

ANNUAL FINANCIAL REPORT

of the

**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**

For the Year Ended
June 30, 2015

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NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

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

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2015, at a meeting of the Board of Trustees of such school district on the 16th day of November, 2015.



Signature of Board Secretary



Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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Governmental
Audit Quality Center

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, New Braunfels Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions to the Teacher Retirement System, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
November 11, 2015

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the New Braunfels Independent School District (the "District") for the year ending June 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at June 30, 2015 was \$22,873,603.
- For the year, the District's general fund reported a total fund balance of \$43,366,387, of which \$33,650 is nonspendable for inventories and prepaid items; \$16,187,704 is committed for land acquisition, construction, and technology and equipment; and \$27,145,033 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 \$53,503,277.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

The District has the following kinds of funds:

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$22,873,603 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year. The District reported an increase of \$7,171,690 in net position from the prior year. This change can be attributed to the increase in total revenue. Total revenue increased by \$7,095,428 due to an increase in property tax revenue, as well as an increase in grants and contributions not restricted for specific programs. The increase in property tax revenue is related to the rise in property valuations. The increase in grants and contributions not restricted for specific programs is related to foundation revenue received from the State. In addition, total expenses increased by \$4,189,916 due to an increase in instruction, school leadership, counseling services, extracurricular, and general administration services expenses offset by a decrease in data processing services and interest on long-term debt expenses.

Table 1
Net Position

Description	Governmental Activities		Total Change 2015-2014	Business-Type Activities	
	2015	2014		2015	2014
Current assets	\$ 67,484,033	\$ 62,995,109	\$ 4,488,924	\$ 78,179	\$ 63,484
Capital assets	120,877,717	124,116,623	(3,238,906)	-	-
Total Assets	188,361,750	187,111,732	1,250,018	78,179	63,484
Deferred charge on refunding	2,666,325	2,663,562	2,763	-	-
Deferred outflows - pension	1,665,003	696,575	968,428	-	-
Total Deferred Outflows of Resources	4,331,328	3,360,137	971,191	-	-
Current liabilities	8,919,995	8,136,859	783,136	78,179	63,484
Long-term liabilities	158,654,448	166,633,097	(7,978,649)	-	-
Total Liabilities	167,574,443	174,769,956	(7,195,513)	78,179	63,484
Deferred inflows - pension	2,245,032	-	2,245,032	-	-
Total Deferred Inflows of Resources	2,245,032	-	2,245,032	-	-
Net Position:					
Net investment in capital assets	(9,712,394)	(10,245,497)	533,103	-	-
Restricted	4,788,428	4,693,648	94,780	-	-
Unrestricted	27,797,569	21,253,762	6,543,807	-	-
Total Net Position	\$ 22,873,603	\$ 15,701,913	\$ 7,171,690	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

Table 2
Changes in Net Position

	Governmental Activities		Total Change	Business-Type Activities	
	2015	2014	2015-2014	2015	2014
Revenues					
Program revenues:					
Charges for services	\$ 1,470,370	\$ 1,399,544	\$ 70,826	\$ 76,659	\$ 83,041
Operating grants and contributions	5,567,381	5,301,323	266,058	-	-
General revenues:					
Property taxes	47,948,892	43,758,681	4,190,211	-	-
Grants and contributions not restricted for specific programs	25,195,418	22,744,788	2,450,630	-	-
Investment earnings	68,223	77,535	(9,312)	-	-
Other revenue	1,001,966	874,951	127,015	-	-
Total Revenue	81,252,250	74,156,822	7,095,428	76,659	83,041
Expenses					
Instruction	39,567,264	36,983,791	2,583,473	-	4,507
Instructional resources and media services	1,061,389	1,010,033	51,356	-	-
Curriculum/instructional staff development	1,266,947	1,035,940	231,007	-	-
Instructional leadership	822,268	843,664	(21,396)	-	-
School leadership	4,142,760	3,776,400	366,360	-	-
Guidance, counseling, evaluation services	2,378,146	2,139,402	238,744	-	-
Social work services	48,420	40,358	8,062	-	-
Health services	729,583	659,714	69,869	-	-
Student (pupil) transportation	2,144,183	2,107,871	36,312	-	-
Food services	3,340,149	3,247,934	92,215	-	-
Extracurricular activities	1,960,604	1,669,707	290,897	76,659	78,534
General administration	2,016,175	1,558,443	457,732	-	-
Plant maintenance and operations	6,626,587	6,407,803	218,784	-	-
Security and monitoring services	177,691	148,040	29,651	-	-
Data processing services	1,392,774	1,539,608	(146,834)	-	-
Community services	445,708	417,566	28,142	-	-
Debt service - interest on long-term debt	5,381,856	5,759,986	(378,130)	-	-
Payments to fiscal agent/member districts of SSA	112,365	113,422	(1,057)	-	-
Other intergovernmental charges	465,691	430,962	34,729	-	-
Total Expenses	74,080,560	69,890,644	4,189,916	76,659	83,041
Change in Net Position	7,171,690	4,266,178	2,905,512	-	-
Beginning net position	15,701,913	11,435,735	4,266,178	-	-
Ending Net Position	\$ 22,873,603	\$ 15,701,913	\$ 7,171,690	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending June 30, 2015, the District's governmental funds reported a combined fund balance of \$53,503,277. This compares to a combined fund balance of \$50,445,171 at June 30, 2014. The fund balance in the general fund increased primarily due to an increase in property tax revenue and foundation revenue compared to the prior year. The debt service fund increased slightly due to the net effect of two refundings issued during the year. The capital projects fund decreased due to expenditures related to ongoing construction projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

During the period ended June 30, 2015, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded budgeted revenues by \$3,174,079 due to an increase in property tax and foundation revenue and the budgeted expenditures exceeded actual expenditures by \$2,925,686 due to a decrease in expenditures for instruction and plant and maintenance operations.

CAPITAL ASSETS

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

At year end, the District had a total of \$120,877,717 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$1,209,564 invested during the fiscal year ended June 30, 2015.

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

LONG-TERM DEBT

At year end, the District had \$126,307,529 in general obligation bonds outstanding and \$29,530 in capital lease obligations versus \$130,086,996 last year. The net decrease of \$3,749,937 is due to the principal payments paid during the year, as well as a refunding of debt.

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

The unemployment rate in the San Antonio-New Braunfels metropolitan area continues to be lower than the overall state unemployment rate – 3.4 percent in the New Braunfels area versus 4.2 percent statewide.

