

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

1900 PRICE ROAD • BROWNSVILLE, TEXAS 78520



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

Brownsville Independent School District

Brownsville, Texas



Comprehensive Annual Financial Report

For

Fiscal Year Ended June 30, 2013

Prepared by: The Division of Finance

INTRODUCTORY SECTION

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2013

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Brownsville, Texas

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Brownsville Independent School District
1900 E. Price Road · Brownsville, Texas 78521
Telephone: (956) 547-4113 Fax (956) 548-8026

November 11, 2013

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
Herman Otis Powers
Vice President
Minerva M. Peña
Secretary
Luci B. Longoria
Assistant Secretary
Jose Hector Chirinos
Member
Cesar Lopez
Member
Caty Presas-Garcia
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, 2013.

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, 2013, 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, 2013, 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 is located entirely in Cameron County, Texas and serves the City of Brownsville, part of the Township of Rancho Viejo and some unincorporated areas of the county. The District, originally chartered by the State in March 1915, now encompasses ninety-five square miles.

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 49,361 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:

- The District was selected as a \$10,000 grant winner in America’s Farmers Grow Rural Education, which gives farmers the opportunity to nominate their public school district to apply for a merit-based grant to enhance math and science education. The District was one of nine winners in Texas.
- Six BISD high school students were named scholars in the National Hispanic Recognition Program.
- Hanna and Rivera High Schools are among the top 9% of Texas high schools to earn the 2012 College Readiness Award from the Texas ACT Council. A total of 170 high schools in Texas were honored for this superior level of accomplishment, five in the Rio Grande Valley.
- Educate Texas announced a federal grant to expand the early college high school model in the region as part of the Early College Expansion Partnership. The Partnership includes Brownsville ISD and PSJA, Educate Texas and Jobs for the future.
- In his landmark school finance decision, Judge Dietz used the history of the District’s chess program as a stirring example of education’s power to unlock student potential.

- 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.
- More than \$34 million in scholarship was awarded to the graduating class of 2013. Awards per campus ranged from approximately \$2.6 million to \$7.9 million.

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 January 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, child nutrition 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 child nutrition 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 2013 is as follows:

• Early Ed	605
• Pre-K	2,912
• K-5	21,416
• 6-8	10,909
• 9-12	<u>13,544</u>
TOTAL	49,386

The projected average daily attendance (ADA) for 2013-2014 is approximately 45,200.

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 city will be benefiting from the creation of a new medical school by the University of Texas through a merger between the University of Texas Pan American and University of Texas Brownsville. The City of Brownsville is one of four finalists for the Space X Exploration launching site. 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 83rd State of Texas Legislative regular session concluded in May of 2013 and allocated \$3.4 Billion to education. Senate Bill 1 increased funding for school finance but it did not restore all the funding cuts imposed by the previous legislative session. The state continues to see an improved economy and is expected to collect \$96.2 billion in general revenue for the 2014-15 biennium, with an estimated \$11.8 billion in the Rainy Day Fund at the end of 2015. The state legislature is still pending the outcome from 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, 2011-2012 and 2012-2013 school years and was allocated \$23.7 million. During fiscal year 2012-2013 the district received and expended \$7,543,961 of its budgeted amount of \$7,543,961. These funds were used to supplement the general fund with teacher salaries.

Bond Funding Update – During the 2010-2011 school year, the District issued \$25.8 million of Qualified School Construction Bonds ("QSCB's") that were created as an alternative to tax-exempt governmental bonds. The final two projects (Brownsville Early College High School and Brownsville Academic Center) were completed and opened at the beginning of the 2012-2013 school year. There were no new debt issuances in the 2012-2013

school year. A refunding of \$1,370,000 from the 2001 Series and \$81,275,000 from the 2006 Series for the 2013A Series in the amount of \$80,645,000 for a net PV savings of \$5,689,664 and \$42,300,000 from the 2005 for the 2013B Series for a net PV savings of \$3,007,704 for a combined savings of \$8,697,368.

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 2012-2013 budget were: 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. Since 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 Texas Department of Agriculture 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 2008-13. The district’s fiscal 2013 taxable assessed valuation (TAV) grew marginally to \$5.2 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 (10.1% in August 2013) and income levels are very low. Projected membership for school year 2013-14 is expected to reach 49,500.

The District’s maintenance and operations tax rate for tax year 2012-2013 is \$1.019100 per \$100 valuation and the Debt Service rate is \$0.073200 for a total tax rate of \$1.0923. FY

2012-2013 will be the sixth 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 79.96% 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.

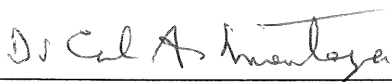
Awards

Government Finance Officers Association (GFOA) - At June 30, 2012, 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 on July 2, 2013. This was the fifth time the District had submitted its financial statements for this award.

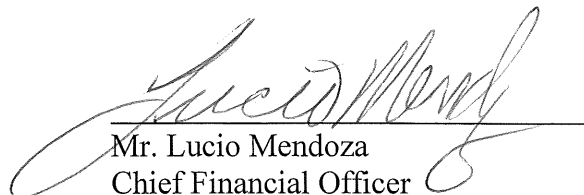
Schools FIRST - Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. For the 2011-12 school year, the most recent school year rated, the District achieved the Texas Education Agency's highest rating of "Superior Achievement" in the School FIRST program. The District has achieved the top rating 10 out of 11 years since its inception. The purpose of the Schools FIRST (Financial Integrity Rating System of Texas) is to ensure that school districts are held accountable for the quality of their financial management practices. The system is designed to encourage Texas school districts to improve performance in the management of their financial resources in order to provide the maximum allocation possible for direct instructional purposes.

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. Lucio Mendoza
Chief Financial Officer



Government Finance Officers Association

**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, 2012

Executive Director/CEO

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

LIST OF PRINCIPAL OFFICIALS

For The Year Ended June 30, 2013

BOARD OF TRUSTEES

Dr. Enrique Escobedo Jr. – President

Herman Otis Powers, Jr. – Vice-President

Minerva M. Pena – Secretary

Dr. Christina L. Saavedra – Assistant Secretary

Jose Hector Chirinos – Member

Luci B. Longoria – Member

Caty Presas-Garcia – Member

ADMINISTRATORS

Dr. Carl A. Montoya, Superintendent

Dr. Antonio Juarez, Assistant Superintendent of Human Resources/Title IX

Berta Pena, Interim Assistant Superintendent of Curriculum and Instruction

Jimmy Haynes, Assistant Superintendent of District Operations

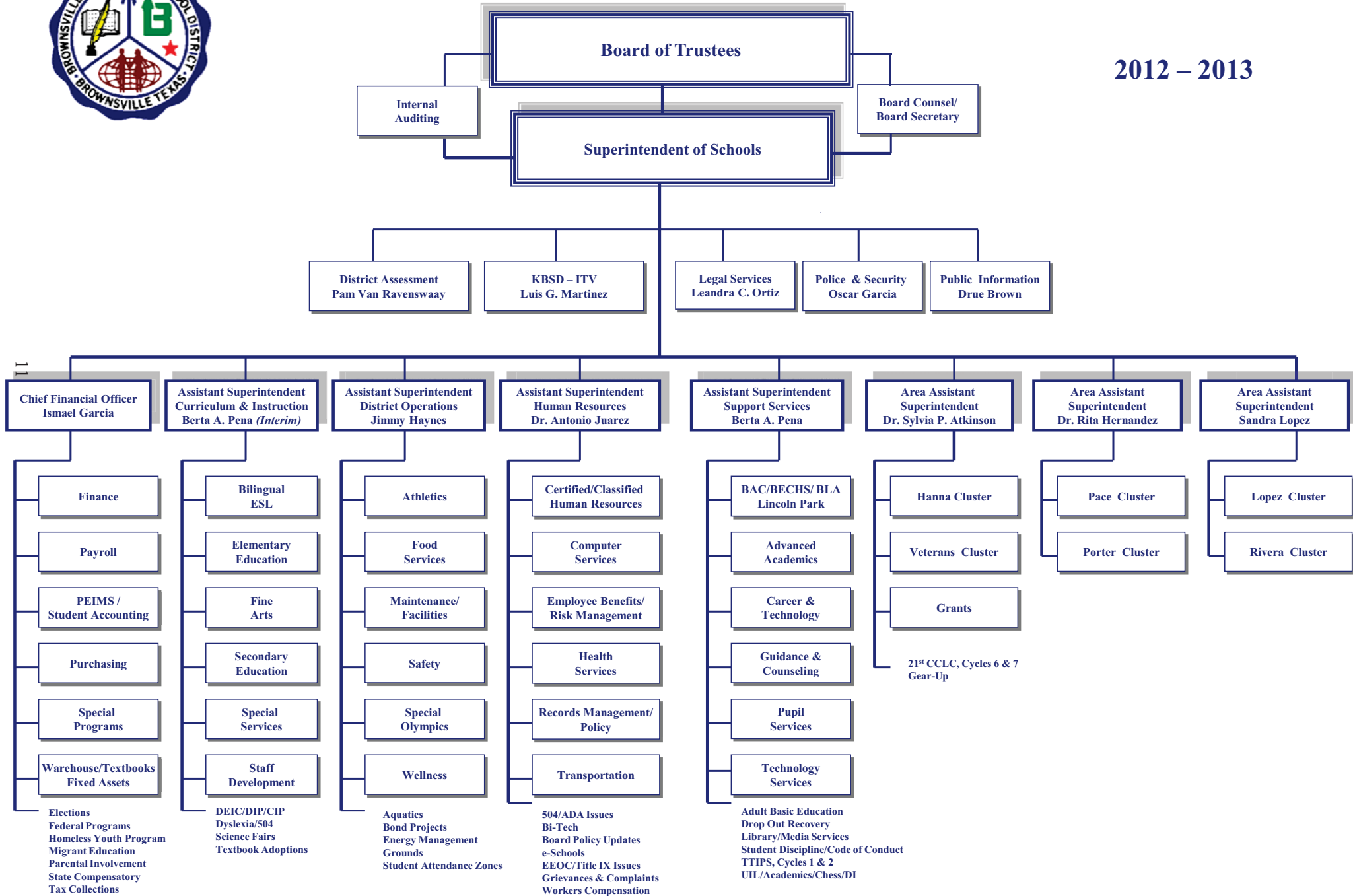
Berta Pena, Assistant Superintendent of Support Services

Ismael Garcia, Chief Financial Officer



Brownsville ISD Organizational Chart

2012 – 2013



BISD does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or provision of services, programs or activities.

BISD no discrimina a base de raza, color, origen nacional, sexo, religión, edad o discapacidad en el empleo en la provisión de servicios o actividades.

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) approved _____ disapproved for the year ended June 30, 2013 at a meeting of the Board of Trustees of such school district on the 22 day of November, 2013.

Geneva H. Peña
Signature of Board Secretary

[Signature]
Signature of Board President

FINANCIAL SECTION

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District as of June 30, 2013, and the respective changes in financial position, and, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory, statistical sections and Exhibit J-3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2013, on our consideration of the Brownsville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Brownsville, Independent School District's internal control over financial reporting and compliance.

Patullo, Brown & Hill, C.P.

Brownsville, Texas
November 11, 2013

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. 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 Position as reflected in the government-wide Statement of Net Position was \$353,741,823 at June 30, 2013. Of this amount, \$54,465,766 (Unrestricted Net Position) may be used to meet the District's ongoing obligations. See Exhibit A-1.
- The District's Statement of Activities reflects a decrease in Net Position for Governmental Activities in the amount of \$7,849,752. This is a result of expenses being more than the \$499,120,154 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 \$98,624,179. Approximately 68% of this total amount, \$60,430,454, is available for spending at the District's discretion (Unassigned Fund Balance). See Exhibit C-1.
- Property tax revenues increased by \$907,554. The District's M&O remained the same as the prior year at \$1.0191 per \$100 valuation and the I&S rate also remained the same as the prior year at \$0.0732.

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 Position 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 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

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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 Position 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 Position 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 disadvantaged 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 to the current year or subsequent years. All liabilities are also reported regardless of when they must be paid, current or future years.

These two statements report the District's net position and how it has changed. The District's Net Position (the difference between the District's assets and liabilities), is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether the District's financial health is improving or deteriorating, respectively. To assess the overall financial 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 as evidenced by the decrease in government-wide Net Position. At the end of June 30, 2012, the District's Net Position was \$362,794,575 whereas the Net Position at the end of June 30, 2013 was \$353,741,823 a decrease of \$9,052,752.

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 \$4,946 in local maintenance and operations (M&O) tax revenues.

For the 2012-2013 fiscal year, the M&O tax rate remained stable at \$1.0191 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.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The District's governmental activities are presented in the Statement of Net Position (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 many 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 Position 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, 2013**

- 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 two (2) Internal Service Funds. They are Fund 754-Self-Funded Insurance (Blue Cross & Blue Shield) 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 79), H-4 (pages 80) and H-5 (pages 81).

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 Position and a statement of changes in fiduciary Net Position. 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

As mentioned earlier, Net Position is one indicator of a government's financial position. In the case of Brownsville ISD, the District's assets exceeded liabilities by \$353,741,823 for the year ended June 30, 2013. Unrestricted Net Position, 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 \$54,465,766 or approximately 15 % of the District's total Net Position.

The largest percentage of Net Position, approximately 74%, is reflected in its net investment in capital assets. 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 Position (see Table 1) and the Change in Net Position (see Table 2).

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Net Position of the District's governmental activities decreased from \$362,794,575 to \$353,741,823. This \$9,052,752 decrease in the government's Net Position 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 an increase of \$2,973,684 in total Fund Balance. This increase can be attributed to an increase of the Fund Balance to the General Fund of \$7,800,400 and a decrease to all other non-major funds (Special Revenues, Debt Service, and Capital Projects) of \$4,826,716. Secondly, the principal payments on bonds payable and maintenance tax notes led to a decrease in Net Position. Lastly, the District recorded depreciation in the amount of \$20,543,976 which is a decrease in Net Position. All of these factors were necessary to convert from a modified accrual to accrual basis of accounting, resulting in the \$9,052,752 decrease.

