

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Ten Months Ended
June 30, 2019





**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**TOMBALL INDEPENDENT
SCHOOL DISTRICT**

310 S. Cherry St - Tomball, TX 77375

**For the Ten Months Ended
June 30, 2019**

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Introductory Section



Tomball Independent School District

**310 S. Cherry Street
Tomball, Texas 77375**

December 13, 2019

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

Dear Board of Trustees:

State law requires that each school district have its fiscal accounts audited annually. A copy of the annual financial report, approved by the Board of Trustees, must be filed with the Texas Education Agency (TEA) by the 150th day after the end of the fiscal year. The independent audit of the financial statements was submitted as prescribed by law. This Comprehensive Annual Financial Report (CAFR) of the Tomball Independent School District (Tomball ISD or the District) is published to provide additional information as of and for the ten months ended June 30, 2019.

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

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

Weaver & Tidwell LLP, a firm of licensed certified public accountants, has issued an unmodified opinion based upon the audit of the District's financial statements as of and for the ten months ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE DISTRICT

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

Serving the city of Tomball and the communities of Lakewood, Canyon Gate, Village Creek, Creekside Park (a section of The Woodlands), Huffsmith, Decker Prairie and Rosehill, Tomball ISD is primarily located in northwestern Harris County with a small portion in southwestern Montgomery County. The District is comprised of 7 elementary schools serving pre-kindergarten to fourth grades, 3 elementary schools serving pre-kindergarten to fifth grades, 3 intermediate schools serving fifth and sixth grades, 3 junior high schools serving seventh and eighth grades, 2 high schools serving ninth to twelfth grades, 1 early college high school, and 1 alternative placement school. The ages of the schools range from three years to fifty years old.

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

The Board determines the District's vision, mission and goals. The District vision is "Tomball ISD students will lead in creating the future". The mission of the District is "Tomball ISD educates students to become responsible, productive citizens by providing innovative, individually rigorous and personally valuable educational experiences".

On or before June 19th of each year, the District must prepare a budget for the next succeeding fiscal year. The annual budget serves as the foundation for the District's financial planning and control. The budget process begins in December with the preparation of the budget calendar, updated enrollment and revenue projections, and tentative expenditure projections. Based on this information, budget development parameters for the next year's budget are established. All the District's budget managers are required to submit requests for appropriations based on those parameters. A preliminary budget is compiled and then presented and discussed with the Board at multiple budget workshops. After review, evaluation and revision in budget workshops, a meeting of the Board is called for the purpose of adopting the final proposed budget. A public hearing is held for taxpayer input after ten days' public notice of the meeting. Following the public hearing the Board adopts an appropriated budget for the general fund, debt service fund and the *National School Breakfast and Lunch Program* special revenue fund on a basis consistent with GAAP. The operating budget of proposed expenditures, and the means of financing them, must be approved and adopted by the Board prior to July 1st. The appropriated budget is prepared by fund and function. Transfers of appropriations between campuses/departments require the approval of the District's Superintendent. Increasing any one of the functional spending categories or revenue object accounts and other resources require the approval of the Board.

LOCAL ECONOMY

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

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

The Port of Houston has helped fuel the Houston area's development as a center of international business and trade. Companies that do business internationally find the Houston area attractive because of its well-developed financial infrastructure, skilled work force and diverse population. Ample space and favorable conditions for industrial development, as well as for cargo handling, make the Houston area a choice location for industry. This is a major factor contributing to the Houston area's, as well as Tomball's, positive economic outlook for the future.

The largest employer in Tomball ISD, and the number four taxpayer, is Hewlett-Packard Corporation. Hewlett-Packard is based in Palo Alto, California, but its largest operations are in Tomball. HP produces computers and other technological products and services and is the fourth-largest manufacturing company in the Houston area. Major administration, training center and research and development facilities are located in the District. Hewlett-Packard employs approximately 7,000 people as of 2018 in the Greater Houston area and its presence has contributed to the growth of the District. With expected industrial and commercial growth and the effect of its proximity to the City of Houston, the District anticipates a continuous, steady increase in its tax base.

The District's total tax base has increased on average 8.75 percent annually over the past ten years. The taxable value of property increased 5.21 percent from fiscal year 2017-2018 to 2018-2019 with a total taxable value of \$10,704,525,581. This taxable base is 68% residential and 32% business or other property. The average taxable value of residences is \$283,924. The District considers build-out space remaining at over 35 percent of usable space.

Completion of the Grand Parkway, the final loop around Houston, and expansion of the Tomball Tollway has made areas within the District more accessible for development. Located within the District are numerous multi-use developments which include retail shopping centers, low to mid-rise office buildings, hotels, industrial parks, financial institutions, restaurants and high-density residential projects. Larger residential developments are located in the west side of the District, with smaller projects located throughout all areas of the District. With the planned addition of over 3,000 homes in these development projects the District expects steady and sustained economic growth well into the future.

LONG-TERM FINANCIAL PLANNING

Tomball ISD has a student enrollment of 16,939 that is larger than 90 percent of the public school districts in Texas. Tomball ISD student enrollment has increased an average of 5.85 percent annually over a ten-year period. District enrollment increased 6.31 percent in 2018-2019 and is expected to again rise by over 6.0 percent during the 2019-2020 school year. This enrollment growth was anticipated and voters passed a \$275 million bond referendum in November 2017. Proceeds of the referendum are being used to build new instructional and support facilities, purchase school buses, renovate and expand the capacity of existing instructional facilities, as well as provide technology to accommodate new students and staff, replace aging technology and increase student access to technology. A new elementary school and junior high school are being built using these proceeds; and are expected to open in August 2020.

The District's approach to coping with the current overall funding environment for Texas public school districts, combined with the addition of new school facilities and rapid growth, has been to ensure the

budget process remains instructionally driven and guided by the goals of the District. One of those goals is for the District to be fiscally responsible. In line with these goals and objectives, Tomball ISD leadership took steps over a six-year period to set aside reserves for future contingencies and on-going financial stability. These funds remain available for use in day-to-day operations.

The District has fund balance reserves available to fund 41.8% of the 2019-2020 operating budget; well above the existing board policy of maintaining 25% of the current year's operating budget. The total tax rate has not been increased in nine consecutive years. Considering both operating cost increases and funding reductions, the District believes it is well-positioned financially through the 2019-2020 fiscal year.

RELEVANT FINANCIAL POLICIES

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

Evidence of the District's commitment to budget planning and implementation is the selection of Tomball ISD by TXSmartSchools.org as a model 5 star district in the 2019 study. This study was built on the foundational work of the Financial Allocation Study for Texas (FAST), which was commissioned by the State of Texas. TXSmartSchools uses academic, financial, and demographic data to identify school districts and campuses that produce high academic progress while maintaining cost-effective operations. Tomball ISD was recognized as having very high academic achievement with low per pupil costs.

MAJOR INITIATIVES

Tomball ISD seeks to help students become skillful, active, reflective, self-disciplined and honorable members of our community through engaging learning experiences in a safe and nurturing environment. During the 2018-2019 school year, student achievement and character development continued to be primary objectives of the District. Strategies focused on raising the academic performance of all students; closing the achievement gap; establishing quality measures to gather information for feedback, improvement and accelerated solutions; encouraging parent and community involvement; developing positive character traits in students; recruiting and retaining quality staff; and building trusting and productive relationships allowed the District to work towards its objectives.

In Tomball ISD, we believe all students must have equal access to a rigorous college, career, and life-ready curriculum. The Tomball ISD standards-based curriculum integrates content with the skills necessary for success in today's 21st century context learning skills, requiring high cognitive demand, and responsive to the needs of all learners.

The District continues to meet or surpass state standards in student achievement in mathematics, science, language arts and social studies. By reviewing individual student test data and gauging the effectiveness of instructional programs, the District has strengthened and expanded its curriculum beyond the requirements of the state-mandated Texas Essential Knowledge and Skills (TEKS) in order to provide Tomball ISD students with an education that is more enriched and broader in scope. Advance offerings are being expanded as more students express a desire to participate. Tomball ISD students continue to excel in obtaining a well-rounded education as evidenced by the near 100 percent of seniors who earned the necessary credits to graduate in May 2019 and passed the state exit exams.

AWARDS AND ACKNOWLEDGEMENTS

Tomball ISD received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its CAFR for the fiscal year ended August 31, 2018. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both GAAP and applicable legal requirements.

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

The District also received the Association of School Business Official's (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended August 31, 2018. This award certifies that the CAFR for the fiscal year ended August 31, 2018, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe our current report will conform to the Certificate of Excellence Program requirements, and we are submitting it to the ASBO for their review.

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

Respectfully submitted,



Dr. Martha Salazar-Zamora
Superintendent



Jim Ross
Chief Financial Officer



Zachery Boles
Director of Finance



Government Finance Officers Association

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

Presented to

**Tomball Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Tomball Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

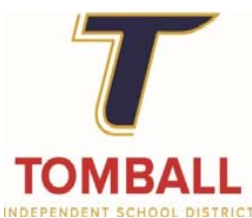
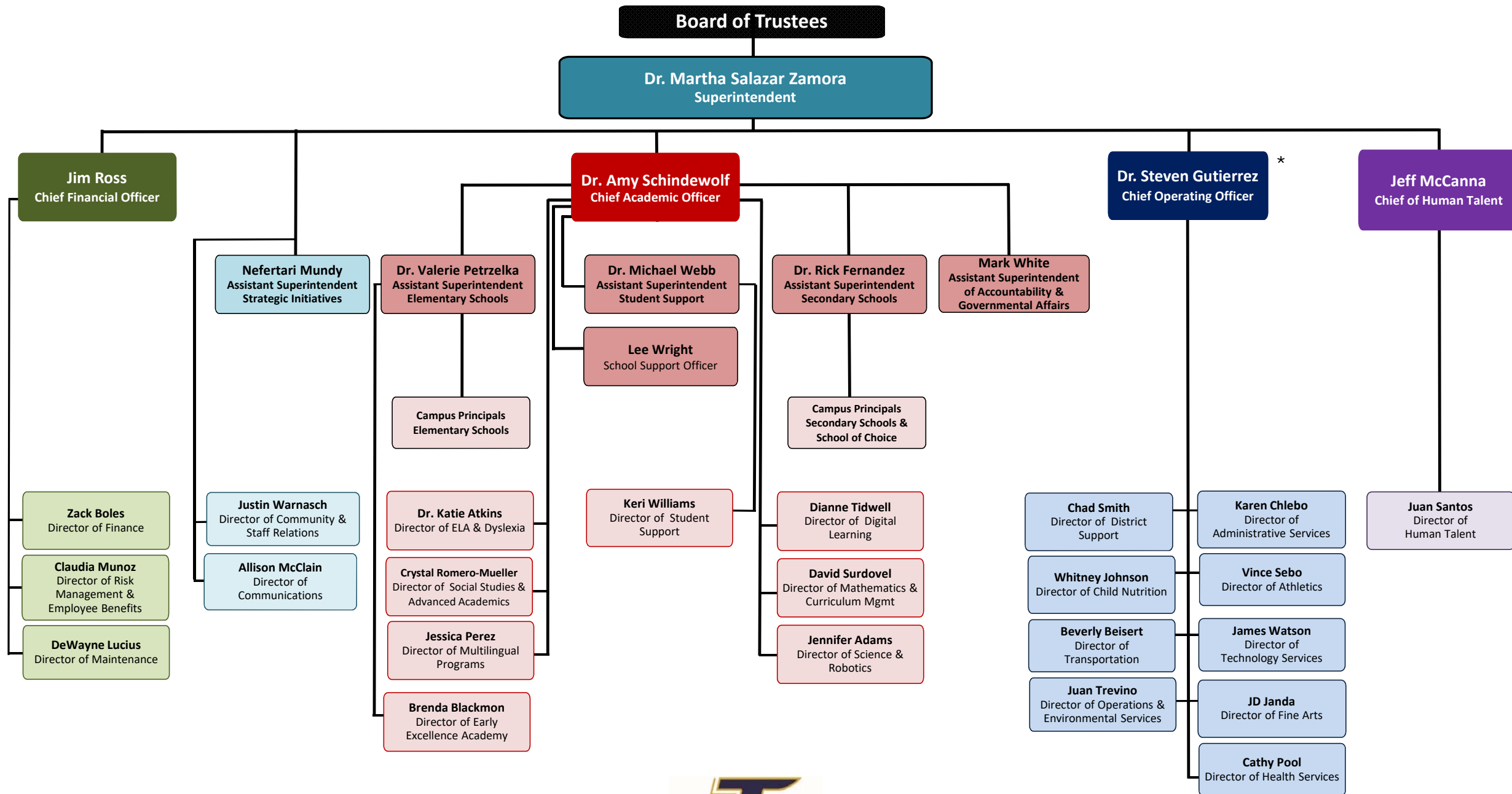


A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



**TOMBALL INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS**

BOARD OF TRUSTEES

| | |
|--------------------|---------------------|
| Mark Lewandowski | President |
| Michael Pratt | Vice President |
| Matt Schiel | Secretary |
| Kathy Handler | Assistant Secretary |
| John E. McStravick | Trustee |
| Justin Unser | Trustee |
| Lee McLeod | Trustee |

ADMINISTRATION

| | |
|---------------------------|-------------------------|
| Dr. Martha Salazar-Zamora | Superintendent |
| Dr. Amy Schindewolf | Chief Academic Officer |
| Dr. Steven Gutierrez | Chief Operating Officer |
| Jim Ross | Chief Financial Officer |
| Jeff McCanna | Chief Talent Officer |

CONSULTANTS AND ADVISORS

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

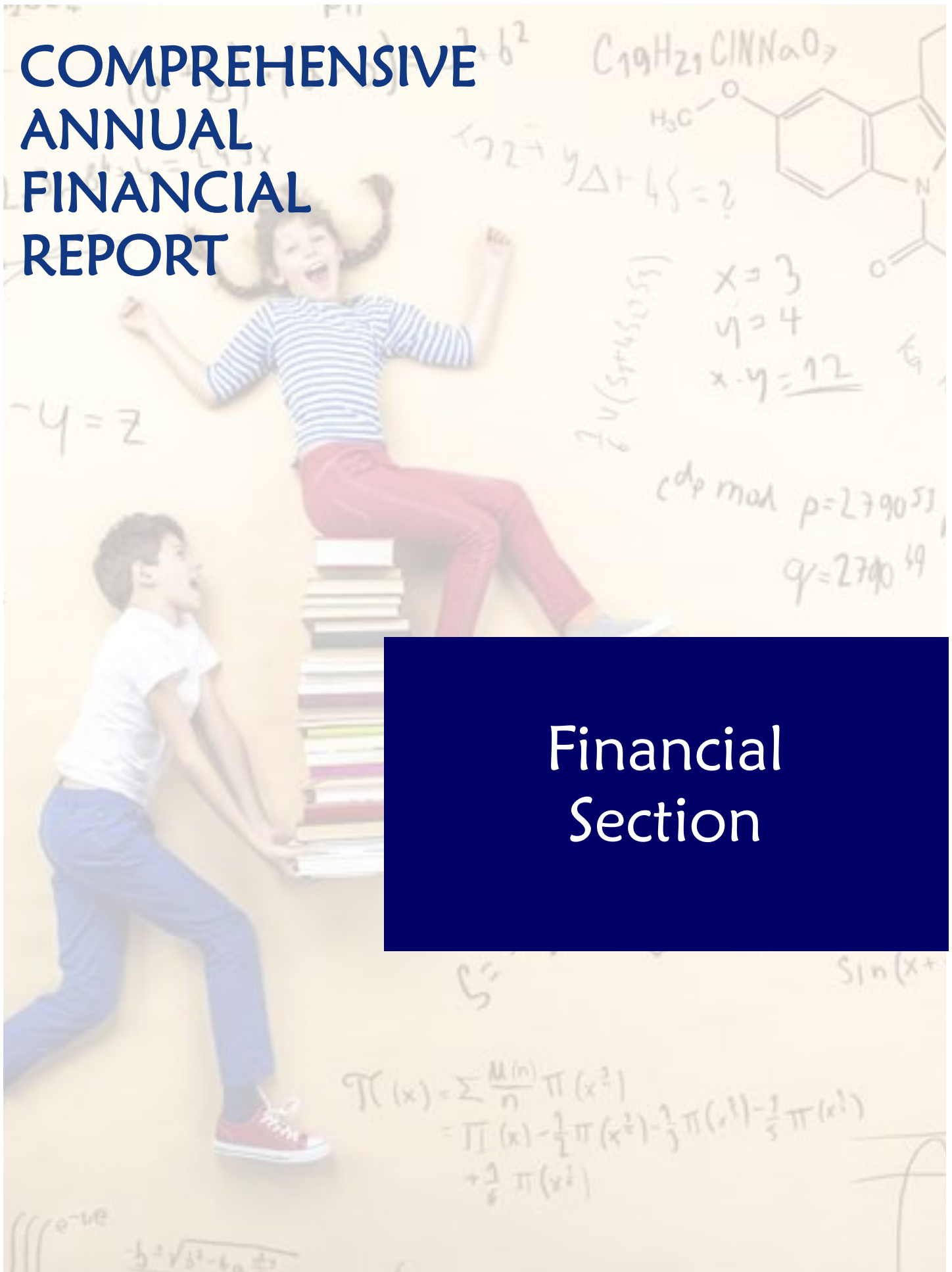
Weaver and Tidwell, LLP
Conroe, Texas – Independent Auditors

Orrick, Herrington & Sutcliffe LLP
Houston, Texas – Bond Counsel

BOK Financial Securities, Inc.
Houston, Texas – Financial Advisor

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tomball Independent School District (the District), as of and for the ten months ended June 30, 2019, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Fiscal Year End

As discussed in Note 1.C. to the basic financial statements, the District elected to change its fiscal year ending from August 31 to June 30. As such, the financial statements are presented as of and for a ten month period ending June 30, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

Supplementary and 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 Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and Statistical Sections (Other Information) 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.

The Board of Trustees of
Tomball Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019 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 solely 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 the effectiveness of the District's 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
November 11, 2019

Management's Discussion and Analysis

As management of the Tomball Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the ten months ended June 30, 2019. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, and claims payable of the District's self-insured workers' compensation program.

Financial Highlights

- Assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources at year-end by (\$20,670,617) (net position/(deficit)).
- The District's total net position increased by \$20,230,658 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$239,966,805, an increase of \$13,523,252 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$48,282,615 or 40 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$15,105,380 (3 percent) during the year.
- The District elected to change its fiscal year end from August 31 to June 30 in the current period.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found as noted in the table of contents of this report.

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

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

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

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

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund, and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As mentioned earlier, net position/(deficit) may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by (\$20,670,617), an increase of \$20,230,658 from current operations.

Tomball Independent School District's Net Position/(Deficit)

| | June 30, 2019 | | Governmental Activities August 31, 2018 | | Increase (Decrease) | |
|--------------------------------------|--------------------------|----------------|--|----------------|----------------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| | Current and other assets | \$ 264,820,207 | 42 | \$ 240,532,111 | 40 | \$ 24,288,096 |
| Capital assets, net of depreciation | 366,359,311 | 58 | 361,713,034 | 60 | 4,646,277 | 1 |
| Total assets | 631,179,518 | 100 | 602,245,145 | 100 | 28,934,373 | |
| Total deferred outflows of resources | 47,137,926 | 100 | 22,048,196 | 100 | 25,089,730 | 114 |
| Long-term liabilities outstanding | 652,184,115 | 96 | 633,440,997 | 98 | 18,743,118 | 3 |
| Other liabilities | 26,637,208 | 4 | 9,663,860 | 2 | 16,973,348 | 176 |
| Total liabilities | 678,821,323 | 100 | 643,104,857 | 100 | 35,716,466 | |
| Total deferred inflows of resources | 20,166,738 | 100 | 22,089,759 | 100 | (1,923,021) | (9) |
| Net position (deficit): | | | | | | |
| Net investment in capital assets | (32,194,940) | 156 | (9,249,424) | 784 | (22,945,516) | 248 |
| Restricted | 12,887,955 | (62) | 9,530,421 | (23) | 3,357,534 | 35 |
| Unrestricted | (1,363,632) | 6 | (41,182,272) | (661) | 39,818,640 | (97) |
| Total net position (deficit) | \$ (20,670,617) | 100 | \$ (40,901,275) | 100 | \$ 20,230,658 | |

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

Net position/(deficit) of \$12,887,955 is restricted for future debt service, grant expenses, and state mandated programs.

The remaining balance of net position/(deficit), unrestricted (\$1,363,632), reflects a deficit created by a prior period adjustment in 2018 resulting from the implementation of GASB 75 in the prior fiscal year for OPEB.

