

*ANNUAL FINANCIAL REPORT*

of the

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

For the Year Ended  
June 30, 2012

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

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June 30, 2012

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*INTRODUCTORY SECTION*

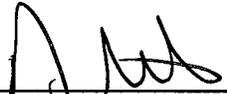
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CERTIFICATE OF BOARD

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

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended June 30, 2012, at a meeting of the Board of Trustees of such school district on the 19<sup>th</sup> day of November, 2012.

  
\_\_\_\_\_  
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:

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 New Braunfels Independent School District (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and schedule 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 2, 2012

*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*

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# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2012

This discussion and analysis of New Braunfels Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2012. It should be read in conjunction with the District's financial statements.

### FINANCIAL HIGHLIGHTS

- The District's total combined net assets at year end were \$20,480,269.
- For the year, the District's general fund reported a total fund balance of \$34,848,274, of which \$40,179 is nonspendable for inventories and prepaid items, \$8,000,000 is committed for land acquisition and construction and technology, and \$26,808,095 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 \$52,056,003.

### 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.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2012

and liabilities. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the District's net assets and how they have changed. Net assets are the difference between the District's assets and liabilities and are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, staffing patterns, enrollment and attendance.

The government-wide financial statements of the District include the *governmental activities*. 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.

#### **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.

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

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2012

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 assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

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

The District's net assets were \$20,480,269 at year end. *Table 1* focuses on the net assets while *Table 2* shows the revenues and expenses that changed the net asset balance during the year. The District reported an increase of \$1,021,220 in net assets from the prior year. A decrease in instructional, transportation, and data processing service expenses contributed to the increase in combined net assets.

**Table 1**

Description	Governmental Activities		Total Change 2012-2011	Business-Type Activities	
	2012	2011		2012	2011
Current assets	\$ 70,077,497	\$ 75,017,549	\$ (4,940,052)	\$ 63,996	\$ 66,852
Capital assets	129,336,992	105,778,272	23,558,720	-	-
<b>Total Assets</b>	<b>199,414,489</b>	<b>180,795,821</b>	<b>18,618,668</b>	<b>63,996</b>	<b>66,852</b>
Current liabilities	14,657,427	11,473,196	3,184,231	63,996	66,852
Long-term liabilities	164,276,793	149,863,576	14,413,217	-	-
<b>Total Liabilities</b>	<b>178,934,220</b>	<b>161,336,772</b>	<b>17,597,448</b>	<b>63,996</b>	<b>66,852</b>
Net assets:					
Invested in capital assets, net of related debt	(10,636,221)	(9,580,659)	(1,055,562)	-	-
Restricted	2,055,978	3,479,141	(1,423,163)	-	-
Unrestricted	29,060,512	25,560,567	3,499,945	-	-
<b>Total Net Assets</b>	<b>\$ 20,480,269</b>	<b>\$ 19,459,049</b>	<b>\$ 1,021,220</b>	<b>\$ -</b>	<b>\$ -</b>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2012

Table 2  
Changes in Net Assets

	Governmental Activities		Total Change 2012-2011	Business-type Activities	
	2012	2011		2012	2011
<b>Revenues</b>					
Program revenues:					
Charges for services	\$ 1,533,399	\$ 1,564,053	\$ (30,654)	\$ 92,506	\$ 57,964
Operating grants and contributions	5,824,733	8,405,870	(2,581,137)	-	-
General revenues:					
Property taxes	40,123,862	38,996,396	1,127,466	-	-
Grants and contributions not restricted for specific programs	20,783,243	21,574,836	(791,593)	-	-
Investment earnings	82,785	81,399	1,386	-	-
Other revenue	790,514	723,487	67,027	-	-
<b>Total Revenue</b>	<u>69,138,536</u>	<u>71,346,041</u>	<u>(2,207,505)</u>	<u>92,506</u>	<u>57,964</u>
<b>Expenses</b>					
Instruction	33,409,872	37,790,239	(4,380,367)	17,757	7,008
Instructional resources and media services	974,221	1,073,731	(99,510)	-	-
Curriculum/instructional staff development	681,106	943,231	(262,125)	-	-
Instructional leadership	712,262	631,967	80,295	-	-
School leadership	3,544,155	3,615,405	(71,250)	-	-
Guidance, counseling, evaluation services	2,007,365	2,207,987	(200,622)	-	-
Social work services	58,295	253,705	(195,410)	-	-
Health services	609,438	601,499	7,939	-	-
Student (pupil) transportation	2,052,002	2,720,059	(668,057)	-	-
Food services	3,128,781	3,186,207	(57,426)	-	-
Extracurricular activities	1,526,533	1,641,828	(115,295)	74,749	50,956
General administration	1,495,019	1,605,569	(110,550)	-	-
Plant maintenance and operations	5,626,684	5,692,735	(66,051)	-	-
Security and monitoring services	94,772	103,312	(8,540)	-	-
Data processing services	1,181,189	1,488,496	(307,307)	-	-
Community services	378,733	485,339	(106,606)	-	-
Debt service - interest on long term debt	10,176,709	10,367,886	(191,177)	-	-
Other intergovernment charges	374,287	407,999	(33,712)	-	-
<b>Total Expenses</b>	<u>68,117,316</u>	<u>74,817,194</u>	<u>(6,699,878)</u>	<u>92,506</u>	<u>57,964</u>
<b>Change in Net Assets</b>	1,021,220	(3,471,153)	4,492,373	-	-
Beginning net assets	19,459,049	22,930,202	(3,471,153)	-	-
<b>Ending Net Assets</b>	<u>\$ 20,480,269</u>	<u>\$ 19,459,049</u>	<u>\$ 1,021,220</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2012

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

At the close of the fiscal year ending June 30, 2012, the District's combined governmental funds reported a combined fund balance of \$52,056,003. This compares to a combined fund balance of \$60,544,187 at June 30, 2011. The fund balance in the general fund increased primarily due to an increase in property tax revenue compared to the prior year. The debt service fund decreased due to increased debt service activity expenditures. The capital projects fund decreased due to increased expenditures related to ongoing construction projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund's actual revenues exceeded budgeted revenues by \$2,474,709 due to an increase in foundation revenue and the budgeted expenditures exceeded actual expenditures by \$2,313,994 due to a decrease in expenditures for instruction, general administration, and plant and maintenance operations.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**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 \$129,336,992 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$27,373,902 invested during the year.

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 \$141,498,784 in general obligation bonds outstanding versus \$133,702,997 last year.

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

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

Due to an estimated decrease of more than \$3.5 million in General Fund revenue resulting from activities of the 82nd Legislative Session, the District adopted a budget for 2012-2013 that included salary increases of one percent, capped at \$500.

In addition, the following factors were considered in establishing the District's budget for 2012-2013:

- Projected growth of approximately 2% in the number of students enrolled in district schools
- State requirements for assessment of student academic achievement
- Changes in state funding
- Valuation of taxable properties within the District

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended June 30, 2012

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 4-5% below the national average. Median home values and median household income both increased. The HEB retail center has been open for about two 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 health care providers, retail shops, and restaurants. A seventy acre site has been carved out for development of an approximate two million square foot medical facility.

Unemployment rate in Comal County continues to be lower than the overall state unemployment rate - 5.9% in Comal County versus 7.5% statewide.

The District's General fund budgeted expenditures for the 2012-2013 school year total \$53,419,062 and the District's Board of Trustees adopted an M & O tax rate of \$1.01 and an I & S rate of \$0.33 for a combined rate of \$1.34.

