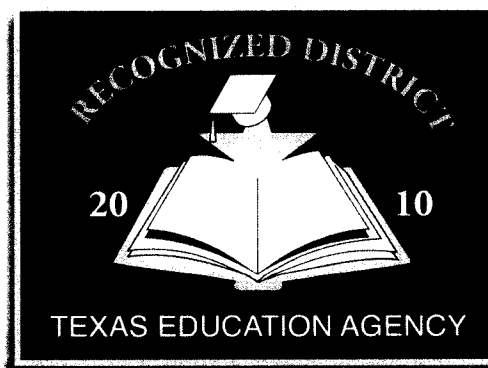


BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

1900 PRICE ROAD • BROWNSVILLE, TEXAS 78520



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

Brownsville Independent School District

Brownsville, Texas



Comprehensive Annual Financial Report

For

Fiscal Year Ended June 30, 2010

Prepared by: The Division of Finance



This Page Intentionally Left Blank

INTRODUCTORY SECTION



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u> <u>Number</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Table of Contents	i	
Letter of Transmittal	1	
GFOA Certificate of Achievement	8	
ASBO Certificate of Achievement	9	
List of Principal Officials.....	10	
Administrative Organization Chart.....	11	
Certificate of Board.....	12	
FINANCIAL SECTION		
Independent Auditor's Report	13	
Management's Discussion and Analysis.....	15	
<i>Basic Financial Statements:</i>		
<i>Government Wide Statements:</i>		
Statement of Net Assets	29	A-1
Statement of Activities	30	B-1
<i>Government Fund Financial Statement</i>		
Balance Sheet	31	C-1
Reconciliation for C-1	32	C-2
Statement of Revenues, Expenditures and Changes in Fund Balance	33	C-3
Reconciliation for C-3	34	C-4
Budgetary Comparison Schedule – General Fund	35	C-5
<i>Proprietary Fund Financial Statements:</i>		
Statements of Net Assets	36	D-1
Statement of Revenues, Expenses and Changes in Fund Net Assets	37	D-2
Statement of Cash Flows	38	D-3
<i>Fiduciary Fund Financial Statements:</i>		
Statement of Fiduciary Net Assets	39	E-1
Statement of Changes in Fiduciary Fund Net Assets	40	E-2
Notes to the Financial Statements	41	
<i>Combining Statements:</i>		
<i>Nonmajor Governmental Funds:</i>		
Combining Balance Sheet	61	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances....	71	H-2
Combining Statements of Net Assets, Internal Service Funds.....	81	H-3
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets.....	82	H-4
Combining Statements of Cash Flows, Internal Service Funds	83	H-5
Combining Statements of Changes in Assets and Liabilities, Agency Funds.....	84	H-6
Combining Statements of Net Assets, Private Purpose Trust Funds	85	H-7
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets	86	H-8

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2010

TABLE OF CONTENTS

Page
Number Exhibit

FINANCIAL SECTION
(Continued)

Texas Education Agency – Required Schedules:

Schedule of Delinquent Taxes Receivable	87	J-1
Schedule of Expenditures for Computations of Indirect Cost for 2009-2010	89	J-2
Fund Balance and Cash Flow Calculation Worksheet, Unaudited.....	90	J-3
Budgetary Comparison Schedule – Child Nutrition Program.....	91	J-4
Budgetary Comparison Schedule – Debt Service Fund	92	J-5

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedules by Source.....	93	
Schedule by Function and Activity	94	
Schedule of Changes in by Function.....	95	

STATISTICAL SECTION

Government-Wide Information:

Net Assets by Component – Last Eight Years	96	S-1
Governmental Activities Expenses & Program Revenues – Last Eight Years	97	S-2
General Revenues and Changes in Net Assets – Last Eight Years	99	S-3

Fund Information:

Fund Balances – Governmental Funds – Last Ten Years	101	S-4
Governmental Fund Revenues by Source – Last Ten Years.....	103	S-5
Governmental Fund Expenditures by Function – Last Ten Years	104	S-6
Governmental Funds Other Sources, Uses and Changes in Fund Balances – Last Ten Years	106	S-7
Governmental Fund Expenditures by Function Per Average Daily Attendance – Last Ten Years	108	S-8

Revenue Capacity Information:

Assessed and Estimated Actual Value of Property – Last Ten Years.....	110	S-9
Property Tax Levies and Collections – Last Ten Years.....	111	S-10
Allocation of Property Tax Rates and Levies – Last Ten Years	112	S-11
Property Tax Rates – Direct and Overlapping Governments (Per \$100 Assessed Valuation) – Last Ten Years.....	113	S-12
Principal Property Taxpayers – Current Year and Nine Years Prior	114	S-13

Debt Capacity Information:

Outstanding Debt by Type – Last Ten Years	116	S-14
Direct and Overlapping Debt – General Obligation Bonds.....	118	S-15
Computation of Legal Debt – General Obligation Bonds – Last Ten Years.....	119	S-16

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

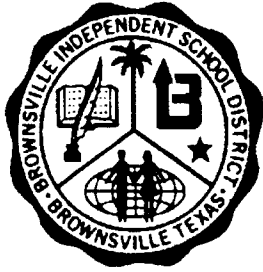
JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page Number</u>	<u>Exhibit</u>
STATISTICAL SECTION (Continued)		
<i>Debt Capacity Information: (Continued)</i>		
Ratio of Net General Obligation Bonded Debt to Estimated Actual Value And Per Average Daily Membership – Last Ten Years.....	121	S-17
Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures – Last Ten Years	122	S-18
<i>Demographic and Economic Information</i>		
Principal Employers – Current Year and Nine Years Prior	123	S-19
Construction and Property Values – Last Ten Years	124	S-20
<i>Operating Information:</i>		
Work Force Composition by Employee Classification – Last Ten Years.....	125	S-21
Schedule of Teacher Information – Last Ten Years.....	127	S-22
Schedule of Attendance and Membership – Last Ten Years	129	S-23
Operating Statistics – Last Ten Years	130	S-24
Schedule of Student Information – Last Ten Years	131	S-25
Schedule of School Buildings	132	S-26
Miscellaneous Statistics	133	
FEDERAL AWARDS SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	134	
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance with OMB Circular A-133	136	
Schedule of Findings and Questioned Costs	138	
Corrective Action Plan.....	140	
Summary Schedule of Prior Audit Findings	141	
Schedule of Expenditures of Federal Awards	142	
Notes to Schedule of Expenditures of Federal Awards.....	145	



This Page Intentionally Left Blank



**Brownsville Independent
School District
1900 Price Road
Brownsville, Texas 78521
Telephone: (956) 548-8000**



October 12, 2010

Mr. Rolando Aguilar, President
Members of the Board of Trustees
Brownsville Independent School District
Brownsville, Texas 78521

BOARD OF EDUCATION

Rolando Aguilar
President
Ruben Cortez, Jr.
Vice President
Joe Colunga
Secretary
Rick Zayas
Assistant Secretary
Dr. Enrique Escobedo, Jr.
Member
Minerva M. Peña
Member
Caty Presas-Garcia
Member

Brett Springston
Superintendent

Dear Mr. Aguilar and Members:

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, 2010.

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, 2010, 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

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

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

and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through twelve for its approximate 49,500 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.

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

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

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

Factors Affecting Financial Conditions

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

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. For the past several years, the Brownsville economy has grown at a steady rate. The opening of numerous new businesses in the past several years has had a ripple effect on the housing industry. Housing subdivisions continue to flourish throughout the city, creating a need for more schools in these new developments.

The non-reliance on the manufacturing industry has minimized the problems affecting other parts of the country. Many of the businesses are service oriented, i.e. restaurants, hospitals, retail stores, etc., thus the employment rate has remained at a steady level.

Construction - During the fiscal year Mittie Pullam, Raquel Peña and Thomas Keller Elementary Schools were completed and opened their doors to BISD students. Construction continued on Veterans Memorial High School and Edward Manzano Middle School. These projects are part of the \$135 million construction bonds that were voter approved in 2006.

During December 2009 Qualified School Construction Bonds (QSCB) were issued in the amount of \$15.4 million and construction started on Daniel Breeden Elementary School, BISD's thirty seventh elementary school. The bonds qualified for the Texas Education Agency's Instructional Facilities Allotment (IFA), thus the state will pay seventy-one percent of debt requirements while the district will pay the remaining twenty-nine percent.

Also approved during FY 2009-2010 was the Palto Alto Service Complex. This facility will be home to the Maintenance, Warehouse/Textbooks/Fixed Assets and Records Management Departments. The \$8,150,694 facility will be paid from local maintenance funds.

District Long-term Financial Planning – The District has maintained the fund balance to ensure the needed resources are available when required to meet unexpected revenue shortfalls. Careful budgeting and monitoring of expenditures has allowed the District to make several major acquisitions without resorting to borrowing money. Projected membership for school year 2009-10 is expected to reach 49,500.

Local funding is expected to increase slightly over the next few years due to local housing and building improvements, higher appraisals and new commercial construction. The District's maintenance and operations tax rate for tax year 2009-2010 is \$1.012273 per \$100 valuation and the Debt Service rate is \$0.080027 for a total tax rate of \$1.0923. FY 2009-2010 will be the third 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 76.33% of the total general fund revenue and is estimated to remain stable for the next two to four years. This funding is driven mainly by student attendance.

The State Fiscal Stabilization Fund of 2009 provided the district with additional funds. The Brownsville Independent School District was allocated \$18 million to be used over a two year period. During fiscal year 2009-2010 the district received and expended \$12,957,387 of its budgeted amount of \$16,564,909. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement.

The District is focusing on greater efficiency through the use of technology to help reduce the labor and time-consuming paperwork. The implementation of the Bi-Tech system has allowed the district to reduce paperwork significantly. Budgeted purchases can be approved

and processed from employee computers, thus eliminating handwritten documents. All necessary internal controls are built into the software, keeping a high degree of security.

The district's ongoing project of scanning and imaging of all documents has eliminated much of the paperwork that is currently kept in file rooms. The two pilot departments, Records Management Department and the Finance Department, have procured scanners and have made the transition to a paperless work environment.

Cash Management Policies and Practices – The District is required to execute a depository agreement with a banking institution for a period of two years. Competitive bidding is mandated and state law sets general terms. The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All deposits were secured by the Federal Deposit Insurance Corporation (FDIC) and by pledged securities. All investments must be in compliance with the guidelines set by the Public Funds Investments Act. The act set the type of investments governmental entities can make. The District has an active cash management program in prudently investing available cash. Cash temporarily idle during the year was invested in pool investments. The District has investments in the TexPool, Texas Term Daily, Texas Term Fixed, MBIA Texas Class Investment and Lone Star Liquidity Plus Fund investment pools.

Risk Management – The District is self-funded with regard to the majority of medical and worker compensation benefits provided to employees. Both self-funded programs are administered by external administrators whose primary function is to settle claims. The District's Risk Management Office monitors activities performed by these external administrators. The District in cooperation with the Workers Compensation Plan administrator initiated an Accident Prevention Program. The program implements various risk control techniques to minimize accident-related losses.

Financial Polices – As a result of the state of the national, state and local economies, the District is constantly monitoring its financial resources and expenditures. The Brownsville Independent School District, like many other school districts, is constantly looking for grants, windows for refunding bonds, monitoring investment rates and other potential sources of funds.

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 2010-2011 budget were: consolidation of bus routes for students participating extracurricular practice, charging for the actual cost of transporting students for non home-to-school trips, minimizing field trips, scrutinizing expenditures for food, etc.

Due to the forecasted state budget deficit and in anticipation of no growth in state funding, the District elected to forego pay raises for all employees, unless mandated by legislation, for fiscal year 2010-2011. This action as part of discussions and recommended by the Cost Reduction Committee.

Pension Plan – The District contributes to the Teacher Retirement System of Texas (TRS), a public employee, cost-sharing multiple employer defined benefit pension plan. Under this plan, all risks and costs are not shared by the District but are a liability of the State of Texas. Additional information on the District’s pension arrangements can be found in Note J of in the Notes to the Financial Statements.

Paper Recycling Program – the district initiated a paper recycling program under the direction of the Fixed Asset/Textbook/Warehouse Department. A grant partially funded the purchase of a paper collection vehicle which is used to collect paper from the various campuses and departments. The paper is sold at a recycling center. The intent of the program is to ensure the district plays a role in the conservation of natural resources.

Awards

Texas Education Agency – The District earned “Recognized” status based on the Texas Assessment of Knowledge and Skills (TAKS) test scores for school year 2009-2010. Recognized status is the second highest rating given to a district for academic achievement, with Exemplary being the highest. Furthermore, every BISD campus received either Exemplary or Recognized status during school year 2009-2010.

	Exemplary	Recognized	Totals
High School	1	5	6
Middle School	5	5	10
Elementary School	26	10	36
Totals	32	20	52

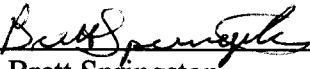
Association of School Business Officials International (ASBO) – At June 30, 2009, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for ASBO’s Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate in the summer of 2010. This was the second time the District had submitted its financial statements for this award.

Government Finance Officers Association (GFOA) - At June 30, 2009, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for GFOA’s Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate during the summer of 2010. This was the second time the District had submitted its financial statements for this award.

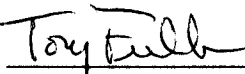
Schools FIRST - Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. The primary goal of the Schools FIRST is to improve the management of school districts’ financial resources. The Brownsville Independent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

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

Respectfully submitted,



Mr. Brett Springston
Superintendent of Schools



Mr. Tony Fuller
Chief Financial Officer



This Page Intentionally Left Blank

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, 2009

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Evin Green

President

John D. Mueser

Executive Director

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

LIST OF PRINCIPAL OFFICIALS

For The Year Ended June 30, 2010

BOARD OF TRUSTEES

Rolando Aguilar – President

Ruben Cortez, Jr. – Vice-President

Joe Colunga – Secretary

Rick Zayas – Assistant Secretary

Dr. Enrique Escobedo, Jr. – Member

Minerva M. Pena – Member

Caty Presas-Garcia – Member

ADMINISTRATORS

Brett Springston, Superintendent

Susan Fox, Assistant Superintendent of Human Resources

Berta Pena, Assistant Superintendent of Curriculum and Instruction

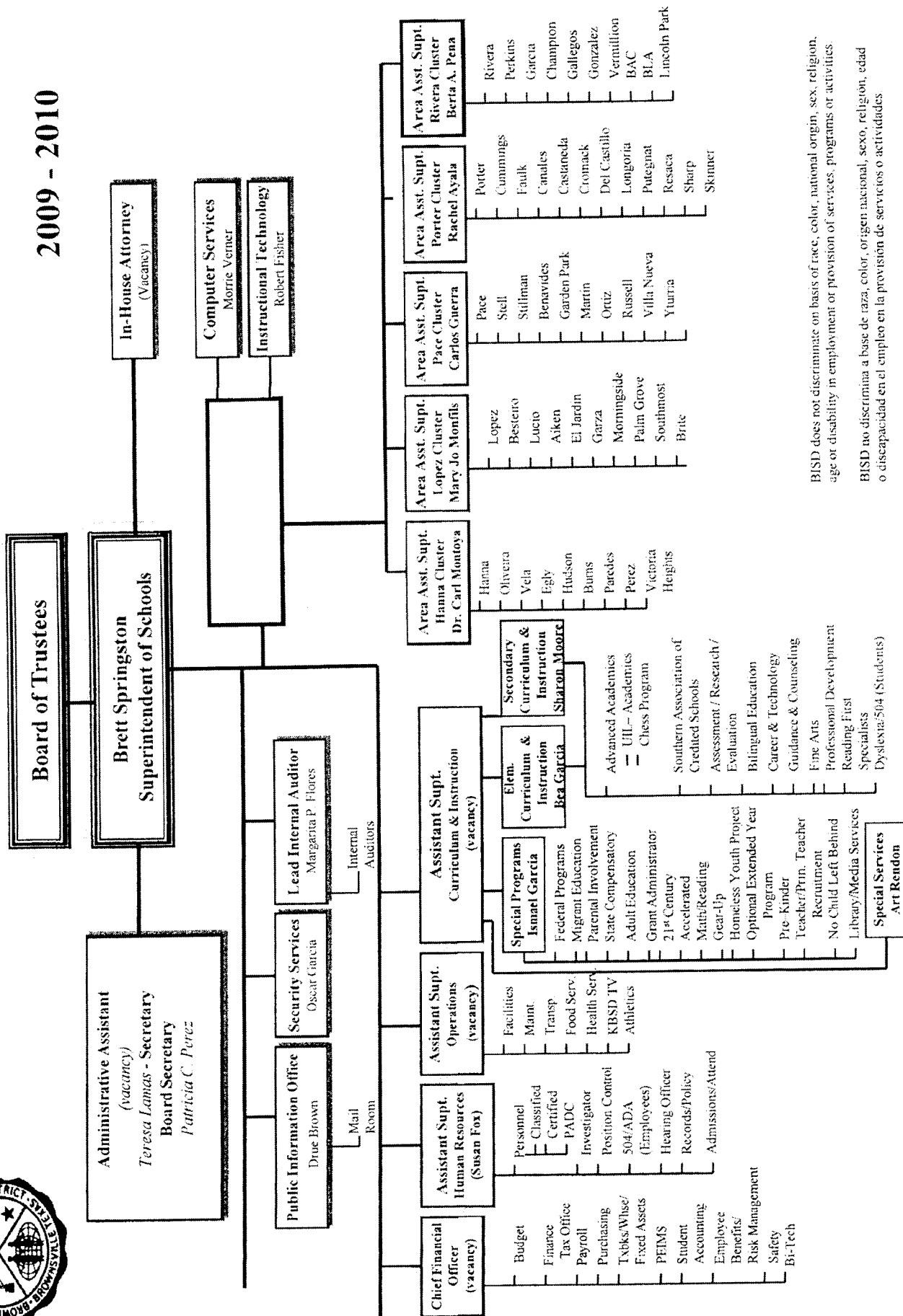
Carlos Guerra, Assistant Superintendent of Operations

Tony Fuller, Chief Financial Officer



Brownsville Independent School District

2009 - 2010



BISD does not discriminate on 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, religion, edad o discapacidad en el empleo en la provision de servicios o actividades.

CERTIFICATE OF BOARD

Brownsville Independent School District
Name of District

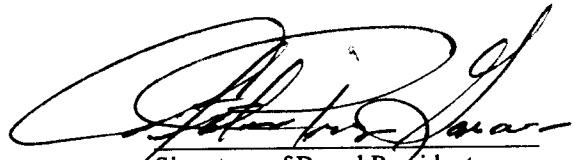
Cameron
County

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) **X** approved _____ disapproved for the year ended June 30, 2010 at a meeting of the Board of Trustees of such school district on the 7 day of December, 2010.



Signature of Board Secretary



Signature of Board President



This Page Intentionally Left Blank

FINANCIAL SECTION



This Page Intentionally Left Blank

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, other supplementary information, required Texas Education Agency ("TEA") schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 financial statements. The other supplementary information, required TEA schedules, and the schedule of expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in relation to the financial statements as a whole. The introductory and statistical sections 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.

Patullo, Brown & Hill, LLP

October 22, 2010



Brownsville Independent School District
1900 Price Road
Brownsville, Texas 78521

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

This section of Brownsville Independent School District's comprehensive financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2010. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

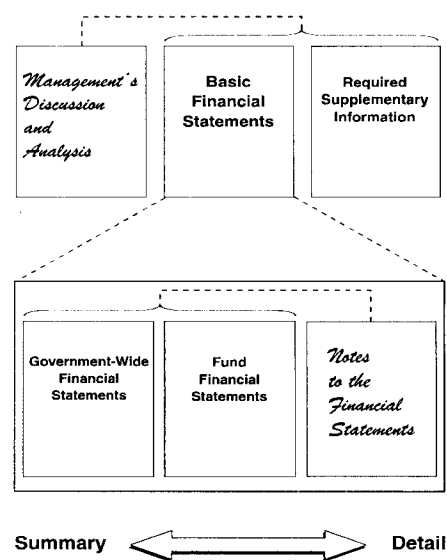
- At June 30, 2010 the District's assets exceed its liabilities by \$384,360,324. Total assets were \$697,015,407 and total liabilities were \$312,655,083. (Exhibit A-1)
- During 2009-2010 fiscal period, the District's district-wide revenues were \$478,263,366, whereas, total district-wide expenses were \$503,205,961 resulting in a (\$24,942,595) change in net assets (Exhibit B-1). At the end of fiscal year 2008-2009, the District incurred a (\$6,468,926) change in net assets.
- The general fund reported a fund balance this year of \$117,581,115. Fund balance for the general fund at June 30, 2009 was \$148,871,429, for a decrease of (\$31,290,314). General fund expenses exceeded revenues by \$40,761,264. Last year's total revenues were \$384,716,150, whereas this year's total revenues were only \$377,855,335, resulting in a decrease of (\$6,860,815) (Exhibit C-3).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as catering.

Figure A-1, Required Components of the District's Comprehensive Financial Report



- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fund Statements	
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's combined net assets were \$384,360,324 at June 30, 2010. (See Table A-1 disclosed in thousands of dollars).