The District's general fund budgeted expenditures for the 2015-2016 school year total \$61,438,870 and the District's Board of Trustees adopted an M & O tax rate of \$1.0133 and an I & S rate of \$0.3258 for a combined rate of \$1.3391. Factors affecting the budget increase are: TASB recommended salary adjustments, updating the transportation bus fleet with four additional buses and three white fleet vehicles, and additional administrative staff and teacher full-time equivalents (FTE) due to student enrollment growth and end of course testing assistance.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
June 30, 2015

Data Control Codes		1 Governmental Activities	2 Business-Type Activities	3 Total
<u>Assets</u>				
1110	Cash and cash equivalents	\$ 1,693,261	\$ -	\$ 1,693,261
1120	Investments	58,286,252	-	58,286,252
1225	Property taxes receivable (net)	1,520,019	-	1,520,019
1240	Due from other governments	6,007,177	-	6,007,177
1260	Internal balances	(78,179)	78,179	-
1290	Other receivables (net)	6,213	-	6,213
1300	Inventories	43,276	-	43,276
1410	Prepaid items	6,014	-	6,014
		<u>67,484,033</u>	<u>78,179</u>	<u>67,562,212</u>
	Capital assets:			
1510	Land	6,962,096	-	6,962,096
1520	Buildings and improvements, net	111,172,840	-	111,172,840
1530	Equipment and vehicles, net	2,742,781	-	2,742,781
		<u>120,877,717</u>	<u>-</u>	<u>120,877,717</u>
1000	Total Assets	<u>188,361,750</u>	<u>78,179</u>	<u>188,439,929</u>
<u>Deferred Outflows of Resources</u>				
1420	Deferred charge on refunding	2,666,325	-	2,666,325
1705	Deferred outflows - pensions	1,665,003	-	1,665,003
	Total Deferred Outflows of Resources	<u>4,331,328</u>	<u>-</u>	<u>4,331,328</u>
<u>Liabilities</u>				
2110	Accounts payable	38,993	-	38,993
2140	Interest payable	2,028,684	-	2,028,684
2165	Accrued liabilities	5,753,318	-	5,753,318
2180	Due to other governments	839,867	-	839,867
2300	Unearned revenue	259,133	78,179	337,312
		<u>8,919,995</u>	<u>78,179</u>	<u>8,998,174</u>
	Noncurrent liabilities:			
2501	Long-term liabilities due within			
2501	one year	5,417,548	-	5,417,548
2502	Long-term liabilities due in more			
2502	than one year	145,897,868	-	145,897,868
2540	Net pension liability	7,339,032	-	7,339,032
2000	Total Liabilities	<u>167,574,443</u>	<u>78,179</u>	<u>167,652,622</u>
<u>Deferred Inflows of Resources</u>				
2605	Deferred inflows - pensions	2,245,032		2,245,032
<u>Net Position</u>				
3200	Net investment in capital assets	(9,712,394)	-	(9,712,394)
	Restricted for:			
3820	Federal and state programs	135,842	-	135,842
3850	Debt service	4,463,166	-	4,463,166
3870	Campus activities	189,420	-	189,420
3900	Unrestricted	27,797,569	-	27,797,569
3000	Total Net Position	<u>\$ 22,873,603</u>	<u>\$ -</u>	<u>\$ 22,873,603</u>

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the Year Ended June 30, 2015

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
	Primary Government			
	Governmental Activities			
11	Instruction	\$ 39,567,264	\$ 141,729	\$ 2,584,058
12	Instructional resources			
12	and media services	1,061,389	-	-
13	Curriculum/instructional staff development	1,266,947	-	363,796
21	Instructional leadership	822,268	-	167,331
23	School leadership	4,142,760	-	5,159
31	Guidance, counseling,			
31	evaluation services	2,378,146	-	355,734
32	Social work services	48,420	-	-
33	Health services	729,583	-	-
34	Student (pupil) transportation	2,144,183	-	-
35	Food services	3,340,149	1,103,145	1,813,041
36	Extracurricular activities	1,960,604	225,496	3,228
41	General administration	2,016,175	-	-
51	Plant maintenance and operations	6,626,587	-	-
52	Security and monitoring services	177,691	-	-
53	Data processing services	1,392,774	-	-
61	Community services	445,708	-	162,669
72	Debt service - interest on long-term debt	5,381,856	-	-
93	Payments to fiscal agent/member			
93	districts of SSA	112,365	-	112,365
99	Other intergovernmental charges	465,691	-	-
TG	Total Governmental Activities	<u>74,080,560</u>	<u>1,470,370</u>	<u>5,567,381</u>
	Business-Type Activities			
01	Athletic camps	76,659	76,659	-
TB	Total Business-Type Activities	<u>76,659</u>	<u>76,659</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 74,157,219</u>	<u>\$ 1,547,029</u>	<u>\$ 5,567,381</u>
	General Revenues			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
GC	for specific programs			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
TR	Total General Revenues			
CN	Change in Net Position			
NB	Beginning net position			
NE	Ending Net Position			

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (36,841,477)	\$ -	\$ (36,841,477)
(1,061,389)	-	(1,061,389)
(903,151)	-	(903,151)
(654,937)	-	(654,937)
(4,137,601)	-	(4,137,601)
(2,022,412)	-	(2,022,412)
(48,420)	-	(48,420)
(729,583)	-	(729,583)
(2,144,183)	-	(2,144,183)
(423,963)	-	(423,963)
(1,731,880)	-	(1,731,880)
(2,016,175)	-	(2,016,175)
(6,626,587)	-	(6,626,587)
(177,691)	-	(177,691)
(1,392,774)	-	(1,392,774)
(283,039)	-	(283,039)
(5,381,856)	-	(5,381,856)
-	-	-
(465,691)	-	(465,691)
(67,042,809)	-	(67,042,809)
-	-	-
-	-	-
(67,042,809)	-	(67,042,809)
36,275,929	-	36,275,929
11,672,963	-	11,672,963
25,195,418	-	25,195,418
68,223	-	68,223
1,001,966	-	1,001,966
74,214,499	-	74,214,499
7,171,690	-	7,171,690
15,701,913	-	15,701,913
\$ 22,873,603	\$ -	\$ 22,873,603

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
June 30, 2015

Data Control Codes		10	50	60	Other
		General	Debt Service	Capital Projects	Governmental Funds
Assets:					
1110	Cash and cash equivalents	\$ 768,456	\$ -	\$ -	\$ 442,882
1120	Investments	44,269,835	3,998,015	5,567,366	-
1220	Taxes receivable	1,260,164	399,103	-	-
1230	Allowance for uncollectible taxes	(108,413)	(30,835)	-	-
1240	Due from other governments	5,513,827	-	-	493,350
1260	Due from other funds	602,238	250,966	-	45,078
1290	Other receivables	4,395	-	-	1,818
1300	Inventories	27,636	-	-	15,640
1410	Prepaid items	6,014	-	-	-
1000	Total Assets	\$ 52,344,152	\$ 4,617,249	\$ 5,567,366	\$ 998,768
Liabilities:					
2110	Accounts payable	\$ 31,255	\$ -	\$ -	\$ 140
2150	Payroll deductions payable	388,672	-	-	-
2160	Accrued wages payable	5,116,088	-	-	-
2170	Due to other funds	1,158,438	-	-	494,425
2180	Due to other governments	839,817	-	-	50
2200	Accrued expenditures	198,363	20,358	-	-
2300	Unearned revenue	93,382	-	-	163,251
2000	Total Liabilities	7,826,015	20,358	-	657,866
Deferred Inflows of Resources:					
2600	Unavailable revenue - property taxes	1,151,750	368,269	-	-
Fund Balances:					
Non-spendable:					
3410	Inventories	27,636	-	-	15,640
3430	Prepaid items	6,014	-	-	-
Restricted:					
3450	Grant funds	-	-	-	135,842
3470	Capital acquisitions and contracts	-	-	5,567,366	-
3480	Debt service	-	4,228,622	-	-
3490	Other restrictions of fund balance	-	-	-	189,420
Committed:					
3510	Construction	13,546,000	-	-	-
3530	Capital expenditures for equipment	2,641,704	-	-	-
3600	Unassigned	27,145,033	-	-	-
3000	Total Fund Balances	43,366,387	4,228,622	5,567,366	340,902
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,344,152	\$ 4,617,249	\$ 5,567,366	\$ 998,768