**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 ASSETS - EXHIBIT A-1

June 30, 2012

Data Control Codes		1	2	3
		Governmental Activities	Business-Type Activities	Total
	<b><u>Assets</u></b>			
1110	Cash and cash equivalents	\$ 2,878,614	\$ -	\$ 2,878,614
1120	Investments	59,276,772	-	59,276,772
1225	Property taxes receivable (net)	1,551,417	-	1,551,417
1240	Due from other governments	5,688,799	-	5,688,799
1260	Internal balances	(63,996)	63,996	-
1300	Inventories	122,275	-	122,275
1410	Prepaid items	1,569	-	1,569
1420	Deferred charges	571,862	-	571,862
		<u>70,077,497</u>	<u>63,996</u>	<u>70,141,493</u>
	Capital assets:			
1510	Land	7,458,096	-	7,458,096
1520	Buildings and improvements, net	118,638,142	-	118,638,142
1530	Equipment and vehicles, net	3,240,754	-	3,240,754
		<u>129,336,992</u>	<u>-</u>	<u>129,336,992</u>
1000	<b>Total Assets</b>	<u>199,414,489</u>	<u>63,996</u>	<u>199,478,485</u>
	<b><u>Liabilities</u></b>			
2110	Accounts payable	3,192,970	-	3,192,970
2140	Interest payable	3,313,705	-	3,313,705
2165	Accrued liabilities	5,375,680	-	5,375,680
2180	Due to other governments	2,772,572	-	2,772,572
2300	Unearned revenue	2,500	63,996	66,496
		<u>14,657,427</u>	<u>63,996</u>	<u>14,721,423</u>
	Noncurrent liabilities:			
2501	Long-term liabilities due within			
2501	one year	4,270,186	-	4,270,186
2502	Long-term liabilities due in more			
2502	than one year	160,006,607	-	160,006,607
2000	<b>Total Liabilities</b>	<u>178,934,220</u>	<u>63,996</u>	<u>178,998,216</u>
	<b><u>Net Assets</u></b>			
3200	Invested in capital assets, net			
3200	of related debt	(10,636,221)	-	(10,636,221)
	Restricted for:			
3820	Federal and state programs	287,800	-	287,800
3850	Debt service	1,627,418	-	1,627,418
3870	Campus activities	100,581	-	100,581
3890	Other purposes	40,179	-	40,179
3900	Unrestricted	29,060,512	-	29,060,512
3000	<b>Total Net Assets</b>	<u>\$ 20,480,269</u>	<u>\$ -</u>	<u>\$ 20,480,269</u>

See Notes to Financial Statements.

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended June 30, 2012

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	\$ 33,409,872	\$ 106,519	\$ 2,204,947
12	Instructional resources			
12	and media services	974,221	-	642,949
13	Curriculum/instructional staff development	681,106	-	287,659
21	Instructional leadership	712,262	-	109,144
23	School leadership	3,544,155	-	457
31	Guidance, counseling,			
31	evaluation services	2,007,365	-	264,878
32	Social work services	58,295	-	19,746
33	Health services	609,438	-	335,833
34	Student (pupil) transportation	2,052,002	-	-
35	Food services	3,128,781	1,184,101	1,730,651
36	Extracurricular activities	1,526,533	242,779	3,054
41	General administration	1,495,019	-	-
51	Plant maintenance and operations	5,626,684	-	-
52	Security and monitoring services	94,772	-	-
53	Data processing services	1,181,189	-	-
61	Community services	378,733	-	139,522
72	Debt service - interest on long term debt	10,176,709	-	-
93	Payments to fiscal agent/member			
93	districts of SSA	85,893	-	85,893
99	Other intergovernment charges	374,287	-	-
	<b>Total Governmental Activities</b>	<u>68,117,316</u>	<u>1,533,399</u>	<u>5,824,733</u>
<b>Business-Type Activities</b>				
01	Athletic camps	74,749	74,749	-
02	Summer school	17,757	17,757	-
	<b>Total Business-Type Activities</b>	<u>92,506</u>	<u>92,506</u>	<u>-</u>
TP	<b>Total Primary Government</b>	<u>\$ 68,209,822</u>	<u>\$ 1,625,905</u>	<u>\$ 5,824,733</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 Assets</b>			
NB	Beginning net assets			
NE	<b>Ending Net Assets</b>			

See Notes to Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>6</u>	<u>7</u>	<u>8</u>
<u>Primary Gov.</u>	<u>Primary Gov.</u>	<u>Primary Gov.</u>
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (31,098,406)	\$ -	\$ (31,098,406)
(331,272)	-	(331,272)
(393,447)	-	(393,447)
(603,118)	-	(603,118)
(3,543,698)	-	(3,543,698)
(1,742,487)	-	(1,742,487)
(38,549)	-	(38,549)
(273,605)	-	(273,605)
(2,052,002)	-	(2,052,002)
(214,029)	-	(214,029)
(1,280,700)	-	(1,280,700)
(1,495,019)	-	(1,495,019)
(5,626,684)	-	(5,626,684)
(94,772)	-	(94,772)
(1,181,189)	-	(1,181,189)
(239,211)	-	(239,211)
(10,176,709)	-	(10,176,709)
-	-	-
(374,287)	-	(374,287)
(60,759,184)	-	(60,759,184)
-	-	-
-	-	-
-	-	-
(60,759,184)	-	(60,759,184)
30,380,672	-	30,380,672
9,743,190	-	9,743,190
20,783,243	-	20,783,243
82,785	-	82,785
790,514	-	790,514
61,780,404	-	61,780,404
1,021,220	-	1,021,220
19,459,049	-	19,459,049
\$ 20,480,269	\$ -	\$ 20,480,269

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*BALANCE SHEET*

*GOVERNMENTAL FUNDS - EXHIBIT C-1*

June 30, 2012

Data Control Codes	10  General	50  Debt Service	60  Capital Projects	Other Governmental Funds	
<b><u>Assets</u></b>					
1110	Cash and cash equivalents	\$ 1,278,553	\$ -	\$ -	\$ 711,311
1120	Investments	36,802,086	7,169,105	12,783,257	-
1220	Taxes receivable	1,358,413	423,393	-	-
1230	Allowance for uncollectible taxes	(180,649)	(49,740)	-	-
1240	Due from other governments	5,441,844	-	-	246,955
1260	Due from other funds	5,974,816	25,024	36,812	12,638
1290	Other receivables	-	-	-	50,185
1300	Inventories	38,630	-	-	83,645
1410	Prepaid items	1,549	-	-	20
1000	<b>Total Assets</b>	<u>\$ 50,715,242</u>	<u>\$ 7,567,782</u>	<u>\$ 12,820,069</u>	<u>\$ 1,104,754</u>
<b><u>Liabilities</u></b>					
2110	Accounts payable	\$ -	\$ -	\$ 3,177,914	\$ 106
2150	Payroll deductions payable	393,685	-	-	-
2160	Accrued wages payable	4,675,206	-	-	3,354
2170	Due to other funds	6,794,144	-	-	633,566
2180	Due to other governments	2,772,572	-	-	-
2300	Deferred revenue	1,231,361	373,653	-	96,283
2000	<b>Total Liabilities</b>	<u>15,866,968</u>	<u>373,653</u>	<u>3,177,914</u>	<u>733,309</u>
<b><u>Fund Balances</u></b>					
Non-spendable:					
3410	Inventories	38,630	-	-	83,645
3430	Prepaid items	1,549	-	-	-
Restricted:					
3450	Grant funds	-	-	-	287,800
3470	Capital acquisitions and contracts	-	-	9,642,155	-
3480	Debt service	-	7,194,129	-	-
Committed:					
3510	Construction	5,000,000	-	-	-
3545	Other	3,000,000	-	-	-
3600	Unassigned	26,808,095	-	-	-
3000	<b>Total Fund Balances</b>	<u>34,848,274</u>	<u>7,194,129</u>	<u>9,642,155</u>	<u>371,445</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 50,715,242</u>	<u>\$ 7,567,782</u>	<u>\$ 12,820,069</u>	<u>\$ 1,104,754</u>

See Notes to Financial Statements.

