

BROWNSVILLE
INDEPENDENT SCHOOL DISTRICT

THE BEST CHOICE



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Brownsville Independent School District

Brownsville, Texas



Comprehensive Annual Financial Report

For

Fiscal Year Ended June 30, 2016

Prepared by: The Division of Finance

INTRODUCTORY SECTION

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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Brownsville, Texas

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Brownsville, Texas

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

November 11, 2016

Jose Hector Chirinos, President,
Board of Trustees Members, and
Citizens of the Brownsville Independent School District
Brownsville, Texas 78521

Dear Mr. Chirinos, Board Members and Citizens:

State law requires that all public school districts publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Brownsville Independent School District (District) for the fiscal year ended June 30, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

BOARD OF EDUCATION

Jose Hector Chirinos
President
Cesar Lopez
Vice President
Carlos A. Elizondo
Secretary
Minerva M. Peña
Assistant Secretary
Herman Otis Powers, Jr.
Member
Caty Presas-Garcia
Member
Joe A. Rodriguez
Member

Dr. Esperanza Zendejas
Superintendent

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 unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The District is a political subdivision of the State of Texas and governed and operating as an independent school district under the laws thereof. The District is located entirely in Cameron County, Texas and serves the City of Brownsville, part of the Township of Rancho Viejo and some unincorporated areas of the county. The District, originally chartered by the State in March 1915, now encompasses ninety-five square miles.

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

Mission Statement

We will graduate students who are prepared to excel in higher education and successfully pursue career opportunities in a changing global society by maximizing resources to ensure equitable opportunities for all students.

The Brownsville ISD students will:

- Graduate
- Meet and/or exceed state and national standards of achievement
- Graduate college ready and prepared to excel in their respective career choices
- Become productive, responsible, and contributing members of society

Vision

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

Core Commitments

The District's commitments to achieve the mission are:

- Design and implement an effective and accountable ECE-Post Secondary Model that focuses on STEM/STEAM (Science, Technology, Engineering, Arts and Math) careers and life-long learning opportunities
- Ensure a safe, healthy, caring environment for everyone in our school district
- Provide for the effective, social, emotional, and cognitive development of the learner
- Strengthen partnerships and communication among parents, community and schools
- Provide appropriate facilities to implement and support our current and future instructional program
- Recruit, retain, and provide research based professional development to district personnel

Core Beliefs

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

- Everyone in our community has inherent values, talents and strengths
- High expectations, perseverance, and a strong work ethic are essential in fostering higher achievement and success
- Students are our number one resource
- Academic success nurtures lifelong learning
- Everyone flourishes in a safe and healthy educational environment
- The success of each student, educator and family is vital for the future growth and sustainability of our community
- The community and families share responsibility for the development and mentoring of our students

Core Values

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

- Will not tolerate educational apathy
- Will not compromise the efficient and effective use of any/all resources

- Will make educational and financial decisions based upon what is best for student success
- Will foster a positive environment that recognizes and celebrates diversity
- Will ensure a safe and healthy learning environment with a commitment to excellence
- Will ensure that the instructional programs from early childhood to post-secondary are our highest priority

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through twelve for its approximate 47,749 students. These include regular and enriched academic education, special education for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency and specialized instruction for disadvantaged students. These basic programs are supplemented by additional offerings in the fine arts and athletics. In addition, the District provides for community and adult education by offering a wide variety of academic and occupational courses.

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

- A Veterans Memorial ECHS senior was named a 2015 National Merit Semifinalist.
- The District’s Tax Ratification Election passed with an 84% voter approval. The additional funding will be used for one-time expenditures to improve, repair, and expand district facilities.
- Benavides, Breeden, and Resaca Elementary Schools and Pace and Veterans Memorial Early College High Schools were named 2016 finalists in the Excellence in Education Awards sponsored by the National Center for Urban School Transformation.
- The Educational Results Partnership and the Institute for Productivity in Education named Castaneda, Benavides, Breeden, Longoria, Ortiz, and Resaca Elementary Schools and Brownsville Early College High School to the Inaugural 2015 Texas Honor Roll.
- The Texas Scholars Magazine featured all 7 Brownsville ISD Early College High Schools in the 2015 fall issue. The Early College High Schools program introduces college level learning to secondary students, with the opportunity to earn not only a high school diploma, but up to 60 college credit hours at no cost to the high school students or their families.
- Pace and Hanna Early College High Schools made the list of America’s Most Challenging High Schools released by the Washington Post.

- The Lopez Early College High School Band, Stillman Middle School Mixed Choir, and the Canales Elementary School Conjunto were selected as Texas High School Honor Band, Texas Middle School Honor Mixed Choir, and Texas Elementary Honor Choir respectively by the Texas Music Educators Association.



Lopez ECHS
Band

Stillman MS
Mixed Choir



Canales Conjunto

- Pace Early College High School received the prestigious 2016 Gold National Excellence in Urban Education Award. Benavides Elementary earned the Silver Award and Breeden and Veterans Memorial were Bronze Award recipients of the Excellence in Education Awards sponsored by the National Center for Urban School Transformation.
- Four BISD Early College High Schools (ECHS), Brownsville ECHS, Veterans Memorial ECHS, Hanna ECHS, and Pace ECHS have earned medals in the National U.S. News and World Report 2016 Best High Schools ranking. Brownsville ECHS earned a gold medal, Veterans Memorial ECHS, Hanna ECHS and Pace ECHS earned silver medals on the Texas list.
- The District equaled or outperformed the State in 4 of 4 Target Indexes and outperformed Region One in 3 of 4 Indexes in the 2016 Texas Accountability System.

- District campuses earned 202 Distinction Designation in the 2016 state accountability system. A total of 9 campuses earned 100% of the 2016 State Distinction and 9 schools met 100% of the State Performance Safeguards. Another ten more elementary schools earned 5 of 6 distinctions and 2 middle school and 2 ECHS earned 6 of 7.
- A total of 102 current and former early college high school students earned Scholar Awards in the College Bound Advanced Placement Program and five BISD students were selected for the 2016 Class of Gates Millennium Scholars.
- More than \$48 million in scholarships offers for the graduating class of 2016. Awards per campus ranged from approximately \$4.2 million to \$11.4 million.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the child nutrition service fund, this comparison is presented on Exhibit G-1, as required supplementary information. The TEA required budget versus actual comparison for the child nutrition program can be found on Exhibit J-4 and the debt service fund comparison is presented on Exhibit J-5.

Factors Affecting Financial Conditions

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

Population – Brownsville is the largest city in Cameron County. It has a population of over 175,000 residents and has experienced growth of 35,301 people between the 2000 and 2010 according to the US Census Bureau. The demographics of Brownsville's population can be summed up as young and fast growing. The median age is 29.8 years. 36.7% of all persons in the City are younger than 18 years of age. Only 9.9% are older than 65 years.

The breakdown of our student membership as of October 2016 is as follows:

• Early Ed	796
• Pre-K	2,539
• K-5	19,539
• 6-8	9,932
• 9-12	<u>14,076</u>
TOTAL	46,882

The projected average daily attendance (ADA) for 2016-2017 is approximately 43,307.

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

The city’s low cost of living and doing business support continued economic growth, and a growing healthcare and education sector, including a branch of the University of Texas, contributes to the stability of the region. Space X Exploration broke ground in September 2014 and is expected to complete its commercial launch site within 18 – 24 months. The Space X Project will have a positive economic impact in Brownsville and other Rio Grande Valley communities, in employment, tourism, and in higher education. The City continues to experience an increase in the value of building permits, property values and retail sales tax for the 2016 fiscal year indicating continued economic growth in the area.

State Economic Outlook – The 84th legislature increased funding to public education and increased the homestead exemption from \$15,000 to \$25,000 for tax payer relief. The continued decrease in oil prices and sales tax growth will have an effect on the state’s revenues for the 2015-17 biennium. The Supreme Court unanimously ruled the current school finance system constitutional. The legislature will return in January 2017 for the 85th session facing a downturn in the economy and an increase in property values.

Bond Funding Update – There were no new debt issuances in the 2015-2016 school year.

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

Child Nutrition Program – The Child Nutrition Program continues to enhance its operations. As a result of the administrative team’s continued effort to streamline operations, increase meal participation, cut costs and increase revenue, the program experienced a profitable year and was able to maintain a positive fund balance. The District continues with breakfast in the classroom and the supper program in the 2015-2016 school year. The District’s top priority is to ensure that each child receives a healthy breakfast, lunch, and dinner.



Cromack Elementary Cafeteria

The District serves breakfast, lunches, and dinner to students through the Texas Department of Agriculture School Nutrition Program and the Child and Adult Care Food Program. The District is reimbursed based on the number of free, reduced, and paid breakfast and lunches served as well as on the number of after-school dinners served. Each year, the federal reimbursement rates increase. The rates increased by 2.9% for lunch, 3.0% for breakfast, and 2.4% for after-school snacks from the 2014-2015 to the 2015-2016 school year.



Cromack Elementary Cafeteria

Long-term Financial Planning – Growth in the district’s tax base has continued but at a much slower pace, averaging 1% annual growth from fiscal years 2008-15. The district’s fiscal 2015 taxable assessed valuation (TAV) decreased marginally to \$5.3 billion due to the increase to the homestead exemption. Average daily attendance decreased 1.5%. The District implemented extended day programs at 18 elementary campuses and open enrollment at all 37 elementary campuses in an effort to stabilize enrollment and continues to reduce staffing through attrition as a cost saving measure. Typical for the border area, the area’s unemployment rate is high (7.5% in September 2016) and income levels are low. Projected membership for school year 2016-17 is expected to reach 47,072.

The District’s maintenance and operations tax rate for tax year 2015-2016 is \$1.152500 per \$100 valuation and the Debt Service rate is \$0.000000 for a total tax rate of \$1.152500. This was possible due to the voters 84% approval of the District’s Tax Ratification Election. The additional funding will be used for one-time expenditures to improve, repair, and expand district facilities. Any increase in property tax revenues are the result of increased property values. State funding for the general fund is about 75.85% of the total general fund revenue and is estimated to increase slightly over the next year. Federal funding is expected to decrease slightly due to decreased availability of federal program funding. Grant funding

plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement.

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

Awards


Association of School Business Officials International (ASBO) – At June 30, 2015, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for ASBO’s Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate on August 18, 2016. This was the seventh time the District had submitted its financial statements for this award.


Government Finance Officers Association (GFOA) - At June 30, 2015, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for GFOA’s Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate on June 2, 2016. This was the seventh time the District had submitted its financial statements for this award.

Schools FIRST - Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. For the 2014-15 school year, the most recent school year rated, the District achieved the Texas Education Agency’s highest rating of “Superior” in the School FIRST program. The purpose of the Schools FIRST (Financial Integrity Rating System of Texas) is to ensure that school districts are held accountable for the quality of their financial management practices. The system is designed to encourage Texas school districts to improve performance in the management of their financial resources in order to provide the maximum allocation possible for direct instructional purposes.

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

Respectfully submitted,


Dr. Esperanza Zendejas
Superintendent of Schools


Mr. Lorenzo Sanchez, CPA, MBA
Interim Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Brownsville Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Brownsville Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

LIST OF PRINCIPAL OFFICIALS

For The Year Ended June 30, 2016

BOARD OF TRUSTEES

Jose Hector Chirinos – Board President

Cesar Lopez – Vice President

Carlos A. Elizondo – Board Secretary

Minerva M. Pena – Board Assistant Secretary

Herman Otis Powers, Jr. – Member

Caty Presas-Garcia – Member

Joe A. Rodriguez – Member

ADMINISTRATORS

Dr. Esperanza Zendejas, Superintendent

Lorenzo Sanchez, Interim Chief Financial Officer

Carlos Guerra, Assistant Superintendent for Title IX/504

Berta Pena, Assistant Superintendent of Curriculum and Instruction

Teri Alarcon, Area Assistant Superintendent

Jimmy Haynes, Area Assistant Superintendent

Dr. Rita Hernandez, Area Assistant Superintendent

Dr. Dora E. Saucedo, Area Assistant Superintendent

Sandra Lopez, Area Assistant Superintendent

Miguel Salinas, Staff Attorney

CERTIFICATE OF BOARD

Brownsville Independent School District
Name of District

Cameron
County

031-901
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2016 at a meeting of the Board of Trustees of such school district on the 18th day of November, 2016.

- Joe A Rodriguez -
Signature of Board Secretary

[Signature]
Signature of Board President

FINANCIAL SECTION



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Brownsville Independent School District
Brownsville, Texas

Report on the Financial Statements

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, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Brownsville Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

RIO GRANDE VALLEY, TX
765 E. 7th Street
Brownsville, Texas 78520
956.544.7778
www.pbhpa.com

HOUSTON, TX
281.671.6259
TEMPLE, TX
254.791.3460

WACO, TX
254.772.4901
ALBUQUERQUE, NM
505.266.5904


**Governmental Audit
Quality Center**

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brownsville Independent School District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016 on our consideration of Brownsville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brownsville Independent School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pattillo, Brian F Hill, C.P.". The signature is written in a cursive style and is positioned above a faint horizontal line.

Brownsville, Texas
November 11, 2016

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

As management of the Brownsville Independent School District (the "District"), we are providing readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined Net Position as reflected in the government-wide Statement of Net Position was \$322,851,609 at June 30, 2016. Of this amount, \$52,915,830 (Unrestricted Net Position) may be used to meet the District's ongoing obligations. See Exhibit A-1.
- The District's Statement of Activities reflects an increase in Net Position for Governmental Activities in the amount of \$7,123,894. This is a result of expenses being less than the \$560,983,889 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants. See Exhibit B-1.
- The General Fund reported a fund balance in the governmental funds financial statements this year of \$130,560,803. Approximately 53% of this total amount, \$ 69,346,792, is available for spending at the District's discretion (Unassigned Fund Balance). See Exhibit C-1.
- As shown on the Statement of Activities, the property tax revenue decreased \$990,608 or 1.62% from the prior year due to a \$214,119,361 decrease in property values. The decrease in property values can be attributed to an increase of \$10,000 in the Homestead Exemption. The District's tax rate had a slight increase of .065370%. For 2015-2016 the Board approved the M&O tax rate at \$1.152500 per \$100 valuation and the I&S tax rate at \$0.000000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The primary objective of the analysis is to show whether the District has improved as a result of this year's activities. The Statement of Net Position includes all of the District's assets and liabilities, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the fiscal year. These financial statements apply the same basis of accounting used by most private sector companies which is the full accrual basis.

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

These two statements report the District's net position and its changes. The District's Net Position (the difference between assets and liabilities), provides one measure of the District's financial health. Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving. To fully assess the overall health of the District, nonfinancial factors such as changes in the District's average daily attendance, its property tax base and the condition of the facilities should be considered as well.

The District's financial condition has improved as evidenced by the increase in government-wide Net Position. The weighted average daily attendance (WADA) however, continues to decline. Due to this decline in attendance, the District continues to assess facilities and staffing allocations to ensure that the students' needs are best served.

While the District's property tax base had increased in recent years, the state funding methodology minimizes the benefit of additional increases in taxable property. Foundation School Program state funding, which is the District's largest portion of state funding, is based on property value so as the property value increase the state funding will decrease.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The District's governmental activities are presented in the Statement of Net Position and the Statement of Activities. All of the District's basic services are reported as governmental activities; including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance these activities.

Reporting the District's Funds

Fund financial statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Laws and Contracts require the District to establish funds to account for grants received. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District's Administration establishes many other funds to help it control and monitor activities.

- *Governmental funds*—Most of the District's basic services are included in governmental funds. The funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements. All of the District's activities for its governmental funds are reported in Exhibits C-1 and C-3.
- *Proprietary funds*—Services for which the District charges users/customers a fee. Proprietary funds, like the government-wide statements provide both long-term and short-term financial information. There are two types of Proprietary Funds, Enterprise Funds and Internal Service Funds. Currently, the District does not have any Enterprise Funds. The District, however, does have two (2) Internal Service Funds. They are Fund 754-Self-Funded Insurance (United Health Care) and Fund 792-Self Funded Workers Compensation. We use Internal Service funds to report activities that provide supplies and services for the District's other programs and activities. The District's combined activities for its Internal Service Funds are reported in Exhibits D-1, D-2 and D-3. These activities are also reported individually for each Internal Service Fund in Exhibits H-3, H-4 and H-5.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for certain funds. One example is for money raised by student activities. Money raised by student activities is recorded within the District's Agency Funds. The District 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 the funds are used for their intended purposes. All of the District's fiduciary activities are reported in Exhibit E-1, Statement of Fiduciary Net Position and Exhibit E-2, Statement of Changes in Fiduciary Fund Net Position. We exclude these resources from the District's government-wide financial statements because the District cannot use the resources to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As mentioned earlier, Net Position is one indicator of a government's financial position. In the case of Brownsville ISD, the District's assets exceeded liabilities by \$322,851,609 for the year ended June 30, 2016. Unrestricted Net Position, which can be used to finance the District's day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements represents \$52,915,830 or approximately 16 % of the District's total Net Position.

The largest percentage of Net Position, approximately 75 %, is reflected in its investment in capital assets, net of related debt. This is where the District reflects land, furniture, equipment and vehicles, net of accumulated depreciation and any related debt. The District uses these Capital Assets to provide services to its students, teachers and staff. These assets are not readily available for spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following analysis will focus on the District's Statement of Net Position (see Table 1) and the Change in Net Position (see Table 2).

