

**BROWNSVILLE**  
INDEPENDENT SCHOOL DISTRICT  
**THE BEST CHOICE**



COMPREHENSIVE  
**ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

# **Brownsville Independent School District**

**Brownsville, Texas**



## **Comprehensive Annual Financial Report**

**For**

**Fiscal Year Ended June 30, 2017**

**Prepared by: The Division of Finance**

## **INTRODUCTORY SECTION**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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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

BOARD OF EDUCATION

November 10, 2017

Cesar Lopez, President,  
Board of Trustees Members, and  
Citizens of the Brownsville Independent School District  
Brownsville, Texas 78521

Cesar Lopez  
*President*  
Carlos A. Elizondo  
*Vice President*  
Joe A. Rodriguez  
*Secretary*  
Laura Perez-Reyes  
*Assistant Secretary*  
Dr. Sylvia P. Atkinson  
*Member*  
Philip T. Cowen  
*Member*  
Minerva Pena  
*Member*

Dr. Esperanza Zendejas  
*Superintendent*

Dear Mr. Lopez, 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, 2017.

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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimated made by management; and evaluating the overall financial statement presentation. The independent auditor concluded,

based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017, 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.



## **Strategic Objectives**

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.

## **Strategic Plan 2016 Strategies**

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

## **Strategic Parameters**

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 46,880 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 achievements:

- Brownsville ISD was selected as one of five Large District Finalists in the 2017 HEB Excellence in Education District Award Category.
- Brownsville Early College High School (BECHS) received the 2016 National Blue Ribbon School Award from the U.S. Department of Education. BECHS was one of only 26 schools nominated by the Texas Education Agency to receive this prestigious national award.



- Breeden, Paredes, and Pullam Elementary Schools, Stillman Middle School, and Veterans Memorial ECHS were named 2017 Finalists in the Excellence in Education

Awards sponsored by the National Center for Urban School Transformation (NCUST). Paredes Elementary, Stillman Middle School, and Veterans Memorial ECHS earned the coveted 2017 Excellence in Education Silver Award, while Breeden and Pullam Elementary Schools were both named 2017 Bronze Award recipients.

- BISD Superintendent, Dr. Esperanza Zendejas, was awarded the 2017 Ronald Edmonds Award for Leadership in Urban Education at the NCUST Symposium.
- Four BISD early college high schools earned medals in the latest U.S. News & World Report ranking of the Best High Schools in America. Brownsville Early College High School (BECHS) received a Gold Medal Award ranking 56th in Texas, out of 589 high schools. Veterans Memorial ECHS, ranked #132, Pace ECHS, ranked #154, and Hanna ECHS, ranked #207, earned Silver Medal Awards.
- Eight BISD schools have been selected by the Educational Results Partnership (ERP) and Institute for Productivity in Educations (IPE) to receive the title of 2016 Texas Honor Roll School. Brownsville Early College High School, Pace Early College High School, Stillman Middle School, Vela Middle School and Ortiz, Paredes, Perez, and Pullam Elementary Schools were named to the Star Honor Roll.
- Pace and Hanna Early College High Schools made The Washington Post's list of America's Most Challenging High Schools.
- The Lopez Early College High School Powerlifting Team won the 2016 State Powerlifting Championship title.
- The Texas Association of Basketball Coaches (TABC) listed the Brownsville Veterans Memorial Boys Class 5A Basketball Team at #6 for 2016-2017.
- The Hanna Golden Eagle Indoor Drumline proved that they are the best in Texas by earning 1st Place at the 2017 WGI Competition. The Rivera ECHS Indoor Percussion Ensemble placed first in the state at the TECA Indoor Drumline State Championship. The Pace ECHS Winter Drumline earned first place in the Scholastic Marching AA Division at the Texas Education Colorguard Association (TECA) State Championship, making them the State Champion in this division. Oliveira Middle School's Symphonic Band was named a Class AA Winner in the National Wind Band Honors contest held by the Foundation of Music Education.



Hanna ECHS Indoor Drumline



Oliviera Middle School Band

- Nine BISD Destination Imagination (DI) teams from Veterans Memorial ECHS, and Garcia (2), Manzano, and Stillman Middle Schools, and Perez, Benavides, Keller, and Paredes Elementary Schools qualified to advance to the Texas DI State Tournament.
- Garden Park Elementary K-1 chess team and Hudson Elementary Primary chess team placed 1st in their respective sections, claiming the titles of South Texas Chess Champions at the 2017 TCA South Texas State Scholastic Chess Tournament.
- More than \$75 million in scholarship offers for the graduating class of 2017. Awards per campus ranged from \$7.1 million to \$17.6 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 1<sup>st</sup> and ends June 30<sup>th</sup>. 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 30<sup>th</sup>. 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 183,823 residents and has experienced growth of 32,092 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 30.6 years. 34.7% of all persons in the City are younger than 18 years of age. Only 9.6% are older than 65 years.

The breakdown of our student membership as of October 2017 is as follows:

• Early Ed	85
• Pre-K	3,512
• K-5	18,515
• 6-8	9,667
• 9-12	<u>13,838</u>
TOTAL	45,617

The projected average daily attendance (ADA) for 2017-2018 is approximately 42,171.

**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 currently in progress. 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 2017 fiscal year indicating continued economic growth in the area.

**State Economic Outlook** – The 85<sup>th</sup> legislature approved a \$216.8 billion, two year budget along with a \$2.6 billion supplemental spending bill in order to fix issues with the previous budget approved two years ago. Legislators also made adjustments with the Texas School Accountability System which will rate schools on an A-F scale. The legislature will return in January 2019 for the 86<sup>th</sup> session facing a number of issues involving the economy.

**Bond Funding Update** – There were no new debt issuances in the 2016-2017 school year.

**Financial Polices** – As one of the 21 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 2016-2017 school year. The District’s top priority is to ensure that each child receives a healthy breakfast, lunch, and dinner.



Villa Nueva 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 3.1% for lunch, 2.5% for breakfast, and 2.2% for after-school snacks from the 2015-2016 to the 2016-2017 school year.



Paredes Elementary Cafeteria Kitchen

**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 2009-16. The district’s fiscal 2016 taxable assessed valuation (TAV) increased marginally to \$5.5 billion. Average daily attendance decreased 1.03%. The District continued with extended day programs at the majority of its elementary campuses with the projected goal of reaching 100%. The District has 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 (7.3% in August 2017) and income levels are low. Projected membership for school year 2017-18 is expected to reach 46,053.

The District’s maintenance and operations tax rate for tax year 2016-2017 is \$1.152500 per \$100 valuation and the Debt Service rate is \$0.000000 for a total tax rate of \$1.152500 made possible by the District’s Tax Ratification Election. The additional funding has been used for new band and choir facilities at Porter and Pace Early College High Schools, four lane tracks at Lucio, Besteiro, and Vela Middle Schools, soccer turfs at all six early college high schools, new canopies at two elementary schools, and the visitor’s restroom at Veterans Memorial Early College High School Stadium.



Pace Fine Arts Facility



Porter Soccer Field

State funding for the general fund is about 75.53% of the total general fund revenue and is estimated to remain steady 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 federal fund rate had a slight increase and is projected to have a slight increase in investment earnings.

### **Awards**

**Association of School Business Officials International (ASBO)** – At June 30, 2016, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for

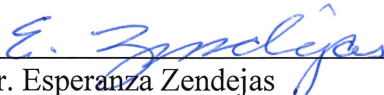
consideration for ASBO's Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate on April 28, 2017. This was the eighth time the District had submitted its financial statements for this award.

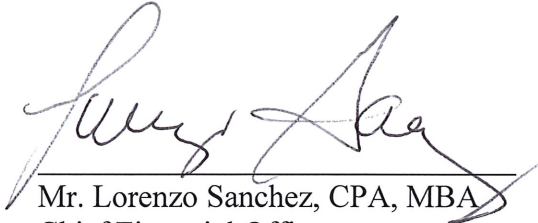
**Government Finance Officers Association (GFOA)** - At June 30, 2016, the District compiled and submitted a Comprehensive Annual Financial Report (CAFR) for consideration for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The District was notified that it had been awarded the certificate on April 12, 2017. This was the eighth time the District had submitted its financial statements for this award.

**Schools FIRST** - Senate Bill 218 of the 77<sup>th</sup> Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. For the 2015-16 school year, the most recent school year rated, the District achieved the Texas Education Agency's rating of "Above Standard" 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  
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, 2016**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Brownsville Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

**Anthony N. Dragona, Ed.D., RSBA**  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

**John D. Musso, CAE, RSBA**  
Executive Director

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

**LIST OF PRINCIPAL OFFICIALS**

For The Year Ended June 30, 2017

**BOARD OF TRUSTEES**

Cesar Lopez – Board President

Carlos A. Elizondo – Vice President

Joe A. Rodriguez – Board Secretary

Laura Perez-Reyes – Board Assistant Secretary

Dr. Sylvia P. Atkinson – Member

Philip T. Cowen – Member

Minerva Peña – Member

**ADMINISTRATORS**

Dr. Esperanza Zendejas, Superintendent

Lorenzo Sanchez, 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

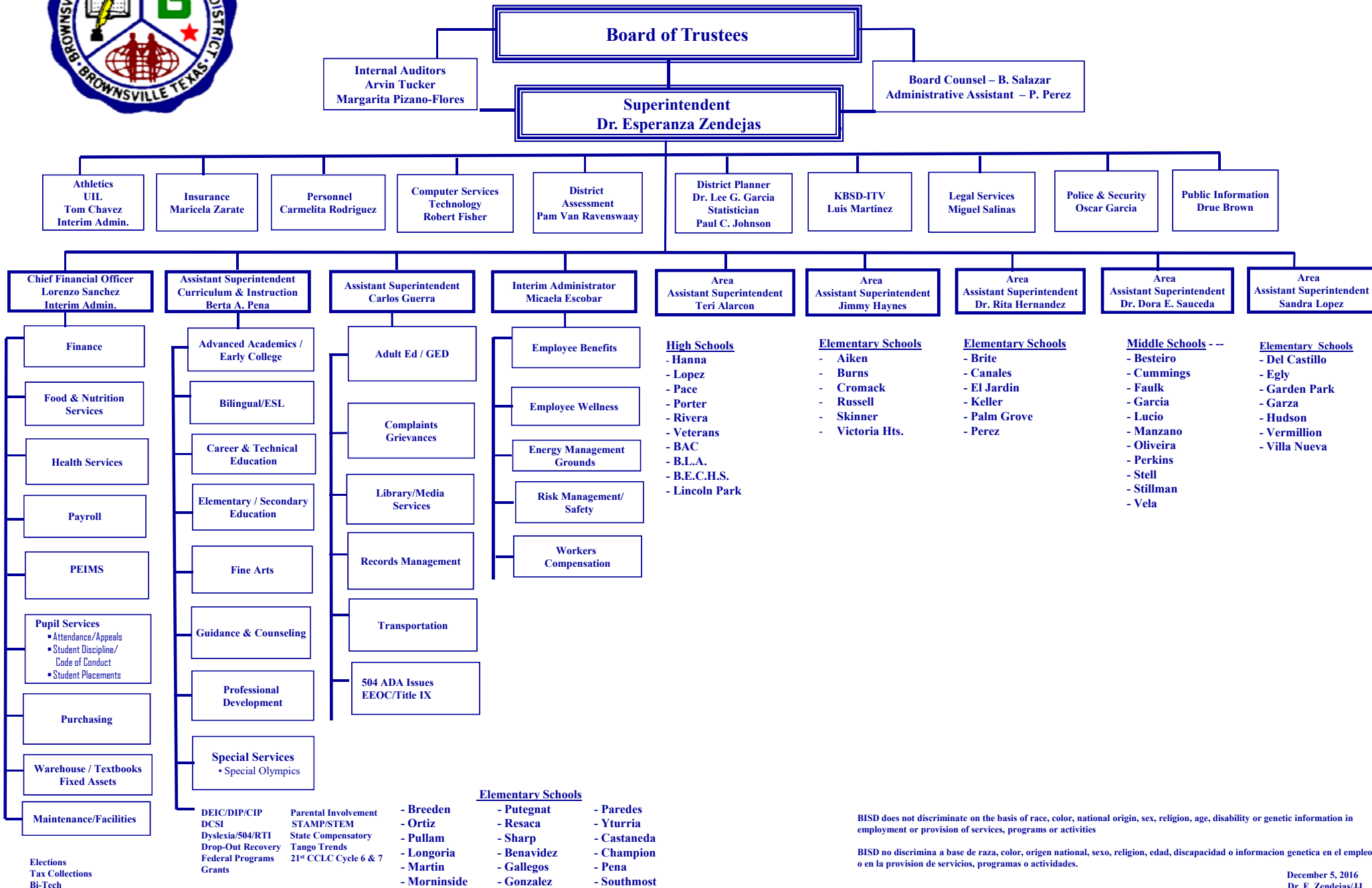
Sandra Lopez, Area Assistant Superintendent

Miguel Salinas, Staff Attorney



# Brownsville ISD Organizational Chart

## 2016-2017



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

BISD no discrimina a base de raza, color, origen nacional, sexo, religion, edad, discapacidad o informacion genetica en el empleo o en la provision de servicios, programas o actividades.

**CERTIFICATE OF BOARD**


Brownsville Independent School District  
Name of District

Cameron  
County

031-901  
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 14<sup>th</sup> day of November, 2017.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
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, 2017, 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*

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

### *Auditor's Responsibility*

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

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

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**Governmental Audit  
Quality Center**

## ***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, 2017, 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 on pages as listed in the table of contents to 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brownsville Independent School District's 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.

*Pattillo, Brown & Hill, C.P.A.*

Brownsville, Texas  
November 10, 2017

# **BROWNSVILLE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$322,597,340 at June 30, 2017. Of this amount, \$45,017,349 (Unrestricted Net Position) may be used to meet the District's ongoing obligations. See Exhibit A-1.
- The District's Statement of Activities reflects a decrease in Net Position for Governmental Activities in the amount of \$7,186,997. This is a result of expenses being more than the \$526,214,319 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 \$138,423,100. Approximately 54% of this total amount, \$ 75,436,502, 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 increased \$1,694,252 or 2.81% from the prior year due to a \$219,294,616 increase in property values. The 2016-2017 tax rate is \$1.1525 per \$100 assessed valuation.

## **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.

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.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 had a small dip as evidenced by the decrease in government-wide Net Position. The weighted average daily attendance (WADA) 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.

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.

