

BRADY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2009

Introductory Section

Brady Independent School District
Annual Financial Report
For The Year Ended August 31, 2009

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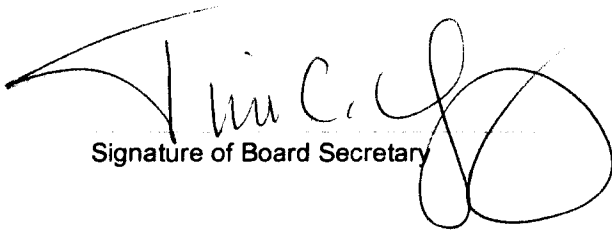
CERTIFICATE OF BOARD

Brady Independent School District
Name of School District

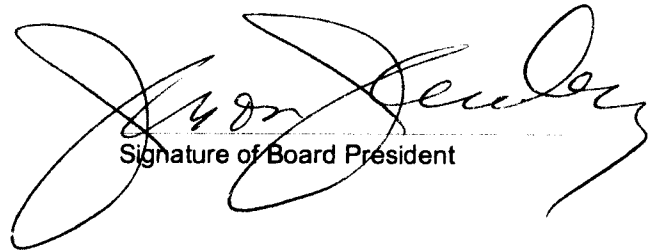
McCulloch
County

160-901
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 August 31, 2009, at a meeting of the board of trustees of such school district on the 16th day of November, 2009.



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

Burl D. Lowery
Certified Public Accountant
311 Center Ave.
Brownwood, Texas 76801

Independent Auditor's Report on Financial Statements

Board of Trustees
Brady Independent School District
100 West Main
Brady, Texas 76825-4527

Members of the Board of Trustees:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brady Independent School District as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Brady Independent School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Brady Independent School District as of August 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 11, 2009, on my consideration of Brady Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Brady Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining financial statements

and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

November 11, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Brady Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$9,465,063 at August 31, 2009.
- During the year, the District's expenses were \$1,493,579, less than the \$16,489,720 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$700,597 and its revenues decreased by \$411,864 during the current year.
- The general fund reported a fund balance this year of \$5,581,059.
- The District issued school building bonds in the amount of \$14,500,000 to fund construction of a new high school in the 2006-2007 fiscal year. As of August 31, 2009, the District has funds reserved for construction of \$1,627,602.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government's former self-insurance fund.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong. These funds consist of student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no Proprietary Fund Types.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We excluded these activities from the District's government-wide financial statements because the District cannot use

these assets to finance its operations. These funds consist of student activity funds and belong to clubs and organizations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$ 9,465,603 at August 31,2009 and \$7,971,486 at August 31, 2008.

The District has restricted net assets of \$2,581,161, which are restricted to future bond payments, construction, and state and federal programs, which leaves \$6,343,368 of unrestricted net assets at August 31, 2009. The unreserved funds of \$6,343,368 represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$16,489,720. A significant portion, 26.7%, of the District's revenue comes from taxes. 57% comes from state available and foundation grants, while only 1.4% relates to charges for services.

The total cost of all programs and services was \$14,996,252; 52% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates did not increase during the current year. The taxable values increased which yielded tax revenues of \$4,416,195.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$16,451,939, a decrease of 2.6% over the preceding year. The decrease in local revenues is a result of an increase state revenue, property taxes, and a decrease in interest earned on construction bonds. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2008-2009 was approximately the same as 2007-2008 average daily attendance.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$486,419 below final budget amounts of the General Fund.

On the other hand, resources available were \$136,176 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had invested \$32,946,962 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$12,965,452 or 65% over last year.

The District's has construction budgeted in its 2009-2010 budget funded with bonds issued in 2006-2007 and local funds of approximately \$5,717,019. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$20,595,000 in bonds outstanding. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2009-2010 budget preparation is expected to increase slightly.
- General operating fund spending decreases in the 2009-2010 budget from \$11,282,164 to \$11,156,225. This is a decrease of 1.1%.
- The District's 2009-2010 refined average daily attendance is expected to be approximately the same as the 2008-2009 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2009-2010. Amounts available for appropriation in the general fund budget are \$11,156,225, a decrease of 1.8 percent over the final 2008-2009 budget of \$11,360,468. Property taxes will remain approximately the same as taxable value and tax rates are only changing by minimal amounts. State revenue will increase or decrease as the student population changes in size. The District will use these increases in revenues to finance programs we currently offer.

