructional Leadership	4,733,573	5,101,858	-	-	4,733,573	5,101,858
School Leadership	13,637,365	20,535,843	-	-	13,637,365	20,535,843
Guidance and Counseling Services	10,954,681	15,111,937	-	-	10,954,681	15,111,937
Social Work Services	137,913	161,589	-	-	137,913	161,589
Health Services	2,566,683	4,030,789	-	-	2,566,683	4,030,789
Student (Pupil) Transportation	7,725,356	9,936,767	-	-	7,725,356	9,936,767
Child Nutrition	13,974,314	17,528,355	-	-	13,974,314	17,528,355
Cocurricular/Extracurricular	6,477,887	7,582,955	-	-	6,477,887	7,582,955
General Administration	7,215,439	9,504,505	-	-	7,215,439	9,504,505
Plant Maintenance and Operations	27,151,071	30,801,530	-	-	27,151,071	30,801,530
Security and Monitoring Services	2,672,749	3,926,287	-	-	2,672,749	3,926,287
Data Processing	7,151,303	8,817,215	-	-	7,151,303	8,817,215
Community Services	1,162,671	2,420,472	-	-	1,162,671	2,420,472
Interest and Fiscal Charges	25,611,229	27,639,994	-	-	25,611,229	27,639,994
Facilities Acquisition and Construction	2,337,289	6,014,174	-	-	2,337,289	6,014,174
Purchase of WADA	75,118,321	51,059,269	-	-	75,118,321	51,059,269
Payments to Districts of SSAs	475,908	419,250	-	-	475,908	419,250
Other Intergovernmental Charges	3,058,519	2,870,107	-	-	3,058,519	2,870,107
Other Business-Type Activities	-	-	3,089,074	3,351,910	3,089,074	3,351,910
Total Expenses	371,481,825	453,423,227	3,089,074	3,351,910	374,570,899	456,775,137
Excess (deficiency) before transfers	79,334,682	48,852,436	441,235	455,256	79,775,917	49,307,692
Transfers	108,881	-	(108,881)	-	-	-
Increase (Decrease) in Net Position	79,443,563	48,852,436	332,354	455,256	79,775,917	49,307,692
Beginning Net Position, as Restated	(27,628,309)	123,201,949	1,860,422	1,405,166	(25,767,887)	124,607,115
Prior Period Adjustment *	-	(199,682,694)	-	-	-	(199,682,694)
Ending Net Position	\$ 51,815,254	\$ (27,628,309)	\$ 2,192,776	\$ 1,860,422	\$ 54,008,030	\$ (25,767,887)

* Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year. Changes for revenues and expenses prior to the implementation have not been calculated and are not available for comparison. Fiscal year 2018 beginning net position has been restated.

Revenues for the District's governmental activities decreased year over year overall by \$51.5 million for the fiscal year ended June 30, 2018. The decrease is caused by the reduction in operating grants and contributions revenue by \$61.3 million mainly due to the GASB 75 OPEB entries. The OPEB entries were related to the overall reduction in the OPEB liability for the year, which resulted in negative on-behalf adjustment.

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

Governmental Revenues by Type	FY 2017	FY 2018	Negative On-behalf Activities	FY 2018	Variance**
		including Negative On-behalf Activities*		excluding Negative On-behalf Activities	
Program Revenues:					
Charges for services	\$ 5,450,807	\$ 4,968,834	\$ -	\$ 4,968,834	\$ (481,973)
Operating grants and contributions	69,635,811	8,318,950	(56,105,992)	64,424,942	(5,210,869)
General Revenues:					
Property taxes	396,757,850	411,655,740	-	411,655,740	14,897,890
State and other grants	25,863,767	20,397,035	-	20,397,035	(5,466,732)
Other	4,567,428	5,475,948	-	5,475,948	908,520
Total Revenues	\$ 502,275,663	\$ 450,816,507	\$ (56,105,992)	\$ 506,922,499	\$ 4,646,836

*as presented in Exhibit B-1

** variance represents the difference between FY 2017 and FY 2018 revenues excluding Negative On-behalf Activities

Expenses for the District's governmental activities decreased year over year overall \$81.9 million for the fiscal year ended June 30, 2018. The decrease is caused mainly due to the GASB 75 OPEB entries.

Governmental Expenses by Type	FY 2017	FY 2018	Negative On-behalf Activities	FY 2018	Variance**
		including Negative On-behalf Activities*		excluding Negative On-behalf Activities	
Instructional	\$ 229,960,331	\$ 159,319,554	\$ (37,641,510)	\$ 196,961,064	\$ (32,999,267)
Instructional leadership	25,637,701	18,370,938	(5,380,564)	23,751,502	(1,886,199)
Student support services	54,352,392	41,836,834	(5,936,013)	47,772,847	(6,579,545)
General administration	9,504,505	7,215,439	(1,458,756)	8,674,195	(830,310)
Support services	43,545,032	36,975,123	(5,105,646)	42,080,769	(1,464,263)
Community services	2,420,472	1,162,671	(437,627)	1,600,298	(820,174)
Interest expense	27,639,994	25,611,229	-	25,611,229	(2,028,765)
Facilities repairs and maintenance	6,014,174	2,337,289	(145,876)	2,483,165	(3,531,009)
Other Intergovernmental	54,348,626	78,652,748	-	78,652,748	24,304,122
Total Expenses	\$ 453,423,227	\$ 371,481,825	\$ (56,105,992)	\$ 427,587,817	\$ (25,835,410)

* as presented in Exhibit B-1

** variance represents the difference between FY 2017 and FY 2018 expenses excluding Negative On-behalf Activities

The District's combined property tax rate remained at \$1.3945 per \$100 of assessed value. This generated tax revenues of \$411.7 million in fiscal year 2018, an increase of \$14.9 million over the 2017 fiscal year. However, the District paid \$75.1 million in recapture back to the State.

Total cost of governmental activities includes depreciation of \$27.2 million. Capital outlay of \$8.4 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 \$0.3 million in fiscal year 2018.

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

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, 2018 the District's governmental funds reported:

Combined ending fund balances were \$306,325,760, an increase of \$135,591,513 from the fiscal year ended June 30, 2017. A decrease of \$2,663,667 in general fund and \$136,288,754 increase in the capital projects fund were the two most significant changes. Fiscal year 2018 bond issuances resulted in fund balance increase in the capital projects fund.

- \$59,380,209 or 19.4% 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 \$1,228,697
- (2) prepaid items \$1,991,119
- (3) food service \$3,587,774
- (4) capital projects \$170,940,126
- (5) debt service \$36,976,948
- (6) special revenue \$10,049,237
- (7) campus activity \$1,337,627
- (8) capital expenditures for equipment \$4,574,737
- (9) compensated absences (retirement payoff) \$1,927,167
- (10) subsequent year expenditures \$14,332,119

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 \$59,380,209 while the total fund balance was \$83,097,290.

During fiscal year 2018 the fund balance of the general fund decreased by \$2,663,667.

The District budgeted a \$15,225,621 decrease in fund balance. Budgeted expenditures within each functional spending category are a cap not be exceeded. Accordingly actual expenditure and actual use of fund balance will be less than budgeted. Additionally, the District requested a review of prior year taxable values used in funding formulas due to significant settlements between taxpayers and the Harris County Appraisal District (HCAD). The review resulted in \$6.1 million in revenue from prior year adjustments. These two items are primary reasons actual use of fund balance was less than budgeted in the general fund.

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

At June 30, 2018 the debt service fund had a total fund balance of \$36,976,948 all of which is restricted for the payment of debt. The net increase in the fund balance during fiscal year 2018 in the debt service fund was \$470,688 as proceeds were matched to debt service expenditures.

The special revenue fund is used to account for all financial resources restricted to, or committed for, specific purposes by a grantor. The fund balance of the special revenue fund was \$15,311,396 on June 30, 2018, an increase of \$1,495,738 from \$13,815,658 on June 30, 2017. The increase in fund balance was in three significant areas, food service due to decreased expenditures, campus activity funds had decreased activity and decreased expenditure of local technology funds. Consistent with the increase in fund balance, certain fiscal year 2018 receipts will be expended in a subsequent fiscal year. 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 in the initial stages of a 10-year bond program authorized by voters in November 2017. The fund balance of the District's capital projects fund was \$170,940,126 on June 30, 2018. The capital projects fund began the year with \$34,651,372 in fund balance. A fund balance increase of \$136,288,754 was due to additional debt issuance of \$132.3 million in bonds offset by increased projects activity. Fund balance in the capital projects fund is restricted for future expenditure on capital 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 calculated as Weighted Average Daily Attendance (WADA) times a dollar amount. For 2017-18 the amount is \$5,724 per WADA.

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

- The revenue budget increased by \$3.2 million during the year.
 - State funding increased by \$6.1 million due to prior year funding adjustments.
 - Tax collections were reduced by \$1.5 million due to reappraisal of property after Hurricane Harvey.
 - Various other budget amendments combined decreased revenue by \$1.4 million.
- The expenditure budget increased by \$4.0 million during the year.
 - Recapture decreased by \$2.3 million due to an updated calculation.
 - Roll forward of prior year purchase order and critical items increased expenditure by \$1.7 million.
 - Hurricane Harvey remediation costs of \$1.2 million were budgeted for.
 - Various other budget amendments combined increased expenditure by \$3.4 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 2018, the District had \$709.6 million (net of accumulated depreciation of \$299.4 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	
	2018	2017	2018	2017
Land	\$ 23,427,209	\$ 23,427,209	\$ -	\$ -
Buildings and Improvements	661,312,778	678,550,026	-	-
Furniture and Equipment	4,991,346	5,087,477	19,030	37,080
Vehicles	13,106,226	14,651,804	112,148	140,964
Construction in Progress	6,757,612	6,662,636	-	-
Total Capital Assets,				
Net of Depreciation	\$ 709,595,171	\$ 728,379,152	\$ 131,178	\$ 178,044

Additional information on the District's capital assets can be found in Note 9 on pages 56 through 58 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 an increase in the ratio of net bonded debt to assessed value to 2.25% as of June 30, 2018 compared to 2.10% as of June 30, 2017.

At year-end, the District had \$744.6 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, 2018, the District had \$752.4 million 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 59 through 62 of this report.

Table IV - District's Outstanding Debt

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 744,562,827	\$ 669,614,603
Capital Lease	495,272	770,616
Total Outstanding Debt	\$ 745,058,099	\$ 670,385,219

Economic Factors and Next Year's Budgets and Rates

Economic factors have a significant impact on the District's finances. As of June 2018, the unemployment rate for Harris County was 4.4% while the national rate was 4.0%. Increases in the unemployment rate generally result in a reduction in the District's tax collections. Inflationary trends in the region tend to be consistent with the national consumer price index (CPI) changes. However specific trends have required significant increases in school district expenditures. Ongoing competition to attract and hire highly qualified staff, particularly secondary teachers in selected disciplines, has mandated increases in compensation expenditures as the District attracts and retains qualified personnel. Expenditures for health insurance have increased at a rate higher than the CPI.

In August of 2017, Hurricane Harvey struck the Texas gulf coast flooding many residences and businesses within the District. While many of the structures flooded by Harvey experienced decreased property values, the aggregate taxable value of properties within the District increased 1.8% in fiscal year 2019. Harris County continues to be an economically vibrant area. We do believe the District's tax base will in the long term continue to grow along with the broader economy.

The District's elected and appointed officials considered many factors when setting the 2018-19 fiscal year combined property tax rate of \$1.3945 per \$100 of assessed value and the general fund budget. General Fund expenditures in 2018-19 are budgeted to increase by \$17.5 million from the 2017-18 amended budget. Recapture payments to the state increases \$13.2 million while all other district expenditures increase by \$4.3 million. General Fund revenues are budgeted to increase \$18.5 million from the 2017-18 amended budget. Budgeted General Fund use of fund balance is \$14.4 million in fiscal year 2018-19.

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.

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BASIC FINANCIAL STATEMENTS

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SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2018

Data Control Codes	Governmental Activities	Business-type Activities	Total
Assets			
1110	\$ 265,968,490	\$ 2,412,765	\$ 268,381,255
1225	9,267,201	-	9,267,201
1240	10,416,016	-	10,416,016
1250	540,996	-	540,996
1260	61,260	(61,260)	-
1290	174,883	114,997	289,880
1300	1,228,697	-	1,228,697
1410	1,991,119	132	1,991,251
Capital assets not subject to depreciation:			
1510	23,427,209	-	23,427,209
1580	6,757,612	-	6,757,612
Capital assets net of depreciation:			
1520	661,312,778	-	661,312,778
1530	4,991,346	19,030	5,010,376
1540	13,106,226	112,148	13,218,374
1910	93,812,799	-	93,812,799
1000	1,093,056,632	2,597,812	1,095,654,444
Deferred Outflows of Resources			
1700	8,930,768	-	8,930,768
1705	30,290,797	-	30,290,797
1710	1,589,505	-	1,589,505
	40,811,070	-	40,811,070
Liabilities			
2110	3,827,913	1,582	3,829,495
2140	11,012,818	-	11,012,818
2150	5,966,534	-	5,966,534
2160	25,858,010	303,848	26,161,858
2180	22,129,338	-	22,129,338
2190	113	36,146	36,259
2200	3,990,952	-	3,990,952
2300	5,353,790	63,460	5,417,250
Noncurrent Liabilities:			
2501	39,527,694	-	39,527,694
2502	715,583,507	-	715,583,507
2540	64,374,862	-	64,374,862
2545	113,745,362	-	113,745,362
2000	1,011,370,893	405,036	1,011,775,929
Deferred Inflows of Resources			
2605	23,101,655	-	23,101,655
2610	47,579,900	-	47,579,900
	70,681,555	-	70,681,555
Net Position			
3200	144,407,966	131,178	144,539,144
Restricted for:			
3820	10,059,421	-	10,059,421
3820	3,904,958	-	3,904,958
3850	27,239,206	-	27,239,206
3900	(133,796,297)	2,061,598	(131,734,699)
3000	\$ 51,815,254	\$ 2,192,776	\$ 54,008,030

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities				
11	Instruction	\$ 149,201,257	\$ 2,593,049	\$ (11,724,997)
12	Instructional Resources and Media Services	2,461,202	-	(501,734)
13	Curriculum and Staff Development	7,657,095	-	4,562,750
21	Instructional Leadership	4,733,573	-	(105,786)
23	School Leadership	13,637,365	-	(3,624,330)
31	Guidance, Counseling, and Evaluation Services	10,954,681	-	89,416
32	Social Work Services	137,913	-	(34,022)
33	Health Services	2,566,683	-	4,709,160
34	Student Transportation	7,725,356	-	(803,531)
35	Food Service	13,974,314	1,605,942	14,769,054
36	Extracurricular Activities	6,477,887	372,481	(721,888)
41	General Administration	7,215,439	115,000	2,526,255
51	Plant, Maintenance and Operations	27,151,071	146,815	(2,043,667)
52	Security and Monitoring Services	2,672,749	135,547	(596,154)
53	Data Processing Services	7,151,303	-	626,834
61	Community Services	1,162,671	-	724,456
72	Interest on Long-term Debt	24,731,864	-	-
73	Debt Issuance costs and fees	879,365	-	-
81	Facilities Repairs and Maintenance	2,337,289	-	(8,774)
91	Purchase of WADA	75,118,321	-	-
93	Payments Related to Shared Services Arrangements	475,908	-	475,908
99	Other Intergovernmental Charges	3,058,519	-	-
TG	Total governmental activities	371,481,825	4,968,834	8,318,950
Business-type activities				
01	Athletic Rentals/Concessions	561,370	766,874	-
03	Employee Childcare	1,263,112	1,352,288	-
04	Community Education	220,866	141,584	-
06	Fine Arts	129,529	125,232	-
07	Facility Rentals	568,117	907,042	-
08	Summer School	279,700	211,077	-
09	Other	66,380	4,200	-
TB	Total business-type activities	3,089,074	3,508,297	-
TP	Total primary government	\$ 374,570,899	\$ 8,477,131	\$ 8,318,950

Data Control Codes	General revenues
Taxes:	
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State-aid formula grants
IE	Investment earnings
MI	Miscellaneous
FR	Transfers
TR	Total general revenues, and transfers
CN	Change in net position
NB	Net position - beginning, as restated
NE	Net position - ending

See Notes to the Basic Financial Statements.