# BROWNSVILLE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

## 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 753-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.

## 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 and deferred outflows exceeded liabilities and deferred inflows by \$322,597,340 for the year ended June 30, 2017.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The District's net position is comprised of the following elements as illustrated in Table 1.

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

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
Current and Other Assets	225,940,452	232,717,387
Capital Assets	407,600,843	415,641,886
Total Assets	<u>633,541,295</u>	<u>648,359,273</u>
Deferred Charge for Refunding	11,582,092	12,740,301
Deferred Outflow Related to TRS	41,975,014	49,895,329
Total Deferred Outflows of Resources	<u>53,557,106</u>	<u>62,635,630</u>
Long-Term Liabilities	286,813,407	300,044,906
Other Liabilities	68,731,719	79,638,518
Total Liabilities	<u>355,545,126</u>	<u>379,683,424</u>
Deferred Inflow Related to TRS	8,955,935	8,459,870
Total Deferred Inflows of Resources	<u>8,955,935</u>	<u>8,459,870</u>
Net Position:		
Invested in Capital Assets	250,292,029	242,011,460
Restricted	27,287,962	27,924,319
Unrestricted	45,017,349	52,915,830
Total Net Position	<u>322,597,340</u>	<u>322,851,609</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The largest percentage of Net Position, approximately 77 %, 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.

Restricted net position makes up 8% of total net position. It represents balances for which external constraints have been placed and includes balances for debt service, capital projects, grants and campus activities.

Unrestricted net position is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements and it represents 14% of total net position.

**Changes in Net Position**

The District's revenue sources generated about the same proportions of total revenue in fiscal year 2017 as in fiscal year 2016. State Aid made up the largest portion of the revenue, followed by Restricted Operating Grants & Contributions then by Maintenance and Operations taxes.

The District's changes in net position for the fiscal years ended in June 30, 2017 and 2016 are summarized on Table 2. As shown on the District's Statement of Activities, the net position of the District's governmental activities decreased by \$7,186,997 for the fiscal year ended June 30, 2017.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
Revenues:		
Program Revenues:		
Charges for Services	\$ 6,971,447	\$ 16,715,406
Operating Grants & Contributions	98,077,724	111,274,366
General Revenues:		
Maintenance and Operations Taxes	61,915,126	60,003,866
Debt Service Taxes	107,373	324,381
State Aid	322,099,125	339,056,325
Grants and Contributions (not Restricted)	34,993,209	32,345,650
Investment Earnings	1,452,734	483,591
Other	597,581	780,304
Total Revenues	<u>\$ 526,214,319</u>	<u>\$ 560,983,889</u>
Expenses:		
Instruction and Media Services	287,528,072	298,933,675
Curriculum and Instructional Staff Development	15,575,422	18,957,388
Instructional and School Leadership	33,426,716	36,471,687
Student Support Services	41,005,875	41,140,050
Food Services	39,523,074	42,353,653
Extracurricular Activities	17,268,627	17,243,179
General Administration	18,027,037	16,528,266
Maintenance, Security & Data Processing	69,811,884	71,057,706
Community Services	3,436,211	3,076,921
Debt Services	7,051,586	7,382,760
JJAEP and other intergovernmental charges	54,762	10,842
Other Intergovernmental Charges	692,050	703,868
Total Expenses	<u>533,401,316</u>	<u>553,859,995</u>
Increase/ (Decrease) in Net Position	(7,186,997)	7,123,894
Beginning Net Position	322,851,609	301,858,379
Prior Period Adjustment	6,932,728	13,869,336
Ending Net Position	<u>\$ 322,597,340</u>	<u>\$ 322,851,609</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The District's total Governmental Activities Revenues are \$526,214,319, a 6% decrease of \$34,769,570 from the prior year. The largest decreases were in State Aid and Restricted Operating Grants & Contributions. Property tax revenue had an increase of \$1,911,260 or 12% from the prior year primarily due to an increase in property values.

The expenses for governmental activities totaled \$533,401,316 a 4% decrease of \$20,458,679 from the prior year. The majority of the decreases are in Instruction and Media Services, Curriculum and Instructional Staff Development, Instructional and School Leadership and Food Services.

### **THE DISTRICT'S FUNDS**

As of the year ended, June 30, 2017, the District reported a combined Fund Balance of \$ 147,606,796 for its governmental funds as presented on Exhibit C-1. Included in this year's \$8,064,551 total increase in fund balance is an increase of \$7,862,297 in the District's General Fund and an increase of \$202,254 in the Debt Service Fund.

Total Revenues in the General Fund decreased \$19,607,523 a 4% change from FY 2016 to 2017.

- State Program Revenues decreased \$8,116,038 mainly as a result of decrease in student enrollment and attendance.
- Federal Program Revenues decreased \$3,883,674 due primarily to a decrease in food service meal reimbursement claims and indirect cost from Federal Funds.
- Total Local and Intermediate Sources Revenue decreased \$7,607,811. This is a result of having received multiple years of E-rate reimbursement claims in FY 2015-2016.

Total Expenditures in the General Fund decreased \$2,124,830 as compared to the previous year. The decreases are mostly in Instruction, Food Services and Facilities Maintenance and Operations offset by an increase in Student (Pupil) Transportation and Facilities Acquisition and Construction.

The Fund Balance of the General Fund increased \$ 7,862,297 from the prior year, primarily due to the second year of TRE funding and better management of expenses by reducing salaries through attrition and monitoring staffing.

### **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 \$452,580,712 and finished the year with a budget of \$452,824,392. The total operating expenditure budget was \$468,529,816 and finished the year with a budget of \$503,591,919. This increase of \$35,062,103 was due to various necessary budget adjustments including increases due to Carryover Purchase Orders of \$11.4 million, drawdowns from State Compensatory and Career and Technology designated fund balance of \$5.2 million and over \$15 million for Facilities, Acquisition and Construction projects.

Final Budget to actual comparisons in the General Fund reflected a \$ 17,691,955 positive variance between the anticipated revenues and actual revenues received (See Exhibit G-1). This variance is due to having received the second year of TRE funding. In addition, the General Fund reflected a positive variance of \$36,099,915 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 projects that will be expensed in subsequent years.



**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District had investments of \$407,600,843 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 \$8,041,043 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)**

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>	
Land	\$ 27,368,754	\$ 27,368,754	
Buidlings and Improvements	355,308,798	370,124,176	
Furniture, Equipment & Vehicles	18,970,791	15,086,485	
Construction In Progress	5,952,500	3,062,471	
Net Capital Assets	\$ 407,600,843	\$ 415,641,886	

**DEBT**

As of June 30, 2017, the District had \$148,640,000 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.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The District’s assessed property tax value for the 2017-2018 fiscal year is \$5,673,933,416 compared to the assessed value in the 2016-2017 fiscal year of \$5,506,653,073, which translates to a property value appreciation of \$167,280,343 or 3.04%.

The budget for the 2017-2018 fiscal year was based on a projected ADA (Average Daily Attendance) of 42,171 a decrease of 959 from the prior year. The budget for the 2016-2017 fiscal year was based on a projected ADA of 43,129.

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:

	<b>Budget 2017 - 2018</b>
Local Sources	\$ 65,403,374
State Sources	336,496,638
Federal Sources	53,126,837
Total Operating Fund Revenues	\$ 455,026,849

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, 2017

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 5,412,774
1120 Current Investments	163,838,652
1220 Property Taxes Receivable (Delinquent)	9,723,190
1230 Allowance for Uncollectible Taxes	(291,695)
1240 Due from Other Governments	41,925,953
1250 Accrued Interest	238,662
1290 Other Receivables, net	690,234
1300 Inventories	4,402,682
Capital Assets:	
1510 Land	27,368,754
1520 Buildings, Net	355,308,798
1530 Furniture and Equipment, Net	18,970,791
1580 Construction in Progress	5,952,500
1000 Total Assets	633,541,295
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	11,582,092
1705 Deferred Outflow Related to TRS	41,975,014
1700 Total Deferred Outflows of Resources	53,557,106
<b>LIABILITIES</b>	
2110 Accounts Payable	5,717,286
2120 Short Term Debt Payable	2,431,544
2150 Payroll Deductions & Withholdings	11,841,743
2160 Accrued Wages Payable	36,411,053
2180 Due to Other Governments	10,679,394
2190 Due to Student Groups	900,406
2200 Accrued Expenses	99,502
2300 Unearned Revenue	650,791
Noncurrent Liabilities	
2501 Due Within One Year	14,360,652
2502 Due in More Than One Year	159,229,396
2540 Net Pension Liability (District's Share)	113,223,359
2000 Total Liabilities	355,545,126
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	8,955,935
2600 Total Deferred Inflows of Resources	8,955,935
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	250,292,029
3820 Restricted for Federal and State Programs	18,104,266
3850 Restricted for Debt Service	9,183,696
3900 Unrestricted	45,017,349
3000 Total Net Position	\$ 322,597,340

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, 2017

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	\$ 278,511,438	\$ 627,368	\$ 44,606,419	\$ (233,277,651)
12 Instructional Resources and Media Services	9,016,634	-	1,680,756	(7,335,878)
13 Curriculum and Staff Development	15,575,422	51,749	4,255,604	(11,268,069)
21 Instructional Leadership	7,337,758	51,749	1,271,729	(6,014,281)
23 School Leadership	26,088,958	-	1,284,333	(24,804,625)
31 Guidance, Counseling and Evaluation Services	21,174,072	-	3,470,572	(17,703,500)
32 Social Work Services	655,648	-	12,278	(643,370)
33 Health Services	6,328,533	-	1,722,496	(4,606,037)
34 Student (Pupil) Transportation	12,847,622	51,749	395,668	(12,400,205)
35 Food Services	39,523,074	1,015,698	34,753,986	(3,753,390)
36 Extracurricular Activities	17,268,627	702,960	347,964	(16,217,703)
41 General Administration	18,027,037	310,493	323,273	(17,393,271)
51 Facilities Maintenance and Operations	53,015,451	983,226	879,883	(51,152,342)
52 Security and Monitoring Services	7,041,332	-	242,638	(6,798,694)
53 Data Processing Services	9,755,101	3,001,428	75,898	(6,677,775)
61 Community Services	3,436,211	175,027	2,754,228	(506,956)
72 Debt Service - Interest on Long Term Debt	7,040,836	-	-	(7,040,836)
73 Debt Service - Bond Issuance Cost and Fees	10,750	-	-	(10,750)
95 Payments to Juvenile Justice Alternative Ed. Prg.	54,762	-	-	(54,762)
99 Other Governmental Charges	692,050	-	-	(692,050)

[TP] TOTAL PRIMARY GOVERNMENT:	\$ 533,401,316	\$ 6,971,447	\$ 98,077,724	(428,352,145)
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Data  
Control  
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	61,915,126
DT	Property Taxes, Levied for Debt Service	107,373
SF	State Aid - Formula Grants not Restricted	322,099,125
GC	Grants and Contributions not Restricted	34,993,209
IE	Investment Earnings	1,452,734
MI	Miscellaneous Local and Intermediate Revenue	597,581
TR	Total General Revenues	421,165,148
CN	Change in Net Position	(7,186,997)
NB	Net Position - Beginning	322,851,609
PA	Prior Period Adjustment	6,932,728
NE	Net Position--Ending	\$ 322,597,340

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Data Control Codes	10 General Fund	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 4,217,336	\$ 574	\$ 1,114,474	\$ 5,332,384
1120 Investments - Current	146,409,514	10,120,308	-	156,529,822
1220 Property Taxes - Delinquent	9,394,515	328,675	-	9,723,190
1230 Allowance for Uncollectible Taxes (Credit)	(281,835)	(9,860)	-	(291,695)
1240 Receivables from Other Governments	33,902,961	-	8,022,992	41,925,953
1250 Accrued Interest	238,662	-	-	238,662
1260 Due from Other Funds	10,055,468	3,758,314	4,509,113	18,322,895
1290 Other Receivables	678,134	-	12,100	690,234
1300 Inventories	4,402,682	-	-	4,402,682
1000 Total Assets	<u>\$ 209,017,437</u>	<u>\$ 14,198,011</u>	<u>\$ 13,658,679</u>	<u>\$ 236,874,127</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 2,517,058	\$ -	\$ 1,856,497	\$ 4,373,555
2120 Short Term Debt Payable - Current	-	-	28,889	28,889
2150 Payroll Deductions and Withholdings Payable	11,841,743	-	-	11,841,743
2160 Accrued Wages Payable	32,315,990	-	4,095,063	36,411,053
2170 Due to Other Funds	9,883,463	-	6,224,214	16,107,677
2180 Due to Other Governments	5,963,984	4,703,949	11,461	10,679,394
2190 Due to Student Groups	21,100	-	879,306	900,406
2200 Accrued Expenditures	99,502	-	-	99,502
2300 Unearned Revenues	87,542	-	563,249	650,791
2000 Total Liabilities	<u>62,730,382</u>	<u>4,703,949</u>	<u>13,658,679</u>	<u>81,093,010</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	7,863,955	310,366	-	8,174,321
2600 Total Deferred Inflows of Resources	<u>7,863,955</u>	<u>310,366</u>	<u>-</u>	<u>8,174,321</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	4,402,682	-	-	4,402,682
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	18,104,266	-	-	18,104,266
3480 Retirement of Long-Term Debt	-	9,183,696	-	9,183,696
3490 Regional School for the Deaf	43,855	-	-	43,855
Committed Fund Balance:				
3510 Construction	3,138,904	-	-	3,138,904
3545 Capital Outlay and Supplies	3,743,744	-	-	3,743,744
Assigned Fund Balance:				
3550 Construction	22,271,058	-	-	22,271,058
3590 Repairs, Maintenance and Other	11,282,089	-	-	11,282,089
3600 Unassigned Fund Balance	75,436,502	-	-	75,436,502
3000 Total Fund Balances	<u>138,423,100</u>	<u>9,183,696</u>	<u>-</u>	<u>147,606,796</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 209,017,437</u>	<u>\$ 14,198,011</u>	<u>\$ 13,658,679</u>	<u>\$ 236,874,127</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, 2017

<b>Total Fund Balances - Governmental Funds</b>	\$	147,606,796
<hr/>		
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.		1,427,616
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 \$696,867,318 and the accumulated depreciation was (\$281,225,432). 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.		249,246,886
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 2017 capital outlays and debt principal payments is to increase net position.		26,130,420
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. The net position related to TRS included a deferred resource outflow in the amount of \$41,975,014 a deferred resource inflow in the amount of \$8,995,935 and a net pension liability in the amount of \$113,223,359. This resulted in a (decrease) in net position		(80,204,280)
The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(22,604,694)
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 increase net position.		994,596
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>322,597,340</b>