Current Assets	Governmental Activities		Total % Change
	2009	2010	2009-2010
Cash and Cash Equivalents	\$ 3,656	\$ 4,325	18.3%
Investments	234,898	172,116	-26.7%
Property Taxes Receivable	11,342	11,953	5.4%
Due From Other Governments	44,693	40,630	-9.1%
Accrued Interest	310	34	-89.0%
Due From Fiduciary Funds	12,086	7	-99.9%
Other Receivables (Net)	442	9,654	2084.2%
Inventories, At Cost	4,981	4,893	-1.8%
Debt Issuance Costs	285	3,348	1074.7%

Land	23,368	27,594	18.1%
Buildings, Furniture, Equip. (Net)	274,315	298,454	8.8%
Construction in Progress	115,035	124,007	7.8%
Total Assets	\$ 725,411	\$ 697,015	-3.13%
<u>Current Liabilities</u>			
Accounts Payable	\$ 28,997	\$ 40,804	40.72%
Interest Payable	32	0	-100.00%
Payroll Deductions	12,809	10,082	-21.29%
Accrued Wages Payable	34,586	28,849	-16.59%
Due to Fiduciary Funds	-	187	100.00%
Due to Other Governments	26,456	9,185	-65.28%
Due to Student Groups	156	210	34.62%
Accrued Expenses	80	34	-57.50%
Deferred Revenues	1,720	6,300	266.28%
<u>Noncurrent Liabilities</u>			
Due Within One Year	7,690	9,545	24.12%
Due In More Than One Year	201,906	207,459	5.84%
Total Liabilities	\$ 314,432	\$ 312,655	1.34%
<u>Nets Assets</u>			
Invested In Capital Assets	239,580	238,606	-0.41%
Restricted	17,636	59,471	237.21%
Unrestricted	153,763	86,283	-43.89%
Total Net Assets	\$410,979	\$384,360	-6.48%

The restricted fund balance amount of \$47.2 million (Table A-2) is comprised of the following:

Table A-2
Summary of Restricted Fund Balance

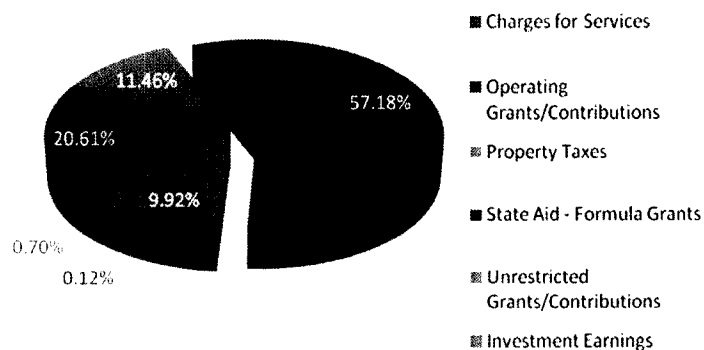
<u>Description</u>	<u>Amount</u>
Restricted - Federal and State Programs	\$ 533,863
Restricted - Debt Service	6,340,788
Restricted - Capital Projects	9,303,589
Restricted - Other Purposes	31,049,767
Total	<u>\$ 47,228,007</u>

CHANGES IN NET ASSETS: The District's total revenues were \$478,263,366. Revenues from property taxes were 11.46% of the District's revenue (See Figure A-3). State aid and other formula grants account for 57.18% of revenues. Only 0.70% relates to charges for services.

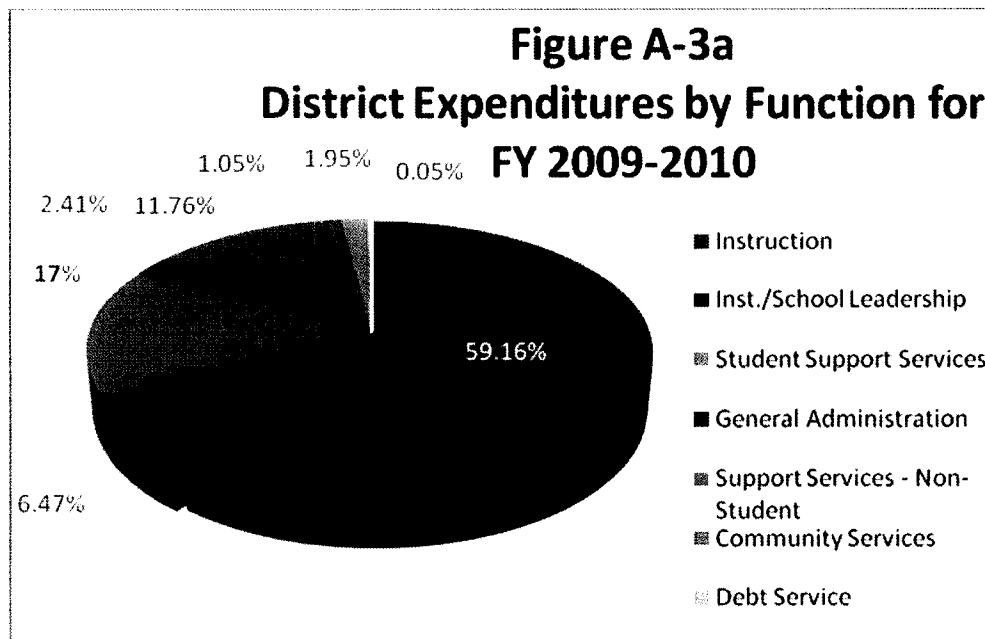
Summary of Revenues Figure A-3

<u>Description</u>	<u>Amount</u>	<u>Percent</u>
Charges for Services	\$ 3,330,132	0.70%
Operating		
Grants/contributions	98,592,857	20.61%
Property Taxes	54,821,962	11.46%
State Aid - Formula Grants	273,485,573	57.18%
Unrestricted		
Grants/Contributions	47,456,785	9.92%
Investment Earnings	576,057	0.12%
Special Item	-	0.00%
	<u>\$ 478,263,366</u>	<u>100.00%</u>

**Figure A-3 District Sources of Revenues
for FY 2009-2010**



The total cost of all programs and services was \$503,205,961. Eighty-three percent of these costs were for instructional and other student services, such as transportation, food services, health services, extracurricular activities, etc. The remaining seventeen percent in costs were for general administration, security services, maintenance, computer services, debt service, etc. (Figure A-3a).



Governmental Activities

- The district's total property tax rate remained the same at \$1.0923 per \$100 of property valuation. The Maintenance and Operations tax rate was set at \$1.012273 per \$100/property valuation and the debt service rate was set at \$0.080027. The beginning tax levy for FY 2008-2009 was \$52,931,405, whereas the beginning tax levy for FY 2009-2010 was \$53,617,670. Total tax revenues were \$54,821,962 (Exhibit B-1 in Comprehensive Annual Financial Report), whereas last year's tax revenues were \$54,307,238, resulting in a \$514,724 (0.94%) increase in tax revenues.

Table A-3
Summary of Tax Rates, Tax Levies and Tax Collections

	<u>2008-2009</u>	<u>2009-2010</u>	<u>% Change</u>
<u>Tax Rates</u>			
Maintenance & Operations	\$ 1.019100	\$ 1.012273	-0.67%
Debt Service	0.073200	0.080027	9.33%
	<u>\$ 1.092300</u>	<u>\$ 1.092300</u>	<u>0.00%</u>
 Beginning Tax Levy	 \$ 52,931,405	 \$ 53,617,670	 1.28%
 Tax Collections	 \$ 54,307,238	 \$ 54,821,962	 0.94%

Table A -4
Brownsville Independent School District
Changes in Net Assets
(In Thousands Dollars)

	Governmental Activities		Total % Change
<u>Program Revenues</u>	<u>2009</u>	<u>2010</u>	<u>2009-2010</u>
Charges for Services	\$ 3,407	\$ 3,330	-2.26%
Operating Grants and Contributions	82,141	98,593	20.03%
<u>General Revenues</u>			
Property Taxes	54,307	54,822	0.95%
Investment Earnings	6,867	576	-91.61%
State Foundation and Other	325,592	320,942	-1.43%
Miscellaneous	222	-	-100.00%
Total Revenues	\$ 472,536	\$ 478,263	1.21%
<u>Expenses</u>			
Instruction	263,216	280,044	6.39%
Instr. Resources/Media services	8,386	9,092	8.42%
Instr. Staff Development	14,793	15,554	5.14%
Instructional Leadership	7,059	8,002	13.36%
School Leadership	23,439	24,552	4.75%
Guidance and Counseling	17,739	18,235	2.80%
Social Work Services	712	765	7.44%
Health Services	5,406	5,427	0.39%
Student Transportation	13,148	14,715	11.92%
Food Services	27,576	30,063	9.02%
Co-Extra Curricular Activities	13,531	10,085	-25.47%
General Administration	12,319	12,138	-1.47%
Maintenance/Operations	48,055	50,389	4.86%
Security Services	5,539	5,905	6.61%
Data Services	3,038	2,908	-4.28%
Community Services	4,941	5,271	6.68%
Debt - Interest on LTD	9,864	9,801	-0.64%
Debt - Bond Issuance/Fees	96	32	-66.67%
Alternative Ed. Prog.	148	228	54.05%
Total Expenses	\$ 479,005	\$ 503,206	5.05%

Excess (Deficiency) Before Other Resources & Uses	\$ (6,469)	\$ (24,943)	285.58%
Net Assets - Beginning	\$ 420,494	\$ 410,979	-2.26%
Prior Period Adjustment	(3,046)	(1,676)	-44.98%
Increase/(decrease) in Net Assets	\$ (6,469)	(24,943)	285.58%
Net Assets - Ending	\$ 410,979	\$ 384,360	-6.48%

Table A-5 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$503,205,961.
- The amount that our taxpayers paid for these activities through property taxes was \$ 54,821,962 (10.89%).
- Some of the cost was paid by those who directly benefited from the programs (\$3,330,132), or by grants and contributions (\$98,592,857).

Table A-5
Net Cost of District Functions
(In Millions of Dollars)

	Total Cost of Services			Net Cost of Services		
	2009	2010	% Change	2009	2010	% Change
Instruction	\$ 286.4	\$ 304.7	6.39%	\$ (208.3)	\$ (222.2)	6.67%
School						
Administration	30.5	32.6	6.89%	(25.8)	(28.4)	10.08%
Student Support	78.1	79.3	1.54%	(71.7)	(71.2)	-0.70%
General						
Administration	12.3	12.1	-1.63%	(11.4)	(11.6)	1.75%
Support Services						
- Non Student	56.6	59.2	4.59%	(52.7)	(57.1)	8.35%
Community						
Services	5.1	5.5	7.84%	(0.4)	(0.9)	125.00%
Debt Service	10.0	9.8	-2.00%	(10.1)	(9.8)	-2.97%
	<u>\$ 479.0</u>	<u>\$ 503.2</u>	<u>5.05%</u>	<u>\$ (380.4)</u>	<u>\$ (401.2)</u>	<u>5.47%</u>

Business-type Activities

The District does not have any business-type activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from Summary of Activities governmental fund types totaled \$478,263,366, an increase of \$5,726,834 (1.21%) more than the preceding year (Table A-6).

Table A-6
Summary of Revenues

	FY 08-09	FY 09-10	Change	% Change
Local Revenues (C-3)	\$ 65,075,118	\$ 58,457,889	\$ (6,617,229)	-10.17%
State Program Revenues (C-3)	325,210,977	313,301,630	275,682,455	84.77%
Federal Program Revenues (C-3)	82,428,653	106,233,587	23,804,934	28.88%
Total Revenues (C-3)	\$ 472,714,748	\$ 477,993,106	\$ 5,278,358	1.12%
Reconciling Amounts				
Reclassifications To Expenditures (B-1/C-3)	(113,872,468)	(45,255,826)	68,616,642	-60.26%
Sale of Property (C-3)	23,657	-	(23,657)	-100.00%
Other Resources (C-3)	26,575,391	22,786,260	(3,789,131)	-14.26%
Other Uses (C-3)	(26,798,159)	(10,466,260)	16,331,899	-60.94%
ExtraOrdinary Item (C-3)	197,276	-	(197,276)	-100.00%
Agency Funds (C-2/C-4)	(135,585)	(140,276)	(4,691)	3.46%
Current Year Capital Outlay (C-2/C-4)	129,446,761	44,431,819	(85,014,942)	-65.68%
Depreciaton (C-2/C-4)	(15,936,587)	(14,865,534)	1,071,053	-6.72%
Misc. Reconciling Items (C-2/C-4)	321,498	3,780,077	3,458,579	1075.77%
Total Revenues (B-1)	\$ 472,536,532	\$ 478,263,366	\$ 5,726,834	1.21%

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the district revised its general fund budget twenty-three times. Seven amendments were for carryover purchase order re-appropriations (\$10,855,448); two were for additional funding (\$12,514,335) from the issuance of Qualified School Construction Bonds (QSCB) for the construction of Daniel Breeden Elementary School #144 with the remaining twelve for budget increases from fund balance (\$40,601,780.) (Table A-6a).

Summary of General Fund Budgets - Adopted vs Final
Table A-6a

	Object Code	Original Budget	Final Budget	Change
Salaries/Wages	6100	\$ 323,813,177	\$ 327,586,123	\$ 3,772,946
Contracted Services	6200	28,562,351	31,219,618	2,657,267
Supplies	6300	34,556,124	42,707,125	8,151,001
Operating Expenses	6400	14,339,012	14,991,899	652,887
Debt Service	6500	812,000	1,286,000	474,000
Capital Outlay	6600	9,801,704	58,065,166	48,263,462
		\$ 411,884,368	\$ 475,855,931	\$ 63,971,563

General fund actual expenditures were \$57,209,332 below final budget amounts. Much of the overall favorable variance may be attributed to capital outlay budget expenditures not materializing during the fiscal year. Over \$43 million was set aside for building construction and only \$15.9 million was actually spent, leaving a favorable balance of \$28.5 million.

Actual payroll expenditures were \$10.5 million below budget. This favorable variance is the result of the District administration's aggressive spending restraints and planning for the district's future in an uncertain economy.

Please refer to Table A-7 for a listing of budget versus actual variances at June 30, 2010.

Table A-7
General Fund Expenditures - Budget Vs. Actual
FY 2009-2010

Description	Object	Final Budget	Actual	Variance
Salaries/Wages	6100	\$ 327,586,123	\$ 317,110,082	\$ 10,476,041
Contracted Services	6200	31,219,618	26,211,427	5,008,191
Supplies	6300	42,707,125	36,171,153	6,535,972
Other Operating	6400	14,991,899	11,743,914	3,247,985
Debt Service	6500	1,286,000	1,271,307	14,693
Capital Outlay	6600	58,065,166	26,138,716	31,926,450
Total		<u>\$ 475,855,931</u>	<u>\$ 418,646,599</u>	<u>\$ 57,209,332</u>

The General Fund experienced a shortfall of \$31,815,323 in available resources below the final budgeted amount. Please refer to Table A-8. Below are some of the factors affecting budgeted revenues:

- The student enrollment projections used for the FY 2009-2010 original adopted budget did not materialize; this resulted in less state revenues in State Compensatory, State Vocational, State Special Education and State Foundation revenues. (\$16,158,224).
- General Fund investment income was budgeted at \$5,327,000, while only \$495,529 materialized, resulting in a (\$4,831,470) budget shortfall for local revenues.
 - Interest rates on investments was at less than 1.00% throughout the year.
- General Fund tax revenues were budgeted for \$51,478,477, however, total amounts realized were \$48,223,710 causing the district to experience a (\$3,254,767) revenue budget shortfall.
- Federal revenues were budgeted for \$27,512,457, while \$31,203,993 was recognized during FY 09-10, resulting in an overage of \$3,691,536.
 - The SHARS program contributed a major to the overage in federal revenues. Budgeted amount was \$232,310 while the actual amount received was \$3,064,766, resulting in a \$2,832,456 overage.
 - Total Child Nutrition Program revenues exceeded budget by \$300,441. Budgeted amount was \$26,570,147 and actual revenues were \$26,870,588.

Table A-8
General Fund Revenues - Budget Vs. Actual (Exhibit C-5)

Description	Object	Final Budget	Actual	Change
Local	5700	\$ 61,527,172	\$ 54,330,872	\$ (7,196,300)
State	5800	308,508,694	292,350,470	(16,158,224)
Federal	5900	27,512,457	31,203,993	3,691,536
Total		<u>\$ 397,548,323</u>	<u>\$ 377,885,335</u>	<u>\$ (19,662,988)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2010, the District had invested \$617,687,836 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-9). This amount represents a net increase (including additions and deductions) of \$51,098,427 or 9.02% percent over last year.

Capital Assets			
(In millions of dollars)			
	Governmental		Total
	Activities		Percentage
	<u>2009</u>	<u>2010</u>	<u>Change</u>
			<u>2009-2010</u>
Land	\$23.40	\$27.60	17.9%
Buildings and improvements	392.10	426.50	8.8%
Vehicles	22.40	23.90	6.7%
Equipment	13.60	15.70	15.4%
Construction in Progress	115.00	124.00	7.8%
Totals at historical cost	<u>\$566.50</u>	<u>\$617.70</u>	<u>9.0%</u>
Total accumulated depreciation	153.9	167.6	8.9%
Net capital assets	<u>\$412.60</u>	<u>\$450.10</u>	<u>9.09%</u>

The District's fiscal year 2010 capital projects spending (Function 81) of \$47,440,171 was principally for the construction of the new bond and locally funded high school, middle school, three elementary schools, various wing additions, new libraries, parking lot improvements, parking lots and numerous other projects district wide (Table A-10)

Function 81 budgeted amounts and actual expenditures by fund are summarized in Table A-10.

Table A-10
Summary of Construction Expenditures

Fund Name	Fund #	Budget	Actual	Balance
Food Service	101	\$ 25,908	\$ -	\$ 25,908
Qualified School Construction Bonds	190	12,152,335	1,033,153	11,119,182
Local Maint.	199	34,914,671	17,571,684	17,342,987
Other State Funded Programs - Science Labs	429	4,875,600	183,977	4,691,623
\$30M - 2 Elementary Schools	631	6,914,277	6,120,840	793,437
\$25M - 1 Middle School	632	10,215,975	7,622,505	2,593,470
\$50M - 1 High School	633	17,414,467	12,060,146	5,354,321
\$30M - District Wide Projects	634	4,564,647	2,847,866	1,716,781
		\$ 91,077,880	\$ 47,440,171	\$ 43,637,709

The change in construction in progress is illustrated in Table A-11 below.

Table A-11
Summary of Construction in Progress

	<u>Amounts</u>
Beginning Balance at June 30, 2009	\$ 115,035,549
Additions	38,191,743
Reclassifications (Completed Projects)	(29,219,887)
Ending Balance at June 30, 2010	<u>\$ 124,007,405</u>

The \$41,734,637 addition to construction in progress was for a new elementary school (Daniel Breeden Elementary School #144), the Palo Alto Support Center, Manzano Middle School, Veterans Memorial High School, Keller Elementary School, Pullam Elementary School and other projects, i.e. parking lots, athletic buildings.

The reclassification of Construction in Progress (\$29,219,887) was for the finalization of new libraries at various elementary schools, fire alarm upgrades at various campuses, re-roofing jobs at several campuses, new instructional wings air conditioning upgrades and other projects district-wide.

For more detailed information on additions, deletions, reclassifications and depreciation for capital asset activity, please refer to the Notes to the Financial Statements, Note E – Capital Asset Activity.

LONG TERM DEBT

At year-end the District had \$205.4 million in bonds outstanding as shown in Table A-12. More detailed information about the District's debt is presented in the notes (Note F) to the financial statements.

Bond Ratings

At June 30, the District's bonds carried the following ratings:

Moody's: A2

Standard & Poors: A

Fitch: AAA

Table A-12
Brownsville Independent School District's Long Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change 2009-2010
	<u>2009</u>	<u>2010</u>	
Leases payable	\$ -	\$ -	N/A
Bonds payable	197.0	205.4	4.26%
Claims payable	-	-	N/A
Less deferred amount			
On refundings	-	-	N/A
Total bonds & notes payable	<u>\$ 197.0</u>	<u>\$ 205.4</u>	<u>4.26%</u>

Below (Table A-13) is a summary of the District's bonded debt at June 30, 2010.

Table A-13
Summary of Bonded Debt

	<u>Amount</u>
Beginning Balance at June 30, 2009	\$ 197,060,000
Bonds Issued & Accreted Interest	15,400,000
Retired Current Year	(7,095,000)
Ending Balance at June 30, 2010	<u>\$ 205,365,000</u>

Note F to the comprehensive financial statements within this report presents more detailed information on bonded debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2010 budget preparation is up \$83,784,657 million, or 1.71% from FY 08-09 (Table A-14).

Table A-14
Appraised Values

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>Variance</u>
Appraised Value (Beginning)	\$ 4,909,923,402	\$ 4,993,708,059	1.71%
Tax Levy (Beginning)	\$ 52,931,405	\$ 53,382,448	0.85%

The District's FY 2010-2011 refined average daily attendance (ADA) is expected to be 44,500 for an increase of 403 (0.89%) from the FY 2009 2010 near final refined ADA of 45,097.