Net Position of the District's governmental activities increased from \$301,858,379 to \$322,851,609 primarily due to the implementation of GASB Statement 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27", the District recognized \$50,686,947 in deferred outflows related to TRS, \$9,251,488 in deferred inflows related to TRS and \$40,913,780 in Long-Term Liabilities that result mainly from the increase in the district's share of the net pension liability.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The District's changes in net position for the fiscal years ended in June 30, 2016 and 2015 are summarized as follows:

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

	Governmental Activities 2016	Governmental Activities 2015
Current and Other Assets	\$ 232,717,387	\$ 203,560,828
Capital Assets	415,641,886	427,828,534
Total Assets	<u>648,359,273</u>	<u>631,389,362</u>
Deferred Charge for Refunding	12,740,301	13,898,510
Deferred Outflow Related to TRS	49,895,329	12,583,307
Total Deferred Outflows of Resources	<u>62,635,630</u>	<u>26,481,817</u>
Long-Term Liabilities	300,044,906	259,131,126
Other Liabilities	79,638,518	79,003,842
Total Liabilities	<u>379,683,424</u>	<u>338,134,968</u>
Deferred Inflow Related to TRS	8,459,870	17,877,832
Total Deferred Inflows of Resources	<u>8,459,870</u>	<u>17,877,832</u>
Net Position:		
Invested in Capital Assets	242,011,460	241,038,741
Restricted	27,924,319	36,394,229
Unrestricted	52,915,830	24,425,409
Total Net Position	<u>\$ 322,851,609</u>	<u>\$ 301,858,379</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

	Governmental Activities 2016	Governmental Activities 2015
Revenues:		
Program Revenues:		
Charges for Services	\$ 16,715,406	\$ 3,975,065
Operating Grants & Contributions	111,274,366	112,183,338
General Revenues:		
Maintenance and Operations Taxes	60,003,866	55,754,451
Debt Service Taxes	324,381	5,564,404
State Aid	339,056,325	301,400,912
Grants and Contributions (not Restricted)	32,345,650	35,977,053
Investment Earnings	483,591	151,314
Other	780,304	5,044,713
Total Revenues	<u>560,983,889</u>	<u>520,051,250</u>
Expenses:		
Instruction and Media Services	298,933,675	278,146,619
Curriculum and Instructional Staff Development	18,957,388	16,372,545
Instructional and School Leadership	36,471,687	34,098,085
Student Support Services	41,140,050	38,549,847
Food Services	42,353,653	36,715,450
Extracurricular Activities	17,243,179	16,421,932
General Administration	16,528,266	10,962,498
Maintenance, Security & Data Processing	71,057,706	64,364,689
Community Services	3,076,921	3,403,224
Debt Services	7,382,760	8,559,430
JJAEP and other intergovernmental charges	10,842	36,656
Other Intergovernmental Charges	703,868	683,723
Total Expenses	<u>553,859,995</u>	<u>508,314,698</u>
Increase/ (Decrease) in Net Position	7,123,894	11,736,552
Beginning Net Position	301,858,379	355,077,645
Prior Period Adjustment	13,869,336	(64,955,818)
Ending Net Position	<u>\$ 322,851,609</u>	<u>\$ 301,858,379</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Changes in Governmental Activities Net Position are presented in Table 2. The District's total Governmental Activities Revenue is \$560,983,889, this is an increase of \$ 40,932,639 from the previous year. This net change is primarily due to an increase in State Aid and an increase in Charges for Services.

The expenses for governmental activities totaled \$553,859,995 an increase of \$45,545,297 from the prior year. Almost all the expense categories for governmental activities increased with the exception of Community Services and JJAEP and other intergovernmental charges. The majority of the increase was in Instruction and Media Services, Food Services and Maintenance, Security & Data Processing.

THE DISTRICT'S FUNDS

As of the year ended, June 30, 2016, the District reported a combined Fund Balance of \$ 139,542,245 for its governmental funds (as presented on Exhibit C-1).

Total Revenues in the General Fund increased \$44,863,142 from the prior year, primarily due to the E-Rate funding for the prior four years and the successful tax ratification election in October 2015 that maximized state funding.

Total Expenditures in the General Fund increased \$19,738,476 from the prior year. The increase can be attributed to a pay raise, the purchase of vehicles for the maintenance department, the purchase and installation of Fire Alarms, band instruments, maintenance repairs, roofing, technology purchases and some construction projects.

The Fund Balance of the General Fund increased \$ 18,104,401 from the prior year, primarily due to TRE and E-Rate that will be expensed in subsequent years.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The total operating revenue budget was \$450,393,959 and finished the year with a budget of \$477,938,569. The total operating expenditure budget was \$469,607,833 and finished the year with a budget of \$503,684,502. This increase of \$34,076,669 was due to various necessary budget adjustments including an increase of over \$14 million for Facilities, Acquisition and Construction.

Final Budget to actual comparisons in the General Fund reflected a \$ 12,185,301 positive variance between the anticipated revenues and actual revenues received (See Exhibit G-1). In addition, the General Fund reflected a positive variance of \$35,510,606 when comparing the anticipated expenditure budget and actual expenditures. This variance was in part due to mid-year departmental spending reductions (due to a Purchase Order cut-off), and through payroll cost reductions due to the closing of several full time equivalent staffing positions. The variance was also due to the TRE and E-Rate that will be expensed in subsequent years.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District had investments of \$415,641,886 net of depreciation, in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a net decrease (including additions, deductions, and depreciation) of \$12,186,648 over last year. (See Table 3) Refer to Note E in section IV of the Notes to the Financial Statements for more detailed information on capital assets.

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

	Governmental Activities 2016	Governmental Activities 2015
Land	\$ 27,368,754	\$ 27,420,235
Buildings and Improvements	370,124,176	386,632,776
Furniture, Equipment & Vehicles	15,086,485	12,401,776
Construction In Progress	3,062,471	1,373,747
Net Capital Assets	\$ 415,641,886	\$ 427,828,534

DEBT

As of June 30, 2016, the District had \$161,215,000 in bonds outstanding (the "Bonds"). The Bonds of the District are rated "AAA" by Fitch and "Aa3" by Moody's.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's assessed property tax value for the 2016-2017 fiscal year is \$5,506,653,073 compared to the assessed value in the 2015-2016 fiscal year of \$5,287,358,457, which translates to a property value appreciation of \$219,294,616 or 4.15%.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The budget for the 2016-2017 fiscal year was based on a projected ADA (Average Daily Attendance) of 43,307 a decrease of 259 from the prior year. The budget for the 2015-2016 fiscal year was based on a ADA of 43,566.

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

	Budget 2016 - 2017
Local Sources	\$ 60,511,367
State Sources	341,557,345
Federal Sources	50,512,000
Total Operating Fund Revenues	\$ 452,580,712

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

The District recognizes and addresses the unique cultural lifestyle of South Texas with a broad selection of activities and programs for all students. These programs range from the Brownsville Early College High School to support programs for students with special needs. Limited English speaking students are served through the Bilingual or English as a Second Language program. All seven Brownsville ISD High Schools are designated Early College High Schools and as such the students have the opportunity to earn up to 60 college credit hours.

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

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This comprehensive financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District’s Chief Financial Officer, at 1900 E. Price Rd-Suite 306, Brownsville, Texas 78521-2417 or by calling (956) 547-4113.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 39,352,333
1120 Current Investments	133,571,455
1220 Property Taxes Receivable (Delinquent)	9,732,180
1230 Allowance for Uncollectible Taxes	(291,965)
1240 Due from Other Governments	45,623,882
1250 Accrued Interest	2,778
1267 Due from Fiduciary Funds	1,825
1290 Other Receivables, net	89,017
1300 Inventories	4,635,882
Capital Assets:	
1510 Land	27,368,754
1520 Buildings, Net	370,124,176
1530 Furniture and Equipment, Net	15,086,485
1580 Construction in Progress	3,062,471
1000 Total Assets	648,359,273
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	12,740,301
1705 Deferred Outflow Related to TRS	49,895,329
1700 Total Deferred Outflows of Resources	62,635,630
LIABILITIES	
2110 Accounts Payable	6,489,043
2120 Short Term Debt Payable	5,490,023
2150 Payroll Deductions & Withholdings	12,805,435
2160 Accrued Wages Payable	37,869,620
2180 Due to Other Governments	14,598,387
2190 Due to Student Groups	900,261
2200 Accrued Expenses	21,600
2300 Unearned Revenue	1,464,149
Noncurrent Liabilities	
2501 Due Within One Year	14,848,335
2502 Due in More Than One Year	171,522,392
2540 Net Pension Liability (District's Share)	113,674,179
2000 Total Liabilities	379,683,424
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	8,459,870
2600 Total Deferred Inflows of Resources	8,459,870
NET POSITION	
3200 Net Investment in Capital Assets	242,011,460
3820 Restricted for Federal and State Programs	18,942,877
3850 Restricted for Debt Service	8,981,442
3900 Unrestricted	52,915,830
3000 Total Net Position	\$ 322,851,609

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 287,873,697	\$ 881,329	\$ 48,023,820	\$ (238,968,548)
12 Instructional Resources and Media Services	11,059,978	148,493	3,396,184	(7,515,301)
13 Curriculum and Staff Development	18,957,388	-	8,715,512	(10,241,876)
21 Instructional Leadership	9,925,641	-	2,947,778	(6,977,863)
23 School Leadership	26,546,046	-	1,338,686	(25,207,360)
31 Guidance, Counseling and Evaluation Services	21,524,208	-	3,017,427	(18,506,781)
32 Social Work Services	616,251	-	13,363	(602,888)
33 Health Services	6,549,128	-	1,813,654	(4,735,474)
34 Student (Pupil) Transportation	12,450,463	-	371,893	(12,078,570)
35 Food Services	42,353,653	1,335,619	37,344,551	(3,673,483)
36 Extracurricular Activities	17,243,179	657,785	354,606	(16,230,788)
41 General Administration	16,528,266	296,986	334,922	(15,896,358)
51 Facilities Maintenance and Operations	55,522,684	5,345,744	864,868	(49,312,072)
52 Security and Monitoring Services	6,982,218	-	236,099	(6,746,119)
53 Data Processing Services	8,552,804	7,721,630	72,526	(758,648)
61 Community Services	3,076,921	327,820	2,428,477	(320,624)
72 Debt Service - Interest on Long Term Debt	7,372,455	-	-	(7,372,455)
73 Debt Service - Bond Issuance Cost and Fees	10,305	-	-	(10,305)
95 Payments to Juvenile Justice Alternative Ed. Prg.	10,842	-	-	(10,842)
99 Other Intergovernmental Charges	703,868	-	-	(703,868)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 553,859,995	\$ 16,715,406	\$ 111,274,366	(425,870,223)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	60,003,866
DT	Property Taxes, Levied for Debt Service	324,381
SF	State Aid - Formula Grants	339,056,325
GC	Grants and Contributions not Restricted	32,345,650
IE	Investment Earnings	483,591
MI	Miscellaneous Local and Intermediate Revenue	780,304
TR	Total General Revenues	432,994,117
CN	Change in Net Position	7,123,894
NB	Net Position - Beginning	301,858,379
PA	Prior Period Adjustment	13,869,336
NE	Net Position--Ending	\$ 322,851,609

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 36,338,136	\$ 679	\$ 1,645,222	\$ 37,984,037
1120 Investments - Current	111,650,735	16,397,111	-	128,047,846
1220 Property Taxes - Delinquent	9,292,174	440,006	-	9,732,180
1230 Allowance for Uncollectible Taxes (Credit)	(278,765)	(13,200)	-	(291,965)
1240 Receivables from Other Governments	37,413,502	-	8,210,380	45,623,882
1250 Accrued Interest	2,778	-	-	2,778
1260 Due from Other Funds	5,157,601	3,769,086	8,561,471	17,488,158
1290 Other Receivables	88,046	-	417	88,463
1300 Inventories	4,635,882	-	-	4,635,882
1000 Total Assets	<u>\$ 204,300,089</u>	<u>\$ 20,593,682</u>	<u>\$ 18,417,490</u>	<u>\$ 243,311,261</u>
LIABILITIES				
2110 Accounts Payable	\$ 4,348,007	\$ -	\$ 2,131,342	\$ 6,479,349
2120 Short Term Debt Payable - Current	-	-	12,338	12,338
2150 Payroll Deductions and Withholdings Payable	12,805,435	-	-	12,805,435
2160 Accrued Wages Payable	33,413,988	-	4,455,632	37,869,620
2170 Due to Other Funds	11,718,800	-	9,665,888	21,384,688
2180 Due to Other Governments	3,375,609	11,211,502	11,276	14,598,387
2190 Due to Student Groups	109,691	-	790,570	900,261
2200 Accrued Expenditures	21,600	-	-	21,600
2300 Unearned Revenues	113,705	-	1,350,444	1,464,149
2000 Total Liabilities	<u>65,906,835</u>	<u>11,211,502</u>	<u>18,417,490</u>	<u>95,535,827</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	7,832,451	400,738	-	8,233,189
2600 Total Deferred Inflows of Resources	<u>7,832,451</u>	<u>400,738</u>	<u>-</u>	<u>8,233,189</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	4,635,882	-	-	4,635,882
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	18,942,877	-	-	18,942,877
3480 Retirement of Long-Term Debt	-	8,981,442	-	8,981,442
3490 Other Restricted Fund Balance	139,669	-	-	139,669
Committed Fund Balance:				
3510 Construction	5,834,327	-	-	5,834,327
3545 Other Committed Fund Balance	5,589,167	-	-	5,589,167
Assigned Fund Balance:				
3550 Construction	18,252,345	-	-	18,252,345
3590 Other Assigned Fund Balance	7,819,744	-	-	7,819,744
3600 Unassigned Fund Balance	69,346,792	-	-	69,346,792
3000 Total Fund Balances	<u>130,560,803</u>	<u>8,981,442</u>	<u>-</u>	<u>139,542,245</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 204,300,089</u>	<u>\$ 20,593,682</u>	<u>\$ 18,417,490</u>	<u>\$ 243,311,261</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances - Governmental Funds	\$ 139,542,245
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	5,303,435
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 \$688,778,319 and the accumulated depreciation was (\$260,949,785). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	248,358,534
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 2016 capital outlays and debt principal payments is to increase net position.	22,125,662
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of 113,674,179, a deferred resource inflow related to TRS in the amount of \$8,459,870, and a deferred resource outflow related to TRS in the amount of \$49,895,329. This resulted in a decrease in net position of \$72,238,720.	(72,238,720)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(21,185,829)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, 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 decrease net position.	946,282
19 Net Position of Governmental Activities	\$ 322,851,609

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 78,491,792	\$ 409,368	\$ 112,079	\$ 79,013,239
5800 State Program Revenues	363,477,557	-	5,623,713	369,101,270
5900 Federal Program Revenues	48,154,521	-	54,568,983	102,723,504
5020 Total Revenues	<u>490,123,870</u>	<u>409,368</u>	<u>60,304,775</u>	<u>550,838,013</u>
EXPENDITURES:				
Current:				
0011 Instruction	226,423,205	-	39,241,545	265,664,750
0012 Instructional Resources and Media Services	7,120,487	-	3,151,224	10,271,711
0013 Curriculum and Instructional Staff Development	9,039,089	-	8,401,047	17,440,136
0021 Instructional Leadership	6,357,806	-	2,718,461	9,076,267
0023 School Leadership	24,040,007	-	376,682	24,416,689
0031 Guidance, Counseling and Evaluation Services	17,351,435	-	2,318,514	19,669,949
0032 Social Work Services	580,218	-	-	580,218
0033 Health Services	4,324,406	-	1,646,765	5,971,171
0034 Student (Pupil) Transportation	12,761,618	-	-	12,761,618
0035 Food Services	40,191,471	-	-	40,191,471
0036 Extracurricular Activities	16,217,745	-	-	16,217,745
0041 General Administration	12,128,094	-	-	12,128,094
0051 Facilities Maintenance and Operations	53,227,252	-	20,805	53,248,057
0052 Security and Monitoring Services	6,642,131	-	-	6,642,131
0053 Data Processing Services	9,714,611	-	-	9,714,611
0061 Community Services	407,232	-	2,414,833	2,822,065
Debt Service:				
0071 Principal on Long Term Debt	3,280,000	9,795,000	-	13,075,000
0072 Interest on Long Term Debt	1,523,865	5,949,073	-	7,472,938
0073 Bond Issuance Cost and Fees	6,305	4,000	-	10,305
Capital Outlay:				
0081 Facilities Acquisition and Construction	3,994,366	-	-	3,994,366
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,842	-	-	10,842
0099 Other Intergovernmental Charges	703,868	-	-	703,868
6030 Total Expenditures	<u>456,046,053</u>	<u>15,748,073</u>	<u>60,289,876</u>	<u>532,084,002</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,077,817</u>	<u>(15,338,705)</u>	<u>14,899</u>	<u>18,754,011</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	22,386,086	-	22,386,086
8911 Transfers Out (Use)	(16,016,374)	-	(6,369,712)	(22,386,086)
7080 Total Other Financing Sources (Uses)	<u>(16,016,374)</u>	<u>22,386,086</u>	<u>(6,369,712)</u>	<u>-</u>
1200 Net Change in Fund Balances	18,061,443	7,047,381	(6,354,813)	18,754,011
0100 Fund Balance - July 1 (Beginning)	112,456,402	1,276,013	5,543,109	119,275,524
1300 Prior Period Adjustment(s)	42,958	658,048	811,704	1,512,710
3000 Fund Balance - June 30 (Ending)	<u>\$ 130,560,803</u>	<u>\$ 8,981,442</u>	<u>\$ -</u>	<u>\$ 139,542,245</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	18,754,011
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		(3,544,434)
 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 2016 capital outlays and debt principal payments is to decrease net position.		22,125,662
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.		(21,185,829)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.		(524,144)
 The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$7,892,552. Contributions made before the measurement and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the change in net position totaling of \$7,880,622. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net result is to increase (decrease) the change in net position by \$8,501,372.		(8,501,372)
 Change in Net Position of Governmental Activities	\$	7,123,894

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,368,296
Investments - Current	5,523,609
Due from Other Funds	4,800,000
Other Receivables	<u>554</u>
Total Assets	<u>11,692,459</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	9,694
Due to Other Funds	<u>901,645</u>
Total Current Liabilities	<u>911,339</u>
Noncurrent Liabilities:	
Other Long-Term Liability	<u>5,477,685</u>
Total Noncurrent Liabilities	<u>5,477,685</u>
Total Liabilities	<u>6,389,024</u>
NET POSITION	
Unrestricted Net Position	<u>5,303,435</u>
Total Net Position	<u><u>\$ 5,303,435</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 54,122,650
Total Operating Revenues	54,122,650
OPERATING EXPENSES:	
Other Operating Costs	57,667,084
Total Operating Expenses	57,667,084
Operating Income (Loss)	(3,544,434)
Total Net Position - July 1 (Beginning)	(3,560,238)
Prior Period Adjustment	12,408,107
Total Net Position - June 30 (Ending)	\$ 5,303,435

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Other Operating Cash Receipts (Payments)	\$ 939,221
Net Increase in Cash and Cash Equivalents	939,221
Cash and Cash Equivalents at Beginning of Year	429,075
Cash and Cash Equivalents at End of Year	\$ 1,368,296
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
Provided by Operating Activities:	
Operating Income (Loss):	\$ (3,544,434)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Current Investments	1,105,688
Decrease (increase) in Due From Other Funds	650,000
Decrease (increase) in Other Receivables	(553)
Increase (decrease) in Accounts Payable	(187,734)
Increase (decrease) in Due To Other Funds	(2,561,431)
Increase (decrease) in Other Long-Term Liability	5,477,685
Net Cash Provided by Operating Activities	\$ 939,221

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 250,095	\$ 459,932
Due from Other Funds	542	-
Total Assets	<u>250,637</u>	<u>\$ 459,932</u>
LIABILITIES		
Accounts Payable	-	\$ 86,946
Due to Other Funds	2,367	-
Due to Student Groups	-	372,986
Total Liabilities	<u>2,367</u>	<u>\$ 459,932</u>
NET POSITION		
Unrestricted Net Position	<u>248,270</u>	
Total Net Position	<u>\$ 248,270</u>	

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 217,205
Total Additions	<u>217,205</u>
DEDUCTIONS:	
Payroll Costs	1,484
Professional and Contracted Services	12,477
Other Operating Costs	236,527
Total Deductions	<u>250,488</u>
Change in Net Position	(33,283)
Total Net Position - July 1 (Beginning)	225,138
Prior Period Adjustment	<u>56,415</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 248,270</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BASIS OF PRESENTATION - FUND ACCOUNTING

The District reports the following major governmental fund:

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. **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.

