

ANNUAL FINANCIAL REPORT

of the

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
June 30, 2014**

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INDEPENDENT SCHOOL DISTRICT
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INDEPENDENT SCHOOL DISTRICT**
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INTRODUCTORY SECTION


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CERTIFICATE OF BOARD

<u>New Braunfels Independent School District</u>	<u>Comal</u>	<u>046-901</u>
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, 2014, at a meeting of the Board of Trustees of such school district on the 17th day of November, 2014.



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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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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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, 2014, 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 and budgetary comparison information, 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 and combining and individual nonmajor fund financial statements 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the 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 and the schedule of expenditures of federal awards 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 October 21, 2014 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, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
October 21, 2014

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2014

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, 2014. 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, 2014 was \$24,017,067.
- For the year, the District's general fund reported a total fund balance of \$39,974,813, of which \$60,186 is nonspendable for inventories and prepaid items; \$11,917,055 is committed for land acquisition, construction and technology and equipment; and \$27,997,572 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 \$50,445,171.

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, 2014

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, 2014

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 a health insurance fund, workers' compensation insurance, and usage of the District's central office copiers.
- *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 are 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, 2014

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$24,017,067 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 \$4,266,178 in net position from the prior year. This change can be attributed to the increase in total revenue. Total revenue increased by \$5,847,736 due to an increase in property tax revenue, as well as an increase in grants and contributions not restricted for specific programs. 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 foundation revenue received from the State. In addition, total expenses increased by \$2,072,884 due to an increase in instructional, counseling services, and data processing services expenses offset by a decrease in interest on long-term debt expenses.

Table 1
Net Position

Description	Governmental Activities		Total Change 2014-2013	Business-Type Activities	
	2014	2013		2014	2013
Current assets	\$ 62,995,109	\$ 64,367,808	\$ (1,372,699)	\$ 63,484	\$ 56,875
Capital assets	124,116,623	127,626,900	(3,510,277)	-	-
Total Assets	187,111,732	191,994,708	(4,882,976)	63,484	56,875
Deferred charge on refunding	2,663,562	2,575,291	88,271	-	-
Total Deferred Outflows of Resources	2,663,562	2,575,291	88,271	-	-
Current liabilities	8,136,859	11,598,876	(3,462,017)	63,484	56,875
Long-term liabilities	157,621,368	163,220,234	(5,598,866)	-	-
Total Liabilities	165,758,227	174,819,110	(9,060,883)	63,484	56,875
Net Position:					
Net investment in capital assets	(10,245,497)	(12,418,592)	2,173,095	-	-
Restricted	4,693,648	6,354,242	(1,660,594)	-	-
Unrestricted	29,568,916	25,815,239	3,753,677	-	-
Total Net Position	\$ 24,017,067	\$ 19,750,889	\$ 4,266,178	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2014

Table 2
Changes in Net Position

	Governmental Activities		Total Change 2014-2013	Business-Type Activities	
	2014	2013		2014	2013
Revenues					
Program revenues:					
Charges for services	\$ 1,399,544	\$ 1,458,684	\$ (59,140)	\$ 83,041	\$ 73,496
Operating grants and contributions	5,301,323	5,455,844	(154,521)	-	-
General revenues:					
Property taxes	43,758,681	40,886,263	2,872,418	-	-
Grants and contributions not restricted for specific programs	22,744,788	19,427,556	3,317,232	-	-
Investment earnings	77,535	108,197	(30,662)	-	-
Other revenue	874,951	972,542	(97,591)	-	-
Total Revenue	74,156,822	68,309,086	5,847,736	83,041	73,496
Expenses					
Instruction	36,983,791	35,307,556	1,676,235	4,507	6,358
Instructional resources and media services	1,010,033	1,065,067	(55,034)	-	-
Curriculum/instructional staff development	1,035,940	918,096	117,844	-	-
Instructional leadership	843,664	703,898	139,766	-	-
School leadership	3,776,400	3,656,551	119,849	-	-
Guidance, counseling, evaluation services	2,139,402	1,922,507	216,895	-	-
Social work services	40,358	41,406	(1,048)	-	-
Health services	659,714	631,571	28,143	-	-
Student (pupil) transportation	2,107,871	2,092,016	15,855	-	-
Food services	3,247,934	3,243,769	4,165	-	-
Extracurricular activities	1,669,707	1,650,181	19,526	78,534	67,138
General administration	1,558,443	1,489,207	69,236	-	-
Plant maintenance and operations	6,407,803	6,362,805	44,998	-	-
Security and monitoring services	148,040	125,446	22,594	-	-
Data processing services	1,539,608	1,277,183	262,425	-	-
Community services	417,566	393,844	23,722	-	-
Debt service - interest on long-term debt	5,759,986	6,420,817	(660,831)	-	-
Payments to fiscal agent/member districts of SSA	113,422	101,658	11,764	-	-
Other intergovernmental charges	430,962	414,182	16,780	-	-
Total Expenses	69,890,644	67,817,760	2,072,884	83,041	73,496
Change in Net Position	4,266,178	491,326	3,774,852	-	-
Beginning net position	19,750,889	19,259,563	491,326	-	-
Ending Net Position	\$ 24,017,067	\$ 19,750,889	\$ 4,266,178	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending June 30, 2014, the District's governmental funds reported a combined fund balance of \$50,445,171. This compares to a combined fund balance of \$48,281,712 at June 30, 2013. 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 decreased due to increased debt service activity expenditures. The capital projects fund decreased due to increased expenditures related to ongoing construction projects.

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, 2014, 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 \$1,849,432 due to an increase in property tax and foundation revenue and the budgeted expenditures exceeded actual expenditures by \$3,556,160 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 \$124,116,623 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$966,317 invested during the fiscal year ended June 30, 2014.

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 \$130,046,670 in general obligation bonds outstanding and \$40,326 in capital lease obligations versus \$135,847,453 last year. The net decrease of \$5,760,457 is due to the principal payments paid during the year, as well as a refunding of debt.

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, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District continues to recover from the 2011 Legislative budget cuts. 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.

New Braunfels High School added positions in English, Math and Science this year. Auxiliary staff was added at the elementary level and in the technology department. Bus drivers and aides were added at the transportation department to accommodate student population growth. The District also added technology and vestibules at the campuses to better monitor visitor access to enhance safety.