98  
Total  
Governmental  
Funds

---

\$ 1,989,864  
56,754,448  
1,781,806  
(230,389)  
5,688,799  
6,049,290  
50,185  
122,275  
1,569  

---

\$ 72,207,847

\$ 3,178,020  
393,685  
4,678,560  
7,427,710  
2,772,572  
1,701,297  

---

20,151,844

122,275  
1,549

287,800  
9,642,155  
7,194,129

5,000,000  
3,000,000  
26,808,095  

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52,056,003  

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\$ 72,207,847

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET*  
*TO THE STATEMENT OF NET ASSETS - EXHIBIT C-1R*

June 30, 2012

Total fund balances for governmental funds \$ 52,056,003

Amounts reported for governmental activities in the Statement of Net Assets 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	7,458,096	
Capital assets - depreciable	<u>121,878,896</u>	
		129,336,992

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

1,701,297

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

4,419,563

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

Accrued interest	(3,313,705)	
Deferred charges	571,862	
Arbitrage rebate	(14,950)	
Non-current liabilities due in one year	(4,270,186)	
Non-current liabilities due in more than one year	<u>(160,006,607)</u>	
		<u>(167,033,586)</u>

**Net Assets of Governmental Activities**

**\$ 20,480,269**

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, 2012

Data Control Codes		10 <u>General</u>	50 <u>Debt Service</u>	60 <u>Capital Projects</u>	Other <u>Governmental Funds</u>
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 31,346,060	\$ 9,868,586	\$ 33,070	\$ 1,433,470
5800	State program revenues	20,376,243	-	-	298,209
5900	Federal program revenues	424,896	-	-	5,591,788
5020	<b>Total Revenues</b>	<u>52,147,199</u>	<u>9,868,586</u>	<u>33,070</u>	<u>7,323,467</u>
<b>Expenditures</b>					
0011	Instruction	29,284,104	-	5,995	2,324,560
0012	Instructional resources/media services	163,232	-	-	736,641
0013	Curriculum and staff development	360,983	-	-	290,986
0021	Instructional leadership	603,118	-	-	109,144
0023	School leadership	3,480,901	-	1,293	24,259
0031	Guidance, counseling, and				
0031	evaluation services	1,720,999	-	-	265,195
0032	Social work services	38,549	-	-	19,746
0033	Health services	248,280	-	10,436	335,833
0034	Student (pupil) transportation	1,645,405	-	3,737	-
0035	Food service	-	-	-	2,858,467
0036	Extracurricular activities	1,224,011	-	-	4,580
0041	General administration	1,458,712	-	-	2,824
0051	Plant maintenance and operations	5,433,551	-	19,176	-
0052	Security and monitoring services	92,784	-	-	-
0053	Data processing services	1,151,243	-	-	-
0061	Community services	239,211	-	-	139,522
<b>Debt service:</b>					
0071	Principal	-	4,351,458	-	-
0072	Interest	-	8,068,068	-	-
0073	Bond issuance costs and fees	-	348,619	-	-
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	9,989	-	27,318,849	-
<b>Intergovernmental:</b>					
0093	Shared service arrangements	-	-	-	85,893
0099	Other intergovernmental charges	374,287	-	-	-
6030	<b>Total Expenditures</b>	<u>47,529,359</u>	<u>12,768,145</u>	<u>27,359,486</u>	<u>7,197,650</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,617,840</u>	<u>(2,899,559)</u>	<u>(27,326,416)</u>	<u>125,817</u>
<b>Other Financing Sources (Uses)</b>					
7911	Issuance of bonds	-	7,867,245	15,255,000	-
7912	Sale of real or personal property	7,842	-	-	-
7915	Transfers in	65,264	-	-	-
7916	Premium/discount on bonds	-	5,308,216	-	-
8911	Transfers (out)	-	-	-	(65,264)
8940	Payment to bond escrow agent	-	(11,444,169)	-	-
7080	<b>Total Other Financing Sources (Uses)</b>	<u>73,106</u>	<u>1,731,292</u>	<u>15,255,000</u>	<u>(65,264)</u>
1200	<b>Net Change in Fund Balances</b>	4,690,946	(1,168,267)	(12,071,416)	60,553
0100	Beginning fund balances	30,157,328	8,362,396	21,713,571	310,892
3000	<b>Ending Fund Balances</b>	<u>\$ 34,848,274</u>	<u>\$ 7,194,129</u>	<u>\$ 9,642,155</u>	<u>\$ 371,445</u>

See Notes to Financial Statements.

98  
Total  
Governmental  
Funds

---

\$ 42,681,186  
20,674,452  

---

6,016,684  

---

69,372,322

31,614,659  
899,873  
651,969  
712,262  
3,506,453

1,986,194  
58,295  
594,549  
1,649,142  
2,858,467  
1,228,591  
1,461,536  
5,452,727  
92,784  
1,151,243  
378,733

4,351,458  
8,068,068  
348,619

27,328,838

85,893  
374,287  

---

94,854,640

(25,482,318)

23,122,245  
7,842  
65,264  
5,308,216  
(65,264)

(11,444,169)

16,994,134  

---

(8,488,184)

60,544,187

\$ 52,056,003

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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, 2012

Net changes in fund balances - total governmental funds \$ (8,488,184)

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	(3,815,182)
Capital outlay (net of disposed assets)	27,373,902

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (241,628)

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 assets. Also, governmental funds report the effect of issuance costs, 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	(23,122,245)
Principal repayments	15,326,458
Accrued interest	(258,495)
Bond issuance costs and fees	203,993
Amortization of loss on bond refunding	404,103
Amortization of premiums	(5,151,182)
Accreted interest	(1,911,836)

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	41,485
Arbitrage rebate	114,348

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.

545,683

**Change in Net Assets of Governmental Activities** \$ 1,021,220

See Notes to Financial Statements.

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS - EXHIBIT D-1*

June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	702	703		
	<u>Athletic Camps</u>	<u>Summer School</u>	<u>Total</u>	
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 888,750
Investments	-	-	-	2,522,324
Due from other funds	57,647	6,349	63,996	1,429,016
<b>Total Assets</b>	<u>57,647</u>	<u>6,349</u>	<u>63,996</u>	<u>4,840,090</u>
<b><u>Liabilities</u></b>				
Current liabilities:				
Due to other funds	-	-	-	114,592
Unearned revenue	57,647	6,349	63,996	2,500
Accrued expenses	-	-	-	303,435
<b>Total Liabilities</b>	<u>57,647</u>	<u>6,349</u>	<u>63,996</u>	<u>420,527</u>
<b>Total Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,419,563</u>

See Notes to Financial Statements.

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS*  
*PROPRIETARY FUNDS - EXHIBIT D-2*  
For the Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>702</u>	<u>703</u>		
	<u>Athletic Camps</u>	<u>Summer School</u>	<u>Total</u>	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 74,749	\$ 17,757	\$ 92,506	\$ 5,498,969
Total Operating Revenues	<u>74,749</u>	<u>17,757</u>	<u>92,506</u>	<u>5,498,969</u>
<b><u>Operating Expenses</u></b>				
Payroll costs	29,466	17,401	46,867	-
Contractual services	15,709	-	15,709	417,505
Insurance and bonding costs	-	-	-	4,534,644
Other supplies and expenses	27,556	356	27,912	6,211
Other operating costs	2,018	-	2,018	-
Total Operating Expenses	<u>74,749</u>	<u>17,757</u>	<u>92,506</u>	<u>4,958,360</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,609</u>
<b><u>Non-Operating Revenues</u></b>				
Interest and investment revenue	-	-	-	5,074
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,074</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,683</u>
Beginning net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,873,880</u>
Ending Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,419,563</u>

See Notes to Financial Statements.

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - EXHIBIT D-3*

For the Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>702</u>	<u>703</u>	<u>Total</u>	
	<u>Athletic Camps</u>	<u>Summer School</u>		
<b><u>Cash Flows from Operating Activities</u></b>				
Cash received from customers	\$ 74,749	\$ 17,757	\$ 92,506	\$ 5,498,969
Cash payments to suppliers	(45,283)	(356)	(45,639)	(4,952,149)
Cash payments to employees	(29,466)	(17,401)	(46,867)	-
Other receipts	-	-	-	151,502
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,322</u>
<b><u>Cash Flows From Investing Activities</u></b>				
Interest and dividends	-	-	-	5,074
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,074</u>
<b>Net Increase in Cash and Cash Equivalents</b>	-	-	-	703,396
Beginning cash and cash equivalents	-	-	-	2,707,678
<b>Ending Cash and Cash Equivalents</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,411,074</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income	\$ -	\$ -	\$ -	\$ 540,609
Adjustments to reconcile operating income to net cash provided by operating activities:				
<b>Change in Assets and Liabilities:</b>				
(Increase) decrease in due from other funds	(11,459)	14,315	2,856	53,497
Increase (decrease) in due to other funds	-	-	-	114,592
Increase (decrease) in unearned revenue	11,459	(14,315)	(2,856)	(10,376)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,322</u>

See Notes to Financial Statements.

