

BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

Presentation of the Texas Education Agency
Financial Integrity Rating System of Texas
(FIRST)

Financial Management Report
For Fiscal Year Ended June 30, 2008



“Superior Achievement”

Introduction

Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system, which is referred to as School FIRST. The primary goal of School FIRST is to improve the management of school districts' financial resources. School FIRST was developed in consultation with the Comptroller of Public Accounts, and its development also benefited from the many comments that were received from school district and regional education service center personnel. The school district FIRST rating is based on an analysis of staff and student data and budgetary and actual financial data for the fiscal year ended June 30, 2008.

Senate Bill 218 also requires each school district to prepare an Annual Financial Accountability Management Report. This annual report is centered on the results of the Financial Integrity Rating System of Texas (FIRST) worksheet. The FIRST worksheet was a collaborative effort between the Texas Education Agency (TEA), the Texas Business & Educational Council (TBEC) and the Texas Association of School Business Officials (TASBO).

The four ratings for Texas school districts are: Superior Achievement, Above Standard Achievement, Standard Achievement and Substandard Achievement.

The School FIRST worksheet consists of twenty-four indicators that measure not only a school district's financial stability but also its academic standing. The first six indicators are considered "critical" indicators in that a negative score to one or more of these will result in a "substandard" rating for a school district. If a school district receives an unacceptable score for indicators 1, 2, 3 or 4, the school district automatically receives a "substandard" rating. If a school district receives an unacceptable score for both indicators 5 and 6, this too will result in a "substandard" rating.

Indicators 7 through 24 are point based, with points ranging for three to five points depending on the indicator. Some indicators allow for the proration of points whereby a school district can earn 1, 2, 3 or more points, whereas other indicators only allow a school district to earn the maximum points or none.

The maximum points allowed in the new point based FIRST are 85. It should be noted that indicator #24 is the only indicator with a maximum score of 4 points. All other indicators allow for a maximum of 3 or 5 points. The district earned 2 of 3 possible points for indicator #13 and 4 of 5 possible points for indicator #20. The Brownsville Independent School District earned 83 points or **97.65%**.

The district earned a "Superior Achievement" rating for fiscal year ended June 30, 2008.

Indicators

Indicator #	Indicator Description	FY 06-07	FY 07-08
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	Passed	Passed
2	Was The Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero?	Passed	Passed
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	Passed	Passed
4	Was the Annual Financial Report Filed Within One Month After November 27th Or January 28th Depending Upon The District's Fiscal Year End Date (June 30th or August 31)	Passed	Passed
5	Was There An Unqualified Opinion in the Annual Financial Report?	Passed	Passed
6	Did The Annual Financial Report Not Disclose Any Instances(s) Of Material Weaknesses In Internal Controls?	Passed	Passed
7	Did the District's Academic Rating Exceed Academically Unacceptable (Maximum 5 Points)	5 Pts.	5 Pts.
8	Was The Three-Year Average Percent of Total Tax Collections (Including Delinquent) Greater Than 98%? (Maximum 5 Points)	4 Pts.	5 Pts.

Indicator #	Indicator Description	FY 06-07	FY 07-08
9	Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)? (Maximum 5 Points)	5 Pts.	5 Pts.
10	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$250.00 Per Student? (Maximum 5 Points)	5 Pts.	5 Pts.
11	Was There No Disclosure In The Annual Financial Audit Report Of Material Noncompliance? (Maximum 5 Points)	5 Pts.	5 Pts.
12	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (Maximum 5 Points)	5 Pts.	5 Pts.
13	Was The Percent Of Operating Expenditures Expended For Instruction More Than 65%? (Functions 11, 36, 93, 95) (Phased in over three years, 55% for 2006-2007; 60% for 2007-2008; and 65% for 2008-2009) (Maximum 3 Points)	3 Pts.	2 Pts.
14	Was the Percent of Operating Expenditures Expended for Instruction More Than or Equal to 65%? (Functions 11, 12, 31, 33, 36, 93 and 95) (Maximum 3 Points)	3 Pts.	3 Pts.
15	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources And Fund Balance In The General Fund? (Maximum 5 Points)	5 Pts.	5 Pts.