General fund expenditures are budgeted to decrease nearly 1.1% to \$11,156,225. The District has added no major new programs or initiatives to the 2009-2010 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2009-2010.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

BRADY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS IF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$9,465,063 at August 31, 2009. (See Table 1)

Table 1
 Brady Independent School District's Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$10,519,891	\$19,186,609
Due from other governments	\$159,930	\$1,213,022
Property taxes receivable net of uncollectible	\$185,844	\$184,624
Inventories	\$0	\$3,454
Accrued interest	\$924	\$387,171
Other receivables	\$49,064	\$44,466
Unamortized bond issuance costs	\$176,153	\$186,365
Premium or discount on bonds sold	(\$95,743)	(\$123,197)
Deferred expense	\$110,405	\$63,744
Total Current Assets	<u>\$11,106,468</u>	<u>\$21,146,258</u>
Noncurrent Assets:		
Land	\$401,905	\$401,906
Construction in progress	\$14,395,245	\$1,637,431
Buildings	\$15,405,651	\$15,405,651
Equipment and vehicles	\$2,744,161	\$2,536,522
Less accumulated depreciation	(\$11,811,428)	(\$11,382,333)
Total Noncurrent Assets	<u>\$21,135,534</u>	<u>\$8,599,177</u>
Total Assets	<u>\$32,242,002</u>	<u>\$29,745,435</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$1,034,096	\$383,157
Claims payable		
Due to other funds		
Deferred revenue	\$1,147,843	\$223,859
Total Current Liabilities	<u>\$2,181,939</u>	<u>\$607,016</u>
Long-term Liabilities:		
Bonds Payable	\$20,595,000	\$21,130,000
Accrued Interest on Capital Appreciation Bonds	\$0	\$20,668
Capital Leases payable	\$0	\$16,265
Total Long-term Liabilities	<u>\$20,595,000</u>	<u>\$21,166,933</u>
Total Liabilities	<u>\$22,776,939</u>	<u>\$21,773,949</u>
Net Assets:		
Invested in capital assets	\$540,534	(\$12,567,756)
Restricted for debt service	\$855,360	\$648,445
Restricted for federal and state programs	\$98,199	\$90,891
Restricted for construction	\$1,627,602	\$13,479,149
Unrestricted	\$6,343,368	\$6,320,757
Total Net Assets	<u>\$9,465,063</u>	<u>\$7,971,486</u>

BRADY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

Table 2
 Brady Independent School District's Changes in Net Assets

	Governmental Activities	
	2009	2008
Program Revenues:		
Charges for services	\$241,883	\$242,137
Operating grants and contributions	\$1,763,949	\$2,251,494
Capital grants and contributions		
General Revenues:		
Property taxes	\$4,416,195	\$4,029,616
State aid - formula	\$9,463,403	\$9,239,586
Investment earnings	\$465,582	\$942,949
Other revenues	\$102,146	\$186,118
Special items inflow	\$36,562	\$9,684
Bond interest prepaid	\$0	\$0
Total Revenues	\$16,489,720	\$16,901,584
Expenditures:		
Instruction	\$7,574,750	\$7,582,706
Instructional resources and media services	\$232,726	\$208,636
Curriculum development and staff development	\$128,566	\$172,192
Instructional leadership	\$148,789	\$168,077
School leadership	\$859,542	\$765,657
Guidance and counseling services	\$626,183	\$639,334
Social work services	\$36,642	\$31,163
Health services	\$137,347	\$157,110
Student (pupil) transportation	\$369,859	\$367,229
Food services	\$686,474	\$631,806
Curricular/extracurricular activities	\$692,093	\$691,867
General administration	\$562,273	\$734,702
Plant maintenance & operation	\$1,274,609	\$1,268,075
Security and monitoring services	\$13,517	\$19,766
Data processing services	\$196,602	\$228,485
Community Services	\$46,809	\$26,672
Debt services	\$944,273	\$294,375
Payments to fiscal agent/member districts SSA	\$320,001	\$307,692
Other intergovernmental charges	\$145,086	\$0
Total Expenditures	\$14,996,141	\$14,295,544
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$1,493,579	\$2,606,040
Other Resources (Uses)		
Transfers In (Out)	\$0	\$0
Increase (Decrease) in Net Assets	\$1,493,579	\$2,606,040
Net Assets - Beginning	\$7,971,486	\$5,371,091
Prior Period Adjustments & Rounding	(\$2)	(\$5,645)
Net Assets - Ending	\$9,465,063	\$7,971,486

BRADY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

Table 3
 Brady Independent School District's Capital Assets

	Governmental Activities	
	2009	2008
Land	\$401,905	\$401,906
Construction in progress	\$14,395,245	\$1,637,431
Buildings and improvements	\$15,405,651	\$15,405,651
Equipment and vehicles	\$2,744,161	\$2,536,522
Total Capital Assets	\$32,946,962	\$19,981,510
Total Accumulated Depreciation	\$11,811,428	\$11,382,333
Net Capital Assets	\$21,135,534	\$8,599,177