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (158,333,205)	\$ -	\$ (158,333,205)
(2,962,936)	-	(2,962,936)
(3,094,345)	-	(3,094,345)
(4,839,359)	-	(4,839,359)
(17,261,695)	-	(17,261,695)
(10,865,265)	-	(10,865,265)
(171,935)	-	(171,935)
2,142,477	-	2,142,477
(8,528,887)	-	(8,528,887)
2,400,682	-	2,400,682
(6,827,294)	-	(6,827,294)
(4,574,184)	-	(4,574,184)
(29,047,923)	-	(29,047,923)
(3,133,356)	-	(3,133,356)
(6,524,469)	-	(6,524,469)
(438,215)	-	(438,215)
(24,731,864)	-	(24,731,864)
(879,365)	-	(879,365)
(2,346,063)	-	(2,346,063)
(75,118,321)	-	(75,118,321)
-	-	-
(3,058,519)	-	(3,058,519)
(358,194,041)	-	(358,194,041)
-	205,504	205,504
-	89,176	89,176
-	(79,282)	(79,282)
-	(4,297)	(4,297)
-	338,925	338,925
-	(68,623)	(68,623)
-	(62,180)	(62,180)
-	419,223	419,223
(358,194,041)	419,223	(357,774,818)
316,739,144	-	316,739,144
94,916,596	-	94,916,596
20,397,035	-	20,397,035
3,369,856	22,012	3,391,868
2,106,092	-	2,106,092
108,881	(108,881)	-
437,637,604	(86,869)	437,550,735
79,443,563	332,354	79,775,917
(27,628,309)	1,860,422	(25,767,887)
\$ 51,815,254	\$ 2,192,776	\$ 54,008,030

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

Data Control Codes	General Fund	Special Revenue Fund	Debt Service Fund
Assets			
1110 Cash and cash equivalents	\$ 49,214,834	\$ 3,742,639	\$ 3,791,284
1120 Current investments	95,735,928	-	32,820,415
Receivables:			
1220 Property taxes - delinquent	11,845,990	-	2,765,961
1230 Allowance for uncollectible taxes (credit)	(4,430,758)	-	(913,992)
1240 Receivables from other governments	5,481,954	4,934,062	-
1250 Accrued interest	39,754	-	84,315
1260 Due from other funds	500,160	10,228,228	-
1290 Other receivables	174,883	-	-
1300 Inventories	917,069	311,628	-
1410 Prepaid items	1,965,989	25,130	-
1910 Long-term investments	-	-	-
1000 Total Assets	\$ 161,445,803	\$ 19,241,687	\$ 38,547,983
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
2110 Accounts payable	\$ 2,018,730	\$ 599,557	\$ -
2150 Payroll deductions and withholdings	5,868,022	98,512	-
2160 Accrued wages payable	23,530,969	2,308,368	-
2170 Due to other funds	9,516,909	852,625	295,959
2180 Payable to other governments	22,129,338	-	-
2190 Due to student and employee groups	113	-	-
2200 Accrued expenditures	3,990,952	-	-
2300 Unearned revenue	5,282,561	71,229	-
2000 Total Liabilities	72,337,594	3,930,291	295,959
Deferred Inflows of Resources			
2600 Unavailable revenue - property taxes	6,010,919	-	1,275,076
Deferred Inflows of Resources	6,010,919	-	1,275,076
Fund Balance:			
Nonspendable:			
3410 Inventories	917,069	311,628	-
3430 Prepaid items	1,965,989	25,130	-
Restricted:			
3450 Grant funds	-	3,587,774	-
3470 Capital acquisitions and obligations	-	-	-
3480 Debt service	-	-	36,976,948
3490 Other	-	10,049,237	-
Committed:			
3545 Other	-	1,337,627	-
Assigned:			
3570 Capital expenditures for equipment	4,574,737	-	-
3590 Other	16,259,286	-	-
Unassigned:			
3600 Unassigned	59,380,209	-	-
3000 Total fund balances	83,097,290	15,311,396	36,976,948
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 161,445,803	\$ 19,241,687	\$ 38,547,983

See Notes to the Basic Financial Statements.

Exhibit C-1

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 33,922,269	\$ 90,671,026
43,944,590	172,500,933
-	14,611,951
-	(5,344,750)
-	10,416,016
416,927	540,996
-	10,728,388
-	174,883
-	1,228,697
-	1,991,119
<u>93,812,801</u>	<u>93,812,801</u>
<u>\$ 172,096,587</u>	<u>\$ 391,332,060</u>
\$ 1,136,198	\$ 3,754,485
-	5,966,534
18,628	25,857,965
1,635	10,667,128
-	22,129,338
-	113
-	3,990,952
-	5,353,790
<u>1,156,461</u>	<u>77,720,305</u>
<u>-</u>	<u>7,285,995</u>
<u>-</u>	<u>7,285,995</u>
-	1,228,697
-	1,991,119
-	3,587,774
170,940,126	170,940,126
-	36,976,948
-	10,049,237
-	1,337,627
-	4,574,737
-	16,259,286
-	59,380,209
<u>170,940,126</u>	<u>306,325,760</u>
<u>\$ 172,096,587</u>	<u>\$ 391,332,060</u>

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SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2018

Exhibit C-2

<u>Data Control</u>		
<u>Codes</u>		
	Total fund balance, governmental funds	\$ 306,325,760
	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.	709,582,191
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).	7,285,995
	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	(684,385,000)
4	Premiums on issuance	(60,177,827)
5	Capital leases	(495,272)
6	Accrued compensated absences	(10,053,102)
7	Accrued interest payable	(11,012,818)
8	Net pension liability	(64,374,862)
9	Net other post employment liability	(113,745,362)
10	Deferred loss on refunding	8,930,768
11	Deferred outflow related to TRS pension	30,290,797
12	Deferred outflow related to TRS OPEB	1,589,505
13	Deferred inflow related to TRS pension	(23,101,655)
14	Deferred inflow related to TRS OPEB	(47,579,900)
15	Addition of Internal Service fund net position	<u>2,736,036</u>
19	Total net position - governmental activities (See B-1)	<u><u>\$ 51,815,254</u></u>

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

Data Control Codes	General Fund	Special Revenue Fund	Debt Service Fund
Revenues			
5700 Local, intermediate, and out-of-state	\$ 322,840,043	\$ 7,500,927	\$ 96,376,971
5800 State program revenues	35,202,120	5,562,573	626,216
5900 Federal program revenues	8,989,059	36,315,685	-
5020 Total revenues	367,031,222	49,379,185	97,003,187
Expenditures			
Current:			
0011 Instruction	175,776,650	18,941,076	-
0012 Instruction resources and media services	3,321,075	272,519	-
0013 Curriculum and instructional staff development	4,395,382	5,350,341	-
0021 Instructional leadership	5,742,747	819,004	-
0023 School leadership	20,021,055	132,908	-
0031 Guidance, counseling and evaluation services	12,396,872	2,553,592	-
0032 Social work services	189,913	-	-
0033 Health services	3,689,846	165,148	-
0034 Student transportation	8,377,036	514,940	-
0035 Food services	9,773	15,819,762	-
0036 Extracurricular activities	6,229,248	116,646	-
0041 General administration	9,129,043	-	-
0051 Facilities maintenance and operations	30,791,267	731,467	-
0052 Security and monitoring services	3,759,340	59,889	-
0053 Data processing services	6,604,555	731,305	-
0061 Community services	933,351	1,095,621	-
Debt service:			
0071 Principal on long-term debt	275,344	-	65,950,000
0072 Interest on long-term debt	13,357	-	30,574,648
0073 Bond issuance costs and fees	-	-	24,996
Capital outlay:			
0081 Capital outlay	38,623	113,103	-
Intergovernmental:			
0091 Contracted instructional services	75,118,321	-	-
0093 Payments related to shared services arrangements	-	475,908	-
0099 Other intergovernmental charges	3,058,519	-	-
6030 Total Expenditures	369,871,317	47,893,229	96,549,644
1100 Excess (deficiency) of revenues over expenditures	(2,840,095)	1,485,956	453,543
Other Financing Sources (Uses)			
7911 Issuance of capital related debt	-	-	-
7912 Sale of real or personal property	67,547	9,782	-
7915 Transfers in	108,881	-	17,145
7916 Premium or discount on issuance of bonds	-	-	-
8911 Transfers out	-	-	-
7080 Total other financing sources and uses	176,428	9,782	17,145
1200 Net change in fund balances	(2,663,667)	1,495,738	470,688
0100 Fund Balances - Beginning	85,760,957	13,815,658	36,506,260
3000 Fund Balances - Ending	\$ 83,097,290	\$ 15,311,396	\$ 36,976,948

See Notes to the Basic Financial Statements.

Exhibit C-3

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 556,605	\$ 427,274,546
-	41,390,909
-	45,304,744
<u>556,605</u>	<u>513,970,199</u>
876,546	195,594,272
-	3,593,594
-	9,745,723
-	6,561,751
-	20,153,963
-	14,950,464
-	189,913
-	3,854,994
-	8,891,976
-	15,829,535
-	6,345,894
-	9,129,043
26,931	31,549,665
-	3,819,229
-	7,335,860
-	2,028,972
	66,225,344
-	30,588,005
1,073,044	1,098,040
9,353,878	9,505,604
-	75,118,321
-	475,908
-	3,058,519
<u>11,330,399</u>	<u>525,644,589</u>
<u>(10,773,794)</u>	<u>(11,674,390)</u>
132,345,000	132,345,000
-	77,329
-	126,026
14,734,693	14,734,693
<u>(17,145)</u>	<u>(17,145)</u>
<u>147,062,548</u>	<u>147,265,903</u>
136,288,754	135,591,513
<u>34,651,372</u>	<u>170,734,247</u>
<u>\$ 170,940,126</u>	<u>\$ 306,325,760</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, 2018

<u>Data Control Codes</u>	
Net change in fund balances - total governmental funds (from C-3)	\$ 135,591,513
Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
1 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. Depreciation expense charged to each function in the Statement of Activities	8,416,948 (27,179,353)
2 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 position differs from the change in fund balance by the cost of the asset sold.	(3,233)
3 Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,191,158)
4 Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	65,950,000
5 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.	(14,734,693)
6 Payment to escrow agent for payment of refunded bonds	
7 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.	(132,345,000)
8 Repayment of capital lease	275,344
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:	
9 Decrease in interest payable not recognized in fund statements	762,217
10 Decrease in long-term portion of accrued compensated absences	203,508
11 Amortization of bond premiums	6,181,469
12 Amortization on deferred loss on refunding	(868,870)
13 Deferred outflow of resources - TRS pension	7,005,344
14 Deferred outflow of resources - TRS opeb	1,815,118
15 Deferred inflow of resources - TRS pension expense for the pension plan measurement year	(8,574,922)
16 Deferred inflow of resources - TRS opeb expense for the pension plan measurement year	38,131,819
17 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.	7,512
Change in net position of governmental activities	\$ 79,443,563

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2018

<u>Data Control Codes</u>	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Assets		
Current Assets:		
1110 Cash and cash equivalents	\$ 2,412,765	\$ 2,796,529
Receivables:		
1290 Other receivables	114,997	-
1410 Prepaid items	132	-
Total current assets	<u>2,527,894</u>	<u>2,796,529</u>
Land, Buildings and Equipment:		
1530 Furniture and equipment	118,905	44,350
1531 Vehicles	275,510	147,500
1572 Accumulated depreciation - vehicles	(163,362)	(135,208)
1573 Accumulated depreciation - furniture and equipment	(99,875)	(43,662)
Total non-current assets	<u>131,178</u>	<u>12,980</u>
1000 Total Assets	<u>2,659,072</u>	<u>2,809,509</u>
Liabilities		
Current Liabilities:		
2110 Accounts payable	1,582	73,428
2160 Accrued wages payable	303,848	45
2170 Due to other funds	61,260	-
2190 Due to others	36,146	-
2300 Unearned revenue	63,460	-
Total current liabilities	<u>466,296</u>	<u>73,473</u>
2000 Total Liabilities	<u>466,296</u>	<u>73,473</u>
Net Position		
3200 Investment in capital assets	131,178	12,980
3900 Unrestricted net position	2,061,598	2,723,056
3000 Total Net Position	<u>\$ 2,192,776</u>	<u>\$ 2,736,036</u>

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit D-2

<u>Data Control Codes</u>	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues		
5700 Local and intermediate sources	\$ 3,508,297	\$ 8,709
5754 Interfund services provided and used	-	1,115,587
5020 Total Operating Revenues	<u>3,508,297</u>	<u>1,124,296</u>
Operating Expenses		
6100 Payroll costs	2,217,004	216,186
6200 Purchased and contracted services	215,650	28,698
6300 Supplies and materials	163,666	108,916
6400 Claims expense and other operating expenses	445,888	744,641
6449 Depreciation	46,866	18,343
6030 Total Operating Expenses	<u>3,089,074</u>	<u>1,116,784</u>
1200 Operating Income	<u>419,223</u>	<u>7,512</u>
Non-Operating Revenues		
7020 Investment earnings	<u>22,012</u>	<u>-</u>
Total Non-Operating Revenues	<u>22,012</u>	<u>-</u>
Income before Transfers	<u>441,235</u>	<u>7,512</u>
8911 Transfers out	<u>(108,881)</u>	<u>-</u>
Total Transfers	<u>(108,881)</u>	<u>-</u>
1200 Change in Net Position	332,354	7,512
Net Position		
0100 Total Net Position - Beginning	<u>1,860,422</u>	<u>2,728,524</u>
3300 Total Net Position - Ending	<u>\$ 2,192,776</u>	<u>\$ 2,736,036</u>

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,488,951	\$ -
Receipts from interfund charges for insurance services	-	1,124,296
Payments to suppliers for goods and services	(763,150)	(846,921)
Payments to employees	(2,166,154)	(216,190)
Net Cash Provided by (Used for) Operating Activities	<u>559,647</u>	<u>61,185</u>
Cash Flows from Non-Capital Financing Activities:		
Advances from other funds	-	-
Advances to other funds	(108,881)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(108,881)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	22,012	-
Net Cash Provided by Investing Activities	<u>22,012</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	472,778	61,185
Cash and Cash Equivalents - Beginning of Year	<u>1,939,987</u>	<u>2,735,344</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,412,765</u>	<u>\$ 2,796,529</u>
Reconciliation to Balance Sheet:		
Cash	\$ 2,412,765	\$ 2,796,529
Cash and Cash Equivalents per Balance Sheet	<u>\$ 2,412,765</u>	<u>\$ 2,796,529</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 419,223	\$ 7,512
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	46,866	18,343
Change in Assets and Liabilities:		
Decrease (increase) in Interfund Receivables	30,644	-
Decrease (increase) in Receivable	(59,450)	-
Decrease (increase) in Prepaid Items	(132)	-
Increase (decrease) in Accounts Payable	794	35,334
Increase (decrease) in Accrued Wages Payable	50,850	(4)
Increase (decrease) in Interfund Payables	61,260	-
Increase (decrease) in Due to Others	9,397	-
Increase (decrease) in Unearned Revenue	195	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 559,647</u>	<u>\$ 61,185</u>

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
	Assets		
1110	Cash and cash equivalents	\$ 232,759	\$ 3,008,111
1290	Other receivables	-	36,259
1000	Total Assets	<u>232,759</u>	<u>\$ 3,044,370</u>
	Liabilities		
2110	Accounts payable	1,000	\$ 150,987
2150	Payroll deductions and withholding	-	278,377
2160	Accrued Wages Payable	-	14,750
2190	Due to others	-	2,600,256
2000	Total Liabilities	<u>1,000</u>	<u>\$ 3,044,370</u>
	Net Position		
3800	Restricted - other	<u>\$ 231,759</u>	

See Notes to the Basic Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2018

Exhibit E-2

	Private Purpose Trust Fund
Additions	
Gifts and contributions	\$ 8,500
Earnings on investments	3,196
Total Additions	<u>11,696</u>
Deductions	
Community Service	14,500
Other	48,634
Total Deductions	<u>63,134</u>
Change in net position	(51,438)
Net position - Beginning of Year	<u>283,197</u>
Net position - End of Year	<u><u>\$ 231,759</u></u>

See Notes to the Basic 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 Parent Teacher Organizations (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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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).

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

The expenditures are recognized for compensated absences and claims and judgments when amounts are due and payable. 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 Private Purpose 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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.

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.

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

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 and TexSTAR), 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, 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.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

The three level of fair value hierarchy that describes the inputs that are used to measure assets and liabilities are:

- Level 1 inputs are quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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)

2. Investments (continued)

Market values are provided by First Southwest Asset Management, LLC.(FSAM). FSAM's source for pricing government securities (Treasuries and agencies) and most commercial paper is SVC, a subsidiary of SS&C and an information aggregator. SVC uses a number of sources for their pricing data, with most government securities and commercial paper pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service, which is the largest source provider of fixed income pricing. Interactive Data's evaluations are based on market data. Interactive Data utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, Interactive Data's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. SVC and/or IDC provide some, but not all, of the commercial paper (CP) pricing, while FSAM estimates other CP prices based on comparable market offers of similar issuers with comparable credit ratings and maturity dates. All pricing and market values are based on Level 2 inputs.

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.

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 valued at cost and expenditures are recorded when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities are recorded at fair market supplied by the Texas Department of Human Services on the date received. Commodity inventory are recorded at fair 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.

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)

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their estimated fair value on the date donated.

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	15 - 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 position (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 three 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- 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 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. 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 deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for post-employment benefits – 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 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to postemployment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on postemployment plan investments will be amortized over a closed five year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

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 (continued)

A deferred inflow of resources is an acquisition of a government's net position (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 three 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 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for post-employment benefits – 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 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to postemployment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on postemployment plan investments will be amortized over a closed five year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

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.
- 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.