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. **Capital Projects Fund** - is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.
3. **Permanent Funds** - is used to account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

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

Fiduciary Funds:

1. **Private Purpose Trust Funds** - are used to account for scholarships, which have stipulations for the participants awarded; only the income may be used for a specific purpose.
2. **Agency Funds** - are used to account for resources held for others in a custodial capacity in an Agency Fund. The District's Agency Fund is the Student Activity Funds.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Inventory is valued at cost (average). The District accounts for school supply and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Commodity inventory is offset by deferred revenue.
3. Other current assets are prepaid expenses that will benefit periods beyond June 30, 2016. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2016, and which extend beyond that date. The reported prepaid insurance is equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.
4. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
5. Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. Accumulated compensatory absences that is expected to be liquidated with expendable available resources is reported as an expenditure and a liability in the Governmental Funds only if they have matured.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, presents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is deferred charged on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Net position represents the differences between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
11. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.
12. Sometimes the District will fund outlays for a particular purpose from both restricted (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

13. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent's designee.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

14. 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.

15. 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, 2016, is \$662,536, and an accrual has been made. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignation and/or retirement.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

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

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

Capital Assets at the Beginning of Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of Year	Change in Net Position
Land	\$ 27,420,235	\$ -	\$ 27,420,235	
Buildings & Improvements	613,904,517	(227,271,741)	386,632,776	
Vehicles	24,854,258	(15,201,943)	9,652,315	
Furniture & Equipment	21,225,562	(18,476,101)	2,749,461	
Construction in Progress	1,373,747	-	1,373,747	
Change in Net Position				\$ 427,828,534
Long -Term Liabilities at the Beginning of Year			Payable at the Beginning of Year	
Bonds Payable			\$ (173,545,000)	
Notes Payable			(5,925,000)	
Change in Net Position				(179,470,000)
Net Adjustment to Net Position				\$ 248,358,534

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

Current Year Capital Outlay	Amount	Adjustments to Changes in Net Position	Adjustments in Net Position
Land	\$ -	\$ -	
Buildings & Improvements	494,824	494,824	
Furniture & Equipment	2,741,702	2,741,702	
Vehicles	2,314,594	2,314,594	
Construction in Progress	3,499,542	3,499,542	
Total Capital Outlay			\$ 9,050,662
 Debt Principal Payments			
Note Payable	745,000	745,000	
Bonds Payable	12,330,000	12,330,000	
Total Principal Payments	13,075,000	13,075,000	13,075,000
 Net Adjustment to Net Position			\$ 22,125,662

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” on a basis consistent with GAAP for the General Fund, Debt Service Fund and Food Service Fund (which is included in the General Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for these three funds. The General Fund Budget report is presented in Exhibit G-1 and the Child Nutrition Program Budget and Debt Service Fund Budget report is presented in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to July 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure functions or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

At June 30, 2016, the carrying amount of the District's deposits, excluding agency funds, was \$39,352,333, and the bank balance was \$41,481,712. The District's cash deposits at June 30, 2016 and during the year were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District monitors cash flows regularly when TEA funds are received to ensure that the bank pledges sufficient collateral.

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

- a. Depository: Wells Fargo Bank, N.A.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$43,931,945.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$42,003,398 and occurred during the month of June 2016.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

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, 2016, 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	\$ 9,143,000	\$ -	\$ 9,143,000	\$ -	\$ -
Texas Term Investment Pool	50,132,047	50,132,047	-	-	-
Lone Star Investment Pool	25,819,429	25,819,429	-	-	-
TexPool	559,586	559,586	-	-	-
Texas Class/ MBIA	17,863,530	17,863,530	-	-	-
Wells Fargo Money Market Fund	30,053,863	30,053,863	-	-	-
Total	<u>\$ 133,571,455</u>	<u>\$ 124,428,455</u>	<u>\$ 9,143,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

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, 2016, the District's investments in Lone Star Investment Pool were rated AAAs/S1+ by Standard and Poor's (S&P), TexPool was rated AAAM by Standard and Poor's (S&P), Texas Term was rated AAAs by Standard and Poor's (S&P), and Texas Class/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, 2016, the District had 7% of its investments in certificates of deposits in BBVA compass Bank and Wells Fargo Securities. These certificates of deposit were fully covered by eligible pledged securities. The District had 93% 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL 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 July 17, 2015, upon which the levy for the 2015-2016 fiscal year was based, as \$5,287,358,457. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date. Taxes are delinquent if not paid by June 30th. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2016 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.152500 and \$0.000000 per \$100 valuation, respectively, for a total of \$1.152500 per \$100 valuation

Current tax collections for the year ended June 30, 2016 were 94% 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, 2016, property taxes receivable of \$9,292,174 and \$440,006, net of estimated uncollectible taxes of \$278,765 and \$13,200, totaled \$9,013,409 and \$426,806 for the General and Debt Service Funds, respectively.

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, 2016:

Transfers In	Transfers Out	Amount	Purpose
Debt Service	General Fund Nonmajor	\$ 16,016,374	Debt Service
Debt Service	Governmental Fund	<u>6,369,712</u>	Debt Service
		<u>\$ 22,386,086</u>	

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Interfund balances at June 30, 2016 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
<u>General Fund</u>		
General Fund	\$ 418,302	\$ 418,302
Special Revenue Funds	3,835,287	2,730,870
Debt Service Fund	-	3,769,086
Internal Service Fund	901,645	4,800,000
Trust and Agency Fund	2,367	542
	5,157,601	11,718,800
<u>Special Revenue Fund</u>		
General Fund	2,730,870	3,835,287
Special Revenue Fund	5,830,601	5,830,601
	8,561,471	9,665,888
<u>Debt Service Fund</u>		
General Fund	3,769,086	-
	3,769,086	-
<u>Internal Service Fund</u>		
General Fund	4,800,000	901,645
	4,800,000	901,645
<u>Trust and Agency Fund</u>		
General Fund	542	2,367
Total Trust and Agency Fund	542	2,367
	542	2,367
Total Interfund Receivables and Payables	\$ 22,288,700	\$ 22,288,700

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL 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	\$ 36,715,696	\$ 609,783	\$ 88,022	\$ 37,413,501
Special Revenue	7,760,144	131,271	318,966	8,210,381
Totals	<u>\$ 44,475,840</u>	<u>\$ 741,054</u>	<u>\$ 406,988</u>	<u>\$ 45,623,882</u>

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

	Primary Government				Balance 6/30/2016
	Balance 7/1/2015	Changes During Year			
		Additions	Deletions	Reclassifications	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 27,420,235	\$ -	\$ (51,481)	\$ -	\$ 27,368,754
Construction in progress	1,373,747	3,499,542	-	(1,810,818)	3,062,471
Total capital assets not being depreciated	<u>28,793,982</u>	<u>3,499,542</u>	<u>(51,481)</u>	<u>(1,810,818)</u>	<u>30,431,225</u>
Capital assets being depreciated					
Buildings and improvements	613,904,517	494,824	(15,500)	1,810,818	616,194,659
Furniture and equipment	21,225,562	2,741,702	(114,629)	-	23,852,635
Vehicles	24,854,258	2,314,594	(780,053)	-	26,388,799
Total capital assets being depreciated	<u>659,984,337</u>	<u>5,551,120</u>	<u>(910,182)</u>	<u>1,810,818</u>	<u>666,436,093</u>
Less accumulated depreciation for:					
Building and improvements	(227,271,741)	(18,814,242)	15,500	-	(246,070,483)
Equipment	(15,201,943)	(1,295,649)	114,629	-	(16,382,963)
Vehicles	(18,476,101)	(1,075,938)	780,053	-	(18,771,986)
Total accumulated depreciation	<u>(260,949,785)</u>	<u>(21,185,829)</u>	<u>910,182</u>	<u>-</u>	<u>(281,225,432)</u>
Total capital assets being depreciated	<u>399,034,552</u>	<u>(15,634,709)</u>	<u>-</u>	<u>1,810,818</u>	<u>385,210,661</u>
Governmental activities capital assets, net	<u>\$ 427,828,534</u>	<u>\$ (12,135,167)</u>	<u>\$ (51,481)</u>	<u>\$ -</u>	<u>\$ 415,641,886</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,105,254
Instructional Resources and Media Services	429,376
Curriculum and Instructional Staff Development	729,028
Instructional Leadership	379,404
School Leadership	1,020,661
Guidance, Counseling and Evaluation Services	822,238
Social Work Services	24,254
Health Services	249,605
Student (Pupil) Transportation	533,458
Food Services	1,680,074
Cocurricular/Extracurricular Activities	677,930
General Administration	506,976
Plant Maintenance and Operations	2,225,863
Security and Monitoring Services	277,653
Data Processing Services	406,088
Community Services	<u>117,967</u>
Totals	<u>\$ 21,185,829</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

F. LONG-TERM OBLIGATIONS

General Obligation Bonds – The District issues general obligations bonds for the governmental activities to refund a portion of the outstanding bonds of the District for debt services savings and to pay costs of issuance. 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, 2015	Issued	Retired	Amounts Outstanding June 30, 2016	Due Within One Year
08/15/05	Unlimited Tax Refunding Bonds, Series 2005	5.00%	2016	\$ 65,435,000	\$ 3,875,000	\$ -	\$ 3,875,000	\$ -	\$ -
09/28/06	Unlimited Tax School Building Bonds, Series 2006	5.00%	2016	10,725,000	5,490,000	-	5,490,000	-	-
03/10/09	Unlimited Tax Refunding Bonds, Series 2009	4.00%	2024	5,405,000	5,405,000	-	-	5,405,000	-
12/22/09	PFC Lease Revenue QS Construction Bonds, Series 2009	1.48%	2025	15,400,000	10,280,000	-	1,000,000	9,280,000	1,000,000
12/01/10	Qualified School Construction Bonds, Series 2010A-E	0.37%	2028	25,770,000	19,315,000	-	1,535,000	17,780,000	1,420,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013A	1.00%	2027	80,410,000	77,875,000	-	-	77,875,000	5,625,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013B	6.00%	2027	42,300,000	41,010,000	-	430,000	40,580,000	435,000
06/01/15	Unlimited Tax Refunding Bonds, Series 2015	2.00%	2030	10,295,000	10,295,000	-	-	10,295,000	4,095,000
Totals					<u>\$ 173,545,000</u>	<u>\$ -</u>	<u>\$ 12,330,000</u>	<u>\$ 161,215,000</u>	<u>\$ 12,575,000</u>

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, 2016.

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

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2017	\$ 12,575,000	\$ 6,953,502	\$ 19,528,502
2018	11,615,000	7,949,679	19,564,679
2019	11,790,000	7,825,382	19,615,382
2020	13,750,000	5,864,332	19,614,332
2021	14,265,000	5,348,232	19,613,232
2022-2026	74,880,000	18,122,889	93,002,889
2027-2030	<u>22,340,000</u>	<u>3,175,844</u>	<u>25,515,844</u>
Totals	<u>\$ 161,215,000</u>	<u>\$ 55,239,860</u>	<u>\$ 216,454,860</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Note Payable – The District issues 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.

Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2015	Issued	Retired	Amounts Outstanding June 30, 2016	Due Within One Year
Limited Tax Refunding Notes, Series 2009	3.80%	2018	\$ 6,250,000	\$ 2,325,000	\$ -	\$ 745,000	\$ 1,580,000	\$ 775,000
Maintenance Tax Notes, Series 2015	4.00%	2022	3,600,000	3,600,000.00	-	-	3,600,000	-
Totals				<u>\$ 5,925,000</u>	<u>\$ -</u>	<u>\$ 745,000</u>	<u>\$ 5,180,000</u>	<u>\$ 775,000</u>

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

Year Ending June 30,	Note Payable		Total Requirements
	Principal	Interest	
2017	\$ 775,000	\$ 204,040	\$ 979,040
2018	805,000	174,590	979,590
2019	850,000	144,000	994,000
2020	880,000	110,000	990,000
2021	915,000	74,800	989,800
2022-2026	<u>955,000</u>	<u>38,200</u>	<u>993,200</u>
Totals	<u>\$ 5,180,000</u>	<u>\$ 745,630</u>	<u>\$ 5,925,630</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

G. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7/01/15	Issued	Retired	Balance 06/30/16	Due Within One Year
Bonds Payable	\$ 173,545,000	\$ -	\$ (12,330,000)	\$ 161,215,000	\$ 12,575,000
Note Payable	5,925,000	-	(745,000)	5,180,000	775,000
Compensated Absences	646,420	56,556	(40,440)	662,536	165,634
Premium (Discount) on Bonds					
Bonds Payable 2006	330,924	-	(22,062)	308,862	22,062
Bonds Payable 2009	3,515,095	-	(319,554)	3,195,541	319,554
Bonds Payable 2010	(2,053,334)	-	205,333	(1,848,001)	(205,333)
Bonds Payable 2013	13,431,274	-	(1,119,272)	12,312,002	1,119,272
Bonds Payable 2015	515,935	-	(36,852)	479,083	36,852
Note Payable 2015	282,055	-	(40,294)	241,761	40,294
Accreted Interest	4,549,934	74,009	-	4,623,943	-
Deferred (Loss) on Refunding Bonds	(13,898,510)	-	1,158,209	(12,740,301)	-
Totals	\$ 186,789,793	\$ 130,565	\$ (13,289,932)	\$ 173,630,426	\$ 14,848,335

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, 2016, as follows:

Year Ending June 30,	Total Requirements
2017	\$ 1,671,952
2018	1,447,996
2019	849,344
2020	252,470
2021	53,296
Total Minimum Rentals	\$ 4,275,058
Rental Expenditures in Fiscal Year 2016	\$ 1,764,109

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, 2016 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

The District is involved in various legal proceedings arising from its operations, including investigations into alleged misconduct by certain employees. 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.

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

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

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2015 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2016 Employer Contributions		\$ 9,555,513
2016 Member Contributions		\$ 21,809,620
2015 NECE On-Behalf Contributions		\$ 15,558,888

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions. The total pension liability in the August 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	8/31/2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1%
Total	100%		8.7%

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 178,106,013	\$ 113,674,179	\$ 60,006,465

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$58,442,823 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 113,674,179
State's proportionate share that is associated with the District	<u>185,685,560</u>
Total	<u>\$ 299,359,739</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.3215798%, which was an increase of 0.1027861 from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation. The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.5%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended June 30, 2016, the District recognized pension expense of \$26,457,204 and revenue of \$26,457,204 for support provided by the State.

At June 30, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 751,691	\$ 4,368,600
Changes in actuarial assumptions	3,159,376	4,055,397
Differences between projected and actual investment earnings	14,598,534	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>23,493,176</u>	<u>35,873</u>
Total	<u>\$ 42,002,777</u>	<u>\$ 8,459,870</u>

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

<u>Year ended June 30.</u>	<u>Pension Expense Amount</u>
2017	\$ 5,871,190
2018	5,871,190
2019	5,871,189
2020	10,336,816
2021	3,291,095
Thereafter	2,301,427

At June 30, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts per August 31, 2015 measurement date	\$ 42,002,777	\$ 8,459,870
Contributions paid to TRS subsequent to the measurement date	<u>7,892,552</u>	<u>-</u>
Total	<u>\$ 49,895,329</u>	<u>\$ 8,459,870</u>

Health Care Coverage

Medicare Part D. Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result this provision allows for the Texas Public School Retired Employee Group Program (TRS-Care) to receive drug subsidy payments from the federal government to offset pharmacy claims paid by TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements. Medicare Part D payments made on behalf of the District's participants for the years ended June 30, 2016, 2015 and 2014 were \$810,781, \$1,246,253, and \$911,965, respectively.

K. RISK MANAGEMENT

During the fiscal year ended June 30, 2016 the District sponsored a self-funded insurance plan to provide health care benefits to employees and their dependents. The District paid premiums of \$410.00 per month per employee to the Fund. Total employee contributions are required for coverage of dependents.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

In accordance with state statute, the District was protected against unanticipated catastrophic individual stop-loss coverage carried through HM Life, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. The District's current stop-loss policy is in effect from October 1, 2015 to September 30, 2016. Stop-loss coverage was in effect for individual claims exceeding \$350,000.

