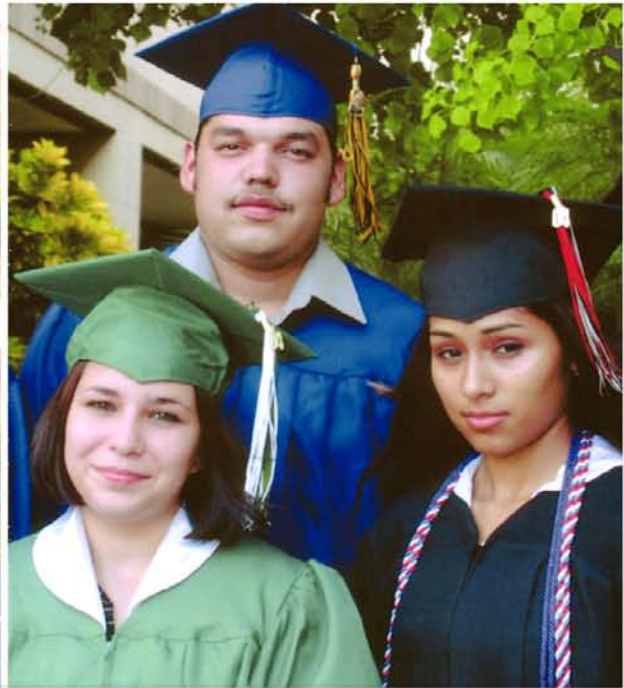


BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

1900 PRICE ROAD • BROWNSVILLE, TEXAS 78520



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

Brownsville Independent School District

Brownsville, Texas



Comprehensive Annual Financial Report

For

Fiscal Year Ended June 30, 2012

Prepared by: The Division of Finance

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INTRODUCTORY SECTION

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2012

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Brownsville, Texas

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Brownsville Independent School District

1900 Price Road · Brownsville, Texas 78521

Telephone: (956) 547-4113 Fax (956) 548-8026

October 11, 2012

Dr. Enrique Escobedo, Jr., President,
Board of Trustees Members, and
Citizens of the Brownsville Independent School District
Brownsville, Texas 78521

BOARD OF EDUCATION

Dr. Enrique Escobedo, Jr.
President
Luci B. Longoria
Vice President
Dr. Christina L. Saavedra
Secretary
Caty Presas-Garcia
Assistant Secretary
Rolando Aguilar
Member
Joe Colunga
Member
Minerva M. Peña
Member

Dr. Carl A. Montoya
Superintendent

Dear Dr. Escobedo, Board Members and Citizens:

State law requires that all public school districts publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Brownsville Independent School District (District) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Patillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimated made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The District is a political subdivision of the State of Texas and governed and operating as an independent school district under the laws thereof. The District, originally chartered by the State in March 1915, now encompasses ninety-five square miles in Cameron County, Texas.

The District is governed by a seven-member Board of Trustees (Board) composed of District residents, who are elected by voters of the district. The Board is responsible for managing and governing the schools of the District, including adopting goals and objectives for the District, reviewing and acting on policies, adopting an annual budget, levying and collecting District taxes, hiring school personnel as recommended by the superintendent, approving salary schedules, adopting District policies and setting directions for curriculum, and reporting to the public on the District's progress. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

Mission Statement

To produce well-educated graduates who can pursue higher educational opportunities and who will become responsible citizens in a changing global society by utilizing all resources to provide equitable opportunities for students.

The Brownsville ISD graduate will:

- Meet and/or exceed state, national, and international standards of achievement
- Graduate in a timely manner
- Experience ongoing success in their careers
- Be productive, responsible, and contributing members of society

Vision

Our primary purpose of improving lives through a quality education is driven by an unrelenting determination to graduate all of our students and prepare them for success in higher education. Our ideology is reflected in our fundamental beliefs, commitments and core values that guide us in our daily practices.

Core Commitments

The District's commitments to achieve the mission are:

- All children will be taught, will learn, and will perform at or above their academic levels in all core subject areas and the District will provide a high quality curriculum and instructional program to facilitate children reaching their full potential
- Will eliminate student achievement gaps in the areas of: gender, socio-economic levels, ethnicity, and program specific populations in all core subject areas
- Will provide a safe, clean, and orderly learning environment for every child and staff member as a means of optimizing the teaching and learning processes
- Will recruit, hire, value, and retain highly qualified and experienced personnel who will ensure that all students' educational needs are met and that all children achieve on grade level
- Will implement parent, business, and community involvement partnerships essential to enhancing the overall quality of our students' education and fomenting every child's academic success

Core Beliefs

The District's commitment to this mission is driven by nine fundamental beliefs around which the District has built its governing policies and daily practices:

- High expectations are essential in fostering higher achievement
- Academic success nurtures lifelong learning
- Everyone flourishes in a safe and healthy environment
- All persons in our educational community have inherent value, gifts, and strengths
- The success of each student, teacher, staff member, administrator and family is essential for the success of the entire school district community
- The community and families share responsibility for the development and mentoring of our students
- Perseverance and hard work are essential for success

- Sensitivity is essential to understanding the needs of others
- Students are the number one resource for our future

Core Values

The District has adopted six core values that exemplify the nine fundamental beliefs in action. In order to achieve our goals and attain our commitment, we expect the following:

- Will not tolerate educational apathy
- Will not compromise the efficient and effective use of any/all resources
- Educational and financial decisions will be based upon what is best for the future success of our students
- Will foster a positive environment that recognizes and celebrates cultural diversity
- Will ensure a safe and healthy learning environment with a commitment to excellence
- Will insist that the ECE-16 instructional program is the priority

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through twelve for its approximate 49,703 students. These include regular and enriched academic education, special education for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency and specialized instruction for disadvantaged students. These basic programs are supplemented by additional offerings in the fine arts and athletics. In addition, the District provides for community and adult education by offering a wide variety of academic and occupational courses.

District Accomplishments – The District’s accomplishments continue to be recognized by local, state, and national publications. Most recently, the District was recognized for the following achievement:

- Brownsville Early College High School Class of 2011 students graduated this past spring with college credits earned in the past four years – cost-free to students and their families. These students could graduate having earned up to 60 college credit hours and/or an Associate’s Degree.
- The District is one of three districts in the U.S. eligible to receive the coveted Alliance/Merck Ciencia Scholarships awarded to distinguished high school graduates who are pursuing science, technology, engineering and math (STEM) careers.
- Six BISD secondary schools have been awarded almost \$17 million in highly competitive Texas Title I Priority Schools (TTIPS) grants.
- Ortiz and Paredes Elementary Schools earned spots on the 2011 Texas Business and Education Coalition (TBEC) Honor Roll of outstanding schools.
- Ortiz Elementary School was one of 12 statewide recipients of a 2012 H-E-B “Healthy Campus” grant for \$15,000. Ortiz also earned a \$10,000 H-E-B “Fit Campus” award in 2011.

- BISD was named one of five regional finalists in the 2012 H-E-B Excellence in Education Awards Program for Early Childhood Education. The district was also one of the five regional finalists for the 2011 H-E-B Large District Award
- More than \$22 million in scholarship was awarded to the graduating class of 2012. Awards per campus ranged from approximately \$1.8 million to \$4.7 million. The number of students receiving scholarships totaled 398.

Budgetary Controls - The annual budget serves as the foundation for the District's financial planning and control. The District's fiscal year begins July 1st and ends June 30th. The budget is initially prepared under the direction of the Superintendent. The Board reviews the budget during workshops conducted from March through May. The final budget is required by State law to be adopted by June 30th. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

Activities of the general fund, the debt service fund, food service fund (which is included in the general fund) and designated purpose funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major functional category.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the food service fund, this comparison is presented on Exhibit C-5, as required supplementary information. The TEA required budget versus actual comparison for the child nutrition program can be found on Exhibit J-4 and the debt service fund comparison is presented on Exhibit J-5.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Population – Brownsville is the largest city in Cameron County. It has a population of over 175,000 residents and has experienced growth of 34,948 people between the 2000 and 2010 according to the US Census Bureau.

The breakdown of our student membership as of October 2012 is as follows:

• Early Ed	500
• Pre-K	2,990
• K-5	21,520
• 6-8	10,965
• 9-12	<u>13,439</u>
TOTAL	49,414

The projected average daily attendance (ADA) for 2012-2013 is approximately 45,672.

Local Economy – The District serves the City of Brownsville, a portion of the Township of Rancho Viejo and several unincorporated areas in Cameron County including Cameron Park and San Pedro. Brownsville is the population and economic center of the expanding lower Rio Grande Valley. The area economy is largely driven by manufacturing reflecting its location across from Matamoros, Mexico and extensive transportation network (including the Port of Brownsville).

The city's low cost of living and doing business support continued economic growth, and a growing healthcare and education sector, including a branch of the University of Texas, contributes to the stability of the region. The potential for prolonged manufacturing stress coupled with the shortcomings of a relatively low-skilled labor force and vulnerabilities in Mexico's economic outlook are concerns inherent to the local economy.

State Economic Outlook – The 82nd State of Texas Legislative session concluded in July of 2011 with the challenge of a substantial state budget deficit. Senate Bill 1 was passed for school finance, and underfunds the existing Foundation School Program formulas by \$4 billion over the biennium which means a 6% budget reduction to the average school district. Districts across the state continued to cope with the 2nd year of the state funding cuts. The state is beginning to see an improved economy. State revenues are looking much better than projected with the State Comptroller reporting \$3.7 billion more revenue in 2011-2012 than anticipated. The next Legislative session brings uncertainties with the competing demands from various areas within state government and the outcome from six lawsuits against the state over an equitable school finance system.

American Recovery and Reinvestment Act – The American Recovery and Reinvestment Act (ARRA) was signed into law in February 2009 in an attempt to stabilize the economy during the nationwide economic crisis. The ARRA had three immediate goals: create new jobs as well as save existing ones, spur economic activity and investment in long-term economic growth, and foster unprecedented levels of accountability and transparency in government spending. The ARRA intended to achieve the goals by providing billions in tax cuts and benefits for millions of working families and businesses, making billions available for federal contracts, grants and loans, and increasing federal funds for health care and education.

The District did receive ARRA Title XIV State Fiscal Stabilization Funds in 2010-2011 and 2011-2012 school years and was allocated \$23.7 million. During fiscal year 2011-2012 the district received and expended \$7,493,825 of its budgeted amount of \$7,493,825. These funds were used to supplement the general fund with teacher salaries.

Financial Polices – As one of the 19 largest school districts in the State of Texas, the District is constantly monitoring its financial resources, expenditures and planning for the future. Student enrollment drives the District's planning process along with management's commitment to providing the best education available to our students. The District's strategic planning is an ongoing process. The District continually studies different areas of

cost containment as they strategically view the demographics of the District and ongoing economic climate.

A Cost Reduction Committee, comprised of administrators, campuses personnel and an employee association representative, was formed to formulate strategies for reducing costs. Some items that were discussed and implemented in the 2011-2012 budget were: consolidation of bus routes for students participating extracurricular practice, charging for the actual cost of transporting students for non home-to-school trips, minimizing field trips, scrutinizing expenditures for food, closing of FTEs through attrition, consolidation of departments, early resignation incentives, etc.

Child Nutrition Program – The Child Nutrition Program continues to enhance its operations. As a result of the administrative team’s continued effort to streamline operations, increase meal participation, cut costs and increase revenue, the program experienced a profitable year and was able to maintain a positive fund balance. Effective for the 2011-2012 school year, the District implemented breakfast in the classroom to all students whereby the District absorbs the cost of the meal and all students are allowed to eat breakfast free of charge. The District’s top priority is to ensure that each child receives a healthy breakfast and lunch.

The District serves breakfast, lunches, and afterschool snacks to students through the School Nutrition Program. In addition to breakfast and lunch, the District serves an afternoon snack to all students enrolled in an after school tutorial.

The District is reimbursed based on the number of free, reduced, and paid breakfast and lunches served as well as on the number of after-school snacks served. Each year, the federal reimbursement rates increase. The rates increased by 3.2% for lunch, 2.8% for breakfast, and 2.6% for after-school snacks from the 2011-2012 to the 2012-2013 school year.

Long-term Financial Planning – Growth in the district’s tax base has continued but at a much slower pace, averaging 1% annual growth from fiscal years 2008-12. The district’s fiscal 2012 taxable assessed valuation (TAV) grew marginally to \$5.1 billion. Average daily attendance has grown at less than 1% average annual growth and is expected to continue at this pace in the near term. Typical for the border area, the area’s unemployment rate is high (11.1% in August 2012) and income levels are very low. Projected membership for school year 2012-13 is expected to reach 49,500.

The District’s maintenance and operations tax rate for tax year 2011-2012 is \$1.019100 per \$100 valuation and the Debt Service rate is \$0.073200 for a total tax rate of \$1.0923. FY 2011-2012 will be the fifth year for the District to continue using the same overall tax rate. Any increase in property tax revenues are the result of increased property values. State funding for the general fund is about 77.15% of the total general fund revenue and is estimated to increase slightly over the next year. Federal funding is expected to decrease slightly due to decreased availability of federal program funding. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement.

Interest Rates – The steady decline in interest rates continues to adversely affect the interest earnings of the District. To illustrate the decline in rates, the overnight Federal Funds Rate at August 2008 was at 2.00%, after a steady series of rate cuts, on December 16, 2008, this rate was set at 0.25% and continues to be artificially maintained at this rate to stimulate the economy. The effect to the District has been a noted decrease in investment earnings.

Awards


Association of School Business Officials International (ASBO) – At June 30, 2011, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for ASBO's Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate on September 25, 2012. This was the fourth time the District had submitted its financial statements for this award.

Government Finance Officers Association (GFOA) - At June 30, 2011, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate during on September 24, 2012. This was the fourth time the District had submitted its financial statements for this award.

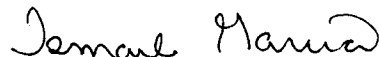
Schools FIRST - Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. The primary goal of the Schools FIRST is to improve the management of school districts' financial resources. The Brownsville Independent School District achieved a "Above Standard Achievement" rating for the Texas Education Agency's Financial Integrity Rating System of Texas (FIRST).

Acknowledgements – The preparations of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the various departments within the Chief Financial Officer's cluster. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Dr. Carl A. Montoya
Superintendent of Schools



Mr. Ismael Garcia
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Brownsville
Independent School District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Mouill

President

Jeffrey R. Enen

Executive Director

Association of School Business Officials International

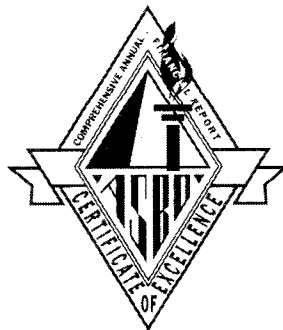


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Brownsville Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Brian L. Mee, SFO, RSBA
President

John D. Musso, CAE, RSBA
Executive Director

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

LIST OF PRINCIPAL OFFICIALS

For The Year Ended June 30, 2012

BOARD OF TRUSTEES

Dr. Enrique Escobedo Jr. – President

Luci B. Longoria – Vice-President

Dr. Christina L. Saavedra – Secretary

Caty Presas-Garcia – Assistant Secretary

Rolando Aguilar – Member

Joe Colunga – Member

Minerva M. Pena – Member

ADMINISTRATORS

Dr. Carl A. Montoya, Superintendent

Dr. Sylvia P. Atkinson, Assistant Superintendent of Human Resources

Mary Jo Monfils, Assistant Superintendent of Curriculum and Instruction

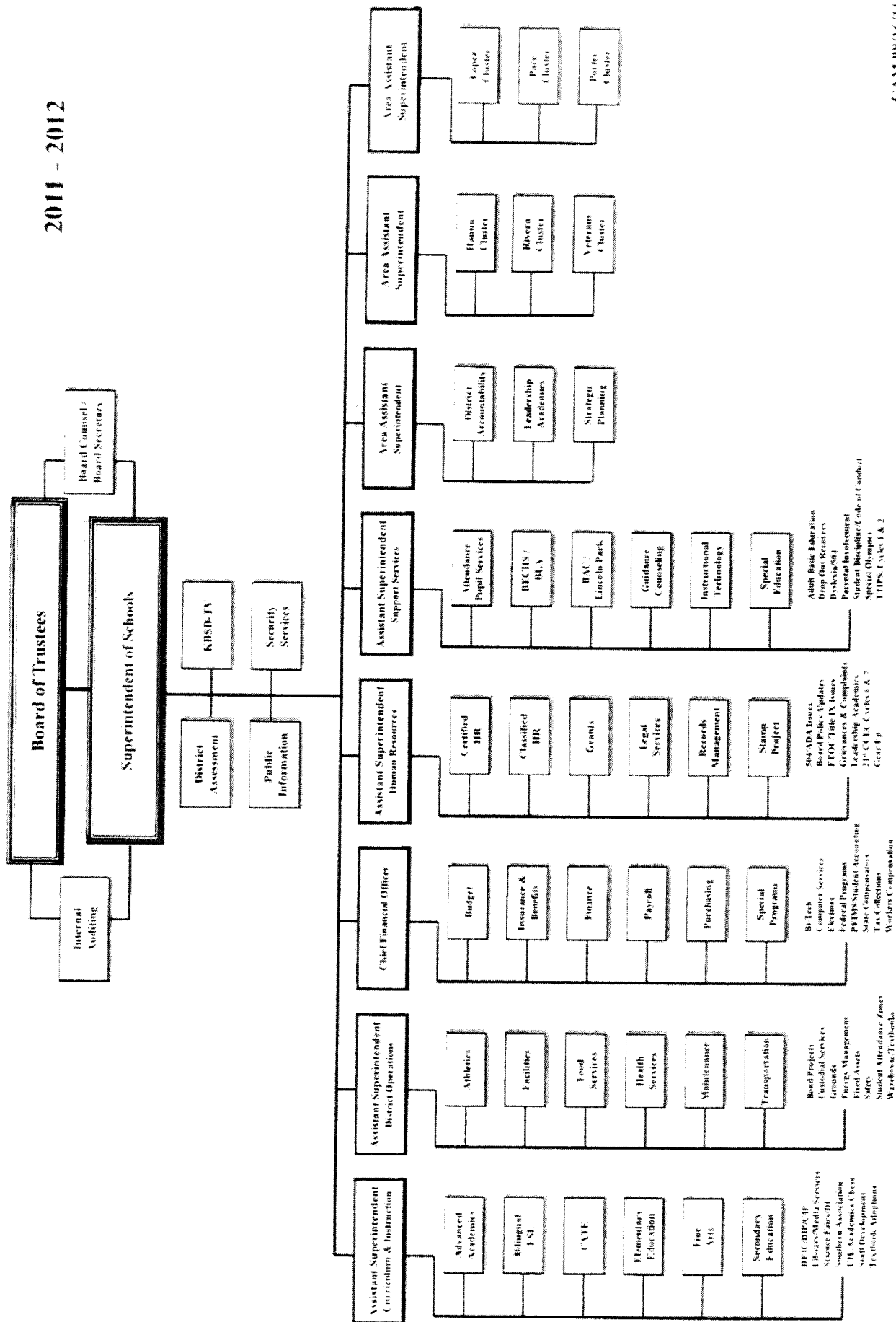
Jimmy Haynes, Assistant Superintendent of District Operations

Berta Pena, Assistant Superintendent of Support Services

Ismael Garcia, Chief Financial Officer

Brownsville ISD Organizational Chart

2011 - 2012



CAN 08/16/11

CERTIFICATE OF BOARD

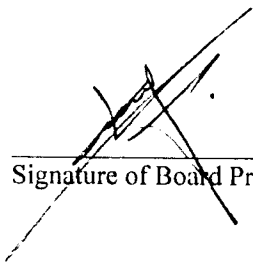
Brownsville Independent School District
Name of District

Cameron
County

031-901
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved _____ disapproved for the year ended June 30, 2012 at a meeting of the Board of Trustees of such school district on the 27 day of November, 2012.

Miriona M. Pena
Signature of Board Secretary


Signature of Board President

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The introductory section, other supplementary information, required Texas Education Agency ("TEA") schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The 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 financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.



October 11, 2012

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

As management of the Brownsville Independent School District (the "District"), we are providing readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined Net Assets as reflected in the government-wide Statement of Net Assets were \$362,794,575 at June 30, 2012. Of this amount, \$69,406,393 (Unrestricted Net Assets) may be used to meet the District's ongoing obligations. See Exhibit A-1.
- The District's Statement of Activities reflects an increase in Net Assets for Governmental Activities in the amount of \$5,704,507. This is a result of expenses being less than the \$496,897,683 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants. See Exhibit B-1.
- The General Fund reported a fund balance in the governmental funds financial statements this year of \$91,675,693. Approximately 63% of this total amount, \$ 58,087,083, is available for spending at the District's discretion (Unassigned Fund Balance). See Exhibit C-1.
- Property tax revenues increased by \$1,660,078. The District's M&O remained the same as the prior year at \$1.0191 per \$100 valuation and the IS rate also remained the same as the prior year at \$0.0732.
- A state budget shortfall reduced funding to the District along with all other school districts in Texas. The Board approved budget reductions in the amount of approximately \$17 million in response to the expected funding decrease. Included in the budget reductions were various measures of cost savings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statements of Net Assets and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a long-term view of the District's property and obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations with more detail when compared to the government-wide statements by providing information about the District's significant funds. The governmental funds statements show how general government services were funded / financed in the short-term as well as what remains for future expenditures. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The proprietary funds statements reflect the activity related to services provided to parties within the District, for the District's worker's compensation fund and the self-funded insurance programs. The remaining statements, Fiduciary statements, provide financial information about the activities for which the Districts acts solely as a trustee or agent for the benefit of those outside the government. The notes to the financial statements

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

provide narrative explanations needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major governmental funds and the combining statements for Internal Service Funds contain even more information about the District's individual Special Revenue and Permanent Funds and Internal Service Funds, respectively. The Statement of Changes in Assets and Liabilities for the agency fund is also included. These are not required by the Texas Education Agency (TEA). The sections labeled Required TEA Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using the funds supplied in accordance/compliance with the terms of the grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 25. The primary objective of the analysis is to show whether the District is better or worse off as a result of this year's activities. The Statement of Net Assets includes all of the District's assets and liabilities, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the fiscal year. These financial statements apply the same basis of accounting used by most private-sector companies, the full accrual basis.

