

BROWNSVILLE
INDEPENDENT SCHOOL DISTRICT
THE BEST CHOICE



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2018

Brownsville Independent School District

Brownsville, Texas



Comprehensive Annual Financial Report

For

Fiscal Year Ended June 30, 2018

Prepared by: The Division of Finance

INTRODUCTORY SECTION

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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Brownsville, Texas

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

November 13, 2018

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

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, 2018.

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, 2018, 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, 2018, are fairly presented in conformity with GAAP. The independent auditors' 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

BOARD OF EDUCATION

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

Dr. Esperanza Zendejas
Superintendent

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 Federal Awards 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

Brownsville Independent School District 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 education
- Graduate college ready and prepared to excel in their respective career choices
- Become productive, responsible, and contributing members of society

Vision

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

Core Commitments

The District's commitments to achieve the mission are:

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

- Recruit, retain, and provide research based professional development to district personnel

Core Beliefs

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

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

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 45,578 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 saw an increase in graduation rates, decrease in dropout rate, and had a 100% application rate for college for the 2017-2018 school year.
- Mary & Frank Yturria Elementary School received the Gold Award and Solomon P. Ortiz Elementary School received the Silver Award for accolades earned for the 2017-2018 school year at the NCUST 2018 Symposium.
- The Gonzalez Elementary *Mystical Mustangs* team earned 3rd place in the Scientific Challenge section of the Destination Imagination Global Finals. The Manzano Middle School *DInamic Astros* team placed 11th in the Improv Challenge and the Veterans Memorial Early College High School *DI-gnified DI-scombobulators* team placed 14th in the Scientific Challenge.



- The Manzano Middle School chess team placed 9th in the K-9 section and placed 11th in the K-9 Under 1250 section in the National Junior High Chess Championship.
- The Garden Park Elementary School K-3 chess team and the Hudson Elementary School K-5 chess team claimed the titles of State Champions in their respective divisions at the South Texas Scholastic Chess State Championship.
- Manzano Middle School eighth grade student Rianna Trevino earned 3rd place in the biochemistry category at the 2018 Texas Science & Engineering Fair.
- The Veterans Memorial Early College High School SkillsUSA team won first place at the SkillsUSA State Competition.
- Miranda Nunez, a junior at Brownsville Early College High School, won the 2018 Bertie Green Junior Travel Award from the Sociedad Honoraria Hispanica. This national award is granted to only 24 students from over 2,400 SHH chapters across the United States.
- The 2017-2018 Pace Early College High School Boys' Basketball Team were 32-5A District Champions, Bi-District Champions, Area Champions, and Regional Quarter Finalists.



- The Rivera Early College High School Boys and Girls Soccer teams were 2018 – UIL 6A Regional Soccer Tournament Qualifiers.
- The Veterans Memorial Early College High School Boys and Girls Soccer teams were 2018 - UIL 5A Regional Soccer Tournament Qualifiers.
- The Texas Bandmasters Association awarded the 2018 Exemplary High School Band Award to Lopez Early College High School.
- The Keller Elementary Grizzly Cheerleaders were recognized as National Champions in the Cheer Division at the Battle Under the Lights Cheerleader Competition.
- The Hanna Early College High School Winterguard received 3rd place at the T.E.C.A Regional Preliminaries.



- Three Brownsville ISD teachers, Graciela Guzman (Hanna Early College High School), Julian Salinas (Castaneda Elementary School), and Louis Leal (Keller Elementary School), were nominated as finalists for the 2018 H-E-B Excellence in Education Awards.
- Three campuses received upgrades to their facilities, funded by the BISD Tax Ratification Election (TRE) project, such as the completion of Besteiro Middle School’s four-lane track, Pace Early College High School’s new fine arts building, and Hanna ECHS’s soccer field.



- Other campuses celebrated the groundbreaking of their new facilities including Porter Early College High School's fine arts building and the Pace ECHS soccer field which was made possible by the BISD TRE project.



- Two 2018 Brownsville ISD graduates, Rene Menchaca (Brownsville Early College High School) and Leslie Arrazolo (Hanna Early College High School), were selected as recipients for the inaugural year of The Gates Scholarship program for outstanding minority students in the United States.
- More than \$85 million in scholarship offers were rewarded for the graduating class of 2018.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the child nutrition service fund, this

comparison is presented on Exhibit G-1, as required supplementary information. The TEA required budget versus actual comparison for the child nutrition program can be found on Exhibit J-4 and the debt service fund comparison is presented on Exhibit J-5.

Factors Affecting Financial Conditions

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

Population – Brownsville is the largest city in Cameron County. It has a population of 183,299 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 30.7 years. 32.1% of all persons in the City are younger than 18 years of age. Only 11.1% are 65 years or older.

The breakdown of our student membership as of October 2018 is as follows:

• Early Ed	106
• Pre-K	3,570
• K-5	17,769
• 6-8	9,343
• 9-12	<u>13,664</u>
TOTAL	44,452

The projected average daily attendance (ADA) for 2018-2019 is approximately 40,536.

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 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 on hold. 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 experienced a decrease in the number of building permits between the 2017 and 2018 fiscal years. However, the City continues to experience an increase in property values and retail sales tax for the 2018 fiscal year indicating continued economic growth in the area.

State Economic Outlook – The 85th legislature approved a \$217 billion, two year budget in order to increase funding for Texas Child Protective Services and to increase the number of Texas State Troopers along the border area. The budget also included funding to encompass growing enrollment at Texas public schools, however it reduced state funding for schools by \$1.1 billion. The funding was counterbalanced by the rise in local property taxes. The legislature will return in January 2019 for the 86th session. The 86th Legislature may have a \$2.79 billion supplemental bill that will be used to cover a delayed \$1.8 billion Proposition 7 transportation expense, Medicaid, and other related governmental programs.

Bond Funding Update – In June 2018, the District issued \$5,230,000 Unlimited Tax Refunding Bonds, Series 2018 to retire the outstanding bonds for the Series 2009 Bonds. The proceeds were deposited directly into an escrow trust account and invested in obligations of the United States Government with maturities that coincide with principal and interest due dates. The investment will be adequate to retire the full amount of refunded bonds, which had a total face value of \$5,405,000. As a result, the refunded portion of the bonds are considered to be defeased and the liabilities have been removed from the long-term liabilities of the District. The refunding decreased the total debt service requirements by approximately \$175,000 and resulted in a current economic gain of \$270,250.

The District issued its \$49,140,000 Maintenance Tax Notes, Series 2017 for the governmental activities to pay for maintenance expenses of the district, including but limited to the purchase of equipment for the District’s TV studio and other District facilities and renovations to existing facilities and pay costs of issuance. 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.

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

Child Nutrition Program – The Child Nutrition Program continues to enhance its operations. As a result of the administrative team’s continued effort to streamline operations, increase meal participation, cut costs and increase revenue, the program experienced a profitable year and was able to maintain a positive fund balance. The District continued with breakfast in the classroom and the supper program in the 2017-2018 school year. The District’s top priority is to ensure that each child receives a healthy breakfast, lunch, and dinner.



Champion Elementary students sampling upcoming cafeteria options



Grab and Go Breakfast Program at Lopez ECHS

The District serves breakfast, lunches, and dinner to students through the Texas Department of Agriculture School Nutrition Program and the Child and Adult Care Food Program. The District is reimbursed based on the number of free, reduced, and paid breakfast and lunches served as well as on the number of after-school dinners served. Each year, the federal reimbursement rates increase. The rates increased by 2.7% for breakfast, 2.4% for lunch, and 2.1% for supper from the 2016-2017 to the 2017-2018 school year.

Long-term Financial Planning – Growth in the district’s tax base has continued but at a much slower pace, averaging 1% annual growth from fiscal years 2010-17. The district’s fiscal 2018 taxable assessed valuation (TAV) increased marginally to \$5.6 billion. Average daily attendance decreased 4.0%. The District continued extended day enrichment programs at all elementary campuses and including open enrollment 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 (6.2% in August 2018) and income levels are low. Projected membership for school year 2018-19 is expected to reach 44,545.

The District’s maintenance and operations tax rate for tax year 2017-2018 is \$1.152500 per \$100 valuation and the Debt Service rate is \$0.000011 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 fine arts 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 ECHS Fine Arts Facility



Besteiro Middle School 4-Lane Track

State funding for the general fund is about 75% of the total general fund revenue and is estimated to decrease slightly over the next year. Federal funding is expected to decrease slightly due to decreased availability of federal program funding. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement.

Interest Rates – The federal fund rate continues to increase and is projected to continue to have a slight increase in investment earning.

Awards

Association of School Business Officials International (ASBO) – At June 30, 2017, 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 March 13, 2018. This was the eighth time the District had submitted its financial statements for this award.

Government Finance Officers Association (GFOA) - At June 30, 2017, 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 16, 2018. This was the eighth time the District had submitted its financial statements for this award.


Schools FIRST - Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. For the 2016-17 school year, the most recent school year rated, the District achieved the Texas Education Agency’s highest rating of “Superior” in the School FIRST program. The purpose of the Schools FIRST (Financial Integrity Rating System of Texas) is to ensure that school districts are held accountable for the quality of their financial management practices. The system is designed to encourage Texas school districts to improve performance in the management of their financial resources in order to provide the maximum allocation possible for direct instructional purposes.

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

Respectfully submitted,



Dr. Esperanza Zendejas
Superintendent of Schools



Mr. Lorenzo Sanchez, CPA, MBA
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, 2017

Christopher P. Morrill

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, 2017.**

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



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

LIST OF PRINCIPAL OFFICIALS

For The Year Ended June 30, 2018

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

Carmelita Rodriguez, Assistant Superintendent for HR/Title IX/504

Berta A. Peña, Assistant Superintendent of Curriculum and Instruction

Alma Cardenas-Rubio, Assistant Superintendent Innovation, Strategy & Education Technology

Teri Alarcon, Area Assistant Superintendent

Jimmy Haynes, Area Assistant Superintendent

Sandra Lopez, Area Assistant Superintendent

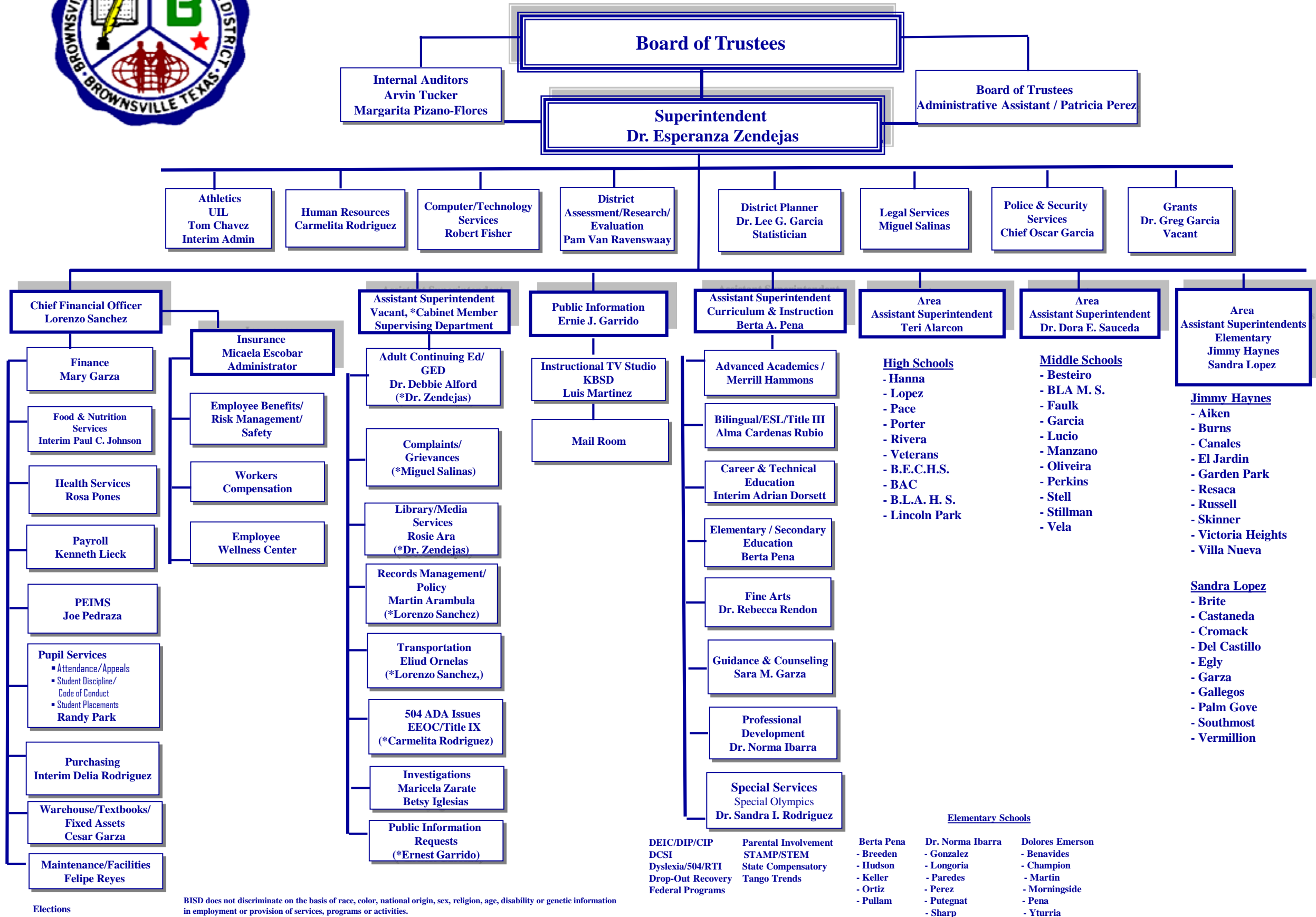
Dr. Dora E. Saucedo, Area Assistant Superintendent

Miguel Salinas, Staff Attorney



Brownsville ISD Organizational Chart

2017-2018



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, 2018 at a meeting of the Board of Trustees of such school district on the 13th day of November, 2018.

Jane A. Rodriguez
Signature of Board Secretary

[Handwritten Signature]
Signature of Board President

FINANCIAL SECTION



PATTILLO, BROWN & HILL, 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, 2018, and the related notes to the financial statements, which collectively comprise Brownsville Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brownsville Independent School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

HOUSTON, TX
281.671.6259
TEMPLE, TX
254.791.3460

WACO, TX
254.772.4901
ALBUQUERQUE, NM
505.266.5904


**Governmental Audit
Quality Center**

Change in Accounting Principle

As discussed in the notes to the financial statements, in fiscal year 2018 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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, pension and OPEB information on pages 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 the 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 13, 2018, 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 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, LLP

Brownsville, Texas
November 13, 2018

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 \$91,738,380 at June 30, 2018. This amount was negatively impacted with the fourth year of GASB Statement No. 68, Accounting and Financial Reporting for Pensions by the net amount of \$89,403,082 and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions by the net amount of \$177,270,362.
- The District's Statement of Activities reflects an increase in Net Position for Governmental Activities in the amount of \$80,323,854. This is a result of expenses being less than the \$453,900,348 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 \$216,032,309. Approximately 37% of this total amount, \$ 79,109,837, 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 \$8,148,414 or 13.14% from the prior year due to a \$167,280,343 increase in property values and a tax rate increase of \$0.1125 per \$100 assessed valuation. The 2017-2018 total tax rate is \$1.265 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, 2018**

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

The District's financial condition has diminished as evidenced by the decrease in government-wide Net Position. The decrease is partly the result of accounting and reporting for pensions and for postemployment benefits other than pensions. 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.

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.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

- *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 \$91,738,380 for the year ended June 30, 2018.

