

ANNUAL FINANCIAL REPORT

of the

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
June 30, 2016**

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS
June 30, 2016

	<u>Page</u>	<u>Exhibit</u>
<u>INTRODUCTORY SECTION</u>		
Certificate of Board	3	
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report	7	
Management's Discussion and Analysis (Required Supplementary Information)	13	
<u>BASIC FINANCIAL STATEMENTS</u>		
Government-Wide Financial Statements		
Statement of Net Position	23	A-1
Statement of Activities	24	B-1
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet – Governmental Funds	26	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33	C-3
Proprietary Fund Financial Statements		
Statement of Net Position – Proprietary Funds	35	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	37	D-2
Statement of Cash Flows – Proprietary Funds	39	D-3
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position – Fiduciary Funds	41	E-1
Notes to the Financial Statements	43	
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	71	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (TRS)	73	G-2
Schedule of District Contributions – Teacher Retirement System of Texas (TRS)	74	G-3

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2016

	<u>Page</u>	<u>Exhibit</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Combining Balance Sheet – Nonmajor Governmental Funds	78	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	82	H-2
Combining Statement of Net Position – Internal Service Funds	87	H-3
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	89	H-4
Combining Statement of Cash Flows – Internal Service Funds	91	H-5
Schedule of Delinquent Taxes Receivable	92	J-1
Budgetary Comparison Schedule – National School Breakfast and Lunch Program	95	J-2
Budgetary Comparison Schedule – Debt Service Fund	97	J-3
<u>FEDERAL AWARDS SECTION</u>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	101	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	103	
Summary Schedule of Prior Year Audit Findings	105	
Schedule of Findings and Questioned Costs	107	
Schedule of Expenditures of Federal Awards	109	K-1
Notes to Schedule of Expenditures of Federal Awards	111	
Schedule of Required Responses to Selected School First Indicators	113	L-1

INTRODUCTORY SECTION

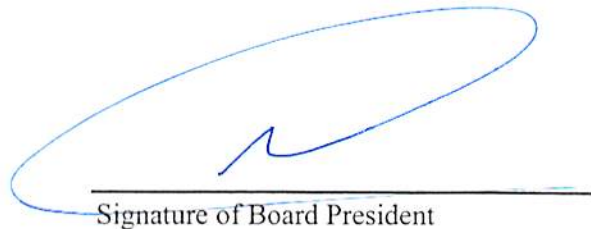
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CERTIFICATE OF BOARD

New Braunfels Independent School District	Comal	046-901
Name of School District	County	Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2016, at a meeting of the Board of Trustees of such school district on the 14th day of November, 2016



Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
New Braunfels Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the 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 District'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 District'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.

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Governmental
Audit Quality Center

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, and schedule of District contributions, identified as Required Supplementary Information on 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.

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, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 9, 2016

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the New Braunfels Independent School District (the "District") for the year ending June 30, 2016. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at June 30, 2016 was \$28,660,995.
- For the year, the District's general fund reported a total fund balance of \$45,505,205, of which \$140,878 is nonspendable for inventories and prepaid items; \$13,865,228 is committed for land acquisition, construction, and technology and equipment; and \$31,499,099 is unassigned.
- At the end of the year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported a combined ending fund balance of \$95,418,166.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- The *proprietary fund* statements provide additional detail for the business-type activities information shown in the District's *government-wide financial statements* and information related to the District's internal service funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

Business-Type Activities – Services involving a fee for those services are reported here. These services include athletic camps and summer school program services.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detail information about the District's most significant funds – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

The District has the following kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary Funds* – The District operates various summer athletic camps and a summer school program primarily for students enrolled in the District. These programs are financed through the collection of fees and tuition from participating students. The proprietary funds also show the activity of internal services offered throughout the District including health insurance, workers' compensation insurance, and usage of the District's central office copiers. These funds are shown in a separate statement of proprietary net position and statement of changes in proprietary net position.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$28,660,995 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year. The District reported an increase of \$5,787,392 in net position from the prior year. This change can be attributed to the increase in total revenue. Total revenue increased by \$6,553,864 due to an increase in property tax revenue, as well as increases in grants and contributions not restricted for specific programs and other revenue. The increase in property tax revenue is related to the rise in property valuations. The increase in grants and contributions not restricted for specific programs is related to recognition of the on-behalf pension contributions. The increase in other revenue is due to campus activity fund revenue, which includes high school funds received during the current year. In addition, total expenses increased by \$7,938,162 due to an increase in instruction, school leadership, counseling services, student transportation, extracurricular activities, and interest on long-term debt expenses.

Table 1
Net Position

Description	Governmental Activities		Total Change 2016-2015	Business-Type Activities		Total Change 2016-2015
	2016	2015		2016	2015	
Current assets	\$ 111,155,197	\$ 67,484,033	\$ 43,671,164	\$ 81,556	\$ 78,179	\$ 3,377
Capital assets	123,893,273	120,877,717	3,015,556	-	-	-
Total Assets	235,048,470	188,361,750	46,686,720	81,556	78,179	3,377
Deferred charge on refunding	2,648,969	2,666,325	(17,356)	-	-	-
Deferred outflows - pension	8,889,299	1,665,003	7,224,296	-	-	-
Total Deferred Outflows of Resources	11,538,268	4,331,328	7,206,940	-	-	-
Current liabilities	10,548,948	8,919,995	1,628,953	81,556	78,179	3,377
Long-term liabilities	204,565,989	158,654,448	45,911,541	-	-	-
Total Liabilities	215,114,937	167,574,443	47,540,494	81,556	78,179	3,377
Deferred inflows - pension	2,810,806	2,245,032	565,774	-	-	-
Total Deferred Inflows of Resources	2,810,806	2,245,032	565,774	-	-	-
Net Position:						
Net investment in capital assets	(7,957,850)	(9,712,394)	1,754,544	-	-	-
Restricted	5,069,861	4,788,428	281,433	-	-	-
Unrestricted	31,548,984	27,797,569	3,751,415	-	-	-
Total Net Position	\$ 28,660,995	\$ 22,873,603	\$ 5,787,392	\$ -	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

Table 2
Changes in Net Position

	Governmental Activities		Total Change	Business-Type Activities		Total Change
	2016	2015	2016-2015	2016	2015	2016-2015
Revenues						
Program revenues:						
Charges for services	\$ 1,603,142	\$ 1,470,370	\$ 132,772	\$ 91,006	\$ 76,659	\$ 14,347
Operating grants and contributions	5,913,594	5,567,381	346,213	-	-	-
General revenues:						
Property taxes	51,768,195	47,948,892	3,819,303	-	-	-
Grants and contributions not restricted for specific programs	26,168,305	25,195,418	972,887	-	-	-
Investment earnings	306,599	68,223	238,376	-	-	-
Other revenue	2,046,279	1,001,966	1,044,313	-	-	-
Total Revenue	87,806,114	81,252,250	6,553,864	91,006	76,659	14,347
Expenses						
Instruction	43,512,601	39,567,264	3,945,337	-	-	-
Instructional resources and media services	1,150,317	1,061,389	88,928	-	-	-
Curriculum/instructional staff development	1,456,260	1,266,947	189,313	-	-	-
Instructional leadership	982,166	822,268	159,898	-	-	-
School leadership	4,665,143	4,142,760	522,383	-	-	-
Guidance, counseling, evaluation services	2,591,926	2,378,146	213,780	-	-	-
Social work services	53,530	48,420	5,110	-	-	-
Health services	804,463	729,583	74,880	-	-	-
Student (pupil) transportation	2,406,636	2,144,183	262,453	-	-	-
Food services	3,434,681	3,340,149	94,532	-	-	-
Extracurricular activities	2,893,248	1,960,604	932,644	91,006	76,659	14,347
General administration	2,284,771	2,016,175	268,596	-	-	-
Plant maintenance and operations	6,574,249	6,626,587	(52,338)	-	-	-
Security and monitoring services	194,627	177,691	16,936	-	-	-
Data processing services	1,466,193	1,392,774	73,419	-	-	-
Community services	470,374	445,708	24,666	-	-	-
Debt service - interest on long-term debt	6,443,315	5,381,856	1,061,459	-	-	-
Payments to fiscal agent/member districts of SSA	134,211	112,365	21,846	-	-	-
Other intergovernmental charges	500,011	465,691	34,320	-	-	-
Total Expenses	82,018,722	74,080,560	7,938,162	91,006	76,659	14,347
Change in Net Position	5,787,392	7,171,690	(1,384,298)	-	-	-
Beginning net position	22,873,603	15,701,913	7,171,690	-	-	-
Ending Net Position	\$ 28,660,995	\$ 22,873,603	\$ 5,787,392	\$ -	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending June 30, 2016, the District's governmental funds reported a combined fund balance of \$95,418,166. This compares to a combined fund balance of \$53,503,277 at June 30, 2015. The fund balance in the general fund increased primarily due to an increase in property tax revenue and foundation revenue compared to the prior year. The debt service fund increased due to the net effect of two refundings issued during the year. The capital projects fund increased due to the issuance of capital project bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2016, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded budgeted revenues by \$3,168,433 due to an increase in foundation revenue and the budgeted expenditures exceeded actual expenditures by \$2,885,594 due to a decrease in expenditures for instruction and plant and maintenance operations.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the year, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At year end, the District had a total of \$123,893,273 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$7,417,950 invested during the fiscal year ended June 30, 2016.