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)

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.

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. Other Post-Employment Accounting Policies

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

12. Fund Equity

Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," provides more defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance 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).

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)

12. Fund Equity (continued)

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. In the Special Revenue Fund the District has committed 100 percent of *Campus Activity* related funds.

Assigned fund balance - Amounts the District intends to use for a specific purpose. Assignment can be expressed by the District's Board of Trustees. For detail discussion on assigned fund balance as of June 30, 2018, see Note 12.

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.

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.

13. 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.

14. 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 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)

15. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired.

The following standards have been issued, but have not been implemented as not yet effective.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

GASB Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

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 and net pension liability, 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.

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 position 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 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 budget report appears 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 and the Food Service Program are required to be reported with the annual original budget, amended budget, and actual revenues and expenditures. These schedules are 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 and H-2.

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.

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, 2018, are \$1,543,190 for general fund, \$719,447 for special revenue funds, \$7,413,284 for capital project funds, \$40,770 for enterprise fund, and \$65,019 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, 2018, the carrying amount of the District's deposits was \$6,937,074 and the bank balance was \$10,261,493. The District deposits in Wells Fargo were secured by \$35,147,433 of pledged collateral and \$250,000 of FDIC coverage.

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, 2018, are shown below.

	<u>Cash and Deposits</u>	<u>Money Market</u>	<u>External Investment Pools</u>	<u>U.S. Government Securities</u>	<u>Total</u>
Governmental Funds					
General Fund	\$ 36,510	\$ 14,027,135	\$ 35,151,189	\$ 95,735,928	\$ 144,950,762
Special Revenue Fund	1,193,681	-	2,548,958	-	3,742,639
Debt Service Fund	-	1,019	3,790,265	32,820,415	36,611,699
Capital Projects Fund	59,608	2,038	33,860,623	137,757,391	171,679,660
Total Governmental Funds	<u>1,289,799</u>	<u>14,030,192</u>	<u>75,351,035</u>	<u>266,313,734</u>	<u>356,984,760</u>
Internal Service Fund	<u>2,796,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,796,529</u>
Total Governmental Activities	<u>4,086,328</u>	<u>14,030,192</u>	<u>75,351,035</u>	<u>266,313,734</u>	<u>359,781,289</u>
Business-Type Funds					
Enterprise Fund	<u>122,121</u>	<u>-</u>	<u>2,290,644</u>	<u>-</u>	<u>2,412,765</u>
Fiduciary Funds	<u>2,728,625</u>	<u>-</u>	<u>512,245</u>	<u>-</u>	<u>3,240,870</u>
Total Cash and Investments	<u>\$ 6,937,074</u>	<u>\$ 14,030,192</u>	<u>\$ 78,153,924</u>	<u>\$ 266,313,734</u>	<u>\$ 365,434,924</u>

For reporting purposes cash and deposits, along with money market, certificates of deposit and investment pool are all consider by the District as cash equivalents.

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 2018 nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2018.

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, 2018:

Investment Type	Fair Value	S&P Credit Quality Ratings	Percentage of Investments	Weighted Average Maturity (Days)
Money Market	\$ 14,030,192	N/A	3.91%	1
Total	<u>14,030,192</u>			
Local Government Investment Pools *:				
TexPool	38,142,609	AAAm	10.64%	27
TexSTAR	40,011,315	AAAm	11.16%	26
Total	<u>78,153,924</u>			
Investments-Securities:				
Securities of U.S. Government Agencies:				
Federal Farm Credit Bank	24,993,005	AA+	6.97%	523
Federal Home Loan Bank	59,565,976	AA+	16.62%	323
Federal Home Loan Mortgage Corp	24,617,821	AA+	6.87%	535
	<u>109,176,802</u>			
U.S. Treasury Notes	<u>75,241,592</u>	AA+	20.99%	278
Corporate Obligations Short-Term:				
Toyota Motor Credit	22,914,085	A-1+	6.39%	59
Natixis	26,860,943	A-1-	7.49%	81
GE Capital Treasury	7,965,384	A-1	2.22%	72
City of Philadelphia	3,260,336	A	0.91%	68
J.P. Morgan Securities	20,894,592	A-1	5.83%	71
	<u>81,895,340</u>			
Total	<u>266,313,734</u>			
Total Investments	<u>\$ 358,497,850</u>		<u>100.00%</u>	

* Per GASB 79, valued at amortized cost.

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

B. Investments (continued)

Investments' fair value measurements are as follows at June 30, 2018:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>
Money Market	\$ 14,030,192	\$ -	\$ 14,030,192	\$ -
Debt securities:				
U.S. Treasury Notes	75,241,592	-	75,241,592	-
U.S. Agency Securities	109,176,802	-	109,176,802	-
Corporate Obligations Short-Term	81,895,340	-	81,895,340	-
Total	<u>\$ 280,343,926</u>	<u>\$ -</u>	<u>\$ 280,343,926</u>	<u>\$ -</u>

Local Government Investment Pools

As of June 30, 2018, 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 fair 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 each have a weighted average maturity of 27 and 26 days respectively. However, the District can redeem its share position within one day when necessary.

The District invests in various types of investment securities at June 30, 2018. These include U.S. Government Agencies, Treasury Notes and commercial paper in which the carrying value reflect the fair value of the investments.

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

B. Investments (continued)

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.

In accordance with GASB 79, Texpool and TexStar do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. Both pools do not impose any liquidity fees or redemption gates.

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 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.

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

B. Investments (continued)

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. Fair values of U.S. Treasury Notes, U.S. Government Agency Securities, and short-term Corporate Obligations, 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 \$99,825 decrease in the fair value of investments for the year that is included in investment income.

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Interest Income	\$ 3,469,681	\$ 22,012	\$ 3,196	\$ 3,494,889
Net Decrease in Fair Value of Investments	(99,825)	-	-	(99,825)
Total Investment Income	<u>\$ 3,369,856</u>	<u>\$ 22,012</u>	<u>\$ 3,196</u>	<u>\$ 3,395,064</u>

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 \$31.9 billion resulting in an adjusted tax levy of approximately \$416.8 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, 2018, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Delinquent Taxes:			
Current Year Levy	\$ 3,696,942	\$ 1,032,769	\$ 4,729,711
Prior Years' Levies	4,244,686	834,914	5,079,600
Total Delinquent Taxes	<u>7,941,628</u>	<u>1,867,683</u>	<u>9,809,311</u>
Penalty and Interest on Delinquent Taxes	3,904,362	898,278	4,802,640
Total Delinquent Taxes and Penalty and Interest	<u>11,845,990</u>	<u>2,765,961</u>	<u>14,611,951</u>
Less Allowance for Uncollectible Taxes	<u>(4,430,758)</u>	<u>(913,992)</u>	<u>(5,344,750)</u>
Net Property Taxes Receivable	<u>\$ 7,415,232</u>	<u>\$ 1,851,969</u>	<u>\$ 9,267,201</u>

Note 6 - Receivables Due From Other Governments

Receivables due from other governments at June 30, 2018, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due From Other Governments			
Federal	\$ 223,344	\$ 4,884,127	\$ 5,107,471
State	<u>5,258,610</u>	<u>49,935</u>	<u>5,308,545</u>
Total Due from Other Governments	<u>\$ 5,481,954</u>	<u>\$ 4,934,062</u>	<u>\$ 10,416,016</u>

Note 7 - Payables Due To Other Governments

Payables due to other governments at June 30, 2018, consisted of the following:

	<u>General Fund</u>	<u>Total</u>
Due To Other Governments		
State:		
Texas Education Agency	<u>\$ 22,129,338</u>	<u>\$ 22,129,338</u>
Total Due To Other Governments	<u>\$ 22,129,338</u>	<u>\$ 22,129,338</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, 2018, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
General Fund	\$ 500,160	\$ 9,516,909
Special Revenue Fund	10,228,228	852,625
Debt Service Fund	-	295,959
Capital Projects Fund	-	1,635
Total Governmental Funds	<u>10,728,388</u>	<u>10,667,128</u>
Proprietary Funds		
Enterprise Fund	-	61,260
Total Proprietary Funds	<u>-</u>	<u>61,260</u>
 Total - All Funds	 <u>\$ 10,728,388</u>	 <u>\$ 10,728,388</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, 2018, were as follows:

	<u>Transfers In</u>		
<u>Transfer Out</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Capital Project Fund	\$ -	\$ 17,145	\$ 17,145
Enterprise Fund	108,881	-	108,881
	<u>\$ 108,881</u>	<u>\$ 17,145</u>	<u>\$ 126,026</u>

The Capital Project Fund transfer to the Debt Service Fund was related to premium for debt issuance and Enterprise Fund transfer to General Fund was available funds from one or more self-sustaining programs.

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, 2018, are as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2018</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 23,427,209	\$ -	\$ -	\$ 23,427,209
Construction in Progress	6,662,636	7,123,383	(7,028,407)	6,757,612
Total Capital Assets, Not Being Depreciated	<u>30,089,845</u>	<u>7,123,383</u>	<u>(7,028,407)</u>	<u>30,184,821</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	913,995,436	-	5,982,126	919,977,562
Furniture and Equipment	27,181,987	892,012	493,688	28,567,687
Vehicles	27,266,932	401,553	(278,518)	27,389,967
Capital Lease Assets	2,906,889	-	-	2,906,889
Total Capital Assets, Being Depreciated at Historical Cost	<u>971,351,244</u>	<u>1,293,565</u>	<u>6,197,296</u>	<u>978,842,105</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(235,445,410)	(23,219,374)	-	(258,664,784)
Furniture and Equipment	(22,094,510)	(2,034,424)	552,593	(23,576,341)
Vehicles	(12,615,128)	(1,943,898)	275,285	(14,283,741)
Capital Lease Assets	(2,906,889)	-	-	(2,906,889)
Total Accumulated Depreciation	<u>(273,061,937)</u>	<u>(27,197,696)</u>	<u>827,878</u>	<u>(299,431,755)</u>
Governmental Activities Capital Assets, Net	<u>\$ 728,379,152</u>	<u>\$ (18,780,748)</u>	<u>\$ (3,233)</u>	<u>\$ 709,595,171</u>
Business-type Activities				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 118,905	\$ -	\$ -	\$ 118,905
Vehicles	275,510	-	-	275,510
Total Capital Assets, being Depreciated at historical cost	<u>394,415</u>	<u>-</u>	<u>-</u>	<u>394,415</u>
Less: Accumulated Depreciation for:				
Furniture and Equipment	(81,825)	(18,050)	-	(99,875)
Vehicles	(134,546)	(28,816)	-	(163,362)
Total Accumulated Depreciation	<u>(216,371)</u>	<u>(46,866)</u>	<u>-</u>	<u>(263,237)</u>
Business-type Activities Capital Assets, Net	<u>\$ 178,044</u>	<u>\$ (46,866)</u>	<u>\$ -</u>	<u>\$ 131,178</u>
Totals	<u>\$ 728,557,196</u>	<u>\$ (18,827,614)</u>	<u>\$ (3,233)</u>	<u>\$ 709,726,349</u>

Note 9 - Capital Assets (continued)

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

	Balance
	June 30, 2018
Vehicles	\$ 147,500
Furniture & Equipment	44,350
Accumulated Depreciation	(178,870)
	<u>\$ 12,980</u>

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

	Depreciation Expense
Governmental Activities Depreciation Expense:	
11 Instruction	\$ 21,414,211
34 Student Transportation	1,322,180
35 Food Services	331,996
36 Cocurricular/Extracurricular activities	1,669,665
41 General Administration	94,267
51 Facilities Maintenance and Operations	686,092
52 Security and Monitoring Services	139,567
53 Data Processing Services	1,424,795
81 Facilities Acquisition and Construction	114,923
Total Governmental Activities Depreciation Expense	<u>\$ 27,197,696</u>
Business-type Activities Depreciation Expense:	
36 Cocurricular/Extracurricular activities	\$ 15,922
51 Plant Maintenance and Operations	22,934
61 Community Services	8,010
Total Business-type Activities Depreciation Expense	<u>\$ 46,866</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 9 - Capital Assets (continued)

A summary of capital projects having construction in progress as of June 30, 2018, is scheduled as follows:

<u>Description of Project</u>	<u>Construction in Progress at Cost</u>	<u>Approved Project Budget</u>	<u>Estimated Remaining Commitment</u>
Memorial High	\$ 38,598	\$ 14,581,743	\$ 14,543,145
Northbrook High	292,563	2,719,836	2,427,273
Spring Woods High	41,163	30,914,257	30,873,094
Stratford High	-	3,155,566	3,155,566
Guthrie Center	-	370,645	370,645
Westchester Academy	-	63,843	63,843
Science Center	-	50,000	50,000
Spring Branch Education Center	1,792	340,795	339,003
Landrum Middle	-	4,883,609	4,883,609
Memorial Middle	-	2,001	2,001
Northbrook Middle	137,197	137,197	-
Spring Branch Middle	-	8,316	8,316
Spring Forest Middle	-	552,082	552,082
Spring Oaks Middle	-	8,423,509	8,423,509
Spring Woods Middle	2,852	2,852	-
Bendwood	-	182,700	182,700
Buffalo Creek Elementary	-	11,079,653	11,079,653
Bunker Hill Elementary	-	82,979	82,979
Cedar Brook Elementary	-	18,045,702	18,045,702
Edgewood Elementary	-	26,447	26,447
Frostwood Elementary	259,828	260,691	863
Hollibrook Elementary	-	20,189	20,189
Housman Elementary	-	1,982,570	1,982,570
Hunters Creek Elementary	-	172,339	172,339
Meadow Wood Elementary	149	23,325	23,176
Memorial Drive Elementary	-	17,637	17,637
Nottingham Elementary	10,000	49,228	39,228
Pine Shadows Elementary	-	52,925	52,925
Ridgecrest Elementary	-	25,750	25,750
Rummel Creek Elementary	-	47,377	47,377
Shadow Oaks Elementary	-	151,535	151,535
Sherwood Elementary	-	26,300	26,300
Spring Branch Elementary	-	50,000	50,000
Spring Shadows Elementary	-	1,434	1,434
Terrace Elementary	-	137	137
Thornwood Elementary	-	158,180	158,180
Treasure Forest Elementary	-	11,051,392	11,051,392
Valley Oaks Elementary	-	47,330	47,330
Westwood Elementary (new)	301,512	330,850	29,338
Westwood Elementary (old)	-	24,979	24,979
Wilchester Elementary	-	81,448	81,448
Woodview Elementary	-	107,315	107,315
Bear Blvd	71,064	2,391,271	2,320,207
Lion Lane	64,450	2,391,271	2,326,821
Panda Path	-	66,930	66,930
Tiger Trail	-	2,391,271	2,391,271
Wildcat Way	-	2,391,271	2,391,271
Tax Office	-	15,729	15,729
Technology Training Center	-	50,000	50,000
District Wide Programs	4,769,870	11,404,949	6,635,079
Wayne Schaper, Sr. Admin Bldg	-	1,742,414	1,742,414
Other Warehouses	-	84,376	84,376
Gessner Warehouses	175,390	2,535,088	2,359,698
Athletic Complexes	393,212	2,470,483	2,077,271
Natatorium	-	77,500	77,500
South Transition Campus	-	2,329,154	2,329,154
East Transition Campus	-	2,271,030	2,271,030
T Buildings	197,972	235,834	37,862
	<u>\$ 6,757,612</u>	<u>\$ 143,155,234</u>	<u>\$ 136,397,622</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 March 26, 2018, the District established a defeasance escrow to defease all or a portion of the District's outstanding bonds, Unlimited Tax Schoolhouse Bonds Series 2009A for a total of \$20,640,000, prior to their scheduled maturities. The District deposited directly with a paying agent for the Defeased Bonds available funds of the District into an escrow fund in an amount of \$21,386,643, sufficient to provide the payment, redemption, or defeasance of all or a portion of the Defeased Bonds and such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Defeased Bonds. Economic gain on the transaction was \$1,879,541. The Defeased Bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. The escrow deposit was recorded as debt service expenditure and was not recorded as other financing uses.

On June 15, 2018, the District paid in full holders of the Variable Rate Unlimited Tax Schoolhouse Bonds Series 2013 A-1 in the aggregate principal amount of \$15,000,000, upon completion of the applicable term rate period, the 2013 A-1 Bonds were not remarketed.

In June 2018, the District issued \$132,345,000 of Unlimited Tax Schoolhouse Bonds Series 2018. The bonds bear interest at a rate of 3.00 – 5.00%. The proceeds from the 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 school buses, and (iv) the payment of costs of issuance associated with the sale of the Bonds.

