

*ANNUAL FINANCIAL REPORT*

of the

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

For the Year Ended  
June 30, 2013

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# **NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT**

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## *INTRODUCTORY SECTION*



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, 2013, at a meeting of the Board of Trustees of such school district on the 18<sup>th</sup> day of November, 2013.



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, 2013, 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 of material misstatement.

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

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Governmental  
Audit Quality Center

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, 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 and schedules labeled "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
October 11, 2013



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





# **NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT**

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

For the Year Ended June 30, 2013

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, 2013. 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, 2013 was \$20,399,733.
- For the year, the District's general fund reported a total fund balance of \$36,070,704, of which \$56,889 is nonspendable for inventories and prepaid items; \$13,064,405 is committed for land acquisition, construction and technology and equipment; and \$22,949,410 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 \$48,179,945.

### **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, 2013

**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.

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, 2013

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, 2013

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was \$20,399,733 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed net position balance during the year. The District reported an increase of \$491,326 in net position from the prior year. This change can be attributed to the decrease in total expenses. Total revenue decreased by \$829,450 due to a reduction in grants and contributions not restricted for specific programs. In addition, total expenses decreased by \$299,556 due to an increase in instructional and plant maintenance and operation expenses offset by a decrease in interest on long-term debt expenses.

**Table 1**  
**Net Position**

Description	Governmental Activities		Total Change 2013-2012	Business-Type Activities	
	2013	2012		2013	2012
Current assets	\$ 64,367,808	\$ 69,505,635	\$ (5,137,827)	\$ 56,875	\$ 63,996
Capital assets	127,626,900	129,336,992	(1,710,092)	-	-
<b>Total Assets</b>	<b>191,994,708</b>	<b>198,842,627</b>	<b>(6,847,919)</b>	<b>56,875</b>	<b>63,996</b>
Deferred charge on refunding	1,300,493	1,119,825	180,668	-	-
<b>Total Deferred Outflows of Resources</b>	<b>1,300,493</b>	<b>1,119,825</b>	<b>180,668</b>	<b>-</b>	<b>-</b>
Current liabilities	11,975,643	14,657,427	(2,681,784)	56,875	63,996
Long-term liabilities	160,919,825	165,396,618	(4,476,793)	-	-
<b>Total Liabilities</b>	<b>172,895,468</b>	<b>180,054,045</b>	<b>(7,158,577)</b>	<b>56,875</b>	<b>63,996</b>
<b>Net Position:</b>					
Net investment in capital assets	(11,392,981)	(10,636,221)	(756,760)	-	-
Restricted	6,354,242	2,055,978	4,298,264	-	-
Unrestricted	25,438,472	28,488,650	(3,050,178)	-	-
<b>Total Net Position</b>	<b>\$ 20,399,733</b>	<b>\$ 19,908,407</b>	<b>\$ 491,326</b>	<b>\$ -</b>	<b>\$ -</b>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2013

Table 2  
Changes in Net Position

	Governmental Activities		Total Change 2013-2012	Business-Type Activities	
	2013	2012		2013	2012
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 1,458,684	\$ 1,533,399	\$ (74,715)	\$ 73,496	\$ 92,506
Operating grants and contributions	5,455,844	5,824,733	(368,889)	-	-
General revenues:					
Property taxes	40,886,263	40,123,862	762,401	-	-
Grants and contributions not restricted for specific programs	19,427,556	20,783,243	(1,355,687)	-	-
Investment earnings	108,197	82,785	25,412	-	-
Other revenue	972,542	790,514	182,028	-	-
<b>Total Revenue</b>	<b>68,309,086</b>	<b>69,138,536</b>	<b>(829,450)</b>	<b>73,496</b>	<b>92,506</b>
<b>Expenses</b>					
Instruction	35,307,556	33,409,872	1,897,684	6,358	17,757
Instructional resources and media services	1,065,067	974,221	90,846	-	-
Curriculum/instructional staff development	918,096	681,106	236,990	-	-
Instructional leadership	703,898	712,262	(8,364)	-	-
School leadership	3,656,551	3,544,155	112,396	-	-
Guidance, counseling, evaluation services	1,922,507	2,007,365	(84,858)	-	-
Social work services	41,406	58,295	(16,889)	-	-
Health services	631,571	609,438	22,133	-	-
Student (pupil) transportation	2,092,016	2,052,002	40,014	-	-
Food services	3,243,769	3,128,781	114,988	-	-
Extracurricular activities	1,650,181	1,526,533	123,648	67,138	74,749
General administration	1,489,207	1,495,019	(5,812)	-	-
Plant maintenance and operations	6,362,805	5,626,684	736,121	-	-
Security and monitoring services	125,446	94,772	30,674	-	-
Data processing services	1,277,183	1,181,189	95,994	-	-
Community services	393,844	378,733	15,111	-	-
Debt service - interest on long term debt	6,420,817	10,176,709	(3,755,892)	-	-
Payments to fiscal agent/member districts of SSA	101,658	85,893	15,765	-	-
Other intergovernment charges	414,182	374,287	39,895	-	-
<b>Total Expenses</b>	<b>67,817,760</b>	<b>68,117,316</b>	<b>(299,556)</b>	<b>73,496</b>	<b>92,506</b>
<b>Change in Net Position</b>	<b>491,326</b>	<b>1,021,220</b>	<b>(529,894)</b>	<b>-</b>	<b>-</b>
Beginning net position	19,908,407	18,887,187	1,021,220	-	-
<b>Ending Net Position</b>	<b>\$ 20,399,733</b>	<b>\$ 19,908,407</b>	<b>\$ 491,326</b>	<b>\$ -</b>	<b>\$ -</b>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2013

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the close of the fiscal year ending June 30, 2013, the District's combined governmental funds reported a combined fund balance of \$48,179,945. This compares to a combined fund balance of \$52,056,003 at June 30, 2012. The fund balance in the general fund increased primarily due to an increase in revenue from the sale of real property 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, 2013, 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 budgeted revenues exceeded actual revenues by \$332,634 due to a decrease in property tax revenue and the budgeted expenditures exceeded actual expenditures by \$4,452,997 due to a decrease in expenditures for instruction, health services, 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 \$127,626,900 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$2,725,610 invested during the fiscal year ended June 30, 2013.

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

**LONG-TERM DEBT**

At year end, the District had \$135,796,696 in general obligation bonds outstanding and \$50,783 in capital lease obligations versus \$141,498,784 last year. The net decrease of \$5,651,305 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 the notes to the financial statements.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2013

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The 83<sup>rd</sup> Legislature reinstated a portion of a general fund revenue decrease imposed in the 2011 session. As a result of legislative action, partnered with student population growth, a rebounding economy and growing tax base, the District budgeted in 2013-2014 for additional professional and support instructional staff and adjusted contract days as recommended. Student population growth also triggered an additional elementary assistant principal, route bus drivers, and custodians. The 2013-2014 budget included increases based on a salary review conducted by the Texas Association of School Boards (TASB). TASB's salary review recommended a 2.25 percent increase of mid-point on the schedule with specific adjustments. Salary and staffing adjustments as recommended accounted for over \$1.7 million of the \$2.03 million budget increase over the prior year.

The economy of the New Braunfels area continues to be strong and population growth exceeds the state average. Cost of living in the area is approximately 7.6 percent 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 about three 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. Construction has started on a two million square foot medical facility at Christus Santa Rosa. 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.

Unemployment rate in the San Antonio-New Braunfels metropolitan area continues to be lower than the overall state unemployment rate - 6 percent in the New Braunfels area versus 6.5 percent statewide. The unemployment rate in New Braunfels has improved since the rate hit 7 percent following layoffs at The Scooter Store.