More detailed information about the District's capital assets can be found in note III.B. to the financial statements.

LONG-TERM DEBT

At year end, the District had \$163,564,877 in general obligation bonds outstanding and \$18,386 in capital lease obligations versus \$126,337,059 last year. The net increase of \$37,246,204 is due to the issuance of two refunding issuances and two capital project issuances.

More detailed information about the District's long-term liabilities is presented in note III.C. to the financial statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local economic growth continues in the area driving the increase in local property values, and student population continues to increase. These factors, coupled with the District's conservative practices, have boosted the recovery, while noting that the tax rate has not increased for the Maintenance and Operations (M & O) expenses or the Interest and Sinking (I & S) payments since 2007.

The economy of the New Braunfels area continues to be strong and population growth exceeds the state average. The cost of living in the area remains below the national average. Median home values and median household incomes continue to rise and are higher than state average.

Multiple housing developments continue to build across the District. The Klein Road area between FM 1044 and FM 725 is a heavy growth area for new homes and the District's new Voss Farms Elementary Campus. The area along Highway 46, north of Loop 337, is seeing significant commercial growth along with continuing development of the 2400-acre Veramendi project, a mixed-use development near New Braunfels High School. The District is proud to be the first to break ground in this development with the new Veramendi Elementary School construction now underway. Plans are to open both of the new elementary campuses in August 2017. Along with the two new elementary schools, the bond package passed in November 2015 includes reconfiguring Lone Star Elementary as a Pre-K campus and renovations at New Braunfels High School and stadium to address safety and code compliance requirements.

The unemployment rate in the San Antonio-New Braunfels metropolitan area continues to be lower than the overall state unemployment rate – 3.9 percent in the New Braunfels area versus 4.5 percent statewide.

The District's general fund budgeted expenditures for the 2016-2017 school year total \$64,368,832 and the District's Board of Trustees adopted an M & O tax rate of \$1.0133 and an I & S rate of \$0.3258 for a combined rate of \$1.3391. Factors affecting the budget increase are: ongoing process of updating the District's bus fleet and security systems for the transportation department; additional instructional and support staff due to student enrollment growth; and special program needs and requirements.

A bond election was called and passed in November 2015. The package totals \$62.8 million and will provide two new elementary schools and address facility, safety, and compliance needs of existing facilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 430 W. Mill Street, New Braunfels, Texas, 78130 or by calling (830) 643-5700.

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BASIC FINANCIAL STATEMENTS

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1

June 30, 2016

Data Control Codes		1 Governmental Activities	2 Business-Type Activities	3 Total
	<u>Assets</u>			
1110	Cash and cash equivalents	\$ 2,763,691	\$ -	\$ 2,763,691
1120	Investments	101,811,196	-	101,811,196
1225	Property taxes receivable (net)	1,643,912	-	1,643,912
1240	Due from other governments	4,752,233	-	4,752,233
1260	Internal balances	(81,556)	81,556	-
1290	Other receivables (net)	98,488	-	98,488
1300	Inventories	47,734	-	47,734
1410	Prepaid items	119,499	-	119,499
		<u>111,155,197</u>	<u>81,556</u>	<u>111,236,753</u>
	Capital assets:			
1510	Land	7,818,270	-	7,818,270
1520	Buildings and improvements, net	108,295,630	-	108,295,630
1530	Equipment and vehicles, net	2,784,253	-	2,784,253
1580	Construction in progress	4,995,120	-	4,995,120
		<u>123,893,273</u>	<u>-</u>	<u>123,893,273</u>
1000	Total Assets	<u>235,048,470</u>	<u>81,556</u>	<u>235,130,026</u>
	<u>Deferred Outflows of Resources</u>			
1420	Deferred charge on refunding	2,648,969	-	2,648,969
1705	Deferred outflows - pensions	8,889,299	-	8,889,299
	Total Deferred Outflows of Resources	<u>11,538,268</u>	<u>-</u>	<u>11,538,268</u>
	<u>Liabilities</u>			
2110	Accounts payable	342,336	-	342,336
2140	Interest payable	2,481,756	-	2,481,756
2165	Accrued liabilities	6,242,583	-	6,242,583
2180	Due to other governments	978,323	-	978,323
2300	Unearned revenue	503,950	81,556	585,506
		<u>10,548,948</u>	<u>81,556</u>	<u>10,630,504</u>
	Noncurrent liabilities:			
2501	Long-term liabilities due within			
2501	one year	6,125,117	-	6,125,117
2502	Long-term liabilities due in more			
2502	than one year	183,234,758	-	183,234,758
2540	Net pension liability	15,206,114	-	15,206,114
2000	Total Liabilities	<u>215,114,937</u>	<u>81,556</u>	<u>215,196,493</u>
	<u>Deferred Inflows of Resources</u>			
2605	Deferred inflows - pensions	2,810,806		2,810,806
	<u>Net Position</u>			
3200	Net investment in capital assets	(7,957,850)	-	(7,957,850)
	Restricted for:			
3820	Federal and state programs	211,462	-	211,462
3850	Debt service	4,648,035	-	4,648,035
3870	Campus activities	210,364	-	210,364
3900	Unrestricted	31,548,984	-	31,548,984
3000	Total Net Position	<u>\$ 28,660,995</u>	<u>\$ -</u>	<u>\$ 28,660,995</u>

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the Year Ended June 30, 2016

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
	Primary Government			
	Governmental Activities			
11	Instruction	\$ 43,512,601	\$ 163,446	\$ 2,823,664
12	Instructional resources			
12	and media services	1,150,317	-	-
13	Curriculum/instructional staff development	1,456,260	-	375,031
21	Instructional leadership	982,166	-	137,284
23	School leadership	4,665,143	-	1,560
31	Guidance, counseling,			
31	evaluation services	2,591,926	-	397,748
32	Social work services	53,530	-	-
33	Health services	804,463	-	906
34	Student (pupil) transportation	2,406,636	-	-
35	Food services	3,434,681	1,166,829	1,865,321
36	Extracurricular activities	2,893,248	272,867	6,963
41	General administration	2,284,771	-	299
51	Plant maintenance and operations	6,574,249	-	-
52	Security and monitoring services	194,627	-	-
53	Data processing services	1,466,193	-	299
61	Community services	470,374	-	170,308
72	Debt service - interest on long-term debt	6,443,315	-	-
93	Payments to fiscal agent/member			
93	districts of SSA	134,211	-	134,211
99	Other intergovernmental charges	500,011	-	-
TG	Total Governmental Activities	<u>82,018,722</u>	<u>1,603,142</u>	<u>5,913,594</u>
	Business-Type Activities			
01	Athletic camps	91,006	91,006	-
TB	Total Business-Type Activities	<u>91,006</u>	<u>91,006</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 82,109,728</u>	<u>\$ 1,694,148</u>	<u>\$ 5,913,594</u>
	General Revenues			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
GC	for specific programs			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
TR	Total General Revenues			
CN	Change in Net Position			
NB	Beginning net position			
NE	Ending Net Position			