Governmental Activities. Governmental activities increased the District's net position/(deficit) by \$20,230,658 from current operations. Key elements of this change are as follows:

Tomball Independent School District's Changes in Net Position

| | Governmental Activities | | | | | |
|--|-------------------------|------------|------------------------|------------|----------------------|-------|
| | Ten Months Ended | | Twelve Months Ended | | Increase (Decrease) | |
| | June 30, 2019 | | August 31, 2018 | | | |
| | Amount | % | Amount | % | Amount | % |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6,441,609 | 3 | \$ 7,112,558 | 5 | \$ (670,949) | (9) |
| Operating grants and contributions | 20,260,367 | 10 | (12,001,949) | (8) | 32,262,316 | (269) |
| General revenues: | | | | | | |
| Property taxes, levied for general purposes | 107,847,269 | 56 | 106,641,291 | 74 | 1,205,978 | 1 |
| Property taxes, levied for debt service | 31,368,087 | 16 | 30,909,922 | 22 | 458,165 | 1 |
| Grants and contributions not restricted to specific programs | 22,626,613 | 12 | 7,488,953 | 5 | 15,137,660 | 202 |
| Investment earnings | 5,010,899 | 3 | 3,329,028 | 2 | 1,681,871 | 51 |
| Miscellaneous | 117,865 | - | 228,578 | - | (110,713) | (48) |
| Total revenues | 193,672,709 | 100 | 143,708,381 | 100 | 49,964,328 | |
| Expenses: | | | | | | |
| Instruction | 98,736,401 | 57 | 67,436,020 | 50 | 31,300,381 | 46 |
| Instructional resources and media services | 1,909,061 | 1 | 1,508,963 | 1 | 400,098 | 27 |
| Curriculum and instructional staff development | 2,247,688 | 1 | 1,902,824 | 1 | 344,864 | 18 |
| Instructional leadership | 1,750,670 | 1 | 1,059,773 | 1 | 690,897 | 65 |
| School leadership | 8,979,025 | 5 | 6,058,024 | 4 | 2,921,001 | 48 |
| Guidance, counseling, and evaluation services | 5,135,869 | 3 | 3,138,282 | 2 | 1,997,587 | 64 |
| Social work services | 68,651 | - | 47,842 | - | 20,809 | 43 |
| Health services | 1,868,316 | 1 | 1,154,397 | 1 | 713,919 | 62 |
| Student transportation | 6,657,611 | 4 | 5,144,869 | 4 | 1,512,742 | 29 |
| Food services | 6,839,518 | 4 | 5,268,653 | 4 | 1,570,865 | 30 |
| Extracurricular activities | 5,595,138 | 3 | 5,768,400 | 4 | (173,262) | (3) |
| General administration | 3,589,984 | 2 | 3,145,876 | 2 | 444,108 | 14 |
| Plant maintenance and operations | 10,813,112 | 6 | 11,549,042 | 8 | (735,930) | (6) |
| Security and monitoring services | 809,451 | 1 | 560,086 | - | 249,365 | 45 |
| Data processing services | 1,844,223 | 1 | 2,938,595 | 2 | (1,094,372) | (37) |
| Community services | 54,034 | - | 69,947 | - | (15,913) | (23) |
| Interest on long-term debt | 15,460,435 | 9 | 17,176,349 | 13 | (1,715,914) | (10) |
| Issuance costs and fees | 9,716 | - | 1,186,189 | 2 | (1,176,473) | (99) |
| Facilities repair and maintenance | - | - | 212,816 | - | (212,816) | (100) |
| Payments to juvenile justice alternative education programs | 22,800 | - | 22,800 | - | - | - |
| Other intergovernmental charges | 1,050,348 | 1 | 1,001,642 | 1 | 48,706 | 5 |
| Total expenses | 173,442,051 | 100 | 136,351,389 | 100 | 37,090,662 | |
| Change in net position | 20,230,658 | | 7,356,992 | | 12,873,666 | |
| Net position - beginning | (40,901,275) | | 27,807,588 | | (68,708,863) | |
| Prior period adjustment - implement GASB 75 for OPEB (a) | - | | (76,065,855) | | 76,065,855 | |
| Net position (deficit) - beginning, as restated | (40,901,275) | | (48,258,267) | | 7,356,992 | |
| Net position (deficit) - ending | \$ (20,670,617) | | \$ (40,901,275) | | \$ 20,230,658 | |

(a) The restatement of the beginning net position is the result of the District implementing GASB Statement No. 75 in fiscal year 2018.

The current period increase in net position/(deficit) resulted primarily from the increase in grants and contributions, which resulted primarily from an increase in state allotment and hurricane state aid.

Revenues, aggregating \$193,672,709 were generated primarily from two sources. Property taxes of \$139,215,356 represent 72 percent of total revenues while grants and contributions, including those not restricted for specific program use as well as for general operations, total \$42,886,980 and represent 22 percent of total revenues. The increase in grants and contributions is the result of an increase in state allotment and hurricane state aid and the affect of a negative on-behalf contribution from the state related to GASB Statement No. 75 recorded in the prior year. The remaining 6 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District is *Instruction* \$98,736,401, which represents 57 percent of total expenses, while all remaining expense categories are individually 9 percent or less of total expenses. The major change in the current year is there was no reduction in expenses affected by a negative on-behalf contribution as reported in prior year related to GASB Statement No. 75.

Financial Analysis of the Government's Funds

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

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$239,966,805, an increase of \$13,523,252 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$48,282,615, while total fund balance was \$79,828,402. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40 percent of total general fund expenditures, while total fund balance represents 67 percent of that same total. The fund balance of the general fund increased \$18,457,667 during the year, primarily due to the increase in state allotment and hurricane state aid revenues and a decrease in total expenditures due to change in fiscal year from August 31 to June 30.

The debt service fund ended the year with a total fund balance of \$14,744,613, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$8,981,788 during the year, primarily due to the change in fiscal year results in scheduled August payments not being made in the current year as opposed to the prior year.

The capital projects fund ended the year with a total fund balance of \$141,417,321, all of which is restricted for capital acquisitions and contractual obligations. The net decrease in fund balance during the current year in the capital projects fund was \$14,312,099 due to the construction costs on projects using proceeds from a prior year issued bond.

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

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

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. There were no significant variations in the original budget to the final amended budget of the general fund.

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

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2019 was \$366,359,311 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in investment in capital assets for the current fiscal year was \$4,646,277.

Tomball Independent School District's Capital Assets (net of depreciation)

| | Governmental Activities | | | | | |
|----------------------------|-------------------------|------------|-----------------------|------------|---------------------|-----|
| | June 30, 2019 | | August 31, 2018 | | Increase (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Land and improvements | \$ 35,550,431 | 10 | \$ 33,400,438 | 9 | \$ 2,149,993 | 6 |
| Buildings and improvements | 303,009,350 | 83 | 309,726,570 | 86 | (6,717,220) | (2) |
| Furniture and equipment | 15,873,891 | 4 | 14,400,126 | 4 | 1,473,765 | 10 |
| Construction in progress | 11,925,639 | 3 | 4,185,900 | 1 | 7,739,739 | 185 |
| Totals | \$ 366,359,311 | 100 | \$ 361,713,034 | 100 | \$ 4,646,277 | |

Major capital asset activity during the year included the following:

- Buses \$1,709,011
- Building and construction in progress additions \$10,992,575
- Land and improvements \$2,149,993

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$20,406,765.

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

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Tomball Independent School District's Long-term Liabilities Outstanding

| | Governmental Activities | | | | | |
|--------------------------------|-------------------------|------------|-----------------------|------------|----------------------|-----|
| | June 30, 2019 | | August 31, 2018 | | Increase (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| General obligation bonds (net) | \$ 548,881,402 | 84 | \$ 563,986,782 | 89 | \$ (15,105,380) | (3) |
| Workers' compensation | 287,838 | - | 287,441 | - | 397 | - |
| Net pension liability | 47,466,948 | 7 | 25,787,180 | 4 | 21,679,768 | 84 |
| Net OPEB liability | 55,547,927 | 9 | 43,379,594 | 7 | 12,168,333 | 28 |
| Totals | \$ 652,184,115 | 100 | \$ 633,440,997 | 100 | \$ 18,743,118 | |

The District's total bonded debt decreased by \$15,105,380 (3 percent) during the current fiscal year, which resulted primarily from scheduled debt payments. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt, net pension liability, and OPEB liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

- School year (2019-20) student enrollment is 18,173, a 7 percent increase from the preceding year.
- District staff totals 2,551 employees in 2019-20, excluding substitutes and other part-time employees, of which 1,125 are teachers and 403 are teacher aides and secretaries.
- The District maintains twenty regular education campuses, including an alternative campus for student instruction.
- Property values of the District are projected to increase 2% for the 2019-20 year.
- A maintenance and operations tax rate of \$0.97 and a debt service tax rate of \$0.32, a total rate of \$1.29 were adopted for 2019-20. Preceding year rates were \$1.04, \$.30 and \$1.34, respectively.

All of these factors and others were considered in preparing the District's budget for the 2019-20 fiscal year.

During 2018-19, fund balance in the general fund increased to \$79,828,402. District Policy requires the District to maintain an operating cash reserve fund balance each fiscal year end that equals or exceeds the amount necessary to cover three months of the District's average operating expenses for the coming year. The total general fund balance is more than three months of average operating expenses.

Requests for Information

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Basic Financial Statements

Tomball Independent School District
Statement of Net Position
June 30, 2019

Exhibit A-1

1

| <u>Data Control Codes</u> | | <u>Primary Government Governmental Activities</u> |
|---------------------------------------|---|---|
| ASSETS | | |
| 1110 | Cash and cash equivalents | \$ 8,361,774 |
| 1120 | Current investments | 240,498,346 |
| 1220 | Property taxes receivables | 4,488,299 |
| 1230 | Allowance for uncollectable taxes | (1,543,975) |
| 1240 | Due from other governments | 11,793,113 |
| 1290 | Other receivables | 402,176 |
| 1300 | Inventories | 433,729 |
| 1410 | Prepaid items | 356,783 |
| 1490 | Other current assets | 29,962 |
| | Capital assets: | |
| 1510 | Land and improvements | 35,550,431 |
| 1520 | Buildings and improvements (net) | 303,009,350 |
| 1530 | Furniture and equipment (net) | 15,873,891 |
| 1580 | Construction in progress | 11,925,639 |
| 1000 | Total assets | 631,179,518 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| 1705 | Deferred outflows - pension | 27,345,845 |
| 1706 | Deferred outflows - OPEB | 10,882,251 |
| 1710 | Deferred charge on refunding | 8,909,830 |
| 1700 | Total deferred outflows of resources | 47,137,926 |
| LIABILITIES | | |
| 2110 | Accounts payable | 5,507,813 |
| 2140 | Interest payable | 7,795,640 |
| 2160 | Accrued wages payable | 12,676,101 |
| 2180 | Due to other governments | 228 |
| 2300 | Unearned revenue | 657,426 |
| | Noncurrent liabilities: | |
| 2501 | Due within one year | 14,972,838 |
| 2502 | Due in more than one year | 534,196,402 |
| 2540 | Net pension liability | 47,466,948 |
| 2545 | Net OPEB liability | 55,547,927 |
| 2000 | Total liabilities | 678,821,323 |
| DEFERRED INFLOWS OF RESOURCES | | |
| 2605 | Deferred inflows - pension | 2,601,145 |
| 2606 | Deferred inflows - OPEB | 17,565,593 |
| 2600 | Total deferred inflows of resources | 20,166,738 |
| NET POSITION (DEFICIT) | | |
| 3200 | Net investment in capital assets | (32,194,940) |
| 3820 | Restricted for grants for nutrition and state mandated programs | 5,232,344 |
| 3850 | Restricted for debt service | 7,655,611 |
| 3900 | Unrestricted | (1,363,632) |
| 3000 | TOTAL NET POSITION (DEFICIT) | <u>\$ (20,670,617)</u> |

The Notes to the Financial Statements are an integral part of this statement.

Tomball Independent School District
Statement of Activities
For the Ten Months Ended June 30, 2019

Exhibit B-1

| Data Control Codes | Functions/Programs | 1 | 3 | 4 | Net (Expense) Revenue and Changes in Net Position |
|---------------------------|--|-----------------------|----------------------|------------------------------------|---|
| | | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| PRIMARY GOVERNMENT | | | | | |
| | Governmental activities | | | | |
| 0011 | Instruction | \$ 98,736,401 | \$ 1,234,548 | \$ 11,676,294 | \$ (85,825,559) |
| 0012 | Instructional resources and media services | 1,909,061 | 182,391 | 172,789 | (1,553,881) |
| 0013 | Curriculum and instructional staff development | 2,247,688 | - | 615,569 | (1,632,119) |
| 0021 | Instructional leadership | 1,750,670 | - | 271,890 | (1,478,780) |
| 0023 | School leadership | 8,979,025 | - | 743,649 | (8,235,376) |
| 0031 | Guidance, counseling, and evaluation services | 5,135,869 | - | 1,108,607 | (4,027,262) |
| 0032 | Social work services | 68,651 | - | 4,549 | (64,102) |
| 0033 | Health services | 1,868,316 | - | 151,931 | (1,716,385) |
| 0034 | Student transportation | 6,657,611 | - | 373,606 | (6,284,005) |
| 0035 | Food services | 6,839,518 | 3,538,527 | 3,158,653 | (142,338) |
| 0036 | Extracurricular activities | 5,595,138 | 1,400,682 | 566,147 | (3,628,309) |
| 0041 | General administration | 3,589,984 | - | 371,945 | (3,218,039) |
| 0051 | Plant maintenance and operations | 10,813,112 | 85,461 | 357,289 | (10,370,362) |
| 0052 | Security and monitoring services | 809,451 | - | 6,166 | (803,285) |
| 0053 | Data processing services | 1,844,223 | - | 91,687 | (1,752,536) |
| 0061 | Community services | 54,034 | - | 53,489 | (545) |
| 0072 | Interest on long-term debt | 15,460,435 | - | 536,107 | (14,924,328) |
| 0073 | Issuance costs and fees | 9,716 | - | - | (9,716) |
| 0095 | Payments to juvenile justice alternative education programs | 22,800 | - | - | (22,800) |
| 0099 | Other intergovernmental charges | 1,050,348 | - | - | (1,050,348) |
| TG | Total governmental activities | <u>173,442,051</u> | <u>6,441,609</u> | <u>20,260,367</u> | <u>(146,740,075)</u> |
| TP | TOTAL PRIMARY GOVERNMENT | <u>\$ 173,442,051</u> | <u>\$ 6,441,609</u> | <u>\$ 20,260,367</u> | <u>(146,740,075)</u> |
| | General revenues | | | | |
| MT | Property taxes, levied for general purposes | | | | 107,847,269 |
| DT | Property taxes, levied for debt service | | | | 31,368,087 |
| GC | Grants and contributions not restricted to specific programs | | | | 22,626,613 |
| IE | Investment earnings | | | | 5,010,899 |
| MI | Miscellaneous | | | | 117,865 |
| TR | Total general revenues | | | | <u>166,970,733</u> |
| CN | Change in net position | | | | 20,230,658 |
| NB | Net position (deficit) - beginning | | | | <u>(40,901,275)</u> |
| NE | NET POSITION (DEFICIT) - ENDING | | | | <u>\$ (20,670,617)</u> |

The Notes to the Financial Statements are an integral part of this statement.

Tomball Independent School District

Balance Sheet

Governmental Funds

June 30, 2019

| Data Control Codes | | 199 | 599 |
|--------------------------------------|--|----------------------|----------------------|
| | | General Fund | Debt Service Fund |
| ASSETS | | | |
| 1110 | Cash and cash equivalents | \$ 2,341,397 | \$ 288,000 |
| 1120 | Current investments | 77,691,013 | 14,456,613 |
| 1220 | Property taxes receivables | 3,411,107 | 1,077,192 |
| 1230 | Allowance for uncollectable taxes | (1,173,421) | (370,554) |
| 1240 | Due from other governments | 10,882,383 | - |
| 1260 | Due from other funds | 2,422,860 | - |
| 1290 | Other receivables | 402,176 | - |
| 1300 | Inventories | 372,541 | - |
| 1410 | Prepaid items | 329,670 | - |
| 1000 | Total assets | <u>96,679,726</u> | <u>15,451,251</u> |
| 1000a | TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 96,679,726</u> | <u>\$ 15,451,251</u> |
| LIABILITIES | | | |
| 2110 | Accounts payable | \$ 1,527,102 | \$ - |
| 2160 | Accrued wages payable | 12,348,264 | - |
| 2170 | Due to other funds | 738,240 | - |
| 2180 | Due to other governments | 32 | - |
| 2300 | Unearned revenue | - | - |
| 2000 | Total liabilities | <u>14,613,638</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2600 | Unavailable revenue - property taxes | <u>2,237,686</u> | <u>706,638</u> |
| | Total deferred inflows of resources | 2,237,686 | 706,638 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| 3410 | Inventories | 372,541 | - |
| 3430 | Prepaid items | 329,670 | - |
| Restricted for: | | | |
| 3450 | Grants for nutrition | - | - |
| 3450 | State mandated programs | 3,471,279 | - |
| 3470 | Capital acquisitions and contractual obligations | - | - |
| 3480 | Debt service | - | 14,744,613 |
| Committed to: | | | |
| 3545 | Other | 16,192,295 | - |
| Assigned to: | | | |
| 3560 | Claims and judgments | 1,000,000 | - |
| 3570 | Capital expenditures for equipment | 3,000,000 | - |
| 3580 | Self-insurance | 1,000,000 | - |
| 3590 | Purchases on order | 180,002 | - |
| 3590 | Other | 6,000,000 | - |
| 3600 | Unassigned | 48,282,615 | - |
| 3000 | Total fund balances | <u>79,828,402</u> | <u>14,744,613</u> |
| 4000 | TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 96,679,726</u> | <u>\$ 15,451,251</u> |

The Notes to the Financial Statements are an integral part of this statement.

| 699 | Total | 98 |
|-----------------------|---------------------|-----------------------|
| Capital | Nonmajor | Total |
| Projects Fund | Funds | Governmental |
| Funds | Funds | Funds |
| \$ - | \$ 5,732,377 | \$ 8,361,774 |
| 145,211,920 | - | 237,359,546 |
| - | - | 4,488,299 |
| - | - | (1,543,975) |
| - | 910,730 | 11,793,113 |
| - | 738,240 | 3,161,100 |
| - | - | 402,176 |
| - | 61,188 | 433,729 |
| - | 27,113 | 356,783 |
| 145,211,920 | 7,469,648 | 264,812,545 |
| \$ 145,211,920 | \$ 7,469,648 | \$ 264,812,545 |
| | | |
| \$ 3,794,599 | \$ 84,860 | \$ 5,406,561 |
| - | 327,837 | 12,676,101 |
| - | 2,422,860 | 3,161,100 |
| - | 196 | 228 |
| - | 657,426 | 657,426 |
| 3,794,599 | 3,493,179 | 21,901,416 |
| - | - | 2,944,324 |
| - | - | 2,944,324 |
| - | - | 372,541 |
| - | - | 329,670 |
| - | 1,761,065 | 1,761,065 |
| - | - | 3,471,279 |
| 141,417,321 | - | 141,417,321 |
| - | - | 14,744,613 |
| - | 2,215,404 | 18,407,699 |
| - | - | 1,000,000 |
| - | - | 3,000,000 |
| - | - | 1,000,000 |
| - | - | 180,002 |
| - | - | 6,000,000 |
| - | - | 48,282,615 |
| 141,417,321 | 3,976,469 | 239,966,805 |
| \$ 145,211,920 | \$ 7,469,648 | \$ 264,812,545 |

Tomball Independent School District

Exhibit C-1R

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 239,966,805

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

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

| | | |
|---|----------------------|-------------|
| Governmental capital assets costs | \$ 539,732,212 | |
| Accumulated depreciation of governmental capital assets | <u>(173,372,901)</u> | 366,359,311 |

| | | |
|---|--|-----------|
| Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. | | 2,944,324 |
|---|--|-----------|

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

| | | |
|--------------------------------|---------------------|---------------|
| Bonds payable, at original par | \$ (494,035,000) | |
| Premium on bonds payable | (54,846,402) | |
| Accrued interest on the bonds | (7,795,640) | |
| Net pension liability | (47,466,948) | |
| Net OPEB liability | <u>(55,547,927)</u> | (659,691,917) |

| | | |
|--|--|-----------|
| An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. | | 2,779,672 |
|--|--|-----------|

| | | |
|--|--|-----------|
| Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to pay for current expenditures. | | 8,909,830 |
|--|--|-----------|

| | | |
|--|--|------------|
| Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. | | 27,345,845 |
|--|--|------------|

| | | |
|--|--|-------------|
| Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. | | (2,601,145) |
|--|--|-------------|

| | | |
|---|--|------------|
| Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. | | 10,882,251 |
|---|--|------------|

| | | |
|--|--|---------------------|
| Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. | | <u>(17,565,593)</u> |
|--|--|---------------------|