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - EXHIBIT E-1*

June 30, 2012

	Private-Purpose Trust Fund	Agency Fund
	Augustin Library Endowment	Student Activity
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ -	\$ 330,399
<b>Total Cash</b>	-	330,399
Investments, at fair value	14,105	-
<b>Total Investments</b>	14,105	-
<b>Total Assets</b>	14,105	330,399
<b><u>Liabilities</u></b>		
Due to student groups	-	330,399
<b>Total Liabilities</b>	-	330,399
<b><u>Net Assets</u></b>		
Held in trust	14,105	-
<b>Total Net Assets</b>	\$ 14,105	\$ -

See Notes to Financial Statements.

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS*  
*FIDUCIARY FUNDS - EXHIBIT E-2*  
For the Year Ended June 30, 2012

	Private-Purpose Trust Fund
<u>Additions</u>	<u>Augustin Library Endowment</u>
Investment earnings:	
Interest	\$ 34
Total Additions	<u>34</u>
Change in Net Assets	34
Beginning net assets	<u>14,071</u>
Ending Net Assets	<u><u>\$ 14,105</u></u>

See Notes to Financial Statements.

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS*  
For the Year Ended June 30, 2012

**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 and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the District as a whole. These statements include all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

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. Major individual governmental funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

Following is a description of the various funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

**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:

**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.

# **NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

For the Year Ended June 30, 2012

### **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.

### **C. Measurement Focus and Basis of Accounting**

The government-wide Statement of Net Assets and Statement of Activities are accounted for on a flow of economic resources measurement focus – accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The District utilizes the modified accrual basis of accounting in the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

Property taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Assets, Liabilities, and Net Assets or Fund Equity**

**1. Deposits and Investments**

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.

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

**2. Receivables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements.

Advances between funds are offset by a nonspendable fund balance account in an applicable governmental fund to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

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. 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. 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.

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 40 years
Vehicles	10 years
Equipment	8 to 20 years

**5. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund

**NEW BRAUNFELS**  
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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

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

**6. Fund Balances – Governmental Funds**

In the fund financial statements, fund balances in governmental funds are classified as follows:

*Nonspendable fund balance* – represents amounts that are cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

*Committed fund balance* – represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

*Assigned fund balance* – represents amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the board delegates authority. Assignments can be made at any time.

*Unassigned fund balance* – represents amounts which are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

**7. Estimates**

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

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2012

### 8. 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.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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	\$ 5,098,372	AAAm
Lone Star Investment Pool	N/A	54,179,802	AAA
Texas CLASS	N/A	12,702	AAAm
		<u>\$ 59,290,876</u>	

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

**B. Capital Assets**

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

Governmental Activities:	Beginning Balances*	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	\$ 7,458,096	\$ -	\$ -	\$ 7,458,096
<b>Total Capital Assets Not Being Depreciated</b>	<u>7,458,096</u>	<u>-</u>	<u>-</u>	<u>7,458,096</u>
Other capital assets:				
Buildings and improvements	117,974,624	27,308,147	-	145,282,771
Equipment and vehicles	9,127,305	126,419	(60,664)	9,193,060
<b>Total Other Capital Assets</b>	<u>127,101,929</u>	<u>27,434,566</u>	<u>(60,664)</u>	<u>154,475,831</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,413,744)	(3,230,885)	-	(26,644,629)
Equipment and vehicles	(5,368,009)	(644,961)	60,664	(5,952,306)
<b>Total Accumulated Depreciation</b>	<u>(28,781,753)</u>	<u>(3,875,846)</u>	<u>60,664</u>	<u>(32,596,935)</u>
Other capital assets, net	98,320,176	23,558,720	-	121,878,896
<b>Totals</b>	<u>\$ 105,778,272</u>	<u>\$ 23,558,720</u>	<u>\$ -</u>	<u>\$ 129,336,992</u>

\*The District restated beginning net assets for an inventory of capital assets. Beginning net assets of \$33,626,234 was restated to \$19,459,049.

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,488,109
12 Instructional resources/media services	74,348
13 Curriculum and staff development	29,137
23 School leadership	37,702
31 Guidance, counseling, and evaluation services	21,171
33 Health services	14,889
34 Student (pupil) transportation	402,860
35 Food service	270,314
36 Extracurricular activities	297,942
41 General administration	33,483
51 Plant maintenance and operations	173,957
52 Security and monitoring services	1,988
53 Data processing services	29,946
Total Depreciation Expense	<u>\$ 3,875,846</u>

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2012

### 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:						
Series 1995	\$ 1,648,570	\$ -	\$ (852,795)	\$ 795,775	\$ 795,775	0.00%
Series 1998	589,476	-	-	589,476	-	4.00-4.15%
Series 2001A	700,000	-	(700,000)	-	-	4.15-5.00%
Series 2004	11,325,000	-	(11,150,000)	175,000	175,000	3.00-4.50%
Series 2005	16,459,973	-	(830,000)	15,629,973	860,000	3.00-5.00%
Series 2006	24,960,000	-	(280,000)	24,680,000	295,000	4.25-5.00%
Series 2007	18,574,981	-	(338,668)	18,236,313	281,313	4.00-4.125%
Series 2008	16,539,997	-	(205,000)	16,334,997	105,000	3.375-5.00%
Series 2010	12,905,000	-	(819,995)	12,085,005	985,000	2.00-4.00%
Series 2011	30,000,000	-	(150,000)	29,850,000	150,000	0.490-5.00%
Series 2012	-	23,122,245	-	23,122,245	-	1.625-5.00%
	<u>133,702,997</u>	<u>23,122,245</u>	<u>(15,326,458)</u>	<u>141,498,784</u>	<u>\$ 3,647,088</u>	
Other liabilities:						
Compensated absences	733,816	-	(41,485)	692,331	623,098	
Loss on refunded bonds	(715,722)	(469,169)	(65,066)	(1,119,825)	-	
Net issuance premiums (discounts)	4,085,227	5,308,216	(157,034)	9,236,409	-	
Accreted interest	12,057,258	1,911,836	-	13,969,094	-	
<b>Total Governmental Activities</b>	<u>\$ 149,863,576</u>	<u>\$ 29,873,128</u>	<u>\$ (15,590,043)</u>	<u>\$ 164,276,793</u>	<u>\$ 4,270,186</u>	
				<u>\$ 160,006,607</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 \$23,122,245 of unlimited tax school building and refunding bonds, Series 2012, to provide resources to purchase direct obligations of the United States of America, of which \$11,444,169 were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of outstanding long-term debt issues in unlimited tax school building bonds, Series 2004. 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 Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$469,169. This amount is being netted against the new debt and amortized over the remaining life of

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

the old debt issued. The current refunding resulted in an economic gain of \$1,225,220. At June 30, 2012, \$10,975,000 of the unlimited tax school building bonds, Series 2004 was considered defeased relating to the 2012 refunding.