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 income both increased and are higher than the state average. The HEB retail center has been open for several years and continues to add retail shops and restaurants. Town Center at Creekside, which is just outside the boundaries of the District to the north, also continues to add major retail shops, health care providers, and restaurants. The City of New Braunfels announced an expansion at the new Veramendi development. This 2,400 acre mixed-use development near New Braunfels High School will also be home to a Howard Payne University satellite campus. Other housing developments are emerging in several areas in the District.

The unemployment rate in the San Antonio-New Braunfels metropolitan area continues to be lower than the overall state unemployment rate – 4.3 percent in the New Braunfels area versus 5.5 percent statewide. The unemployment rate in New Braunfels has improved since the rate hit seven percent following layoffs at The Scooter Store.

The District's general fund budgeted expenditures for the 2014-2015 school year total \$58,632,625 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.

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, 2014

Data Control Codes		1 Governmental Activities	2 Business-Type Activities	3 Total
	<u>Assets</u>			
1110	Cash and cash equivalents	\$ 2,378,051	\$ -	\$ 2,378,051
1120	Investments	54,894,225	-	54,894,225
1225	Property taxes receivable (net)	1,614,989	-	1,614,989
1240	Due from other governments	4,048,083	-	4,048,083
1260	Internal balances	(63,484)	63,484	-
1290	Other receivables (net)	46,930	-	46,930
1300	Inventories	71,628	-	71,628
1410	Prepaid items	4,687	-	4,687
		<u>62,995,109</u>	<u>63,484</u>	<u>63,058,593</u>
	Capital assets:			
1510	Land	6,962,096	-	6,962,096
1520	Buildings and improvements, net	114,644,983	-	114,644,983
1530	Equipment and vehicles, net	2,509,544	-	2,509,544
		<u>124,116,623</u>	<u>-</u>	<u>124,116,623</u>
1000	Total Assets	<u>187,111,732</u>	<u>63,484</u>	<u>187,175,216</u>
	<u>Deferred Outflows of Resources</u>			
1700	Deferred charge on refunding	<u>2,663,562</u>	<u>-</u>	<u>2,663,562</u>
	<u>Liabilities</u>			
2110	Accounts payable	68,674	-	68,674
2140	Interest payable	2,263,228	-	2,263,228
2165	Accrued liabilities	4,877,208	-	4,877,208
2180	Due to other governments	687,118	-	687,118
2300	Unearned revenue	240,631	63,484	304,115
		<u>8,136,859</u>	<u>63,484</u>	<u>8,200,343</u>
	Noncurrent liabilities:			
2501	Long-term liabilities due within			
2501	one year	4,110,885	-	4,110,885
2502	Long-term liabilities due in more			
2502	than one year	153,510,483	-	153,510,483
2000	Total Liabilities	<u>165,758,227</u>	<u>63,484</u>	<u>165,821,711</u>
	<u>Net Position</u>			
3200	Net investment in capital assets	(10,245,497)	-	(10,245,497)
	Restricted for:			
3820	Federal and state programs	190,529	-	190,529
3850	Debt service	4,324,627	-	4,324,627
3870	Campus activities	178,492	-	178,492
3900	Unrestricted	29,568,916	-	29,568,916
3000	Total Net Position	<u>\$ 24,017,067</u>	<u>\$ -</u>	<u>\$ 24,017,067</u>

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the Year Ended June 30, 2014

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
	Primary Government			
	Governmental Activities			
11	Instruction	\$ 36,983,791	\$ 92,380	\$ 2,449,928
12	Instructional resources			
12	and media services	1,010,033	-	22,072
13	Curriculum/instructional staff development	1,035,940	-	322,074
21	Instructional leadership	843,664	-	203,666
23	School leadership	3,776,400	-	5,764
31	Guidance, counseling,			
31	evaluation services	2,139,402	-	290,028
32	Social work services	40,358	-	-
33	Health services	659,714	-	-
34	Student (pupil) transportation	2,107,871	-	-
35	Food services	3,247,934	1,100,681	1,736,137
36	Extracurricular activities	1,669,707	206,483	3,350
41	General administration	1,558,443	-	-
51	Plant maintenance and operations	6,407,803	-	-
52	Security and monitoring services	148,040	-	-
53	Data processing services	1,539,608	-	-
61	Community services	417,566	-	154,882
72	Debt service - interest on long-term debt	5,759,986	-	-
93	Payments to fiscal agent/member			
93	districts of SSA	113,422	-	113,422
99	Other intergovernmental charges	430,962	-	-
TG	Total Governmental Activities	<u>69,890,644</u>	<u>1,399,544</u>	<u>5,301,323</u>
	Business-Type Activities			
01	Athletic camps	78,534	78,534	-
02	Summer school	4,507	4,507	-
TB	Total Business-Type Activities	<u>83,041</u>	<u>83,041</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 69,973,685</u>	<u>\$ 1,482,585</u>	<u>\$ 5,301,323</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
\$ (34,441,483)	\$ -	\$ (34,441,483)
(987,961)	-	(987,961)
(713,866)	-	(713,866)
(639,998)	-	(639,998)
(3,770,636)	-	(3,770,636)
(1,849,374)	-	(1,849,374)
(40,358)	-	(40,358)
(659,714)	-	(659,714)
(2,107,871)	-	(2,107,871)
(411,116)	-	(411,116)
(1,459,874)	-	(1,459,874)
(1,558,443)	-	(1,558,443)
(6,407,803)	-	(6,407,803)
(148,040)	-	(148,040)
(1,539,608)	-	(1,539,608)
(262,684)	-	(262,684)
(5,759,986)	-	(5,759,986)
-	-	-
(430,962)	-	(430,962)
(63,189,777)	-	(63,189,777)
-	-	-
-	-	-
-	-	-
(63,189,777)	-	(63,189,777)
33,075,244	-	33,075,244
10,683,437	-	10,683,437
22,744,788	-	22,744,788
77,535	-	77,535
874,951	-	874,951
67,455,955	-	67,455,955
4,266,178	-	4,266,178
19,750,889	-	19,750,889
\$ 24,017,067	\$ -	\$ 24,017,067

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS - EXHIBIT C-1 June 30, 2014