Table 4
 Brady Independent School District's Long-term Debt

	Governmental Activities	
	2009	2008
Bonds payable	\$20,595,000	\$21,130,000
Capital leases payable	\$0	\$16,265
Accrued Interest on Capital Appreciaton Bonds	\$0	\$20,668
Total Long-term Debt	\$20,595,000	\$21,166,933

Basic Financial Statements

BRADY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2009

1

Data Control Codes	Governmental Activities
ASSETS:	
1110 Cash and Cash Equivalents	\$ 3,494,870
1120 Current Investments	7,025,021
1225 Property Taxes Receivable (Net)	185,844
1240 Due from Other Governments	159,930
1250 Accrued Interest	924
1290 Other Receivables (Net)	49,064
1410 Deferred Expenses	110,390
1420 Capitalized Bond and Other Debt Issuance Costs	176,153
1430 Premium and Discount on Issuance of Bonds	(95,743)
1490 Other Current Assets	15
Capital Assets:	
1510 Land	401,905
1520 Buildings and Improvements, Net	5,266,831
1530 Furniture and Equipment, Net	1,071,553
1580 Construction in Progress	14,395,245
1000 Total Assets	<u>32,242,002</u>
LIABILITIES:	
2110 Accounts Payable	658,380
2165 Accrued Liabilities	375,716
2300 Unearned Revenue	1,147,843
Noncurrent Liabilities:	
2501 Due Within One Year	635,000
2502 Due in More Than One Year	19,960,000
2000 Total Liabilities	<u>22,776,939</u>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt Restricted For:	540,534
3820 State and Federal Programs	98,199
3850 Debt Service	855,360
3860 Capital Projects	1,627,602
3900 Unrestricted	6,343,368
3000 Total Net Assets	<u>\$ 9,465,063</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 7,574,750	\$ 2,610	\$ 859,912	\$ (6,712,228)
12	Instructional Resources and Media Services	232,726	--	--	(232,726)
13	Curriculum and Staff Development	128,566	--	109,520	(19,046)
21	Instructional Leadership	148,789	--	--	(148,789)
23	School Leadership	859,542	--	--	(859,542)
31	Guidance, Counseling, & Evaluation Services	626,183	--	664	(625,519)
32	Social Work Services	36,642	--	2,970	(33,672)
33	Health Services	137,347	--	--	(137,347)
34	Student Transportation	369,859	--	1,999	(367,860)
35	Food Service	686,474	156,257	433,183	(97,034)
36	Cocurricular/Extracurricular Activities	692,093	83,016	--	(609,077)
41	General Administration	562,273	--	--	(562,273)
51	Plant Maintenance and Operations	1,274,609	--	--	(1,274,609)
52	Security and Monitoring Services	13,517	--	--	(13,517)
53	Data Processing Services	196,602	--	--	(196,602)
61	Community Services	46,809	--	23,928	(22,881)
72	Interest on Long-term Debt	940,473	--	331,773	(608,700)
73	Bond Issuance Costs and Fees	3,800	--	--	(3,800)
93	Payments Related to Shared Services Arrangements	320,001	--	--	(320,001)
99	Other Intergovernmental Charges	145,086	--	--	(145,086)
TG	Total Governmental Activities	14,996,141	241,883	1,763,949	(12,990,309)
TP	Total Primary Government	\$ 14,996,141	\$ 241,883	\$ 1,763,949	(12,990,309)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				3,037,575
DT	Property Taxes, Levied for Debt Service				1,378,620
IE	Investment Earnings				465,582
GC	Grants and Contributions Not Restricted to Specific Programs				9,463,403
MI	Miscellaneous				102,146
	Special and Extraordinary Items:				
S1	Special Item Inflow				36,562
TR	Total General Revenues				14,483,888
CN	Change in Net Assets				1,493,579
NB	Net Assets - Beginning				7,971,484
NE	Net Assets - Ending				\$ 9,465,063