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

	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 188,487,827	\$ 177,532,470
Capital Assets	447,892,935	465,623,317
Total Assets	636,380,762	643,155,787
Long-Term Liabilities	210,632,009	220,733,206
Other Liabilities	72,006,930	59,628,006
Total Liabilities	282,638,939	280,361,212
Net Position:		
Net Investment in Capital Assets	265,298,588	249,760,978
Restricted	33,977,469	47,257,800
Unrestricted	54,465,766	65,775,797
Total Net Position	\$ 353,741,823	\$ 362,794,575

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

**Brownsville Independent School District
Changes in Net Position**

	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,773,953	\$ 4,580,483
Operating Grants & Contributions	130,377,082	130,857,311
General Revenues:		
Maintenance and Operations Taxes	51,667,559	50,847,039
Debt Service Taxes	3,628,836	3,541,802
State Aid	274,519,456	276,148,038
Grants and Contributions (not Restricted)	31,641,569	29,414,332
Investment Earnings	255,274	424,833
Other	1,256,425	1,083,845
Total Revenues	<u>499,120,154</u>	<u>496,897,683</u>
Expenses:		
Instruction and Media Services	278,892,827	273,452,024
Curriculum and Instructional Staff Development	15,764,951	13,284,303
Instructional and School Leadership	34,608,413	32,254,371
Student Support Services	38,294,885	36,170,757
Food Services	32,839,664	31,627,859
Extracurricular Activities	15,765,298	14,485,042
General Administration	17,589,088	17,182,090
Maintenance, Security & Data Processing	56,789,931	56,889,855
Community Services	5,096,028	5,111,489
Debt Services	11,222,627	10,552,122
JJAEP and other intergovernmental charges	106,194	183,264
Total Expenses	<u>506,969,906</u>	<u>491,193,176</u>
Increase/(Decrease) in Net Position	(7,849,752)	5,704,507
Beginning Net Position	362,794,575	363,846,783
Prior Period Adjustment	(1,203,000)	(6,756,715)
Ending Net Position	<u>\$ 353,741,823</u>	<u>\$ 362,794,575</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Changes in Governmental Activities Net Position are presented in Table 2. The District's total Governmental Activities Revenue is \$499,120,154 an increase of \$2,222,471 from the previous year. This net change is primarily due to an increase in grants and contributions in the general revenue.

The expenses for governmental activities totaled \$506,969,906 an increase of \$15,776,730 from the prior year. The majority of the increase is in Instruction and Media Services, Curriculum & Instructional Staff Development, Instructional & School Leadership and Student Support Services.

THE DISTRICT'S FUNDS

As of the year ended, June 30, 2013, the District reported a combined Fund Balance of \$108,179,483 for its governmental funds (as presented on Exhibit C-1 page 27).

Total Revenues in the General Fund increased \$13,842,482 from the prior year, primarily due to an increase in miscellaneous local revenue, increase in available school funding, increase in Regular Adjustment Factor, and increase in student participation in career and technology courses. An increase in Child Nutrition Service Revenues was due to the continuation of the breakfast in the classroom program.

Total Expenditures in the General Fund increased \$7,208,007 from the prior year, primarily due to a decrease in Facilities Acquisition and Construction Costs of \$15,122,748 from the prior year and a increase of Operational expenses of \$22,330,755 from the prior year. The increase to instruction can be attributed to a one-time payment in lieu of a pay raise to employees. This increase was also attributable to increases in various School Foundation State expenditures.

The Fund Balance of the General Fund increased \$6,948,486 from the prior year, primarily due to increases of the Unassigned Fund Balance and increases to restricted fund balance in the Federal and State Funds grants restriction.

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 \$423,707,723 and finished the year with a budget of \$427,917,723. The total operating expenditure budget was \$423,707,723 and finished the year with a budget of \$436,078,070. This increase of \$12,370,347 was due to various necessary budget adjustments including Carry-Over Purchase Orders from the prior school year.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Final Budget to actual comparisons in the General Fund reflected a \$ 2,184,807 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 \$17,779,741 when comparing the anticipated expenditure budget and actual expenditures. 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 \$447,892,935, 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 \$17,730,382 over last year. (See Table 3) Refer to Note E in section IV of the Notes to the Financial Statements for more detailed information on capital assets.

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

	Governmental Activities	
	2013	2012
Land	\$ 27,598,685	\$ 27,598,685
Buildings and Improvements	403,145,434	390,496,230
Furniture, Equipment & Vehicles	7,359,662	8,717,091
Construction In Progress	9,789,154	38,811,311
Net Capital Assets	\$ 447,892,935	\$ 465,623,317

DEBT

As of June 30, 2013, the District had \$197,910,000 in bonds outstanding (the "Bonds"). The Bonds of the District are rated "AAA" by Fitch and "Aa3" by Moody's.

More detailed information about the District's Long-Term Debt is presented in Note F: Long-Term Obligations found on page 49 and the following Supplemental Schedules found on pages 114-119;

- 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, 2013**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s assessed property tax value for the 2013-2014 fiscal year is \$5,373,232,460 compared to the assessed value in the 2012-2013 fiscal year of \$5,209,962,063, which translates to a property value appreciation of \$163,270,397 or 3%.

The budget for the 2013-2014 fiscal year was based on a projected enrollment of 49,171 a decrease of 224. The budget for the 2012-2013 fiscal year was based on enrollment of 49,395.

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:

Proposed 2014 General Fund Operating Revenue Budget

	Proposed Budget 2013 - 2014
Local Sources	\$ 60,529,585
State Sources	329,217,225
Federal Sources	43,693,000
Total Operating Fund Revenues	\$ 433,439,810

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

The District recognizes and addresses the unique cultural lifestyle of South Texas with a broad selection of activities and programs for all students. These programs range from the Brownsville Early College High School to support programs for students with special needs. Limited English speaking students are served through the Bilingual or English as a Second Language program. Brownsville ISD high schools have aligned eight magnet programs to 21st century career forecasts and student interests. These magnet programs all feather a “school within a school” concept that allows students the opportunity to specialize while experiencing a fully-rounded high school experience.

Brownsville ISD is committed not only to working with students, but also with the community as well. The district supports Campus Care Centers to serve the unmet medical needs of school age children and adolescents. Because no student deserves to go through the school day hungry, BISD features Universal Feeding, Provision Two. This plan provides breakfast and lunch free of charge to all students regardless of income or ability to pay.

There is pride in the progress BISD has made in recent years with regard to state mandated testing. Academically, both the Southern Association of Colleges and Schools and the Texas Education Agency have accredited Brownsville public schools.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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.

BASIC FINANCIAL STATEMENTS

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

Data Control Codes	Governmental Activities
<hr/>	
ASSETS	
1110 Cash and Cash Equivalents	\$ 11,919,345
1120 Current Investments	114,197,834
1220 Property Taxes Receivable (Delinquent)	11,609,801
1230 Allowance for Uncollectible Taxes	(348,294)
1240 Due from Other Governments	44,658,034
1250 Accrued Interest	5,837
1290 Other Receivables, net	141,214
1300 Inventories	3,621,302
1420 Capitalized Bond and Other Debt Issuance Costs	2,682,754
Capital Assets:	
1510 Land	27,598,685
1520 Buildings, Net	403,145,434
1530 Furniture and Equipment, Net	7,359,662
1580 Construction in Progress	9,789,154
1000 Total Assets	<u>636,380,762</u>
 LIABILITIES	
2110 Accounts Payable	21,404,239
2150 Payroll Deductions & Withholdings	10,169,365
2160 Accrued Wages Payable	34,809,297
2177 Due to Fiduciary Funds	17,547
2180 Due to Other Governments	4,796,049
2190 Due to Student Groups	97,969
2200 Accrued Expenses	15,074
2300 Unearned Revenue	697,390
Noncurrent Liabilities	
2501 Due Within One Year	13,710,092
2502 Due in More Than One Year	196,921,917
2000 Total Liabilities	<u>282,638,939</u>
 NET POSITION	
3200 Net Investment in Capital Assets	265,298,588
3820 Restricted for Federal and State Programs	24,422,165
3850 Restricted for Debt Service	1,047,311
3860 Restricted for Capital Projects	8,507,993
3900 Unrestricted	54,465,766
3000 Total Net Position	<u><u>\$ 353,741,823</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 269,902,260	\$ 3,888,758	\$ 56,426,191	\$ (209,587,311)
12 Instructional Resources and Media Services	8,990,567	-	1,994,495	(6,996,072)
13 Curriculum and Staff Development	15,764,951	-	8,374,290	(7,390,661)
21 Instructional Leadership	8,593,985	-	2,777,980	(5,816,005)
23 School Leadership	26,014,428	-	2,000,722	(24,013,706)
31 Guidance, Counseling and Evaluation Services	18,886,458	-	4,805,770	(14,080,688)
32 Social Work Services	1,091,761	-	256,218	(835,543)
33 Health Services	5,853,598	-	1,806,008	(4,047,590)
34 Student (Pupil) Transportation	12,463,068	-	391,934	(12,071,134)
35 Food Services	32,839,664	1,304,284	34,802,750	3,267,370
36 Extracurricular Activities	15,765,298	479,685	417,846	(14,867,767)
41 General Administration	17,589,088	-	377,497	(17,211,591)
51 Facilities Maintenance and Operations	46,463,990	-	1,072,175	(45,391,815)
52 Security and Monitoring Services	6,005,965	-	247,540	(5,758,425)
53 Data Processing Services	4,319,976	-	57,651	(4,262,325)
61 Community Services	5,096,028	101,226	4,389,641	(605,161)
72 Debt Service - Interest on Long Term Debt	10,234,546	-	10,178,374	(56,172)
73 Debt Service - Bond Issuance Cost and Fees	988,081	-	-	(988,081)
95 Payments to Juvenile Justice Alternative Ed. Prg.	106,194	-	-	(106,194)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 506,969,906	\$ 5,773,953	\$ 130,377,082	(370,818,871)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			51,667,559
DT	Property Taxes, Levied for Debt Service			3,628,836
SF	State Aid - Formula Grants			274,519,456
GC	Grants and Contributions not Restricted			31,641,569
IE	Investment Earnings			255,274
MI	Miscellaneous Local and Intermediate Revenue			1,256,425
TR	Total General Revenues			362,969,119
CN	Change in Net Position			(7,849,752)
NB	Net Position - Beginning			362,794,575
PA	Increase (Decrease) in Net Position			(1,203,000)
NE	Net Position--Ending			\$ 353,741,823

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

Data Control Codes	10 General Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,875,603	\$ 1,062,108	\$ 8,937,711
1120 Investments - Current	94,639,699	10,492,590	105,132,289
1220 Property Taxes - Delinquent	10,807,400	802,401	11,609,801
1230 Allowance for Uncollectible Taxes (Credit)	(324,222)	(24,072)	(348,294)
1240 Receivables from Other Governments	32,694,702	11,963,332	44,658,034
1250 Accrued Interest	5,837	-	5,837
1260 Due from Other Funds	23,095,119	11,183,575	34,278,694
1290 Other Receivables	116,290	24,592	140,882
1300 Inventories	3,621,302	-	3,621,302
1000 Total Assets	<u>\$ 172,531,730</u>	<u>\$ 35,504,526</u>	<u>\$ 208,036,256</u>
LIABILITIES			
2110 Accounts Payable	\$ 3,231,486	\$ 2,041,829	\$ 5,273,315
2150 Payroll Deductions and Withholdings Payable	10,169,365	-	10,169,365
2160 Accrued Wages Payable	30,339,352	4,469,945	34,809,297
2170 Due to Other Funds	18,248,205	15,774,152	34,022,357
2180 Due to Other Governments	2,327,546	2,468,503	4,796,049
2190 Due to Student Groups	97,969	-	97,969
2200 Accrued Expenditures	15,074	-	15,074
2300 Deferred Revenues	9,478,554	1,194,793	10,673,347
2000 Total Liabilities	<u>73,907,551</u>	<u>25,949,222</u>	<u>99,856,773</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	3,621,302	-	3,621,302
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	24,422,165	-	24,422,165
3470 Capital Acquisition and Contractual Obligation	-	8,507,993	8,507,993
3480 Retirement of Long-Term Debt	-	1,047,311	1,047,311
3490 School for Deaf	361,540	-	361,540
Committed Fund Balance:			
3510 Construction	1,245,498	-	1,245,498
3545 School Buses & Tech Integration	2,231,900	-	2,231,900
Assigned Fund Balance:			
3590 E-Rate	6,311,320	-	6,311,320
3600 Unassigned Fund Balance	60,430,454	-	60,430,454
3000 Total Fund Balances	<u>98,624,179</u>	<u>9,555,304</u>	<u>108,179,483</u>
4000 Total Liabilities and Fund Balances	<u>\$ 172,531,730</u>	<u>\$ 35,504,526</u>	<u>\$ 208,036,256</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances - Governmental Funds	\$	108,179,483
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 position. The net effect of this consolidation is to (decrease) net position.		(4,357,297)
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 \$675,503,474 and the accumulated depreciation was \$209,880,157. 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 position.		250,293,317
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 net effect of including the 2013 capital outlays and debt principal payments is to increase net position.		13,765,544
4 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(20,543,976)
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 unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		6,404,752
19 Net Position of Governmental Activities	\$	353,741,823

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT C-3

Data Control Codes	10 General Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 58,960,569	\$ 3,827,817	\$ 62,788,386
5800 State Program Revenues	312,471,316	12,646,329	325,117,645
5900 Federal Program Revenues	42,974,493	68,436,985	111,411,478
5020 Total Revenues	<u>414,406,378</u>	<u>84,911,131</u>	<u>499,317,509</u>
EXPENDITURES:			
Current:			
0011 Instruction	211,954,798	47,004,361	258,959,159
0012 Instructional Resources and Media Services	6,942,561	1,746,060	8,688,621
0013 Curriculum and Instructional Staff Development	7,062,816	8,063,239	15,126,055
0021 Instructional Leadership	5,718,985	2,515,020	8,234,005
0023 School Leadership	23,927,760	1,054,287	24,982,047
0031 Guidance, Counseling and Evaluation Services	14,011,210	4,124,308	18,135,518
0032 Social Work Services	809,030	237,000	1,046,030
0033 Health Services	3,975,324	1,633,082	5,608,406
0034 Student (Pupil) Transportation	11,958,364	-	11,958,364
0035 Food Services	31,638,532	7,174	31,645,706
0036 Extracurricular Activities	15,161,383	6,246	15,167,629
0041 General Administration	13,069,858	-	13,069,858
0051 Facilities Maintenance and Operations	44,460,916	120,009	44,580,925
0052 Security and Monitoring Services	5,837,652	-	5,837,652
0053 Data Processing Services	4,403,381	-	4,403,381
0061 Community Services	520,529	4,362,040	4,882,569
Debt Service:			
0071 Principal on Long Term Debt	2,835,000	8,115,000	10,950,000
0072 Interest on Long Term Debt	1,721,565	8,512,981	10,234,546
0073 Bond Issuance Cost and Fees	6,025	1,101,876	1,107,901
Capital Outlay:			
0081 Facilities Acquisition and Construction	484,095	1,135,164	1,619,259
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	106,194	-	106,194
6030 Total Expenditures	<u>406,605,978</u>	<u>89,737,847</u>	<u>496,343,825</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,800,400</u>	<u>(4,826,716)</u>	<u>2,973,684</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	122,710,000	122,710,000
7915 Transfers In	11,692,351	-	11,692,351
7916 Premium or Discount on Issuance of Bonds	-	20,075,278	20,075,278
8911 Transfers Out (Use)	(11,692,351)	-	(11,692,351)
8949 Payment to Escrow Agent	-	(141,659,928)	(141,659,928)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>1,125,350</u>	<u>1,125,350</u>
1200 Net Change in Fund Balances	7,800,400	(3,701,366)	4,099,034
0100 Fund Balance - July 1 (Beginning)	91,675,693	13,669,190	105,344,883
1300 Increase (Decrease) in Fund Balance	(851,914)	(412,520)	(1,264,434)
3000 Fund Balance - June 30 (Ending)	<u>\$ 98,624,179</u>	<u>\$ 9,555,304</u>	<u>\$ 108,179,483</u>