The District's general fund budgeted expenditures for the 2013-2014 school year total \$55,458,441 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.





## ***BASIC FINANCIAL STATEMENTS***

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# NEW BRAUNFELS

## INDEPENDENT SCHOOL DISTRICT

### STATEMENT OF NET POSITION - EXHIBIT A-1

June 30, 2013

Data Control Codes		1 Governmental Activities	2 Business-Type Activities	3 Total
	<b><u>Assets</u></b>			
1110	Cash and cash equivalents	\$ 1,849,517	\$ -	\$ 1,849,517
1120	Investments	56,104,219	-	56,104,219
1225	Property taxes receivable (net)	1,851,398	-	1,851,398
1240	Due from other governments	4,458,174	-	4,458,174
1260	Internal balances	(56,875)	56,875	-
1290	Other receivables (net)	53,238	-	53,238
1300	Inventories	101,289	-	101,289
1410	Prepaid items	6,848	-	6,848
		<u>64,367,808</u>	<u>56,875</u>	<u>64,424,683</u>
	Capital assets:			
1510	Land	6,962,096	-	6,962,096
1520	Buildings and improvements, net	117,664,073	-	117,664,073
1530	Equipment and vehicles, net	2,909,620	-	2,909,620
		<u>127,626,900</u>	<u>-</u>	<u>127,626,900</u>
1000	Total Assets	<u>191,994,708</u>	<u>56,875</u>	<u>192,051,583</u>
	<b><u>Deferred Outflows of Resources</u></b>			
1700	Deferred charge on refunding	1,300,493	-	1,300,493
	<b><u>Liabilities</u></b>			
2110	Accounts payable	1,026,231	-	1,026,231
2140	Interest payable	2,392,572	-	2,392,572
2165	Accrued liabilities	4,891,792	-	4,891,792
2180	Due to other governments	3,556,636	-	3,556,636
2300	Unearned revenue	108,412	56,875	165,287
		<u>11,975,643</u>	<u>56,875</u>	<u>12,032,518</u>
	Noncurrent liabilities:			
2501	Long-term liabilities due within			
2501	one year	6,506,576	-	6,506,576
2502	Long-term liabilities due in more			
2502	than one year	154,413,249	-	154,413,249
2000	Total Liabilities	<u>172,895,468</u>	<u>56,875</u>	<u>172,952,343</u>
	<b><u>Net Position</u></b>			
3200	Net investment in capital assets	(11,392,981)	-	(11,392,981)
	Restricted for:			
3820	Federal and state programs	238,144	-	238,144
3850	Debt service	5,949,790	-	5,949,790
3870	Campus activities	166,308	-	166,308
3900	Unrestricted	25,438,472	-	25,438,472
3000	Total Net Position	<u>\$ 20,399,733</u>	<u>\$ -</u>	<u>\$ 20,399,733</u>

See Notes to Financial Statements.

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended June 30, 2013

Data Control Codes	Functions/Programs	1  Expenses	Program Revenues	
			3  Charges for Services	4  Operating Grants and Contributions
	<b>Primary Government</b>			
	<b>Governmental Activities</b>			
11	Instruction	\$ 35,307,556	\$ 98,544	\$ 2,352,936
12	Instructional resources			
12	and media services	1,065,067	-	163,829
13	Curriculum/instructional staff development	918,096	-	312,777
21	Instructional leadership	703,898	-	137,638
23	School leadership	3,656,551	-	452
31	Guidance, counseling,			
31	evaluation services	1,922,507	-	312,734
32	Social work services	41,406	-	-
33	Health services	631,571	-	104,653
34	Student (pupil) transportation	2,092,016	-	-
35	Food services	3,243,769	1,113,280	1,821,757
36	Extracurricular activities	1,650,181	246,860	2,778
41	General administration	1,489,207	-	-
51	Plant maintenance and operations	6,362,805	-	-
52	Security and monitoring services	125,446	-	-
53	Data processing services	1,277,183	-	-
61	Community services	393,844	-	144,632
72	Debt service - interest on long term debt	6,420,817	-	-
93	Payments to fiscal agent/member			
93	districts of SSA	101,658	-	101,658
99	Other intergovernment charges	414,182	-	-
TG	<b>Total Governmental Activities</b>	<u>67,817,760</u>	<u>1,458,684</u>	<u>5,455,844</u>
	<b>Business-Type Activities</b>			
01	Athletic camps	67,138	67,138	-
02	Summer school	6,358	6,358	-
TB	<b>Total Business-Type Activities</b>	<u>73,496</u>	<u>73,496</u>	<u>-</u>
TP	<b>Total Primary Government</b>	<u>\$ 67,891,256</u>	<u>\$ 1,532,180</u>	<u>\$ 5,455,844</u>
	<b>General Revenues</b>			
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	<b>Total General Revenues</b>			
CN	<b>Change in Net Position</b>			
NB	Beginning net position			
NE	<b>Ending Net Position</b>			

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (32,856,076)	\$ -	\$ (32,856,076)
(901,238)	-	(901,238)
(605,319)	-	(605,319)
(566,260)	-	(566,260)
(3,656,099)	-	(3,656,099)
(1,609,773)	-	(1,609,773)
(41,406)	-	(41,406)
(526,918)	-	(526,918)
(2,092,016)	-	(2,092,016)
(308,732)	-	(308,732)
(1,400,543)	-	(1,400,543)
(1,489,207)	-	(1,489,207)
(6,362,805)	-	(6,362,805)
(125,446)	-	(125,446)
(1,277,183)	-	(1,277,183)
(249,212)	-	(249,212)
(6,420,817)	-	(6,420,817)
-	-	-
(414,182)	-	(414,182)
(60,903,232)	-	(60,903,232)
-	-	-
-	-	-
-	-	-
(60,903,232)	-	(60,903,232)
30,954,600	-	30,954,600
9,931,663	-	9,931,663
19,427,556	-	19,427,556
108,197	-	108,197
972,542	-	972,542
61,394,558	-	61,394,558
491,326	-	491,326
19,908,407	-	19,908,407
\$ 20,399,733	\$ -	\$ 20,399,733

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2013

Data Control Codes		10	50	60	Other Governmental Funds
		General	Debt Service	Capital Projects	
<b>Assets:</b>					
1110	Cash and cash equivalents	\$ 782,669	\$ -	\$ -	\$ 175,291
1120	Investments	44,093,231	2,259,625	7,497,785	-
1220	Taxes receivable	1,598,280	503,795	-	-
1230	Allowance for uncollectible taxes	(195,212)	(55,465)	-	-
1240	Due from other governments	3,959,882	-	-	498,292
1260	Due from other funds	611,338	2,769,032	137,579	235,074
1290	Other receivables	1,619	-	-	51,619
1300	Inventories	50,041	-	-	51,248
1410	Prepaid items	6,848	-	-	-
1000	<b>Total Assets</b>	<u>\$ 50,908,696</u>	<u>\$ 5,476,987</u>	<u>\$ 7,635,364</u>	<u>\$ 1,011,524</u>
<b>Liabilities:</b>					
2110	Accounts payable	\$ -	\$ -	\$ 1,010,480	\$ 106
2150	Payroll deductions payable	396,074	-	-	-
2160	Accrued wages payable	4,206,284	-	-	-
2170	Due to other funds	5,224,442	-	-	501,294
2180	Due to other governments	3,556,636	-	-	-
2300	Unearned revenue	51,488	-	-	54,424
2000	<b>Total Liabilities</b>	<u>13,434,924</u>	<u>-</u>	<u>1,010,480</u>	<u>555,824</u>
<b>Deferred Inflows of Resources:</b>					
2600	Unavailable revenue - property taxes	<u>1,403,068</u>	<u>448,330</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Non-spendable:					
3410	Inventories	50,041	-	-	51,248
3430	Prepaid items	6,848	-	-	-
Restricted:					
3450	Grant funds	-	-	-	238,144
3470	Capital acquisitions and contracts	-	-	6,624,884	-
3480	Debt service	-	5,028,657	-	-
3490	Other restrictions of fund balance	-	-	-	166,308
Committed:					
3510	Construction	10,496,000	-	-	-
3530	Capital expenditures for equipment	2,568,405	-	-	-
3600	Unassigned	22,949,410	-	-	-
3000	<b>Total Fund Balances</b>	<u>36,070,704</u>	<u>5,028,657</u>	<u>6,624,884</u>	<u>455,700</u>
4000	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 50,908,696</u>	<u>\$ 5,476,987</u>	<u>\$ 7,635,364</u>	<u>\$ 1,011,524</u>

See Notes to Financial Statements.