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 1,641,635	\$ 345,254
1120 <i>Current Investments</i>	5,220,021	500,000
1225 <i>Taxes Receivable, Net</i>	145,364	40,480
1240 <i>Due from Other Governments</i>	--	--
1250 <i>Accrued Interest</i>	--	--
1290 <i>Other Receivables</i>	38,958	10,106
1410 <i>Deferred Expenditures</i>	109,935	--
1490 <i>Other Current Assets</i>	15	--
1000 Total Assets	\$ 7,155,928	\$ 895,840
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ --
2160 <i>Accrued Wages Payable</i>	277,701	--
2200 <i>Accrued Expenditures</i>	5,177	--
2300 <i>Unearned Revenue</i>	1,291,991	40,480
2000 Total Liabilities	1,574,869	40,480
FUND BALANCES:		
Reserved Fund Balances:		
3420 <i>Debt Service</i>	--	855,360
3450 <i>Reserve for Food Service</i>	--	--
3490 <i>Other Reserves of Fund Balance</i>	--	--
Designated Fund Balance:		
3510 <i>Construction</i>	3,600,000	--
3600 <i>Unreserved</i>	1,981,059	--
3000 Total Fund Balances	5,581,059	855,360
4000 Total Liabilities and Fund Balances	\$ 7,155,928	\$ 895,840

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 980,058	\$ 527,923	\$ 3,494,870
1,305,000	--	7,025,021
--	--	185,844
--	159,930	159,930
924	--	924
--	--	49,064
--	455	110,390
--	--	15
<u>\$ 2,285,982</u>	<u>\$ 688,308</u>	<u>\$ 11,026,058</u>
\$ 658,380	\$ --	\$ 658,380
--	88,098	365,799
--	4,740	9,917
--	1,216	1,333,687
<u>658,380</u>	<u>94,054</u>	<u>2,367,783</u>
--	--	855,360
--	98,199	98,199
1,627,602	496,055	2,123,657
--	--	3,600,000
--	--	1,981,059
<u>1,627,602</u>	<u>594,254</u>	<u>8,658,275</u>
<u>\$ 2,285,982</u>	<u>\$ 688,308</u>	<u>\$ 11,026,058</u>

BRADY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2009

Total fund balances - governmental funds balance sheet	\$ 8,658,275
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	21,135,534
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	185,845
Payables for bond principal which are not due in the current period are not reported in the funds.	(20,595,000)
Bond issuance costs are capitalized and amortized in the SNA.	176,152
Premiums on the sale of bonds are capitalized and amortized in the SNS.	<u>(95,743)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 9,465,063</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 3,462,718	\$ 1,392,324
5800 <i>State Program Revenues</i>	8,022,512	331,773
5900 <i>Federal Program Revenues</i>	11,414	--
5020 Total Revenues	<u>11,496,644</u>	<u>1,724,097</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	5,948,929	--
0012 <i>Instructional Resources and Media Services</i>	224,347	--
0013 <i>Curriculum and Staff Development</i>	49,846	--
0021 <i>Instructional Leadership</i>	3,908	--
0023 <i>School Leadership</i>	828,597	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	194,626	--
0032 <i>Social Work Services</i>	1,147	--
0033 <i>Health Services</i>	132,402	--
0034 <i>Student Transportation</i>	461,228	--
0035 <i>Food Service</i>	28,315	--
0036 <i>Cocurricular/Extracurricular Activities</i>	662,062	--
0041 <i>General Administration</i>	506,800	--
0051 <i>Plant Maintenance and Operations</i>	1,166,821	--
0052 <i>Security and Monitoring Services</i>	13,030	--
0053 <i>Data Processing Services</i>	178,581	--
0061 <i>Community Services</i>	9,981	--
0071 <i>Principal on Long-term Debt</i>	16,266	535,000
0072 <i>Interest on Long-term Debt</i>	--	978,382
0073 <i>Bond Issuance Costs and Fees</i>	--	3,800
0081 <i>Capital Outlay</i>	--	--
0093 <i>Payments to Shared Service Arrangements</i>	241,773	--
0099 <i>Other Intergovernmental Charges</i>	145,086	--
6030 Total Expenditures	<u>10,813,745</u>	<u>1,517,182</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>682,899</u>	<u>206,915</u>
Other Financing Sources and (Uses):		
7912 <i>Sale of Real or Personal Property</i>	7,453	--
7915 <i>Transfers In</i>	--	--
7949 <i>Other Resources</i>	12,160	--
8911 <i>Transfers Out</i>	(782,304)	--
7080 Total Other Financing Sources and (Uses)	<u>(762,691)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(79,792)</u>	<u>206,915</u>
0100 Fund Balances - Beginning	<u>5,660,851</u>	<u>648,445</u>
3000 Fund Balances - Ending	<u>\$ 5,581,059</u>	<u>\$ 855,360</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 206,268	\$ 163,277	\$ 5,224,587
--	762,773	9,117,058
--	2,098,880	2,110,294
<u>206,268</u>	<u>3,024,930</u>	<u>16,451,939</u>
--	1,353,815	7,302,744
--	--	224,347
--	74,091	123,937
--	139,524	143,432
--	--	828,597
--	409,013	603,639
--	34,176	35,323
--	--	132,402
--	146,902	608,130
--	633,444	661,759
--	5,114	667,176
--	35,230	542,030
--	77,309	1,244,130
--	--	13,030
--	10,943	189,524
--	35,143	45,124
--	--	551,266
--	--	978,382
--	--	3,800
12,757,815	--	12,757,815
--	78,228	320,001
--	--	145,086
<u>12,757,815</u>	<u>3,032,932</u>	<u>28,121,674</u>
(12,551,547)	(8,002)	(11,669,735)
--	--	7,453
700,000	82,304	782,304
--	16,949	29,109
--	--	(782,304)
<u>700,000</u>	<u>99,253</u>	<u>36,562</u>
(11,851,547)	91,251	(11,633,173)
13,479,149	503,003	20,291,448
<u>\$ 1,627,602</u>	<u>\$ 594,254</u>	<u>\$ 8,658,275</u>