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

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

	Governmental Activities 2018	Governmental Activities 2017
Current and Other Assets	\$ 290,430,002	\$ 225,940,452
Capital Assets	<u>394,280,520</u>	<u>407,600,843</u>
Total Assets	<u>684,710,522</u>	<u>633,541,295</u>
Deferred Charge for Refunding	10,519,251	11,582,092
Deferred Resource Outflow Related to TRS OPEB	2,356,923	-
Deferred Outflow Related to TRS	<u>28,756,566</u>	<u>41,975,014</u>
Total Deferred Outflows of Resources	<u>41,632,740</u>	<u>53,557,106</u>
Long-Term Liabilities	478,874,611	286,813,407
Other Liabilities	<u>59,888,016</u>	<u>68,731,719</u>
Total Liabilities	<u>538,762,627</u>	<u>355,545,126</u>
Deferred Resource Inflow Related to TRS OPEB	74,152,527	-
Deferred Inflow Related to TRS	<u>21,689,728</u>	<u>8,955,935</u>
Total Deferred Inflows of Resources	<u>95,842,255</u>	<u>8,955,935</u>
Net Position:		
Net Investment in Capital Assets	242,478,407	250,292,029
Restricted	27,752,414	27,287,962
Unrestricted	<u>(178,492,441)</u>	<u>45,017,349</u>
Total Net Position	<u>\$ 91,738,380</u>	<u>\$ 322,597,340</u>

The largest portion of Net Position is reflected in its Net Investment in Capital Assets. This is where the District reflects land, furniture, equipment and vehicles, net of accumulated depreciation and any related debt. The District uses these Capital Assets to provide services to its students, teachers and staff. These assets are not readily available for spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position makes up 30% 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.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Changes in Net Position

The District's total revenue declined as compared to the previous year. The largest portion of revenue decline was in the Operating Grants & Contributions. The decline was the result of the negative on-behalf accruals that were recorded as of June 30, 2018. Please refer to Note S for more information on the accruals.

The District's changes in net position for the fiscal years ended in June 30, 2018 and 2017 are summarized on Table 2. As shown on the District's Statement of Activities, the net position of the District's governmental activities increased by \$80,323,854 for the fiscal year ended June 30, 2018.

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

	Governmental Activities 2018	Governmental Activities 2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,949,586	\$ 6,971,447
Operating Grants & Contributions	18,573,532	98,077,724
General Revenues:		
Maintenance and Operations Taxes	64,271,317	61,915,126
Debt Service Taxes	5,899,596	107,373
State Aid	325,928,319	322,099,125
Grants and Contributions (not Restricted)	33,229,095	34,993,209
Investment Earnings	2,942,963	1,452,734
Other	105,940	597,581
Total Revenues	<u>453,900,348</u>	<u>526,214,319</u>
Expenses:		
Instruction and Media Services	188,325,334	287,528,072
Curriculum and Instructional Staff Development	8,653,579	15,575,422
Instructional and School Leadership	22,308,508	33,426,716
Student Support Services	28,368,356	41,005,875
Food Services	27,141,885	39,523,074
Extracurricular Activities	13,882,079	17,268,627
General Administration	13,834,611	18,027,037
Maintenance, Security & Data Processing	59,718,524	69,811,884
Community Services	2,340,438	3,436,211
Debt Services	8,171,608	7,051,586
JJAEP and other intergovernmental charges	24,588	54,762
Other Intergovernmental Charges	806,984	692,050
Total Expenses	<u>373,576,494</u>	<u>533,401,316</u>
Increase/ (Decrease) in Net Position	80,323,854	(7,186,997)
Beginning Net Position	322,597,340	322,851,609
Prior Period Adjustment	(311,182,814)	6,932,728
Ending Net Position	<u>\$ 91,738,380</u>	<u>\$ 322,597,340</u>

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

The District's total Governmental Activities Revenues are \$453,900,348, a 13.7% decrease of \$72,313,971 from the prior year. The largest decreases were in Charges for Services and Restricted Operating Grants & Contributions. Property tax revenue had an increase of \$8,148,414, a 13% increase from the prior year primarily due to the increase in the Debt Service tax rate of \$0.1125 and an increase in property values.

The expenses for governmental activities totaled \$373,576,494 a 30% decrease of \$159,824,822 from the prior year. The decrease is mainly the result of implementing GASB 75. The majority of the decreases are in Instruction, Media Services, Curriculum and Instructional Staff Development, Instructional and School Leadership, Student Support Services, Food Services and Maintenance, Security & Data Processing.

THE DISTRICT'S FUNDS

As of the year ended, June 30, 2018, the District reported a combined Fund Balance of \$ 225,530,382 for its governmental funds as presented on Exhibit C-1. Included in this year's \$77,923,586 total increase in fund balance from which \$314,377 was an increase in the Debt Service Fund.

Total Revenues in the General Fund increased \$3,630,501 a 0.77% change from FY 2017 to 2018.

- State Program Revenues decreased \$135,803 mainly as a result of a net effect of decrease in student enrollment and attendance, and the tax rate increase.
- Federal Program Revenues increased \$4,797,305 due primarily to an increase of the indirect cost from Federal Funds.
- Total Local and Intermediate Sources Revenue decreased \$1,031,001. This is a result of having received lesser amounts of E-rate reimbursement claims in comparison to prior years.

Total Expenditures in the General Fund decreased \$5,318,226 as compared to the previous year. The decreases are mostly in Curriculum and Instructional Staff Development, Student (Pupil) Transportation, Food Services and Facilities Maintenance and Operations.

The Fund Balance of the General Fund increased \$ 77,609,209 from the prior year, primarily due to a Maintenance Tax Note issued, tax rate increase to the I&S 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 \$455,026,849 and finished the year with a budget of \$532,219,734. The total operating expenditure budget was \$470,881,835 and finished the year with a budget of \$555,982,922. This increase of \$85,101,087 was due to various necessary budget adjustments including increases due to Carryover Purchase Orders, drawdowns from State Compensatory and Career and Bilingual designated fund balance, the issuance of Maintenance Tax Notes for Facilities, Acquisition and Construction projects and the increase of I&S Tax Rate.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District had investments of \$394,280,520 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 \$13,320,323 over last year. (See Table 3) Refer to Note E in section IV of the Notes to the Financial Statements for more detailed information on capital assets.

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

	Governmental Activities 2018	Governmental Activities 2017
Land	\$ 27,366,254	\$ 27,368,754
Buildings and Improvements	342,106,172	355,308,798
Furniture, Equipment & Vehicles	17,121,420	18,970,791
Construction In Progress	7,686,674	5,952,500
Net Capital Assets	\$ 394,280,520	\$ 407,600,843

DEBT

As of June 30, 2018, the District had \$136,738,000 in bonds outstanding (the “Bonds”). The Bonds of the District are rated “AAA” by Fitch and “Aa3” by Moody’s.

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

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s assessed property tax value for the 2018-2019 fiscal year is \$5,877,214,172 compared to the assessed value in the 2017-2018 fiscal year of \$5,673,933,416, which translates to a property value appreciation of \$203,280,756 or 3.58%.

The budget for the 2018-2019 fiscal year was based on a projected ADA (Average Daily Attendance) of 40,536 a decrease of 1,635 from the prior year. The budget for the 2017-2018 fiscal year was based on a projected ADA of 42,171.

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Table 4
Brownsville Independent School District
Proposed 2014 General Fund Operating Revenue Budget**

	Proposed Budget 2018 - 2019
Local Sources	\$ 72,607,589
State Sources	345,650,868
Federal Sources	52,860,368
Total Operating Fund Revenues	\$ 471,118,825

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.

BASIC FINANCIAL STATEMENTS

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,410,138
1120 Current Investments	228,929,817
1220 Property Taxes Receivable (Delinquent)	9,997,927
1230 Allowance for Uncollectible Taxes	(299,938)
1240 Due from Other Governments	45,291,082
1250 Accrued Interest	692,026
1260 Internal Balances	15,385
1290 Other Receivables, net	167,624
1300 Inventories	4,225,941
Capital Assets:	
1510 Land	27,366,254
1520 Buildings, Net	342,106,172
1530 Furniture and Equipment, Net	17,121,420
1580 Construction in Progress	7,686,674
1000 Total Assets	684,710,522
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	10,519,251
1703 Deferred Resource Outflow Related to TRS OPEB	2,356,923
1705 Deferred Outflow Related to TRS Pension	28,756,566
1700 Total Deferred Outflows of Resources	41,632,740
LIABILITIES	
2110 Accounts Payable	7,670,817
2120 Short Term Debt Payable	69,992
2150 Payroll Deductions & Withholdings	11,834,574
2160 Accrued Wages Payable	35,613,456
2180 Due to Other Governments	238,219
2190 Due to Student Groups	923,014
2200 Accrued Expenses	2,684,703
2300 Unearned Revenue	853,241
Noncurrent Liabilities:	
2501 Due Within One Year	18,580,315
2502 Due in More Than One Year	193,620,852
2540 Net Pension Liability (District's Share)	89,403,082
2545 Net OPEB Liability (District's Share)	177,270,362
2000 Total Liabilities	538,762,627
DEFERRED INFLOWS OF RESOURCES	
2603 Deferred Resource Inflow Related to TRS OPEB	74,152,527
2605 Deferred Inflow Related to TRS Pension	21,689,728
2600 Total Deferred Inflows of Resources	95,842,255
NET POSITION	
3200 Net Investment in Capital Assets	242,478,407
3820 Restricted for Federal and State Programs	18,254,341
3850 Restricted for Debt Service	9,498,073
3900 Unrestricted	(178,492,441)
3000 Total Net Position	\$ 91,738,380

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, 2018

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 <u>Primary Gov. Governmental Activities</u>

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 182,103,482	\$ 660,519	\$ (5,572,031)	\$ (187,014,994)
12 Instructional Resources and Media Services	6,221,852	52,943	277,778	(5,891,131)
13 Curriculum and Staff Development	8,653,579	-	1,042,710	(7,610,869)
21 Instructional Leadership	4,622,505	-	240,903	(4,381,602)
23 School Leadership	17,686,003	52,943	(3,839,705)	(21,472,765)
31 Guidance, Counseling and Evaluation Services	13,398,951	-	(741,003)	(14,139,954)
32 Social Work Services	597,763	-	(59,055)	(656,818)
33 Health Services	4,762,955	-	792,277	(3,970,678)
34 Student (Pupil) Transportation	9,608,687	-	(1,709,355)	(11,318,042)
35 Food Services	27,141,885	960,346	33,172,292	6,990,753
36 Extracurricular Activities	13,882,079	667,003	(1,513,286)	(14,728,362)
41 General Administration	13,834,611	330,893	(1,376,465)	(14,880,183)
51 Facilities Maintenance and Operations	45,423,458	52,943	(3,477,836)	(48,848,351)
52 Security and Monitoring Services	5,248,861	-	(1,027,562)	(6,276,423)
53 Data Processing Services	9,046,205	52,943	(284,210)	(9,277,472)
61 Community Services	2,340,438	119,053	2,648,080	426,695
72 Debt Service - Interest on Long Term Debt	7,553,530	-	-	(7,553,530)
73 Debt Service - Bond Issuance Cost and Fees	618,078	-	-	(618,078)
95 Payments to Juvenile Justice Alternative Ed. Prg.	24,588	-	-	(24,588)
99 Other Intergovernmental Charges	806,984	-	-	(806,984)

[TP] TOTAL PRIMARY GOVERNMENT:	\$ 373,576,494	\$ 2,949,586	\$ 18,573,532	(352,053,376)
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Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	64,271,317
DT	Property Taxes, Levied for Debt Service	5,899,596
SF	State Aid - Formula Grants	325,928,319
GC	Grants and Contributions not Restricted	33,229,095
IE	Investment Earnings	2,942,963
MI	Miscellaneous Local and Intermediate Revenue	105,940
TR	Total General Revenues	432,377,230
CN	Change in Net Position	80,323,854
NB	Net Position - Beginning	322,597,340
PA	Prior Period Adjustment	(311,182,814)
NE	Net Position--Ending	\$ 91,738,380

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 1,410,138	\$ 1,410,138
1120 Investments - Current	214,415,807	8,073,973	222,489,780
1220 Property Taxes - Delinquent	9,339,537	658,390	9,997,927
1230 Allowance for Uncollectible Taxes (Credit)	(280,186)	(19,752)	(299,938)
1240 Receivables from Other Governments	34,831,949	10,459,133	45,291,082
1250 Accrued Interest	577,100	67,453	644,553
1260 Due from Other Funds	14,732,619	2,903,999	17,636,618
1290 Other Receivables	167,016	608	167,624
1300 Inventories	4,225,941	-	4,225,941
1000 Total Assets	<u>\$ 278,009,783</u>	<u>\$ 23,553,942</u>	<u>\$ 301,563,725</u>
LIABILITIES			
2110 Accounts Payable	\$ 5,025,922	\$ 1,346,600	\$ 6,372,522
2120 Short Term Debt Payable - Current	-	69,992	69,992
2150 Payroll Deductions and Withholdings Payable	11,834,574	-	11,834,574
2160 Accrued Wages Payable	31,799,547	3,813,909	35,613,456
2170 Due to Other Funds	4,850,744	6,674,669	11,525,413
2180 Due to Other Governments	226,196	12,023	238,219
2190 Due to Student Groups	23,772	899,242	923,014
2200 Accrued Expenditures	147,887	-	147,887
2300 Unearned Revenues	159,543	693,698	853,241
2000 Total Liabilities	<u>54,068,185</u>	<u>13,510,133</u>	<u>67,578,318</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	7,909,289	545,736	8,455,025
2600 Total Deferred Inflows of Resources	<u>7,909,289</u>	<u>545,736</u>	<u>8,455,025</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	4,225,941	-	4,225,941
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	18,254,341	-	18,254,341
3480 Retirement of Long-Term Debt	-	9,498,073	9,498,073
3490 Other Restricted Fund Balance	57,536	-	57,536
Committed Fund Balance:			
3510 Construction	71,785,833	-	71,785,833
3545 Other Committed Fund Balance	3,425,057	-	3,425,057
Assigned Fund Balance:			
3550 Construction	24,358,270	-	24,358,270
3590 Other Assigned Fund Balance	14,815,494	-	14,815,494
3600 Unassigned Fund Balance	79,109,837	-	79,109,837
3000 Total Fund Balances	<u>216,032,309</u>	<u>9,498,073</u>	<u>225,530,382</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 278,009,783</u>	<u>\$ 23,553,942</u>	<u>\$ 301,563,725</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, 2018

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	225,530,382
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and workers' compensation , to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		(3,443,421)
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$710,101,023 and the accumulated depreciation was (\$302,500,180). 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 decrease net position.		252,772,612
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to decrease net position.		22,501,694
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource inflow in the amount of \$28,756,566, a deferred resource outflow in the amount of \$21,689,728, and a net pension liability in the amount of \$89,403,082.		(82,336,244)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$2,356,923, a deferred resource inflow in the amount of \$74,152,527, and a net OPB liability in the amount of \$177,270,362.		(249,065,966)
6 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(22,856,098)
7 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.		(51,364,579)
19 Net Position of Governmental Activities	\$	91,738,380