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (40,525,491)	\$ -	\$ (40,525,491)
(1,150,317)	-	(1,150,317)
(1,081,229)	-	(1,081,229)
(844,882)	-	(844,882)
(4,663,583)	-	(4,663,583)
(2,194,178)	-	(2,194,178)
(53,530)	-	(53,530)
(803,557)	-	(803,557)
(2,406,636)	-	(2,406,636)
(402,531)	-	(402,531)
(2,613,418)	-	(2,613,418)
(2,284,472)	-	(2,284,472)
(6,574,249)	-	(6,574,249)
(194,627)	-	(194,627)
(1,465,894)	-	(1,465,894)
(300,066)	-	(300,066)
(6,443,315)	-	(6,443,315)
-	-	-
(500,011)	-	(500,011)
(74,501,986)	-	(74,501,986)
-	-	-
-	-	-
(74,501,986)	-	(74,501,986)
39,216,800	-	39,216,800
12,551,395	-	12,551,395
26,168,305	-	26,168,305
306,599	-	306,599
2,046,279	-	2,046,279
80,289,378	-	80,289,378
5,787,392	-	5,787,392
22,873,603	-	22,873,603
\$ 28,660,995	\$ -	\$ 28,660,995

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2016

Data Control Codes		10	50	60	Other Governmental Funds
		General	Debt Service	Capital Projects	
Assets:					
1110	Cash and cash equivalents	\$ 1,691,732	\$ -	\$ -	\$ 599,852
1120	Investments	50,877,692	2,076,974	44,597,165	-
1220	Taxes receivable	1,336,621	425,611	-	-
1230	Allowance for uncollectible taxes	(91,673)	(26,647)	-	-
1240	Due from other governments	4,148,690	-	-	603,543
1260	Due from other funds	753,130	3,138,587	-	190,559
1290	Other receivables	11,678	-	-	86,810
1300	Inventories	21,379	-	-	26,355
1410	Prepaid items	119,499	-	-	-
1000	Total Assets	<u>\$ 58,868,748</u>	<u>\$ 5,614,525</u>	<u>\$ 44,597,165</u>	<u>\$ 1,507,119</u>
Liabilities:					
2110	Accounts payable	\$ 59,905	\$ -	\$ 230,992	\$ 106
2150	Payroll deductions payable	436,214	-	-	-
2160	Accrued wages payable	5,392,142	-	-	-
2170	Due to other funds	4,892,443	-	2,500	646,485
2180	Due to other governments	978,323	-	-	-
2200	Accrued expenditures	270,465	114,454	-	-
2300	Unearned revenue	89,103	-	-	412,347
2000	Total Liabilities	<u>12,118,595</u>	<u>114,454</u>	<u>233,492</u>	<u>1,058,938</u>
Deferred Inflows of Resources:					
2600	Unavailable revenue - property taxes	<u>1,244,948</u>	<u>398,964</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Non-spendable:					
3410	Inventories	21,379	-	-	26,355
3430	Prepaid items	119,499	-	-	-
Restricted:					
3450	Grant funds	-	-	-	211,462
3470	Capital acquisitions and contracts	-	-	44,363,673	-
3480	Debt service	-	5,101,107	-	-
3490	Other restrictions of fund balance	-	-	-	210,364
Committed:					
3510	Construction	12,689,826	-	-	-
3530	Capital expenditures for equipment	1,175,402	-	-	-
3600	Unassigned	31,499,099	-	-	-
3000	Total Fund Balances	<u>45,505,205</u>	<u>5,101,107</u>	<u>44,363,673</u>	<u>448,181</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 58,868,748</u>	<u>\$ 5,614,525</u>	<u>\$ 44,597,165</u>	<u>\$ 1,507,119</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$	2,291,584
	97,551,831
	1,762,232
	(118,320)
	4,752,233
	4,082,276
	98,488
	47,734
	119,499
\$	110,587,557

\$	291,003
	436,214
	5,392,142
	5,541,428
	978,323
	384,919
	501,450
	13,525,479

	1,643,912
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	47,734
	119,499

	211,462
	44,363,673
	5,101,107
	210,364

	12,689,826
	1,175,402
	31,499,099
	95,418,166

\$	110,587,557
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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
June 30, 2016

Total fund balances for governmental funds	\$ 95,418,166
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	12,813,390	
Capital assets - depreciable	111,079,883	
		123,893,273

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

1,643,912

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

6,025,927

Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Accrued interest	(2,481,756)	
Deferred charge on refunding	2,648,969	
Deferred outflows - pensions	8,889,299	
Deferred inflows - pensions	(2,810,806)	
Non-current liabilities due in one year	(6,125,117)	
Non-current liabilities due in more than one year	(183,234,758)	
Net pension liability	(15,206,114)	
		(198,320,283)

Net Position of Governmental Activities	\$ 28,660,995
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See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended June 30, 2016

Data Control Codes		10	50	60	Other
		General	Debt Service	Capital Projects	Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 40,321,247	\$ 12,650,362	\$ 97,036	\$ 2,517,808
5800	State program revenues	21,298,531	375,394	-	712,493
5900	Federal program revenues	865,570	-	-	5,201,101
5020	Total Revenues	<u>62,485,348</u>	<u>13,025,756</u>	<u>97,036</u>	<u>8,431,402</u>
Expenditures					
0011	Instruction	34,720,487	-	4,033	3,111,797
0012	Instructional resources/media services	924,312	-	-	102,889
0013	Curriculum and staff development	916,200	-	-	379,946
0021	Instructional leadership	730,133	-	-	137,284
0023	School leadership	4,212,066	-	-	42,129
0031	Guidance, counseling, and evaluation services	1,915,404	-	-	397,748
0032	Social work services	46,154	-	-	-
0033	Health services	726,675	-	-	906
0034	Student (pupil) transportation	2,370,340	-	-	-
0035	Food service	-	-	-	2,945,815
0036	Extracurricular activities	2,208,247	-	-	899,240
0041	General administration	2,100,796	-	-	759
0051	Plant maintenance and operations	6,346,463	-	-	-
0052	Security and monitoring services	148,360	-	-	-
0053	Data processing services	1,352,117	-	-	299
0061	Community services	249,704	-	-	171,100
Debt service:					
0071	Principal	11,144	5,080,648	-	-
0072	Interest	779	7,580,261	-	-
0073	Bond issuance costs and fees	-	338,516	284,212	-
0073	Payment to bond escrow agent	-	13,750,132	-	-
Capital outlay:					
0081	Facilities acquisition and construction	867,138	-	5,550,895	-
Intergovernmental:					
0093	Shared services arrangements	-	-	-	134,211
0099	Other intergovernmental charges	500,011	-	-	-
6030	Total Expenditures	<u>60,346,530</u>	<u>26,749,557</u>	<u>5,839,140</u>	<u>8,324,123</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,138,818</u>	<u>(13,723,801)</u>	<u>(5,742,104)</u>	<u>107,279</u>
Other Financing Sources (Uses)					
7911	Issuance of bonds	-	27,874,993	43,923,000	-
7915	Transfers in	-	520,094	-	-
7916	Premium on issuance of bonds	-	3,607,865	1,135,505	-
8911	Transfers (out)	-	-	(520,094)	-
8949	Payment to bond escrow agent	-	(17,406,666)	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>14,596,286</u>	<u>44,538,411</u>	<u>-</u>
1200	Net Change in Fund Balances	<u>2,138,818</u>	<u>872,485</u>	<u>38,796,307</u>	<u>107,279</u>
0100	Beginning fund balances	<u>43,366,387</u>	<u>4,228,622</u>	<u>5,567,366</u>	<u>340,902</u>
3000	Ending Fund Balances	<u>\$ 45,505,205</u>	<u>\$ 5,101,107</u>	<u>\$ 44,363,673</u>	<u>\$ 448,181</u>

See Notes to Financial Statements.