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, 2017

Data Control Codes	10 General Fund	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 70,883,981	\$ 241,718	\$ 48,444	\$ 71,174,143
5800 State Program Revenues	355,361,519	202,254	4,941,085	360,504,858
5900 Federal Program Revenues	44,270,847	-	46,074,822	90,345,669
5020 Total Revenues	<u>470,516,347</u>	<u>443,972</u>	<u>51,064,351</u>	<u>522,024,670</u>
EXPENDITURES:				
Current:				
0011 Instruction	222,526,410	-	37,255,913	259,782,323
0012 Instructional Resources and Media Services	6,860,253	-	1,454,943	8,315,196
0013 Curriculum and Instructional Staff Development	10,561,926	-	3,856,125	14,418,051
0021 Instructional Leadership	5,657,543	-	1,020,015	6,677,558
0023 School Leadership	23,983,001	-	336,178	24,319,179
0031 Guidance, Counseling and Evaluation Services	16,858,063	-	2,774,268	19,632,331
0032 Social Work Services	624,510	-	-	624,510
0033 Health Services	4,246,590	-	1,577,818	5,824,408
0034 Student (Pupil) Transportation	15,092,515	-	-	15,092,515
0035 Food Services	38,174,189	-	-	38,174,189
0036 Extracurricular Activities	16,294,282	-	-	16,294,282
0041 General Administration	11,058,621	-	-	11,058,621
0051 Facilities Maintenance and Operations	50,844,745	-	20,069	50,864,814
0052 Security and Monitoring Services	6,707,555	-	-	6,707,555
0053 Data Processing Services	10,697,643	-	-	10,697,643
0061 Community Services	399,220	-	2,769,022	3,168,242
Debt Service:				
0071 Principal on Long Term Debt	3,658,017	10,155,000	-	13,813,017
0072 Interest on Long Term Debt	1,483,756	5,659,544	-	7,143,300
0073 Bond Issuance Cost and Fees	7,500	3,250	-	10,750
Capital Outlay:				
0081 Facilities Acquisition and Construction	7,438,072	-	-	7,438,072
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	54,762	-	-	54,762
0099 Other Intergovernmental Charges	692,050	-	-	692,050
6030 Total Expenditures	<u>453,921,223</u>	<u>15,817,794</u>	<u>51,064,351</u>	<u>520,803,368</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,595,124</u>	<u>(15,373,822)</u>	<u>-</u>	<u>1,221,302</u>
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	2,249,419	-	-	2,249,419
7915 Transfers In	-	10,988,211	-	10,988,211
8911 Transfers Out (Use)	(10,988,211)	-	-	(10,988,211)
7080 Total Other Financing Sources (Uses)	<u>(8,738,792)</u>	<u>10,988,211</u>	<u>-</u>	<u>2,249,419</u>
1200 Net Change in Fund Balances	7,856,332	(4,385,611)	-	3,470,721
0100 Fund Balance - July 1 (Beginning)	130,560,803	8,981,442	-	139,542,245
1300 Prior Period Adjustment(s)	5,965	4,587,865	-	4,593,830
3000 Fund Balance - June 30 (Ending)	<u>\$ 138,423,100</u>	<u>\$ 9,183,696</u>	<u>\$ -</u>	<u>\$ 147,606,796</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, 2017

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	3,470,721
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		(6,214,717)
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 2017 capital outlays and debt principal payments is to decrease net position.		26,130,420
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.		(22,604,694)
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.		(3,167)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource of outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$7,667,303. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$7,892,552. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$7,740,311. The net result is an increase in the change in net position.		(7,965,560)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(7,186,997)</b>

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, 2017

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 80,390
Investments - Current	7,308,830
Due from Other Funds	<u>4,150,000</u>
Total Assets	<u>11,539,220</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	1,343,731
Due to Other Funds	<u>6,365,218</u>
Total Current Liabilities	<u>7,708,949</u>
Noncurrent Liabilities:	
Other Long-Term Liability	<u>2,402,655</u>
Total Noncurrent Liabilities	<u>2,402,655</u>
Total Liabilities	<u>10,111,604</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>1,427,616</u>
Total Net Position	<u>\$ 1,427,616</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, 2017

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 52,353,724
Total Operating Revenues	<u>52,353,724</u>
OPERATING EXPENSES:	
Other Operating Costs	58,568,441
Total Operating Expenses	<u>58,568,441</u>
Operating Income (Loss)	(6,214,717)
Total Net Position - July 1 (Beginning)	5,303,435
Prior Period Adjustment	<u>2,338,898</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 1,427,616</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Services	\$ 60,843,176
Cash Payments for Insurance Claims	(60,309,436)
Net Cash Provided by Operating Activities	<u>533,740</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investments	<u>(1,785,221)</u>
Net Decrease in Cash and Cash Equivalents	(1,251,481)
Cash and Cash Equivalents at Beginning of Year	<u>1,331,871</u>
Cash and Cash Equivalents at End of Year	<u>\$ 80,390</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>    Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (6,214,717)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due From Other Funds	2,988,898
Increase (decrease) in Accounts Payable	1,334,037
Increase (decrease) in Due to Other Funds	5,500,552
Increase (decrease) in Other Long Term Liability	<u>(3,075,030)</u>
Net Cash Provided by Operating Activities	<u>\$ 533,740</u>

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, 2017

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 235,283	\$ 480,581
Other Receivables	266	-
Total Assets	235,549	\$ 480,581
<b>LIABILITIES</b>		
Accounts Payable	350	\$ 97,281
Due to Student Groups	-	383,300
Total Liabilities	350	\$ 480,581
<b>NET POSITION</b>		
Unrestricted Net Position	235,199	
Total Net Position	\$ 235,199	

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, 2017

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 169,561
Total Additions	<u>169,561</u>
DEDUCTIONS:	
Professional and Contracted Services	7,450
Other Operating Costs	181,183
Total Deductions	<u>188,633</u>
Change in Net Position	(19,072)
Total Net Position - July 1 (Beginning)	248,270
Prior Period Adjustment	<u>6,001</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 235,199</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, 2017

**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.

*Pensions.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2017, the District retrospectively/prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**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’s nonfiduciary activities 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 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.

**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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**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.



BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**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, 2017. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2017, 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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.
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 or 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.
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 non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.
  - **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent's designee.
  - **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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, 2017, is \$706,128, and an accrual has been made. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignation and/or retirement.

**II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET 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	\$ 27,368,754	\$ -	\$ 27,368,754	
Buildings & Improvements	616,194,659	(246,070,483)	370,124,176	
Vehicles	26,388,799	(18,771,986)	7,616,813	
Furniture & Equipment	23,852,635	(16,382,963)	7,469,672	
Construction in Progress	3,062,471	-	3,062,471	
Change in Net Position				\$ 415,641,886
Long -Term Liabilities at the Beginning of Year			Payable at the Beginning of Year	
Bonds Payable			\$ (161,215,000)	
Notes Payable			(5,180,000)	
Change in Net Position				(166,395,000)
Net Adjustment to Net Position				\$ 249,246,886

**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, 2017

**II. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Changes in Net Position</u>	<u>Net Position</u>
Land	\$ -	\$ -	
Buildings & Improvements	2,566,251	2,566,251	
Furniture & Equipment	3,159,874	3,159,874	
Vehicles	3,879,475	3,879,475	
Construction in Progress	<u>4,958,051</u>	<u>4,958,051</u>	
Total Capital Outlay			<u>\$ 14,563,651</u>
Debt Principal Payments			
Note Payable	775,000	775,000	
Capital Leases	466,188	466,188	
Bonds Payable	<u>12,575,000</u>	<u>12,575,000</u>	
Total Principal Payments	<u>13,816,188</u>	<u>13,816,188</u>	<u>13,816,188</u>
Proceeds from Capital Lease	<u>(2,249,419)</u>	<u>(2,249,419)</u>	<u>(2,249,419)</u>
Net Adjustment to Net Position			<u>\$ 26,130,420</u>

**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 20<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning July 1<sup>st</sup>. 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 1<sup>st</sup>, 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 30<sup>th</sup>, 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, 2017

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. DEFICIT FUND EQUITY**

At June 30, 2017, the Insurance Fund has a deficit fund balance of \$9,531,324. The District will be looking on making plan design changes to reduce costs, increase funding through a combination of employee/employer contributions and an infusion of funds. The District is and will continue monitoring its progress to ensure it maintains an acceptable or positive balance or complete elimination of this deficit.

**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, 2017, the carrying amount of the District's deposits, excluding agency funds, was \$5,412,774, and the bank balance was \$6,009,541. The District's cash deposits at June 30, 2017 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.

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, 2017

**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, 2017, 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	\$ 12,608,000	\$ -	\$ 12,608,000	\$ -	\$ -
Texas Term Investment Pool	55,931,333	55,931,333	-	-	-
Lone Star Investment Pool	30,251,055	30,251,055	-	-	-
TexPool	562,594	562,594	-	-	-
Texas Class/ MBIA	64,485,670	64,485,670	-	-	-
Wells Fargo Money Market Fund	-	-	-	-	-
Total	<u>\$ 163,838,652</u>	<u>\$ 151,230,652</u>	<u>\$ 12,608,000</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, 2017, 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, 2017, the District had 8% 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 92% 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, 2017

**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 1<sup>st</sup> in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax roll on July 19, 2016, upon which the levy for the 2016-2017 fiscal year was based, as \$5,506,653,073. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1<sup>st</sup> of the year following the October 1<sup>st</sup> levy date. Taxes are delinquent if not paid by June 30<sup>th</sup>. 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, 2017 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, 2017 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, 2017, property taxes receivable of \$9,394,515 and \$328,675, net of estimated uncollectible taxes of \$281,835 and \$9,860, totaled \$9,112,680 and \$318,815 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, 2017:

Transfers In	Transfers Out	Amount	Purpose
Debt Service	General Fund	\$ 10,988,211	Debt Service
		<u>\$ 10,988,211</u>	



BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

Interfund balances at June 30, 2017 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b><u>General Fund</u></b>		
General Fund	\$ 1,406,281	\$ 1,406,281
Special Revenue Funds	2,283,967	568,868
Debt Service Fund	-	3,758,314
Internal Service Fund	6,365,220	4,150,000
Trust and Agency Fund	-	-
	<u>10,055,468</u>	<u>9,883,463</u>
<b><u>Special Revenue Fund</u></b>		
General Fund	568,868	2,283,967
Special Revenue Fund	3,940,245	3,940,247
	<u>4,509,113</u>	<u>6,224,214</u>
<b><u>Debt Service Fund</u></b>		
General Fund	3,758,314	-
	<u>3,758,314</u>	<u>-</u>
<b><u>Internal Service Fund</u></b>		
General Fund	4,150,000	6,365,218
	<u>4,150,000</u>	<u>6,365,218</u>
Total Interfund Receivables and Payables	<u>\$ 22,472,895</u>	<u>\$ 22,472,895</u>

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

**D. DUE FROM OTHER GOVERNMENTS AND AGENCIES**

Amounts due from other governments and agencies are as follows:

<u>Fund Group</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General	\$ 33,326,280	\$ 488,659	\$ 88,022	\$ 33,902,961
Special Revenue	<u>7,629,232</u>	<u>105,868</u>	<u>287,892</u>	<u>8,022,992</u>
Totals	<u>\$ 40,955,512</u>	<u>\$ 594,527</u>	<u>\$ 375,914</u>	<u>\$ 41,925,953</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**E. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Balance 7/1/2016	Primary Government Changes During Year			Balance 6/30/2017
		Additions	Deletions	Reclassifications	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 27,368,754	\$ -	\$ -	\$ -	\$ 27,368,754
Construction in progress	3,062,471	4,958,051	-	(2,068,022)	5,952,500
Total capital assets not being depreciated	<u>30,431,225</u>	<u>4,958,051</u>	<u>-</u>	<u>(2,068,022)</u>	<u>33,321,254</u>
Capital assets being depreciated					
Buildings and improvements	616,194,659	2,566,251	-	2,068,022	620,828,932
Furniture and equipment	23,852,635	3,159,874	(1,049,737)	-	25,962,772
Vehicles	26,388,799	3,879,475	(280,209)	-	29,988,065
Total capital assets being depreciated	<u>666,436,093</u>	<u>9,605,600</u>	<u>(1,329,946)</u>	<u>2,068,022</u>	<u>676,779,769</u>
Less accumulated depreciation for:					
Building and improvements	(246,070,483)	(19,449,651)	-	-	(265,520,134)
Equipment	(16,382,963)	(2,190,838)	1,049,737	-	(17,524,064)
Vehicles	(18,771,986)	(964,205)	280,209	-	(19,455,982)
Total accumulated depreciation	<u>(281,225,432)</u>	<u>(22,604,694)</u>	<u>1,329,946</u>	<u>-</u>	<u>(302,500,180)</u>
Total capital assets being depreciated	<u>385,210,661</u>	<u>(12,999,094)</u>	<u>-</u>	<u>2,068,022</u>	<u>374,279,589</u>
Governmental activities capital assets, net	<u>\$ 415,641,886</u>	<u>\$ (8,041,043)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,600,843</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,848,999
Instructional Resources and Media Services	458,132
Curriculum and Instructional Staff Development	777,853
Instructional Leadership	404,814
School Leadership	1,089,017
Guidance, Counseling and Evaluation Services	877,305
Social Work Services	25,878
Health Services	266,322
Student (Pupil) Transportation	569,185
Food Services	1,792,592
Cocurricular/Extracurricular Activities	723,333
General Administration	540,929
Plant Maintenance and Operations	2,374,934
Security and Monitoring Services	296,248
Data Processing Services	433,285
Community Services	125,868
Totals	<u>\$ 22,604,694</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**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, 2016	Retired	Amounts Outstanding June 30, 2017	Due Within One Year
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	9,280,000	1,000,000	8,280,000	1,000,000
12/01/10	Qualified School Construction Bonds, Series 2010A-E	0.37%	2028	25,770,000	17,780,000	1,420,000	16,360,000	1,460,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013A	3.00%	2027	80,410,000	77,875,000	5,625,000	72,250,000	5,795,000
06/05/13	Unlimited Tax Refunding Bonds, Series 2013B	0.88%	2027	42,300,000	40,580,000	435,000	40,145,000	3,360,000
06/01/15	Unlimited Tax Refunding Bonds, Series 2015	2.00%	2030	10,295,000	10,295,000	4,095,000	6,200,000	-
Totals					<u>\$ 161,215,000</u>	<u>\$ 12,575,000</u>	<u>\$ 148,640,000</u>	<u>\$ 11,615,000</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, 2017.