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

Year Ended June 30	Principal	Interest	Total Requirements
2013	\$ 3,647,088	\$ 8,975,521	\$ 12,622,609
2014	6,115,000	6,593,181	12,708,181
2015	4,219,141	8,820,977	13,040,118
2016	4,895,648	8,344,554	13,240,202
2017	5,213,385	8,527,740	13,741,125
2018-2022	44,526,280	24,089,255	68,615,535
2023-2027	38,722,242	19,370,702	58,092,944
2028-2032	20,945,000	5,197,238	26,142,238
2033-2037	13,215,000	1,194,844	14,409,844
	<u>\$ 141,498,784</u>	<u>\$ 91,114,012</u>	<u>\$ 232,612,796</u>

**D. Commitments Under Noncapitalized Leases**

During the year, the District expended a total of \$206,237 for operating (non-capitalized) leases and, in accordance with standard non-appropriation clauses in the various lease agreements, the District has no future obligation in relation to these leases.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

**E. Interfund Transactions**

The interfund balances and transfers were as follows:

	<b>Due From Other Funds</b>	<b>Transfers Out</b>
General fund		
Other governmental funds	\$ 4,861,173	\$ -
Internal service funds	114,592	-
<b>Total General Fund</b>	4,975,765	-
Debt service fund		
General fund	25,024	-
<b>Total Debt Service Fund</b>	25,024	-
Capital projects fund		
General fund	1,035,863	-
<b>Total Capital Projects Fund</b>	1,035,863	-
Other governmental funds		
General fund	12,638	76,264
<b>Total Other Governmental Funds</b>	12,638	76,264
Enterprise funds		
General fund	63,996	-
<b>Total Enterprise Funds</b>	63,996	-
Internal service funds		
General fund	1,429,016	-
<b>Total Internal Service Funds</b>	1,429,016	-
<b>Total</b>	\$ 7,542,302	\$ 76,264

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

**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.

**NEW BRAUNFELS**  
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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

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 \$14,950, 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 Assets.

**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 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 6.58 percent of the District's covered payroll. The District's employees' contributions to the System for the years ending June 30, 2012, 2011 and 2010 were \$2,377,986, \$2,568,876, and \$2,480,898, 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, 2012, 2011, and 2010 were \$528,606, \$771,728 and \$672,592, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,003,751 during the year.

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**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

**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. The 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 2012, 2011, and 2010. 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, 2012, 2011, and 2010, the State’s contributions to TRS-Care were \$26,922, \$49,652, and \$35,559, respectively; the active member contributions were \$241,514, \$260,901 and \$251,966, respectively; and the District’s contributions were \$204,358, \$220,763 and \$213,202, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$95,790, \$93,865, and \$98,151, 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. Funds were allocated to reporting agencies using the same basis as the Medicare Part D On-Behalf Payments. For the fiscal year ended June 30, 2012, payments received by TRS-Care on behalf of the District were \$90,586.

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**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

**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 \$287 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, 2012 and terms of coverage and premiums costs are included in the contractual provisions.

**F. Workers' Compensation Insurance**

During the year ended June 30, 2012, 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, 2011, the Fund carries a discounted reserve of \$72,540,560 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2011, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, 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, 2012, 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.

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended June 30, 2012

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, 2011, 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, 2012, the District participated in the TASB Risk Management Fund's (the "Fund") Property Program with coverage in 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 Property 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 June 30, 2012, 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, 2011, are available at the Texas Association of School Boards' offices and have been filed with the Texas Department of Insurance in Austin.

**I. Liability Program**

During the year ended June 30, 2012, the District participated in the TASB Risk Management Fund's (the "Fund") Liability Program with coverage in auto liability, 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 June 30, 2012, 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, 2011 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, 2012

**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 BALANCES*  
**BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1**  
For the Year Ended June 30, 2012

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 30,788,490	\$ 31,285,990	\$ 31,346,060	\$ 60,070
5800	State program revenues	14,003,806	18,236,500	20,376,243	2,139,743
5900	Federal program revenues	150,000	150,000	424,896	274,896
5020	<b>Total Revenues</b>	<u>44,942,296</u>	<u>49,672,490</u>	<u>52,147,199</u>	<u>2,474,709</u>
	<b>Expenditures</b>				
0011	Instruction	29,438,383	30,915,469	29,284,104	1,631,365
0012	Instructional resources/media services	387,538	172,908	163,232	9,676
0013	Curriculum and staff development	329,408	420,703	360,983	59,720
0021	Instructional leadership	663,659	606,197	603,118	3,079
0023	School leadership	3,289,232	3,496,228	3,480,901	15,327
0031	Guidance, counseling, and evaluation services	1,080,263	1,729,085	1,720,999	8,086
0032	Social work services	96,885	47,192	38,549	8,643
0033	Health services	266,433	260,042	248,280	11,762
0034	Student (pupil) transportation	2,029,732	1,731,218	1,645,405	85,813
0036	Extracurricular activities	1,278,877	1,287,314	1,224,011	63,303
0041	General administration	1,690,636	1,600,572	1,458,712	141,860
0051	Plant maintenance and operations	6,045,599	5,583,640	5,433,551	150,089
0052	Security and monitoring services	87,196	111,300	92,784	18,516
0053	Data processing services	939,781	1,227,600	1,151,243	76,357
0061	Community services	421,448	256,659	239,211	17,448
	<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	-	-	9,989	(9,989)
	<b>Intergovernmental:</b>				
0099	Other intergovernmental charges	397,226	397,226	374,287	22,939
6030	<b>Total Expenditures</b>	<u>48,442,296</u>	<u>49,843,353</u>	<u>47,529,359</u>	<u>2,313,994</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,500,000)</u>	<u>(170,863)</u>	<u>4,617,840</u>	<u>4,788,703</u>
	<b>Other Financing Sources (Uses):</b>				
7912	Sale of real or personal property	-	-	7,842	7,842
7915	Transfers in	-	-	65,264	65,264
8949	Other (uses)	-	(3,000,000)	-	(3,000,000)
7080	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(3,000,000)</u>	<u>73,106</u>	<u>(2,926,894)</u>
1200	<b>Net Change in Fund Balances</b>	<u>(3,500,000)</u>	<u>(3,170,863)</u>	<u>4,690,946</u>	<u>1,861,809</u>
0100	Beginning fund balances	30,157,328	30,157,328	30,157,328	-
3000	<b>Ending Fund Balances</b>	<u>\$ 26,657,328</u>	<u>\$ 26,986,465</u>	<u>\$ 34,848,274</u>	<u>\$ 7,861,809</u>

See Notes to Financial Statements.

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*OTHER SUPPLEMENTARY  
INFORMATION*

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)*

June 30, 2012

Data Control Codes	206	209	211	212
	<u>ESEA Title X Part C</u>	<u>Energy Conservation</u>	<u>ESEA Title I Part A</u>	<u>ESEA Title I Part C</u>
<b><u>Assets</u></b>				
1110	\$ -	\$ -	\$ -	\$ -
1240	19,124	-	87,005	-
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1410	-	-	-	-
1000	<b>Total Assets</b>			
	<u>\$ 19,124</u>	<u>\$ -</u>	<u>\$ 87,005</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	19,124	-	87,005	-
2300	-	-	-	-
2000	<b>Total Liabilities</b>			
	<u>19,124</u>	<u>-</u>	<u>87,005</u>	<u>-</u>
<b><u>Fund Balances</u></b>				
Nonspendable:				
3410	-	-	-	-
3430	-	-	-	-
Restricted:				
3450	-	-	-	-
3000	<b>Total Fund Balances</b>			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>			
	<u>\$ 19,124</u>	<u>\$ -</u>	<u>\$ 87,005</u>	<u>\$ -</u>

224	225	240	244	255	263
IDEA-B Formula	IDEA-B Preschool	Child Nutrition	Career and Technical Basic Grant	ESEA Title II Part A	Title III Part A
\$ -	\$ -	\$ 609,201	\$ -	\$ -	\$ -
10,146	1,599	-	7,480	20,512	8,328
-	-	-	-	-	-
-	-	50,185	-	-	-
-	-	83,645	-	-	-
-	-	-	-	-	20
<u>\$ 10,146</u>	<u>\$ 1,599</u>	<u>\$ 743,031</u>	<u>\$ 7,480</u>	<u>\$ 20,512</u>	<u>\$ 8,348</u>
\$ -	\$ -	\$ 106	\$ -	\$ -	\$ -
-	-	-	3,354	-	-
10,146	1,599	388,416	4,126	20,512	8,348
-	-	83,645	-	-	-
<u>10,146</u>	<u>1,599</u>	<u>472,167</u>	<u>7,480</u>	<u>20,512</u>	<u>8,348</u>
-	-	83,645	-	-	-
-	-	-	-	-	-
-	-	187,219	-	-	-
-	-	270,864	-	-	-
<u>\$ 10,146</u>	<u>\$ 1,599</u>	<u>\$ 743,031</u>	<u>\$ 7,480</u>	<u>\$ 20,512</u>	<u>\$ 8,348</u>