98 Total Governmental Funds	
\$	55,586,453
	22,386,418
	6,066,671
	<u>84,039,542</u>
	37,836,317
	1,027,201
	1,296,146
	867,417
	4,254,195
	2,313,152
	46,154
	727,581
	2,370,340
	2,945,815
	3,107,487
	2,101,555
	6,346,463
	148,360
	1,352,416
	420,804
	5,091,792
	7,581,040
	622,728
	13,750,132
	6,418,033
	134,211
	500,011
	<u>101,259,350</u>
	<u>(17,219,808)</u>
	71,797,993
	520,094
	4,743,370
	(520,094)
	<u>(17,406,666)</u>
	<u>59,134,697</u>
	41,914,889
	53,503,277
\$	<u><u>95,418,166</u></u>

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3*
For the Year Ended June 30, 2016

Net changes in fund balances - total governmental funds	\$ 41,914,889
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	(4,402,394)
Capital outlay (net of disposed assets)	7,417,950
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	123,893
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	
New bond issuance	(71,797,993)
Principal repayments	5,091,792
Accrued interest	(453,072)
Payment to refunding bond escrow agent	31,156,798
Amortization of loss on bond refunding	(1,714,157)
Amortization of premiums	(2,793,759)
Accreted interest	1,970,473
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	25,031
Arbitrage rebate	7,598
Change in net pension liability	(7,867,082)
Deferred inflows - pensions	7,224,296
Deferred outflows - pensions	(565,774)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	448,903
Change in Net Position of Governmental Activities	\$ 5,787,392

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - EXHIBIT D-1
June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 472,107
Investments	-	-	-	4,259,365
Due from other funds	81,556	-	81,556	1,481,741
Total Assets	81,556	-	81,556	6,213,213
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	-	-	-	51,333
Due to other funds	-	-	-	104,145
Unearned revenue	81,556	-	81,556	2,500
Accrued expenses	-	-	-	29,308
Total Liabilities	81,556	-	81,556	187,286
<u>Net Position</u>				
Unrestricted	-	-	-	6,025,927
Total Net Position	\$ -	\$ -	\$ -	\$ 6,025,927

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - EXHIBIT D-2
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	702	703		Internal Service Funds
	Athletic Camps	Summer School	Total Funds	
<u>Operating Revenues</u>				
Charges for services	\$ 91,006	\$ -	\$ 91,006	\$ 6,538,835
Total Operating Revenues	<u>91,006</u>	<u>-</u>	<u>91,006</u>	<u>6,538,835</u>
<u>Operating Expenses</u>				
Payroll costs	41,697	-	41,697	-
Contractual services	13,290	-	13,290	449,312
Insurance and bonding costs	-	-	-	5,653,053
Other supplies and expenses	24,898	-	24,898	1,437
Other operating costs	11,121	-	11,121	-
Total Operating Expenses	<u>91,006</u>	<u>-</u>	<u>91,006</u>	<u>6,103,802</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,033</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest and investment revenue	-	-	-	13,870
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,870</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,903</u>
Beginning net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,577,024</u>
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,025,927</u>

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - EXHIBIT D-3
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ 91,006	\$ -	\$ 91,006	\$ 6,538,835
Cash payments to suppliers	(49,309)	-	(49,309)	(6,051,032)
Cash payments to employees	(41,697)	-	(41,697)	-
Other receipts (payments)	-	-	-	(703,160)
Net Cash (Used) by Operating Activities	-	-	-	(215,357)
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	-	13,870
Net Cash Provided by Investing Activities	-	-	-	13,870
Net (Decrease) in Cash and Cash Equivalents	-	-	-	(201,487)
Beginning cash and cash equivalents	-	-	-	4,932,959
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 4,731,472
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating income	\$ -	\$ -	\$ -	\$ 435,033
Adjustments to reconcile operating income to net cash (used) by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	(5,162)	1,785	(3,377)	(697,526)
Increase (decrease) in due to other funds	-	-	-	(3,668)
Increase (decrease) in accounts payable	-	-	-	51,333
Increase (decrease) in unearned revenue	5,162	(1,785)	3,377	(529)
Net Cash (Used) by Operating Activities	\$ -	\$ -	\$ -	\$ (215,357)

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
June 30, 2016

		Agency Fund Student Activity
<u>Assets</u>		
Cash and cash equivalents		\$ 58,734
Total Assets		58,734
<u>Liabilities</u>		
Due to others		2,530
Unearned revenue		56,204
Total Liabilities		58,734
<u>Net Position</u>		
Held in trust		-
Total Net Position		\$ -

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

New Braunfels Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB); and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a Board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. 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. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise 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. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District’s business-type activities and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Funds

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

Proprietary Funds

The proprietary funds account for services that are generally fully supported by user fees. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long-term information.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

The District has the following types of proprietary funds:

Enterprise Funds

The enterprise funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses including depreciation) of providing goods or services on a continuing basis will be financed or recovered primarily through user charges. These funds are reported as business-type activities in the government-wide financial statements.

Internal Service Funds

The internal service funds are used to account for and report revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the governmental activities column of the government-wide financial statements.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. 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. The District has the following type of fiduciary funds:

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

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 so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and 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.

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

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

In accordance with GASB Statement No. 31, "*Accounting and Reporting for Certain Investments and External Investment Pools*," the District reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Fully collateralized repurchase agreements that meet certain criteria
- Statewide investment pools and commercial paper

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects.

5. Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	7 to 40 years
Vehicles	5 to 10 years
Equipment	5 to 20 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has six items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience, for the changes in actuarial assumptions, and for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. Deferred outflows of resources are also recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience, for the changes in actuarial assumptions, and for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

7. Compensated Absences

It is the District's policy to permit certain employees to accumulate earned but unused vacation benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. 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.

10. 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.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

11. Fund Balance Policies

Fund balances of governmental funds are 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).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted 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 District's Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the 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 District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

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

13. Data Control Codes

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

14. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets,

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

liabilities, and additions to/deductions from TRS's 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

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 enterprise funds and internal service funds are charges to students and charges to other departments of the District for services provided. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, checking and time deposits were not entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

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. All of the District's investments are held in external investment pools which are not subject to custodial credit risk.

As of June 30, 2016, the District's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
Texpool	N/A	\$ 5,119,288	AAAm
Lone Star Investment Pool	N/A	96,691,684	AAA
Texas CLASS	N/A	224	AAAm
		<u>\$ 101,811,196</u>	

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

Lone Star Investment Pool

The First Public Lone Star Investment Pool (“Lone Star”) is a public funds investment pool operated under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. Lone Star is governed by trustees comprised of active participants in Lone Star. The Board of Trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy; of appointing investment officers; and of overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. Lone Star is rated “AAA” by Standard & Poor’s.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an Amended and Restated Trust Agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in CLASS (the “Participants”), with Cutwater Investor Services Corporation as Program Administrator and Wells Fargo Bank Texas, NA as Custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS’ website at www.texasclass.com.