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 \$2,636,208 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, 2018, follows:

	Balance July 1, 2017	Issued and Additions	Retired and Refunded	Balance June 30, 2018	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$617,990,000	\$ 132,345,000	\$ (65,950,000)	\$ 684,385,000	\$ 38,170,000
Plus Premiums on Bonds at Issuance	51,624,603	14,734,693	(6,181,469)	60,177,827	-
Total Bonds Payable	669,614,603	147,079,693	(72,131,469)	744,562,827	38,170,000
Compensated Absences	10,256,610	963,881	(1,167,389)	10,053,102	1,076,801
Capital Lease	770,616	-	(275,344)	495,272	280,893
Total Long-Term Debt	\$680,641,829	\$ 148,043,574	\$ (73,574,202)	\$ 755,111,201	\$ 39,527,694

Bonds Payable

Bonded debt, at June 30, 2018, is comprised of the following individual issues:

Series	Issue Amount	Interest Rate (%)	Matures	Amount Outstanding
2009A Schoolhouse Bonds	\$ 61,720,000	5.00	2020	\$ 3,790,000
2009B BABS	62,085,000	5.89	2039	62,085,000
2010A Schoolhouse Bonds	25,000,000	4.00 - 5.00	2025	25,000,000
2010B BABS	75,000,000	5.54 - 6.04	2039	75,000,000
2011 Schoolhouse Bonds	75,000,000	4.00 - 5.00	2041	75,000,000
2013 Schoolhouse Bonds	45,990,000	Variable	2041	36,595,000
2014A Schoolhouse Bonds	31,390,000	2.50 - 5.00	2042	30,010,000
2014B Refunding Bonds	63,520,000	3.00 - 5.00	2026	38,915,000
2015A Refunding Bonds	65,795,000	2.00 - 5.00	2025	58,185,000
2015B Refunding Bonds	153,550,000	2.00 - 5.00	2038	147,460,000
2018 Schoolhouse Bonds	132,345,000	3.00 - 5.00	2043	132,345,000
	Total Bonds Payable			684,385,000
	Plus Unamortized Premiums on Issuance			60,177,827
	Total Bonds Payable			744,562,827
	Less Current Portion			38,170,000
	Long-Term Portion Bonds Payable			\$706,392,827

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, 2018, follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 38,170,000	\$ 30,848,196	\$ 69,018,196
2020	29,120,000	31,794,302	60,914,302
2021	31,020,000	30,405,367	61,425,367
2022	35,085,000	28,917,961	64,002,961
2023	27,045,000	27,190,507	54,235,507
2024	28,075,000	25,883,878	53,958,878
2025	25,600,000	24,509,624	50,109,624
2026	22,850,000	23,260,554	46,110,554
2027	20,295,000	22,127,969	42,422,969
2028	21,230,000	21,123,944	42,353,944
2029	22,195,000	20,090,593	42,285,593
2030	23,155,000	19,010,457	42,165,457
2031	30,075,000	17,930,509	48,005,509
2032	31,360,000	16,349,446	47,709,446
2033	32,645,000	14,777,828	47,422,828
2034	33,925,000	13,229,751	47,154,751
2035	35,275,000	11,589,807	46,864,807
2036	36,705,000	9,884,530	46,589,530
2037	38,170,000	8,110,116	46,280,116
2038	39,750,000	6,245,702	45,995,702
2039	30,495,000	4,239,362	34,734,362
2040	16,545,000	2,585,629	19,130,629
2041	17,380,000	1,771,322	19,151,322
2042	9,895,000	911,000	10,806,000
2043	8,325,000	416,250	8,741,250
Total	<u>\$ 684,385,000</u>	<u>\$ 413,204,604</u>	<u>\$ 1,097,589,604</u>

The District is in compliance with all significant bond compliance requirements. As of June 30, 2018, the District had \$752.4 million authorized, but unissued bonds.

Prior Year Defeasance of Debt

In prior years, the District defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future debt service payments are not included in the District's financial statements. As of June 30, 2018, the amount of defeased debt outstanding amount to \$48,460,000.

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, 2018, was \$2,906,889, leaving a net book value of \$0. During the 2015 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, 2018:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 280,893	\$ 7,807	\$ 288,700
2020	214,379	2,147	216,526
Total	495,272	<u>\$ 9,954</u>	<u>\$ 505,226</u>
Less Current Portion	(280,893)		
Long-Term Portion	<u>\$ 214,379</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, 2018 was \$8,930,768. 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>
Deferred Inflows of Resources		
General Fund - Property Taxes	\$ 6,010,919	\$ -
Debt Service Fund - Property Taxes	1,275,076	-
Unearned Revenue		
Unearned Revenue on Grants	-	71,229
General Fund - Unearned Revenue	-	5,282,561
Enterprise Fund - Unearned Revenue	-	63,460
Total Deferred Inflows of Resources and Unearned Revenue	<u>\$ 7,285,995</u>	<u>\$ 5,417,250</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, 2018, for all governmental fund types follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Restricted Fund Balance				
Grant funds	\$ -	\$ 3,587,774	\$ -	\$ -
Debt service	-	-	36,976,948	-
Capital acquisitions and obligations	-	-	-	170,940,126
Other:				
Instruction Material Allotment	-	519,976	-	-
Local technology	-	6,476,352	-	-
Donations - locally funded	-	3,052,909	-	-
Total Other	-	10,049,237	-	-
Total Restricted	<u>-</u>	<u>13,637,011</u>	<u>36,976,948</u>	<u>170,940,126</u>
Committed Fund Balance				
Other:				
Campus Activity	-	1,337,627	-	-
Total Committed	<u>-</u>	<u>1,337,627</u>	<u>-</u>	<u>-</u>
Assigned Fund Balance				
Capital equipment replacement	4,574,737	-	-	-
Other:				
Compensated absences	1,927,167	-	-	-
Subsequent year expenditures	14,332,119	-	-	-
Total Other	16,259,286	-	-	-
Total Assigned	<u>20,834,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 20,834,023</u>	<u>\$ 14,974,638</u>	<u>\$ 36,976,948</u>	<u>\$ 170,940,126</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, 2018, follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 314,972,711	\$ -	\$ 95,213,504	\$ -	\$ 410,186,215
Penalties, Interest and Other Related Tax Income	2,197,973	-	462,710	-	2,660,683
Tuition and Fees	1,529,966	-	-	-	1,529,966
Investment Income	2,078,788	33,706	700,757	556,605	3,369,856
Food Sales	-	1,595,633	-	-	1,595,633
Cocurricular Activities	372,481	-	-	-	372,481
Insurance Recovery	155,051	-	-	-	155,051
Other	1,533,073	5,871,588	-	-	7,404,661
Total	<u>\$ 322,840,043</u>	<u>\$ 7,500,927</u>	<u>\$ 96,376,971</u>	<u>\$ 556,605</u>	<u>\$ 427,274,546</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, 2018, follows:

<u>Program or Grant</u>	<u>CFDA Number</u>	<u>Amount Recorded in General Fund</u>
Indirect Costs:		
ESEA, Title I, Part A - Improving Basic Programs	84.010A	\$ 599,193
IDEA, Part B - Formula	84.027A	150,000
ESEA, Title II, Part A - TPTR	84.367A	88,512
School Improvement Grant - Texas Title I Priority Schools Cycle 4 Year 2	84.377A	36,647
Total Indirect Costs		<u>874,352</u>
Direct Costs:		
Medicaid Program	93.778	81,270
SHARS Program	n/a	5,153,110
Build America Bonds Subsidized Interest	n/a	2,636,208
ROTC	12.000	35,848
Fuel Rebate	n/a	208,271
Total Direct Costs		<u>8,114,707</u>
Total Indirect and Direct Costs		<u>\$ 8,989,059</u>

Note 15 - Defined Benefit Pension Plans

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 - Defined Benefit Pension Plans (continued)

Contributions (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. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	Plan Fiscal Year	
	2017	2018
Member (Employee)	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	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 contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributions were as follows:

	Measurement Year (2017)		Fiscal Year (2018)
	Contributions Required and Made	Pension Expense	TRS Contributions
Employer (District) contributions	\$ 6,598,186	\$ -	\$ 7,018,331
Members (Employee) contributions	16,646,010	8,010,716	17,223,314
Non-employer (State) On-behalf contributions	10,742,307	5,225,528	10,851,115

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.

Note 15 - Defined Benefit Pension Plans (continued)

Contributions (continued)

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2017, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

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.

Note 15 - Defined Benefit Pension Plan (continued)

Plan Description (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<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.*

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 2017 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 108,522,873	\$ 64,370,862	\$ 27,614,015

Note 15 - Defined Benefit Pension Plan (continued)

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

At June 30, 2018, the District reported a liability of \$64,374,862 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 proportion of the net pension liability	0.20133%
District's proportionate share of the collective net pension liability	\$ 64,374,862
State's proportionate share that is associated with District	<u>105,022,736</u>
Total	<u>\$ 169,397,598</u>

The net pension liability was measured as of August 31, 2017, 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, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.2013304% which was a decrease from its proportion measured as of August 31, 2016 of 0.2124879%.

Change Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2018, the District recognized pension expense of \$8,574,922 and revenue of \$8,010,716 for support provided by the State.

At June 30, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 941,830	\$ (3,471,638)
Changes of assumptions	2,932,366	(1,678,711)
Difference between projected and actual earnings on pension plan investments	9,900,067	(14,591,549)
Changes in proportion and differences between District contributions and proportionate share of contributions	10,575,474	(3,359,757)
District contributions subsequent to the measurement date	<u>5,941,060</u>	<u>-</u>
Total	<u>\$ 30,290,797</u>	<u>\$ (23,101,655)</u>

Note 15 - Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The \$5,941,060 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

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:

Year ended June 30		
2018	\$	19,137
2019		4,128,335
2020		(296,577)
2021		(1,534,230)
2022		(571,108)
2023		(497,475)
	<u>\$</u>	<u>1,248,082</u>

Note 16 - Defined Other Post-Employment Benefit Plans

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 100 Red River Street, Austin, TX, 78701-2698; on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

C. Benefits Provided (continued)

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-CARE Plan Premium Rates			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	Basic Plan	Optional Plan	Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

**or surviving spouse*

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% for the period to August 31, 2018 and 1.25% beginning on September 1, 2018 of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2017</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal/Private Funding remitted by Employers	1.25%	1.00%

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

In addition, during the current fiscal year, \$212.0 million was transferred to TRS from the State to pay for Care during the 85th First Legislative Special Session House Bill 21, Section 10. The District reported on behalf revenues and expenditures of \$554,521 relating to these transfers.

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

D. Contributions (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributors were as follows:

	<u>Measurement Year</u>		<u>Fiscal Year</u>
	<u>Contributions Required and Made</u>	<u>OPEB Expense</u>	<u>TRS Care Contributions</u>
Member (Employee)	\$ 1,405,167	\$ -	\$ 1,453,711
Non-employer contributing agency (State)	2,004,553	(56,105,992)	3,081,497
District	1,359,886	(38,131,819)	1,802,591

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
	Rates of Disability Incidence
Valuation date	August 31, 2017
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.50%
Discount rate	3.42%
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses to the delivery of health care benefits are included in the age adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases	3.50% to 9.50%
Healthcare trend rates	4.50% to 12.00%
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

** Includes Inflation at 2.50%

*** Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescription trend rate of 4.50% over a period of 10 years.

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions (continued)

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

F. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Sensitivity of the Net OPEB Liability

Discount Rate – The following presents the District’s proportional share of the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one- percentage point lower (2.42%) or one-percentage point higher (4.42%) than the AA/Aa rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
1% Decrease in Discount Rate (2.42%)	Current Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
\$ 134,247,765	\$ 113,745,362	\$ 97,266,053

Healthcare Cost Trend Rates – The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 94,704,378	\$ 113,745,362	\$ 138,729,533

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

G. Sensitivity of the Net OPEB Liability (continued)

At June 30, 2018, the District reported a liability of \$113,745,362 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	113,745,362
State's proportionate share that is associated with District		<u>167,667,465</u>
Total	\$	<u><u>281,412,827</u></u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .2615663% which was the same proportion measured as of August 31, 2016.

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in fiscal year ending August 31, 2017:

- Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Negative OPEB Expense

The significant changes to the plan benefits and assumptions noted above decreased the net OPEB liability related to TRS-Care as a whole by \$33.3 billion. As a result, the District's proportional share of the net OPEB liability decreased by \$87.1 million. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of \$94.2 million, a portion of this negative expense (\$56.1 million) represents the State's on-behalf share of this activity offset by what the Governmental Accounting Standards Board refers to as a negative on-behalf revenue.

The following table illustrates the magnitude of the negative on-behalf activity for the State's portion of the TRS-Care benefits by individual function for both operating grants and contributions revenues and expense:

	Current Year Prior to Negative On-behalf Activities			Current Year After Negative On-behalf Activities as presented in Exhibit B-1	
	Expenses	Operating Grants and Contributions	Negative On-behalf Activities	Expenses	Operating Grants and Contributions
Instruction	\$ 185,339,127	\$ 24,412,873	\$ (36,137,870)	\$ 149,201,257	\$ (11,724,997)
Instructional Resources and Media Services	3,128,863	165,927	(667,661)	2,461,202	(501,734)
Curriculum and Staff Development	8,493,074	5,398,729	(835,979)	7,657,095	4,562,750
Instructional Leadership	5,709,817	870,458	(976,244)	4,733,573	(105,786)
School Leadership	18,041,685	779,990	(4,404,320)	13,637,365	(3,624,330)
Guidance, Counseling, and Evaluation Services	13,496,282	2,631,017	(2,541,601)	10,954,681	89,416
Social Work Services	177,187	5,252	(39,274)	137,913	(34,022)
Health Services	3,385,830	5,528,307	(819,147)	2,566,683	4,709,160
Student Transportation	9,290,713	761,826	(1,565,357)	7,725,356	(803,531)
Food Service	13,991,146	14,785,886	(16,832)	13,974,314	14,769,054
Extracurricular Activities	7,431,689	231,914	(953,802)	6,477,887	(721,888)
General Administration	8,674,195	3,985,011	(1,458,756)	7,215,439	2,526,255
Plant, Maintenance and Operations	30,388,387	1,193,649	(3,237,316)	27,151,071	(2,043,667)
Security and Monitoring Services	3,430,180	161,277	(757,431)	2,672,749	(596,154)
Data Processing Services	8,262,202	1,737,733	(1,110,899)	7,151,303	626,834
Community Services	1,600,298	1,162,083	(437,627)	1,162,671	724,456
Others	101,205,458	475,908	-	101,205,458	475,908
Facilities Repairs and Maintenance	2,483,165	145,876	(145,876)	2,337,289	-
Other Intergovernmental	3,058,519	(8,774)	-	3,058,519	(8,774)
Totals	\$ 427,587,817	\$ 64,424,942	\$ (56,105,992)	\$ 371,481,825	\$ 8,318,950

Note 16 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (2,374,521)
Changes in actuarial assumptions	-	(45,205,379)
Difference between projected and actual investment earnings	17,278	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	525	-
Contributions paid to TRS subsequent to the measurement date	<u>1,571,702</u>	<u>-</u>
Total	<u>\$ 1,589,505</u>	<u>\$ (47,579,900)</u>

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

Year Ended June 30:	OPEB Expense Amount
2019	\$ (6,275,873)
2020	(6,275,873)
2021	(6,275,873)
2022	(6,275,873)
2023	(6,280,193)
Thereafter	<u>(16,178,412)</u>
	<u>\$ (47,562,097)</u>

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, 2018, 1899 and 1899, the subsidy payments received by TRS-Care on behalf of the District are as follows:

Fiscal Year	Medicare Part D
2018	\$ 866,484
2017	995,049
2016	646,360

These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

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 Aggregate Deductible

During the year ended June 30, 2018, Spring Branch ISD met its statutory workers' compensation obligations through participation in 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. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

Spring Branch ISD participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2017, the Fund carries a discounted reserve of \$49,076,113 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended June 30, 2018, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles,

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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, 2018, 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 \$10,053,102 as of June 30, 2018. 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 \$475,908.

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, 2018.

Note 22 - Prior Period Adjustment

In the current fiscal year, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. As a result, the beginning net position of the District's governmental activities has been restated on Exhibit B-1 Statement of Activities to reflect the net OPEB liability and deferred outflow of resources related to TRS-Care contributions made after the prior measurement date of the plan as follows:

	<u>Governmental Activities</u>
Beginning Net Position - As Originally Presented	\$ 172,054,385
Restatement due to:	
Net OPEB liability	(200,811,691)
Deferred Outflows:	
TRS-Care Contribution made after the August 31, 2016	<u>1,128,997</u>
	<u>(199,682,694)</u>
Beginning Net Position - As Restated	<u><u>\$ (27,628,309)</u></u>

Note 23 - Subsequent Events

As of November 2, 2018, the District has evaluated that no subsequent events are required to be report.