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)*

June 30, 2012

Data Control Codes	266	280	283	284
	ARRA Title XIV SFSF	ARRA ESEA Title X Part C	ARRA IDEA-B Formula	ARRA IDEA-B Preschool
<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1000	<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Liabilities</u></b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	-
2300	Deferred revenue	-	-	-
2000	<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
3410	Inventories	-	-	-
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal/State funds grant restrictions	-	-	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

285	287	288	289	385	386
ARRA ESEA Title I Part A	Education Jobs	Mathworks	Alcohol Reduction	State Supplemental Visually Impaired	Regional Day School For the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	92,129	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 92,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	92,129	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 92,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)*

June 30, 2012

<u>Data Control Codes</u>	392	397	404	410
	<u>Noneducational Community Based Support</u>	<u>Advanced Placement Incentives</u>	<u>Student Success Initiative</u>	<u>State Textbook</u>
<b><u>Assets</u></b>				
1110	\$ -	\$ -	\$ -	\$ -
1240	632	-	-	-
1260	-	5,058	-	7,580
1290	-	-	-	-
1300	-	-	-	-
1410	-	-	-	-
1000	<b>Total Assets</b>	<b>Total Assets</b>	<b>Total Assets</b>	<b>Total Assets</b>
	<u>\$ 632</u>	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ 7,580</u>
<b><u>Liabilities</u></b>				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	632	-	-	-
2300	-	5,058	-	7,580
2000	<b>Total Liabilities</b>	<b>Total Liabilities</b>	<b>Total Liabilities</b>	<b>Total Liabilities</b>
	<u>632</u>	<u>5,058</u>	<u>-</u>	<u>7,580</u>
<b><u>Fund Balances</u></b>				
Nonspendable:				
3410	-	-	-	-
3430	-	-	-	-
Restricted:				
3450	-	-	-	-
3000	<b>Total Fund Balances</b>	<b>Total Fund Balances</b>	<b>Total Fund Balances</b>	<b>Total Fund Balances</b>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>	<b>Total Liabilities and Fund Balances</b>
	<u>\$ 632</u>	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ 7,580</u>

411	461	Total Nonmajor Governmental Funds
Technology Allotment	Campus Activity	
\$ -	\$ 102,110	\$ 711,311
-	-	246,955
-	-	12,638
-	-	50,185
-	-	83,645
-	-	20
<u>\$ -</u>	<u>\$ 102,110</u>	<u>\$ 1,104,754</u>
\$ -	\$ -	\$ 106
-	-	3,354
-	1,529	633,566
-	-	96,283
<u>-</u>	<u>1,529</u>	<u>733,309</u>
-	-	83,645
-	-	-
<u>-</u>	<u>100,581</u>	<u>287,800</u>
<u>-</u>	<u>100,581</u>	<u>371,445</u>
<u>\$ -</u>	<u>\$ 102,110</u>	<u>\$ 1,104,754</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 3)**  
For the Year Ended June 30, 2012

Data Control Codes	206	209	211	212
	<u>ESEA Title X Part C</u>	<u>Energy Conservation</u>	<u>ESEA Title I Part A</u>	<u>ESEA Title I Part C</u>
<b>Revenues</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	55,828	65,264	1,071,740	2,334
5020	<b>Total Revenues</b>	<b>55,828</b>	<b>1,071,740</b>	<b>2,334</b>
<b>Expenditures</b>				
0011	18,051	-	881,564	16
0012	-	-	-	-
0013	-	-	20,000	-
0021	37,777	-	40,929	107
0023	-	-	-	-
0031	-	-	-	-
0031	-	-	-	-
0032	-	-	-	2,211
0033	-	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0041	-	-	-	-
0061	-	-	129,247	-
<b>Intergovernmental:</b>				
0093	-	-	-	-
6030	<b>Total Expenditures</b>	<b>55,828</b>	<b>1,071,740</b>	<b>2,334</b>
<b>Other Financing Sources (Uses)</b>				
8911	-	(65,264)	-	-
7080	<b>Total Other Financing (Uses)</b>	<b>(65,264)</b>	<b>-</b>	<b>-</b>
1200	<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
0100	Beginning fund balances	-	-	-
3000	<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

224	225	240	244	255	263
IDEA-B Formula	IDEA-B Preschool	Child Nutrition	Career and Technical Basic Grant	ESEA Title II Part A	Title III Part A
\$ -	\$ -	\$ 1,184,101	\$ -	\$ -	\$ -
-	-	17,314	-	-	-
1,058,055	21,386	1,713,337	66,187	218,027	81,911
<u>1,058,055</u>	<u>21,386</u>	<u>2,914,752</u>	<u>66,187</u>	<u>218,027</u>	<u>81,911</u>
792,986	21,386	-	32,862	-	54,793
-	-	-	-	-	-
13,409	-	-	9,554	216,430	25,761
25,792	-	-	3,086	1,140	313
-	-	-	-	457	-
135,916	-	-	20,685	-	844
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,858,467	-	-	-
3,054	-	-	-	-	-
-	-	-	-	-	-
1,005	-	-	-	-	200
85,893	-	-	-	-	-
<u>1,058,055</u>	<u>21,386</u>	<u>2,858,467</u>	<u>66,187</u>	<u>218,027</u>	<u>81,911</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	56,285	-	-	-
-	-	214,579	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 3)**  
For the Year Ended June 30, 2012

Data Control Codes	266	280	283	284
	ARRA Title XIV SFSF	ARRA ESEA Title X Part C	ARRA IDEA-B Formula	ARRA IDEA-B Preschool
<b>Revenues</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	249,768	9,280	81,461	2,801
5020	<b>Total Revenues</b>	<b>249,768</b>	<b>81,461</b>	<b>2,801</b>
<b>Expenditures</b>				
0011	-	6,734	81,461	2,801
0012	104,441	-	-	-
0013	-	-	-	-
0021	-	-	-	-
0023	-	-	-	-
0031	-	-	-	-
0031	106,742	-	-	-
0032	-	2,546	-	-
0033	38,585	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0041	-	-	-	-
0061	-	-	-	-
<b>Intergovernmental:</b>				
0093	-	-	-	-
6030	<b>Total Expenditures</b>	<b>9,280</b>	<b>81,461</b>	<b>2,801</b>
<b>Other Financing Sources (Uses)</b>				
8911	-	-	-	-
7080	<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
1200	<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
0100	Beginning fund balances	-	-	-
3000	<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

285	287	288	289	385	386
ARRA ESEA Title I Part A	Education Jobs	Mathworks	Alcohol Reduction	State Supplemental Visually Impaired	Regional Day School For the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	3,600	10,879
34,931	835,756	20,393	3,329	-	-
<u>34,931</u>	<u>835,756</u>	<u>20,393</u>	<u>3,329</u>	<u>3,600</u>	<u>10,879</u>
10,872	-	20,393	3,329	3,600	10,879
-	538,508	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,989	-	-	-	-	-
-	297,248	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,070	-	-	-	-	-
-	-	-	-	-	-
<u>34,931</u>	<u>835,756</u>	<u>20,393</u>	<u>3,329</u>	<u>3,600</u>	<u>10,879</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 3 of 3)**  
For the Year Ended June 30, 2012