TexPool, Lone Star, and CLASS operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940. TexPool and CLASS use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and CLASS are the same as the value of TexPool and CLASS shares.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,962,096	\$ 856,174	\$ -	\$ 7,818,270
Construction in progress	-	4,995,120	-	4,995,120
Total Capital Assets Not Being Depreciated	<u>6,962,096</u>	<u>5,851,294</u>	<u>-</u>	<u>12,813,390</u>
Other capital assets:				
Buildings and improvements	149,325,036	979,697	-	150,304,733
Equipment and vehicles	10,531,168	586,959	(73,380)	11,044,747
Total Other Capital Assets	<u>159,856,204</u>	<u>1,566,656</u>	<u>(73,380)</u>	<u>161,349,480</u>
Less accumulated depreciation for:				
Buildings and improvements	(38,152,196)	(3,856,907)	-	(42,009,103)
Equipment and vehicles	(7,788,387)	(545,487)	73,380	(8,260,494)
Total Accumulated Depreciation	<u>(45,940,583)</u>	<u>(4,402,394)</u>	<u>73,380</u>	<u>(50,269,597)</u>
Other capital assets, net	<u>113,915,621</u>	<u>(2,835,738)</u>	<u>-</u>	<u>111,079,883</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,877,717</u>	<u>\$ 3,015,556</u>	<u>\$ -</u>	<u>123,893,273</u>
			Less associated debt	(178,863,765)
			Plus unspent bond proceeds	44,363,673
			Plus deferred charge on refunding	<u>2,648,969</u>
			Net Investment in Capital Assets	<u>\$ (7,957,850)</u>

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,836,257
12 Instructional resources/media services	69,099
13 Curriculum and staff development	28,670
21 Instructional leadership	1,443
23 School leadership	50,035
31 Guidance, counseling, and evaluation services	33,240
33 Health services	23,342
34 Student (pupil) transportation	341,613
35 Food service	333,074
36 Extracurricular activities	319,202
41 General administration	33,201
51 Plant maintenance and operations	247,917
52 Security and monitoring services	39,731
53 Data processing services	45,570
Total Depreciation Expense	<u>\$ 4,402,394</u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year	Interest Rates
Bonds payable and capital leases:						
Series 2005	\$ 2,774,973	\$ -	\$ (1,438,680)	\$ 1,336,293	\$ 1,336,293	3.50-5.00%
Series 2007	15,440,000	-	(15,440,000)	-	-	4.00-4.125%
Series 2008	16,004,997	-	(15,884,997)	120,000	120,000	3.375-5.00%
Series 2010	6,835,000	-	(880,000)	5,955,000	900,000	3.00-4.00%
Series 2011	29,485,314	-	(51,968)	29,433,346	27,092	2.00-5.00%
Series 2012	23,037,245	-	(325,000)	22,712,245	665,000	1.625-5.00%
Series 2012A	9,420,000	-	-	9,420,000	-	2.00-5.00%
Series 2013	9,125,000	-	-	9,125,000	-	3.00-3.50%
Series 2014	8,950,000	-	(200,000)	8,750,000	205,000	2.00-2.75%
Series 2015	5,235,000	-	-	5,235,000	-	3.50%
Series 2015A	-	15,769,993	(320,000)	15,449,993	-	2.00-5.00%
Series 2016	-	47,300,000	-	47,300,000	1,655,000	3.00-5.00%
QSCB Series 2016	-	8,728,000	-	8,728,000	582,000	0.00%
Capital lease	29,530	-	(11,144)	18,386	11,504	0.27%
	<u>126,337,059</u>	<u>71,797,993</u>	<u>(34,551,789)</u>	<u>163,583,263</u>	<u>* 5,501,889</u>	
Other liabilities:						
Compensated absences	717,507	620,725	(645,756)	692,476	623,228	
Net issuance premiums (discounts)	12,486,743	4,743,370	(1,949,611)	15,280,502	*	-
Accreted interest	11,774,107	769,460	(2,739,933)	9,803,634	-	-
Total Governmental Activities	<u>\$ 151,315,416</u>	<u>\$ 77,931,548</u>	<u>\$ (39,887,089)</u>	<u>\$ 189,359,875</u>	<u>\$ 6,125,117</u>	
Long-term liabilities due in more than one year				<u>\$ 183,234,758</u>		
*Debt associated with capital assets				<u>\$ 178,863,765</u>		

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Current Refunding

The District issued \$47,300,000 of unlimited tax school building and refunding bonds, series 2016, of which \$12,105,000 were proceeds related to the refunding. The proceeds were used to refund \$13,690,000 of outstanding unlimited tax refunding bonds, series 2007. The refunding was undertaken to provide a present value savings in debt service payable by the District. The reacquisition price was less than the net carrying amount of the old debt by \$11,275. This amount is being netted against the new debt and amortized over the life of the old debt, which is the less than

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

the life of the new debt. This debt refunding resulted in an economic gain of \$1,354,542 and a reduction of \$1,400,112 in future debt service payments.

Advance Refunding

The District issued \$15,769,993 of unlimited tax refunding bonds, series 2015A, to provide resources to purchase direct obligations of the United States of America, of which \$17,406,665 was placed in an irrevocable trust for the purpose of generating resources for a portion of future debt service payments of outstanding long-term debt issues in unlimited tax school building bonds, series 2008. As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of the liability has been removed from the applicable governmental columns in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$852,190. This amount is reported as deferred outflow of resources on the Statement of Net Position and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The advance refunding resulted in an economic gain of \$1,934,736 and a reduction of \$2,378,526 in future debt service payments. At June 30, 2016, \$15,769,997 of the unlimited tax school building bonds, series 2008 was considered defeased relating to the 2015A refunding.

New Debt

On February 19, 2016, the District issued \$47,300,000 of unlimited tax school building and refunding bonds, series 2016, of which \$35,195,000 were proceeds related to the building bonds. The purposes of the bonds are to acquire, design, renovate, construct, and equip school facilities, as well as to purchase necessary sites for school facilities. The bonds have an interest rate of 3 to 5 percent and will mature on February 1, 2039.

In addition, the District issued \$8,728,000 of unlimited tax school building qualified school construction bonds, taxable series 2016. The bonds have a 0 percent interest rate and will mature on February 1, 2031.

The annual requirements to amortize debt issues outstanding at year end are as follows:

Year Ended June 30	General Obligation Bonds		
	Principal	Interest	Total Requirements
2017	\$ 5,490,385	\$ 6,022,394	\$ 11,512,779
2018	7,694,325	5,890,769	13,585,094
2019	8,060,929	5,572,544	13,633,473
2020	9,647,000	5,227,819	14,874,819
2021	10,282,000	4,838,119	15,120,119
2022-2026	46,977,238	20,030,301	67,007,539
2027-2031	38,008,000	10,873,025	48,881,025
2032-2036	28,610,000	4,630,056	33,240,056
2037-2039	8,795,000	495,019	9,290,019
	<u>\$ 163,564,877</u>	<u>\$ 63,580,046</u>	<u>\$ 227,144,923</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

Future minimum payments to retire capital lease obligations are as follows:

Year Ended June 30	Capital Leases		Total Requirements
	Principal	Interest	
2017	\$ 11,504	\$ 418	\$ 11,922
2018	6,882	73	6,955
	<u>\$ 18,386</u>	<u>\$ 491</u>	<u>\$ 18,877</u>

Software acquired under current capital lease obligations totaled \$55,043 and accumulated depreciation totaled \$38,528.

D. Commitments Under Noncapitalized Leases

During the year, the District expended a total of \$162,157 for operating (non-capitalized) leases and, in accordance with standard non-appropriation clauses in the various lease agreements, the District has no future obligation in relation to these leases.

E. Interfund Transactions

The interfund balances and transfers were as follows:

	Due From Other Funds
General fund	
Capital projects fund	\$ 2,500
Other governmental funds	646,485
Internal service funds	104,145
Total General Fund	<u>753,130</u>
Debt service fund	
General fund	3,138,587
Total Debt Service Fund	<u>3,138,587</u>
Other governmental funds	
General fund	190,559
Total Other Governmental Funds	<u>190,559</u>
Enterprise funds	
General fund	81,556
Total Enterprise Funds	<u>81,556</u>
Internal service funds	
General fund	1,481,741
Total Internal Service Funds	<u>1,481,741</u>
Total	<u><u>\$ 5,645,573</u></u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

	<u>Transfers From Other Funds</u>
Capital projects fund	
Debt service fund	\$ 520,094

Amounts transferred between funds related to the funding of certain capital projects.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations. The District does not anticipate an arbitrage rebate liability.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

C. Defined Benefit Pension Plan

Teacher Retirement System

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). It is a defined benefit pension plan 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 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 post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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.

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

<u>Contribution Rates</u>	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2015 Employer Contributions	\$1,273,765	
2015 Member Contributions	\$1,108,141	
2015 NECE On-behalf Contributions	\$2,142,178	

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.