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, 2018
with Actual Totals for 2017

Data Control Codes	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)	2017 Actual	
	Original	Final Amended				
Revenues						
5700	Local and Intermediate Sources	\$ 326,093,087	\$ 320,123,145	\$ 322,840,043	\$ 2,716,898	\$ 310,427,595
5800	State Program Revenues	26,964,432	34,456,149	35,202,120	745,971	39,577,331
5900	Federal Program Revenues	6,979,000	8,580,028	8,989,059	409,031	8,795,786
5020	Total Revenues	<u>360,036,519</u>	<u>363,159,322</u>	<u>367,031,222</u>	<u>3,871,900</u>	<u>358,800,712</u>
Expenditures						
Current:						
11	Instruction	178,073,301	178,654,580	175,776,650	2,877,930	173,488,011
12	Instructional Resources and Media Services	3,221,411	3,409,536	3,321,075	88,461	3,252,479
13	Curriculum and Instructional Staff Development	4,357,567	4,751,977	4,395,382	356,595	3,834,273
21	Instructional Leadership	5,426,134	6,186,141	5,742,747	443,394	4,415,451
23	School Leadership	20,725,978	20,456,261	20,021,055	435,206	19,953,965
31	Guidance, Counseling and Evaluation Services	12,761,044	12,767,363	12,396,872	370,491	12,207,567
32	Social Work Services	129,727	204,727	189,913	14,814	159,707
33	Health Services	3,918,160	3,845,964	3,689,846	156,118	3,788,394
34	Student Transportation	8,384,136	9,646,444	8,377,036	1,269,408	8,101,346
35	Food Services	10,100	12,600	9,773	2,827	5,474
36	Cocurricular/Extracurricular Activities	6,220,322	6,645,945	6,229,248	416,697	5,700,420
41	General Administration	8,574,303	9,418,047	9,129,043	289,004	9,452,461
51	Facilities Maintenance and Operations	30,296,643	31,830,649	30,791,267	1,039,382	29,618,335
52	Security and Monitoring Services	3,919,971	4,243,882	3,759,340	484,542	3,714,122
53	Data Processing Services	6,675,185	6,789,347	6,604,555	184,792	6,250,634
61	Community Services	1,106,331	1,105,777	933,351	172,426	1,179,749
71	Debt Service	288,701	288,701	288,701	-	288,701
81	Capital outlay	40,000	60,000	38,623	21,377	37,736
91	Contracted Instructional	77,403,566	75,150,000	75,118,321	31,679	51,059,269
99	Other Intergovernmental Charges	2,956,210	3,058,519	3,058,519	-	2,870,107
6030	Total Expenditures	<u>374,488,790</u>	<u>378,526,460</u>	<u>369,871,317</u>	<u>8,655,143</u>	<u>339,378,201</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,452,271)</u>	<u>(15,367,138)</u>	<u>(2,840,095)</u>	<u>12,527,043</u>	<u>19,422,511</u>
Other Financing Sources (Uses)						
7912	Sale of Real and Personal Property	50,000	141,517	67,547	(73,970)	41,171
7915	Transfers in	-	-	108,881	108,881	77,341
7080	Total Other Financing Sources (Uses)	<u>50,000</u>	<u>141,517</u>	<u>176,428</u>	<u>34,911</u>	<u>118,512</u>
1200	Net Change in Fund Balance	(14,402,271)	(15,225,621)	(2,663,667)	12,561,954	19,541,023
0100	Fund Balance - Beginning	<u>85,760,957</u>	<u>85,760,957</u>	<u>85,760,957</u>	<u>-</u>	<u>66,219,934</u>
3000	Fund Balance - Ending	<u>\$ 71,358,686</u>	<u>\$ 70,535,336</u>	<u>\$ 83,097,290</u>	<u>\$ 12,561,954</u>	<u>\$ 85,760,957</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 the fiscal year beginning July 1st, 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 2018, General Fund budgeted appropriations were increased by \$4.038 million.

Special Revenue Reconciliation of the Food Service Programs

A reconciliation of the Food Service program to the Special Revenue Fund follows:

Special Revenue Fund Total Revenue Fund	\$49,379,185
Food Service Program Revenue	<u>(17,120,187)</u>
Other local, state and federal revenue	<u>\$32,258,998</u>
Special Revenue Fund Expenditures	\$47,893,229
Food Service Program Expenditures	<u>(16,565,524)</u>
Other local, state and federal Expenditures	<u>\$31,327,705</u>

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
For the Last Four Measurement Years Ended August 31 ⁽¹⁾

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.2013303%	0.2124879%	0.2214700%	0.1516979%
District's proportionate share of the net pension liability	\$ 64,374,610	\$ 80,295,999	\$ 78,286,839	\$ 40,520,606
State's proportionate share of the net pension liability associated with the District	<u>105,022,736</u>	<u>130,039,152</u>	<u>124,975,866</u>	<u>108,711,946</u>
Total	<u>\$ 169,397,346</u>	<u>\$ 210,335,151</u>	<u>\$ 203,262,705</u>	<u>\$ 149,232,552</u>
District's covered payroll (for Measurement Year)	\$ 216,179,463	\$ 218,955,935	\$ 211,547,412	\$ 205,458,627
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	29.80%	36.70%	37.00%	19.70%
Plan fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	75.93%	92.75%	91.94%	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.

Note (1): Ten years of data should be presented in this schedule, but data was unavaialbe prior to 2014.
 Net pension liability and related ratios will be presented propectively as data becomes available.

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

Exhibit G-4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 7,018,331	\$ 6,632,615	\$ 6,730,805	\$ 6,034,880	\$ 3,683,688
Contributions in relation to the contractual required contributions	<u>7,018,331</u>	<u>6,632,615</u>	<u>6,730,805</u>	<u>6,034,880</u>	<u>3,683,688</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 223,647,790	\$ 216,419,381	\$ 218,152,461	\$ 210,359,614	\$ 203,842,425
Contributions as a percentage of covered employee payroll	3.14%	3.06%	3.09%	2.87%	1.81%
	<u>2013</u>	<u>2012</u>	<u>2011</u>		
Contractually required contributions	\$ 3,136,061	\$ 2,881,642	\$ 3,484,401		
Contributions in relation to the contractual required contributions	<u>3,136,061</u>	<u>2,881,642</u>	<u>3,484,401</u>		
contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
District's covered employee payroll	\$ 196,703,893	\$ 199,440,793	\$ 209,668,678		
Contributions as a percentage of covered employee payroll	1.59%	1.44%	1.66%		

Notes to Required Supplementary Information - Pension

Effective September 1, 2014, employers who did not contribute Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Changes of Assumptions

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

Changes of Benefit Terms

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

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Teacher Retirement System of Texas
For the Last Measurement Years Ended August 31 ⁽¹⁾

Exhibit G-5

	<u>2017</u>
District's proportion of the net OPEB liability	0.2615663%
District's proportionate share of the OPEB liability	\$ 113,745,362
State's proportionate share of the net OPEB liability associated with the District	<u>167,667,465</u>
Total	<u>\$ 281,412,827</u>
District's covered payroll (for Measurement Year)	\$ 216,179,463
District's proportionate share of the OPEB liability as a percentage of it's covered payroll	52.62%
Plan fiduciary net position as a percentage of the total OPEB liability *	0.91%
Plan's net OPEB liability as a percentage of covered-employee payroll *	132.55%

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

Net OPEB liability is calculated using an new methodology and will be presented prospectively in accordance with GASB 75.

Note (1): Ten years of data should be presented in this schedule, but data was unavaialble prior to plan year 2017.
Net OPEB liability and related ratios will be presented propectively as data becomes available.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers Retirement System of Texas - OPEB
Last Two Fiscal Years

Exhibit G-6

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 1,802,591	\$ 1,360,173
Contributions in relation to the contractual required contributions	1,802,591	1,360,173
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 223,647,790	\$ 216,419,381
Contributions as a percentage of covered payroll	0.81%	0.63%

Notes to Required Supplementary Information - OPEB

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in fiscal year ending August 31, 2017:

- Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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OTHER SUPPLEMENTARY INFORMATION

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 Fiscal Year Ended June 30, 2018
with Actual Totals for 2017

<u>Data Control</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final Amended</u>	<u>Amounts GAAP Basis</u>	
Revenues				
5700	Local, Intermediate and Out-of-State	\$ 97,566,000	\$ 95,607,383	\$ 96,376,971
5800	State Program Revenues	694,000	626,216	626,216
5020	Total Revenues	<u>98,260,000</u>	<u>96,233,599</u>	<u>97,003,187</u>
Expenditures				
Debt Service:				
0071	Principal on Long-Term Debt	66,972,356	66,052,041	65,950,000
0072	Interest on Long-Term Debt	30,574,648	30,574,648	30,574,648
0073	Bond issuance costs and fees	24,996	24,996	24,996
6030	Total Expenditures	<u>97,572,000</u>	<u>96,651,685</u>	<u>96,549,644</u>
1100	Excess (Deficiency) Revenues Over Expenditures	688,000	(418,086)	453,543
Other Financing Sources (Uses)				
7911	Refunding bonds issued	-	-	-
7915	Transfers in	-	-	17,145
7916	Premium or discount on Issuance of Bonds	-	-	-
8940	Payment to Refunded Bond	-	-	-
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>17,145</u>
1200	Net Change in Fund Balance	688,000	(418,086)	470,688
0100	Fund Balance - Beginning	<u>36,506,260</u>	<u>36,506,260</u>	<u>36,506,260</u>
3000	Fund Balance - Ending	<u>\$ 37,194,260</u>	<u>\$ 36,088,174</u>	<u>\$ 36,976,948</u>

Exhibit H-1

Final Budget Positive (Negative)	2017 Actual
\$ 769,588	\$ 91,512,269
-	707,234
<u>769,588</u>	<u>92,219,503</u>
102,041	58,515,000
-	31,910,181
-	2,224,327
<u>102,041</u>	<u>92,649,508</u>
<u>871,629</u>	<u>(430,005)</u>
-	51,595,000
17,145	-
-	1,563,309
-	(52,990,000)
<u>17,145</u>	<u>168,309</u>
888,774	(261,696)
-	36,767,956
<u>\$ 888,774</u>	<u>\$ 36,506,260</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, 2018
with Actual Totals for 2017

Data Control Codes		Budgeted Amounts		Actual
		Original	Final Amended	Amounts GAAP Basis
	Revenues			
5700	Local, Intermediate and Out-of-State	\$ 2,538,500	\$ 1,692,156	\$ 1,639,848
5800	State Program Revenues	100,000	100,000	100,342
5900	Federal Program Revenues	15,420,000	15,120,000	15,379,997
5020	Total Revenues	<u>18,058,500</u>	<u>16,912,156</u>	<u>17,120,187</u>
	Expenditures			
0035	Food Services	17,726,050	16,733,136	15,811,889
0051	Facilities Maintenance and Operations	751,300	751,300	721,853
0052	Security and Monitoring Services	37,100	37,100	31,782
6030	Total Expenditures	<u>18,514,450</u>	<u>17,521,536</u>	<u>16,565,524</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(455,950)</u>	<u>(609,380)</u>	<u>554,663</u>
	Other Financing Sources (Uses)			
7912	Sale of Real and Personal Property	15,000	15,000	9,782
7080	Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>9,782</u>
1200	Net Change in Fund Balance	(440,950)	(594,380)	564,445
0100	Fund Balance - Beginning	<u>3,340,513</u>	<u>3,340,513</u>	<u>3,340,513</u>
3000	Fund Balance - Ending	<u>\$ 2,899,563</u>	<u>\$ 2,746,133</u>	<u>\$ 3,904,958</u>

Exhibit H-2

Variance With Final Budget		
Positive (Negative)		2017 Actual
\$ (52,308)		\$ 2,550,540
342		99,542
<u>259,997</u>		<u>15,087,261</u>
<u>208,031</u>		<u>17,737,343</u>
921,247		17,537,291
29,447		732,172
<u>5,318</u>		<u>33,695</u>
<u>956,012</u>		<u>18,303,158</u>
<u>1,164,043</u>		<u>(565,815)</u>
<u>(5,218)</u>		<u>13,337</u>
<u>(5,218)</u>		<u>13,337</u>
1,158,825		(552,478)
-		3,892,991
<u>\$ 1,158,825</u>		<u>\$ 3,340,513</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 Year Ended June 30, 2018

Exhibit H-3

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Activities				
Assets:				
Cash and Cash Equivalents	\$ 2,599,197	\$ 3,759,405	\$ 3,629,991	\$ 2,728,611
Other Receivables	3,306	146,148	113,195	36,259
Prepaid items	499	-	499	-
Total Assets	\$ 2,603,002	\$ 3,905,553	\$ 3,743,685	\$ 2,764,870
Liabilities:				
Accounts Payable	\$ 93,681	\$ 4,257,508	\$ 4,200,202	\$ 150,987
Accrued Wages Payable	-	14,750	-	14,750
Due to Student Groups	2,509,321	357,200	267,388	2,599,133
Total Liabilities	\$ 2,603,002	\$ 4,629,458	\$ 4,467,590	\$ 2,764,870
Employee Flex Plan				
Assets:				
Cash and Cash Equivalents	\$ 419,956	\$ 1,229,645	\$ 1,370,900	\$ 278,701
Total Assets	\$ 419,956	\$ 1,229,645	\$ 1,370,900	\$ 278,701
Liabilities:				
Payroll Deductions and Withholdings Payable	\$ 419,657	\$ 1,232,699	\$ 1,373,979	\$ 278,377
Due to Others	300	247,853	247,829	324
Total Liabilities	\$ 419,957	\$ 1,480,552	\$ 1,621,808	\$ 278,701
Charter Partner				
Assets:				
Cash and Cash Equivalents	\$ 38,598	\$ 41,354	\$ 79,153	\$ 799
Total Assets	\$ 38,598	\$ 41,354	\$ 79,153	\$ 799
Liabilities:				
Due to Others	\$ 38,598	\$ 79,153	\$ 116,952	\$ 799
Total Liabilities	\$ 38,598	\$ 79,153	\$ 116,952	\$ 799
Total Agency Funds				
Assets:				
Cash and Cash Equivalents	\$ 3,057,751	\$ 5,030,404	\$ 5,080,044	\$ 3,008,111
Other Receivables	3,306	146,148	113,195	36,259
Prepaid items	499	-	499	-
Total Assets	\$ 3,061,556	\$ 5,176,552	\$ 5,193,738	\$ 3,044,370
Liabilities:				
Accounts Payable	\$ 93,681	\$ 4,257,508	\$ 4,200,202	\$ 150,987
Accrued Wages Payable	-	14,750	-	14,750
Payroll Deductions and Withholding	419,657	1,232,699	1,373,979	278,377
Due to Student Groups	2,548,219	684,206	632,169	2,600,256
Total Liabilities	\$ 3,061,557	\$ 6,189,163	\$ 6,206,350	\$ 3,044,370

REQUIRED TEA SCHEDULE

Compliance schedules (Exhibit 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, 2018

<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 7/1/17</u>
		<u>1 Maintenance</u>	<u>2 Debt Service</u>	<u>Total</u>		
2009 and prior	2008 and prior	Various	Various	Various	Various	\$ 1,182,546
2010	2009	1.0900	0.3045	1.3945	\$ 17,544,385,745	350,013
2011	2010	1.0900	0.3045	1.3945	17,096,512,944	310,711
2012	2011	1.0900	0.3045	1.3945	17,596,164,360	327,627
2013	2012	1.0900	0.3045	1.3945	18,628,331,804	458,290
2014	2013	1.0900	0.3045	1.3945	20,421,592,686	546,089
2015	2014	1.0900	0.3045	1.3945	22,906,404,805	685,769
2016	2015	1.0900	0.3045	1.3945	26,149,492,965	1,109,639
2017	2016	1.0900	0.3045	1.3945	28,777,091,646	4,455,016
2018	2017	1.0900	0.3045	1.3945	29,887,294,371	-
1000 Totals						<u>\$ 9,425,700</u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code (Function 97)						<u>\$ -</u>

20 Current Year's Total Levy	31 Maintenance and Operations Collections	32 Debt Service Collections	33 Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/18
\$ -	\$ 68,593	\$ 10,441	\$ 79,034	\$ (173,443)	\$ 930,069
-	12,706	3,549	16,255	(432)	333,326
-	9,645	2,395	12,040	(357)	298,314
-	8,773	2,127	10,900	(339)	316,388
-	32,282	8,594	40,876	10,599	428,013
-	56,463	15,847	72,310	13,686	487,465
-	74,240	20,868	95,108	(24,149)	566,512
-	(414,689)	(117,615)	(532,304)	(962,889)	679,054
-	(2,551,258)	(602,917)	(3,154,175)	(6,568,732)	1,040,459
<u>416,778,320</u>	<u>316,573,332</u>	<u>95,475,277</u>	<u>412,048,609</u>	<u>-</u>	<u>4,729,711</u>
<u>\$ 416,778,320</u>	<u>\$ 313,870,087</u>	<u>\$ 94,818,566</u>	<u>\$ 408,688,653</u>	<u>\$ (7,706,056)</u>	<u>9,809,311</u>
				Penalty and interest receivable on taxes	<u>4,802,640</u>
				Total taxes receivable per Exhibit C-1	<u>\$ 14,611,951</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>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:				
Net investment in Capital Assets	\$ 144,407,966	\$ 102,444,943	\$ 69,514,589	\$ 48,556,852
Restricted	41,203,585	39,416,425	35,418,382	34,427,839
Unrestricted	(133,796,297)	30,193,017	18,268,978	20,625,708
Total Governmental Activities Net Position	<u>\$ 51,815,254</u>	<u>\$ 172,054,385</u>	<u>\$ 123,201,949</u>	<u>\$ 103,610,399</u>
Business-type Activities:				
Net investment in Capital Assets	\$ 131,178	\$ 178,044	\$ 210,747	\$ 232,945
Unrestricted	2,061,598	1,682,378	1,194,419	990,458
Total Business-type Activities Net Position	<u>\$ 2,192,776</u>	<u>\$ 1,860,422</u>	<u>\$ 1,405,166</u>	<u>\$ 1,223,403</u>
Primary Government:				
Net investment in Capital Assets	\$ 144,539,144	\$ 102,622,987	\$ 69,725,336	\$ 48,789,797
Restricted	41,203,585	39,416,425	35,418,382	34,427,839
Unrestricted	(131,734,699)	31,875,395	19,463,397	21,616,166
Total Primary Government Net Position	<u>\$ 54,008,030</u>	<u>\$ 173,914,807</u>	<u>\$ 124,607,115</u>	<u>\$ 104,833,802</u>