98  
Total  
Governmental  
Funds

---

\$	957,960
	53,850,641
	2,102,075
	(250,677)
	4,458,174
	3,753,023
	53,238
	101,289
	6,848
\$	<u>65,032,571</u>

\$	1,010,586
	396,074
	4,206,284
	5,725,736
	3,556,636
	<u>105,912</u>
	<u>15,001,228</u>

	<u>1,851,398</u>
--	------------------

	101,289
	6,848

	238,144
	6,624,884
	5,028,657
	166,308

	10,496,000
	2,568,405
	<u>22,949,410</u>
	<u>48,179,945</u>

\$	<u>65,032,571</u>
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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, 2013

Total fund balances for governmental funds \$ 48,179,945

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	7,053,207	
Capital assets - depreciable	120,573,693	
	127,626,900	127,626,900

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		1,851,398
---	--	-----------

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		4,769,039
--	--	-----------

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

Accrued interest	(2,392,572)	
Deferred charge on refunding	1,300,493	
Arbitrage rebate	(15,645)	
Non-current liabilities due in one year	(6,506,576)	
Non-current liabilities due in more than one year	(154,413,249)	
	(162,027,549)	(162,027,549)

<b>Net Position of Governmental Activities</b>		<b>\$ 20,399,733</b>
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See Notes to Financial Statements.

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS - EXHIBIT C-2

For the Year Ended June 30, 2013

Data Control Codes		10 <u>General</u>	50 <u>Debt Service</u>	60 <u>Capital Projects</u>	Other Governmental <u>Funds</u>
	<b><u>Revenues</u></b>				
5700	Local, intermediate, and out-of-state	\$ 31,797,652	\$ 10,025,565	\$ 18,441	\$ 1,421,491
5800	State program revenues	18,999,588	-	-	624,239
5900	Federal program revenues	427,968	-	-	4,831,605
5020	<b>Total Revenues</b>	<u>51,225,208</u>	<u>10,025,565</u>	<u>18,441</u>	<u>6,877,335</u>
	<b><u>Expenditures</u></b>				
0011	Instruction	30,232,442	-	24,272	2,480,568
0012	Instructional resources/media services	738,234	-	-	252,485
0013	Curriculum and staff development	574,813	-	-	314,146
0021	Instructional leadership	566,260	-	-	137,638
0023	School leadership	3,584,699	-	-	22,301
0031	Guidance, counseling, and				
0031	evaluation services	1,576,267	-	-	312,734
0032	Social work services	41,406	-	-	-
0033	Health services	503,388	-	99	104,653
0034	Student (pupil) transportation	1,681,669	-	-	-
0035	Food service	-	-	-	2,916,509
0036	Extracurricular activities	1,346,956	-	-	5,129
0041	General administration	1,455,328	-	-	236
0051	Plant maintenance and operations	6,161,176	-	-	335
0052	Security and monitoring services	122,389	-	-	-
0053	Data processing services	1,242,795	-	-	-
0061	Community services	249,156	-	-	144,688
	<b>Debt service:</b>				
0071	Principal	4,260	3,647,088	-	-
0072	Interest	708	8,260,764	-	-
0073	Bond issuance costs and fees	-	170,532	-	-
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	70,129	-	3,011,341	-
	<b>Intergovernmental:</b>				
0093	Shared service arrangements	-	-	-	101,658
0099	Other intergovernmental charges	414,182	-	-	-
6030	<b>Total Expenditures</b>	<u>50,566,257</u>	<u>12,078,384</u>	<u>3,035,712</u>	<u>6,793,080</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>658,951</u>	<u>(2,052,819)</u>	<u>(3,017,271)</u>	<u>84,255</u>
	<b><u>Other Financing Sources (Uses)</u></b>				
7911	Issuance of bonds	-	9,940,000	-	-
7912	Sale of real or personal property	508,436	-	-	-
7913	Proceeds from capital leases	55,043	-	-	-
7916	Premium on issuance of bonds	-	2,230,732	-	-
8949	Payment to bond escrow agent	-	(12,283,385)	-	-
7080	<b>Total Other Financing Sources (Uses)</b>	<u>563,479</u>	<u>(112,653)</u>	<u>-</u>	<u>-</u>
1200	<b>Net Change in Fund Balances</b>	1,222,430	(2,165,472)	(3,017,271)	84,255
0100	Beginning fund balances	34,848,274	7,194,129	9,642,155	371,445
3000	<b>Ending Fund Balances</b>	<u>\$ 36,070,704</u>	<u>\$ 5,028,657</u>	<u>\$ 6,624,884</u>	<u>\$ 455,700</u>

See Notes to Financial Statements.

98	
Total	
Governmental	
Funds	
<hr/>	
\$	43,263,149
	19,623,827
	5,259,573
	<hr/>
	68,146,549
	<hr/>
	32,737,282
	990,719
	888,959
	703,898
	3,607,000
	1,889,001
	41,406
	608,140
	1,681,669
	2,916,509
	1,352,085
	1,455,564
	6,161,511
	122,389
	1,242,795
	393,844
	3,651,348
	8,261,472
	170,532
	3,081,470
	101,658
	414,182
	<hr/>
	72,473,433
	<hr/>
	(4,326,884)
	<hr/>
	9,940,000
	508,436
	55,043
	2,230,732
	<hr/>
	(12,283,385)
	<hr/>
	450,826
	<hr/>
	(3,876,058)
	52,056,003
	<hr/>
\$	48,179,945
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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, 2013

Net changes in fund balances - total governmental funds \$ (3,876,058)

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	(4,435,702)
Capital outlay (net of disposed assets)	2,725,610

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

150,101

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	(9,940,000)
Capital lease proceeds	(55,043)
Principal repayments	15,646,348
Accrued interest	921,133
Amortization of loss on bond refunding	180,668
Amortization of premiums	(1,861,370)
Accreted interest	829,104

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	(142,246)
Arbitrage rebate	(695)

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.

349,476

**Change in Net Position of Governmental Activities \$ 491,326**

See Notes to Financial Statements.



# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUNDS - EXHIBIT D-1

June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 891,557
Investments	-	-	-	2,253,578
Due from other funds	50,959	5,916	56,875	2,025,882
<b>Total Assets</b>	<u>50,959</u>	<u>5,916</u>	<u>56,875</u>	<u>5,171,017</u>
<b><u>Liabilities</u></b>				
Current liabilities:				
Due to other funds	-	-	-	110,044
Unearned revenue	50,959	5,916	56,875	2,500
Accrued expenses	-	-	-	289,434
<b>Total Liabilities</b>	<u>50,959</u>	<u>5,916</u>	<u>56,875</u>	<u>401,978</u>
<b><u>Net Position</u></b>				
Unrestricted	-	-	-	4,769,039
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,769,039</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 67,138	\$ 6,358	\$ 73,496	\$ 5,578,912
<b>Total Operating Revenues</b>	<u>67,138</u>	<u>6,358</u>	<u>73,496</u>	<u>5,578,912</u>
<b><u>Operating Expenses</u></b>				
Payroll costs	34,399	5,685	40,084	-
Contractual services	3,230	-	3,230	437,296
Insurance and bonding costs	-	-	-	4,736,995
Other supplies and expenses	19,851	673	20,524	59,257
Other operating costs	9,658	-	9,658	-
<b>Total Operating Expenses</b>	<u>67,138</u>	<u>6,358</u>	<u>73,496</u>	<u>5,233,548</u>
<b>Operating Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,364</u>
<b><u>Non-Operating Revenues</u></b>				
Interest and investment revenue	-	-	-	4,112
<b>Total Non-Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,112</u>
<b>Change in Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,476</u>
Beginning net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,419,563</u>
<b>Ending Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,769,039</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	702	703		Activities -
	Athletic	Summer		Internal
	Camps	School	Total Funds	Service
				Funds
<b><u>Cash Flows from Operating Activities</u></b>				
Cash received from customers	\$ 67,138	\$ 6,358	\$ 73,496	\$ 5,578,912
Cash payments to suppliers	(32,739)	(673)	(33,412)	(5,229,674)
Cash payments to employees	(34,399)	(5,685)	(40,084)	-
Other receipts	-	-	-	(619,289)
Net Cash (Used) by Operating Activities	-	-	-	(270,051)
<b><u>Cash Flows From Investing Activities</u></b>				
Interest and dividends	-	-	-	4,112
Net Cash Provided by Investing Activities	-	-	-	4,112
Net (Decrease) in Cash and Cash Equivalents	-	-	-	(265,939)
Beginning cash and cash equivalents	-	-	-	3,411,074
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 3,145,135
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income	\$ -	\$ -	\$ -	\$ 345,364
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
<b>Change in Assets and Liabilities:</b>				
(Increase) decrease in due from other funds	6,688	433	7,121	(596,866)
Increase (decrease) in due to other funds	-	-	-	(4,548)
Increase (decrease) in unearned revenue	(6,688)	(433)	(7,121)	(14,001)
Net Cash (Used) by Operating Activities	\$ -	\$ -	\$ -	\$ (270,051)

See Notes to Financial Statements.

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUNDS - EXHIBIT E-1*

June 30, 2013

	Private-Purpose Trust Fund	Agency Fund
	Augustin Library Endowment	Student Activity
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ -	\$ 347,507
Investments, at fair value	14,134	-
<b>Total Assets</b>	<u>14,134</u>	<u>347,507</u>
<b><u>Liabilities</u></b>		
Due to student groups	-	347,507
<b>Total Liabilities</b>	<u>-</u>	<u>347,507</u>
<b><u>Net Position</u></b>		
Held in trust	14,134	-
<b>Total Net Position</b>	<u>\$ 14,134</u>	<u>\$ -</u>

See Notes to Financial Statements.



**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
*FIDUCIARY FUNDS - EXHIBIT E-2*  
For the Year Ended June 30, 2013

	Private-Purpose Trust Fund
	Augustin Library Endowment
<u>Additions</u>	
Investment earnings:	
Interest	\$ 29
Total Additions	<u>29</u>
Change in Net Position	29
Beginning net position	<u>14,105</u>
Ending Net Position	<u>\$ 14,134</u>

See Notes to Financial Statements.





**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS*  
For the Year Ended June 30, 2013

**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, which is in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as revised by GASB Statement No. 39.

**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, 2013

**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 accounts for all financial resources of the general government, except those required to be accounted for 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 the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted 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. The District has the following types of proprietary funds:

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**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**Enterprise Funds**

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. 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 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

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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

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 investments with maturity of three months or less when purchased to be cash equivalents.

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For the Year Ended June 30, 2013

**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 Governmental 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
- 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, 2013

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. 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, 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.

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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**8. 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.

**9. 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.

**10. 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).

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 is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

**11. 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

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For the Year Ended June 30, 2013

and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**12. 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 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 customers for sales and services. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. 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.



# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

### For the Year Ended June 30, 2013

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.

At year end, the District's investments were as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
Texpool	N/A	\$ 5,104,422	AAAm
Lone Star Investment Pool	N/A	51,013,707	AAA
Texas CLASS	N/A	222	AAAm
		<u>\$ 56,118,351</u>	

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**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
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,458,096	\$ -	\$ (496,000)	\$ 6,962,096
Construction in progress	-	91,111	-	91,111
<b>Total Capital Assets Not Being Depreciated</b>	<u>7,458,096</u>	<u>91,111</u>	<u>(496,000)</u>	<u>7,053,207</u>
Other capital assets:				
Buildings and improvements	145,282,771	2,819,197	-	148,101,968
Equipment and vehicles	9,193,060	311,302	-	9,504,362
<b>Total Other Capital Assets</b>	<u>154,475,831</u>	<u>3,130,499</u>	<u>-</u>	<u>157,606,330</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,644,629)	(3,793,266)	-	(30,437,895)
Equipment and vehicles	(5,952,306)	(642,436)	-	(6,594,742)
<b>Total Accumulated Depreciation</b>	<u>(32,596,935)</u>	<u>(4,435,702)</u>	<u>-</u>	<u>(37,032,637)</u>
Other capital assets, net	121,878,896	(1,305,203)	-	120,573,693
<b>Totals</b>	<u>\$ 129,336,992</u>	<u>\$ (1,214,092)</u>	<u>\$ (496,000)</u>	<u>127,626,900</u>
			Less associated debt	(146,945,258)
			Plus unspent bond proceeds	6,624,884
			Plus deferred charge on refunding	<u>1,300,493</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ (11,392,981)</u>

Depreciation was charged to governmental functions as follows:

	<b>Governmental Activities</b>
11 Instruction	\$ 2,917,644
12 Instructional resources/media services	74,348
13 Curriculum and staff development	29,137
23 School leadership	49,551
31 Guidance, counseling, and evaluation services	33,506
33 Health services	23,431
34 Student (pupil) transportation	410,347
35 Food service	327,260
36 Extracurricular activities	298,096
41 General administration	33,643
51 Plant maintenance and operations	201,294
52 Security and monitoring services	3,057
53 Data processing services	34,388
<b>Total Depreciation Expense</b>	<u>\$ 4,435,702</u>

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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
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**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 debt service fund 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 1995	\$ 795,775	\$ -	\$ (795,775)	\$ -	\$ -	0.00%
Series 1998	589,476	-	-	589,476	-	4.15%
Series 2004	175,000	-	(175,000)	-	-	4.00-4.50%
Series 2005	15,629,973	-	(12,855,000)	2,774,973	-	3.50-5.00%
Series 2006	24,680,000	-	(295,000)	24,385,000	310,000	4.13-5.00%
Series 2007	18,236,313	-	(281,313)	17,955,000	1,235,000	4.00-4.125%
Series 2008	16,334,997	-	(105,000)	16,229,997	110,000	3.375-5.00%
Series 2010	12,085,005	-	(985,000)	11,100,005	3,420,000	3.00-4.00%
Series 2011	29,850,000	-	(150,000)	29,700,000	150,000	2.00-5.00%
Series 2012	23,122,245	-	-	23,122,245	-	1.625-5.00%
Series 2012A	-	9,940,000	-	9,940,000	520,000	2.00-5.00%
Capital lease	-	55,043	(4,260)	50,783	10,457	0.27%
	<u>141,498,784</u>	<u>9,995,043</u>	<u>(15,646,348)</u>	<u>135,847,479</u>	<u>5,755,457</u>	
Other liabilities:						
Compensated absences	692,331	765,344	(623,098)	834,577	751,119	
Net issuance premiums (discounts)	9,236,409	2,230,732	(369,362)	11,097,779	*	-
Accreted interest	<u>13,969,094</u>	<u>-</u>	<u>(829,104)</u>	<u>13,139,990</u>	<u>-</u>	
<b>Total Governmental Activities</b>	<u>\$ 165,396,618</u>	<u>\$ 12,991,119</u>	<u>\$ (17,467,912)</u>	<u>\$ 160,919,825</u>	<u>\$ 6,506,576</u>	
<b>Long-term liabilities due in more than one year</b>				<u>\$ 154,413,249</u>		
<b>*Debt associated with capital assets</b>				<u>\$ 146,945,258</u>		

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

Current Refunding

The government issued \$9,940,000 of unlimited tax refunding bonds, series 2012A, to provide resources to purchase direct obligations of the United States of America, of which \$12,283,385 were 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 refunding bonds, series 2005.