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, 2018

EXHIBIT C-3

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 69,852,980	\$ 6,068,266	\$ 75,921,246
5800 State Program Revenues	355,225,716	10,723,193	365,948,909
5900 Federal Program Revenues	49,068,152	41,537,653	90,605,805
5020 Total Revenues	<u>474,146,848</u>	<u>58,329,112</u>	<u>532,475,960</u>
EXPENDITURES:			
Current:			
0011 Instruction	222,535,325	31,569,186	254,104,511
0012 Instructional Resources and Media Services	7,125,933	1,313,179	8,439,112
0013 Curriculum and Instructional Staff Development	9,332,721	2,398,896	11,731,617
0021 Instructional Leadership	5,529,635	1,099,349	6,628,984
0023 School Leadership	24,651,057	247,477	24,898,534
0031 Guidance, Counseling and Evaluation Services	17,644,357	2,262,735	19,907,092
0032 Social Work Services	663,125	-	663,125
0033 Health Services	5,308,484	1,518,299	6,826,783
0034 Student (Pupil) Transportation	12,455,200	-	12,455,200
0035 Food Services	36,350,398	-	36,350,398
0036 Extracurricular Activities	16,683,595	-	16,683,595
0041 General Administration	10,776,126	-	10,776,126
0051 Facilities Maintenance and Operations	48,696,499	65,088	48,761,587
0052 Security and Monitoring Services	6,706,718	19,000	6,725,718
0053 Data Processing Services	9,732,655	69,332	9,801,987
0061 Community Services	580,443	2,713,156	3,293,599
Debt Service:			
0071 Principal on Long Term Debt	3,696,419	9,155,001	12,851,420
0072 Interest on Long Term Debt	1,674,490	6,696,830	8,371,320
0073 Bond Issuance Cost and Fees	486,735	131,343	618,078
Capital Outlay:			
0081 Facilities Acquisition and Construction	7,141,510	-	7,141,510
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	24,588	-	24,588
0099 Other Intergovernmental Charges	806,984	-	806,984
6030 Total Expenditures	<u>448,602,997</u>	<u>59,258,871</u>	<u>507,861,868</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,543,851</u>	<u>(929,759)</u>	<u>24,614,092</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	5,230,000	5,230,000
7911 Capital Related Debt Issued (Regular Bonds)	49,140,000	-	49,140,000
7915 Transfers In	-	1,113,127	1,113,127
7916 Premium or Discount on Issuance of Bonds	4,038,485	401,378	4,439,863
8911 Transfers Out (Use)	(1,113,127)	-	(1,113,127)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(5,500,369)	(5,500,369)
7080 Total Other Financing Sources (Uses)	<u>52,065,358</u>	<u>1,244,136</u>	<u>53,309,494</u>
1200 Net Change in Fund Balances	77,609,209	314,377	77,923,586
0100 Fund Balance - July 1 (Beginning)	<u>138,423,100</u>	<u>9,183,696</u>	<u>147,606,796</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 216,032,309</u>	<u>\$ 9,498,073</u>	<u>\$ 225,530,382</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, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	77,923,586
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.		(4,871,037)
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 2018 capital outlays and debt principal payments is to decrease net position.		22,501,694
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.		(22,856,098)
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.		(52,359,175)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$7,858,102. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as reduction in net pension liability. This caused a decrease in net position totaling \$7,667,303. 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 \$2,322,763.		(2,131,964)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,329,177. 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 \$7,667,303. 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 \$(61,566,728).		62,116,848
Change in Net Position of Governmental Activities	\$	80,323,854

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, 2018

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Investments - Current	\$ 6,440,037
Accrued Interest	47,473
Due from Other Funds	<u>3,500,000</u>
Total Assets	<u>9,987,510</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,298,295
Due to Other Funds	9,595,820
Accrued Expenses	<u>2,536,816</u>
Total Liabilities	<u>13,430,931</u>
NET POSITION	
Unrestricted Net Position	<u>(3,443,421)</u>
Total Net Position	<u><u>\$ (3,443,421)</u></u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 50,929,492
Total Operating Revenues	<u>50,929,492</u>
OPERATING EXPENSES:	
Other Operating Costs	55,800,529
Total Operating Expenses	<u>55,800,529</u>
Operating Income (Loss)	(4,871,037)
Total Net Position - July 1 (Beginning)	<u>1,427,616</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ (3,443,421)</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, 2018

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Services	\$ 56,368,215
Cash Payments for Insurance Claims	(56,448,605)
Net Cash Used for Operating Activities	<u>(80,390)</u>
Net Decrease in Cash and Cash Equivalents	(80,390)
Cash and Cash Equivalents at Beginning of Year	<u>80,390</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (4,871,037)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due From Other Funds	650,000
Decrease (increase) in Other Receivables	(47,474)
Decrease (increase) in Current Investments	868,793
Increase (decrease) in Accounts Payable	(45,434)
Increase (decrease) in Due to Other Funds	3,230,600
Increase (decrease) in Accrued Expenses	134,162
Net Cash Used for Operating Activities	<u>\$ (80,390)</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, 2018

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 181,909	\$ 491,311
Other Receivables	16	-
Total Assets	<u>181,925</u>	<u>\$ 491,311</u>
LIABILITIES		
Accounts Payable	360	\$ 101,938
Due to Other Funds	15,385	-
Due to Student Groups	-	389,373
Total Liabilities	<u>15,745</u>	<u>\$ 491,311</u>
NET POSITION		
Unrestricted Net Position	<u>166,180</u>	
Total Net Position	<u>\$ 166,180</u>	

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 87,642
Total Additions	<u>87,642</u>
DEDUCTIONS:	
Professional and Contracted Services	7,500
Other Operating Costs	149,161
Total Deductions	<u>156,661</u>
Change in Net Position	(69,019)
Total Net Position - July 1 (Beginning)	<u>235,199</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 166,180</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, 2018

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.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Examples include grants through the Department of Education, Department of Health & Human Services and Texas Education Agency. If revenue is not program revenue, it is general revenue used to support all of the District's functions.

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

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

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

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, 2018

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.

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

Governmental Funds:

1. **Debt Service Fund** - is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
2. **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.
3. **Capital Projects Fund** - is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.
4. **Permanent Funds** - is used to account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

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

Fiduciary Funds:

1. **Private Purpose Trust Funds** - are used to account for scholarships, which have stipulations for the participants awarded; only the income may be used for a specific purpose.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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, 2018. The only prepaid expenses included are for unexpired insurance policy premiums paid by June 30, 2018, and which extend beyond that date. The reported prepaid insurance is equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.
4. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
5. Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

6. Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues or expenditures. Transfers In and Transfers Out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net position.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

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For The Year Ended June 30, 2018

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.
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.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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.
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, 2018, is \$739,803, and an accrual has been made. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignation and/or retirement.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

E. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND 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.

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 current year's tax levy, reclassifying the bond proceeds of bond sales, and recognizing the liabilities associated with maturing long term debt interest. The net effect of the reconciliations is to increase net position	\$ (10,619,867) <u>(40,744,712)</u>
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Total	\$ <u>(51,364,579)</u>
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F. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND EXPEDITURES 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:

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 current year's tax levy, reclassifying the bond proceeds of bond sales, and recognizing the liabilities associated with maturing long term debt interest. The net effect of the reconciliations is to increase net position.	\$ (59,922,990) 6,613,496 278,203 <u>672,116</u>
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Total	\$ <u>(52,359,175)</u>
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BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

B. DEFICIT FUND EQUITY

At June 30, 2018, the Insurance Fund has a deficit fund balance of \$12,774,001. 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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

III. 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, 2018, the carrying amount of the District's deposits, excluding agency funds, was \$1,410,138 and the bank balance was \$1,508,144. The District's cash deposits at June 30, 2018 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.

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

The District's temporary investments at June 30, 2018, are shown below:

Investment Type	Investment Maturities (in years)					Weighted Average Maturity Days
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10	
Certificates of Deposit	\$ 15,632,000	\$ 10,176,000	\$5,456,000	\$ -	\$ -	100
Texas Term Investment Pool	94,745,539	94,745,539	-	-	-	1
Lone Star Investment Pool	18,451,348	18,451,348	-	-	-	1
TexPool	569,943	569,943	-	-	-	1
Texas Class/ MBIA	90,683,745	90,683,745	-	-	-	1
Wells Fargo Gross Payroll Sweep Investment Account	8,847,242	8,847,242	-	-	-	1
Total	<u>\$228,929,817</u>	<u>\$ 223,473,817</u>	<u>\$5,456,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1</u>

The Texas Term, Lone Star, TexPool and Texas Class pools have redemption notice periods of one day and many redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that effects the pools' liquidity.

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, 2018, the District's investments in Lone Star Investment Pool were rated AA Af/S1+ by Standard and Poor's (S&P), TexPool was rated AA Am by Standard and Poor's (S&P), Texas Term was rated AA Af by Standard and Poor's (S&P), and Texas Class/MBIA was rated AA A/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, 2018, the District had 10% 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 90% of its investments in TASB investment pools rated AAA as noted above.

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

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1st in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax roll on July 14, 2017, upon which the levy for the 2017-2018 fiscal year was based, as \$5,673,933,416. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date. Taxes are delinquent if not paid by June 30th. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2018 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.152500 and \$0.112500 per \$100 valuation, respectively, for a total of \$1.265000 per \$100 valuation.

Current tax collections for the year ended June 30, 2018 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, 2018, property taxes receivable of \$9,339,537 and \$658,390, net of estimated uncollectible taxes of \$280,186 and \$19,752, totaled \$9,059,351 and \$638,639 for the General and Debt Service Funds, respectively.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2018 consisted of the following individual fund balances:

Receivable Fund	Payable Fund	Total
<u>General Fund</u>		
General Fund	Non-Major Funds	\$ 192,170
Special Revenue Funds	Special Revenue Funds	654,028
Debt Service Fund	Debt Service Fund	4,275,216
Internal Service Fund	Internal Service Fund	9,595,820
Trust and Agency Fund	Trust and Agency Fund	15,385
		<u>14,732,619</u>
<u>Non major Governmental Funds</u>		
General Fund	Non-Major Funds	1,158,574
Special Revenue Fund	Special Revenue Fund	1,745,425
		<u>2,903,999</u>
<u>Internal Service Funds</u>		
General Fund	General Fund	3,500,000
Total Interfund Receivables and Payables		<u>\$21,136,618</u>

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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Transfers are indicative of subsidies of various District operations. The following schedule briefly summarizes the District's transfer activities at June 30, 2018:

Transfers In	Transfers Out	Amount	Purpose
Debt Service	General Fund	\$ 1,113,127	Debt Service
		<u>\$ 1,113,127</u>	

D. DUE FROM OTHER GOVERNMENTS AND AGENCIES

Amounts due from other governments and agencies are as follows:

Fund Group	State Entitlements	Federal Grants	Other	Total
General	\$ 33,676,365	\$ 1,067,562	\$ 88,022	\$ 34,831,949
Special Revenue	3,909,313	-	610,782	4,520,095
Debt Service	5,939,038	-	-	5,939,038
Totals	<u>\$ 43,524,716</u>	<u>\$ 1,067,562</u>	<u>\$ 698,804</u>	<u>\$ 45,291,082</u>

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2018, was as follows:

	Primary Government				Balance 6/30/2018
	Balance 7/1/2017	Changes During Year			
		Additions	Deletions	Reclassifications	
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 27,368,754	\$ -	\$ (2,500)	\$ -	\$ 27,366,254
Construction in progress	5,952,500	6,577,598	-	(4,843,424)	7,686,674
Total capital assets not being depreciated	<u>33,321,254</u>	<u>6,577,598</u>	<u>(2,500)</u>	<u>(4,843,424)</u>	<u>35,052,928</u>
Capital assets being depreciated					
Buildings and improvements	620,828,932	559,263	-	4,843,424	626,231,619
Furniture and equipment	25,962,772	1,637,668	(866,863)	-	26,733,577
Vehicles	29,988,065	763,746	(705,090)	-	30,046,721
Total capital assets being depreciated	<u>676,779,769</u>	<u>2,960,677</u>	<u>(1,571,953)</u>	<u>4,843,424</u>	<u>683,011,917</u>
Less accumulated depreciation for:					
Building and improvements	(265,520,134)	(18,605,313)	-	-	(284,125,447)
Equipment	(17,524,064)	(2,534,743)	866,863	-	(19,191,944)
Vehicles	(19,455,982)	(1,716,042)	705,090	-	(20,466,934)
Total accumulated depreciation	<u>(302,500,180)</u>	<u>(22,856,098)</u>	<u>1,571,953</u>	<u>-</u>	<u>(323,784,325)</u>
Total capital assets being depreciated	<u>374,279,589</u>	<u>(19,895,421)</u>	<u>-</u>	<u>4,843,424</u>	<u>359,227,592</u>
Governmental activities capital assets, net	<u>\$ 407,600,843</u>	<u>\$ (13,317,823)</u>	<u>\$ (2,500)</u>	<u>\$ -</u>	<u>\$ 394,280,520</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,980,781
Instructional Resources and Media Services	463,227
Curriculum and Instructional Staff Development	786,504
Instructional Leadership	409,316
School Leadership	1,101,129
Guidance, Counseling and Evaluation Services	887,062
Social Work Services	26,166
Health Services	269,284
Student (Pupil) Transportation	575,515
Food Services	1,812,529
Cocurricular/Extracurricular Activities	731,378
General Administration	546,945
Plant Maintenance and Operations	2,401,347
Security and Monitoring Services	299,543
Data Processing Services	438,104
Community Services	<u>127,268</u>
Totals	<u>\$ 22,856,098</u>

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.

In June 2018, the District issued \$5,230,000 Unlimited Tax Refunding Bonds, Series 2018 to retire the outstanding bonds for the Series 2009 bonds. The proceeds were deposited directly into an escrow trust account and invested in obligations of the United States Government with maturities that coincide with principal and interest due dates. The investment will be adequate to retire the full amount of refunded bonds, which had a total face value of \$5,405,000. As a result, the refunded portion of the bond is considered to be defeased and the liabilities have been removed from the long-term liabilities of the District. The purpose of the refunding was to lower the overall service requirements of the District. The refunding decreased the total debt service requirements by approximately \$175,000 and resulted in a current economic gain of \$270,250.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts		Amounts Issued	Amounts Retired	Amounts Outstanding June 30, 2018	Due Within One Year
				Original Issue	Outstanding July 1, 2017				
3/10/2009	Unlimited Tax Refunding Bonds, Series 2009	4.00%	2024	\$ 7,320,000	\$ 5,405,000	\$ -	\$ 5,405,000	\$ -	\$ -
12/22/2009	PFC Lease Revenue QS Construction Bonds, Series 2009	1.48%	2025	15,400,000	8,280,000	-	1,000,000	7,280,000	1,040,000
12/1/2010	Qualified School Construction Bonds, Series 2010A-E	0.37%	2028	25,770,000	16,360,000	-	1,572,000	14,788,000	1,378,000
6/5/2013	Unlimited Tax Refunding Bonds, Series 2013A	3.00%	2027	80,410,000	72,250,000	-	5,795,000	66,455,000	6,025,000
6/5/2013	Unlimited Tax Refunding Bonds, Series 2013B	0.88%	2027	42,300,000	40,145,000	-	3,360,000	36,785,000	3,235,000
6/1/2015	Unlimited Tax Refunding Bonds, Series 2015	2.00%	2030	10,295,000	6,200,000	-	-	6,200,000	-
6/28/2018	Unlimited Tax Refunding Bonds, Series 2018	4.00%	2024	5,230,000	-	5,230,000	-	5,230,000	-
Totals					<u>\$ 148,640,000</u>	<u>\$ 5,230,000</u>	<u>\$ 17,132,000</u>	<u>\$ 136,738,000</u>	<u>\$ 11,678,000</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, 2018.

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

Year Ending June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2019	\$ 11,678,000	\$ 7,734,608	\$ 19,412,608
2020	13,750,000	5,850,846	19,600,846
2021	14,265,000	5,334,747	19,599,747
2022	14,755,000	4,795,697	19,550,697
2023	15,325,000	4,232,547	19,557,547
2024-2028	62,750,000	12,033,764	74,783,764
2029-2033	<u>4,215,000</u>	<u>180,625</u>	<u>4,395,625</u>
Totals	<u>\$ 136,738,000</u>	<u>\$ 40,162,834</u>	<u>\$ 176,900,834</u>

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.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

The District issued its \$49,140,000 Maintenance Tax Notes, Series 2017 for the governmental activities to pay for: (1) maintenance expenses of the District, including, but not limited to, the purchase of equipment for the District's TV studio and other District facilities and renovations to existing facilities and pay costs of issuance.