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$	1,211,338
	53,835,216
	1,659,267
	(139,248)
	6,007,177
	898,282
	6,213
	43,276
	6,014
\$	<u>63,527,535</u>

\$	31,395
	388,672
	5,116,088
	1,652,863
	839,867
	218,721
	<u>256,633</u>
	<u>8,504,239</u>

	<u>1,520,019</u>
--	------------------

	43,276
	6,014

	135,842
	5,567,366
	4,228,622
	189,420

	13,546,000
	2,641,704
	<u>27,145,033</u>
	<u>53,503,277</u>

\$	<u>63,527,535</u>
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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
June 30, 2015

Total fund balances for governmental funds	\$ 53,503,277
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets - non-depreciable	6,962,096	
Capital assets - depreciable	113,915,621	
		120,877,717

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

1,520,019

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

5,577,024

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

Accrued interest	(2,028,684)	
Deferred charge on refunding	2,666,325	
Deferred outflows - pensions	1,665,003	
Deferred inflows - pensions	(2,245,032)	
Arbitrage rebate	(7,598)	
Non-current liabilities due in one year	(5,417,548)	
Non-current liabilities due in more than one year	(145,897,868)	
Net pension liability	(7,339,032)	
		(158,604,434)

Net Position of Governmental Activities	\$ 22,873,603
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See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended June 30, 2015

Data Control Codes		10	50	60	Other
		General	Debt Service	Capital Projects	Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 37,241,404	\$ 11,775,946	\$ 7,930	\$ 1,559,141
5800	State program revenues	22,424,783	-	-	813,644
5900	Federal program revenues	744,096	-	-	4,772,817
5020	Total Revenues	60,410,283	11,775,946	7,930	7,145,602
Expenditures					
0011	Instruction	33,506,979	-	-	2,758,615
0012	Instructional resources/media services	862,508	-	-	109,148
0013	Curriculum and staff development	826,671	-	-	366,386
0021	Instructional leadership	605,552	-	-	167,331
0023	School leadership	3,945,075	-	-	33,265
0031	Guidance, counseling, and				
0031	evaluation services	1,904,337	-	-	355,734
0032	Social work services	44,858	-	-	-
0033	Health services	690,628	-	-	-
0034	Student (pupil) transportation	2,445,172	-	-	-
0035	Food service	-	-	-	2,971,362
0036	Extracurricular activities	1,496,902	-	-	133,573
0041	General administration	1,937,474	-	-	228
0051	Plant maintenance and operations	6,412,635	-	-	-
0052	Security and monitoring services	139,235	-	-	-
0053	Data processing services	1,415,655	-	-	-
0061	Community services	262,471	-	-	162,763
Debt service:					
0071	Principal	10,796	3,494,141	-	-
0072	Interest	1,127	7,929,414	-	-
0073	Bond issuance costs and fees	-	295,891	-	-
0073	Payment to bond escrow agent	-	5,432,204	-	-
0073	Advanced refunding escrow	-	313,975	-	-
Capital outlay:					
0081	Facilities acquisition and construction	64,023	-	330,489	-
Intergovernmental:					
0093	Shared service arrangements	-	-	-	112,365
0099	Other intergovernmental charges	465,691	-	-	-
6030	Total Expenditures	57,037,789	17,465,625	330,489	7,170,770
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,372,494	(5,689,679)	(322,559)	(25,168)
Other Financing Sources (Uses)					
7911	Issuance of bonds	-	14,380,000	-	-
7915	Transfers in	19,080	-	-	-
7916	Premium on issuance of bonds	-	758,523	-	-
8911	Transfers (out)	-	-	-	(19,080)
8949	Payment to bond escrow agent	-	(9,415,505)	-	-
7080	Total Other Financing Sources (Uses)	19,080	5,723,018	-	(19,080)
1200	Net Change in Fund Balances	3,391,574	33,339	(322,559)	(44,248)
0100	Beginning fund balances	39,974,813	4,195,283	5,889,925	385,150
3000	Ending Fund Balances	\$ 43,366,387	\$ 4,228,622	\$ 5,567,366	\$ 340,902

See Notes to Financial Statements.

98 Total Governmental Funds	
\$	50,584,421
	23,238,427
	5,516,913
	<u>79,339,761</u>
	36,265,594
	971,656
	1,193,057
	772,883
	3,978,340
	2,260,071
	44,858
	690,628
	2,445,172
	2,971,362
	1,630,475
	1,937,702
	6,412,635
	139,235
	1,415,655
	425,234
	3,504,937
	7,930,541
	295,891
	5,432,204
	313,975
	394,512
	112,365
	465,691
	<u>82,004,673</u>
	<u>(2,664,912)</u>
	14,380,000
	19,080
	758,523
	(19,080)
	<u>(9,415,505)</u>
	<u>5,723,018</u>
	3,058,106
	50,445,171
\$	<u><u>53,503,277</u></u>

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3*
For the Year Ended June 30, 2015

Net changes in fund balances - total governmental funds	\$ 3,058,106
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	(4,448,470)
Capital outlay (net of disposed assets)	1,209,564

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(94,970)
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

New bond issuance	(14,380,000)
Principal repayments	3,504,937
Accrued interest	234,544
Payment to refunding bond escrow agent	15,161,684
Amortization of loss on bond refunding	(533,921)
Amortization of premiums	341,868
Accreted interest	2,039,489

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	174,658
Arbitrage rebate	4,073
Pension expense	1,672,697
Amortization of deferred inflows - pensions	968,428
Amortization of deferred outflows - pensions	(2,245,032)

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.	504,035
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Change in Net Position of Governmental Activities	\$ 7,171,690
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See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - EXHIBIT D-1
June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>702</u>	<u>703</u>		
	<u>Athletic Camps</u>	<u>Summer School</u>	<u>Total Funds</u>	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 481,923
Investments	-	-	-	4,451,036
Due from other funds	76,394	1,785	78,179	784,215
Total Assets	<u>76,394</u>	<u>1,785</u>	<u>78,179</u>	<u>5,717,174</u>
<u>Liabilities</u>				
Current liabilities:				
Due to other funds	-	-	-	107,813
Unearned revenue	76,394	1,785	78,179	2,500
Accrued expenses	-	-	-	29,837
Total Liabilities	<u>76,394</u>	<u>1,785</u>	<u>78,179</u>	<u>140,150</u>
<u>Net Position</u>				
Unrestricted	-	-	-	5,577,024
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,577,024</u>