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

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
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	14,810,000	4,808,082	19,618,082
2023-2027	74,720,000	15,085,469	89,805,469
2028-2032	<u>7,690,000</u>	<u>1,405,182</u>	<u>9,095,182</u>
Totals	<u>\$ 148,640,000</u>	<u>\$ 48,286,358</u>	<u>\$ 196,926,358</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**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.

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2016	Retired	Amounts Outstanding June 30, 2017	Due Within One Year
03/17/09	Limited Tax Refunding Notes, Series 2009	3.80%	2018	\$ 6,250,000	\$ 1,580,000	\$ 775,000	\$ 805,000	\$ 805,000
06/01/15	Maintenance Tax Notes, Series 2015	4.00%	2022	3,600,000	3,600,000	-	3,600,000	-
Totals					<u>\$ 5,180,000</u>	<u>\$ 775,000</u>	<u>\$ 4,405,000</u>	<u>\$ 805,000</u>

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

Year Ending June 30,	Note Payable		Total Requirements
	Principal	Interest	
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	<u>955,000</u>	<u>38,200</u>	<u>993,200</u>
Totals	<u>\$ 4,405,000</u>	<u>\$ 541,590</u>	<u>\$ 4,946,590</u>

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**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 7/01/16	Issued	Retired	Balance 06/30/17	Due Within One Year
Bonds Payable	\$ 161,215,000	\$ -	\$ (12,575,000)	\$ 148,640,000	\$ 11,615,000
Note Payable	5,180,000	-	(775,000)	4,405,000	805,000
Lease Payable	-	2,249,419	(466,188)	1,783,231	431,419
Compensated Absences	662,536	252,515	(208,923)	706,128	176,532
Premium (Discount) on Bonds					
Bonds Payable 2006	308,862	-	(22,062)	286,800	22,062
Bonds Payable 2009	3,195,541	-	(319,554)	2,875,987	319,554
Bonds Payable 2010	(1,848,001)	-	205,333	(1,642,668)	(205,333)
Bonds Payable 2013	12,312,002	-	(1,119,272)	11,192,730	1,119,272
Bonds Payable 2015	479,083	-	(36,852)	442,231	36,852
Note Payable 2015	241,761	-	(40,294)	201,467	40,294
Accreted Interest	4,623,943	75,199	-	4,699,142	-
<b>Totals</b>	<b>\$ 186,370,727</b>	<b>\$ 2,577,133</b>	<b>\$ (15,357,812)</b>	<b>\$ 173,590,048</b>	<b>\$ 14,360,652</b>

**H. COMMITMENTS UNDER LEASES**

Capital Leases

The District has entered into capital leases to acquire school buses for a combined original cost of \$2,249,419. The interest rates for the lease is 2.18%. The leases were authorized under section 271.005 of the Local Government Code.

The minimum annual lease payments, which are paid from the general fund, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 431,419	\$ 38,941	\$ 470,360
2019	440,841	29,519	470,360
2020	450,469	19,891	470,360
2021	460,502	10,057	470,559
<b>Totals</b>	<b>\$ 1,783,231</b>	<b>\$ 98,408</b>	<b>\$ 1,881,639</b>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

Operating Leases

Commitments under operating (noncapitalized) leases agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2017, as follows:

Year Ending June 30,	Total Requirements
2018	\$ 1,669,168
2019	1,082,288
2020	499,837
2021	300,539
2022	204,644
Total Minimum Rentals	\$ 3,756,476
Rental Expenditures in Fiscal Year 2017	\$ 1,754,098

**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, 2017 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); 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.

**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. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<b>Contribution Rates</b>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2017 Employer Contributions		\$ 9,276,701
2017 Member Contributions		\$ 22,830,215
2016 NECE On-Behalf Contributions		\$ 15,949,199

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

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.
- 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	8/31/2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation 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



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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

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%.

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, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</u>
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
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%
<b>Real Return</b>			
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%
<b>Risk Parity</b>			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**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 2016 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:	\$ 175,231,618	\$ 113,223,359	\$ 60,627,819

**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 \$113,223,359 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	\$ 113,223,359
State's proportionate share that is associated with the District	<u>189,314,526</u>
Total	<u>\$ 302,537,885</u>

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.2996237%, which was a decrease of -0.0219561 from its proportion measured as of August 31, 2015.

**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%.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

*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.
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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

*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, 2017, the District recognized pension expense of \$19,646,334 and revenue of \$19,646,334 for support provided by the State.

At June 30, 2017 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
Differences between expected and actual economic experiences	\$ 1,775,321	\$ 3,380,784
Changes in actuarial assumptions	3,450,845	3,138,401
Differences between projected and actual investment earnings	9,587,521	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	19,494,024	2,436,750
Total as of August 31, 2016 measurement date	34,307,711	8,955,935
Contributions paid to TRS subsequent to the measurement date	7,667,303	-
Total as of fiscal year-end	\$ 41,975,014	\$ 8,955,935

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

Year ended June 30.	Pension Expense Amount
2018	\$ 4,442,228
2019	4,442,228
2020	10,557,615
2021	3,972,373
2022	2,134,339
Thereafter	(197,007)

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For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

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, 2017, 2016 and 2015 were \$890,995, \$1,195,598, and \$1,246,253, respectively.

**K. RISK MANAGEMENT**

During the fiscal year ended June 30, 2017 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.

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, 2016 to September 30, 2017. 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 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, 2017.

	2017	2016
Unpaid claims, beginning of the year	\$ 4,845,148	\$ 2,010,270
Incurred claims (including IBNRs)	40,593,252	40,507,710
Claim payments	(43,550,175)	(37,672,832)
Unpaid claims, end of the year	\$ 1,888,225	\$ 4,845,148

Worker’s Compensation Coverage

For the year ended June 30, 2017, 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, 2017, 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

As of June 30, 2017, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2017 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.

	2017	2016
Beginning claims liability	\$ 632,537	\$ 803,770
Current year claims & changes in estimates	536,560	407,252
Claim payments	(654,667)	(578,485)
Ending claims liability	\$ 514,430	\$ 632,537

**L. CONSTRUCTION COMMITMENTS**

At June 30, 2017, the District had the following construction commitments:

<u>Local Funded Projects</u>	Estimated Project Cost	Expended Through June 30, 2017	Amount Committed
Hanna Technology Facility	\$ 653,349	\$ 609,119	\$ 34,693
Porter High School - Band & Choir Building *	4,300,000	2,000	4,298,000
Porter High School - Synthetic Turf Soccer Field	1,050,000	1,037,981	7,467
Pace High School - Band & Choir Building	4,300,000	1,420,022	2,724,221
Rivera High School - Athletic Facility	2,840,000	2,796,000	6,635
Cummings School - Renovations	42,679	31,729	10,950
Vela Middle School - Four Lane Track Project	500,000	2,900	497,100
Lucio Middle School - Four Lane Track Project	500,000	2,700	497,300
Besteiro Middle School - Four Lane Track Project	500,000	38,200	461,800
Cummings School - CTE Center	700,000	11,850	688,150
Total Construction In Progress	\$ 15,386,028	\$ 5,952,501	\$ 9,226,316

\* Project under review

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**M. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

Description	General Fund	Special Revenue	Total
BISD - GED Testing	\$ 2,641	\$ -	\$ 2,641
BISD - Other	35,045	-	35,045
BISD - Rendition Fees	13,278	-	13,278
BISD - CCED Taxes	14,165	-	14,165
Food Service Receipts	22,413	-	22,413
Special Revenue Grants	-	563,249	563,249
Total unearned revenue	<u>\$ 87,542</u>	<u>\$ 563,249</u>	<u>\$ 650,791</u>

**N. 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.

**O. 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	\$ 145,000
Los Fresnos CISD	25,000
Point Isabel ISD	17,500
Raymondville ISD	57,500
San Benito CISD	67,500
IDEA Public Schools	5,000
Total	<u>\$ 317,500</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**P. 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, 2017 from various federal sources as follows:

Program or Source	CFDA Number	Amount
U.S. Department of Treasury (Fed Share of QSCB)	N/A	\$ 909,444
R.O.T.C.	12.000	414,918
Child & Adult Care Food Program	10.558	3,819,411
National School Lunch Program	10.555	17,855,365
School Breakfast Program	10.553	11,891,106
Food Distribution (USDA Commodities)	10.550	394,208
School Health Related Services	N/A	5,445,809
Medicaid Administrative Claims	93.778	188,982
Total Programs		<u>40,919,243</u>
<i>Indirect Costs:</i>		
Federal Adult Ed English Literacy & Civics Ed - 2017	84.002A	1,715
Federal Adult Ed & Family Literacy - 2017	84.002A	11,031
McKinney Vento Homeless Youth Program - 2016	84.196A	108
McKinney Vento Homeless Youth Program - 2017	84.196A	1,061
ESEA Title I - Part A - 2016	84.010A	42,119
ESEA Title I - Part A - 2017	84.010A	256,215
Texas Title I Priority Schools (FSG)	84.010A	1,657
ESEA Title I Part C - 2016	84.011A	1,462
ESEA Title I Part C - 2017	84.011A	14,698
IDEA B - Formula	84.027A	98,738
IDEA B - Formula (DEAF)	84.027A	29
IDEA B - Discretionary (DEAF)	84.027A	347
Carl Perkins Grant for Career & Technology Ed	84.048A	4,935
IDEA B - Preschool	84.173A	675
21st Century Com Learning Center, Cycle 7 Year 4	84.287C	2,238
ESEA Title III - Part A - L.E.P.	84.365A	16,580
ESEA Title II - Part A - TPTR - 2016	84.367A	1,167
ESEA Title II - Part A - TPTR - 2017	84.367A	37,018
Texas Literacy Initiative	84.371C	55,296
Family Support Act AFDC Jobs 2017	93.558	2,660
National School Lunch Program	10.555	2,801,855
Total Indirect Costs		<u>3,351,604</u>
Total General Fund		<u>\$ 44,270,847</u>



BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**Q. PRIOR PERIOD ADJUSTMENTS**

The District's prior period adjustment of \$2,338,898 to the Internal Service Fund was to close out the employer's contributions liability to the Workers' Compensation Fund. The additional adjustments to the fund balance and net position during the 2016-2017 school year consisted of the following:

Description	General Fund	Debt Service Fund	Internal Service Funds	Total
To close out liability account	\$ -	\$ -	\$ 2,338,898	\$ 2,338,898
Adjustments for Summary of Finances	<u>5,965</u>	<u>4,587,865</u>	<u>-</u>	<u>4,593,830</u>
Total per Exhibit C-3 and D-2	<u>\$ 5,965</u>	<u>\$ 4,587,865</u>	<u>\$ 2,338,898</u>	<u>6,932,728</u>
Total per Exhibit B-1				<u>\$ 6,932,728</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, 2017

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			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 60,511,367	\$ 60,511,367	\$ 70,883,981	\$ 10,372,614
5800	State Program Revenues	341,557,345	341,801,025	355,361,519	13,560,494
5900	Federal Program Revenues	50,512,000	50,512,000	44,270,847	(6,241,153)
5020	Total Revenues	452,580,712	452,824,392	470,516,347	17,691,955
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	217,486,300	223,421,231	222,526,410	894,821
0012	Instructional Resources and Media Services	7,430,403	7,426,249	6,860,253	565,996
0013	Curriculum and Instructional Staff Development	12,220,618	12,475,342	10,561,926	1,913,416
0021	Instructional Leadership	6,069,092	6,089,754	5,657,543	432,211
0023	School Leadership	24,696,038	24,702,898	23,983,001	719,897
0031	Guidance, Counseling and Evaluation Services	17,675,568	17,704,198	16,858,063	846,135
0032	Social Work Services	825,773	823,670	624,510	199,160
0033	Health Services	4,566,892	4,567,597	4,246,590	321,007
0034	Student (Pupil) Transportation	13,757,528	15,681,994	15,092,515	589,479
0035	Food Services	41,837,809	44,535,646	38,174,189	6,361,457
0036	Extracurricular Activities	17,307,210	17,682,761	16,294,282	1,388,479
0041	General Administration	11,875,653	11,966,533	11,058,621	907,912
0051	Facilities Maintenance and Operations	53,490,284	57,142,541	50,844,745	6,297,796
0052	Security and Monitoring Services	7,163,447	7,234,693	6,707,555	527,138
0053	Data Processing Services	8,969,884	15,526,802	10,697,643	4,829,159
0061	Community Services	498,319	595,454	399,220	196,234
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	3,195,000	3,665,360	3,658,017	7,343
0072	Interest on Long Term Debt	1,497,998	1,527,638	1,483,756	43,882
0073	Bond Issuance Cost and Fees	8,000	8,000	7,500	500
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	1,113,000	16,217,777	7,438,072	8,779,705
<b>Intergovernmental:</b>					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	225,000	225,000	54,762	170,238
0099	Other Intergovernmental Charges	800,000	800,000	692,050	107,950
6030	Total Expenditures	452,709,816	490,021,138	453,921,223	36,099,915
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,104)	(37,196,746)	16,595,124	53,791,870
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	-	2,249,219	2,249,419	200
8911	Transfers Out (Use)	(15,820,000)	(15,820,000)	(10,988,211)	4,831,789
7080	Total Other Financing Sources (Uses)	(15,820,000)	(13,570,781)	(8,738,792)	4,831,989
1200	Net Change in Fund Balances	(15,949,104)	(50,767,527)	7,856,332	58,623,859
0100	Fund Balance - July 1 (Beginning)	130,560,803	130,560,803	130,560,803	-
1300	Prior Period Adjustment(s)	-	-	5,965	5,965
3000	Fund Balance - June 30 (Ending)	\$ 114,611,699	\$ 79,793,276	\$ 138,423,100	\$ 58,629,824

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, 2017

EXHIBIT G-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.2996237%	0.3215798%	0.2187937%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 113,223,359	\$ 113,674,179	\$ 58,442,823
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	189,314,526	185,685,560	161,268,352
Total	<u>\$ 302,537,885</u>	<u>\$ 299,359,739</u>	<u>\$ 219,711,175</u>
District's Covered-Employee Payroll	\$ 306,121,247	\$ 303,523,981	\$ 300,405,258
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	36.99%	37.45%	19.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	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, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three 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 2017