Amounts available for appropriation in the FY 2010-2011 general fund budget are \$409,526,989, a decrease of 13.93% from the final FY 09-10 budget of \$432,857,363. Property tax revenues will increase due to an increase in property values, which went up by 1.71%. The district has experienced an increase in student enroll and expects to receive more state funding during school year 2010-2011. Many of the construction projects that were originally budgeted from the general fund's fund balance have been completed or financed through Qualified School Construction Bonds (QSCB), thus allowing the district to use the fund balance for other needs.

Table A-15 below illustrates the expected change in revenues for fiscal year 2010-2011.

**Table A-15
General Fund
Summary of Final Versus Adopted Revenue Budgets**

	Object	Final FY 09-10	Adopted FY 10-11	Variance
Local	5700	\$ 61,527,172	\$ 58,490,645	\$ (3,036,527)
State	5800	308,508,694	309,269,252	760,558
Federal	5900	27,512,457	27,418,305	(94,152)
Other Sources	7900	78,559,316	14,348,787	(64,210,529)
Total		<u>\$ 476,107,639</u>	<u>\$ 409,526,989</u>	<u>\$ (66,580,650)</u>

General fund expenditures are budgeted to decrease nearly 15.92% to \$409,526,689 (Table A-16). Although the FY 2010-2011 adopted budget is \$77.5 million less than the final FY 2009-2010 budget, it is expected that the budget will increase significantly as construction projects are approved and carryover budgets and purchase orders are reappropriated.

Salary and wage expenditures are budgeted to decrease by \$3.5 million as a result district's efforts to contain costs in view of the uncertain state funding. The supplies budget decreased by \$13.9 million due to new schools being outfitted with the needed equipment and supplies during school year 2009-2010. The capital outlay budget decreased by \$53.0 million as a result of many of the construction projects being completed during fiscal year 2009-2010.

**Table A-16
General Fund
Summary of Final Versus Adopted Expenditure Budgets**

	Object	Final FY 09-10	Adopted FY 10-11	Variance
Salaries	6100	\$ 327,586,123	\$ 324,081,893	\$ (3,504,230)
Contracted Services	6200	31,219,618	27,572,809	(3,646,809)
Supplies	6300	42,707,125	28,794,018	(13,913,107)
Other Operating Exp.	6400	14,991,899	13,968,180	(1,023,719)
Debt Service	6500	1,286,000	2,181,810	895,810
Capital Outlay	6600	58,065,166	5,090,773	(52,974,393)
Other Uses	8900	11,194,705	7,837,206	(3,357,499)
Total		<u>\$ 487,050,636</u>	<u>\$ 409,526,689</u>	<u>\$ (77,523,947)</u>

The district's adopted General Fund adopted budget for fiscal year includes a contribution of \$6,511,281 from fund balance. Increases to the revenue and expenditure budgets are expected as new funding is obtained or as carryover budgets and carryover purchase orders are re-appropriated.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This comprehensive financial report is designed to provide our citizens, taxpayers, customers, and investors 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.

BASIC FINANCIAL STATEMENTS



This Page Intentionally Left Blank

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

Data		Primary Government
Control		Governmental
Codes		Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 4,325,257
1120	Current Investments	172,115,949
1220	Property Taxes Receivable (Delinquent)	12,322,154
1230	Allowance for Uncollectible Taxes	(369,664)
1240	Due from Other Governments	40,630,189
1250	Accrued Interest	33,606
1267	Due from Fiduciary Funds	6,785
1290	Other Receivables, net	9,653,778
1300	Inventories	4,893,251
1420	Capitalized Bond and Other Debt Issuance Costs	3,348,143
	Capital Assets:	
1510	Land	27,594,132
1520	Buildings, Net	286,570,152
1530	Furniture and Equipment, Net	11,884,270
1580	Construction in Progress	124,007,405
1000	Total Assets	697,015,407
LIABILITIES		
2110	Accounts Payable	40,804,035
2150	Payroll Deductions & Withholdings	10,082,054
2160	Accrued Wages Payable	28,848,723
2177	Due to Fiduciary Funds	186,989
2180	Due to Other Governments	9,185,390
2190	Due to Student Groups	209,677
2200	Accrued Expenses	33,592
2300	Deferred Revenues	6,300,137
	Noncurrent Liabilities	
2501	Due Within One Year	9,545,387
2502	Due in More Than One Year	207,459,099
2000	Total Liabilities	312,655,083
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	252,449,434
3820	Restricted for Federal and State Programs	533,863
3850	Restricted for Debt Service	6,340,788
3860	Restricted for Capital Projects	9,303,589
3890	Restricted for Other Purposes	31,049,767
3900	Unrestricted Net Assets	84,682,883
3000	Total Net Assets	\$ 384,360,324

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 280,044,296	\$ 1,606,651	\$ 71,127,917	\$ (207,309,728)
12 Instructional Resources and Media Services	9,091,704	-	1,872,384	(7,219,320)
13 Curriculum and Staff Development	15,554,587	-	7,854,869	(7,699,718)
21 Instructional Leadership	8,002,797	-	2,369,632	(5,633,165)
23 School Leadership	24,551,960	-	1,785,175	(22,766,785)
31 Guidance, Counseling and Evaluation Services	18,234,605	-	3,618,862	(14,615,743)
32 Social Work Services	764,709	-	156,070	(608,639)
33 Health Services	5,427,344	-	1,630,512	(3,796,832)
34 Student (Pupil) Transportation	14,715,541	-	748,184	(13,967,357)
35 Food Services	30,062,988	1,238,788	34,063	(28,790,137)
36 Extracurricular Activities	10,084,446	367,206	321,269	(9,395,971)
41 General Administration	12,138,098	-	519,415	(11,618,683)
51 Plant Maintenance and Operations	50,388,704	-	1,712,961	(48,675,743)
52 Security and Monitoring Services	5,904,597	-	310,395	(5,594,202)
53 Data Processing Services	2,908,275	-	73,184	(2,835,091)
61 Community Services	5,270,769	117,487	4,457,965	(695,317)
72 Debt Service - Interest on Long Term Debt	9,800,715	-	-	(9,800,715)
73 Debt Service - Bond Issuance Cost and Fees	31,947	-	-	(31,947)
95 Payments to Juvenile Justice Alternative Ed. Prg.	227,879	-	-	(227,879)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 503,205,961	\$ 3,330,132	\$ 98,592,857	(401,282,972)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	49,108,507
DT	Property Taxes, Levied for Debt Service	5,713,455
SF	State Aid - Formula Grants	273,485,573
GC	Grants and Contributions not Restricted	47,456,785
IE	Investment Earnings	576,057
TR	Total General Revenues	376,340,377
CN	Change in Net Assets	(24,942,595)
NB	Net Assets--Beginning	410,979,152
PA	Prior Period Adjustment	(1,676,233)
NE	Net Assets--Ending	\$ 384,360,324

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



This Page Intentionally Left Blank



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

Data Control Codes	10 General Fund	ESEA I, A Improving Basic Program	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 2,300,258	\$ -	\$ 962,467	\$ 3,262,725
1120 Investments - Current	125,360,509	137,397	17,571,578	143,069,484
1220 Property Taxes - Delinquent	11,416,911	-	905,243	12,322,154
1230 Allowance for Uncollectible Taxes (Credit)	(342,507)	-	(27,157)	(369,664)
1240 Receivables from Other Governments	26,919,988	2,314,621	11,395,580	40,630,189
1250 Accrued Interest	32,466	-	592	33,058
1260 Due from Other Funds	48,064,168	17,635,970	22,452,933	88,153,071
1290 Other Receivables	302,410	1,368	-	303,778
1300 Inventories	4,893,251	-	-	4,893,251
1000 Total Assets	\$ 218,947,454	\$ 20,089,356	\$ 53,261,236	\$ 292,298,046
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 7,477,940	\$ 393,841	\$ 3,548,934	\$ 11,420,715
2150 Payroll Deductions and Withholdings Payable	10,082,054	-	-	10,082,054
2160 Accrued Wages Payable	28,848,723	-	-	28,848,723
2170 Due to Other Funds	32,062,813	19,695,441	26,639,711	78,397,965
2180 Due to Other Governments	8,008,034	-	1,177,356	9,185,390
2190 Due to Student Groups	96,855	74	112,109	209,038
2200 Accrued Expenditures	33,592	-	-	33,592
2300 Deferred Revenues	14,756,328	-	2,181,321	16,937,649
2000 Total Liabilities	101,366,339	20,089,356	33,659,431	155,115,126
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	4,893,251	-	-	4,893,251
3420 Retirement of Long Term Debt	3,919	-	6,340,788	6,344,707
3440 Outstanding Encumbrances	25,960,333	146,149	5,082,776	31,189,258
3450 Food Service/Federal or State Funds	2,613	-	-	2,613
3490 Other Reserved/Restricted Fund Balance	4,806,460	-	5,526,266	10,332,726
Unreserved Designated For:				
3510 Construction	5,803,488	-	-	5,803,488
Unreserved and Undesignated:				
3600 Reported in the General Fund	76,111,051	-	-	76,111,051
3610 Reported in Special Revenue Funds	-	(146,149)	(1,900,656)	(2,046,805)
3620 Reported in Capital Projects Funds	-	-	4,552,631	4,552,631
3000 Total Fund Balances	117,581,115	-	19,601,805	137,182,920
4000 Total Liabilities and Fund Balances	\$ 218,947,454	\$ 20,089,356	\$ 53,261,236	\$ 292,298,046

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds	\$ 137,182,920
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and catering, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	140,276
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 \$566,589,409 and the accumulated depreciation was \$153,871,494. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	209,407,914
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 2009 capital outlays and debt principal payments is to increase net assets.	44,431,819
4 The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net assets.	(14,865,534)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, 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 assets.	8,062,929
19 Net Assets of Governmental Activities	\$ 384,360,324

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		10 General Fund	ESEA I, A Improving Basic Program	Other Nonmajor Funds	Total Governmental Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 54,330,873	\$ -	\$ 4,127,016	\$ 58,457,889
5800	State Program Revenues	292,350,470	-	20,951,160	313,301,630
5900	Federal Program Revenues	31,203,992	26,791,925	48,237,668	106,233,585
5020	Total Revenues	377,885,335	26,791,925	73,315,844	477,993,104
EXPENDITURES:					
Current:					
0011	Instruction	210,278,065	17,012,818	45,531,911	272,822,794
0012	Instructional Resources and Media Services	7,286,322	1,538,823	31,203	8,856,348
0013	Curriculum and Instructional Staff Development	7,513,458	2,339,385	5,403,838	15,256,681
0021	Instructional Leadership	5,626,852	813,993	1,416,454	7,857,299
0023	School Leadership	23,239,264	383,441	241,639	23,864,344
0031	Guidance, Counseling and Evaluation Services	14,564,063	586,440	2,539,584	17,690,087
0032	Social Work Services	616,846	-	125,027	741,873
0033	Health Services	3,841,499	1,412,120	11,655	5,265,274
0034	Student (Pupil) Transportation	15,741,746	808	-	15,742,554
0035	Food Services	29,903,601	-	33,893	29,937,494
0036	Extracurricular Activities	9,703,867	162,927	7,779	9,874,573
0041	General Administration	11,732,224	9,427	1,273	11,742,924
0051	Facilities Maintenance and Operations	48,946,891	253,116	104,204	49,304,211
0052	Security and Monitoring Services	5,954,428	745	333	5,955,506
0053	Data Processing Services	2,920,584	-	-	2,920,584
0061	Community Services	672,866	2,277,882	2,162,626	5,113,374
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	595,000	-	7,095,000	7,690,000
0072	Debt Service - Interest on Long Term Debt	321,298	-	9,479,417	9,800,715
0073	Debt Service - Bond Issuance Cost and Fees	355,008	-	2,092	357,100
Capital Outlay:					
0081	Facilities Acquisition and Construction	18,604,838	-	28,835,335	47,440,173
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	227,879	-	-	227,879
6030	Total Expenditures	418,646,599	26,791,925	103,023,263	548,461,787
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,761,264)	-	(29,707,419)	(70,468,683)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	15,400,000	-	-	15,400,000
7915	Transfers In	3,886,260	-	3,500,000	7,386,260
7916	Premium or Discount on Issuance of Bonds	(3,080,000)	-	-	(3,080,000)
8911	Transfers Out (Use)	(3,886,260)	-	(3,500,000)	(7,386,260)
7080	Total Other Financing Sources (Uses)	12,320,000	-	-	12,320,000
1200	Net Change in Fund Balances	(28,441,264)	-	(29,707,419)	(58,148,683)
0100	Fund Balance - July 1 (Beginning)	148,871,429	-	48,198,299	197,069,728
1300	Increase (Decrease) in Fund Balance	(2,849,050)	-	1,110,925	(1,738,125)
3000	Fund Balance - June 30 (Ending)	\$ 117,581,115	\$ -	\$ 19,601,805	\$ 137,182,920

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



This Page Intentionally Left Blank

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, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ (58,148,683)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and catering, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.	4,759
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 2010 capital outlays and debt principal payments is to increase net assets.	44,431,819
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net assets.	(14,865,534)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, 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 increase net assets.	3,635,044
Change in Net Assets of Governmental Activities	\$ (24,942,595)

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT C-5

Data		Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
Control Codes		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 61,527,172	\$ 61,527,172	\$ 54,330,873	\$ (7,196,299)
5800	State Program Revenues	311,008,694	308,508,694	292,350,470	(16,158,224)
5900	Federal Program Revenues	27,512,457	27,512,457	31,203,992	3,691,535
5020	Total Revenues	400,048,323	397,548,323	377,885,335	(19,662,988)
EXPENDITURES:					
Current:					
0011	Instruction	207,586,219	220,093,825	210,278,065	9,815,760
0012	Instructional Resources and Media Services	6,551,596	10,141,680	7,286,322	2,855,358
0013	Curriculum and Instructional Staff Development	9,033,117	8,142,331	7,513,458	628,873
0021	Instructional Leadership	5,887,725	5,800,843	5,626,852	173,991
0023	School Leadership	24,110,465	24,553,347	23,239,264	1,314,083
0031	Guidance, Counseling and Evaluation Services	15,488,146	14,963,827	14,564,063	399,764
0032	Social Work Services	821,884	828,884	616,846	212,038
0033	Health Services	3,906,512	3,985,237	3,841,499	143,738
0034	Student (Pupil) Transportation	15,444,293	15,454,867	15,741,746	(286,879)
0035	Food Services	29,194,947	31,264,716	29,903,601	1,361,115
0036	Extracurricular Activities	15,003,977	16,602,809	9,703,867	6,898,942
0041	General Administration	13,857,908	14,112,927	11,732,224	2,380,703
0051	Facilities Maintenance and Operations	50,617,521	51,456,178	48,946,891	2,509,287
0052	Security and Monitoring Services	5,707,795	5,721,398	5,954,428	(233,030)
0053	Data Processing Services	3,243,800	3,327,197	2,920,584	406,613
0061	Community Services	721,463	781,951	672,866	109,085
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	595,000	595,000	595,000	-
0072	Debt Service - Interest on Long Term Debt	215,000	325,000	321,298	3,702
0073	Debt Service - Bond Issuance Cost and Fees	2,000	366,000	355,008	10,992
Capital Outlay:					
0081	Facilities Acquisition and Construction	3,720,000	47,092,914	18,604,838	28,488,076
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	175,000	245,000	227,879	17,121
6030	Total Expenditures	411,884,368	475,855,931	418,646,599	57,209,332
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,836,045)	(78,307,608)	(40,761,264)	37,546,344
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	12,152,335	15,400,000	3,247,665
7915	Transfers In	11,194,705	11,194,705	3,886,260	(7,308,445)
7916	Premium or Discount on Issuance of Bonds	-	-	(3,080,000)	(3,080,000)
7949	Other Resources	11,836,045	55,212,276	-	(55,212,276)
8911	Transfers Out (Use)	(11,194,705)	(11,194,705)	(3,886,260)	7,308,445
7080	Total Other Financing Sources (Uses)	11,836,045	67,364,611	12,320,000	(55,044,611)
1200	Net Change in Fund Balances	-	(10,942,997)	(28,441,264)	(17,498,267)
0100	Fund Balance - July 1 (Beginning)	148,871,429	148,871,429	148,871,429	-
1300	Increase (Decrease) in Fund Balance	-	-	(2,849,050)	(2,849,050)
3000	Fund Balance - June 30 (Ending)	\$ 148,871,429	\$ 137,928,432	\$ 117,581,115	\$ (20,347,317)

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



This Page Intentionally Left Blank

**PROPRIETARY FUND
FINANCIAL STATEMENTS**



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,062,532
Investments - Current	29,046,465
Accrued Interest	548
Due from Other Funds	376,194
Other Receivables	9,350,000
Total Assets	39,835,739
LIABILITIES	
Current Liabilities:	
Accounts Payable	29,383,320
Due to Other Funds	10,311,504
Due to Student Groups	639
Total Liabilities	39,695,463
NET ASSETS	
Unrestricted Net Assets	140,276
Total Net Assets	\$ 140,276

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 157,041
Total Operating Revenues	157,041
OPERATING EXPENSES:	
Payroll Costs	114,558
Supplies and Materials	35,975
Capital Outlay	1,749
Total Operating Expenses	152,282
Operating Income	4,759
Total Net Assets - July 1 (Beginning)	135,585
Prior Period Adjustment	(68)
Total Net Assets - June 30 (Ending)	\$ 140,276

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 244,818
Cash Payments to Employees for Services	(114,558)
Cash Payments for Suppliers	(37,725)
Other Operating Cash Receipts (Payments)	386,369
Net Cash Provided by Operating Activities	478,904
Net Increase in Cash and Cash Equivalents	478,904
Cash and Cash Equivalents at Beginning of the Year:	583,628
Cash and Cash Equivalents at the End of the Year:	\$ 1,062,532
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 4,759
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Current Investments	(20,959,644)
Decrease (increase) in Accrued Interest	(548)
Decrease (increase) in Due from Other Funds	(163,329)
Decrease (increase) in Other Receivables	(9,349,998)
Increase (decrease) in Accounts Payable	14,138,314
Increase (decrease) in Due to Other Funds	9,775,991
Increase (decrease) in Other Liabilities	7,033,359
Net Cash Provided by Operating Activities	\$ 478,904

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



This Page Intentionally Left Blank

**FIDUCIARY FUND
FINANCIAL STATEMENTS**



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 144,786	\$ 1,221,627
Due from Other Funds	156,251	30,738
Total Assets	301,037	\$ 1,252,365
LIABILITIES		
Accounts Payable	975	\$ 56,111
Due to Other Funds	-	6,785
Due to Student Groups	31,659	1,189,469
Total Liabilities	32,634	\$ 1,252,365
NET ASSETS		
Unrestricted Net Assets	268,403	
Total Net Assets	\$ 268,403	

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 42
Total Additions	42
Change in Net Assets	42
Total Net Assets - July 1 (Beginning)	213,371
Prior Period Adjustment	54,990
Total Net Assets - June 30 (Ending)	\$ 268,403

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



This Page Intentionally Left Blank

**NOTES TO THE
FINANCIAL STATEMENTS**



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brownsville Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board of Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to educational services within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

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

The District reports the following major governmental funds:

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

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.
3. **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.
4. **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 services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund.

Fiduciary funds:

1. **Private Purpose Trust Funds** - are used to account for donations, which have stipulations that the principal may not be expended; only the income may be used for a specific purpose.
2. **Agency Funds** - are used to account for resources held for others in a custodial capacity in agency funds.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Inventory is valued at cost (average). The District accounts for school supply and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Commodity inventory is offset by deferred revenue.
3. Other current assets are prepaid expenses that will benefit periods beyond June 30, 2010. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2010, and which extend beyond that date. The reported prepaid insurance is equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.
4. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.
5. Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, vehicles and furniture & equipment of the District are depreciated using the straight line method over the following estimated useful lives:

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

6. Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided are treated as revenues or expenditures. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.
7. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change for future construction needs.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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.
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, 2010, is \$430,387, and an accrual has been made.

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

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

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

Capital Assets at the Beginning of Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of Year	Change in Net Assets
Land	\$ 23,367,874	\$ -	\$ 23,367,874	
Buildings & Improvements	392,112,981	(128,248,810)	263,864,171	
Vehicles	22,442,164	(16,585,804)	5,856,360	
Furniture & Equipment	13,630,840	(9,036,880)	4,593,960	
Construction in Progress	115,035,549	-	115,035,549	
Change in Net Assets				<u>\$ 412,717,914</u>
Long -Term Liabilities at the Beginning of Year			Payable at the Beginning of Year	
Bonds Payable			\$ (197,060,000)	
Notes Payable			(6,250,000)	
Change in Net Assets				<u>(203,310,000)</u>
Net Adjustment to Net Assets				<u>\$ 209,407,914</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

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

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

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments in Net Assets</u>
Land	\$ 3,542,894	\$ 3,542,894	
Buildings & Improvements	5,860,976	5,860,976	
Furniture & Equipment	2,775,124	2,775,124	
Vehicles	1,771,082	1,771,082	
Construction in Progress	38,191,743	38,191,743	
Total Capital Outlay			<u>\$ 52,141,819</u>
Debt Principal Payments			
Note Payable	7,095,000	7,095,000	
Bonds Payable	595,000	595,000	
Total Principal Payments	<u>7,690,000</u>	<u>7,690,000</u>	<u>7,690,000</u>
Net Adjustment to Net Assets			<u>\$ 59,831,819</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

1. The District's expenditures exceeded appropriations as follows:

<u>Function</u>	<u>Amount</u>
34	\$286,879
52	\$233,030

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

At June 30, 2010, the carrying amount of the District's deposits was \$4,325,257 and the bank balance was \$7,505,141. The District's cash deposits at June 30, 2010 and during the year were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District monitors cash flows regularly when TEA funds are received to ensure that the bank pledges sufficient collateral.