All of the current year's revenues and expenses are taken into account regardless of when cash is paid or received. The District's revenues are divided into one of the following areas/categories: (1) those provided by outside parties who share the costs of some programs, such as tuition received from students outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from different backgrounds (program revenues), or (2) general revenues provided by the taxpayers or by the TEA in equalization funding processes (general revenues). All the District's assets are reported whether they apply for the current year or subsequent years. All liabilities are also reported regardless of when they must be paid, current or subsequent future years.

These two statements report the District's net assets and how they have changed. The District's Net assets (the difference between the District's assets and liabilities), is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets is one indicator of whether the District's financial health is improving or deteriorating, respectively. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base, average daily attendance, the District's property tax base, and the condition of the District's facilities.

The District's financial condition has declined slightly as evidenced by the decrease in government-wide Net Assets. At the end of June 30, 2011, the District's Net Assets were \$ 363,846,783 whereas the Net Assets at the end of June 30, 2012 were \$362,794,575 a decrease of \$1,052,208.

While the District's property tax base has remained somewhat constant, the District's WADA (Weighed Average Daily Attendance), the state's methodology of funding, does minimize the benefit of additional increases in taxable property value because the state imposes a "cap" in state funding. Under the current funding methodology, the District can earn revenue per WADA at a compressed rate of \$5,234 in local maintenance and operations (M&O) tax revenues.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

For the 2011-2012 fiscal year, the M&O tax rate remained stable at \$1.019 per \$100 assessed valuation. Any changes in the M&O tax revenue will be offset by changes in funding from state entitlements; therefore any revenue above the target revenue will have to come from increases in grants, investment revenues, or fees for programs and services.

The District's governmental activities are presented in the Statement of Net Assets (Exhibit A-1 see page 25) and the Statement of Activities (Exhibit B-1 see page 26). All of the District's basic services are reported as governmental activities; including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance these activities.

Reporting the District's Funds

Fund financial statements

The fund financial statements, which begin on page 27 (Exhibit C-1) provide more detailed information about the District's most significant *funds*—not the District as a whole. Laws and Contracts require the District to establish funds to account for grants received such as the grants on the No Child Left Behind Application (NCLB). Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District's Administration establishes may other funds to help it control and monitor activities.

- *Governmental funds*—Most of the District's basic services are included in governmental funds. The funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements. All of the District's activities for its governmental funds are reported in Exhibits C-1 and C-3.
- *Proprietary funds*—Services for which the District charges users /customers a fee. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

- There are two types of Proprietary Funds, Enterprise Funds and Internal Service Funds. Currently, the District does not have any Enterprise Funds. The District however does have four (4) Internal Service Funds. They are Fund 753-(old Self Funded Insurance-no longer in use), Fund 754-Self-Funded Insurance (Blue Cross & Blue Shield), Fund 791-(Catering-no longer in use) and Fund 792-Self Funded Workers Compensation. We use *Internal Service funds* to report activities that provide supplies and services for the District's other programs and activities. The District's combined activities for its Internal Service Funds are reported in Exhibits D-1 (page 32), D-2 (page 33) and D-3 (page 34). These activities are also reported individually for each Internal Service Fund in Exhibits H-3 (pages 78-79), H-4 (pages 80-81) and H-5 (pages 82-83).

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for certain funds. For example for money raised by student activities. Money raised by student activities is recorded within the District's Agency Funds. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. All of the District's Fiduciary Activities are reported on Exhibit E-1 (page 35), E-2 (page 36). We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF THE DISTRICT

As mentioned earlier, Net Assets is one indicator of a government's financial position. In the case of Brownsville ISD, the District's assets exceeded liabilities by \$362,794,575 for the year ended June 30, 2012. Unrestricted Net Assets, which can be used to finance the District's day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements represents \$69,406,393 or approximately 19 % of the District's total Net Assets.

The largest percentage of Net Assets, approximately 68 %, is reflected in its investment in capital assets, net of related debt. This is where the District reflects land, furniture, equipment and vehicles, net of accumulated depreciation and any related debt. The District uses these Capital Assets to provide services to its students, teachers and staff. These assets are not readily available for spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following analysis will focus on the District's Statement of Net Assets (see Table 1) and the Change in Net Assets (see Table 2).

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Net Assets of the District's governmental activities decreased from \$363,846,783 to \$362,794,575. This \$1,052,208 decrease in the government's Net Assets as shown on the District's Statement of Activities (Table 2) is primarily due to the net result of the following factors. First, the fund financial statements reflect a decrease of \$310,543 in total Fund Balance. This decrease can be attributed to an increase of the Fund Balance to the General Fund of \$1,165,925 and a decrease to all other non-major funds (Special Revenues, Debt Service, and Capital Projects) of \$1,476,468. Secondly, the principal payments on bonds payable and maintenance tax notes led to a decrease in Net Assets. Lastly, the District recorded depreciation in the amount of \$19,795,360, which is a decrease in Net Assets. All of these factors were necessary to convert from a modified accrual to accrual basis of accounting, resulting in the \$ 1,052,208 decrease.

**Table 1
Brownsville Independent School District
Net Assets**

	Governmental Activities 2012	Governmental Activities 2011
Current and Other Assets	\$ 177,532,470	\$ 220,292,002
Capital Assets	465,623,317	465,656,508
Total Assets	<u>\$ 643,155,787</u>	<u>\$ 685,948,510</u>
Long-Term Liabilities	\$ 220,733,206	\$ 231,527,082
Other Liabilities	59,628,006	90,574,645
Total Liabilities	<u>280,361,212</u>	<u>322,101,727</u>
Net Assets:		
Invested in Capital Assets, net of related debt	249,760,978	239,341,909
Restricted	43,627,204	50,582,763
Unrestricted	69,406,393	73,922,111
Total Net Assets	<u><u>\$ 362,794,575</u></u>	<u><u>\$ 363,846,783</u></u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

**Table 2
Brownsville Independent School District
Changes in Net Assets**

	Governmental Activities 2012	Governmental Activities 2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,580,483	\$ 3,865,841
Operating Grants & Contributions	130,857,311	137,170,598
General Revenues:		
Maintenance and Operations Taxes	50,847,039	49,247,771
Debt Service Taxes	3,541,802	3,480,992
State Aid	276,148,038	280,086,312
Grants and Contributions (not Restricted)	29,414,332	29,720,120
Investment Earnings	424,833	327,543
Other	1,083,845	606,897
Total Revenues	<u>\$ 496,897,683</u>	<u>\$ 504,506,074</u>
Expenses:		
Instruction and Media Services	273,452,024	292,898,248
Curriculum and Instructional Staff Development	13,284,303	19,505,830
Instructional and School Leadership	32,254,371	32,879,164
Student Support Services	36,170,757	38,235,070
Food Services	31,627,859	29,764,725
Extracurricular Activities	14,485,042	16,653,137
General Administration	17,182,090	12,670,295
Maintenance, Security & Data Processing	56,889,855	61,419,985
Community Services	5,111,489	5,750,327
Debt Services	10,552,122	11,043,743
JJAEP and other intergovernmental charges	183,264	209,466
Total Expenses	<u>491,193,176</u>	<u>521,029,990</u>
Increase/ (Decrease) in Net Assets	(1,052,208)	(20,513,541)
Beginning Net Assets	363,846,783	384,360,324
Ending Net Assets	<u>\$ 362,794,575</u>	<u>\$ 363,846,783</u>

Changes in Governmental Activities Net Assets are presented in Table 2. The District's total Governmental Activities Revenue is \$496,897,683 a decrease of \$7,608,391 from the previous year. This net change is primarily due to a decrease in operating grants and contributions and State-Aid.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The expenses for governmental activities totaled \$491,193,176 an decrease of \$29,836,814 from the prior year. The majority of the decrease is in Instruction and Media Services expenses. The District implemented an "early retirement" program in which several employees opted to retire early. The decrease is also a result of budget cuts made by the District in response to the state funding crisis.

THE DISTRICT'S FUNDS

As of the year ended, June 30, 2012, the District reported a combined Fund Balance of \$105,344,883 for its governmental funds (as presented on Exhibit C-1 page 27).

Total Revenues in the General Fund increased \$4,034,321 from the prior year, primarily due to an increase to Food Service Revenues due to the implementation of the Breakfast in a Bag program, and an increase to the School Health and Related Services (SHARS), and various decreases to School Foundation State Revenues.

Total Expenditures in the General Fund decreased \$37,048,875 from the prior year, primarily due to a decrease in Facilities Acquisition and Construction Costs of \$14,779,863 from the prior year and a decrease of Instructional expenses of \$13,714,423 from the prior year. This decrease was also attributable to decreases in various School Foundation State expenditures.

The Fund Balance of the General Fund decreased \$7,637,263 from the prior year, primarily due to decreases of the Restricted Fund Balances including decreases to the Debt Service and Capital Projects Fund Balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, The School Board of Trustees amended the District's budget several times. All budget amendments are categorized into four areas: (1) Carryover Funding, (2) New/Additional Funding, (3) Categorical Fund Balance, and (4) Reallocation.

The total operating revenue budget was \$400,622,496 and finished the year with a budget of \$424,773,524. This increase of \$24,151,028 in budget was primarily due to adjusting the Food Service Budget for anticipated revenue increases for the Breakfast in a Bag program and other increases were for additional budget adjustments including the use of Fund Balances. The total operating expenditure budget was \$400,622,496 and finished the year with a budget of \$443,078,176. This increase of \$42,455,680 was due to various necessary budget adjustments including budget increases for the Food Service Breakfast in a Bag program and Carry-Over Purchase Orders from the prior school year.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Final Budget to actual comparisons in the General Fund reflected a \$ 456,518 positive variance between the anticipated revenues and actual revenues received (See Exhibit C-5). In addition, the General Fund also reflected a positive variance of \$31,241,739 when comparing the anticipated expenditure budget and actual revenues. This variance was in part due to mid-year departmental spending reductions (due to a Purchase Order cut-off), and through payroll cost reductions due to the early retirement incentive program implemented by the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District had investments of \$465,623,317, net of depreciation, in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a net decrease (including additions, deductions, and depreciation) of \$33,191 over last year. (See Table 3)

**Table 3
Brownsville Independent School District
Capital Assets
(net of depreciation)**

	Governmental Activities 2012	Governmental Activities 2011
Land	\$ 27,598,685	\$ 27,598,685
Buildings and Improvements	390,496,230	351,456,239
Furniture, Equipment & Vehicles	8,717,091	11,807,738
Construction In Progress	38,811,311	74,793,846
Net Capital Assets	<u>\$ 465,623,317</u>	<u>\$ 465,656,508</u>

DEBT

As of June 30, 2012, the District had \$210,930,000 in bonds outstanding (the "Bonds"). The Bonds of the District are rated "AA-" by Fitch and "A1" by Moody's.

More detailed information about the District's Long-Term Debt is presented in Note F: Long-Term Obligations found on page 48 and the following Supplemental Schedules;

- Schedule 14: Outstanding Debt by Type
- Schedule 15: Direct & Overlapping Debt (General Obligations Bonds)
- Schedule 16: Computation of Legal Debt Margin
- Schedule 17: Ratio of Net General Obligation Bonded Debt to Estimated Actual Value and Per Average Daily Membership

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's assessed property tax value for the 2012-2013 fiscal year is \$5,209,962,063 compared to the assessed value in the 2011-2012 fiscal year of \$5,051,924,932, which translates to a property value decline of \$158,037,131 or 3%.

The budget for the 2012-2013 fiscal year was based on a projected ADA (Average Daily Attendance) of 49,395 a decrease of 1,120. The budget for the 2011-2012 fiscal year was based on a ADA of 50,515.

The District's Programs and Services included in the General Fund are primarily supported by local and state sources of revenue. The General Fund revenue sources are presented below:

**Table 4
Brownsville Independent School District
Proposed 2013 General Fund Operating Revenue Budget**

	Proposed Budget 2012 - 2013
Local Sources	\$ 60,387,469
State Sources	310,162,026
Federal Sources	<u>41,662,076</u>
Total Operating Fund Revenues	<u><u>\$ 412,211,571</u></u>

The District, through its ongoing review process, has continued and will continue to assess all areas of the District's operations.

The District also received some good news. Brownsville ISD had 43 schools earn Top 2011 Ratings. We had 8 Exemplary schools and 35 Recognized schools (10 Middle Schools and 25 Elementary Schools). All in all 80% of all BISD campuses are Exemplary or Recognized.

The District also had some good scholarships news. During the District's annual Golf Tournament (our 9th), the tournament provided \$67,000 in scholarship funds for 67 BISD graduates. Over the last nine years, the tournament has provided some \$569,000 in scholarships so that 467 BISD graduates could pursue their college degrees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This comprehensive financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate 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 Chief Financial Officer, at 1900 E. Price Rd-Suite 306, Brownsville, Texas 78521-2417 or by calling (956) 547-4113.

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 10,478,444
1120 Current Investments	112,467,118
1220 Property Taxes Receivable (Delinquent)	11,558,444
1230 Allowance for Uncollectible Taxes	(346,753)
1240 Due from Other Governments	36,084,051
1250 Accrued Interest	35,428
1290 Other Receivables, net	771,008
1300 Inventories	3,580,179
1420 Capitalized Bond and Other Deferred Charges	2,904,551
Capital Assets:	
1510 Land	27,598,685
1520 Buildings, Net	390,496,230
1530 Furniture and Equipment, Net	8,717,091
1580 Construction in Progress	38,811,311
1000 Total Assets	643,155,787
LIABILITIES	
2110 Accounts Payable	22,562,013
2120 Short Term Debt Payable	650,000
2150 Payroll Deductions & Withholdings	6,498,899
2160 Accrued Wages Payable	26,324,044
2177 Due to External Parties	54,339
2180 Due to Other Governments	1,541,718
2190 Due to Student Groups	71,909
2200 Accrued Expenses	15,724
2300 Deferred Revenues	1,909,360
Noncurrent Liabilities	
2501 Due Within One Year	11,482,339
2502 Due in More Than One Year	209,250,867
2000 Total Liabilities	280,361,212
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	249,760,978
3820 Restricted for Federal and State Programs	18,914,624
3850 Restricted for Debt Service	4,079,156
3860 Restricted for Capital Projects	9,590,034
3890 Restricted for Other Purposes	14,673,986
3900 Unrestricted Net Assets	65,775,797
3000 Total Net Assets	\$ 362,794,575

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		3	4	6
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Expenses			
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 265,301,523	\$ 2,748,811	\$ 67,980,917	\$ (194,571,795)
12 Instructional Resources and Media Services	8,150,501	-	1,816,663	(6,333,838)
13 Curriculum and Staff Development	13,284,303	-	6,209,855	(7,074,448)
21 Instructional Leadership	8,226,349	-	2,468,197	(5,758,152)
23 School Leadership	24,028,022	-	1,847,883	(22,180,139)
31 Guidance, Counseling and Evaluation Services	16,840,314	-	3,135,798	(13,704,516)
32 Social Work Services	621,835	-	149,691	(472,144)
33 Health Services	5,781,101	-	1,905,724	(3,875,377)
34 Student (Pupil) Transportation	12,927,507	-	639,710	(12,287,797)
35 Food Services	31,627,859	1,270,219	34,129,896	3,772,256
36 Extracurricular Activities	14,485,042	443,271	234,211	(13,807,560)
41 General Administration	17,182,090	-	614,257	(16,567,833)
51 Facilities Maintenance and Operations	46,452,947	-	1,452,002	(45,000,945)
52 Security and Monitoring Services	6,400,024	-	367,809	(6,032,215)
53 Data Processing Services	4,036,884	-	85,997	(3,950,887)
61 Community Services	5,111,489	118,182	4,235,692	(757,615)
72 Debt Service - Interest on Long Term Debt	10,552,122	-	-	(10,552,122)
81 Capital Outlay	-	-	3,583,009	3,583,009
95 Payments to Juvenile Justice Alternative Ed. Prg.	183,264	-	-	(183,264)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 491,193,176	\$ 4,580,483	\$ 130,857,311	(355,755,382)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	50,847,039
DT	Property Taxes, Levied for Debt Service	3,541,802
SF	State Aid - Formula Grants	276,148,038
GC	Grants and Contributions not Restricted	29,414,332
IE	Investment Earnings	424,833
MI	Miscellaneous Local and Intermediate Revenue	1,083,845
TR	Total General Revenues	361,459,889
CN	Change in Net Assets	5,704,507
NB	Net Assets--Beginning	363,846,783
PA	Prior Period Adjustment	(6,756,715)
NE	Net Assets--Ending	\$ 362,794,575

The notes to the financial statements are an integral part of this statement.

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**GOVERNMENT FUND
FINANCIAL STATEMENTS**

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes	10 General Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,098,880	\$ 780,228	\$ 8,879,108
1120 Investments - Current	93,615,552	13,032,725	106,648,277
1220 Property Taxes - Delinquent	10,758,342	800,102	11,558,444
1230 Allowance for Uncollectible Taxes (Credit)	(322,750)	(24,003)	(346,753)
1240 Receivables from Other Governments	28,324,954	7,759,097	36,084,051
1250 Accrued Interest	35,428	-	35,428
1260 Due from Other Funds	15,843,667	9,692,124	25,535,791
1290 Other Receivables	119,293	-	119,293
1300 Inventories	3,580,179	-	3,580,179
1000 Total Assets	<u>\$ 160,053,545</u>	<u>\$ 32,040,273</u>	<u>\$ 192,093,818</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 2,947,021	\$ 1,512,494	\$ 4,459,515
2120 Short Term Debt Payable - Current	650,000	-	650,000
2150 Payroll Deductions and Withholdings Payable	6,498,899	-	6,498,899
2160 Accrued Wages Payable	24,469,109	1,854,935	26,324,044
2170 Due to Other Funds	23,751,516	11,357,661	35,109,177
2180 Due to Other Governments	292,558	1,249,160	1,541,718
2190 Due to Student Groups	71,246	(4,059)	67,187
2200 Accrued Expenditures	15,724	-	15,724
2300 Deferred Revenues	9,681,779	2,400,892	12,082,671
2000 Total Liabilities	<u>68,377,852</u>	<u>18,371,083</u>	<u>86,748,935</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	3,580,179	-	3,580,179
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	18,914,624	-	18,914,624
3480 Retirement of Long-Term Debt	-	4,079,156	4,079,156
3490 Other Restricted Fund Balance	354,719	9,590,034	9,944,753
Committed Fund Balance:			
3510 Construction	2,285,678	-	2,285,678
3545 Other Committed Fund Balance	2,142,090	-	2,142,090
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	6,311,320	-	6,311,320
3600 Unassigned Fund Balance	58,087,083	-	58,087,083
3000 Total Fund Balances	<u>91,675,693</u>	<u>13,669,190</u>	<u>105,344,883</u>
4000 Total Liabilities and Fund Balances	<u>\$ 160,053,545</u>	<u>\$ 32,040,273</u>	<u>\$ 192,093,818</u>

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds	\$ 105,344,883
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to (decrease) net assets.	(518,281)
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$656,772,798 and the accumulated depreciation was \$191,116,290. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	239,796,508
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The District had capital asset additions of \$19,745,777 and long-term principal reductions of \$10,530,000 for fiscal year 2012. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.	30,275,777
4 The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net assets.	(19,795,360)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue related to taxes receivable, eliminating interfund transactions, and reclassifying the proceeds of bond sales as an increase in bonds payable. The District also recognizes the liabilities associated with maturing long-term debt and interest, accounts for debt insurance costs/discounts which are amortized over life of the bonds and adjusts capital assets for current year deletions and adjustments. The net effect of these reclassifications and recognitions is to increase net assets.	7,691,048
19 Net Assets of Governmental Activities	\$ 362,794,575

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	10 General Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 56,848,638	\$ 3,752,210	\$ 60,600,848
5800 State Program Revenues	300,955,020	21,742,474	322,697,494
5900 Federal Program Revenues	42,760,238	70,960,452	113,720,690
5020 Total Revenues	400,563,896	96,455,136	497,019,032
EXPENDITURES:			
Current:			
0011 Instruction	195,720,704	58,595,008	254,315,712
0012 Instructional Resources and Media Services	6,364,944	1,446,970	7,811,914
0013 Curriculum and Instructional Staff Development	6,666,260	6,066,188	12,732,448
0021 Instructional Leadership	5,612,829	2,321,578	7,934,407
0023 School Leadership	22,482,294	554,729	23,037,023
0031 Guidance, Counseling and Evaluation Services	13,659,319	2,481,416	16,140,735
0032 Social Work Services	469,295	126,708	596,003
0033 Health Services	3,869,738	1,671,205	5,540,943
0034 Student (Pupil) Transportation	12,383,530	6,944	12,390,474
0035 Food Services	30,357,795	-	30,357,795
0036 Extracurricular Activities	13,935,351	53,391	13,988,742
0041 General Administration	12,189,912	-	12,189,912
0051 Facilities Maintenance and Operations	44,336,916	153,255	44,490,171
0052 Security and Monitoring Services	6,222,479	6,111	6,228,590
0053 Data Processing Services	4,066,302	-	4,066,302
0061 Community Services	687,785	4,211,363	4,899,148
Debt Service:			
0071 Principal on Long Term Debt	2,765,000	7,765,000	10,530,000
0072 Interest on Long Term Debt	1,811,386	8,853,112	10,664,498
0073 Bond Issuance Cost and Fees	6,025	1,419	7,444
Capital Outlay:			
0081 Facilities Acquisition and Construction	15,606,843	3,617,207	19,224,050
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	183,264	-	183,264
6030 Total Expenditures	399,397,971	97,931,604	497,329,575
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,165,925	(1,476,468)	(310,543)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	12,088,180	-	12,088,180
8911 Transfers Out (Use)	(12,088,180)	-	(12,088,180)
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balances	1,165,925	(1,476,468)	(310,543)
0100 Fund Balance - July 1 (Beginning)	99,312,956	16,633,093	115,946,049
1300 Increase (Decrease) in Fund Balance	(8,803,188)	(1,487,435)	(10,290,623)
3000 Fund Balance - June 30 (Ending)	\$ 91,675,693	\$ 13,669,190	\$ 105,344,883