Date of Issue	Description	Interest Rate Payable	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2017	Issued	Retired	Amounts Outstanding June 30, 2018	Due Within One Year
03/17/2009	Limited Tax Refunding Notes, Series 2009	3.80%	2018	\$6,250,000	\$ 805,000	\$ -	\$805,000	\$ -	\$ -
06/1/2015	Maintenance Tax Notes, Series 2015	4.00%	2022	3,600,000	3,600,000	-	-	3,600,000	850,000
12/12/2017	Maintenance Tax Notes, Series 2017	3.00%-5.00%	2024	49,140,000	-	49,140,000	-	49,140,000	3,450,000
	Totals				<u>\$4,405,000</u>	<u>\$49,140,000</u>	<u>\$805,000</u>	<u>\$ 52,740,000</u>	<u>\$4,300,000</u>

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

Year Ending June 30,	Note Payable		Total Requirements
	Principal	Interest	
2019	\$ 4,300,000	\$ 2,124,050	\$ 6,424,050
2020	8,785,000	1,880,200	10,665,200
2021	9,140,000	1,522,400	10,662,400
2022	10,510,000	1,130,200	11,640,200
2023	9,935,000	702,200	10,637,200
2024-2028	<u>10,070,000</u>	<u>251,750</u>	<u>10,321,750</u>
Totals	<u>\$ 52,740,000</u>	<u>\$ 7,610,800</u>	<u>\$ 60,350,800</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
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For The Year Ended June 30, 2018

G. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 07/01/17	Issued	Retired	Balance 06/30/18	Due Within One Year
Bonds Payable	\$ 148,640,000	\$ 5,230,000	\$ (17,132,000)	\$136,738,000	\$ 11,678,000
Note Payable	4,405,000	49,140,000	(805,000)	52,740,000	4,300,000
Capital Leases	1,783,231	-	(431,419)	1,351,812	440,841
Compensated Absences	706,128	155,537	(121,862)	739,803	184,951
Premium (Discount) on Bonds					
Bonds Payable 2006	286,800	-	(22,062)	264,738	22,062
Bonds Payable 2009	2,875,987	-	(319,554)	2,556,433	319,554
Bonds Payable 2010	(1,642,668)	-	205,333	(1,437,335)	(205,333)
Bonds Payable 2013	11,192,730	-	(1,119,272)	10,073,458	1,119,272
Bonds Payable 2015	442,231	-	(36,852)	405,379	36,852
Bonds Payable 2018	-	401,378	-	401,378	66,896
Note Payable 2015	201,467	-	(40,294)	161,173	40,294
Note Payable 2017	-	4,038,485	(576,926)	3,461,559	576,926
Accreted Interest	4,699,142	45,627	-	4,744,769	-
Totals	<u>\$ 173,590,048</u>	<u>\$59,011,027</u>	<u>\$ (20,399,908)</u>	<u>\$212,201,167</u>	<u>\$ 18,580,315</u>

The net pension and OPEB liabilities and compensated absences are generally paid from the General Fund and appropriate Special Revenue Funds.

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
2019	\$ 440,841	\$ 29,519	\$ 470,360
2020	450,469	19,891	470,360
2021	460,502	10,057	470,559
Totals	<u>\$1,351,812</u>	<u>\$ 59,467</u>	<u>\$1,411,279</u>

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Operating Leases

Commitments under operating (noncapitalized) leases agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2018, as follows:

Year Ending June 30,	Total Requirements
2019	\$ 1,877,574
2020	1,241,663
2021	1,104,953
2022	410,763
2022	80,692
Total Minimum Rentals	\$ 4,715,645
Rental Expenditures in Fiscal Year 2018	\$ 1,720,735

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, 2018 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

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

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions		\$9,354,668
2018 Member Contributions		\$22,686,677
2017 NECE On-Behalf Contributions		\$15,265,979

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).

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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 or a privately sponsored source.

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, 2017 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 12, page 90.

Valuation Date	8/31/2017
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

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.

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For The Year Ended June 30, 2018

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. The Discount Rate can be found in the 2017 TRS CAFR on page 90. 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, 2017 (see page 62 of the TRS CAFR) are summarized below:

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

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

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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 2017 Net Pension Liability. The discount rate can be found in the 2017 TRS CAFR, Note 12, page 91.

	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:	\$150,715,933	\$89,403,082	\$38,350,183

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$89,403,082 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	\$ 89,403,082
State's proportionate share that is associated with the District	149,248,658
Total	\$ 238,651,740

The net pension liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.2796064587%, which was a decrease of -0.0200172880% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation. There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, 2018, the District recognized pension expense of \$21,374,160 and revenue of \$11,384,094 for support provided by the State.

At June 30, 2018 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 1,308,007	\$ 4,821,391
Changes in actuarial assumptions	4,072,452	2,331,384
Differences between projected and actual investment earnings	-	6,515,501
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	15,518,005	8,021,452
Total as of August 31, 2017 measurement date	\$ 20,898,464	\$ 21,689,728
Contributions paid to TRS subsequent to the measurement date	7,858,102	-
Total as of fiscal year-end	\$ 28,756,566	\$ 21,689,728

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30,	OPEB Expense Amount
2019	\$ (412,931)
2020	5,293,899
2021	(851,385)
2022	(2,592,254)
2023	(1,361,837)
Thereafter	(866,756)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

Benefits Provided. TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS - Care Plan Premium Rates			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS Care -1 Basic Plan	TRS Care - 2 Optional Plan	TRD Care - 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82
*or surviving spouse			

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2017	2018
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
2018 Employer Contributions	\$	2,669,480
2018 Member Contributions		1,915,114
2017 NECE On-Behalf Contributions		2,561,712

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In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Actuarial Assumptions. The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality Rates of Retirement Rates of Termination Rates of Disability Incidence	General Inflation Wage Inflation Expected Payroll Growth
--	--

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% - 9.50%
Healthcare Trend Rates	4.50% - 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes	None

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

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Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. The Discount Rate can be found in the 2017 TRS CAFR on page 83. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members.

Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Proportionate share of the net OPEB liability	\$ 209,223,035	\$ 177,270,362	\$ 151,587,618

Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 147,595,287	\$ 177,270,362	\$ 216,207,802

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2018, the District reported a liability of \$177,270,362 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the collective net OPEB liability	\$ 177,270,362
State’s proportionate share that is associated with the District	<u>214,270,036</u>
Total	<u>\$ 391,540,398</u>

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The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net OPEB liability was 0.4076469411%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended June 30, 2018, the District recognized OPEB expense of (\$131,488,122) and revenue of (\$71,700,451) for support provided by the State.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

At June 30, 2018 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ -	\$ 3,700,653
Changes in actuarial assumptions	-	70,451,874
Differences between projected and actual investment earnings	26,928	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	818	-
Total as of August 31, 2017 measurement date	27,746	74,152,527
Contributions paid to TRS subsequent to the measurement date	2,329,177	-
Total as of fiscal year-end	\$ 2,356,923	\$ 74,152,527

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

Fiscal year ended June 30,	OPEB Expense Amount
2019	\$ (9,780,850)
2020	(9,780,850)
2021	(9,780,850)
2022	(9,780,850)
2023	(9,787,582)
Thereafter	(25,213,799)

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, 2018, 2017 and 2016 were \$1,390,416, \$890,995, and \$1,195,598 respectively.

L. RISK MANAGEMENT

During the fiscal year ended June 30, 2018 the District sponsored a self-funded insurance plan to provide health care benefits to employees and their dependents. The District paid premiums of \$450.00 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, 2017 to September 30, 2018. Stop-loss coverage was in effect for individual claims exceeding \$350,000.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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, 2018.

	2018	2017
Unpaid claims, beginning of the year	\$ 1,888,225	\$ 4,845,148
Incurred claims (including IBNRs)	37,298,204	40,593,252
Claim payments	(37,294,648)	(43,550,175)
Unpaid claims, end of the year	\$ 1,891,781	\$ 1,888,225

Worker's Compensation Coverage

For the year ended June 30, 2018, 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, 2018, the fund purchased excess stop loss coverage from Midwest Employers Casualty Company. The fund uses an independent actuary to determine reserve adequacy and fully funds those reserves.

As of June 30, 2018, the District has reserved for estimated claims incurred, but not reported that do not exceed the required reserves. The liability reported at June 30, 2018 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.

	2018	2017
Beginning claims liability	\$ 514,430	\$ 632,537
Current year claims & changes in estimates	840,025	536,560
Claim payments	(709,420)	(654,667)
Ending claims liability	\$ 645,035	\$ 514,430

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

M. CONSTRUCTION COMMITMENTS

At June 30, 2018, the District had the following construction commitments:

Local Funded Projects	Estimated Project Cost	Expended Through June 30, 2018	Amount Committed
Hanna HighSchool - Athletic Facility & Gym/Band Practice Fi	\$ 770,300	\$ 249,090	\$ 521,210
Hanna HighSchool - HVAC Upgrade	6,402,000	206,865	6,195,091
Hanna HighSchool - Syntetic Turf Soccer Field	837,374	827,874	9,500
Porter High School - Band & Choir Building	4,300,000	158,258	4,175,230
Pace High School - Band & Choir Building	4,300,000	3,466,347	614,972
Pace High School - Syntetic Turf Soccer Field	885,000	275,870	608,956
Rivera High School - Roof Replacement Project	1,788,654	88,523	1,700,131
Rivera High School - Syntetic Turf Soccer Field	1,020,884	935,486	85,398
Lopez High School - Parking Lot Improvements	28,266	20,517	7,749
Vela Middle School - Four Lane Track Project *	500,000	2,900	497,100
Vela Middle School -Parking Lot Improvements	17,698	15,592	2,106
Lucio Middle School - Four Lane Track Project	500,000	19,720	480,280
Cummings CTE Renovations	742,679	637,389	105,290
Del Castillo Elementary - Parking Lot Improvements	14,300	2,300	12,000
Gonzalez Elementary - Parking Lot Improvements	14,744	9,944	4,800
Sams Stadium - New Score Board Project	1,447,000	770,000	677,000
Total Construction In Progress	<u>\$ 23,568,899</u>	<u>\$ 7,686,674</u>	<u>\$ 15,696,814</u>

N. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

Description	General	Special Revenue	Total
BISD - GED Testing	\$ 2,641	\$ -	\$ 2,641
BISD - Other	16,062	-	16,062
BISD - Rendition Fees	8,366	-	8,366
BISD - CCED Taxes	13,262	-	13,262
Food Service Receipts	119,212	-	119,212
Special Revenue Grants	-	693,698	693,698
Total unearned revenue	<u>\$ 159,543</u>	<u>\$ 693,698</u>	<u>\$ 853,241</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

O. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

P. 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:

<u>Member Districts</u>	<u>Expenditures</u>
Harlingen CISD	\$ 137,500
Los Fresnos CISD	30,000
Point Isabel ISD	17,500
Raymondville ISD	45,000
San Benito CISD	60,000
Rio Hondo ISD	3,750
Southwest Winners Foundation, Inc.	2,500
South Texas Educational Technologies, Inc.	2,500
IDEA Public Schools	11,250
Totals	<u>\$ 310,000</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

Q. 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, 2018 from various federal sources as follows:

Program or Source	CFDA Number	Amount
U.S. Department of Treasury (Fed Share of QSCB)	N/A	\$ 876,433
R.O.T.C.	12.000	419,857
Child & Adult Care Food Program	10.558	5,459,417
National School Lunch Program	10.555	17,539,271
School Breakfast Program	10.553	11,515,686
Food Distribution (USDA Commodities)	10.555	1,032,512
School Health Related Services	N/A	7,581,339
Medicaid Administrative Claims	93.778	<u>193,253</u>
Total Programs		<u>44,617,768</u>
<i>Indirect Costs:</i>		
Federal Adult Ed English Literacy & Civics Ed	84.002A	2,417
Federal Adult Ed & Family Literacy	84.002A	10,076
ESEA Title I - Part A - 2017	84.010A	249,055
ESEA Title I - Part A - 2018	84.010A	1,449,671
ESEA Title I Part C - 2017	84.011A	11,351
ESEA Title I Part C - 2018	84.011A	84,752
IDEA B - Formula 2017	84.027A	123,321
IDEA B - Discretionary (DEAF) 2017	84.027A	207
IDEA B - Discretionary (DEAF) 2018	84.027A	1,465
Carl Perkins Grant for Career & Technology Ed 2017	84.048A	290
Carl Perkins Grant for Career & Technology Ed 2018	84.048A	2,649
IDEA B - Preschool 2017	84.173A	141
IDEA B - Preschool 2018	84.173A	1,178
ESEA Title III Subtitle B-Ed. For the Homeless Children and Youth 2017	84.196A	213
ESEA Title III Subtitle B-Ed. For the Homeless Children and Youth 2018	84.196A	9,988
ESEA Title III - Part A - L.E.P. 2017	84.365A	6,910
ESEA Title III - Part A - L.E.P. 2018	84.365A	73,428
ESEA Title II - Part A - TPTF - 2017	84.367A	6,080
ESEA Title II - Part A - Supporting Effective Instruction	84.367A	162,656
Project RISE (Region One Incentive Strategies for Educators)-2017	84.374A	13,807
Project RISE (Region One Incentive Strategies for Educators)-2018	84.374A	18,649
Title IV, Part A, Subpart I	84.424A	22,694
Family Support Act AFDC Jobs 2017	93.558	389
Family Support Act AFDC Jobs 2018	93.558	3,049
National School Lunch Program	10.555	<u>2,195,948</u>
Total Indirect Costs		<u>4,450,384</u>
Total General Fund		<u>\$ 49,068,152</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

R. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2018, the District adopted GASB statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their appropriate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$311,182,814 which resulted in a restated beginning net position balance of \$11,414,526.

S. NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11 - Instruction	\$(5,572,031)	\$(43,991,597)	\$ 38,419,566
12 - Instructional resources and media services	277,778	(1,230,885)	1,508,663
13 - Curriculum and staff development	1,042,710	(1,636,240)	2,678,950
21 - Instructional leadership	240,903	(1,020,521)	1,261,424
23 - School leadership	(3,839,705)	(4,858,847)	1,019,142
31 - Guidance, counseling, and evaluation services	(741,003)	(3,570,847)	2,829,844
32 - Social work services	(59,055)	(70,204)	11,149
33 - Health services	792,277	(863,096)	1,655,373
34 - Student transportation	(1,709,355)	(2,032,084)	322,729
35 - Food service	33,172,292	(3,037,170)	36,209,462
36 - Extracurricular activities	(1,513,286)	(1,798,996)	285,710
41 - General administration	(1,376,465)	(1,636,343)	259,878
51 - Facilities maintenance and operations	(3,477,836)	(4,211,813)	733,977
52 - Security and monitoring services	(1,027,562)	(1,244,154)	216,592
53 - Data processing services	(284,210)	(420,291)	136,081
61 - Community services	2,648,080	(77,363)	2,725,443
72 - Interest on long-term debt	-	-	-
	<u>\$ 18,573,532</u>	<u>\$(71,700,451)</u>	<u>\$ 90,273,983</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 65,403,374	\$ 71,187,700	\$ 69,852,980	\$ (1,334,720)
5800	State Program Revenues	336,496,638	354,726,712	355,225,716	499,004
5900	Federal Program Revenues	53,126,837	53,126,837	49,068,152	(4,058,685)
5020	Total Revenues	455,026,849	479,041,249	474,146,848	(4,894,401)
EXPENDITURES:					
Current:					
0011	Instruction	220,427,992	224,116,249	222,535,325	1,580,924
0012	Instructional Resources and Media Services	7,539,776	7,535,248	7,125,933	409,315
0013	Curriculum and Instructional Staff Development	10,656,366	9,703,235	9,332,721	370,514
0021	Instructional Leadership	5,977,877	6,032,444	5,529,635	502,809
0023	School Leadership	24,869,820	24,845,174	24,651,057	194,117
0031	Guidance, Counseling and Evaluation Services	17,624,782	17,785,641	17,644,357	141,284
0032	Social Work Services	747,638	748,015	663,125	84,890
0033	Health Services	4,508,218	6,109,579	5,308,484	801,095
0034	Student (Pupil) Transportation	12,460,422	12,459,729	12,455,200	4,529
0035	Food Services	44,828,000	44,904,324	36,350,398	8,553,926
0036	Extracurricular Activities	17,165,163	17,387,302	16,683,595	703,707
0041	General Administration	11,782,566	11,725,751	10,776,126	949,625
0051	Facilities Maintenance and Operations	53,544,055	63,565,920	48,696,499	14,869,421
0052	Security and Monitoring Services	6,836,951	7,248,833	6,706,718	542,115
0053	Data Processing Services	8,942,052	12,351,355	9,732,655	2,618,700
0061	Community Services	597,432	596,055	580,443	15,612
Debt Service:					
0071	Principal on Long Term Debt	3,735,360	3,726,058	3,696,419	29,639
0072	Interest on Long Term Debt	1,457,079	2,476,241	1,674,490	801,751
0073	Bond Issuance Cost and Fees	8,000	486,486	486,735	(249)
Capital Outlay:					
0081	Facilities Acquisition and Construction	290,000	80,006,156	7,141,510	72,864,646
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	225,000	225,000	24,588	200,412
0099	Other Intergovernmental Charges	800,000	835,000	806,984	28,016
6030	Total Expenditures	455,024,549	554,869,795	448,602,997	106,266,798
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	2,300	(75,828,546)	25,543,851	101,372,397
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	49,140,000	49,140,000	-
7916	Premium or Discount on Issuance of Bonds	-	4,038,485	4,038,485	-
8911	Transfers Out (Use)	(15,857,286)	(1,113,127)	(1,113,127)	-
7080	Total Other Financing Sources (Uses)	(15,857,286)	52,065,358	52,065,358	-
1200	Net Change in Fund Balances	(15,854,986)	(23,763,188)	77,609,209	101,372,397
0100	Fund Balance - July 1 (Beginning)	-	138,423,100	138,423,100	-
3000	Fund Balance - June 30 (Ending)	\$ (15,854,986)	\$ 114,659,912	\$ 216,032,309	\$ 101,372,397