Data Control Codes		10	50	60	Other Governmental Funds
		General	Debt Service	Capital Projects	
Assets:					
1110	Cash and cash equivalents	\$ 1,524,886	\$ -	\$ -	\$ 355,441
1120	Investments	40,177,106	4,180,973	5,889,925	-
1220	Taxes receivable	1,354,420	428,045	-	-
1230	Allowance for uncollectible taxes	(130,543)	(36,933)	-	-
1240	Due from other governments	3,469,108	100	-	578,875
1260	Due from other funds	690,850	14,210	-	145,034
1290	Other receivables	13,800	-	-	33,130
1300	Inventories	55,499	-	-	16,129
1410	Prepaid items	4,687	-	-	-
1000	Total Assets	<u>\$ 47,159,813</u>	<u>\$ 4,586,395</u>	<u>\$ 5,889,925</u>	<u>\$ 1,128,609</u>
Liabilities:					
2110	Accounts payable	\$ 56,897	\$ -	\$ -	\$ 106
2150	Payroll deductions payable	322,779	-	-	-
2160	Accrued wages payable	4,449,149	-	-	-
2170	Due to other funds	294,622	-	-	582,190
2180	Due to other governments	687,118	-	-	-
2200	Accrued expenditures	73,590	-	-	-
2300	Unearned revenue	76,968	-	-	161,163
2000	Total Liabilities	<u>5,961,123</u>	<u>-</u>	<u>-</u>	<u>743,459</u>
Deferred Inflows of Resources:					
2600	Unavailable revenue - property taxes	<u>1,223,877</u>	<u>391,112</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Non-spendable:					
3410	Inventories	55,499	-	-	16,129
3430	Prepaid items	4,687	-	-	-
Restricted:					
3450	Grant funds	-	-	-	190,529
3470	Capital acquisitions and contracts	-	-	5,889,925	-
3480	Debt service	-	4,195,283	-	-
3490	Other restrictions of fund balance	-	-	-	178,492
Committed:					
3510	Construction	10,496,000	-	-	-
3530	Capital expenditures for equipment	1,421,055	-	-	-
3600	Unassigned	27,997,572	-	-	-
3000	Total Fund Balances	<u>39,974,813</u>	<u>4,195,283</u>	<u>5,889,925</u>	<u>385,150</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 47,159,813</u>	<u>\$ 4,586,395</u>	<u>\$ 5,889,925</u>	<u>\$ 1,128,609</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$	1,880,327
	50,248,004
	1,782,465
	(167,476)
	4,048,083
	850,094
	46,930
	71,628
	4,687
\$	<u>58,764,742</u>

\$	57,003
	322,779
	4,449,149
	876,812
	687,118
	73,590
	238,131
	<u>6,704,582</u>

1,614,989

71,628
4,687

190,529
5,889,925
4,195,283
178,492

10,496,000
1,421,055
27,997,572
50,445,171

\$ 58,764,742

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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, 2014

Total fund balances for governmental funds \$ 50,445,171

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	6,962,096	
Capital assets - depreciable	<u>117,154,527</u>	
		124,116,623

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

1,614,989

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

5,072,989

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

Accrued interest	(2,263,228)	
Deferred charge on refunding	2,663,562	
Arbitrage rebate	(11,671)	
Non-current liabilities due in one year	(4,110,885)	
Non-current liabilities due in more than one year	<u>(153,510,483)</u>	
		<u>(157,232,705)</u>

Net Position of Governmental Activities \$ 24,017,067

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, 2014

Data Control Codes		10	50	60	Other
		General	Debt Service	Capital Projects	Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 34,149,980	\$ 10,792,632	\$ 9,444	\$ 1,391,502
5800	State program revenues	21,967,156	100	-	539,018
5900	Federal program revenues	777,529	-	-	4,762,305
5020	Total Revenues	<u>56,894,665</u>	<u>10,792,732</u>	<u>9,444</u>	<u>6,692,825</u>
Expenditures					
0011	Instruction	31,553,406	-	-	2,608,309
0012	Instructional resources/media services	816,176	-	-	119,509
0013	Curriculum and staff development	682,336	-	-	324,467
0021	Instructional leadership	639,276	-	-	203,666
0023	School leadership	3,699,767	-	-	24,881
0031	Guidance, counseling, and				
0031	evaluation services	1,815,795	-	-	290,101
0032	Social work services	40,358	-	-	-
0033	Health services	636,283	-	-	-
0034	Student (pupil) transportation	1,730,544	-	-	-
0035	Food service	-	-	-	2,919,552
0036	Extracurricular activities	1,365,378	-	-	3,969
0041	General administration	1,524,631	-	-	8
0051	Plant maintenance and operations	6,194,764	-	-	127
0052	Security and monitoring services	129,018	-	-	-
0053	Data processing services	1,501,453	-	-	-
0061	Community services	262,202	-	-	155,364
Debt service:					
0071	Principal	10,457	5,745,000	-	-
0072	Interest	1,466	5,629,176	-	-
0073	Bond issuance costs and fees	-	167,136	-	-
0073	Advanced refunding escrow	-	249,435	-	-
Capital outlay:					
0081	Facilities acquisition and construction	61,616	-	744,403	-
Intergovernmental:					
0093	Shared service arrangements	-	-	-	113,422
0099	Other intergovernmental charges	430,962	-	-	-
6030	Total Expenditures	<u>53,095,888</u>	<u>11,790,747</u>	<u>744,403</u>	<u>6,763,375</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,798,777</u>	<u>(998,015)</u>	<u>(734,959)</u>	<u>(70,550)</u>
Other Financing Sources (Uses)					
7911	Issuance of bonds	-	9,125,000	-	-
7912	Sale of real or personal property	3,565	-	-	-
7916	Premium on issuance of bonds	-	565,035	-	-
8949	Payment to bond escrow agent	-	(9,525,394)	-	-
7080	Total Other Financing Sources	<u>3,565</u>	<u>164,641</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	3,802,342	(833,374)	(734,959)	(70,550)
0100	Beginning fund balances	36,172,471	5,028,657	6,624,884	455,700
3000	Ending Fund Balances	<u>\$ 39,974,813</u>	<u>\$ 4,195,283</u>	<u>\$ 5,889,925</u>	<u>\$ 385,150</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$	46,343,558
	22,506,274
	5,539,834
	<hr/> 74,389,666

34,161,715
935,685
1,006,803
842,942
3,724,648

2,105,896
40,358
636,283
1,730,544
2,919,552
1,369,347
1,524,639
6,194,891
129,018
1,501,453
417,566

5,755,457
5,630,642
167,136
249,435

806,019

113,422
430,962

<hr/> 72,394,413

<hr/> 1,995,253

9,125,000
3,565
565,035
(9,525,394)

<hr/> 168,206

2,163,459
48,281,712

\$	<hr/> 50,445,171
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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, 2014

Net changes in fund balances - total governmental funds	\$ 2,163,459
---	--------------

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	(4,476,594)
Capital outlay (net of disposed assets)	966,317

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(236,409)
--	-----------

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	(9,125,000)
Principal repayments	5,755,457
Accrued interest	129,344
Payment to refunding bond escrow agent	9,774,829
Amortization of loss on bond refunding	(556,558)
Amortization of premiums	569,603
Accreted interest	(673,606)

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	(57,588)
Arbitrage rebate	3,974

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.