The contract between the Brownsville Independent School District and the licensed insurer is renewable, and terms of coverage and premium costs are included in the contractual provisions. The latest financial statements available for United Healthcare and Blue Cross Blue Shield (BCBS) are filed with the Texas State Board of Insurance, Austin, Texas, and are public records. The following is a summary of the changes in the balances of claims liabilities for the year ended June 30, 2016.

	2016	2015
Unpaid claims, beginning of the year	\$ 2,010,270	\$ 4,198,883
Incurred claims (including IBNRs)	40,507,710	42,469,451
Claim payments	(37,672,832)	(44,658,064)
Unpaid claims, end of the year	\$ 4,845,148	\$ 2,010,270

Worker's Compensation Coverage

For the year ended June 30, 2016, the District met its statutory worker's compensation obligations through participation in a Self-Funded Worker's Compensation Plan with TRISTAR Risk Management as the TPA (Third Party Administrator). This plan is authorized by Article 8309, Vernon's Annotated Texas Statutes. The District provides statutory worker's compensation benefits to its employees.

The District's and TRISTAR Risk Management are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the self-funded retention of \$450,000. For the year ended June 30, 2016, the fund purchased excess stop loss coverage from Midwest Employers Casualty Company. The fund uses an independent actuary to determine reserve adequacy and fully funds those reserves.

As of June 30, 2016, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2016 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. These liabilities include an amount for claims that have been incurred but not reported. 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.

	2016
Beginning claims liability	\$ 803,769
Current year claims & changes in estimates	407,252
Claim payments	(578,484)
Ending claims liability	\$ 632,537

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

L. CONSTRUCTION COMMITMENTS

At June 30, 2016, the District had the following construction commitments:

<u>Local Funded Projects</u>	<u>Estimated Project Cost</u>	<u>Expended Through June 30, 2016</u>	<u>Amount Committed</u>
District Wide Projects	\$ 113,973	\$ 99,429	\$ 14,544
Hanna Technology Facility	653,349	24,629	628,720
Porter High School - Chiller Replacement	292,367	207,208	85,159
Porter High School - Band & Choir Building *	4,300,000	2,000	4,298,000
Porter High School - Synthetic Turf Soccer Field	1,050,000	8,000	1,042,000
Pace High School - Chiller Replacement	292,367	207,208	85,159
Pace High School - Band & Choir Building	4,300,000	156,944	4,143,056
Rivera High School - Athletic Facility	2,840,000	826,937	2,013,063
Lopez High School - HVAC Upgrade	506,955	471,845	35,110
Lopez High School - Synthetic Turf Soccer Field	868,643	848,676	19,967
Burns Elementary - Roof Replacement	1,000,000	79,415	920,585
Sam's Stadium - Lighting System	600,000	9,000	591,000
Besteiro Middle School - Restrooms & Storage	130,170	116,434	13,736
Campus ADA Reviews	420,000	4,746	415,254
Total Construction In Progress	<u>\$ 17,367,824</u>	<u>\$ 3,062,471</u>	<u>\$ 14,305,353</u>

* Project under review

M. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
BISD - GED Testing	\$ 2,641	\$ -	\$ 2,641
BISD - Athletics	3,780	-	3,780
BISD - Other	72,840	-	72,840
BISD - Rendition Fees	15,865	-	15,865
BISD - CCED Taxes	14,978	-	14,978
Food service receipts	3,601	-	3,601
Special revenue grants	-	1,350,444	1,350,444
Total unearned revenue	<u>\$ 113,705</u>	<u>\$ 1,350,444</u>	<u>\$ 1,464,149</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Description	General Fund	Other Governmental Funds	Internal Service Funds	Total
Property Taxes	\$ 59,479,164	\$ 272,585	\$ -	\$ 59,751,749
Penalties, Interest & Other Tax-Related Income	1,851,082	114,231	-	1,965,313
Tuition and Fees	386,110	-	-	386,110
Food Sales	889,765	-	-	889,765
Investment Income	446,140	37,451	29,121	512,712
Co-curricular Student Act.	500,834	-	-	500,834
CCED	62,600	-	-	62,600
Other	14,876,097	97,180	54,093,529	69,066,806
Totals	<u>\$ 78,491,792</u>	<u>\$ 521,447</u>	<u>\$ 54,122,650</u>	<u>\$ 133,135,889</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, 2016

IV. DETAILED NOTES ON ALL FUNDS

P. 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 2015-2016:		\$ 34,604,239
B. Subtract any non-medical expenditures:		
Life insurance	\$ 173,653	
Dental insurance	-	
Vision insurance	-	
Long-term disability	-	
Short-term disability	-	
Alternate plans	-	
COBRA expense	-	
Retiree expense	-	
		173,653
C. 2015-2016 Maintenance of Effort:		\$ 34,430,586

Q. SHARED SERVICES AGREEMENTS

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

Member Districts	Expenditures
Harlingen CISD	\$ 141,250
Los Fresnos CISD	47,000
Point Isabel ISD	27,500
Raymondville ISD	52,500
San Benito CISD	100,000
IDEA Public Schools	5,000
Total	\$ 373,250

R. 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, 2016 from various federal sources as follows:

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Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

Program or Source	CFDA Number	Amount
U.S. Department of Treasury (Fed Share of QSCB)	N/A	\$ 969,271
R.O.T.C.	12.000	448,620
Child & Adult Care Food Program	10.558	3,561,840
Child Nutrition Direct Certification Performance Award	N/A	74,300
National School Lunch Program	10.555	18,582,149
School Breakfast Program	10.553	13,978,864
Food Distribution (USDA Commodities)	10.555	393,982
School Health Related Services	N/A	6,517,516
Medicaid Administrative Claims	N/A	247,581
Total Programs		<u>44,774,123</u>
<i>Indirect Costs:</i>		
Federal Adult Ed English Literacy & Civics Ed	84.002A	10,712
ESEA Title III Subtitle B	84.196A	1,292
ESEA Title I - Part A	84.010A	302,180
ESEA Title I Part C	84.011A	22,821
IDEA B - Formula	84.027A	104,803
IDEA B - Formula (DEAF)	84.027A	643
Carl Perkins Grant for Career & Technology Ed	84.048A	3,116
IDEA B - Preschool	84.173A	1,119
IDEA B - Preschool (DEAF)	84.173A	67
21st Century Com Learning Center, Cycle 7 Year 4	84.287C	30,718
ESEA Title III - Part A - L.E.P.	84.365A	16,062
ESEA Title II - Part A - TPTR	84.367A	33,385
Texas Literacy Initiative	84.371C	93,889
Texas Title I Priority Schools	84.377A	4,804
Family Support Act AFDC Jobs 2015	93.558	2,865
National School Lunch Program	10.555	<u>2,751,922</u>
Total Indirect Costs		<u>3,380,398</u>
Total General Fund		<u>\$ 48,154,521</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

S. PRIOR PERIOD ADJUSTMENTS

The District's prior period adjustment of \$12,408,107 within the internal service fund was to reclassify the accounts payable and establish net position. In prior years, the District adjusted accounts payable for workers' compensation claims and are now reflected within an expense account. The additional adjustments to the fund balance and net position during the 2015-2016 school year consisted of the following:

Description	General Fund	Debt Service Fund	Other Nonmajor Funds	Internal Service Funds	Total
Established Fund Balance	\$ -	\$ -	\$ -	\$ 12,408,107	\$ 12,408,107
Adjustments for Summary of Finance	42,958	658,048	-	-	701,006
Other uses	-	-	811,704	-	811,704
Total per Exhibit C-3 and D-2	<u>\$ 42,958</u>	<u>\$ 658,048</u>	<u>\$ 811,704</u>	<u>\$ 12,408,107</u>	<u>13,920,817</u>
Adjustments to capital assets					(51,481)
Total per Exhibit B-1					<u>\$ 13,869,336</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 61,313,865	\$ 74,663,753	\$ 78,491,792	\$ 3,828,039
5800	State Program Revenues	341,625,357	355,820,079	363,477,557	7,657,478
5900	Federal Program Revenues	47,454,737	47,454,737	48,154,521	699,784
5020	Total Revenues	450,393,959	477,938,569	490,123,870	12,185,301
EXPENDITURES:					
Current:					
0011	Instruction	221,857,741	227,664,041	226,423,205	1,240,836
0012	Instructional Resources and Media Services	7,493,549	7,486,751	7,120,487	366,264
0013	Curriculum and Instructional Staff Development	9,795,122	9,940,282	9,039,089	901,193
0021	Instructional Leadership	7,499,700	7,506,222	6,357,806	1,148,416
0023	School Leadership	24,598,331	24,695,261	24,040,007	655,254
0031	Guidance, Counseling and Evaluation Services	16,851,659	18,006,413	17,351,435	654,978
0032	Social Work Services	651,335	651,335	580,218	71,117
0033	Health Services	4,430,985	4,731,285	4,324,406	406,879
0034	Student (Pupil) Transportation	14,101,726	13,907,333	12,761,618	1,145,715
0035	Food Services	42,142,851	43,235,643	40,191,471	3,044,172
0036	Extracurricular Activities	17,396,508	17,541,171	16,217,745	1,323,426
0041	General Administration	13,138,227	13,862,726	12,128,094	1,734,632
0051	Facilities Maintenance and Operations	48,712,721	57,006,630	53,227,252	3,779,378
0052	Security and Monitoring Services	6,921,876	7,069,444	6,642,131	427,313
0053	Data Processing Services	8,295,839	14,141,475	9,714,611	4,426,864
0061	Community Services	577,028	680,322	407,232	273,090
Debt Service:					
0071	Principal on Long Term Debt	3,280,000	3,280,000	3,280,000	-
0072	Interest on Long Term Debt	1,522,761	1,542,162	1,523,865	18,297
0073	Bond Issuance Cost and Fees	8,500	8,500	6,305	2,195
Capital Outlay:					
0081	Facilities Acquisition and Construction	3,290,000	17,574,663	3,994,366	13,580,297
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	225,000	225,000	10,842	214,158
0099	Other Intergovernmental Charges	800,000	800,000	703,868	96,132
6030	Total Expenditures	453,591,459	491,556,659	456,046,053	35,510,606
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,197,500)	(13,618,090)	34,077,817	47,695,907
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	3,837,050	-	(3,837,050)
7912	Sale of Real and Personal Property	-	51,481	-	(51,481)
8911	Transfers Out (Use)	(16,016,374)	(16,016,374)	(16,016,374)	-
7080	Total Other Financing Sources (Uses)	(16,016,374)	(12,127,843)	(16,016,374)	(3,888,531)
1200	Net Change in Fund Balances	(19,213,874)	(25,745,933)	18,061,443	43,807,376
0100	Fund Balance - July 1 (Beginning)	112,456,402	112,456,402	112,456,402	-
1300	Prior Period Adjustment(s)	-	-	42,958	42,958
3000	Fund Balance - June 30 (Ending)	\$ 93,242,528	\$ 86,710,469	\$ 130,560,803	\$ 43,850,334

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT G-2

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.3215798%	0.2187937%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 113,674,179	\$ 58,442,823
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	185,685,560	161,268,352
Total	<u>\$ 299,359,739</u>	<u>\$ 219,711,175</u>
District's Covered-Employee Payroll	\$ 303,523,981	\$ 300,405,258
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	37.45%	19.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-3

	2016	2015
Contractually Required Contribution	\$ 9,555,513	\$ 8,873,119
Contribution in Relation to the Contractually Required Contribution	(9,555,513)	(8,873,119)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 306,661,990	\$ 303,007,890
Contributions as a Percentage of Covered-Employee Payroll	3.12%	2.93%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

COMBINING STATEMENTS

SPECIAL REVENUE FUNDS

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

ESEA, TITLE X,PART C-EDUCATION FOR THE HOMELESS CHILDREN AND YOUTH (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 or agriculture-related workers and children of migrant fishermen.

ADULT EDUCATION (ABE) - FEDERAL (220)

To account for funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance, and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school.

IDEA-PART B, FORMULA (224)

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

IDEA PART B, PRESCHOOL (225)

To account for funds granted for preschool children with disabilities.

CAREER AND TECHNICAL – BASIC GRANT (244)

To account for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical 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 (sites) 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 (1) 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, and (2) hold local education agencies and schools accountable for improving 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 IV, PART B - 21ST CENTURY COMMUNITY LEARNING CENTERS (265)

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

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

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

TITLE I SIP ACADEMY GRANT (276)

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

TITLE I SIP ACADEMY GRANT – ARRA (STIMULUS) (286)

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

EDUCATION JOBS FUND (287)

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

FEDERALLY FUNDED SPECIAL REVENUE FUNDS (289)

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

SHARED SERVICES ARRANGEMENTS-ADULT BASIC EDUCATION (ABE)-FEDERAL (309)

To account for funds granted to provide or support programs for adult education and literacy services to adults age 16 and above, who do not have a high school diploma and are not enrolled in school.

SHARED SERVICES ARRANGEMENTS-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.

SHARED SERVICES ARRANGEMENTS-IDEA PART B, DISCRETIONARY (315)

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

SHARED SERVICES ARRANGEMENTS-IDEA PART B DEAF (316)

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

SHARED SERVICES ARRANGEMENTS IDEA - PART B, PRESCHOOL DEAF (317)

To account for funds granted for preschool children with disabilities.

SHARED SERVICES ARRANGEMENTS IDEA PART C,EARLY INTERVENTION(DEAF)(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 to toddlers.

ADVANCED PLACEMENT INCENTIVES (397)

To account for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

STUDENT SUCCESS INITIATIVE (404)

To account for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

STATE TEXTBOOK FUND (410)

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

STATE FUNDED SPECIAL REVENUE FUNDS (429)

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

SHARED SERVICES ARRANGEMENTS-ADULT EDUCATION-STATE/EDUCATIONAL TECHNOLOGY (ED TECH) PILOT (431)

To account for funds granted to provide or support programs for adult education and literacy services to adults age 16 and above who do not have a high school diploma and are out of school.

SHARED SERVICES ARRANGEMENTS - TANF (432)

To account, on a project basis, for funds granted to provide education services to undereducated adult recipients of cash assistance under Temporary Assistance for Needy Families (TANF).

SHARED SERVICES ARRANGEMENTS- REGIONAL DAY SCHOOL FOR THE 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).

CAMPUS ACTIVITY FUNDS (461)

This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

LOCALLY FUNDED SPECIAL REVENUE FUNDS – LOCALLY DEFINED (498)

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

LOCALLY FUNDED SPECIAL REVENUE FUNDS (499)

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

INTERNAL SERVICE FUNDS

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

SELF FUNDED INSURANCE (753)

This fund is used to account for the operations of the District's self-funded insurance program, which started in October 2015.

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

This fund is used to account for the operations of the District's old self-funded insurance program which ended in September 2015.

SELF FUNDED WORKERS COMPENSATION (792)

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 854,732	\$ -	\$ -
1240	Receivables from Other Governments	63,809	1,848,841	146,795	65,722
1260	Due from Other Funds	-	4,434,276	184,047	-
1290	Other Receivables	-	400	-	-
1000	Total Assets	<u>\$ 63,809</u>	<u>\$ 7,138,249</u>	<u>\$ 330,842</u>	<u>\$ 65,722</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 432,287	\$ 30,950	\$ -
2120	Short Term Debt Payable - Current	-	-	-	-
2160	Accrued Wages Payable	5,605	1,867,777	158,057	10,094
2170	Due to Other Funds	58,196	4,838,185	141,755	55,628
2180	Due to Other Governments	8	-	-	-
2190	Due to Student Groups	-	-	80	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>63,809</u>	<u>7,138,249</u>	<u>330,842</u>	<u>65,722</u>
4000	Total Liabilities and Fund Balances	<u>\$ 63,809</u>	<u>\$ 7,138,249</u>	<u>\$ 330,842</u>	<u>\$ 65,722</u>

224	225	244	255	263	265	274	276
IDEA - Part B Formula	IDEA - Part B Preschool	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning	Gear Up	Title I - SIP Academy Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310,162	2,729	16,280	56,368	333,163	259,253	241,058	7,510
1,013,482	21,557	4,182	355,118	1,299	-	10,111	20,397
-	-	-	-	-	-	-	-
<u>\$ 1,323,644</u>	<u>\$ 24,286</u>	<u>\$ 20,462</u>	<u>\$ 411,486</u>	<u>\$ 334,462</u>	<u>\$ 259,253</u>	<u>\$ 251,169</u>	<u>\$ 27,907</u>
\$ -	\$ -	\$ -	\$ 3,929	\$ 78,449	\$ 10,914	\$ 1,300	\$ -
-	-	-	-	-	-	-	-
1,197,284	5,678	16,620	374,172	59,749	66,802	15,338	(3,598)
126,360	18,608	3,842	33,385	196,264	181,537	234,415	29,147
-	-	-	-	-	-	116	2,358
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,323,644</u>	<u>24,286</u>	<u>20,462</u>	<u>411,486</u>	<u>334,462</u>	<u>259,253</u>	<u>251,169</u>	<u>27,907</u>
<u>\$ 1,323,644</u>	<u>\$ 24,286</u>	<u>\$ 20,462</u>	<u>\$ 411,486</u>	<u>\$ 334,462</u>	<u>\$ 259,253</u>	<u>\$ 251,169</u>	<u>\$ 27,907</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

Data Control Codes	286 Title I - SIP Academy Grant ARRA	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	114,304	145,291	2,971,015	660,176
1260	Due from Other Funds	-	-	1,716,326	15,186
1290	Other Receivables	-	-	17	-
1000	Total Assets	<u>\$ 114,304</u>	<u>\$ 145,291</u>	<u>\$ 4,687,358</u>	<u>\$ 675,362</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 1,567,798	\$ 2,996
2120	Short Term Debt Payable - Current	-	-	-	12,338
2160	Accrued Wages Payable	23,155	32,893	354,881	119,690
2170	Due to Other Funds	91,149	112,398	2,683,424	540,338
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Unearned Revenues	-	-	81,255	-
2000	Total Liabilities	<u>114,304</u>	<u>145,291</u>	<u>4,687,358</u>	<u>675,362</u>
4000	Total Liabilities and Fund Balances	<u>\$ 114,304</u>	<u>\$ 145,291</u>	<u>\$ 4,687,358</u>	<u>\$ 675,362</u>