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

- a. Depository: BBVA Compass Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$115,576,597.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$93,394,159 and occurred during the month of July 2009.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$704,401.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

District Policies and Legal Contractual Provisions Governing Deposits

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

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

District Policies and Legal Contractual Provisions Governing Investments

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

The District's temporary investments at June 30, 2010, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Certificates of Deposit	\$ 57,000,000	\$ 57,000,000	\$ -	\$ -	\$ -
Texas Term Investment Pool	37,291,635	37,291,635	-	-	-
Lone Star Investment Pool	50,284,337	50,284,337	-	-	-
TexPool	4,921,900	4,921,900	-	-	-
MBIA	22,618,077	22,618,077	-	-	-
Total	<u>\$ 172,115,949</u>	<u>\$ 172,115,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

Credit Risk – In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of June 30, 2010, the District's investments in Lone Star Investment Pool were rated AAf/S1 by Standard and Poor's (S&P), TexPool was rated AAAM by Standard and Poor's (S&P), Texas Term was rated AAf 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, 2010, the District had 33.1% 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 29.2% 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, 2009, upon which the levy for the 2009-2010 fiscal year was based, as \$4,993,708,059. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date. Taxes are delinquent if not paid by June 30th. Delinquent taxes are subject to both penalty and interest charges plus 12.5% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2010, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.012273 and \$0.080027 per \$100 valuation, respectively, for a total of \$1.0923 per \$100 valuation.

Current tax collections for the year ended June 30, 2010, 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, 2010, property taxes receivable of \$11,416,911 and \$905,243, net of estimated uncollectible taxes of \$342,507 and \$27,157, totaled \$11,074,404 and \$878,086 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, 2010

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

C. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Transfers are indicative of subsidies of various District operations. The following schedule briefly summarizes the District's transfer activities at June 30, 2010:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund	\$ 2,905,254	Transfer to Athletic Fund
General Fund	General Fund	488,924	Transfer to State Special Ed. Fund
General Fund	General Fund	492,082	Transfer to Food Services
Capital Projects Fund	Capital Projects Fund	3,500,000	Transfer to Capital Projects Fund
		<u>\$ 7,386,260</u>	

Interfund balances at June 30, 2010 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	\$ 13,202,228	\$ 13,202,228
Special Revenue Funds	24,126,786	13,813,468
Debt Service Fund	-	4,494,755
Capital Projects Fund	427,686	-
Internal Service Fund	10,300,683	376,194
Trust and Agency Fund	6,785	176,168
	<u>48,064,168</u>	<u>32,062,813</u>
<u>Special Revenue Fund</u>		
General Fund	13,813,468	24,126,786
Special Revenue Fund	20,357,881	20,357,881
	<u>34,171,349</u>	<u>44,484,667</u>
<u>Debt Service Fund</u>		
General Fund	4,494,755	-
Capital Projects Fund	-	1,376,081
	<u>4,494,755</u>	<u>1,376,081</u>
<u>Capital Projects Fund</u>		
General Fund	-	427,686
Debt Service	1,376,081	-
Capital Projects Fund	46,718	46,718
	<u>1,422,799</u>	<u>474,404</u>
<u>Internal Service Fund</u>		
General Fund	376,194	10,300,683
Trust and Agency Fund	-	10,821
	<u>376,194</u>	<u>10,311,504</u>
<u>Trust and Agency Fund</u>		
General Fund	176,168	6,785
Trust and Agency Fund	10,821	-
Total Trust and Agency Fund	<u>186,989</u>	<u>6,785</u>
Totals	<u>\$ 88,716,254</u>	<u>\$ 88,716,254</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

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

D. DUE FROM OTHER GOVERNMENTS AND AGENCIES

Amounts due from other governments and agencies are as follows:

Fund Group	State Entitlements	Federal Grants	Other	Total
General	\$ 26,061,599	\$ 770,367	\$ 88,022	\$ 26,919,988
Special Revenue	4,352,461	8,723,323	10,380	13,086,164
Debt Service	624,037	-	-	624,037
Totals	<u>\$ 31,038,097</u>	<u>\$ 9,493,690</u>	<u>\$ 98,402</u>	<u>\$ 40,630,189</u>

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2010, was as follows:

	Balance 7/1/2009	Primary Government Changes During Year			Balance 6/30/2010
		Additions	Deletions	Adjustments	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 23,367,874	\$ 3,542,894	\$ -	\$ 683,364	\$ 27,594,132
Construction in progress	115,035,549	38,191,743	-	(29,219,887)	124,007,405
Total capital assets not being depreciated	138,403,423	41,734,637	-	(28,536,523)	151,601,537
Capital assets being depreciated					
Buildings and improvements	392,112,981	5,860,976	-	28,536,523	426,510,480
Furniture and equipment	13,630,840	2,775,124	(779,671)	61,760	15,688,053
Vehicles	22,442,164	1,771,082	(325,479)	-	23,887,767
Total capital assets being depreciated	428,185,985	10,407,182	(1,105,150)	28,598,283	466,086,300
Less accumulated depreciation for:					
Building and improvements	(128,248,810)	(11,691,518)	-	-	(139,940,328)
Equipment	(9,036,880)	(1,453,630)	779,671	-	(9,710,839)
Vehicles	(16,585,804)	(1,720,386)	325,479	-	(17,980,711)
Total accumulated depreciation	(153,871,494)	(14,865,534)	1,105,150	-	(167,631,878)
Total capital assets being depreciated	274,314,491	(4,458,352)	-	28,598,283	298,454,422
Governmental activities capital assets, net	<u>\$ 412,717,914</u>	<u>\$ 37,276,285</u>	<u>\$ -</u>	<u>\$ 61,760</u>	<u>\$ 450,055,959</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 8,397,745
Instructional Resources and Media Services	272,607
Curriculum and Instructional Staff Development	469,615
Instructional Leadership	241,855
School Leadership	734,567
Guidance, Counseling and Evaluation Services	544,518
Social Work Services	22,836
Health Services	162,070
Student (Pupil) Transportation	484,571
Food Services	921,504
Extracurricular Activities	303,949
General Administration	361,458
Plant Maintenance and Operations	1,517,630
Security and Monitoring Services	183,316
Data Processing Services	89,898
Community Services	157,395
Totals	<u><u>\$ 14,865,534</u></u>

F. LONG-TERM OBLIGATIONS

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

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2009	Issued	Retired	Amounts Outstanding June 30, 2010	Due Within One Year
08/31/99	Unlimited Tax School Building Bonds, Series 1999	5.25%	2011	\$ 36,805,000	\$ 1,695,000	\$ -	\$ 825,000	\$ 870,000	\$ 870,000
09/25/01	Unlimited Tax School Building Bonds, Series 2001	4.00%	2015	38,195,000	7,440,000	-	1,120,000	6,320,000	1,165,000
08/15/05	Unlimited Tax Refunding Bonds, Series 2005	4.00%	2030	65,435,000	65,195,000	-	-	65,195,000	-
09/28/06	Unlimited Tax School Building Bonds, Series 2006	4.00%	2027	129,985,000	115,410,000	-	4,205,000	111,205,000	4,375,000
03/10/09	Unlimited Tax Refunding Bonds, Series 2009	4.00%	2024	7,320,000	7,320,000	-	945,000	6,375,000	970,000
12/22/09	Qualified School Construction Bonds, Series 2009	1.48%	2025	15,400,000	-	15,400,000	-	15,400,000	1,120,000
Totals					<u>\$ 197,060,000</u>	<u>\$ 15,400,000</u>	<u>\$ 7,095,000</u>	<u>\$ 205,365,000</u>	<u>\$ 8,500,000</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

On December 1, 2009, \$15,400,000 Brownsville Independent School District Public Facility Corporation School Facility Lease Revenue Qualified School Construction Bonds, Series 2009 (Tax Credit Bonds) were issued to finance the construction, equipment, and improvement of school facilities and to pay for professional fees and services along with the cost of issuing the Bonds. The Qualified School Construction Bonds bear interest at a rate of 1.48% per annum. Such interest shall be payable on each March 15, June 15, September 15, and December 15, commencing March 15, 2010.

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, 2010.

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

Year Ending June 30,	Bonds Payable		Total
	Principal	Interest	Requirements
2011	\$ 8,500,000	\$ 9,422,727	\$ 17,922,727
2012	8,765,000	9,081,033	17,846,033
2013	9,115,000	8,740,901	17,855,901
2014	9,510,000	8,347,911	17,857,911
2015	9,925,000	7,933,195	17,858,195
2016-2020	56,830,000	32,523,600	89,353,600
2021-2025	69,335,000	18,256,950	87,591,950
2026-2030	33,385,000	2,806,563	36,191,563
Totals	<u>\$ 205,365,000</u>	<u>\$ 97,112,880</u>	<u>\$ 302,477,880</u>

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

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2009	Issued	Retired	Amounts Outstanding June 30, 2010	Due Within One Year
03/17/09	Limited Tax Refunding Notes, Series 2009	3.8750%	2018	\$ 6,250,000	\$ 6,250,000	\$ -	\$ 595,000	\$ 5,655,000	\$ 615,000
	Totals				<u>\$ 6,250,000</u>	<u>\$ -</u>	<u>\$ 595,000</u>	<u>\$ 5,655,000</u>	<u>\$ 615,000</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

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

Year Ending	Note Payable		Total
June 30,	Principal	Interest	Requirements
2011	\$ 615,000	\$ 214,890	\$ 829,890
2012	640,000	191,520	831,520
2013	665,000	167,200	832,200
2014	690,000	141,930	831,930
2015	720,000	115,710	835,710
2016-2018	2,325,000	178,980	2,503,980
Totals	<u>\$ 5,655,000</u>	<u>\$ 1,010,230</u>	<u>\$ 6,665,230</u>

G. CHANGES IN LONG-TERM DEBT

Bonded indebtedness of the District is as follows:

Description	Balance 7/01/09	Issued	Retired	Balance 06/30/10	Due Within One Year
Bonds Payable	\$ 197,060,000	\$ 15,400,000	\$ (7,095,000)	\$ 205,365,000	\$ 8,500,000
Note Payable	6,250,000	-	(595,000)	5,655,000	615,000
Compensated Absences	390,016	722,531	(682,160)	430,387	430,387
Discount on Bonds	5,895,715	-	(341,616)	5,554,099	-
Totals	<u>\$ 209,595,731</u>	<u>\$ 16,122,531</u>	<u>\$ (8,713,776)</u>	<u>\$ 217,004,486</u>	<u>\$ 9,545,387</u>

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) leases agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2010, as follows:

Year Ending	Total
June 30,	Requirements
2011	\$ 1,492,800
2012	1,012,626
2013	842,455
2014	388,483
2015	290,250
Total Minimum Rentals	<u>\$ 4,026,614</u>
Rental Expenditures in Fiscal Year 2010	<u>\$ 2,025,092</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

I. CONTINGENT LIABILITIES

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

Audits of all of these programs for the year ended June 30, 2010 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 and 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 2010, 2009 and 2008, and a state contribution rate of 6.0% for fiscal years 2010 and 2009 and 6.58% for fiscal year 2008. State contributions to TRS made on behalf of the District's employees' for the years ending June 30, 2010, 2009 and 2008, were \$19,814,208, \$19,097,652 and \$18,181,505, respectively. The District paid additional state contributions for the years ending June 30, 2010, 2009 and 2008, in the amount of \$5,931,386, \$5,749,478 and \$5,211,080, 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, 2010

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

Medicare Part D. Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result this provision allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree 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, 2010, 2009 and 2008 were \$784,056 \$703,268 and \$722,809, respectively.

K. **RISK MANAGEMENT**

Health Care Coverage

During the fiscal year ended June 30, 2010, the District sponsored a self-funded insurance plan to provide health care benefits to employees and their dependents. The District paid premiums of \$380.00 month per employee to the fund. Total employee contributions are required for coverage of dependents.

The contract between the District and the licensed insurer is renewable, and terms of coverage and premium are included in the contractual provisions. The latest financial statements for American Administrative Group (AAG) 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, 2010:

Unpaid claims, beginning of the year	\$ 3,571,309
Incurred claims (including IBNRs)	40,571,315
Claim payments	<u>(40,308,893)</u>
Unpaid claims, end of the year	<u>\$ 3,833,731</u>

Worker's Compensation Coverage

For the year ended June 30, 2010, 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 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, 2010, the fund purchased excess coverage from Wachovia Insurance Services. 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, 2010

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

As of June 30, 2010, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2010, 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, 2010, the District had the following construction commitments:

<u>Local Funded Projects</u>	<u>Estimated Project Cost</u>	<u>Expended Through June 30,</u>	<u>Amount Committed</u>
Athletic Buildings - Porter, Pace	\$ 7,311,026	\$ 6,373,664	\$ 937,362
Central Administration Bldg Adult Ed. Renovations	2,223,800	1,997,354	226,446
Central Administration Bldg Parking Lot	133,843	31,651	102,192
Palo Alto Service Center	8,854,694	2,606,438	6,248,256
Parking Lots - Transportation Dept	140,000	100,780	39,220
	<u>18,663,363</u>	<u>11,109,887</u>	<u>7,553,476</u>
 <u>2009 QSCB Projects</u>			
Breeden Elementary	<u>11,969,430</u>	<u>1,549,133</u>	<u>10,420,297</u>
 <u>2006 Bond Projects</u>			
Keller Elementary School	13,042,250	12,369,280	672,970
Manzano Middle School	20,294,000	18,440,906	1,853,094
Pullam Elementary School	12,626,150	12,581,677	44,473
Veterans Memorial High School	64,878,100	64,232,679	645,421
Wing Additions - Canales	3,931,450	3,723,843	207,607
	<u>114,771,950</u>	<u>111,348,385</u>	<u>3,423,565</u>
 Total Construction In Progress	 <u>\$ 145,404,743</u>	 <u>\$ 124,007,405</u>	 <u>\$ 10,977,041</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

M. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

Description	General Fund	Special Revenue	Debt Service	Total
BISD - taxes	\$ 9,850,670	\$ -	\$ 786,842	\$ 10,637,512
BISD - athletics	1,945	-	-	1,945
BISD - other	35,614	-	-	35,614
BISD- Redention Fees	19,693	-	-	19,693
BISD-CCED Taxes	75,424	-	-	75,424
Food service receipts	262,982	-	-	262,982
Special revenue grants	4,510,000	1,394,479	-	5,904,479
Total deferred revenue	<u>\$ 14,756,328</u>	<u>\$ 1,394,479</u>	<u>\$ 786,842</u>	<u>\$ 16,937,649</u>

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	\$ 48,223,711	\$ -	\$ 3,774,854	\$ -	\$ 51,998,565
Penalties, Interest & Other Tax-Related Income	1,765,668	-	130,926	-	1,896,594
Tuition and Fees	593,297	-	-	-	593,297
Food Sales	1,221,126	-	-	156,493	1,377,619
Investment Income	495,529	64,995	15,533	548	576,605
Co-curricular Student Act.	367,206	-	-	-	367,206
CCED	7,211	-	-	-	7,211
Other	1,657,125	-	140,708	-	1,797,833
Totals	<u>\$ 54,330,873</u>	<u>\$ 64,995</u>	<u>\$ 4,062,021</u>	<u>\$ 157,041</u>	<u>\$ 58,614,930</u>

O. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

P. INCREASE (DECREASE) IN FUND BALANCES

Adjustments to the fund balance during the 2009-2010 school year consisted of the following:

Description	General Fund	Capital Projects	Total
To pay loan from Self Funded Workman's Comp.	\$ (3,000,000)	\$ -	\$ (3,000,000)
To reclassify balance sheet accounts	(2,205)	1,110,925	1,108,720
Adjustments for Summary of Finances	234,541	-	234,541
To close out liabilities that never materialized	(11,734)	-	(11,734)
Other	(69,652)	-	(69,652)
Total	<u>\$ (2,849,050)</u>	<u>\$ 1,110,925</u>	<u>\$ (1,738,125)</u>

Q. MAINTENANCE OF EFFORT

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

A. Total District premium paid for health care for 2009-2010: \$ 33,902,250

B. Subtract any non-medical expenditures:

Life insurance	\$ 178,176	
Dental insurance	-	
Vision insurance	-	
Long-term disability	-	
Short-term disability	-	
Alternate plans	-	
COBRA expense	-	
Retiree expense	-	
	<u>178,176</u>	<u>178,176</u>

C. 2009-2010 Maintenance of Effort: \$ 33,902,250

R. SHARED SERVICES AGREEMENTS

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2010

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

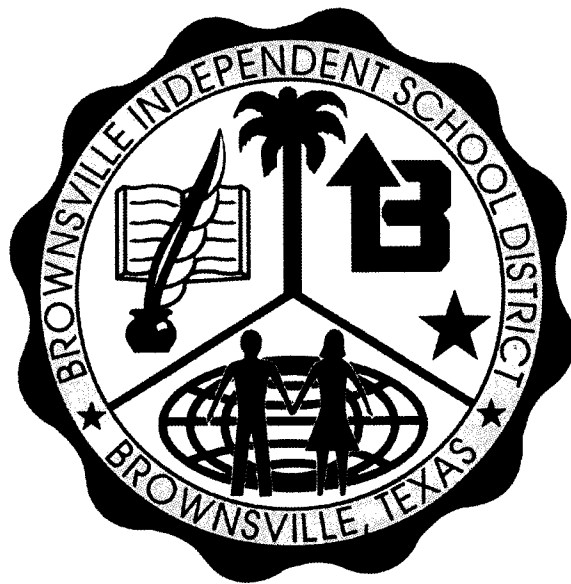
Member Districts	Expenditures
Harlingen CISD	\$ 136,250
Los Fresnos CISD	82,500
Point Isabel ISD	26,250
Raymondville ISD	93,750
San Benito ISD	147,500
South Texas ISD	2,500
Total	<u>\$ 488,750</u>

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, 2010 from various federal sources as follows:

Program or Source	CFDA Number	Amount
R.O.T. C.	N/A	\$ 393,650
Summer School LEP	84.369A	106,754
National School Lunch Program	10.555	19,109,057
School Breakfast Program	10.553	7,204,474
Food Distribution (USDA Commodities)	10.550	557,057
School Health Related Services	N/A	3,064,766
Medicaid Administrative Claiming Program	N/A	208,932
Total Programs		<u>30,644,690</u>
<i>Indirect Costs:</i>		
ESEA Title I - Part A	84.010A	373,647
ESEA Title I - Part C	84.011A	30,674
Carl Perkins Vocational Grant	84.048A	11,359
ESEA Title IV - Safe & Drug Free Schools	84.186A	3,183
21st Century Grant Program	84.287C	13,556
ESEA Title II - Part D - Enhanc. Ed. Thru Tech.	84.318X	4,124
ESEA Title III - Part A - L.E.P.	84.365A	23,395
ESEA Title II - Part A-TPTR	84.367A	52,230
Education for the Homeless	84.387	300
Education for the Homeless (ARRA)	84.387	360
ESEA Title I - Part A (ARRA)	84.389A	12,863
IDEA B-Formula (ARRA)	84.391A	33,611
Total Indirect Costs		<u>559,302</u>
Total General Fund		<u>\$ 31,203,992</u>

COMBINING STATEMENTS



This Page Intentionally Left Blank

NONMAJOR GOVERNMENTAL FUNDS



This Page Intentionally Left Blank

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 III-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.

IDEA-PART B, FORMULA (224). To account for funds granted to operate educational programs for handicapped children with disabilities.

IDEA PART B, PRESCHOOL (225). To account for funds granted for preschool handicapped children.

ADULT EDUCATION ENGLISH LITERANCE AND CIVICS (231). To account for funds granted to assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children. And to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency.

CARL D. PERKINS, TITLE I PART C (244). To account for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at (1) a limited number of campuses or (2) a limited number of program areas.

ESEA TITLE II PART A TEACHER AND PRINCIPAL TRAINING AND RECRUITING (255). To provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, also, to hold local education agencies and schools accountable for improving student academic achievement.

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.

Title XIV State Fiscal Stabilization Fund (SFAF-ARRA: 266). This fund is to be used to account for funds granted to improve basic programs as authorized by Elementary and Secondary Education Act (ESEA) as amended by the No Child Left Behind Act (NCLB), the Individuals with Disabilities Act (IDEA), the Adult and Family Literacy Act and the Carl Perkins Act for the modernization, renovation or repair of public school facilities, including modernization, renovation and repairs that are consistent with a recognized green building rating system.