	28,950
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Change in Net Position of Governmental Activities	\$ 4,266,178
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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, 2014

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>702</u>	<u>703</u>		
	<u>Athletic Camps</u>	<u>Summer School</u>	<u>Total Funds</u>	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 497,724
Investments	-	-	-	4,646,221
Due from other funds	61,699	1,785	63,484	71,894
Total Assets	<u>61,699</u>	<u>1,785</u>	<u>63,484</u>	<u>5,215,839</u>
<u>Liabilities</u>				
Current liabilities:				
Due to other funds	-	-	-	108,660
Unearned revenue	61,699	1,785	63,484	2,500
Accrued expenses	-	-	-	31,690
Total Liabilities	<u>61,699</u>	<u>1,785</u>	<u>63,484</u>	<u>142,850</u>
<u>Net Position</u>				
Unrestricted	-	-	-	5,072,989
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,072,989</u>

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - EXHIBIT D-2
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<u>Operating Revenues</u>				
Charges for services	\$ 78,534	\$ 4,507	\$ 83,041	\$ 5,999,232
Total Operating Revenues	<u>78,534</u>	<u>4,507</u>	<u>83,041</u>	<u>5,999,232</u>
<u>Operating Expenses</u>				
Payroll costs	42,600	4,432	47,032	-
Contractual services	12,599	-	12,599	438,076
Insurance and bonding costs	-	-	-	5,509,554
Other supplies and expenses	14,649	75	14,724	25,580
Other operating costs	8,686	-	8,686	-
Total Operating Expenses	<u>78,534</u>	<u>4,507</u>	<u>83,041</u>	<u>5,973,210</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,022</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest and investment revenue	-	-	-	2,928
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,928</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,950</u>
Beginning net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,044,039</u>
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,072,989</u>

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - EXHIBIT D-3
For the Year Ended June 30, 2014

	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	\$ 78,534	\$ 4,507	\$ 83,041	\$ 5,999,232
Cash payments to suppliers	(35,934)	(75)	(36,009)	(5,971,337)
Cash payments to employees	(42,600)	(4,432)	(47,032)	-
Other receipts	-	-	-	1,967,987
Net Cash Provided by Operating Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,882</u>
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	-	2,928
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,928</u>
Net Increase in Cash and Cash Equivalents	-	-	-	1,998,810
Beginning cash and cash equivalents	-	-	-	3,145,135
Ending Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,143,945</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating income	\$ -	\$ -	\$ -	\$ 26,022
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	(10,740)	4,131	(6,609)	1,953,988
Increase (decrease) in due to other funds	-	-	-	(1,384)
Increase (decrease) in unearned revenue	10,740	(4,131)	6,609	17,256
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,995,882</u>

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
June 30, 2014

	Private-Purpose Trust Fund	Agency Fund
	Augustin Library Endowment	Student Activity
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ 303,270
Total Assets	<u>-</u>	<u>303,270</u>
<u>Liabilities</u>		
Due to student groups	-	303,270
Total Liabilities	<u>-</u>	<u>303,270</u>
<u>Net Position</u>		
Held in trust	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-2
For the Year Ended June 30, 2014

		Private-Purpose Trust Fund
		Augustin Library Endowment
<u>Additions</u>		
Investment earnings:		
Interest		\$ 6
	Total Additions	6
<u>Deductions</u>		
Administrative expenses		14,140
	Total Deductions	14,140
	Change in Net Position	(14,134)
Beginning net position		14,134
	Ending Net Position	\$ -

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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 the Board of Trustees, a seven member group, 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, 2014

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 fund is 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.

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INDEPENDENT SCHOOL DISTRICT
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For the Year Ended June 30, 2014

The District has the following types of proprietary funds:

Enterprise Funds

The enterprise funds are used to account for 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 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:

Private-Purpose Trust Funds

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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.

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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 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, 2014

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	12 to 40 years
Vehicles	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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, 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.

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 type 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.

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

NEW BRAUNFELS
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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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.

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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 and 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.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2014

in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to students and charges to other departments of the District for services provided. Operating expenses for the enterprise fund and internal service fund 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 generally accepted accounting principles (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.

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 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, 2014, the District's investments were as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
Texpool	N/A	\$ 5,106,298	AAAm
Lone Star Investment Pool	N/A	49,787,704	AAA
Texas CLASS	N/A	223	AAAm
		<u>\$ 54,894,225</u>	

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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.

Lone Star Investment Pool

The First Public (Lone Star Investment Pool or Lone Star) is a public funds investment pool operated under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the "Act"). 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, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. Lone Star Investment Pool 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 (the "Act"). 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 the pool (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 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.

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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	\$ -	\$ -	\$ 6,962,096
Construction in progress	91,111	-	(91,111)	-
Total Capital Assets Not Being Depreciated	<u>7,053,207</u>	<u>-</u>	<u>(91,111)</u>	<u>6,962,096</u>
Other capital assets:				
Buildings and improvements	148,101,968	838,203	-	148,940,171
Equipment and vehicles	9,504,362	219,225	-	9,723,587
Total Other Capital Assets	<u>157,606,330</u>	<u>1,057,428</u>	<u>-</u>	<u>158,663,758</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,437,895)	(3,857,293)	-	(34,295,188)
Equipment and vehicles	(6,594,742)	(619,301)	-	(7,214,043)
Total Accumulated Depreciation	<u>(37,032,637)</u>	<u>(4,476,594)</u>	<u>-</u>	<u>(41,509,231)</u>
Other capital assets, net	120,573,693	(3,419,166)	-	117,154,527
Governmental Activities Capital Assets, Net	<u>\$ 127,626,900</u>	<u>\$ (3,419,166)</u>	<u>\$ (91,111)</u>	<u>124,116,623</u>
			Less associated debt	(142,915,607)
			Plus unspent bond proceeds	5,889,925
			Plus deferred charge on refunding	<u>2,663,562</u>
			Net Investment in Capital Assets	<u><u>\$ (10,245,497)</u></u>

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,953,736
12 Instructional resources/media services	74,348
13 Curriculum and staff development	29,137
21 Instructional leadership	722
23 School leadership	51,752
31 Guidance, counseling, and evaluation services	33,506
33 Health services	23,431
34 Student (pupil) transportation	377,327
35 Food service	328,382
36 Extracurricular activities	300,360
41 General administration	33,804
51 Plant maintenance and operations	212,912
52 Security and monitoring services	19,022
53 Data processing services	38,155
Total Depreciation Expense	<u><u>\$ 4,476,594</u></u>