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

** Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.

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

Table 1

2014*	2013	2012	2011	2010	2009
\$ 31,340,087	\$ 39,027,408	\$ 40,642,961	\$ 51,468,759	\$ 51,888,293	\$ 40,624,417
35,185,387	29,177,399	26,639,052	18,331,462	17,731,468	10,068,647
12,023,486	56,313,659	62,589,840	59,650,441	59,686,394	64,641,979
<u>\$ 78,548,960</u>	<u>\$ 124,518,466</u>	<u>\$ 129,871,853</u>	<u>\$ 129,450,662</u>	<u>\$ 129,306,155</u>	<u>\$ 115,335,043</u>
\$ 176,312	\$ 127,443	\$ 65,149	\$ 76,287	\$ 87,788	\$ -
1,032,359	1,011,532	1,379,690	1,152,713	625,149	953,903
<u>\$ 1,208,671</u>	<u>\$ 1,138,975</u>	<u>\$ 1,444,839</u>	<u>\$ 1,229,000</u>	<u>\$ 712,937</u>	<u>\$ 953,903</u>
\$ 31,516,399	\$ 39,154,851	\$ 40,708,110	\$ 51,545,046	\$ 51,976,081	\$ 40,624,417
35,185,387	29,177,399	26,639,052	18,331,462	17,731,468	10,068,647
13,055,845	57,325,191	63,969,530	60,803,154	60,311,543	65,595,882
<u>\$ 79,757,631</u>	<u>\$ 125,657,441</u>	<u>\$ 131,316,692</u>	<u>\$ 130,679,662</u>	<u>\$ 130,019,092</u>	<u>\$ 116,288,946</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses				
Governmental Activities:				
Instruction	\$ 149,201,257	\$ 217,226,205	\$ 222,799,157	\$ 197,208,116
Instructional Resources and Media Services	2,461,202	3,620,703	3,720,503	3,657,049
Curriculum and Instructional Staff Development	7,657,095	9,113,423	8,517,401	7,482,753
Instructional Leadership	4,733,573	5,101,858	5,290,951	4,103,909
School Leadership	13,637,365	20,535,843	20,409,339	19,705,964
Guidance, Counseling, and Evaluation Services	10,954,681	15,111,937	14,583,275	14,245,108
Social Work Services	137,913	161,589	172,201	94,149
Health Services	2,566,683	4,030,789	3,784,085	3,548,314
Student Transportation	7,725,356	9,936,767	9,561,908	9,045,577
Food Services	13,974,314	17,528,355	17,848,073	16,419,940
Cocurricular/Extracurricular Activities	6,477,887	7,582,955	7,332,319	7,122,368
General Administration	7,215,439	9,504,505	9,151,327	7,788,096
Plant Maintenance and Operations	27,151,071	30,801,530	30,387,638	29,605,740
Security and Monitoring Services	2,672,749	3,926,287	3,708,907	3,457,287
Data Processing Services	7,151,303	8,817,215	11,220,442	8,504,287
Community Services	1,162,671	2,420,472	4,891,557	4,310,416
Interest on Long-term Debt	24,731,864	26,390,567	28,193,805	32,434,481
Bond Issuance Costs and Fees	879,365	1,249,427	1,079,090	1,366,830
Facilities Repairs and Maintenance	2,337,289	6,014,174	5,514,826	3,798,885
Purchase of WADA	75,118,321	51,059,269	29,649,359	8,199,477
Payments related to Shared Service Arrangements	475,908	419,250	312,788	378,141
Payments to JJAEP	-	-	-	-
Other Intergovernmental Charges	3,058,519	2,870,107	2,647,310	2,359,997
Total Governmental Activities Expenses	<u>371,481,825</u>	<u>453,423,227</u>	<u>440,776,261</u>	<u>384,836,884</u>
Business-type Activities:				
Athletic Rentals/Concessions	561,370	753,147	958,611	1,004,163
After School Programs	-	-	-	69,331
Employee Childcare	1,263,112	1,363,637	1,635,564	1,629,226
Community Education	220,866	239,448	309,211	377,020
Fine Arts	129,529	115,441	137,140	138,667
Facility Rentals	568,117	483,485	76,330	50,383
Summer School	279,700	336,090	300,660	388,620
Other	66,380	60,662	-	-
Total Business-type Activities Expenses	<u>3,089,074</u>	<u>3,351,910</u>	<u>3,417,516</u>	<u>3,657,410</u>
Total Primary Government Expenses	<u>374,570,899</u>	<u>456,775,137</u>	<u>444,193,777</u>	<u>388,494,294</u>

Table 2
Page 1 of 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 199,239,989	\$ 183,750,501	\$ 177,338,029	\$ 201,207,980	\$ 193,356,124	\$ 188,009,562
3,544,567	3,653,392	4,275,895	4,387,542	3,493,605	3,586,375
7,912,503	8,100,879	7,401,464	7,589,849	7,373,266	7,707,441
3,226,808	3,624,133	3,730,097	4,189,885	4,650,828	3,515,095
19,099,504	18,333,639	17,937,787	18,442,088	18,457,940	17,303,406
13,143,594	11,728,287	11,252,726	12,680,996	12,424,778	10,453,989
96,337	96,369	116,817	277,370	427,390	555,754
3,411,881	3,286,152	3,383,876	3,365,807	3,364,031	3,357,452
8,763,517	8,521,668	7,811,242	7,990,151	7,270,976	7,225,731
16,287,375	15,555,202	15,035,744	15,411,567	14,902,668	13,911,311
6,724,772	6,294,896	4,983,976	5,234,157	4,947,829	4,987,685
7,534,880	6,897,517	6,654,497	6,422,833	7,002,494	5,974,050
29,776,709	30,409,741	27,435,296	27,693,563	27,592,294	27,369,870
3,234,400	3,198,976	3,128,068	3,294,200	3,241,718	3,475,434
8,119,198	6,431,531	7,105,270	6,289,021	8,904,479	5,950,202
4,310,606	4,498,122	4,186,329	1,936,180	2,060,316	2,468,312
35,188,228	34,343,484	34,510,526	31,348,197	28,614,947	25,672,470
725,628	728,367	820,965	435,636	548,555	546,265
5,838,853	4,748,351	8,933,935	5,123,708	3,592,489	1,660,229
-	-	6,900,318	2,657,017	-	7,273,270
346,466	285,156	239,935	388,064	382,265	215,695
-	-	-	83,160	75,600	75,607
2,088,199	1,042,363	2,988,000	2,002,289	1,478,151	1,793,664
<u>378,614,014</u>	<u>355,528,726</u>	<u>356,170,792</u>	<u>368,451,260</u>	<u>354,162,743</u>	<u>343,088,869</u>
1,185,289	923,305	641,512	725,486	613,268	486,677
73,027	90,002	90,002	216,640	216,640	226,157
1,581,070	1,592,635	1,592,635	1,779,049	1,779,049	1,686,910
343,753	325,576	325,576	436,089	436,089	458,669
158,233	137,436	137,436	100,013	100,013	103,290
46,437	57,911	57,911	49,858	49,858	46,024
287,325	232,231	232,231	352,134	352,134	195,108
-	42,617	42,617	21,159	21,159	28,860
<u>3,675,134</u>	<u>3,401,713</u>	<u>3,119,920</u>	<u>3,680,428</u>	<u>3,568,210</u>	<u>3,231,695</u>
<u>382,289,148</u>	<u>358,930,439</u>	<u>359,290,712</u>	<u>372,131,688</u>	<u>357,730,953</u>	<u>346,320,564</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 2,593,049	\$ 2,090,639	\$ 2,016,736	\$ 2,051,797
Food Services	1,605,942	2,532,920	2,583,162	2,638,425
Cocurricular/Extracurricular Activities	372,481	491,668	470,036	452,040
Other Activities	397,362	335,580	599,271	458,925
Operating Grants and Contributions	<u>8,318,950</u>	<u>69,635,811</u>	<u>74,156,964</u>	<u>66,824,342</u>
Total Governmental Activities Program Revenues	<u>13,287,784</u>	<u>75,086,618</u>	<u>79,826,169</u>	<u>72,425,529</u>
Business-type Activities:				
Charges for Services:				
Athletic Rentals/Concessions	766,874	833,989	1,009,738	847,067
After School Programs	-	-	-	69,910
Employee Childcare	1,352,288	1,401,180	1,642,583	1,712,809
Community Education	141,584	202,130	228,618	336,324
Fine Arts	125,232	116,046	121,010	120,290
Facility Rentals	907,042	888,125	205,453	92,193
Summer School	211,077	298,846	301,236	419,530
Other	4,200	58,635	72,391	72,391
Total Business-type Activities Program Revenues	<u>3,508,297</u>	<u>3,798,951</u>	<u>3,581,029</u>	<u>3,670,514</u>
Total Primary Government Program Revenues	<u>16,796,081</u>	<u>78,885,569</u>	<u>83,407,198</u>	<u>76,096,043</u>
Net (Expense)/Revenue				
Governmental Activities	(358,194,041)	(378,336,609)	(360,950,092)	(312,411,355)
Business-type Activities	<u>419,223</u>	<u>447,041</u>	<u>163,513</u>	<u>13,104</u>
Total Primary Government Net (Expense)/Revenue	<u>(357,774,818)</u>	<u>(377,889,568)</u>	<u>(360,786,579)</u>	<u>(312,398,251)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	316,739,144	304,304,218	279,933,694	245,907,769
Property Taxes, Levied for Debt Service	94,916,596	92,453,632	82,966,419	72,539,219
Investment Earnings	3,369,856	1,224,540	1,404,857	805,188
State Aid - Formula Grants - Unrestricted	20,397,035	25,863,767	12,443,554	15,862,285
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-
Miscellaneous	2,106,092	3,342,888	3,808,118	2,358,333
Transfers	108,881	-	(15,000)	-
Total Governmental Activities	<u>437,637,604</u>	<u>427,189,045</u>	<u>380,541,642</u>	<u>337,472,794</u>
Business-type Activities:				
Investment Earnings	22,012	8,215	3,250	1,628
Transfers	(108,881)	-	15,000	-
Total Business-type Activities	<u>(86,869)</u>	<u>8,215</u>	<u>18,250</u>	<u>1,628</u>
Total Primary Government	<u>\$ 437,550,735</u>	<u>\$ 427,197,260</u>	<u>\$ 380,559,892</u>	<u>\$ 337,474,422</u>
Change in Net Position				
Governmental Activities	\$ 79,443,563	\$ 48,852,436	\$ 19,591,550	\$ 25,061,439
Business-type Activities	<u>332,354</u>	<u>455,256</u>	<u>181,763</u>	<u>14,732</u>
Total Primary Government	<u>\$ 79,775,917</u>	<u>\$ 49,307,692</u>	<u>\$ 19,773,313</u>	<u>\$ 25,076,171</u>

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

Table 2
Page 2 of 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,830,851	\$ 1,912,510	\$ 1,409,694	\$ 1,287,699	\$ 1,467,644	\$ 1,109,270
2,911,703	3,039,522	3,276,516	3,315,561	3,570,466	3,354,439
434,228	418,223	462,041	373,420	329,822	303,404
318,651	278,731	375,516	337,093	509,814	415,681
62,114,750	58,398,780	60,574,226	72,320,049	73,233,585	58,428,248
<u>67,610,183</u>	<u>64,047,766</u>	<u>66,097,993</u>	<u>77,633,822</u>	<u>79,111,331</u>	<u>63,611,042</u>
1,001,533	666,031	656,305	786,610	525,572	498,424
79,330	91,915	91,915	200,170	200,170	207,380
1,727,317	1,594,438	1,594,438	1,663,200	1,663,200	1,472,076
343,947	357,980	357,980	406,384	406,384	458,394
139,471	137,594	137,594	108,209	108,209	110,513
92,193	91,393	91,393	90,241	90,241	90,241
287,328	289,164	289,164	276,486	276,486	237,615
72,391	115,528	115,528	55,480	55,480	54,833
<u>3,743,510</u>	<u>3,344,043</u>	<u>3,334,317</u>	<u>3,586,780</u>	<u>3,325,742</u>	<u>3,129,476</u>
<u>71,353,693</u>	<u>67,391,809</u>	<u>69,432,310</u>	<u>81,220,602</u>	<u>82,437,073</u>	<u>66,740,518</u>
(311,003,831)	(291,480,960)	(290,072,799)	(290,817,438)	(275,051,412)	(279,477,827)
68,376	(57,670)	214,397	(93,648)	(242,468)	(102,219)
<u>(310,935,455)</u>	<u>(291,538,630)</u>	<u>(289,858,402)</u>	<u>(290,911,086)</u>	<u>(275,293,880)</u>	<u>(279,580,046)</u>
219,095,170	200,319,455	189,162,413	183,535,631	186,369,188	176,011,657
64,498,113	59,498,741	56,071,281	54,176,940	55,814,168	50,472,698
533,462	713,180	868,755	815,827	1,500,688	6,792,037
25,180,349	27,257,873	42,506,183	46,980,742	43,702,903	60,682,496
70,640	-	-	-	-	49,655
2,258,065	1,941,416	1,885,358	4,561,348	1,635,569	388,020
-	250,000	-	(608,543)	-	-
<u>311,635,799</u>	<u>289,980,665</u>	<u>290,493,990</u>	<u>289,461,945</u>	<u>289,022,516</u>	<u>294,396,563</u>
1,320	1,806	1,442	1,168	1,503	15,633
-	(250,000)	-	608,543	-	-
<u>1,320</u>	<u>(248,194)</u>	<u>1,442</u>	<u>609,711</u>	<u>1,503</u>	<u>15,633</u>
<u>\$ 311,637,119</u>	<u>\$ 289,732,471</u>	<u>\$ 290,495,432</u>	<u>\$ 290,071,656</u>	<u>\$ 289,024,019</u>	<u>\$ 294,412,196</u>
\$ 631,968	\$ (1,500,295)	\$ 421,191	\$ (1,355,493)	\$ 13,971,104	\$ 14,918,736
69,696	(305,864)	215,839	516,063	(240,965)	(86,586)
<u>\$ 701,664</u>	<u>\$ (1,806,159)</u>	<u>\$ 637,030</u>	<u>\$ (839,430)</u>	<u>\$ 13,730,139</u>	<u>\$ 14,832,150</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	2,883,058	2,456,182	2,552,419	2,229,910
Assigned	20,834,023	20,834,023	20,834,022	23,332,944
Unassigned	59,380,209	62,470,752	42,833,493	37,229,167
Total General Fund	<u>\$ 83,097,290</u>	<u>\$ 85,760,957</u>	<u>\$ 66,219,934</u>	<u>\$ 62,792,021</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Capital Projects Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
Non-spendable, Reported in:				
Special Revenue Funds	336,758	175,058	148,550	164,932
Restricted, Reported in:				
Special Revenue Funds	13,637,011	12,477,094	10,606,545	17,293,713
Debt Service Fund	36,976,948	36,506,260	36,767,956	32,256,942
Capital Projects Funds	170,940,126	34,651,372	60,015,777	99,784,699
Committed, Reported in:				
Special Revenue Funds	1,337,627	1,163,506	1,068,571	939,615
Total All Other Governmental Funds	<u>\$ 223,228,470</u>	<u>\$ 84,973,290</u>	<u>\$ 108,607,399</u>	<u>\$ 150,439,901</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

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 2,784,089	\$ 4,386,219
-	-	-	-	64,283,417	67,605,320
3,104,807	4,886,501	4,413,621	3,435,791	-	-
23,005,277	18,448,202	25,595,778	27,423,625	-	-
32,383,083	30,798,942	32,513,688	32,055,868	-	-
<u>\$ 58,493,167</u>	<u>\$ 54,133,645</u>	<u>\$ 62,523,087</u>	<u>\$ 62,915,284</u>	<u>\$ 67,067,506</u>	<u>\$ 71,991,539</u>
\$ -	\$ -	\$ -	\$ -	\$ 99,632,905	\$ 78,819,120
-	-	-	-	97,539,935	113,773,001
-	-	-	-	1,478,813	1,989,459
232,365	256,839	266,615	274,256	-	-
14,721,636	13,345,058	10,464,804	9,424,062	-	-
33,926,414	29,822,310	29,791,979	21,982,200	-	-
99,592,990	63,190,878	124,944,742	145,114,405	-	-
891,434	847,600	905,297	791,976	-	-
<u>\$ 149,364,839</u>	<u>\$ 107,462,685</u>	<u>\$ 166,373,437</u>	<u>\$ 177,586,899</u>	<u>\$ 198,651,653</u>	<u>\$ 194,581,580</u>