TOTAL NET POSITON (DEFICIT) - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ (20,670,617)

Tomball Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Ten Months Ended June 30, 2019

| Data Control Codes | | 199 | 599 |
|---------------------------------------|---|----------------------|----------------------|
| | | General Fund | Debt Service Fund |
| REVENUES | | | |
| 5700 | Local and intermediate sources | \$ 110,847,824 | \$ 31,499,790 |
| 5800 | State program revenues | 26,158,098 | 536,107 |
| 5900 | Federal program revenues | 2,074,767 | - |
| 5020 | Total revenues | 139,080,689 | 32,035,897 |
| EXPENDITURES | | | |
| Current: | | | |
| 0011 | Instruction | 76,185,634 | - |
| 0012 | Instructional resources and media services | 1,420,892 | - |
| 0013 | Curriculum and instructional staff development | 1,592,967 | - |
| 0021 | Instructional leadership | 1,448,207 | - |
| 0023 | School leadership | 7,913,941 | - |
| 0031 | Guidance, counseling, and evaluation services | 3,887,828 | - |
| 0032 | Social work services | 64,855 | - |
| 0033 | Health services | 1,659,537 | - |
| 0034 | Student transportation | 5,653,604 | - |
| 0035 | Food services | - | - |
| 0036 | Extracurricular activities | 3,041,660 | - |
| 0041 | General administration | 3,379,619 | - |
| 0051 | Plant maintenance and operations | 9,834,348 | - |
| 0052 | Security and monitoring services | 570,408 | - |
| 0053 | Data processing services | 1,733,965 | - |
| 0061 | Community services | 156 | - |
| Debt service: | | | |
| 0071 | Principal on long-term debt | - | 12,390,000 |
| 0072 | Interest on long-term debt | - | 10,654,393 |
| 0073 | Issuance costs and fees | - | 9,716 |
| Capital outlay: | | | |
| 0081 | Facilities acquisition and construction | - | - |
| Intergovernmental: | | | |
| 0095 | Payments to juvenile justice alternative education programs | 22,800 | - |
| 0099 | Other intergovernmental charges | 1,050,348 | - |
| 6030 | Total expenditures | 119,460,769 | 23,054,109 |
| 1100 | Excess (deficiency) of revenues over expenditures | 19,619,920 | 8,981,788 |
| OTHER FINANCING SOURCES (USES) | | | |
| 8949 | Tax refunds-State mandated code for court ordered refunds | (1,162,253) | - |
| 7080 | Total other financing sources (uses) | (1,162,253) | - |
| 1200 | Net change in fund balances | 18,457,667 | 8,981,788 |
| 0100 | Fund balances - beginning | 61,370,735 | 5,762,825 |
| 3000 | FUND BALANCES - ENDING | \$ 79,828,402 | \$ 14,744,613 |

The Notes to the Financial Statements are an integral part of this statement.

| 699 | Total | 98 |
|-----------------------|---------------------|-----------------------|
| Capital | Nonmajor | Total |
| Projects Fund | Funds | Governmental |
| Funds | Funds | Funds |
| \$ 3,054,627 | \$ 6,826,336 | \$ 152,228,577 |
| - | 720,810 | 27,415,015 |
| - | 6,564,291 | 8,639,058 |
| 3,054,627 | 14,111,437 | 188,282,650 |
| 979,471 | 4,749,168 | 81,914,273 |
| - | 227,145 | 1,648,037 |
| - | 436,811 | 2,029,778 |
| - | 88,980 | 1,537,187 |
| - | - | 7,913,941 |
| - | 668,542 | 4,556,370 |
| - | - | 64,855 |
| - | 21,802 | 1,681,339 |
| 1,709,011 | - | 7,362,615 |
| - | 6,083,375 | 6,083,375 |
| 63,494 | 1,387,118 | 4,492,272 |
| - | - | 3,379,619 |
| 1,528,730 | - | 11,363,078 |
| 234,587 | - | 804,995 |
| - | - | 1,733,965 |
| - | 52,600 | 52,756 |
| - | - | 12,390,000 |
| - | - | 10,654,393 |
| - | - | 9,716 |
| 12,851,433 | - | 12,851,433 |
| - | - | 22,800 |
| - | - | 1,050,348 |
| 17,366,726 | 13,715,541 | 173,597,145 |
| (14,312,099) | 395,896 | 14,685,505 |
| - | - | (1,162,253) |
| - | - | (1,162,253) |
| (14,312,099) | 395,896 | 13,523,252 |
| 155,729,420 | 3,580,573 | 226,443,553 |
| <u>\$ 141,417,321</u> | <u>\$ 3,976,469</u> | <u>\$ 239,966,805</u> |

Tomball Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Ten Months Ended June 30, 2019

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 13,523,252

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

| | | |
|---------------------------------|---------------------|-----------|
| Capital assets <i>increased</i> | 16,632,202 | |
| Depreciation expense | <u>(11,977,671)</u> | 4,654,531 |

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (8,254)

Because property taxes will be collected after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable tax revenues increased (decreased) by this amount this year. 532,772

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 12,390,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase (decrease) in interest reported in the statement of activities consist of the following:

| | | |
|---|------------------|-------------|
| Accrued interest on current interest bonds payable (<i>increased</i>) decreased | \$ (6,853,814) | |
| Amortization of bond premium | 2,715,380 | |
| Amortization of deferred charge on refunding | <u>(667,608)</u> | (4,806,042) |

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statement: 112,141

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

| | | |
|---|---------------------|-------------|
| Deferred outflows increased (decreased) | \$ 15,647,643 | |
| Deferred inflows (increased) decreased | 1,342,848 | |
| Net pension liability (increased) decreased | <u>(21,679,768)</u> | (4,689,277) |

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

| | | |
|--|---------------------|--------------------|
| Deferred outflows increased (decreased) | \$ 10,109,695 | |
| Deferred inflows (increased) decreased | 580,173 | |
| Net OPEB liability (increased) decreased | <u>(12,168,333)</u> | <u>(1,478,465)</u> |

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 20,230,658

Tomball Independent School District

Statement of Net Position

Proprietary Fund

June 30, 2019

Exhibit D-1

755

| <u>Data Control Codes</u> | | <u>Governmental Activities Internal Service Fund</u> |
|-----------------------------------|--------------------------------------|--|
| | ASSETS | |
| | Current assets: | |
| 1120 | Current investments | \$ 3,138,800 |
| 1490 | Other current assets | 29,962 |
| | Total current assets | <u>3,168,762</u> |
| 1000 | Total assets | 3,168,762 |
| | LIABILITIES | |
| | Current liabilities: | |
| 2110 | Accounts payable | 101,252 |
| 2123 | Claims payable - due within one year | 287,838 |
| | Total current liabilities | <u>389,090</u> |
| 2000 | Total liabilities | 389,090 |
| | NET POSITION | |
| 3900 | Unrestricted | <u>2,779,672</u> |
| 3000 | TOTAL NET POSITION | <u><u>\$ 2,779,672</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

Tomball Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Ten Months Ended June 30, 2019

Exhibit D-2

755

**Governmental
Activities**

**Internal
Service
Fund**

| <u>Data Control Codes</u> | | |
|-----------------------------------|--|----------------------------|
| | OPERATING REVENUES | |
| 5754 | Interfund services provided | \$ 514,949 |
| 5020 | Total operating revenues | 514,949 |
| | OPERATING EXPENSES | |
| 6200 | Professional and contracted services | 307,269 |
| 6400 | Other operating costs | 152,803 |
| 6030 | Total operating expenses | 460,072 |
| | Operating income | 54,877 |
| | NONOPERATING REVENUES | |
| 7955 | Earnings from temp. deposits and investments | 57,264 |
| 8030 | Total nonoperating revenues | 57,264 |
| 1300 | Change in net position | 112,141 |
| 0100 | Net position - beginning | 2,667,531 |
| 3300 | NET POSITION - ENDING | <u><u>\$ 2,779,672</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

Tomball Independent School District
Statement of Cash Flows
Proprietary Fund
For the Ten Months Ended June 30, 2019

Exhibit D-3

755

**Governmental
Activities**

**Internal
Service
Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------|
| Cash received from employer | \$ 514,949 |
| Cash payments for claims, net of stop loss reimbursements | (159,756) |
| Cash payments for contracted services and supplies and materials | (307,269) |
| | <hr/> |
| Net cash provided by operating activities | 47,924 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|-----------|
| Interest and dividends received on investments | 57,264 |
| Purchase of investments | (105,188) |
| | <hr/> |
| Net cash used for investing activities | (47,924) |

| | |
|--|-------|
| Net increase (decrease) in cash and cash equivalents | - |
| Cash and cash equivalents at beginning of year | - |
| | <hr/> |

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

| | |
|-----------|-------------|
| \$ | - |
| | <hr/> <hr/> |

**RECONCILIATION OF OPERATING INCOME TO NET CASH
USED FOR OPERATING ACTIVITIES**

| | |
|-----------------------------------|-----------|
| Operating income | \$ 54,877 |
| Change in assets and liabilities: | |
| Decrease in accounts payable | (7,350) |
| Increase in claims payable | 397 |
| | <hr/> |

NET CASH PROVIDED BY OPERATING ACTIVITIES

| | |
|-----------|---------------|
| \$ | 47,924 |
| | <hr/> <hr/> |

Tomball Independent School District

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2019

Exhibit E-1

| <u>Data Control Codes</u> | | <u>865 Agency Fund</u> |
|-----------------------------------|---------------------------|--------------------------------|
| | ASSETS | Student Activity |
| 1110 | Cash and cash equivalents | \$ 354,455 |
| 1000 | TOTAL ASSETS | <u>\$ 354,455</u> |
| | LIABILITIES | |
| 2190 | Due to student groups | \$ 354,455 |
| 2000 | TOTAL LIABILITIES | <u>\$ 354,455</u> |

The Notes to the Financial Statements are an integral part of this statement.

Tomball Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Change in Fiscal Year End

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2018-2019 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2018 through June 30, 2019.

D. Basis of Presentation – Government-wide Financial Statements

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

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

E. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Tomball Independent School District

Notes to the Financial Statements

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

Additionally, the District reports the following fund types:

The *nonmajor special revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

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

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

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

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

F. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues, excluding property taxes, to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Tomball Independent School District

Notes to the Financial Statements

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Tomball Independent School District

Notes to the Financial Statements

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

| Capital Asset Class | Lives |
|----------------------------|-------|
| Buildings and improvements | 7-54 |
| Furniture and equipment | 5-20 |

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date which are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

6. Compensated Absences

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

7. Net Position Flow Assumption

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

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

8. Fund Balance Flow Assumptions

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

Tomball Independent School District

Notes to the Financial Statements

9. Fund Balance Policies

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

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

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

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

10. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (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 postemployment 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.

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

Tomball Independent School District

Notes to the Financial Statements

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Use of Estimates

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

J. Data Control Codes

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Tomball Independent School District

Notes to the Financial Statements

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

B. Encumbrances

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

Significant encumbrances included in governmental fund balances are as follows:

| | Encumbrances Included in: | |
|----------------------------|----------------------------|--------------------------|
| | Restricted Fund Balance | Assigned Fund Balance |
| General fund | \$ - | \$ 180,002 |
| Nonmajor governmental fund | 56,538 | - |
| Capital projects fund | 20,406,765 | - |
| Total encumbrances | \$ 20,463,303 | \$ 180,002 |

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

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

Tomball Independent School District

Notes to the Financial Statements

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District's governmental funds investments balances, weighted average maturity of such investments, and investment ratings are presented in the following tables:

| Governmental Funds' Investment Type | June 30, 2019 | Percent of Total Investments | Weighted Average Maturity (Days) | Credit Risk |
|--|-----------------------|------------------------------------|---|----------------|
| Investments measured at amortized cost: | | | | |
| Investment pools: | | | | |
| TexPool - Prime | \$ 176,929,755 | 74% | 39 | AAAm* |
| TexPool | 49,999,891 | 21% | 35 | AAAm* |
| Lone Star Corporate Overnight Fund | 302,314 | 0% | 39 | AAAm* |
| Investments measured at net asset value. | | | | |
| Investment pools: | | | | |
| Texas CLASS | 13,131,168 | 5% | 76 | AAAm* |
| Lone Star Corporate Overnight Plus Fund | 135,218 | 0% | 49 | AAAf/SI+* |
| Total | \$ 240,498,346 | 100% | 40 | |
| Portfolio weighted average maturity | | | 40 | |

*Standard & Poor's Rating

Investment pools are measured at amortized cost or fair value (net asset value).

Tomball Independent School District

Notes to the Financial Statements

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Standish Mellon Asset Management and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The TexPool and Lone Star Corporate Overnight investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star Corporate Overnight have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The Lonestar Corporate Overnight Plus investment pool is an external investment pool measured at fair value. Lonestar Corporate Overnight Plus's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pool. Lonestar Corporate Overnight Plus has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity.

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local governmental funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust, Public Trust Advisors, LLC as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. The Texas CLASS investment pool is an external investment pool measured at fair value, i.e. net asset value. Texas CLASS's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk

At year-end, the District's investments were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the Public Funds Investment Act and the District's investment policy.

Tomball Independent School District

Notes to the Financial Statements

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 and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed two years from the time of purchase, unless specifically authorized by the Board.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2019, District's banks' balances of \$11,506,737 were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent and bank's agent in the District's name.

Custodial Credit Risk – Investments

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

B. Receivables

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

| | |
|--|--------------------------|
| Change in uncollectibles related to general fund property taxes | \$ 404,996 |
| Change in uncollectibles related to debt service property taxes | <u>127,893</u> |
| Total change in uncollectibles of the current fiscal year | <u>\$ 532,889</u> |

Approximately 69% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

Tomball Independent School District

Notes to the Financial Statements

C. Interfund Receivables, Payables, and Transfers

Receivables/Payables

The composition of interfund balances as of June 30, 2019, is as follows:

| Funds | Interfund Receivables | Interfund Payables |
|-------------------------------------|--------------------------|-----------------------|
| General fund | \$ 2,422,860 | \$ 738,240 |
| Other governmental funds - nonmajor | 738,240 | 2,422,860 |
| Totals | \$ 3,161,100 | \$ 3,161,100 |

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

D. Capital Assets

Capital asset activity for the ten months ended June 30, 2019 was as follows:

| | Beginning Balance | Additions | Retirements, Transfers, and Adjustments | Ending Balance |
|--|-----------------------|---------------------|---|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and improvements | \$ 33,400,438 | \$ 2,149,993 | \$ - | \$ 35,550,431 |
| Construction in progress | 4,185,900 | 10,992,575 | (3,252,836) | 11,925,639 |
| Total capital assets, not being depreciated | 37,586,338 | 13,142,568 | (3,252,836) | 47,476,070 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 438,239,785 | 106,648 | 3,246,339 | 441,592,772 |
| Furniture and equipment | 47,493,357 | 3,382,986 | (212,973) | 50,663,370 |
| Total capital assets, being depreciated | 485,733,142 | 3,489,634 | 3,033,366 | 492,256,142 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (128,513,215) | (10,070,207) | - | (138,583,422) |
| Furniture and equipment | (33,093,231) | (1,907,464) | 211,216 | (34,789,479) |
| Total accumulated depreciation | (161,606,446) | (11,977,671) | 211,216 | (173,372,901) |
| Total capital assets, being depreciated, net | 324,126,696 | (8,488,037) | 3,244,582 | 318,883,241 |
| Governmental activities capital assets, net | \$ 361,713,034 | \$ 4,654,531 | \$ (8,254) | \$ 366,359,311 |

Tomball Independent School District

Notes to the Financial Statements

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

| | |
|---|-----------------------------|
| Governmental activities: | |
| 11 Instruction | \$ 9,012,313 |
| 12 Instructional resources and media services | 143,372 |
| 13 Curriculum and instructional staff development | 2,186 |
| 21 Instructional leadership | 3,559 |
| 23 School leadership | 307,235 |
| 31 Guidance, counseling, and evaluation services | 96,054 |
| 33 Health services | 29,168 |
| 34 Student transportation | 664,294 |
| 35 Food services | 295,150 |
| 36 Extracurricular activities | 880,275 |
| 51 Plant maintenance and operations | 475,142 |
| 53 Data processing services | 68,923 |
| | <hr/> |
| Total depreciation expense-governmental activities | <u>\$ 11,977,671</u> |

Construction Commitments

The District has active construction projects as of June 30, 2019. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

| Project | Remaining Commitment |
|--|-----------------------------|
| Tomball Memorial High School Expansion Project | \$ 1,462,050 |
| Tomball Intermediate School Entrance Renovations | 162,000 |
| Tomball High School Ag Barn | 132,459 |
| Tomball Memorial High School Aquatic Center | 347,343 |
| Site Development - Rosehill Property | 16,067,266 |
| New Elementary # 11 | 276,065 |
| New Junior High # 4 | 583,315 |
| Tomball District Stadium | 1,126,517 |
| Sewer Plant | 94,500 |
| Water Treatment Plant | 155,250 |
| | <hr/> |
| Total | <u>\$ 20,406,765</u> |

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

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, workers' compensation, and net pension and net OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for workers' compensation claims are accounted for in the internal service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Tomball Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the ten months ended June 30, 2019, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 506,425,000 | \$ - | \$ (12,390,000) | \$ 494,035,000 | \$ 14,685,000 |
| Deferred amounts: | | | | | |
| Issuance premiums (CIB's) | 57,561,782 | - | (2,715,380) | 54,846,402 | - |
| Total bonds payable, gross | 563,986,782 | - | (15,105,380) | 548,881,402 | 14,685,000 |
| Workers' compensation | 287,441 | 150,847 | (150,450) | 287,838 | 287,838 |
| Net pension liability | 25,787,180 | 24,584,875 | (2,905,107) | 47,466,948 | - |
| Net OPEB liability | 43,379,594 | 12,935,796 | (767,463) | 55,547,927 | - |
| Governmental activities long-term liabilities | \$ 633,440,997 | \$ 37,671,518 | \$ (18,928,400) | \$ 652,184,115 | \$ 14,972,838 |

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for the internal service fund are included as part of the above totals for governmental activities.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of changes in the general obligation bonds for the ten months ended June 30, 2019:

| Series | Interest Rate | Original Issue | Maturity Date | Beginning Balance | Additions | Reductions | Ending Balance |
|---------------|------------------|-------------------|------------------|-----------------------|-------------|------------------------|-----------------------|
| 2002 B BLDG | 4.27% | \$ 19,650,000 | 2026 | \$ 19,650,000 | \$ - | \$ - | \$ 19,650,000 |
| 2010 REF | 2.00-5.00% | 16,005,000 | 2020 | 5,060,000 | - | (2,545,000) | 2,515,000 |
| 2010 A BLDG | 3.00-5.00% | 26,535,000 | 2034 | 4,065,000 | - | (620,000) | 3,445,000 |
| 2010 B REF | 2.00-5.00% | 16,080,000 | 2023 | 5,645,000 | - | (795,000) | 4,850,000 |
| 2011 BLDG | 4.00-5.00% | 30,015,000 | 2034 | 28,085,000 | - | (450,000) | 27,635,000 |
| 2011 REF | 2.00-3.50% | 4,715,000 | 2020 | 1,695,000 | - | (740,000) | 955,000 |
| 2014 A BLDG | 2.00-5.00% | 17,775,000 | 2033 | 16,435,000 | - | (360,000) | 16,075,000 |
| 2014 B BLDG | 2.00-3.00% | 63,320,000 | 2043 | 63,320,000 | - | - | 63,320,000 |
| 2015 BLDG/REF | 2.00-5.00% | 137,450,000 | 2043 | 136,360,000 | - | (520,000) | 135,840,000 |
| 2016 BLDG/REF | 2.00-5.00% | 99,645,000 | 2043 | 92,705,000 | - | (6,360,000) | 86,345,000 |
| 2018 BLDG | 4.00-5.00% | 133,405,000 | 2044 | 133,405,000 | - | - | 133,405,000 |
| Totals | | | | \$ 506,425,000 | \$ - | \$ (12,390,000) | \$ 494,035,000 |

Tomball Independent School District

Notes to the Financial Statements

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

| Year Ending June 30, | Principal | Interest | Total Requirements |
|-------------------------|-----------------------|-----------------------|-----------------------|
| 2020 | \$ 14,685,000 | \$ 21,122,086 | \$ 35,807,086 |
| 2021 | 15,180,000 | 20,923,911 | 36,103,911 |
| 2022 | 15,665,000 | 20,486,985 | 36,151,985 |
| 2023 | 16,395,000 | 19,999,259 | 36,394,259 |
| 2024 | 17,205,000 | 19,207,530 | 36,412,530 |
| 2025 | 18,060,000 | 18,375,939 | 36,435,939 |
| 2026 | 19,360,000 | 17,503,649 | 36,863,649 |
| 2027 | 20,340,000 | 16,567,194 | 36,907,194 |
| 2028 | 21,340,000 | 15,550,194 | 36,890,194 |
| 2029 | 22,360,000 | 14,566,244 | 36,926,244 |
| 2030 | 23,380,000 | 13,513,144 | 36,893,144 |
| 2031 | 24,380,000 | 12,525,212 | 36,905,212 |
| 2032 | 25,430,000 | 11,511,556 | 36,941,556 |
| 2033 | 26,535,000 | 10,428,169 | 36,963,169 |
| 2034 | 24,735,000 | 9,297,275 | 34,032,275 |
| 2035 | 16,315,000 | 8,232,350 | 24,547,350 |
| 2036 | 17,060,000 | 7,520,150 | 24,580,150 |
| 2037 | 17,845,000 | 6,748,450 | 24,593,450 |
| 2038 | 18,665,000 | 5,948,150 | 24,613,150 |
| 2039 | 19,520,000 | 5,110,250 | 24,630,250 |
| 2040 | 20,420,000 | 4,233,150 | 24,653,150 |
| 2041 | 21,370,000 | 3,307,400 | 24,677,400 |
| 2042 | 22,310,000 | 2,332,000 | 24,642,000 |
| 2043 | 23,230,000 | 1,429,750 | 24,659,750 |
| 2044 | 12,250,000 | 490,000 | 12,740,000 |
| Totals | \$ 494,035,000 | \$ 286,929,997 | \$ 780,964,997 |

As of June 30, 2019, the District had \$125,000,000 authorized but unissued bonds.