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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 1998	\$ 589,476	\$ -	\$ -	\$ 589,476	\$ 587,476	4.15%
Series 2005	2,774,973	-	-	2,774,973	-	3.50-5.00%
Series 2006	24,385,000	-	(9,440,000)	14,945,000	320,000	4.13-5.00%
Series 2007	17,955,000	-	(1,235,000)	16,720,000	1,280,000	4.00-4.125%
Series 2008	16,229,997	-	(110,000)	16,119,997	115,000	3.375-5.00%
Series 2010	11,100,000	-	(3,420,000)	7,680,000	845,000	3.00-4.00%
Series 2011	29,699,979	-	(150,000)	29,549,979	64,665	2.00-5.00%
Series 2012	23,122,245	-	-	23,122,245	85,000	1.625-5.00%
Series 2012A	9,940,000	-	(520,000)	9,420,000	-	2.00-5.00%
Series 2013	-	9,125,000	-	9,125,000	-	3.00-3.50%
Capital lease	50,783	-	(10,457)	40,326	10,795	0.27%
	<u>135,847,453</u>	<u>9,125,000</u>	<u>(14,885,457)</u>	<u>130,086,996</u>	<u>* 3,307,936</u>	
Other liabilities:						
Compensated absences	834,577	808,707	(751,119)	892,165	802,949	
Net issuance premiums (discounts)	13,398,214	565,035	(1,134,638)	12,828,611	*	-
Accreted interest	<u>13,139,990</u>	<u>-</u>	<u>673,606</u>	<u>13,813,596</u>	<u>-</u>	
Total Governmental Activities	<u>\$ 163,220,234</u>	<u>\$ 10,498,742</u>	<u>\$ (16,097,608)</u>	<u>\$ 157,621,368</u>	<u>\$ 4,110,885</u>	

Long-term liabilities due in more than one year \$ 153,510,483

*Debt associated with capital assets \$ 142,915,607

**Beginning balances have been restated.

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.

Advance Refunding

The District issued \$9,125,000 of unlimited tax refunding bonds, series 2013, to provide resources to purchase direct obligations of the United States of America, of which \$9,774,829 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 2006. As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of

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INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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 \$519,796. 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 \$1,136,930 and a reduction of \$1,363,265 in future debt service payments. At June 30, 2014, \$9,130,000 of the unlimited tax school building bonds, series 2006 was considered defeased relating to the 2013 refunding.

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
2015	\$ 3,299,141	\$ 5,498,581	\$ 8,797,722
2016	4,895,648	5,397,856	10,293,504
2017	5,213,385	5,268,888	10,482,273
2018	7,162,325	5,136,638	12,298,963
2019	7,523,929	4,826,613	12,350,542
2020-2024	42,602,242	18,779,981	61,382,223
2025-2029	36,840,000	9,787,656	46,627,656
2030-2034	16,260,000	3,877,250	20,137,250
2035-2039	6,250,000	448,406	6,698,406
	<u>\$ 130,046,670</u>	<u>\$ 59,021,869</u>	<u>\$ 189,068,539</u>

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

Year Ended June 30	Capital Leases		
	Principal	Interest	Total Requirements
2015	\$ 10,796	\$ 1,128	\$ 11,924
2016	11,144	779	11,923
2017	11,504	418	11,922
2018	6,882	73	6,955
	<u>\$ 40,326</u>	<u>\$ 2,398</u>	<u>\$ 42,724</u>

Software acquired under current capital lease obligations totaled \$55,043 and accumulated depreciation totaled \$16,512.

D. Commitments Under Noncapitalized Leases

During the year, the District expended a total of \$170,825 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.

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

E. Interfund Transactions

The interfund balances and transfers were as follows:

	<u>Due From Other Funds</u>
General fund	
Other governmental funds	\$ 582,190
Internal service funds	108,660
Total General Fund	<u>690,850</u>
Debt service fund	
General fund	14,210
Total Debt Service Fund	<u>14,210</u>
Other governmental funds	
General fund	145,034
Total Other Governmental Funds	<u>145,034</u>
Enterprise funds	
General fund	63,484
Total Enterprise Funds	<u>63,484</u>
Internal service funds	
General fund	71,894
Total Internal Service Funds	<u>71,894</u>
Total	<u><u>\$ 985,472</u></u>

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

F. Restatement of Net Position

The beginning net position for governmental activities has been restated to account for reporting changes related to premiums and deferred loss on refundings for debt. In addition, the general fund and governmental activities fund balance/net position have been restated to write off a liability balance that was carried over from prior years related to unemployment contributions. The internal service fund net position was adjusted to write off a liability balance that was also carried over from prior years related to the dissolution of the District's self-funded health insurance plan.

	<u>Governmental Activities</u>	<u>General</u>	<u>Internal Service</u>
Beginning net position/fund balance - as reported	\$ 20,399,733	\$ 36,070,704	\$ 505,513
Restatement - premium of long-term debt	(2,300,409)	-	-
Restatement - deferred loss on refunding	1,274,798	-	-
Restatement - unemployment liability	101,767	101,767	-
Restatement - accrued expense	275,000	-	275,000
Beginning net position/fund balance - restated	<u><u>\$ 19,750,889</u></u>	<u><u>\$ 36,172,471</u></u>	<u><u>\$ 780,513</u></u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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 anticipates an arbitrage rebate liability in the amount of \$11,671, which did not become due and payable until after year end, and is therefore excluded from the governmental funds balance sheet. The liability is included in the government-wide Statement of Net Position.

C. Pension Plan

Teacher Retirement System

Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and Required Supplementary Information for the System. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778.

Funding Policy

Under provisions in State law, plan members are required to contribute 6.4 percent of their annual covered salary and the State of Texas contributes an amount equal to 6.8 percent of the District's covered payroll for fiscal year 2014, 6.4 percent for fiscal year 2013, and 6.0 percent for fiscal year 2012. The District's employees' contributions to the System for the years ending June 30, 2014, 2013 and 2012 were \$2,544,602, \$2,408,904, and \$2,377,986, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2014, 2013, and 2012 were \$625,238, \$520,586, and \$528,606, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,571,911 during the year.

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 the Teacher Retirement System of Texas (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 web site 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.