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ (310,543)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) net assets.	(4,386,098)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The District had capital asset additions of \$19,745,777 and long-term principal reductions of \$10,530,000 for fiscal year 2012. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.	30,275,777
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net assets.	(19,795,360)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue related to taxes receivable, eliminating interfund transactions, and reclassifying the proceeds of bond sales as an increase in bonds payable. The District also recognizes the liabilities associated with maturing long-term debt and interest, accounts for debt insurance costs/discounts which are amortized over life of the bonds and adjusts capital assets for current year deletions and adjustments. The net effect of these reclassifications and recognitions is to increase net assets.	(79,269)
Change in Net Assets of Governmental Activities	<u>\$ 5,704,507</u>

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT C-5

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 61,682,776	\$ 62,695,716	\$ 56,848,638	\$ (5,847,078)
5800 State Program Revenues	295,976,614	298,938,522	300,955,020	2,016,498
5900 Federal Program Revenues	32,423,140	38,473,140	42,760,238	4,287,098
5020 Total Revenues	390,082,530	400,107,378	400,563,896	456,518
EXPENDITURES:				
Current:				
0011 Instruction	203,764,191	202,951,935	195,720,704	7,231,231
0012 Instructional Resources and Media Services	6,592,939	6,969,760	6,364,944	604,816
0013 Curriculum and Instructional Staff Development	7,178,519	7,157,850	6,666,260	491,590
0021 Instructional Leadership	5,912,592	6,084,719	5,612,829	471,890
0023 School Leadership	23,598,433	24,051,170	22,482,294	1,568,876
0031 Guidance, Counseling and Evaluation Services	15,218,368	15,565,816	13,659,319	1,906,497
0032 Social Work Services	591,715	591,715	469,295	122,420
0033 Health Services	3,801,609	3,965,109	3,869,738	95,371
0034 Student (Pupil) Transportation	15,423,966	15,424,763	12,383,530	3,041,233
0035 Food Services	27,938,773	34,151,773	30,357,795	3,793,978
0036 Extracurricular Activities	13,150,295	15,504,623	13,935,351	1,569,272
0041 General Administration	13,330,197	13,551,259	12,189,912	1,361,347
0051 Facilities Maintenance and Operations	47,205,163	47,996,257	44,336,916	3,659,341
0052 Security and Monitoring Services	6,051,158	6,514,631	6,222,479	292,152
0053 Data Processing Services	3,002,614	5,190,948	4,066,302	1,124,646
0061 Community Services	668,030	794,314	687,785	106,529
Debt Service:				
0071 Principal on Long Term Debt	2,765,000	2,765,000	2,765,000	-
0072 Interest on Long Term Debt	1,811,932	1,811,932	1,811,386	546
0073 Bond Issuance Cost and Fees	(208,000)	17,000	6,025	10,975
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,600,000	19,354,136	15,606,843	3,747,293
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	225,000	225,000	183,264	41,736
6030 Total Expenditures	400,622,494	430,639,710	399,397,971	31,241,739
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,539,964)	(30,532,332)	1,165,925	31,698,257
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	10,539,966	13,344,966	12,088,180	(1,256,786)
7949 Other Resources	-	11,321,180	-	(11,321,180)
8911 Transfers Out (Use)	(10,539,966)	(12,344,966)	(12,088,180)	256,786
8949 Other (Uses)	10,539,964	-	-	-
7080 Total Other Financing Sources (Uses)	10,539,964	12,321,180	-	(12,321,180)
OTHER FINANCING SOURCES (USES):				
8912 Special Item - (Use)	-	(103,500)	-	103,500
1200 Net Change in Fund Balances	-	(18,314,652)	1,165,925	19,480,577
0100 Fund Balance - July 1 (Beginning)	99,312,956	99,312,956	99,312,956	-
1300 Increase (Decrease) in Fund Balance	-	-	(8,803,188)	(8,803,188)
3000 Fund Balance - June 30 (Ending)	\$ 99,312,956	\$ 80,998,304	\$ 91,675,693	\$ 10,677,389

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,599,336
Investments - Current	5,818,841
Due from Other Funds	21,125,712
Other Receivables	<u>651,715</u>
Total Assets	<u>29,195,604</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	18,102,498
Due to Other Funds	11,606,665
Due to Student Groups	<u>4,722</u>
Total Liabilities	<u>29,713,885</u>
NET ASSETS	
Hold in Trust for Other Purposes	<u>(518,281)</u>
Total Net Assets	<u><u>\$ (518,281)</u></u>

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 40,813,369
Total Operating Revenues	<u>40,813,369</u>
OPERATING EXPENSES:	
Other Operating Costs	<u>45,199,467</u>
Total Operating Expenses	<u>45,199,467</u>
Operating Income (Loss)	(4,386,098)
Total Net Assets - July 1 (Beginning)	350,301
Prior Period Adjustment	<u>3,517,516</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ (518,281)</u></u>

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 7,649
Other Operating Cash Receipts (Payments)	579,538
Net Cash Provided by Operating Activities	<u>587,187</u>
Net Increase in Cash and Cash Equivalents	587,187
Cash and Cash Equivalents at Beginning of Year	<u>1,012,149</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,599,336</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (4,386,098)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Current Investments	4,450,505
Decrease (increase) in Accrued Interest	2,148
Decrease (increase) in Due from Other Funds	(8,117,938)
Decrease (increase) in Other Receivables	(1,057)
Increase (decrease) in Accounts Payable	(5,535,525)
Increase (decrease) in Due to Other Funds	<u>14,175,152</u>
Net Cash Provided by Operating Activities	<u>\$ 587,187</u>

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 295,138	\$ 1,247,931
Due from Other Funds	34,421	19,918
Total Assets	<u>329,559</u>	<u>\$ 1,267,849</u>
LIABILITIES		
Accounts Payable	975	\$ 52,999
Due to Student Groups	35,258	1,214,850
Total Liabilities	<u>36,233</u>	<u>\$ 1,267,849</u>
NET ASSETS		
Hold in Trust for Other Purposes	<u>293,326</u>	
Total Net Assets	<u>\$ 293,326</u>	

The notes to the financial statements are an integral part of this statement.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 11
Total Additions	<u>11</u>
Change in Net Assets	11
 Total Net Assets - July 1 (Beginning)	 315,928
Prior Period Adjustment	<u>(22,613)</u>
Total Net Assets - June 30 (Ending)	<u>\$ 293,326</u>

The notes to the financial statements are an integral part of this statement.

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**NOTES TO THE
FINANCIAL STATEMENTS**

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Brownsville Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board of Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to educational services within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board 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 *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. **REPORTING ENTITY**

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, significantly influence operations of the district, and has the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *The Financial Reporting Entity* and there are no component units included within the reporting entity.

B. **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on the entire District with the interfund activities removed. *Governmental activities* include programs supported primarily by grants, state foundation funds and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the District. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants through the Department of Education, Department of Health & Human Services and Texas Education Agency. If revenue is not program revenue, it is general revenue used to support all of the District's functions.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property tax revenue. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **BASIS OF PRESENTATION - FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **General Fund** - is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. **Debt Service Fund** - is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
2. **Capital Projects Fund** - is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.
3. **Permanent Funds** - is used to account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Fund:

1. **Enterprise Funds** - are used to account for those operations that are financed and operated in a manner similar to private business. The District has no enterprise funds.
2. **Internal Service Funds** - are used to account for revenues and expenses related to self-funded insurance and workers' compensation provided to employees within the District which are accounted for as internal service funds.

Fiduciary Funds:

1. **Private Purpose Trust Funds** - are used to account for scholarships, which have stipulations for the participants awarded; only the income may be used for a specific purpose.
2. **Agency Funds** - are used to account for resources held for others in a custodial capacity in agency funds.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Inventory is valued at cost (average). The District accounts for school supply and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Commodity inventory is offset by deferred revenue.
3. Other current assets are prepaid expenses that will benefit periods beyond June 30, 2012. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2012, and which extend beyond that date. The reported prepaid insurance is equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.
4. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.
5. Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District 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 the estimated fair market value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, vehicles and furniture & equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Vehicles	10
Furniture & Equipment	3-15

6. Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided are treated as revenues or expenditures. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
9. Compensated absences for the District consist of vacation days not taken during the year are not accumulated and carried over to subsequent years. Local sick leave is however, accumulated, but only paid to the employee upon retirement up to a maximum of 30 days. The estimated amount of sick leave expected to be paid at retirement during the year ended June 30, 2012, is \$532,339, and an accrual has been made. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignation and/or retirement.

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including capital leases payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of Year	Change in Net Assets
Land	\$ 27,598,685	\$ -	\$ 27,598,685	
Buildings & Improvements	512,887,115	(161,430,876)	351,456,239	
Vehicles	24,066,817	(11,147,152)	12,919,665	
Furniture & Equipment	17,426,335	(18,538,262)	(1,111,927)	
Construction in Progress	74,793,846	-	74,793,846	
Change in Net Assets				<u>\$ 465,656,508</u>
Long -Term Liabilities at the Beginning of Year			Payable at the Beginning of Year	
Bonds Payable			\$ (220,820,000)	
Notes Payable			(5,040,000)	
Change in Net Assets				<u>(225,860,000)</u>
Net Adjustment to Net Assets				<u>\$ 239,796,508</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS (Continued)

B. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments in Net Assets</u>
Land	\$ 22,350	\$ 22,350	
Buildings & Improvements	7,335,363	7,335,363	
Furniture & Equipment	450,824	450,824	
Vehicles	84,785	84,785	
Construction in Progress	11,852,455	11,852,455	
Total Capital Outlay			<u>\$ 19,745,777</u>
Debt Principal Payments			
Note Payable	640,000	640,000	
Bonds Payable	9,890,000	9,890,000	
Total Principal Payments	<u>10,530,000</u>	<u>10,530,000</u>	<u>10,530,000</u>
Net Adjustment to Net Assets			<u><u>\$ 30,275,777</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and Food Service Fund (which are included in the General Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for these three funds. The General Fund Budget report is presented in Exhibit C-5 and the Food Service Fund Budget and Debt Service Fund Budget report is presented in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

III. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

3. Prior to July 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure functions or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

IV. **DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

A. **DEPOSITS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with counterparty's trust department in the District's name in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2012, the carrying amount of the District's deposits was \$10,478,444 and the bank balance was \$11,672,544. The District's cash deposits at June 30, 2012 and during the year were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District monitors cash flows regularly when TEA funds are received to ensure that the bank pledges sufficient collateral.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$34,381,529.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$31,010,617 and occurred during the month of November 2011.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

District Policies and Legal Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits.

Foreign Currency Risk for Deposits – The District limits the risk that changes in exchange rates will adversely affect the fair value of a deposit. At year-end, the District was not exposed to foreign currency risk.

District Policies and Legal Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. The policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. The Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

The District's temporary investments at June 30, 2012, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Certificates of Deposit	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ -
Texas Term Investment Pool	24,377,326	24,377,326	-	-	-
Lone Star Investment Pool	47,283,657	47,283,657	-	-	-
TexPool	2,529,369	2,529,369	-	-	-
Texas Class/ MBIA	28,276,765	28,276,765	-	-	-
Total	<u>\$ 112,467,118</u>	<u>\$ 112,467,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Credit Risk – In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of June 30, 2012, the District's investments in Lone Star Investment Pool were rated AAAs/S1 by Standard and Poor's (S&P), TexPool was rated AAAs by Standard and Poor's (S&P), Texas Term was rated AAAs by Standard and Poor's (S&P), and MBIA was rated AAA/m by Standard and Poor's Ratings Services.

Custodial Risk for 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 investments held by third parties were fully collateralized and held in the District's name.

Concentration of Credit Risk – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer. As of June 30, 2012, the District had 9% of its investments in certificates of deposits in its depository bank, BBVA Compass Bank. These certificates of deposit were fully covered by eligible pledged securities. The District had 91% of its investments in TASB investment pools rated AAA as noted above.

Interest Rate Risk – In accordance with state law and the District's investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Foreign Currency Risk for Investments – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1st in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax roll on August 1, 2011, upon which the levy for the 2011-2012 fiscal year was based, as \$5,051,924,932. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date. Taxes are delinquent if not paid by June 30th. Delinquent taxes are subject to both penalty and interest charges plus 12.5% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2012, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0191 and \$0.0732 per \$100 valuation, respectively, for a total of \$1.0923 per \$100 valuation.

Current tax collections for the year ended June 30, 2012, were 92% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2012, property taxes receivable of \$10,758,342 and \$800,102, net of estimated uncollectible taxes of \$322,750 and \$24,003, totaled \$10,435,592 and \$776,099 for the General and Debt Service Funds, respectively.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers are indicative of subsidies of various District operations. The following schedule briefly summarizes the District's transfer activities at June 30, 2012:

Transfers In	Transfers Out	Amount	Purpose
General Fund	General Fund	\$ 8,088,180	Transfer to Athletic Fund
General Fund	General Fund	4,000,000	Transfer to State Sp. Ed.
		<u>\$ 12,088,180</u>	

Interfund balances at June 30, 2012 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
<u>General Fund</u>		
General Fund	\$ 10,164,899	\$ 10,164,899
Special Revenue Funds	2,621,447	-
Debt Service Fund	-	1,393,595
Capital Projects Fund	437,685	-
Internal Service Fund	2,619,636	12,138,683
Trust and Agency Fund	-	54,339
	<u>15,843,667</u>	<u>23,751,516</u>
<u>Special Revenue Fund</u>		
General Fund	-	2,621,447
Special Revenue Fund	8,298,529	8,298,529
	<u>8,298,529</u>	<u>10,919,976</u>
<u>Debt Service Fund</u>		
General Fund	1,393,595	-
Capital Projects Fund	-	-
	<u>1,393,595</u>	<u>-</u>
<u>Capital Projects Fund</u>		
General Fund	-	437,685
Debt Service	-	-
Capital Projects Fund	-	-
	<u>-</u>	<u>437,685</u>
<u>Internal Service Fund</u>		
General Fund	12,138,683	2,619,636
Internal Service Fund	8,987,029	8,987,029
	<u>21,125,712</u>	<u>11,606,665</u>
<u>Trust and Agency Fund</u>		
General Fund	54,339	-
Internal Service Fund	-	-
Total Trust and Agency Fund	<u>54,339</u>	<u>-</u>
Totals	<u>\$ 46,715,842</u>	<u>\$ 46,715,842</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided and/or reimbursement expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Balances also result from interfund payroll transactions and end of year reclasses made between funds.

D. DUE FROM OTHER GOVERNMENTS AND AGENCIES

Amounts due from other governments and agencies are as follows:

Fund Group	State Entitlements	Federal Grants	Other	Total
General	\$ 27,739,085	\$ 497,846	\$ 88,023	\$ 28,324,954
Special Revenue	6,514,018	-	262,239	6,776,257
Debt Service	982,840	-	-	982,840
Totals	<u>\$ 35,235,943</u>	<u>\$ 497,846</u>	<u>\$ 350,262</u>	<u>\$ 36,084,051</u>

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Primary Government Changes During Year			Balance 6/30/2012
		Additions	Deletions	Adjustments	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 27,598,685	\$ 22,350	\$ -	\$ (22,350)	\$ 27,598,685
Construction in progress	74,793,846	11,852,455	-	(47,834,990)	38,811,311
Total capital assets not being depreciated	<u>102,392,531</u>	<u>11,874,805</u>	<u>-</u>	<u>(47,857,340)</u>	<u>66,409,996</u>
Capital assets being depreciated					
Buildings and improvements	512,887,115	7,335,363	-	47,857,340	568,079,818
Furniture and equipment	17,426,335	450,824	(447,570)	16,392	17,445,981
Vehicles	24,066,817	84,785	(583,923)	-	23,567,679
Total capital assets being depreciated	<u>554,380,267</u>	<u>7,870,972</u>	<u>(1,031,493)</u>	<u>47,873,732</u>	<u>609,093,478</u>
Less accumulated depreciation for:					
Building and improvements	(161,430,876)	(16,152,712)	-	-	(177,583,588)
Equipment	(11,147,152)	(1,827,152)	447,570	-	(12,526,734)
Vehicles	(18,538,262)	(1,815,496)	583,923	-	(19,769,835)
Total accumulated depreciation	<u>(191,116,290)</u>	<u>(19,795,360)</u>	<u>1,031,493</u>	<u>-</u>	<u>(209,880,157)</u>
Total capital assets being depreciated	<u>363,263,977</u>	<u>(11,924,388)</u>	<u>-</u>	<u>47,873,732</u>	<u>399,213,321</u>
Governmental activities capital assets, net	<u>\$ 465,656,508</u>	<u>\$ (49,583)</u>	<u>\$ -</u>	<u>\$ 16,392</u>	<u>\$ 465,623,317</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,022,657
Instructional Resources and Media Services	338,587
Curriculum and Instructional Staff Development	551,855
Instructional Leadership	343,896
School Leadership	998,480
Guidance, Counseling and Evaluation Services	699,579
Social Work Services	25,832
Health Services	240,158
Student (Pupil) Transportation	537,033
Food Services	1,315,780
Cocurricular/Extracurricular Activities	606,306
General Administration	528,340
Plant Maintenance and Operations	1,928,311
Security and Monitoring Services	269,962
Data Processing Services	176,243
Community Services	212,341
Totals	<u><u>\$ 19,795,360</u></u>

F. LONG-TERM OBLIGATIONS

General Obligation Bonds – The District issued general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, interest earnings, and State funds. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures.

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2011	Issued	Retired	Amounts Outstanding June 30, 2012	Due Within One Year
09/25/01	Unlimited Tax School Building Bonds, Series 2001	4.00%	2015	\$ 38,195,000	\$ 5,155,000	\$ -	\$ 1,210,000	\$ 3,945,000	\$ 1,260,000
08/15/05	Unlimited Tax Refunding Bonds, Series 2005	4.00%	2030	65,435,000	65,195,000	-	1,980,000	63,215,000	2,090,000
09/28/06	Unlimited Tax School Building Bonds, Series 2006	4.00%	2027	129,985,000	106,830,000	-	4,575,000	102,255,000	4,765,000
03/10/09	Unlimited Tax Refunding Bonds, Series 2009	4.00%	2024	7,320,000	5,405,000	-	-	5,405,000	-
12/22/09	PFC Lease Revenue QS Construction Bonds, Series 2009	1.48%	2025	15,400,000	14,280,000	-	1,000,000	13,280,000	1,000,000
12/01/10	Qualified School Construction Bonds, Series 2010A-E	0.37%	2028	25,770,000	23,955,000	-	1,125,000	22,830,000	1,170,000
Totals					<u>\$ 220,820,000</u>	<u>\$ -</u>	<u>\$ 9,890,000</u>	<u>\$ 210,930,000</u>	<u>\$ 10,285,000</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

On December 21, 2010, \$25,770,000 Brownsville Independent School District Public Facility Corporation School Facility Lease Revenue Qualified School Construction Bonds, Taxable Series 2010A, 2010B, 2010C and 2010E (Direct-Pay Subsidy Bonds) were issued to finance the construction and equipping of school facilities and to pay for professional fees and services along with the costs of issuing the Bonds. The Qualified School Construction Bonds 2010A, 2010B, and 2010C bear a coupon rate of 5.79% less the tax credit rate of 5.42% with an effective interest rate of 0.37% per annum. The Qualified School Construction Bond 2010E bears a coupon rate of 5.95% less the tax credit rate of 5.42% with an effective interest rate of 0.53% per annum. Such interest shall be payable on each December 15 and June 15, commencing June 15, 2011.

The District has never defaulted on any principal and interest payments. There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitation and restrictions at June 30, 2012.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2013	\$ 10,285,000	\$ 10,067,487	\$ 20,352,487
2014	10,750,000	9,606,466	20,356,466
2015	11,215,000	9,130,666	20,345,666
2016	11,715,000	8,626,736	20,341,736
2017	12,240,000	8,093,783	20,333,783
2018-2022	69,680,000	32,225,382	101,905,382
2023-2027	77,195,000	16,490,645	93,685,645
2028-2030	7,850,000	1,430,345	9,280,345
Totals	<u>\$ 210,930,000</u>	<u>\$ 95,671,510</u>	<u>\$ 306,601,510</u>

Note Payable – The District issued the note payable for the governmental activities to provide funds for the renovations to existing facilities. The note is being issued pursuant to the Constitution and general laws of the State of Texas, including Sections 45.108 and the Texas Education Code, as amended. The Note is a direct obligation of the District, payable from and secured by ad valorem taxes levied by the District for maintenance purposes, within the limits prescribed by law, against all taxable property located within the District.