In prior years, the District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. At June 30, 2019, the following outstanding bonds are considered defeased:

| | |
|---|-----------------------------|
| 2010A General obligation bonds (maturing 2022-2034, callable February 15, 2020) | <u>\$ 19,330,000</u> |
| Total | <u><u>\$ 19,330,000</u></u> |

Tomball Independent School District

Notes to the Financial Statements

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

| | |
|--|------------------------------------|
| General fund - fiscal stabilization | \$ 8,000,000 |
| General fund - start up cost for new high schools | 8,000,000 |
| General fund - capital replacement projects strategic plan | <u>192,295</u> |
| Total other committed fund balance | <u><u>\$ 16,192,295</u></u> |

Other assigned fund balance includes the following assignments of funds:

| | |
|--|-----------------------------------|
| General fund - land purchases | \$ 5,000,000 |
| General fund - maintenance and repairs | <u>1,000,000</u> |
| Total other assigned fund balance | <u><u>\$ 6,000,000</u></u> |

G. Revenues from Local and Intermediate Sources

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

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Totals |
|---------------------|-------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Property taxes | \$ 108,604,616 | \$ 31,240,221 | \$ - | \$ - | \$ 139,844,837 |
| Food service | - | - | - | 3,538,527 | 3,538,527 |
| Investment earnings | 1,641,752 | 257,256 | 3,054,627 | - | 4,953,635 |
| Campus activities | 286,739 | - | - | 2,425,432 | 2,712,171 |
| Other | <u>314,717</u> | <u>2,313</u> | <u>-</u> | <u>862,377</u> | <u>1,179,407</u> |
| Totals | <u><u>\$ 110,847,824</u></u> | <u><u>\$ 31,499,790</u></u> | <u><u>\$ 3,054,627</u></u> | <u><u>\$ 6,826,336</u></u> | <u><u>\$ 152,228,577</u></u> |

Note 4. Other Information

A. Risk Management

Property/Liability

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

Tomball Independent School District

Notes to the Financial Statements

Health Care Coverage

During the ten months ended June 30, 2019, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the TRS. The District paid premiums of \$225 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

The District established a limited risk management program for workers' compensation in 2004 by participating as a self-funded member of the Texas Public Schools Workers' Compensation Project (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Pool, the District is solely responsible for all claims costs, both reported and unreported. A third party administrator provides administrative services to its self-funded members including claims administration and customer service.

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Texas Public Schools Workers' Compensation Project limits the liability per occurrence to \$350,000. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past two fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

| | Ten Months Ended 6/30/2019 | Year Ended 8/31/2018 |
|--|----------------------------------|-------------------------|
| Unpaid claims, beginning of fiscal year | \$ 287,441 | \$ 294,414 |
| Incurred claims, including provision (adjustment) for IBNR | 150,847 | 234,780 |
| Claim payments | (150,450) | (241,753) |
| Unpaid claims, end of fiscal year | \$ 287,838 | \$ 287,441 |

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2019, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

Tomball Independent School District

Notes to the Financial Statements

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and 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 TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) 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% (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 postemployment benefit changes; including automatic cost of living adjustments. Ad hoc postemployment benefit changes, including ad hoc cost of living adjustments can be granted by the Texas Legislature as previously noted in the Plan Description.

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.

Tomball Independent School District

Notes to the Financial Statements

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 through 2017. The 85th Texas Legislature, General Appropriation Act (GAA) affirmed that the employer contribution rates for plan fiscal years 2018 and 2019 would remain the same. Rates for such plan fiscal years are as follows:

| | 2019 | 2018 | 2017 |
|--|------|------|------|
| Member | 7.7% | 7.7% | 7.7% |
| Non-employer contributing entity (state) | 6.8% | 6.8% | 6.8% |
| Employers/district | 6.8% | 6.8% | 6.8% |
| Employers/district OASDI | 1.5% | 1.5% | 1.5% |

The contribution amounts for the District's ten months ended June 30, 2019 are as follows:

| | |
|--------------------------------------|--------------|
| District contributions | \$ 2,715,207 |
| Member contributions | 6,849,212 |
| NECE on-behalf contributions (state) | 4,345,955 |

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

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

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

In addition to the employer contributions listed above, 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.

Tomball Independent School District

Notes to the Financial Statements

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation date | August 31, 2017 rolled forward to August 31, 2018 |
| Actuarial cost method | Individual Entry Age Normal |
| Asset valuation method | Market Value |
| Single discount rate | 6.907% |
| Long-term expected rate | 7.25% |
| Municipal bond rate as of August 2018 | 3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in projection period (100 years) | 2116 |
| Inflation | 2.30% |
| Salary increases | 3.05% to 9.05% including inflation |
| Ad hoc postemployment benefit changes | None |

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Tomball Independent School District

Notes to the Financial Statements

Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2018 are summarized below:

| Asset Class | Target Allocation* | Long-Term Expected Arithmetic Real Rate of Return | Expected Contribution to Long-Term Portfolio Returns |
|-------------------------------|--------------------|---|--|
| Global equity: | | | |
| U.S. | 18.00% | 5.70% | 1.04% |
| Non-U.S. developed | 13.00% | 6.90% | 0.90% |
| Emerging markets | 9.00% | 8.95% | 0.80% |
| Directional hedge funds | 4.00% | 3.53% | 0.14% |
| Private equity | 13.00% | 10.18% | 1.32% |
| Stable value: | | | |
| U.S. treasuries | 11.00% | 1.11% | 0.12% |
| Absolute return | 0.00% | 0.00% | 0.00% |
| Stable value Hedge funds | 4.00% | 3.09% | 0.12% |
| Cash | 1.00% | (0.3%) | 0.00% |
| Real return: | | | |
| Global inflation linked bonds | 3.00% | 0.70% | 0.02% |
| Real assets | 14.00% | 5.21% | 0.73% |
| Energy and natural resources | 5.00% | 7.48% | 0.37% |
| Commodities | 0.00% | 0.00% | 0.00% |
| Risk parity: | | | |
| Risk parity | 5.00% | 3.70% | 0.18% |
| Inflation expectation | | | 2.30% |
| Volatility drag** | | | (0.79%) |
| Totals | 100.00% | | 7.25% |

* Target allocations are based on the FY2016 policy model

** The Expected Contribution to Long-term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Tomball Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 6.907%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| 1% Decrease (5.907%) | Current Discount Rate (6.907%) | 1% Increase (7.907%) |
|-------------------------|--------------------------------------|-------------------------|
| \$ 71,639,007 | \$ 47,466,948 | \$ 27,898,233 |

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

At June 30, 2019, the District reported a liability of \$47,466,948 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 are as follows:

| | |
|---|------------------------------|
| District's proportionate share of the net pension liability | \$ 47,466,948 |
| State's proportionate share of the net pension liability associated with the district | <u>79,633,648</u> |
| Total | <u>\$ 127,100,596</u> |

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.0862370% which was an increase of 0.0055881% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Tomball Independent School District

Notes to the Financial Statements

For the ten months ended June 30, 2019, the District recognized pension expense of \$15,286,093 and revenue of \$7,881,609 for support provided by the State.

At June 30, 2019, the District reported the District's contribution after the measurement date and 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 | \$ 295,870 | \$ 1,164,651 |
| Changes of assumptions | 17,114,121 | 534,817 |
| Net difference between projected and actual earnings on pension plan investments | - | 900,652 |
| Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan) | 7,220,647 | 1,025 |
| District contributions paid after measurement date | 2,715,207 | - |
| Totals | \$ 27,345,845 | \$ 2,601,145 |

\$2,715,207 reported as deferred outflows of resources related to pensions resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|-------------------------|----------------------|
| 2020 | \$ 5,744,228 |
| 2021 | 3,848,865 |
| 2022 | 3,326,206 |
| 2023 | 3,732,277 |
| 2024 | 3,309,838 |
| Thereafter | 2,068,079 |
| Total | \$ 22,029,493 |

D. Defined Other Postemployment Benefit Plan

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 Postemployment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Tomball Independent School District

Notes to the Financial Statements

OPEB Plan Fiduciary Net Position

Detailed 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 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-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 postemployment benefit changes; including automatic COLAs.

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 a retiree with and without Medicare coverage.

TRS-Care Monthly Plan Premium Rates
Effective January 1, 2018-December 31, 2018

| | <u>Medicare</u> | <u>Non-medicare</u> |
|-----------------------|-----------------|---------------------|
| Retiree* | \$ 135 | \$ 200 |
| Retiree and spouse | 529 | 689 |
| Retiree* and children | 468 | 408 |
| Retiree and family | 1,020 | 999 |

* or surviving spouse

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.

Tomball Independent School District

Notes to the Financial Statements

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% 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.

| | 2019 | 2018 | 2017 |
|---|-------|-------|-------|
| Active employee | 0.65% | 0.65% | 0.65% |
| Non-employer contribution entity (state) | 1.25% | 1.25% | 1.00% |
| Employers/District | 0.75% | 0.75% | 0.55% |
| Federal/private funding remitted by employers | 1.25% | 1.25% | 1.00% |

The contribution amounts for the District's fiscal year 2019 are as follows:

| | |
|--------------------------------------|------------|
| District contributions | \$ 694,924 |
| Member contributions | 578,180 |
| NECE on-behalf contributions (state) | 1,084,127 |

In addition, the State of Texas contributed \$317,228, \$426,764, and \$442,007 in 2019, 2018 and 2017, respectively, for on-behalf payments for Medicare Part D.

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the fiscal year 2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions

A change was made in the measurement date of the total OPEB liability for this fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward procedures.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality and most of the economic assumptions used in this OPEB valuation were identical to those used in the respective TRS pension valuation.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Tomball Independent School District

Notes to the Financial Statements

The following assumptions used for members of TRS-Care are identical to the assumptions employed in the August 31, 2017 TRS annual pension actuarial valuation that was rolled forward to August 31, 2018:

| | |
|----------------------|-------------------------|
| Rates of Mortality | General Inflation |
| Rates of Retirement | Wage Inflation |
| Rates of Termination | Expected Payroll Growth |
| Rates of Disability | |

Additional Actuarial Methods and Assumptions:

| | |
|---------------------------------------|--|
| Valuation date | August 31, 2017, rolled forward to August 31, 2018 |
| Actuarial cost method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Discount rate | 3.69%. Sourced from 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, 2018. |
| Aging factors | Based on plan specific experience |
| Election rates | Normal Retirement: 70% participation prior to age 65 and 75% after age 65. |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Projected annual salary increases | 3.05% to 9.05%, including inflation |
| Healthcare trend rates | Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees. Initial prescription drug trend rate of 11.00 percent for all retirees. The first year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020. |
| Ad hoc postemployment benefit changes | None |

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%.
- 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.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Tomball Independent School District

Notes to the Financial Statements

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% 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.

Sensitivity of the Net OPEB Liability

Discount Rate

The following table presents the District’s proportionate share of net OPEB liability for TRS-Care if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%).

| 1% Decrease (2.69%) | Current Discount Rate (3.69%) | 1% Increase (4.69%) |
|------------------------|-------------------------------------|------------------------|
| \$ 66,121,118 | \$ 55,547,927 | \$ 47,183,851 |

Healthcare Cost Trend Rates

The following table presents the District’s proportionate share of net OPEB liability 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 1% lower or 1% higher than the assumed health-care cost trend rate:

| 1% Decrease (7.5%) | Current Healthcare Cost Trend Rate (8.5%) | 1% Increase (9.5%) |
|-----------------------|--|-----------------------|
| \$ 46,133,458 | \$ 55,547,927 | \$ 67,946,986 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability of \$55,547,927 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 net OPEB liability | \$ 55,547,927 |
| State’s proportionate share of the net OPEB liability associated with the District | <u>88,029,154</u> |
| Total | <u><u>\$ 143,577,081</u></u> |

Tomball Independent School District

Notes to the Financial Statements

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net OPEB liability was 0.1112496% which was an increase of 0.0114948% from its proportion measured as of August 31, 2017.

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:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Change of benefit terms since the prior measurement date made effective September 1, 2017 by the 85th Texas Legislature.

For the ten months ended June 30, 2019, the District recognized OPEB expense of \$5,375,361, and revenue of \$3,201,972 for support provided by the State.

At June 30, 2019, the District reported the District's contributions paid after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 2,947,722 | \$ 876,628 |
| Changes of assumptions | 926,944 | 16,688,965 |
| Net difference between projected and actual earnings on OPEB investments | 9,715 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan) | 6,302,946 | - |
| District contributions paid after measurement date | 694,924 | - |
| Totals | \$ 10,882,251 | \$ 17,565,593 |

Tomball Independent School District

Notes to the Financial Statements

\$694,924 reported as deferred outflows of resources related to OPEB resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | |
|-------------------------|------------------------------|
| 2020 | \$ (1,402,156) |
| 2021 | (1,402,156) |
| 2022 | (1,402,156) |
| 2023 | (1,403,993) |
| 2024 | (1,405,044) |
| Thereafter | <u>(362,761)</u> |
| Total | <u>\$ (7,378,266)</u> |

E. Nonmonetary Transactions

During 2019, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$99,839. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$99,839 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

F. Net Position Deficit

The statement of net position reported a deficit balance of \$20,670,617 at June 30, 2019 due to the implementation of Governmental Accounting Standards Board Statement No. 75 in fiscal year 2018.

G. Subsequent Events

In August 2019, the District converted \$25,650,000 in bonds to Variable Rate Unlimited Tax School Building Bonds, Series 2014B-3 to a term-rate ending August 14, 2022.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required
Supplementary
Information

Tomball Independent School District

Exhibit F-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund For the Ten Months Ended June 30, 2019

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|--|---|----------------------|----------------------|----------------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| REVENUES: | | | | | |
| 5700 | Local and intermediate sources | \$ 110,321,267 | \$ 110,321,267 | \$ 110,847,824 | \$ 526,557 |
| 5800 | State program revenues | 18,578,733 | 18,578,733 | 26,158,098 | 7,579,365 |
| 5900 | Federal program revenues | 1,100,000 | 1,100,000 | 2,074,767 | 974,767 |
| 5020 | Total revenues | 130,000,000 | 130,000,000 | 139,080,689 | 9,080,689 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 83,874,982 | 82,147,727 | 76,185,634 | 5,962,093 |
| 0012 | Instructional resources and media services | 1,504,712 | 1,505,383 | 1,420,892 | 84,491 |
| 0013 | Curriculum and instructional staff development | 1,321,882 | 1,841,743 | 1,592,967 | 248,776 |
| 0021 | Instructional leadership | 1,481,762 | 1,737,269 | 1,448,207 | 289,062 |
| 0023 | School leadership | 8,951,748 | 8,954,622 | 7,913,941 | 1,040,681 |
| 0031 | Guidance, counseling, and evaluation services | 4,366,717 | 4,357,808 | 3,887,828 | 469,980 |
| 0032 | Social work services | 66,420 | 76,420 | 64,855 | 11,565 |
| 0033 | Health services | 1,588,777 | 1,839,511 | 1,659,537 | 179,974 |
| 0034 | Student transportation | 5,379,645 | 5,729,645 | 5,653,604 | 76,041 |
| 0036 | Extracurricular activities | 2,990,075 | 3,314,176 | 3,041,660 | 272,516 |
| 0041 | General administration | 4,029,375 | 4,424,375 | 3,379,619 | 1,044,756 |
| 0051 | Plant maintenance and operations | 11,148,937 | 11,398,937 | 9,834,348 | 1,564,589 |
| 0052 | Security and monitoring services | 492,521 | 630,737 | 570,408 | 60,329 |
| 0053 | Data processing services | 1,696,199 | 2,046,199 | 1,733,965 | 312,234 |
| 0061 | Community services | 619 | 619 | 156 | 463 |
| Intergovernmental: | | | | | |
| 0095 | Payments to juvenile justice alternative education programs | 20,847 | 25,847 | 22,800 | 3,047 |
| 0099 | Other intergovernmental charges | 1,084,782 | 1,084,782 | 1,050,348 | 34,434 |
| 6030 | Total expenditures | 130,000,000 | 131,115,800 | 119,460,769 | 11,655,031 |
| 1100 | Excess (deficiency) of revenues over expenditures | - | (1,115,800) | 19,619,920 | 20,735,720 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 8949 | Tax refunds-State mandated code for court ordered refunds | - | - | (1,162,253) | (1,162,253) |
| 7080 | Total other financing sources (uses) | - | - | (1,162,253) | (1,162,253) |
| 1200 | Net change in fund balance | - | (1,115,800) | 18,457,667 | 19,573,467 |
| 0100 | Fund balance - beginning | 61,370,735 | 61,370,735 | 61,370,735 | - |
| 3000 | FUND BALANCE - ENDING | <u>\$ 61,370,735</u> | <u>\$ 60,254,935</u> | <u>\$ 79,828,402</u> | <u>\$ 19,573,467</u> |

The Notes to the Required Supplementary Information are an integral part of this schedule.

Tomball Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas For the Last Five Fiscal Years*

| | <u>2019</u> |
|--|------------------------------|
| District's proportion of the net pension liability | 0.0862370% |
| District's proportionate share of the net pension liability | \$ 47,466,948 |
| State's proportionate share of the net pension liability associated with the District | <u>79,633,648</u> |
| TOTALS | <u><u>\$ 127,100,596</u></u> |
| District's covered payroll | \$ 99,005,244 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 47.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% |

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------|----------------------|----------------------|----------------------|
| 0.0806489% | 0.0759820% | 0.0726416% | 0.0448068% |
| \$ 25,787,180 | \$ 28,712,462 | \$ 25,677,839 | \$ 11,968,516 |
| 44,942,097 | 52,721,003 | 46,303,923 | 39,015,269 |
| <u>\$ 70,729,277</u> | <u>\$ 81,433,465</u> | <u>\$ 71,981,762</u> | <u>\$ 50,983,785</u> |
| \$ 91,129,164 | \$ 85,237,654 | \$ 75,594,269 | \$ 70,486,571 |
| 28.30% | 33.69% | 33.97% | 16.98% |
| 82.17% | 78.00% | 78.43% | 83.25% |

Tomball Independent School District

Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Five Fiscal Years***

| | <u>2019*</u> |
|--|--------------------|
| TRS | |
| Contractually required contributions | \$ 2,715,207 |
| Contributions in relation to the contractually required contributions | <u>(2,715,207)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | <u>\$ -</u> |
| District's covered payroll | \$ 88,950,802 |
| Contributions as a percentage of covered payroll | 3.05% |

*The amounts presented for the period was determined as of the District's fiscal period (ten months) end June 30.