Data Control Codes	392	397	404	410
	Noneducational Community Based Support	Advanced Placement Incentives	Student Success Initiative	State Textbook
<b>Revenues</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	3,476	6,299	8,336	247,479
5900	-	-	-	-
5020	<b>Total Revenues</b>	<b>3,476</b>	<b>6,299</b>	<b>8,336</b>
<b>Expenditures</b>				
0011	3,476	3,103	8,336	247,479
0012	-	-	-	-
0013	-	2,505	-	-
0021	-	-	-	-
0023	-	-	-	-
0031	-	691	-	-
0032	-	-	-	-
0033	-	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0041	-	-	-	-
0061	-	-	-	-
<b>Intergovernmental:</b>				
0093	-	-	-	-
6030	<b>Total Expenditures</b>	<b>3,476</b>	<b>6,299</b>	<b>8,336</b>
<b>Other Financing Sources (Uses)</b>				
8911	-	-	-	-
7080	<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
1200	<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
0100	Beginning fund balances	-	-	-
3000	<b>Ending Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

411	461	Total Nonmajor Governmental Funds
Technology Allotment	Campus Activity	
\$ -	\$ 249,369	\$ 1,433,470
826	-	298,209
-	-	5,591,788
<u>826</u>	<u>249,369</u>	<u>7,323,467</u>
826	119,613	2,324,560
-	93,692	736,641
-	3,327	290,986
-	-	109,144
-	23,802	24,259
-	317	265,195
-	-	19,746
-	-	335,833
-	-	2,858,467
-	1,526	4,580
-	2,824	2,824
-	-	139,522
-	-	85,893
<u>826</u>	<u>245,101</u>	<u>7,197,650</u>
-	-	(65,264)
-	-	(65,264)
-	4,268	60,553
-	96,313	310,892
<u>\$ -</u>	<u>\$ 100,581</u>	<u>\$ 371,445</u>

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS - EXHIBIT H-3*

June 30, 2012

	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	\$ -	\$ 887,750	\$ 1,000	\$ 888,750
Investments	-	-	2,522,324	2,522,324
Due from other funds	108,119	-	1,320,897	1,429,016
<b>Total Assets</b>	<b>\$ 108,119</b>	<b>\$ 887,750</b>	<b>\$ 3,844,221</b>	<b>\$ 4,840,090</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Due to other funds	\$ -	\$ 114,592	\$ -	\$ 114,592
Unearned revenue	-	-	2,500	2,500
Accrued expenses	-	275,000	28,435	303,435
<b>Total Liabilities</b>	<b>-</b>	<b>389,592</b>	<b>30,935</b>	<b>420,527</b>
<b>Total Net Assets</b>	<b>\$ 108,119</b>	<b>\$ 498,158</b>	<b>\$ 3,813,286</b>	<b>\$ 4,419,563</b>

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND*  
*NET ASSETS - INTERNAL SERVICE FUNDS - EXHIBIT H-4*

For the Year Ended June 30, 2012

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 44,773	\$ 4,799,836	\$ 654,360	\$ 5,498,969
Total Operating Revenues	<u>44,773</u>	<u>4,799,836</u>	<u>654,360</u>	<u>5,498,969</u>
<b><u>Operating Expenses</u></b>				
Contractual services	29,173	387,909	423	417,505
Insurance and bonding costs	-	4,362,444	172,200	4,534,644
Other supplies and expenses	6,211	-	-	6,211
Total Operating Expenses	<u>35,384</u>	<u>4,750,353</u>	<u>172,623</u>	<u>4,958,360</u>
Operating Income	<u>9,389</u>	<u>49,483</u>	<u>481,737</u>	<u>540,609</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Interest and investment revenue	-	-	5,074	5,074
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>5,074</u>	<u>5,074</u>
Change in Net Assets	9,389	49,483	486,811	545,683
Beginning net assets	98,730	448,675	3,326,475	3,873,880
Ending Net Assets	<u>\$ 108,119</u>	<u>\$ 498,158</u>	<u>\$ 3,813,286</u>	<u>\$ 4,419,563</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, 2012

	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	\$ 44,773	\$ 4,799,836	\$ 654,360	\$ 5,498,969
Cash payments to suppliers	(29,173)	(4,750,353)	(172,623)	(4,952,149)
Other receipts (payments)	(15,600)	838,167	(671,065)	151,502
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>-</b>	<b>887,650</b>	<b>(189,328)</b>	<b>698,322</b>
<b><u>Cash Flows From Investing Activities</u></b>				
Interest and dividends	-	-	5,074	5,074
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>5,074</b>	<b>5,074</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>887,650</b>	<b>(184,254)</b>	<b>703,396</b>
Beginning cash and cash equivalents	-	100	2,707,578	2,707,678
<b>Ending Cash and Cash Equivalents</b>	<b>\$ -</b>	<b>\$ 887,750</b>	<b>\$ 2,523,324</b>	<b>\$ 3,411,074</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income	\$ 9,389	\$ 49,483	\$ 481,737	\$ 540,609
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	(9,389)	723,575	(660,689)	53,497
Increase (decrease) in due to other funds	-	114,592	-	114,592
Increase (decrease) in accrued expenses	-	-	(10,376)	(10,376)
<b>Cash Provided (Used) by Operating Activities</b>	<b>\$ -</b>	<b>\$ 887,650</b>	<b>\$ (189,328)</b>	<b>\$ 698,322</b>

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1*

For the Year Ended June 30, 2012

<u>Last Ten Years</u>	1		2		3		10	
	<u>Tax Rates</u>				Net Assessed/ Appraised Value For School Tax Purposes		Beginning Balance 6/30/11	
	<u>Maintenance</u>	<u>Debt Service</u>						
2003 and prior	Various	Various			Various		\$	194,991
2004	\$ 1.4895	\$ 0.3655			\$ 1,604,636,929			-
2005	\$ 1.4390	\$ 0.3810			\$ 1,745,301,642			55,844
2006	\$ 1.4600	\$ 0.3510			\$ 1,907,346,718			61,317
2007	\$ 1.3425	\$ 0.3100			\$ 2,200,713,406			96,712
2008	\$ 1.0194	\$ 0.3255			\$ 2,470,562,974			118,856
2009	\$ 1.0133	\$ 0.3250			\$ 2,847,540,253			266,866
2010	\$ 1.0133	\$ 0.3258			\$ 2,948,992,994			445,038
2011	\$ 1.0133	\$ 0.3258			\$ 2,906,839,295			1,055,483
2012	\$ 1.0133	\$ 0.3258			\$ 2,973,189,232			-
<b>1000 Totals</b>							<u>\$</u>	<u>2,295,107</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/12
\$ -	\$ 7,828	\$ 2,082	(85,623)	\$ 99,458
-	-	-	-	-
-	5,791	1,533	(5,719)	42,801
-	11,807	2,839	(5,395)	41,276
-	25,176	5,813	(8,671)	57,052
-	32,355	10,331	(5,586)	70,584
-	70,231	22,526	(67,316)	106,793
-	216,325	69,554	11,193	170,352
-	518,487	166,706	(98,470)	271,820
<u>39,813,977</u>	<u>29,429,897</u>	<u>9,462,410</u>	<u>-</u>	<u>921,670</u>
<u>\$ 39,813,977</u>	<u>\$ 30,317,897</u>	<u>\$ 9,743,794</u>	<u>\$ (265,587)</u>	<u>\$ 1,781,806</u>

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF*  
*INDIRECT COSTS FOR*  
**GENERAL AND SPECIAL REVENUE FUNDS - EXHIBIT J - 2**  
For the Year Ended June 30, 2012

Account Number		(1) 702	(2) 703	(3) 701
		School Board	Tax Collection	Superintendent's Office
611X-6146	Payroll costs	\$ -	\$ -	\$ 246,225
6149	Fringe benefits (unused leave for separating employees not in functions 41 and 53)	143	-	25,813
6211	Legal services	68,370	-	-
6212	Audit services	-	-	-
6213	Tax appraisal/collection	-	-	-
621X	Other professional services	-	-	1,500
6240	Maintenance and repairs	-	-	-
6290	Miscellaneous contracts	2,218	-	-
63XX	Other supplies	4,676	-	7,380
6410	Travel, subsistence, and stipends	400	-	3,135
6420	Insurance and bonding	21,257	-	-
6430	Election expense	10,961	-	-
6490	Miscellaneous operating	4,701	-	16,563
6600	Capital outlay	5,857	-	-
<b>6000</b>	<b>Totals</b>	<b>\$ 118,583</b>	<b>\$ -</b>	<b>\$ 300,616</b>