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2011	Issued	Retired	Amounts Outstanding June 30, 2012	Due Within One Year
03-17-09	Limited Tax Refunding Notes, Series 2009	3.8750%	2018	\$ 6,250,000	\$ 5,040,000	\$ -	\$ 640,000	\$ 4,400,000	\$ 665,000
	Totals				<u>\$ 5,040,000</u>	<u>\$ -</u>	<u>\$ 640,000</u>	<u>\$ 4,400,000</u>	<u>\$ 665,000</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Annual debt service requirements to maturity for the note payable are as follows:

Year Ending June 30,	Note Payable		Total Requirements
	Principal	Interest	
2013	\$ 665,000	\$ 166,930	\$ 831,930
2014	690,000	141,930	831,930
2015	720,000	115,710	835,710
2016	745,000	88,350	833,350
2017	775,000	60,040	835,040
2018	805,000	30,590	835,590
Totals	<u>\$ 4,400,000</u>	<u>\$ 603,550</u>	<u>\$ 5,003,550</u>

G. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt:

Description	Balance 7/01/11	Issued	Retired	Balance 06/30/12	Due Within One Year
Bonds Payable	\$ 220,820,000	\$ -	\$ (9,890,000)	\$ 210,930,000	\$ 10,285,000
Note Payable	5,040,000	-	(640,000)	4,400,000	665,000
Compensated Absences	454,599	532,339	(454,599)	532,339	532,339
Discount on Bonds	5,212,483	-	(341,616)	4,870,867	-
Totals	<u>\$ 231,527,082</u>	<u>\$ 532,339</u>	<u>\$ (11,326,215)</u>	<u>\$ 220,733,206</u>	<u>\$ 11,482,339</u>

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) leases agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2012, as follows:

Year Ending June 30,	Total Requirements
2013	\$ 1,810,146
2014	1,375,397
2015	669,028
2016	348,911
2017	319,236
Total Minimum Rentals	<u>\$ 4,522,718</u>
Rental Expenditures in Fiscal Year 2012	<u>\$ 1,790,685</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. CONTINGENT LIABILITIES

The District participates in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives.

Audits of all of these programs for the year ended June 30, 2012 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is involved in various legal proceedings arising from its operations, including investigations into alleged misconduct by certain employees. In addition, the Texas Education Agency has issued a report indicating that the District failed to comply with various competitive procurement standards. The ultimate resolution of these matters is pending. Management, in consultation with its attorneys, believes that the outcome of these pending matters will not have a material adverse effect on the District's financial statements or compliance.

J. DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to the Teacher Retirement System of Texas ("TRS"), a cost-sharing, multiple –employer defined benefit pension plan. TRS administers retirement and disability annuities, and death survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0 % of the member's annual compensation and a state contribution rate of not less than 6.0 % and not more than 10 % of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions 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. State law provides for a member contribution rate of 6.4 % for fiscal year 2012, 2011 and 2010, and a state contribution rate of 6.0 % for fiscal years 2012 and 2011 and 2010. State contributions to TRS made on behalf of the District's employees for the years ending June 30, 2012, 2011 and 2010, were \$19,158,603, \$20,237,733, and \$19,814,208, respectively. The District paid additional state contributions for the years ending June 30, 2012, 2011, and 2010, in the amount of \$5,451,088, \$5,942,640, and \$5,931,386, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. **DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS** (Continued)

Medicare Part D. Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result this provision allows for the Texas Public School Retired Employee Group Program (TRS-Care) to receive drug subsidy payments from the federal government to offset pharmacy claims paid by TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements. Medicare Part D payments made on behalf of the District's participants for the years ended June 30, 2012, 2011 and 2010 were \$733,068, \$ 735,719, and \$ 784,056, respectively.

K. **RISK MANAGEMENT**

Health Care Coverage

During the fiscal year ended June 30, 2012, the District sponsored a self-funded insurance plan to provide health care benefits to employees and their dependents. The District paid premiums of \$380.00 month per employee to the fund. Total employee contributions are required for coverage of dependents.

The contract between the District and the licensed insurer is renewable, and terms of coverage and premium are included in the contractual provisions. The latest financial statements available for Mutual Assurance Administrators, Inc. (MAA) and Blue Cross Blue Shield (BCBS) are filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

The following is a summary of the changes in the balances of claims liabilities for the year ended June 30, 2012:

	2012	2011
Unpaid claims, beginning of the year	\$ 5,223,943	\$ 3,833,731
Incurred claims (including IBNRs)	39,386,051	42,984,052
Claim payments	(39,044,845)	(41,593,840)
Unpaid claims, end of the year	<u>\$ 5,565,149</u>	<u>\$ 5,223,943</u>

Worker's Compensation Coverage

For the year ended June 30, 2012, the District met its statutory worker's compensation obligations through participation in a Self-Funded Worker's Compensation Plan with TRISTAR Risk Management as the TPA (Third Party Administrator). This plan is authorized by Article 8309, Vernon's Annotated Texas Statutes. The District provides statutory worker's compensation benefits to its employees.

The District's and TRISTAR Risk Management are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the self-insured retention of \$1 million. For the year ended June 30, 2012, the fund purchased excess coverage from Shepard, Walton, King Insurance Group. The fund uses an independent actuary to determine reserve adequacy and fully funds those reserves.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

As of June 30, 2012, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount.

L. CONSTRUCTION COMMITMENTS

At June 30, 2012, the District had the following construction commitments:

<u>Local Funded Projects</u>	<u>Estimated Project Cost</u>	<u>Expended Through June 30,</u>	<u>Amount Committed</u>
Palo Alto Service Center	\$ 8,688,996	\$ 8,578,630	\$ 110,366
Parking Lots - Transportation Dept	637,330	608,130	29,200
Brownsville Early College High School	54,416	44,995	9,421
Brownsville Academic Center	95,551	94,141	1,410
Breeden Elementary	224,056	222,036	2,020
Lopez and Rivera HS & CCJJAEP Science Labs	472,000	43,014	428,986
	<u>10,172,349</u>	<u>9,590,946</u>	<u>581,403</u>
<u>2009 & 2010 QSCB Projects</u>			
Breeden Elementary	11,969,430	11,693,934	275,496
Brownsville Early College High School	6,105,000	5,726,023	378,977
Brownsville Academic Center	9,145,000	8,649,602	495,398
	<u>27,219,430</u>	<u>26,069,559</u>	<u>1,149,871</u>
<u>2006 Bond Projects</u>			
District Wide Projects	4,077,287	34,197	4,043,090
	<u>4,077,287</u>	<u>34,197</u>	<u>4,043,090</u>
<u>Grants</u>			
Lopez and Rivera HS Science Labs	3,690,000	3,116,609	573,391
	<u>3,690,000</u>	<u>3,116,609</u>	<u>573,391</u>
Total Construction In Progress	<u>\$ 45,159,066</u>	<u>\$ 38,811,311</u>	<u>\$ 6,347,755</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

Description	General Fund	Special Revenue	Debt Service	Total
BISD - Taxes	\$ 9,465,787	\$ -	\$ 707,524	\$ 10,173,311
BISD - GED Testing	2,636	-	-	2,636
BISD - Athletics	1,280	-	-	1,280
BISD - Other	73,693	-	-	73,693
BISD - Rendition Fees	17,102	-	-	17,102
BISD - CCED Taxes	66,253	-	-	66,253
Food service receipts	55,028	-	-	55,028
Special revenue grants	-	1,693,368	-	1,693,368
Total deferred revenue	\$ 9,681,779	\$ 1,693,368	\$ 707,524	\$ 12,082,671

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

Description	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 49,890,407	\$ -	\$ 3,583,995	\$ -	\$ 53,474,402
Penalties, Interest & Other Tax-Related Income	1,970,727	-	148,722	-	2,119,449
Tuition and Fees	531,514	-	-	-	531,514
Food Sales	1,203,749	-	-	117	1,203,866
Investment Income	407,022	13,448	4,549	-	425,019
Co-curricular Student Act.	444,301	-	-	-	444,301
CCED	68,144	-	-	-	68,144
Other	2,332,774	-	1,496	40,813,252	43,147,522
Totals	\$ 56,848,638	\$ 13,448	\$ 3,738,762	\$ 40,813,369	\$ 101,414,217

O. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

P. INCREASE (DECREASE) IN FUND BALANCES

Adjustments to the fund balance during the 2011-2012 school year consisted of the following:

Description	General Fund	Other Nonmajor Funds	Total
To pay loan from Self Funded Workman's Comp.	\$ (650,000)	\$ -	\$ (650,000)
To reclassify balance sheet accounts	19,708	-	19,708
Adjustments for Summary of Finances	(752,479)	(377,455)	(1,129,934)
To close out liabilities that never materialized	(74,280)	-	(74,280)
Other	(7,346,137)	(1,109,980)	(8,456,117)
Total	<u>\$ (8,803,188)</u>	<u>\$ (1,487,435)</u>	<u>\$ (10,290,623)</u>

Q. MAINTENANCE OF EFFORT

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents.

A. Total District premium paid for health care for 2011-2012: \$ 33,733,613

B. Subtract any non-medical expenditures:

Life insurance	\$ 148,529	
Dental insurance	-	
Vision insurance	-	
Long-term disability	-	
Short-term disability	-	
Alternate plans	-	
COBRA expense	-	
Retiree expense	-	
	<u>148,529</u>	

C. 2011-2012 Maintenance of Effort: \$ 33,585,084

R. SHARED SERVICES AGREEMENTS

The District is the fiscal agent for a Shared Service Arrangement ("SSA"), which provides special education services to the member districts listed below. The fiscal agent provides all services. The member districts provide the funds to the fiscal agent, who provides all services. According to guidance provided in TEA's Resource Guide, the District has accounted for fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. **DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS** (Continued)

Member Districts	Expenditures
Harlingen CISD	\$ 150,000
Los Fresnos CISD	78,750
Point Isabel ISD	31,250
Raymondville ISD	90,000
San Benito CISD	127,500
South Texas ISD	2,500
Total	<u>\$ 480,000</u>

S. **NOTE DISCLOSURES POST-GASB 54**

The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission and its goals and objectives. The five classifications of fund balance of the governmental types are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board, the Superintendent, or Superintendent's designee. The Board delegates by formal action in a scheduled meeting specific persons or groups to assign certain fund balances. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2012

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

T. GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by TEA and certain direct revenues. The District recognized in the General Fund such revenues for the year ended June 30, 2012 from various federal sources as follows:

Program or Source	Number	Amount
U.S. Department of Treasury (Fed Share of QSCB)	N/A	\$ 1,298,363
R.O.T. C.	N/A	471,289
Impact Aid - P.L. 874 Title I	84.04	-
National School Lunch Program	10.555	20,068,712
School Breakfast Program	10.553	13,029,484
Food Distribution (USDA Commodities)	10.550	825,926
School Health Related Services	N/A	6,599,595
Medicaid Administrative Claiming Program	N/A	158,551
Total Programs		<u>42,451,920</u>
<i>Indirect Costs:</i>		
ESEA Title I - Part A	84.010A	184,576
ESEA Title I - SIP	84.010A	173
ESEA Title I - Part C	84.011A	12,000
21st Century Grant Program	84.287C	-
ESEA Title III - Part A - L.E.P.	84.365A	20,662
ESEA Title II - Part A-TPTR	84.367A	31,517
Texas Literacy Initiative	84.371C	460
Texas Title I Priority Schools	84.377A	8,561
Texas Title I Priority Schools	84.377A	6,872
Texas Title I Priority Schools	84.377A	5,239
Texas Title I Priority Schools (ARRA)	84.388A	13,144
Texas Title I Priority Schools (ARRA)	84.388A	15,403
Texas Title I Priority Schools (ARRA)	84.388A	9,711
Total Indirect Costs		<u>308,318</u>
Total General Fund		<u><u>\$ 42,760,238</u></u>

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COMBINING STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

The Special Revenue Funds generally account for state and federally financed programs where unused balances are returned to the grantors at the close of specified project periods. Project accounting is employed to maintain integrity for the various sources of funds. Funds included in the Special Revenue Funds are described in the following pages.

ESEA, TITLE IV-SAVE AND DRUG-FREE SCHOOLS AND COMMUNITIES ACT (204)

To account for funds granted as a result of the Improving Americas School Act of 1994. These funds are to be used to develop age-appropriate comprehensive violence and drug/alcohol education prevention programs.

ESEA, TITLE II-SUBTITLE B-EDUCATION FOR THE HOMELESS CHILDREN (206)

To account for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

ESEA TITLE I PART A-IMPROVING BASIC PROGRAMS (211)

To account for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

ESEA, TITLE I PART C-EDUCATION OF MIGRATORY CHILDREN (212)

To account for funds granted for programs benefiting children of migrant agriculture-related workers and children of migrant fishermen.

TITLE I SCHOOL IMPROVEMENT (216)

Supplemental funds to help school improvement by corrective action or restructuring to provide high quality education which will enable all students to meet the state performance standards.

IDEA-PART B, FORMULA (224)

To account for funds granted to operate educational programs for handicapped children with disabilities.

IDEA PART B, PRESCHOOL (225)

To account for funds granted for preschool handicapped children.

ADULT EDUCATION ENGLISH LITERANCE AND CIVICS (231)

To account for funds granted to assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children. This fund also is to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency.

CARL D. PERKINS, TITLE I PART C (244)

To account for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at (1) a limited number of campuses or (2) a limited number of program areas.

ESEA TITLE II PART A TEACHER AND PRINCIPAL TRAINING AND RECRUITING (255)

To provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, also, to hold local education agencies and schools accountable for improving student academic achievement.

TEXAS READING FIRST GRANT (261)

To account for funds granted to establish reading programs for students in kindergarten through grade 3 that are based on scientifically based reading research, to ensure that every student can read at grade level or above not later than the end of grade 3.

Title II Part D: ENHANCING EDUCATION THROUGH TECHNOLOGY (262)

To account for funds granted for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.

TITLE III, ENGLISH LANGUAGE ACQUISITION AND LANGUAGE ENHANCEMENT (263)

To account for funds granted to improve the education of limited English proficient children, by assisting them to learn English and meet challenging State academic content and student academic achievement standards.

21ST CENTURY COMMUNITY LEARNING CENTERS (265)

This fund classification is to be used to account, on a project basis, for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students.

TITLE XIV STATE FISCAL STABILIZATION FUND (SFAF-ARRA: 266)

This fund is to be used to account for funds granted to improve basic programs as authorized by Elementary and Secondary Education Act (ESEA) as amended by the No Child Left Behind Act (NCLB), the Individuals with Disabilities Act (IDEA), the Adult and Family Literacy Act and the Carl Perkins Act for the modernization, renovation or repair of public school facilities, including modernization, renovation and repairs that are consistent with a recognized green building rating system.

GAINING EARLY AWARENESS FOR COLLEGE READINESS: GEAR UP (274)

To account for funds granted to provide services and support to low-income minority school districts to ensure that students are academically prepared for higher education, graduate from high school, and have access to higher education opportunities.

TEXAS TITLE I PRIORITY SCHOOLS PROGRAM (276)

This fund is to be used for campuses identified for improvement, corrective action, or restructuring. These funds will be used to provide adequate resources in order to substantially raise the achievement of students as to enable the schools to make adequate yearly progress and exit improvement status.

Title II Part D: ENHANCING EDUCATION THROUGH TECHNOLOGY (ARRA 279)

This fund is to be used to account for funds granted for the implementation and support of a comprehensive system that effectively used technology in elementary and secondary schools to improve student academic achievement.

IDEA-PART B, FORMULA (ARRA 283)

This fund is to be used to account for funds granted to operate educational programs for children with disabilities.

IDEA PART B, PRESCHOOL (ARRA 284)

This fund is to be used to account for funds granted to operate educational programs for preschool children with disabilities.

ESEA TITLE I PART A-IMPROVING BASIC PROGRAMS (ARRA 285)

This fund is to be used to account for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

TEXAS TITLE I PRIORITY SCHOOLS PROGRAM (ARRA T-TIPS 286)

This fund is to be used for campuses identified for improvement, corrective action, or restructuring. These funds will be used to provide adequate resources in order to substantially raise the achievement of students as to enable the schools to make adequate yearly progress and exit improvement status.

EDUCATION JOBS FUND (287)

This fund is to be used for compensation and benefits that are not prohibited by Texas law or statute, and other expenses, such as support services, necessary to retain existing school-level employees, to recall or rehire former school-level employees, and to hire new school-level employees in order to provide early childhood, elementary, or secondary educational and related services .

ADULT BASIC EDUCATION-FEDERAL (309)

To account for funds granted to provide or support programs for educational services to adults who are beyond compulsory school attendance age, are not enrolled in school and function at less than secondary completion level.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) (312)

To account for funds granted to provide education services to undereducated adult recipients of cash assistance under TANF.

IDEA PART B, DISCRETIONARY (315)

To account for funds used to support an Education Service Center (ESC) special education component and also: targeted support to LEAs, private residential placements, priority projects, and other emerging needs.

IDEA PART B DEAF (316)

To account for funds granted to operate educational programs for children with disabilities.

IDEA PART B, PRESCHOOL DEAF (317)

To account for funds granted for preschool children with disabilities.

IDEA PART C, DEAF, EARLY INTERVENTION (340)

To account for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants and toddlers.

ADVANCED PLACEMENT (397)

To account for funds used to promote pre-AP and AP programs thus increasing the number of student and teachers enrolled and teaching pre – AP and AP courses at each participating school. This grant also supports activities to increase the participation of low income students in pre advanced placement and advanced placement courses.

STUDENT SUCCESS INITIATIVE (404)

To account for funds used to provide support for the training of teachers and the implementation of scientific, research-based programs to support students in their reading development in the early grades of school.

TECHNOLOGY FUND (411)

To account for funds awarded to school districts to purchase technological software or equipment that contributes to student learning or to pay for training for educational personnel involved in the use of these materials.

ADULT BASIC EDUCATION STATE (431)

To account for funds granted to provide adult education, literacy services and instruction below the college level for undereducated adults who are beyond the age of compulsory attendance.

STATE DEAF (435)

To account for funds granted to account, on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD).

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for activities where the District charges fees to internal users for goods or services.

SELF FUNDED INSURANCE (753)

This fund is used to account for the operations of the District's old self-funded insurance program, which ended September 2011.

SELF FUNDED INSURANCE: Blue Cross/Blue Shield (754)

This fund is used to account for the operations of the District's self-funded insurance program which started in October 2011.

SELF FUNDED INSURANCE (770)

This fund was used to account for the operations of the District's old self-funded insurance program. This fund is no longer in use but there is still some activity that was left pending.

CATERING (791)

This fund used to account for the District's Food Service Department's catering operations. These activities were stopped for the fiscal year 2011-2012.

SELF FUNDED WORKERS COMPENSATION (792)

This fund is used to account for the operations of the District's self-funded insurance program, which meets the state mandate that all District employees are covered by worker's compensation insurance. Premiums are collected from the various campuses and departments based on predetermined experience rates. Claim costs, administrative costs, and stop loss insurance premiums are paid from the premiums collected. Excess claims are covered by a stop loss carrier.

AGENCY FUNDS

The Agency Funds are used to account for assets held by the District as an agent for campuses, organizations and the District. They are mainly custodial in nature and do not involve measurement of results of operations.

CRIMESTOPPERS (810)

This fund is used to account for the Crimestoppers activities of the District.

JOHNNY & NENA CAVAZOS ENDOWMENT (816)

This fund is used to account for the Johnny & Nena Cavazos Endowment Fund.

FILEMON VELA SCHOLARSHIP FUND (828)

This fund is used to account for the Filemon Vela Scholarship Fund.

SUPERINTENDENT'S SCHOLARSHIP FUND (829)

This fund is used to account for the annual Superintendent's Scholarship Fund.

MISCELLANEOUS (893)

This fund is used to account for the receipt and disbursement of monies for school approved activities of the various student groups and organizations at each campus. These activities promote the general welfare of a campus and educational development and morale of the students. Each campus uses QuickBooks for their activities and the District posts the activity to the District's ledger upon view of the District's Internal Audit Department.