**The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.

***Ten years of data is not available.

| 2018** | 2017** | 2016** | 2015** |
|---------------|---------------|---------------|---------------|
| \$ 2,907,501 | \$ 2,643,201 | \$ 2,410,138 | \$ 2,150,950 |
| (2,907,501) | (2,643,201) | (2,410,138) | (2,150,950) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 99,005,244 | \$ 91,129,164 | \$ 85,237,654 | \$ 75,594,269 |
| 2.94% | 2.90% | 2.83% | 2.85% |

Tomball Independent School District**Exhibit F-4**

Schedule of the District's Proportionate Share of the Net OPEB
 Liability of a Cost-Sharing Multiple-Employer OPEB Plan
 Teacher Retirement System of Texas
 Last Two Fiscal Years*

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| District's proportion of the net OPEB liability | 0.1112496% | 0.0997547% |
| District's proportionate share of the net OPEB liability | \$ 55,547,927 | \$ 43,379,594 |
| State's proportionate share of the net OPEB liability associated with the District | <u>88,029,154</u> | <u>74,360,157</u> |
| TOTALS | <u>\$ 143,577,081</u> | <u>\$ 117,739,751</u> |
| District's covered payroll | \$ 99,005,244 | \$ 91,129,164 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 56.11% | 47.60% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.57% | 0.91% |

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
 Ten years of data is not available.

Tomball Independent School District

Exhibit F-5

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
Last Two Fiscal Years***

| | <u>2019*</u> | <u>2018**</u> |
|--|------------------|------------------|
| TRS | | |
| Contractually required contributions | \$ 694,924 | \$ 765,767 |
| Contributions in relation to the contractually required contributions | <u>(694,924)</u> | <u>(765,767)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 88,950,802 | \$ 99,005,244 |
| Contributions as a percentage of covered payroll | 0.78% | 0.77% |

*The amounts presented for the fiscal period was determined as of the District's fiscal period (ten months) end June 30.

**The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.

***Ten years of data is not available.

Tomball Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources and uses require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

A young man with dark, curly hair, wearing a grey hoodie, is standing in a library aisle. He is looking down at a book in his hands. The aisle is lined with tall bookshelves filled with books. The lighting is soft and even.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Supplementary Information

Combining and Individual
Fund Financial Statements
and Schedules

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Major Governmental Fund

Debt Service Fund

The Debt Service Fund is used to account for revenues from property taxes levied specifically for debt service and earnings on temporary investments, and the expenditure of these revenues for payment of long-term debt principal, interest, and related fees.

Tomball Independent School District

Exhibit G-1

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Ten Months Ended June 30, 2019

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|--------------------------|--------------------------------|---------------------|---------------------|----------------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 33,249,426 | \$ 33,249,426 | \$ 31,499,790 | \$ (1,749,636) |
| 5800 | State program revenues | 520,574 | 520,574 | 536,107 | 15,533 |
| 5020 | Total revenues | 33,770,000 | 33,770,000 | 32,035,897 | (1,734,103) |
| EXPENDITURES | | | | | |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | 20,725,000 | 20,725,000 | 12,390,000 | 8,335,000 |
| 0072 | Interest on long-term debt | 13,000,000 | 13,000,000 | 10,654,393 | 2,345,607 |
| 0073 | Issuance costs and fees | 45,000 | 45,000 | 9,716 | 35,284 |
| 6030 | Total expenditures | 33,770,000 | 33,770,000 | 23,054,109 | 10,715,891 |
| 1200 | Net change in fund balance | - | - | 8,981,788 | 8,981,788 |
| 0100 | Fund balance - beginning | 5,762,825 | 5,762,825 | 5,762,825 | - |
| 3000 | FUND BALANCE - ENDING | <u>\$ 5,762,825</u> | <u>\$ 5,762,825</u> | <u>\$ 14,744,613</u> | <u>\$ 8,981,788</u> |

A young child with curly hair, wearing a blue polo shirt and jeans, is sitting on a colorful plastic chair in a library. The child is holding and reading a book. The background is filled with bookshelves containing many books. The text 'COMPREHENSIVE ANNUAL FINANCIAL REPORT' is overlaid in the top left corner.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Nonmajor Governmental Funds

Special Revenue Funds

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

Nonmajor Governmental Funds

Special Revenue Funds

Grants accounted for in the Special Revenue Funds include:

ESEA, Title I, Part A, Improving Basic Programs - funds are used to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

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

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

IDEA-B, Discretionary— funds are used to support an Education Service Center special education component and also targeted support of Local Education Agencies.

National School Breakfast and Lunch Program - fund accounts for revenues originating from the United States Department of Agriculture and fees from child and adult meals, as well as allowable child nutrition program expenditures.

Career and Technical, Basic Grant - funds are used to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment.

ESEA, Title II, Part A, Teacher and Principal Training and Recruiting (“TPTR”) - funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, in addition to holding local education agencies and schools accountable for improving student academic achievement.

Title III, Part A, English Language Acquisition and Enhancement - funds are used to improve the education of limited English proficient children and assist children to learn English and meet challenging State academic content and student academic achievement standards.

Nonmajor Governmental Funds

Special Revenue Funds cont'd.

Title IV, Part A, Subpart 1 - funds are used to increase the use of technology in order to improve the academic achievement and digital literacy of all students.

Title IV, Part A, Summer School - funds are used to enhance the education of limited English proficient students.

Advanced Placement Initiatives - fund accounts for funds awarded under the Texas Advanced Placement Incentive Program, Chapter 28, Subchapter C, TEC.

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

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

Campus Activity Funds - funds are generated by the campus and are not subject to recall by the board of trustees into the General Fund. The funds accounted for are non-agency and discretionary.

High School Scholarship Fund - fund is used to account for scholarship funds that have been donated to an individual high school, and awarded to current and former students for post-secondary education purposes. These funds are committed for use in the 2018-2019 school year.

Educational Grants - fund is used to account for grants received from the Tomball ISD Education Foundation, and has been awarded for use by teachers and campuses to enhance their academic programs.

Chuck Lorre Foundation - fund is used to account for grants received from The Chuck Lorre Foundation, and has been awarded for use in the District's Career & Technology Education program.

Locally Funded Special Revenue Fund - fund accounts for locally funded special revenues that have not been specified above.

Tomball Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2019

| | 211 | 224 | 225 |
|---|--|-----------------------|-----------------------------------|
| <u>Data Control Codes</u> | <u>ESSA Title I Improving Basic Programs</u> | <u>IDEA-B Formula</u> | <u>IDEA-B Preschool Grant</u> |
| ASSETS | | | |
| 1110 Cash and cash equivalents | \$ - | \$ - | \$ - |
| 1240 Due from other governments | 262,267 | 501,608 | 30,538 |
| 1260 Due from other funds | - | - | - |
| 1300 Inventories | - | - | - |
| 1410 Prepaid items | 15,975 | - | - |
| 1000 TOTAL ASSETS | <u>\$ 278,242</u> | <u>\$ 501,608</u> | <u>\$ 30,538</u> |
| LIABILITIES | | | |
| 2110 Accounts payable | \$ 16,884 | \$ 22,222 | \$ 9,917 |
| 2160 Accrued wages payable | 66,035 | 147,788 | - |
| 2170 Due to other funds | 195,323 | 331,598 | 20,425 |
| 2180 Due to other governments | - | - | 196 |
| 2300 Unearned revenue | - | - | - |
| 2000 Total liabilities | 278,242 | 501,608 | 30,538 |
| FUND BALANCES | | | |
| 3450 Restricted - grants for nutrition | - | - | - |
| 3545 Committed - other | - | - | - |
| 3000 Total fund balances | - | - | - |
| 4000 TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 278,242</u> | <u>\$ 501,608</u> | <u>\$ 30,538</u> |

| 226 | 240 | 244 | 255 | 263 | 288 |
|------------------------------|---|--|--|---|--------------------------------|
| IDEA Part B Discretionary | National School Breakfast/Lunch Program | Career and Technical Basic Grant | ESSA Title II Part A Teacher & Principal Training & Recruiting | Title III Part A English Language Acquisition and Enhancement | Title IV, Part A, Subpart 1 |
| \$ - | \$ 3,537,168 | \$ - | \$ - | \$ - | \$ - |
| 375 | 8,231 | 3,990 | 50,432 | 17,712 | 25,699 |
| - | - | - | - | - | - |
| - | 61,188 | - | - | - | - |
| - | - | 11,138 | - | - | - |
| <u>\$ 375</u> | <u>\$ 3,606,587</u> | <u>\$ 15,128</u> | <u>\$ 50,432</u> | <u>\$ 17,712</u> | <u>\$ 25,699</u> |
| \$ - | \$ 15,797 | \$ - | \$ 18,197 | \$ - | \$ - |
| - | 92,731 | - | - | 5,883 | 15,400 |
| 375 | 1,736,994 | 15,128 | 32,235 | 11,829 | 10,299 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 375 | 1,845,522 | 15,128 | 50,432 | 17,712 | 25,699 |
| - | 1,761,065 | - | - | - | - |
| - | - | - | - | - | - |
| - | 1,761,065 | - | - | - | - |
| <u>\$ 375</u> | <u>\$ 3,606,587</u> | <u>\$ 15,128</u> | <u>\$ 50,432</u> | <u>\$ 17,712</u> | <u>\$ 25,699</u> |

Tomball Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds - Continued

June 30, 2019

| | | 289 | 397 | 410 | 429 |
|--------------------------|--|---|-------------------------------------|------------------------|--|
| Data Control Codes | | Title VI, Part A, Summer School LEP | Advanced Placement Incentives | State Textbook Fund | State Funded Special Revenue Funds |
| ASSETS | | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| 1240 | Due from other governments | - | - | - | 9,878 |
| 1260 | Due from other funds | - | - | 657,426 | - |
| 1300 | Inventories | - | - | - | - |
| 1410 | Prepaid items | - | - | - | - |
| 1000 | TOTAL ASSETS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 657,426</u> | <u>\$ 9,878</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ - | \$ - |
| 2160 | Accrued wages payable | - | - | - | - |
| 2170 | Due to other funds | - | - | - | 9,878 |
| 2180 | Due to other governments | - | - | - | - |
| 2300 | Unearned revenue | - | - | 657,426 | - |
| 2000 | Total liabilities | - | - | 657,426 | 9,878 |
| FUND BALANCES | | | | | |
| 3450 | Restricted - grants for nutrition | - | - | - | - |
| 3545 | Committed - other | - | - | - | - |
| 3000 | Total fund balances | - | - | - | - |
| 4000 | TOTAL LIABILITIES AND FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 657,426</u> | <u>\$ 9,878</u> |

| 461 | 462 | 497 | 498 | 499 | Total Nonmajor Funds (See Exhibit C-1) |
|--------------------------|----------------------------|-----------------------|---------------------------|--|---|
| Campus Activity Funds | High School Scholarship | Educational Grants | Chuck Lorre Foundation | Locally Funded Special Revenue Funds | |
| \$ 2,195,209 | \$ - | \$ - | \$ - | \$ - | \$ 5,732,377 |
| - | - | - | - | - | 910,730 |
| - | - | 2,043 | 75,904 | 2,867 | 738,240 |
| - | - | - | - | - | 61,188 |
| - | - | - | - | - | 27,113 |
| <u>\$ 2,195,209</u> | <u>\$ -</u> | <u>\$ 2,043</u> | <u>\$ 75,904</u> | <u>\$ 2,867</u> | <u>\$ 7,469,648</u> |
| \$ - | \$ - | \$ 1,843 | \$ - | \$ - | \$ 84,860 |
| - | - | - | - | - | 327,837 |
| 58,776 | - | - | - | - | 2,422,860 |
| - | - | - | - | - | 196 |
| - | - | - | - | - | 657,426 |
| 58,776 | - | 1,843 | - | - | 3,493,179 |
| - | - | - | - | - | 1,761,065 |
| 2,136,433 | - | 200 | 75,904 | 2,867 | 2,215,404 |
| 2,136,433 | - | 200 | 75,904 | 2,867 | 3,976,469 |
| <u>\$ 2,195,209</u> | <u>\$ -</u> | <u>\$ 2,043</u> | <u>\$ 75,904</u> | <u>\$ 2,867</u> | <u>\$ 7,469,648</u> |

Tomball Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Ten Months Ended June 30, 2019

| | 211 | 224 | 225 |
|---|--|-----------------------|-----------------------------------|
| Data Control Codes | ESSA Title I Improving Basic Programs | IDEA-B Formula | IDEA-B Preschool Grant |
| REVENUES | | | |
| 5700 Local and intermediate sources | \$ - | \$ - | \$ - |
| 5800 State program revenues | - | - | - |
| 5900 Federal program revenues | 1,119,145 | 2,143,442 | 53,053 |
| 5020 Total revenues | 1,119,145 | 2,143,442 | 53,053 |
| EXPENDITURES | | | |
| Current: | | | |
| 0011 Instruction | 896,576 | 1,471,053 | 41,212 |
| 0012 Instructional resources and media services | - | - | - |
| 0013 Curriculum and instructional staff development | 116,222 | 11,590 | - |
| 0021 Instructional leadership | 67,762 | 4,098 | - |
| 0031 Guidance, counseling, and evaluation services | - | 656,701 | 11,841 |
| 0033 Health services | - | - | - |
| 0035 Food services | - | - | - |
| 0036 Extracurricular activities | - | - | - |
| 0061 Community services | 38,585 | - | - |
| 6030 Total expenditures | 1,119,145 | 2,143,442 | 53,053 |
| 1200 Net change in fund balances | - | - | - |
| 0100 Fund balances - beginning | - | - | - |
| 3000 FUND BALANCES - ENDING | \$ - | \$ - | \$ - |

| 226 | 240 | 244 | 255 | 263 | 288 |
|------------------------------|---|--|--|--|--------------------------------|
| IDEA Part B Discretionary | National School Breakfast/Lunch Program | Career and Technical Basic Grant | ESSA Title II Part A Teacher & Principal Training & Recruiting | Title III Part A English Language Acquisition and Enhancement | Title IV, Part A, Subpart 1 |
| \$ - | \$ 3,538,527 | \$ - | \$ - | \$ - | \$ - |
| - | 153,001 | - | - | - | - |
| 19,681 | 2,749,112 | 90,271 | 166,965 | 150,411 | 60,946 |
| 19,681 | 6,440,640 | 90,271 | 166,965 | 150,411 | 60,946 |
| - | - | 86,873 | 7,054 | 51,838 | 51,046 |
| - | - | - | - | - | - |
| 19,681 | - | 3,398 | 142,601 | 86,263 | 9,900 |
| - | - | - | 4,810 | 12,310 | - |
| - | - | - | - | - | - |
| - | 6,083,375 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 12,500 | - | - |
| 19,681 | 6,083,375 | 90,271 | 166,965 | 150,411 | 60,946 |
| - | 357,265 | - | - | - | - |
| - | 1,403,800 | - | - | - | - |
| <u>\$ -</u> | <u>\$ 1,761,065</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Tomball Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds - Continued
For the Ten Months Ended June 30, 2019

| | 289 | 397 | 410 | 429 |
|---|--|--|--------------------------------|---|
| Data Control Codes | Title VI, Part A, Summer School LEP | Advanced Placement Incentives | State Textbook Fund | State Funded Special Revenue Funds |
| REVENUES | | | | |
| 5700 Local and intermediate sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State program revenues | - | 4,000 | 486,685 | 77,124 |
| 5900 Federal program revenues | 11,265 | - | - | - |
| 5020 Total revenues | 11,265 | 4,000 | 486,685 | 77,124 |
| EXPENDITURES | | | | |
| Current: | | | | |
| 0011 Instruction | 11,265 | - | 486,685 | 52,733 |
| 0012 Instructional resources and media services | - | - | - | 26 |
| 0013 Curriculum and instructional staff development | - | 4,000 | - | 22,850 |
| 0021 Instructional leadership | - | - | - | - |
| 0031 Guidance, counseling, and evaluation services | - | - | - | - |
| 0033 Health services | - | - | - | - |
| 0035 Food services | - | - | - | - |
| 0036 Extracurricular activities | - | - | - | - |
| 0061 Community services | - | - | - | 1,515 |
| 6030 Total expenditures | 11,265 | 4,000 | 486,685 | 77,124 |
| 1200 Net change in fund balances | - | - | - | - |
| 0100 Fund balances - beginning | - | - | - | - |
| 3000 FUND BALANCES - ENDING | \$ - | \$ - | \$ - | \$ - |

| 461 | 462 | 497 | 498 | 499 | |
|-----------------------|-------------------------|--------------------|------------------------|--------------------------------------|--|
| Campus Activity Funds | High School Scholarship | Educational Grants | Chuck Lorre Foundation | Locally Funded Special Revenue Funds | Total Nonmajor Funds (See Exhibit C-2) |
| \$ 3,141,081 | \$ - | \$ 49,399 | \$ 75,527 | \$ 21,802 | \$ 6,826,336 |
| - | - | - | - | - | 720,810 |
| - | - | - | - | - | 6,564,291 |
| 3,141,081 | - | 49,399 | 75,527 | 21,802 | 14,111,437 |
| 1,405,991 | 1,000 | 44,199 | 57,763 | 83,880 | 4,749,168 |
| 227,119 | - | - | - | - | 227,145 |
| - | - | 5,000 | 5,306 | 10,000 | 436,811 |
| - | - | - | - | - | 88,980 |
| - | - | - | - | - | 668,542 |
| - | - | - | - | 21,802 | 21,802 |
| - | - | - | - | - | 6,083,375 |
| 1,387,118 | - | - | - | - | 1,387,118 |
| - | - | - | - | - | 52,600 |
| 3,020,228 | 1,000 | 49,199 | 63,069 | 115,682 | 13,715,541 |
| 120,853 | (1,000) | 200 | 12,458 | (93,880) | 395,896 |
| 2,015,580 | 1,000 | - | 63,446 | 96,747 | 3,580,573 |
| <u>\$ 2,136,433</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ 75,904</u> | <u>\$ 2,867</u> | <u>\$ 3,976,469</u> |

Tomball Independent School District

Exhibit I-1

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Ten Months Ended June 30, 2019

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|--------------------------|--------------------------------|---------------------|---------------------|---------------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 3,918,750 | \$ 3,918,750 | \$ 3,538,527 | \$ (380,223) |
| 5800 | State program revenues | 179,650 | 179,650 | 153,001 | (26,649) |
| 5900 | Federal program revenues | 2,689,000 | 2,689,000 | 2,749,112 | 60,112 |
| 5020 | Total revenues | 6,787,400 | 6,787,400 | 6,440,640 | (346,760) |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| 0035 | Food services | 6,787,400 | 7,037,400 | 6,083,375 | 954,025 |
| 6030 | Total expenditures | 6,787,400 | 7,037,400 | 6,083,375 | 954,025 |
| 1200 | Net change in fund balance | - | (250,000) | 357,265 | 607,265 |
| 0100 | Fund balance - beginning | 1,403,800 | 1,403,800 | 1,403,800 | - |
| 3000 | FUND BALANCE - ENDING | <u>\$ 1,403,800</u> | <u>\$ 1,153,800</u> | <u>\$ 1,761,065</u> | <u>\$ 607,265</u> |

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Agency Fund

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

TOMBALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2019

EXHIBIT J-1

| | <u>Balance</u> <u>August 31, 2018</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|---------------------------|--|-------------------|-------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 245,976 | \$ 111,305 | \$ 2,826 | \$ 354,455 |
| Total Assets | <u>\$ 245,976</u> | <u>\$ 111,305</u> | <u>\$ 2,826</u> | <u>\$ 354,455</u> |
| LIABILITIES | | | | |
| Due to Student Groups | \$ 245,976 | \$ 111,305 | \$ 2,826 | \$ 354,455 |
| Total Liabilities | <u>\$ 245,976</u> | <u>\$ 111,305</u> | <u>\$ 2,826</u> | <u>\$ 354,455</u> |

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Compliance Schedule

The Compliance Schedule is required by the Texas Education Agency and is not required for disclosure in the Comprehensive Annual Financial Report (CAFR).