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, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.279606459%	0.2996237%	0.3215798%	0.2187937%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 89,403,082	\$ 113,223,359	\$ 113,674,179	\$ 58,442,823
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	149,248,658	189,314,526	185,685,560	161,268,352
Total	<u>\$ 238,651,740</u>	<u>\$ 302,537,885</u>	<u>\$ 299,359,739</u>	<u>\$ 219,711,175</u>
District's Covered Payroll	\$ 297,005,183	\$ 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 Payroll	30.10%	36.99%	37.45%	19.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	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, 2017 for year 2018, 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 four 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 FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 9,354,668	\$ 9,276,701	\$ 9,555,513	\$ 8,873,119
Contribution in Relation to the Contractually Required Contribution	(9,354,668)	9,276,701	(9,555,513)	(8,873,119)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 294,632,402	\$ 299,915,515	\$ 306,661,990	\$ 303,007,890
Contributions as a Percentage of Covered Payroll	3.18%	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 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four 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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>FY 2018 Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.407646941%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 177,270,362
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	214,270,362
Total	<u>\$ 391,540,724</u>
District's Covered Payroll	\$ 297,005,183
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2018

	2018
Contractually Required Contribution	\$ 2,669,480
Contribution in Relation to the Contractually Required Contribution	(2,669,480)
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 294,632,892
Contributions as a Percentage of Covered Payroll	0.91%

Note: GASB Codification, Vol. 2, P50.238 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 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

COMBINING STATEMENTS

SPECIAL REVENUE FUNDS

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

ESEA, TITLE X,PART C-EDUCATION FOR THE HOMELESS CHILDREN AND YOUTH (206)

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

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

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

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

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

ADULT EDUCATION (ABE) - FEDERAL (220)

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

IDEA-PART B, FORMULA (224)

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

IDEA PART B, PRESCHOOL (225)

To account for funds granted for preschool children with disabilities.

CAREER AND TECHNICAL – BASIC GRANT (244)

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

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

To provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

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

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

TITLE IV, PART B - 21ST CENTURY COMMUNITY LEARNING CENTERS (265)

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

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

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

TITLE I SIP ACADEMY GRANT (276)

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

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 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.

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- 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.

DEBT SERVICE FUND (511)

To account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 135,163	\$ 26,167
1120 Investments - Current	-	400,078	-
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-
1240 Receivables from Other Governments	138,289	1,843,939	94,768
1250 Accrued Interest	-	-	-
1260 Due from Other Funds	11	822,688	30
1290 Other Receivables	-	98	-
1000 Total Assets	<u>\$ 138,300</u>	<u>\$ 3,201,966</u>	<u>\$ 120,965</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ 995,144	\$ 33,043
2120 Short Term Debt Payable - Current	-	-	-
2160 Accrued Wages Payable	5,878	1,655,010	63,835
2170 Due to Other Funds	132,414	551,812	24,087
2180 Due to Other Governments	8	-	-
2190 Due to Student Groups	-	-	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>138,300</u>	<u>3,201,966</u>	<u>120,965</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 138,300</u>	<u>\$ 3,201,966</u>	<u>\$ 120,965</u>

220 Adult Education Federal	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
\$ -	\$ 46,831	\$ 10,301	\$ -	\$ -	\$ -	\$ 185	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
60,731	399,618	16,069	209,687	168,506	166,410	-	323,007
-	-	-	-	-	-	-	-
2,786	721,578	7,462	80,281	330,413	66,664	-	3,281
-	-	-	-	-	-	-	510
<u>\$ 63,517</u>	<u>\$ 1,168,027</u>	<u>\$ 33,832</u>	<u>\$ 289,968</u>	<u>\$ 498,919</u>	<u>\$ 233,074</u>	<u>\$ 185</u>	<u>\$ 326,798</u>
\$ -	\$ -	\$ -	\$ 99,075	\$ 20,822	\$ 4,197	\$ -	\$ 13,205
-	-	-	-	-	-	-	-
16,708	1,168,027	33,832	13,331	359,980	60,682	-	24,428
46,809	-	-	177,562	118,117	168,195	-	289,049
-	-	-	-	-	-	185	116
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>63,517</u>	<u>1,168,027</u>	<u>33,832</u>	<u>289,968</u>	<u>498,919</u>	<u>233,074</u>	<u>185</u>	<u>326,798</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 63,517</u>	<u>\$ 1,168,027</u>	<u>\$ 33,832</u>	<u>\$ 289,968</u>	<u>\$ 498,919</u>	<u>\$ 233,074</u>	<u>\$ 185</u>	<u>\$ 326,798</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

Data Control Codes	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	
ASSETS					
1110	Cash and Cash Equivalents	\$ 2,358	\$ -	\$ 32,254	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	149,409	8,954	560,973
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	5	247,351	27,153
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 2,358</u>	<u>\$ 149,414</u>	<u>\$ 288,559</u>	<u>\$ 588,126</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 4,131	\$ 12,133
2120	Short Term Debt Payable - Current	-	-	-	69,992
2160	Accrued Wages Payable	-	7,601	137,507	60,693
2170	Due to Other Funds	-	141,807	65,666	445,308
2180	Due to Other Governments	2,358	6	-	-
2190	Due to Student Groups	-	-	-	-
2300	Unearned Revenues	-	-	81,255	-
2000	Total Liabilities	<u>2,358</u>	<u>149,414</u>	<u>288,559</u>	<u>588,126</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,358</u>	<u>\$ 149,414</u>	<u>\$ 288,559</u>	<u>\$ 588,126</u>

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf
\$ -	\$ -	\$ 62	\$ 58,393	\$ 79,111	\$ 63,203	\$ -	\$ 22,684
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
102,463	27,230	-	13,569	-	19,945	150,976	63,479
-	-	-	-	-	-	-	-
8	5,463	-	104,166	250,040	151,544	23,319	59,756
-	-	-	-	-	-	-	-
<u>\$ 102,471</u>	<u>\$ 32,693</u>	<u>\$ 62</u>	<u>\$ 176,128</u>	<u>\$ 329,151</u>	<u>\$ 234,692</u>	<u>\$ 174,295</u>	<u>\$ 145,919</u>
\$ -	\$ -	\$ -	\$ 1,300	\$ 163,376	\$ -	\$ 174	\$ -
-	-	-	-	-	-	-	-
14,230	8,265	-	-	-	-	61,223	122,679
88,241	22,980	-	-	-	-	104,166	23,240
-	-	62	-	-	556	8,732	-
-	-	-	-	-	-	-	-
-	1,448	-	174,828	165,775	234,136	-	-
<u>102,471</u>	<u>32,693</u>	<u>62</u>	<u>176,128</u>	<u>329,151</u>	<u>234,692</u>	<u>174,295</u>	<u>145,919</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 102,471</u>	<u>\$ 32,693</u>	<u>\$ 62</u>	<u>\$ 176,128</u>	<u>\$ 329,151</u>	<u>\$ 234,692</u>	<u>\$ 174,295</u>	<u>\$ 145,919</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

Data Control Codes	461 Campus Activity Funds	498 Other Local Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 899,242	\$ 15,004	\$ 19,180	\$ 1,410,138
1120	Investments - Current	-	-	-	400,078
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	1,996	76	4,520,094
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	2,903,999
1290	Other Receivables	-	-	-	608
1000	Total Assets	<u>\$ 899,242</u>	<u>\$ 17,000</u>	<u>\$ 19,256</u>	<u>\$ 9,234,917</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 1,346,600
2120	Short Term Debt Payable - Current	-	-	-	69,992
2160	Accrued Wages Payable	-	-	-	3,813,909
2170	Due to Other Funds	-	-	-	2,399,453
2180	Due to Other Governments	-	-	-	12,023
2190	Due to Student Groups	899,242	-	-	899,242
2300	Unearned Revenues	-	17,000	19,256	693,698
2000	Total Liabilities	<u>899,242</u>	<u>17,000</u>	<u>19,256</u>	<u>9,234,917</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 899,242</u>	<u>\$ 17,000</u>	<u>\$ 19,256</u>	<u>\$ 9,234,917</u>

511 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,410,138
7,673,895	8,073,973
658,390	658,390
(19,752)	(19,752)
5,939,039	10,459,133
67,453	67,453
-	2,903,999
-	608
<u>\$ 14,319,025</u>	<u>\$ 23,553,942</u>
\$ -	\$ 1,346,600
-	69,992
-	3,813,909
4,275,216	6,674,669
-	12,023
-	899,242
-	693,698
<u>4,275,216</u>	<u>13,510,133</u>
<u>545,736</u>	<u>545,736</u>
<u>545,736</u>	<u>545,736</u>
<u>9,498,073</u>	<u>9,498,073</u>
<u>9,498,073</u>	<u>9,498,073</u>
<u>\$ 14,319,025</u>	<u>\$ 23,553,942</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	<u>171,737</u>	<u>24,371,950</u>	<u>1,374,660</u>
5020 Total Revenues	<u>171,737</u>	<u>24,371,950</u>	<u>1,374,660</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	17,041,132	638,293
0012 Instructional Resources and Media Services	-	1,301,212	-
0013 Curriculum and Instructional Staff Development	-	1,527,032	2,438
0021 Instructional Leadership	-	713,243	274,538
0023 School Leadership	-	244,481	-
0031 Guidance, Counseling and Evaluation Services	-	235,119	83,083
0033 Health Services	-	1,518,299	-
0051 Facilities Maintenance and Operations	-	64,738	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	171,737	1,726,694	376,308
Debt Service:			
0071 Principal on Long Term Debt	-	-	-
0072 Interest on Long Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
6030 Total Expenditures	<u>171,737</u>	<u>24,371,950</u>	<u>1,374,660</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

220 Adult Education Federal	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
139,974	8,029,580	76,998	574,624	2,795,913	1,249,568	-	208,301
139,974	8,029,580	76,998	574,624	2,795,913	1,249,568	-	208,301
133,192	6,565,298	76,998	521,183	2,679,528	1,131,546	-	47,454
-	-	-	-	-	-	-	-
-	-	-	51,160	110,046	48,065	-	2,220
2,808	-	-	-	6,290	29,256	-	-
-	-	-	2,281	49	-	-	666
-	1,464,282	-	-	-	23,062	-	155,745
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,974	-	-	-	-	17,639	-	2,216
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
139,974	8,029,580	76,998	574,624	2,795,913	1,249,568	-	208,301
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 13,280	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	486,980	530,170	1,164,979
5020	Total Revenues	<u>-</u>	<u>500,260</u>	<u>530,170</u>	<u>1,164,979</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	-	234,776	740,652
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	464,260	-	29,337
0021	Instructional Leadership	-	36,000	-	31,762
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	226,062	-
0033	Health Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	69,332	-
0061	Community Services	-	-	-	363,228
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>500,260</u>	<u>530,170</u>	<u>1,164,979</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

312 SSA - TANF Family Assistance	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	431 SSA - ABE Educational Technology	435 SSA Regional Day School - Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,888	649,552	179,450	177,725	697,382
<u>272,066</u>	<u>90,010</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>272,066</u>	<u>90,010</u>	<u>143</u>	<u>3,888</u>	<u>649,552</u>	<u>179,450</u>	<u>177,725</u>	<u>697,382</u>
241,203	90,010	143	-	649,202	-	151,776	622,000
-	-	-	-	-	-	-	-
-	-	-	3,888	-	160,450	-	-
5,204	-	-	-	-	-	248	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	75,382
-	-	-	-	350	-	-	-
-	-	-	-	-	19,000	-	-
-	-	-	-	-	-	-	-
25,659	-	-	-	-	-	25,701	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>272,066</u>	<u>90,010</u>	<u>143</u>	<u>3,888</u>	<u>649,552</u>	<u>179,450</u>	<u>177,725</u>	<u>697,382</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes	461 Campus Activity Funds	498 Other Local Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 16,767	\$ 30,047
5800	State Program Revenues	-	-	-	1,707,997
5900	Federal Program Revenues	-	-	-	41,537,653
5020	Total Revenues	<u>-</u>	<u>-</u>	<u>16,767</u>	<u>43,275,697</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	-	4,800	31,569,186
0012	Instructional Resources and Media Services	-	-	11,967	1,313,179
0013	Curriculum and Instructional Staff Development	-	-	-	2,398,896
0021	Instructional Leadership	-	-	-	1,099,349
0023	School Leadership	-	-	-	247,477
0031	Guidance, Counseling and Evaluation Services	-	-	-	2,262,735
0033	Health Services	-	-	-	1,518,299
0051	Facilities Maintenance and Operations	-	-	-	65,088
0052	Security and Monitoring Services	-	-	-	19,000
0053	Data Processing Services	-	-	-	69,332
0061	Community Services	-	-	-	2,713,156
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>-</u>	<u>16,767</u>	<u>43,275,697</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

511 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 6,038,219	\$ 6,068,266
9,015,196	10,723,193
-	41,537,653
15,053,415	58,329,112
-	31,569,186
-	1,313,179
-	2,398,896
-	1,099,349
-	247,477
-	2,262,735
-	1,518,299
-	65,088
-	19,000
-	69,332
-	2,713,156
9,155,001	9,155,001
6,696,830	6,696,830
131,343	131,343
15,983,174	59,258,871
(929,759)	(929,759)
5,230,000	5,230,000
1,113,127	1,113,127
401,378	401,378
(5,500,369)	(5,500,369)
1,244,136	1,244,136
314,377	314,377
9,183,696	9,183,696
\$ 9,498,073	\$ 9,498,073

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2018

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
ASSETS			
Current Assets:			
Investments - Current	\$ 11,895	\$ 6,428,142	\$ 6,440,037
Accrued Interest	-	47,473	47,473
Due from Other Funds	-	3,500,000	3,500,000
Total Assets	<u>11,895</u>	<u>9,975,615</u>	<u>9,987,510</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,298,295	-	1,298,295
Due to Other Funds	9,595,820	-	9,595,820
Accrued Expenses	1,891,781	645,035	2,536,816
Total Liabilities	<u>12,785,896</u>	<u>645,035</u>	<u>13,430,931</u>
NET POSITION			
Unrestricted Net Position	<u>(12,774,001)</u>	<u>9,330,580</u>	<u>(3,443,421)</u>
Total Net Position	<u>\$ (12,774,001)</u>	<u>\$ 9,330,580</u>	<u>\$ (3,443,421)</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, 2018