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

	2018	2017	2016	2015
Revenues				
Local, Intermediate, and Out-of-State	\$ 427,274,546	\$ 412,359,365	\$ 374,574,649	\$ 333,343,368
State Programs	41,390,909	43,327,729	31,638,445	31,557,522
Federal Programs	45,304,744	44,419,757	45,213,192	44,868,724
Total Revenues	513,970,199	500,106,851	451,426,286	409,769,614
Expenditures				
Current:				
Instruction	195,594,272	189,890,757	189,965,945	181,897,891
Instructional Resources and Media Services	3,593,594	3,526,116	3,624,098	3,679,025
Curriculum and Instructional Staff Development	9,745,723	8,875,891	8,261,645	7,631,740
Instructional Leadership	6,561,751	4,979,322	5,178,684	4,116,595
School Leadership	20,153,963	20,068,272	20,044,199	19,567,055
Guidance, Counseling, and Evaluation Services	14,950,464	14,776,624	14,343,673	14,161,861
Social Work Services	189,913	159,707	171,325	99,324
Health Services	3,854,994	3,943,138	3,688,453	3,605,544
Student Transportation	8,891,976	8,433,770	8,101,827	7,856,932
Food Services	15,829,535	17,542,765	17,486,097	17,276,176
Cocurricular/Extracurricular Activities	6,345,894	5,837,853	5,591,591	5,706,472
General Administration	9,129,043	9,452,811	9,000,550	7,713,782
Plant Maintenance and Operations	31,549,665	30,358,633	30,436,189	29,248,155
Security and Monitoring Services	3,819,229	3,811,672	3,539,830	3,729,648
Data Processing Services	7,335,860	7,445,706	9,708,220	7,283,712
Community Services	2,028,972	2,337,115	4,688,707	4,355,275
Principal on Long-term Debt	66,225,344	58,784,906	47,529,575	33,742,051
Interest on Long-term Debt	30,588,005	31,928,976	31,951,216	35,914,471
Other Debt Service Expenditures	1,098,040	2,238,892	1,615,608	1,080,591
Facilities Acquisition and Construction	9,505,604	25,681,202	44,057,147	34,976,755
Contracted Instructional Services	75,118,321	51,059,269	29,649,359	8,199,477
Payments related to Shared Service Arrangements	475,908	419,250	312,788	378,141
Payments to Juvenile Justice Alt. Ed. Prgm.	-	-	-	-
Other Intergovernmental Charges	3,058,519	2,870,107	2,647,310	2,359,997
Total Expenditures	525,644,589	504,422,754	491,594,036	434,580,670
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,674,390)	(4,315,903)	(40,167,750)	(24,811,056)

Table 4
Page 1 of 2

2014	2013	2012	2011	2010	2009
\$ 296,858,984	\$ 271,546,150	\$ 256,909,683	\$ 252,491,199	\$ 253,981,109	\$ 244,097,720
40,550,933	40,161,499	55,973,177	63,322,358	60,814,817	81,722,458
43,242,824	41,761,766	44,151,738	52,253,146	52,486,989	33,676,081
<u>380,652,741</u>	<u>353,469,415</u>	<u>357,034,598</u>	<u>368,066,703</u>	<u>367,282,915</u>	<u>359,496,259</u>
175,826,794	166,462,318	162,655,760	181,209,645	184,796,121	177,209,859
3,522,081	3,625,706	4,276,737	4,445,006	3,496,617	3,549,537
7,920,098	8,119,977	7,511,768	7,597,563	7,287,043	7,624,433
3,275,003	3,636,186	3,727,104	4,241,091	4,647,966	3,534,219
19,098,113	18,409,260	17,953,805	18,572,888	18,488,195	17,330,300
13,149,995	11,707,677	11,275,372	12,740,481	12,418,147	10,488,296
96,211	96,353	116,027	277,839	426,309	557,289
3,407,619	3,286,091	3,387,179	3,383,474	3,370,129	3,362,808
7,773,279	8,612,641	7,839,289	7,078,622	8,245,515	6,462,952
16,044,845	15,363,078	14,875,495	15,863,594	14,942,825	13,933,367
5,502,637	5,029,405	4,873,901	5,268,800	4,847,878	4,698,673
7,473,402	6,757,554	6,798,880	6,493,670	6,987,967	5,880,489
29,275,234	30,553,170	27,481,186	27,642,407	27,210,044	26,720,387
3,161,314	3,134,772	3,029,380	3,298,378	3,356,088	3,614,005
7,045,325	6,907,464	7,077,192	6,337,152	8,686,842	5,967,460
4,298,963	4,507,100	4,194,246	1,977,035	2,061,809	2,436,134
23,590,671	24,333,071	19,979,158	24,106,120	29,254,512	25,443,172
37,671,807	38,060,027	39,402,477	31,900,415	27,347,328	25,173,566
416,706	21,161	194,030	875,093	945,909	13,175
26,872,674	61,124,859	92,357,980	128,448,076	129,186,117	47,965,798
-	-	6,900,318	2,657,017	-	7,273,270
346,466	285,156	239,935	388,064	382,265	215,695
-	-	-	83,160	75,600	75,600
2,088,199	1,042,363	2,988,000	2,002,289	1,478,151	1,793,664
<u>397,857,436</u>	<u>421,075,389</u>	<u>449,135,219</u>	<u>496,887,879</u>	<u>499,939,377</u>	<u>401,324,148</u>
<u>(17,204,695)</u>	<u>(67,605,974)</u>	<u>(92,100,621)</u>	<u>(128,821,176)</u>	<u>(132,656,462)</u>	<u>(41,827,889)</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	\$ -	\$ 51,595,000	\$ 219,345,000	\$ 116,510,000
Issuance of Capital Related Debt (Regular Bonds)	132,345,000	-	-	31,390,000
Premium/Discount from Issuance of Bonds	14,734,693	1,563,309	30,040,499	13,045,954
Sale of Real and Personal Property	77,329	54,508	166,962	94,461
Capital Lease Proceeds	-	-	-	1,500,093
Transfers In	126,026	77,341	-	72,290
Transfers Out	(17,145)	(77,341)	-	(1,491,174)
Payment to Refunded Bond Escrow Agent	-	(52,990,000)	(247,789,300)	(130,936,563)
Total Other Financing Sources (Uses)	<u>147,265,903</u>	<u>222,817</u>	<u>1,763,161</u>	<u>30,185,061</u>
 Net Change in Fund Balances	 <u>\$ 135,591,513</u>	 <u>\$ (4,093,086)</u>	 <u>\$ (38,404,589)</u>	 <u>\$ 5,374,005</u>

Debt Service as a Percentage of Noncapital Expenditures 18.72% 19.54% 17.32% 16.86%

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,990,000	-	75,000,000	137,910,000	123,805,000	-
2,315,790	-	5,328,914	10,038,466	7,944,494	-
118,887	55,780	135,775	133,137	53,008	104,708
-	-	-	-	-	-
41,605	250,000	2,464,112	347,922	3,578,451	-
-	-	(2,433,839)	(908,563)	(3,578,451)	-
-	-	-	(45,416,762)	-	-
63,466,282	305,780	80,494,962	102,104,200	131,802,502	104,708
<u>\$ 46,261,587</u>	<u>\$ (67,300,194)</u>	<u>\$ (11,605,659)</u>	<u>\$ (26,716,976)</u>	<u>\$ (853,960)</u>	<u>\$ (41,723,181)</u>
18.15%	18.62%	18.27%	15.21%	12.50%	13.45%

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

Table 5

Fiscal Year Ended June 30,	Appraised Value			Taxable Assessed Value	Total Direct Rate (1)
	Real Property Value	Personal Property Value	Less: Exemptions		
2018	\$ 35,266,396,044	\$ 4,479,338,152	\$ 7,864,212,054	\$ 31,881,522,142	\$ 1.3945
2017	33,526,434,169	4,910,541,251	7,815,108,164	30,621,867,256	1.3945
2016	32,575,143,564	2,373,871,377	7,249,268,469	27,699,746,472	1.3945
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

(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

<u>Taxing Authority</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Overlapping Rates:</i>				
Bunker Hill Village, City of	\$ 0.2770	\$ 0.2770	\$ 0.2779	\$ 0.2829
Harris County *	0.4611	0.4634	0.4654	0.4659
Hedwig Village, City of	0.2348	0.2225	0.2103	0.1964
Hilshire Village, City of	0.5022	0.4823	0.4881	0.5334
Houston, City of	0.5842	0.5864	0.6011	0.6311
Hunters Creek Village, City of	0.1841	0.1841	0.1841	0.1841
Memorial Village Water Authority	0.0275	0.0280	0.0304	0.0346
Piney Point Village, City of	0.2551	0.2551	0.2551	0.2551
Spring Valley, City of	0.4335	0.4335	0.4500	0.4878
Total	\$ 2.9595	\$ 2.9323	\$ 2.9624	\$ 3.0713
<i>District Direct Rates:</i>				
Maintenance & Operations	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900
Debt Service	0.3045	0.3045	0.3045	0.3045
Total District Direct Rates	\$ 1.3945	\$ 1.3945	\$ 1.3945	\$ 1.3945

* 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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 0.2979	\$ 0.2979	\$ 0.3077	\$ 0.2730	\$ 0.2649	\$ 0.2779
0.4663	0.4544	0.4444	0.4444	0.4439	0.4437
0.2086	0.2173	0.2218	0.2230	0.2151	0.2050
0.5743	0.6056	0.6051	0.6374	0.5526	0.5286
0.6388	0.6388	0.6388	0.6388	0.6388	0.6388
0.1841	0.1900	0.1825	0.1850	0.1850	0.1850
0.0386	0.0400	0.0399	0.0382	0.0362	0.0360
0.2151	0.2151	0.2151	0.2151	0.2151	0.2151
0.5128	0.5398	0.5398	0.5398	0.5398	0.5187
<u>\$ 3.1365</u>	<u>\$ 3.1989</u>	<u>\$ 3.1951</u>	<u>\$ 3.1947</u>	<u>\$ 3.0914</u>	<u>\$ 3.0488</u>
\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.0900
0.3045	0.3045	0.3045	0.3045	0.3045	0.2925
<u>\$ 1.3945</u>	<u>\$ 1.3945</u>	<u>\$ 1.3945</u>	<u>\$ 1.3945</u>	<u>\$ 1.3945</u>	<u>\$ 1.3825</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Table 7

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Metro National Corp	\$ 642,111,472	1	2.01%	\$ 432,303,869	1	2.46%
Energy Tower II	361,253,690	2	1.13%	-		
MC Medical Campus LP	268,726,300	3	0.84%	99,425,004	5	0.57%
Memorial City Towers Ltd	212,881,595	4	0.67%	151,409,074	2	0.86%
Conoco Phillips Co	198,961,954	5	0.62%	-		
TR Eldridge Plan LP	195,577,770	6	0.61%	-		
MN Coxen LLC	180,676,006	7	0.57%	-		
Centerpoint Energy Inc	176,970,310	8	0.56%	103,538,995	4	0.59%
Alkf LLC	170,141,527	9	0.53%	-		
TCH Energy Center Three LLC	133,524,459	10	0.42%	-		
Behringer Harvard	-			127,676,631	3	0.73%
Mitsubishi Caterpillar Forklift America Inc	-			83,455,253	6	0.47%
Town & Country Ptnr	-			77,502,974	7	0.44%
FSP Energy Tower 1 LP	-			66,820,396	8	0.38%
Smith Jim R	-			63,352,733	9	0.36%
National Oilwell Inc	-			62,013,937	10	0.35%
Totals	<u>\$ 2,540,825,083</u>		<u>7.96%</u>	<u>\$ 1,267,498,866</u>		<u>7.21%</u>

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

(2) Total assessed value tax year 2017 equals: \$ 31,881,522,142

(3) Total assessed value tax year 2009 equals: \$ 17,597,303,878

Source: Spring Branch ISD tax office

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

Table 8

Fiscal Year	Tax Levy For The Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2018	\$ 416,778,320	\$ 412,048,609	98.87%	\$ -	\$ 412,048,609	98.87%
2017	394,727,811	396,841,527	100.54%	(3,081,735)	393,759,792	99.75%
2016	359,743,369	360,374,126	100.18%	(1,318,631)	359,055,495	99.81%
2015	315,721,901	316,363,770	100.20%	(1,196,046)	315,167,724	99.82%
2014	281,225,713	282,051,822	100.29%	(1,321,046)	280,730,776	99.82%
2013	257,609,994	256,391,346	99.53%	781,654	257,173,000	99.83%
2012	244,227,925	242,036,758	99.10%	1,885,388	243,922,146	99.87%
2011	236,830,818	235,119,670	99.28%	1,412,731	236,532,401	99.87%
2010	240,853,137	238,268,576	98.93%	2,249,160	240,517,736	99.86%
2009	225,901,968	224,473,965	99.37%	1,156,739	225,630,704	99.88%

(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

Fiscal Year (1)	Governmental Activities			Ratio of Debt to Assessed Value (1)	Debt Per Student (2)
	General Obligation Bonds	Capital Leases/Notes Payable	Total Primary Government		
2018	\$ 744,562,827	\$ 495,272	\$ 745,058,099	2.34%	\$ 23,911
2017	669,614,603	770,616	670,385,219	2.19%	20,593
2016	734,543,380	1,040,522	735,583,902	2.66%	22,560
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

(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

Fiscal Year	Gross Bonded Debt	Less Reserve for Retirement of Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (1)	Net Bonded Debt Per Student (2)
2018	\$ 744,562,827	\$ 27,239,206	\$ 717,323,621	2.25%	\$ 23,021
2017	669,614,603	26,765,920	642,848,683	2.10%	19,747
2016	734,543,380	24,663,287	709,880,093	2.56%	21,771
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

(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, 2018

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>
<i>Overlapping:</i>				
Bunker Hill Village, City of	\$ 8,840,000	6/30/2018	100.00%	\$ 8,840,000
Harris County	2,208,674,361	6/30/2018	7.38%	163,000,168
Harris County Dept of Education	6,555,000	6/30/2018	7.38%	483,759
Harris County Flood Control	83,075,000	6/30/2018	7.38%	6,130,935
Harris County Hosp Dist	59,490,000	6/30/2018	7.38%	4,390,362
Hedwig Village, City of	4,490,000	6/30/2018	100.00%	4,490,000
Hilshire Village, City of	2,165,000	6/30/2018	100.00%	2,165,000
Houston, City of	3,742,955,000	6/30/2018	9.27%	346,971,929
Piney Point Village, City of	8,045,000	6/30/2018	100.00%	8,045,000
Port of Houston Authority	638,829,397	6/30/2018	7.38%	47,145,609
Spring Valley, City of	12,035,000	6/30/2018	100.00%	<u>12,035,000</u>
Total Net Overlapping Debt				603,697,762
<i>Direct:</i>				
Spring Branch Independent School District	745,058,099		100.00%	<u>745,058,099</u>
Total Direct and Overlapping Debt				<u>\$ 1,348,755,861</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

Fiscal Year	Residential Units (1)	Total Assessed Value of Residential Units (1)	Personal Income (2)	Average Assessed Value Per Residential Unit	Per Capita Income (2)	Average Daily Attendance (3)	Unemployment Rate (4)
2018	43,705	\$ 24,685,355,513	*	\$ 564,818	*	32,604	4.4%
2017	43,291	23,214,885,369	*	536,252	*	32,554	5.3%
2016	43,001	21,223,254,889	*	493,553	*	32,606	5.5%
2015	42,816	18,569,606,282	\$ 249,989,500,000	433,707	\$ 55,088	32,455	4.8%
2014	42,494	16,521,857,706	252,694,912,000	388,804	56,896	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%

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

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

(3) Source: District Records

(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

Employer	2018			2009		
	Employees	Rank	Percentage of Principal Employers	Employees	Rank	Percentage of Total Employment
Wal-Mart Stores Inc	34,000	1	16.73%	31,900	1	18.42%
HEB	26,956	2	13.26%	12,283	10	7.09%
Memorial Hermann Healthcare System	26,011	3	12.80%	20,201	3	11.66%
Houston Methodist	22,247	4	10.95%	12,363	9	7.14%
University of Texas M.D. Anderson Cancer Center	20,189	5	9.93%	17,536	4	10.13%
Kroger Company	17,188	6	8.46%	14,620	6	8.44%
McDonald's Corp	16,100	7	7.92%	-		
United Airlines	14,084	8	6.93%	-		
Texas Children's Hospital	13,445	9	6.62%	-		
Exxon Mobil Corp.	13,000	10	6.40%	14,396	7	8.31%
Shell Oil Company	-			12,850	8	7.42%
Administaff	-			20,589	2	11.89%
Continental Airlines	-			16,451	5	9.50%
Total Employed	203,220		100.00%	173,189		100.00%

2018 Source: Here is Houston

2009 Source: City of Houston

<https://www.houstonchronicle.com/business/chron-100/article/Houston-s-biggest-employers-reflect-local-12989530.php>

* Ranking is optional

2018 principal employers

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

POSITION:	2018	2017	2016	2015***
Administrator	88.9	86.0	81.0	81.8
Assistant Principal	79.0	78.0	80.0	81.0
Athletic Director	4.0	4.0	4.0	4.0
Athletic Trainer	8.0	8.0	8.0	6.5
Bus Driver/Bus Attendants	237.5	239.0	232.0	221.5
Cafeteria Workers	278.0	270.0	299.0	294.0
Child Care Worker	51.9	65.0	75.0	67.0
Counselor	76.3	79.0	74.0	71.5
Crossing Guard	26.0	32.0	42.0	34.0
Custodial	200.0	205.0	206.0	207.0
Intervention Specialists	87.2	116.0	116.0	119.0
Librarian/Library Assistant	39.0	38.0	39.0	38.0
Maintenance	103.0	97.0	107.0	101.0
Nurse/Nurse Assistant	58.0	61.0	65.0	46.0
Other Auxiliary*	22.0	25.0	33.0	35.5
Other Professional **	226.1	219.0	217.0	193.1
Police Officer	30.0	31.0	31.0	32.0
Principal	46.0	46.0	47.0	44.5
Registrar	6.0	6.0	6.0	6.0
Secretary/Clerical	308.6	321.0	328.0	334.0
Social Worker	1.0	1.0	1.0	1.0
Teacher	2,123.6	2,133.0	2,230.0	2,136.3
Teacher Assistant	377.0	370.0	360.0	330.0
Technial/Cat 9 and Aux Tech	54.0	56.0	56.0	54.0
Total Employees	4,531.1	4,586.0	4,737.0	4,538.8

* 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 was updated for several categories.