Tomball Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Ten Months Ended June 30, 2019

| Year Ended June 30, | 1 | | 2 | | 3 | |
|------------------------|-------------|---------|--------------|---------|--|----------------|
| | Tax Rates | | | | Assessed/Appraised Value For School Tax Purposes | |
| | Maintenance | | Debt Service | | | |
| 2010 and prior years | \$ | Various | \$ | Various | \$ | Various |
| 2011 | | 1.010 | | 0.350 | | 5,100,646,624 |
| 2012 | | 1.010 | | 0.350 | | 5,485,021,691 |
| 2013 | | 1.010 | | 0.350 | | 6,000,037,896 |
| 2014 | | 1.020 | | 0.340 | | 6,634,270,132 |
| 2015 | | 1.020 | | 0.340 | | 7,652,629,504 |
| 2016 | | 1.020 | | 0.320 | | 8,905,092,164 |
| 2017 | | 1.040 | | 0.300 | | 9,746,642,313 |
| 2018 | | 1.040 | | 0.300 | | 10,174,184,328 |
| 2019 | | 1.040 | | 0.300 | | 10,462,962,313 |
| 1000 TOTALS | | | | | | |

Exhibit K-1

| 10 Beginning Balance 9/1/18 | 20 Current Year's Total Levy | 31 Maintenance Collections | 32 Debt Service Collections | 40 Entire Year's Adjustments | 50 Ending Balance 6/30/2019 |
|--|---|---|--|---|--|
| \$ 459,607 | \$ - | \$ 19,043 | \$ 5,624 | \$ (6,818) | \$ 428,122 |
| 205,554 | - | 4,443 | 1,539 | (1,323) | 198,249 |
| 122,556 | - | 14,020 | 4,858 | 10,549 | 114,227 |
| 158,190 | - | 20,647 | 7,155 | 17,058 | 147,446 |
| 188,550 | - | 35,841 | 11,947 | 37,999 | 178,761 |
| 222,770 | - | 44,809 | 14,936 | 21,661 | 184,686 |
| 264,121 | - | 31,906 | 10,010 | 12,323 | 234,528 |
| 507,133 | - | 129,962 | 37,515 | 11,153 | 350,809 |
| 1,294,157 | - | (431,451) | (124,542) | (1,322,865) | 527,285 |
| - | 140,203,695 | 107,097,335 | 30,914,695 | (67,479) | 2,124,186 |
| <u>\$ 3,422,638</u> | <u>\$ 140,203,695</u> | <u>\$ 106,966,555</u> | <u>\$ 30,883,737</u> | <u>\$ (1,287,742)</u> | <u>\$ 4,488,299</u> |

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Statistical Section

Statistical Section

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

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

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

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

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

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

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

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

| | <u>2019*</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------------------------------|------------------------|------------------------|----------------------|----------------------|
| Governmental Activities: | | | | |
| Net Investment in Capital Assets | \$ (32,194,940) | \$ (320,708,264) | \$ (35,064,497) | \$ (8,992,195) |
| Restricted for Grants | 5,232,344 | 4,130,650 | 4,557,550 | \$ 2,558,845 |
| Restricted for Debt Service | 7,655,611 | 5,399,771 | 3,768,107 | \$ 3,172,636 |
| Unrestricted | (1,363,632) | 270,276,568 | 54,546,428 | \$ 31,230,818 |
| Total Primary Government Net Position | <u>\$ (20,670,617)</u> | <u>\$ (40,901,275)</u> | <u>\$ 27,807,588</u> | <u>\$ 27,970,104</u> |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.
Source of Data: District Records - Exhibit A-1 of Audit Report

Table 1

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ (2,203,806) | \$ (3,450,507) | \$ (7,456,807) | \$ (9,014,998) | \$ 165,603 | \$ 2,012,220 |
| 3,182,295 | - | - | - | - | - |
| 1,284,935 | 4,774,887 | - | - | - | - |
| 32,955,267 | 40,486,367 | 50,071,045 | 49,130,764 | 41,476,735 | 43,675,080 |
| <u>\$ 35,218,691</u> | <u>\$ 41,810,747</u> | <u>\$ 42,614,238</u> | <u>\$ 40,115,766</u> | <u>\$ 41,642,338</u> | <u>\$ 45,687,300</u> |

TOMBALL INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS*

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

| Expenses | 2019* | 2018 | 2017 | 2016 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental Activities: | | | | |
| Instruction | \$ 98,736,401 | \$ 67,436,020 | \$ 89,444,988 | \$ 84,015,144 |
| Instructional Resources and Media Services | 1,909,061 | 1,508,963 | 1,866,542 | 1,820,052 |
| Curriculum and Instructional Staff Development | 2,247,688 | 1,902,824 | 2,067,949 | 1,950,743 |
| Instructional Leadership | 1,750,670 | 1,059,773 | 1,771,280 | 1,486,902 |
| School Leadership | 8,979,025 | 6,058,024 | 8,357,494 | 8,528,973 |
| Guidance, Counseling, and Evaluation Services | 5,135,869 | 3,138,282 | 4,924,544 | 4,563,919 |
| Social Work Services | 68,651 | 47,842 | 62,157 | 65,639 |
| Health Services | 1,868,316 | 1,154,397 | 1,712,282 | 1,573,756 |
| Student (Pupil) Transportation | 6,657,611 | 5,144,869 | 5,719,505 | 5,259,615 |
| Food Services | 6,839,518 | 5,268,653 | 6,312,546 | 6,168,181 |
| Extracurricular Activities | 5,595,138 | 5,768,400 | 6,529,176 | 5,923,522 |
| General Administration | 3,589,984 | 3,145,876 | 4,209,238 | 3,552,553 |
| Plant Maintenance and Operations | 10,813,112 | 11,549,042 | 12,528,069 | 11,852,403 |
| Security and Monitoring Services | 809,451 | 560,086 | 535,216 | 451,809 |
| Data Processing Services | 1,844,223 | 2,938,595 | 1,764,694 | 1,821,953 |
| Community Services | 54,034 | 69,947 | 41,734 | 51,092 |
| Interest on Long-term Debt | 15,460,435 | 17,176,349 | 13,880,813 | 14,925,045 |
| Issuance Cost and Fees | 9,716 | 1,186,189 | 809,128 | 141,723 |
| Facilities, Repair and Maintenance | - | 212,816 | 1,801,061 | 3,251,261 |
| Payments to Juvenile Justice Alternative Ed. Prog. | 22,800 | 22,800 | 4,800 | 2,500 |
| Other Intergovernmental Charges | 1,050,348 | 1,001,642 | 955,313 | 886,750 |
| Total Primary Government Expenses | <u>173,442,051</u> (5) | <u>136,351,389</u> (5) | <u>165,298,529</u> (3) | <u>158,293,535</u> (3) |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Instruction | 1,234,548 | 1,649,232 | 1,027,249 | 737,476 |
| Food Services | 3,538,527 | 3,425,524 | 3,367,473 | 3,152,123 |
| Extracurricular Activities | 1,400,682 | 1,648,323 | 1,675,208 | 1,481,439 |
| Other Activities | 267,852 | 389,479 | 494,136 | 578,978 |
| Operating Grants and Contributions | 20,260,367 | (12,001,949) | 14,640,850 | 15,608,695 |
| Total Primary Government Program Revenues | <u>26,701,976</u> | <u>(4,889,391)</u> | <u>21,204,916</u> | <u>21,558,711</u> |
| Net (Expense)/Revenue | | | | |
| Total Primary Government Net Expense | <u>\$ (146,740,075)</u> | <u>\$ (141,240,780)</u> | <u>\$ (144,093,613)</u> | <u>\$ (136,734,824)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Property Taxes, Levied for General Purposes | 107,847,269 (4) | 106,641,291 (4) | 102,830,410 | 90,717,118 (1) |
| Property Taxes, Levied for Debt Service | 31,368,087 | 30,909,922 | 29,748,099 | 28,438,655 (1) |
| Investment Earnings | 5,010,899 | 3,329,028 | 1,234,230 | 480,246 |
| Grants and Contributions Not Restricted to Specific Programs | 22,626,613 (2) | 7,488,953 (2) | 9,935,659 | 18,885,869 |
| Miscellaneous | 117,865 | 228,578 | 182,699 | 240,885 |
| Total Governmental Activities General Revenues | <u>166,970,733</u> | <u>148,597,772</u> | <u>143,931,097</u> | <u>138,762,773</u> |
| Change in Net Position | | | | |
| Governmental Activities | <u>\$ 20,230,658</u> | <u>\$ 7,356,992</u> | <u>\$ (162,516)</u> | <u>\$ 2,027,949</u> |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

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

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

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

(5) Decrease in government-wide expenditures is due to the negative on-behalf reported by the nonemployer contributing entity(State), related to OPEB and Pension liabilities.

Source of Data: District Records

Table 2

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|
| \$ 67,660,376 | \$ 64,053,457 | \$ 57,529,140 | \$ 54,853,901 | \$ 52,830,648 | \$ 53,241,569 |
| 1,516,571 | 1,446,483 | 1,490,940 | 1,379,876 | 1,359,597 | 1,494,273 |
| 1,259,908 | 1,059,081 | 1,085,211 | 1,060,957 | 1,151,047 | 1,164,578 |
| 1,366,800 | 1,201,533 | 1,047,845 | 1,046,748 | 1,064,216 | 914,355 |
| 6,953,597 | 6,443,317 | 6,047,417 | 5,708,324 | 5,598,113 | 5,336,630 |
| 4,025,170 | 3,833,908 | 3,710,790 | 3,399,011 | 3,449,417 | 3,548,162 |
| 65,180 | 59,804 | 61,248 | 59,732 | 254,764 | 279,588 |
| 1,221,821 | 1,137,655 | 1,142,337 | 1,001,096 | 1,037,795 | 1,073,199 |
| 5,005,281 | 4,880,484 | 4,597,969 | 4,925,437 | 4,500,539 | 4,163,275 |
| 5,576,810 | 5,717,567 | 4,966,651 | 4,379,968 | 4,111,298 | 4,269,083 |
| 5,394,464 | 5,540,932 | 5,236,220 | 5,064,933 | 4,166,663 | 3,830,804 |
| 3,128,800 | 3,003,401 | 2,802,508 | 2,560,583 | 2,564,409 | 2,465,280 |
| 10,999,205 | 13,410,332 | 10,481,103 | 9,888,738 | 10,319,560 | 9,702,719 |
| 433,968 | 447,606 | 418,110 | 365,048 | 112,917 | 117,265 |
| 1,746,946 | 1,682,560 | 1,521,517 | 1,729,528 | 1,619,689 | 1,805,033 |
| 18,842 | 476,529 | 58,263 | 41,818 | 48,600 | 88,239 |
| 15,404,277 | 13,603,075 | 12,948,165 | 13,315,843 | 10,999,925 | 12,680,186 |
| 387,465 | 737,654 | 16,283 | 148,988 | 130,271 | 177,637 |
| 2,342,623 | 901,730 | 65,523 | 4,492,312 | 8,975,408 | 493,271 |
| 24,727 | 22,620 | 7,973 | 22,516 | 14,479 | 18,900 |
| 796,744 | 666,950 | 633,291 | 583,557 | 566,313 | 545,839 |
| <u>135,329,575</u> (3) | <u>130,326,678</u> (3) | <u>115,868,504</u> (3) | <u>116,028,914</u> (3) | <u>114,875,668</u> (3) | <u>107,409,885</u> (3) |
| 759,624 | 577,779 | 652,924 | 614,889 | 657,523 | 547,176 |
| 3,040,043 | 2,863,223 | 2,746,723 | 2,590,416 | 2,265,108 | 2,172,510 |
| 1,304,270 | 1,190,208 | 1,201,893 | 1,417,442 | 1,371,714 | 1,128,220 |
| 437,444 | 648,089 | 354,689 | 306,241 | 337,994 | 253,773 |
| 10,576,894 | 11,715,123 | 9,661,952 | 11,176,201 | 11,948,258 | 12,235,758 |
| <u>16,118,275</u> | <u>16,994,422</u> | <u>14,618,181</u> | <u>16,105,189</u> | <u>16,580,597</u> | <u>16,337,437</u> |
| <u>\$ (119,211,300)</u> | <u>\$ (113,332,256)</u> | <u>\$ (101,250,323)</u> | <u>\$ (99,923,725)</u> | <u>\$ (98,295,071)</u> | <u>\$ (91,072,448)</u> |
| 78,347,780 | 68,045,469 | 61,256,505 | 56,401,809 | 51,878,692 | 50,674,625 |
| 26,113,367 | 22,642,257 | 21,100,637 | 19,469,388 | 18,128,209 | 17,757,848 |
| 560,734 | 140,182 | 128,753 | 147,088 | 168,033 | 384,985 |
| 19,807,829 | 21,697,550 | 19,944,171 | 22,309,545 | 24,073,335 | 25,147,797 |
| 127,178 | 3,307 | 168,253 | 69,323 | 1,840 | 10,283 |
| <u>124,956,888</u> | <u>112,528,765</u> | <u>102,598,319</u> | <u>98,397,153</u> | <u>94,250,109</u> | <u>93,975,538</u> |
| <u>\$ 5,745,588</u> | <u>\$ (803,491)</u> | <u>\$ 1,347,996</u> | <u>\$ (1,526,572)</u> | <u>\$ (4,044,962)</u> | <u>\$ 2,903,090</u> |

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

| <u>Fiscal Year:</u> | <u>2019*</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|
| General Fund | | | | |
| Non-spendable | \$ 702,211 | \$ 556,679 | \$ 445,734 | \$ 466,366 |
| Restricted for Federal/State Funds Grants | 3,471,279 | 2,726,850 | 3,301,960 | 1,321,388 |
| Other Committed | 16,192,295 | 16,628,581 | 17,563,802 | 18,500,000 |
| Assigned for: | | | | |
| Construction | - | - | - | - |
| Claims and Judgements | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Capital Expenditures for Equipment | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Self-Insurance | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Other Assigned Fund Balance | 6,180,002 | 6,000,000 | 6,157,308 | 6,000,000 |
| Unassigned Fund Balance | 48,282,615 | 30,458,625 | 33,976,827 | 32,754,397 |
| Reserved | - | - | - | - |
| Designated for: | | | | |
| Construction | - | - | - | - |
| Claims and Judgements | - | - | - | - |
| Capital Expenditures for Equipment | - | - | - | - |
| Self-Insurance | - | - | - | - |
| Other Designated Fund Balance | - | - | - | - |
| Unreserved, Undesignated | - | - | - | - |
| Total General Fund | <u>\$ 79,828,402</u> | <u>\$ 61,370,735</u> | <u>\$ 66,445,631</u> | <u>\$ 64,042,151</u> |
| All Other Governmental Funds | | | | |
| Non-spendable Inventories | \$ - | \$ - | \$ - | \$ - |
| Restricted for: | | | | |
| Federal/State Funds Grant Restrictions | 1,761,065 | 1,403,800 | 1,255,590 | 1,237,457 |
| Capital Acquisition Program and Contractual Obligations | 141,417,321 (2) | 155,729,420 (2) | 13,877,292 | - |
| Retirement of Long-term Debt | 14,744,613 | 5,762,825 | 3,812,804 | 3,346,322 |
| Other Committed | 2,215,404 | 2,176,773 | 1,969,148 | 1,671,650 |
| Reserved, reported in: | | | | |
| Capital Projects Funds | - | - | - | - |
| Debt Service Funds | - | - | - | - |
| Special Revenue Funds | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 160,138,403</u> | <u>\$ 165,072,818</u> | <u>\$ 20,914,834</u> | <u>\$ 6,255,429</u> |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

- (1) Increase primarily due to an increase in state program revenue and the increase in appraised values.
- (2) Increase due to sale of bonds for construction of new facilities and renovations of existing facilities.
- (3) Increase for fiscal stabilization to cover additional expenses of opening a new high school.
- (4) A deficit fund balance recorded due to the accrual of retainage liabilities at year-end. Bonds were issued in subsequent months to pay liability and complete planned construction.
- (5) GASB 54 new fund balance categories required beginning with fiscal year ended August 31, 2011

Source of Data: District records - Exhibit C-1 of the Audit Report

Table 3

| 2015 | 2014 | 2013 | 2012 | 2011 (5) | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 458,042 | \$ 530,492 | \$ 503,409 | \$ 481,105 | \$ 400,023 | \$ - |
| 1,963,946 | 3,338,633 | 4,908,891 | 4,006,559 | 3,349,524 | - |
| 17,459,120 | 17,459,120 | 18,300,000 | 16,000,000 | 16,000,000 | - |
| 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | - |
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | - |
| 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | - |
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | - |
| 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | - |
| 27,739,914 | 20,709,537 | 22,606,078 | 24,040,498 | 17,659,755 | - |
| - | - | - | - | - | \$ 2,231,842 |
| - | - | - | - | - | 3,000,000 |
| - | - | - | - | - | 1,000,000 |
| - | - | - | - | - | 3,000,000 |
| - | - | - | - | - | 1,000,000 |
| - | - | - | - | - | 12,000,000 (3) |
| - | - | - | - | - | 22,412,608 |
| <u>\$ 59,621,022</u> | <u>\$ 54,037,782</u> | <u>\$ 58,318,378</u> | <u>\$ 56,528,162</u> | <u>\$ 49,409,302</u> | <u>\$ 44,644,450</u> |
| \$ 138,078 | \$ 38,548 | \$ 43,529 | \$ 97,302 | \$ 90,509 | - |
| 1,218,349 | 1,436,254 | - | - | 287,948 | - |
| 46,777,935 | 78,123,766 | 9,460,436 | 10,421,552 | 24,856,649 | - |
| 1,500,436 | 2,053,799 | 1,795,601 | 1,940,854 | 2,616,535 | - |
| 1,611,164 | 1,388,889 | 3,521,891 | 2,835,717 | 2,419,792 | - |
| - | - | - | - | - | \$ (155,928) (4) |
| - | - | - | - | - | 3,252,812 |
| - | - | - | - | - | 1,616,942 |
| <u>\$ 51,245,962</u> | <u>\$ 83,041,256</u> | <u>\$ 14,821,457</u> | <u>\$ 15,295,425</u> | <u>\$ 30,271,433</u> | <u>\$ 4,713,826</u> |

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

| | <u>2019*</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|----------------------|---------------------------|----------------------|----------------------------|
| REVENUES | | | | |
| Local and Intermediate | \$ 152,228,577 | \$ 149,967,296 (1) | \$ 140,710,247 | \$ 127,345,949 |
| State Programs | 27,415,015 | 15,084,798 | 16,062,918 (2) | 25,402,000 |
| Federal Programs | 8,639,058 | 7,241,976 | 7,138,267 | 6,284,784 |
| Total Revenues | <u>188,282,650</u> | <u>172,294,070</u> | <u>163,911,432</u> | <u>159,032,733</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 81,914,273 | 86,077,380 | 78,181,777 | 74,070,334 |
| Instructional Resources and Media Services | 1,648,037 | 1,772,365 | 1,625,384 | 1,563,407 |
| Curriculum and Instructional Staff Development | 2,029,778 | 2,543,832 | 1,957,855 | 1,906,699 |
| Instructional Leadership | 1,537,187 | 1,745,159 | 1,641,832 | 1,442,978 |
| School Leadership | 7,913,941 | 8,592,977 | 7,809,519 | 7,889,749 |
| Guidance, Counseling, and Evaluation Services | 4,556,370 | 4,750,242 | 4,574,537 | 4,300,520 |
| Social Work Services | 64,855 | 66,190 | 63,190 | 62,814 |
| Health Services | 1,681,339 | 1,696,202 | 1,613,551 | 1,508,819 |
| Student (Pupil) Transportation | 7,362,615 | 5,793,999 | 6,875,436 | 5,126,338 |
| Food Services | 6,083,375 | 6,004,426 | 5,729,372 | 5,615,014 |
| Extracurricular Activities | 4,492,272 | 5,481,900 | 5,100,227 | 4,551,552 |
| General Administration | 3,379,619 | 4,017,028 | 3,674,466 | 3,435,101 |
| Plant Maintenance and Operations | 11,363,078 | 12,463,176 | 12,912,216 | 11,518,841 |
| Security and Monitoring Services | 804,995 | 576,931 | 538,751 | 447,730 |
| Data Processing Services | 1,733,965 | 3,232,898 | 1,824,050 | 1,683,084 |
| Community Services | 52,756 | 71,841 | 39,876 | 51,204 |
| Payments to Juvenile Justice Alternative Education Programs | 22,800 | 22,800 | 4,800 | 2,500 |
| Other Intergovernmental Charges: | 1,050,348 | 1,001,642 | 955,313 | 886,750 |
| Debt Service: | | | | |
| Principal on Long-term Debt | 12,390,000 | 14,155,000 | 14,260,000 | 11,315,000 |
| Interest on Long-term Debt | 10,654,393 | 18,738,008 | 15,163,713 | 15,936,886 |
| Issuance Costs and Fees | 9,716 | 1,186,189 | 809,128 | 141,723 |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 12,851,433 | 6,850,465 | 15,349,757 | 44,962,727 |
| Total Expenditures | <u>173,597,145</u> | <u>186,840,650</u> | <u>180,704,750</u> | <u>198,419,770</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>14,685,505</u> | <u>(14,546,580)</u> | <u>(16,793,318)</u> | <u>(39,387,037)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Bonds, Refunding and Building | - | 133,405,000 | 99,645,000 | - |
| Premium/Discount from Sale of Bonds | - | 20,940,097 | 11,408,431 | - |
| Sale of Real and Personal Property | - | - | 60,000 | - |
| Tax Refunds Resulting from Court Decisions | (1,162,253) | (715,429) | (143,685) | (1,182,367) |
| Transfers In | - | - | 878,156 | 878,156 |
| Transfers Out | - | - | (878,156) | (878,156) |
| Payment to Refunded Bond Escrow Agent | - | - | (77,113,543) | - |
| Total Other Financing Sources (Uses) | <u>(1,162,253)</u> | <u>153,629,668</u> | <u>33,856,203</u> | <u>(1,182,367)</u> |
| Net Change in Fund Balances | <u>\$ 13,523,252</u> | <u>\$ 139,083,088 (3)</u> | <u>\$ 17,062,885</u> | <u>\$ (40,569,404) (5)</u> |
| Debt Service(6) as a Percentage of Noncapital Expenditures(4) | 13.82% | 18.27% | 17.84% | 17.57% |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

(2) Decrease due to reduced state funding resulting from increased property values and Chapter 41 recapture.