312 SSA - TANF Family Assistance	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	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120,457	5,946	5,059	-	-	13,569	71,324	600,789
-	4,051	1,634	67	62	180,676	-	194,403
-	-	-	-	-	-	-	-
<u>\$ 120,457</u>	<u>\$ 9,997</u>	<u>\$ 6,693</u>	<u>\$ 67</u>	<u>\$ 62</u>	<u>\$ 194,245</u>	<u>\$ 71,324</u>	<u>\$ 795,192</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
31,580	8,549	6,050	-	-	-	-	-
88,877	-	643	67	-	-	71,324	24,936
-	-	-	-	62	-	-	-
-	-	-	-	-	-	-	-
-	1,448	-	-	-	194,245	-	770,256
<u>120,457</u>	<u>9,997</u>	<u>6,693</u>	<u>67</u>	<u>62</u>	<u>194,245</u>	<u>71,324</u>	<u>795,192</u>
<u>\$ 120,457</u>	<u>\$ 9,997</u>	<u>\$ 6,693</u>	<u>\$ 67</u>	<u>\$ 62</u>	<u>\$ 194,245</u>	<u>\$ 71,324</u>	<u>\$ 795,192</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

Data Control Codes	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	12,895	103,221	6,789
1260	Due from Other Funds	220,285	34,360	-
1290	Other Receivables	-	-	-
1000	Total Assets	<u>\$ 233,180</u>	<u>\$ 137,581</u>	<u>\$ 6,789</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2120	Short Term Debt Payable - Current	-	-	-
2160	Accrued Wages Payable	-	9,541	95,715
2170	Due to Other Funds	-	119,308	6,789
2180	Due to Other Governments	-	8,732	-
2190	Due to Student Groups	-	-	-
2300	Unearned Revenues	233,180	-	-
2000	Total Liabilities	<u>233,180</u>	<u>137,581</u>	<u>6,789</u>
4000	Total Liabilities and Fund Balances	<u>\$ 233,180</u>	<u>\$ 137,581</u>	<u>\$ 6,789</u>

461 Campus Activity Funds	498 Other Local Special Rev Funds	499 Locally Funded Spec. Revenue Funds	Total Nonmajor Special Revenue Funds	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 790,490	\$ -	\$ -	\$ 1,645,222	\$ -	\$ 1,645,222
-	1,996	76	8,210,380	-	8,210,380
-	15,004	55,703	8,561,471	-	8,561,471
-	-	-	417	-	417
<u>\$ 790,490</u>	<u>\$ 17,000</u>	<u>\$ 55,779</u>	<u>\$ 18,417,490</u>	<u>\$ -</u>	<u>\$ 18,417,490</u>
\$ -	\$ -	\$ 2,719	\$ 2,131,342	\$ -	\$ 2,131,342
-	-	-	12,338	-	12,338
-	-	-	4,455,632	-	4,455,632
-	-	-	9,665,888	-	9,665,888
-	-	-	11,276	-	11,276
790,490	-	-	790,570	-	790,570
-	17,000	53,060	1,350,444	-	1,350,444
<u>790,490</u>	<u>17,000</u>	<u>55,779</u>	<u>18,417,490</u>	<u>-</u>	<u>18,417,490</u>
<u>\$ 790,490</u>	<u>\$ 17,000</u>	<u>\$ 55,779</u>	<u>\$ 18,417,490</u>	<u>\$ -</u>	<u>\$ 18,417,490</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	101,693	24,448,782	1,871,100	148,645
5020	Total Revenues	<u>101,693</u>	<u>24,448,782</u>	<u>1,871,100</u>	<u>148,645</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	17,021,030	999,699	133,527
0012	Instructional Resources and Media Services	-	1,348,423	-	-
0013	Curriculum and Instructional Staff Development	-	1,640,477	3,065	-
0021	Instructional Leadership	-	614,407	482,692	3,934
0023	School Leadership	-	253,816	-	-
0031	Guidance, Counseling and Evaluation Services	-	236,782	78,495	-
0033	Health Services	-	1,646,765	-	-
0051	Facilities Maintenance and Operations	-	19,805	-	-
0061	Community Services	101,693	1,667,277	307,149	11,184
6030	Total Expenditures	<u>101,693</u>	<u>24,448,782</u>	<u>1,871,100</u>	<u>148,645</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment(s)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang Acquisition	265 Title IV, B Community Learning	274 Gear Up	276 Title I - SIP Academy Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>8,252,177</u>	<u>104,496</u>	<u>787,084</u>	<u>2,628,728</u>	<u>1,564,515</u>	<u>2,418,743</u>	<u>166,263</u>	<u>378,246</u>
<u>8,252,177</u>	<u>104,496</u>	<u>787,084</u>	<u>2,628,728</u>	<u>1,564,515</u>	<u>2,418,743</u>	<u>166,263</u>	<u>378,246</u>
6,706,861	104,496	787,084	2,583,232	1,242,326	1,115,656	16,569	298,005
-	-	-	-	-	-	-	-
-	-	-	27,029	229,701	138,531	2,716	30,857
-	-	-	18,467	92,488	1,074,178	-	-
-	-	-	-	-	72,361	-	35,492
1,545,316	-	-	-	-	-	144,980	13,740
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	18,017	1,998	152
<u>8,252,177</u>	<u>104,496</u>	<u>787,084</u>	<u>2,628,728</u>	<u>1,564,515</u>	<u>2,418,743</u>	<u>166,263</u>	<u>378,246</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	286 Title I - SIP Academy Grant ARRA	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 32,036	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	319,238	9,966,833	1,049,522
5020	Total Revenues	-	351,274	9,966,833	1,049,522
EXPENDITURES:					
Current:					
0011	Instruction	-	5,346	1,660,932	710,713
0012	Instructional Resources and Media Services	-	-	1,740,357	-
0013	Curriculum and Instructional Staff Development	-	116,529	6,163,183	41,379
0021	Instructional Leadership	-	-	387,348	26,830
0023	School Leadership	-	-	15,013	-
0031	Guidance, Counseling and Evaluation Services	-	229,399	-	-
0033	Health Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	1,000
0061	Community Services	-	-	-	269,600
6030	Total Expenditures	-	351,274	9,966,833	1,049,522
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment(s)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

312 SSA - TANF Family Assistance	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	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	7,580	-	4,675,978
<u>239,898</u>	<u>66,162</u>	<u>50,662</u>	<u>5,283</u>	<u>913</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>239,898</u>	<u>66,162</u>	<u>50,662</u>	<u>5,283</u>	<u>913</u>	<u>7,580</u>	<u>-</u>	<u>4,675,978</u>
223,837	66,162	50,662	5,283	913	-	-	4,675,978
-	-	-	-	-	-	-	-
-	-	-	-	-	7,580	-	-
5,862	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,199	-	-	-	-	-	-	-
<u>239,898</u>	<u>66,162</u>	<u>50,662</u>	<u>5,283</u>	<u>913</u>	<u>7,580</u>	<u>-</u>	<u>4,675,978</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	14,577	212,585	-	712,993
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>14,577</u>	<u>212,585</u>	<u>-</u>	<u>712,993</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,795	180,548	-	643,191
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	12,255	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	69,802
0033 Health Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	7,782	19,782	-	-
6030 Total Expenditures	<u>14,577</u>	<u>212,585</u>	<u>-</u>	<u>712,993</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment(s)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	498 Other Local Special Rev Funds	499 Locally Funded Spec. Revenue Funds	Total Nonmajor Special Revenue Funds	634 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 65,144	\$ 97,180	\$ 14,899	\$ 112,079
-	-	-	5,623,713	-	5,623,713
-	-	-	54,568,983	-	54,568,983
-	-	65,144	60,289,876	14,899	60,304,775
-	-	2,700	39,241,545	-	39,241,545
-	-	62,444	3,151,224	-	3,151,224
-	-	-	8,401,047	-	8,401,047
-	-	-	2,718,461	-	2,718,461
-	-	-	376,682	-	376,682
-	-	-	2,318,514	-	2,318,514
-	-	-	1,646,765	-	1,646,765
-	-	-	20,805	-	20,805
-	-	-	2,414,833	-	2,414,833
-	-	65,144	60,289,876	-	60,289,876
-	-	-	-	14,899	14,899
-	-	-	-	(6,369,712)	(6,369,712)
-	-	-	-	(6,354,813)	(6,354,813)
-	-	-	-	5,543,109	5,543,109
-	-	-	-	811,704	811,704
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2016

	753	754	792	
	Insurance	Self Funded Blue Cross Blue Shield	Self Funded Workers' Compensation	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 874,360	\$ 36,425	\$ 457,511	\$ 1,368,296
Investments - Current	-	-	5,523,609	5,523,609
Due from Other Funds	-	-	4,800,000	4,800,000
Other Receivables	-	554	-	554
Total Assets	<u>874,360</u>	<u>36,979</u>	<u>10,781,120</u>	<u>11,692,459</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	9,694	-	-	9,694
Due to Other Funds	864,666	36,979	-	901,645
Total Current Liabilities	<u>874,360</u>	<u>36,979</u>	<u>-</u>	<u>911,339</u>
NonCurrent Liabilities:				
Other Long-Term Liability	4,845,148	-	632,537	5,477,685
Total Noncurrent Liabilities	<u>4,845,148</u>	<u>-</u>	<u>632,537</u>	<u>5,477,685</u>
Total Liabilities	<u>5,719,508</u>	<u>36,979</u>	<u>632,537</u>	<u>6,389,024</u>
NET POSITION				
Unrestricted Net Position	(4,845,148)	-	10,148,583	5,303,435
Total Net Position	<u>\$ (4,845,148)</u>	<u>\$ -</u>	<u>\$ 10,148,583</u>	<u>\$ 5,303,435</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	753	754	792	Total
	Insurance	Self Funded Blue Cross Blue Shield	Self Funded Workers' Compensation	Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 35,580,374	\$ 18,514,405	\$ 27,871	\$ 54,122,650
Total Operating Revenues	<u>35,580,374</u>	<u>18,514,405</u>	<u>27,871</u>	<u>54,122,650</u>
OPERATING EXPENSES:				
Other Operating Costs	40,425,522	14,927,049	2,314,513	57,667,084
Total Operating Expenses	<u>40,425,522</u>	<u>14,927,049</u>	<u>2,314,513</u>	<u>57,667,084</u>
Operating Income (Loss)	(4,845,148)	3,587,356	(2,286,642)	(3,544,434)
Total Net Position - July 1 (Beginning)	-	(3,587,356)	27,118	(3,560,238)
Prior Period Adjustment	-	-	12,408,107	12,408,107
Total Net Position June 30 (Ending)	<u>\$ (4,845,148)</u>	<u>\$ -</u>	<u>\$ 10,148,583</u>	<u>\$ 5,303,435</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	753	754	792	
		Self Funded Blue Cross Blue Shield	Self Funded Workers' Compensation	Total Internal Service Funds
	Insurance			
<u>Cash Flows from Operating Activities:</u>				
Other Operating Cash Receipts (Payments)	\$ 874,360	\$ (36,722)	\$ 101,583	\$ 939,221
Net Increase (Decrease) in Cash and Cash Equivalents	874,360	(36,722)	101,583	939,221
Cash and Cash Equivalents at Beginning of Year	-	73,147	355,928	429,075
Cash and Cash Equivalents at End of Year	<u>\$ 874,360</u>	<u>\$ 36,425</u>	<u>\$ 457,511</u>	<u>\$ 1,368,296</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (4,845,148)	\$ 3,587,356	\$ (2,286,642)	\$ (3,544,434)
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Current Investments	-	-	1,105,688	1,105,688
Decrease (increase) in Due From Other Funds	-	-	650,000	650,000
Decrease (increase) in Other Receivables	-	(553)	-	(553)
Increase (decrease) in Accounts Payable	9,694	(197,428)	-	(187,734)
Increase (decrease) in Due To Other Funds	864,666	(3,426,097)	-	(2,561,431)
Increase (decrease) in Other Long-Term Liability	4,845,148	-	632,537	5,477,685
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ 874,360</u>	<u>\$ (36,722)</u>	<u>\$ 101,583</u>	<u>\$ 939,221</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2016
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 464,971	\$ 1,659,890	\$ 1,664,929	\$ 459,932
Liabilities:				
Accounts Payable	\$ 75,622	\$ 11,324	\$ -	\$ 86,946
Due to Student Groups	389,349	1,648,566	1,664,929	372,986
Total Liabilities	\$ 464,971	\$ 1,659,890	\$ 1,664,929	\$ 459,932
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 464,971	\$ 1,659,890	\$ 1,664,929	\$ 459,932
Liabilities:				
Accounts Payable	\$ 75,622	\$ 11,324	\$ -	\$ 86,946
Due to Student Groups	389,349	1,648,566	1,664,929	372,986
Total Liabilities	\$ 464,971	\$ 1,659,890	\$ 1,664,929	\$ 459,932

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2016

	810	816	820	821
	Crime Stoppers	Johnny & Nena Cavazos Athletic Fund	BISD Best Choice	Regional Tournaments
ASSETS				
Cash and Cash Equivalents	\$ 980	\$ 143,768	\$ 48,861	\$ 4,189
Due from Other Funds	-	-	-	-
Total Assets	<u>980</u>	<u>143,768</u>	<u>48,861</u>	<u>4,189</u>
LIABILITIES				
Due to Other Funds	-	-	-	2,367
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,367</u>
NET POSITION				
Unrestricted Net Position	<u>980</u>	<u>143,768</u>	<u>48,861</u>	<u>1,822</u>
Total Net Position	<u><u>\$ 980</u></u>	<u><u>\$ 143,768</u></u>	<u><u>\$ 48,861</u></u>	<u><u>\$ 1,822</u></u>

822 Mile of Hope	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
\$ 22,157	\$ 121	\$ 13,772	\$ 16,247	\$ 250,095
-	-	-	542	542
<u>22,157</u>	<u>121</u>	<u>13,772</u>	<u>16,789</u>	<u>250,637</u>
-	-	-	-	2,367
-	-	-	-	2,367
22,157	121	13,772	16,789	248,270
<u>\$ 22,157</u>	<u>\$ 121</u>	<u>\$ 13,772</u>	<u>\$ 16,789</u>	<u>\$ 248,270</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	810	816	820	821
	Crime Stoppers	Johnny & Nena Cavazos Athletic Fund	BISD Best Choice	Regional Tournaments
ADDITIONS:				
Local and Intermediate Sources	\$ 1	\$ 1,412	\$ 49,000	\$ 12,879
Total Additions	<u>1</u>	<u>1,412</u>	<u>49,000</u>	<u>12,879</u>
DEDUCTIONS:				
Payroll Costs	-	-	-	1,484
Professional and Contracted Services	-	-	-	2,384
Other Operating Costs	-	59,000	36,167	7,189
Total Deductions	<u>-</u>	<u>59,000</u>	<u>36,167</u>	<u>11,057</u>
Change in Net Position	1	(57,588)	12,833	1,822
Total Net Position - July 1 (Beginning)	3	201,356	-	-
Prior Period Adjustment	<u>976</u>	<u>-</u>	<u>36,028</u>	<u>-</u>
Total Net Position - June 30 (Ending)	<u>\$ 980</u>	<u>\$ 143,768</u>	<u>\$ 48,861</u>	<u>\$ 1,822</u>

822 Mile of Hope	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship	829 Scholarship Fund	Total Private Purpose Trust Funds
\$ 22,157	\$ 1	\$ 96	\$ 131,659	\$ 217,205
<u>22,157</u>	<u>1</u>	<u>96</u>	<u>131,659</u>	<u>217,205</u>
-	-	-	-	1,484
-	-	-	10,093	12,477
-	280	10,000	123,891	236,527
<u>-</u>	<u>280</u>	<u>10,000</u>	<u>133,984</u>	<u>250,488</u>
22,157	(279)	(9,904)	(2,325)	(33,283)
-	1	23,676	102	225,138
-	399	-	19,012	56,415
<u>\$ 22,157</u>	<u>\$ 121</u>	<u>\$ 13,772</u>	<u>\$ 16,789</u>	<u>\$ 248,270</u>

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2016

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	1.019100	0.073200	4,773,440,004
2009	1.019100	0.073200	4,909,923,402
2010	1.012273	0.080027	4,993,708,059
2011	1.019100	0.073200	5,009,567,679
2012	1.019100	0.073200	5,051,924,932
2013	1.019100	0.073200	5,209,962,063
2014	1.040000	0.102155	5,373,232,460
2015	1.040000	0.105666	5,501,477,818
2016 (School year under audit)	1.152500	0.000000	5,287,358,457
1000 TOTALS			

(10) Beginning Balance 7/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2016
\$ 2,242,604	\$ -	\$ 126,583	\$ 9,312	\$ (371,979)	\$ 1,734,730
288,951	-	29,521	2,120	(5,051)	252,259
352,698	-	35,577	2,555	(3,610)	310,956
371,223	-	58,747	4,644	1,284	309,116
434,823	-	88,455	6,354	7,132	347,146
561,322	-	152,989	10,989	434	397,778
808,782	-	274,913	19,747	(4,827)	509,295
1,421,641	-	625,978	61,487	(1,600)	732,576
3,835,679	-	2,295,632	233,241	(127,078)	1,179,728
-	59,728,676	56,897,913	-	1,127,833	3,958,596
<u>\$ 10,317,723</u>	<u>\$ 59,728,676</u>	<u>\$ 60,586,308</u>	<u>\$ 350,449</u>	<u>\$ 622,538</u>	<u>\$ 9,732,180</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,402,000	\$ 1,402,000	\$ 1,128,519	\$ (273,481)
5800 State Program Revenues	200,000	200,000	190,033	(9,967)
5900 Federal Program Revenues	36,795,351	36,795,351	36,591,136	(204,215)
5020 Total Revenues	38,397,351	38,397,351	37,909,688	(487,663)
EXPENDITURES:				
0035 Food Services	41,432,851	42,525,643	39,610,072	2,915,571
6030 Total Expenditures	41,432,851	42,525,643	39,610,072	2,915,571
1200 Net Change in Fund Balances	(3,035,500)	(4,128,292)	(1,700,384)	2,427,908
0100 Fund Balance - July 1 (Beginning)	12,732,451	12,732,451	12,732,451	-
3000 Fund Balance - June 30 (Ending)	\$ 9,696,951	\$ 8,604,159	\$ 11,032,067	\$ 2,427,908

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, 2016

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	\$ 5,716,374	\$ -	\$ 409,368	\$ 409,368
5800	State Program Revenues	10,300,000	-	-	-
5020	Total Revenues	16,016,374	-	409,368	409,368
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	13,734,500	14,325,000	9,795,000	4,530,000
0072	Interest on Long Term Debt	2,278,874	9,069,579	5,949,073	3,120,506
0073	Bond Issuance Cost and Fees	3,000	3,000	4,000	(1,000)
6030	Total Expenditures	16,016,374	23,397,579	15,748,073	7,649,506
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(23,397,579)	(15,338,705)	8,058,874
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	22,386,374	22,386,086	(288)
1200	Net Change in Fund Balances	-	(1,011,205)	7,047,381	8,058,586
0100	Fund Balance - July 1 (Beginning)	1,276,013	1,276,013	1,276,013	-
1300	Prior Period Adjustment(s)	-	-	658,048	658,048
3000	Fund Balance - June 30 (Ending)	\$ 1,276,013	\$ 264,808	\$ 8,981,442	\$ 8,716,634

STATISTICAL SECTION

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.