BARRONS WORKERS COMPENSATION PROGRAM (896)

This fund is used to account for the old District's Worker's Compensation Program.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 745,081	\$ -
1120	Investments - Current	-	-	151,009	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	21,387	25,654	1,361,374	(440,138)
1260	Due from Other Funds	-	-	4,885,069	538,907
1000	Total Assets	<u>\$ 21,387</u>	<u>\$ 25,654</u>	<u>\$ 7,142,533</u>	<u>\$ 98,769</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ 202,526	\$ 4,466
2160	Accrued Wages Payable	-	-	905,100	94,303
2170	Due to Other Funds	21,387	25,654	6,034,907	-
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>21,387</u>	<u>25,654</u>	<u>7,142,533</u>	<u>98,769</u>
Fund Balances:					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,387</u>	<u>\$ 25,654</u>	<u>\$ 7,142,533</u>	<u>\$ 98,769</u>

216 Title I School Improvement	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	231 Federal Adult Education	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	261 Reading First	262 Title II, D Education Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(6,506)	556,276	4,242	15,890	18,529	71,943	204,083	1,454
6,506	229,843	-	893	-	-	-	-
<u>\$ -</u>	<u>\$ 786,119</u>	<u>\$ 4,242</u>	<u>\$ 16,783</u>	<u>\$ 18,529</u>	<u>\$ 71,943</u>	<u>\$ 204,083</u>	<u>\$ 1,454</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,238	\$ 20,728	\$ -	\$ -
-	786,119	-	16,783	-	-	-	-
-	-	4,242	-	11,291	51,215	204,083	1,454
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	786,119	4,242	16,783	18,529	71,943	204,083	1,454
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 786,119</u>	<u>\$ 4,242</u>	<u>\$ 16,783</u>	<u>\$ 18,529</u>	<u>\$ 71,943</u>	<u>\$ 204,083</u>	<u>\$ 1,454</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes		263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 Title XIV ARRA State Stabilization	274 GEAR Up
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	40,914	74,072	-	214,132
1260	Due from Other Funds	7,020	-	-	-
1000	Total Assets	<u>\$ 47,934</u>	<u>\$ 74,072</u>	<u>\$ -</u>	<u>\$ 214,132</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,651	\$ 5,592	\$ -	\$ 739
2160	Accrued Wages Payable	46,283	-	-	-
2170	Due to Other Funds	-	68,480	-	213,393
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>47,934</u>	<u>74,072</u>	<u>-</u>	<u>214,132</u>
Fund Balances:					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 47,934</u>	<u>\$ 74,072</u>	<u>\$ -</u>	<u>\$ 214,132</u>

276 Title I - SIP Academy Grant	279 Title II, D ARRA - Ed. Technology	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	286 Title I SIP Academy Grant ARRA	287 Education Jobs Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,398,878	-	12,074	33,611	-	(7,588)	863,438	114,271
-	-	-	-	-	7,588	-	-
<u>\$ 1,398,878</u>	<u>\$ -</u>	<u>\$ 12,074</u>	<u>\$ 33,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,438</u>	<u>\$ 114,271</u>
\$ 474,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,769	\$ -
-	-	-	-	-	-	-	-
924,828	-	12,074	37,670	-	-	693,669	114,271
-	-	-	-	-	-	-	-
-	-	-	(4,059)	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,398,878</u>	<u>-</u>	<u>12,074</u>	<u>33,611</u>	<u>-</u>	<u>-</u>	<u>863,438</u>	<u>114,271</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,398,878</u>	<u>\$ -</u>	<u>\$ 12,074</u>	<u>\$ 33,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,438</u>	<u>\$ 114,271</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Receivables from Other Governments	41,683	60,520	90,750	23,839
1260 Due from Other Funds	599,207	-	-	45,791
1000 Total Assets	<u>\$ 640,890</u>	<u>\$ 60,520</u>	<u>\$ 90,750</u>	<u>\$ 69,630</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 4,997	\$ -	\$ 860	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	60,520	89,890	-
2180 Due to Other Governments	-	-	-	-
2190 Due to Student Groups	-	-	-	-
2300 Deferred Revenues	635,893	-	-	69,630
2000 Total Liabilities	<u>640,890</u>	<u>60,520</u>	<u>90,750</u>	<u>69,630</u>
Fund Balances:				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 640,890</u>	<u>\$ 60,520</u>	<u>\$ 90,750</u>	<u>\$ 69,630</u>

316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,597)	553	2,035	-	-	8,511	-	(116,636)
1,597	1,133	-	16,305	33,922	-	204,374	116,636
<u>\$ -</u>	<u>\$ 1,686</u>	<u>\$ 2,035</u>	<u>\$ 16,305</u>	<u>\$ 33,922</u>	<u>\$ 8,511</u>	<u>\$ 204,374</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,864	\$ -
-	-	-	-	-	-	-	-
-	-	2,035	-	-	8,511	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,686	-	16,305	33,922	-	202,510	-
-	1,686	2,035	16,305	33,922	8,511	204,374	-
<u>-</u>	<u>1,686</u>	<u>2,035</u>	<u>16,305</u>	<u>33,922</u>	<u>8,511</u>	<u>204,374</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,686</u>	<u>\$ 2,035</u>	<u>\$ 16,305</u>	<u>\$ 33,922</u>	<u>\$ 8,511</u>	<u>\$ 204,374</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes		404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	116,385	44,774	-	-
1260	Due from Other Funds	-	-	41,874	24,936
1000	Total Assets	<u>\$ 116,385</u>	<u>\$ 44,774</u>	<u>\$ 41,874</u>	<u>\$ 24,936</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 6,327	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	6,347	-	-	-
2170	Due to Other Funds	103,711	44,774	-	-
2180	Due to Other Governments	-	-	-	24,936
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	41,874	-
2000	Total Liabilities	<u>116,385</u>	<u>44,774</u>	<u>41,874</u>	<u>24,936</u>
Fund Balances:					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 116,385</u>	<u>\$ 44,774</u>	<u>\$ 41,874</u>	<u>\$ 24,936</u>

415 Kindergarten and Pre-K Grants	426 TX Educator Excellence Award Grant	427 Security Services Grant	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,127,733	(19,616)	29,808	(46,997)	17,208	6,789	(197,854)	10,379
-	19,616	-	1,273,471	-	-	197,854	-
<u>\$ 2,127,733</u>	<u>\$ -</u>	<u>\$ 29,808</u>	<u>\$ 1,226,474</u>	<u>\$ 17,208</u>	<u>\$ 6,789</u>	<u>\$ -</u>	<u>\$ 10,379</u>
\$ -	\$ -	\$ -	\$ 580,913	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,127,733	-	29,808	-	17,208	6,789	-	10,379
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	645,561	-	-	-	-
2,127,733	-	29,808	1,226,474	17,208	6,789	-	10,379
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,127,733</u>	<u>\$ -</u>	<u>\$ 29,808</u>	<u>\$ 1,226,474</u>	<u>\$ 17,208</u>	<u>\$ 6,789</u>	<u>\$ -</u>	<u>\$ 10,379</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes		497 Texas HS Project Grant	498 Other Locally Funded Programs	499 Locally Funded Spec Revenue Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 745,081
1120	Investments - Current	-	-	-	151,009
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	-	-	6,776,257
1260	Due from Other Funds	9,597	26,263	10,127	8,298,529
1000	Total Assets	<u>\$ 9,597</u>	<u>\$ 26,263</u>	<u>\$ 10,127</u>	<u>\$ 15,970,876</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 1,481,720
2160	Accrued Wages Payable	-	-	-	1,854,935
2170	Due to Other Funds	-	-	-	10,919,976
2180	Due to Other Governments	-	-	-	24,936
2190	Due to Student Groups	-	-	-	(4,059)
2300	Deferred Revenues	9,597	26,263	10,127	1,693,368
2000	Total Liabilities	<u>9,597</u>	<u>26,263</u>	<u>10,127</u>	<u>15,970,876</u>
Fund Balances:					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,597</u>	<u>\$ 26,263</u>	<u>\$ 10,127</u>	<u>\$ 15,970,876</u>

511 Debt Service Fund	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,411	\$ 33,736	\$ 780,228
2,045,255	10,836,461	13,032,725
800,102	-	800,102
(24,003)	-	(24,003)
982,840	-	7,759,097
1,393,595	-	9,692,124
<u>\$ 5,199,200</u>	<u>\$ 10,870,197</u>	<u>\$ 32,040,273</u>
\$ -	\$ 30,774	\$ 1,512,494
-	-	1,854,935
-	437,685	11,357,661
412,520	811,704	1,249,160
-	-	(4,059)
707,524	-	2,400,892
<u>1,120,044</u>	<u>1,280,163</u>	<u>18,371,083</u>
4,079,156	-	4,079,156
-	9,590,034	9,590,034
<u>4,079,156</u>	<u>9,590,034</u>	<u>13,669,190</u>
<u>\$ 5,199,200</u>	<u>\$ 10,870,197</u>	<u>\$ 32,040,273</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	72,143	45,062	25,375,553	2,146,520
5020	Total Revenues	72,143	45,062	25,375,553	2,146,520
EXPENDITURES:					
Current:					
0011	Instruction	-	-	16,310,188	938,732
0012	Instructional Resources and Media Services	-	-	1,330,050	-
0013	Curriculum and Instructional Staff Development	-	-	2,445,420	-
0021	Instructional Leadership	-	-	833,222	140,260
0023	School Leadership	-	-	135,868	-
0031	Guidance, Counseling and Evaluation Services	72,143	-	334,927	144,346
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	1,670,449	-
0034	Student (Pupil) Transportation	-	-	6,944	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	109,113	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	45,062	2,199,372	923,182
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	72,143	45,062	25,375,553	2,146,520
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

216 Title I School Improvement	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	231 Federal Adult Education	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	261 Reading First	262 Title II, D Education Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
69,030	8,876,679	116,782	79,566	883,141	4,066,937	286,445	50,417
69,030	8,876,679	116,782	79,566	883,141	4,066,937	286,445	50,417
63,405	7,480,254	116,782	-	841,605	2,954,202	-	-
-	-	-	-	-	-	-	-
5,571	-	-	-	41,536	989,587	243,172	50,417
-	-	-	-	-	123,148	31,446	-
54	-	-	-	-	-	11,827	-
-	1,396,425	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	79,566	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,030	8,876,679	116,782	79,566	883,141	4,066,937	286,445	50,417
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes		263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	266 Title XIV ARRA State Stabilization	274 GEAR Up
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	2,167,679	2,794,342	5,828,400	207,351
5020	Total Revenues	2,167,679	2,794,342	5,828,400	207,351
EXPENDITURES:					
Current:					
0011	Instruction	1,943,935	1,554,294	5,828,400	118,110
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	196,490	55,758	-	7,305
0021	Instructional Leadership	25,543	1,115,364	-	-
0023	School Leadership	-	21,235	-	111
0031	Guidance, Counseling and Evaluation Services	1,711	-	-	73,646
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	47,691	-	8,179
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	2,167,679	2,794,342	5,828,400	207,351
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

276 Title I - SIP Academy Grant	279 Title II. D ARRA - Ed. Technology	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	286 Title I SIP Academy Grant ARRA	287 Education Jobs Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,184,638	85,280	-	407,759	7,022	1,157,543	4,312,592	7,493,825
3,184,638	85,280	-	407,759	7,022	1,157,543	4,312,592	7,493,825
2,254,090	-	-	204,834	3,871	1,127,157	3,143,520	7,493,825
19,232	-	-	-	-	-	91,217	-
670,653	85,280	-	802	-	21,504	648,208	-
-	-	-	38,713	-	8,882	-	-
96,718	-	-	-	-	-	196,092	-
102,868	-	-	157,207	3,151	-	125,234	-
-	-	-	-	-	-	-	-
-	-	-	756	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,826	-	-	-	-
13,977	-	-	-	-	-	30,165	-
-	-	-	-	-	-	-	-
27,100	-	-	1,621	-	-	78,156	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,184,638	85,280	-	407,759	7,022	1,157,543	4,312,592	7,493,825
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes		289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	472,632	498,975	136,956	69,403
5020	Total Revenues	472,632	498,975	136,956	69,403
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	69,403
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	383,047	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	86,892	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	2,693	498,975	136,956	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	472,632	498,975	136,956	69,403
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	34,238	14,048	-
64,409	1,336	2,035	-	-	-	-	-
64,409	1,336	2,035	-	-	34,238	14,048	-
64,409	1,336	2,035	-	-	-	1,229	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,819	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	34,238	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
64,409	1,336	2,035	-	-	34,238	14,048	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes		404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	596,199	235,706	4,192,749	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	596,199	235,706	4,192,749	-
EXPENDITURES:					
Current:					
0011	Instruction	494,994	-	4,192,749	49,095
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	96,410	108,998	-	-
0021	Instructional Leadership	-	-	-	5,000
0023	School Leadership	4,795	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	126,708	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	596,199	235,706	4,192,749	54,095
1200	Net Change in Fund Balance	-	-	-	(54,095)
0100	Fund Balance - July 1 (Beginning)	-	-	-	618,496
1300	Increase (Decrease) in Fund Balance	-	-	-	(564,401)
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

415 Kindergarten and Pre-K Grants	426 TX Educator Excellence Award Grant	427 Security Services Grant	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508,029	-	6,111	3,643,796	125,970	-	782,569	-
-	-	-	-	-	-	-	-
508,029	-	6,111	3,643,796	125,970	-	782,569	-
508,029	-	-	20,643	-	-	715,741	-
-	-	-	-	-	-	-	-
-	-	-	2,841	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	66,828	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	36,874	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,111	-	-	-	-	-
-	-	-	429	125,970	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,583,009	-	-	-	-
508,029	-	6,111	3,643,796	125,970	-	782,569	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes		497 Texas HS Project Grant	498 Other Locally Funded Programs	499 Locally Funded Spec Revenue Funds	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 1,497	\$ -	\$ 1,497
5800	State Program Revenues	104,751	17,665	-	10,261,831
5900	Federal Program Revenues	-	-	-	70,960,452
5020	Total Revenues	104,751	19,162	-	81,223,780
EXPENDITURES:					
Current:					
0011	Instruction	98,141	-	-	58,595,008
0012	Instructional Resources and Media Services	-	6,471	-	1,446,970
0013	Curriculum and Instructional Staff Development	370	-	-	6,066,188
0021	Instructional Leadership	-	-	-	2,321,578
0023	School Leadership	1,137	-	-	554,729
0031	Guidance, Counseling and Evaluation Services	2,930	-	-	2,481,416
0032	Social Work Services	-	-	-	126,708
0033	Health Services	-	-	-	1,671,205
0034	Student (Pupil) Transportation	-	-	-	6,944
0036	Extracurricular Activities	-	12,691	-	53,391
0051	Facilities Maintenance and Operations	-	-	-	153,255
0052	Security and Monitoring Services	-	-	-	6,111
0061	Community Services	2,173	-	-	4,211,363
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	3,583,009
6030	Total Expenditures	104,751	19,162	-	81,277,875
1200	Net Change in Fund Balance	-	-	-	(54,095)
0100	Fund Balance - July 1 (Beginning)	-	-	-	618,496
1300	Increase (Decrease) in Fund Balance	-	-	-	(564,401)
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

511 Debt Service Fund	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 3,737,266	\$ 13,447	\$ 3,752,210
11,480,643	-	21,742,474
-	-	70,960,452
15,217,909	13,447	96,455,136
-	-	58,595,008
-	-	1,446,970
-	-	6,066,188
-	-	2,321,578
-	-	554,729
-	-	2,481,416
-	-	126,708
-	-	1,671,205
-	-	6,944
-	-	53,391
-	-	153,255
-	-	6,111
-	-	4,211,363
7,765,000	-	7,765,000
8,853,112	-	8,853,112
1,419	-	1,419
-	34,198	3,617,207
16,619,531	34,198	97,931,604
(1,401,622)	(20,751)	(1,476,468)
5,027,732	10,986,865	16,633,093
453,046	(1,376,080)	(1,487,435)
\$ 4,079,156	\$ 9,590,034	\$ 13,669,190

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2012

	753	754
	Insurance	Self Funded Blue Cross Blue Shield
<hr/>		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,019,738	\$ 320,550
Investments - Current	-	-
Due from Other Funds	-	9,341,660
Other Receivables	1,715	-
	<hr/>	<hr/>
Total Assets	1,021,453	9,662,210
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Accounts Payable	64,396	-
Due to Other Funds	11,136,825	867
Due to Student Groups	-	-
	<hr/>	<hr/>
Total Liabilities	11,201,221	867
	<hr/>	<hr/>
NET ASSETS		
Hold in Trust for Other Purposes	(10,179,768)	9,661,343
	<hr/>	<hr/>
Total Net Assets	\$10,179,768)	\$ 9,661,343
	<hr/>	<hr/>

770	791	792	
Self-Funded Insurance	Catering	Self Funded Workers Compensation	Total Internal Service Funds
\$ -	\$ 226,179	\$ 32,869	\$ 1,599,336
-	-	5,818,841	5,818,841
-	212,794	11,571,258	21,125,712
-	-	650,000	651,715
-	438,973	18,072,968	29,195,604
-	-	18,038,102	18,102,498
-	438,973	30,000	11,606,665
-	-	4,722	4,722
-	438,973	18,072,824	29,713,885
-	-	144	(518,281)
\$ -	\$ -	\$ 144	\$ (518,281)

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	753	754
	Insurance	Self Funded Blue Cross Blue Shield
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 8,329,679	\$ 32,483,573
Total Operating Revenues	<u>8,329,679</u>	<u>32,483,573</u>
OPERATING EXPENSES:		
Other Operating Costs	<u>22,377,237</u>	<u>22,822,230</u>
Total Operating Expenses	<u>22,377,237</u>	<u>22,822,230</u>
Operating Income (Loss)	(14,047,558)	9,661,343
Total Net Assets - July 1 (Beginning)	350,129	-
Prior Period Adjustment	<u>3,517,661</u>	<u>-</u>
Total Net Assets - June 30 (Ending)	<u><u>\$(10,179,768)</u></u>	<u><u>\$ 9,661,343</u></u>

770	791	792	
Self-Funded Insurance	Catering	Self Funded Workers Compensation	Total Internal Service Funds
\$ -	\$ 117	\$ -	\$ 40,813,369
-	117	-	40,813,369
-	-	-	45,199,467
-	-	-	45,199,467
-	117	-	(4,386,098)
145	(117)	144	350,301
(145)	-	-	3,517,516
\$ -	\$ -	\$ 144	\$ (518,281)

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	753	754
		Self Funded
		Blue Cross
	Insurance	Blue Shield
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$ -	\$ -
Other Operating Cash Receipts (Payments)	236,670	320,550
Net Cash Provided by (Used for) Operating Activities	236,670	320,550
Net Increase (Decrease) in Cash and Cash Equivalents	236,670	320,550
Cash and Cash Equivalents at Beginning of Year	783,068	-
Cash and Cash Equivalents at End of Year	\$ 1,019,738	\$ 320,550
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (14,047,558)	\$ 9,661,343
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Current Investments	2,852,091	-
Decrease (increase) in Accrued Interest	-	-
Decrease (increase) in Due from Other Funds	764,356	(9,341,660)
Decrease (increase) in Other Receivables	(1,057)	-
Increase (decrease) in Accounts Payable	(3,453,141)	-
Increase (decrease) in Due to Other Funds	14,121,979	867
Net Cash Provided by (Used for) Operating Activities	\$ 236,670	\$ 320,550

770	791	792	
Self-Funded Insurance	Catering	Self Funded Workers Compensation	Total Internal Service Funds
\$ -	\$ 7,649	\$ -	\$ 7,649
(145)	-	22,463	579,538
(145)	7,649	22,463	587,187
(145)	7,649	22,463	587,187
145	218,530	10,406	1,012,149
\$ -	\$ 226,179	\$ 32,869	\$ 1,599,336
\$ -	\$ 117	\$ -	\$ (4,386,098)
-	-	1,598,414	4,450,505
-	-	2,148	2,148
-	(9,419)	468,785	(8,117,938)
-	-	-	(1,057)
-	(778)	(2,081,606)	(5,535,525)
(145)	17,729	34,722	14,175,152
\$ (145)	\$ 7,649	\$ 22,463	\$ 587,187

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BALANCE JULY 1 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2012
STUDENT ACTIVITIES				
Assets:				
Cash and Temporary Investments	\$ 1,312,337	\$ 4,876,486	\$ 4,940,892	\$ 1,247,931
Due From Other Funds	19,918	-	-	19,918
Total Assets	<u>\$ 1,332,255</u>	<u>\$ 4,876,486</u>	<u>\$ 4,940,892</u>	<u>\$ 1,267,849</u>
Liabilities:				
Accounts Payable	\$ 52,236	\$ 39,719	\$ 38,956	\$ 52,999
Due to Student Groups	1,280,019	4,834,522	4,899,691	1,214,850
Total Liabilities	<u>\$ 1,332,255</u>	<u>\$ 4,874,241</u>	<u>\$ 4,938,647</u>	<u>\$ 1,267,849</u>
BARRON WORKERS' COMPENSATION				
Assets:				
Cash and Temporary Investments	<u>\$ -</u>	<u>\$ 284</u>	<u>\$ 284</u>	<u>\$ -</u>
Liabilities:				
Accounts Payable	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ -</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 1,312,337	\$ 4,876,770	\$ 4,941,176	\$ 1,247,931
Due From Other Funds	19,918	-	-	19,918
Total Assets	<u>\$ 1,332,255</u>	<u>\$ 4,876,770</u>	<u>\$ 4,941,176</u>	<u>\$ 1,267,849</u>
Liabilities:				
Accounts Payable	\$ 52,236	\$ 39,919	\$ 39,156	\$ 52,999
Due to Student Groups	1,280,019	4,834,522	4,899,691	1,214,850
Total Liabilities	<u>\$ 1,332,255</u>	<u>\$ 4,874,441</u>	<u>\$ 4,938,847</u>	<u>\$ 1,267,849</u>

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2012

	810 Campus Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	828 Filemon Vela Memorial Scholarship	829 Supt Scholarship	Total Private Purpose Trust Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 975	\$ 289,107	\$ -	\$ 5,056	\$ 295,138
Due from Other Funds	-	-	19,274	15,147	34,421
Total Assets	975	289,107	19,274	20,203	329,559
LIABILITIES					
Current Liabilities:					
Accounts Payable	975	-	-	-	975
Due to Student Groups	-	-	19,274	15,984	35,258
Total Liabilities	975	-	19,274	15,984	36,233
NET ASSETS					
Hold in Trust for Other Purposes	-	289,107	-	4,219	293,326
Total Net Assets	\$ -	\$ 289,107	\$ -	\$ 4,219	\$ 293,326

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	810 Campus Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	828 Filemon Vela Memorial Scholarship	829 Supt Scholarship	Total Private Purpose Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 11	\$ 11
Total Additions	-	-	-	11	11
Change in Net Assets	-	-	-	11	11
Net Assets July 1 (Beginning)	-	311,720	-	4,208	315,928
Prior Period Adjustment	-	(22,613)	-	-	(22,613)
Net Assets - June 30 (Ending)	\$ -	\$ 289,107	\$ -	\$ 4,219	\$ 293,326

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**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2012

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ Various
2004	1.467900	0.017700	3,372,158,099
2005	1.471900	0.013700	3,695,481,340
2006	1.438700	0.046900	3,895,196,875
2007	1.315600	0.089800	4,218,109,323
2008	1.019100	0.073200	4,773,440,004
2009	1.019100	0.073200	4,909,923,402
2010	1.012273	0.080027	4,993,708,059
2011	1.019100	0.073200	5,009,567,679
2012 (School year under audit)	1.019100	0.073200	5,051,924,932
1000 TOTALS			

	(10) Beginning Balance 7/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2012
\$	1,768,827	\$ -	\$ 81,412	\$ 10,837	\$ (305,574)	\$ 1,371,004
	374,724	-	34,092	411	(10,908)	329,313
	459,797	-	45,313	422	(10,572)	403,490
	493,769	-	65,687	2,141	(13,380)	412,561
	704,251	-	154,943	10,576	22,777	561,509
	788,805	-	231,620	16,637	36,678	577,226
	1,271,164	-	454,817	32,669	35,606	819,284
	2,021,686	-	774,187	61,205	(36,163)	1,150,131
	4,553,555	-	2,423,402	174,068	(82,697)	1,873,388
	-	54,109,128	46,589,326	3,346,424	(112,840)	4,060,538
\$	<u>12,436,578</u>	<u>\$ 54,109,128</u>	<u>\$ 50,854,799</u>	<u>\$ 3,655,390</u>	<u>\$ (477,073)</u>	<u>\$ 11,558,444</u>