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 one 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 2014, 2013, and 2012. 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, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$22,044, \$22,631, and \$26,922, respectively; the active member contributions were \$258,436, \$244,654, and \$241,514, respectively; and the District's contributions were \$218,677, \$207,015, and \$204,358, respectively, which equaled the required contributions each year.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

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, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$107,092, \$101,276, and \$95,790, respectively.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant ages 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended June 30, 2014, the District did not receive any TRS-Care on behalf payments.

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 within a range of \$325 to \$331 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, 2014 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended June 30, 2014, 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 \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2013, the Fund carries a discounted reserve of \$57,050,754 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2014, 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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

of the following year. The Fund's audited financial statements as of August 31, 2013 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, 2014, 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, 2014, 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, 2013 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 service 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 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.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2014

I. Subsequent Event

On July 8, 2014, the District issued \$9,145,000 of unlimited tax refunding bonds, series 2014 for the purpose of refunding a portion of outstanding long-term debt issues in unlimited tax school building bonds, series 2006.

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REQUIRED SUPPLEMENTARY INFORMATION

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, 2014

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local, intermediate, and out-of-state	\$ 33,672,359	\$ 33,718,616	\$ 34,149,980	\$ 431,364
5800	State program revenues	21,176,617	21,176,617	21,967,156	790,539
5900	Federal program revenues	150,000	150,000	777,529	627,529
5020	Total Revenues	<u>54,998,976</u>	<u>55,045,233</u>	<u>56,894,665</u>	<u>1,849,432</u>
Expenditures					
0011	Instruction	34,031,825	33,678,556	31,553,406	2,125,150
0012	Instructional resources/media services	901,153	941,842	816,176	125,666
0013	Curriculum and staff development	560,026	731,550	682,336	49,214
0021	Instructional leadership	591,174	657,723	639,276	18,447
0023	School leadership	3,648,748	3,708,707	3,699,767	8,940
0031	Guidance, counseling, and				
0031	evaluation services	1,770,123	1,831,537	1,815,795	15,742
0032	Social work services	47,192	47,192	40,358	6,834
0033	Health services	771,042	693,046	636,283	56,763
0034	Student (pupil) transportation	1,780,878	1,787,559	1,730,544	57,015
0036	Extracurricular activities	1,249,992	1,371,190	1,365,378	5,812
0041	General administration	1,605,572	1,682,117	1,524,631	157,486
0051	Plant maintenance and operations	6,495,973	6,992,501	6,194,764	797,737
0052	Security and monitoring services	121,800	177,369	129,018	48,351
0053	Data processing services	1,223,600	1,554,626	1,501,453	53,173
0061	Community services	245,159	281,599	262,202	19,397
Debt service:					
0071	Principal	-	10,468	10,457	11
0072	Interest	-	1,466	1,466	-
Capital outlay:					
0081	Facilities acquisition and construction	-	68,000	61,616	6,384
Intergovernmental:					
0099	Other intergovernmental charges	414,184	435,000	430,962	4,038
6030	Total Expenditures	<u>55,458,441</u>	<u>56,652,048</u>	<u>53,095,888</u>	<u>3,556,160</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(459,465)</u>	<u>(1,606,815)</u>	<u>3,798,777</u>	<u>5,405,592</u>
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	3,565	3,565
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,565</u>	<u>3,565</u>
1200	Net Change in Fund Balances	(459,465)	(1,606,815)	3,802,342	5,409,157
0100	Beginning fund balances	36,172,471	36,172,471	36,172,471	-
3000	Ending Fund Balances	<u>\$ 35,713,006</u>	<u>\$ 34,565,656</u>	<u>\$ 39,974,813</u>	<u>\$ 5,409,157</u>

Notes to Required Supplementary Information:

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

***OTHER SUPPLEMENTARY
INFORMATION***

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

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

June 30, 2014

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	17,253	206,322	291,356	5,168
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 17,253</u>	<u>\$ 206,322</u>	<u>\$ 291,356</u>	<u>\$ 5,168</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	17,253	206,322	291,356	5,168
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>17,253</u>	<u>206,322</u>	<u>291,356</u>	<u>5,168</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>\$ 17,253</u>	<u>\$ 206,322</u>	<u>\$ 291,356</u>	<u>\$ 5,168</u>

240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	289 LEP Summer School	385 State Supplemental Visually Impaired
\$ 173,634	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,111	32,686	9,519	-	4,500
-	-	-	-	-	-
33,130	-	-	-	-	-
16,129	-	-	-	-	-
<u>\$ 222,893</u>	<u>\$ 9,111</u>	<u>\$ 32,686</u>	<u>\$ 9,519</u>	<u>\$ -</u>	<u>\$ 4,500</u>
\$ 106	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,111	32,686	9,519	-	4,500
16,129	-	-	-	-	-
<u>16,235</u>	<u>9,111</u>	<u>32,686</u>	<u>9,519</u>	<u>-</u>	<u>4,500</u>
16,129	-	-	-	-	-
190,529	-	-	-	-	-
-	-	-	-	-	-
<u>206,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 222,893</u>	<u>\$ 9,111</u>	<u>\$ 32,686</u>	<u>\$ 9,519</u>	<u>\$ -</u>	<u>\$ 4,500</u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

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

June 30, 2014

		392	397	404	410
Data Control Codes		Noneducational Community Based Support	Advanced Placement Incentives	Student Success Initiative	State Textbook
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	2,960	-	-	-
1260	Due from other funds	-	-	-	145,034
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	\$ 2,960	\$ -	\$ -	\$ 145,034
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	2,960	-	-	-
2300	Unearned revenue	-	-	-	145,034
2000	Total Liabilities	2,960	-	-	145,034
<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	\$ 2,960	\$ -	\$ -	\$ 145,034

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<u>Campus Activity</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 181,807	\$ 355,441
-	578,875
-	145,034
-	33,130
-	16,129
<u>\$ 181,807</u>	<u>\$ 1,128,609</u>
\$ -	\$ 106
3,315	582,190
-	161,163
<u>3,315</u>	<u>743,459</u>
-	16,129
-	190,529
<u>178,492</u>	<u>178,492</u>
<u>178,492</u>	<u>385,150</u>
<u>\$ 181,807</u>	<u>\$ 1,128,609</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, 2014