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2015
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.0%
Long-term expected investment rate of return	8.0%
Inflation	2.5%
Salary increases including inflation	3.5% to 9.5%
Payroll growth rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2015 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2015

	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Returns	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy & Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.0%		2.2%
Alpha	0.0%		1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 net pension liability.

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
District's proportionate share of the net pension liability	\$ 23,825,114	\$ 15,206,114	\$ 8,027,022

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

At June 30, 2016, the District reported a liability of \$15,206,114 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 15,206,114
State's proportionate share that is associated with the District	25,565,550
Total	\$ 40,771,664

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2014 through August 31, 2015.

At August 31, 2015, the District's proportion of the collective net pension liability was 0.0430175% which was an increase of 0.0155422% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities and, therefore, these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$4,851,234 and revenue of \$3,642,679 for support provided by the State.

At June 30, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 94,394	\$ (584,387)
Changes in actuarial assumptions	396,742	(542,488)
Difference between projected and actual investment earnings	3,744,928	(1,682,331)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,549,024	(1,600)
Contributions paid to TRS subsequent to the measurement date	1,104,211	-
Total	<u><u>\$ 8,889,299</u></u>	<u><u>\$ (2,810,806)</u></u>

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

Year Ended June 30	Pension Expense
2017	\$ 884,871
2018	884,871
2019	884,871
2020	1,445,649
2021	503,531
Thereafter	370,489
Total	<u><u>\$ 4,974,282</u></u>

D. Retiree Health Care Plan

Plan Description

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1 percent and 0.65 percent of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55 percent for fiscal years 2016, 2015, and 2014. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the public school. For the years ended June 30, 2016, 2015, and 2014, the State's contributions to TRS-Care were \$23,944, \$24,934, and \$22,044, respectively; the active member contributions were \$286,677, \$272,711, and \$258,436, respectively; and the District's contributions were \$242,572, \$230,755, and \$218,677, respectively; which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were \$171,909, \$173,738, and \$107,092, respectively.

E. Employee Health Care Coverage

During the year, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$332 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2016 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended June 30, 2016, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2015, the Fund carries a discounted reserve of \$58,364,320 for future development on reported claims and claims that have been incurred but not

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

yet reported. For the year ended June 30, 2016, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Unemployment Compensation

During the year ended June 30, 2016, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2016, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015 are available on the TASB Risk Management Fund's website and have been filed with the Texas Department of Insurance in Austin.

H. Shared Services Arrangements

The District participates in a shared services arrangement (SSA) for homeless children and youth. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region X, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

The District participates in an SSA for hearing impaired children. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region XIII, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

The District participates in an SSA for visually handicapped children. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2016

XIII, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

I. Subsequent Events

1. Purchase of Property

On October 5, 2016, the Board approved a real estate contract to secure the purchase of an approximately 1.575 acre tract of land on 1082 N. Walnut Avenue for about \$1.75 million.

On October 17, 2016, the Board approved another real estate contract to secure the purchase of property at 1000 N. Walnut Avenue for about \$4.85 million.

2. Issuance of Debt

On October 17, 2016, the Board approved an order to authorize the issuance of bonds. The principal amount of the bonds is not to exceed \$18,500,000 and the maximum maturity date will be February 1, 2041.

REQUIRED SUPPLEMENTARY INFORMATION

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended June 30, 2016

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 40,025,000	\$ 40,090,640	\$ 40,321,247	\$ 230,607
5800	State program revenues	19,076,275	19,076,275	21,298,531	2,222,256
5900	Federal program revenues	150,000	150,000	865,570	715,570
5020	Total Revenues	<u>59,251,275</u>	<u>59,316,915</u>	<u>62,485,348</u>	<u>3,168,433</u>
	Expenditures				
0011	Instruction	36,196,249	36,432,616	34,720,487	1,712,129
0012	Instructional resources/media services	949,614	979,442	924,312	55,130
0013	Curriculum and staff development	509,071	935,465	916,200	19,265
0021	Instructional leadership	833,518	741,286	730,133	11,153
0023	School leadership	4,179,328	4,248,053	4,212,066	35,987
0031	Guidance, counseling, and				
0031	evaluation services	1,951,856	1,962,705	1,915,404	47,301
0032	Social work services	47,482	51,144	46,154	4,990
0033	Health services	726,603	737,072	726,675	10,397
0034	Student (pupil) transportation	2,388,316	2,417,325	2,370,340	46,985
0036	Extracurricular activities	1,516,034	2,229,398	2,208,247	21,151
0041	General administration	2,034,716	2,108,023	2,100,796	7,227
0051	Plant maintenance and operations	7,634,806	7,172,889	6,346,463	826,426
0052	Security and monitoring services	177,689	172,743	148,360	24,383
0053	Data processing services	1,455,164	1,371,730	1,352,117	19,613
0061	Community services	256,884	275,616	249,704	25,912
	Debt service:				
0071	Principal	115,000	11,144	11,144	-
0072	Interest	-	790	779	11
	Capital outlay:				
0081	Facilities acquisition and construction	-	880,774	867,138	13,636
	Intergovernmental:				
0099	Other intergovernmental charges	466,540	503,909	500,011	3,898
6030	Total Expenditures	<u>61,438,870</u>	<u>63,232,124</u>	<u>60,346,530</u>	<u>2,885,594</u>
1100	Excess (Deficiency) of Revenues				
	Over (Under) Expenditures	<u>(2,187,595)</u>	<u>(3,915,209)</u>	<u>2,138,818</u>	<u>6,054,027</u>
1200	Net Change in Fund Balances	<u>(2,187,595)</u>	<u>(3,915,209)</u>	<u>2,138,818</u>	<u>6,054,027</u>
0100	Beginning fund balances	43,366,387	43,366,387	43,366,387	-
3000	Ending Fund Balances	<u>\$ 41,178,792</u>	<u>\$ 39,451,178</u>	<u>\$ 45,505,205</u>	<u>\$ 6,054,027</u>

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Year Ended June 30, 2016

		Measurement Year*	
		2015	2014
District's proportion of the net pension liability (asset)		0.0430175%	0.0274753%
District's proportionate share of the net pension liability (asset)		\$ 15,206,114	\$ 7,339,032
State's proportionate share of the net pension liability (asset) associated with the District		25,565,550	21,714,430
	Total	\$ 40,771,664	\$ 29,053,462
District's covered employee payroll**		\$ 42,295,575	\$ 39,759,377
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		35.95%	18.46%
Plan fiduciary net position as a percentage of the total pension liability		78.43%	83.25%

* Only two years' worth of information is currently available.

** As of the measurement date.

Notes to Required Supplementary Information:

Changes in Assumptions: See notes to the financial statements (Defined Benefit Pension Plan, Teacher Retirement System disclosure) for changes.

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3

Last 10 Fiscal Years
For the Year Ended June 30, 2016

	Fiscal Year			
	2016	2015	2014	2013
Contractually required contribution	\$ 1,303,517	\$ 1,186,299	\$ 674,045	\$ 565,260
Contributions in relations to the contractually required contribution	1,303,517	1,186,299	674,045	565,260
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 44,104,082	\$ 41,955,471	\$ 39,759,377	\$ 37,639,087
Contributions as a percentage of covered employee payroll	2.96%	2.83%	1.70%	1.50%

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 547,905	\$ 826,063	\$ 712,105	\$ 619,512	\$ 531,701	\$ 431,413
547,905	826,063	712,105	619,512	531,701	431,413
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 37,156,020	\$ 40,138,689	\$ 38,764,023	\$ 37,277,856	\$ 34,869,430	\$ 34,183,652
1.47%	2.06%	1.84%	1.66%	1.52%	1.26%

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***OTHER SUPPLEMENTARY
INFORMATION***

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)

June 30, 2016

		205	206	211	224
Data Control Codes		Head Start	ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	-	10,653	229,914	245,799
1260	Due from other funds	-	-	-	-
1290	Other receivables	60,567	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 60,567</u>	<u>\$ 10,653</u>	<u>\$ 229,914</u>	<u>\$ 245,799</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	60,567	10,653	229,914	245,799
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>60,567</u>	<u>10,653</u>	<u>229,914</u>	<u>245,799</u>
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 60,567</u>	<u>\$ 10,653</u>	<u>\$ 229,914</u>	<u>\$ 245,799</u>