BRADY INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009*

Net change in fund balances - total governmental funds	\$ (11,633,173)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	13,034,783
The depreciation of capital assets used in governmental activities is not reported in the funds.	(498,425)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,220
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	535,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	16,266
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	17,241
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>20,668</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 1,493,579</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2009

Data Control Codes		Agency Fund
		Student Activity
	ASSETS:	
1110	<i>Cash and Cash Equivalents</i>	\$ 45,455
1000	Total Assets	<u>\$ 45,455</u>
	LIABILITIES:	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 45,455
2000	Total Liabilities	<u>45,455</u>
	NET ASSETS	
3000	Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

A. Summary of Significant Accounting Policies

The basic financial statements of Brady Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property 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.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. **Receivable and Payable Balances**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. **Interfund Activity**

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, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

f. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

g. **Data Control Codes**

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

B. Compliance and Accountability

1. **Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,565,345 and the bank balance was \$11,561,748. The District's cash deposits at August 31, 2009 and during the year ended August 31, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Time Deposits	N/A	\$ 20,021
Certificates of Deposit	Less than One Year	7,005,000 --
Total Investments		<u>\$ 7,025,021</u>

3. Analysis of Specific Deposit and Investment Risks

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2009, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Certificates of Deposits	\$7,005,000
Time Deposits	\$20,021

Each of the above are secured by FDIC coverage and pledged securities.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

D. Capital Assets

Capital asset activity for the year ended August 31, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 401,905	\$ --	\$ --	\$ 401,905
Construction in progress	1,637,431	12,757,815	--	14,395,245
Total capital assets not being depreciated	<u>2,039,336</u>	<u>12,757,815</u>	<u>--</u>	<u>14,797,150</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	15,405,651	--	--	15,405,651
Equipment	603,588	15,985	--	619,573
Vehicles	2,167,834	26,083	69,330	2,124,588
Total capital assets being depreciated	<u>18,177,073</u>	<u>42,068</u>	<u>69,330</u>	<u>18,149,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,814,037)	--	324,782	(10,138,820)
Equipment	(390,103)	--	34,547	(424,650)
Vehicles	(1,178,192)	69,330	139,096	(1,247,958)
Total accumulated depreciation	<u>(11,382,333)</u>	<u>69,330</u>	<u>498,425</u>	<u>(11,811,428)</u>
Total capital assets being depreciated, net	<u>6,794,740</u>	<u>111,398</u>	<u>567,755</u>	<u>6,338,384</u>
Governmental activities capital assets, net	<u>\$ 8,834,076</u>	<u>\$ 12,869,212</u>	<u>\$ 567,755</u>	<u>\$ 21,135,534</u>

Depreciation was charged to functions as follows:

Instruction	\$ 272,007
Instructional Resources and Media Services	8,379
Curriculum and Staff Development	4,629
Instructional Leadership	5,357
School Leadership	30,945
Guidance, Counseling, & Evaluation Services	22,544
Social Work Services	1,319
Health Services	4,945
Student Transportation	22,712
Food Services	24,715
Extracurricular Activities	24,917
General Administration	20,243
Plant Maintenance and Operations	46,464
Security and Monitoring Services	487
Data Processing Services	7,078
Community Services	1,685
	<u>\$ 498,425</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2009, consisted of the following:

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ --	Short-term loans
General Fund	Major fund (specify fund name)	--	For transfer of federal receipts
Major fund (specify fund name)	General Fund	--	Capital projects expenditures
Other Governmental Funds	General Fund	--	Specify purpose here
	Other Balances	--	
	Total	\$ --	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2009, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ --	Provide resources for repayment of certificates of participation
General fund	Other Governmental Funds	--	Pay debt service on health insurance financing bonds
General fund	Other Governmental Funds	782,304	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	\$ 782,304	

F. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District has no short-term debt.

G. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 21,130,000	\$ --	\$ 535,000	\$ 20,595,000	\$ 635,000
Capital leases	16,265	--	16,265	--	--
Accrued Interest - Capital	--	--	--	--	--
Appreciation Bonds	20,668	--	20,668	--	--
Claims and judgments *	--	--	--	--	--
Total governmental activities	\$ 21,166,933	\$ --	\$ 571,933	\$ 20,595,000	\$ 635,000

The interest rates on bonds ranges from 3.4% to 4.8%.

* Other long-term liabilities

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	N/A
Claims and judgments	Governmental	General
Compensated absences	Business-type	N/A
Claims and judgments	Business-type	N/A

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2009, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 635,000	\$ 906,976	\$ 1,541,976
2011	660,000	882,186	1,542,186
2012	685,000	856,964	1,541,964
2013	710,000	831,537	1,541,537
2014	250,000	813,644	1,063,644
2015-2019	3,425,000	3,763,926	7,188,926
2020-2024	3,765,000	3,013,324	6,778,324
2025-2029	3,265,000	2,306,000	5,571,000
2030-2034	4,165,000	1,403,750	5,568,750
2035-2037	3,035,000	308,250	3,343,250
Totals	<u>\$ 20,595,000</u>	<u>\$ 15,086,556</u>	<u>\$ 35,681,556</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2009, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

<u>Bond Issue</u>	<u>Amount</u>
Unlimited tax School Building & Ref. Bonds Series 1997	587,707
Unlimited tax School Building & Ref. Bonds Series 1997	2,385,000
Unlimited tax School Building & Ref. Bonds Series 1999	5,094,995
Total	<u>8,067,702</u>

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2009, as follows:

<u>Year Ending August 31:</u>	
2010	\$ --
	--
Total Minimum Rentals	<u>\$ --</u>
Rental Expenditures in 2009	<u>\$ 16,265</u>

The effective interest rate on capital leases is 6.360%. 6.36%

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

H. Commitments Under Noncapitalized Leases

The District has no noncapitalized leases.

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.58% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2009, 2008 and 2007 were \$522,670, \$516,136 and \$507,135, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2009, 2008 and 2007 were \$157,891, \$159,740 and \$160,160, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$524,595 for the year ended August 31, 2009.

K. Retiree Health Care Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee,

BRADY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2009, 2008 and 2007. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$81,714, \$80,646, and \$79,240, respectively, the active member contributions were \$37,435, \$40,191, and \$37,583, respectively, and the District's contributions were \$44,491, \$44,355, and \$43,581, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2009, 2008, and 2007, the subsidy payments received by TRS-Care on behalf of the District were \$19,476, \$18,833, and \$18,033, respectively.

L. Employee Health Care Coverage

During the period ended August 31, 2009, employees of the District were covered by a health insurance plan, the TRS Health Care Plan. The District met all of the requirements of the Plan and paid \$631,402 of premiums in the year ended August 31, 2009.

M. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2009.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

N. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services and support to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund 437, Shared Services Arrangement - Special Education 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>
Brady ISD	\$ 239,613
Lohn ISD	33,450
Rochelle ISD	30,505
Cherokee ISD	30,823
San Saba ISD	108,065
Richland Springs ISD	47,547
Special Services to Other Coops	30,386
Total	\$ 520,389

O. Subsequent Events

None

P. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2009:

	<u>State Revenue Sources</u>	<u>Federal Revenue Sources</u>	<u>Total</u>
General Fund	--	--	--
Special Revenue Fund	\$12,611	\$147,319	\$159,930
Total Due from Other Governmental Entities	\$12,611	\$147,319	\$159,930

Q. Unearned Revenue in Individual Funds

The unearned revenue in individual funds as August 31, 2009 consists of the following:

General Fund:

Property tax revenue	\$145,364
State foundation revenue	\$990,344
Other local revenue	\$156,283

Special Revenue Funds:

Federal and state grant and entitlements	\$1,216
--	---------

Debt Service Fund:

Property tax revenue	\$40,480
Total Deferred Revenue	\$1,333,687

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

BRADY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,075,695	\$ 3,128,831	\$ 3,462,718	\$ 333,887
5800	State Program Revenues	8,220,637	8,220,637	8,022,512	(198,125)
5900	Federal Program Revenues	11,000	11,000	11,414	414
5020	Total Revenues	11,307,332	11,360,468	11,496,644	136,176
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,030,695	6,013,426	5,948,929	64,497
0012	Instructional Resources and Media Services	241,307	243,537	224,347	19,190
0013	Curriculum and Staff Development	60,335	63,835	49,846	13,989
	Total Instruction & Instr. Related Services	6,332,337	6,320,798	6,223,122	97,676
Instructional and School Leadership:					
0021	Instructional Leadership	4,434	5,434	3,908	1,526
0023	School Leadership	789,985	828,651	828,587	54
	Total Instructional & School Leadership	794,419	834,085	832,505	1,580
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	196,655	197,324	194,626	2,698
0032	Social Work Services	1,500	1,800	1,147	653
0033	Health Services	165,852	165,852	132,402	33,450
0034	Student (Pupil) Transportation	649,397	596,897	461,228	135,669
0035	Food Services	29,593	36,093	28,315	7,778
0036	Cocurricular/Extracurricular Activities	708,434	694,208	662,062	32,146
	Total Support Services - Student (Pupil)	1,751,431	1,692,174	1,479,780	212,394
Administrative Support Services:					
0041	General Administration	495,885	523,839	506,800	17,039
	Total Administrative Support Services	495,885	523,839	506,800	17,039
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,282,045	1,286,289	1,166,821	119,468
0052	Security and Monitoring Services	10,500	15,500	13,030	2,470
0053	Data Processing Services	183,990	184,990	178,581	6,409
	Total Support Services - Nonstudent Based	1,476,535	1,486,779	1,358,432	128,347
Ancillary Services:					
0061	Community Services	3,782	14,224	9,981	4,243
	Total Ancillary Services	3,782	14,224	9,981	4,243
Debt Service:					
0071	Principal on Long-Term Debt	16,266	17,266	16,266	1,000
	Total Debt Service	16,266	17,266	16,266	1,000
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	242,000	244,000	241,773	2,227
0099	Other Intergovernmental Charges	149,000	149,000	145,086	3,914
	Total Intergovernmental Charges	391,000	393,000	386,859	6,141
6030	Total Expenditures	11,261,655	11,282,164	10,813,745	468,419

BRADY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	45,677	78,304	682,899	604,595
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	2,000	2,000	7,453	5,453
7915	Transfers In	608,976	608,976	-	(608,976)
7949	Other Resources	2,000	2,000	12,160	10,160
8911	Transfers Out	(691,280)	(1,391,280)	(782,304)	608,976
7080	Total Other Financing Sources and (Uses)	(78,304)	(778,304)	(762,691)	15,613
1200	Net Change in Fund Balance	(32,627)	(700,000)	(79,792)	620,208
0100	Fund Balance - Beginning	5,660,852	5,660,852	5,660,851	(1)
3000	Fund Balance - Ending	\$ 5,628,225	\$ 4,960,852	\$ 5,581,059	\$ 620,207

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

BRADY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ (12,419)	\$ --	\$ 91,007
1240	Due from Other Governments	--	33,329	--	13,424
1410	Deferred Expenditures	--	--	--	280
1000	Total Assets	\$ --	\$ 20,910	\$ --	\$ 104,711
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ --	\$ 19,129	\$ --	\$ 6,394
2200	Accrued Expenditures	--	1,781	--	118
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	--	20,910	--	6,512
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	98,199
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	98,199
4000	Total Liabilities and Fund Balances	\$ --	\$ 20,910	\$ --	\$ 104,711

242 Summer Feeding Program	243 Career and Tech Technical	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	5,850	19,196
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,850</u>	<u>\$ 19,196</u>
\$ --	\$ --	\$ --	\$ 5,352	\$ 18,844
--	--	--	498	352
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>5,850</u>	<u>19,196</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,850</u>	<u>\$ 19,196</u>

BRADY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes		271 Workforce Investment Act - Youth	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	313 IDEA-B Formula	314 IDEA-B Preschool
ASSETS:					
1110	Cash and Cash Equivalents	\$ 1,216	\$ (41,675)	\$ (14,940)	\$ 278
1240	Due from Other Governments	--	41,675	31,995	386
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	\$ 1,216	\$ --	\$ 17,055	\$ 664
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ --	\$ --	\$ 15,606	\$ 608
2200	Accrued Expenditures	--	--	1,449	56
2300	Unearned Revenue	1,216	--	--	--
2000	Total Liabilities	1,216	--	17,055	664
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 1,216	\$ --	\$ 17,055	\$ 664