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - EXHIBIT D-2
For the Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>702</u>	<u>703</u>		<u>Activities -</u>
	<u>Athletic</u>	<u>Summer</u>		<u>Internal</u>
	<u>Camps</u>	<u>School</u>	<u>Total Funds</u>	<u>Service</u>
				<u>Funds</u>
<u>Operating Revenues</u>				
Charges for services	\$ 76,659	\$ -	\$ 76,659	\$ 6,172,105
Total Operating Revenues	<u>76,659</u>	<u>-</u>	<u>76,659</u>	<u>6,172,105</u>
<u>Operating Expenses</u>				
Payroll costs	41,875	-	41,875	-
Contractual services	-	-	-	449,011
Insurance and bonding costs	-	-	-	5,221,935
Other supplies and expenses	20,277	-	20,277	2,630
Other operating costs	14,507	-	14,507	-
Total Operating Expenses	<u>76,659</u>	<u>-</u>	<u>76,659</u>	<u>5,673,576</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,529</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest and investment revenue	-	-	-	5,506
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,506</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,035</u>
Beginning net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,072,989</u>
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,577,024</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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	702	703		
	Athletic Camps	Summer School	Total Funds	
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ 76,659	\$ -	\$ 76,659	\$ 6,172,105
Cash payments to suppliers	(34,784)	-	(34,784)	(5,670,946)
Cash payments to employees	(41,875)	-	(41,875)	-
Other receipts (payments)	-	-	-	(717,651)
Net Cash (Used) by Operating Activities	-	-	-	(216,492)
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	-	5,506
Net Cash Provided by Investing Activities	-	-	-	5,506
Net (Decrease) in Cash and Cash Equivalents	-	-	-	(210,986)
Beginning cash and cash equivalents	-	-	-	5,143,945
Ending Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 4,932,959
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income	\$ -	\$ -	\$ -	\$ 498,529
Adjustments to reconcile operating income to net cash (used) by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	(14,695)	-	(14,695)	(712,321)
Increase (decrease) in due to other funds	-	-	-	(847)
Increase (decrease) in unearned revenue	14,695	-	14,695	(1,853)
Net Cash (Used) by Operating Activities	\$ -	\$ -	\$ -	\$ (216,492)

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
June 30, 2015

		Agency Fund Student Activity
<u>Assets</u>		
Cash and cash equivalents		\$ 292,914
Total Assets		292,914
<u>Liabilities</u>		
Due to student groups		274,778
Unearned revenue		18,136
Total Liabilities		292,914
<u>Net Position</u>		
Held in trust		-
Total Net Position		\$ -

See Notes to Financial Statements.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

New Braunfels Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District’s business-type activities and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Funds

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund is not technically a major fund, but due to its significance, management has chosen to present it as a major fund for reporting purposes.

Special Revenue Funds

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

Proprietary Funds

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

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INDEPENDENT SCHOOL DISTRICT
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For the Year Ended June 30, 2015

The District has the following types of proprietary funds:

Enterprise Funds

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

Internal Service Funds

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

Fiduciary Funds

The fiduciary funds account for assets held by the District as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District has the following type of fiduciary funds:

Agency Funds

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

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

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

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

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For the Year Ended June 30, 2015

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

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

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

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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	7 to 40 years
Vehicles	5 to 10 years
Equipment	5 to 20 years

6. Deferred Outflows/Inflows of Resources

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

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

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

7. Compensated Absences

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

11. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

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

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

12. Estimates

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

13. Data Control Codes

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

14. Pensions

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

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For the Year Ended June 30, 2015

liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service funds are charges to students and charges to other departments of the District for services provided. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with 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.

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

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.

A. Expenditures in Excess of Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations at the legal level of control for food service expenditures of the national school breakfast and lunch program.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are held in external investment pools which are not subject to custodial credit risk.

As of June 30, 2015, the District's investments were as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
Texpool	N/A	\$ 5,108,427	AAAm
Lone Star Investment Pool	N/A	53,177,602	AAA
Texas CLASS	N/A	223	AAAm
		<u>\$ 58,286,252</u>	

TexPool

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

Lone Star Investment Pool

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

Texas CLASS

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

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

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

B. Capital Assets

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

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,962,096	\$ -	\$ -	\$ 6,962,096
Total Capital Assets Not Being Depreciated	<u>6,962,096</u>	<u>-</u>	<u>-</u>	<u>6,962,096</u>
Other capital assets:				
Buildings and improvements	148,940,171	384,865	-	149,325,036
Equipment and vehicles	9,723,587	824,699	(17,118)	10,531,168
Total Other Capital Assets	<u>158,663,758</u>	<u>1,209,564</u>	<u>(17,118)</u>	<u>159,856,204</u>
Less accumulated depreciation for:				
Buildings and improvements	(34,295,188)	(3,857,008)	-	(38,152,196)
Equipment and vehicles	(7,214,043)	(591,462)	17,118	(7,788,387)
Total Accumulated Depreciation	<u>(41,509,231)</u>	<u>(4,448,470)</u>	<u>17,118</u>	<u>(45,940,583)</u>
Other capital assets, net	117,154,527	(3,238,906)	-	113,915,621
Governmental Activities Capital Assets, Net	<u>\$ 124,116,623</u>	<u>\$ (3,238,906)</u>	<u>\$ -</u>	<u>120,877,717</u>
			Less associated debt	(138,823,802)
			Plus unspent bond proceeds	5,567,366
			Plus deferred charge on refunding	<u>2,666,325</u>
			Net Investment in Capital Assets	<u>\$ (9,712,394)</u>

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 2,924,524
12 Instructional resources/media services	71,723
13 Curriculum and staff development	28,904
21 Instructional leadership	1,443
23 School leadership	50,894
31 Guidance, counseling, and evaluation services	33,373
33 Health services	23,386
34 Student (pupil) transportation	341,575
35 Food service	331,389
36 Extracurricular activities	302,725
41 General administration	33,804
51 Plant maintenance and operations	226,327
52 Security and monitoring services	36,825
53 Data processing services	41,578
Total Depreciation Expense	<u>\$ 4,448,470</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

C. Long-Term Debt

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

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year	Interest Rates
Bonds payable and capital leases:						
Series 1998	\$ 589,476	\$ -	\$ (589,476)	\$ -	\$ -	4.15%
Series 2005	2,774,973	-	-	2,774,973	1,438,680	3.50-5.00%
Series 2006	14,945,000	-	(14,945,000)	-	-	4.13-5.00%
Series 2007	16,720,000	-	(1,280,000)	15,440,000	1,750,000	4.00-4.125%
Series 2008	16,119,997	-	(115,000)	16,004,997	115,000	3.375-5.00%
Series 2010	7,680,000	-	(845,000)	6,835,000	880,000	3.00-4.00%
Series 2011	29,549,979	-	(64,665)	29,485,314	51,968	2.00-5.00%
Series 2012	23,122,245	-	(85,000)	23,037,245	325,000	1.625-5.00%
Series 2012A	9,420,000	-	-	9,420,000	-	2.00-5.00%
Series 2013	9,125,000	-	-	9,125,000	-	3.00-3.50%
Series 2014	-	9,145,000	(195,000)	8,950,000	200,000	2.00-2.75%
Series 2015	-	5,235,000	-	5,235,000	-	3.50%
Capital lease	40,326	-	(10,796)	29,530	11,144	0.27%
	<u>130,086,996</u>	<u>14,380,000</u>	<u>(18,129,937)</u>	<u>126,337,059</u>	<u>4,771,792</u>	
Other liabilities:						
Compensated absences	892,165	628,291	(802,949)	717,507	645,756	
Net issuance premiums (discounts)	12,828,611	758,523	(1,100,391)	12,486,743	*	-
Accreted interest	13,813,596	-	(2,039,489)	11,774,107	-	-
Total Governmental Activities	<u>\$ 157,621,368</u>	<u>\$ 15,766,814</u>	<u>\$ (22,072,766)</u>	<u>\$ 151,315,416</u>	<u>\$ 5,417,548</u>	