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

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

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

(6) Debt Service includes principal and interest.

Source: District records - Exhibit C-2 of the Audit Report

Table 4

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------------|--------------------------|---------------------|-----------------------|--------------------------|----------------------------|
| \$ 111,532,006 | \$ 96,683,324 | \$ 88,355,928 | \$ 81,206,461 | \$ 74,951,558 | \$ 73,361,839 |
| 24,982,366 | 26,887,779 | 23,903,743 | 26,920,619 | 28,017,867 | 28,917,563 |
| 6,120,576 | 5,984,356 | 5,278,344 | 6,508,257 | 8,003,726 | 8,245,489 |
| <u>142,634,948</u> | <u>129,555,459</u> | <u>117,538,015</u> | <u>114,635,337</u> | <u>110,973,151</u> | <u>110,524,891</u> |
| 64,575,117 | 59,582,176 | 52,798,395 | 50,494,154 | 49,169,156 | 48,160,568 |
| 1,334,132 | 1,243,303 | 1,254,865 | 1,142,030 | 1,123,597 | 1,108,322 |
| 1,282,347 | 1,057,641 | 1,082,678 | 1,056,084 | 1,147,976 | 1,160,367 |
| 1,403,776 | 1,197,653 | 1,042,731 | 1,038,386 | 1,057,789 | 906,737 |
| 6,773,151 | 6,117,891 | 5,673,364 | 5,331,476 | 5,233,148 | 4,898,404 |
| 4,009,099 | 3,711,646 | 3,578,815 | 3,265,689 | 3,324,028 | 3,395,964 |
| 66,379 | 59,826 | 61,196 | 59,654 | 254,825 | 279,524 |
| 1,202,040 | 1,097,326 | 1,094,991 | 953,248 | 1,022,794 | 1,004,396 |
| 4,364,522 | 5,006,711 | 3,974,949 | 4,332,949 | 4,274,697 | 4,721,107 |
| 5,329,768 | 5,247,943 | 4,406,515 | 3,925,750 | 3,793,891 | 3,508,914 |
| 4,155,502 | 4,199,928 | 3,823,206 | 3,648,972 | 2,763,199 | 2,512,239 |
| 3,177,954 | 3,001,783 | 2,796,846 | 2,543,279 | 2,553,622 | 2,430,162 |
| 14,170,049 | 13,805,243 | 10,223,658 | 9,347,163 | 10,342,785 | 10,456,349 |
| 434,801 | 447,673 | 417,957 | 364,874 | 113,002 | 117,181 |
| 1,677,943 | 1,539,535 | 1,390,811 | 1,622,418 | 1,535,895 | 1,581,495 |
| 19,398 | 476,535 | 58,252 | 41,801 | 48,612 | 88,200 |
| 24,727 | 22,620 | 7,973 | 22,516 | 14,479 | 18,900 |
| 796,744 | 666,950 | 633,291 | 583,557 | 566,313 | 545,839 |
| 8,295,000 | 7,270,000 | 8,165,000 | 6,280,000 | 6,920,000 | 3,250,000 |
| 18,849,937 | 15,230,633 | 13,172,080 | 13,894,829 | 11,825,647 | 13,929,249 |
| 387,465 | 737,654 | 16,283 | 105,489 | 740,956 | 249,917 |
| <u>66,565,469</u> | <u>21,916,073</u> | <u>547,911</u> | <u>12,842,572</u> | <u>33,346,431</u> | <u>56,884,686</u> |
| <u>208,895,320</u> | <u>153,636,743</u> | <u>116,221,767</u> | <u>122,896,890</u> | <u>141,172,842</u> | <u>161,208,520</u> |
| <u>(66,260,372)</u> | <u>(24,081,284)</u> | <u>1,316,248</u> | <u>(8,261,553)</u> | <u>(30,199,691)</u> | <u>(50,683,629)</u> |
| 137,450,000 | 81,095,000 | - | 4,715,000 | 72,630,000 | 16,005,000 |
| 22,403,014 | 6,025,487 | - | 208,721 | 5,480,793 | 1,742,204 |
| - | 900,000 | - | 299,635 | 2,000 | - |
| (357,889) | - | - | - | - | - |
| - | - | - | - | 1,215,907 | 75,782 |
| - | - | - | - | (1,215,907) | (75,782) |
| (119,446,807) | - | - | (4,818,951) | (17,590,643) | (17,512,187) |
| <u>40,048,318</u> | <u>88,020,487</u> | <u>-</u> | <u>404,405</u> | <u>60,522,150</u> | <u>235,017</u> |
| <u>\$ (26,212,054) (5)</u> | <u>\$ 63,939,203 (3)</u> | <u>\$ 1,316,248</u> | <u>\$ (7,857,148)</u> | <u>\$ 30,322,459 (3)</u> | <u>\$ (50,448,612) (5)</u> |
| 19.30% | 17.28% | 18.50% | 17.71% | 16.48% | 16.95% |

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

Table 5

| Fiscal Year | Assessed Value | | Less: Exemptions | Actual Taxable Value | Total Direct Rate (1) |
|-------------|------------------------|----------------------------|---------------------|----------------------------|-----------------------------|
| | Real Property Value | Personal Property Value | | | |
| 2019* | \$ 11,912,590,160 | \$ 829,828,817 | \$ 2,037,893,396 | \$ 10,704,525,581 | 1.34 |
| 2018 | 11,187,343,534 | 1,003,007,501 | 2,016,166,707 | 10,174,184,328 | 1.34 |
| 2017 | 10,686,666,225 | 1,123,438,494 | 2,063,462,406 | 9,746,642,313 | 1.34 |
| 2016 | 9,751,430,862 | 1,181,179,447 | 2,027,518,145 | 8,905,092,164 | 1.34 |
| 2015 | 8,164,109,661 | 1,018,268,070 | 1,529,748,253 | 7,652,629,504 | 1.36 |
| 2014 | 6,907,768,414 | 1,025,319,254 | 1,298,817,536 | 6,634,270,132 | 1.36 |
| 2013 | 6,188,833,790 | 1,057,020,308 | 1,245,816,230 | 6,000,037,868 | 1.36 |
| 2012 | 5,840,856,830 | 1,012,183,659 | 1,368,018,798 | 5,485,021,691 | 1.36 |
| 2011 | 5,066,453,510 | 821,076,050 | 786,882,942 | 5,100,646,618 | 1.36 |
| 2010 | 5,341,201,970 | 780,457,883 | 1,165,449,706 | 4,956,210,147 | 1.36 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

Source: Harris and Montgomery County (Texas) Appraisal Districts provide the District's tax office with appraised values for properties within the District's taxing authority. Appraised value equals assessed value. Assessed value less exemptions equals actual taxable value. Taxable value times the tax rate set by the District's Board of Trustess each fall equals the tax levy.

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

| <u>Taxing Authority</u> | <u>2019*</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--------------------------------------|------------------|------------------|------------------|------------------|
| <u>Overlapping Rates:</u> | | | | |
| Faulkey Gulley MUD | 0.38000 | 0.38000 | 0.38000 | 0.42000 |
| Harris County | 0.41858 | 0.41801 | 0.41656 | 0.41923 |
| Harris County Dept. of Education | 0.00519 | 0.00520 | 0.00520 | 0.00542 |
| Harris County Flood Control Dist. | 0.02877 | 0.02831 | 0.02829 | 0.02733 |
| Harris County MUD #280 | 0.67000 | 0.62500 | 0.58500 | 0.61000 |
| Harris County MUD #281 | 0.57000 | 0.59000 | 0.59000 | 0.64000 |
| Harris County MUD #286 | 0.13000 | 0.13000 | 0.13000 | 0.13000 |
| Harris-Montgomery County MUD #386 | 0.46500 | 0.46500 | 0.46500 | 0.46500 |
| Lone Star College System District | 0.10780 | 0.10780 | 0.10780 | 0.10790 |
| Malcomson Road UD | 0.44000 | 0.44000 | 0.44000 | 0.44000 |
| Montgomery County | 0.46670 | 0.46670 | 0.46670 | 0.47670 |
| Northpointe WC&ID | 0.27500 | 0.28000 | 0.29000 | 0.35000 |
| Northwest Harris County MUD #5 | 0.77000 | 0.78000 | 0.78000 | 0.79000 |
| Northwest Harris County MUD #15 | 0.58000 | 0.60000 | 0.63000 | 0.65000 |
| Port of Houston Authority | 0.11550 | 0.01256 | 0.01256 | 0.01342 |
| Tomball, City of | 0.34146 | 0.34146 | 0.34146 | 0.34146 |
| The Woodlands Township | 0.22730 | 0.23000 | 0.23000 | 0.23000 |
| <u>District Direct Rates:</u> | | | | |
| Maintenance & Operations | \$ 1.0400 | \$ 1.0400 | \$ 1.0400 | \$ 1.0200 |
| Debt Service | 0.3000 | 0.3000 | 0.3000 | 0.3200 |
| Total District Direct Rates | \$ 1.3400 | \$ 1.3400 | \$ 1.3400 | \$ 1.3400 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.
Source of Data: District's financial advisor.

Table 6

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 0.49000 | 0.52600 | 0.52600 | 0.51800 | 0.49000 | 0.46000 |
| 0.41731 | 0.41455 | 0.40021 | 0.39117 | 0.38805 | 0.39224 |
| 0.00599 | 0.00635 | 0.00662 | 0.00658 | 0.00658 | 0.00605 |
| 0.02736 | 0.02827 | 0.02809 | 0.02809 | 0.02923 | 0.02922 |
| 0.66500 | 0.70500 | 0.70500 | 0.70500 | 0.70500 | 0.60000 |
| 0.74000 | 0.86000 | 0.98000 | 1.03000 | 1.05000 | 1.10000 |
| 0.16000 | 0.18000 | 0.18000 | 0.18000 | 0.18000 | 0.18000 |
| 0.50000 | 0.72000 | 0.94000 | 0.99000 | 0.99000 | 1.15000 |
| 0.10810 | 0.11600 | 0.11980 | 0.12100 | 0.11760 | 0.11010 |
| 0.48000 | 0.53000 | 0.53000 | 0.53000 | 0.53000 | 0.50000 |
| 0.47670 | 0.48380 | 0.48380 | 0.48380 | 0.48380 | 0.48380 |
| 0.38000 | 0.38500 | 0.38500 | 0.39000 | 0.39500 | 0.40000 |
| 0.79000 | 0.79000 | 0.79000 | 0.79000 | 0.80000 | 0.80000 |
| 0.75000 | 0.83000 | 0.83000 | 0.83000 | 0.83000 | - |
| 0.01531 | 0.01716 | 0.01952 | 0.01856 | 0.02054 | 0.01636 |
| 0.34145 | 0.34145 | 0.34145 | 0.34146 | 0.25146 | 0.25146 |
| 0.25000 | 0.29400 | 0.31730 | 0.32500 | 0.32740 | 0.32800 |
| \$ 1.0200 0.3400 | \$ 1.0200 0.3400 | \$ 1.0100 0.3500 | \$ 1.0100 0.3500 | \$ 1.0100 0.3500 | \$ 1.0100 0.3500 |
| <u><u>\$ 1.3600</u></u> | <u><u>\$ 1.3600</u></u> | <u><u>\$ 1.3600</u></u> | <u><u>\$ 1.3600</u></u> | <u><u>\$ 1.3600</u></u> | <u><u>\$ 1.3600</u></u> |

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

Table 7

| Taxpayer | 2019* | | | 2010 | | |
|-------------------------|--------------------------|------|--|--------------------------|------|--|
| | Actual Taxable Value (1) | Rank | Percentage of Actual Taxable Value (2) | Actual Taxable Value (1) | Rank | Percentage of Actual Taxable Value (3) |
| North Houston TRMC | \$ 139,775,070 | 1 | 1.31% | | | |
| TCH Houston Assoc. | 100,781,310 | 2 | 0.94% | | | |
| Sir NE Houston LLC | 93,000,000 | 3 | 0.87% | | | |
| Hewlett Packard Inc | 92,101,885 | 4 | 0.86% | | | |
| BJ Services Co | 73,287,037 | 5 | 0.68% | 147,669,897 | 2 | 2.98% |
| Centerpoint Energy | 49,944,198 | 6 | 0.47% | 28,532,802 | 8 | 0.58% |
| Mustang CAT | 43,577,343 | 7 | 0.41% | 33,379,490 | 6 | 0.67% |
| SG Cypress Real Estate | 41,083,475 | 8 | 0.38% | | | |
| SYNC at Spring Cypress | 38,919,947 | 9 | 0.36% | | | |
| PAC Northpointe, LLC | 38,245,308 | 10 | 0.36% | | | |
| Hewlett Packard | | | | 452,004,863 | 1 | 9.12% |
| The Woodlands Land Dev | | | | 73,060,223 | 3 | 1.47% |
| WalMart Stores | | | | 38,330,912 | 4 | 0.77% |
| CTP Office LTD | | | | 35,447,589 | 5 | 0.72% |
| Genesis Capital Part | | | | 24,782,485 | 10 | 0.50% |
| Verde Northpointe AP | | | | 27,841,269 | 9 | 0.56% |
| Cypress Creek Centre LP | | | | 29,524,634 | 7 | 0.60% |
| TOTALS | \$ 710,715,573 | | 6.64% | \$ 861,049,530 | | 17.37% |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

(2) Actual taxable value 2019 equals: \$ 10,704,525,581

(3) Actual taxable value 2010 equals: \$ 4,956,210,147

Source: Harris and Montgomery County (Texas) Appraisal Districts

Note: Hewlett Packard was previously Compaq Computer Corp.

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

Table 8

| Fiscal Year | Net Tax Levy for the Fiscal Year (1) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--|---|----------------------------------|---------------------------------------|---------------------------|--|
| | | Amount | Percentage of Net Tax Levy | | Amount | Percent of Total Tax Collections To Net Tax Levy |
| 2019* | \$ 140,136,216 | \$ 138,571,603 | 98.88% | - | \$ 138,571,603 | 98.88% |
| 2018 | 135,010,323 | 135,039,031 | 100.02% | (555,993) | 134,483,038 | 99.61% |
| 2017 | 130,140,673 | 129,031,883 | 99.15% | 757,981 | 129,789,864 | 99.73% |
| 2016 | 118,735,486 | 117,424,796 | 98.90% | 1,076,162 | 118,500,958 | 99.80% |
| 2015 | 104,028,094 | 103,047,623 | 99.06% | 795,785 | 103,843,408 | 99.82% |
| 2014 | 90,357,548 | 89,262,641 | 98.79% | 916,146 | 90,178,787 | 99.80% |
| 2013 | 81,488,703 | 80,741,322 | 99.08% | 599,935 | 81,341,257 | 99.82% |
| 2012 | 74,745,910 | 73,815,305 | 98.75% | 816,378 | 74,631,683 | 99.85% |
| 2011 | 69,505,107 | 68,415,033 | 98.43% | 891,825 | 69,306,858 | 99.71% |
| 2010 | 67,428,507 | 66,228,898 | 98.22% | 1,030,322 | 67,259,220 | 99.75% |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

Source: Exhibit J-1, per Audit Report provides original levy and continuing adjustments to be reflected as net levy, and provides collections in year of levy as well as subsequent years. Collections are reported from District records.

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

Table 9

| <u>Fiscal Year</u> | <u>Governmental Activities General Obligation Bonds (1)</u> | <u>Total Primary Government</u> | <u>Ratio of Debt to Actual Taxable Value (2)</u> | <u>Ratio of Debt to Personal Income (3)</u> | <u>Debt Per Capita (4)</u> | <u>Debt Per Student (5)</u> |
|--------------------|---|---|--|---|--------------------------------|-------------------------------------|
| 2019* | \$ 548,881,402 | \$ 548,881,402 | 5.13% | (6) | (6) | \$ 32,403 |
| 2018 | 563,986,782 | 563,986,782 | 5.54% | (6) | (6) | 35,397 |
| 2017 | 426,268,627 | 426,268,627 | 4.37% | 0.17% | 92 | 28,547 |
| 2016 | 406,598,509 | 406,598,509 | 4.57% | 0.17% | 89 | 30,221 |
| 2015 | 419,518,993 | 419,518,993 | 5.48% | 0.17% | 92 | 33,242 |
| 2014 | 382,513,067 | 382,513,067 | 5.77% | 0.15% | 86 | 32,133 |
| 2013 | 304,534,957 | 304,534,957 | 5.08% | 0.13% | 70 | 27,278 |
| 2012 | 313,062,621 | 313,062,621 | 5.71% | 0.14% | 74 | 29,660 |
| 2011 | 318,624,785 | 318,624,785 | 6.25% | 0.16% | 76 | 27,139 |
| 2010 | 265,032,078 | 261,779,266 | 5.28% | 0.14% | 64 | 27,139 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.
(1) Details regarding the District's outstanding debt, net of premiums, discounts, and adjustments can be found in the Notes to the Financial Statements.
(2) See Table 5 for actual taxable value data.
(3) See Table 12 for personal income data.
(4) See Table 12 for population data.
(5) See Table 15 for student average daily attendance data.
(6) Data not available for the year.

Source: District records.

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

Table 10

| <u>Fiscal Year</u> | <u>General Obligation Bonds (1)</u> | <u>Less Amounts Available in Debt Service Fund</u> | <u>(4) Net General Bonded Debt</u> | <u>Ratio of Net General Bonded Debt to Actual Taxable Value (2)</u> | <u>Net General Bonded Debt per Student (3)</u> |
|--------------------|---|--|--|---|--|
| 2019* | \$ 548,881,402 | \$ 14,744,613 | \$ 534,136,789 | 4.99% | \$ 31,533 |
| 2018 | 563,986,782 | 5,762,825 | 558,223,957 | 5.49% | 35,036 |
| 2017 | 426,268,627 | 3,812,804 | 422,455,823 | 4.33% | 28,292 |
| 2016 | 406,598,509 | 3,346,322 | 403,252,187 | 4.53% | 29,973 |
| 2015 | 419,518,993 | 1,500,436 | 418,018,557 | 5.46% | 33,123 |
| 2014 | 382,513,067 | 2,053,799 | 380,459,268 | 5.73% | 31,961 |
| 2013 | 304,534,957 | 1,795,601 | 302,739,356 | 5.05% | 27,117 |
| 2012 | 313,062,621 | 1,940,854 | 311,121,767 | 5.67% | 29,476 |
| 2011 | 318,624,785 | 2,616,535 | 316,008,250 | 6.20% | 31,397 |
| 2010 | 265,032,078 | 3,252,812 | 261,779,266 | 5.28% | 27,139 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

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

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

(4) These are the resources restricted for debt service principal payments on general obligation bonds in the governmental funds financial statements.

Source: District records.

TOMBALL INDEPENDENT SCHOOL DISTRICT

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2019

(Unaudited)

| <u>Taxing Authority</u> | <u>Gross Debt Outstanding</u> | <u>Percent Overlapping (1)</u> | <u>Amount Applicable to School District</u> |
|--|-------------------------------|--------------------------------|---|
| <u>Overlapping:</u> | | | |
| Governmental Subdivisions | | | |
| Harris County | \$ 2,050,758,022 | 1.97 % | \$ 40,399,933 |
| Harris County Flood Control District | 83,075,000 | 1.97 | 1,636,578 |
| Harris County Hospital District | 57,300,000 | 1.97 | 1,128,810 |
| Montgomery County | 522,350,000 | 1.40 | 7,312,900 |
| Port of Houston Authority | 593,754,397 | 1.97 | 11,696,962 |
| The Woodlands Township | 32,190,000 | 11.39 | 3,666,441 |
| Cities | | | |
| City of Tomball | 39,485,000 | 99.82 | 39,413,927 |
| Special Districts | | | |
| Harris County Department of Education | 6,320,000 | 1.97 | 124,504 |
| Harris-Montgomery Counties MUD #386 | 145,820,000 | 100.00 | 145,820,000 |
| Malcomson Road UD | 5,205,000 | 100.00 | 5,205,000 |
| Northpointe WC&ID | 19,740,000 | 100.00 | 19,740,000 |
| Northwest Harris County MUD #5 | 129,035,000 | 56.03 | 72,298,311 |
| Northwest Harris County MUD #15 | 15,660,000 | 100.00 | 15,660,000 |
| Wood Trace MUD #1 | 13,895,000 | 100.00 | 13,895,000 |
| Co-Line Special Districts | | | |
| Faulkey Gulley MUD | 7,025,000 | 51.24 | 3,599,610 |
| Harris County MUD #280 | 4,970,000 | 100.00 | 4,970,000 |
| Harris County MUD #281 | 13,630,000 | 100.00 | 13,630,000 |
| Harris County MUD #282 | 20,650,000 | 100.00 | 20,650,000 |
| Harris County MUD #416 | 12,360,000 | 100.00 | 12,360,000 |
| Co-Line School Districts & Junior College Districts | | | |
| Lone Star College System | 609,845,000 | 5.48 | <u>33,419,506</u> |
| Total Overlapping Debt | | | 466,627,482 |
| <u>Direct:</u> | | | |
| Tomball Independent School District | 548,881,402 | 100.00 | <u>548,881,402</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 1,015,508,884</u></u> |

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

Source: District's Financial Advisor.