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

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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	4,099,034
 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 position.		(3,902,400)
 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 net effect of removing the 2013 capital outlays and debt principal payments is to increase net position.		13,765,544
 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 position.		(20,543,976)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.		(1,267,954)
 Change in Net Position of Governmental Activities	 \$	 <u><u>(7,849,752)</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 60,387,469	\$ 60,397,469	\$ 58,960,569	\$ (1,436,900)
5800 State Program Revenues	310,162,026	310,162,026	312,471,316	2,309,290
5900 Federal Program Revenues	41,662,076	41,662,076	42,974,493	1,312,417
5020 Total Revenues	412,211,571	412,221,571	414,406,378	2,184,807
EXPENDITURES:				
Current:				
0011 Instruction	206,567,106	212,122,170	211,954,798	167,372
0012 Instructional Resources and Media Services	6,688,904	6,976,457	6,942,561	33,896
0013 Curriculum and Instructional Staff Development	6,958,957	7,168,094	7,062,816	105,278
0021 Instructional Leadership	6,015,079	5,974,931	5,718,985	255,946
0023 School Leadership	23,888,799	23,942,268	23,927,760	14,508
0031 Guidance, Counseling and Evaluation Services	14,811,474	14,925,880	14,011,210	914,670
0032 Social Work Services	835,299	835,299	809,030	26,269
0033 Health Services	4,103,219	4,067,888	3,975,324	92,564
0034 Student (Pupil) Transportation	14,447,016	15,796,364	11,958,364	3,838,000
0035 Food Services	34,439,079	34,794,437	31,638,532	3,155,905
0036 Extracurricular Activities	14,774,987	15,506,077	15,161,383	344,694
0041 General Administration	12,724,997	13,989,042	13,069,858	919,184
0051 Facilities Maintenance and Operations	48,369,903	48,740,132	44,460,916	4,279,216
0052 Security and Monitoring Services	6,449,077	6,453,188	5,837,652	615,536
0053 Data Processing Services	5,399,832	5,780,437	4,403,381	1,377,056
0061 Community Services	744,137	673,583	520,529	153,054
Debt Service:				
0071 Principal on Long Term Debt	2,835,000	2,835,000	2,835,000	-
0072 Interest on Long Term Debt	1,721,706	1,721,706	1,721,565	141
0073 Bond Issuance Cost and Fees	12,000	12,000	6,025	5,975
Capital Outlay:				
0081 Facilities Acquisition and Construction	200,000	1,845,766	484,095	1,361,671
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	225,000	225,000	106,194	118,806
6030 Total Expenditures	412,211,571	424,385,719	406,605,978	17,779,741
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(12,164,148)	7,800,400	19,964,548
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	11,496,152	11,496,152	11,692,351	196,199
7949 Other Resources	-	4,200,000	-	(4,200,000)
8911 Transfers Out (Use)	(11,496,152)	(11,692,351)	(11,692,351)	-
7080 Total Other Financing Sources (Uses)	-	4,003,801	-	(4,003,801)
OTHER FINANCING SOURCES (USES):				
8912 Special Item - (Use)	-	(800,000)	-	800,000
1200 Net Change in Fund Balances	-	(8,960,347)	7,800,400	16,760,747
0100 Fund Balance - July 1 (Beginning)	91,675,693	91,675,693	91,675,693	-
1300 Increase (Decrease) in Fund Balance	-	-	(851,914)	(851,914)
3000 Fund Balance - June 30 (Ending)	\$ 91,675,693	\$ 82,715,346	\$ 98,624,179	\$ 15,908,833

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,981,634
Investments - Current	9,065,545
Due from Other Funds	13,206,811
Other Receivables	332
Total Assets	<u>25,254,322</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	16,130,924
Due to Other Funds	13,480,695
Total Liabilities	<u>29,611,619</u>
NET POSITION	
Unrestricted Net Assets	<u>(4,357,297)</u>
Total Net Position	<u><u>\$ (4,357,297)</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 36,494,333
Total Operating Revenues	<u>36,494,333</u>
OPERATING EXPENSES:	
Other Operating Costs	40,396,733
Total Operating Expenses	<u>40,396,733</u>
Operating Income (Loss)	(3,902,400)
Total Net Position - July 1 (Beginning)	(518,281)
Prior Period Adjustment	<u>63,384</u>
Total Net Position - June 30 (Ending)	<u><u>\$ (4,357,297)</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Other Operating Cash Receipts (Payments)	\$ 1,608,477
	<hr/>
Net Increase in Cash and Cash Equivalents	1,608,477
Cash and Cash Equivalents at Beginning of Year	1,373,157
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 2,981,634
	<hr/> <hr/>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (3,902,400)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Prior Period Adjustment	63,384
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Current Investments	(3,246,704)
Decrease (increase) in Due from Other Funds	7,706,107
Decrease (increase) in Other Receivables	651,383
Increase (decrease) in Accounts Payable	(1,971,574)
Increase (decrease) in Due to Other Funds	2,313,003
Increase (decrease) in Due to Student Groups	(4,722)
	<hr/>
Net Cash Provided by Operating Activities	\$ 1,608,477
	<hr/> <hr/>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

EXHIBITE-1

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 284,895	\$ 1,174,388
Due from Other Funds	17,647	-
Total Assets	302,542	\$ 1,174,388
LIABILITIES		
Accounts Payable	975	\$ 44,912
Due to Other Funds	100	-
Due to Student Groups	13,461	1,129,476
Total Liabilities	14,536	\$ 1,174,388
NET POSITION		
Unrestricted Net Assets	288,006	
Total Net Position	\$ 288,006	

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 730
Total Additions	<u>730</u>
Change in Net Position	730
Total Net Position - July 1 (Beginning)	293,326
Prior Period Adjustment	<u>(6,050)</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 288,006</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

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 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") and there are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position 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 Position 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 Net Position. 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, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 an Agency Fund. The District's Agency Fund is the Student Activity Funds.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2013. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2013, 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 position.
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 position.
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, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:
- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
 - **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
 - **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution 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:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent's designee.
 - **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

9. 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.
10. 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, 2013, is \$597,408, 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

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 POSITION

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

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 Position
Land	\$ 27,598,685	\$ -	\$ 27,598,685	
Buildings & Improvements	568,079,818	(177,583,588)	390,496,230	
Vehicles	23,567,679	(19,769,835)	3,797,844	
Furniture & Equipment	17,445,981	(12,526,734)	4,919,247	
Construction in Progress	38,811,311	-	38,811,311	
Change in Net Position				\$ 465,623,317
Long -Term Liabilities at the Beginning of Year			Payable at the Beginning of Year	
Bonds Payable			\$ (210,930,000)	
Notes Payable			(4,400,000)	
Change in Net Position				(215,330,000)
Net Adjustment to Net Position				\$ 250,293,317

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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 position 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 position. The details of this adjustment are as follows:

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

Current Year Capital Outlay	Amount	Adjustments to Changes in Net Position	Adjustments in Net Position
Land	\$ -	\$ -	
Buildings & Improvements	578,306	578,306	
Furniture & Equipment	1,118,883	1,118,883	
Vehicles	13,000	13,000	
Construction in Progress	1,105,355	1,105,355	
Total Capital Outlay			\$ 2,815,544
 Debt Principal Payments			
Note Payable	665,000	665,000	
Bonds Payable	10,285,000	10,285,000	
Total Principal Payments	10,950,000	10,950,000	10,950,000
Net Adjustment to Net Position			\$ 13,765,544

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 is 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 Child Nutrition Program 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 basic 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.
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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013, the carrying amount of the District's deposits, including agency funds, was \$13,378,628 and the bank balance was \$14,213,967. The District's cash deposits at June 30, 2013 and during the year, except as listed below, 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, N.A.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$13,091,532.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$32,002,623 and occurred during the month of May 2013.
- 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, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013, are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Certificates of Deposit	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ -
Texas Term Investment Pool *	14,838,191	14,838,191	-	-	-
Lone Star Investment Pool *	50,706,631	50,706,631	-	-	-
TexPool	2,032,004	2,032,004	-	-	-
Texas Class/ MBIA *	36,245,233	36,245,233	-	-	-
Wells Fargo Trust	375,775	375,775	-	-	-
Total	<u>\$ 114,197,834</u>	<u>\$ 114,197,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Registered with the U.S. Securities and Exchange Commission

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, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013, the District’s investments in Lone Star Investment Pool were rated AAAs/S1 by Standard and Poor’s (S&P), TexPool was rated AAAM 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, 2013, 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, 2012, upon which the levy for the 2012-2013 fiscal year was based, as \$5,209,962,063. 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 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2013, 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, 2013, 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, 2013, property taxes receivable of \$10,807,400 and \$802,401, net of estimated uncollectible taxes of \$324,222 and \$24,072, totaled \$10,483,178 and \$778,329 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, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund	\$ 7,496,152	Transfer to Athletic Fund
General Fund	General Fund	4,000,000	Transfer to State Sp. Ed.
General Fund	General Fund	196,199	Transfer to Local Maint.
		<u>\$ 11,692,351</u>	

Interfund balances at June 30, 2013 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>General Fund</u>		
General Fund	\$ 9,317,212	\$ 9,317,212
Special Revenue Funds	6,316,238	147,553
Debt Service Fund	-	2,015,793
Capital Projects Fund	437,685	-
Internal Service Fund	7,023,884	6,750,000
Trust and Agency Fund	100	17,647
	<u>23,095,119</u>	<u>18,248,205</u>
<u>Special Revenue Fund</u>		
General Fund	147,553	6,316,238
Special Revenue Fund	9,020,229	9,020,229
	<u>9,167,782</u>	<u>15,336,467</u>
<u>Debt Service Fund</u>		
General Fund	2,015,793	-
	<u>2,015,793</u>	<u>-</u>
<u>Capital Projects Fund</u>		
General Fund	-	437,685
	<u>-</u>	<u>437,685</u>
<u>Internal Service Fund</u>		
General Fund	6,750,000	7,023,884
Internal Service Fund	6,456,811	6,456,811
	<u>13,206,811</u>	<u>13,480,695</u>
<u>Trust and Agency Fund</u>		
General Fund	17,647	100
Total Trust and Agency Fund	17,647	100
Totals	<u>\$ 47,503,152</u>	<u>\$ 47,503,152</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

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	\$ 27,373,864	\$ 5,232,816	\$ 88,022	\$ 32,694,702
Special Revenue	11,754,500	-	208,832	11,963,332
Totals	<u>\$ 39,128,364</u>	<u>\$ 5,232,816</u>	<u>\$ 296,854</u>	<u>\$ 44,658,034</u>

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

	Primary Government				Balance 6/30/2013
	Balance 7/1/2012	Changes During Year			
		Additions	Deletions	Adjustments	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 27,598,685	\$ -	\$ -	\$ -	\$ 27,598,685
Construction in progress	38,811,311	1,105,355	-	(30,127,512)	9,789,154
Total capital assets not being depreciated	<u>66,409,996</u>	<u>1,105,355</u>	<u>-</u>	<u>(30,127,512)</u>	<u>37,387,839</u>
Capital assets being depreciated					
Buildings and improvements	568,079,818	578,306	-	30,127,512	598,785,636
Furniture and equipment	17,445,981	1,118,883	(567,164)	-	17,997,700
Vehicles	23,567,679	13,000	-	(1,950)	23,578,729
Total capital assets being depreciated	<u>609,093,478</u>	<u>1,710,189</u>	<u>(567,164)</u>	<u>30,125,562</u>	<u>640,362,065</u>
Less accumulated depreciation for:					
Building and improvements	(177,583,588)	(18,056,614)	-	-	(195,640,202)
Equipment	(12,526,734)	(1,486,865)	567,164	-	(13,446,435)
Vehicles	(19,769,835)	(1,000,497)	-	-	(20,770,332)
Total accumulated depreciation	<u>(209,880,157)</u>	<u>(20,543,976)</u>	<u>567,164</u>	<u>-</u>	<u>(229,856,969)</u>
Total capital assets being depreciated	<u>399,213,321</u>	<u>(18,833,787)</u>	<u>-</u>	<u>30,125,562</u>	<u>410,505,096</u>
Governmental activities capital assets, net	<u>\$ 465,623,317</u>	<u>\$ (17,728,432)</u>	<u>\$ -</u>	<u>\$ (1,950)</u>	<u>\$ 447,892,935</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,248,677
Instructional Resources and Media Services	379,855
Curriculum and Instructional Staff Development	654,859
Instructional Leadership	359,980
School Leadership	1,092,182
Guidance, Counseling and Evaluation Services	766,480
Social Work Services	45,731
Health Services	245,192
Student (Pupil) Transportation	522,804
Food Services	1,383,508
Cocurricular/Extracurricular Activities	663,109
General Administration	571,397
Plant Maintenance and Operations	1,949,019
Security and Monitoring Services	255,214
Data Processing Services	192,510
Community Services	<u>213,459</u>
Totals	<u><u>\$ 20,543,976</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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

F. LONG-TERM OBLIGATIONS

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2012	Issued	Refunded	Retired	Amounts Outstanding June 30, 2013	Due Within One Year
09/25/01	Unlimited Tax School Building Bonds, Series 2001	4.00%	2015	\$ 38,195,000	\$ 3,945,000	\$ -	\$ 1,370,000	\$ 1,260,000	\$ 1,315,000	\$ 1,315,000
08/15/05	Unlimited Tax Refunding Bonds, Series 2005	4.00%	2030	65,435,000	63,215,000	-	42,300,000	2,090,000	18,825,000	2,205,000
09/28/06	Unlimited Tax School Building Bonds, Series 2006	4.00%	2016	129,985,000	102,255,000	-	81,775,000	4,765,000	15,715,000	4,990,000
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	13,280,000	-	-	1,000,000	12,280,000	1,000,000
12/01/10	Qualified School Construction Bonds, Series 2010A-E	0.37%	2028	25,770,000	22,830,000	-	-	1,170,000	21,660,000	1,240,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013A	1.00%	2027	80,410,000	-	80,410,000	-	-	80,410,000	1,270,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013B	0.30%	2027	42,300,000	-	42,300,000	-	-	42,300,000	860,000
Totals					<u>\$ 210,930,000</u>	<u>\$ 122,710,000</u>	<u>\$ 125,445,000</u>	<u>\$ 10,285,000</u>	<u>\$ 197,910,000</u>	<u>\$ 12,880,000</u>

In June 2013, the District issued \$80,410,000 2013A and \$42,300,000 2013B Unlimited Tax Refunding Bonds to retire a portion of those outstanding bonds for the Series 2001, 2005, and 2006 Bonds. The Taxable Series 2013B Bonds will be issued in part as current interest bonds (\$40,360,000) and in part as premium capital appreciation bonds (\$1,940,000). The proceeds were deposited directly into an escrow trust account and invested in obligations of the United States Government with maturities that coincide with principal and interest due dates. The investments will be adequate to retire the full amount of refunded bonds, which had a total face value of \$1,370,000, \$42,300,000 and \$81,775,000, respectively. As a result, the refunded portions of the bonds are considered to be defeased and the liabilities have been removed from the long-term liabilities of the District. The purpose of the refunding was to lower the overall service requirements of the District. The refunding decreased the total debt service requirements by approximately \$2,735,000 and \$0, respectively and resulted in a current economic gain of \$5,689,664 and \$3,007,704, respectively.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

F. LONG-TERM OBLIGATIONS

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, 2013.