SCHEDULE 1
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010	2011
Governmental Activities					
Investment in Capital Assets	\$ 61,006,564	\$ 95,604,744	\$ 239,579,610	\$ 238,605,572	\$ 239,341,909
Restricted	229,355,987	232,989,218	17,636,587	59,471,394	50,582,763
Unrestricted	106,255,875	91,899,884	153,762,955	86,283,358	73,922,111
Total Net Assets	<u>\$ 396,618,426</u>	<u>\$ 420,493,846</u>	<u>\$ 410,979,152</u>	<u>\$ 384,360,324</u>	<u>\$ 363,846,783</u>

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

	2012	2013	2014	2015	2016
\$	249,760,978	\$ 265,298,588	\$ 245,196,911	\$ 241,038,741	\$ 242,011,460
	47,257,800	33,977,469	31,502,648	36,394,229	27,924,319
	65,775,797	54,465,766	78,378,086	24,425,409	52,915,830
\$	362,794,575	\$ 353,741,823	\$ 355,077,645	\$ 301,858,379	\$ 322,851,609

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

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010	2011
Expenses					
Governmental Activities:					
Instruction	\$ 235,656,199	\$ 251,458,965	\$ 263,214,508	\$ 280,044,296	\$ 283,753,243
Instructional Resources & Media Services	7,082,218	7,429,329	8,386,006	9,091,704	9,145,005
Curriculum & Staff Development	13,073,733	12,468,934	14,793,150	15,554,587	19,505,830
Instructional Leadership	6,191,546	6,731,053	7,059,359	8,002,797	7,834,698
School Leadership	21,261,506	22,234,884	23,438,655	24,551,960	25,044,466
Guidance, Counseling & Evaluation Services	15,708,534	16,262,550	17,738,872	18,234,605	18,254,355
Social Work Services	520,648	500,457	711,711	764,709	765,569
Health Services	4,452,657	4,874,905	5,405,783	5,427,344	5,705,521
Student (Pupil) Transportation	13,088,226	13,386,936	13,147,513	14,715,541	13,509,625
Food Services	28,341,364	28,453,632	27,575,534	30,062,988	29,764,725
Cocurricular/Extracurricular Activities	13,405,545	14,333,394	13,531,209	10,084,446	16,653,137
General Administration	11,121,851	11,628,184	12,319,564	12,138,098	12,670,295
Plant Maintenance & Operations	43,270,873	47,109,642	48,055,290	50,388,704	51,408,170
Security & Monitoring Services	3,909,690	4,784,350	5,538,612	5,904,597	6,350,712
Data Processing Services	2,240,079	2,440,008	3,038,063	2,908,275	3,661,103
Community Services	4,165,693	4,226,094	4,941,913	5,270,769	5,750,327
Debt Service - Interest on Long Term Debt	7,866,188	10,209,593	9,864,827	9,800,715	10,357,075
Debt Service - Bond Issuance Cost & Fees	735,785	19,442	96,332	31,947	686,668
Payments to Juvenile Justice Alternative Ed. Prg.	103,152	97,558	148,558	227,879	209,466
Other Intergovernmental Charges	-	-	-	-	-
Total Governmental Activities	432,195,487	458,649,910	479,005,459	503,205,961	521,029,990
Program Revenues					
Charges for Services					
Instruction	841,225	1,010,092	1,164,731	1,606,651	1,884,347
Instructional Resources and Media Services	-	-	-	-	-
Curriculum and Instructional Staff Development	-	-	-	-	-
Instructional Leadership	-	-	-	-	-
School Leadership	-	-	-	-	-
Guidance, Counseling and Evaluation Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-
Food Services	1,371,261	1,528,468	1,419,206	1,238,788	1,422,678
Extracurricular Activities	357,281	344,025	343,771	367,206	452,862
General Administration	-	-	-	-	-
Plant Maintenance and Operations	-	-	-	-	-
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	87,070	88,226	479,153	117,487	105,954
Debt Service - Interest on Long Term Debt	-	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Operating Grants and Contributions	73,063,663	75,268,303	82,140,558	98,592,857	137,170,598
Total Governmental Activities	75,720,500	78,239,114	85,547,419	101,922,989	141,036,439
Net Governmental Activities					
Revenue/(Expense)	\$ (356,474,987)	\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)

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

	2012	2013	2014	2015	2016
\$	265,301,523	\$ 269,902,260	\$ 266,811,175	\$ 269,621,870	\$ 287,873,697
	8,150,501	8,990,567	8,638,437	8,524,749	11,059,978
	13,284,303	15,764,951	16,609,958	16,372,545	18,957,388
	8,226,349	8,593,985	8,628,654	9,441,697	9,925,641
	24,028,022	26,014,428	26,274,889	24,656,388	26,546,046
	16,840,314	18,886,458	19,030,826	19,622,388	21,524,208
	621,835	1,091,761	1,077,700	888,315	616,251
	5,781,101	5,853,598	5,735,067	5,957,244	6,549,128
	12,927,507	12,463,068	14,171,985	12,081,900	12,450,463
	31,627,859	32,839,664	34,282,243	36,715,450	42,353,653
	14,485,042	15,765,298	16,364,024	16,421,932	17,243,179
	17,182,090	17,589,088	12,286,474	10,962,498	16,528,266
	46,452,947	46,463,990	48,694,091	51,688,106	55,522,684
	6,400,024	6,005,965	6,813,018	6,321,054	6,982,218
	4,036,884	4,319,976	6,786,646	6,355,529	8,552,804
	5,111,489	5,096,028	4,084,484	3,403,224	3,076,921
	10,552,122	10,779,656	6,672,801	8,134,579	7,372,455
	-	988,081	9,225	424,851	10,305
	183,264	106,194	85,173	36,656	10,842
	-	-	497,968	683,723	703,868
	491,193,176	507,515,016	503,554,838	508,314,698	553,859,995
	2,748,811	3,888,758	1,462,492	1,152,958	881,329
	-	-	-	-	148,493
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	1,270,219	1,304,284	1,378,468	1,012,548	1,335,619
	443,271	479,685	452,846	457,270	657,785
	-	-	-	1,314,255	296,986
	-	-	-	-	5,345,744
	-	-	-	-	-
	-	-	-	-	7,721,630
	118,182	101,226	121,786	38,034	327,820
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	130,857,311	120,198,708	123,197,536	112,183,338	111,274,366
	135,437,794	125,972,661	126,613,128	116,158,403	127,989,772
\$	(355,755,382)	\$ (381,542,355)	\$ (376,941,710)	\$ (392,156,295)	\$ (425,870,223)

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

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010	2011
Net Governmental Activities					
Revenue /(Expense)	\$ (356,474,987)	\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)
General Revenues:					
Property Taxes - M&O	57,100,739	47,622,425	50,698,836	49,108,507	49,247,771
Property Taxes - Debt Service	4,777,354	4,866,150	3,608,402	5,713,455	3,480,992
State Aid	256,856,481	273,801,373	279,184,838	273,485,573	280,086,312
Grants & Contributions					
not Restricted	53,491,917	48,965,278	46,407,489	47,456,785	29,720,120
Investment Earnings	17,281,072	17,368,044	6,867,205	576,057	327,543
Miscellaneous Local and Intermediate Revenue	-	-	-	-	606,897
Total General Revenues	389,507,563	392,623,270	386,766,770	376,340,377	363,469,635
Special and Extraordinary Items:					
Special Item	187,043	3,157,272	222,344	-	-
Special - (Use)	(1,608,033)	(1,669,850)	-	-	-
Extraordinary Item - resource	1,794,147	-	-	-	-
Total Special Items	373,157	1,487,422	222,344	-	-
Change in Net Position	\$ 33,405,733	\$ 13,699,896	\$ (6,468,926)	\$ (24,942,595)	\$ (16,523,916)

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

2012	2013	2014	2015	2016
<u>\$ (355,755,382)</u>	<u>\$ (381,542,355)</u>	<u>\$ (376,941,710)</u>	<u>\$ (392,156,295)</u>	<u>\$ (425,870,223)</u>
50,847,039	51,667,559	54,502,908	55,754,451	60,003,866
3,541,802	3,628,836	5,232,438	5,564,404	324,381
276,148,038	274,519,456	302,120,081	301,400,912	339,056,325
29,414,332	41,819,943	23,079,786	35,977,053	32,345,650
424,833	255,274	113,084	151,314	483,591
<u>1,083,845</u>	<u>1,256,425</u>	<u>1,083,375</u>	<u>5,044,713</u>	<u>780,304</u>
<u>361,459,889</u>	<u>373,147,493</u>	<u>386,131,672</u>	<u>403,892,847</u>	<u>432,994,117</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,704,507</u>	<u>\$ (8,394,862)</u>	<u>\$ 9,189,962</u>	<u>\$ 11,736,552</u>	<u>\$ 7,123,894</u>

SCHEDULE 4
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010	2011
General Fund					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 5,073,314	\$ 4,440,512	\$ 4,980,783	\$ 4,893,251	\$ -
Retirement of Long-Term Debt	172,868	165,895	3,920	3,919	-
Outstanding Encumbrances	15,417,596	13,535,457	10,855,448	25,960,333	-
Food Service	7,238,318	5,550,630	1,693,073	2,613	-
Other Purposes	16,711,053	17,129,854	11,216,238	4,806,460	-
<i>Unreserved Designated For:</i>					
Construction	33,779,582	50,393,914	31,953,995	5,803,488	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	94,599,727	84,885,826	88,167,972	76,111,051	-
<i>Nonspendable Fund Balances:</i>					
Inventories	-	-	-	-	4,422,662
<i>Restricted Fund Balances:</i>					
Federal or State Funds Grant Restriction	-	-	-	-	11,326,313
Other Restricted Fund Balance	-	-	-	-	222,229
<i>Committed Fund Balances:</i>					
Construction	-	-	-	-	22,364,837
Other Committed Fund Balance	-	-	-	-	541,141
<i>Assigned Fund Balance:</i>					
Construction	-	-	-	-	-
Other Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	60,435,774
Total General Fund Balance	\$ 172,992,458	\$ 176,102,088	\$ 148,871,429	\$ 117,581,115	\$ 99,312,956
All Other Governmental Funds					
<i>Special Revenues</i>					
Outstanding Encumbrances	52,238	57,921	56,608	2,129,059	-
Other Reserves	1,246,819	1,230,326	451,609	451,609	-
<i>Debt Service</i>					
Retirement of Long Term Debt	8,488,045	7,527,191	7,415,666	6,340,788	-
<i>Capital Projects</i>					
Outstanding Encumbrances	3,763,740	65,678,823	20,471,549	3,099,866	-
Other Purposes	5,074,658	5,074,658	5,074,657	5,074,657	-
<i>Unreserved and Undesignated:</i>					
Reported in the Capital Projects funds	132,276,179	64,199,140	14,656,385	4,552,631	-
Reported in Special Revenue funds	61,577	103,641	71,825	(2,046,805)	-
<i>Restricted Fund Balances:</i>					
Capital Acquisition and Contractual Obligation	-	-	-	-	-
Retirement of Long Term Debt	-	-	-	-	5,027,732
Other Restricted Fund Balance	-	-	-	-	5,516,459
<i>Committed Fund Balances:</i>					
Construction	-	-	-	-	1,161,390
Unassigned Fund Balance	-	-	-	-	4,927,512
Total All Other Governmental Fund Balance	150,963,256	143,871,700	48,198,299	19,601,805	16,633,093
Total Government Funds -- Fund Balance	\$ 323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049
Governmental Funds					
Beginning Fund Balance	\$ 181,296,673	\$ 323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920
Net Change in Fund Balance	142,659,041	(3,981,926)	(122,904,060)	(59,886,808)	(21,236,871)
Ending Balance	\$ 323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049

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

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

2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,580,179	3,621,302	3,834,039	3,725,535	4,635,882
18,914,624	24,422,165	24,380,252	24,575,107	18,942,877
354,719	361,540	246,734	218,038	139,669
2,285,678	1,245,498	1,170,648	6,392,528	5,834,327
2,142,090	2,231,900	1,659,405	2,369,146	5,589,167
-	-	-	-	18,252,345
6,311,320	6,311,320	3,283,320	3,304,675	7,819,744
58,087,083	60,430,454	62,776,227	66,871,373	69,346,792
<u>\$ 91,675,693</u>	<u>\$ 98,624,179</u>	<u>\$ 97,350,625</u>	<u>\$ 107,456,402</u>	<u>\$ 130,560,803</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,590,034	8,507,993	6,281,065	5,543,109	-
4,079,156	1,047,311	841,331	6,276,013	8,981,442
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,669,190	9,555,304	7,122,396	11,819,122	8,981,442
<u>\$ 105,344,883</u>	<u>\$ 108,179,483</u>	<u>\$ 104,473,021</u>	<u>\$ 119,275,524</u>	<u>\$ 139,542,245</u>
\$ 115,946,049	\$ 105,344,883	\$ 108,179,483	\$ 104,473,021	\$ 119,275,524
(10,601,166)	2,834,600	(3,706,462)	14,802,503	20,266,721
<u>\$ 105,344,883</u>	<u>\$ 108,179,483</u>	<u>\$ 104,473,021</u>	<u>\$ 119,275,524</u>	<u>\$ 139,542,245</u>

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		
2007	\$ 61,252,617	\$ 495,935	\$ 19,482,159	\$ 274,395,670	\$ 12,855,417	\$ 16,933,015	\$ 79,187,774	\$ 464,602,587
2008	52,642,945	578,524	19,760,410	286,258,776	13,254,419	19,469,958	79,555,189	471,520,221
2009	53,389,684	588,449	11,096,985	290,732,408	13,646,577	20,831,992	82,428,653	472,714,748
2010	53,895,159	593,297	3,969,433	282,771,446	14,192,422	16,337,762	106,233,585	477,993,104
2011	53,675,683	590,133	3,606,080	309,960,900	14,611,309	3,767,198	118,637,623	504,848,926
2012	55,593,851	531,514	4,475,483	287,696,627	15,503,634	19,497,233	113,720,690	497,019,032
2013	56,749,224	407,491	5,631,672	295,951,155	15,058,467	14,101,730	111,416,620	499,316,359
2014	60,692,413	491,150	3,214,341	313,983,308	17,721,025	16,008,349	100,640,073	512,750,659
2015	63,245,041	422,740	8,055,993	313,364,195	14,605,756	23,020,183	98,465,742	521,179,651
2016	61,717,061	386,110	16,910,067	347,071,720	14,260,807	7,768,744	102,723,504	550,838,013

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
2007	\$ 248,787,841	\$ 26,672,500	\$ 74,944,973	\$ 10,805,892	\$ 48,559,983	\$ 4,044,827
2008	264,756,508	28,197,129	77,081,715	11,317,309	53,207,299	4,208,853
2009	277,097,188	29,517,110	75,512,179	11,911,112	55,004,482	4,774,257
2010	296,935,894	31,721,644	79,251,845	11,742,923	58,180,291	5,113,327
2011	299,253,743	31,400,841	81,062,008	12,060,545	58,972,563	5,491,028
2012	274,860,076	30,971,427	79,014,692	12,189,912	54,785,063	4,899,149
2013	282,773,835	33,216,052	83,561,653	13,069,858	54,821,958	4,882,569
2014	281,731,329	33,530,581	90,438,173	12,256,430	61,794,211	4,054,267
2015	286,338,153	33,178,190	91,425,262	10,848,462	64,381,586	3,348,237
2016	293,376,597	33,492,956	95,392,172	12,128,094	69,604,799	2,822,065

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

Note: Operating expenditures excludes capital outlay (Function 81)

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

Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter-Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Service to Non-Capital Expenditures
\$ 9,950,000	\$ 9,200,003	\$ 25,664,640	\$ 103,152	\$ 458,733,811	4.42%
6,990,000	10,554,188	30,651,788	97,558	487,062,347	3.84%
7,310,000	10,413,098	121,189,943	148,558	592,877,927	3.76%
7,095,000	10,752,816	47,440,171	227,879	548,461,790	3.56%
10,930,000	11,163,563	37,181,977	209,467	547,725,735	4.33%
10,530,000	10,697,044	19,224,060	183,265	497,354,688	4.44%
10,950,000	11,342,447	1,619,259	106,194	496,343,825	4.51%
13,385,000	6,707,718	4,561,151	583,141	509,042,001	3.99%
12,260,000	8,420,352	1,818,006	720,379	512,738,627	4.05%
13,075,000	7,483,243	3,994,366	714,710	532,084,002	3.90%