EXHIBIT G-3

	2017	2016	2015
Contractually Required Contribution	\$ 9,276,701	\$ 9,555,513	\$ 8,873,119
Contribution in Relation to the Contractually Required Contribution	9,276,701	(9,555,513)	(8,873,119)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 299,915,515	\$ 306,661,990	\$ 303,007,890
Contributions as a Percentage of Covered-Employee Payroll	3.09%	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 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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 - 21<sup>ST</sup> 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 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 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, 2017

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	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 235,168	\$ -	\$ -
1240	Receivables from Other Governments	37,998	3,646,495	112,067	7,484
1260	Due from Other Funds	137	1,537,966	-	13,752
1290	Other Receivables	44	975	187	5
1000	<b>Total Assets</b>	<u>\$ 38,179</u>	<u>\$ 5,420,604</u>	<u>\$ 112,254</u>	<u>\$ 21,241</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 101,774	\$ 15,731	\$ -
2120	Short Term Debt Payable - Current	-	-	-	-
2160	Accrued Wages Payable	5,768	1,892,388	38,492	13,998
2170	Due to Other Funds	32,403	3,426,442	58,031	7,243
2180	Due to Other Governments	8	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>38,179</u>	<u>5,420,604</u>	<u>112,254</u>	<u>21,241</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 38,179</u>	<u>\$ 5,420,604</u>	<u>\$ 112,254</u>	<u>\$ 21,241</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,063,739	11,293	159,471	656,868	313,423	-	249,817	-
221,304	22,367	-	-	43,809	48,961	19,795	11,108
-	-	27	253	115	-	-	-
<u>\$ 1,285,043</u>	<u>\$ 33,660</u>	<u>\$ 159,498</u>	<u>\$ 657,121</u>	<u>\$ 357,347</u>	<u>\$ 48,961</u>	<u>\$ 269,612</u>	<u>\$ 11,108</u>
\$ -	\$ -	\$ 1,925	\$ 25,700	\$ 109,795	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,186,305	33,660	13,008	395,677	59,618	-	15,520	-
98,738	-	144,565	235,744	187,934	48,776	253,976	8,750
-	-	-	-	-	185	116	2,358
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,285,043</u>	<u>33,660</u>	<u>159,498</u>	<u>657,121</u>	<u>357,347</u>	<u>48,961</u>	<u>269,612</u>	<u>11,108</u>
<u>\$ 1,285,043</u>	<u>\$ 33,660</u>	<u>\$ 159,498</u>	<u>\$ 657,121</u>	<u>\$ 357,347</u>	<u>\$ 48,961</u>	<u>\$ 269,612</u>	<u>\$ 11,108</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

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
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	105,869	329,287
1260	Due from Other Funds	91,149	39,517	497,405
1290	Other Receivables	-	-	9,556
1000	<b>Total Assets</b>	<u>\$ 91,149</u>	<u>\$ 145,386</u>	<u>\$ 836,248</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ 494,981
2120	Short Term Debt Payable - Current	-	-	-
2160	Accrued Wages Payable	-	22,818	122,376
2170	Due to Other Funds	91,149	122,568	137,636
2180	Due to Other Governments	-	-	-
2190	Due to Student Groups	-	-	-
2300	Unearned Revenues	-	-	81,255
2000	<b>Total Liabilities</b>	<u>91,149</u>	<u>145,386</u>	<u>836,248</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 91,149</u>	<u>\$ 145,386</u>	<u>\$ 836,248</u>

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47,562	32,889	-	151	13,569	-	736,513	2,837
25,184	27,526	3,031	62	165,147	71,324	345,380	1,082,743
-	-	-	-	-	-	-	903
<u>\$ 72,746</u>	<u>\$ 60,415</u>	<u>\$ 3,031</u>	<u>\$ 213</u>	<u>\$ 178,716</u>	<u>\$ 71,324</u>	<u>\$ 1,081,893</u>	<u>\$ 1,086,483</u>
\$ 17,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,081,893	\$ -
-	-	-	-	-	-	-	-
20,388	8,669	-	-	-	-	-	-
35,102	50,298	3,031	151	-	71,324	-	852,576
-	-	-	62	-	-	-	-
-	-	-	-	-	-	-	-
-	1,448	-	-	178,716	-	-	233,907
<u>72,746</u>	<u>60,415</u>	<u>3,031</u>	<u>213</u>	<u>178,716</u>	<u>71,324</u>	<u>1,081,893</u>	<u>1,086,483</u>
<u>\$ 72,746</u>	<u>\$ 60,415</u>	<u>\$ 3,031</u>	<u>\$ 213</u>	<u>\$ 178,716</u>	<u>\$ 71,324</u>	<u>\$ 1,081,893</u>	<u>\$ 1,086,483</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

Data Control Codes	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 879,306
1240	Receivables from Other Governments	14,935	-	210,620	-
1260	Due from Other Funds	29,227	6,789	9,528	-
1290	Other Receivables	10	-	-	-
1000	<b>Total Assets</b>	<u>\$ 44,172</u>	<u>\$ 6,789</u>	<u>\$ 220,148</u>	<u>\$ 879,306</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 54	\$ -	\$ -	\$ -
2120	Short Term Debt Payable - Current	-	-	-	-
2160	Accrued Wages Payable	953	-	123,440	-
2170	Due to Other Funds	34,433	6,789	96,708	-
2180	Due to Other Governments	8,732	-	-	-
2190	Due to Student Groups	-	-	-	879,306
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>44,172</u>	<u>6,789</u>	<u>220,148</u>	<u>879,306</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 44,172</u>	<u>\$ 6,789</u>	<u>\$ 220,148</u>	<u>\$ 879,306</u>

498 Other Local Special Rev Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,114,474
1,996	76	8,022,992
15,004	53,247	4,509,113
-	-	12,100
<u>\$ 17,000</u>	<u>\$ 53,323</u>	<u>\$ 13,658,679</u>
\$ -	\$ -	\$ 1,856,497
-	-	28,889
-	-	4,095,063
-	2,400	6,224,214
-	-	11,461
-	-	879,306
17,000	50,923	563,249
<u>17,000</u>	<u>53,323</u>	<u>13,658,679</u>
<u>\$ 17,000</u>	<u>\$ 53,323</u>	<u>\$ 13,658,679</u>



BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

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
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	91,810	24,789,920	1,275,004	138,636
5020 Total Revenues	91,810	24,789,920	1,275,004	138,636
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	17,165,372	563,735	130,726
0012 Instructional Resources and Media Services	-	1,346,930	-	-
0013 Curriculum and Instructional Staff Development	-	1,678,071	2,805	-
0021 Instructional Leadership	-	609,008	262,348	3,623
0023 School Leadership	-	283,311	-	-
0031 Guidance, Counseling and Evaluation Services	-	458,454	81,930	-
0033 Health Services	-	1,553,983	-	-
0051 Facilities Maintenance and Operations	-	19,719	-	-
0061 Community Services	91,810	1,675,072	364,186	4,287
6030 Total Expenditures	91,810	24,789,920	1,275,004	138,636
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
8,012,503	54,121	648,186	3,006,600	1,552,412	176,234	144,641	-
8,012,503	54,121	648,186	3,006,600	1,552,412	176,234	144,641	-
6,599,110	54,121	631,079	2,868,203	1,392,268	103,903	16,693	-
-	-	-	-	-	-	-	-
-	-	17,107	90,441	108,130	898	1,013	-
-	-	-	8,875	37,528	47,598	-	-
-	-	-	39,081	-	-	-	-
1,413,393	-	-	-	-	-	126,565	-
-	-	-	-	-	23,835	-	-
-	-	-	-	-	-	-	-
-	-	-	-	14,486	-	370	-
8,012,503	54,121	648,186	3,006,600	1,552,412	176,234	144,641	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

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
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 21,057	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	356,975	4,354,705	1,163,139
5020 Total Revenues	-	378,032	4,354,705	1,163,139
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	98,000	2,694,166	822,996
0012 Instructional Resources and Media Services	-	-	94,871	-
0013 Curriculum and Instructional Staff Development	-	143,506	1,546,264	27,670
0021 Instructional Leadership	-	-	5,618	27,645
0023 School Leadership	-	-	13,786	-
0031 Guidance, Counseling and Evaluation Services	-	136,526	-	-
0033 Health Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	284,828
6030 Total Expenditures	-	378,032	4,354,705	1,163,139
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	15,529	-	1,991,888	2,085,032
232,791	74,000	2,263	882	-	-	-	-
232,791	74,000	2,263	882	15,529	-	1,991,888	2,085,032
169,328	74,000	2,263	882	-	-	1,991,138	1,138,594
-	-	-	-	-	-	-	-
5,000	-	-	-	15,529	-	400	213,691
5,924	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	486,442
-	-	-	-	-	-	-	-
-	-	-	-	-	-	350	-
52,539	-	-	-	-	-	-	246,305
232,791	74,000	2,263	882	15,529	-	1,991,888	2,085,032
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	431 SSA - ABE Educational Technology	432 SSA - TANF Temporary Assistance	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	162,616	-	686,020	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	162,616	-	686,020	-
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	115,629	-	615,062	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	11,848	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	70,958	-
0033 Health Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	35,139	-	-	-
6030 Total Expenditures	162,616	-	686,020	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

498	499	Total
Other Local Special Rev Funds	Other Local Special Revenue Funds	Nonmajor Governmental Funds
\$ -	\$ 27,387	\$ 48,444
-	-	4,941,085
-	-	46,074,822
-	27,387	51,064,351
-	8,645	37,255,913
-	13,142	1,454,943
-	5,600	3,856,125
-	-	1,020,015
-	-	336,178
-	-	2,774,268
-	-	1,577,818
-	-	20,069
-	-	2,769,022
-	27,387	51,064,351
-	-	-
-	-	-
\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2017

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 65,850	\$ 14,540	\$ 80,390
Investments - Current	-	7,308,830	7,308,830
Due from Other Funds	-	4,150,000	4,150,000
Total Assets	<u>65,850</u>	<u>11,473,370</u>	<u>11,539,220</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,343,731	-	1,343,731
Due to Other Funds	6,365,218	-	6,365,218
Total Current Liabilities	<u>7,708,949</u>	<u>-</u>	<u>7,708,949</u>
NonCurrent Liabilities:			
Other Long-Term Liability	1,888,225	514,430	2,402,655
Total Noncurrent Liabilities	<u>1,888,225</u>	<u>514,430</u>	<u>2,402,655</u>
Total Liabilities	<u>9,597,174</u>	<u>514,430</u>	<u>10,111,604</u>
<b>NET POSITION</b>			
Unrestricted Net Position	<u>(9,531,324)</u>	<u>10,958,940</u>	<u>1,427,616</u>
Total Net Position	<u>\$ (9,531,324)</u>	<u>\$ 10,958,940</u>	<u>\$ 1,427,616</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, 2017

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 52,309,368	\$ 44,356	\$ 52,353,724
Total Operating Revenues	<u>52,309,368</u>	<u>44,356</u>	<u>52,353,724</u>
OPERATING EXPENSES:			
Other Operating Costs	<u>56,995,544</u>	<u>1,572,897</u>	<u>58,568,441</u>
Total Operating Expenses	<u>56,995,544</u>	<u>1,572,897</u>	<u>58,568,441</u>
Operating Income (Loss)	(4,686,176)	(1,528,541)	(6,214,717)
Total Net Position - July 1 (Beginning)	(4,845,148)	10,148,583	5,303,435
Prior Period Adjustment	<u>-</u>	<u>2,338,898</u>	<u>2,338,898</u>
Total Net Position June 30 (Ending)	<u>\$ (9,531,324)</u>	<u>\$ 10,958,940</u>	<u>\$ 1,427,616</u>



BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Payments for Services	\$ 57,809,922	\$ 3,033,254	\$ 60,843,176
Cash Payments for Insurance Claims	(58,618,432)	(1,691,004)	(60,309,436)
Net Cash Provided by (Used for) Operating Activities	<u>(808,510)</u>	<u>1,342,250</u>	<u>533,740</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	<u>-</u>	<u>(1,785,221)</u>	<u>(1,785,221)</u>
Net Decrease in Cash and Cash Equivalents	(808,510)	(442,971)	(1,251,481)
Cash and Cash Equivalents at Beginning of Year	<u>874,360</u>	<u>457,511</u>	<u>1,331,871</u>
Cash and Cash Equivalents at End of Year	<u>\$ 65,850</u>	<u>\$ 14,540</u>	<u>\$ 80,390</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (4,686,176)	\$ (1,528,541)	\$ (6,214,717)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due From Other Funds	-	2,988,898	2,988,898
Increase (decrease) in Accounts Payable	1,334,037	-	1,334,037
Increase (decrease) in Due to Other Funds	5,500,552	-	5,500,552
Increase (decrease) in Other Long Term Liability	<u>(2,956,923)</u>	<u>(118,107)</u>	<u>(3,075,030)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (808,510)</u>	<u>\$ 1,342,250</u>	<u>\$ 533,740</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2017

	BALANCE JULY 1 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2017
<b>STUDENT ACTIVITY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 459,932	\$ 1,798,522	\$ 1,777,873	\$ 480,581
Liabilities:				
Accounts Payable	\$ 86,946	\$ 10,335	\$ -	\$ 97,281
Due to Student Groups	372,986	1,788,187	1,777,873	383,300
Total Liabilities	\$ 459,932	\$ 1,798,522	\$ 1,777,873	\$ 480,581
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 459,932	\$ 1,798,522	\$ 1,777,873	\$ 480,581
Liabilities:				
Accounts Payable	\$ 86,946	\$ 10,335	\$ -	\$ 97,281
Due to Student Groups	372,986	1,788,187	1,777,873	383,300
Total Liabilities	\$ 459,932	\$ 1,798,522	\$ 1,777,873	\$ 480,581

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2017

	810 Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	820 BISD Best Choice	821 Regional Tournaments
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 980	\$ 121,113	\$ 69,672	\$ 1,822
Other Receivables	-	-	46	-
Total Assets	<u>980</u>	<u>121,113</u>	<u>69,718</u>	<u>1,822</u>
<b>LIABILITIES</b>				
Accounts Payable	-	-	350	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>350</u>	<u>-</u>
<b>NET POSITION</b>				
Unrestricted Net Position	<u>980</u>	<u>121,113</u>	<u>69,368</u>	<u>1,822</u>
Total Net Position	<u><u>\$ 980</u></u>	<u><u>\$ 121,113</u></u>	<u><u>\$ 69,368</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
\$ 24,179	\$ 121	\$ 5,878	\$ 11,518	\$ 235,283
-	-	-	220	266
<u>24,179</u>	<u>121</u>	<u>5,878</u>	<u>11,738</u>	<u>235,549</u>
-	-	-	-	350
-	-	-	-	350
24,179	121	5,878	11,738	235,199
<u>\$ 24,179</u>	<u>\$ 121</u>	<u>\$ 5,878</u>	<u>\$ 11,738</u>	<u>\$ 235,199</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, 2017