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

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2014	\$ 12,880,000	\$ 6,633,967	\$ 19,513,967
2015	11,540,000	8,061,687	19,601,687
2016	12,145,000	7,579,784	19,724,784
2017	12,545,000	7,043,627	19,588,627
2018	11,615,000	7,979,129	19,594,129
2019-2023	70,000,000	28,235,910	98,235,910
2024-2028	62,860,000	12,199,903	75,059,903
2029-2030	4,325,000	191,078	4,516,078
Totals	\$ 197,910,000	\$ 77,925,085	\$ 275,835,085

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, 2012	Issued	Retired	Amounts Outstanding June 30, 2013	Due Within One Year
03/17/09	Limited Tax Refunding Notes, Series 2009	3.8750%	2018	\$ 6,250,000	\$ 4,400,000	\$ -	\$ 665,000	\$ 3,735,000	\$ 690,000
	Totals				\$ 4,400,000	\$ -	\$ 665,000	\$ 3,735,000	\$ 690,000

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

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

Year Ending June 30,	Note Payable		Total Requirements
	Principal	Interest	
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	\$ 3,735,000	\$ 436,620	\$ 4,171,620

G. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7/01/12	Issued	Refunded	Retired	Balance 06/30/13	Due Within One Year
Bonds Payable	\$ 210,930,000	\$ 122,710,000	\$ (125,445,000)	\$ (10,285,000)	\$ 197,910,000	\$ 12,880,000
Note Payable	4,400,000	-	-	(665,000)	3,735,000	690,000
Compensated Absences	532,339	165,187	-	(100,118)	597,408	140,092
Premium on Bonds	4,870,867	15,669,818	-	(341,616)	20,199,069	-
Accreted Interest	-	4,405,460	-	-	4,405,460	-
Deferred (Loss) on Refunding Bonds	-	(16,214,928)	-	-	(16,214,928)	-
Totals	\$ 220,733,206	\$ 126,735,537	\$ (125,445,000)	\$ (11,391,734)	\$ 210,632,009	\$ 13,710,092

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, 2013, as follows:

Year Ending June 30,	Total Requirements
2014	\$ 1,772,669
2015	1,009,773
2016	672,564
2017	498,026
2018	264,175
Total Minimum Rentals	\$ 4,217,207
Rental Expenditures in Fiscal Year 2013	\$ 1,931,665

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013 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 2013, 2012 and 2011, and a state contribution rate of 6.0 % for fiscal years 2013 and 2012 and 2011. State contributions to TRS made on behalf of the District's employees for the years ending June 30, 2013, 2012 and 2011, were \$15,058,467, \$15,503,634, and \$14,611,309, respectively. The employee contributions to TRS for the years ending June 30, 2013, 2012 and 2011 were \$18,670,543, \$19,158,600 and \$20,237,733, respectively. The District paid additional state contributions for the years ending June 30, 2013, 2012, and 2011, in the amount of \$1,821,179 \$1,950,989, and \$2,315,231, 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, 2013

IV. DETAILED NOTES ON ALL FUNDS

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, 2013, 2012 and 2011 were \$784,875, \$ 775,178, and \$ 735,719, respectively.

K. RISK MANAGEMENT

Health Care Coverage

During the fiscal year ended June 30, 2013, 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 per 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 costs are included in the contractual provisions. The latest financial statements available for 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, 2013:

	2013	2012
Unpaid claims, beginning of the year	\$ 5,565,149	\$ 5,223,943
Incurred claims (including IBNRs)	36,593,526	39,386,051
Claim payments	(36,331,040)	(39,044,845)
Unpaid claims, end of the year	\$ 5,827,635	\$ 5,565,149

The District is considering adjusting contributions for both employee and employer, plan design changes and a one-time infusion of funds.

Worker's Compensation Coverage

For the year ended June 30, 2013, 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, 2013, 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, 2013

IV. DETAILED NOTES ON ALL FUNDS

As of June 30, 2013, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2013 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, 2013, the District had the following construction commitments:

<u>2009 & 2010 QSCB Projects</u>	<u>Estimated Project Cost</u>	<u>Expended Through June 30,</u>	<u>Amount Committed</u>
Brownsville Academic Center	\$ 9,145,000	\$ 8,660,891	\$ 484,109
	<u>9,145,000</u>	<u>8,660,891</u>	<u>484,109</u>
<u>2006 Bond Projects</u>			
District Wide Projects	4,077,287	1,128,263	2,949,024
	<u>4,077,287</u>	<u>1,128,263</u>	<u>2,949,024</u>
Total Construction In Progress	<u>\$ 13,222,287</u>	<u>\$ 9,789,154</u>	<u>\$ 3,433,133</u>

M. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
BISD - Taxes	\$ 9,283,713	\$ -	\$ 692,244	\$ 9,975,957
BISD - GED Testing	2,236	-	-	2,236
BISD - Athletics	1,280	-	-	1,280
BISD - Other	67,805	-	-	67,805
BISD - Rendition Fees	16,680	-	-	16,680
BISD - CCED Taxes	62,254	-	-	62,254
Food service receipts	44,586	-	-	44,586
Special revenue grants	-	502,549	-	502,549
Total deferred revenue	<u>\$ 9,478,554</u>	<u>\$ 502,549</u>	<u>\$ 692,244</u>	<u>\$ 10,673,347</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

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	\$ 50,984,382	\$ -	\$ 3,660,308	\$ -	\$ 54,644,690
Penalties, Interest & Other Tax-Related Income	1,960,171	-	144,362	-	2,104,533
Tuition and Fees	407,491	-	-	-	407,491
Food Sales	1,198,893	-	-	-	1,198,893
Investment Income	241,071	12,025	2,138	11,728	266,962
Co-curricular Student Act.	480,960	-	-	-	480,960
CCED	73,627	-	-	-	73,627
Other	3,613,974	-	8,984	36,482,605	40,105,563
Totals	\$ 58,960,569	\$ 12,025	\$ 3,815,792	\$ 36,494,333	\$ 99,282,719

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.

P. INCREASE (DECREASE) IN FUND BALANCES

Adjustments to the fund balance during the 2012-2013 school year consisted of the following:

Description	General Fund	Other Nonmajor Funds	Internal Service Funds	Total
To close out balance sheet accounts that never materialized	\$ 7,845	\$ -	\$ 63,384	\$ 71,229
Adjustments for Summary of Finances	(859,759)	(412,520)	-	(1,272,279)
Total per Exhibit C-2 and D-2	<u>\$ (851,914)</u>	<u>\$ (412,520)</u>	<u>\$ 63,384</u>	<u>(1,201,050)</u>
Adjustment to capital assets				(1,950)
Total per Exhibit B-1				<u>\$ (1,203,000)</u>

Q. MAINTENANCE OF EFFORT

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

A. Total District premium paid for health care for 2012-2013:		\$ 33,042,958
B. Subtract any non-medical expenditures:		
Life insurance	\$ 172,775	
Dental insurance	-	
Vision insurance	-	
Long-term disability	-	
Short-term disability	-	
Alternate plans	-	
COBRA expense	-	
Retiree expense	-	
		172,775
C. 2012-2013 Maintenance of Effort:		\$ 32,870,183

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:

Member Districts	Expenditures
Harlingen CISD	\$ 151,250
Los Fresnos CISD	42,500
Point Isabel ISD	12,500
Raymondville ISD	82,500
San Benito CISD	60,000
Total	\$ 348,750

S. 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, 2013 from various federal sources as follows:

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

Program or Source	CFDA Number	Amount
U.S. Department of Treasury (Fed Share of QSCB)	N/A	\$ 1,183,560
R.O.T. C.	N/A	454,144
National School Lunch Program	10.555	19,929,874
School Breakfast Program	10.553	13,642,691
Food Distribution (USDA Commodities)	10.555	463,600
School Health Related Services	N/A	6,633,950
Medicaid Administrative Claiming Program	93.778	137,577
Total Programs		42,445,396
<i>Indirect Costs:</i>		
McKinney Vento Homeless Youth Program	84.196A	632
ESEA Title I - Part A	84.010A	321,758
ESEA Title I - SIP	84.010A	1,203
ESEA Title I - Part C	84.011A	19,154
ESEA Title III - Part A - L.E.P.	84.365A	20,423
ESEA Title II - Part A-TPTR	84.367A	41,125
Texas Literacy Initiative	84.371C	55,583
Texas Title I Priority Schools (ARRA)	84.388A	19,525
Texas Title I Priority Schools (ARRA)	84.388A	19,718
Texas Title I Priority Schools (ARRA)	84.388A	29,976
Total Indirect Costs		529,097
Total General Fund		\$ 42,974,493

COMBINING STATEMENTS

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.

ADULT EDUCATION ENGLISH LITERANCE AND CIVICS (220)

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.

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.

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.

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.

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.

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 .

FEDERALLY FUNDED SPECIAL REVENUE FUNDS (289)

This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above.

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.

ADULT BASIC EDUCATION (ABE) – State (381)

This fund classification is to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults 16 and above, who do not have a high school diploma and are out of school. Funds can be used for the same purposes as federal adult education funds.

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.

STATE TEXTBOOK FUND (410)

This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the textbook allotment.

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.

STATE FUNDED SPECIAL REVENUE FUNDS (429)

State funded special revenue funds not listed above are to be accounted for in this fund.

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).

LOCALLY FUNDED SPECIAL REVENUE FUNDS – LOCALLY DEFINED (498)

These fund classifications are used, at the option of the school district to classify locally funded special revenue funds such as grants by corporations to specific campuses not define elsewhere.

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.

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

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	\$ -	\$ -	\$ 534,207	\$ -
1120	Investments - Current	-	-	24,964	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	21,387	33,454	1,327,374	113,748
1260	Due from Other Funds	-	-	6,724,184	516,697
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 21,387</u>	<u>\$ 33,454</u>	<u>\$ 8,610,729</u>	<u>\$ 630,445</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 804,264	\$ 462
2160	Accrued Wages Payable	5,151	4,321	1,806,972	130,465
2170	Due to Other Funds	16,236	29,133	5,999,493	499,518
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>21,387</u>	<u>33,454</u>	<u>8,610,729</u>	<u>630,445</u>
FUNDBALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,387</u>	<u>\$ 33,454</u>	<u>\$ 8,610,729</u>	<u>\$ 630,445</u>

216 Title I School Improvement	220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	231 JTPA Title II, A	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	261 Reading First
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,323	1,272,261	7,070	-	168,571	162,303	204,083
31,347	8,368	167,108	17,997	2,049	-	279,451	76,373
-	-	-	-	-	-	-	-
<u>\$ 31,347</u>	<u>\$ 22,691</u>	<u>\$ 1,439,369</u>	<u>\$ 25,067</u>	<u>\$ 2,049</u>	<u>\$ 168,571</u>	<u>\$ 441,754</u>	<u>\$ 280,456</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 988	\$ 2,760	\$ -
-	14,224	1,369,744	15,244	-	12,637	394,504	-
31,347	8,467	69,625	9,823	2,049	154,946	44,490	280,456
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>31,347</u>	<u>22,691</u>	<u>1,439,369</u>	<u>25,067</u>	<u>2,049</u>	<u>168,571</u>	<u>441,754</u>	<u>280,456</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 31,347</u>	<u>\$ 22,691</u>	<u>\$ 1,439,369</u>	<u>\$ 25,067</u>	<u>\$ 2,049</u>	<u>\$ 168,571</u>	<u>\$ 441,754</u>	<u>\$ 280,456</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	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	1,454	358,139	828,213	152,926
1260	Due from Other Funds	-	-	5,144	30,545
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 1,454</u>	<u>\$ 358,139</u>	<u>\$ 833,357</u>	<u>\$ 183,471</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 69,365	\$ 11,180	\$ 812
2160	Accrued Wages Payable	-	39,125	78,169	10,215
2170	Due to Other Funds	1,454	249,649	744,008	172,444
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>1,454</u>	<u>358,139</u>	<u>833,357</u>	<u>183,471</u>
FUNDBALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,454</u>	<u>\$ 358,139</u>	<u>\$ 833,357</u>	<u>\$ 183,471</u>

276 Title I - SIP Academy Grant	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	285 ESEA I, A Improving Basic Program	286 Title I SIP Academy Grant ARRA	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,389,597	12,074	33,611	-	1,857,918	-	1,200,938	259,768
10,637	-	12,259	7,588	13,008	6,909	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,400,234</u>	<u>\$ 12,074</u>	<u>\$ 45,870</u>	<u>\$ 7,588</u>	<u>\$ 1,870,926</u>	<u>\$ 6,909</u>	<u>\$ 1,200,938</u>	<u>\$ 259,768</u>
\$ 37,449	\$ -	\$ -	\$ -	\$ 412,254	\$ -	\$ 16,217	\$ 577
97,192	-	4,396	-	90,377	-	233,882	35,455
1,265,593	12,074	41,474	7,588	1,368,295	6,909	950,839	223,736
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,400,234</u>	<u>12,074</u>	<u>45,870</u>	<u>7,588</u>	<u>1,870,926</u>	<u>6,909</u>	<u>1,200,938</u>	<u>259,768</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,400,234</u>	<u>\$ 12,074</u>	<u>\$ 45,870</u>	<u>\$ 7,588</u>	<u>\$ 1,870,926</u>	<u>\$ 6,909</u>	<u>\$ 1,200,938</u>	<u>\$ 259,768</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