# NEW BRAUNFELS

## INDEPENDENT SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2013

As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of the liability has been removed from the applicable governmental columns in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$288,385. This amount is being netted against the new debt and amortized over the remaining life of the old debt issued. The current refunding resulted in an economic gain of \$2,253,726 and a reduction of \$2,349,787 in future debt service payments. At June 30, 2013, \$11,995,000 of the unlimited tax refunding bonds, series 2005 was considered defeased relating to the 2012A 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
2014	\$ 5,745,000	\$ 5,809,826	\$ 11,554,826
2015	3,299,141	5,630,151	8,929,292
2016	4,895,648	5,529,426	10,425,074
2017	5,213,385	5,400,458	10,613,843
2018	7,162,325	5,268,208	12,430,533
2019-2023	41,580,180	20,850,458	62,430,638
2024-2028	39,551,017	11,485,356	51,036,373
2029-2033	18,530,000	4,209,363	22,739,363
2034-2037	9,820,000	668,875	10,488,875
	<u>\$ 135,796,696</u>	<u>\$ 64,852,121</u>	<u>\$ 200,648,817</u>

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

Year Ended June 30	Capital Leases		
	Principal	Interest	Total Requirements
2014	\$ 10,457	\$ 1,466	\$ 11,923
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>\$ 50,783</u>	<u>\$ 3,864</u>	<u>\$ 54,647</u>

Software acquired under current capital lease obligations totaled \$55,043 and accumulated depreciation totaled \$5,504.

#### D. Commitments Under Noncapitalized Leases

During the year, the District expended a total of \$197,761 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.

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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**E. Interfund Transactions**

The interfund balances and transfers were as follows:

	<u>Due From Other Funds</u>
General fund	
Other governmental funds	\$ 501,294
Internal service funds	110,044
<b>Total General Fund</b>	<u>611,338</u>
Debt service fund	
General fund	2,769,032
<b>Total Debt Service Fund</b>	<u>2,769,032</u>
Capital projects fund	
General fund	137,579
<b>Total Capital Projects Fund</b>	<u>137,579</u>
Other governmental funds	
General fund	235,074
<b>Total Other Governmental Funds</b>	<u>235,074</u>
Enterprise funds	
General fund	56,875
<b>Total Enterprise Funds</b>	<u>56,875</u>
Internal service funds	
General fund	2,025,882
<b>Total Internal Service Funds</b>	<u>2,025,882</u>
<b>Total</b>	<u><u>\$ 5,835,780</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**

During the fiscal year ending June 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 reclassified costs associated with bond issuance as expenses of the current period. Consequently, the District is restating net position for fiscal year 2012 to reflect the write-off of unamortized bond issuance costs. The beginning balance of net position was restated as follows:

	<u>Governmental Activities</u>
Beginning net position - as reported	\$ 20,480,269
Restatement - bond issuance costs	(571,862)
Beginning net position - restated	<u><u>\$ 19,908,407</u></u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**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 \$15,645, 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, 2013

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 District. 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 6.4 percent of the District's covered payroll for fiscal year 2013, 6.0 percent for fiscal year 2012, and 6.644 percent for fiscal year 2011. The District's employees' contributions to the System for the years ending June 30, 2013, 2012 and 2011 were \$2,408,904, \$2,377,986, and \$2,568,876, 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, 2013, 2012, and 2011 were \$520,586, \$528,606, and \$771,728, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,125,278 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](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 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 2013, 2012, and 2011. 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, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$22,631, \$26,922, and \$49,652, respectively; the active member contributions were \$244,654, \$241,514, and \$260,901, respectively; and the District's contributions were \$207,015, \$204,358, and \$220,763, respectively, which equaled the required contributions each year.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

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, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$145,434, \$95,790, and \$93,865, 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, 2013, the District did not receive any TRS-Care on behalf.

**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 \$298 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, 2013 and terms of coverage and premiums costs are included in the contractual provisions.

**F. Workers' Compensation Insurance**

During the year ended June 30, 2013, 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 and their 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, 2012, the Fund carries a discounted reserve of \$68,883,628 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2013, 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, 2013

of the following year. The Fund's audited financial statements as of August 31, 2012 are available at the Texas Association of School Boards' offices and have been filed with the Texas Department of Insurance in Austin.

**G. Unemployment Compensation**

During the year ended June 30, 2013, 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.

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, 2012 are available at the Texas Association of School Boards' offices and have been filed with the Texas Department of Insurance in Austin.

**H. Property Program**

During the year ended June 30, 2013, the District participated in the TASB Risk Management Fund's (the "Fund") Auto Program with coverage for auto physical damage.

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Auto Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012 are available at the Texas Association of School Boards' offices and have been filed with the Texas Department of Insurance in Austin.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2013

**I. Liability Program**

During the year ended June 30, 2013, the District participated in the TASB Risk Management Fund's (the "Fund") Liability Program with coverage in general liability, sexual misconduct endorsement, and school professional legal liability.

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012 are available at the Texas Association of School Boards' offices and have been filed with the Texas Department of Insurance in Austin.

**J. 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.

***REQUIRED SUPPLEMENTARY INFORMATION***

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE*  
*BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1*  
For the Year Ended June 30, 2013

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 32,427,278	\$ 32,427,278	\$ 31,797,652	\$ (629,626)
5800	State program revenues	17,165,551	18,980,564	18,999,588	19,024
5900	Federal program revenues	150,000	150,000	427,968	277,968
5020	<b>Total Revenues</b>	<u>49,742,829</u>	<u>51,557,842</u>	<u>51,225,208</u>	<u>(332,634)</u>
	<b>Expenditures</b>				
0011	Instruction	32,379,943	33,526,893	30,232,442	3,294,451
0012	Instructional resources/media services	870,868	922,650	738,234	184,416
0013	Curriculum and staff development	560,703	588,358	574,813	13,545
0021	Instructional leadership	591,197	575,410	566,260	9,150
0023	School leadership	3,579,048	3,584,279	3,584,699	(420)
0031	Guidance, counseling, and				
0031	evaluation services	1,761,282	1,766,943	1,576,267	190,676
0032	Social work services	47,192	47,192	41,406	5,786
0033	Health services	771,042	771,042	503,388	267,654
0034	Student (pupil) transportation	1,731,218	1,731,218	1,681,669	49,549
0036	Extracurricular activities	1,228,364	1,361,527	1,346,956	14,571
0041	General administration	1,600,572	1,600,572	1,455,328	145,244
0051	Plant maintenance and operations	6,320,348	6,433,338	6,161,176	272,162
0052	Security and monitoring services	111,300	126,760	122,389	4,371
0053	Data processing services	1,223,600	1,248,600	1,242,795	5,805
0061	Community services	245,159	250,159	249,156	1,003
	<b>Debt service:</b>				
0071	Principal	-	-	4,260	(4,260)
0072	Interest	-	-	708	(708)
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	70,129	70,129	-
	<b>Intergovernmental:</b>				
0099	Other intergovernmental charges	397,226	414,184	414,182	2
6030	<b>Total Expenditures</b>	<u>53,419,062</u>	<u>55,019,254</u>	<u>50,566,257</u>	<u>4,452,997</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,676,233)</u>	<u>(3,461,412)</u>	<u>658,951</u>	<u>4,120,363</u>
	<b>Other Financing Sources</b>				
7912	Sale of real or personal property	-	-	508,436	508,436
7913	Proceeds from capital leases	-	-	55,043	55,043
7080	<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>563,479</u>	<u>563,479</u>
1200	<b>Net Change in Fund Balances</b>	<u>(3,676,233)</u>	<u>(3,461,412)</u>	<u>1,222,430</u>	<u>4,683,842</u>
0100	Beginning fund balances	34,848,274	34,848,274	34,848,274	-
3000	<b>Ending Fund Balances</b>	<u>\$ 31,172,041</u>	<u>\$ 31,386,862</u>	<u>\$ 36,070,704</u>	<u>\$ 4,683,842</u>