	810 Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	820 BISD Best Choice	821 Regional Tournaments
<b>ADDITIONS:</b>				
Local and Intermediate Sources	\$ -	\$ 1,344	\$ 45,195	\$ -
Total Additions	<u>-</u>	<u>1,344</u>	<u>45,195</u>	<u>-</u>
<b>DEDUCTIONS:</b>				
Professional and Contracted Services	-	-	-	-
Other Operating Costs	-	30,000	24,688	-
Total Deductions	<u>-</u>	<u>30,000</u>	<u>24,688</u>	<u>-</u>
Change in Net Position	-	(28,656)	20,507	-
Total Net Position - July 1 (Beginning)	980	143,768	48,861	1,822
Prior Period Adjustment	-	6,001	-	-
Total Net Position - June 30 (Ending)	<u>\$ 980</u>	<u>\$ 121,113</u>	<u>\$ 69,368</u>	<u>\$ 1,822</u>

822 Mile of Hope	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
\$ 10,022	\$ -	\$ 106	\$ 112,894	\$ 169,561
<u>10,022</u>	<u>-</u>	<u>106</u>	<u>112,894</u>	<u>169,561</u>
-	-	-	7,450	7,450
8,000	-	8,000	110,495	181,183
<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>117,945</u>	<u>188,633</u>
2,022	-	(7,894)	(5,051)	(19,072)
22,157	121	13,772	16,789	248,270
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,001</u>
<u>\$ 24,179</u>	<u>\$ 121</u>	<u>\$ 5,878</u>	<u>\$ 11,738</u>	<u>\$ 235,199</u>

**TEXAS EDUCATION AGENCY  
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2017

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	\$ Various
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	1.152500	0.000000	5,287,358,457
2017 (School year under audit)	1.152500	0.000000	5,506,653,073
1000 TOTALS			



(10) Beginning Balance 7/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2017
\$ 1,986,989	\$ -	\$ 105,748	\$ 6,893	\$ (97,919)	\$ 1,776,429
310,956	-	29,681	2,132	(6,961)	272,182
309,116	-	30,653	2,423	(6,047)	269,993
347,146	-	53,649	3,854	(4,612)	285,031
397,778	-	75,315	5,410	(412)	316,641
509,295	-	143,143	10,282	24,089	379,959
732,576	-	241,677	23,739	33,710	500,870
1,179,728	-	518,096	52,640	11,219	620,211
3,958,596	-	2,560,728	-	(139,148)	1,258,720
-	62,358,030	58,215,304	-	(99,572)	4,043,154
<u>\$ 9,732,180</u>	<u>\$ 62,358,030</u>	<u>\$ 61,973,994</u>	<u>\$ 107,373</u>	<u>\$ (285,653)</u>	<u>\$ 9,723,190</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, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,425,000	\$ 1,425,000	\$ 1,097,717	\$ (327,283)
5800 State Program Revenues	200,000	200,000	188,922	(11,078)
5900 Federal Program Revenues	39,502,809	39,502,809	33,960,091	(5,542,718)
5020 Total Revenues	<u>41,127,809</u>	<u>41,127,809</u>	<u>35,246,730</u>	<u>(5,881,079)</u>
<b>EXPENDITURES:</b>				
0035 Food Services	<u>41,127,809</u>	<u>43,825,646</u>	<u>37,560,715</u>	<u>6,264,931</u>
6030 Total Expenditures	<u>41,127,809</u>	<u>43,825,646</u>	<u>37,560,715</u>	<u>6,264,931</u>
1200 Net Change in Fund Balances	-	(2,697,837)	(2,313,985)	383,852
0100 Fund Balance - July 1 (Beginning)	<u>11,032,067</u>	<u>11,032,067</u>	<u>11,032,067</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 11,032,067</u>	<u>\$ 8,334,230</u>	<u>\$ 8,718,082</u>	<u>\$ 383,852</u>

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, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 241,718	\$ 241,718
5800	State Program Revenues	-	-	202,254	202,254
5020	Total Revenues	-	-	443,972	443,972
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	10,155,000	10,155,000	10,155,000	-
0072	Interest on Long Term Debt	5,659,545	5,659,545	5,659,544	1
0073	Bond Issuance Cost and Fees	5,455	5,455	3,250	2,205
6030	Total Expenditures	15,820,000	15,820,000	15,817,794	2,206
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,820,000)	(15,820,000)	(15,373,822)	446,178
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	15,820,000	15,820,000	10,988,211	(4,831,789)
1200	Net Change in Fund Balances	-	-	(4,385,611)	(4,385,611)
0100	Fund Balance - July 1 (Beginning)	8,981,442	8,981,442	8,981,442	-
1300	Increase (Decrease) in Fund Balance	-	-	4,587,865	4,587,865
3000	Fund Balance - June 30 (Ending)	\$ 8,981,442	\$ 8,981,442	\$ 9,183,696	\$ 202,254

## **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 ASSETS BY COMPONENT

LAST TEN YEARS

(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities</b>					
Invested in Capital Assets Net of Related Debt	\$ 95,604,744	\$ 239,579,610	\$ 238,605,572	\$ 239,341,909	\$ 249,760,978
Restricted	232,989,218	17,636,587	59,471,394	50,582,763	47,257,800
Unrestricted	91,899,884	153,762,955	86,283,358	73,922,111	65,775,797
<b>Total Net Assets</b>	<u>\$ 420,493,846</u>	<u>\$ 410,979,152</u>	<u>\$ 384,360,324</u>	<u>\$ 363,846,783</u>	<u>\$ 362,794,575</u>

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

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 265,298,588	\$ 245,196,911	\$ 241,038,741	\$ 242,011,460	\$ 250,292,029
33,977,469	31,502,648	36,394,229	27,924,319	27,287,962
54,465,766	78,378,086	24,425,409	52,915,830	45,017,349
<b>\$ 353,741,823</b>	<b>\$ 355,077,645</b>	<b>\$ 301,858,379</b>	<b>\$ 322,851,609</b>	<b>\$ 322,597,340</b>

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

LAST TEN YEARS

(Unaudited)

	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental Activities:					
11 Instruction	\$ 251,458,965	\$ 263,214,508	\$ 280,044,296	\$ 283,753,243	\$ 265,301,523
12 Instructional Resources & Media Services	7,429,329	8,386,006	9,091,704	9,145,005	8,150,501
13 Curriculum & Staff Development	12,468,934	14,793,150	15,554,587	19,505,830	13,284,303
21 Instructional Leadership	6,731,053	7,059,359	8,002,797	7,834,698	8,226,349
23 School Leadership	22,234,884	23,438,655	24,551,960	25,044,466	24,028,022
31 Guidance, Counseling & Evaluation Services	16,262,550	17,738,872	18,234,605	18,254,355	16,840,314
32 Social Work Services	500,457	711,711	764,709	765,569	621,835
33 Health Services	4,874,905	5,405,783	5,427,344	5,705,521	5,781,101
34 Student (Pupil) Transportation	13,386,936	13,147,513	14,715,541	13,509,625	12,927,507
35 Food Services	28,453,632	27,575,534	30,062,988	29,764,725	31,627,859
36 Cocurricular/Extracurricular Activities	14,333,394	13,531,209	10,084,446	16,653,137	14,485,042
41 General Administration	11,628,184	12,319,564	12,138,098	12,670,295	17,182,090
51 Plant Maintenance & Operations	47,109,642	48,055,290	50,388,704	51,408,170	46,452,947
52 Security & Monitoring Services	4,784,350	5,538,612	5,904,597	6,350,712	6,400,024
53 Data Processing Services	2,440,008	3,038,063	2,908,275	3,661,103	4,036,884
61 Community Services	4,226,094	4,941,913	5,270,769	5,750,327	5,111,489
72 Debt Service - Interest on Long Term Debt	10,209,593	9,864,827	9,800,715	10,357,075	10,552,122
73 Debt Service - Bond Issuance Cost & Fees	19,442	96,332	31,947	686,668	-
Facilities Acquisition & Construction	-	-	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	97,558	148,558	227,879	209,466	183,264
99 Other Intergovernmental Charges	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>458,649,910</b>	<b>479,005,459</b>	<b>503,205,961</b>	<b>521,029,990</b>	<b>491,193,176</b>
<b>Program Revenues</b>					
Charges for Services					
Instruction	1,010,092	1,164,731	1,606,651	1,884,347	2,748,811
Instructional Resources & Media Services	-	-	-	-	-
Curriculum & Staff Development	-	-	-	-	-
Instructional Leadership	-	-	-	-	-
School Leadership	-	-	-	-	-
Guidance, Counseling & Evaluation Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-
Food Services	1,528,468	1,419,206	1,238,788	1,422,678	1,270,219
Cocurricular/Extracurricular Activities	344,025	343,771	367,206	452,862	443,271
General Administration	-	-	-	-	-
Plant Maintenance & Operations	-	-	-	-	-
Security & Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	88,226	479,153	117,487	105,954	118,182
Debt Service - Interest on Long Term Debt	-	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Operating Grants and Contributions	75,268,303	82,140,558	98,592,857	137,170,598	130,857,311
<b>Total governmental Activities</b>					
<b>Program Revenues</b>	<b>78,239,114</b>	<b>85,547,419</b>	<b>101,922,989</b>	<b>141,036,439</b>	<b>135,437,794</b>
<b>Net Governmental Activities Revenue/(Expense)</b>	<b>\$ (380,410,796)</b>	<b>\$ (393,458,040)</b>	<b>\$ (401,282,972)</b>	<b>\$ (379,993,551)</b>	<b>\$ (355,755,382)</b>

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



	2013	2014	2015	2016	2017
\$	269,902,260	266,811,175	269,621,870	287,873,697	278,511,438
	8,990,567	8,638,437	8,524,749	11,059,978	9,016,634
	15,764,951	16,609,958	16,372,545	18,957,388	15,575,422
	8,593,985	8,628,654	9,441,697	9,925,641	7,337,758
	26,014,428	26,274,889	24,656,388	26,546,046	26,088,958
	18,886,458	19,030,826	19,622,388	21,524,208	21,174,072
	1,091,761	1,077,700	888,315	616,251	655,648
	5,853,598	5,735,067	5,957,244	6,549,128	6,328,533
	12,463,068	14,171,985	12,081,900	12,450,463	12,847,622
	32,839,664	34,282,243	36,715,450	42,353,653	39,523,074
	15,765,298	16,364,024	16,421,932	17,243,179	17,268,627
	17,589,088	12,286,474	10,962,498	16,528,266	18,027,037
	46,463,990	48,694,091	51,688,106	55,522,684	53,015,451
	6,005,965	6,813,018	6,321,054	6,982,218	7,041,332
	4,319,976	6,786,646	6,355,529	8,552,804	9,755,101
	5,096,028	4,084,484	3,403,224	3,076,921	3,436,211
	10,779,656	6,672,801	8,134,579	7,372,455	7,040,836
	988,081	9,225	424,851	10,305	10,750
	-	-	-	-	-
	106,194	85,173	36,656	10,842	54,762
	-	497,968	683,723	703,868	692,050
	507,515,016	503,554,838	508,314,698	553,859,995	533,401,316
	3,888,758	1,462,492	1,152,958	881,329	627,368
	-	-	-	148,493	-
	-	-	-	-	51,749
	-	-	-	-	51,749
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	51,749
	1,304,284	1,378,468	1,012,548	1,335,619	1,015,698
	479,685	452,846	457,270	657,785	702,960
	-	-	1,314,255	296,986	310,493
	-	-	-	5,345,744	983,226
	-	-	-	-	-
	-	-	-	7,721,630	3,001,428
	101,226	121,786	38,034	327,820	175,027
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	120,198,708	123,197,536	112,183,338	111,274,366	98,077,724
	125,972,661	126,613,128	116,158,403	127,989,772	105,049,171
\$	(381,542,355)	(376,941,710)	(392,156,295)	(425,870,223)	(428,352,145)

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

LAST TEN YEARS

(Unaudited)

	2008	2009	2010	2011	2012
Net Governmental Activities Revenue/(Expense)	\$ (380,410,796)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)
General Revenues:					
Property Taxes -General	47,622,425	50,698,836	49,108,507	49,247,771	50,847,039
Property Taxes - Debt Service	4,866,150	3,608,402	5,713,455	3,480,992	3,541,802
State Aid	273,801,373	279,184,838	273,485,573	280,086,312	276,148,038
Grants & Contributions not Restricted	48,965,278	46,407,489	47,456,785	29,720,120	29,414,332
Investment Earnings	17,368,044	6,867,205	576,057	327,543	424,833
Miscellaneous	-	-	-	606,897	1,083,845
Total General Revenues	392,623,270	386,766,770	376,340,377	363,469,635	361,459,889
Special and Extraordinary Item-Resource:					
Special Item	3,157,272	222,344	-	-	-
Special - (Use)	(1,669,850)	-	-	-	-
Extraordinary Item - resource	-	-	-	-	-
Total Special and Extraordinary Item-Resource	1,487,422	222,344	-	-	-
Change in Net Position	\$ 13,699,896	\$ (6,468,926)	\$ (24,942,595)	\$ (16,523,916)	\$ 5,704,507

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

2013	2014	2015	2016	2017
\$ (381,542,355)	\$ (376,941,710)	\$ (392,156,295)	\$ (425,870,223)	\$ (428,352,145)
51,667,559	54,502,908	55,754,451	60,003,866	61,915,126
3,628,836	5,232,438	5,564,404	324,381	107,373
274,519,456	302,120,081	301,400,912	339,056,325	322,099,125
41,819,943	23,079,786	35,977,053	32,345,650	34,993,209
255,274	113,084	151,314	483,591	1,452,734
1,256,425	1,083,375	5,044,713	780,304	597,581
373,147,493	386,131,672	403,892,847	432,994,117	421,165,148
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ (8,394,862)	\$ 9,189,962	\$ 11,736,552	\$ 7,123,894	\$ (7,186,997)

SCHEDULE 4  
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN YEARS

( Unaudited )