**Other Information:**

Total expenditures for general and special revenue funds (Exhibit C-2) (9) \$ 54,727,009

Less: deductions of unallowed costs:

**Fiscal Year**

Total capital outlay (6600)	(10)	9,989	
Total debt and lease (6500)	(11)	-	
Plant maintenance (function 51, 6100-6400)	(12)	5,433,551	
Food (function 35, 6341 and 6499)	(13)	2,858,467	
Stipends (6413)	(14)	-	
Column (4) above - total indirect cost		<u>1,655,936</u>	
Subtotal			<u>9,957,943</u>
		<b>Net Allowable Direct Cost</b>	<b>\$ <u>44,769,066</u></b>

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

(8a)	Function 53 expenditures	\$ 348,962
(8b)	Function 99 expenditures for appraisal district costs	\$ 374,287

(4) 750	(5) 720	(6) (Other)	(7)
<u>Indirect Cost</u>	<u>Direct Cost</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 822,036	\$ -	\$ -	\$ 1,068,261
72,154	-	99,383	197,493
-	-	-	68,370
29,455	-	-	29,455
374,287	-	-	374,287
241,946	-	-	243,446
754	-	754	1,508
37,182	-	-	39,400
36,315	-	1,715	50,086
6,702	-	-	10,237
-	-	7,798	29,055
-	-	-	10,961
26,440	-	-	47,704
8,665	-	-	14,522
<u>\$ 1,655,936</u>	<u>\$ -</u>	<u>\$ 109,650</u>	<u>\$ 2,184,785</u>

**Cumulative**

Total cost of buildings before depreciation (1520)	(15) \$	145,282,771
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) \$	9,193,060
Historical cost of furniture and equipment over 16 years old	(19) \$	1,027,869
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, 2012

1. Total general fund balance at year end (Exhibit C-1, object 3000 for the general fund only)	\$	34,848,274
2. Total non-spendable fund balance at year end (Exhibit C-1, objects 341x-344x for the general fund only)		40,179
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)		8,000,000
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)		3,976,323
7. Estimate of two months' average cash disbursements during the fiscal year		10,090,268
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>22,106,770</u>
13. Excess or (deficit) unassigned general fund balance (1-12)	\$	<u><u>12,741,504</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 BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-4**  
For the Year Ended June 30, 2012

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 1,212,159	\$ 1,212,159	\$ 1,184,101	\$ (28,058)
5800	State program revenues	17,931	17,931	17,314	(617)
5900	Federal program revenues	1,846,535	1,846,535	1,713,337	(133,198)
5020	<b>Total Revenues</b>	<u>3,076,625</u>	<u>3,076,625</u>	<u>2,914,752</u>	<u>(161,873)</u>
<b>Expenditures</b>					
0035	Food service	2,975,329	2,975,329	2,858,467	116,862
6030	<b>Total Expenditures</b>	<u>2,975,329</u>	<u>2,975,329</u>	<u>2,858,467</u>	<u>116,862</u>
1200	<b>Net Change in Fund Balance</b>	101,296	101,296	56,285	(45,011)
0100	Beginning fund balance	214,579	214,579	214,579	-
3000	<b>Ending Fund Balance</b>	<u>\$ 315,875</u>	<u>\$ 315,875</u>	<u>\$ 270,864</u>	<u>\$ (45,011)</u>

**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**

*BUDGETARY COMPARISON SCHEDULE*

*DEBT SERVICE - EXHIBIT J-5*

For the Year Ended June 30, 2012

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 9,738,442	\$ 9,738,442	\$ 9,868,586	\$ 130,144
5020	Total Revenues	<u>9,738,442</u>	<u>9,738,442</u>	<u>9,868,586</u>	<u>130,144</u>
<b>Expenditures</b>					
0071	Debt service	<u>11,739,027</u>	<u>12,948,646</u>	<u>12,768,145</u>	<u>180,501</u>
6030	Total Expenditures	<u>11,739,027</u>	<u>12,948,646</u>	<u>12,768,145</u>	<u>180,501</u>
1100	(Deficiency) of Revenues (Under) Expenditures	<u>(2,000,585)</u>	<u>(3,210,204)</u>	<u>(2,899,559)</u>	<u>310,645</u>
<b>Other Financing Sources (Uses)</b>					
7911	Issuance of bonds	-	7,867,245	7,867,245	-
7916	Premium/discount on issuance of bonds	1,411,125	5,308,216	5,308,216	-
8949	Other (uses)	-	(11,444,169)	-	(11,444,169)
7080	Total Other Financing Sources	<u>1,411,125</u>	<u>1,731,292</u>	<u>1,731,292</u>	<u>-</u>
1200	Net Change in Fund Balance	(589,460)	(1,478,912)	(1,168,267)	310,645
0100	Beginning fund balance	<u>8,362,396</u>	<u>8,362,396</u>	<u>8,362,396</u>	<u>-</u>
3000	Ending Fund Balance	<u>\$ 7,772,936</u>	<u>\$ 6,883,484</u>	<u>\$ 7,194,129</u>	<u>\$ 310,645</u>

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*FEDERAL AWARDS SECTION*

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report there on dated November 2, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Partners**

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Stephanie E. Harris, CPA  
Nathan Krupke, CPA

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended solely for the information and use of management the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*B*ELT *H*ARRIS *P* ECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 2, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of New Braunfels Independent School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012.

**Partners**

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713.263.1550 fax

## Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
November 2, 2012

**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS*  
For the Year Ended June 30, 2012

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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**NEW BRAUNFELS  
INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
For the Year Ended June 30, 2012

**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>
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster
84.410	Education Jobs Fund
10.553, 10.555	Child Nutrition Cluster

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*

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 1 of 2)

For the Year Ended June 30, 2012

(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	11610101046901	\$ 1,071,740
IDEA B, Formula Grant*	84.027	116600010469016000	1,058,055
IDEA B, Preschool*	84.173	116610010469016000	21,386
Title III, Part A	84.365	11671001046901	81,911
ESEA Title I, Part C	84.011	11615001046901	2,334
Career and Technical, Basic Grant	84.048	11420006046901	66,187
Title II, Part A, Teacher and Principal	84.367	11694501046901	218,027
ARRA Title I, Part A*	84.389	10551001046901	34,931
ARRA IDEA-B, Formula*	84.391	10554001046901	81,461
ARRA IDEA-B, Preschool*	84.392	10555001046901	2,801
ARRA Title XIV, SFSF	84.394	11557001046901	249,768
Education Jobs Fund*	84.410	11550101046901	835,756
<i>Passed Through Education Service Center, Region X</i>			
Education for Homeless Children	84.196	4600	55,828
ARRA Education for Homeless Children	84.387	4600	9,280
<i>Passed Through Texas State University - San Marcos</i>			
Mathworks	84.215	074602368	20,393
<i>Direct Awards</i>			
Alcohol Reduction	84.184	69551102	3,329
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>3,813,187</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
<i>Passed Through Texas Railroad Commission</i>			
Energy Conservation for Institutional Buildings	81.086	DE-EE0002564	65,264
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>65,264</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs*	10.553	71401101	316,900
National School Lunch*	10.555	71301101	1,263,510
USDA Commodities	10.565	046901	132,927
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>1,713,337</b>

# NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 2 of 2)

For the Year Ended June 30, 2012

(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 DEFENSE</b>			
<i>Passed Through U.S. Army</i> Junior ROTC	12.000	046901	\$ 49,345
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			49,345
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 5,641,133

*\* Indicates clustered program under OMB Circular A-133 Compliance Supplement  
The accompanying notes are an integral part of this schedule.*

Federal revenue per SEFA	\$ 5,641,133
SHARS	372,140
Indirect Costs	3,411
C-2 Federal revenue	\$ 6,016,684

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
For the Year Ended June 30, 2012

**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.

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**NEW BRAUNFELS**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO*  
*SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1*  
For the Year Ended June 30, 2012

<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>\$ 13,969,094</u>

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