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 50,807,782	\$ 121,710	\$ 50,929,492
Total Operating Revenues	<u>50,807,782</u>	<u>121,710</u>	<u>50,929,492</u>
OPERATING EXPENSES:			
Other Operating Costs	<u>54,050,459</u>	<u>1,750,070</u>	<u>55,800,529</u>
Total Operating Expenses	<u>54,050,459</u>	<u>1,750,070</u>	<u>55,800,529</u>
Operating Income (Loss)	(3,242,677)	(1,628,360)	(4,871,037)
Total Net Position - July 1 (Beginning)	<u>(9,531,324)</u>	<u>10,958,940</u>	<u>1,427,616</u>
Total Net Position June 30 (Ending)	<u><u>\$ (12,774,001)</u></u>	<u><u>\$ 9,330,580</u></u>	<u><u>\$ (3,443,421)</u></u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	753 Insurance	792 Self Funded Workers' Compensation	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Payments for Services	\$ 54,647,114	\$ 1,721,101	\$ 56,368,215
Cash Payments for Insurance Claims	(54,712,964)	(1,735,641)	(56,448,605)
Net Cash Used For Operating Activities	<u>(65,850)</u>	<u>(14,540)</u>	<u>(80,390)</u>
Net Decrease in Cash and Cash Equivalents	(65,850)	(14,540)	(80,390)
Cash and Cash Equivalents at Beginning of Year	<u>65,850</u>	<u>14,540</u>	<u>80,390</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (3,242,677)	\$ (1,628,360)	\$ (4,871,037)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due From Other Funds	-	650,000	650,000
Decrease (increase) in Other Receivables	-	(47,474)	(47,474)
Decrease (increase) in Current Investments	(11,895)	880,688	868,793
Increase (decrease) in Accounts Payable	(45,434)	-	(45,434)
Increase (decrease) in Due to Other Funds	3,230,600	-	3,230,600
Increase (decrease) in Accrued Expenses	3,556	130,606	134,162
Net Cash Used for Operating Activities	<u>\$ (65,850)</u>	<u>\$ (14,540)</u>	<u>\$ (80,390)</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 JUNE 30, 2018

	BALANCE JULY 1 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2018
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 480,581	\$ 1,979,994	\$ 1,969,264	\$ 491,311
Liabilities:				
Accounts Payable	\$ 97,281	\$ 4,657	\$ -	\$ 101,938
Due to Student Groups	383,300	1,975,337	1,969,264	389,373
Total Liabilities	\$ 480,581	\$ 1,979,994	\$ 1,969,264	\$ 491,311
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 480,581	\$ 1,979,994	\$ 1,969,264	\$ 491,311
Liabilities:				
Accounts Payable	\$ 97,281	\$ 4,657	\$ -	\$ 101,938
Due to Student Groups	383,300	1,975,337	1,969,264	389,373
Total Liabilities	\$ 480,581	\$ 1,979,994	\$ 1,969,264	\$ 491,311

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2018

	810 Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	820 BISD Best Choice	821 Regional Tournaments
ASSETS				
Cash and Cash Equivalents	\$ 980	\$ 67,113	\$ 58,401	\$ 1,822
Other Receivables	-	-	16	-
Total Assets	<u>980</u>	<u>67,113</u>	<u>58,417</u>	<u>1,822</u>
LIABILITIES				
Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted Net Position	<u>980</u>	<u>67,113</u>	<u>58,417</u>	<u>1,822</u>
Total Net Position	<u>\$ 980</u>	<u>\$ 67,113</u>	<u>\$ 58,417</u>	<u>\$ 1,822</u>

822 Mile of Hope	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship	829 Supt. Scholarship Fund	Total Private Purpose Trust Funds
\$ 29,842	\$ 121	\$ 5,878	\$ 17,752	\$ 181,909
-	-	-	-	16
<u>29,842</u>	<u>121</u>	<u>5,878</u>	<u>17,752</u>	<u>181,925</u>
-	-	-	360	360
-	-	-	15,385	15,385
-	-	-	<u>15,745</u>	<u>15,745</u>
29,842	121	5,878	2,007	166,180
<u>\$ 29,842</u>	<u>\$ 121</u>	<u>\$ 5,878</u>	<u>\$ 2,007</u>	<u>\$ 166,180</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, 2018

	810 Crime Stoppers	816 Johnny & Nena Cavazos Athletic Fund	820 BISD Best Choice	821 Regional Tournaments
ADDITIONS:				
Local and Intermediate Sources	\$ -	\$ -	\$ 5,022	\$ -
Total Additions	<u>-</u>	<u>-</u>	<u>5,022</u>	<u>-</u>
DEDUCTIONS:				
Professional and Contracted Services	-	-	-	-
Other Operating Costs	-	54,000	15,973	-
Total Deductions	<u>-</u>	<u>54,000</u>	<u>15,973</u>	<u>-</u>
Change in Net Position	-	(54,000)	(10,951)	-
Total Net Position - July 1 (Beginning)	<u>980</u>	<u>121,113</u>	<u>69,368</u>	<u>1,822</u>
Total Net Position - June 30 (Ending)	<u>\$ 980</u>	<u>\$ 67,113</u>	<u>\$ 58,417</u>	<u>\$ 1,822</u>

822 Mile of Hope	827 Student Ambassador Program	828 Filemon Vela Memorial Scholarship	829 Supt. Scholarship Fund	Total Private Purpose Trust Funds
\$ 10,163	\$ -	\$ -	\$ 72,457	\$ 87,642
<u>10,163</u>	<u>-</u>	<u>-</u>	<u>72,457</u>	<u>87,642</u>
-	-	-	7,500	7,500
4,500	-	-	74,688	149,161
<u>4,500</u>	<u>-</u>	<u>-</u>	<u>82,188</u>	<u>156,661</u>
5,663	-	-	(9,731)	(69,019)
<u>24,179</u>	<u>121</u>	<u>5,878</u>	<u>11,738</u>	<u>235,199</u>
<u>\$ 29,842</u>	<u>\$ 121</u>	<u>\$ 5,878</u>	<u>\$ 2,007</u>	<u>\$ 166,180</u>

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2018

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ 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	1.152500	0.000000	5,506,653,073
2018 (School year under audit)	1.152500	0.112500	5,673,933,416
1000 TOTALS			

(10) Beginning Balance 7/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2018
\$ 2,048,611	\$ -	\$ 88,292	\$ 6,342	\$ (160,785)	\$ 1,793,192
269,993	-	19,010	1,365	(3,955)	245,663
285,031	-	26,565	2,100	(3,255)	253,111
316,641	-	51,197	3,677	(3,369)	258,398
379,959	-	72,937	5,239	15,064	316,847
500,870	-	124,136	12,193	29,455	393,996
620,211	-	176,105	17,893	30,409	456,622
1,258,720	-	588,349	-	55,788	726,159
4,043,154	-	2,905,965	-	45,233	1,182,422
-	70,330,581	59,938,058	5,850,787	(170,219)	4,371,517
<u>\$ 9,723,190</u>	<u>\$ 70,330,581</u>	<u>\$ 63,990,614</u>	<u>\$ 5,899,596</u>	<u>\$ (165,634)</u>	<u>\$ 9,997,927</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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,699,354	\$ 1,701,154	\$ 1,088,099	\$ (613,055)
5800 State Program Revenues	200,000	200,000	180,222	(19,778)
5900 Federal Program Revenues	42,200,646	42,200,646	35,546,887	(6,653,759)
5020 Total Revenues	44,100,000	44,101,800	36,815,208	(7,286,592)
EXPENDITURES:				
0035 Food Services	44,100,000	44,175,296	35,498,759	8,676,537
6030 Total Expenditures	44,100,000	44,175,296	35,498,759	8,676,537
1200 Net Change in Fund Balances	-	(73,496)	1,316,449	1,389,945
0100 Fund Balance - July 1 (Beginning)	8,718,082	8,718,082	8,718,082	-
3000 Fund Balance - June 30 (Ending)	\$ 8,718,082	\$ 8,644,586	\$ 10,034,531	\$ 1,389,945

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, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 5,949,926	\$ 6,038,219	\$ 88,293
5800	State Program Revenues	-	8,794,233	9,015,196	220,963
5020	Total Revenues	-	14,744,159	15,053,415	309,256
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	9,155,001	9,155,001	9,155,001	-
0072	Interest on Long Term Debt	6,696,830	6,696,830	6,696,830	-
0073	Bond Issuance Cost and Fees	5,455	5,455	131,343	(125,888)
6030	Total Expenditures	15,857,286	15,857,286	15,983,174	(125,888)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,857,286)	(1,113,127)	(929,759)	183,368
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	5,230,000	5,230,000
7915	Transfers In	15,857,286	1,113,127	1,113,127	-
7916	Premium or Discount on Issuance of Bonds	-	-	401,378	401,378
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(5,500,369)	(5,500,369)
7080	Total Other Financing Sources (Uses)	15,857,286	1,113,127	1,244,136	131,009
1200	Net Change in Fund Balances	-	-	314,377	314,377
0100	Fund Balance - July 1 (Beginning)	9,183,696	9,183,696	9,183,696	-
3000	Fund Balance - June 30 (Ending)	\$ 9,183,696	\$ 9,183,696	\$ 9,498,073	\$ 314,377

STATISTICAL SECTION

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW

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

The statistical section is organized in the following sections:

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

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

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

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

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

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

SCHEDULE 1
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 239,579,610	\$ 238,605,572	\$ 239,341,909	\$ 249,760,978	\$ 265,298,588
Restricted	17,636,587	59,471,394	50,582,763	47,257,800	33,977,469
Unrestricted	153,762,955	86,283,358	73,922,111	65,775,797	54,465,766
Total Net Position	\$ 410,979,152	\$ 384,360,324	\$ 363,846,783	\$ 362,794,575	\$ 353,741,823

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

2014	2015	2016	2017	2018
\$ 245,196,911	\$ 241,038,741	\$ 242,011,460	\$ 250,292,029	\$ 242,478,407
31,502,648	36,394,229	27,924,319	27,287,962	27,752,414
78,378,086	24,425,409	52,915,830	45,017,349	(178,492,441)
<u>\$ 355,077,645</u>	<u>\$ 301,858,379</u>	<u>\$ 322,851,609</u>	<u>\$ 322,597,340</u>	<u>\$ 91,738,380</u>

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

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
Expenses					
Governmental Activities:					
11 Instruction	\$ 263,214,508	\$ 280,044,296	\$ 283,753,243	\$ 265,301,523	\$ 269,902,260
12 Instructional Resources & Media Services	8,386,006	9,091,704	9,145,005	8,150,501	8,990,567
13 Curriculum & Staff Development	14,793,150	15,554,587	19,505,830	13,284,303	15,764,951
21 Instructional Leadership	7,059,359	8,002,797	7,834,698	8,226,349	8,593,985
23 School Leadership	23,438,655	24,551,960	25,044,466	24,028,022	26,014,428
31 Guidance, Counseling & Evaluation Services	17,738,872	18,234,605	18,254,355	16,840,314	18,886,458
32 Social Work Services	711,711	764,709	765,569	621,835	1,091,761
33 Health Services	5,405,783	5,427,344	5,705,521	5,781,101	5,853,598
34 Student (Pupil) Transportation	13,147,513	14,715,541	13,509,625	12,927,507	12,463,068
35 Food Services	27,575,534	30,062,988	29,764,725	31,627,859	32,839,664
36 Cocurricular/Extracurricular Activities	13,531,209	10,084,446	16,653,137	14,485,042	15,765,298
41 General Administration	12,319,564	12,138,098	12,670,295	17,182,090	17,589,088
51 Plant Maintenance & Operations	48,055,290	50,388,704	51,408,170	46,452,947	46,463,990
52 Security & Monitoring Services	5,538,612	5,904,597	6,350,712	6,400,024	6,005,965
53 Data Processing Services	3,038,063	2,908,275	3,661,103	4,036,884	4,319,976
61 Community Services	4,941,913	5,270,769	5,750,327	5,111,489	5,096,028
72 Debt Service - Interest on Long Term Debt	9,864,827	9,800,715	10,357,075	10,552,122	10,779,656
73 Debt Service - Bond Issuance Cost & Fees	96,332	31,947	686,668	-	988,081
Facilities Acquisition & Construction	-	-	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	148,558	227,879	209,466	183,264	106,194
99 Other Intergovernmental Charges	-	-	-	-	-
Total Governmental Activities	\$ 479,005,459	\$ 503,205,961	\$ 521,029,990	\$ 491,193,176	\$ 507,515,016
Program Revenues					
Charges for Services					
Instruction	\$ 1,164,731	\$ 1,606,651	\$ 1,884,347	\$ 2,748,811	3,888,758
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	1,419,206	1,238,788	1,422,678	1,270,219	1,304,284
Cocurricular/Extracurricular Activities	343,771	367,206	452,862	443,271	479,685
General Administration	-	-	-	-	-
Plant Maintenance & Operations	-	-	-	-	-
Security & Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	479,153	117,487	105,954	118,182	101,226
Debt Service - Interest on Long Term Debt	-	-	-	-	-
Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Operating Grants and Contributions	82,140,558	98,592,857	137,170,598	130,857,311	120,198,708
Total governmental Activities					
Program Revenues	\$ 85,547,419	\$ 101,922,989	\$ 141,036,439	\$ 135,437,794	\$ 125,972,661
Net Governmental Activities Revenue/(Expense)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)	\$ (381,542,355)

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

	2014	2015	2016	2017	2018
\$	266,811,175	\$ 269,621,870	\$ 287,873,697	\$ 278,511,438	\$ 182,103,482
	8,638,437	8,524,749	11,059,978	9,016,634	6,221,852
	16,609,958	16,372,545	18,957,388	15,575,422	8,653,579
	8,628,654	9,441,697	9,925,641	7,337,758	4,622,505
	26,274,889	24,656,388	26,546,046	26,088,958	17,686,003
	19,030,826	19,622,388	21,524,208	21,174,072	13,398,951
	1,077,700	888,315	616,251	655,648	597,763
	5,735,067	5,957,244	6,549,128	6,328,533	4,762,955
	14,171,985	12,081,900	12,450,463	12,847,622	9,608,687
	34,282,243	36,715,450	42,353,653	39,523,074	27,141,885
	16,364,024	16,421,932	17,243,179	17,268,627	13,882,079
	12,286,474	10,962,498	16,528,266	18,027,037	13,834,611
	48,694,091	51,688,106	55,522,684	53,015,451	45,423,458
	6,813,018	6,321,054	6,982,218	7,041,332	5,248,861
	6,786,646	6,355,529	8,552,804	9,755,101	9,046,205
	4,084,484	3,403,224	3,076,921	3,436,211	2,340,438
	6,672,801	8,134,579	7,372,455	7,040,836	7,553,530
	9,225	424,851	10,305	10,750	618,078
			-	-	-
	85,173	36,656	10,842	54,762	24,588
	497,968	683,723	703,868	692,050	806,984
\$	503,554,838	\$ 508,314,698	\$ 553,859,995	\$ 533,401,316	\$ 373,576,494
	1,462,492	1,152,958	881,329	627,368	660,519
	-	-	148,493	-	52,943
	-	-	-	51,749	-
	-	-	-	51,749	-
	-	-	-	-	52,943
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	51,749	-
	1,378,468	1,012,548	1,335,619	1,015,698	960,346
	452,846	457,270	657,785	702,960	667,003
	-	1,314,255	296,986	310,493	330,893
	-	-	5,345,744	983,226	52,943
	-	-	-	-	-
	-	-	7,721,630	3,001,428	52,943
	121,786	38,034	327,820	175,027	119,053
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	123,197,536	112,183,338	111,274,366	98,077,724	18,573,532
\$	126,613,128	\$ 116,158,403	\$ 127,989,772	\$ 105,049,171	\$ 21,523,118
\$	(376,941,710)	\$ (392,156,295)	\$ (425,870,223)	\$ (428,352,145)	\$ (352,053,376)