	2008	2009	2010	2011	2012
<b>General Fund</b>					
Reserved Fund Balances:					
Investments in Inventory	\$ 4,440,512	\$ 4,980,783	\$ 4,893,251	\$ -	\$ -
Retirement of Long-Term Debt	165,895	3,920	3,919	-	-
Outstanding Encumbrances	13,535,457	10,855,448	25,960,333	-	-
Food Service	5,550,630	1,693,073	2,613	-	-
Other Purposes	17,129,854	11,216,238	4,806,460	-	-
Unreserved Designated For:					
Construction	50,393,914	31,953,995	5,803,488	-	-
Unreserved and Undesignated:					
Reported in the General Fund	84,885,826	88,167,972	76,111,051	-	-
Nonspendable Fund Balances:					
Inventories	-	-	-	4,422,662	3,580,179
Restricted Fund Balances:					
Federal or State Funds Grant Restriction	-	-	-	11,326,313	18,914,624
Retirement of Long Term Debt	-	-	-	-	-
Regional School for the Deaf	-	-	-	222,229	354,719
Committed Fund Balances:					
Construction	-	-	-	22,364,837	2,285,678
Capital Outlay & Supplies	-	-	-	541,141	2,142,090
Assigned Fund Balance:					
Construction	-	-	-	-	-
Repairs, Maintenance & Other	-	-	-	-	6,311,320
Unassigned Fund Balance:	-	-	-	60,435,774	58,087,083
<b>Total General Fund Balance</b>	<b>176,102,088</b>	<b>148,871,429</b>	<b>117,581,115</b>	<b>99,312,956</b>	<b>91,675,693</b>
<b>All Other Governmental Funds</b>					
Special Revenues					
Outstanding Encumbrances	57,921	56,608	2,129,059	-	-
Other Restricted Fund Balance	-	-	-	-	-
Other Reserves	1,230,326	451,609	451,609	-	-
Debt Service					
Retirement of Long Term Debt	7,527,191	7,415,666	6,340,788	-	-
Capital Projects					
Outstanding Encumbrances	65,678,823	20,471,549	3,099,866	-	-
Other Purposes	5,074,658	5,074,657	5,074,657	-	-
Unreserved and Undesignated:					
Reported in the Capital Projects funds	64,199,140	14,656,385	4,552,631	-	-
Reported in Special Revenue funds	103,641	71,825	(2,046,805)	-	-
Restricted Fund Balances:					
Capital Acquisition and Contractual Obligatio	-	-	-	-	9,590,034
Retirement of Long Term Debt	-	-	-	5,027,732	4,079,156
Other Restricted Fund Balance	-	-	-	5,516,459	-
Committed Fund Balances:					
Construction	-	-	-	1,161,390	-
Unassigned Fund Balance	-	-	-	4,927,512	-
Total All Other Governmental Fund Balances	143,871,700	48,198,299	19,601,805	16,633,093	13,669,190
<b>Total Government Funds - Fund Balance</b>	<b>\$ 319,973,788</b>	<b>\$ 197,069,728</b>	<b>\$ 137,182,920</b>	<b>\$ 115,946,049</b>	<b>\$ 105,344,883</b>
<b>Government Funds</b>					
Beginning Fund Balance	\$ 323,955,714	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049
Net Change in Fund Balance	(3,981,926)	(122,904,060)	(59,886,808)	(21,236,871)	(10,601,166)
<b>Ending Balance</b>	<b>\$ 319,973,788</b>	<b>\$ 197,069,728</b>	<b>\$ 137,182,920</b>	<b>\$ 115,946,049</b>	<b>\$ 105,344,883</b>

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.

2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,621,302	3,834,039	3,725,535	4,635,881	4,402,682
24,422,165	24,380,252	24,575,107	18,942,877	18,104,266
-	-	5,000,000	-	-
361,540	246,734	218,038	139,669	43,855
1,245,498	1,170,648	6,392,528	5,834,327	3,138,904
2,231,900	1,659,405	2,369,146	5,589,167	3,743,744
-	-	-	18,252,345	22,271,058
6,311,320	3,283,320	3,304,675	7,819,744	11,282,089
60,430,454	62,776,227	66,871,373	69,346,794	75,436,502
98,624,179	97,350,625	112,456,402	130,560,803	138,423,100
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,507,993	6,281,065	5,543,109	-	-
1,047,311	841,331	1,276,013	8,981,442	9,183,696
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,555,304	7,122,396	6,819,122	8,981,442	9,183,696
\$ 108,179,483	\$ 104,473,021	\$ 119,275,524	\$ 139,542,245	\$ 147,606,796
\$ 105,344,883	\$ 108,179,483	\$ 104,473,021	\$ 119,275,524	\$ 139,542,245
2,834,600	(3,706,462)	14,802,503	20,266,721	8,064,551
\$ 108,179,483	\$ 104,473,021	\$ 119,275,524	\$ 139,542,245	\$ 147,606,796

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 Capital and Foundation	On-behalf TRS Payments	Other		
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	102,723,505	550,838,014
2017	62,735,983	334,899	8,103,261	339,209,198	14,011,862	7,283,800	90,345,670	522,024,672

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
2008	\$ 264,756,508	\$ 28,197,129	\$ 77,081,715	\$ 11,317,309	\$ 53,207,299	\$ 4,208,853
2009	277,095,746	29,517,110	75,513,015	11,911,112	55,005,088	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
2017	282,515,570	30,996,737	95,642,235	11,058,621	68,270,012	3,168,242

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

Note: Operating expenditures excludes capital outlay (Function 81)

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
\$ 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%
13,813,017	7,154,050	7,438,072	746,812	520,803,368	4.08%



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

LAST TEN YEARS

(Unaudited)

	2008	2009	2010	2011
Excess of Revenues Over (Under) Expenditures	\$ (15,542,126)	\$ (120,163,179)	\$ (70,468,683)	\$ (42,876,175)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Capital-Related Debt Issued	-	7,320,000	15,400,000	25,770,000
Capital Leases	-	-	-	-
Sale of Real and Personal Property	24,496	23,657	-	-
Non-Current Loans	-	6,250,000	-	-
Transfers In	13,867,904	13,005,391	7,386,260	7,563,785
Premium or Discount on Issuance of Bonds	-	187,074	(3,080,000)	-
Other Resources	3,132,776	1,411	-	-
Transfers Out	(13,867,904)	(13,147,872)	(7,386,260)	(7,563,785)
Other Uses	(1,669,850)	(13,650,287)	-	-
Total Other Financing Sources (Uses)	<u>1,487,422</u>	<u>(10,626)</u>	<u>12,320,000</u>	<u>25,770,000</u>
Special Items	<u>-</u>	<u>197,276</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (14,054,704)</u>	<u>\$ (119,976,529)</u>	<u>\$ (58,148,683)</u>	<u>\$ (17,106,175)</u>

Source: The District's Governmental Funds Balance Sheet and Combined Statements of Revenues  
 Expenditures and Changes in Fund Balance

	2012	2013	2014	2015	2016	2017
\$	(310,543)	\$ 2,973,684	\$ 3,708,654	\$ 8,441,025	\$ 18,754,011	\$ 1,221,302
	-	122,710,000	-	13,895,000	-	-
	-	-	-	-	-	-
	-	-	-	-	-	2,249,419
	-	-	-	-	-	-
	-	-	-	-	-	-
	12,088,180	11,692,351	3,000,000	3,000,000	22,386,086	10,988,211
	-	20,075,278	-	875,136	-	-
	-	-	-	-	-	-
	(12,088,180)	(11,692,351)	(3,000,000)	(3,000,000)	(22,386,086)	(10,988,211)
	-	(141,659,928)	-	(10,665,750)	-	-
	-	1,125,350	-	4,104,386	-	2,249,419
	-	-	-	-	-	-
\$	(310,543)	\$ 4,099,034	\$ 3,708,654	\$ 12,545,411	\$ 18,754,011	\$ 3,470,721

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
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
2017	43,129	6,550	719	2,218	256	1,583

Source: Average Daily Attendance provided by the District's PEIMS, A.E.I.S. reports & District's Summary of Finance (TEA).

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
107	163	233	2,708	3	13,246
107	164	233	2,713	3	13,274
113	157	238	1,052	5	12,162
120	238	243	811	5	11,941
107	231	234	421	4	10,890
108	241	250	36	2	10,881
89	295	148	100	13	11,217
75	276	189	41	16	11,535
64	297	170	91	16	12,119
73	320	166	172	17	12,075

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			
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
2017	4,796,521,548	710,131,525	5,506,653,073	7,022,222,876	78.42%	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 Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 51,069,707	\$ 46,597,854	91.24%	\$ 4,042,048	\$ 50,639,902	99.16%
2009	52,931,405	48,397,765	91.43%	4,151,554	52,549,318	99.28%
2010	53,382,448	48,693,877	91.22%	4,382,942	53,076,819	99.43%
2011	53,617,610	48,836,611	91.08%	4,245,207	53,081,818	99.00%
2012	54,109,128	49,935,751	92.29%	3,794,045	53,729,796	99.30%
2013	55,837,551	51,176,905	91.65%	3,715,210	54,892,116	98.31%
2014	60,188,474	55,499,749	92.21%	3,617,663	59,117,413	98.22%
2015	61,793,473	57,727,162	93.42%	3,099,608	60,826,770	98.44%
2016	59,728,676	56,897,913	95.26%	2,560,728	59,458,641	99.55%
2017	62,358,030	58,215,304	93.36%	-	58,215,304	93.36%

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
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
2017	1.152500	-	1.152500	62,358,030	-	62,358,030

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	
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
2017	2016	1.152500	0.049200	0.700613	0.035920	0.407743	0.030450	0.158224	2.534650

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 2017	
		Tax Year 2016 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	\$ 43,425,055	0.79%
TRICO Products Corp.	Manufacturer	18,870,942	0.34%
Columbia Valley Healthcare Systems LP	Hospital	30,109,914	0.55%
Southwestern Bell Telephone	Telephone Utility	-	0.00%
Rich-Seapak Co	Retail Store	16,008,354	0.29%
KIMCO Brownsville LP	Land/ Improvements	16,630,425	0.30%
Wal-Mart Real Estate Business TR	Real Estate/Retail Store	19,757,533	0.36%
Wal-Mart Stores Inc.	Retail Store	15,404,834	0.28%
H E Butt Grocery Co	Grocery	17,580,377	0.32%
Home Depot USA	Home Improvements	-	0.00%
Valley Baptist Medical Center - BRO	Medical	-	0.00%
TX & Kansas City Cable PTRS LP	Information	-	0.00%
AEP Texas Central Co	Utilities	16,977,281	0.31%
VHS Brownsville Hospital Company LLC	Hospital	28,303,866	0.51%
COMCAST Corp	Media + Technology	-	0.00%
Totals		\$ 223,068,581	4.05%

Source: Cameron Appraisal District

Fiscal Year 2008

Tax Year 2007 Assessed Valuation	Percentage of Total Assessed Valuation
\$ 38,922,610	0.82%
34,924,900	0.73%
31,461,407	0.66%
25,712,050	0.54%
21,233,472	0.44%
18,112,778	0.38%
16,606,377	0.35%
17,314,594	0.36%
15,025,577	0.31%
-	0.00%
12,833,568	0.27%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
<u>\$ 232,147,333</u>	4.86%

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
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
2017	-	124,000,000	4,405,000	24,640,000	153,045,000

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>
3.59%	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
2.18%	3265

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

As of June 30, 2017

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Brownsville Navigation District	\$ 3,740,000	* A	9/30/2017	76.08%	\$ 2,845,392
City of Brownsville	135,685,000	* A	9/30/2017	88.32%	119,836,992
Cameron County	156,795,000	* A	9/30/2017	35.32%	55,379,994
Paseo De La Resaca MUD #1	2,109,968	* A	9/30/2017	100.00%	2,109,968
Paseo De La Resaca MUD #2	3,471,288	* A	9/30/2017	100.00%	3,471,288
Paseo De La Resaca MUD #3	3,643,745	* A	9/30/2017	100.00%	3,643,745
Rancho Viejo, Town of	3,487,000	* A	9/30/2017	61.16%	2,132,649
Texas Southmost College	46,230,000	* A	9/30/2017	53.37%	24,672,951
Valley MUD #2	4,210,000	* A	9/30/2017	65.55%	2,759,655
					<u>216,852,633</u>
Brownsville ISD		B	6/30/2017	100.00%	<u>128,405,000</u>
Total Direct and Overlapping Debt					<u><u>\$ 345,257,633</u></u>

\* Gross Debt

Sources:

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 the 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)

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Assessed Valuation	\$ 4,773,440,004	\$ 4,909,923,402	\$ 4,993,708,059	\$ 5,009,567,679
Debt Limit - 10% of Assessed Valuation	\$ 477,344,000	\$ 490,992,340	\$ 499,370,806	\$ 500,956,768
General Obligation Bonds	203,835,000	197,060,000	205,365,000	220,820,000
Deduct Amount Available in Debt Service Fund	7,527,191	7,415,666	6,340,788	5,027,732
Applicable Debt	196,307,809	189,644,334	199,024,212	215,792,268
Legal Debt Margin	\$ 281,036,191	\$ 301,348,006	\$ 300,346,594	\$ 285,164,500
Debt Margin as a Percentage of the Debt Limit	58.87%	61.38%	60.15%	56.92%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2012	2013	2014	2015	2016	2017
\$ 5,051,924,932	\$ 5,209,962,063	\$ 5,373,232,460	\$ 5,501,477,818	\$ 5,287,358,457	\$ 5,506,653,073
\$ 505,192,493	\$ 520,996,206	\$ 537,323,246	\$ 550,147,782	\$ 528,735,846	\$ 550,665,307
210,930,000	197,910,000	185,215,000	173,545,000	161,215,000	148,640,000
4,079,156	1,047,311	(4,158,669)	1,276,013	8,981,442	9,183,696
206,850,844	196,862,689	189,373,669	172,268,987	152,233,558	139,456,304
\$ 298,341,649	\$ 324,133,517	\$ 347,949,577	\$ 377,878,795	\$ 376,502,288	\$ 411,209,003
59.06%	62.21%	64.76%	68.69%	71.21%	74.67%