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

LAST TEN YEARS

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Excess of Revenues Over (Under) Expenditures	\$ 5,868,776	\$ (15,542,126)	\$ (120,163,179)	\$ (70,468,683)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	15,400,000
Capital-Related Debt Issued	129,985,000	-	7,320,000	-
Sale of Real and Personal Property	17,645	24,496	23,657	-
Non-Current Loans	-	-	6,250,000	-
Transfers In	12,898,480	13,867,904	13,005,391	7,386,260
Premium or Discount on Issuance of Bonds	6,391,081	-	187,074	(3,080,000)
Other Resources	169,398	3,132,776	1,411	-
Transfers Out	(12,898,480)	(13,867,904)	(13,147,872)	(7,386,260)
Other Uses	(1,608,033)	(1,669,850)	(13,650,287)	-
Total Other Financing Sources (Uses)	<u>134,955,091</u>	<u>1,487,422</u>	<u>(10,626)</u>	<u>12,320,000</u>
Special Items	<u>1,794,147</u>	<u>-</u>	<u>197,276</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 142,618,014</u>	<u>\$ (14,054,704)</u>	<u>\$ (119,976,529)</u>	<u>\$ (58,148,683)</u>

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

2011	2012	2013	2014	2015	2016
\$ (42,876,175)	\$ (310,543)	\$ 2,973,684	\$ 3,708,654	\$ 8,441,025	\$ 18,754,011
25,770,000	-	-	-	-	\$ -
-	-	122,710,000	-	13,895,000	-
-	-	-	-	-	-
-	-	-	-	-	-
7,563,785	12,088,180	11,692,351	3,000,000	3,000,000	22,386,086
-	-	20,075,278	-	875,136	-
-	-	-	-	-	-
(7,563,785)	(12,088,180)	(11,692,351)	(3,000,000)	(3,000,000)	(22,386,086)
-	-	(141,659,928)	-	(10,665,750)	-
25,770,000	-	1,125,350	-	4,104,386	-
-	-	-	-	-	-
\$ (17,106,175)	\$ (310,543)	\$ 4,099,034	\$ 3,708,654	\$ 12,545,411	\$ 18,754,011

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
2007	44,491	5,592	600	1,685	243	1,091
2008	44,758	6,191	659	1,687	266	1,229
2009	44,665	6,204	661	1,691	267	1,231
2010	45,097	6,584	703	1,757	260	1,290
2011	45,869	6,524	685	1,767	263	1,286
2012	45,672	6,018	678	1,730	267	1,200
2013	45,393	6,189	733	1,827	287	1,208
2014	45,385	6,208	739	1,993	270	1,362
2015	44,451	6,442	746	2,057	244	1,448
2016	43,898	6,683	763	2,173	276	1,586

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

Note: * 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
91	224	207	577	2	10,312
107	163	233	2,708	3	13,246
107	164	233	2,713	3	13,274
113	157	238	1,052	5	12,159
120	238	243	811	5	11,942
107	231	234	421	4	10,890
108	241	250	36	2	10,881
89	295	148	100	13	11,217
75	276	189	41	16	11,534
64	170	170	91	16	11,994

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			
2007	\$ 3,925,182,022	\$ 540,347,922	\$ 4,465,529,944	\$ 5,548,457,738	80.48%	\$ 1.405400
2008	4,166,206,596	607,233,408	4,773,440,004	5,871,154,152	81.30%	1.092300
2009	4,279,472,153	630,451,249	4,909,923,402	6,053,536,586	81.11%	1.092300
2010	4,338,417,565	655,290,494	4,993,708,059	6,135,315,186	81.39%	1.092300
2011	4,377,167,600	632,400,079	5,009,567,679	6,113,416,912	81.94%	1.092300
2012	4,433,212,093	618,712,839	5,051,924,932	6,214,354,595	81.29%	1.092300
2013	4,573,692,652	636,269,411	5,209,962,063	6,343,330,587	82.13%	1.092300
2014	4,659,456,875	713,775,585	5,373,232,460	6,543,041,297	82.12%	1.142155
2015	4,788,620,905	712,856,913	5,501,477,818	6,711,375,439	81.97%	1.145666
2016	4,608,516,654	678,841,803	5,287,358,457	6,754,535,129	78.28%	1.152500

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	Collected within the Fiscal Year of the Levy		Collections in Susequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 61,639,120	\$ 55,207,914	89.57%	\$ 5,478,172	\$ 60,686,086	98.45%
2008	51,069,707	46,597,854	91.24%	4,021,430	50,619,284	99.12%
2009	52,931,405	48,397,765	91.43%	4,119,741	52,517,506	99.22%
2010	53,382,448	48,693,877	91.22%	4,349,866	53,043,743	99.37%
2011	53,617,610	48,836,611	91.08%	4,187,704	53,024,315	98.89%
2012	54,109,128	49,935,751	92.29%	3,713,321	53,649,072	99.15%
2013	55,837,551	51,176,905	91.65%	3,561,785	54,738,690	98.03%
2014	60,188,474	55,499,749	92.21%	3,352,247	58,851,996	97.78%
2015	61,793,473	57,727,162	93.42%	2,528,873	60,256,035	97.51%
2016	59,728,676	56,897,913	95.26%	-	56,897,913	95.26%

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
2007	\$ 1.315600	\$ 0.089800	\$ 1.405400	\$ 57,700,380	\$ 3,938,740	\$ 61,639,120
2008	1.019100	0.073200	1.092300	47,647,291	3,422,416	51,069,707
2009	1.019100	0.073200	1.092300	49,384,228	3,547,177	52,931,405
2010	1.012273	0.080027	1.092300	49,471,399	3,911,049	53,382,448
2011	1.019100	0.073200	1.092300	50,024,447	3,593,163	53,617,610
2012	1.019100	0.073200	1.092300	50,483,026	3,626,102	54,109,128
2013	1.019100	0.073200	1.092300	52,095,620	3,741,931	55,837,551
2014	1.040000	0.102155	1.142155	54,805,181	5,383,293	60,188,474
2015	1.040000	0.105666	1.145666	56,094,193	5,699,280	61,793,473
2016	1.152500	-	1.152500	59,728,676	-	59,728,676

Source: Brownsville Independent School District Annual Financial and Compliance Reports

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

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

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	Direct Tax Rate	Overlapping Tax Rates						Total Direct and Overlapping Tax Rate
		Brownsville Independent School District	South Texas ISD	City of Brownsville	Brownsville Navigation District	Cameron County	Drainage District #1	Texas Southmost College	
2007	2006	\$ 1.405400	\$ 0.039200	\$ 0.650235	\$ 0.057240	\$ 0.348191	\$ 0.039172	\$ 0.161089	\$ 2.700527
2008	2007	1.092300	0.049200	0.650517	0.053609	0.343191	0.036671	0.161089	2.386577
2009	2008	1.092300	0.049200	0.650517	0.048497	0.353191	0.031714	0.161089	2.386508
2010	2009	1.092300	0.049200	0.654189	0.048253	0.363191	0.031535	0.161924	2.400592
2011	2010	1.092300	0.049200	0.657556	0.047828	0.364291	0.031400	0.162423	2.404998
2012	2011	1.092300	0.049200	0.700613	0.046830	0.384291	0.031100	0.164026	2.468360
2013	2012	1.092300	0.049200	0.700613	0.045200	0.384291	0.306000	0.162935	2.740539
2014	2013	1.142155	0.049200	0.700613	0.043000	0.384291	0.029700	0.162935	2.511894
2015	2014	1.145666	0.049200	0.700613	0.042000	0.399291	0.029500	0.164094	2.530364
2016	2015	1.152500	0.049200	0.700613	0.040667	0.399291	0.030450	0.164094	2.536815

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 2016	
		Tax Year 2015 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	\$ 41,325,020	0.78%
TRICO Products Corp.	Manufacturer	17,883,854	0.34%
Columbia Valley Healthcare Systems LP	Hospital	29,394,827	0.56%
Southwestern Bell Telephone	Telephone Utility	-	0.00%
Rich-Seapak Co	Retail Store	-	0.00%
KIMCO Brownsville LP	Land/ Improvements	16,630,425	0.31%
Wal-Mart Real Estate Business TR	Real Estate/Retail Store	19,751,660	0.37%
Wal-Mart Stores Inc.	Retail Store	19,378,016	0.37%
H E Butt Grocery Co	Grocery	17,592,479	0.33%
Wal-Mart Stores EAST Inc.	Retail Store	-	0.00%
Valley Baptist Medical Center - Bro	Medical	-	0.00%
TX & Kansas City Cable PTRS LP	Information	-	0.00%
AEP Texas Central Co.	Utilities	17,210,951	0.33%
VHS Brownsville Hospital Company LLC	Hospital	28,578,010	0.54%
COMCAST Corp	Media + Technology	31,977,276	0.60%
Totals		\$ 239,722,518	4.53%

Source: Cameron County Appraisal District

Fiscal Year 2007

Tax Year	2006	Percentage of
Assessed	Assessed	Total Assessed
Valuation	Valuation	Valuation
\$	38,706,222	0.87%
	39,556,907	0.89%
	35,014,370	0.78%
	24,802,000	0.56%
	23,102,416	0.52%
	-	0.00%
	-	0.00%
	13,361,324	0.30%
	14,597,230	0.33%
	11,423,472	0.26%
	10,641,199	0.24%
	11,256,380	0.25%
	-	0.00%
	-	0.00%
	-	0.00%
\$	222,461,520	4.98%

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
2007	\$ 145,095,000	\$ 65,195,000	\$ 7,340,000	\$ -	\$ 217,630,000
2008	138,640,000	65,195,000	6,805,000	-	210,640,000
2009	124,545,000	72,515,000	6,250,000	-	203,310,000
2010	118,395,000	71,570,000	5,655,000	15,400,000	211,020,000
2011	111,985,000	70,600,000	5,040,000	38,235,000	225,860,000
2012	106,200,000	68,620,000	4,400,000	36,110,000	215,330,000
2013	17,030,000	146,940,000	3,735,000	33,940,000	201,645,000
2014	10,725,000	142,605,000	3,045,000	31,885,000	188,260,000
2015	5,490,000	138,460,000	5,925,000	29,595,000	179,470,000
2016	-	134,155,000	5,180,000	27,060,000	166,395,000

Source: Brownsville Independent School District Annual Financial and Compliance Reports

<u>Ratio of Total Debt to Estimated Actual Property Value</u>	<u>Total Debt Per Average Daily Membership</u>
3.92%	4497
3.59%	4311
3.36%	4181
3.44%	4292
3.69%	4518
3.47%	4332
3.18%	4085
2.88%	3813
2.67%	3709
2.46%	3485

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

As of June 30, 2016

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Brownsville Navigation District	\$ 5,920,000	* A	9/30/2016	78.86%	\$ 4,668,512
City of Brownsville	147,520,000	* A	9/30/2016	88.63%	130,746,976
Cameron County	162,735,000	* A	9/30/2016	35.83%	58,307,951
Paseo De La Resaca MUD #1	2,312,267	* A	9/30/2016	100.00%	2,312,267
Paseo De La Resaca MUD #2	3,621,758	* A	9/30/2016	100.00%	3,621,758
Paseo De La Resaca MUD #3	3,955,975	* A	9/30/2016	100.00%	3,955,975
Paseo De La Resaca MUD #3 (Master District - Contract Tax)					
Rancho Viejo, Town of	3,602,000	* A	9/30/2016	61.21%	2,204,784
Texas Southmost College	52,725,000	* A	9/30/2016	54.12%	28,534,770
Valley MUD #2	4,540,000	* A	9/30/2016	65.83%	2,988,682
					<u>237,341,675</u>
Brownsville ISD		B	6/30/2016	100.00%	<u>134,805,000</u>
Total Direct and Overlapping Debt					<u>\$ 372,146,675</u>

* Gross Debt

Source:

A - Municipal Advisory Council of Texas

B - Brownsville Independent School District - Finance Department

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

SCHEDULE 16
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010
Assessed Valuation	\$ 4,465,529,944	\$ 4,773,440,004	\$ 4,909,923,402	\$ 4,993,708,059
Debt Limit - 10% of Assessed Valuation	\$ 446,552,994	\$ 477,344,000	\$ 490,992,340	\$ 499,370,806
General Obligation Bonds	210,290,000	203,835,000	197,060,000	205,365,000
Deduct Amount Available in Debt Service Fund	8,488,045	7,527,191	7,415,666	6,340,788
Applicable Debt	201,801,955	196,307,809	189,644,334	199,024,212
Legal Debt Margin	\$ 244,751,039	\$ 281,036,191	\$ 301,348,006	\$ 300,346,594
Debt Margin as a Percentage of the Debt Limit	54.81%	58.87%	61.38%	60.15%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2011	2012	2013	2014	2015	2016
\$ 5,009,567,679	\$ 5,051,924,932	\$ 5,209,962,063	\$ 5,373,232,460	\$ 5,501,477,818	\$ 5,287,358,457
\$ 500,956,768	\$ 505,192,493	\$ 520,996,206	\$ 537,323,246	\$ 550,147,782	\$ 528,735,846
220,820,000	210,930,000	197,910,000	185,215,000	173,545,000	161,215,000
5,027,732	4,079,156	1,047,311	(4,158,669)	1,276,013	8,981,442
215,792,268	206,850,844	196,862,689	189,373,669	172,268,987	152,233,558
\$ 285,164,500	\$ 298,341,649	\$ 324,133,517	\$ 347,949,577	\$ 377,878,795	\$ 373,651,083
56.92%	59.06%	62.21%	64.76%	68.69%	71.21%

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

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Total Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2007	\$ 48,391	\$ 5,548,457,738	\$ 217,630,000	\$ 8,488,045	\$ 209,141,955	3.77%	\$ 4,321.92
2008	48,858	5,871,154,152	210,640,000	7,527,191	203,112,809	3.46%	4,157.21
2009	48,617	6,053,536,586	203,310,000	7,415,666	195,894,334	3.24%	4,029.34
2010	49,155	6,135,315,186	211,020,000	6,340,788	204,679,212	3.34%	4,163.96
2011	49,991	6,113,416,912	225,860,000	5,027,732	220,832,268	3.61%	4,417.44
2012	49,703	6,214,354,595	215,330,000	4,079,156	211,250,844	3.40%	4,250.26
2013	49,361	6,343,330,587	201,645,000	1,047,311	200,597,689	3.16%	4,063.89
2014	49,370	6,543,041,297	188,260,000	(4,158,669)	192,418,669	2.94%	3,897.48
2015	48,388	6,711,375,439	179,470,000	1,276,013	178,193,987	2.66%	3,682.61
2016	47,749	6,754,535,129	166,395,000	8,981,442	157,413,558	2.33%	3,296.69

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
2007	\$ 9,950,000	\$ 7,866,188	\$ 17,816,188	\$ 374,918,220	4.75%
2008	6,990,000	10,551,209	17,541,209	395,409,215	4.44%
2009	7,310,000	10,206,443	17,516,443	411,258,259	4.26%
2010	7,690,000	9,832,436	17,522,436	418,646,603	4.19%
2011	10,930,000	10,357,263	21,287,263	436,446,846	4.88%
2012	10,530,000	10,664,565	21,194,565	399,397,970	5.31%
2013	10,950,000	10,234,547	21,184,547	406,605,978	5.21%
2014	13,385,000	6,698,494	20,083,494	430,958,479	4.66%
2015	12,260,000	8,159,105	20,419,105	436,307,577	4.68%
2016	13,075,000	7,472,938	20,547,938	456,046,053	4.51%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: * Excludes Other Fees

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

(Unaudited)

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	7,214	1	5.03%	7,080	1	5.71%
UT Rio Grande Valley	1,734	3	1.21%	-	-	-
Cameron County	-	-	-	2,077	3	1.67%
Keppel Amfels	1,950	2	1.36%	1,838	4	1.48%
City of Brownsville	1,650	4	1.15%	2,273	2	1.83%
Wal-mart	1,227	7	0.86%	1,114	6	0.90%
Caring For You Home Health	1,413	5	0.98%	1,174	5	0.95%
HEB Food Stores	1,200	8	0.84%	-	-	-
Valley Baptist Medical Center	975	9	0.68%	760	8	0.61%
Valley Regional Medical Center	-	-	-	717	10	0.58%
Abudant Life Home Health	-	-	-	757	9	0.61%
Convergys Corp	1,300	6	0.91%	-	-	-
Maximus	-	-	-	800	7	0.64%
Total	950	10	0.66%	-	-	-
	<u>19,613</u>		<u>13.68%</u>	<u>18,590</u>		<u>14.98%</u>

Source:

* Brownsville Economic Development Council
www.deptofnumbers.com/employment/texas/brownsville

SCHEDULE 20
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 CONSTRUCTION AND PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Number of Permits	Construction Value	Total Property Value
2007	2,555	\$ 181,840,584	\$ 5,877,752,406
2008	2,240	166,418,482	6,116,283,173
2009	2,993	103,987,896	6,174,353,951
2010	2,458	74,048,534	6,113,416,912
2011	1,949	75,141,255	6,214,354,595
2012	2,199	99,224,922	6,346,048,820
2013	2,253	102,828,701	6,545,060,836
2014	2,250	127,653,569	6,718,176,451
2015	2,126	135,824,830	6,880,163,964
2016	2,276	99,859,788	7,033,870,915

Source: Cameron Appraisal District Certified Entity Totals Report

SCHEDULE 21
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

Year	Population *	Personal Income ** (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level In Years of Formal Schooling	Public School Enrollment	Unemployment Rate
2007	172,437	\$ 1,924,569	\$ 11,161	26.9	57.9% - High School 15.2%-Bachelor's Degree	48,799	5.90%
2008	172,806	2,019,238	11,685	26.9	57.9% - High School 15.2%-Bachelor's Degree	49,082	7.50%
2009	176,859	2,055,632	11,623	27.6	58.5% - High School 15.8%-Bachelor's Degree	49,605	10.90%
2010	175,023	2,069,472	11,824	27.0	59.5% - High School 15.2%-Bachelor's Degree	49,835	11.60%
2011	175,023	2,260,772	12,917	29.5	60.2% - High School 15.6%-Bachelor's Degree	49,587	12.40%
2012	175,023	2,257,797	12,900	29.5	60.3% - High School 15.0%-Bachelor's Degree	49,271	10.50%
2013	180,097	2,441,395	13,556	29.5	61.8% - High School 15.7%-Bachelor's Degree	49,274	10.30%
2014	181,860	2,576,411	14,167	29.3	64.3% - High School 18.4%-Bachelor's Degree	48,248	8.10%
2015	183,046	2,585,342	15,597	29.8	63.1% - High School 17.2% - Bachelor's Degree	48,269	7.10%
2016	183,887	2,585,342	14,770	29.8	63.1% - High School 17.2% - Bachelor's Degree	47,749	7.50%

* Population Estimates - US Census Bureau

SOURCES:

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

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

LAST TEN YEARS

(Unaudited)

Classification	2007	2008	2009	2010	2011
Number of Employees					
Teachers	3,166	3,273	3,322	3,365	3,425
Professional Support	537	582	606	639	665
Campus Administration	194	195	200	197	203
Central Administration	31	18	12	8	9
Educational Aides	873	841	809	910	875
Auxiliary Staff	2,229	2,415	2,487	2,425	2,536
Total Employees	7,030	7,324	7,436	7,544	7,713
Percent of Total					
Teachers	45.0%	44.7%	44.7%	44.6%	44.4%
Professional Support	7.6%	7.9%	8.1%	8.5%	8.6%
Campus Administration	2.8%	2.7%	2.7%	2.6%	2.6%
Central Administration	0.4%	0.2%	0.2%	0.1%	0.1%
Educational Aides	12.4%	11.5%	10.9%	12.1%	11.3%
Auxiliary Staff	31.7%	33.0%	33.4%	32.1%	32.9%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).