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 395,851	\$ 5,391,567	\$ -	\$ 4,254,994	\$ 10,042,412
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	503,918	-	-	-	-	-	503,918
6212	Audit Services	252,109	-	-	51,500	-	-	303,609
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	758,447	-	-	-	-	758,447
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	56,114	-	148,253	204,367
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	67,914	-	700	68,614
6240	Contr. Maint. and Repair	-	-	-	-	435,421	-	435,421
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	2,644	-	3,665	33,533	-	95,499	135,341
6290	Miscellaneous Contr.	77	-	-	162,420	-	98,980	261,477
6320	Textbooks and Reading	-	-	114	2,111	-	11,052	13,277
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	9,610	-	10,955	138,527	-	277,167	436,259
6410	Travel, Subsistence, Stipends	38,155	-	10,441	62,704	-	36,668	147,968
6420	Ins. and Bonding Costs	-	-	-	-	-	83,983	83,983
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	123,755	-	2,996	95,520	-	157,757	380,028
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	72,664	72,664
6000	TOTAL	\$ 930,268	\$ 758,447	\$ 424,022	\$ 6,061,910	\$ 435,421	\$ 5,237,717	\$ 13,847,785

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 480,675,846

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600) (10) \$ 24,365,384

Total Debt & Lease(6500) (11) 4,582,411

Plant Maintenance (Function 51, 6100-6400) (12) 44,362,102

Food (Function 35, 6341 and 6499) (13) 14,481,474

Stipends (6413) (14) -

Column 4 (above) - Total Indirect Cost 6,061,910

SubTotal: 93,853,280

Net Allowed Direct Cost \$ 386,822,565

CUMULATIVE

Total Cost of Buildings before Depreciation (1520) (15) \$ 568,079,817

Historical Cost of Building over 50 years old (16) \$ 10,214,362

Amount of Federal Money in Building Cost (Net of #16) (17) \$ 8,828,348

Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) (18) \$ 41,013,660

Historical Cost of Furniture & Equipment over 16 years old (19) \$ 1,321,797

Amount of Federal Money in Furniture & Equipment (Net of #19) (20) \$ 7,801,958

(8) NOTE A: \$1,657,873 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 6/30/12 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 91,675,693
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 3,580,179
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	19,269,343
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	4,427,768
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	6,311,320
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-
7	Estimate of two month's average cash disbursements during the fiscal year.	53,383,375
8	Estimate of delayed payments from state sources (58xx).	26,010,939
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-
10	Estimate of delayed payments from federal sources (59xx)	-
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	<u>112,982,924</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)	<u><u>\$ (21,307,231)</u></u>

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 200,000	\$ 1,200,000	\$ 1,289,826	\$ 89,826
5800 State Program Revenues	680,000	680,000	205,773	(474,227)
5900 Federal Program Revenues	27,574,774	33,574,774	33,924,123	349,349
5020 Total Revenues	28,454,774	35,454,774	35,419,722	(35,052)
EXPENDITURES:				
0035 Food Services	26,724,773	34,124,773	30,357,795	3,766,978
0051 Facilities Maintenance and Operations	1,730,001	1,730,001	1,730,001	-
6030 Total Expenditures	28,454,774	35,854,774	32,087,796	3,766,978
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(400,000)	3,331,926	3,731,926
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	-	400,000	-	(400,000)
7080 Total Other Financing Sources (Uses)	-	400,000	-	(400,000)
1200 Net Change in Fund Balances	-	-	3,331,926	3,331,926
0100 Fund Balance - July 1 (Beginning)	2,131,937	2,131,937	2,131,937	-
1300 Increase (Decrease) in Fund Balance	-	-	6,308	6,308
3000 Fund Balance - June 30 (Ending)	\$ 2,131,937	\$ 2,131,937	\$ 5,470,171	\$ 3,338,234

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,200,000	\$ 4,200,000	\$ 3,737,266	\$ (462,734)
5800 State Program Revenues	12,433,112	12,433,112	11,480,643	(952,469)
5020 Total Revenues	16,633,112	16,633,112	15,217,909	(1,415,203)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	7,765,000	7,765,000	7,765,000	-
0072 Interest on Long Term Debt	8,853,112	8,853,112	8,853,112	-
0073 Bond Issuance Cost and Fees	15,000	15,000	1,419	13,581
6030 Total Expenditures	16,633,112	16,633,112	16,619,531	13,581
1200 Net Change in Fund Balances	-	-	(1,401,622)	(1,401,622)
0100 Fund Balance - July 1 (Beginning)	5,027,732	5,027,732	5,027,732	-
1300 Increase (Decrease) in Fund Balance	-	-	453,046	453,046
3000 Fund Balance - June 30 (Ending)	\$ 5,027,732	\$ 5,027,732	\$ 4,079,156	\$ (948,576)

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**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2012

	June 30,	
	2012	2011
ASSETS		
Land	\$ 27,598,685	\$ 27,598,685
Building and Improvements	568,079,818	512,887,115
Furniture, Equipment and Vehicles	41,013,660	41,493,152
Construction In Progress	38,811,311	74,793,846
Total	<u>\$ 675,503,474</u>	<u>\$ 656,772,798</u>
INVESTMENTS IN CAPITAL ASSETS		
Investments in Capital Assets Acquired from General Fund	\$ 387,383,865	\$ 372,161,492
Special Revenue Fund	14,912,320	11,455,070
Capital Projects Fund	273,207,289	273,156,236
Total	<u>\$ 675,503,474</u>	<u>\$ 656,772,798</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2012

Function	Land	Building and Improvements	Furniture, Equipment and Vehicles	Construction In Progress	Total
Instructional and Instructional Related Services	\$ 4,776,997	\$ 334,635	\$ 6,507,878	\$ -	\$ 11,619,510
Instructional and School Leadership	-	125,915	749,095	-	875,010
Support Services - Student (Pupil)	386,866	4,778,059	24,247,594	-	29,412,519
Administration Services	-	15,069	181,088	-	196,157
Support Services - Nonstudent Based	626,008	52,771,912	7,949,468	-	61,347,388
Ancillary Services	-	-	42,454	-	42,454
Facilities	21,808,814	510,054,228	1,336,083	38,811,311	572,010,436
Total	\$ 27,598,685	\$ 568,079,818	\$ 41,013,660	\$ 38,811,311	\$ 675,503,474

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
JUNE 30, 2012

Function	Balance July 1, 2011	Additions	Deletions	Adjustments	Balance June 30, 2012
Instructional and Instructional Related Services	\$ 11,837,261	\$ 36,846	\$ (270,988)	\$ 16,392	\$ 11,619,511
Instructional and School Leadership	736,935	145,304	(7,229)	-	875,010
Support Services - Student (Pupil)	29,939,211	155,721	(682,413)	-	29,412,519
Administration Services	196,157	-	-	-	196,157
Support Services - Nonstudent Based	61,129,362	288,889	(70,863)	-	61,347,388
Ancillary Services	42,454	-	-	-	42,454
Facilities	552,891,418	19,119,017	-	-	572,010,435
Total	\$ 656,772,798	\$ 19,745,777	\$ (1,031,493)	\$ 16,392	\$ 675,503,474

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STATISTICAL SECTION

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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW

This part of the District's comprehensive annual financial report presents detailed information to provide the readers of the District's financial information with a background for a better understanding of the information in the financial statements, note disclosures, and required supplementary information.

The statistical section is organized in the following sections:

Government-Wide Information – This section contains schedules that reflect current year and past years amounts on the District's government-wide financial statements.

Fund Information – This section contains schedules that reflect current year and past years amounts on the District's fund financial statements.

Revenue Capacity Information – This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue.

Debt Capacity Information – This section contains schedules that provide information on the District's current levels of outstanding debt, the District's ability to repay the debt, and to issue additional debt in the future.

Demographic and Economic Information – This section contains schedule that provide an understanding of the environment within which the District's financial activities take place.

Operating Information – This section contains schedules that provide information about the services the District provides and the activities it performs; such as, employees and facilities of the District.

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GOVERNMENT-WIDE INFORMATION

SCHEDULE 1
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets					
Net of Related Debt	\$ 120,320,803	\$ 153,436,185	\$ 152,489,514	\$ 171,184,508	\$ 61,006,564
Restricted	81,035,422	57,451,563	98,358,180	81,665,840	229,355,987
Unrestricted	71,946,548	99,384,748	97,534,738	110,748,123	106,255,875
Total Net Assets	<u>\$ 273,302,773</u>	<u>\$ 310,272,496</u>	<u>\$ 348,382,432</u>	<u>\$ 363,598,471</u>	<u>\$ 396,618,426</u>

Source: The District's Statement of Net Assets (Exhibit A-1)

	2008		2009		2010		2011		2012
\$	95,604,744	\$	239,579,610	\$	252,449,434	\$	239,341,909	\$	249,760,978
	235,087,962		17,636,587		47,228,007		50,582,763		43,627,204
	89,801,140		153,762,955		84,682,883		73,922,111		69,406,393
\$	420,493,846	\$	410,979,152	\$	384,360,324	\$	363,846,783	\$	362,794,575

SCHEDULE 2
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES EXPENSES & PROGRAM REVENUES

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
Instruction	\$ 196,315,290	\$ 198,820,719	\$ 190,802,261	\$ 225,127,661	\$ 235,656,199
Instructional Resources & Media Services	7,184,837	7,349,494	5,810,592	8,298,444	7,082,218
Curriculum & Staff Development	9,847,038	9,838,935	9,926,103	12,710,160	13,073,733
Instructional Leadership	5,594,994	5,408,783	4,375,756	5,481,316	6,191,546
School Leadership	18,659,040	18,409,987	15,715,709	19,982,255	21,261,506
Guidance, Counseling & Evaluation Services	13,175,288	13,537,844	12,985,210	14,261,105	15,708,534
Social Work Services	1,586,117	752,463	391,898	514,318	520,648
Health Services	3,739,444	3,617,567	3,437,790	3,774,733	4,452,657
Student (Pupil) Transportation	9,598,533	9,632,174	9,817,842	11,877,527	13,088,226
Food Services	22,004,598	24,265,522	23,620,249	26,407,131	28,341,364
Cocurricular/Extracurricular Activities	9,742,845	9,681,919	8,863,883	12,121,352	13,405,545
General Administration	10,710,934	9,762,781	8,383,267	10,310,051	11,121,851
Plant Maintenance & Operations	32,325,347	32,483,497	28,726,621	39,631,342	43,270,873
Security & Monitoring Services	3,197,648	3,078,800	2,742,852	3,566,191	3,909,690
Data Processing Services	1,650,918	1,830,399	1,679,255	1,897,662	2,240,079
Community Services	2,622,454	3,297,355	3,692,366	3,815,334	4,165,693
Debt Service - Interest on Long Term Debt	5,385,669	5,439,580	2,602,523	4,999,747	7,866,188
Debt Service - Bond Issuance Cost & Fees	10,704	10,958	9,279	304,446	735,785
Facilities Acquisition & Construction	644,881	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	-	34,886	103,152
Total Governmental Activities	353,996,579	357,218,777	333,583,456	405,115,661	432,195,487
Program Revenues					
Charges for Services					
Instruction	704,007	902,814	802,992	975,830	841,225
Instructional Resources and Media Services	-	-	-	-	-
Curriculum and Instructional Staff Development	8,033	8,209	-	-	-
Instructional Leadership	1,785	-	-	-	-
School Leadership	1,785	-	-	-	-
Guidance, Counseling and Evaluation Services	5,356	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-
Food Services	1,359,047	1,250,211	1,226,537	1,306,641	1,371,261
Extracurricular Activities	321,105	378,632	337,198	321,630	357,281
General Administration	832	-	-	-	-
Plant Maintenance and Operations	832	-	-	-	-
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	59,784	77,169	71,812	55,553	87,070
Debt Service - Interest on Long Term Debt	-	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Operating Grants and Contributions	62,108,902	64,272,584	64,729,396	70,078,445	73,063,663
Total Governmental Activities	64,571,468	66,889,619	67,167,935	72,738,099	75,720,500
Net Governmental Activities					
Revenue/(Expense)	\$ (289,425,111)	\$ (290,329,158)	\$ (266,415,521)	\$ (332,377,562)	\$ (356,474,987)

Source: The District's Statement of Activities (Exhibit B-1)

	2008	2009	2010	2011	2012
\$	251,458,965	\$ 263,214,508	\$ 280,044,296	\$ 283,753,243	\$ 265,301,523
	7,429,329	8,386,006	9,091,704	9,145,005	8,150,501
	12,468,934	14,793,150	15,554,587	19,505,830	13,284,303
	6,731,053	7,059,359	8,002,797	7,834,698	8,226,349
	22,234,884	23,438,655	24,551,960	25,044,466	24,028,022
	16,262,550	17,738,872	18,234,605	18,254,355	16,840,314
	500,457	711,711	764,709	765,569	621,835
	4,874,905	5,405,783	5,427,344	5,705,521	5,781,101
	13,386,936	13,147,513	14,715,541	13,509,625	12,927,507
	28,453,632	27,575,534	30,062,988	29,764,725	31,627,859
	14,333,394	13,531,209	10,084,446	16,653,137	14,485,042
	11,628,184	12,319,564	12,138,098	12,670,295	17,182,090
	47,109,642	48,055,290	50,388,704	51,408,170	46,452,947
	4,784,350	5,538,612	5,904,597	6,350,712	6,400,024
	2,440,008	3,038,063	2,908,275	3,661,103	4,036,884
	4,226,094	4,941,913	5,270,769	5,750,327	5,111,489
	10,209,593	9,864,827	9,800,715	10,357,075	10,552,122
	19,442	96,332	31,947	686,668	-
	-	-	-	-	-
	97,558	148,558	227,879	209,466	183,264
	458,649,910	479,005,459	503,205,961	521,029,990	491,193,176
	1,010,092	1,164,731	1,606,651	1,884,347	2,748,811
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	1,528,468	1,419,206	1,238,788	1,422,678	1,270,219
	344,025	343,771	367,206	452,862	443,271
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	88,226	479,153	117,487	105,954	118,182
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	75,268,303	82,140,558	98,592,857	137,170,598	130,857,311
	78,239,114	85,547,419	101,922,989	141,036,439	135,437,794
\$	(380,410,796)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)

SCHEDULE 3
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGES IN NET ASSETS

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
Net Governmental Activities					
Revenue /(Expense)	\$ (289,425,111)	\$ (290,329,158)	\$ (266,415,521)	\$ (332,377,562)	\$ (356,474,987)
General Revenues:					
Property Taxes - M&O	44,554,733	48,788,334	52,878,425	54,900,026	57,100,739
Property Taxes - Debt Service	1,255,494	1,369,951	1,382,834	2,672,946	4,777,354
State Aid	229,959,049	253,487,266	228,779,857	252,078,847	256,856,481
Grants & Contributions					
not Restricted	23,091,064	20,841,629	18,809,954	27,912,159	53,491,917
Investment Earnings	2,862,070	2,302,612	4,021,279	9,262,177	17,281,072
Miscellaneous Local and					
Intermediate Revenue	-	-	-	-	-
Total General Revenues	301,722,410	326,789,792	305,872,349	346,826,155	389,507,563
Special and Extraordinary Items:					
Special Item	132,210	2,319,010	347,248	1,179,641	187,043
Special - (Use)	-	(95,242)	(456,883)	(973,775)	(1,608,033)
Extraordinary Item - resource	-	-	-	-	1,794,147
Total Special Items	132,210	2,223,768	(109,635)	205,866	373,157
Change in Net Assets	<u>\$ 12,429,509</u>	<u>\$ 38,684,402</u>	<u>\$ 39,347,193</u>	<u>\$ 14,654,459</u>	<u>\$ 33,405,733</u>

Source: The District's Statement of Activities (Exhibit B-1)

2008	2009	2010	2011	2012
\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)
47,622,425	50,698,836	49,108,507	49,247,771	50,847,039
4,866,150	3,608,402	5,713,455	3,480,992	3,541,802
273,801,373	279,184,838	273,485,573	280,086,312	276,148,038
48,965,278	46,407,489	47,456,785	29,720,120	29,414,332
17,368,044	6,867,205	576,057	327,543	424,833
-	-	-	606,897	1,083,845
392,623,270	386,766,770	376,340,377	363,469,635	361,459,889
2,656,772	222,344	-	-	-
(1,669,850)	-	-	-	-
500,500	-	-	-	-
1,487,422	222,344	-	-	-
\$ 13,699,896	\$ (6,468,926)	\$ (24,942,595)	\$ (16,523,916)	\$ 5,704,507

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FUND INFORMATION

SCHEDULE 4
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
General Fund					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 3,520,491	\$ 3,195,213	\$ 3,725,141	\$ 3,952,630	\$ 5,073,314
Retirement of Long-Term Debt	-	-	178,062	172,868	172,868
Federal or State Funds Grant Restriction	-	-	-	-	-
Outstanding Encumbrances	5,155,218	3,527,911	10,549,147	11,816,841	15,417,596
Food Service	7,834,877	7,897,198	7,160,197	7,063,466	7,238,318
Other Restricted Fund Balance	-	-	-	-	-
Other Purposes	12,199,625	11,824,307	20,862,132	15,921,314	16,711,053
<i>Unreserved Designated For:</i>					
Construction	8,822,619	11,091,043	40,438,286	26,034,570	33,779,582
Capital/Expenditures for Equipment	-	-	-	-	-
Other Committed Fund Balance	-	-	-	-	-
Other Purposes	-	-	-	850,000	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	62,979,829	98,815,933	84,797,128	99,630,833	94,599,727
Unassigned Fund Balance	-	-	-	-	-
Total General Fund Balance	100,512,659	136,351,605	167,710,093	165,442,522	172,992,458
All Other Governmental Funds					
<i>Reserved, Reported In:</i>					
Special Revenues					
Outstanding Encumbrances	-	-	6,310	126,247	52,238
Food Service	375,183	-	-	-	-
Other Restricted Fund Balance	-	-	-	-	-
Other Reserves	2,022,909	2,034,223	2,110,798	1,463,554	1,246,819
Construction	-	-	-	-	-
Other Committed Fund Balance	-	-	-	-	-
Debt Service					
Retirement of Long Term Debt	4,848,987	3,610,532	7,582,861	9,579,439	8,488,045
Outstanding Encumbrances	-	-	-	-	-
Capital Projects					
Outstanding Encumbrances	25,431,250	6,869,468	3,086,876	6,515	3,763,740
Other Purposes	10,871,073	7,789,986	4,023,645	5,074,658	5,074,658
Other Restricted Fund Balance	-	-	-	-	-
Construction	-	-	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the Capital Projects funds	-	-	-	-	132,276,179
Reported in Special Revenue funds	(46,810)	(388,318)	(1,365,275)	(396,262)	61,577
Total All Other Governmental Fund Balance	43,502,592	19,915,891	15,445,215	15,854,151	150,963,256
Total Government Funds -- Fund Balance	\$ 144,015,251	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673	\$ 323,955,714
Governmental Funds					
Beginning Fund Balance	\$ 143,916,912	\$ 144,015,251	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673
Net Change in Fund Balance	98,339	12,252,245	26,887,812	(1,858,635)	142,659,041
Ending Balance	\$ 144,015,251	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673	\$ 323,955,714

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances.

Note: Prior to 2005 fiscal year began September 1st and ended August 31st. In 2005 instead of ending August 31st, the District ended their fiscal year June 30, 2006 and on the District's fiscal year starts July 1st and ends June 30th.

	2008	2009	2010	2011	2012
\$	4,440,512	\$ 4,980,783	\$ 4,893,251	\$ 4,422,662	\$ 3,580,179
	165,895	3,920	3,919	-	-
	-	-	-	11,326,313	18,914,624
	13,535,457	10,855,448	25,960,333	-	-
	5,550,630	1,693,073	2,613	-	-
	-	-	-	222,229	354,719
	17,129,854	11,216,238	4,806,460	-	-
	50,393,914	31,953,995	5,803,488	22,364,837	2,285,678
	-	-	-	-	-
	-	-	-	541,141	2,142,090
	-	-	-	-	6,311,320
	84,885,826	88,167,972	76,111,051	-	-
	-	-	-	60,435,774	58,087,083
	176,102,088	148,871,429	117,581,115	99,312,956	91,675,693

	57,921	56,608	2,129,059	-	-
	-	-	-	-	-
	-	-	-	441,801	39,445
	1,230,326	451,609	451,609	-	-
	-	-	-	930,853	255,788
	-	-	-	175,116	534,126
	7,527,191	7,415,666	6,340,788	5,027,732	4,079,156
	-	-	-	-	-
	65,678,823	20,471,549	3,099,866	-	-
	5,074,658	5,074,657	5,074,657	-	-
	-	-	-	5,074,658	5,074,658
	-	-	-	55,421	55,421
	64,199,140	14,656,385	4,552,631	5,856,786	4,459,955
	103,641	71,825	(2,046,805)	(929,274)	(829,359)
	143,871,700	48,198,299	19,601,805	16,633,093	13,669,190
\$	319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883

\$	323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049
	(3,981,926)	(122,904,060)	(59,886,808)	(21,236,871)	(10,601,166)
\$	319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883

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SCHEDULE 5
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND REVENUES BY SOURCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Tuition	Other	Per Capita and Foundation	On-behalf TRS Payments	Other		
2003	\$45,397,092	\$ 595,230	\$ 4,767,891	\$ 229,956,700	\$ 11,887,202	\$ 16,308,114	\$ 56,917,738	\$ 365,829,967
2004	49,461,019	584,243	4,364,197	253,487,266	11,502,122	5,972,967	67,639,124	393,010,938
2005	51,234,121	501,806	5,977,413	228,779,857	9,287,720	3,511,979	70,739,652	370,032,548
2006	59,488,916	567,931	11,392,644	252,776,852	11,660,390	7,280,359	78,313,105	421,480,197
2007	61,252,617	495,935	19,482,159	274,395,670	12,855,417	16,933,015	79,187,774	464,602,587
2008	52,642,945	578,524	19,760,410	286,258,776	13,254,419	19,469,958	79,555,189	471,520,221
2009	53,389,684	588,449	11,096,985	290,732,408	13,646,577	20,831,992	82,428,653	472,714,748
2010	53,895,159	593,297	3,969,433	282,771,446	14,192,422	16,337,762	106,233,585	477,993,104
2011	53,675,683	590,133	3,606,080	309,960,900	14,611,309	3,767,198	118,637,623	504,848,926
2012	55,593,851	531,514	4,475,483	287,696,627	15,503,634	19,497,233	113,720,690	497,019,032

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances; Exhibits J-1; and Notes to Financial Statements.