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
2008	48,858	\$ 5,871,154,152	\$ 210,640,000	\$ 7,527,191	\$ 203,112,809	3.46%	\$ 4,157
2009	48,617	6,053,536,586	203,310,000	7,415,666	195,894,334	3.24%	4,029
2010	49,155	6,135,315,186	211,020,000	6,340,788	204,679,212	3.34%	4,164
2011	49,991	6,113,416,912	225,860,000	5,027,732	220,832,268	3.61%	4,417
2012	49,703	6,214,354,595	215,330,000	4,079,156	211,250,844	3.40%	4,250
2013	49,361	6,343,330,587	201,645,000	1,047,311	200,597,689	3.16%	4,064
2014	49,370	6,543,041,297	188,260,000	(4,158,669)	192,418,669	2.94%	3,897
2015	48,388	6,711,375,439	179,470,000	1,276,013	178,193,987	2.66%	3,683
2016	47,749	6,754,535,129	166,395,000	8,981,442	157,413,558	2.33%	3,297
2017	46,880	7,022,222,876	153,045,000	9,183,696	143,861,304	2.05%	3,069

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
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%
2017	13,350,000	7,139,128	20,489,128	453,921,223	4.51%

Source: Brownsville Independent School District Annual Financial and Compliance Report

Note: \*Excludes Other Fees

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

(Unaudited)

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	6,840	1	4.00%	7,080	1	5.83%
AMFELS	-	-	-	2,273	2	1.87%
UT Brownsville	-	-	-	2,077	3	1.71%
Cameron County	1,753	2	1.03%	1,838	4	1.51%
City of Brownsville	1,200	3	0.70%	1,114	6	0.92%
Key Automotive Accessories	1,000	4	0.58%	-	-	-
Convergys Corp.	-	-	-	800	7	0.66%
HEB	-	-	-	760	8	0.63%
Valley Baptist Medical Center	827	5	0.48%	717	10	0.59%
Valley Regional Medical Center	754	6	0.44%	757	9	0.62%
Brownsville PUB	577	7	0.34%	-	-	-
Worldwide Digital	500	8	0.29%	-	-	-
Texas Southmost College	280	9	0.16%	-	-	-
Walmart	250	10	0.15%	1,174	5	0.97%
<b>Total</b>	<b>13,981</b>		<b>8.18%</b>	<b>18,590</b>		<b>15.31%</b>

Sources:

City of Brownsville, Texas  
 Texas Workforce Commission

SCHEDULE 20  
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 CONSTRUCTION AND PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Number of Permits	Construction Value	Total Property Value
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
2017	2,812	82,403,486	7,176,681,883

Source: Cameron County Appraisal District Certified Entity Totals Report

SCHEDULE 21  
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

(Unaudited)

Year	Population *	Personal Income (thousands of dollars) **	Per Capita Personal Income	Median Age	Education Levels In Years of Formal Schooling	Personal School Enrollment	Unemployment Rate
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	7.30%
2017	183,823	2,585,342	14,489	30.6	64.1% - High School 17.5% - Bachelor's Degree	46,880	7.30%

\*Population Estimates - U.S. Census Bureau

Sources:

City of Brownsville, Texas  
U.S. Bureau of Labor Statistics  
U.S. Census Bureau

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

LAST TEN YEARS

(Unaudited)

Classification	2008	2009	2010	2011	2012
<b>Number of Employees</b>					
Teachers	3,273	3,322	3,365	3,425	3,303
Professional Support	582	606	639	665	619
Campus Administration	195	200	197	203	191
Central Administration	18	12	8	9	12
Educational Aides	841	809	910	875	840
Auxiliary Staff	2,415	2,487	2,425	2,536	2,459
<b>Total Employees</b>	<b>7,324</b>	<b>7,436</b>	<b>7,544</b>	<b>7,713</b>	<b>7,424</b>
<b>Percent of Total</b>					
Teachers	44.7%	44.7%	44.6%	44.4%	44.5%
Professional Support	7.9%	8.1%	8.5%	8.6%	8.3%
Campus Administration	2.7%	2.7%	2.6%	2.6%	2.6%
Central Administration	0.2%	0.2%	0.1%	0.1%	0.2%
Educational Aides	10.9%	10.9%	12.1%	11.3%	11.3%
Auxiliary Staff	33.4%	33.4%	32.1%	32.9%	33.1%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Brownsville Independent School District: PEIMS Department

2013	2014	2015	2016	2017
3,199	3,157	3,251	3,177	3,022
648	654	683	660	617
195	192	205	205	206
9	10	11	10	9
784	763	788	794	681
2,419	2,407	2,503	2,402	2,304
7,254	7,183	7,441	7,214	6,840

44.1%	44.0%	44.0%	44.0%	44.20%
8.9%	9.1%	9.1%	9.2%	9.00%
2.7%	2.7%	2.7%	2.8%	3.00%
0.1%	0.1%	0.1%	0.1%	0.10%
10.8%	10.6%	10.6%	10.5%	10.00%
33.3%	33.5%	33.5%	33.3%	33.70%
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's Salary
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	
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	41,672	60,329	44,672	62,829	45,422	63,579	49,537
2016	41,950	62,058	44,950	64,558	45,700	65,308	49,536
2017	42,260	63,322	45,260	66,322	46,010	67,072	49,976

Sources:

Brownsville Independent School District: Human Resources Department

Brownsville Independent School District: PEIMS Department

Note: Minimum and Maximum 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, % Bachelor Education, and % Master's Education are based on TARP reports.

Minimum and Maximum are based on zero years of experience to 27 + years.

Average Years of Experience	Bachelor's Education	Master's Education
11.8	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%
14.0	80.0%	18.4%



SCHEDULE 24  
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percentage of Attendance
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%
2017	43,129	46,880	92.00%

Source: Brownsville Independent School District: PEIMS Department

Percentage of Daily 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
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	-4.91%	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%
2017	43,129	445,736,339	10,335	1.60%	525,602,918	12,187	-1.98%

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
2008	14.9	90%	46,116	94.5%
2009	14.5	90%	46,077	94.9%
2010	14.6	90%	46,909	95.6%
2011	14.5	90%	47,499	95.4%
2012	15.0	90%	47,633	96.0%
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%
2017	15.0	90%	45,133	94.7%

Source: 2015-2016 Texas Academic Performance Reports  
 Prior to the 2012-13 school year, TAPR was known as the Academic Excellence Indicator System (AEIS) reports. Those reports, for school years 2003-04 through 2011-12 are available in the AEIS Archives.

Percentage of Free and Reduce Lunch is based on our Food Services Dept. This is en estimate. Actual percentage'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
<b>HIGH SCHOOLS</b>			<b>ELEMENTARY SCHOOLS</b>		
HANNA	383,300	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	359,500	1,896	BURNS	97,236	1,000
VETERANS MEMORIAL	314,358	1,926	CANALES	107,910	1,240
<b>TOTAL</b>	<b>1,993,141</b>	<b>13,220</b>	CASTAÑEDA	71,908	500
			CHAMPION	82,658	780
<b>MIDDLE SCHOOLS</b>			CROMACK	78,088	840
BESTEIRO	153,232	989	DEL CASTILLO	47,421	520
CUMMINGS	94,467	736	EGLY	80,022	1,060
FAULK	104,407	920	EL JARDIN	79,595	760
GARCIA	120,927	828	GALLEGOS	82,657	720
LUCIO	127,022	851	GARDEN PARK	73,775	820
MANZANO	137,237	805	GARZA	65,661	760
OLIVEIRA	124,443	1,035	GONZALEZ	80,216	900
PERKINS	140,105	1,288	HUDSON	85,145	880
STELL	114,316	828	KELLER	88,598	680
STILLMAN	131,860	851	LONGORIA	44,917	320
VELA	132,346	966	MARTIN	69,363	740
<b>TOTAL</b>	<b>1,380,362</b>	<b>10,097</b>	MORNINGSIDE	74,095	820
			ORTIZ	82,752	620
<b>SPECIAL CAMPUSES</b>			PALM GROVE	61,565	580
Brownsville Academic Center	59,334	N/A	PAREDES	82,644	760
Brownsville Learning Academy	N/A	N/A	PENA	89,996	740
Lincoln Park	45,375	N/A	PEREZ	65,896	700
Early College High School	39,380	262	PULLAM	91,722	640
<b>TOTAL</b>	<b>144,089</b>	<b>262</b>	PUTEGNAT	61,563	560
			RESACA	30,722	260
			RUSSELL	90,074	960
			SHARP	53,804	520
			SKINNER	71,622	540
			SOUTHMOST	66,140	640
			VERMILLION	84,477	1,000
			VICTORIA HEIGHTS	45,303	440
			VILLA NUEVA	63,291	560
			YTURRIA	65,307	560
			<b>TOTAL</b>	<b>2,751,796</b>	<b>26,494</b>

Source: BISD Facilities Studies August/September 2011 ( Reviewed and updated October 2017)

## **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, 2017, 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, 2017, 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 10, 2017.

***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.

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### ***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.

*Pattillo, Brown & Hill, C.P.A.*

Brownsville, Texas  
November 10, 2017





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, 2017. 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.

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**Governmental Audit  
Quality Center**

### ***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, 2017.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

*Pattillo, Brown & Hill, LLP*

Brownsville, Texas  
November 10, 2017

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<i>Direct Programs:</i>			
R.O.T.C.	12.000	N/A	\$ 414,918
Total U.S. Department of Defense			<u>414,918</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Texas Workforce Commission:</i>			
TANF - Camp Code 2017	93.558	2417TAN001	17,457
Family Support Act AFDC Jobs 2017	93.558	2416AEL001	217,993
Total Passed Through Texas Workforce Commission			<u>235,450</u>
<i>Passed Through Texas Dept of Human Services:</i>			
Medical Administrative Claiming Program - MAC	93.778	529-07-0157-00061	188,982
Total Passed Through Texas Dept of Human Services			<u>188,982</u>
Total U.S. Department of Health and Human Services			<u>424,432</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Texas Workforce Commission:</i>			
Federal Adult Education English Literacy & Civics Education	84.002A	2416AEL001	140,351
AEL - Career Pathway Navigator	84.002A	2416AEL000	68,663
PQI - Local Performance Quality Improvement	84.002A	2417PQI000	2,426
Federal Adult Education & Family Literacy	84.002A	2416AEL001	1,103,081
Total Passed Through Texas Workforce Commission			<u>1,314,521</u>
<i>Passed Through Texas Education Agenc:</i>			
ESEA Title I, Part A 2016	84.010A	16610101031901	3,357,997
ESEA Title I, Part A 2017	84.010A	17610101031901	21,331,059
Title I - 1003(A) Priority and Focus School Grant	84.010A	16610112031901000	132,159
Title I-1003(A) Priority and Focus School Grant	84.010A	17610112031901000	268,696
Total CFDA Number 84.010A			<u>25,089,911</u>
ESEA Title I, Ed. For Migrant Child 2016	84.011A	16615001031901	116,559
ESEA Title I, Ed. For Migrant Child 2017	84.011A	17615001031901	1,174,605
Total CFDA Number 84.011A			<u>1,291,164</u>
IDEA B - Formula 2016	84.027A	166600010319016600	237,843
IDEA B - Formula 2017	84.027A	176600010319016600	7,873,398
IDEA B - Discretionary (DEAF) 2016	84.027A	166600110319016673	400
IDEA B - Discretionary (DEAF) 2017	84.027A	17660011031901	73,947
IDEA B- Formula (DEAF) 2016	84.027A	166600010319016601	2,292
IDEA B - Preschool 2017	84.173A	176610010319016610	54,796
Total Special Education Cluster (IDEA)			<u>8,242,676</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Carl Perkins Grant for Career & Technology Education 2016	84.048A	16420006031901	4,133
Carl Perkins Grant for Career & Technology Education 2017	84.048A	17420006031901	648,988
Total CFDA Number 84.048A			<u>653,121</u>
IDEA C - Early Intervention 2017	84.181A	173911010319013911	882
Total CFDA Number 84.181A			<u>882</u>
21st Century Community Learning Center, Cycle 7 Year 5	84.287C	166950167110011	178,472
Total CFDA Number 84.287C			<u>178,472</u>
ESEA Title III-Limited English Proficiency (LEP) 2016	84.365A	16671001031901	152,548
ESEA Title III-Limited English Proficiency (LEP) 2017	84.365A	17671001031901	1,416,443
Total CFDA Number 84.365A			<u>1,568,991</u>
ESEA Title II, Part A - TPTR 2016	84.367A	16694501031901	93,095
ESEA Title II, Part A - TPTR 2017	84.367A	17694501031901	2,951,690
Total CFDA Number 84.367A			<u>3,044,785</u>
Texas Literacy Initiative	84.371C	166460037110007	4,410,001
Total CFDA Number 84.371C			<u>4,410,001</u>
<i>Passed Through Jobs for the Future, Inc.</i>			
Early College Expansion Partnership Agreement	84.411B	U411B120049	356,975
Total CFDA Number 84.411B			<u>356,975</u>
Total Passed Through Jobs for the Future, Inc.			<u>356,975</u>
Total Passed Through Texas Education Agency			<u>46,151,499</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	8,577
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth	84.196A	13-062	84,402
Total CFDA Number 84.196A			<u>92,979</u>
Total Passed Through Education Service Center Region 10			<u>92,979</u>
<i>Passed Through Education Service Center Region One</i>			
GEAR UP 2016	84.334A	P334A110180-15	6,201
GEAR UP 2017	84.334A	P334A110180-16	138,440
Total CFDA Number 84.334A			<u>144,641</u>
Total Passed Through Education Service Center Region One			<u>144,641</u>
Total U.S. Department of Education			<u>46,389,119</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Texas Education Agency:</i>			
School Breakfast Program <sup>1</sup>	10.553	71401601	11,891,106
National School Lunch Program <sup>1</sup>	10.555	71301601	<u>20,657,220</u>
Total Passed Through Texas Education Agency			<u>32,548,326</u>
<i>Passed Through Texas Department of Agriculture:</i>			
National School Lunch Program - Non-cash assistance <sup>1</sup>	10.555	-	394,208
Child and Adult Care Food Program	10.558	-	<u>3,819,411</u>
Total Passed Through Texas Department of Agriculture			<u>4,213,619</u>
Total U.S. Department of Agriculture			<u>36,761,945</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 83,990,414</u>

<sup>1</sup> Total Child Nutrition Cluster - \$ 32,942,534

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT**  
Brownsville, Texas

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

**For the Year Ended June 30, 2017**

**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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT  
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

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

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

<i>Identification of Major Programs</i>			
	<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>	
	84.010A	ESEA Title I, Part A	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$2,519,713	
	Auditee qualified as low-risk auditee?	___ X ___ Yes	___ ___ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None Noted

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Noted