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	50,753	1,097,312	1,518,134	23,577
5020	Total Revenues	<u>50,753</u>	<u>1,097,312</u>	<u>1,518,134</u>	<u>23,577</u>
Expenditures					
0011	Instruction	2,659	830,561	1,033,386	23,577
0012	Instructional resources/media services	-	22,072	-	-
0013	Curriculum and staff development	-	53,436	21,821	-
0021	Instructional leadership	48,094	39,042	102,966	-
0023	School leadership	-	955	3,171	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	236,382	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	3,350	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0061	Community services	-	151,246	3,636	-
Intergovernmental:					
0093	Shared service arrangements	-	-	113,422	-
6030	Total Expenditures	<u>50,753</u>	<u>1,097,312</u>	<u>1,518,134</u>	<u>23,577</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	289 LEP Summer School	385 State Supplemental Visually Impaired
\$ 1,100,681	\$ -	\$ -	\$ -	\$ -	\$ -
16,115	-	-	-	-	4,500
1,720,022	72,501	225,268	50,286	4,452	-
2,836,818	72,501	225,268	50,286	4,452	4,500
-	8,420	4,173	20,322	4,452	4,500
-	-	-	-	-	-
-	6,885	209,818	29,589	-	-
-	3,550	9,639	375	-	-
-	-	1,638	-	-	-
-	53,646	-	-	-	-
2,919,552	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,919,552	72,501	225,268	50,286	4,452	4,500
(82,734)	-	-	-	-	-
289,392	-	-	-	-	-
\$ 206,658	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2014

		392	397	404	410
Data Control Codes		Noneducational Community Based Support	Advanced Placement Incentives	Student Success Initiative	State Textbook
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	12,130	525	14,081	491,667
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	12,130	525	14,081	491,667
<u>Expenditures</u>					
0011	Instruction	12,130	-	14,081	491,667
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	525	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0061	Community services	-	-	-	-
<u>Intergovernmental:</u>					
0093	Shared service arrangements	-	-	-	-
6030	Total Expenditures	12,130	525	14,081	491,667
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	\$ -	\$ -	\$ -	\$ -

461		Total Nonmajor Governmental Funds	
Campus Activity			
\$	290,821	\$	1,391,502
	-		539,018
	-		4,762,305
	<u>290,821</u>		<u>6,692,825</u>
	158,381		2,608,309
	97,437		119,509
	2,393		324,467
	-		203,666
	19,117		24,881
	73		290,101
	-		2,919,552
	619		3,969
	8		8
	127		127
	482		155,364
	-		113,422
	<u>278,637</u>		<u>6,763,375</u>
	12,184		(70,550)
	166,308		455,700
\$	<u>178,492</u>	\$	<u>385,150</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - EXHIBIT H-3
June 30, 2014

	752	753	771	
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	Total Internal Service Funds
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 496,724	\$ 1,000	\$ 497,724
Investments	-	-	4,646,221	4,646,221
Due from other funds	71,894	-	-	71,894
Total Assets	\$ 71,894	\$ 496,724	\$ 4,647,221	\$ 5,215,839
<u>Liabilities</u>				
Current liabilities:				
Due to other funds	\$ -	\$ 108,660	\$ -	\$ 108,660
Unearned revenue	-	-	2,500	2,500
Accrued expenses	-	-	31,690	31,690
Total Liabilities	-	108,660	34,190	142,850
<u>Net Position</u>				
Unrestricted	71,894	388,064	4,613,031	5,072,989
Total Net Position	\$ 71,894	\$ 388,064	\$ 4,613,031	\$ 5,072,989

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, 2014

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Operating Revenues</u>				
Charges for services	\$ 2,227	\$ 5,352,895	\$ 644,110	\$ 5,999,232
Total Operating Revenues	<u>2,227</u>	<u>5,352,895</u>	<u>644,110</u>	<u>5,999,232</u>
<u>Operating Expenses</u>				
Contractual services	14,560	423,516	-	438,076
Insurance and bonding costs	-	5,321,828	187,726	5,509,554
Other supplies and expenses	<u>1,873</u>	<u>-</u>	<u>23,707</u>	<u>25,580</u>
Total Operating Expenses	<u>16,433</u>	<u>5,745,344</u>	<u>211,433</u>	<u>5,973,210</u>
Operating Income (Loss)	<u>(14,206)</u>	<u>(392,449)</u>	<u>432,677</u>	<u>26,022</u>
<u>Non-Operating Revenues</u>				
Interest and investment revenue	-	-	2,928	2,928
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>2,928</u>	<u>2,928</u>
Change in Net Position	(14,206)	(392,449)	435,605	28,950
Beginning net position	<u>86,100</u>	<u>780,513</u>	<u>4,177,426</u>	<u>5,044,039</u>
Ending Net Position	<u>\$ 71,894</u>	<u>\$ 388,064</u>	<u>\$ 4,613,031</u>	<u>\$ 5,072,989</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - EXHIBIT H-5

For the Year Ended June 30, 2014

	752	753	771	Total
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ 2,227	\$ 5,352,895	\$ 644,110	\$ 5,999,232
Cash payments to suppliers	(14,560)	(5,745,344)	(211,433)	(5,971,337)
Other receipts (payments)	12,333	(1,384)	1,957,038	1,967,987
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>(393,833)</u>	<u>2,389,715</u>	<u>1,995,882</u>
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	2,928	2,928
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>2,928</u>	<u>2,928</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(393,833)	2,392,643	1,998,810
Beginning cash and cash equivalents	-	890,557	2,254,578	3,145,135
Ending Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 496,724</u>	<u>\$ 4,647,221</u>	<u>\$ 5,143,945</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (14,206)	\$ (392,449)	\$ 432,677	\$ 26,022
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	14,206	-	1,939,782	1,953,988
Increase (decrease) in due to other funds	-	(1,384)	-	(1,384)
Increase (decrease) in accrued expenses	-	-	17,256	17,256
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (393,833)</u>	<u>\$ 2,389,715</u>	<u>\$ 1,995,882</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended June 30, 2014