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

Table 12

| Fiscal Year | Residential Units (1) | Actual Taxable Value of Residential Units (1) | Average Actual Taxable Value Per Residential Unit | Population (2) | Total Personal Income (2) | Per Capita Personal Income (2) | Unemployment Rate (2) |
|--------------------|------------------------------|--|--|-----------------------|----------------------------------|---------------------------------------|------------------------------|
| 2019* | 25,636 | \$ 7,278,665,606 | 283,924 | (4) | (4) | (4) | 3.7% |
| 2018 | 25,589 | 6,788,889,211 | 265,305 | 4,698,619 (5) | (4) | (4) | 4.2% |
| 2017 | 24,435 | 6,453,436,400 | 264,106 | 4,652,980 (3) | 247,482,118,000 (3) | 53,188 (3) | 5.0% |
| 2016 | 23,156 | 5,418,685,803 | 234,008 | 4,589,928 (3) | 236,329,533,000 (3) | 51,186 (3) | 5.3% |
| 2015 | 21,534 | 4,664,726,298 | 216,621 | 4,538,028 | 249,989,500,000 | 55,088 | 4.9% |
| 2014 | 20,896 | 3,880,071,806 | 185,685 | 4,441,370 | 252,694,912,000 | 56,896 | 5.5% |
| 2013 | 19,542 | 3,375,945,264 | 172,753 | 4,336,853 | 230,462,963,000 | 53,141 | 6.2% |
| 2012 | 18,804 | 3,143,378,599 | 167,165 | 4,253,963 | 224,617,980,000 | 52,805 | 6.9% |
| 2011 | 17,803 | 2,930,113,218 | 164,585 | 4,176,674 | 204,593,445,000 | 48,935 | 8.2% |
| 2010 | 16,416 | 2,750,546,199 | 167,553 | 4,092,459 | 188,994,227,000 | 45,991 | 8.5% |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

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

(2) Source: TRACER of Texas Workforce Commission for Harris County. (<https://texaslmi.com/LMIbyCategory/LAUS>)

(3) Source: U.S. Bureau of Economic Analysis, Per Capita Personal Income in Harris County, TX - County & Interactive Tables

(4) Data not available for 2018.

(5) Source: U.S. Census Bureau (<https://www.census.gov/quickfacts/harriscountytexas>)

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

Table 13

| Employer | 2019 (1) | | | 2010 (2) | | |
|---|----------------|------|------------------------------------|----------------|------|------------------------------------|
| | Employees | Rank | Percentage of Total Employment (1) | Employees | Rank | Percentage of Total Employment (2) |
| Wal-Mart Stores | 31,000 | 1 | 0.94% | 30,535 | 1 | 1.67% |
| H-E-B | 26,956 | 3 | 0.81% | 13,575 | 4 | 0.74% |
| Memorial Hermann Healthcare System | 27,211 | 2 | 0.82% | 20,990 | 2 | 1.14% |
| The Methodist Hospital System | 23,669 | 4 | 0.71% | 12,408 | 5 | 0.68% |
| The University of Texas MD Anderson Cancer Center | 21,001 | 5 | 0.63% | - | - | - |
| McDonalds Corp. | 16,100 | 6 | 0.49% | - | - | - |
| Kroger | 15,902 | 7 | 0.48% | 15,117 | 3 | 0.82% |
| Texas Children's Hospital | 15,000 | 8 | 0.45% | - | - | - |
| ExxonMobil | 15,000 | 9 | 0.45% | - | - | - |
| United Airlines | 13,904 | 10 | 0.42% | - | - | - |
| National Oilwell Varco | | | | 7,746 | 6 | 0.42% |
| Walgreens Company | | | | 6,516 | 7 | 0.36% |
| Target Corp. | | | | 5,248 | 8 | 0.29% |
| Academy Sports & Outdoors | | | | 4,500 | 9 | 0.25% |
| Randall's Food Markets | | | | 3,299 | 10 | 0.18% |
| | <u>205,743</u> | | <u>6.21%</u> | <u>112,135</u> | | <u>6.54%</u> |

(1) Total employment 2019 equals: 3,313,236
(2) Total employment 2010 equals: 1,833,724

Sources: Houston Chronicle Top 100 Employers for 2019 and Texas Workforce Commission.
(<https://texasmi.com/LMIbyCategory/LAUS>) Employment data is for Harris County only.

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

| POSITION: | 2019* | 2018 | 2017 | 2016 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Administrative/Instructional Officers | 17.0 | 17.0 | 16.0 | 14.5 |
| Assistant/Deputy Superintendents | 8.0 | 8.0 | 3.0 | 3.0 |
| Associate/Assistant Principals | 35.8 | 35.0 | 31.8 | 30.0 |
| Auxiliary Staff | 642.9 | 662.8 | 621.7 | 568.6 |
| Counselors | 33.8 | 31.4 | 29.0 | 28.0 |
| Educational Aides/Interpreters | 212.5 | 210.5 | 193.9 | 180.1 |
| Educational Diagnosticians | 13.5 | 13.0 | 14.0 | 11.5 |
| Librarians | 18.0 | 18.0 | 18.0 | 16.0 |
| Nurses/Physicians | 19.8 | 18.0 | 18.3 | 19.8 |
| Other Support Staff | 64.7 | 62.9 | 64.9 | 68.7 |
| Principals | 20.0 | 19.0 | 19.0 | 18.0 |
| Psychologist/Assoc. Psychologist | 8.5 | 7.0 | 6.0 | 7.5 |
| Superintendents | 1.0 | 1.0 | 1.0 | 1.0 |
| Supervisors | - | - | - | - |
| Teachers | 1,045.1 | 989.2 | 933.7 | 875.0 |
| Therapists | 18.6 | 14.0 | 13.0 | 13.0 |
| Total Employees | 2,159.3 | 2,106.7 | 1,983.2 | 1,854.7 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.
Source: Texas Education Agency

Table 14

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 12.0 | 11.0 | 9.5 | 10.5 | 12.5 | 11.0 |
| 3.0 | 4.0 | 5.0 | 5.0 | 5.0 | 3.8 |
| 27.0 | 28.0 | 24.9 | 23.0 | 23.1 | 24.0 |
| 551.0 | 518.9 | 490.0 | 470.5 | 440.0 | 430.4 |
| 23.5 | 22.0 | 21.0 | 20.0 | 20.0 | 20.0 |
| 159.2 | 151.2 | 140.8 | 119.6 | 136.0 | 132.3 |
| 12.5 | 10.9 | 8.4 | 8.4 | 8.0 | 7.0 |
| 13.8 | 13.5 | 14.0 | 13.0 | 12.0 | 12.0 |
| 16.4 | 16.0 | 13.8 | 14.0 | 15.0 | 15.0 |
| 61.5 | 60.5 | 52.8 | 50.9 | 47.6 | 45.6 |
| 15.0 | 15.0 | 15.0 | 14.0 | 14.0 | 13.0 |
| 6.5 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| - | - | - | - | - | - |
| 806.6 | 760.7 | 711.1 | 669.5 | 659.0 | 649.0 |
| 12.6 | 12.2 | 9.7 | 9.0 | 9.0 | 8.0 |
| <u>1,721.6</u> | <u>1,630.8</u> | <u>1,523.0</u> | <u>1,434.3</u> | <u>1,408.2</u> | <u>1,378.1</u> |

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

| <u>Fiscal Year</u> | <u>Average Daily Attendance</u> | <u>Operating Expenditures (1)</u> | <u>Cost Per Student</u> | <u>Percentage Change</u> |
|--------------------|---------------------------------|-----------------------------------|-------------------------|--------------------------|
| 2019* | 16,939 | \$ 133,910,834 | 7,905 | -13.68% |
| 2018 | 15,933 | 145,925,102 | 9,159 | 1.55% |
| 2017 | 14,932 | 134,670,616 | 9,019 | -4.97% |
| 2016 | 13,454 | 127,680,878 | 9,490 | 5.89% |
| 2015 | 12,620 | 113,106,124 | 8,962 | -0.27% |
| 2014 | 11,904 | 106,977,074 | 8,987 | 6.76% |
| 2013 | 11,164 | 93,978,314 | 8,418 | -5.10% |
| 2012 | 10,555 | 93,627,554 | 8,870 | -5.27% |
| 2011 | 10,065 | 94,250,720 | 9,364 | 7.64% |
| 2010 | 9,646 | 83,917,150 | 8,700 | 1.93% |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

(1) Operating expenditures (Table 4) are total expenditures less debt service and capital outlay.

(2) Percentage change from prior year is due to adjustments to expenses for implementation of GASB 75.

Source: Texas Education Agency and district records.

Table 15

| <u>Government Wide Expenses</u> | <u>Cost Per Student</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Student to Teacher Ratio</u> | <u>Percentage of Students in Free/Reduced Lunch Program</u> |
|---------------------------------|-------------------------|--------------------------|-----------------------|---------------------------------|---|
| \$ 173,442,051 | 10,239 | 19.65% (2) | 1,045.1 | 16.21 | 24.2% |
| 136,351,389 | 8,558 | -22.69% (2) | 989.2 | 16.11 | 21.7% |
| 165,298,529 | 11,070 | -5.91% | 933.7 | 15.99 | 21.6% |
| 158,293,535 | 11,766 | 9.72% | 875.0 | 15.38 | 21.7% |
| 135,329,575 | 10,723 | -2.05% | 806.6 | 15.65 | 22.0% |
| 130,326,678 | 10,948 | 5.49% | 760.7 | 15.65 | 22.0% |
| 115,868,504 | 10,379 | -5.59% | 711.1 | 15.70 | 23.5% |
| 116,028,914 | 10,993 | -3.69% | 669.5 | 15.76 | 16.3% |
| 114,875,668 | 11,413 | 2.50% | 659.0 | 15.27 | 24.9% |
| 107,409,885 | 11,135 | 6.51% | 649.0 | 14.86 | 23.4% |

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

Table 16

| Fiscal Year | Minimum Salary (1) | Maximum Salary (1) | County Average Salary (2) | | Statewide Average Salary |
|-------------|--------------------|--------------------|---------------------------|-------------------|--------------------------|
| | | | Harris County | Montgomery County | |
| 2019* | \$ 54,000 | \$ 75,458 | \$ 57,423 | \$ 57,487 | \$ 54,122 |
| 2018 | 53,200 | 75,458 | 56,943 | 56,509 | 53,334 |
| 2017 | 52,000 | 72,615 | 55,888 | 55,670 | 52,525 |
| 2016 | 52,000 | 72,615 | 55,791 | 54,027 | 51,892 |
| 2015 | 50,000 | 71,669 | 54,284 | 52,730 | 50,715 |
| 2014 | 50,000 | 69,632 | 52,356 | 51,414 | 49,692 |
| 2013 | 47,000 | 70,104 | 51,124 | 50,122 | 48,821 |
| 2012 | 47,000 | 68,751 | 50,536 | 49,065 | 48,375 |
| 2011 | 46,700 | 67,547 | 50,712 | 49,292 | 48,639 |
| 2010 | 46,700 | 68,868 | 50,236 | 48,404 | 48,263 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

(1) Source: District records

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

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

| Building: | 2019* | 2018 | 2017 | 2016 |
|--|--------------|-------------|-------------|-------------|
| HIGH SCHOOL | | | | |
| Tomball (1974) | | | | |
| Square Footage | 571,164 | 571,164 | 571,164 | 571,164 |
| Capacity | 3,628 | 3,628 | 3,628 | 3,611 |
| Enrollment | 2,059 | 1,931 | 1,876 | 1,865 |
| Tomball Memorial (2011) | | | | |
| Square Footage | 360,000 | 360,000 | 360,000 | 360,000 |
| Capacity | 2,349 | 2,349 | 2,349 | 2,349 |
| Enrollment | 2,313 | 2,247 | 2,132 | 2,137 |
| Tomball Star (2017) (Located in Tomball High) | | | | |
| Square Footage | - | - | - | - |
| Capacity | - | - | - | - |
| Enrollment | 224 | 104 | - | - |
| JUNIOR HIGH SCHOOLS | | | | |
| Tomball (1993) | | | | |
| Square Footage | 169,994 | 169,994 | 169,994 | 168,932 |
| Capacity | 1,118 | 1,118 | 1,118 | 1,256 |
| Enrollment | 766 | 740 | 767 | 1,038 |
| Willow Wood (2003) | | | | |
| Square Footage | 195,960 | 195,960 | 195,960 | 181,668 |
| Capacity | 1,264 | 1,264 | 1,264 | 1,186 |
| Enrollment | 1,353 | 1,251 | 1,140 | 1,126 |
| Creekside Park (2016) | | | | |
| Square Footage | 228,346 | 228,346 | 228,346 | - |
| Capacity | 1,500 | 1,500 | 1,500 | - |
| Enrollment | 765 | 672 | 596 | - |
| INTERMEDIATE SCHOOLS | | | | |
| Tomball (1962) | | | | |
| Square Footage | 133,444 | 133,444 | 133,444 | 132,450 |
| Capacity | 975 | 975 | 975 | 1,063 |
| Enrollment | 763 | 753 | 708 | 698 |
| Northpointe (2003) | | | | |
| Square Footage | 106,512 | 106,512 | 106,512 | 106,635 |
| Capacity | 980 | 980 | 980 | 1,011 |
| Enrollment | 753 | 709 | 671 | 671 |
| Oakcrest (2015) | | | | |
| Square Footage | 121,597 | 121,597 | 121,597 | 129,875 |
| Capacity | 920 | 920 | 920 | 920 |
| Enrollment | 693 | 631 | 524 | 518 |

Table 17

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------|---------|---------|---------|---------|---------|
| 571,164 | 573,156 | 573,156 | 570,216 | 570,216 | 570,216 |
| 3,611 | 3,933 | 3,628 | 3,628 | 3,628 | 3,628 |
| 1,624 | 1,612 | 1,551 | 1,878 | 3,099 | 2,865 |
| 360,000 | 368,640 | 364,320 | 360,000 | - | - |
| 2,349 | 2,349 | 2,343 | 2,349 | - | - |
| 1,942 | 1,949 | 1,787 | 1,307 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 168,932 | 168,935 | 168,935 | 164,615 | 164,615 | 164,615 |
| 1,256 | 1,071 | 1,111 | 1,111 | 1,111 | 1,111 |
| 922 | 896 | 830 | 799 | 748 | 647 |
| 181,668 | 194,870 | 190,550 | 187,670 | 187,670 | 187,670 |
| 1,186 | 1,264 | 1,191 | 1,191 | 1,191 | 1,191 |
| 1,028 | 1,025 | 1,029 | 934 | 869 | 873 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 132,450 | 127,445 | 127,445 | 116,700 | 116,700 | 116,700 |
| 1,063 | 920 | 900 | 900 | 900 | 900 |
| 715 | 700 | 715 | 708 | 700 | 678 |
| 106,635 | 115,152 | 113,712 | 106,512 | 106,512 | 106,512 |
| 1,011 | 920 | 900 | 900 | 900 | 900 |
| 1,012 | 1,019 | 941 | 863 | 869 | 791 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

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

| Building: | 2019* | 2018 | 2017 | 2016 |
|---------------------------|--------------|-------------|-------------|-------------|
| ELEMENTARY SCHOOLS | | | | |
| Lakewood (1983) | | | | |
| Square Footage | 90,951 | 90,951 | 90,951 | 93,841 |
| Capacity | 886 | 886 | 886 | 1,580 |
| Enrollment | 849 | 817 | 799 | 782 |
| Decker Prairie (1983) | | | | |
| Square Footage | 87,367 | 87,367 | 87,367 | 93,841 |
| Capacity | 888 | 888 | 888 | 1,580 |
| Enrollment | 706 | 650 | 624 | 597 |
| Tomball (1999) | | | | |
| Square Footage | 105,429 | 105,429 | 105,429 | 96,841 |
| Capacity | 866 | 866 | 866 | 866 |
| Enrollment | 773 | 717 | 724 | 705 |
| Willow Creek (1999) | | | | |
| Square Footage | 105,429 | 105,429 | 105,429 | 93,841 |
| Capacity | 866 | 866 | 866 | 866 |
| Enrollment | 777 | 797 | 771 | 763 |
| Rosehill (2003) | | | | |
| Square Footage | 99,500 | 99,500 | 99,500 | 93,841 |
| Capacity | 866 | 866 | 866 | 866 |
| Enrollment | 448 | 484 | 468 | 465 |
| Canyon Pointe (2008) | | | | |
| Square Footage | 99,696 | 99,696 | 99,696 | 106,448 |
| Capacity | 866 | 866 | 866 | 856 |
| Enrollment | 813 | 808 | 769 | 754 |
| Creekside Forest (2010) | | | | |
| Square Footage | 127,310 | 127,310 | 127,310 | 117,248 |
| Capacity | 746 | 746 | 746 | 714 |
| Enrollment | 546 | 549 | 557 | 461 |
| Timber Creek (2012) | | | | |
| Square Footage | 120,000 | 120,000 | 120,000 | 115,930 |
| Capacity | 888 | 888 | 888 | 842 |
| Enrollment | 573 | 517 | 491 | 406 |
| Creekview (2015) | | | | |
| Square Footage | 115,580 | 115,580 | 115,580 | 114,657 |
| Capacity | 920 | 920 | 920 | 920 |
| Enrollment | 724 | 627 | 527 | 454 |
| Wildwood (2015) | | | | |
| Square Footage | 115,036 | 115,036 | 115,036 | 114,657 |
| Capacity | 920 | 920 | 920 | 920 |
| Enrollment | 1,041 | 928 | 787 | 760 |

* The District changed its fiscal year end from 8/31 to 6/30 beginning with fiscal year 2019.

Source: District records and Texas Education Agency.

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

Table 17
(Continued)

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 93,841 | 86,970 | 88,410 | 86,970 | 86,970 | 86,970 |
| 1,580 | 926 | 848 | 848 | 848 | 848 |
| 770 | 766 | 753 | 753 | 709 | 712 |
| 93,841 | 86,970 | 88,410 | 86,970 | 86,970 | 86,970 |
| 1,580 | 900 | 926 | 926 | 926 | 926 |
| 604 | 602 | 574 | 559 | 581 | 494 |
| 96,841 | 99,320 | 102,200 | 95,000 | 95,000 | 95,000 |
| 866 | 866 | 838 | 838 | 838 | 838 |
| 741 | 720 | 698 | 729 | 724 | 811 |
| 93,841 | 96,440 | 102,200 | 95,000 | 95,000 | 95,000 |
| 866 | 866 | 860 | 860 | 860 | 860 |
| 902 | 901 | 847 | 813 | 844 | 822 |
| 93,841 | 95,000 | 96,440 | 95,000 | 95,000 | 95,000 |
| 866 | 866 | 826 | 826 | 826 | 826 |
| 568 | 562 | 568 | 545 | 529 | 527 |
| 106,448 | 102,760 | 102,760 | 97,000 | 97,000 | 97,000 |
| 856 | 866 | 826 | 826 | 826 | 826 |
| 987 | 963 | 818 | 751 | 670 | 667 |
| 117,248 | 121,880 | 121,880 | 119,000 | 119,000 | 119,000 |
| 714 | 722 | 730 | 730 | 730 | 730 |
| 766 | 764 | 761 | 547 | 694 | 280 |
| 115,930 | 120,000 | 120,000 | - | - | - |
| 842 | 844 | 844 | - | - | - |
| 656 | 642 | 490 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |



Not just a district, a destination.

**Tomball Independent School District
310 S. Cherry Street
Tomball, Texas 77375**

www.tomballisd.net