225	240	244	255	263	289
IDEA-B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A	Title III Part A	LEP Summer School
\$ -	\$ 3,975	\$ -	\$ -	\$ -	\$ -
7,296	-	17,401	36,790	15,088	-
-	181,350	-	-	-	-
-	26,243	-	-	-	-
-	26,355	-	-	-	-
<u>\$ 7,296</u>	<u>\$ 237,923</u>	<u>\$ 17,401</u>	<u>\$ 36,790</u>	<u>\$ 15,088</u>	<u>\$ -</u>
\$ -	\$ 106	\$ -	\$ -	\$ -	\$ -
7,296	-	17,401	36,790	15,088	-
-	-	-	-	-	-
<u>7,296</u>	<u>106</u>	<u>17,401</u>	<u>36,790</u>	<u>15,088</u>	<u>-</u>
-	26,355	-	-	-	-
-	211,462	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>237,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,296</u>	<u>\$ 237,923</u>	<u>\$ 17,401</u>	<u>\$ 36,790</u>	<u>\$ 15,088</u>	<u>\$ -</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 2)
June 30, 2016

		385	392	397	410
Data		State			
Control		Supplemental	Noneducational	Advanced	State
Codes		Visually	Community	Placement	Textbook
		Impaired	Based Support	Incentives	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	5,437	1,190	-	33,975
1260	Due from other funds	-	-	1,844	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	\$ 5,437	\$ 1,190	\$ 1,844	\$ 33,975
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	5,437	1,190	-	16,350
2300	Unearned revenue	-	-	1,844	17,625
2000	Total Liabilities	5,437	1,190	1,844	33,975
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 5,437	\$ 1,190	\$ 1,844	\$ 33,975

461

Campus Activity	Total Nonmajor Governmental Funds
\$ 595,877	\$ 599,852
-	603,543
7,365	190,559
-	86,810
-	26,355
<u>\$ 603,242</u>	<u>\$ 1,507,119</u>
\$ -	\$ 106
-	646,485
392,878	412,347
<u>392,878</u>	<u>1,058,938</u>
-	26,355
-	211,462
210,364	210,364
<u>210,364</u>	<u>448,181</u>
<u>\$ 603,242</u>	<u>\$ 1,507,119</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)
For the Year Ended June 30, 2016

Data Control Codes		205	206	211	224
		Head Start	ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	358,333	36,355	1,082,027	1,478,175
5020	Total Revenues	358,333	36,355	1,082,027	1,478,175
	Expenditures				
0011	Instruction	358,333	438	812,525	925,705
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	57,268	22,306
0021	Instructional leadership	-	35,917	45,913	50,903
0023	School leadership	-	-	-	1,560
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	331,634
0033	Health services	-	-	-	906
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	6,963
0041	General administration	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	166,321	3,987
	Intergovernmental:				
0093	Shared services arrangements	-	-	-	134,211
6030	Total Expenditures	358,333	36,355	1,082,027	1,478,175
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	\$ -	\$ -	\$ -	\$ -

225	240	244	255	263	289
IDEA-B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A	Title III Part A	LEP Summer School
\$ -	\$ 1,166,829	\$ -	\$ -	\$ -	\$ -
-	15,897	-	-	-	-
13,399	1,849,424	70,394	227,283	81,259	4,452
13,399	3,032,150	70,394	227,283	81,259	4,452
13,399	-	1,380	957	20,254	4,452
-	-	-	-	-	-
-	-	400	224,275	61,005	-
-	-	2,500	2,051	-	-
-	-	-	-	-	-
-	-	66,114	-	-	-
-	-	-	-	-	-
-	2,945,815	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,399	2,945,815	70,394	227,283	81,259	4,452
-	86,335	-	-	-	-
-	151,482	-	-	-	-
\$ -	\$ 237,817	\$ -	\$ -	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)
For the Year Ended June 30, 2016

		385	392	397	410
Data		State			
Control		Supplemental	Noneducational	Advanced	
Codes		Visually	Community	Placement	State
		Impaired	Based Support	Incentives	Textbook
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	5,437	16,876	718	673,565
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>5,437</u>	<u>16,876</u>	<u>718</u>	<u>673,565</u>
<u>Expenditures</u>					
0011	Instruction	5,437	16,876	718	663,190
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	9,777
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	299
0053	Data processing services	-	-	-	299
0061	Community services	-	-	-	-
<u>Intergovernmental:</u>					
0093	Shared services arrangements	-	-	-	-
6030	Total Expenditures	<u>5,437</u>	<u>16,876</u>	<u>718</u>	<u>673,565</u>
<u>Net Change in Fund Balances</u>					
1200		-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461			
		Total Nonmajor Governmental Funds	
Campus Activity			
\$ 1,350,979		\$ 2,517,808	
-		712,493	
-		5,201,101	
1,350,979		8,431,402	
288,133		3,111,797	
102,889		102,889	
4,915		379,946	
-		137,284	
40,569		42,129	
-		397,748	
-		906	
-		2,945,815	
892,277		899,240	
460		759	
-		299	
792		171,100	
-		134,211	
1,330,035		8,324,123	
20,944		107,279	
189,420		340,902	
\$ 210,364		\$ 448,181	

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - EXHIBIT H-3
June 30, 2016

	752	753	771	Total
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	Internal Service Funds
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 471,107	\$ 1,000	\$ 472,107
Investments	-	-	4,259,365	4,259,365
Due from other funds	42,463	-	1,439,278	1,481,741
Total Assets	\$ 42,463	\$ 471,107	\$ 5,699,643	\$ 6,213,213
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 51,333	\$ 51,333
Due to other funds	-	104,145	-	104,145
Unearned revenue	-	-	2,500	2,500
Accrued expenses	-	-	29,308	29,308
Total Liabilities	-	104,145	83,141	187,286
<u>Net Position</u>				
Unrestricted	42,463	366,962	5,616,502	6,025,927
Total Net Position	\$ 42,463	\$ 366,962	\$ 5,616,502	\$ 6,025,927

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - INTERNAL SERVICE FUNDS - EXHIBIT H-4
For the Year Ended June 30, 2016

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Operating Revenues</u>				
Charges for services	\$ -	\$ 5,829,367	\$ 709,468	\$ 6,538,835
Total Operating Revenues	<u>-</u>	<u>5,829,367</u>	<u>709,468</u>	<u>6,538,835</u>
<u>Operating Expenses</u>				
Contractual services	10,848	438,464	-	449,312
Insurance and bonding costs	-	5,397,051	256,002	5,653,053
Other supplies and expenses	1,437	-	-	1,437
Total Operating Expenses	<u>12,285</u>	<u>5,835,515</u>	<u>256,002</u>	<u>6,103,802</u>
Operating Income (Loss)	<u>(12,285)</u>	<u>(6,148)</u>	<u>453,466</u>	<u>435,033</u>
<u>Non-Operating Revenues</u>				
Interest and investment revenue	-	-	13,870	13,870
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>13,870</u>	<u>13,870</u>
Change in Net Position	<u>(12,285)</u>	<u>(6,148)</u>	<u>467,336</u>	<u>448,903</u>
Beginning net position	<u>54,748</u>	<u>373,110</u>	<u>5,149,166</u>	<u>5,577,024</u>
Ending Net Position	<u>\$ 42,463</u>	<u>\$ 366,962</u>	<u>\$ 5,616,502</u>	<u>\$ 6,025,927</u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS - EXHIBIT H-5