Data Control Codes	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	1,207	549	8,274
1260	Due from Other Funds	5,112	28,884	5,434
1290	Other Receivables	-	-	-
1000	Total Assets	<u>\$ 6,319</u>	<u>\$ 28,884</u>	<u>\$ 5,983</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	8,085	5,983
2170	Due to Other Funds	6,319	-	8,274
2180	Due to Other Governments	-	-	-
2300	Deferred Revenues	-	20,799	-
2000	Total Liabilities	<u>6,319</u>	<u>28,884</u>	<u>5,983</u>
FUNDBALANCES				
Restricted Fund Balance:				
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,319</u>	<u>\$ 28,884</u>	<u>\$ 5,983</u>

340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,027	136	-	-	8,511	-	-	273,373
78	-	16,305	33,922	-	199,587	116,636	-
-	-	-	-	-	-	-	-
<u>\$ 1,105</u>	<u>\$ 136</u>	<u>\$ 16,305</u>	<u>\$ 33,922</u>	<u>\$ 8,511</u>	<u>\$ 199,587</u>	<u>\$ 116,636</u>	<u>\$ 273,373</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,105	136	16,305	33,922	8,511	-	116,636	273,373
-	-	-	-	-	-	-	-
-	-	-	-	-	199,587	-	-
<u>1,105</u>	<u>136</u>	<u>16,305</u>	<u>33,922</u>	<u>8,511</u>	<u>199,587</u>	<u>116,636</u>	<u>273,373</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,105</u>	<u>\$ 136</u>	<u>\$ 16,305</u>	<u>\$ 33,922</u>	<u>\$ 8,511</u>	<u>\$ 199,587</u>	<u>\$ 116,636</u>	<u>\$ 273,373</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

Data Control Codes	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment	415 Kindergarten and Pre-K Grants	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	23,065	-	-	2,127,733
1260	Due from Other Funds	-	30,486	24,936	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 23,065</u>	<u>\$ 30,486</u>	<u>\$ 24,936</u>	<u>\$ 2,127,733</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	23,065	-	-	2,127,733
2180	Due to Other Governments	-	-	24,936	-
2300	Deferred Revenues	-	30,486	-	-
2000	Total Liabilities	<u>23,065</u>	<u>30,486</u>	<u>24,936</u>	<u>2,127,733</u>
FUNDBALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 23,065</u>	<u>\$ 30,486</u>	<u>\$ 24,936</u>	<u>\$ 2,127,733</u>

426 TX Educator Excellence Award Grant	427 State Funded Special Revenue Funds	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID	497 Locally Defined Spec Rev
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	29,808	-	19,238	6,789	34,031	10,379	-
19,616	-	654,689	-	-	68,430	-	9,597
-	-	-	-	-	-	-	-
<u>\$ 19,616</u>	<u>\$ 29,808</u>	<u>\$ 654,689</u>	<u>\$ 19,238</u>	<u>\$ 6,789</u>	<u>\$ 102,461</u>	<u>\$ 10,379</u>	<u>\$ 9,597</u>
\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	11,343	-	102,461	-	-
19,616	29,808	430,079	7,895	6,789	-	10,379	9,597
-	-	-	-	-	-	-	-
-	-	224,550	-	-	-	-	-
<u>19,616</u>	<u>29,808</u>	<u>654,689</u>	<u>19,238</u>	<u>6,789</u>	<u>102,461</u>	<u>10,379</u>	<u>9,597</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 19,616</u>	<u>\$ 29,808</u>	<u>\$ 654,689</u>	<u>\$ 19,238</u>	<u>\$ 6,789</u>	<u>\$ 102,461</u>	<u>\$ 10,379</u>	<u>\$ 9,597</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

Data Control Codes	498 Other Local Special Rev Fund	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 534,207	\$ 48,392
1120	Investments - Current	-	-	24,964	504,312
1220	Property Taxes - Delinquent	-	-	-	802,401
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	(24,072)
1240	Receivables from Other Governments	-	-	11,963,332	-
1260	Due from Other Funds	34,279	10,127	9,167,782	2,015,793
1290	Other Receivables	-	-	-	24,592
1000	Total Assets	<u>\$ 34,279</u>	<u>\$ 10,127</u>	<u>\$ 21,690,285</u>	<u>\$ 3,371,418</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 1,356,388	\$ -
2160	Accrued Wages Payable	-	-	4,469,945	-
2170	Due to Other Funds	17,279	-	15,336,467	-
2180	Due to Other Governments	-	-	24,936	1,631,863
2300	Deferred Revenues	17,000	10,127	502,549	692,244
2000	Total Liabilities	<u>34,279</u>	<u>10,127</u>	<u>21,690,285</u>	<u>2,324,107</u>
FUNDBALANCES					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	1,047,311
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047,311</u>
4000	Total Liabilities and Fund Balances	<u>\$ 34,279</u>	<u>\$ 10,127</u>	<u>\$ 21,690,285</u>	<u>\$ 3,371,418</u>

634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 479,509	\$ 1,062,108
9,963,314	10,492,590
-	802,401
-	(24,072)
-	11,963,332
-	11,183,575
-	24,592
<u>\$ 10,442,823</u>	<u>\$ 35,504,526</u>
\$ 685,441	\$ 2,041,829
-	4,469,945
437,685	15,774,152
811,704	2,468,503
-	1,194,793
<u>1,934,830</u>	<u>25,949,222</u>
8,507,993	8,507,993
-	1,047,311
<u>8,507,993</u>	<u>9,555,304</u>
<u>\$ 10,442,823</u>	<u>\$ 35,504,526</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

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	-	77,517	27,973,030
5020	Total Revenues	-	77,517	27,973,030
EXPENDITURES:				
Current:				
0011	Instruction	-	-	18,320,449
0012	Instructional Resources and Media Services	-	-	642,309
0013	Curriculum and Instructional Staff Development	-	-	1,620,855
0021	Instructional Leadership	-	-	2,468,209
0023	School Leadership	-	-	721,967
0031	Guidance, Counseling and Evaluation Services	-	-	171,117
0032	Social Work Services	-	-	157,478
0033	Health Services	-	-	237,000
0035	Food Services	-	-	1,629,081
0036	Extracurricular Activities	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0061	Community Services	-	77,517	83,657
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	-	77,517	27,973,030
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
7901	Refunding Bonds Issued	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8949	Payment to Escrow Agent	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
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	220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	231 JTPA Title II, A	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	261 Reading First
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
24,294	102,000	10,825,364	115,734	-	967,591	3,197,912	-
<u>24,294</u>	<u>102,000</u>	<u>10,825,364</u>	<u>115,734</u>	<u>-</u>	<u>967,591</u>	<u>3,197,912</u>	<u>-</u>
24,294	-	7,587,104	115,734	-	967,591	3,109,727	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	39,741	-
-	-	-	-	-	-	48,444	-
-	-	-	-	-	-	-	-
-	-	3,238,260	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	102,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>24,294</u>	<u>102,000</u>	<u>10,825,364</u>	<u>115,734</u>	<u>-</u>	<u>967,591</u>	<u>3,197,912</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	274 GEAR Up	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	1,607,086	3,699,926	204,321
5020	Total Revenues	-	1,607,086	3,699,926	204,321
EXPENDITURES:					
Current:					
0011	Instruction	-	1,288,667	2,223,561	41,328
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	286,563	35,826	8,183
0021	Instructional Leadership	-	27,356	1,364,825	-
0023	School Leadership	-	-	39,576	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	152,432
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	4,500	36,138	2,378
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	-	1,607,086	3,699,926	204,321
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8949	Payment to Escrow Agent	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
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	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	285 ESEA I, A Improving Basic Program	286 Title I SIP Academy Grant ARRA	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
4,068,849	-	-	-	7,543,961	1,504,110	4,169,476	518,371
<u>4,068,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,543,961</u>	<u>1,504,110</u>	<u>4,169,476</u>	<u>518,371</u>
2,775,418	-	-	-	5,975,813	1,504,110	95,443	-
45,154	-	-	-	75,067	-	-	-
701,835	-	-	-	712,153	-	3,807,806	-
34,851	-	-	-	-	-	171,184	-
293,941	-	-	-	454,610	-	95,043	-
133,399	-	-	-	288,454	-	-	-
-	-	-	-	-	-	-	-
4,001	-	-	-	-	-	-	-
7,174	-	-	-	-	-	-	-
6,246	-	-	-	-	-	-	-
18,185	-	-	-	18,167	-	-	-
48,645	-	-	-	19,697	-	-	518,371
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,068,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,543,961</u>	<u>1,504,110</u>	<u>4,169,476</u>	<u>518,371</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	90,402	73,367	10,405
5020	Total Revenues	<u>90,402</u>	<u>73,367</u>	<u>10,405</u>
EXPENDITURES:				
Current:				
0011	Instruction	-	73,367	49,226
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0061	Community Services	90,402	-	-
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	<u>90,402</u>	<u>73,367</u>	<u>10,405</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7901	Refunding Bonds Issued	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8949	Payment to Escrow Agent	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,292	-	-	-	2,923	-	262,246
1,385	-	-	-	-	-	-	-
<u>1,385</u>	<u>6,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,923</u>	<u>-</u>	<u>262,246</u>
1,385	-	-	-	-	-	-	262,246
-	-	-	-	-	-	-	-
-	-	-	-	-	2,923	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,292	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,385</u>	<u>6,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,923</u>	<u>-</u>	<u>262,246</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment	415 Kindergarten and Pre-K Grants
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	1,217,506	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>1,217,506</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	1,217,506	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
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	<u>-</u>	<u>1,217,506</u>	<u>-</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8949 Payment to Escrow Agent	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

426 TX Educator Excellence Award Grant	427 State Funded Special Revenue Funds	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID	497 Locally Defined Spec Rev
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	45,553	147,341	-	786,094	-	-
-	-	-	-	-	-	-	-
-	-	45,553	147,341	-	786,094	-	-
-	-	4,344	-	-	710,334	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	75,760	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	111	147,341	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	41,098	-	-	-	-	-
-	-	45,553	147,341	-	786,094	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	498 Other Local Special Rev Fund	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	511 Debt Service Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 8,984	\$ -	\$ 8,984	\$ 3,806,808
5800 State Program Revenues	-	-	2,467,955	10,178,374
5900 Federal Program Revenues	-	-	68,436,985	-
5020 Total Revenues	<u>8,984</u>	<u>-</u>	<u>70,913,924</u>	<u>13,985,182</u>
EXPENDITURES:				
Current:				
0011 Instruction	4,000	-	47,004,361	-
0012 Instructional Resources and Media Services	4,984	-	1,746,060	-
0013 Curriculum and Instructional Staff Development	-	-	8,063,239	-
0021 Instructional Leadership	-	-	2,515,020	-
0023 School Leadership	-	-	1,054,287	-
0031 Guidance, Counseling and Evaluation Services	-	-	4,124,308	-
0032 Social Work Services	-	-	237,000	-
0033 Health Services	-	-	1,633,082	-
0035 Food Services	-	-	7,174	-
0036 Extracurricular Activities	-	-	6,246	-
0051 Facilities Maintenance and Operations	-	-	120,009	-
0061 Community Services	-	-	4,362,040	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	8,115,000
0072 Interest on Long Term Debt	-	-	-	8,512,981
0073 Bond Issuance Cost and Fees	-	-	-	1,101,876
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	41,098	-
6030 Total Expenditures	<u>8,984</u>	<u>-</u>	<u>70,913,924</u>	<u>17,729,857</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,744,675)</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	-	122,710,000
7916 Premium or Discount on Issuance of Bonds	-	-	-	20,075,278
8949 Payment to Escrow Agent	-	-	-	(141,659,92)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125,350</u>
1200 Net Change in Fund Balance	-	-	-	(2,619,325)
0100 Fund Balance - July 1 (Beginning)	-	-	-	4,079,156
1300 Increase (Decrease) in Fund Balance	-	-	-	(412,520)
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047,311</u>

634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 12,025	\$ 3,827,817
-	12,646,329
-	68,436,985
<u>12,025</u>	<u>84,911,131</u>
-	47,004,361
-	1,746,060
-	8,063,239
-	2,515,020
-	1,054,287
-	4,124,308
-	237,000
-	1,633,082
-	7,174
-	6,246
-	120,009
-	4,362,040
-	8,115,000
-	8,512,981
-	1,101,876
<u>1,094,066</u>	<u>1,135,164</u>
<u>1,094,066</u>	<u>89,737,847</u>
<u>(1,082,041)</u>	<u>(4,826,716)</u>
-	122,710,000
-	20,075,278
-	(141,659,92)
<u>-</u>	<u>1,125,350</u>
(1,082,041)	(3,701,366)
9,590,034	13,669,190
-	(412,520)
<u>\$ 8,507,993</u>	<u>\$ 9,555,304</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2013