Indicator #	Indicator Description	FY 06-07	FY 07-08
16	If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (Maximum 5 Points)	5 Pts.	5 Pts.
17	Was The Ratio Of Cash And Investments To Deferred Revenues In The General Fund = > 1:1? (Maximum 5 Points)	5 Pts.	5 Pts.
18	Was The Administrative Cost Ratio Less Than The Threshold Ratio? (Maximum 5 Points)	5 Pts.	5 Pts.
19	Was The Ratio Of Students To Teachers Within The Ranges Shown Below According To District Size? (Maximum 5 Points)	5 Pts.	5 Pts.
20	Was The Ratio Of Students To Total Staff Within The Ranges Shown Below According To District Size? (Maximum 5 Points)	4 Pts.	4 Pts.
21	Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Finance Report? (Maximum 5 Points)	5 Pts.	5 Pts.
22	Was The Decrease In Undesignated Unreserved Fund Balance <20% Over Two Fiscal Years? (Maximum 5 Points)	5 Pts.	5 Pts.
23	Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0? (Maximum 5 Points)	5 Pts.	5 Pts.
24	Were Investment Earnings In All Funds More Than \$20 Per Student? (Maximum 4 Points)	4 Pts.	4 Pts.

Indicator #19	Ranges for Ratios		Indicator #20	Ranges for Ratios	
District Size - Number of Students Between	Low	High	District Size - Number of Students Between	Low	High
< 500	7.0	22	< 500	5.0	14
500-999	10.0	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13.0	22	5000-9999	6.8	14
=> 10000	13.5	22	=> 10000	7.0	14

Determination of Rating

A.	<p>1. Did The District Answer No To Indicators 1, 2, 3 or 4?</p> <p>2. Or Did The District Answer No To Both 5 and 6?</p> <p>If so, the District's Rating Is Substandard Achievement.</p>	
B.	<p>Determine Rating By Applicable Range For The Number Of Indicators Answered No:</p>	
	Superior Achievement	75 - 85 and Yes to Indicator 7
	Above Standard Achievement	65 - 74 or \geq 75 and No to Indicator 7
	Standard Achievement	55 - 64
	Substandard Achievement	<55 or No to one Default Indicator

Indicators #1 through #24

Indicator #1

Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?

School Districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your school district has a positive amount of fund balance cash (savings) that is not designated or “reserved” for a specific purpose. In other words, “Does your district have funds set aside for a rainy day?”

Brownsville I.S.D.’s unreserved fund balance at June 30, 2008 was \$137,378,484. The previous year unreserved fund balance was \$128,379,309.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #2

Was The Total Unrestricted Net Asset Balance (Net Of Accretion Of Interest On Capital Appreciation Bonds) In The Governmental Activities Column In The Statement Of Net Assets Greater Than Zero? (If The District’s 5 Year % Change In Students was 10% More)

Brownsville I.S.D.’s total unrestricted net asset balance at June 30, 2008 was \$91,899,884.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #3

Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?

This indicator seeks to make certain that your district has paid its bills/obligations on bonds issued to pay for construction, etc.

Brownsville I.S.D. has not had any instance of default on bonded indebtedness obligations.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #4

Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending On The District's Fiscal Year End Date (June 30th or August 31st)?

A simple indicator. Was the district's Annual Financial Report filed by the deadline?

The Brownsville I.S.D. Annual Financial and Compliance Report was submitted before the TEA deadline of December 28, 2008.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #5

Was There An Unqualified Opinion In The Annual Financial Report?

A “qualification on the district’s financial report means that the district needs to correct some of its reporting or financial controls. A district’s goal, therefore, is to receive an “unqualified opinion” on Annual Financial Report. This is a “Yes” or “No” indicator.

The Brownsville I.S.D. has received an unqualified opinion on its Annual Financial and Compliance Report for the fiscal year ended June 30, 2008.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #6

Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?

A clean audit of the district’s Annual Financial Report would state the district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your district not being able to properly account for its use of public funds and should be immediately addressed.

No material weaknesses in internal controls were disclosed in the Brownsville I.S.D.’s Annual Financial and Compliance Report.

FY 2006-2007	FY 2007-2008
Passed	Passed

Indicator #7

Did The District's Academic Rating Exceed Academically Unacceptable?

During FY 2007-2008, the Brownsville I.S.D. received an "acceptable rating.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #8

Was The Three Year Average Percent of Tax Collections (Including Delinquent) Greater Than 98%?

This indicator measures the district's success in collecting the taxes owed by the district's community's businesses and homeowners.

The Brownsville I.S.D.'s tax collection rate at June 30, 2008 was 99.33%.

FY 2006-2007	FY 2007-2008
4 pts.	5 pts.