For the Year Ended June 30, 2016

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ -	\$ 5,829,367	\$ 709,468	\$ 6,538,835
Cash payments to suppliers	(10,848)	(5,835,515)	(204,669)	(6,051,032)
Other receipts (payments)	10,848	(3,668)	(710,340)	(703,160)
Net Cash (Used) by Operating Activities	-	(9,816)	(205,541)	(215,357)
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	13,870	13,870
Net Cash Provided by Investing Activities	-	-	13,870	13,870
Net (Decrease) in Cash and Cash Equivalents	-	(9,816)	(191,671)	(201,487)
Beginning cash and cash equivalents	-	480,923	4,452,036	4,932,959
Ending Cash and Cash Equivalents	\$ -	\$ 471,107	\$ 4,260,365	\$ 4,731,472
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (12,285)	\$ (6,148)	\$ 453,466	\$ 435,033
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	12,285	-	(709,811)	(697,526)
Increase (decrease) in due to other funds	-	(3,668)	-	(3,668)
Increase (decrease) in accounts payable	-	-	51,333	51,333
Increase (decrease) in accrued expenses	-	-	(529)	(529)
Net Cash (Used) by Operating Activities	\$ -	\$ (9,816)	\$ (205,541)	\$ (215,357)

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended June 30, 2016

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes
Last Ten Years	Maintenance	Debt Service	
2007 and prior	Various	Various	Various
2008	\$ 1.0194	\$ 0.3255	\$ 2,470,562,974
2009	\$ 1.0133	\$ 0.3250	\$ 2,847,540,253
2010	\$ 1.0133	\$ 0.3258	\$ 2,948,992,994
2011	\$ 1.0133	\$ 0.3258	\$ 2,906,839,295
2012	\$ 1.0133	\$ 0.3258	\$ 2,973,189,232
2013	\$ 1.0133	\$ 0.3258	\$ 3,076,696,139
2014	\$ 1.0133	\$ 0.3258	\$ 3,259,588,231
2015	\$ 1.0133	\$ 0.3258	\$ 3,564,805,018
2016	\$ 1.0133	\$ 0.3258	\$ 3,849,024,345
1000 Totals			

10	20	31	32	40	50
Beginning Balance 7/1/15	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/16
\$ 105,790	\$ -	\$ 5,714	\$ 1,374	\$ (21,834)	\$ 76,868
36,157	-	4,685	1,496	(472)	29,504
50,617	-	6,744	2,163	(601)	41,109
75,200	-	20,049	6,446	14,859	63,564
80,311	-	38,091	12,247	47,354	77,327
93,500	-	39,606	12,734	46,138	87,298
125,203	-	47,224	15,184	38,342	101,137
218,868	-	87,407	28,103	36,015	139,373
873,621	-	482,828	155,241	(9,498)	226,054
-	51,542,285	38,305,999	12,316,288	-	919,998
<u>\$ 1,659,267</u>	<u>\$ 51,542,285</u>	<u>\$ 39,038,347</u>	<u>\$ 12,551,276</u>	<u>\$ 150,303</u>	<u>\$ 1,762,232</u>

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended June 30, 2016

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 1,285,104	\$ 1,285,104	\$ 1,166,829	\$ (118,275)
5800	State program revenues	16,000	16,000	15,897	(103)
5900	Federal program revenues	1,868,070	1,868,070	1,849,424	(18,646)
5020	Total Revenues	<u>3,169,174</u>	<u>3,169,174</u>	<u>3,032,150</u>	<u>(137,024)</u>
	<u>Expenditures</u>				
0035	Food service	3,013,253	3,013,253	2,945,815	67,438
6030	Total Expenditures	<u>3,013,253</u>	<u>3,013,253</u>	<u>2,945,815</u>	<u>67,438</u>
1200	Net Change in Fund Balance	155,921	155,921	86,335	(69,586)
0100	Beginning fund balance	151,482	151,482	151,482	-
3000	Ending Fund Balance	<u>\$ 307,403</u>	<u>\$ 307,403</u>	<u>\$ 237,817</u>	<u>\$ (69,586)</u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended June 30, 2016

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 11,559,681	\$ 12,620,878	\$ 12,650,362	\$ 29,484
5800	State program revenues	-	375,394	375,394	-
5020	Total Revenues	<u>11,559,681</u>	<u>12,996,272</u>	<u>13,025,756</u>	<u>29,484</u>
	Expenditures				
	Debt service:				
0071	Principal	5,080,648	5,080,648	5,080,648	-
0072	Interest	6,397,571	7,580,261	7,580,261	-
0073	Bond issuance costs and fees	-	413,021	338,516	74,505
0073	Payment to bond escrow agent	-	13,750,132	13,750,132	-
6030	Total Expenditures	<u>11,478,219</u>	<u>26,824,062</u>	<u>26,749,557</u>	<u>74,505</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>81,462</u>	<u>(13,827,790)</u>	<u>(13,723,801)</u>	<u>103,989</u>
	Other Financing Sources (Uses)				
7911	Issuance of bonds	-	27,874,993	27,874,993	-
7915	Transfers in	-	520,094	520,094	-
7916	Premium on issuance of bonds	-	3,607,866	3,607,865	(1)
8949	Payment to bond escrow agent	-	(17,406,666)	(17,406,666)	-
7080	Total Other Financing Sources	<u>-</u>	<u>14,596,287</u>	<u>14,596,286</u>	<u>(1)</u>
1200	Net Change in Fund Balance	<u>81,462</u>	<u>768,497</u>	<u>872,485</u>	<u>103,988</u>
0100	Beginning fund balance	<u>4,228,622</u>	<u>4,228,622</u>	<u>4,228,622</u>	<u>-</u>
3000	Ending Fund Balance	<u>\$ 4,310,084</u>	<u>\$ 4,997,119</u>	<u>\$ 5,101,107</u>	<u>\$ 103,988</u>

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FEDERAL AWARDS SECTION

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

November 9, 2016

To the Board of Trustees of
New Braunfels Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

November 9, 2016

To the Board of Trustees of
New Braunfels Independent School District:

Report on Compliance for Each Major Federal Program

We have audited the New Braunfels Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Governmental
Audit Quality Center

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of New Braunfels Independent School District (the "District").
2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

CFDA Number(s)
10.553, 10.555
84.027, 84.173
93.600

Name of Federal Program or Cluster
Child Nutrition Cluster
Special Education Cluster (IDEA)
Head Start Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS –BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS AUDIT

None Noted

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**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended June 30, 2016

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010	15610101046901	\$ 228,405
ESEA Title I, Part A	84.010	16610101046901	853,622
IDEA B, Formula Grant*	84.027	156600010469016000	333,602
IDEA B, Formula Grant*	84.027	166600010469016000	1,144,573
IDEA B, Preschool*	84.173	156610010469016000	4,292
IDEA B, Preschool*	84.173	166610010469016000	9,107
Title III, Part A	84.365	15671001046901	18,734
Title III, Part A	84.365	16671001046901	62,525
Career and Technical, Basic Grant	84.048	16420006046901	70,394
Title II, Part A, Teacher and Principal	84.367	15694501046901	57,427
Title II, Part A, Teacher and Principal	84.367	16694501046901	169,856
<i>Passed Through Education Service Center, Region X</i>			
Education for Homeless Children	84.196	15-049	8,255
Education for Homeless Children	84.196	16-021	28,100
<i>Direct Awards</i>			
LEP Summer School	84.369	69551502	4,452
TOTAL U.S. DEPARTMENT OF EDUCATION			2,993,344
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through BCFS Education Services</i>			
Head Start Program	93.600	60-650-5347-3855-NBISD-1	358,333
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			358,333
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs*	10.553	71401601	347,967
National School Lunch*	10.555	71301601	1,309,772
USDA Commodities	10.565	046901	191,685
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,849,424
U.S. DEPARTMENT OF DEFENSE			
<i>Passed Through U.S. Army</i>			
Junior ROTC	12.000	046901	71,846
TOTAL U.S. DEPARTMENT OF DEFENSE			71,846
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,272,947

* Indicates clustered program under OMB Compliance Supplement

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 5,272,947
SHARS	702,918
Indirect Costs	90,806
C-2 Federal revenue	<u>\$ 6,066,671</u>

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of New Braunfels Independent School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended June 30, 2016

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 9,803,634
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 15,206,114
SF13	Pension Expense (6147) at fiscal year-end.	\$ 4,851,234

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