GAINING EARLY AWARENESS FOR COLLEGE READINESS (GEAR UP) (274). To account for funds granted to provide services and support to low-income minority school districts to ensure that students are academically prepared for higher education, graduate from high school, and have access to higher education opportunities.

Title II Part D: ENHANCING EDUCATION THROUGH TECHNOLOGY (ARRA 279). This fund is to be used to account for funds granted for the implementation and support of a comprehensive system that effectively used technology in elementary and secondary schools to improve student academic achievement.

TITLE X, Part C-EDUCATION FOR THE HOMELESS CHILDREN AND YOUTH (ARRA 280). This fund is to be used to account for funds granted for the a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

IDEA-PART B, FORMULA (ARRA 283). This fund is to be used to account for funds granted to operate educational programs for children with disabilities.

IDEA PART B, PRESCHOOL (ARRA 284). This fund is to be used to account for funds granted to operate educational programs for preschool children with disabilities.

ESEA TITLE I PART A-IMPROVING BASIC PROGRAMS (ARRA 285). This fund is to be used to account for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

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.

LIFE SKILLS GRANT PROGRAM (394). To account for funds granted to provide pregnant and parenting students the services needed to keep them in school until completion.

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.

OPTIONAL EXTENDED YEAR PROGRAM (401). To account for extended year programs not to exceed thirty instructional days for students from K to Eighth grade who are identified as likely not to be promoted to the next grade level succeeding school year.

STUDENT SUCCESS INITIATIVE (404). To account for funds used to provide support for the training of teachers and the implementation of scientific, research-based programs to support students in their reading development in the early grades of school.

TECHNOLOGY FUND (411). To account for funds awarded to school districts to purchase technological software or equipment that contributes to student learning or to pay for training for educational personnel involved in the use of these materials.

PRE KINDERGARTEN PROGRAM (415). To account for funds granted to implement or expand the pre kindergarten programs.

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).

OTHER NON-GOVERNMENTAL FUNDS (GENERAL FUNDS) INCLUDE:

MEDICAL ASSISTANCE PROGRAM (MAC) (196). To account for funds allocated for eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

SCHOOL HEALTH and RELATED SERVICES (SHARS) (198). This code is to be used to account for funds received from the School Health and Related Services (SHARS) Program. Funds received represent reimbursements to the school district for school-based health services, which are provided to special education students enrolled in the Medicaid Program.

OTHER FEDERAL & SPECIAL FUNDS INCLUDE:

TITLE I SCHOOL IMPROVEMENT (211/216)

21st Century Program Grant (265)

DISASTER RECOVERY ASSISTANCE (289)

TEXAS SUCCESSFUL SCHOOL AWARD PROGRAM (393)

COLLABORATIVE DROPOUT REDUCTION PROGRAM (409)

TEXAS FITNESS NOW GRANT (429)

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	212 ESEA Title I Part C Migrant	216 Title I School Improvement
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 1,704	\$ 95,596	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	18,477	18,585	158,016	417,213
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	48,567	-	190,465	197,582
1000	Total Assets	\$ 67,044	\$ 20,289	\$ 444,077	\$ 614,795
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 390	\$ 50,210	\$ 153,144
2170	Due to Other Funds	67,044	19,899	393,667	461,651
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	200	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	67,044	20,289	444,077	614,795
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	-	-
3440	Outstanding Encumbrances	-	-	1,995	578,726
3490	Other Reserved/Restricted Fund Balance	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	(1,995)	(578,726)
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 67,044	\$ 20,289	\$ 444,077	\$ 614,795

EXHIBIT H-1 (Cont'd)

224	225	231	244	255	261	262	263
IDEA - Part B Formula	IDEA - Part B Preschool	JTPA Title II, A Job Training	Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	Reading First	Title II, D Education Technology	Title III, A English Lang. Acquisition
\$ 841,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(259,259)	(5,059)	4,180	490,229	221,621	668,979	49,308	164,819
-	-	-	-	-	-	-	-
673,507	94,726	44,576	310,318	1,506,787	315,144	24,407	360,439
\$ 1,255,979	\$ 89,667	\$ 48,756	\$ 800,547	\$ 1,728,408	\$ 984,123	\$ 73,715	\$ 525,258
\$ -	\$ -	\$ -	\$ 187,730	\$ 46,578	\$ 53,724	\$ 5,341	\$ 159,533
1,255,979	89,667	48,756	612,817	1,681,830	930,399	68,374	283,125
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	82,600
-	-	-	-	-	-	-	-
1,255,979	89,667	48,756	800,547	1,728,408	984,123	73,715	525,258
-	-	-	-	-	-	-	-
-	-	-	17,750	7,058	74,576	21,995	22,321
-	-	-	-	-	-	-	-
-	-	-	(17,750)	(7,058)	(74,576)	(21,995)	(22,321)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 1,255,979	\$ 89,667	\$ 48,756	\$ 800,547	\$ 1,728,408	\$ 984,123	\$ 73,715	\$ 525,258

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

Data Control Codes		265 Title IV, B Community Learning	266 Title XIV ARRA State Stabilization	269 Title V, Pt.A Innovative Programs	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	247,520	1,323,702	-	132,904
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	71,401	-	62	62,427
1000	Total Assets	\$ 318,921	\$ 1,323,702	\$ 62	\$ 195,331
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 10,034	\$ -	\$ -	\$ 3,664
2170	Due to Other Funds	308,887	1,323,702	62	191,667
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	318,921	1,323,702	62	195,331
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	-	-
3440	Outstanding Encumbrances	8,240	-	-	-
3490	Other Reserved/Restricted Fund Balance	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	(8,240)	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 318,921	\$ 1,323,702	\$ 62	\$ 195,331

EXHIBIT H-1 (Cont'd)

276 Title I - SIP Academy Grant	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,090	32,767	1,528,688	68,916	981,085	55,826	34,080	37,462
-	-	-	-	-	-	-	-
9,970	-	1,694,859	-	4,028,583	707,736	366,348	76,903
\$ 27,060	\$ 32,767	\$ 3,223,547	\$ 68,916	\$ 5,009,668	\$ 763,562	\$ 400,428	\$ 114,365
\$ 1,213	\$ 2,577	\$ 436,065	\$ 26,135	\$ 211,644	\$ 3,997	\$ 2,701	\$ 1,141
25,847	30,190	2,788,700	42,781	4,798,024	100,720	397,727	113,224
-	-	-	-	-	-	-	-
-	-	(1,218)	-	-	-	-	-
-	-	-	-	-	658,845	-	-
27,060	32,767	3,223,547	68,916	5,009,668	763,562	400,428	114,365
-	-	-	-	-	-	-	-
-	3,739	41,700	-	1,062,867	-	-	284
-	-	-	-	-	-	-	-
-	(3,739)	(41,700)	-	(1,062,867)	-	-	(284)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 27,060	\$ 32,767	\$ 3,223,547	\$ 68,916	\$ 5,009,668	\$ 763,562	\$ 400,428	\$ 114,365

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

Data Control Codes		315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	(15,204)	10,914	5,843	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	91,462	1,987	-	170
1000	Total Assets	\$ 76,258	\$ 12,901	\$ 5,843	\$ 170
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,294	\$ -	\$ -	\$ -
2170	Due to Other Funds	5,334	12,901	4,157	170
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	69,630	-	1,686	-
2000	Total Liabilities	76,258	12,901	5,843	170
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	-	-
3440	Outstanding Encumbrances	1,167	-	-	-
3490	Other Reserved/Restricted Fund Balance	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	(1,167)	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 76,258	\$ 12,901	\$ 5,843	\$ 170

EXHIBIT H-1 (Cont'd)

385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	409 High School Completion and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	27,111	-	(116,736)	121,840	79,525
-	-	-	-	-	-	-	-
16,305	678,045	30,527	-	204,243	194,043	81,670	179,491
\$ 16,305	\$ 678,045	\$ 30,527	\$ 27,111	\$ 204,243	\$ 77,307	\$ 203,510	\$ 259,016
\$ -	\$ -	\$ -	\$ -	\$ 3,877	\$ -	\$ 229	\$ 22,954
-	644,122	-	27,111	3,543	77,307	203,281	236,062
-	-	-	-	-	-	-	-
-	-	30,527	-	-	-	-	-
16,305	33,923	-	-	196,823	-	-	-
16,305	678,045	30,527	27,111	204,243	77,307	203,510	259,016
-	-	-	-	-	-	-	-
-	-	-	-	1,975	-	-	273
-	-	-	-	-	-	-	-
-	-	-	-	(1,975)	-	-	(273)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 16,305	\$ 678,045	\$ 30,527	\$ 27,111	\$ 204,243	\$ 77,307	\$ 203,510	\$ 259,016

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

Data Control Codes		411 Technology Allotment	415 Kindergarten and Pre-K Grants	418 Employee Health Insurance	419 Head Start Ready To Read
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	545,829	2,609,312	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	1,904,564	-	1,561	50,000
1000	Total Assets	\$ 2,450,393	\$ 2,609,312	\$ 1,561	\$ 50,000
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 6,591	\$ -	\$ -	\$ -
2170	Due to Other Funds	1,909,939	2,609,312	1,561	50,000
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	1,916,530	2,609,312	1,561	50,000
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	-	-
3440	Outstanding Encumbrances	12,861	-	-	-
3490	Other Reserved/Restricted Fund Balance	451,609	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	69,393	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	533,863	-	-	-
4000	Total Liabilities and Fund Balances	\$ 2,450,393	\$ 2,609,312	\$ 1,561	\$ 50,000

EXHIBIT H-1 (Cont'd)

426 TX Educator Excellence Award Grant	427 Security Services Grant	428 High School Allotment	429 State Funded Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(19,616)	-	-	404,094	31,431	6,789	662,882	10,379
-	-	-	-	-	-	-	-
1,162,206	2,691	59,435	453,466	71,037	-	337,165	-
\$ 1,142,590	\$ 2,691	\$ 59,435	\$ 857,560	\$ 102,468	\$ 6,789	\$ 1,000,047	\$ 10,379
\$ -	\$ -	\$ 1,099	\$ 22,949	\$ -	\$ -	\$ -	\$ -
1,142,590	2,691	58,336	605,775	102,468	6,789	1,000,047	10,379
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	228,836	-	-	-	-
1,142,590	2,691	59,435	857,560	102,468	6,789	1,000,047	10,379
-	-	-	-	-	-	-	-
-	63,160	-	62,223	-	-	-	-
-	-	-	-	-	-	-	-
-	(63,160)	-	(62,223)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 1,142,590	\$ 2,691	\$ 59,435	\$ 857,560	\$ 102,468	\$ 6,789	\$ 1,000,047	\$ 10,379

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

Data Control Codes		497 Redesigned HS Planning Grant	498 Other Locally Funded Programs	499 Locally Funded Spec Revenue Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 939,031
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	1	-	-	10,771,543
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	146,760	73,617	10,127	16,535,379
1000	Total Assets	\$ 146,761	\$ 73,617	\$ 10,127	\$ 28,245,953
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,462	\$ -	\$ -	\$ 1,416,276
2170	Due to Other Funds	4,349	36,263	-	24,789,226
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	112,109
2300	Deferred Revenues	140,950	37,354	10,127	1,394,479
2000	Total Liabilities	146,761	73,617	10,127	27,712,090
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	-	-
3440	Outstanding Encumbrances	-	-	-	1,982,910
3490	Other Reserved/Restricted Fund Balance	-	-	-	451,609
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	(1,900,656)
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	533,863
4000	Total Liabilities and Fund Balances	\$ 146,761	\$ 73,617	\$ 10,127	\$ 28,245,953

511 Debt Service Fund	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 9,669	\$ 13,767	\$ 962,467
2,497,164	15,074,414	17,571,578
905,243	-	905,243
(27,157)	-	(27,157)
624,037	-	11,395,580
-	592	592
4,494,755	1,422,799	22,452,933
\$ 8,503,711	\$ 16,511,572	\$ 53,261,236
\$ -	\$ 2,132,658	\$ 3,548,934
1,376,081	474,404	26,639,711
-	1,177,356	1,177,356
-	-	112,109
786,842	-	2,181,321
2,162,923	3,784,418	33,659,431
6,340,788	-	6,340,788
-	3,099,866	5,082,776
-	5,074,657	5,526,266
-	-	(1,900,656)
-	4,552,631	4,552,631
6,340,788	12,727,154	19,601,805
\$ 8,503,711	\$ 16,511,572	\$ 53,261,236

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	212 ESEA Title I Part C Migrant	216 Title I School Improvement
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	238,628	35,238	2,203,669	793,715
5020	Total Revenues	238,628	35,238	2,203,669	793,715
EXPENDITURES:					
Current:					
0011	Instruction	-	-	1,003,339	745,816
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	1,406	41,461
0021	Instructional Leadership	-	-	202,749	-
0023	School Leadership	-	-	5,999	6,438
0031	Guidance, Counseling and Evaluation Services	238,628	-	101,240	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	270	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	35,238	888,666	-
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	238,628	35,238	2,203,669	793,715
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
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)	\$ -	\$ -	\$ -	\$ -

224	225	231	244	255	261	262	263
IDEA - Part B Formula	IDEA - Part B Preschool	JTPA Title II, A Job Training	Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	Reading First	Title II, D Education Technology	Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
6,406,556	112,563	67,558	1,012,237	3,620,334	1,325,180	359,199	1,843,798
6,406,556	112,563	67,558	1,012,237	3,620,334	1,325,180	359,199	1,843,798
5,094,682	112,563	-	975,793	2,324,794	5,960	-	1,736,468
-	-	-	-	-	-	-	-
-	-	-	25,929	1,246,848	1,294,794	359,199	37,865
88,174	-	-	10,935	48,692	6,088	-	55,762
-	-	-	-	-	18,338	-	-
1,223,700	-	-	(420)	-	-	-	11,157
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,546
-	-	-	-	-	-	-	-
-	-	67,558	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,406,556	112,563	67,558	1,012,237	3,620,334	1,325,180	359,199	1,843,798
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		265 Title IV, B Community Learning	266 Title XIV ARRA State Stabilization	269 Title V, Pt.A Innovative Programs	274 GEAR Up
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	876,369	12,957,388	-	506,251
5020	Total Revenues	876,369	12,957,388	-	506,251
EXPENDITURES:					
Current:					
0011	Instruction	681,276	12,957,388	-	159,110
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	15,165
0021	Instructional Leadership	153,235	-	-	-
0023	School Leadership	-	-	-	4,173
0031	Guidance, Counseling and Evaluation Services	-	-	-	229,779
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	41,858	-	-	98,024
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	876,369	12,957,388	-	506,251
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
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	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
148,908	32,407	4,499,772	68,916	10,511,097	60,005	408,572	86,880
148,908	32,407	4,499,772	68,916	10,511,097	60,005	408,572	86,880
-	-	3,396,237	68,916	7,819,259	-	-	-
-	-	-	-	15,123	-	-	-
147,713	-	75,148	-	2,087,729	-	-	-
-	-	450,267	-	228,466	-	-	-
1,195	-	-	-	71,400	-	-	-
-	-	564,668	-	67,746	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	32,407	13,452	-	221,374	60,005	408,572	86,880
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
148,908	32,407	4,499,772	68,916	10,511,097	60,005	408,572	86,880
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	45,566	11,019	5,843	-
5020	Total Revenues	45,566	11,019	5,843	-
EXPENDITURES:					
Current:					
0011	Instruction	36,679	11,019	5,843	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	5,776	-	-	-
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	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	3,111	-	-	-
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	45,566	11,019	5,843	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
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)	\$ -	\$ -	\$ -	\$ -

385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	409 High School Completion and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	98,475	34,128	130,659	597,467	412,680
-	-	-	-	-	-	-	-
-	-	-	98,475	34,128	130,659	597,467	412,680
-	-	-	-	-	-	-	-
-	-	-	-	16,472	84,458	597,467	270,241
-	-	-	-	-	-	-	-
-	-	-	-	17,656	-	-	9,438
-	-	-	-	-	212	-	-
-	-	-	-	-	45,989	-	9,270
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	123,731
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	98,475	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	98,475	34,128	130,659	597,467	412,680
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	411 Technology Allotment	415 Kindergarten and Pre-K Grants	418 Employee Health Insurance	419 Head Start Ready To Read
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	1,337,587	3,917,389	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	1,337,587	3,917,389	-	-
EXPENDITURES:				
Current:				
0011 Instruction	1,305,364	3,917,389	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	520	-	-	-
0021 Instructional Leadership	77,882	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,383,766	3,917,389	-	-
1100 Excess (Deficiency) of Revenues Over (Under)	(46,179)	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	(46,179)	-	-	-
0100 Fund Balance - July 1 (Beginning)	580,042	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ 533,863	\$ -	\$ -	\$ -

426 TX Educator Excellence Award Grant	427 Security Services Grant	428 High School Allotment	429 State Funded Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	496 AVID
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,695,520	-	-	341,123	92,455	-	713,359	-
-	-	-	-	-	-	-	-
1,695,520	-	-	341,123	92,455	-	713,359	-
1,455,666	-	-	118,387	-	-	571,179	-
16,080	-	-	-	-	-	-	-
1,840	-	-	18,240	-	-	-	-
6,957	-	-	10,233	-	-	76,802	-
74,687	-	-	-	-	-	-	-
35,327	-	-	-	-	-	65,378	-
1,296	-	-	-	-	-	-	-
11,655	-	-	-	-	-	-	-
33,893	-	-	-	-	-	-	-
-	-	-	7,779	-	-	-	-
1,273	-	-	-	-	-	-	-
45,069	-	-	-	-	-	-	-
333	-	-	-	-	-	-	-
11,444	-	-	2,506	92,455	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	183,978	-	-	-	-
1,695,520	-	-	341,123	92,455	-	713,359	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		497 Redesigned HS Planning Grant	498 Other Locally Funded Programs	499 Locally Funded Spec Revenue Funds	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 63,857	\$ 76,851	\$ -	\$ 140,708
5800	State Program Revenues	-	-	-	9,370,842
5900	Federal Program Revenues	-	-	-	48,237,668
5020	Total Revenues	63,857	76,851	-	57,749,218
EXPENDITURES:					
Current:					
0011	Instruction	39,614	20,532	-	45,531,911
0012	Instructional Resources and Media Services	-	-	-	31,203
0013	Curriculum and Instructional Staff Development	17,111	-	-	5,403,838
0021	Instructional Leadership	-	-	-	1,416,454
0023	School Leadership	4,150	-	-	241,639
0031	Guidance, Counseling and Evaluation Services	2,381	-	-	2,539,584
0032	Social Work Services	-	-	-	125,027
0033	Health Services	-	-	-	11,655
0035	Food Services	-	-	-	33,893
0036	Extracurricular Activities	-	-	-	7,779
0041	General Administration	-	-	-	1,273
0051	Facilities Maintenance and Operations	-	56,319	-	104,204
0052	Security and Monitoring Services	-	-	-	333
0061	Community Services	601	-	-	2,162,626
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	183,978
6030	Total Expenditures	63,857	76,851	-	57,795,397
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(46,179)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	(46,179)
0100	Fund Balance - July 1 (Beginning)	-	-	-	580,042
1300	Increase (Decrease) in Fund Balance	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 533,863

511 Debt Service Fund	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 3,921,313	\$ 64,995	\$ 4,127,016
11,580,318	-	20,951,160
-	-	48,237,668
15,501,631	64,995	73,315,844
-	-	45,531,911
-	-	31,203
-	-	5,403,838
-	-	1,416,454
-	-	241,639
-	-	2,539,584
-	-	125,027
-	-	11,655
-	-	33,893
-	-	7,779
-	-	1,273
-	-	104,204
-	-	333
-	-	2,162,626
7,095,000	-	7,095,000
9,479,417	-	9,479,417
2,092	-	2,092
-	28,651,357	28,835,335
16,576,509	28,651,357	103,023,263
(1,074,878)	(28,586,362)	(29,707,419)
-	3,500,000	3,500,000
-	(3,500,000)	(3,500,000)
-	-	-
(1,074,878)	(28,586,362)	(29,707,419)
7,415,666	40,202,591	48,198,299
-	1,110,925	1,110,925
\$ 6,340,788	\$ 12,727,154	\$ 19,601,805



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2010

	753	770	791	792	
		Self-Funded		Self Funded	Total
	Insurance	Insurance	Catering	Workers Compensation	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 897,145	\$ 5,299	\$ 122,203	\$ 37,885	\$ 1,062,532
Investments - Current	6,619,336	-	-	22,427,129	29,046,465
Accrued Interest	-	-	-	548	548
Due from Other Funds	212,865	-	163,329	-	376,194
Other Receivables	-	-	-	9,350,000	9,350,000
Total Assets	7,729,346	5,299	285,532	31,815,562	39,835,739
LIABILITIES					
Current Liabilities:					
Accounts Payable	7,073,806	-	335	22,309,179	29,383,320
Due to Other Funds	518,548	-	287,760	9,505,196	10,311,504
Due to Student Groups	-	-	-	639	639
Total Liabilities	7,592,354	-	288,095	31,815,014	39,695,463
NET ASSETS					
Unrestricted Net Assets	136,992	5,299	(2,563)	548	140,276
Total Net Assets	\$ 136,992	\$ 5,299	\$ (2,563)	\$ 548	\$ 140,276