Notes to Required Supplementary Information:

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

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***OTHER SUPPLEMENTARY  
INFORMATION***

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

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

June 30, 2013

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
<b><u>Assets</u></b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	6,527	195,649	178,407	8,305
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 6,527</u>	<u>\$ 195,649</u>	<u>\$ 178,407</u>	<u>\$ 8,305</u>
<b><u>Liabilities</u></b>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	6,527	195,649	178,407	8,305
2300	Unearned revenue	-	-	-	-
2000	<b>Total Liabilities</b>	<u>6,527</u>	<u>195,649</u>	<u>178,407</u>	<u>8,305</u>
<b><u>Fund Balances</u></b>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,527</u>	<u>\$ 195,649</u>	<u>\$ 178,407</u>	<u>\$ 8,305</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	287 Education Jobs	289 Alcohol Reduction
\$ 5,981	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,580	62,182	23,399	-	-
231,898	-	-	-	-	-
51,619	-	-	-	-	-
51,248	-	-	-	-	-
<u>\$ 340,746</u>	<u>\$ 8,580</u>	<u>\$ 62,182</u>	<u>\$ 23,399</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 106	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,580	62,182	23,399	-	-
51,248	-	-	-	-	-
<u>51,354</u>	<u>8,580</u>	<u>62,182</u>	<u>23,399</u>	<u>-</u>	<u>-</u>
51,248	-	-	-	-	-
238,144	-	-	-	-	-
-	-	-	-	-	-
<u>289,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 340,746</u>	<u>\$ 8,580</u>	<u>\$ 62,182</u>	<u>\$ 23,399</u>	<u>\$ -</u>	<u>\$ -</u>

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

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

June 30, 2013

Data Control Codes		385 State Supplemental Visually Impaired	392 Noneducational Community Based Support	397 Advanced Placement Incentives	404 Student Success Initiative
	<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	4,000	7,028	-	4,215
1260	Due from other funds	-	-	525	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 4,000</u>	<u>\$ 7,028</u>	<u>\$ 525</u>	<u>\$ 4,215</u>
	<b><u>Liabilities</u></b>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	4,000	7,028	-	4,215
2300	Unearned revenue	-	-	525	-
2000	<b>Total Liabilities</b>	<u>4,000</u>	<u>7,028</u>	<u>525</u>	<u>4,215</u>
	<b><u>Fund Balances</u></b>				
	Nonspendable:				
3410	Inventories	-	-	-	-
	Restricted:				
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,000</u>	<u>\$ 7,028</u>	<u>\$ 525</u>	<u>\$ 4,215</u>

410	461	Total Nonmajor Governmental Funds
State Textbook	Campus Activity	
\$ -	\$ 169,310	\$ 175,291
-	-	498,292
2,651	-	235,074
-	-	51,619
-	-	51,248
<u>\$ 2,651</u>	<u>\$ 169,310</u>	<u>\$ 1,011,524</u>
\$ -	\$ -	\$ 106
-	3,002	501,294
2,651	-	54,424
<u>2,651</u>	<u>3,002</u>	<u>555,824</u>
-	-	51,248
-	-	238,144
-	166,308	166,308
<u>-</u>	<u>166,308</u>	<u>455,700</u>
<u>\$ 2,651</u>	<u>\$ 169,310</u>	<u>\$ 1,011,524</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, 2013

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	48,322	1,047,140	1,114,285	24,994
5020	<b>Total Revenues</b>	<u>48,322</u>	<u>1,047,140</u>	<u>1,114,285</u>	<u>24,994</u>
	<b>Expenditures</b>				
0011	Instruction	3,929	806,607	811,631	24,994
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	62,022	12,082	-
0021	Instructional leadership	44,393	34,686	52,107	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	133,222	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	2,778	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0061	Community services	-	143,825	807	-
	<b>Intergovernmental:</b>				
0093	Shared service arrangements	-	-	101,658	-
6030	<b>Total Expenditures</b>	<u>48,322</u>	<u>1,047,140</u>	<u>1,114,285</u>	<u>24,994</u>
1200	<b>Net Change in Fund Balances</b>	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	<b>Ending Fund Balances</b>	<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	287 Education Jobs	289 Alcohol Reduction
\$ 1,113,280	\$ -	\$ -	\$ -	\$ -	\$ -
16,788	-	-	-	-	-
1,804,969	77,788	221,549	85,744	403,468	3,346
2,935,037	77,788	221,549	85,744	403,468	3,346
-	25,658	9,586	63,612	-	3,346
-	-	-	-	163,190	-
-	5,743	207,559	22,132	-	-
-	2,500	3,952	-	-	-
-	-	452	-	-	-
-	43,887	-	-	135,625	-
-	-	-	-	104,653	-
2,916,509	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,916,509	77,788	221,549	85,744	403,468	3,346
18,528	-	-	-	-	-
270,864	-	-	-	-	-
\$ 289,392	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2013

		385	392	397	404
Data		State			
Control		Supplemental	Noneducational	Advanced	Student
Codes		Visually	Community	Placement	Success
		Impaired	Based Support	Incentives	Initiative
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	4,000	8,735	4,533	5,856
5900	Federal program revenues	-	-	-	-
5020	<b>Total Revenues</b>	<u>4,000</u>	<u>8,735</u>	<u>4,533</u>	<u>5,856</u>
<u>Expenditures</u>					
0011	Instruction	4,000	8,735	2,944	5,856
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	1,589	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0061	Community services	-	-	-	-
<b>Intergovernmental:</b>					
0093	Shared service arrangements	-	-	-	-
6030	<b>Total Expenditures</b>	<u>4,000</u>	<u>8,735</u>	<u>4,533</u>	<u>5,856</u>
1200	<b>Net Change in Fund Balances</b>	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

410	461	Total Nonmajor Governmental Funds
State Textbook	Campus Activity	
\$ -	\$ 308,211	\$ 1,421,491
584,327	-	624,239
-	-	4,831,605
584,327	308,211	6,877,335
582,038	127,632	2,480,568
639	88,656	252,485
1,650	1,369	314,146
-	-	137,638
-	21,849	22,301
-	-	312,734
-	-	104,653
-	-	2,916,509
-	2,351	5,129
-	236	236
-	335	335
-	56	144,688
-	-	101,658
584,327	242,484	6,793,080
-	65,727	84,255
-	100,581	371,445
\$ -	\$ 166,308	\$ 455,700

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# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF NET POSITION