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

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
Net Governmental Activities					
Revenue/(Expense)	\$ (393,458,040)	\$ (401,282,972)	\$ (379,993,551)	\$ (355,755,382)	\$ (381,542,355)
General Revenues:					
Property Taxes -General	\$ 50,698,836	\$ 49,108,507	\$ 49,247,771	\$ 50,847,039	51,667,559
Property Taxes - Debt Service	3,608,402	5,713,455	3,480,992	3,541,802	3,628,836
State Aid	279,184,838	273,485,573	280,086,312	276,148,038	274,519,456
Grants & Contributions not Restricted	46,407,489	47,456,785	29,720,120	29,414,332	41,819,943
Investment Earnings	6,867,205	576,057	327,543	424,833	255,274
Miscellaneous	-	-	606,897	1,083,845	1,256,425
Total General Revenues	<u>\$ 386,766,770</u>	<u>\$ 376,340,377</u>	<u>\$ 363,469,635</u>	<u>\$ 361,459,889</u>	<u>\$ 373,147,493</u>
Special and Extraordinary Item-Resource:					
Special Item	\$ 222,344	\$ -	\$ -	\$ -	\$ -
Special - (Use)	-	-	-	-	-
Extraordinary Item - resource	-	-	-	-	-
Total Special and Extraordinary Item-Resource	<u>\$ 222,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets	<u>\$ (6,468,926)</u>	<u>\$ (24,942,595)</u>	<u>\$ (16,523,916)</u>	<u>\$ 5,704,507</u>	<u>\$ (8,394,862)</u>

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

2014	2015	2016	2017	2018
\$ (376,941,710)	\$ (392,156,295)	\$ (425,870,223)	\$ (428,352,145)	\$ (352,053,376)
54,502,908	55,754,451	60,003,866	61,915,126	64,271,317
5,232,438	5,564,404	324,381	107,373	5,899,596
302,120,081	301,400,912	339,056,325	322,099,125	325,928,319
23,079,786	35,977,053	32,345,650	34,993,209	33,229,095
113,084	151,314	483,591	1,452,734	2,942,963
1,083,375	5,044,713	780,304	597,581	105,940
<u>\$ 386,131,672</u>	<u>\$ 403,892,847</u>	<u>\$ 432,994,117</u>	<u>\$ 421,165,148</u>	<u>\$ 432,377,230</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 9,189,962</u>	<u>\$ 11,736,552</u>	<u>\$ 7,123,894</u>	<u>\$ (7,186,997)</u>	<u>\$ 80,323,854</u>

SCHEDULE 4
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
General Fund					
Reserved Fund Balances:					
Investments in Inventory	\$ 4,980,783	\$ 4,893,251	\$ -	\$ -	\$ -
Retirement of Long-Term Debt	3,920	3,919	-	-	-
Outstanding Encumbrances	10,855,448	25,960,333	-	-	-
Food Service	1,693,073	2,613	-	-	-
Other Purposes	11,216,238	4,806,460	-	-	-
Unreserved Designated For:					
Construction	31,953,995	5,803,488	-	-	-
Unreserved and Undesignated:					
Reported in the General Fund	88,167,972	76,111,051	-	-	-
Nonspendable Fund Balances:					
Inventories	-	-	4,422,662	3,580,179	3,621,302
Restricted Fund Balances:					
Federal or State Funds Grant Restriction	-	-	11,326,313	18,914,624	24,422,165
Retirement of Long Term Debt					
Regional School for the Deaf	-	-	222,229	354,719	361,540
Committed Fund Balances:					
Construction	-	-	22,364,837	2,285,678	1,245,498
Capital Outlay & Supplies	-	-	541,141	2,142,090	2,231,900
Assigned Fund Balance:					
Construction					
Repairs, Maintenance & Other	-	-	-	6,311,320	6,311,320
Unassigned Fund Balance:	-	-	60,435,774	58,087,083	60,430,454
Total General Fund Balance	\$ 148,871,429	\$ 117,581,115	\$ 99,312,956	\$ 91,675,693	\$ 98,624,179
All Other Governmental Funds					
Special Revenues					
Outstanding Encumbrances	56,608	2,129,059	-	-	-
Other Restricted Fund Balance	-	-	-	-	-
Other Reserves	451,609	451,609	-	-	-
Debt Service					
Retirement of Long Term Debt	7,415,666	6,340,788	-	-	-
Capital Projects					
Outstanding Encumbrances	20,471,549	3,099,866	-	-	-
Other Purposes	5,074,657	5,074,657	-	-	-
Unreserved and Undesignated:					
Reported in the Capital Projects funds	14,656,385	4,552,631	-	-	-
Reported in Special Revenue funds	71,825	(2,046,805)	-	-	-
Restricted Fund Balances:					
Capital Acquisition and Contractual Obligations	-	-	-	9,590,034	8,507,993
Retirement of Long Term Debt	-	-	5,027,732	4,079,156	1,047,311
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	48,198,299	19,601,805	16,633,093	13,669,190	9,555,304
Total Government Funds - Fund Balance	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883	\$ 108,179,483
Government Funds					
Beginning Fund Balance	\$ 319,973,788	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883
Net Change in Fund Balance	(122,904,060)	(59,886,808)	(21,236,871)	(10,601,166)	2,834,600
Ending Balance	\$ 197,069,728	\$ 137,182,920	\$ 115,946,049	\$ 105,344,883	\$ 108,179,483

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.

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,834,039	3,725,535	4,635,881	4,402,682	4,225,941
24,380,252	24,575,107	18,942,877	18,104,266	18,254,341
246,734	5,000,000 218,038	139,669	43,855	57,536
1,170,648	6,392,528	5,834,327	3,138,904	71,785,833
1,659,405	2,369,146	5,589,167	3,743,744	3,425,057
		18,252,345	22,271,058	24,358,270
3,283,320	3,304,675	7,819,744	11,282,089	14,815,494
62,776,227	66,871,373	69,346,794	75,436,502	79,109,837
<u>\$ 97,350,625</u>	<u>\$ 112,456,402</u>	<u>\$ 130,560,803</u>	<u>\$ 138,423,100</u>	<u>\$ 216,032,309</u>

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,281,065	5,543,109	-	-	-
841,331	1,276,013	8,981,442	9,183,696	9,498,073
-	-	-	-	-
-	-	-	-	-
7,122,396	6,819,122	8,981,442	9,183,696	9,498,073
<u>\$ 104,473,021</u>	<u>\$ 119,275,524</u>	<u>\$ 139,542,245</u>	<u>\$ 147,606,796</u>	<u>\$ 225,530,382</u>

\$ 108,179,483	\$ 104,473,021	\$ 119,275,524	\$ 139,542,245	\$ 147,606,796
(3,706,462)	14,802,503	20,266,721	8,064,551	77,923,586
<u>\$ 104,473,021</u>	<u>\$ 119,275,524</u>	<u>\$ 139,542,245</u>	<u>\$ 147,606,796</u>	<u>\$ 225,530,382</u>

SCHEDULE 5
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL FUND REVENUES BY SOURCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Tuition	Other	Per Capital and Foundation	On-behalf TRS Payments	Other		
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
2018	70,012,429	316,593	5,592,225	334,795,510	18,583,924	12,569,475	90,605,806	532,475,962

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
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
2018	274,275,240	31,527,518	92,886,193	10,776,126	65,289,292	3,293,599

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 Operating Expenditures
\$ 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	14,563,651	746,812	520,803,068	4.14%
12,851,420	8,989,398	9,538,274	831,572	507,861,868	4.38%

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

LAST TEN YEARS

	2009	2010	2011	2012	2013
Excess of Revenues Over (Under) Expenditures	\$ (120,163,179)	\$ (70,468,683)	\$ (42,876,175)	\$ (310,543)	\$ 2,973,684
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	-	-	122,710,000
Capital-Related Debt Issued	7,320,000	15,400,000	25,770,000	-	-
Sale of Real and Personal Property	23,657	-	-	-	-
Non-Current Loans	6,250,000	-	-	-	-
Transfers In	13,005,391	7,386,260	7,563,785	12,088,180	11,692,351
Premium or Discount on Issuance of Bonds	187,074	(3,080,000)	-	-	20,075,278
Other Resources	1,411	-	-	-	-
Transfers Out	(13,147,872)	(7,386,260)	(7,563,785)	(12,088,180)	(11,692,351)
Other Uses	(13,650,287)	-	-	-	(141,659,928)
Total Other Financing Sources (Uses)	<u>(10,626)</u>	<u>12,320,000</u>	<u>25,770,000</u>	<u>-</u>	<u>1,125,350</u>
Special Items	<u>197,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (119,976,529)</u>	<u>\$ (58,148,683)</u>	<u>\$ (17,106,175)</u>	<u>\$ (310,543)</u>	<u>\$ 4,099,034</u>

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

	2014	2015	2016	2017	2018
\$	3,708,654	\$ 8,441,025	\$ 18,754,011	\$ 1,221,302	\$ 24,614,092
	-	13,895,000	-	-	54,370,000
	-	-	-	2,249,419	-
	-	-	-	-	-
	-	-	-	-	-
	3,000,000	3,000,000	22,386,086	10,988,211	1,113,127
	-	875,136	-	-	4,439,863
	-	-	-	-	-
	(3,000,000)	(3,000,000)	(22,386,086)	(10,988,211)	(1,113,127)
	-	(10,665,750)	-	-	(5,500,369)
	-	4,104,386	-	2,249,419	53,309,494
	-	-	-	-	-
\$	3,708,654	\$ 12,545,411	\$ 18,754,011	\$ 3,470,721	\$ 77,923,586

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
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
2018	41,602	6,359	731	2,154	259	1,569

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	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
79	309	216	172	20	11,868

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			
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
2018	4,921,883,465	752,049,951	5,673,933,416	7,168,346,586	79.15%	1.265000

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
2009	\$ 52,931,405	\$ 48,397,765	91.43%	\$ 4,168,445	\$ 52,566,210	99.31%
2010	53,382,448	48,693,877	91.22%	4,403,307	53,097,184	99.47%
2011	53,617,610	48,836,611	91.08%	4,273,872	53,110,483	99.05%
2012	54,109,128	49,935,751	92.29%	3,848,920	53,784,670	99.40%
2013	55,837,551	51,176,905	91.65%	3,793,239	54,970,144	98.45%
2014	60,188,474	55,499,749	92.21%	3,752,975	59,252,725	98.45%
2015	61,793,473	57,727,162	93.42%	3,291,695	61,018,856	98.75%
2016	59,728,676	56,897,913	95.26%	3,141,431	60,039,344	100.52%
2017	62,358,030	58,215,304	93.36%	2,727,878	60,943,183	97.73%
2018	70,330,581	65,564,161	93.22%	-	65,564,161	93.22%

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
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
2018	1.152500	0.112500	1.265000	64,075,886	6,254,696	70,330,581

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 Brownsville Independent School District	Overlapping Tax Rates						Total Direct and Overlapping Tax Rate
			South Texas ISD	City of Brownsville	Brownsville Navigation District	Cameron County	Drainage District #1	Texas Southmost College	
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	0.030600	0.162935	2.465139
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
2018	2017	1.265000	0.049200	0.700613	0.035920	0.410803	0.032000	0.162407	2.655943

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

Taxpayer	Type of Business	Fiscal Year 2018	
		Tax Year 2017 Assessed Valuation	Percentage of Total Assessed Valuation
CBL/Sunrise Commons LP	Real Estate/Shopping Mall	42,715,523	0.75%
TRICO Products Corp.	Manufacturer	18,624,802	0.33%
Columbia Valley Healthcare Systems LP	Hospital	30,055,824	0.53%
Southwestern Bell Telephone	Telephone Utility	-	
Rich-Seapak Co	Retail Store	16,150,017	0.28%
KIMCO Brownsville LP	Land/ Improvements	16,630,425	0.29%
Wal-Mart Real Estate Business TR	Real Estate/Retail Store		
Wal-Mart Stores Inc.	Retail Store		
H E Butt Grocery Co	Grocery	17,275,547	0.30%
Columbia Valley Healthcare Systems LP	Medical	16,413,970	0.29%
Morrison Crossing LTD	Home Improvements	-	
Sharyland Utilities	Utilities	22,681,000	0.40%
AEP Texas Central Co	Utilities	20,067,511	0.35%
VHS Brownsville Hospital Company LLC	Hospital	28,303,866	0.50%
Totals		\$ 228,918,485	4.03%

Source: Cameron Appraisal District

Fiscal Year 2009

Tax Year 2008 Assessed Valuation	Percentage of Total Assessed Valuation
38,922,610	0.79%
20,152,539	0.41%
31,461,407	0.64%
22,733,690	0.46%
15,555,344	0.32%
19,412,635	0.40%
15,998,655	0.33%
14,993,693	0.31%
14,034,227	0.29%
-	
13,840,317	0.28%
-	
<u>\$ 207,105,117</u>	4.22%

SCHEDULE 14
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Refunding Bonds	Notes Payable	Discounts / Premiums and Other Adj	Capital Appreciation Bonds
2009	\$ 124,545,000	\$ 72,515,000	\$ 6,250,000	\$ -	\$ -
2010	118,395,000	71,570,000	5,655,000	-	15,400,000
2011	111,985,000	70,600,000	5,040,000	-	38,235,000
2012	106,200,000	68,620,000	4,400,000	-	36,110,000
2013	17,030,000	146,940,000	3,735,000	-	33,940,000
2014	10,725,000	142,605,000	3,045,000	-	31,885,000
2015	5,490,000	138,460,000	5,925,000	-	29,595,000
2016	-	134,155,000	5,180,000	-	27,060,000
2017	-	124,000,000	4,405,000	18,055,689	24,640,000
2018	-	114,670,000	52,740,000	16,768,615	22,068,000

Source: Brownsville Independent School District Annual Financial and Compliance Reports

	<u>Total Debt</u>	<u>Ratio of Total Debt to Estimated Actual Property Value</u>	<u>Total Debt Per Average Daily Membership</u>
\$	203,310,000	3.36%	4181
	211,020,000	3.44%	4292
	225,860,000	3.69%	4518
	215,330,000	3.47%	4332
	201,645,000	3.18%	4085
	188,260,000	2.88%	3813
	179,470,000	2.67%	3709
	166,395,000	2.46%	3485
	171,100,689	2.44%	3265
	206,246,615	2.88%	4157

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

As of June 30, 2018

(Unaudited)

<u>Political Subdivision</u>	<u>Net Debt Amounts</u>	<u>As of</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Brownsville Navigation District	\$ 2,354,251	12/31/2016	76.22%	\$ 1,794,410
City of Brownsville	143,200,000	* 5/31/2018	87.79%	125,715,280
Cameron County	80,671,122	9/30/2016	35.01%	28,242,960
Paseo De La Resaca MUD #1	2,058,863	7/31/2017	100.00%	2,058,863
Paseo De La Resaca MUD #2	3,298,942	7/31/2017	100.00%	3,298,942
Paseo De La Resaca MUD #3	2,612,770	7/31/2017	100.00%	2,612,770
Rancho Viejo, Town of	3,367,000	* 5/31/2018	61.14%	2,058,584
Texas Southmost College	42,580,000	* 5/31/2018	53.13%	22,622,754
Valley MUD #2	3,845,683	9/30/2017	65.60%	<u>2,522,768</u>
Total Overlapping Debt:				<u>190,927,331</u>
 Brownsville ISD		 6/30/2017		 <u>168,186,304</u>
Total Direct and Overlapping Debt				<u>\$ 359,113,635</u>

* Gross Debt

Sources:

Municipal Advisory Council of Texas - Last Revised: 6/15/2018

SCHEDULE 16
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2008	2009	2010	2011	2012
Assessed Valuation	\$ 4,773,440,004	\$ 4,909,923,402	\$ 4,993,708,059	\$ 5,009,567,679	\$ 5,051,924,932
Debt Limit - 10% of Assessed Valuation	\$ 477,344,000	\$ 490,992,340	\$ 499,370,806	\$ 500,956,768	\$ 505,192,493
General Obligation Bonds	203,835,000	197,060,000	205,365,000	220,820,000	210,930,000
Deduct Amount Available in Debt Service Fund	7,527,191	7,415,666	6,340,788	5,027,732	4,079,156
Applicable Debt	196,307,809	189,644,334	199,024,212	215,792,268	206,850,844
Legal Debt Margin	\$ 281,036,191	\$ 301,348,006	\$ 300,346,594	\$ 285,164,500	\$ 298,341,649
Debt Margin as a Percentage of the Debt Limit	58.87%	61.38%	60.15%	56.92%	59.06%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