	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 6/30/13
<u>Last Ten Years</u>	<u>Maintenance</u>	<u>Debt Service</u>		
2005 and prior	Various	Various	Various	\$ 129,587
2006	\$ 1.4600	\$ 0.3510	\$ 1,907,346,718	34,111
2007	\$ 1.3425	\$ 0.3100	\$ 2,200,713,406	41,904
2008	\$ 1.0194	\$ 0.3255	\$ 2,470,562,974	46,501
2009	\$ 1.0133	\$ 0.3250	\$ 2,847,540,253	79,539
2010	\$ 1.0133	\$ 0.3258	\$ 2,948,992,994	115,060
2011	\$ 1.0133	\$ 0.3258	\$ 2,906,839,295	142,127
2012	\$ 1.0133	\$ 0.3258	\$ 2,973,189,232	246,687
2013	\$ 1.0133	\$ 0.3258	\$ 3,076,696,139	1,266,559
2014	\$ 1.0133	\$ 0.3258	\$ 3,259,588,231	-
1000 Totals				<u><u>\$ 2,102,075</u></u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/14
\$ -	\$ 4,878	\$ 1,347	(57,185)	\$ 66,177
-	1,028	247	(633)	32,203
-	3,420	790	(1,704)	35,990
-	5,790	1,849	(1,254)	37,608
-	14,245	4,569	(7,091)	53,634
-	24,449	7,861	3,180	85,930
-	21,316	6,854	(9,862)	104,095
-	79,454	25,546	5,682	147,369
-	780,543	250,963	(15,540)	219,513
43,649,146	32,272,746	10,376,454	-	999,946
<u>\$ 43,649,146</u>	<u>\$ 33,207,869</u>	<u>\$ 10,676,480</u>	<u>\$ (84,407)</u>	<u>\$ 1,782,465</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended June 30, 2014

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 1,104,493	\$ 1,104,493	\$ 1,100,681	\$ (3,812)
5800	State program revenues	17,299	17,299	16,115	(1,184)
5900	Federal program revenues	1,773,884	1,773,884	1,720,022	(53,862)
5020	Total Revenues	<u>2,895,676</u>	<u>2,895,676</u>	<u>2,836,818</u>	<u>(58,858)</u>
	<u>Expenditures</u>				
0035	Food service	2,831,000	2,939,000	2,919,552	19,448
6030	Total Expenditures	<u>2,831,000</u>	<u>2,939,000</u>	<u>2,919,552</u>	<u>19,448</u>
1200	Net Change in Fund Balance	64,676	(43,324)	(82,734)	(39,410)
0100	Beginning fund balance	289,392	289,392	289,392	-
3000	Ending Fund Balance	<u>\$ 354,068</u>	<u>\$ 246,068</u>	<u>\$ 206,658</u>	<u>\$ (39,410)</u>

Notes for Supplementary Information:

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - EXHIBIT J-3
For the Year Ended June 30, 2014

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 10,576,534	\$ 10,576,534	\$ 10,792,632	\$ 216,098
5800	State program revenues	-	-	100	100
5020	Total Revenues	<u>10,576,534</u>	<u>10,576,534</u>	<u>10,792,732</u>	<u>216,198</u>
	Expenditures				
	Debt service:				
0071	Principal	5,745,000	5,745,000	5,745,000	-
0072	Interest	5,721,488	5,718,488	5,629,176	89,312
0073	Bond issuance costs and fees	-	167,136	167,136	-
0073	Advance refunding escrow	-	249,436	249,435	1
6030	Total Expenditures	<u>11,466,488</u>	<u>11,880,060</u>	<u>11,790,747</u>	<u>89,313</u>
1100	(Deficiency) of Revenues (Under) Expenditures	<u>(889,954)</u>	<u>(1,303,526)</u>	<u>(998,015)</u>	<u>305,511</u>
	Other Financing Sources (Uses)				
7911	Issuance of bonds	-	9,125,000	9,125,000	-
7916	Premium on issuance of bonds	-	565,035	565,035	-
7949	Other resources	889,954	-	-	-
8949	Payment to bond escrow agent	-	(9,525,394)	(9,525,394)	-
7080	Total Other Financing Sources	<u>889,954</u>	<u>164,641</u>	<u>164,641</u>	<u>-</u>
1200	Net Change in Fund Balance	-	(1,138,885)	(833,374)	305,511
0100	Beginning fund balance	<u>5,028,657</u>	<u>5,028,657</u>	<u>5,028,657</u>	-
3000	Ending Fund Balance	<u>\$ 5,028,657</u>	<u>\$ 3,889,772</u>	<u>\$ 4,195,283</u>	<u>\$ 305,511</u>

Notes for Supplementary Information:

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

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FEDERAL AWARDS SECTION



**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**

October 21, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2014.

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.

Partners

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Compliance and Other Matters

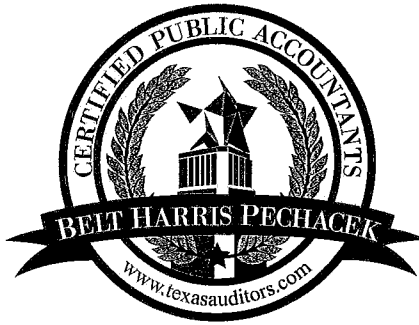
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

October 21, 2014

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

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
84.010
84.367

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I Grants
Title II, Part A

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS –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, 2014

(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	13610101046901	\$ 346,271
ESEA Title I, Part A	84.010	14610101046901	751,041
IDEA B, Formula Grant	84.027	136600010469016000	357,953
IDEA B, Formula Grant	84.027	146600010469016000	1,160,181
IDEA B, Preschool	84.173	136610010469016000	16,551
IDEA B, Preschool	84.173	146610010469016000	7,026
Title III, Part A	84.365	13671001046901	12,161
Title III, Part A	84.365	14671001046901	38,125
Career and Technical, Basic Grant	84.048	14420006046901	72,501
Title II, Part A, Teacher and Principal	84.367	13694501046901	68,987
Title II, Part A, Teacher and Principal	84.367	14694501046901	156,281
<i>Passed Through Education Service Center, Region X</i>			
Education for Homeless Children	84.196	13-004	12,621
Education for Homeless Children	84.196	14-018	38,132
<i>Direct Awards</i>			
LEP Summer School	84.184	69551302	4,452
TOTAL U.S. DEPARTMENT OF EDUCATION			3,042,283
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs*	10.553	71401401	311,148
National School Lunch*	10.555	71301401	1,235,207
USDA Commodities	10.565	046901	173,667
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,720,022
U.S. DEPARTMENT OF DEFENSE			
<i>Passed Through U.S. Army</i>			
Junior ROTC	12.000	046901	\$ 68,464
TOTAL U.S. DEPARTMENT OF DEFENSE			68,464
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,830,769
<i>* Indicates clustered program under OMB Circular A-133 Compliance Supplement</i>			
The accompanying notes are an integral part of this schedule.			
Federal revenue per SEFA			\$ 4,830,769
SHARS			621,734
Indirect Costs			87,331
C-2 Federal revenue			\$ 5,539,834

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, 2014

Data Control Codes		<u>Responses</u>
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? - Was there an unmodified opinion in the annual financial report?	Yes
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the annual financial report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year end?	<u>\$ 13,813,596</u>