Source: District Records

Table 14

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
72.0	70.5	69.8	74.5	73.0	72.0
78.5	77.5	76.5	75.0	74.5	79.0
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	157.0	157.0	157.0
384.0	383.0	384.0	384.0	384.0	384.0
85.0	83.0	76.0	76.0	63.0	59.0
59.5	59.0	59.5	78.0	78.0	78.0
56.0	55.0	55.0	55.0	53.5	53.5
209.0	204.0	203.0	203.0	202.0	200.0
122.9	116.4	103.2	133.8	127.7	130.8
40.0	39.0	39.0	42.0	43.0	44.3
109.0	109.0	95.0	100.0	104.0	92.0
53.0	53.0	53.0	53.0	53.8	50.9
28.0	28.0	29.0	30.0	30.0	30.0
154.5	147.3	140.1	135.5	127.9	117.7
24.0	25.0	25.0	30.0	30.0	30.0
45.5	44.5	44.5	44.5	44.5	46.0
5.0	5.0	5.0	5.0	5.0	5.0
342.8	335.9	328.4	358.9	362.7	358.1
0.0	0.0	0.0	0.0	2.0	8.0
2,188.5	2,150.9	2,113.4	2,301.2	2,273.7	2,274.3
333.7	332.7	337.0	361.9	358.6	351.5
38.0	38.0	37.0	38.0	39.0	39.0
<u>4,597.8</u>	<u>4,525.7</u>	<u>4,442.4</u>	<u>4,748.2</u>	<u>4,698.9</u>	<u>4,672.0</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Average Daily Attendance	Operating Expenditures (1)	Cost Per Student	Percentage Change	Governmental Activities Expenses
2018	32,604	\$ 419,316,252	\$ 12,861	7.27%	\$ 371,481,825
2017	32,554	390,315,215	11,990	5.54%	453,423,227
2016	32,606	370,409,781	11,360	11.36%	440,776,261
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

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

	Cost Per Student	Percentage Change	Teaching Staff (2)	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$	11,394	-18.20%	2,124	15.35	61.92%
	13,928	3.03%	2,133	15.26	59.93%
	13,518	14.01%	2,230	14.62	58.12%
	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%

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

Table 16

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	County Average Salary (2)	Statewide Average Salary (2)
2018	\$ 52,000	\$ 81,000	\$ 56,943	\$ 53,334
2017	50,000	81,000	55,888	52,525
2016	50,000	81,000	59,791	51,892
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

(1) Source: District records

(2) Source: Texas Education Agency website

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

Building:	2018	2017	2016	2015
HIGH SCHOOLS				
Memorial (1962)				
Square Footage	311,115	311,115	311,115	311,115
Capacity	2,516	2,516	2,516	2,516
Enrollment	2,669	2,638	2,650	2,602
Northbrook (1974)				
Square Footage	394,609	394,609	394,609	394,609
Capacity	2,477	2,477	2,477	2,477
Enrollment	2,517	2,444	2,333	2,258
Spring Woods (1964)				
Square Footage	349,382	349,382	349,382	349,382
Capacity	2,098	2,098	2,098	2,098
Enrollment	2,165	2,172	2,213	2,131
Stratford (1974)				
Square Footage	323,500	323,500	323,500	323,500
Capacity	1,923	1,923	1,923	1,923
Enrollment	2,148	2,113	2,124	1,934
MIDDLE SCHOOLS				
Landrum (1956)				
Square Footage	178,731	178,731	178,731	178,731
Capacity	954	954	954	954
Enrollment	1,053	1,073	1,062	1,047
Memorial (1963)				
Square Footage	195,328	195,328	195,328	195,328
Capacity	1,441	1,441	1,441	1,441
Enrollment	1,348	1,381	1,370	1,377
Northbrook (1973)				
Square Footage	203,020	203,020	203,020	203,020
Capacity	1,004	1,004	1,004	1,004
Enrollment	879	939	961	991
Spring Branch (1953)				
Square Footage	226,188	226,188	226,188	226,188
Capacity	1,122	1,122	1,122	1,122
Enrollment	1,112	1,091	1,127	1,193
Spring Forest (1967)				
Square Footage	192,559	192,559	192,559	192,559
Capacity	1,094	1,094	1,094	1,094
Enrollment	897	850	839	832
Spring Oaks (1967)				
Square Footage	192,544	192,544	192,544	192,544
Capacity	896	896	896	896
Enrollment	712	765	768	782
Spring Woods (1961)				
Square Footage	200,776	200,776	200,776	200,776
Capacity	1,032	1,032	1,032	1,032
Enrollment	876	949	949	925

Table 17
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2014	2013	2012	2011	2010	2009
311,115	311,115	311,115	311,115	311,115	311,115
2,516	2,516	2,441	2,441	2,441	2,441
2,567	2,564	2,461	2,377	2,274	2,113
394,609	394,609	394,609	394,609	394,609	394,609
2,477	2,477	2,427	2,427	2,427	2,427
2,119	2,155	2,027	2,036	1,896	1,732
349,382	349,382	349,382	349,382	349,382	336,366
2,098	2,098	2,023	2,023	2,023	2,023
2,094	2,120	2,002	1,951	1,907	1,770
323,500	323,500	323,500	323,500	323,500	320,000
1,923	1,923	1,891	1,891	1,891	1,891
2,010	2,091	1,967	1,941	1,945	1,838
178,731	178,731	178,731	178,731	178,731	177,665
954	954	954	954	954	954
740	828	750	726	710	699
195,328	195,328	195,328	195,328	195,328	188,852
1,441	1,441	1,041	1,441	1,441	1,041
1,411	1,367	1,297	1,209	1,162	1,128
203,020	203,020	203,020	203,020	203,020	203,020
1,004	1,004	1,004	1,004	1,004	1,004
627	827	678	636	593	532
226,188	226,188	226,188	226,188	226,188	226,208
1,122	1,122	1,122	1,122	1,122	1,122
1,163	1,145	1,109	1,055	1,058	996
192,559	192,559	192,559	192,559	192,559	192,559
1,094	1,094	1,094	1,094	1,094	1,094
804	874	820	867	851	820
192,544	192,544	192,544	192,544	192,544	189,660
896	896	896	896	896	896
820	826	824	786	763	774
200,776	200,776	200,776	200,776	200,776	200,616
1,032	1,032	982	982	982	982
938	865	830	850	836	812

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

Building:	2018	2017	2016	2015
ELEMENTARY SCHOOLS				
Buffalo Creek (1997)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	552	582	619	636
Bunker Hill (1956)				
Square Footage	65,335	65,335	65,335	65,335
Capacity	773	773	773	773
Enrollment	641	658	677	697
Cedar Brook (1993)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	795	854	891	898
Edgewood (2011) / (1960)				
Square Footage	109,000	109,000	109,000	109,000
Capacity	791	791	791	791
Enrollment	641	660	679	750
Frostwood (2014) / (1960)				
Square Footage	110,145	110,145	110,145	110,145
Capacity	750	750	750	750
Enrollment	707	704	707	701
Hollibrook (2010) / (1957)				
Square Footage	112,095	112,095	112,095	112,095
Capacity	882	882	882	882
Enrollment	763	804	842	830
Housman (2011) / (1950)				
Square Footage	101,561	101,561	101,561	101,561
Capacity	717	717	717	717
Enrollment	534	554	559	587
Hunters Creek (1954)				
Square Footage	61,937	61,937	61,937	61,937
Capacity	634	634	634	634
Enrollment	673	643	664	669
Meadow Wood (2011) / (1964)				
Square Footage	95,278	95,278	95,278	95,278
Capacity	683	683	683	683
Enrollment	505	509	517	501
Memorial Drive (1949)				
Square Footage	58,614	58,614	58,614	58,614
Capacity	466	466	466	466
Enrollment	447	454	458	466
Nottingham (1969)				
Square Footage	61,574	61,574	61,574	61,574
Capacity	568	568	568	568
Enrollment	509	532	473	445

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2014	2013	2012	2011	2010	2009
82,179	82,179	82,179	82,179	82,179	82,179
688	688	688	688	688	688
657	649	684	679	687	629
65,335	65,335	65,335	65,335	65,335	58,385
773	773	773	758	758	648
702	682	662	613	648	626
82,179	82,179	82,179	82,179	82,179	82,179
688	688	688	688	688	688
898	882	781	881	847	767
109,000	109,000	109,000	68,978	68,978	68,978
791	791	791	756	756	756
769	819	805	722	726	689
110,145	32,768	60,625	60,625	60,625	60,625
750	720	882	650	650	650
687	696	727	748	727	697
112,095	112,095	112,095	112,095	112,095	95,043
882	882	882	938	938	938
799	793	824	776	712	722
101,561	101,561	101,561	89,762	89,762	76,895
717	717	717	682	682	682
573	589	555	575	555	567
61,937	61,937	61,937	61,937	61,937	61,937
634	634	634	634	634	634
643	669	670	662	637	649
95,278	95,278	32,766	72,722	72,722	72,722
683	683	683	514	526	526
508	475	445	423	466	386
58,614	58,614	58,614	58,614	58,614	58,965
466	466	466	466	466	466
470	424	436	445	436	402
61,574	61,574	61,574	61,574	61,574	66,393
568	568	568	568	568	568
555	643	591	552	513	510

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

Building:	2018	2017	2016	2015
ELEMENTARY SCHOOLS (continued)				
Pine Shadows (2012) / (1955)				
Square Footage	118,167	118,167	118,167	118,167
Capacity	913	913	913	913
Enrollment	755	737	783	824
Ridgecrest (2010) / (1953)				
Square Footage	111,352	111,352	111,352	111,352
Capacity	960	960	960	960
Enrollment	760	768	818	865
Rummel Creek (2016) / (1962)				
Square Footage	106,260	106,260	106,260	32,768
Capacity	750	750	750	720
Enrollment	737	706	706	695
Shadow Oaks (2011) / (1959)				
Square Footage	118,314	118,314	118,314	118,314
Capacity	871	871	871	871
Enrollment	665	724	722	723
Sherwood (1968)				
Square Footage	69,371	69,371	69,371	69,371
Capacity	538	538	538	538
Enrollment	456	479	464	455
Spring Branch (2011) / (1938)				
Square Footage	101,897	101,897	101,897	101,897
Capacity	737	737	737	737
Enrollment	566	634	669	669
Spring Shadows (1968)				
Square Footage	96,664	96,664	96,664	96,664
Capacity	830	830	830	830
Enrollment	695	733	736	758
Terrace (1973)				
Square Footage	74,349	74,349	74,349	74,349
Capacity	702	702	702	702
Enrollment	396	395	437	465
Thornwood (1973)				
Square Footage	69,038	69,038	69,038	69,038
Capacity	548	548	548	548
Enrollment	431	426	399	380
Treasure Forest (1996)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	570	551	577	627
Valley Oaks (2015)/(1956) demolished				
Square Footage	117,872	117,872	117,872	117,872
Capacity	810	810	810	810
Enrollment	670	619	563	573

Table 17
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2014	2013	2012	2011	2010	2009
118,167	118,167	90,184	90,184	90,184	86,910
913	913	674	674	674	674
813	827	725	735	685	626
111,352	111,352	111,352	111,352	111,352	88,853
960	960	960	960	960	706
903	839	836	820	782	759
72,615	72,615	72,615	72,615	72,615	72,615
760	760	760	760	760	760
679	694	679	729	712	700
118,314	118,314	118,314	77,230	84,588	84,588
871	871	871	700	814	814
706	685	675	666	680	720
69,371	69,371	69,371	69,371	69,371	69,371
538	538	538	538	538	538
452	445	429	394	370	386
101,897	101,897	101,897	101,897	91,788	77,352
737	737	737	680	680	680
632	670	668	540	545	540
96,664	96,664	96,664	96,664	96,664	83,904
830	830	830	830	830	830
814	743	685	667	701	666
74,349	74,349	74,349	74,349	74,349	74,349
702	702	702	702	702	702
486	480	526	544	555	524
69,038	69,038	69,038	69,038	69,038	69,038
548	548	548	548	548	548
489	477	457	419	440	449
82,179	82,179	82,179	82,149	82,149	82,149
688	688	688	688	688	688
647	638	644	650	701	620
72,240	72,240	72,240	72,240	72,240	75,697
716	716	716	716	716	716
631	632	626	627	594	527

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

Building:	2018	2017	2016	2015
ELEMENTARY SCHOOLS (continued)				
Westwood (2011) / (1963)				
Square Footage	98,264	98,264	98,264	98,264
Capacity	871	871	871	871
Enrollment	589	621	660	670
Wilchester (2011) / (1967)				
Square Footage	123,253	123,253	123,253	123,253
Capacity	906	906	906	906
Enrollment	793	796	777	735
Woodview (1958)				
Square Footage	86,114	86,114	86,114	86,114
Capacity	716	716	716	716
Enrollment	620	645	646	666
PRE-KINDERGARTEN CENTERS				
Bear Blvd (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	315	293	295	290
Lion Lane (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	304	252	251	394
Panda Path (2001-Leased Space)				
Square Footage	15,618	15,618	15,618	15,618
Capacity	136	136	136	136
Enrollment	203	98	144	137
Tiger Trail (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	305	249	241	248
Wildcat Way (2002)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	326	288	274	287
OTHER CAMPUSES				
Bendwood (1958)				
Square Footage	38,830	38,830	38,830	38,830
Capacity	440	440	440	440
Enrollment	37	41	49	47
Cornerstone Academy (1951) / (2018)				
Square Footage	**	**	**	**
Capacity	413	413	413	413
Enrollment	373	382	381	370

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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
98,264	98,264	98,264	98,264	56,409	56,409
871	871	871	608	608	608
658	595	599	603	648	573
123,253	123,253	123,253	71,798	71,798	71,798
906	906	906	574	574	574
747	731	673	630	609	548
86,114	86,114	86,114	86,114	86,114	70,508
716	716	716	716	716	716
643	638	623	583	628	636
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
348	328	346	275	114	234
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
309	321	416	314	307	324
15,618	15,618	15,618	15,618	15,618	15,618
136	136	136	136	136	136
168	131	148	129	279	147
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
309	265	307	372	343	296
26,000	26,000	26,000	26,000	26,000	26,000
380	380	380	380	380	380
286	329	280	313	313	178
38,830	38,830	38,830	38,830	38,830	38,830
440	440	440	440	440	440
39	45	41	62	46	26
**	**	**	**	**	**
413	413	413	413	413	413
369	383	381	388	380	361

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

Building:	2018	2017	2016	2015
OTHER CAMPUSES (continued)				
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) / (2018)				
Square Footage	**	**	**	**
Capacity	494	494	494	494
Enrollment	187	169	n/a	n/a
Spring Branch Education Center (1951) / (2018) **				
Square Footage	170,052	170,052	94,467	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	1,031	1,023	1,014	973

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

Note: Capacity does not include temporary buildings. Guthrie and School of Choice students are included in numbers for their home campus. The source of square footage and capacity is district records.

2014	2013	2012	2011	2010	2009
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	n/a	n/a	n/a	116	146
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
936	957	977	977	999	938

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