EXHIBIT H-3

	753	754	792	
	Insurance	Self Funded Blue Cross Blue Shield	Self Funded Workers Compensation	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 111,606	\$ 2,543,923	\$ 326,105	\$ 2,981,634
Investments - Current	-	-	9,065,545	9,065,545
Due from Other Funds	-	6,456,811	6,750,000	13,206,811
Other Receivables	-	332	-	332
Total Assets	<u>111,606</u>	<u>9,001,066</u>	<u>16,141,650</u>	<u>25,254,322</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	-	16,130,924	16,130,924
Due to Other Funds	8,956,606	4,524,089	-	13,480,695
Total Liabilities	<u>8,956,606</u>	<u>4,524,089</u>	<u>16,130,924</u>	<u>29,611,619</u>
NET POSITION				
Unrestricted Net Assets	<u>(8,845,000)</u>	<u>4,476,977</u>	<u>10,726</u>	<u>(4,357,297)</u>
Total Net Position	<u>\$ (8,845,000)</u>	<u>\$ 4,476,977</u>	<u>\$ 10,726</u>	<u>\$ (4,357,297)</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	753	754	792	Total
	Insurance	Self Funded Blue Cross Blue Shield	Self Funded Workers Compensation	Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 1,271,442	\$ 35,212,309	\$ 10,582	\$ 36,494,333
Total Operating Revenues	<u>1,271,442</u>	<u>35,212,309</u>	<u>10,582</u>	<u>36,494,333</u>
OPERATING EXPENSES:				
Other Operating Costs	-	40,396,733	-	40,396,733
Total Operating Expenses	<u>-</u>	<u>40,396,733</u>	<u>-</u>	<u>40,396,733</u>
Operating Income (Loss)	1,271,442	(5,184,424)	10,582	(3,902,400)
Total Net Position - July 1 (Beginning)	(10,179,768)	9,661,343	144	(518,281)
Prior Period Adjustment	<u>63,326</u>	<u>58</u>	<u>-</u>	<u>63,384</u>
Total Net Position June 30 (Ending)	<u>\$ (8,845,000)</u>	<u>\$ 4,476,977</u>	<u>\$ 10,726</u>	<u>\$ (4,357,297)</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	753	754	792	
	Insurance	Self Funded Blue Cross Blue Shield	Self Funded Workers Compensation	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Other Operating Cash Receipts (Payments)	\$ (908,132)	\$ 2,223,373	\$ 293,236	\$ 1,608,477
Net Increase (Decrease) in Cash and Cash Equivalents	(908,132)	2,223,373	293,236	1,608,477
Cash and Cash Equivalents at Beginning of Year	1,019,738	320,550	32,869	1,373,157
Cash and Cash Equivalents at End of Year	<u>\$ 111,606</u>	<u>\$ 2,543,923</u>	<u>\$ 326,105</u>	<u>\$ 2,981,634</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 1,271,442	\$ (5,184,424)	\$ 10,582	\$ (3,902,400)
Adjustments to Reconcile Operating Income				
to Net Cash Provided by (Used For) Operating Activities:				
Prior Period Adjustment	63,326	58	-	63,384
Effect of Increases and Decreases in Current				
Assets and Liabilities:				
Decrease (increase) in Current Investments	-	-	(3,246,704)	(3,246,704)
Decrease (increase) in Due from Other Funds	-	2,884,849	4,821,258	7,706,107
Decrease (increase) in Other Receivables	1,715	(332)	650,000	651,383
Increase (decrease) in Accounts Payable	(64,396)	-	(1,907,178)	(1,971,574)
Increase (decrease) in Due to Other Funds	(2,180,219)	4,523,222	(30,000)	2,313,003
Increase (decrease) in Due to Student Groups	-	-	(4,722)	(4,722)
Net Cash Provided by (Used for)	<u>\$ (908,132)</u>	<u>\$ 2,223,373</u>	<u>\$ 293,236</u>	<u>\$ 1,608,477</u>
Operating Activities	<u>\$ (908,132)</u>	<u>\$ 2,223,373</u>	<u>\$ 293,236</u>	<u>\$ 1,608,477</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	BALANCE JULY 1 2012	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2013
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 1,247,931	\$ 4,717,487	\$ 4,791,030	\$ 1,174,388
Due From Other Funds	19,918	-	19,918	-
Total Assets	<u>\$ 1,267,849</u>	<u>\$ 4,717,487</u>	<u>\$ 4,810,948</u>	<u>\$ 1,174,388</u>
Liabilities:				
Accounts Payable	\$ 52,999	\$ 24,010	\$ 32,097	\$ 44,912
Due to Student Groups	1,214,850	4,673,559	4,758,933	1,129,476
Total Liabilities	<u>\$ 1,267,849</u>	<u>\$ 4,697,569</u>	<u>\$ 4,791,030</u>	<u>\$ 1,174,388</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2013

	810 Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship
ASSETS				
Cash and Cash Equivalents	\$ 976	\$ 260,207	\$ 100	\$ 23,564
Due from Other Funds	-	-	-	-
Total Assets	<u>976</u>	<u>260,207</u>	<u>100</u>	<u>23,564</u>
LIABILITIES				
Accounts Payable	975	-	-	-
Due to Other Funds	-	-	100	-
Due to Student Groups	-	-	-	-
Total Liabilities	<u>975</u>	<u>-</u>	<u>100</u>	<u>-</u>
NET POSITION				
Unrestricted Net Assets	<u>1</u>	<u>260,207</u>	<u>-</u>	<u>23,564</u>
Total Net Position	<u>\$ 1</u>	<u>\$ 260,207</u>	<u>\$ -</u>	<u>\$ 23,564</u>

829	Total
Supt	Private
Scholarship	Purpose
Trust Funds	Trust Funds
\$ 48	\$ 284,895
17,647	17,647
<u>17,695</u>	<u>302,542</u>
-	975
-	100
13,461	13,461
<u>13,461</u>	<u>14,536</u>
4,234	288,006
<u>\$ 4,234</u>	<u>\$ 288,006</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	810	816	827	828
	Crime Stoppers	Johnny & Nena Cavazos Athletic Fund	Student Ambassador Program	Filemon Vela Memorial Scholarship
ADDITIONS:				
Local and Intermediate Sources	\$ 1	\$ 661	\$ -	\$ 53
Total Additions	<u>1</u>	<u>661</u>	<u>-</u>	<u>53</u>
Change in Net Position	1	661	-	53
Total Net Position - July 1 (Beginning)	-	289,107	-	-
Prior Period Adjustment	-	(29,561)	-	23,511
Total Net Position - June 30 (Ending)	<u>\$ 1</u>	<u>\$ 260,207</u>	<u>\$ -</u>	<u>\$ 23,564</u>

829	Total
Supt	Private
Scholarship	Purpose
Trust	Funds
\$ 15	\$ 730
<u>15</u>	<u>730</u>
15	730
4,219	293,326
<u>-</u>	<u>(6,050)</u>
<u>\$ 4,234</u>	<u>\$ 288,006</u>

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2013

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
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	1.019100	0.073200	5,051,924,932
2013 (School year under audit)	1.019100	0.073200	5,209,962,063
1000 TOTALS			

(10) Beginning Balance 7/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2013
\$ 1,700,317	\$ -	\$ 101,394	\$ 8,610	\$ (45,039)	\$ 1,545,274
403,490	-	50,777	473	(3,169)	349,071
412,561	-	60,246	1,964	685	351,036
561,509	-	112,023	7,646	2,267	444,107
577,226	-	131,130	9,419	(3,830)	432,847
819,284	-	244,310	17,548	25,008	582,434
1,150,131	-	389,663	30,805	24,824	754,487
1,873,388	-	766,642	55,066	31,376	1,083,056
4,060,538	-	2,173,043	156,086	(53,184)	1,678,225
-	55,837,551	47,747,305	3,429,600	(271,382)	4,389,264
<u>\$ 11,558,444</u>	<u>\$ 55,837,551</u>	<u>\$ 51,776,533</u>	<u>\$ 3,717,217</u>	<u>\$ (292,444)</u>	<u>\$ 11,609,801</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 452,875	\$ 5,164,928	\$ -	\$ 4,354,643	\$ 9,972,446
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	345,744	-	-	-	-	-	345,744
6212	Audit Services	-	-	-	51,500	-	-	51,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	798,253	-	-	-	-	798,253
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	1,927	-	-	68,038	-	92,204	162,169
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	6,210	-	59,392	65,602
6240	Contr. Maint. and Repair	-	-	-	-	523,801	-	523,801
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	2,644	-	3,892	34,512	-	93,286	134,334
6290	Miscellaneous Contr.	13,514	-	135,722	219,444	-	59,702	428,382
6320	Textbooks and Reading	-	-	114	1,356	-	2,078	3,548
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	6,646	-	7,083	237,344	-	255,252	506,325
6410	Travel, Subsistence, Stipends	39,238	-	11,078	55,517	-	51,376	157,209
6420	Ins. and Bonding Costs	-	-	-	-	-	172,016	172,016
6430	Election Costs	154,357	-	-	-	-	-	154,357
6490	Miscellaneous Operating	835,837	-	3,917	75,258	-	135,187	1,050,199
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	115,123	115,123
6000	TOTAL	\$ 1,399,907	\$ 798,253	\$ 614,681	\$ 5,914,107	\$ 523,801	\$ 5,390,259	\$ 14,641,008

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 477,519,902

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 10,599,533
Total Debt & Lease(6500)	(11)	4,562,590
Plant Maintenance (Function 51, 6100-6400)	(12)	44,333,244
Food (Function 35, 6341 and 6499)	(13)	14,245,043
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>5,914,107</u>

SubTotal: 79,654,517

Net Allowed Direct Cost \$ 397,865,385

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 598,785,636
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)	\$ 41,576,429
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,707,228
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 8,068,637

(8) NOTE A: \$1,571,149 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 6/30/13 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 98,624,179
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 3,621,302	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	24,783,705	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	3,477,398	
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.	50,002,633	
8	Estimate of delayed payments from state sources (58xx).	27,263,603	
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>115,459,961</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ (16,835,782)</u></u>

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, 2013

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	\$ 1,402,000	\$ 1,402,000	\$ 1,336,377	\$ (65,623)
5800 State Program Revenues	680,000	680,000	190,153	(489,847)
5900 Federal Program Revenues	33,487,076	33,487,076	34,036,165	549,089
5020 Total Revenues	35,569,076	35,569,076	35,562,695	(6,381)
EXPENDITURES:				
0035 Food Services	33,839,079	34,184,437	31,069,274	3,115,163
0051 Facilities Maintenance and Operations	1,729,997	1,829,997	1,776,620	53,377
6030 Total Expenditures	35,569,076	36,014,434	32,845,894	3,168,540
1200 Net Change in Fund Balances	-	(445,358)	2,716,801	3,162,159
0100 Fund Balance - July 1 (Beginning)	5,470,171	5,470,171	5,470,171	-
3000 Fund Balance - June 30 (Ending)	\$ 5,470,171	\$ 5,024,813	\$ 8,186,972	\$ 3,162,159

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, 2013

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	\$ 4,329,481	\$ 4,329,481	\$ 3,806,808	\$ (522,673)
5800 State Program Revenues	12,300,000	12,300,000	10,178,374	(2,121,626)
5020 Total Revenues	16,629,481	16,629,481	13,985,182	(2,644,299)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	8,115,000	8,115,000	8,115,000	-
0072 Interest on Long Term Debt	8,512,981	8,512,981	8,512,981	-
0073 Bond Issuance Cost and Fees	1,500	1,500	1,101,876	(1,100,376)
6030 Total Expenditures	16,629,481	16,629,481	17,729,857	(1,100,376)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(3,744,675)	(3,744,675)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	122,710,000	122,710,000
7916 Premium or Discount on Issuance of Bonds	-	-	20,075,278	20,075,278
8949 Payment to Escrow Agent	-	-	(141,659,928)	(141,659,928)
7080 Total Other Financing Sources (Uses)	-	-	1,125,350	1,125,350
1200 Net Change in Fund Balances	-	-	(2,619,325)	(2,619,325)
0100 Fund Balance - July 1 (Beginning)	4,079,156	4,079,156	4,079,156	-
1300 Increase (Decrease) in Fund Balance	-	-	(412,520)	(412,520)
3000 Fund Balance - June 30 (Ending)	\$ 4,079,156	\$ 4,079,156	\$ 1,047,311	\$ (3,031,845)

STATISTICAL SECTION

STATISTICAL SECTION OVERVIEW

This part of the District comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes 27 schedules. These schedules fall within the following categories:

<u>Contents</u>	<u>Page</u>
Government-Wide Information This section contains schedules that reflect current year and past years amounts on the District's government-wide financial statements.	93
Fund Information This section contains schedules that reflect current year and past years amounts on the District's fund financial statements.	99
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.	108
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.	114
Demographic and Economic Information This section contains schedules that provide an understanding of the environment within which the District's financial activities take place.	119
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.	124

SCHEDULE 1
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
Governmental Activities					
Investment in Capital Assets	\$ 153,436,185	\$ 152,489,514	\$ 171,184,508	\$ 61,006,564	\$ 95,604,744
Restricted	57,451,563	98,358,180	81,665,840	229,355,987	235,087,962
Unrestricted	99,384,748	97,534,738	110,748,123	106,255,875	89,801,140
Total Net Assets	<u>\$ 310,272,496</u>	<u>\$ 348,382,432</u>	<u>\$ 363,598,471</u>	<u>\$ 396,618,426</u>	<u>\$ 420,493,846</u>

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

	2009	2010	2011	2012	2013
\$	239,579,610	\$ 252,449,434	\$ 239,341,909	\$ 249,760,978	\$ 265,298,588
	17,636,587	47,228,007	50,582,763	47,257,800	33,977,469
	153,762,955	84,682,883	73,922,111	65,775,797	54,465,766
\$	410,979,152	\$ 384,360,324	\$ 363,846,783	\$ 362,794,575	\$ 353,741,823

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

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
Expenses					
Governmental Activities:					
Instruction	\$ 198,820,719	\$ 190,802,261	\$ 225,127,661	\$ 235,656,199	\$ 251,458,965
Instructional Resources & Media Services	7,349,494	5,810,592	8,298,444	7,082,218	7,429,329
Curriculum & Staff Development	9,838,935	9,926,103	12,710,160	13,073,733	12,468,934
Instructional Leadership	5,408,783	4,375,756	5,481,316	6,191,546	6,731,053
School Leadership	18,409,987	15,715,709	19,982,255	21,261,506	22,234,884
Guidance, Counseling & Evaluation Services	13,537,844	12,985,210	14,261,105	15,708,534	16,262,550
Social Work Services	752,463	391,898	514,318	520,648	500,457
Health Services	3,617,567	3,437,790	3,774,733	4,452,657	4,874,905
Student (Pupil) Transportation	9,632,174	9,817,842	11,877,527	13,088,226	13,386,936
Food Services	24,265,522	23,620,249	26,407,131	28,341,364	28,453,632
Cocurricular/Extracurricular Activities	9,681,919	8,863,883	12,121,352	13,405,545	14,333,394
General Administration	9,762,781	8,383,267	10,310,051	11,121,851	11,628,184
Plant Maintenance & Operations	32,483,497	28,726,621	39,631,342	43,270,873	47,109,642
Security & Monitoring Services	3,078,800	2,742,852	3,566,191	3,909,690	4,784,350
Data Processing Services	1,830,399	1,679,255	1,897,662	2,240,079	2,440,008
Community Services	3,297,355	3,692,366	3,815,334	4,165,693	4,226,094
Debt Service - Interest on Long Term Debt	5,439,580	2,602,523	4,999,747	7,866,188	10,209,593
Debt Service - Bond Issuance Cost & Fees	10,958	9,279	304,446	735,785	19,442
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	34,886	103,152	97,558
Total Governmental Activities	357,218,777	333,583,456	405,115,661	432,195,487	458,649,910
Program Revenues					
Charges for Services					
Instruction	902,814	802,992	975,830	841,225	1,010,092
Instructional Resources and Media Services	-	-	-	-	-
Curriculum and Instructional Staff Development	8,209	-	-	-	-
Instructional Leadership	-	-	-	-	-
School Leadership	-	-	-	-	-
Guidance, Counseling and Evaluation Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-
Food Services	1,250,211	1,226,537	1,306,641	1,371,261	1,528,468
Extracurricular Activities	378,632	337,198	321,630	357,281	344,025
General Administration	-	-	-	-	-
Plant Maintenance and Operations	-	-	-	-	-
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	77,169	71,812	55,553	87,070	88,226
Debt Service - Interest on Long Term Debt	-	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Operating Grants and Contributions	64,272,584	64,729,396	70,078,445	73,063,663	75,268,303
Total Governmental Activities	66,889,619	67,167,935	72,738,099	75,720,500	78,239,114
Net Governmental Activities	Revenue/(Expense)	\$ (290,329,158)	\$ (266,415,521)	\$ (332,377,562)	\$ (356,474,987)
	\$	\$	\$	\$	\$