Long-term liabilities due in more than one year \$ 145,897,868

*Debt associated with capital assets \$ 138,823,802

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

Current Refunding

The District issued \$5,235,000 of unlimited tax refunding bonds, series 2015. The proceeds were used to refund \$5,440,000 of outstanding unlimited tax school building bonds, series 2006. The refunding was undertaken to provide a present value savings in debt service payable by the District.

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

The reacquisition price exceeded the net carrying amount of the old debt by \$79,337. This amount is being netted against the new debt and amortized over the life of the new debt issued, which is the same as the life of the old debt. This debt refunding resulted in an economic gain of \$877,287 and a reduction of \$1,048,362 in future debt service payments.

Advance Refunding

The District issued \$9,145,000 of unlimited tax refunding bonds, series 2014, to provide resources to purchase direct obligations of the United States of America, of which \$9,618,928 was placed in an irrevocable trust for the purpose of generating resources for a portion of future debt service payments of outstanding long-term debt issues in unlimited tax school building bonds, series 2006. As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of the liability has been removed from the applicable governmental columns in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$394,388. This amount is reported as deferred outflow of resources on the Statement of Net Position and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The advance refunding resulted in an economic gain of \$1,443,905 and a reduction of \$1,612,409 in future debt service payments. At June 30, 2015, \$9,185,000 of the unlimited tax school building bonds, series 2006 was considered defeased relating to the 2014 refunding.

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

Year Ended June 30	General Obligation Bonds		
	Principal	Interest	Total Requirements
2016	\$ 4,760,648	\$ 5,066,169	\$ 9,826,817
2017	5,068,385	4,992,825	10,061,210
2018	7,192,325	4,871,350	12,063,675
2019	7,553,929	4,569,275	12,123,204
2020	9,185,000	4,238,438	13,423,438
2021-2025	42,652,242	15,990,388	58,642,630
2026-2030	30,350,000	8,109,156	38,459,156
2031-2035	17,050,000	3,122,888	20,172,888
2035-2039	2,495,000	153,438	2,648,438
	<u>\$ 126,307,529</u>	<u>\$ 51,113,927</u>	<u>\$ 177,421,456</u>

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

Year Ended June 30	Capital Leases		
	Principal	Interest	Total Requirements
2016	\$ 11,144	\$ 779	\$ 11,923
2017	11,504	418	11,922
2018	6,882	73	6,955
	<u>\$ 29,530</u>	<u>\$ 1,270</u>	<u>\$ 30,800</u>

Software acquired under current capital lease obligations totaled \$55,043 and accumulated depreciation totaled \$27,520.

NEW BRAUNFELS

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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 \$7,598, which did not become due and payable until after year end, and is therefore excluded from the governmental funds balance sheet. The liability is included in the government-wide Statement of Net Position.

D. Commitments Under Noncapitalized Leases

During the year, the District expended a total of \$170,523 for operating (non-capitalized) leases and, in accordance with standard non-appropriation clauses in the various lease agreements, the District has no future obligation in relation to these leases.

E. Interfund Transactions

The interfund balances and transfers were as follows:

	Due From Other Funds
General fund	
Other governmental funds	\$ 494,425
Internal service funds	107,813
Total General Fund	<u>602,238</u>
Debt service fund	
General fund	250,966
Total Debt Service Fund	<u>250,966</u>
Other governmental funds	
General fund	45,078
Total Other Governmental Funds	<u>45,078</u>
Enterprise funds	
General fund	78,179
Total Enterprise Funds	<u>78,179</u>
Internal service funds	
General fund	784,215
Total Internal Service Funds	<u>784,215</u>
Total	<u><u>\$ 1,760,676</u></u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

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

	<u>Transfers From Other Funds</u>
General fund	
Other governmental funds	\$ 19,080
Total General Fund	<u><u>\$ 19,080</u></u>

F. Restatement of Net Position

The beginning net position for governmental activities has been restated to account for recognition of net pension liability as of the pension plan's measurement date and deferred outflows related to contributions made after the pension plan's measurement date. The beginning balance of net position was restated as follows:

	<u>Governmental Activities</u>
Beginning net position - as reported	\$ 24,017,067
Restatement - net pension liability	(9,011,729)
Restatement - deferred outflows	<u>696,575</u>
Beginning net position - restated	<u><u>\$ 15,701,913</u></u>

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with five years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in Plan Description above.

Contributions

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

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. It also added a 1.5 percent contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

<u>Contribution Rates</u>	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer # 0951 - 2014 Employer Contributions		\$ 696,575
Employer # 0951 - 2014 Member Contributions		\$ 647,781
Employer # 0951 - 2014 NECE On-behalf Contributions		\$2,056,611

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

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

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained a significant margin for possible future mortality improvement. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha	0%		1.0%
Total	100%		8.7%

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8.0%) in measuring the 2014 net pension liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$13,114,406	\$7,339,032	\$3,020,128

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

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

At August 31, 2014, the District reported a liability of \$7,339,032 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 7,339,032
State's proportionate share that is associated with the District	<u>21,714,430</u>
Total	<u>\$29,053,462</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.000274753 percent which was a decrease of 0.0000191 percent from its proportion measured as of August 31, 2013. The change in proportion was immaterial and, therefore, disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5 percent contribution for employers not paying OASDI on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$1,611,366 and revenue of \$2,007,459 for support provided by the State.

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

At August 31, 2014, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 113,500	\$ -
Changes in actuarial assumptions	477,045	-
Difference between projected and actual investment earnings	-	1,924
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	2,243,108
Contributions paid to TRS subsequent to the measurement date	1,074,458	-
Total	<u>\$ 1,665,003</u>	<u>\$ 2,245,032</u>

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

Year Ended August 31	Pension Expense Amount
2016	\$ (461,693)
2017	\$ (461,693)
2018	\$ (461,693)
2019	\$ (461,693)
2020	\$ 99,086
Thereafter	\$ 93,199

D. Retiree Health Care Plan

Plan Description

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

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,

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

respectively, with school districts contributing a percentage of payroll set at 0.55 percent for fiscal years 2015, 2014, and 2013. 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, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$24,934, \$22,044, and \$22,631, respectively; the active member contributions were \$272,711, \$258,436, and \$244,654, respectively; and the District's contributions were \$230,755, \$218,677, and \$207,015, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$173,738, \$107,092, and \$101,276, respectively.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant ages 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended June 30, 2015, the District did not receive any TRS-Care on behalf payments.