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	753	770	791	792	
	Insurance	Self-Funded Insurance	Catering	Self Funded Workers Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ -	\$ -	\$ 156,493	\$ 548	\$ 157,041
Total Operating Revenues	-	-	156,493	548	157,041
OPERATING EXPENSES:					
Payroll Costs	-	-	114,558	-	114,558
Supplies and Materials	-	-	35,975	-	35,975
Capital Outlay	-	-	1,749	-	1,749
Total Operating Expenses	-	-	152,282	-	152,282
Operating Income	-	-	4,211	548	4,759
Total Net Assets - July 1 (Beginning)	(5)	142,481	(6,891)	-	135,585
Prior Period Adjustment	136,997	(137,182)	117	-	(68)
Total Net Assets - June 30 (Ending)	\$ 136,992	\$ 5,299	\$ (2,563)	\$ 548	\$ 140,276



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	753	770	791	792	
		Self-Funded		Self Funded	Total
	Insurance	Insurance	Catering	Workers Compensation	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$ -	\$ -	\$ 244,818	\$ -	\$ 244,818
Cash Payments to Employees for Services	-	-	(114,558)	-	(114,558)
Cash Payments for Suppliers	-	-	(37,725)	-	(37,725)
Other Operating Cash Receipts (Payments)	897,145	(548,661)	-	37,885	386,369
Net Cash Provided by (Used for) Operating Activities	897,145	(548,661)	92,535	37,885	478,904
Net Increase (Decrease) in Cash and Cash Equivalents	897,145	(548,661)	92,535	37,885	478,904
Cash and Cash Equivalents at Beginning of the Year:	-	553,960	29,668	-	583,628
Cash and Cash Equivalents at the End of the Year:	\$ 897,145	\$ 5,299	\$ 122,203	\$ 37,885	\$ 1,062,532
<u>Reconciliation of Operating Income to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income:	\$ -	\$ -	\$ 4,211	\$ 548	\$ 4,759
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Current Investments	(6,619,336)	8,086,821	-	(22,427,129)	(20,959,644)
Decrease (increase) in Accrued Interest	-	-	-	(548)	(548)
Decrease (increase) in Due from Other Funds	(212,865)	212,865	(163,329)	-	(163,329)
Decrease (increase) in Other Receivables	-	2	-	(9,350,000)	(9,349,998)
Increase (decrease) in Accounts Payable	41,203	(8,211,166)	(902)	22,309,179	14,138,314
Increase (decrease) in Due to Other Funds	655,540	(637,183)	252,438	9,505,196	9,775,991
Increase (decrease) in Other Liabilities	7,032,603	-	117	639	7,033,359
Net Cash Provided by (Used for) Operating Activities	\$ 897,145	\$ (548,661)	\$ 92,535	\$ 37,885	\$ 478,904



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	BALANCE JULY 1 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2010
STUDENT ACTIVITIES				
Assets:				
Cash and Temporary Investments	\$ 1,050,375	\$ 4,162,511	\$ 3,991,260	\$ 1,221,626
Due From Other Funds	19,918	-	-	19,918
Total Assets	\$ 1,070,293	\$ 4,162,511	\$ 3,991,260	\$ 1,241,544
Liabilities:				
Accounts Payable	\$ 27,420	\$ 46,918	\$ 22,263	\$ 52,075
Due to Student Groups	1,042,874	4,137,856	3,991,261	1,189,469
Total Liabilities	\$ 1,070,294	\$ 4,184,774	\$ 4,013,524	\$ 1,241,544
BARRON WORKERS' COMPENSATION				
Assets:				
Cash and Temporary Investments	\$ 67,679	\$ 42,311	\$ 109,990	\$ -
Investments - Current	24,122,710	-	24,122,710	-
Accrued Interest	36,795	-	36,795	-
Due From Other Funds	10,821	-	-	10,821
Other Receivables	12,350,000	-	12,350,000	-
Total Assets	\$ 36,588,005	\$ 42,311	\$ 36,619,495	\$ 10,821
Liabilities:				
Accounts Payable	\$ 24,325,385	\$ 41,047	\$ 24,362,396	\$ 4,036
Due to Other Funds	12,261,980	-	12,255,195	6,785
Due to Student Groups	639	-	639	-
Total Liabilities	\$ 36,588,004	\$ 41,047	\$ 36,618,230	\$ 10,821
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 1,118,054	\$ 4,204,822	\$ 4,101,250	\$ 1,221,626
Investments - Current	24,122,710	-	24,122,710	-
Accrued Interest	36,795	-	36,795	-
Due From Other Funds	30,739	-	-	30,739
Other Receivables	12,350,000	-	12,350,000	-
Total Assets	\$ 37,658,298	\$ 4,204,822	\$ 40,610,755	\$ 1,252,365
Liabilities:				
Accounts Payable	\$ 24,352,805	\$ 87,965	\$ 24,384,659	\$ 56,111
Due to Other Funds	12,261,980	-	12,255,195	6,785
Due to Student Groups	1,043,513	4,137,856	3,991,900	1,189,469
Total Liabilities	\$ 37,658,298	\$ 4,225,821	\$ 40,631,754	\$ 1,252,365



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2010

	810	816	828	829	Total
	Campus	Johnny &	Filemon	Supt	Private
	Crime	Nena Cavazos	Vela Memorial	Scholarship	Purpose
	Stoppers	Athletic Fund	Scholarship		Trust Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 975	\$ 136,088	\$ 35	\$ 7,688	\$ 144,786
Due from Other Funds	-	128,132	19,274	8,845	156,251
Total Assets	975	264,220	19,309	16,533	301,037
LIABILITIES					
Current Liabilities:					
Accounts Payable	975	-	-	-	975
Due to Student Groups	-	-	19,309	12,350	31,659
Total Liabilities	975	-	19,309	12,350	32,634
NET ASSETS					
Unrestricted Net Assets	-	264,220	-	4,183	268,403
Total Net Assets	\$ -	\$ 264,220	\$ -	\$ 4,183	\$ 268,403



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	810 Campus Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	828 Filemon Vela Memorial Scholarship	829 Supt Scholarship	Total Private Purpose Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 42	\$ 42
Total Additions	-	-	-	42	42
Change in Net Assets	-	-	-	42	42
Net Assets - July 1 (Beginning)	-	210,329	-	3,042	213,371
Prior Period Adjustment	-	53,891	-	1,099	54,990
Net Assets - June 30 (Ending)	\$ -	\$ 264,220	\$ -	\$ 4,183	\$ 268,403



This Page Intentionally Left Blank

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2010

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
2002	1.407900	0.057700	2,893,639,134
2003	1.427900	0.037700	3,151,355,675
2004	1.467900	0.017700	3,372,158,099
2005	1.471900	0.013700	3,695,481,340
2006	1.438700	0.046900	3,895,196,875
2007	1.315600	0.089800	4,218,109,323
2008	1.019100	0.073200	4,773,440,004
2009	1.019100	0.073200	4,909,923,402
2010 (School year under audit)	1.012273	0.080027	4,993,708,059
1000 TOTALS			

	(10) Beginning Balance 7/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2010
\$	1,379,613	\$ -	\$ 68,698	\$ 12,319	\$ (56,448)	\$ 1,242,148
	334,795	-	29,440	1,207	(11,965)	292,183
	415,043	-	39,030	1,030	(11,524)	363,459
	497,974	-	64,212	774	(13,140)	419,848
	648,782	-	124,797	1,162	(5,833)	516,990
	791,619	-	184,025	5,999	(5,316)	596,279
	1,350,364	-	388,506	26,519	(448)	934,891
	1,793,128	-	608,525	43,709	1,749	1,142,643
	4,482,381	-	2,203,036	158,240	(99,539)	2,021,566
	-	53,382,448	45,126,334	3,567,542	103,575	4,792,147
\$	<u>11,693,699</u>	<u>\$ 53,382,448</u>	<u>\$ 48,836,603</u>	<u>\$ 3,818,501</u>	<u>\$ (98,889)</u>	<u>\$ 12,322,154</u>



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 395,736	\$ 5,295,714	\$ -	\$ 880,899	\$ 6,572,349
6149	Leave for Separating Employees in Fn 41 & 53	-	-	2,093	-	-	-	2,093
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	441,125	-	316,589	-	-	-	757,714
6212	Audit Services	51,500	-	-	-	-	-	51,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	818,251	-	-	-	-	818,251
621X	Other Professional Services	-	-	315	72,731	-	-	73,046
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	6,210	-	-	6,210
6240	Contr. Maint. and Repair	-	-	-	399,709	-	-	399,709
6250	Utilities	-	-	-	81	-	-	81
6260	Rentals	2,203	-	8,951	42,720	-	10,743	64,617
6290	Miscellaneous Contr.	-	-	-	37,888	-	-	37,888
6320	Textbooks and Reading	-	-	2,106	2,646	-	490	5,242
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	3,276	-	9,458	173,582	-	11,381	197,697
6410	Travel, Subsistence, Stipends	42,580	-	8,516	101,604	-	2,630	155,330
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	32,871	-	6,528	89,179	-	2,134	130,712
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	2,400	-	1,753	177,000	-	1,549	182,702
6000	TOTAL	\$ 575,955	\$ 818,251	\$ 752,045	\$ 6,399,064	\$ -	\$ 909,826	\$ 9,455,141

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 503,233,921

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600) (10) \$ 34,525,711

Total Debt & Lease(6500) (11) 1,271,308

Plant Maintenance (Function 51, 6100-6400) (12) 48,610,460

Food (Function 35, 6341 and 6499) (13) 12,786,217

Stipends (6413) (14) 3,590

Column 4 (above) - Total Indirect Cost 6,399,064

SubTotal: 103,596,350

Net Allowed Direct Cost \$ 399,637,571

CUMULATIVE

Total Cost of Buildings before Depreciation (1520) (15) \$ 436,090,450

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

Amount of Federal Money in Building Cost (Net of #16) (17) \$ 8,747,815

Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) (18) \$ 39,575,819

Historical Cost of Furniture & Equipment over 16 years old (19) \$ 1,142,095

Amount of Federal Money in Furniture & Equipment (Net of #19) (20) \$ 6,334,114

(8) NOTE A: \$1,746,569 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.



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
FOR THE YEAR ENDED JUNE 30, 2010

1	Total General Fund Balance as of 6/30/10 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 117,581,115
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 35,666,576
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	5,803,488
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-
5	Estimate of two month's average cash disbursements during the fiscal year.	31,231,885
6	Estimate of delayed payments from state sources (58xx).	26,061,599
7	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.	-
8	Estimate of delayed payments from federal sources (59xx)	-
9	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)	-
10	Adjustment to meet Board Policy	-
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10)	98,763,548
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11)	\$ 18,817,567

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

The District expects to use the unreserved, undesignated General Fund fund balance for future capital projects.



This Page Intentionally Left Blank

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, 2010

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	\$ 1,552,000	\$ 1,552,000	\$ 1,258,153	\$ (293,847)
5800 State Program Revenues	680,000	680,000	202,022	(477,978)
5900 Federal Program Revenues	26,570,147	26,570,147	26,870,588	300,441
5020 Total Revenues	28,802,147	28,802,147	28,330,763	(471,384)
EXPENDITURES:				
0035 Food Services	29,199,778	31,269,547	29,900,782	1,368,765
0051 Facilities Maintenance and Operations	1,200,000	1,200,000	1,200,000	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	25,908	-	25,908
6030 Total Expenditures	30,399,778	32,495,455	31,100,782	1,394,673
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,597,631)	(3,693,308)	(2,770,019)	923,289
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	492,082	492,082
7949 Other Resources	1,597,631	2,897,631	-	(2,897,631)
7080 Total Other Financing Sources (Uses)	1,597,631	2,897,631	492,082	(2,405,549)
1200 Net Change in Fund Balances	-	(795,677)	(2,277,937)	(1,482,260)
0100 Fund Balance - July 1 (Beginning)	3,690,694	3,690,694	3,690,694	-
3000 Fund Balance - June 30 (Ending)	\$ 3,690,694	\$ 2,895,017	\$ 1,412,757	\$ (1,482,260)



This Page Intentionally Left Blank

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, 2010

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	\$ 5,100,779	\$ 5,100,779	\$ 3,921,313	\$ (1,179,466)
5800 State Program Revenues	11,526,012	11,526,012	11,580,318	54,306
5020 Total Revenues	16,626,791	16,626,791	15,501,631	(1,125,160)
EXPENDITURES:				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	7,095,000	7,095,000	7,095,000	-
0072 Debt Service - Interest on Long Term Debt	9,511,137	9,511,137	9,479,417	31,720
0073 Debt Service - Bond Issuance Cost and Fees	20,654	20,654	2,092	18,562
6030 Total Expenditures	16,626,791	16,626,791	16,576,509	50,282
1200 Net Change in Fund Balances	-	-	(1,074,878)	(1,074,878)
0100 Fund Balance - July 1 (Beginning)	7,415,666	7,415,666	7,415,666	-
3000 Fund Balance - June 30 (Ending)	\$ 7,415,666	\$ 7,415,666	\$ 6,340,788	\$ (1,074,878)



This Page Intentionally Left Blank

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



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2010

	June 30,	
	2010	2009
<hr/> ASSETS <hr/>		
Land	\$ 27,594,132	\$ 23,367,874
Building and Improvements	426,510,480	392,112,981
Furniture, Equipment and Vehicles	39,575,820	36,073,004
Construction In Progress	124,007,405	115,035,549
Total	<u>\$ 617,687,837</u>	<u>\$ 566,589,408</u>

INVESTMENTS IN CAPITAL ASSETS

Investments in Capital Assets Acquired from General Fund	\$ 340,354,055	\$ 319,153,179
Special Revenue Fund	5,938,388	4,600,978
Capital Projects Fund	271,395,394	242,835,251
Total	<u>\$ 617,687,837</u>	<u>\$ 566,589,408</u>



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2010

Function	Land	Building and Improvements	Furniture, Equipment and Vehicles	Construction In Progress	Total
Instructional and Instructional Related Services	\$ 4,776,997	\$ 334,635	\$ 5,442,962	\$ -	\$ 10,554,594
Instructional and School Leadership	-	40,047	656,135	-	696,182
Support Services - Student (Pupil)	686,865	4,772,777	24,542,493	-	30,002,135
Administration Services	-	15,069	197,688	-	212,757
Support Services - Nonstudent Based	621,456	52,651,678	7,386,238	-	60,659,372
Ancillary Services	-	-	35,166	-	35,166
Facilities	21,808,814	368,696,274	1,315,138	124,007,405	515,827,631
Total	\$ 27,894,132	\$ 426,510,480	\$ 39,575,820	\$ 124,007,405	\$ 617,987,837



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
JUNE 30, 2010

Function	Balance July 1, 2009	Additions	Deletions	Adjustments	Balance June 30, 2010
Instructional and Instructional Related Services	\$ 9,457,194	\$ 1,385,203	\$ (287,803)	\$ -	\$ 10,554,594
Instructional and School Leadership	677,035	143,308	(124,161)	-	696,182
Support Services - Student (Pupil)	27,649,692	2,396,911	(344,468)	-	29,702,135
Administration Services	225,681	6,655	(19,579)	-	212,757
Support Services - Nonstudent Based	59,987,123	864,881	(197,723)	5,091	60,659,372
Ancillary Services	35,166	-	-	-	35,166
Facilities	468,557,517	47,344,861	(131,416)	56,669	515,827,631
Total	<u>\$ 566,589,408</u>	<u>\$ 52,141,819</u>	<u>\$ (1,105,150)</u>	<u>\$ 61,760</u>	<u>\$ 617,687,837</u>



This Page Intentionally Left Blank

STATISTICAL SECTION



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW

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

The statistical section is organized in the following sections:

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

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

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

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

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

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



This Page Intentionally Left Blank

GOVERNMENT-WIDE INFORMATION



This Page Intentionally Left Blank

SCHEDULE 1
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT

LAST EIGHT YEARS

(Unaudited)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets								
Net of Related Debt	\$ 120,320,803	\$ 153,436,185	\$ 152,489,514	\$ 171,184,508	\$ 61,006,564	\$ 95,604,744	\$ 239,579,610	\$ 252,449,434
Restricted	81,035,422	57,451,563	98,358,180	81,665,840	229,355,987	235,087,962	17,636,587	47,228,007
Unrestricted	71,946,548	99,384,748	97,534,738	110,748,123	106,255,875	89,801,140	153,762,955	84,682,883
Total Net Assets	<u>\$ 273,302,773</u>	<u>\$ 310,272,496</u>	<u>\$ 348,382,432</u>	<u>\$ 363,598,471</u>	<u>\$ 396,618,426</u>	<u>\$ 420,493,846</u>	<u>\$ 410,979,152</u>	<u>\$ 384,360,324</u>

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

Note: Comparative data is for eight years only, due to the implementation of GASB Statement 34 effective September 1, 2001.

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

LAST EIGHT YEARS

(Unaudited)

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

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

Note: Comparative data is for eight years only, due to the implementation of GASB Statement 34 effective September 1, 2001.

	2007	2008	2009	2010
\$	235,656,199	\$ 251,458,965	\$ 263,214,508	\$ 280,044,296
	7,082,218	7,429,329	8,386,006	9,091,704
	13,073,733	12,468,934	14,793,150	15,554,587
	6,191,546	6,731,053	7,059,359	8,002,797
	21,261,506	22,234,884	23,438,655	24,551,960
	15,708,534	16,262,550	17,738,872	18,234,605
	520,648	500,457	711,711	764,709
	4,452,657	4,874,905	5,405,783	5,427,344
	13,088,226	13,386,936	13,147,513	14,715,541
	28,341,364	28,453,632	27,575,534	30,062,988
	13,405,545	14,333,394	13,531,209	10,084,446
	11,121,851	11,628,184	12,319,564	12,138,098
	43,270,873	47,109,642	48,055,290	50,388,704
	3,909,690	4,784,350	5,538,612	5,904,597
	2,240,079	2,440,008	3,038,063	2,908,275
	4,165,693	4,226,094	4,941,913	5,270,769
	7,866,188	10,209,593	9,864,827	9,800,715
	735,785	19,442	96,332	31,947
	-	-	-	-
	103,152	97,558	148,558	227,879
	432,195,487	458,649,910	479,005,459	503,205,961
	841,225	1,010,092	1,164,731	1,606,651
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	1,371,261	1,528,468	1,419,206	1,238,788
	357,281	344,025	343,771	367,206
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	87,070	88,226	479,153	117,487
	-	-	-	-
	-	-	-	-
	-	-	-	-
	73,063,663	75,268,303	82,140,558	98,592,857
	75,720,500	78,239,114	85,547,419	101,922,989
\$	(356,474,987)	\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)

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

LAST EIGHT YEARS

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net Governmental Activities				
Revenue /(Expense)	\$ (289,425,111)	\$ (290,329,158)	\$ (266,415,521)	\$ (332,377,562)
General Revenues and Changes in Net Assets:				
Property Taxes - M&O	44,554,733	48,788,334	52,878,425	54,900,026
Property Taxes - Debt Service	1,255,494	1,369,951	1,382,834	2,672,946
State Aid	229,959,049	253,487,266	228,779,857	252,078,847
Grants & Contributions not Restricted	23,091,064	20,841,629	18,809,954	27,912,159
Investment Earnings	2,862,070	2,302,612	4,021,279	9,262,177
Special Item	132,210	2,319,010	347,248	1,179,641
Special - (Use)	-	(95,242)	(456,883)	(973,775)
Extraordinary Item - resource	-	-	-	-
Miscellaneous	-	-	-	-
Total General Revenues	301,854,620	329,013,560	305,762,714	347,032,021
Change in Net Assets	\$ 12,429,509	\$ 38,684,402	\$ 39,347,193	\$ 14,654,459

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

Note: Comparative data is for eight years only, due to the implementation of GASB Statement 34 effective September 1, 2001.