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

	2009	2010	2011	2012	2013
\$	263,214,508	\$ 280,044,296	\$ 283,753,243	\$ 265,301,523	\$ 269,902,260
	8,386,006	9,091,704	9,145,005	8,150,501	8,990,567
	14,793,150	15,554,587	19,505,830	13,284,303	15,764,951
	7,059,359	8,002,797	7,834,698	8,226,349	8,593,985
	23,438,655	24,551,960	25,044,466	24,028,022	26,014,428
	17,738,872	18,234,605	18,254,355	16,840,314	18,886,458
	711,711	764,709	765,569	621,835	1,091,761
	5,405,783	5,427,344	5,705,521	5,781,101	5,853,598
	13,147,513	14,715,541	13,509,625	12,927,507	12,463,068
	27,575,534	30,062,988	29,764,725	31,627,859	32,839,664
	13,531,209	10,084,446	16,653,137	14,485,042	15,765,298
	12,319,564	12,138,098	12,670,295	17,182,090	17,589,088
	48,055,290	50,388,704	51,408,170	46,452,947	46,463,990
	5,538,612	5,904,597	6,350,712	6,400,024	6,005,965
	3,038,063	2,908,275	3,661,103	4,036,884	4,319,976
	4,941,913	5,270,769	5,750,327	5,111,489	5,096,028
	9,864,827	9,800,715	10,357,075	10,552,122	10,234,546
	96,332	31,947	686,668	-	988,081
	148,558	227,879	209,466	183,264	106,194
	479,005,459	503,205,961	521,029,990	491,193,176	506,969,906
	1,164,731	1,606,651	1,884,347	2,748,811	3,888,758
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	1,419,206	1,238,788	1,422,678	1,270,219	1,304,284
	343,771	367,206	452,862	443,271	479,685
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	479,153	117,487	105,954	118,182	101,226
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	82,140,558	98,592,857	137,170,598	130,857,311	130,377,082
	85,547,419	101,922,989	141,036,439	135,437,794	136,151,035
\$	(393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)	\$ (370,818,871)

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

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
Net Governmental Activities					
Revenue /(Expense)	\$ (290,329,158)	\$ (266,415,521)	\$ (332,377,562)	\$ (356,474,987)	\$ (380,410,796)
General Revenues:					
Property Taxes - M&O	48,788,334	52,878,425	54,900,026	57,100,739	47,622,425
Property Taxes - Debt Service	1,369,951	1,382,834	2,672,946	4,777,354	4,866,150
State Aid	253,487,266	228,779,857	252,078,847	256,856,481	273,801,373
Grants & Contributions					
not Restricted	20,841,629	18,809,954	27,912,159	53,491,917	48,965,278
Investment Earnings	2,302,612	4,021,279	9,262,177	17,281,072	17,368,044
Miscellaneous Local and Intermediate Revenue	-	-	-	-	-
Total General Revenues	326,789,792	305,872,349	346,826,155	389,507,563	392,623,270
Special and Extraordinary Items:					
Special Item	2,319,010	347,248	1,179,641	187,043	2,656,772
Special - (Use)	(95,242)	(456,883)	(973,775)	(1,608,033)	(1,669,850)
Extraordinary Item - resource	-	-	-	1,794,147	500,500
Total Special Items	2,223,768	(109,635)	205,866	373,157	1,487,422
Change in Net Position	<u>\$ 38,684,402</u>	<u>\$ 39,347,193</u>	<u>\$ 14,654,459</u>	<u>\$ 33,405,733</u>	<u>\$ 13,699,896</u>

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

2009	2010	2011	2012	2013
<u>\$ (393,458,040)</u>	<u>\$ (401,282,972)</u>	<u>\$ (379,993,551)</u>	<u>\$ (355,755,382)</u>	<u>\$ (370,818,871)</u>
50,698,836	49,108,507	49,247,771	50,847,039	51,667,559
3,608,402	5,713,455	3,480,992	3,541,802	3,628,836
279,184,838	273,485,573	280,086,312	276,148,038	274,519,456
46,407,489	47,456,785	29,720,120	29,414,332	31,641,569
6,867,205	576,057	327,543	424,833	255,274
-	-	606,897	1,083,845	1,256,425
<u>386,766,770</u>	<u>376,340,377</u>	<u>363,469,635</u>	<u>361,459,889</u>	<u>362,969,119</u>
222,344	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>222,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (6,468,926)</u>	<u>\$ (24,942,595)</u>	<u>\$ (16,523,916)</u>	<u>\$ 5,704,507</u>	<u>\$ (7,849,752)</u>

SCHEDULE 4
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES
 GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
General Fund					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 3,195,213	\$ 3,725,141	\$ 3,952,630	\$ 5,073,314	\$ 4,440,512
Retirement of Long-Term Debt	-	178,062	172,868	172,868	165,895
Outstanding Encumbrances	3,527,911	10,549,147	11,816,841	15,417,596	13,535,457
Food Service	7,897,198	7,160,197	7,063,466	7,238,318	5,550,630
Other Purposes	11,824,307	20,862,132	15,921,314	16,711,053	17,129,854
<i>Unreserved Designated For:</i>					
Construction	11,091,043	40,438,286	26,884,570	33,779,582	50,393,914
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	98,815,933	84,797,128	99,630,833	94,599,727	84,885,826
<i>Nonspendable Fund Balances:</i>					
Inventories	-	-	-	-	-
<i>Restricted Fund Balances:</i>					
Federal or State Funds Grant Restriction	-	-	-	-	-
Other Restricted Fund Balance	-	-	-	-	-
<i>Committed Fund Balances:</i>					
Construction	-	-	-	-	-
Other Committed Fund Balance	-	-	-	-	-
<i>Assigned Fund Balance:</i>					
Other Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-
Total General Fund Balance	\$ 136,351,605	\$ 167,710,093	\$ 165,442,522	\$ 172,992,458	\$ 176,102,088
All Other Governmental Funds					
<i>Special Revenues</i>					
Outstanding Encumbrances	-	6,310	126,247	52,238	57,921
Other Restricted Fund Balance	-	-	-	-	-
Other Reserves	2,034,223	2,110,798	1,463,554	1,246,819	1,230,326
<i>Debt Service</i>					
Retirement of Long Term Debt	3,610,532	7,582,861	9,579,439	8,488,045	7,527,191
<i>Capital Projects</i>					
Outstanding Encumbrances	6,869,468	3,086,876	6,515	3,763,740	65,678,823
Other Purposes	7,789,986	4,023,645	5,074,658	5,074,658	5,074,658
<i>Unreserved and Undesignated:</i>					
Reported in the Capital Projects funds	-	-	-	132,276,179	64,199,140
Reported in Special Revenue funds	(388,318)	(1,365,275)	(396,262)	61,577	103,641
<i>Restricted Fund Balances:</i>					
Capital Acquisition and Contractual Obligation	-	-	-	-	-
Retirement of Long Term Debt	-	-	-	-	-
Other Restricted Fund Balance	-	-	-	-	-
<i>Committed Fund Balances:</i>					
Construction	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-
Total All Other Governmental Fund Balance	19,915,891	15,445,215	15,854,151	150,963,256	143,871,700
Total Government Funds -- Fund Balance	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673	\$ 323,955,714	\$ 319,973,788
Governmental Funds					
Beginning Fund Balance	\$ 144,015,251	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673	\$ 323,955,714
Net Change in Fund Balance	12,252,245	26,887,812	(1,858,635)	142,659,041	(3,981,926)
Ending Balance	\$ 156,267,496	\$ 183,155,308	\$ 181,296,673	\$ 323,955,714	\$ 319,973,788

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances. The District implemented GASB 54 in fiscal year 2011.

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.

	2009	2010	2011	2012	2013
\$	4,980,783	\$ 4,893,251	\$ -	\$ -	\$ -
	3,920	3,919	-	-	-
	10,855,448	25,960,333	-	-	-
	1,693,073	2,613	-	-	-
	11,216,238	4,806,460	-	-	-
	31,953,995	5,803,488	-	-	-
	88,167,972	76,111,051	-	-	-
	-	-	4,422,662	3,580,179	3,621,302
	-	-	11,326,313	18,914,624	24,422,165
	-	-	222,229	354,719	361,540
	-	-	22,364,837	2,285,678	1,245,498
	-	-	541,141	2,142,090	2,231,900
	-	-	-	6,311,320	6,311,320
	-	-	60,435,774	58,087,083	60,430,454
\$	148,871,429	\$ 117,581,115	\$ 99,312,956	\$ 91,675,693	\$ 98,624,179
	56,608	2,129,059	-	-	-
	-	-	-	-	-
	451,609	451,609	-	-	-
	7,415,666	6,340,788	-	-	-
	20,471,549	3,099,866	-	-	-
	5,074,657	5,074,657	-	-	-
	14,656,385	4,552,631	-	-	-
	71,825	(2,046,805)	-	-	-
	-	-	-	9,590,034	8,507,993
	-	-	5,027,732	4,079,156	1,047,311
	-	-	5,516,459	-	-
	-	-	1,161,390	-	-
	-	-	4,927,512	-	-
	48,198,299	19,601,805	16,633,093	13,669,190	9,555,304
\$	197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883	\$ 108,179,483
\$	319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883
	(122,904,060)	(59,886,808)	(21,236,871)	(10,601,166)	2,834,600
\$	197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883	\$ 108,179,483

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		
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
2013	56,749,223	407,491	5,631,672	295,957,448	15,058,467	14,101,730	111,411,478	499,317,509

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
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
2013	282,773,835	33,216,052	83,561,653	13,069,858	54,821,958	4,882,569

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
\$ 5,175,000	\$ 5,521,842	\$ 34,696,336	\$ -	\$ 391,630,660	3.00%
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	2.12%
9,950,000	9,200,003	25,664,640	103,152	458,733,811	4.42%
6,990,000	10,554,188	30,651,788	97,558	487,062,347	3.84%
7,310,000	10,413,099	121,189,943	148,558	592,877,928	3.76%
7,095,000	10,752,816	47,440,171	227,879	548,461,790	3.56%
10,930,000	11,163,563	37,181,977	209,467	547,725,735	4.33%
10,530,000	10,697,044	19,224,060	183,265	497,354,688	4.44%
10,950,000	11,342,447	1,619,259	106,194	496,343,825	4.51%

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

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
Excess of Revenues Over (Under) Expenditures	\$ 1,379,278	\$ 26,817,171	\$ (2,882,625)	\$ 5,868,776	\$ (15,542,126)
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	-	-	-
Capital-Related Debt Issued	-	-	65,435,000	129,985,000	-
Sale of Real and Personal Property	23,464	51,099	49,803	17,645	24,496
Non-Current Loans	9,155,000	-	-	-	-
Transfers In	11,731,275	8,101,880	11,455,350	12,898,480	13,867,904
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	3,132,776
Transfers Out	(11,731,275)	(8,101,880)	(11,455,350)	(12,898,480)	(13,867,904)
Other Uses	(95,242)	(456,883)	(70,488,772)	(1,608,033)	(1,669,850)
Total Other Financing Sources (Uses)	11,225,342	(109,635)	462,410	134,955,091	1,487,422
Special Items	153,426	-	-	1,794,147	-
Net Change in Fund Balances	\$ 12,758,046	\$ 26,707,536	\$ (2,420,215)	\$ 142,618,014	\$ (14,054,704)

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

2009	2010	2011	2012	2013
\$ (120,163,179)	\$ (70,468,683)	\$ (42,876,175)	\$ (310,543)	\$ 2,973,684
-	15,400,000	25,770,000	-	-
7,320,000	-	-	-	122,710,000
23,657	-	-	-	-
6,250,000	-	-	-	-
13,005,391	7,386,260	7,563,785	12,088,180	11,692,351
187,074	(3,080,000)	-	-	20,075,278
1,411	-	-	-	-
(13,147,872)	(7,386,260)	(7,563,785)	(12,088,180)	(11,692,351)
(13,650,287)	-	-	-	(141,659,928)
(10,626)	12,320,000	25,770,000	-	1,125,350
197,276	-	-	-	-
\$ (119,976,529)	\$ (58,148,683)	\$ (17,106,175)	\$ (310,543)	\$ 4,099,034

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
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
2013	45,393	6,189	733	1,827	287	1,208

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
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
108	241	250	36	2	10,881

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			
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
2013	4,573,692,652	636,269,411	5,209,962,063	6,343,330,587	82.13%	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 Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 49,326,280	\$ 45,414,638	92.07%	\$ 3,295,529	\$ 48,710,167	98.75%
2005	53,980,789	48,224,568	89.34%	4,599,411	52,823,979	97.86%
2006	56,893,668	51,372,178	90.30%	4,580,262	55,952,440	98.35%
2007	61,639,120	55,207,914	89.57%	5,335,801	60,543,715	98.22%
2008	51,069,707	46,597,854	91.24%	3,856,739	50,454,593	98.80%
2009	52,931,405	48,397,765	91.43%	3,855,712	52,253,476	98.72%
2010	53,382,448	48,693,877	91.22%	3,909,003	52,602,879	98.54%
2011	53,617,610	48,836,611	91.08%	3,419,178	52,255,790	97.46%
2012	54,109,128	49,935,751	92.29%	2,329,129	52,264,879	96.59%
2013	55,837,551	51,176,905	91.65%	-	51,176,905	91.65%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

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
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
2013	1.019100	0.073200	1.092300	52,095,620	3,741,931	55,837,551

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	
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
2013	2012	1.092300	0.049200	0.700613	0.045200	0.384291	0.306000	0.162935	2.740539

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 2013	
		Tax Year 2012 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	\$ 40,670,345	0.78%
TRICO Products Corp.	Manufacturer	14,612,389	0.28%
Columbia Valley Healthcare Systems LP	Hospital	29,328,921	0.56%
Southwestern Bell Telephone	Telephone Utility	-	0.00%
Rich-Seapak Co	Retail Store	16,049,715	0.31%
KIMCO Brownsville LP	Land/ Improvements	17,798,265	0.34%
Wal-Mart Real Estate Business TR	Real Estate/Retail Store	22,496,832	0.43%
Wal-Mart Stores Inc.	Retail Store	17,433,275	0.33%
H E Butt Grocery Co	Grocery	13,984,646	0.27%
Brownsville Medical Center	Hospital	-	-
Wal-Mart Stores EAST Inc.	Retail Store	-	-
Brownsville Sunrise Mall, LP	Real Estate/Shopping Mall	-	-
TX & Kansas City Cable PTRS LP	Information	-	-
AEP Texas Central Co.	Utilities	13,310,111	0.00%
VHS Brownsville Hospital Company LLC	Hospital	30,265,723	0.00%
Totals		<u>\$ 215,950,222</u>	<u>3.30%</u>