E. Employee Health Care Coverage

During the year, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$332 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2015 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended June 30, 2015, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

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, 2014, the Fund carries a discounted reserve of \$56,905,750 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2015, 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, 2014 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Unemployment Compensation

During the year ended June 30, 2015, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2015, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2014 are available on the TASB Risk Management Fund's website and have been filed with the Texas Department of Insurance in Austin.

H. Shared Service 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

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

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.

I. Subsequent Events

1. Purchase of Property

On July 27, 2015, the Board of Trustees approved a real estate contract to secure the purchase of an approximately 15.1 acre tract of land for the future site of an elementary school.

2. Issuance of Debt

On October 1, 2015, the District issued \$15,769,993 of unlimited tax refunding bonds, series 2015A for the purpose of refunding a portion of outstanding long-term debt issues in unlimited tax school building bonds, series 2008. The interest rate for series 2015A issuance ranges from two to five percent and will mature February 1, 2029.

3. Funding for Development of Two New Elementary Schools

On November 3, 2015, voters passed a \$62.8 million bond referendum for the purposes of construction of two new elementary schools, conversion of Lone Star Elementary to an early childhood center, renovations and repairs to New Braunfels High School, a District stadium, and other District facilities.

REQUIRED SUPPLEMENTARY INFORMATION

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended June 30, 2015

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 35,224,615	\$ 35,263,215	\$ 37,241,404	\$ 1,978,189
5800	State program revenues	21,813,463	21,822,989	22,424,783	601,794
5900	Federal program revenues	150,000	150,000	744,096	594,096
5020	Total Revenues	57,188,078	57,236,204	60,410,283	3,174,079
Expenditures					
0011	Instruction	36,010,525	34,605,483	33,506,979	1,098,504
0012	Instructional resources/media services	931,153	963,039	862,508	100,531
0013	Curriculum and staff development	560,026	828,680	826,671	2,009
0021	Instructional leadership	591,174	735,730	605,552	130,178
0023	School leadership	3,683,748	3,963,977	3,945,075	18,902
0031	Guidance, counseling, and				
0031	evaluation services	1,786,443	1,972,776	1,904,337	68,439
0032	Social work services	47,192	47,482	44,858	2,624
0033	Health services	811,207	733,603	690,628	42,975
0034	Student (pupil) transportation	2,402,568	2,445,558	2,445,172	386
0036	Extracurricular activities	1,261,092	1,497,452	1,496,902	550
0041	General administration	1,759,052	2,054,637	1,937,474	117,163
0051	Plant maintenance and operations	6,539,982	7,583,743	6,412,635	1,171,108
0052	Security and monitoring services	128,800	177,689	139,235	38,454
0053	Data processing services	1,460,320	1,526,132	1,415,655	110,477
0061	Community services	245,159	262,884	262,471	413
Debt service:					
0071	Principal	-	10,796	10,796	-
0072	Interest	-	1,138	1,127	11
Capital outlay:					
0081	Facilities acquisition and construction	-	86,136	64,023	22,113
Intergovernmental:					
0099	Other intergovernmental charges	414,184	466,540	465,691	849
6030	Total Expenditures	58,632,625	59,963,475	57,037,789	2,925,686
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,444,547)	(2,727,271)	3,372,494	6,099,765
Other Financing Sources (Uses)					
7915	Transfers in	-	-	19,080	19,080
7080	Total Other Financing Sources	-	-	19,080	19,080
1200	Net Change in Fund Balances	(1,444,547)	(2,727,271)	3,391,574	6,118,845
0100	Beginning fund balances	39,974,813	39,974,813	39,974,813	-
3000	Ending Fund Balances	\$ 38,530,266	\$ 37,247,542	\$ 43,366,387	\$ 6,118,845

Notes to Required Supplementary Information:

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

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Year Ended June 30, 2015

	<div style="border-bottom: 1px solid black;">Year</div> <div style="border-bottom: 1px solid black;">2015*</div>
District's proportion of the net pension liability (asset)	0.0274753%
District's proportionate share of the net pension liability (asset)	\$ 7,339,032
State's proportionate share of the net pension liability (asset) associated with the District	21,714,430
Total	<div style="border-bottom: 1px solid black;">\$ 29,053,462</div> <div style="border-bottom: 3px double black;"></div>
District's covered employee payroll**	\$ 39,759,377
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	18.46%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

* Only one year's worth of information is currently available.

** As of the measurement date.

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

Last 10 Fiscal Years
For the Year Ended June 30, 2015

	Fiscal Year			
	2015	2014	2013	2012
Contractually required contribution	\$ 1,186,299	\$ 674,045	\$ 565,260	\$ 547,905
Contributions in relations to the contractually required contribution	1,186,299	674,045	565,260	547,905
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 41,955,471	\$ 39,759,377	\$ 37,639,087	\$ 37,156,020
Contributions as a percentage of covered employee payroll	2.83%	1.70%	1.50%	1.47%

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 826,063	\$ 712,105	\$ 619,512	\$ 531,701	\$ 431,413	\$ 350,682
826,063	712,105	619,512	531,701	431,413	350,682
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 40,138,689	\$ 38,764,023	\$ 37,277,856	\$ 34,869,430	\$ 34,183,652	\$ 29,923,082
2.06%	1.84%	1.66%	1.52%	1.26%	1.17%

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***OTHER SUPPLEMENTARY
INFORMATION***

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)
June 30, 2015

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	14,708	164,859	241,507	4,370
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	\$ 14,708	\$ 164,859	\$ 241,507	\$ 4,370
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	14,708	164,859	241,507	4,370
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	14,708	164,859	241,507	4,370
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 14,708	\$ 164,859	\$ 241,507	\$ 4,370

240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	289 LEP Summer School	385 State Supplemental Visually Impaired
\$ 143,535	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,740	37,362	14,069	-	-
7,235	-	-	-	-	-
818	-	-	-	-	-
15,640	-	-	-	-	-
<u>\$ 167,228</u>	<u>\$ 8,740</u>	<u>\$ 37,362</u>	<u>\$ 14,069</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 106	\$ -	\$ -	\$ 34	\$ -	\$ -
-	8,740	37,362	14,035	-	-
-	-	-	-	-	-
15,640	-	-	-	-	-
<u>15,746</u>	<u>8,740</u>	<u>37,362</u>	<u>14,069</u>	<u>-</u>	<u>-</u>
15,640	-	-	-	-	-
135,842	-	-	-	-	-
-	-	-	-	-	-
<u>151,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 167,228</u>	<u>\$ 8,740</u>	<u>\$ 37,362</u>	<u>\$ 14,069</u>	<u>\$ -</u>	<u>\$ -</u>

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

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

June 30, 2015

		392	397	410	414
Data Control Codes		Noneducational Community Based Support	Advanced Placement Incentives	State Textbook	Reading Instruments
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	7,735	-	-	-
1260	Due from other funds	-	1,213	36,630	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 7,735</u>	<u>\$ 1,213</u>	<u>\$ 36,630</u>	<u>\$ -</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	7,735	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	1,213	36,630	-
2000	Total Liabilities	<u>7,735</u>	<u>1,213</u>	<u>36,630</u>	<u>-</u>
<u>Fund Balances</u>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 7,735</u>	<u>\$ 1,213</u>	<u>\$ 36,630</u>	<u>\$ -</u>