### INTERNAL SERVICE FUNDS - EXHIBIT H-3

June 30, 2013

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 890,557	\$ 1,000	\$ 891,557
Investments	-	-	2,253,578	2,253,578
Due from other funds	86,100	-	1,939,782	2,025,882
<b>Total Assets</b>	<b>\$ 86,100</b>	<b>\$ 890,557</b>	<b>\$ 4,194,360</b>	<b>\$ 5,171,017</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Due to other funds	\$ -	\$ 110,044	\$ -	\$ 110,044
Unearned revenue	-	-	2,500	2,500
Accrued expenses	-	275,000	14,434	289,434
<b>Total Liabilities</b>	<b>-</b>	<b>385,044</b>	<b>16,934</b>	<b>401,978</b>
<b><u>Net Position</u></b>				
Unrestricted	86,100	505,513	4,177,426	4,769,039
<b>Total Net Position</b>	<b>\$ 86,100</b>	<b>\$ 505,513</b>	<b>\$ 4,177,426</b>	<b>\$ 4,769,039</b>



**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, 2013

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 5,105	\$ 4,954,923	\$ 618,884	\$ 5,578,912
<b>Total Operating Revenues</b>	<u>5,105</u>	<u>4,954,923</u>	<u>618,884</u>	<u>5,578,912</u>
<b><u>Operating Expenses</u></b>				
Contractual services	23,250	414,046	-	437,296
Insurance and bonding costs	-	4,533,522	203,473	4,736,995
Other supplies and expenses	3,874	-	55,383	59,257
<b>Total Operating Expenses</b>	<u>27,124</u>	<u>4,947,568</u>	<u>258,856</u>	<u>5,233,548</u>
<b>Operating Income (Loss)</b>	<u>(22,019)</u>	<u>7,355</u>	<u>360,028</u>	<u>345,364</u>
<b><u>Non-Operating Revenues</u></b>				
Interest and investment revenue	-	-	4,112	4,112
<b>Total Non-Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>4,112</u>	<u>4,112</u>
<b>Change in Net Position</b>	<u>(22,019)</u>	<u>7,355</u>	<u>364,140</u>	<u>349,476</u>
Beginning net position	<u>108,119</u>	<u>498,158</u>	<u>3,813,286</u>	<u>4,419,563</u>
<b>Ending Net Position</b>	<u>\$ 86,100</u>	<u>\$ 505,513</u>	<u>\$ 4,177,426</u>	<u>\$ 4,769,039</u>

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# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### INTERNAL SERVICE FUNDS - EXHIBIT H-5

For the Year Ended June 30, 2013

	752	753	771	Total
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	Internal Service Funds
<b><u>Cash Flows from Operating Activities</u></b>				
Cash received from customers	\$ 5,105	\$ 4,954,923	\$ 618,884	\$ 5,578,912
Cash payments to suppliers	(23,250)	(4,947,568)	(258,856)	(5,229,674)
Other receipts (payments)	18,145	(4,548)	(632,886)	(619,289)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>-</u>	<u>2,807</u>	<u>(272,858)</u>	<u>(270,051)</u>
<b><u>Cash Flows From Investing Activities</u></b>				
Interest and dividends	-	-	4,112	4,112
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>4,112</u>	<u>4,112</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	-	2,807	(268,746)	(265,939)
Beginning cash and cash equivalents	<u>-</u>	<u>887,750</u>	<u>2,523,324</u>	<u>3,411,074</u>
<b>Ending Cash and Cash Equivalents</b>	<u><u>\$ -</u></u>	<u><u>\$ 890,557</u></u>	<u><u>\$ 2,254,578</u></u>	<u><u>\$ 3,145,135</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (22,019)	\$ 7,355	\$ 360,028	\$ 345,364
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
<b>Change in Assets and Liabilities:</b>				
(Increase) decrease in due from other funds	22,019	-	(618,885)	(596,866)
Increase (decrease) in due to other funds	-	(4,548)	-	(4,548)
Increase (decrease) in accrued expenses	-	-	(14,001)	(14,001)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,807</u></u>	<u><u>\$ (272,858)</u></u>	<u><u>\$ (270,051)</u></u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1*  
For the Year Ended June 30, 2013

	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 6/30/12
<u>Last Ten Years</u>	<u>Maintenance</u>	<u>Debt Service</u>		
2004 and prior	Various	Various	Various	\$ 99,458
2005	\$ 1.4390	\$ 0.3810	\$ 1,745,301,642	42,801
2006	\$ 1.4600	\$ 0.3510	\$ 1,907,346,718	41,276
2007	\$ 1.3425	\$ 0.3100	\$ 2,200,713,406	57,052
2008	\$ 1.0194	\$ 0.3255	\$ 2,470,562,974	70,584
2009	\$ 1.0133	\$ 0.3250	\$ 2,847,540,253	106,793
2010	\$ 1.0133	\$ 0.3258	\$ 2,948,992,994	170,352
2011	\$ 1.0133	\$ 0.3258	\$ 2,906,839,295	271,820
2012	\$ 1.0133	\$ 0.3258	\$ 2,973,189,232	921,670
2013	\$ 1.0133	\$ 0.3258	\$ 3,076,696,139	-
<b>1000 Totals</b>				<u><u>\$ 1,781,806</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 6/30/13
\$ -	\$ 6,495	\$ 1,821	308	\$ 91,450
-	2,886	765	(1,013)	38,137
-	4,811	1,157	(1,197)	34,111
-	9,599	2,217	(3,332)	41,904
-	16,647	5,315	(2,121)	46,501
-	21,355	6,849	950	79,539
-	43,690	14,048	2,446	115,060
-	96,744	31,106	(1,843)	142,127
-	476,881	153,329	(44,773)	246,687
<u>41,186,234</u>	<u>30,217,754</u>	<u>9,715,725</u>	<u>13,804</u>	<u>1,266,559</u>
<u>\$ 41,186,234</u>	<u>\$ 30,896,862</u>	<u>\$ 9,932,332</u>	<u>\$ (36,771)</u>	<u>\$ 2,102,075</u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF*  
*INDIRECT COSTS FOR 2014-2015*  
**GENERAL AND SPECIAL REVENUE FUNDS - EXHIBIT J - 2**  
For the Year Ended June 30, 2013

Account Number		(1) 702	(2) 703	(3) 701
		School Board	Tax Collection	Superintendent's Office
611X-6146	Payroll costs	\$ -	\$ -	\$ 248,525
6149	Fringe benefits (unused leave for separating employees not in functions 41 and 53)	-	-	26,318
6211	Legal services	49,196	-	-
6212	Audit services	-	-	-
6213	Tax appraisal/collection	-	-	-
621X	Other professional services	540	-	-
6240	Maintenance and repairs	-	-	-
6260	Rentals	-	-	515
6290	Miscellaneous contracts	12,337	-	-
63XX	Other supplies	8,228	-	7,793
6410	Travel, subsistence, and stipends	263	-	1,637
6420	Insurance and bonding	26,092	-	-
6430	Election expense	891	-	-
6490	Miscellaneous operating	17,561	-	5,180
6600	Capital outlay	-	-	-
<b>6000</b>	<b>Totals</b>	<b>\$ 115,108</b>	<b>\$ -</b>	<b>\$ 289,968</b>

**Other Information:**

**Total expenditures for general and special revenue funds (Exhibit C-2)** (9) \$ 57,359,337

Less: deductions of unallowed costs:

**Fiscal Year**

Total capital outlay (6600)	(10)	70,129	
Total debt and lease (6500)	(11)	4,968	
Plant maintenance (function 51, 6100-6400)	(12)	6,161,511	
Food (function 35, 6341 and 6499)	(13)	2,916,509	
Stipends (6413)	(14)	-	
Column (4) above - total indirect cost		<u>1,697,723</u>	
Subtotal			10,850,840
<b>Net Allowable Direct Cost</b>			<b>\$ <u>46,508,497</u></b>