SCHEDULE 6
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Instruction and Instructional Related Services	Instructional and School Leadership	Support Services Student (Pupil)	Administrative Support Services	Support Services Nonstudent Based	Ancillary Services
2003	\$ 209,064,558	\$ 23,757,017	\$ 59,316,261	\$ 10,490,330	\$ 36,905,260	\$ 2,568,151
2004	211,056,891	23,299,272	62,520,333	9,545,271	36,594,986	3,220,729
2005 *	201,799,234	19,610,952	58,211,747	8,265,362	33,180,193	3,603,119
2006	239,325,970	24,635,601	69,124,621	9,949,899	44,197,890	3,800,770
2007	248,787,841	26,672,500	74,944,973	10,805,892	48,559,983	4,044,827
2008	264,756,508	28,197,129	77,081,715	11,317,309	53,207,299	4,208,853
2009	277,097,188	29,517,110	75,512,179	11,911,112	55,004,482	4,774,257
2010	296,935,894	31,721,644	79,251,845	11,742,923	58,180,291	5,113,327
2011	299,253,743	31,400,841	81,062,008	12,060,545	58,972,563	5,491,028
2012	274,860,076	30,971,427	79,014,692	12,189,912	54,785,063	4,899,149

Source: The District's Annual Financial Report - Governmental Funds Statements of Revenues, Fund Expenditures, and Changes in Fund Balances.

Note: Operating expenditures excludes capital outlay (Function 81)

* Denotes change in fiscal year. Prior to 2005 fiscal year began September 1st and ended August 31st. Beginning in fiscal year 2005, the District changed their fiscal year to end June 30th.

Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter- Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Service to Non-Capital Expenditures
\$ 5,375,000	\$ 5,332,413	\$ 13,714,065	\$ -	\$ 366,523,055	3.13%
5,175,000	5,521,842	34,696,336	-	391,630,660	3.09%
460,000	2,606,709	15,478,061	-	343,215,377	0.94%
2,880,000	5,594,039	24,819,146	34,886	424,362,822	2.17%
9,950,000	9,200,003	25,664,640	103,152	458,733,811	4.63%
6,990,000	10,554,188	30,651,788	97,558	487,062,347	4.00%
7,310,000	10,413,099	121,189,943	148,558	592,877,928	3.91%
7,095,000	10,752,816	47,440,171	227,879	548,461,790	3.70%
10,930,000	11,163,563	37,181,977	209,467	547,725,735	4.53%
10,530,000	10,697,044	19,224,060	183,265	497,354,688	4.65%

SCHEDULE 7
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS OTHER SOURCES, USES
AND CHANGES IN FUND BALANCES

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
Excess of Revenues Over (Under) Expenditures	\$ (693,088)	\$ 1,379,278	\$ 26,817,171	\$ (2,882,625)	\$ 5,868,776
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	-	-	-
Capital-Related Debt Issued	-	-	-	65,435,000	129,985,000
Sale of Real and Personal Property	24,146	23,464	51,099	49,803	17,645
Non-Current Loans	-	9,155,000	-	-	-
Transfers In	13,324,682	11,731,275	8,101,880	11,455,350	12,898,480
Premium or Discount on Issuance of Bonds	-	-	-	4,336,541	6,391,081
Other Resources	-	2,142,120	296,149	1,129,838	169,398
Transfers Out	(13,324,682)	(11,731,275)	(8,101,880)	(11,455,350)	(12,898,480)
Other Uses	-	(95,242)	(456,883)	(70,488,772)	(1,608,033)
Total Other Financing Sources (Uses)	24,146	11,225,342	(109,635)	462,410	134,955,091
Special Items	108,064	153,426	-	-	1,794,147
Net Change in Fund Balances	\$ (560,878)	\$ 12,758,046	\$ 26,707,536	\$ (2,420,215)	\$ 142,618,014

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances.

2008	2009	2010	2011	2012
\$ (15,542,126)	\$ (120,163,179)	\$ (70,468,683)	\$ (42,876,175)	\$ (310,543)
-	-	15,400,000	25,770,000	-
-	7,320,000	-	-	-
24,496	23,657	-	-	-
-	6,250,000	-	-	-
13,867,904	13,005,391	7,386,260	7,563,785	12,088,180
-	187,074	(3,080,000)	-	-
3,132,776	1,411	-	-	-
(13,867,904)	(13,147,872)	(7,386,260)	(7,563,785)	(12,088,180)
(1,669,850)	(13,650,287)	-	-	-
1,487,422	(10,626)	12,320,000	25,770,000	-
-	197,276	-	-	-
\$ (14,054,704)	\$ (119,976,529)	\$ (58,148,683)	\$ (17,106,175)	\$ (310,543)

SCHEDULE 8
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY ATTENDANCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance **	Instruction and Instructional Related Services	Instructional and School Leadership	Support Services Student (Pupil)	Administrative Support Services	Support Services Nonstudent Based
2003	40,779	5,127	583	1,455	257	905
2004	42,274	4,993	551	1,479	226	866
2005 *	43,211	4,670	454	1,347	191	768
2006	44,516	5,376	553	1,553	224	993
2007	44,491	5,592	600	1,685	243	1,091
2008	44,758	5,915	630	1,722	253	1,189
2009	44,665	6,204	661	1,691	267	1,231
2010	45,097	6,584	703	1,757	260	1,290
2011	45,869	6,524	685	1,767	263	1,286
2012	45,672	6,018	678	1,730	267	1,200

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports

Note: * Denotes change in fiscal year. Prior to 2005 fiscal year began September 1st and ended August 31st. Beginning in fiscal year 2005, the District changed their fiscal year to end June 30th.

** Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

Ancillary Services	Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter- Governmental Charges	Total
63	132	131	336	-	8,988
76	122	131	821	-	9,264
83	11	60	358	-	7,943
85	65	126	558	1	9,533
91	224	207	577	2	10,311
94	156	236	685	2	10,882
107	164	233	2,713	3	13,274
113	157	238	1,052	5	12,162
120	238	243	811	5	11,941
107	231	234	421	4	10,890

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REVENUE CAPACITY INFORMATION

SCHEDULE 9
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN YEARS

(Unaudited)

Fiscal Year	Assessed Value			Estimated Actual Value	Ratio of Total Assessed To Total Estimated Actual Value	*Total Direct Tax Rate
	Real Property	Personal Property	Total			
2003	\$ 2,664,399,367	\$ 486,956,308	\$ 3,151,355,675	\$ 3,975,780,844	79.26%	\$ 1.465600
2004	2,885,792,870	486,365,229	3,372,158,099	4,160,431,798	81.05%	1.485600
2005	3,191,896,582	503,584,758	3,695,481,340	4,548,022,961	81.25%	1.485600
2006	3,392,670,047	502,526,828	3,895,196,875	4,840,839,426	80.47%	1.485600
2007	3,925,182,022	540,347,922	4,465,529,944	5,548,457,738	80.48%	1.405400
2008	4,166,206,596	607,233,408	4,773,440,004	5,871,154,152	81.30%	1.092300
2009	4,279,472,153	630,451,249	4,909,923,402	6,053,536,586	81.11%	1.092300
2010	4,338,417,565	655,290,494	4,993,708,059	6,135,315,186	81.39%	1.092300
2011	4,377,167,600	632,400,079	5,009,567,679	6,113,416,912	81.94%	1.092300
2012	4,433,212,093	618,712,839	5,051,924,932	6,214,354,595	81.29%	1.092300

Source: Cameron County Appraisal District

* Per \$100 of assessed value

SCHEDULE 10
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	* Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2003	\$ 45,411,431	\$ 41,491,775	91.37%	\$ 2,852,181	\$ 44,343,956	97.65%	\$ 9,783,241	21.54%
2004	49,326,280	45,414,638	92.07%	3,082,888	48,497,526	98.32%	10,435,507	21.16%
2005	53,980,789	48,224,568	89.34%	2,938,924	51,163,492	94.78%	12,827,873	23.76%
2006	56,893,668	51,372,178	90.30%	4,963,134	56,335,312	99.02%	12,774,956	22.45%
2007	61,639,120	55,207,914	89.57%	4,890,553	60,098,467	97.50%	13,390,777	21.72%
2008	51,069,707	46,597,854	91.24%	5,436,046	52,033,900	101.89%	12,450,446	24.38%
2009	52,931,405	48,397,764	91.43%	4,286,377	52,684,141	99.53%	11,693,698	22.09%
2010	53,382,448	48,693,877	91.22%	3,961,229	52,655,106	98.64%	12,322,154	23.08%
2011	53,617,610	48,836,611	91.08%	4,235,004	53,071,615	98.98%	12,436,578	23.19%
2012	54,109,128	49,935,751	92.29%	4,574,440	54,510,191	100.74%	11,558,444	21.36%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: * The ratio of total tax collections to the total tax levy does not include penalties and interest. However, the total tax collections includes total collections for the fiscal year and is compared to the total tax levy for only one year.

SCHEDULE 11
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND LEVIES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2003	\$ 1.427900	\$ 0.037700	\$ 1.465600	\$ 43,354,293	\$ 2,057,138	\$ 45,411,431
2004	1.467900	0.017700	1.485600	48,739,298	586,982	49,326,280
2005	1.471900	0.013700	1.485600	53,484,166	496,623	53,980,789
2006	1.438700	0.046900	1.485600	55,095,828	1,797,840	56,893,668
2007	1.315600	0.089800	1.405400	57,700,380	3,938,740	61,639,120
2008	1.019100	0.073200	1.092300	47,647,291	3,422,416	51,069,707
2009	1.019100	0.073200	1.092300	49,384,228	3,547,177	52,931,405
2010	1.012273	0.080027	1.092300	49,471,399	3,911,049	53,382,448
2011	1.019100	0.073200	1.092300	50,024,447	3,593,163	53,617,610
2012	1.019100	0.073200	1.092300	50,483,026	3,626,102	54,109,128

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: The basis for the property tax rate is \$100 assessed valuation.

SCHEDULE 12
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 ASSESSED VALUATION)

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	Direct Tax Rate	Overlapping Tax Rates						Total Direct and Overlapping Tax Rate
		Brownsville Independent School District	South Texas ISD	City of Brownsville	Brownsville Navigation District	Cameron County	Drainage District #1	Texas Southmost College	
2003	2002	\$ 1.465600	\$ 0.039200	\$ 0.680000	\$ 0.074125	\$ 0.340536	\$ 0.033130	\$ 0.131400	\$ 2.763991
2004	2003	1.485600	0.039200	0.680000	0.073935	0.358191	0.053130	0.131400	2.821456
2005	2004	1.485600	0.039200	0.680000	0.071410	0.358191	0.046520	0.128782	2.809703
2006	2005	1.485600	0.039200	0.680000	0.067300	0.358191	0.044523	0.162772	2.837586
2007	2006	1.405400	0.039200	0.650235	0.057240	0.348191	0.039172	0.161089	2.700527
2008	2007	1.092300	0.049200	0.650517	0.053609	0.343191	0.036671	0.161089	2.386577
2009	2008	1.092300	0.049200	0.650517	0.048497	0.353191	0.031714	0.161089	2.386508
2010	2009	1.092300	0.049200	0.654189	0.048253	0.363191	0.031535	0.161924	2.400592
2011	2010	1.092300	0.049200	0.657556	0.047828	0.364291	0.031400	0.162423	2.404998
2012	2011	1.092300	0.049200	0.700613	0.046830	0.384291	0.031100	0.164026	2.468360

Source: Tony Yzaguirre, Jr., Tax Assessor-Collector and City of Brownsville, Texas

SCHEDULE 13
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Taxpayer	Type of Business	Fiscal Year 2012	
		Tax Year 2011 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	\$ 38,734,331	0.77%
TRICO Products Corp.	Manufacturer	19,249,470	0.38%
Columbia Valley Healthcare Systems LP	Hospital	29,338,753	0.58%
Southwestern Bell Telephone	Telephone Utility	15,987,230	0.32%
Rich-Seapak Co	Retail Store	15,394,691	0.30%
KIMCO Brownsville LP	Land/ Improvements	18,616,577	0.37%
Wal-Mart Real Estate Business TR	Real Estate/Retail Store	22,189,628	0.44%
Wal-Mart Stores Inc.	Retail Store	17,955,871	0.36%
H E Butt Grocery Co	Grocery	13,956,438	0.28%
Columbia Valley Healthcare Systems LP	Medical	-	-
Brownsville Medical Center	Hospital	-	-
Wal-Mart Stores EAST Inc.	Retail Store	-	-
Brownsville Sunrise Mall, LP	Real Estate/Shopping Mall	-	-
Clearview Morrison LP	Real Estate	14,277,286	0.28%
Totals		<u>\$ 205,700,275</u>	<u>4.08%</u>

Source: Cameron County Appraisal District

Fiscal Year 2003	
Tax Year	
2002	Percentage of
Assessed	Total Assessed
Valuation	Valuation
\$ -	-
14,073,205	0.45%
34,560,954	1.10%
28,328,120	0.90%
19,733,636	0.63%
-	-
-	-
14,771,319	0.47%
17,295,270	0.55%
10,860,265	0.34%
15,825,679	0.50%
12,645,508	0.40%
13,221,888	0.42%
-	-
\$ 181,315,844	5.75%

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DEBT CAPACITY INFORMATION

SCHEDULE 14
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Refunding Bonds	Notes Payable	Capital Appreciation Bonds	Total Debt
2003	\$ 97,250,000	\$ -	\$ -	\$ -	\$ 97,250,000
2004	92,415,000	-	8,815,000	-	101,230,000
2005	92,415,000	-	8,355,000	-	100,770,000
2006	24,300,000	65,435,000	7,860,000	-	97,595,000
2007	145,095,000	65,195,000	7,340,000	-	217,630,000
2008	138,640,000	65,195,000	6,805,000	-	210,640,000
2009	124,545,000	72,515,000	6,250,000	-	203,310,000
2010	118,395,000	71,570,000	5,655,000	15,400,000	211,020,000
2011	111,985,000	70,600,000	5,040,000	38,235,000	225,860,000
2012	106,200,000	68,620,000	4,400,000	36,110,000	215,330,000

Source: Brownsville Independent School District Annual Financial and Compliance Reports

<u>Ratio of Total Debt to Estimated Actual Property Value</u>	<u>Total Debt Per Average Daily Membership</u>
2.45%	2187
2.43%	2201
2.22%	2148
2.02%	2022
3.92%	4497
3.59%	4311
3.36%	4181
3.44%	4292
3.69%	4518
3.47%	4332

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SCHEDULE 15
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS

As of June 30, 2012

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Brownsville Navigation District	\$ 13,254,709	A	12/31/2011	79.96%	\$ 10,598,465
City of Brownsville	149,780,000	* A	9/30/2012	90.22%	135,131,516
Cameron County	53,094,973	A	9/30/2011	31.32%	16,629,346
Paseo De La Resaca MUD #1	2,728,078	A	7/31/2011	100.00%	2,728,078
Paseo De La Resaca MUD #2	4,219,226	A	7/31/2011	100.00%	4,219,226
Paseo De La Resaca MUD #3	3,108,812	A	7/31/2011	100.00%	3,108,812
Rancho Viejo, Town of	955,000	* A	9/30/2011	60.78%	580,449
Texas Southmost College	62,890,600	A	12/31/2011	45.67%	28,722,137
Valley MUD #2	5,655,000	* A	9/30/2012	68.07%	3,849,359
					<u>\$ 205,567,388</u>
Brownsville ISD Direct Debt		B	6/30/2011	100.00%	<u>\$ 182,597,268</u>
Total Direct and Overlapping Debt					<u><u>\$ 388,164,656</u></u>

* Gross Debt

Source:

A - Municipal Advisory Council of Texas

B - Brownsville Independent School District Finance Department

The method used to determine the percentage of overlapping debt is estimated using property market values. These percentages are estimated by the portion of the overlapping taxing authority's market value contained within the District's boundaries and dividing it by the overlapping taxing authority's total market value.

SCHEDULE 16
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2003	2004	2005	2006	2007
Assessed Valuation	\$ 3,151,355,675	\$ 3,372,158,099	\$ 3,695,481,340	\$ 3,895,196,875	\$ 4,465,529,944
Debt Limit - 10% of Assessed Valuation	\$ 315,135,568	\$ 337,215,810	\$ 369,548,134	\$ 389,519,688	\$ 446,552,994
General Obligation Bonds	97,250,000	92,415,001	92,415,000	89,735,000	210,290,000
Deduct Amount Available in Debt Service Fund	4,848,988	3,610,532	7,582,861	9,579,439	8,488,045
Applicable Debt	92,401,012	88,804,468	84,832,139	80,155,561	201,801,955
Legal Debt Margin	\$ 222,734,555	\$ 248,411,342	\$ 284,715,995	\$ 309,364,127	\$ 244,751,039
Debt Margin as a Percentage of the Debt Limit	70.68%	73.67%	77.04%	79.42%	54.81%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2008	2009	2010	2011	2012
\$ 4,773,440,004	\$ 4,909,923,402	\$ 4,993,708,059	\$ 5,009,567,679	\$ 5,051,924,932
\$ 477,344,000	\$ 490,992,340	\$ 499,370,806	\$ 500,956,768	\$ 505,192,493
203,835,000	197,060,000	205,365,000	220,820,000	210,930,000
7,527,191	7,415,666	6,340,788	5,027,732	4,079,156
196,307,809	189,644,334	199,024,212	215,792,268	206,850,844
\$ 281,036,192	\$ 301,348,006	\$ 300,346,594	\$ 285,164,500	\$ 298,341,649
58.87%	61.38%	60.15%	56.92%	59.06%

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DEMOGRAPHIC AND ECONOMIC INFORMATION

SCHEDULE 17
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ESTIMATED ACTUAL VALUE AND
PER AVERAGE DAILY MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Total Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2003	44,452	\$ 3,975,780,844	\$ 97,250,000	\$ 4,848,988	\$92,401,012	2.32%	2,078.67
2004	45,986	4,160,431,798	101,230,000	7,582,861	97,619,468	2.35%	2,122.81
2005	46,908	4,548,022,961	100,770,000	7,582,861	93,187,139	2.05%	1,986.59
2006	48,261	4,840,839,426	97,595,000	9,579,439	88,015,561	1.82%	1,823.74
2007	48,391	5,548,457,738	217,630,000	8,488,045	209,141,955	3.77%	4,321.92
2008	48,858	5,871,154,152	210,640,000	7,527,191	203,112,809	3.46%	4,157.21
2009	48,617	6,053,536,586	203,310,000	7,415,666	195,894,334	3.24%	4,029.34
2010	49,155	6,135,315,186	211,020,000	6,340,788	204,679,212	3.34%	4,163.96
2011	49,991	6,113,416,912	225,860,000	5,027,732	220,832,268	3.61%	4,417.44
2012	49,703	6,214,354,595	215,330,000	4,079,156	211,250,844	3.40%	4,250.26

Note: Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note: Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population

SCHEDULE 18
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Principal	Interest*	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To General Fund Expenditures
2003	\$ 5,375,000	\$ 5,321,709	\$ 10,696,709	\$ 297,110,763	3.60%
2004	5,175,000	5,439,580	10,614,580	306,391,596	3.46%
2005	460,000	2,602,523	3,062,523	276,597,138	1.11%
2006	2,880,000	4,999,747	7,879,747	356,050,995	2.21%
2007	9,950,000	7,866,188	17,816,188	374,918,220	4.75%
2008	6,990,000	10,551,209	17,541,209	395,409,215	4.44%
2009	7,310,000	10,206,443	17,516,443	411,258,259	4.26%
2010	7,690,000	9,832,436	17,522,436	418,646,603	4.19%
2011	10,930,000	10,357,263	21,287,263	436,446,846	4.88%
2012	10,530,000	10,664,565	21,194,565	399,397,970	5.31%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: * Excludes Other Fees

SCHEDULE 19
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Employer	2012 *			2003-2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	7,708	1	5.40%	7,038	1	4.74%
University of Texas at Brownsville	2,343	2	1.64%	1,941	2	1.31%
Cameron County	2,040	3	1.43%	1,789	3	1.20%
Keppel Amfels	1,650	4	1.16%	1,665	4	1.12%
City of Brownsville	1,200	5	0.84%	1,118	5	0.75%
Wal-mart	1,055	6	0.74%	1,101	6	0.74%
Covergys Corp.	623	7	0.70%	964	7	0.65%
HEB Food Stores	975	8	0.68%	807	8	0.54%
Valley Regional Medical Center	786	9	0.55%	746	10	0.50%
Valley Baptist Medical Center	738	10	0.52%	750	9	0.50%
Total	<u>19,118</u>		<u>13.40%</u>	<u>17,919</u>		<u>12.06%</u>

Source:

(1) * 2012 Brownsville Economic Development Council estimated information as of 10/12/12.

(2) Est. Population as per Brownsville Economic Development Council (City of Brownsville)
is 175,023 (2010 data) & Unemployment Rate is 10.9%. $\text{Population} \times \text{Unemployment Rate} = \text{Unemployed}$.
 $\text{Population less unemployed} = \text{employed workforce}$. # of employed / employed workforce is %.
Workforce estimated at 142,619.