2012	2013	2014	2015	2016
3,303	3,199	3,157	3,251	3,177
619	648	654	683	660
191	195	192	205	205
12	9	10	11	10
840	784	763	788	794
2,459	2,419	2,407	2,503	2,402
7,424	7,254	7,183	7,441	7,214
44.5%	44.1%	44.0%	44.00%	44.0%
8.3%	8.9%	9.1%	9.10%	9.2%
2.6%	2.7%	2.7%	2.70%	2.8%
0.2%	0.1%	0.1%	0.10%	0.1%
11.3%	10.8%	10.6%	10.60%	10.5%
33.1%	33.3%	33.5%	33.50%	33.3%
100.00%	100.00%	100.00%	100.00%	100.00%

SCHEDULE 23
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF TEACHER INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate		Average Teacher Salary
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	
2007	\$ 36,500	\$ 55,906	\$ 39,500	\$ 58,406	\$ 40,250	\$ 59,156	\$ 45,501
2008	38,000	57,220	41,000	59,720	41,750	60,470	46,909
2009	39,000	58,534	42,000	61,034	42,750	61,784	48,369
2010	40,350	59,638	43,350	62,138	44,100	62,888	48,412
2011	40,350	59,638	43,350	62,138	44,100	62,888	49,629
2012	40,350	58,952	43,350	61,452	44,100	62,202	49,104
2013	40,350	58,266	43,350	60,766	44,100	61,516	49,104
2014	41,056	58,086	44,056	61,086	44,806	61,836	50,331
2015	41,056	58,586	44,056	61,086	44,806	61,836	49,537
2016	41,950	62,058	44,950	64,558	45,700	65,308	49,536

Source: Academic Excellence Indicator System (AEIS) & School District's Hiring Schedule
 2015 Data taken from 2014-2015 Hiring Schedule and AEIS from 2013-2014 TAPR.

Note: Min & Max salaries are based on the BISD Hiring Schedule from each applicable year.
 Bachelor's minimum and maximum is with +15 Hours of Graduate Work.
 Minimum and maximum are based on zero years of experience to 27 + years.

Avg. Teacher Salary, Avg. Years of Experience, % of Bachelor Education and
 % of Master's Education are based on AEIS reports.
 Minimum and maximum are based on zero years of experience to 27 + years.

Average Years of Experience	Bachelor's Education	Master's Education
11.6	85.3%	14.0%
11.8	84.6%	13.8%
12.0	81.8%	15.2%
11.9	82.6%	12.1%
11.9	87.4%	11.9%
12.5	86.4%	12.7%
12.5	86.4%	12.7%
13.4	81.8%	16.7%
13.1	82.0%	16.3%
13.3	86.5%	16.7%

SCHEDULE 24
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2007	44,491	48,391	91.94%
2008	44,758	48,858	91.61%
2009	44,665	48,617	91.87%
2010	45,097	49,155	91.75%
2011	45,869	49,991	91.75%
2012	45,676	49,703	91.90%
2013	45,393	49,361	91.96%
2014	45,385	49,370	91.93%
2015	44,451	48,388	91.86%
2016	43,898	47,749	91.93%

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

Average Daily Membership is our Peak Number of Students annually

SCHEDULE 25
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost per Pupil	Percent Change	Operating Expenses	Cost per Pupil	Percent Change
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	44,666	385,289,218	8,626	2.47%	468,895,742	10,498	4.81%
2010	45,097	398,542,579	8,837	2.45%	493,145,420	10,935	4.17%
2011	45,869	400,333,335	8,728	-1.24%	509,776,781	11,114	1.63%
2012	45,676	379,025,453	8,298	-4.92%	480,457,790	10,519	-5.35%
2013	45,393	401,453,099	8,846	6.57%	495,641,085	10,919	3.80%
2014	45,385	423,742,859	9,337	5.55%	496,289,671	10,935	0.15%
2015	44,451	429,896,609	9,671	3.58%	499,034,889	11,227	2.67%
2016	43,898	446,526,807	10,172	5.18%	545,762,525	12,433	9.36%

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

SCHEDULE 26
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF STUDENT INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher / Student Ratio	Percentage of Free and Reduced Lunch	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2007	15.2	90%	45,656	94.6%
2008	14.9	90%	46,116	94.4%
2009	14.6	90%	46,077	94.9%
2010	14.6	90%	46,909	95.6%
2011	14.5	90%	47,499	95.4%
2012	14.5	90%	47,499	95.4%
2013	15.0	90%	47,633	96.0%
2014	15.4	90%	47,152	96.0%
2015	15.6	90%	47,403	96.1%
2016	14.8	90%	45,732	94.7%

Source: Academic Excellence Indicator System (AEIS) & PEIMS.

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

SCHEDULE 27
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

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

Source: BISD Facilities Studies October 2012

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, 2016, it included such programs as follows:

Adult Continuing Education

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

Brownsville Academic Center (BAC)

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

Brownsville Learning Academy (BLA)

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

Juvenile Justice Alternative Education Programs (JJAEP)

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

Lincoln Park School

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

FEDERAL AWARDS SECTION



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

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

To the Board of Trustees of
Brownsville Independent School District
Brownsville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Brownsville Independent School District's basic financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

RIO GRANDE VALLEY, TX
765 E. 7th Street
Brownsville, Texas 78520
956.544.7778
www.pbhcpa.com

HOUSTON, TX
281.671.6259
TEMPLE, TX
254.791.3460

WACO, TX
254.772.4901
ALBUQUERQUE, NM
505.266.5904



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Patullo, Brown & Hill, C.P." The signature is written in a cursive style.

Brownsville, Texas
November 11, 2016



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Trustees of
Brownsville Independent School District
Brownsville, Texas

Report on Compliance for Each Major Federal Program

We have audited Brownsville Independent School District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Brownsville Independent School District's major federal programs for the year ended June 30, 2016. Brownsville Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brownsville Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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 Brownsville Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

RIO GRANDE VALLEY, TX
765 E. 7th Street
Brownsville, Texas 78520
956.544.7778
www.pbhcpa.com

HOUSTON, TX
281.671.6259

TEMPLE, TX
254.791.3460

WACO, TX
254.772.4901

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505.266.5904



Opinion on Each Major Federal Program

In our opinion, Brownsville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

Brownsville Independent School District's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. Brownsville Independent School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Brownsville Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brownsville Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Brownsville Independent School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

Brownsville Independent School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. Brownsville Independent School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink that reads "Patricia, Brown & Hill, C.P.A." The signature is written in a cursive style.

Brownsville, Texas
November 11, 2016

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

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

<i>Federal Awards</i>			
	Internal control over major programs: • Material weakness(es) identified?	___ Yes	___ <u>X</u> No
	• Significant deficiency(ies) identified not considered to be material weaknesses?	___ <u>X</u> Yes	___ None Reported
	Type of auditors’ report issued on compliance for major programs	Unmodified	
	Any audit findings disclosed that are required to be reported accordance with 2 CRF 200.516(a)?	___ <u>X</u> Yes	___ No

<i>Identification of Major Programs</i>			
	CFDA Number(s)	Name of Federal Program or Cluster	
	10.553 10.555	Child Nutrition Cluster	
	10.558	Child and Adult Care Food Program	
	84.371C	Texas Literacy Initiative	
	84.287C	Twenty-First Century Community Learning Center	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$2,848,406	
	Auditee qualified as low-risk auditee?	___ <u>X</u> Yes	___ No

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

None Noted

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2016-001 Significant Deficiency

Federal Program: Child Nutrition Cluster—CFDA# 10.553, 10.555
Federal Agency: U.S. Department of Agriculture
Federal Award Year: 2015, 2016
Pass through Agency: Texas Education Agency
Pass through Award Number: 713015, 713016, 714015, 714016

Federal Program: Child and Adult Care Food Program – CFDA# 10.558
Federal Agency: U.S. Department of Agriculture
Federal Award Year: 2015, 2016
Pass through Agency: Texas Department of Agriculture
Pass through Award Number: 031-901

Criteria: A non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations – 2 CFR 200.318(a).

A state agency or political subdivision may not purchase beef or a product consisting substantially of beef that has been imported from outside the United States—Texas Agriculture Code §150.012(a).

Condition: The District contracted with a vendor through a proposal submitted to and approved by a regional purchasing cooperative, of which the District is a member. At the time of approval, the vendor made representations indicating that the above stated criteria would be satisfied. The purchasing cooperative determined at a later date that the vendor’s beef product was imported from outside the United States.

Cause: Though suitably designed, the District’s controls over procurement did not, in this instance, operate as designed to verify the vendor and product information acquired by the purchasing cooperative.

Effect: The District purchased beef that had been imported from outside the United States, in violation of the above stated criteria.

Questioned Costs: \$554,675

Recommendation: The District should design and implement additional or modified monitoring procedures to ensure that procurement procedures have been implemented and are operating as designed.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Program

Findings/Noncompliance

Finding 2016-002

Significant Deficiency

Federal Program: Child Nutrition Cluster—CFDA# 10.553, 10.555
Federal Agency: U.S. Department of Agriculture
Federal Award Year: 2015, 2016
Pass through Agency: Texas Education Agency
Pass through Award Number: 713015, 713016, 714015, 714016

Criteria:

A non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes—2 CFR 200.302(b)(4).

Condition:

3 of the 59 locations collecting payments for paid meals did not adhere to the District's policy requiring armored car pick up of receipts. Personnel at those locations were instructed by an accounting clerk (positioned within the District's food service department) to deliver daily collections into the custody of that same accounting clerk. Once in a position to both perpetrate and conceal the misappropriation of cash, the clerk did so.

The District identified the problem and immediately implemented corrective action. The employee was terminated and has since been prosecuted.

Cause:

For these 3 locations, the District's controls over cash collections were not implemented according to design and did not operate as designed to ensure an adequate segregation of duties for the purpose of safeguarding the particular District assets in question.

Effect:

\$332,571.46 of cash collections, the use of which was restricted to expenditures supporting the federal program, were misappropriated over a period of 5½ years. An estimated \$62,469.72 pertained to the current fiscal year.

Questioned Costs:

\$0

Recommendation:

The District should design and implement additional or modified monitoring procedures for ensuring that the controls in question have been implemented and are operating as designed so that deficiencies in the operating effectiveness of controls may be detected in a timelier manner.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2016

Finding 2016-001 Administration concurs and has already approved and implemented controls and procedures to resolve said finding.

Finding 2016-002 Administration concurs and has already implemented controls to resolve said findings.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2016

Program

Findings/Noncompliance

Not Applicable

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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.	12.000	N/A	\$ 448,620
Total U.S. Department of Defense			<u>448,620</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Workforce Commission:</i>			
Family Support Act AFDC Jobs 2014	93.558	2414AEL000	28,613
Family Support Act AFDC Jobs 2015	93.558	2414AEB000	214,150
Total U.S. Department of Health and Human Services			<u>242,763</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Workforce Commission:</i>			
Federal Adult Education English Literacy & Civics Education	84.002A	2414AEL000	18,276
Federal Adult Education English Literacy & Civics Education	84.002A	2414AELB00	132,207
Federal Adult Education & Family Literacy - 2014	84.002A	2414AEL000	263,948
Federal Adult Education & Family Literacy - 2015	84.002A	2414AEB000	794,448
Total Passed Through Texas Workforce Commission			<u>1,208,879</u>
<i>Passed Through Texas Education Agenc:</i>			
ESEA Title I, Part A 2015	84.010A	15610101031901	3,104,824
ESEA Title I, Part A 2016	84.010A	15610101031901	21,349,326
Title I - 1003(A) Priority and Focus School Grant - Perkins	84.010A	15610112031901046	7,890
Title I - 1003(A) Priority and Focus School Grant - Garza	84.010A	15610112031901124	455
Title I-1003(A) Priority and Focus School Grant	84.010A	16610112031901000	288,467
Total CFDA Number 84.010A			<u>24,750,962</u>
ESEA Title I, Ed. For Migrant Child 2014	84.011A	15615001031901	87,447
ESEA Title I, Ed. For Migrant Child 2015	84.011A	16615001031901	1,806,474
Total CFDA Number 84.011A			<u>1,893,921</u>
IDEA B - Formula 2015	84.027A	156600010319016600	161,581
IDEA B - Formula 2016	84.027A	166600010319016600	8,195,399
IDEA B - Discretionary (DEAF) 2016	84.027A	166600110319016673	66,162
IDEA B- Formula (DEAF) 2015	84.027A	156600010319016601	9,724
IDEA B- Formula (DEAF) 2016	84.027A	166600010319016601	41,581
IDEA B - Preschool 2015	84.173A	156610010319016610	1,547
IDEA B - Preschool 2016	84.173A	166610010319016610	104,068
IDEA B - Preschool (DEAF) 2016	84.173A	166610010319016611	5,350
Total Special Education Cluster (IDEA)			<u>8,585,412</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Carl Perkins Grant for Career & Technology Education 2015	84.048A	15420006031901	790,200
IDEA C - Early Intervention 2015	84.181A	163911010319013911	913
20th Century Community Learning Center, Cycle 7 Year 4	84.287C	156950167110011	122,831
20th Century Community Learning Center, Cycle 7 Year 5	84.287C	166950167110011	2,326,630
Total CFDA Number 84.287C			<u>2,449,461</u>
ESEA Title III-Limited English Proficiency (LEP)	84.365A	15671001031901	19,571
ESEA Title III-Limited English Proficiency (LEP)	84.365A	16671001031901	1,561,006
Total CFDA Number 84.365A			<u>1,580,577</u>
ESEA Title II, Part A - TPTR 2014	84.367A	1569450031901	76,880
ESEA Title II, Part A - TPTR 2015	84.367A	1669450031901	2,585,233
Total CFDA Number 84.367A			<u>2,662,113</u>
Summer School LEP	84.369A	69551502	74,576
Texas Literacy Initiative	84.371C	146460037110007	1,171,363
Texas Literacy Initiative	84.371C	156460037110007	6,195,438
Texas Literacy Initiative	84.371C	166460037110007	2,619,345
Total CFDA Number 84.371C			<u>9,986,146</u>
Title I-Texas Title I Priority Schools 2014-2015-Faulk	84.377A	116107117110004	172,305
Title I-Texas Title I Priority Schools 2014-2015-Porter	84.377A	116107117110005	210,745
Total CFDA Number 84.377A			<u>383,050</u>
Total Passed Through Texas Education Agency			<u>53,157,331</u>
<i>Passed Through Jobs for the Future, Inc.</i>			
Early College Expansion Partnership Agreement	84.411B	U411B120049	351,274
Total Passed Through Jobs for the Future, Inc.			<u>351,274</u>
<i>Passed Through Education Service Center Region 10:</i>			
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth	84.196A	13-062	9,959
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth	84.196A	13-062	93,026
Total Passed Through Education Service Center Region 10			<u>102,985</u>
<i>Passed Through Education Service Center Region One</i>			
GEAR UP 2015	84.334A	-	22,863
GEAR UP 2016	84.334A	-	143,400
Total Passed Through Education Service Center Region One			<u>166,263</u>
Total U.S. Department of Education			<u>54,986,732</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
School Breakfast Program ¹	10.553	71401601	13,978,864
National School Lunch Program ¹	10.555	71301601	<u>21,334,071</u>
Total Passed Through Texas Education Agency			<u>35,312,935</u>
<i>Passed Through Texas Department of Agriculture:</i>			
National School Lunch Program - Non-cash assistance ¹	10.555	-	393,982
Child and Adult Care Food Program	10.558	-	<u>3,561,840</u>
Total Passed Through Texas Department of Agriculture			<u>3,955,822</u>
Total U.S. Department of Agriculture			<u>39,268,757</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 94,946,872</u></u>

¹ Total Child Nutrition Cluster - \$ 35,706,917

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

For the Year Ended June 30, 2016

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Brownsville ISD. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

In accordance with TEA instructions, federal funds for the School Health and Related Services (SHARS) have been excluded from the Schedule of Expenditures of Federal Awards.

Federal funds for R.O.T.C, the Child Nutrition Cluster, the Child and Adult Care Food Program, School Health and Related Services (SHARS), Medicaid Administrative Claims (MAC), and revenues for indirect costs are reported in the General Fund. All other federal programs are accounted for and reported in Special Revenue Funds.

2. BASIS OF ACCOUNTING AND PRESENTATION

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

The District has received a negotiated indirect cost rate from TEA and may not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.