2013	2014	2015	2016	2017
\$ 5,209,962,063	\$ 5,373,232,460	\$ 5,501,477,818	\$ 5,287,358,457	\$ 5,506,653,073
\$ 520,996,206	\$ 537,323,246	\$ 550,147,782	\$ 528,735,846	\$ 550,665,307
197,910,000	185,215,000	173,545,000	161,215,000	148,640,000
1,047,311	(4,158,669)	1,276,013	8,981,442	9,183,696
196,862,689	189,373,669	172,268,987	152,233,558	139,456,304
\$ 324,133,517	\$ 347,949,577	\$ 377,878,795	\$ 376,502,288	\$ 411,209,003
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	Discounts / Premiums and Other Adj	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Average Daily Membership
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	18,055,689	9,183,696	161,916,993	2.31%	3,454
2018	45,578	7,168,346,586	136,738,000	16,768,615	9,498,073	196,748,542	2.74%	4,317

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
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%
2018	12,420,000	8,322,520	20,742,520	448,602,997	4.62%

Source: Brownsville Independent School District Annual Financial and Compliance Reports

Note: *Excludes Other Fees

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

(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville ISD	6,652	1	3.87%	7,080	1	5.83%
AMFELS	-	-	-	2,273	2	1.87%
UT Brownsville	-	-	-	2,077	3	1.71%
Cameron County	1,753	2	1.02%	1,838	4	1.51%
City of Brownsville	1,200	3	0.70%	1,169	6	0.96%
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%
Total	13,793		8.02%	18,645		15.36%

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
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
2018	2,603	88,629,362	7,420,534,222

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
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	2,638,592	14,770	29.8	63.1% - High School 17.2% - Bachelor's Degree	47,749	7.30%
2017	183,823	2,669,073	14,489	30.6	64.1% - High School 17.5% - Bachelor's Degree	46,880	7.30%
2018	183,299	2,691,379	14,683	30.7	63.8% - High School 18.0% - Bachelor's Degree	45,578	6.20%

*Population Estimates - U.S. Census Bureau

Sources:

City of Brownsville, Texas

U.S. Bureau of Labor Statistics

U.S. Census Bureau

Brownsville Independent School District: PEIMS Department

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

LAST TEN YEARS

(Unaudited)

Classification	2009	2010	2011	2012	2013
Number of Employees					
Teachers	3,322	3,365	3,425	3,303	3,199
Professional Support	606	639	665	619	648
Campus Administration	200	197	203	191	195
Central Administration	12	8	9	12	9
Educational Aides	809	910	875	840	784
Auxiliary Staff	2,487	2,425	2,536	2,459	2,419
Total Employees	7,436	7,544	7,713	7,424	7,254
Percent of Total					
Teachers	44.7%	44.6%	44.4%	44.5%	44.1%
Professional Support	8.1%	8.5%	8.6%	8.3%	8.9%
Campus Administration	2.7%	2.6%	2.6%	2.6%	2.7%
Central Administration	0.2%	0.1%	0.1%	0.2%	0.1%
Educational Aides	10.9%	12.1%	11.3%	11.3%	10.8%
Auxiliary Staff	33.4%	32.1%	32.9%	33.1%	33.3%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Brownsville Independent School District: PEIMS Department

2014	2015	2016	2017	2018
3,157	3,251	3,177	3,022	2,953
654	683	660	617	617
192	205	205	206	190
10	11	10	9	9
763	788	794	681	775
2,407	2,503	2,402	2,304	2,108
7,183	7,441	7,248	6,839	6,652

44.0%	44.0%	44.0%	44.20%	44.40%
9.1%	9.1%	9.2%	9.00%	9.30%
2.7%	2.7%	2.8%	3.00%	2.90%
0.1%	0.1%	0.1%	0.10%	0.10%
10.6%	10.6%	10.5%	10.00%	11.70%
33.5%	33.5%	33.3%	33.70%	31.70%
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	
2009	\$ 39,000	\$ 58,534	\$ 42,000	\$ 61,034	\$ 42,750	\$ 61,784	\$ 48,369
2010	40,350	59,638	43,350	62,138	44,100	62,888	48,412
2011	40,350	59,638	43,350	62,138	44,100	62,888	49,629
2012	40,350	58,952	43,350	61,452	44,100	62,202	49,104
2013	40,350	58,266	43,350	60,766	44,100	61,516	49,104
2014	41,056	58,086	44,056	61,086	44,806	61,836	50,331
2015	41,056	58,586	44,056	61,086	44,806	61,836	49,537
2016	41,672	60,329	44,672	62,829	45,422	63,579	49,536
2017	41,950	62,058	44,950	64,558	45,700	65,308	49,976
2018	42,260	64,822	43,760	66,322	46,010	67,072	52,759

Souces:

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 Degree maximum is with 15+ hours of Graduate Work.
 Master's Degree minimum is with a Master's in a non-approved teaching field for 2017-2018 Fiscal Year only.
 Minimum and Maximum are based on zero years of experience to 31 years.

Avg. Teacher Salary, Avg. Years of Experience, % Bachelor Education, and % Master's Education are based on TARP reports.

Average Years of Experience	Bachelor's Education	Master's Education
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%
14.4	79.5%	18.8%

SCHEDULE 24
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Average Daily Attendance *</u>	<u>Average Daily Membership</u>	<u>Percentage of Attendance</u>
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%
2018	41,602	45,578	91.28%

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
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%
2018	41,602	434,772,271	10,451	1.12%	364,573,314	8,763	-28.09%

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	% age of Free and Reduced Lunch	No. of Economically Disadvantaged Students	%age of Economically Disadvantaged Students
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%
2018	15.5	90%	44,912	96.0%

Source: 2016-2017 Texas Academic Performance Reports
 Prior to the 2012-13 school year, TAPR was known as the Academic Excellence Indicator System (AEIS) reports. Reports for school years 2008-09 through 2011-12 are available in the AEIS Archives.

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

SCHEDULE 27
 BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

	Estimated Square Footage	Recommended Capacity		Estimated Square Footage	Recommended Capacity
HIGH SCHOOLS				ELEMENTARY SCHOOLS	
HANNA	386,900	3,015		AIKEN	92,371
LOPEZ	325,628	1,881		BENAVIDES	80,417
PACE	301,286	1,965		BRITE	88,586
PORTER	327,069	2,537		BREEDEN	74,279
RIVERA	390,500	1,896		BURNS	97,236
VETERANS MEMORIAL	314,358	1,926		CANALES	107,910
TOTAL	2,045,741	13,220		CASTAÑEDA	71,908
MIDDLE SCHOOLS				CHAMPION	82,658
BESTEIRO	153,232	989		CROMACK	78,088
CUMMINGS	94,467	736		DEL CASTILLO	47,421
FAULK	104,407	920		EGLY	80,022
GARCIA	120,927	828		EL JARDIN	79,595
LUCIO	127,022	851		GALLEGOS	82,657
MANZANO	137,237	805		GARDEN PARK	73,775
OLIVEIRA	124,443	1,035		GARZA	65,661
PERKINS	140,105	1,288		GONZALEZ	80,216
STELL	114,316	828		HUDSON	85,145
STILLMAN	131,860	851		KELLER	88,598
VELA	132,346	966		LONGORIA	44,917
TOTAL	1,380,362	10,097		MARTIN	69,363
SPECIAL CAMPUSES				MORNINGSIDE	74,095
Brownsville Academic Center	59,334	N/A		ORTIZ	82,752
Brownsville Learning Academy	N/A	N/A		PALM GROVE	61,565
Lincoln Park	45,375	N/A		PAREDES	82,644
Early College High School	39,380	262		PENA	89,996
TOTAL	144,089	262		PEREZ	65,896
				PULLAM	91,722
				PUTEGNAT	61,563
				RESACA	30,722
				RUSSELL	90,074
				SHARP	53,804
				SKINNER	71,622
				SOUTHMOST	66,140
				VERMILLION	84,477
				VICTORIA HEIGHTS	45,303
				VILLA NUEVA	63,291
				YTURRIA	65,307
				TOTAL	2,751,796
					26,494

Source: BISD Facilities Studies August/September 2011 (Reviewed and updated October 2018)

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, 2018, 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



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 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, 2018, 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 13, 2018.

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

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

HOUSTON, TX
281.671.6259
TEMPLE, TX
254.791.3460

WACO, TX
254.772.4901
ALBUQUERQUE, NM
505.266.5904



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brownsville Independent School District's financial statements are free of 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*. We noted certain matters that we have reported to management of Brownsville Independent School District in a separate letter dated November 13, 2018.

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, LLP

Brownsville, Texas
November 13, 2018



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, 2018. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 the compliance for each major federal program. However, our audit does not provide a legal determination of Brownsville Independent School District's compliance.

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

HOUSTON, TX
281.671.6259
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505.266.5904



Opinion on Each Major Federal Program

In our opinion, Brownsville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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 to determine 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, C.P.A.

Brownsville, Texas
November 13, 2018

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<i>Direct Programs:</i>			
R.O.T.C.	12.000	N/A	\$ 419,857
Total U.S. Department of Defense			<u>419,857</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Texas Workforce Commission:</i>			
TANF - Camp Code 2017	93.558	2417TAN001	26,711
Family Support Act AFDC Jobs 2017	93.558	2416AEL001	13,210
Family Support Act AFDC Jobs 2018	93.558	2416AELB01	<u>235,583</u>
Total Passed Through Texas Workforce Commission			<u>275,504</u>
<i>Passed Through Texas Dept of Human Services:</i>			
Medical Administrative Claiming Program - MAC	93.778	529-07-0157-00061	<u>193,253</u>
Total Passed Through Texas Dept of Human Services			<u>193,253</u>
Total U.S. Department of Health and Human Services			<u>468,757</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Workforce Commission:</i>			
Federal Adult Education English Literacy & Civics Education 2017	84.002A	2416AEL001	38,365
Federal Adult Education English Literacy & Civics Education 2018	84.002A	2416AELB01	104,026
PQI - Local Performance Quality Improvement	84.002A	2417PQI000	147,574
Federal Adult Education & Family Literacy 2017	84.002A	2416AEL001	62,763
Federal Adult Education & Family Literacy 2018	84.002A	2416AELB01	<u>964,718</u>
Total Passed Through Texas Workforce Commission			<u>1,317,446</u>
<i>Passed Through Texas Education Agenc:</i>			
ESEA Title I, Part A 2017	84.010A	17610101031901	3,817,660
ESEA Title I, Part A 2018	84.010A	18610101031901	22,185,919
Title I-1003(A) Priority and Focus School Grant	84.010A	17610112031901000	<u>67,097</u>
Total CFDA Number 84.010A			<u>26,070,676</u>
ESEA Title I, Ed. For Migrant Child 2017	84.011A	17615001031901	173,715
ESEA Title I, Ed. For Migrant Child 2018	84.011A	18615001031901	<u>1,297,048</u>
Total CFDA Number 84.011A			<u>1,470,763</u>
IDEA B - Formula 2017	84.027A	176600010319016600	266,857
IDEA B - Formula 2018	84.027A	186600010319016600	7,886,044
IDEA B - Discretionary (DEAF) 2017	84.027A	17660011031901	3,170
IDEA B - Discretionary (DEAF) 2018	84.027A	186600110319016673	88,512
IDEA B - Preschool 2017	84.173A	176610010319016610	2,162
IDEA B - Preschool 2018	84.173A	186610010319016610	<u>76,155</u>
Total Special Education Cluster (IDEA)			<u>8,322,900</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Carl Perkins Grant for Career & Technology Education 2017	84.048A	17420006031901	4,432
Carl Perkins Grant for Career & Technology Education 2018	84.048A	18420006031901	573,131
Total CFDA Number 84.048A			<u>577,563</u>
IDEA C - Early Intervention 2018	84.181A	183911010319013911	143
Total CFDA Number 84.181A			<u>143</u>
ESEA Title III-Limited English Proficiency (LEP) 2017	84.365A	17671001031901	105,745
ESEA Title III-Limited English Proficiency (LEP) 2018	84.365A	18671001031901	1,224,161
Total CFDA Number 84.365A			<u>1,329,906</u>
ESEA Title II, Part A - TPTR 2017	84.367A	17694501031901	93,043
Supporting Effective Instruction State Grant	84.367A	18694501031901	2,871,606
Total CFDA Number 84.367A			<u>2,964,649</u>
Summer School LEP	84.369A	69551602	78,049
Summer School LEP	84.369A	69551702	58,170
Total CFDA Number 84.369A			<u>136,219</u>
Title IV, Part A, Subpart I	84.424A	18680101031901	416,645
Total CFDA Number 84.424A			<u>416,645</u>
<i>Passed Through Jobs for the Future, Inc.</i>			
Early College Expansion Partnership Agreement	84.411B	U411B120049	22,720
Total CFDA Number 84.411B			<u>22,720</u>
Total Passed Through Jobs for the Future, Inc.			<u>22,720</u>
Total Passed Through Texas Education Agency			<u>42,629,630</u>
<i>Passed Through Education Service Center Region 10:</i>			
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth 2017	84.196A	13-062	17,000
ESEA Title III Subtitle B - Ed. for the Homeless Children & Youth 2018	84.196A	13-062	164,938
Total CFDA Number 84.196A			<u>181,938</u>
Total Passed Through Education Service Center Region 10			<u>181,938</u>
<i>Passed Through University of Texas Rio Grande Valley</i>			
GEAR UP 2018	84.334A	P334A170097(02)	198,978
Total CFDA Number 84.334A			<u>198,978</u>
Total Passed Through University of Texas Rio Grande Valley			<u>198,978</u>
<i>Passed Through Education Service Center Region One</i>			
GEAR UP 2017	84.334A	P334A110180-16	4,805
GEAR UP 2018	84.334A	P334A110180-17	4,518
Total CFDA Number 84.334A			<u>9,323</u>
Total Passed Through Education Service Center Region One			<u>9,323</u>
<i>Passed Through Education Service Center Region One</i>			
Project RISE (Region One Incentive Strategies for Educators)-2017	84.374A	U374A160002-16A	211,304
Project RISE (Region One Incentive Strategies for Educators)-2018	84.374A	U374A160002-17	285,412
Total CFDA Number 84.374A			<u>496,716</u>
Total Passed Through Education Service Center Region One			<u>496,716</u>
Total U.S. Department of Education			<u>43,516,585</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
School Breakfast Program ¹	10.553	71401601	11,515,686
National School Lunch Program ¹	10.555	71301601	<u>19,735,219</u>
Total Passed Through Texas Education Agency			<u>31,250,905</u>
<i>Passed Through Texas Department of Agriculture:</i>			
National School Lunch Program - Non-cash assistance ¹	10.555	-	1,032,512
Child and Adult Care Food Program	10.558	-	<u>5,459,417</u>
Total Passed Through Texas Department of Agriculture			<u>6,491,929</u>
Total U.S. Department of Agriculture			<u>37,742,834</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 82,148,033</u>

¹ Total Child Nutrition Cluster - \$ 32,283,417

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

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

For the Year Ended June 30, 2018

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.

5. RECONCILIATION OF FEDERAL REVENUES AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 90,605,805
School health and related services revenue	<u>(8,457,772)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 82,148,033</u>

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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>			
	CFDA Number(s)	Name of Federal Program or Cluster	
	10.550, 10.553 & 10.555 84.027A & 84.173A 84.367A	Child Nutrition Cluster Special Education Cluster (IDEA) Supporting Effective Instruction State Grant /ESEA Title II, Part A - TPTR 2017	
	Dollar threshold used to distinguish between Type A and Type B programs:	\$2,464,441	
	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

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT
Brownsville, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

None.