2007	2008	2009	2010
\$ (356,474,987)	\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)
57,100,739	47,622,425	50,698,836	49,108,507
4,777,354	4,866,150	3,608,402	5,713,455
256,856,481	273,801,373	279,184,838	273,485,573
53,491,917	48,965,278	46,407,489	47,456,785
17,281,072	17,368,044	6,867,205	576,057
187,043	2,656,772	222,344	-
(1,608,033)	(1,669,850)	-	-
1,794,147	500,500	-	-
-	-	-	-
389,880,720	394,110,692	386,989,114	376,340,377
\$ 33,405,733	\$ 13,699,896	\$ (6,468,926)	\$ (24,942,595)



This Page Intentionally Left Blank

FUND INFORMATION

SCHEDULE 4
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2001	2002	2003	2004	2005
General Fund					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 3,989,421	\$ 3,989,420	\$ 3,520,491	\$ 3,195,213	\$ 3,725,141
Retirement of Long-Term Debt	-	-	-	-	178,062
Outstanding Encumbrances	8,116,068	8,116,068	5,155,218	3,527,911	10,549,147
Food Service	7,482,674	1,483,059	7,834,877	7,897,198	7,160,197
Other Purposes	10,511,128	10,617,984	12,199,625	11,824,307	20,862,132
<i>Unreserved Designated For:</i>					
Construction	3,985,068	7,253,170	8,822,619	11,091,043	40,438,286
Capital/Expenditures for Equipment	77,516	25,000	-	-	-
Other Purposes	23,874,884	26,380,099	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	38,431,316	34,496,186	62,979,829	98,815,933	84,797,128
Total General Fund Balance	96,468,075	92,360,986	100,512,659	136,351,605	167,710,093
All Other Governmental Funds					
<i>Reserved, Reported In:</i>					
Special Revenues					
Outstanding Encumbrances	176,403	-	-	-	6,310
Food Service	356,764	375,183	375,183	-	-
Other Reserves	-	1,854,554	2,022,909	2,034,223	2,110,798
Debt Service					
Retirement of Long Term Debt	20,802,156	5,553,219	4,848,987	3,610,532	7,582,861
Outstanding Encumbrances	2,667	-	-	-	-
Capital Projects					
Outstanding Encumbrances	18,985,767	21,236,452	25,431,250	6,869,468	3,086,876
Other Purposes	-	22,536,518	10,871,073	7,789,986	4,023,645
<i>Unreserved Designated, Reported In:</i>					
Capital Projects Fund Construction	-	-	-	-	-
Capital Expenditures for Equipment	6,079,359	-	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the Capital Projects funds	-	-	-	-	-
Reported in Special Revenue funds	1,764,207	-	(46,810)	(388,318)	(1,365,275)
Total All Other Governmental Fund Balance	48,167,323	51,555,926	43,502,592	19,915,891	15,445,215
Total Government Funds -- Fund Balance	\$ 144,635,398	\$ 143,916,912	\$ 144,015,251	\$ 156,267,496	\$ 183,155,308
Governmental Funds					
Beginning Fund Balance	\$ 159,958,285	\$ 137,953,960	\$ 137,235,474	\$ 137,333,813	\$ 149,586,058
Net Change in Fund Balance	(22,004,325)	(718,486)	98,339	12,252,245	26,887,812
Ending Balance	\$ 137,953,960	\$ 137,235,474	\$ 137,333,813	\$ 149,586,058	\$ 176,473,870

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

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

	2006	2007	2008	2009	2010
\$	3,952,630	\$ 5,073,314	\$ 4,440,512	\$ 4,980,783	\$ 4,893,251
	172,868	172,868	165,895	3,920	3,919
	11,816,841	15,417,596	13,535,457	10,855,448	25,960,333
	7,063,466	7,238,318	5,550,630	1,693,073	2,613
	15,921,314	16,711,053	17,129,854	11,216,238	4,806,460
	26,034,570	33,779,582	50,393,914	31,953,995	5,803,488
	-	-	-	-	-
	850,000	-	-	-	-
	99,630,833	94,599,727	84,885,826	88,167,972	76,111,051
	165,442,522	172,992,458	176,102,088	148,871,429	117,581,115
	126,247	52,238	57,921	56,608	2,129,059
	-	-	-	-	-
	1,463,554	1,246,819	1,230,326	451,609	451,609
	9,579,439	8,488,045	7,527,191	7,415,666	6,340,788
	-	-	-	-	-
	6,515	3,763,740	65,678,823	20,471,549	3,099,866
	5,074,658	5,074,658	5,074,658	5,074,657	5,074,657
	-	-	-	-	-
	-	-	-	-	-
	-	132,276,179	64,199,140	14,656,385	4,552,631
	(396,262)	61,577	103,641	71,825	(2,046,805)
	15,854,151	150,963,256	143,871,700	48,198,299	19,601,805
\$	181,296,673	\$ 323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920
\$	176,473,870	\$ 174,615,235	\$ 317,274,276	\$ 319,973,788	\$ 197,069,728
	(1,858,635)	142,659,041	(3,981,926)	(122,904,060)	(59,886,808)
\$	174,615,235	\$ 317,274,276	\$ 313,292,350	\$ 197,069,728	\$ 137,182,920



This Page Intentionally Left Blank

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		
2001	36,775,042	432,990	12,204,071	192,806,872	10,547,746	6,974,791	44,379,450	304,120,962
2002	41,191,602	526,523	7,114,003	218,601,200	11,567,425	4,736,326	51,901,931	335,639,010
2003	45,397,092	595,230	4,767,891	229,956,700	11,887,202	16,308,114	56,917,738	365,829,967
2004	49,461,019	584,243	4,364,197	253,487,266	11,502,122	5,972,967	67,639,124	393,010,938
2005	51,234,121	501,806	5,977,413	228,779,857	9,287,720	3,511,979	70,739,652	370,032,548
2006	59,488,916	567,931	11,392,644	252,776,852	11,660,390	7,280,359	78,313,105	421,480,197
2007	61,252,617	495,935	19,482,159	274,395,670	12,855,417	16,933,015	79,187,774	464,602,587
2008	52,642,945	578,524	19,760,410	286,258,776	13,254,419	19,469,958	79,555,189	471,520,221
2009	53,389,684	588,449	11,096,985	290,732,408	13,646,577	20,831,992	82,428,653	472,714,748
2010	53,895,159	593,297	3,969,433	282,771,446	14,192,422	16,337,762	106,233,585	477,993,104

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
2001	173,874,968	19,494,147	49,650,009	8,965,306	32,047,674	2,215,047
2002	203,127,797	22,619,080	61,435,926	10,163,610	35,640,477	2,487,299
2003	209,064,558	23,757,017	59,316,261	10,490,330	36,905,260	2,568,151
2004	211,056,891	23,299,272	62,520,333	9,545,271	36,594,986	3,220,729
2005 *	201,799,234	19,610,952	58,211,747	8,265,362	33,180,193	3,603,119
2006	239,325,970	24,635,601	69,124,621	9,949,899	44,197,890	3,800,770
2007	248,787,841	26,672,500	74,944,973	10,805,892	48,559,983	4,044,827
2008	264,756,508	28,197,129	77,081,715	11,317,309	53,207,299	4,208,853
2009	277,097,188	29,517,110	75,512,179	11,911,112	55,004,482	4,774,257
2010	296,935,894	31,721,644	79,251,845	11,742,923	58,180,291	5,113,327

Source: The District's Annual Financial Report - Governmental Funds Statements of Revenues, Fund Expenditures, and Changes in 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. In 2005 instead of ending August 31st, the district ended their fiscal year June 30th. 2006 and on the District's fiscal year starts July 1st and ends June 30th.

Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter- Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Service to Operating Expenditures
5,380,000	3,767,972	33,180,797	-	328,575,920	3.20%
6,920,000	5,755,481	24,805,857	-	372,955,527	3.78%
5,375,000	5,332,413	13,714,065	-	366,523,055	3.13%
5,175,000	5,521,842	34,696,336	-	391,630,660	3.09%
460,000	2,606,709	15,478,061	-	343,215,377	0.94%
2,880,000	5,594,039	24,819,146	34,886	424,362,822	2.17%
9,950,000	9,200,003	25,664,640	103,152	458,733,811	4.63%
6,990,000	10,554,188	30,651,788	97,558	487,062,347	4.00%
7,310,000	10,413,099	121,189,943	148,558	592,877,928	3.91%
7,095,000	10,752,816	47,440,171	227,879	548,461,790	3.70%

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

LAST TEN YEARS

(Unaudited)

	2001	2002	2003	2004
Excess of Revenues Over (Under) Expenditures	\$ (903,580)	\$ (37,316,517)	\$ (693,088)	\$ 1,379,278
Other Financing Sources (Uses)				
Issuance of Bonds	-	38,195,000	-	-
Capital-Related Debt Issued	-	-	-	-
Sale of Real and Personal Property	-	45,839	24,146	23,464
Non-Current Loans	-	-	-	9,155,000
Transfers In	-	27,877,000	13,324,682	11,731,275
Premium or Discount on Issuance of Bonds	-	4,089	-	-
Other Resources	893,212	-	-	2,142,120
Transfers Out	-	(27,877,000)	(13,324,682)	(11,731,275)
Other Uses	-	(150,000)	-	(95,242)
Total Other Financing Sources (Uses)	893,212	38,094,928	24,146	11,225,342
Special Items	-	-	108,064	153,426
Net Change in Fund Balances	\$ (10,368)	\$ 778,411	\$ (560,878)	\$ 12,758,046

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

2005	2006	2007	2008	2009	2010
\$ 26,817,171	\$ (2,882,625)	\$ 5,868,776	\$ (15,542,126)	\$ (120,163,179)	\$ (70,491,271)
-	-	-	-	-	15,400,000
-	65,435,000	129,985,000	-	7,320,000	-
51,099	49,803	17,645	24,496	23,657	24,776
-	-	-	-	6,250,000	-
8,101,880	11,455,350	12,898,480	13,867,904	13,005,391	7,386,260
-	4,336,541	6,391,081	-	187,074	(3,080,000)
296,149	1,129,838	169,398	3,132,776	1,411	2,612
(8,101,880)	(11,455,350)	(12,898,480)	(13,867,904)	(13,147,872)	7,386,260
(456,883)	(70,488,772)	(1,608,033)	(1,669,850)	(13,650,287)	-
(109,635)	462,410	134,955,091	1,487,422	(10,626)	27,119,908
-	-	1,794,147	-	197,276	-
\$ 26,707,536	\$ (2,420,215)	\$ 142,618,014	\$ (14,054,704)	\$ (119,976,529)	\$ (43,371,363)

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
2001	37,687	4,614	517	1,317	238	850
2002	39,302	5,168	576	1,563	259	907
2003	40,779	5,127	583	1,455	257	905
2004	42,274	4,993	551	1,479	226	866
2005 *	43,211	4,670	454	1,347	191	768
2006	44,516	5,376	553	1,553	224	993
2007	44,491	5,592	600	1,685	243	1,091
2008	44,758	5,915	630	1,722	253	1,189
2009	44,665	6,204	661	1,691	267	1,231
2010	45,097	6,584	703	1,757	260	1,290

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. In 2005 instead of ending August 31st, the District ended their fiscal year June 30th, 2006 and on the District's fiscal year starts July 1st and ends 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
59	143	100	880	-	8,719
63	176	146	631	-	9,489
63	132	131	336	-	8,988
76	122	131	821	-	9,264
83	11	60	358	-	7,943
85	65	126	558	1	9,533
91	224	207	577	2	10,311
94	156	236	685	2	10,882
107	164	233	2,713	3	13,274
113	157	238	1,052	5	12,162



This Page Intentionally Left Blank

REVENUE CAPACITY INFORMATION



This Page Intentionally Left Blank

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			
2001	2,196,290,394	403,379,135	2,599,669,529	3,340,098,821	77.83%	1.465600
2002	2,460,152,265	433,486,869	2,893,639,134	3,680,769,208	78.62%	1.465600
2003	2,664,399,367	486,956,308	3,151,355,675	3,975,780,844	79.26%	1.465600
2004	2,885,792,870	486,365,229	3,372,158,099	4,160,431,798	81.05%	1.485600
2005	3,191,896,582	503,584,758	3,695,481,340	4,548,022,961	81.25%	1.485600
2006	3,392,670,047	502,526,828	3,895,196,875	4,840,839,426	80.47%	1.485600
2007	3,925,182,022	540,347,922	4,465,529,944	5,548,457,738	80.48%	1.405400
2008	4,166,206,596	607,233,408	4,773,440,004	5,871,154,152	81.30%	1.092300
2009	4,279,472,153	630,451,249	4,909,923,402	6,053,536,586	81.11%	1.092300
2010	4,338,417,565	655,290,494	4,993,708,059	6,135,315,186	81.39%	1.092300

Source: Cameron County Appraisal District

* Per \$100 of assessed value

SCHEDULE 10
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2001	37,425,350	34,083,748	91.07%	1,870,352	35,954,100	96.07%	8,235,683	22.01%
2002	41,692,044	37,889,504	90.88%	2,360,909	40,250,413	96.54%	9,256,546	22.20%
2003	45,411,431	41,491,775	91.37%	2,852,181	44,343,956	97.65%	9,783,241	21.54%
2004	49,326,280	45,414,638	92.07%	3,082,888	48,497,526	98.32%	10,435,507	21.16%
2005	53,980,789	48,224,568	89.34%	2,938,924	51,163,492	94.78%	12,827,873	23.76%
2006	56,893,668	51,372,178	90.30%	4,963,134	56,335,312	99.02%	12,774,956	22.45%
2007	61,639,120	55,207,914	89.57%	4,890,553	60,098,467	97.50%	13,390,777	21.72%
2008	51,069,707	46,597,854	91.24%	5,436,046	52,033,900	101.89%	12,450,446	24.38%
2009	52,931,405	48,397,764	91.43%	4,286,377	52,684,141	99.53%	11,693,698	22.09%
2010	53,382,448	48,693,877	91.22%	3,961,229	52,655,106	98.64%	12,322,154	23.08%

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
2001	1.393800	0.071800	1.465600	35,591,508	1,833,842	37,425,350
2002	1.407900	0.057700	1.465600	40,049,378	1,642,667	41,692,044
2003	1.427900	0.037700	1.465600	43,354,293	2,057,138	45,411,431
2004	1.467900	0.017700	1.485600	48,739,298	586,982	49,326,280
2005	1.471900	0.013700	1.485600	53,484,166	496,623	53,980,789
2006	1.438700	0.046900	1.485600	55,095,828	1,797,840	56,893,668
2007	1.315600	0.089800	1.405400	57,700,380	3,938,740	61,639,120
2008	1.019100	0.073200	1.092300	47,647,291	3,422,416	51,069,707
2009	1.019100	0.073200	1.092300	49,384,228	3,547,177	52,931,405
2010	1.012273	0.080027	1.092300	49,471,399	3,911,049	53,382,448

Source: Brownsville Independent School District Annual Financial and Compliance Reports

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



This Page Intentionally Left Blank

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	
2001	2000	1.465600	0.037200	0.685000	0.085701	0.345843	0.036344	0.131400	2.787088
2002	2001	1.465600	0.039200	0.680000	0.077494	0.340536	0.034376	0.131400	2.768606
2003	2002	1.465600	0.039200	0.680000	0.074125	0.340536	0.033130	0.131400	2.763991
2004	2003	1.485600	0.039200	0.680000	0.073935	0.358191	0.053130	0.131400	2.821456
2005	2004	1.485600	0.039200	0.680000	0.071410	0.358191	0.046520	0.128782	2.809703
2006	2005	1.485600	0.039200	0.680000	0.067300	0.358191	0.044523	0.162772	2.837586
2007	2006	1.405400	0.039200	0.650235	0.057240	0.348191	0.039172	0.161089	2.700527
2008	2007	1.092300	0.049200	0.650517	0.053609	0.343191	0.036671	0.161089	2.386577
2009	2008	1.092300	0.049200	0.650517	0.048497	0.353191	0.031714	0.161089	2.386508
2010	2009	1.092300	0.049200	0.654189	0.048253	0.363191	0.031535	0.161924	2.400592

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 2010	
		Tax Year 2009 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	38,904,042	0.78%
TRICO Products Corp.	Manufacturer	16,585,431	0.33%
Columbia Valley Healthcare Systems LP	Hospital	31,461,407	0.63%
Southwestern Bell Telephone	Telephone Utility	21,112,460	0.42%
Rich-Seapak Co	Retail Store	14,617,304	0.29%
KIMCO Brownsville LP	Land/ Improvements	19,810,133	0.40%
Wal-Mart Stores Texas LP	Retail Store	14,818,513	0.30%
Wal-Mart Stores Inc.	Retail Store	17,880,973	0.36%
H E Butt Grocery Co	Grocery	13,968,376	0.28%
Columbia Valley Healthcare Systems LP	Hospital	-	-
Brownsville Medical Center	Hospital	-	-
Security Capital Industrial Trust	Real Estate Investments	-	-
Simon Property Group	Real Estate/Shopping Mall	-	-
Norton		-	-
Morrison Crossing LTD	Home Improvements	14,478,270	0.29%
Totals		<u>\$ 203,636,909</u>	<u>4.08%</u>

Source: Cameron County Appraisal District

Fiscal Year 2001	
Tax Year	
2000	Percentage of
Assessed	Total Assessed
Valuation	Valuation
-	-
34,874,962	1.34%
31,833,525	1.22%
26,730,140	1.03%
24,421,468	0.94%
-	-
-	-
-	-
11,907,725	0.46%
12,250,835	0.47%
24,782,879	0.95%
9,973,787	0.38%
9,293,435	0.36%
14,053,351	0.54%
-	-
<u>\$ 200,122,107</u>	<u>7.69%</u>



This Page Intentionally Left Blank

DEBT CAPACITY INFORMATION

SCHEDULE 14
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Refunding Bonds	Notes Payable	Capital Appreciation Bonds	Total Debt
2001	70,960,250	-	-	-	70,960,250
2002	102,561,040	-	-	-	102,561,040
2003	97,250,000	-	-	-	97,250,000
2004	92,415,000	-	8,815,000	-	101,230,000
2005	92,415,000	-	8,355,000	-	100,770,000
2006	24,300,000	65,435,000	7,860,000	-	97,595,000
2007	145,095,000	65,195,000	7,340,000	-	217,630,000
2008	138,640,000	65,195,000	6,805,000	-	210,640,000
2009	124,545,000	72,515,000	6,250,000	-	203,310,000
2010	118,395,000	71,570,000	5,655,000	15,400,000	211,020,000

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Ratio of Total Debt to Estimated Actual Property Value	Total Debt Per Average Daily Membership
2.12%	1726
2.79%	2399
2.45%	2187
2.43%	2201
2.22%	2148
2.02%	2022
3.92%	4497
3.59%	4311
3.36%	4181
3.44%	4292



This Page Intentionally Left Blank

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

As Of June 30, 2010

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Brownsville Navigation District	\$ 18,305,808	A	09/30/10	80.32%	\$ 14,703,225
City Of Brownsville	167,504,576	A	09/30/10	90.71%	151,943,401
Cameron County	63,645,000	A	09/30/10	32.93%	20,958,299
Paseo De La Resaca MUD #1	1,680,000	A	09/30/10	100.00%	1,680,000
Paseo De La Resaca MUD #2	2,560,000	A	09/30/10	100.00%	2,560,000
Paseo De La Resaca MUD #3	5,270,000	A	09/30/10	100.00%	5,270,000
Paseo De La Resaca MUD #3	3,205,000	A	09/30/10	100.00%	3,205,000
Rancho Viejo, Town of	1,020,000	A	09/30/10	59.40%	605,880
Texas Southmost College District	75,775,000	A	09/30/10	48.37%	36,652,368
Valley MUD #2	6,185,000	A	09/30/10	66.76%	4,129,106
					<u>\$ 241,707,278</u>
Brownsville ISD Direct Debt		B	06/30/10	100.00%	<u>\$ 195,894,334</u>
Total Direct and Overlapping Debt					<u><u>\$ 437,601,612</u></u>

Source:

A - Municipal Advisory Council of Texas

B - Brownsville Independent School District Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the district. This process recognizes that, when considering the district's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping governmental.