Indicator #9

Did The Comparison of PEIMS Data To Like Information In The Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?

This indicator measures the quality of data reported to PEIMS and in the district's Annual Financial Report to make certain that the data reported in each case "matches up". If the difference in numbers reported in any fund type is more than 3 percent, the district "fails" this measure.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #10

Were Debt Related Expenditures (Net of IFA And/Or EDA Allotment < \$250.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$200,000 Per Student).

This indicator shows the legislature's intent for school districts to spend money on education, rather than buildings, by limiting the amount of money districts can spend on debt to \$250 per student. The legislature did allow for fast growing school to exceed this cap.

Brownsville's I.S.D.'s debt expenditures (net of IFA/EDA allotments) per student were \$114.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #11

Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?

A “No” disclosure means the Annual Audit Report includes no disclosure indicating that the school district failed to comply with laws, rules and regulations for a government entity.

The Brownsville I.S.D. Annual Financial and Compliance Report at June 30, 2008 did not have any disclosure of material noncompliance.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #12

Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned).

Did TEA take over control of your district due to financial issues such as fraud or having a negative fund balance? If not, the district passed this indicator.

The Brownsville I.S.D. had full accreditation status at June 30, 2008.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #13

Was The Percent Of Operating Expenditures Expended For Instruction Greater Than 65%? (Functions 11, 36, 93, 95)

(Phased in over three years, 55% for 2006-2007, 60% for 2007-2008 and 65% for 2008-2009)

For the year ended June 30, 2008, the Brownsville I.S.D.'s percentage of operating expenditures for instruction were 59.16%, below the FY 07-08 requirement of 60.00%.

FY 2006-2007	FY 2007-2008
3 pts.	2 pts.

Indicator #14

Was The Percent Of Operating Expenditures Expended For Instruction More Than Or Equal To 65%? (Functions 11, 12, 31, 33, 36, 93, 95).

For the year ended June 30, 2008, the Brownsville ISD's percentage of operating expenditures for instruction were 65.57%, exceeding the TEA minimum requirement of 65.00%.

FY 2006-2007	FY 2007-2008
3 pts.	3 pts.

Indicator #15

Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources And Fund Balance In General Fund?

Did the district overspend its budget? The district will receive a negative rating on this measure if its total expenditures and other uses for fiscal year exceeded its total funds available.

Brownsville I.S.D.'s total revenues, other sources and fund balance in the General fund exceeded total expenditures and other uses by \$157,574,953.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #16

If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation).

Did the district overspend on school buildings or other capital projects? This indicator measures the district's ability to construct facilities without damaging its fund balance.

Fund balance in the General Fund was \$172,992,458 and \$141,114,577 in Capital Project Funds. These amounts indicate that the District has not overspent on construction projects.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #17

Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal to Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable).

This indicator measures whether or not district has sufficient cash and investments to balance fund balance monies such as TEA overpayments (deferred revenues). In other words , the district should have fund balance monies of its own that are at least equal to those dollars that are there due to overpayments from TEA, and it should not be spending “next year’s” monies this year.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #18

Was The Administrative Coast Ratio Less Than The Threshold Ratio?

TEA and state law sets a cap on the percentage of their budget that Texas school districts can spend on administration. Did you exceed the cap for districts of the district’s size?

TEA’s acceptable administrative cost ratio is 11.05%, whereas the Brownsville I.S.D.’s administrative cost ratio was 7.37% at June 30, 2008.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #19

Was The Ratio Of Students To Teachers Within The Ranges Shown Below According To District Size?

This indicator measures you pupil-teacher ratio to ensure that it is within TEA recommended ranges for districts of the local district's size. For example, districts with a student population greater than 10,000 should have no more than 22.0 students per teacher and no fewer than 13.5 students per teacher. Brownsville I.S.D. student/teacher ratio was 14.91 at June 30, 2008.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #20

Was The Ratio Of Students To Total Staff Within The Ranges Shown Below According To District Size?

This indicator measures your pupil-staff ratio to ensure that it is within TEA recommended ranges for districts of the local district's student population. For example, districts with a student population greater than 10,000 should have no than 14 students per staff member and no fewer than 7.0 students per district employee.

Brownsville I.S.D. ratio of students per total staff was 6.6632 at June 30, 2008.

FY 2006-2007	FY 2007-2008
4 pts.	4 pts.

Indicator #21

Was The Total fund Balance In The General Fund More Than 50% and Less Than 150% Of Optimum According to The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?