461

Campus Activity	Total Nonmajor Governmental Funds
\$ 299,347	\$ 442,882
-	493,350
-	45,078
1,000	1,818
-	15,640
<u>\$ 300,347</u>	<u>\$ 998,768</u>
\$ -	\$ 140
1,109	494,425
50	50
109,768	163,251
<u>110,927</u>	<u>657,866</u>
-	15,640
-	135,842
189,420	189,420
<u>189,420</u>	<u>340,902</u>
<u>\$ 300,347</u>	<u>\$ 998,768</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)
For the Year Ended June 30, 2015

		206	211	224	225
Data Control Codes		ESEA Title X Part C	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	48,542	1,023,256	1,494,337	26,419
5020	Total Revenues	<u>48,542</u>	<u>1,023,256</u>	<u>1,494,337</u>	<u>26,419</u>
	<u>Expenditures</u>				
0011	Instruction	1,328	788,245	955,697	26,419
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	38,431	47,096	-
0021	Instructional leadership	47,214	38,106	74,043	-
0023	School leadership	-	-	225	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	297,488	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	3,228	-
0041	General administration	-	-	-	-
0061	Community services	-	158,474	4,195	-
	Intergovernmental:				
0093	Shared service arrangements	-	-	112,365	-
6030	Total Expenditures	<u>48,542</u>	<u>1,023,256</u>	<u>1,494,337</u>	<u>26,419</u>
	<u>Other Financing Sources (Uses)</u>				
8911	Transfers (out)	-	-	-	-
7080	Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	289 LEP Summer School	385 State Supplemental Visually Impaired
\$ 1,103,145	\$ -	\$ -	\$ -	\$ -	\$ -
15,531	-	-	-	-	4,950
1,797,510	72,654	227,992	77,681	4,426	-
2,916,186	72,654	227,992	77,681	4,426	4,950
-	2,057	1,439	25,739	4,426	4,950
-	-	-	-	-	-
-	9,851	216,476	51,942	-	-
-	2,500	5,143	-	-	-
-	-	4,934	-	-	-
-	58,246	-	-	-	-
2,971,362	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,971,362	72,654	227,992	77,681	4,426	4,950
-	-	-	-	-	-
-	-	-	-	-	-
(55,176)	-	-	-	-	-
206,658	-	-	-	-	-
\$ 151,482	\$ -	\$ -	\$ -	\$ -	\$ -

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)
For the Year Ended June 30, 2015

		392	397	410	414
Data Control Codes		Noneducational Community Based Support	Advanced Placement Incentives	State Textbook	Reading Instruments
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	18,713	137	755,233	19,080
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>18,713</u>	<u>137</u>	<u>755,233</u>	<u>19,080</u>
Expenditures					
0011	Instruction	18,713	137	754,908	-
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	325	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0061	Community services	-	-	-	-
Intergovernmental:					
0093	Shared service arrangements	-	-	-	-
6030	Total Expenditures	<u>18,713</u>	<u>137</u>	<u>755,233</u>	<u>-</u>
Other Financing Sources (Uses)					
8911	Transfers (out)	-	-	-	(19,080)
7080	Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,080)</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461	
Campus Activity	Total Nonmajor Governmental Funds
\$ 455,996	\$ 1,559,141
-	813,644
-	4,772,817
455,996	7,145,602
174,557	2,758,615
109,148	109,148
2,590	366,386
-	167,331
28,106	33,265
-	355,734
-	2,971,362
130,345	133,573
228	228
94	162,763
-	112,365
445,068	7,170,770
-	(19,080)
-	(19,080)
10,928	(44,248)
178,492	385,150
\$ 189,420	\$ 340,902

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - EXHIBIT H-3
June 30, 2015

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 480,923	\$ 1,000	\$ 481,923
Investments	-	-	4,451,036	4,451,036
Due from other funds	54,748	-	729,467	784,215
Total Assets	\$ 54,748	\$ 480,923	\$ 5,181,503	\$ 5,717,174
<u>Liabilities</u>				
Current liabilities:				
Due to other funds	\$ -	\$ 107,813	\$ -	\$ 107,813
Unearned revenue	-	-	2,500	2,500
Accrued expenses	-	-	29,837	29,837
Total Liabilities	-	107,813	32,337	140,150
<u>Net Position</u>				
Unrestricted	54,748	373,110	5,149,166	5,577,024
Total Net Position	\$ 54,748	\$ 373,110	\$ 5,149,166	\$ 5,577,024

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - INTERNAL SERVICE FUNDS - EXHIBIT H-4
For the Year Ended June 30, 2015

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Operating Revenues</u>				
Charges for services	\$ -	\$ 5,455,861	\$ 716,244	\$ 6,172,105
Total Operating Revenues	<u>-</u>	<u>5,455,861</u>	<u>716,244</u>	<u>6,172,105</u>
<u>Operating Expenses</u>				
Contractual services	14,516	434,495	-	449,011
Insurance and bonding costs	-	5,036,320	185,615	5,221,935
Other supplies and expenses	2,630	-	-	2,630
Total Operating Expenses	<u>17,146</u>	<u>5,470,815</u>	<u>185,615</u>	<u>5,673,576</u>
Operating Income (Loss)	<u>(17,146)</u>	<u>(14,954)</u>	<u>530,629</u>	<u>498,529</u>
<u>Non-Operating Revenues</u>				
Interest and investment revenue	-	-	5,506	5,506
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>5,506</u>	<u>5,506</u>
Change in Net Position	<u>(17,146)</u>	<u>(14,954)</u>	<u>536,135</u>	<u>504,035</u>
Beginning net position	<u>71,894</u>	<u>388,064</u>	<u>4,613,031</u>	<u>5,072,989</u>
Ending Net Position	<u>\$ 54,748</u>	<u>\$ 373,110</u>	<u>\$ 5,149,166</u>	<u>\$ 5,577,024</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, 2015

	752	753	771	Total Internal Service Funds
	Central Office Copiers	Health Insurance	Workers' Compensation Insurance	
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ -	\$ 5,455,861	\$ 716,244	\$ 6,172,105
Cash payments to suppliers	(14,516)	(5,470,815)	(185,615)	(5,670,946)
Other receipts (payments)	14,516	(847)	(731,320)	(717,651)
Net Cash (Used) by Operating Activities	-	(15,801)	(200,691)	(216,492)
<u>Cash Flows From Investing Activities</u>				
Interest and dividends	-	-	5,506	5,506
Net Cash Provided by Investing Activities	-	-	5,506	5,506
Net (Decrease) in Cash and Cash Equivalents	-	(15,801)	(195,185)	(210,986)
Beginning cash and cash equivalents	-	496,724	4,647,221	5,143,945
Ending Cash and Cash Equivalents	\$ -	\$ 480,923	\$ 4,452,036	\$ 4,932,959
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (17,146)	\$ (14,954)	\$ 530,629	\$ 498,529
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	17,146	-	(729,467)	(712,321)
Increase (decrease) in due to other funds	-	(847)	-	(847)
Increase (decrease) in accrued expenses	-	-	(1,853)	(1,853)
Net Cash (Used) by Operating Activities	\$ -	\$ (15,801)	\$ (200,691)	\$ (216,492)