Source: Cameron County Appraisal District

Fiscal Year 2004

Tax Year		
2003	Assessed	Percentage of
	Valuation	Total Assessed
		Valuation
\$	-	-
	14,073,205	0.42%
	34,121,106	1.01%
	26,136,910	0.78%
	18,593,372	0.55%
	-	-
	-	-
	14,186,710	0.42%
	16,162,928	0.48%
	15,825,679	0.47%
	12,664,007	0.38%
	13,221,890	0.39%
	11,985,120	0.36%
	-	-
	-	-
\$	176,970,927	5.25%

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
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
2013	17,030,000	146,940,000	3,735,000	33,940,000	201,645,000

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>
2.43%	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
3.18%	4085

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

As of June 30, 2013

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Brownsville Navigation District	\$ 12,790,000	A	10/31/2013	79.07%	\$ 10,113,053
City of Brownsville	153,460,000	* A	10/31/2013	89.33%	137,085,818
Cameron County	115,470,000	A	10/31/2013	32.78%	37,851,066
Paseo De La Resaca MUD #1	2,758,710	A	10/31/2013	100.00%	2,758,710
Paseo De La Resaca MUD #2	4,181,590	A	10/31/2013	100.00%	4,181,590
Paseo De La Resaca MUD #3	4,585,170	A	10/31/2013	100.00%	4,585,170
Paseo De La Resaca MUD #3 (Master District - Contract Tax)	4,700,000	A	10/31/2013	100.00%	4,700,000
Rancho Viejo, Town of	542,000	* A	10/31/2013	61.72%	334,522
Texas Southmost College	67,450,000	A	10/31/2013	48.65%	32,814,425
Valley MUD #2	5,415,000	* A	10/31/2013	68.74%	3,722,271
					<u>\$ 238,146,625</u>
Brownsville ISD		B	6/30/2012	100.00%	<u>\$ 172,405,844</u>
Total Direct and Overlapping Debt					<u><u>\$ 410,552,469</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)

	2004	2005	2006	2007	2008
Assessed Valuation	\$ 3,372,158,099	\$ 3,695,481,340	\$ 3,895,196,875	\$ 4,465,529,944	\$ 4,773,440,004
Debt Limit - 10% of Assessed Valuation	\$ 337,215,810	\$ 369,548,134	\$ 389,519,688	\$ 446,552,994	\$ 477,344,000
General Obligation Bonds	92,415,001	92,415,000	89,735,000	210,290,000	203,835,000
Deduct Amount Available in Debt Service Fund	3,610,532	7,582,861	9,579,439	8,488,045	7,527,191
Applicable Debt	88,804,468	84,832,139	80,155,561	201,801,955	196,307,809
Legal Debt Margin	\$ 248,411,342	\$ 284,715,995	\$ 309,364,127	\$ 244,751,039	\$ 281,036,192
Debt Margin as a Percentage of the Debt Limit	73.67%	77.04%	79.42%	54.81%	58.87%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2009	2010	2011	2012	2013
\$ 4,909,923,402	\$ 4,993,708,059	\$ 5,009,567,679	\$ 5,051,924,932	\$ 5,209,962,063
\$ 490,992,340	\$ 499,370,806	\$ 500,956,768	\$ 505,192,493	\$ 520,996,206
197,060,000	205,365,000	220,820,000	210,930,000	197,910,000
7,415,666	6,340,788	5,027,732	4,079,156	1,047,311
189,644,334	199,024,212	215,792,268	206,850,844	196,862,689
\$ 301,348,006	\$ 300,346,594	\$ 285,164,500	\$ 298,341,649	\$ 324,133,517
61.38%	60.15%	56.92%	59.06%	62.21%

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
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
2013	49,361	6,343,330,587	201,645,000	1,047,311	200,597,689	3.16%	4,063.89

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
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%
2013	10,950,000	10,234,547	21,184,547	406,605,978	5.21%

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	2013 *			2004-2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	7,708	1	5.40%	7,105	1	4.78%
University of Texas at Brownsville	2,343	2	1.64%	1,494	2	1.01%
Cameron County	2,040	3	1.43%	1,385	3	0.93%
Keppel Amfels	1,650	4	1.16%	1,409	4	0.95%
City of Brownsville	1,200	5	0.84%	869	5	0.58%
Wal-mart	1,055	6	0.74%	875	6	0.59%
Covergys Corp.	623	10	0.70%	875	7	0.59%
HEB Food Stores	975	7	0.68%	614	8	0.41%
Valley Regional Medical Center	786	8	0.55%	581	10	0.39%
Valley Baptist Medical Center	738	9	0.52%	578	9	0.39%
Total	19,118		13.40%	15,785		10.62%

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%. Population x Unemployment Rate = Unemployed. Population less unemployed - 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
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
2013	2,253	102,828,701	6,545,060,836

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
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	176,859	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	175,023	2,257,797	12,900	29.5	60.3% - High School 15.0% - Bachelor's Degree	49,271	10.50%
2013	175,023	-	-	-	-	-	-

* Population Estimates - US Census Bureau

SOURCES:

City of Brownsville, Texas
Texas Workforce Commission
U.S. Census Bureau
U.S. Bureau of Economic Analysis

Information not included for specific years is not available.

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

LAST TEN YEARS

(Unaudited)

Classification	2004	2005	2006	2007	2008
Number of Employees					
Teachers	3,014	2,952	3,093	3,166	3,273
Professional Support	526	512	518	537	582
Campus Administration	181	187	189	194	195
Central Administration	35	34	28	31	18
Educational Aides	792	797	814	873	841
Auxiliary Staff	2,202	2,124	2,166	2,229	2,415
Total Employees	6,750	6,605	6,808	7,030	7,323
Percent of Total					
Teachers	44.66%	44.69%	45.44%	45.04%	44.69%
Professional Support	7.79%	7.75%	7.61%	7.64%	7.94%
Campus Administration	2.69%	2.83%	2.77%	2.76%	2.66%
Central Administration	0.51%	0.51%	0.41%	0.44%	0.25%
Educational Aides	11.73%	12.06%	11.95%	12.42%	11.48%
Auxiliary Staff	32.63%	32.16%	31.82%	31.70%	32.98%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).
 2013 Data taken from 2012/2013 PEIMS report.

2009	2010	2011	2012	2013
3,322	3,365	3,425	3,303	3,199
606	638	665	619	648
200	197	203	191	195
12	8	9	12	9
809	910	875	840	784
2,487	2,425	2,536	2,459	2,419
7,436	7,543	7,713	7,424	7,254
44.68%	44.61%	44.41%	44.49%	44.09%
8.15%	8.46%	8.62%	8.34%	8.93%
2.69%	2.61%	2.63%	2.57%	2.70%
0.16%	0.11%	0.12%	0.16%	0.12%
10.87%	12.06%	11.34%	11.31%	10.81%
33.45%	32.15%	32.88%	33.12%	33.35%
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	
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
2013	40,350	58,266	43,350	60,766	44,100	61,516	49,104

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
12.0	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%
12.5	86.4%	12.7%

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
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%
2013	45,393	49,361	91.96%

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
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	4.17%
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%
2013	45,393	401,453,099	8,844	6.57%	491,235,625	10,822	2.83%

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.

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
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%
2013	15.0	90%	47,633	96.0%

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.

SCHEDULE 27
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF SCHOOL BUILDINGS

(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
			PEREZ	65,896	700
SPECIAL CAMPUSES			PULLAM	91,722	640
Brownsville Academic Center	59,334	N/A	PUTEGNAT	61,563	560
Brownsville Learning Academy	N/A	N/A	RESACA	30,722	260
Lincoln Park	45,375	N/A	RUSSELL	90,074	960
Early College High School	39,380	262	SHARP	53,804	520
TOTAL	144,089	262	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
			TOTAL	2,751,796	26,494

Source: BISD Facilities School Building Information 10/07/2010

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, 2013, 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.

FEDERAL AWARDS SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Brownsville, Texas
November 11, 2013



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

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Brownsville, Texas
November 11, 2013

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

<i>Financial Statements</i>			
	Type of auditors’ report issued:	Unmodified	
	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	Unmodified	
	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	
	10.553 10.555	Child Nutrition Cluster	
	84.377A	Texas Title I Priority Schools	
	84.287C	21 st Century Community Learning Center	
	84.371C	Texas Literacy Initiative	
	84.410A	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, 2013

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, 2013

Program

Not Applicable

Findings/Noncompliance

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2013

Program

Findings/Noncompliance

Not Applicable

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 454,143
Total U.S. Department of Defense			<u>454,143</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Health and Human Services Commission:</i>			
Medicaid Administrative Claims	93.778	529-07-0157-00061	<u>137,577</u>
Total CFDA Number 93.778			<u>137,577</u>
<i>Passed Through Texas Education Agency:</i>			
Family Support Act AFDC Jobs	93.558	133625017110463	<u>90,402</u>
Total CFDA Number 93.558			<u>90,402</u>
Total U.S. Department of Health and Human Services			<u>227,979</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Pass Through Texas Education Agency:</i>			
Federal Adult Education Section 231	84.002A	134100087110471	102,000
Federal Adult Education Section 231	84.002A	134100017110490	<u>518,371</u>
Total CFDA Number 84.002A			<u>620,371</u>
ESEA Title I, Part A 2012	84.010A	12610101031901	1,883,399
ESEA Title I, Part A 2013	84.010A	13610101031901	26,186,457
Title I-School Improvement Effective Strategies 2013 - Rivera	84.010A	12610104031901004	95,755
Title I-School Improvement Program 2012 - Rivera	84.010A	12610104031901004	24,294
Title I-School Improvement Program 2013 - Rivera	84.010A	13610101031901004	35,578
Title I-School Improvement Program 2013 - Cummings	84.010A	13610101031901042	14,951
Title I-School Improvement Program 2013 - Faulk	84.010A	13610101031901043	14,991
Title I-School Improvement Program 2013 - Stell	84.010A	13610101031901044	9,417
Title I-School Improvement Program 2013 - Olivera	84.010A	13610101031901045	9,127
Title I-School Improvement Program 2013 - Perkins	84.010A	13610101031901046	14,109
Title I-School Improvement Program 2013 - Vela	84.010A	13610101031901047	9,743
Title I-School Improvement Program 2013 - Besteiro	84.010A	13610101031901048	13,530
Title I-School Improvement Program 2013 - Sharp	84.010A	13610101031901111	1,589
Title I-School Improvement Program 2013 - Del Castillo	84.010A	13610101031901120	<u>7,345</u>
Total CFDA Number 84.010A			<u>28,320,285</u>
ESEA Title I, Ed. For Migrant Child 2012	84.011A	12615001031901	99,043
ESEA Title I, Ed. For Migrant Child 2013	84.011A	13615001031901	<u>1,532,769</u>
Total CFDA Number 84.011A			<u>1,631,812</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
IDEA B - Formula 2012	84.027A	126600010319016600	390,238
IDEA B - Formula 2013	84.027A	1326600010319016600	10,435,126
IDEA B- Discretionary (DEAF) 2013	84.027A	136600020319016673	73,367
IDEA B- Formula (DEAF) 2013	84.027A	106600010319016601	49,226
Total CFDA Number 84.027A			<u>10,947,957</u>
Carl Perkins Grant for Career & Technology Education	84.048A	13420006031901	967,591
Total CFDA Number 84.048A			<u>967,591</u>
IDEA B - Preschool 2013	84.173A	136610010319016610	115,734
IDEA B- Preschool (DEAF) 2013	84.173A	136610010319016611	10,405
Total CFDA Number 84.173A			<u>126,139</u>
IDEA C- Early Intervention 2012	84.181A	123911010319013911	299
IDEA C- Early Intervention 2013	84.181A	133911010319013911	1,086
Total CFDA Number 84.181A			<u>1,385</u>
21ST Century Community Learning Center, Cycle 6 Year 3	84.287C	126950177110013	28,801
21ST Century Community Learning Center, Cycle 6 Year 4	84.287C	126950147110013	649,933
21ST Century Community Learning Center, Cycle 7 Year 1	84.287C	116950167110019	300,379
21ST Century Community Learning Center, Cycle 7 Year 2	84.287C	136950167110011	2,720,813
Total CFDA Number 84.287C			<u>3,699,926</u>
ESEA Title III-Limited English Proficiency (LEP) 2012	84.365A	12671001031901	6,319
ESEA Title III-Limited English Proficiency (LEP) 2013	84.365A	13671001031901	1,621,190
Total CFDA Number 84.365A			<u>1,627,509</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting 2	84.367A	13694501031901	3,239,037
Total CFDA Number 84.367A			<u>3,239,037</u>
Texas Literacy Initiative	84.371C	126460037110007	4,225,059
Total CFDA Number 84.371A			<u>4,225,059</u>
Title I-Texas Title I Priority Schools 2011-2012-Faulk	84.377A	116107047110004	273,639
Title I-Texas Title I Priority Schools 2012-2013-Faulk	84.377A	126107047110004	1,446,759
Title I-Texas Title I Priority Schools 2011-2012-Porter	84.377A	116107047110005	226,511
Title I-Texas Title I Priority Schools 2012-2013-Porter	84.377A	126107047110005	1,535,783
Title I-Texas Title I Priority Schools 2011-2012-Rivera	84.377A	116107047110006	586,157
Total CFDA Number 84.377A			<u>4,068,849</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Texas Title I Priority Schools Grant (ARRA) Hanna	84.388A	105520017110009	2,431,611
Texas Title I Priority Schools Grant (ARRA) Lopez	84.388A	105520017110010	2,188,422
Texas Title I Priority Schools Grant (ARRA) Pace	84.388A	105520017110011	<u>2,993,147</u>
Total CFDA Number 84.388A			<u>7,613,180</u>
Education Jobs Fund	84.410A	11551031901	<u>1,504,110</u>
Total CFDA Number 84.410A			<u>1,504,110</u>
Total Passed Through Texas Education Agency			<u>68,593,210</u>
<i>Pass Through Educational Service Center Region 10:</i>			
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth	84.196A	13-062	<u>78,149</u>
Total Passed Through Education Service Center Region 10			<u>78,149</u>
<i>Pass Through The University of Texas at Edinburg:</i>			
GEAR UP 2012	84.334A	P334A050122	<u>5,582</u>
Total Passed Through The Uniniversity of Texas at Edinburg			<u>5,582</u>
<i>Pass Through Regon One Education Service Center (ESC 1):</i>			
GEAR UP 2012	84.334A	P334A050122	36,891
GEAR UP 2012	84.334A	P334A050122	<u>161,848</u>
Total Passed Through Region One ESC (ESC 1)			<u>198,739</u>
Total Department of Education			<u>68,875,680</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
Food Distribution *	10.555	-	463,600
School Breakfast Program *	10.553	71401001	13,642,691
National School Lunch Program *	10.555	71301001	<u>19,929,874</u>
Total Passed Through Texas Education Agency			<u>34,036,165</u>
Total United States Department of Agriculture			<u>34,036,165</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 103,593,967</u>

* Clustered programs

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

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) have been excluded from the Schedule of Expenditures of Federal Awards.