SCHEDULE 16
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2001	2002	2003	2004	2005
Assessed Valuation	\$ 2,599,669,529	\$ 2,893,639,134	\$ 3,151,355,675	\$ 3,372,158,099	\$ 3,695,481,340
Debt Limit - 10% of Assessed Valuation	259,966,953	289,363,913	315,135,568	337,215,810	369,548,134
General Obligation Bonds	70,960,250	102,561,040	97,250,000	92,415,001	92,415,000
Deduct Amount Available in Debt Service Fund	20,804,823	5,553,219	4,848,988	3,610,532	7,582,861
Applicable Debt	50,155,427	97,007,821	92,401,012	88,804,468	84,832,139
Legal Debt Margin	\$ 209,811,526	\$ 192,356,093	\$ 222,734,555	\$ 248,411,342	\$ 284,715,995
Debt Margin as a Percentage of the Debt Limit	80.71%	66.48%	70.68%	73.67%	77.04%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2006	2007	2008	2009	2010
\$ 3,895,196,875	\$ 4,465,529,944	\$ 4,773,440,004	\$ 4,909,923,402	\$ 4,993,708,059
389,519,688	446,552,994	477,344,000	490,992,340	499,370,806
89,735,000	210,290,000	203,835,000	197,060,000	205,365,000
9,579,439	8,488,045	7,527,191	7,415,666	6,061,741
80,155,561	201,801,955	196,307,809	189,644,334	199,303,259
\$ 309,364,127	\$ 244,751,039	\$ 281,036,192	\$ 301,348,006	\$ 300,067,547
79.42%	54.81%	58.87%	61.38%	60.09%

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
2001	41,104	3,340,098,821	70,960,250	20,804,823	50,155,427	1.50%	1,220.21
2002	42,747	3,680,769,208	102,561,040	5,553,219	97,007,821	2.64%	2,269.35
2003	44,452	3,975,780,844	97,250,000	4,848,988	92,401,012	2.32%	2,078.67
2004	45,986	4,160,431,798	101,230,000	7,582,861	97,619,468	2.35%	2,122.81
2005	46,908	4,548,022,961	100,770,000	7,582,861	93,187,139	2.05%	1,986.59
2006	48,261	4,840,839,426	97,595,000	9,579,439	88,015,561	1.82%	1,823.74
2007	48,391	5,548,457,738	217,630,000	8,488,045	209,141,955	3.77%	4,321.92
2008	48,858	5,871,154,152	210,640,000	7,527,191	203,112,809	3.46%	4,157.21
2009	48,617	6,053,536,586	203,310,000	7,415,666	195,894,334	3.24%	4,029.34
2010	49,155	6,135,315,186	211,020,000	6,061,741	204,958,259	3.34%	4,169.63

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
2001	5,380,000	3,764,155	9,144,155	261,975,583	3.49%
2002	6,920,000	5,333,838	12,253,838	298,482,914	4.11%
2003	5,375,000	5,321,709	10,696,709	297,110,763	3.60%
2004	5,175,000	5,439,580	10,614,580	306,391,596	3.46%
2005	460,000	2,602,523	3,062,523	276,597,138	1.11%
2006	2,880,000	4,999,747	7,879,747	356,050,995	2.21%
2007	9,950,000	7,866,188	17,816,188	374,918,220	4.75%
2008	6,990,000	10,551,209	17,541,209	395,409,215	4.44%
2009	7,310,000	10,206,443	17,516,443	411,258,259	4.26%
2010	7,690,000	9,832,436	17,522,436	418,646,603	4.19%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: * Excludes Other Fees



This Page Intentionally Left Blank

DEMOGRAPHIC AND ECONOMIC INFORMATION



This Page Intentionally Left Blank

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

(Unaudited)

Employer	2010 *			2001-2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	7,434	1	5.21%	7,033	1	4.73%
University of Texas at Brownsville	2,386	2	1.67%	1,829	2	1.23%
Cameron County	2,076	3	1.46%	1,719	3	1.16%
Keppel Amfels	1,300	4	0.91%	1,451	4	0.98%
City of Brownsville	1,178	5	0.83%	1,084	5	0.73%
Wal-mart	1,174	6	0.82%	992	6	0.67%
HEB Food Stores	975	7	0.68%	820	7	0.55%
Valley Regional Medical Center	757	8	0.53%	749	9	0.50%
Valley Baptist Medical Center	717	9	0.50%	768	8	0.52%
T-Mobile	671	10	0.47%	-	-	-
Covergys Corp.	623	11	0.44%	-	-	-
Brownsville Public Utilities Board	482	12	0.34%	-	-	-
Trico Technologies	417	13	0.29%	-	-	-
National Electric Coil	311	14	0.22%	-	-	-
Dillards	300	15	0.21%	-	-	-
Rich Sea Pack	267	16	0.19%	-	-	-
International Shipbreaking	230	17	0.16%	-	-	-
Well Fargo (Mercantile Bank)	140	18	0.10%	-	-	-
IDEA Public School	137	19	0.10%	-	-	-
JC Penney	135	20	0.09%	-	-	-
Allison Manufacturing	-	-	-	-	-	-
Brownsville Medical Center	-	-	-	-	-	-
Fort Brown Manufacturing	-	-	-	-	-	-
Horace Small Apparel	-	-	-	-	-	-
Johnson Intermediate Materials	-	-	-	-	-	-
Levi Strauss	-	-	-	-	-	-
Norton Company	-	-	-	-	-	-
Texas Visting Nurses	-	-	-	-	-	-
Titan Tire Co.	-	-	-	-	-	-
VF Workwear	-	-	-	-	-	-
Total	<u>21,710</u>		<u>15.22%</u>	<u>16,445</u>		<u>11.07%</u>

Source:

(1) * 2010 Brownsville Economic Development Council estimated information as of 10/18/10. The data for 2010 will not be ready until the 1st Qtr of 2011.

(2) Est. Population as per Brownsville Economic Development Council (City of Brownsville) is 176,073 & 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
2001	2,907	110,131,917	3,678,398,203
2002	3,595	113,852,213	3,973,934,573
2003	3,328	131,589,633	4,174,837,933
2004	3,665	118,052,886	4,544,846,906
2005	2,274	107,278,249	4,836,991,161
2006	3,422	134,980,422	5,541,181,044
2007	2,555	181,840,584	5,877,752,406
2008	2,240	166,418,482	6,116,283,173
2009	2,993	103,987,896	6,174,353,951
2010	2458	74,048,534	6,113,416,912

Source: Cameron Appraisal District Certified Entity Totals Report

OPERATING INFORMATION

SCHEDULE 21
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION

LAST TEN YEARS

(Unaudited)

Classification	2001	2002	2003	2004	2005
Number of Employees					
Teachers	2,737	2,912	3,023	3,014	2,952
Professional Support	522	545	524	526	512
Campus Administration	120	144	191	181	187
Central Administration	23	45	42	35	34
Educational Aides	732	816	797	792	797
Auxiliary Staff	2,026	2,093	2,252	2,202	2,124
Total Employees	6,159	6,555	6,828	6,750	6,605
Percent of Total					
Teachers	44.43%	44.43%	44.27%	44.66%	44.69%
Professional Support	8.48%	8.32%	7.67%	7.79%	7.75%
Campus Administration	1.94%	2.20%	2.80%	2.69%	2.83%
Central Administration	0.37%	0.68%	0.61%	0.51%	0.51%
Educational Aides	11.88%	12.45%	11.67%	11.73%	12.06%
Auxiliary Staff	32.90%	31.93%	32.98%	32.63%	32.16%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).
Data taken from P.E.I.M.S. report(s).

2006	2007	2008	2009	2010
3,093	3,166	3,273	3,322	3,365
518	537	582	606	638
189	194	195	200	197
28	31	18	12	8
814	873	841	809	910
2,166	2,229	2,415	2,487	2,425
6,808	7,030	7,323	7,436	7,543
45.44%	45.04%	44.69%	44.68%	44.61%
7.61%	7.64%	7.94%	8.15%	8.46%
2.77%	2.76%	2.66%	2.69%	2.61%
0.41%	0.44%	0.25%	0.16%	0.11%
11.95%	12.42%	11.48%	10.87%	12.06%
31.82%	31.70%	32.98%	33.45%	32.15%
100.00%	100.00%	100.00%	100.00%	100.00%

SCHEDULE 22
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	
2001	30,000	44,692	33,000	47,692	33,750	48,442	38,036
2002	30,500	45,606	33,500	48,606	34,250	49,356	38,990
2003	30,614	45,720	33,614	48,720	34,364	49,470	38,853
2004	31,000	45,734	34,000	48,734	34,750	49,484	39,129
2005 *	31,000	50,778	34,000	53,278	34,750	54,028	40,656
2006	33,000	51,592	36,000	54,592	36,750	55,342	41,725
2007	36,500	55,406	39,500	58,406	40,250	59,156	45,501
2008	38,000	56,720	41,000	59,720	41,750	60,470	46,909
2009	39,000	58,034	42,000	61,034	42,750	61,784	48,369
2010	40,350	59,038	43,350	62,138	44,100	62,888	48,412

Source: Academic Excellence Indicator System (AEIS)

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
12.1	82.5%	16.6%
11.9	83.0%	16.0%
12.3	83.5%	15.4%
12.0	84.2%	15.0%
12.1	83.8%	15.2%
11.7	84.5%	14.6%
11.6	85.3%	14.0%
11.8	84.6%	13.8%
12.0	81.8%	15.2%
11.9	82.6%	12.1%

SCHEDULE 23
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2001	37,687	41,104	91.69%
2002	39,302	42,747	91.94%
2003	40,779	44,452	91.74%
2004	42,274	45,986	91.93%
2005	43,211	46,908	92.12%
2006	44,516	48,261	92.24%
2007	44,491	48,391	91.94%
2008	44,758	48,858	91.61%
2009	44,666	48,617	91.87%
2010	45,097	49,155	91.74%

Source: The District's PEIMS & Student Accounting Office

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

SCHEDULE 24
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
2001 *	37,687	252,527,968	6,701	N/A	N/A	N/A	N/A
2002	39,302	293,797,639	7,475	11.56%	\$ 336,620,072	\$ 8,565	0.00%
2003	40,779	291,736,342	7,154	-4.30%	347,955,325	8,533	-0.37%
2004	42,274	293,023,477	6,932	-3.11%	351,768,239	8,321	-2.48%
2005 **	43,211	268,252,867	6,208	-10.44%	330,971,654	7,659	-7.95%
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%	-	-	-100.00%

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

Note: * GASB 34 was not in effect. No data available.

** 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.

SCHEDULE 25
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
2001	14.9	90%	37,566	91.9%
2002	14.6	90%	39,499	92.8%
2003	14.7	90%	41,202	93.0%
2004	15.2	90%	42,680	93.1%
2005 *	15.9	90%	43,697	93.4%
2006	15.6	90%	45,651	94.7%
2007	15.2	90%	45,656	94.6%
2008	14.9	90%	46,116	94.4%
2009	14.6	90%	46,077	94.9%
2010	14.6	90%	46,922	95.5%

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

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

SCHEDULE 26
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

			Estimated Square	Recommended	
			Footage	Capacity	
HIGH SCHOOLS					ELEMENTARY SCHOOLS
HANNA	347,500	2,996	AIKEN	92,371	726
LOPEZ	371,264	2,350	BENAVIDES	80,416	880
PACE	283,286	2,385	BRITE	93,506	850
PORTER	281,603	2,385	BURNS	97,236	1,188
RIVERA	315,648	2,785	CANALES	107,911	880
VETERANS MEMORIAL	360,018	2,200	CASTAÑEDA	71,909	628
TOTAL	1,959,319	15,101	CHAMPION	82,658	880
			CROMACK	78,087	1,056
			DEL CASTILLO	47,421	550
			EGLY	80,023	946
			EL JARDIN	75,594	946
			GALLEGOS	82,657	880
			GARDEN PARK	73,774	902
			GARZA	65,661	880
			GONZALEZ	80,216	968
			HUDSON	87,376	682
			KELLER	92,500	1,200
			LONGORIA	44,916	418
			MARTIN	69,360	902
			MORNINGSIDE	74,095	880
			ORTIZ	80,732	880
			PALM GROVE	61,565	484
			PAREDES	82,644	792
			PENA	92,500	850
			PEREZ	65,762	726
			PULLAM	92,000	850
			PUTEGNAT	61,563	594
			RESACA	30,722	242
			RUSSELL	89,777	968
			SHARP	53,802	528
			SKINNER	71,621	836
			SOUTHMOST	66,139	638
			VERMILLION	84,474	1,210
			VICTORIA	45,303	506
			VILLA NUEVA	63,291	528
			YTURRIA	65,306	792
			TOTAL	2,684,888	28,666
MIDDLE SCHOOLS					
BESTEIRO	153,231	1,490			
CUMMINGS	94,489	1,200			
FAULK	113,869	1,100			
GARCIA	120,927	1,240			
LUCIO	127,052	1,240			
MANZANO	140,000	1,200			
OLIVEIRA	124,441	1,485			
PERKINS	140,104	1,865			
STELL	116,715	1,280			
STILLMAN	131,804	1,255			
VELA	132,346	1,565			
TOTAL	1,394,978	14,920			
SPECIAL CAMPUSES					
Brownsville Academic Center	N/A	900			
Brownsville Learning Academy	17,160	345			
Lincoln Park	45,374	380			
Early College High School	40,737	257			
TOTAL	103,271	1,882			

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



This Page Intentionally Left Blank

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, 2010, it included such programs as follows:

Adult Continuing Education

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

Brownsville Academic Center (BAC)

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

Brownsville Learning Academy (BLA)

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

Juvenile Justice Alternative Education Programs (JJAEP)

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

Lincoln Park School

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

La Esperanza Home for Boys

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



This Page Intentionally Left Blank

FEDERAL AWARDS SECTION



This Page Intentionally Left Blank

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

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 2010-01. 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated October 22, 2010.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Patullo, Brian Hill, C.P.

October 22, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Brownsville Independent School District
Brownsville, Texas

Compliance

We have audited the compliance of Brownsville Independent School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-02.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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

Patricia Brown Hall, C.P.A.

October 22, 2010

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

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

<i>Identification of Major Programs</i>			
	CFDA Number(s)	Name of Federal Program or Cluster	
	84.010A 84.389A 84.027A 84.173A 84.391A 84.394A	ESEA Title I, Part A Cluster Special Education Cluster Title XIV SFSF (ARRA)	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000	
	Auditee qualified as low-risk auditee?	___ X ___ Yes	___ No

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

<u>Program</u>	<u>Findings/Noncompliance</u>
<i><u>Finding 10-01</u></i>	<i>Purchase Orders</i>
<i>Criteria:</i>	The District's policies and procedures require a purchase order be executed and authorized prior to payment for all transactions greater than \$25,000.
<i>Condition:</i>	During our testing of the capital assets additions, we found that the District did not prepare a purchase order for the acquisition of land. The land acquisition was board approved, however no purchase order was completed. Therefore, the District paid an invoice without proper authorization.
<i>Questioned Cost:</i>	Questioned costs could not be quantified because the finding does not relate to specific dollar amount.
<i>Effect:</i>	The District was not in compliance with their policies and procedures for the uses of purchase orders and purchase order modifications.
<i>Recommendation:</i>	We recommend the District adhere to its policies and procedures for the uses of purchase requisitions, purchase orders and purchase order modifications. These procedures will help ensure that only proper and authorized expenditures are paid and that a proper audit trail is maintained

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<i><u>Finding 10-02</u></i>	<i>Time and Effort Reports</i>
<i>Criteria:</i>	The District failed to maintain time and effort records that identified the processes and forms that it would use to ensure compliance with the time and effort requirements promulgated in OMB Circular A-87. The District is required to address the allocation of payroll costs to federal awards based upon the actual time reported by each employee paid from a federal award.
<i>Condition:</i>	During our testing of compliance for Title I Part A and IDEA B federal programs, we found that the District did not prepare time and effort reports for employees which were paid from a federal contract.
<i>Questioned Cost:</i>	Questioned costs could not be quantified because the finding does not relate to specific dollar amount.
<i>Effect:</i>	The District was not in compliance with time and effort requirements.
<i>Recommendation:</i>	We recommend the District establish written policies and procedures for the preparation of time and effort reports and adhere to those policies. The District should implement effective time and effort reporting requirements to comply with laws, regulations and provisions of grant agreements.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2010

Finding 2010-01

Purchase Orders

The District makes every effort to follow its procedures during the procurement process. The land purchase in question received Board approval on September 1, 2009 and payment was needed on September 2, 2009 by the title company. Due to the urgent nature of this purchase, a check was requested and issued the day after it was approved by the Board of Trustees. While the purchasing process was not followed, the Board of Trustees, the Superintendent and other personnel were cognizant of the purchase, and a written audit trail does exist.

Every effort will be made to ensure that all future purchases follow the purchasing procedures and policies that are in place.

Finding 2010-02

Time and Effort Reports

The District has already begun to study the time and effort situation and is developing the necessary procedures. Procedures will be in place in time to ensure that this matter is not a questioned cost at the end of the current fiscal year.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2010

Finding 09-01

Purchase Orders

Condition:

During our testing of the capital assets additions for the year, we found that the District exceeded the amount of the purchase order. The purchase order modification form was not completed until the subsequent month. Therefore, the District paid an invoice without proper authorization.

Recommendation:

We recommend the District adhere to its policies and procedures for the uses of purchase requisitions, purchase orders and purchase order modifications. These procedures will help ensure that only proper and authorized expenditures are paid and that a proper audit trail is maintained.

Current Year Status:

In fiscal year 2010, we found 4 checks to the same vendor where the District exceeded the amount of the purchase order and no purchase order modification form was completed.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
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. (Note A)	N/A	N/A	\$ 393,650
Total U.S. Department of Defense			<u>393,650</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Education Agency:</i>			
Family Support Act AFDC Jobs	93.558	103625017110258	<u>86,880</u>
Total U.S. Department of Health and Human Services			<u>86,880</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Programs:</i>			
Homeless Education Disaster Assistance Program	84.383A	S383A090042	<u>60,005</u>
Total CFDA Number 84.383A			<u>60,005</u>
<i>Pass Through Texas Education Agency:</i>			
Federal Adult Education Section 231	84.002A	104100087110312	67,558
Federal Adult Education Section 231	84.002A	104100017110276	<u>408,572</u>
Total CFDA Number 84.002A			<u>476,130</u>
ESEA Title I, Part A 2010 *	84.010A	10610101031901	27,165,572
Title I-School Improvement Program - Hanna *	84.010A	10610104031901001	151,452
Title I-School Improvement Program - Porter *	84.010A	10610104031901002	150,453
Title I-School Improvement Program - Pace *	84.010A	10610104031901003	250,046
Title I-School Improvement Program - Rivera *	84.010A	10610104031901004	99,413
Title I-School Improvement Program - Lopez *	84.010A	10610104031901007	<u>142,351</u>
Total CFDA Number 84.010A			<u>27,959,287</u>
ESEA Title I, Ed. For Migrant Child	84.011A	10615001031901	<u>2,203,669</u>
IDEA B - Formula *	84.027A	106600010319016600	6,437,230
IDEA B - Discretionary (DEAF) *	84.027A	106600020319016673	43,256
IDEA B - Discretionary (DEAF) *	84.027A	096600020319016673	2,310
IDEA B - Formula (DEAF) *	84.027A	106600010319016601	<u>11,019</u>
Total CFDA Number 84.027A			<u>6,493,815</u>
Carl Perkins Grant for Career & Technology Ed.	84.048A	10420006031901	<u>1,023,596</u>
IDEA B - Preschool *	84.173A	106610010319016610	112,563
IDEA B- Preschool (DEAF) *	84.173A	106610010319016611	<u>5,843</u>
Total CFDA Number 84.173A			<u>118,406</u>
ESEA Title IV, Part A S.D.F.S.C.	84.186A	10691001031901	<u>241,811</u>



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
21ST Century Community Learning Center	84.287C	096950137110009	<u>889,925</u>
ESEA Title II, Part D - Enhancing Ed. Through Tech	84.318X	10630001031901	<u>363,323</u>
Title I Part B SP1: Texas Reading First 1-Demonstration	84.357A	096455127110002	159,384
Title I Part B SP1: Texas Reading First 1-Capacity Bldg	84.357A	096455117110002	654,699
Texas Reading First Initiative for Grades K-3	84.357A	086455057110006	<u>511,097</u>
Total CFDA Number 84.357A			<u>1,325,180</u>
ESEA Title III - Limited English Proficiency (LEP)	84.365A	10671001031901	<u>1,867,193</u>
ESEA Title II, Part A - T.P.T.R.	84.367A	10694501031901	<u>3,672,564</u>
Title I-SIP Academy Grant - Hanna	84.377A	10610701031901001	32,495
Title I-SIP Academy Grant - Porter	84.377A	10610701031901002	37,438
Title I-SIP Academy Grant - Pace	84.377A	10610701031901003	41,375
Title I-SIP Academy Grant - Lopez	84.377A	10610701031901007	<u>37,600</u>
Total CFDA Number 84.377A			<u>148,908</u>
Title I-Part A (ARRA) *	84.389A	10551001031901	9,929,557
Title I-SIP (ARRA) Grant - Hanna *	84.389A	10551004031901001	122,192
Title I-SIP (ARRA) Grant - Porter *	84.389A	10551004031901002	104,957
Title I-SIP (ARRA) Grant - Pace *	84.389A	10551004031901003	144,486
Title I-SIP (ARRA) Grant - Rivera *	84.389A	10551004031901004	152,345
Title I-SIP (ARRA) Grant - Lopez *	84.389A	10551004031901007	<u>70,423</u>
Total CFDA Number 84.389A			<u>10,523,960</u>
IDEA B - Formula (ARRA) *	84.391A	10554001031901	<u>4,533,383</u>
IDEA B - Preschool (ARRA) *	84.391A	10555001031901	<u>68,916</u>
Title XIV SFSF (ARRA)	84.394A	10557001031901	<u>12,957,388</u>
Summer School LEP	84.369A	S369A080045	<u>106,754</u>
Total Passed Through Texas Education Agency			<u>74,974,208</u>
<i>Pass Through Education Service Center Region 10:</i>			
ESEA Title III Subtitle B-Ed. for Homeless Children	84.387	44013	25,216
ESEA Title III Subtitle B-Ed. for Homeless Children	84.196	44013	<u>10,322</u>
Total CFDA Number 84.196			<u>35,538</u>
McKinney - Vento Homeless Education (ARRA)	84.387	A09-023	<u>32,767</u>
Total Passed Through Education Service Center Region 10			<u>68,305</u>



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<i>Pass Through The University of Texas at Edinburg:</i>			
GEAR Up	84.334	P334A050122	481,847
GEAR Up	84.334	P334A050122	24,404
Total Passed Through The University of Texas at Edinburg			<u>506,251</u>
Total Department of Education			<u>75,608,769</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
Food Distribution * (Note A)	10.550		557,057
School Breakfast Program * (Note A)	10.553	71401001	7,204,474
National School Lunch Program * (Note A)	10.555	71301001	19,109,057
Total Department of Agriculture			<u>26,870,588</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 102,959,887</u>

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

The accompanying notes are an integral part of this schedule.

(Note A) \$ 393,650 of ROTC, \$19,109,057 of National School Lunch Program, \$7,204,474 of School Breakfast Program, \$557,057 of Food Distribution, \$559,302 of indirect costs are in the General Fund.



This Page Intentionally Left Blank

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2010

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

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

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

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



This Page Intentionally Left Blank