Note A: The following expenditures are included in this report on administrative costs:

(8a)	Function 53 expenditures	\$ 342,307
(8b)	Function 99 expenditures for appraisal district costs	\$ 414,182



(4) 750	(5) 720	(6) (Other)	(7)
<u>Indirect Cost</u>	<u>Direct Cost</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 819,743	\$ -	\$ -	\$ 1,068,268
77,346	-	101,282	204,946
-	-	-	49,196
32,065	-	-	32,065
414,182	-	-	414,182
240,325	-	-	240,865
1,087	-	-	1,087
-	-	768	1,283
27,244	-	-	39,581
40,633	-	2,000	58,654
9,092	-	-	10,992
-	-	(300)	25,792
-	-	-	891
27,545	-	-	50,286
8,461	-	5,504	13,965
<u>\$ 1,697,723</u>	<u>\$ -</u>	<u>\$ 109,254</u>	<u>\$ 2,212,053</u>

#### Cumulative

Total cost of buildings before depreciation (1520)	(15) \$	148,101,968
Historical cost of buildings over 50 years old	(16) \$	36,803
Amount of federal money in building cost (Net of 16)	(17) \$	-
Total cost of furniture and equipment before depreciation (1530 and 1540)	(18) \$	9,504,362
Historical cost of furniture and equipment over 16 years old	(19) \$	1,360,316
Amount of federal money in furniture and equipment (Net of 19)	(20) \$	-

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*FUND BALANCE AND CASH FLOW CALCULATION SCHEDULE (UNAUDITED)*  
**GENERAL FUND - EXHIBIT J-3**  
June 30, 2013

1. Total general fund balance at year end (Exhibit C-1, object 3000 for the general fund only)	\$ 36,070,704
2. Total nonspendable fund balance at year end (Exhibit C-1, objects 341x-344x for the general fund only)	56,889
3. Total restricted fund balance (Exhibit C-1, objects 345x-349x for the general fund only)	-
4. Total committed fund balance (Exhibit C-1, objects 351x-354x for the general fund only)	13,064,405
5. Total assigned fund balance (Exhibit C-1, objects 355x-359x for the general fund only)	-
6. Estimated amount needed to cover fall cash flow deficits in general fund (net of borrowed funds and funds representing deferred revenues)	7,315,531
7. Estimate of two months' average cash disbursements during the fiscal year	10,475,483
8. Estimate of delayed payments from state sources (58XX) including August payment delays	-
9. Estimate of underpayments from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	-
10. Estimate of delayed payments from federal sources (59XX)	-
11. Estimate of expenditures to be reimbursed to general fund from capital projects fund (uses of general fund cash after bond referendum and prior to issuance of bonds)	-
12. General fund optimum fund balance and cash flow (2+3+4+5+6+7+8+9+10+11)	<u>30,912,308</u>
13. Excess or (deficit) unassigned general fund balance (1-12)	<u><u>\$ 5,158,396</u></u>

The excess General Fund fund balance will be used to stabilize future tax rates and provide resources for the completion of the renovation and expansion of District facilities.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*BUDGETARY COMPARISON SCHEDULE*  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-4**  
For the Year Ended June 30, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b><u>Revenues</u></b>				
5700	Local, intermediate, and out-of-state	\$ 1,295,060	\$ 1,295,060	\$ 1,113,280	\$ (181,780)
5800	State program revenues	17,931	17,931	16,788	(1,143)
5900	Federal program revenues	1,886,084	1,886,084	1,804,969	(81,115)
5020	<b>Total Revenues</b>	<u>3,199,075</u>	<u>3,199,075</u>	<u>2,935,037</u>	<u>(264,038)</u>
	<b><u>Expenditures</u></b>				
0035	Food service	3,167,971	3,167,971	2,916,509	251,462
6030	<b>Total Expenditures</b>	<u>3,167,971</u>	<u>3,167,971</u>	<u>2,916,509</u>	<u>251,462</u>
1200	<b>Net Change in Fund Balance</b>	31,104	31,104	18,528	(12,576)
0100	Beginning fund balance	270,864	270,864	270,864	-
3000	<b>Ending Fund Balance</b>	<u>\$ 301,968</u>	<u>\$ 301,968</u>	<u>\$ 289,392</u>	<u>\$ (12,576)</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-5

For the Year Ended June 30, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b><u>Revenues</u></b>				
5700	Local, intermediate, and out-of-state	\$ 9,830,347	\$ 9,830,347	\$ 10,025,565	\$ 195,218
5020	<b>Total Revenues</b>	<u>9,830,347</u>	<u>9,830,347</u>	<u>10,025,565</u>	<u>195,218</u>
	<b><u>Expenditures</u></b>				
	<b>Debt service:</b>				
0071	Debt service	12,098,634	12,144,313	12,078,384	65,929
6030	<b>Total Expenditures</b>	<u>12,098,634</u>	<u>12,144,313</u>	<u>12,078,384</u>	<u>65,929</u>
1100	<b>(Deficiency) of Revenues</b>				
	<b>(Under) Expenditures</b>	<u>(2,268,287)</u>	<u>(2,313,966)</u>	<u>(2,052,819)</u>	<u>261,147</u>
	<b><u>Other Financing Sources (Uses)</u></b>				
7911	Issuance of bonds	-	10,171,445	9,940,000	(231,445)
7916	Premium on issuance of bonds	1,999,287	1,999,287	2,230,732	231,445
8949	Payment to bond escrow agent	-	(12,282,628)	(12,283,385)	757
7080	<b>Total Other Financing Sources (Uses)</b>	<u>1,999,287</u>	<u>(111,896)</u>	<u>(112,653)</u>	<u>757</u>
1200	<b>Net Change in Fund Balance</b>	(269,000)	(2,425,862)	(2,165,472)	261,904
0100	Beginning fund balance	7,194,129	7,194,129	7,194,129	-
3000	<b>Ending Fund Balance</b>	<u>\$ 6,925,129</u>	<u>\$ 4,768,267</u>	<u>\$ 5,028,657</u>	<u>\$ 261,904</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***

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

October 11, 2013

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, 2013, 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 11, 2013.

**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 11, 2013

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, 2013. 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.

### 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, 2013.

### 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, 2013

**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, 2013**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified 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 unqualified 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.410	Education Jobs Fund
84.367	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 – BASIC FINANCIAL STATEMENT AUDIT**

*None Noted*

**C. FINDINGS – FEDERAL AUDIT AWARDS**

*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, 2013

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010	13610101046901	\$ 1,047,140
IDEA B, Formula Grant*	84.027	136600010469016000	1,114,285
IDEA B, Preschool*	84.173	136610010469016000	24,994
Title III, Part A	84.365	13671001046901	85,744
Career and Technical, Basic Grant	84.048	13420006046901	77,788
Title II, Part A, Teacher and Principal	84.367	13694501046901	221,549
Education Jobs Fund	84.410	11550101046901	403,468
<i>Passed Through Education Service Center, Region X</i>			
Education for Homeless Children	84.196	13-004	48,322
<i>Direct Awards</i>			
Alcohol Reduction	84.184	69551202	3,346
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>3,026,636</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs	10.553	71401301	314,999
National School Lunch	10.555	71301301	1,282,362
USDA Commodities	10.565	046901	207,608
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>1,804,969</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<i>Passed Through U.S. Army</i>			
Junior ROTC	12.000	046901	\$ 64,007
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<u>64,007</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,895,612</u>

\* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 4,895,612
SHARS	315,242
Indirect Costs	48,719
C-2 Federal revenue	<u>\$ 5,259,573</u>

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
For the Year Ended June 30, 2013

**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, 2013

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? - Was there an unqualified 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>\$ 13,139,990</u>

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