SCHEDULE 20
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CONSTRUCTION AND PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Number of Permits	Construction Value	Total Property Value
2003	3,328	\$ 131,589,633	\$ 4,174,837,933
2004	3,665	118,052,886	4,544,846,906
2005	2,274	107,278,249	4,836,991,161
2006	3,422	134,980,422	5,541,181,044
2007	2,555	181,840,584	5,877,752,406
2008	2,240	166,418,482	6,116,283,173
2009	2,993	103,987,896	6,174,353,951
2010	2,458	74,048,534	6,113,416,912
2011	1,949	75,141,255	6,214,354,595
2012	2,199	99,224,922	6,346,048,820

Source: Cameron Appraisal District Certified Entity Totals Report

SCHEDULE 21
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Year	Population *	Personal Income ** (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level In Years of Formal Schooling	Public School Enrollment	Unemployment Rate
2003	156,178	\$1,524,610	\$ 9,762	-	-	45,994	12.28%
2004	161,225	1,573,878	9,762	-	-	47,040	11.22%
2005	167,493	1,869,389	11,161	25.4	60.0% - High School 14.4%-Bachelor's Degree	48,236	7.35%
2006	172,437	1,924,569	11,161	26.7	60.0% - High School 16.2%-Bachelor's Degree	48,123	6.50%
2007	172,437	1,924,569	11,161	26.9	57.9% - High School 15.2%-Bachelor's Degree	48,799	5.90%
2008	172,806	2,019,238	11,685	26.9	57.9% - High School 15.2%-Bachelor's Degree	49,082	7.50%
2009	176,073	2,055,632	11,623	27.6	58.5% - High School 15.8%-Bachelor's Degree	49,605	10.90%
2010	175,023	2,069,472	11,824	27.0	59.5% - High School 15.2%-Bachelor's Degree	49,835	11.60%
2011	175,023	2,260,772	12,917	29.5	60.2% - High School 15.6%-Bachelor's Degree	49,587	12.40%
2012	178,430	-	12,130	30.5	59.2% - High School 15.3%-Bachelor's Degree	49,703	11.30%

* Population Estimates - US Census Bureau

** Years 2003 through 2004 are based on US Census Data. Years 2005 through 2009 are based on data found on the U.S. Census Bureau website. Other data is based on the American Community Survey found on the U.S. Census Bureau website.

SOURCES:

City of Brownsville
Brownsville Public Utilities Board
Texas Workforce Commission

Information not included for specific years is not available.

OPERATING INFORMATION

SCHEDULE 22
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION

LAST TEN YEARS

(Unaudited)

Classification	2003	2004	2005	2006	2007
Number of Employees					
Teachers	3,023	3,014	2,952	3,093	3,166
Professional Support	524	526	512	518	537
Campus Administration	191	181	187	189	194
Central Administration	42	35	34	28	31
Educational Aides	797	792	797	814	873
Auxiliary Staff	2,252	2,202	2,124	2,166	2,229
Total Employees	6,828	6,750	6,605	6,808	7,030
Percent of Total					
Teachers	44.27%	44.66%	44.69%	45.44%	45.04%
Professional Support	7.67%	7.79%	7.75%	7.61%	7.64%
Campus Administration	2.80%	2.69%	2.83%	2.77%	2.76%
Central Administration	0.61%	0.51%	0.51%	0.41%	0.44%
Educational Aides	11.67%	11.73%	12.06%	11.95%	12.42%
Auxiliary Staff	32.98%	32.63%	32.16%	31.82%	31.70%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).
2011 Data taken from AEIS 2010 report(s).

2008	2009	2010	2011	2012
3,273	3,322	3,365	3,365	3,425
582	606	638	638	665
195	200	197	197	203
18	12	8	8	9
841	809	910	910	875
2,415	2,487	2,425	2,425	2,536
7,323	7,436	7,543	7,543	7,713
44.69%	44.68%	44.61%	44.61%	44.41%
7.94%	8.15%	8.46%	8.46%	8.62%
2.66%	2.69%	2.61%	2.61%	2.63%
0.25%	0.16%	0.11%	0.11%	0.12%
11.48%	10.87%	12.06%	12.06%	11.34%
32.98%	33.45%	32.15%	32.15%	32.88%
100.00%	100.00%	100.00%	100.00%	100.00%

SCHEDULE 23
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate		Average Teacher Salary
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	
2003	30,614	45,720	33,614	48,720	34,364	49,470	38,853
2004	31,000	45,734	34,000	48,734	34,750	49,484	39,129
2005 *	31,000	50,778	34,000	53,278	34,750	54,028	40,656
2006	33,000	51,592	36,000	54,592	36,750	55,342	41,725
2007	36,500	55,406	39,500	58,406	40,250	59,156	45,501
2008	38,000	56,720	41,000	59,720	41,750	60,470	46,909
2009	39,000	58,034	42,000	61,034	42,750	61,784	48,369
2010	40,350	59,038	43,350	62,138	44,100	62,888	48,412
2011	40,350	59,138	43,350	62,138	44,100	62,888	49,629
2012	40,350	58,452	43,350	61,452	44,100	62,202	49,629

Source: Academic Excellence Indicator System (AEIS) & School District's Hiring Schedule
2012 Data taken from AEIS 2011 report (pending)

Note: * Denotes change in fiscal year. Prior to 2005 fiscal year began September 1st and ended August 31st. In 2005 instead of ending August 31st, the district ended their fiscal year June 30, 2006 and on the District's fiscal year starts July 1st and ends June 30th.

Note: Minimum and maximum salaries are based on the BISD Hiring Schedule from each applicable year. They are based on zero years of experience to 27+ years.

Average Years of Experience	Bachelor's Education	Master's Education
12.3	83.5%	15.4%
12.0	84.2%	15.0%
12.1	83.8%	15.2%
11.7	84.5%	14.6%
11.6	85.3%	14.0%
11.8	84.6%	13.8%
12.0	81.8%	15.2%
11.9	82.6%	12.1%
11.9	82.6%	12.1%
11.9	0.0%	0.0%

SCHEDULE 24
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2003	40,779	44,452	91.74%
2004	42,274	45,986	91.93%
2005	43,211	46,908	92.12%
2006	44,516	48,261	92.24%
2007	44,491	48,391	91.94%
2008	44,758	48,858	91.61%
2009	44,666	48,617	91.87%
2010	45,097	49,155	91.74%
2011	45,869	49,991	91.75%
2012	45,672	49,703	91.89%

Percentage of Attendance was calculated by dividing Average Daily Attendance by
Average Daily Membership

SCHEDULE 25
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost per Pupil	Percent Change	Operating Expenses	Cost per Pupil	Percent Change
2003	40,779	\$ 291,736,342	7,154	-4.30%	\$ 347,955,325	8,533	-0.37%
2004	40,274	293,023,477	7,276	1.70%	351,768,239	8,321	2.36%
2005 *	43,211	268,252,867	6,208	-14.68%	330,971,654	7,659	-12.31%
2006	44,516	332,629,044	7,472	20.37%	399,776,582	8,981	17.25%
2007	44,491	353,645,889	7,949	6.38%	423,490,362	9,519	5.99%
2008	44,758	376,792,487	8,418	5.91%	448,323,317	10,017	5.23%
2009	44,665	385,289,218	8,626	2.47%	468,895,742	10,498	4.81%
2010	45,097	398,542,579	8,837	2.45%	493,145,420	10,935	4.16%
2011	45,869	400,333,335	8,728	-1.24%	509,776,781	11,114	1.63%
2012	45,672	379,025,453	8,299	-4.91%	480,641,054	10,524	-5.31%

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports.

Note: * Denotes change in fiscal year. Prior to 2005 fiscal year began September 1st and ended August 31st. Beginning in fiscal year 2005, the District changed their fiscal year to end June 30th.

Operating Expenditures (GF C3 Total Exp less functions 71-99)

SCHEDULE 26
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher / Student Ratio	Percentage of Free and Reduced Lunch	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2003	14.7	90%	41,202	93.0%
2004	15.2	90%	42,680	93.1%
2005 *	15.9	90%	43,697	93.4%
2006	15.6	90%	45,651	94.7%
2007	15.2	90%	45,656	94.6%
2008	14.9	90%	46,116	94.4%
2009	14.6	90%	46,077	94.9%
2010	14.6	90%	46,909	95.6%
2011	14.5	90%	47,499	95.4%
2012	14.5	90%	47,499	95.4%

Source: Academic Excellence Indicator System (AEIS) & PEIMS.
2010 Data taken from P.E.I.M.S. report(s).

Percentage of Free and Reduce Lunch is based on our Food Services Dept. This is an estimate. Actual percentage's still pending

Note: * Denotes change in fiscal year. Prior to 2005 fiscal year began September 1st and ended August 31st. Beginning in fiscal year 2005, the District changed their fiscal year to end June 30th.

(Unaudited)

	Estimated Square	Recommended		Estimated Square	Recommended
	Footage	Capacity		Footage	Capacity
HIGH SCHOOLS			ELEMENTARY SCHOOLS		
HANNA	380,776	3,015	AIKEN	92,371	860
LOPEZ	325,628	1,881	BENAVIDES	80,417	660
PACE	283,286	1,965	BRITE	88,586	740
PORTER	327,069	2,537	BREEDEN	74,279	814
RIVERA	328,860	1,896	BURNS	97,236	1,000
VETERANS MEMORIAL	314,358	1,926	CANALES	107,910	1,240
TOTAL	1,959,977	13,220	CASTAÑEDA	71,908	500
			CHAMPION	82,658	780
			CROMACK	78,088	840
			DEL CASTILLO	47,421	520
			EGLY	80,022	1,060
MIDDLE SCHOOLS			EL JARDIN	79,595	760
BESTEIRO	153,232	989	GALLEGOS	82,657	720
CUMMINGS	94,467	736	GARDEN PARK	73,775	820
FAULK	101,357	920	GARZA	65,661	760
GARCIA	120,927	828	GONZALEZ	80,216	900
LUCIO	127,022	851	HUDSON	85,145	880
MANZANO	137,237	805	KELLER	88,598	680
OLIVEIRA	124,443	1,035	LONGORIA	44,917	320
PERKINS	140,105	1,288	MARTIN	69,363	740
STELL	114,316	828	MORNINGSIDE	74,095	820
STILLMAN	131,860	851	ORTIZ	82,752	620
VELA	132,346	966	PALM GROVE	61,565	580
TOTAL	1,377,312	10,097	PAREDES	82,644	760
			PENA	89,996	740
SPECIAL CAMPUSES			PEREZ	65,896	700
Brownsville Academic Center	59,334	N/A	PULLAM	91,722	640
Brownsville Learning Academy	N/A	N/A	PUTEGNAT	61,563	560
Lincoln Park	45,375	N/A	RESACA	30,722	260
Early College High School	39,380	262	RUSSELL	90,074	960
TOTAL	144,089	262	SHARP	53,804	520
			SKINNER	71,622	540
			SOUTHMOST	66,140	640
			VERMILLION	84,477	1,000
			VICTORIA	45,303	440
			VILLA NUEVA	63,291	560
			YTURRIA	65,307	560
Source: BISD Facilities School Building Information 10/07/2010			TOTAL	2,751,796	26,494

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

MISCELLANEOUS STATISTICS

The Brownsville Independent School District has, as part of its efforts to serve all of its students, expanded its educational off campus to serve specific student needs. Some off campus educational programs are staffed with District teachers and teacher assistants.

As of June 30, 2012, it included such programs as follows:

Adult Continuing Education

BISD Adult Education is a department of Brownsville Independent School District and the fiscal agent for Cameron County Co-op, which includes Los Fresnos, Port Isabel, Rio Hondo, San Benito, Santa Rosa and Santa Maria. BISD Adult Education provides services to a multicultural population who are educationally and economically and educationally disadvantaged adults, 17 years and older.

Brownsville Academic Center (BAC)

The BISD Brownsville Academic Center is an alternative education program which has as its goal to provide a meaningful educational experience for assigned students in grades sixth to twelfth in a well disciplined environment that provides consistency, structure, intense academics, and supportive related services so that each student will grow intellectually, socially, emotionally, and psychologically. Upon exiting the program, BISD BAC students will be effective communicators, competent problem solvers, self-directed learners, and responsible citizens.

Brownsville Learning Academy (BLA)

The BISD Brownsville Learning Academy is an alternative educational program that offers academic options for students who want to complete the necessary requirements for obtaining a high school diploma. The BLA is a competency-based learning system with flexible scheduling for young adults who are not successfully completing a traditional high school program. The student's commitment and desire to earn a high school diploma, combined with a caring, positive learning climate, determines the student's degree of success.

Juvenile Justice Alternative Education Programs (JJAEP)

Cameron County Juvenile Probation is required by state law to provide a Juvenile Justice Alternative Education Program (J.J.A.E.P.) to those students who have been expelled by one of the schools in Cameron County and who have been adjudicated, or are pending adjudication, as a delinquent by a juvenile court. In addition, the school districts may, in its discretion, order or, by agreement, refer students who continue to have serious and persistent misbehavior.

Lincoln Park School

Lincoln Park School is a "school of choice" alternative high school. The school serves sixth to twelfth grade students from all middle and high schools in BISD. A variety of programs are offered that meet the individual needs of students in the Teen Parenting Accelerated Program (TPAP). Lincoln Park School has a day care center for birth – 17 month old babies for the enrolled teen parents. The primary goal is to provide an opportunity for teen-aged parents to obtain a high school diploma and develop work skills in their area of interest. The school operates differently from traditional high schools, because of the individualized, self-paced, performance based, accelerated curriculum.

La Esperanza Home for Boys

Southwest Key Program, Inc. is a private, non-profit agency that operates La Esperanza Home for Boys in Brownsville. This residential facility for troubled youth is licensed by the Texas Department of Family and Protective Services to serve up to sixty-six youths between the ages of eleven and seventeen.

FEDERAL AWARDS SECTION

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**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***

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District (the “District”) as of and for the year ended June 30, 2012, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, 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*.

We noted certain matters that we reported to management of the District in a separate letter dated October 11, 2012.

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

Pattillo, Bon & Hill, LLP

October 11, 2012

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

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

Compliance

We have audited Brownsville 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, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Pattillo, Brown & Hill, LLP

October 11, 2012

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

<i>Financial Statements</i>			
Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	___ Yes	___ X ___ No	
• Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	___ X ___ None Reported	
Noncompliance material to financial statements noted?	___ Yes	___ X ___ No	

<i>Federal Awards</i>			
Internal control over major programs:			
• Material weakness(es) identified?	___ Yes	___ X ___ No	
• Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	___ X ___ None Reported	
Type of auditors' report issued on compliance for major programs	Unqualified		
Any audit findings disclosed that are required to be reported accordance with Circular A-133, Section. 510(a)?	___ Yes	___ X ___ No	

<i>Identification of Major Programs</i>			
	CFDA Number(s)	Name of Federal Program or Cluster	
	10.550 10.553 10.555	Child Nutrition Cluster	
	84.027A 84.173A 84.391A 84.392A	Special Education Cluster	
	84.367A	Title II, Part A – Teacher & Principal Training & Recruiting	
	84.394A	Title XIV - SFSF	
	84.371C	Education Jobs Grant	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000	
	Auditee qualified as low-risk auditee?	___ Yes	___ X ___ No

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

<u>Program</u>	<u>Findings/Noncompliance</u>
None Noted	

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Program</u>	<u>Findings/Noncompliance</u>
None Noted	

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2012

Program

Findings/Noncompliance

Not Applicable

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2012

Finding 2011-01

Grant Employee Listing

Condition:

During our audit, we found an instance where the employee was listed under a grant budget, however the payroll distribution reflected a local revenue source. In addition, we found an instance where the employee was listed under a grant budget but was no longer employed with the District.

Recommendation:

We recommend the District establish policies and procedures to ensure that grant departments reconcile their employee listing with the appropriate funding sources.

Current Year Status:

There were no exceptions noted during our current year audit of compliance.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Programs:</i>			
R.O.T.C.	11.000	N/A	\$ 471,289
Total U.S. Department of Defense			<u>471,289</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Education Agency:</i>			
Family Support Act AFDC Jobs	93.558	113625017110343	<u>136,956</u>
Total CFDA Number 93.558			<u>136,956</u>
Total U.S. Department of Health and Human Services			<u>136,956</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Pass Through Texas Education Agency:</i>			
Federal Adult Education Section 231	84.002A	124100087110462	79,566
Federal Adult Education Section 231	84.002A	124100017110435	<u>498,975</u>
Total CFDA Number 84.002A			<u>578,541</u>
ESEA Title I, Part A 2012	84.010A	12610101031901	25,560,129
Title I-School Improvement Program 2011-Hanna	84.010A	11610104031901001	<u>69,203</u>
Total CFDA Number 84.010A			<u>25,629,332</u>
ESEA Title I, Ed. For Migrant Child 2011	84.011A	11615001031901	94,303
ESEA Title I, Ed. For Migrant Child 2012	84.011A	12615001031901	<u>2,064,217</u>
Total CFDA Number 84.011A			<u>2,158,520</u>
IDEA B - Formula 2012	84.027A	126600010319016600	8,876,679
IDEA B- Discretionary (DEAF) 2011	84.027A	116600020319016673	69,403
IDEA B- Formula (DEAF) 2010	84.027A	106600010319016601	<u>64,409</u>
Total CFDA Number 84.027A			<u>9,010,491</u>
Carl Perkins Grant for Career & Technology Education	84.048A	12420006031901	<u>883,141</u>
Total CFDA Number 84.048A			<u>883,141</u>
IDEA B - Preschool 2012	84.173A	126610010319016610	116,782
IDEA B- Preschool (DEAF) 2011	84.173A	116610010319016611	<u>1,336</u>
Total CFDA Number 84.173A			<u>118,118</u>
IDEA C- Early Intervention 2012	84.181A	123911010319013911	<u>2,035</u>
Total CFDA Number 84.181A			<u>2,035</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
ESEA Title IV, Part A Safe & Drug Free Schools & Communities	84.186A	11691001031901	72,143
Total CFDA Number 84.186A			72,143
21ST Century Community Learning Center, Cycle 6 Year 2	84.287C	106950137110009	3,724
21ST Century Community Learning Center, Cycle 6 Year 3	84.287C	126950177110013	717,414
21ST Century Community Learning Center, Cycle 6 Year 1	84.287C	116950167110019	2,073,204
Total CFDA Number 84.287C			2,794,342
ESEA Title II, Part D - Enhancing Education Through Tech	84.318X	11630001031901	50,417
Total CFDA Number 84.318X			50,417
Title I Part B SP1: Texas Reading First 1-Demonstration Site	84.357A	096455127110002	218,559
Title I Part B SP1: Texas Reading First 1-Capacity Building	84.357A	096455117110002	67,886
Total CFDA Number 84.357A			286,445
ESEA Title III-Limited English Proficiency (LEP) 2012	84.365A	12671001031901	2,188,341
Total CFDA Number 84.365A			2,188,341
ESEA Title II, Part A - TPTR	84.367A	12694501031901	4,098,454
Total CFDA Number 84.367A			4,098,454
Texas Literacy Initiative	84.371C	126460037110007	473,092
Total CFDA Number 84.371A			473,092
Title I-Texas Title I Priority Schools 2011-2012-Faulk	84.377A	116107047110004	3,193,199
Title I-Texas Title I Priority Schools 2011-2012-Porter	84.377A	116107047110005	6,872
Title I-Texas Title I Priority Schools 2011-2012-Rivera	84.377A	116107047110006	5,239
Total CFDA Number 84.377A			3,205,310
Title II Part D-Technology\ (ARRA) 2010	84.386A	10553001031901	85,280
Total CFDA Number 84.386A			85,280
Texas Title I Priority Schools Grant (ARRA) Hanna	84.388A	105520017110009	4,325,736
Texas Title I Priority Schools Grant (ARRA) Lopez	84.388A	105520017110010	9,711
Texas Title I Priority Schools Grant (ARRA) Pace	84.388A	105520017110011	15,403
Total CFDA Number 84.388A			4,350,850
Title I-Part A (ARRA)	84.389A	10551001031901	1,157,543
Total CFDA Number 84.389A			1,157,543

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
IDEA B - Formula (ARRA) 2010	84.391A	10554001031901	407,759
Total CFDA Number 84.391A			407,759
IDEA B - Preschool (ARRA) 2010	84.392A	10555001031901	7,022
Total CFDA Number 84.392A			7,022
Title XIV SFSF (ARRA) 2011	84.394A	11557001031901	5,828,400
Total CFDA Number 84.394A			5,828,400
Education Jobs Fund	84.371C	11551031901	7,493,825
Total CFDA Number 84.371C			7,493,825
Total Passed Through Texas Education Agency			70,879,401
<i>Pass Through Educational Service Center Region 10:</i>			
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth	84.387	44013	45,062
Total Passed Through Education Service Center Region 10			45,062
<i>Pass Through The University of Texas at Edinburg:</i>			
GEAR UP 2012	84.334A	P334A050122	108,297
Total Passed Through The University of Texas at Edinburg			108,297
<i>Pass Through Region One Education Service Center (ESC 1):</i>			
GEAR UP 2012	84.334A	P334A050122	99,054
Total Passed Through Region One ESC (ESC 1)			99,054
Total Department of Education			71,131,814
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
Food Distribution *	10.550	-	825,926
School Breakfast Program *	10.553	71401001	13,029,484
National School Lunch Program *	10.555	71301001	20,068,712
Total Passed Through Texas Education Agency			33,924,122
Total United States Department of Agriculture			33,924,122
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 105,664,181

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds, with the exception of funds for the R.O.T.C, the National School Lunch and Breakfast programs, School Health and Related Services (SHARS), Medicaid Administrative Claims (MAC) and the indirect cost revenues, were accounted for in a Special Revenue Fund which is a Governmental Fund type. The revenues received for the previously mentioned program were accounted for in the General Fund, which is also a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and the Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement.
4. In accordance with TEA instructions, federal funds for the School Health and Related Services (SHARS) and Medicaid Administrative Claims (MAC) have been excluded from the Schedule of Expenditures of Federal Awards.