Exhibit C-1 in the district's Annual Financial Report shows a fund balance of \$176,102,088 for the General Fund. Exhibit J-3 provides an "Optimum Fund Balance" of \$123,363,099. The district should have no less than one-half and no more than one and one-half times the "Optimum Fund Balance" in the General Fund. The Brownsville I.S.D.'s General Fund "fund balance" was within these limits.

Optimum Fund Balance * 0.5 = \$ 61,681,550
Optimum Fund Balance * 1.5 = \$ 185,044,649
General Fund "fund balance" = \$ 176,102,088

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #22

Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years (If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In the General Fund, Then District Receives 5 Points).

Is the district "feeding off" of the district's fund balance" to pay for salaries or other district operating expenses? This indicator notes rapid decreases in a district's undesignated fund balance (those dollars not designated for future uses, such as purchase of land, construction, etc).

Brownsville I.S.D.'s General Fund total revenues exceeded total expenditures, resulting in a "5 points" answer to this criteria.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #23

Was The Aggregate Total of Cash And Investments In The General Fund More Than \$0?

Does your district have cash in the bank and/or investments?

This indicator simply confirms that the school district has cash in the bank or in investments. At June 30, 2008 the Brownsville I.S.D. General Fund had \$178,470,561 in cash and investments.

FY 2006-2007	FY 2007-2008
5 pts.	5 pts.

Indicator #24

Were Investment Earnings In All Funds More Than \$20 Per Student?

Is the district using it's cash or fund balance wisely?

This indicator verifies that the District is investing its money wisely and getting a good return on its investments. The investment earnings per student was \$211.3605 per student, above the TEA standard of \$20.00 per student.

FY 2006-2007	FY 2007-2008
4 pts.	4 pts.

Texas Administrative Code
Chapter 109: Disclosures

Disclosure 1

Superintendent's Current Contract

Texas Administrative Code (TAC) § 109.1005 (b)(2)(A) requires that the superintendent's current contract in effect on the date of the School FIRST management report be part of the report. During a Special Called Board Meeting of September 18, 2009, the board of trustees terminated the contract for Mr. Hector Gonzales, as such there is no contract in effect at October 20, 2009.

Disclosure 2

Reimbursements to Superintendent and Board Members

Name	Title	Lodging	Meals	Transportation	Other	Total
Hector Gonzales	Superintendent	\$ 3,256.19	\$ 1,834.54	\$ 3,444.03	\$ 2,190.00	\$ 10,724.76
Dr. Enrique Escobedo	President	1,417.64	600.00	580.45	930.00	3,528.09
Herman Otis Powers, Jr.	Vice-President	1,267.56	524.00	611.75	705.85	3,109.16
Susan Galvan	Secretary	2,826.52	1,705.00	1,995.66	2,035.00	8,562.18
Pat Lehmann	Asst. Secretary	3,098.38	1,645.00	2,398.56	2,660.00	9,801.94
Rolando Aguilar	Member	2,556.73	1,105.00	1,572.42	1,135.00	6,369.15
Joe Colunga	Member	932.87	545.00	488.39	690.00	2,656.26
Ruben Cortez, Jr.	Member	3,361.59	1,770.00	3,527.08	2,565.00	11,223.67
		\$ 18,717.48	\$ 9,728.54	\$ 14,618.34	\$ 12,910.85	\$ 55,975.21

Disclosure 3

Superintendent's Outside Compensation

Disclosure not available.

Disclosure 4

Reportable Gifts

Name	Title	Reported Amount
Hector Gonzales	Superintendent	*N/A
Dr. Enrique Escobedo	President	-
Herman Otis Powers, Jr.	Vice-President	*N/A
Susan Galvan	Secretary	*N/A
Pat Lehmann	Asst. Secretary	*N/A
Rolando Aguilar	Member	-
Joe Colunga	Member	-
Ruben Cortez, Jr.	Member	*N/A
		\$ -
* Disclosure not available		

Disclosure 5

Transactions Between The District and Superintendent/Board Members

Name	Title	Reported Amount
Hector Gonzales	Superintendent	*N/A
Dr. Enrique Escobedo	President	-
Herman Otis Powers, Jr.	Vice-President	*N/A
Susan Galvan	Secretary	*N/A
Pat Lehmann	Asst. Secretary	*N/A
Rolando Aguilar	Member	-
Joe Colunga	Member	-
Ruben Cortez, Jr.	Member	*N/A
		\$ -
* Disclosure not available		