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended June 30, 2015

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes
Last Ten Years	Maintenance	Debt Service	
2006 and prior	Various	Various	Various
2007	\$ 1.3425	\$ 0.3100	\$ 2,200,713,406
2008	\$ 1.0194	\$ 0.3255	\$ 2,470,562,974
2009	\$ 1.0133	\$ 0.3250	\$ 2,847,540,253
2010	\$ 1.0133	\$ 0.3258	\$ 2,948,992,994
2011	\$ 1.0133	\$ 0.3258	\$ 2,906,839,295
2012	\$ 1.0133	\$ 0.3258	\$ 2,973,189,232
2013	\$ 1.0133	\$ 0.3258	\$ 3,076,696,139
2014	\$ 1.0133	\$ 0.3258	\$ 3,259,588,231
2015	\$ 1.0133	\$ 0.3258	\$ 3,564,805,018
1000 Totals			

10	20	31	32	40	50
Beginning Balance 6/30/14	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/15
\$ 98,380	\$ -	\$ 1,364	\$ 368	\$ (23,013)	\$ 73,635
35,990	-	3,104	717	(14)	32,155
37,608	-	1,090	348	(13)	36,157
53,634	-	2,188	702	(127)	50,617
85,930	-	29,274	9,412	27,956	75,200
104,095	-	52,170	16,774	45,160	80,311
147,369	-	73,802	23,729	43,662	93,500
219,513	-	100,474	32,305	38,469	125,203
999,946	-	566,648	182,191	(32,239)	218,868
-	47,736,304	35,461,098	11,401,585	-	873,621
<u>\$ 1,782,465</u>	<u>\$ 47,736,304</u>	<u>\$ 36,291,212</u>	<u>\$ 11,668,131</u>	<u>\$ 99,841</u>	<u>\$ 1,659,267</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended June 30, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 1,138,138	\$ 1,138,138	\$ 1,103,145	\$ (34,993)
5800	State program revenues	16,000	16,000	15,531	(469)
5900	Federal program revenues	1,878,502	1,878,502	1,797,510	(80,992)
5020	Total Revenues	<u>3,032,640</u>	<u>3,032,640</u>	<u>2,916,186</u>	<u>(116,454)</u>
	<u>Expenditures</u>				
0035	Food service	2,967,306	2,967,306	2,971,362	(4,056) *
6030	Total Expenditures	<u>2,967,306</u>	<u>2,967,306</u>	<u>2,971,362</u>	<u>(4,056)</u>
1200	Net Change in Fund Balance	65,334	65,334	(55,176)	(120,510)
0100	Beginning fund balance	206,658	206,658	206,658	-
3000	Ending Fund Balance	<u>\$ 271,992</u>	<u>\$ 271,992</u>	<u>\$ 151,482</u>	<u>\$ (120,510)</u>

* Expenditures exceeded appropriations at the legal level of control.

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended June 30, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 11,559,681	\$ 11,741,265	\$ 11,775,946	\$ 34,681
5020	Total Revenues	<u>11,559,681</u>	<u>11,741,265</u>	<u>11,775,946</u>	<u>34,681</u>
	<u>Expenditures</u>				
	Debt service:				
0071	Principal	3,494,141	3,494,141	3,494,141	-
0072	Interest	7,984,078	7,955,106	7,929,414	25,692
0073	Bond issuance costs and fees	-	295,891	295,891	-
0073	Payment to bond escrow agent	-	5,432,204	5,432,204	-
0073	Advance refunding escrow	-	313,975	313,975	-
6030	Total Expenditures	<u>11,478,219</u>	<u>17,491,317</u>	<u>17,465,625</u>	<u>25,692</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>81,462</u>	<u>(5,750,052)</u>	<u>(5,689,679)</u>	<u>60,373</u>
	<u>Other Financing Sources (Uses)</u>				
7911	Issuance of bonds	-	14,380,000	14,380,000	-
7916	Premium on issuance of bonds	-	758,524	758,523	(1)
8949	Payment to bond escrow agent	-	(9,415,505)	(9,415,505)	-
7080	Total Other Financing Sources	<u>-</u>	<u>5,723,019</u>	<u>5,723,018</u>	<u>(1)</u>
1200	Net Change in Fund Balance	81,462	(27,033)	33,339	60,372
0100	Beginning fund balance	4,195,283	4,195,283	4,195,283	-
3000	Ending Fund Balance	<u>\$ 4,276,745</u>	<u>\$ 4,168,250</u>	<u>\$ 4,228,622</u>	<u>\$ 60,372</u>

FEDERAL AWARDS SECTION

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

November 11, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2015.

Internal Control Over Financial Reporting

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

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

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

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Governmental
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Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



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

November 11, 2015

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

Report on Compliance for Each Major Federal Program

We have audited the New Braunfels Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

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

CFDA Number(s)
84.027, 84.173

Name of Federal Program or Cluster
Special Education Cluster (IDEA)

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

B. FINDINGS –FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS AUDIT

None Noted

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**NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended June 30, 2015

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A	84.010	14610101046901	\$ 242,886
ESEA Title I, Part A	84.010	15610101046901	780,370
IDEA B, Formula Grant*	84.027	146600010469016000	317,090
IDEA B, Formula Grant*	84.027	156600010469016000	1,177,247
IDEA B, Preschool*	84.173	146610010469016000	7,158
IDEA B, Preschool*	84.173	156610010469016000	19,261
Title III, Part A	84.365	14671001046901	21,364
Title III, Part A	84.365	15671001046901	56,317
Career and Technical, Basic Grant	84.048	15420006046901	72,654
Title II, Part A, Teacher and Principal	84.367	14694501046901	49,110
Title II, Part A, Teacher and Principal	84.367	15694501046901	178,882
<i>Passed Through Education Service Center, Region X</i>			
Education for Homeless Children	84.196	14-018	48,542
<i>Direct Awards</i>			
LEP Summer School	84.369	69551402	4,426
TOTAL U.S. DEPARTMENT OF EDUCATION			2,975,307
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs	10.553	71401501	342,945
National School Lunch	10.555	71301501	1,299,005
USDA Commodities	10.565	046901	155,560
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,797,510
U.S. DEPARTMENT OF DEFENSE			
<i>Passed Through U.S. Army</i>			
Junior ROTC	12.000	046901	\$ 64,670
TOTAL U.S. DEPARTMENT OF DEFENSE			64,670
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,837,487

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

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	\$ 4,837,487
SHARS	589,889
Indirect Costs	89,537
C-2 Federal revenue	<u>\$ 5,516,913</u>

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

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, 2015

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	<u>\$ 11,774,107</u>
SF11	Net Pension Assets (1920) at fiscal year-end.	<u>\$ -</u>
SF12	Net Pension Liabilities (2540) at fiscal year-end.	<u>\$ 7,339,032</u>
SF13	Pension Expense (6147) at fiscal year-end.	<u>\$ 1,672,697</u>

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