315	364	365	379	392
IDEA-B Discretionary	IDEA - Part B Formula - ARRA	IDEA - Part B Preschool - ARRA	Medicaid Reimbursement Fund	Non-Educational Community-Based Support
\$ --	\$ (500)	\$ --	\$ 218,071	\$ --
--	1,465	--	--	--
--	--	--	--	--
\$ --	\$ 965	\$ --	\$ 218,071	\$ --
\$ --	\$ 882	\$ --	\$ --	\$ --
--	83	--	--	--
--	--	--	--	--
--	965	--	--	--
--	--	--	--	--
--	--	--	218,071	--
--	--	--	218,071	--
\$ --	\$ 965	\$ --	\$ 218,071	\$ --

BRADY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes		404 Student Success Initiative	411 Technology Allotment
ASSETS:			
1110	Cash and Cash Equivalents	\$ (6,600)	\$ 5,657
1240	Due from Other Governments	6,600	--
1410	Deferred Expenditures	--	--
1000	Total Assets	\$ --	\$ 5,657
LIABILITIES:			
Current Liabilities:			
2160	Accrued Wages Payable	\$ --	\$ --
2200	Accrued Expenditures	--	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	--	--
FUND BALANCES:			
Reserved Fund Balances:			
3450	Reserve for Food Service	--	--
3490	Other Reserves of Fund Balance	--	5,657
3000	Total Fund Balances	--	5,657
4000	Total Liabilities and Fund Balances	\$ --	\$ 5,657

415 Kindergarten and Prekindergarten Grants	429 High School Allotment	437 Special Education	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ (6,010)	\$ 28,422	\$ 265,416	\$ 527,923
6,010	--	--	159,930
--	--	175	455
<u>\$ --</u>	<u>\$ 28,422</u>	<u>\$ 265,591</u>	<u>\$ 688,308</u>
\$ --	\$ --	\$ 21,283	\$ 88,098
--	--	403	4,740
--	--	--	1,216
<u>--</u>	<u>--</u>	<u>21,686</u>	<u>94,054</u>
--	--	--	98,199
<u>--</u>	<u>28,422</u>	<u>243,905</u>	<u>496,055</u>
<u>--</u>	<u>28,422</u>	<u>243,905</u>	<u>594,254</u>
<u>\$ --</u>	<u>\$ 28,422</u>	<u>\$ 265,591</u>	<u>\$ 688,308</u>

BRADY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 159,209
5800 <i>State Program Revenues</i>	--	--	--	3,719
5900 <i>Federal Program Revenues</i>	5,781	450,889	14,927	422,132
5020 <i>Total Revenues</i>	<u>5,781</u>	<u>450,889</u>	<u>14,927</u>	<u>585,060</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	667	314,253	--	--
0013 <i>Curriculum and Staff Development</i>	--	25,758	--	--
0021 <i>Instructional Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	44,214	--	--
0032 <i>Social Work Services</i>	--	31,206	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	627,336
0036 <i>Cocurricular/Extracurricular Activities</i>	5,114	--	--	--
0041 <i>General Administration</i>	--	31,175	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--	--	32,720
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	4,283	14,927	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>5,781</u>	<u>450,889</u>	<u>14,927</u>	<u>660,056</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	(74,996)
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	82,304
7949 <i>Other Resources</i>	--	--	--	--
7080 <i>Total Other Financing Sources and (Uses)</i>	--	--	--	82,304
1200 <i>Net Change in Fund Balances</i>	--	--	--	7,308
0100 <i>Fund Balances - Beginning</i>	--	--	--	90,891
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 98,199</u>

242 Summer Feeding Program	243 Career and Tech Technical	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
7,332	2,211	14,492	108,193	19,196
<u>7,332</u>	<u>2,211</u>	<u>14,492</u>	<u>108,193</u>	<u>19,196</u>
--	2,211	5,582	71,280	18,285
--	--	880	36,698	--
--	--	--	--	--
--	--	8,030	--	--
--	--	--	--	--
299	--	--	--	--
6,108	--	--	--	--
--	--	--	--	--
--	--	--	215	--
925	--	--	--	--
--	--	--	--	--
--	--	--	--	911
<u>7,332</u>	<u>2,211</u>	<u>14,492</u>	<u>108,193</u>	<u>19,196</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

BRADY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	313 IDEA-B Formula	314 IDEA-B Preschool	315 IDEA-B Discretionary
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	46,627	758,912	13,870	111,780
5020 Total Revenues	<u>46,627</u>	<u>758,912</u>	<u>13,870</u>	<u>111,780</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	37,468	421,129	10,262	111,780
0013 <i>Curriculum and Staff Development</i>	175	4,297	--	--
0021 <i>Instructional Leadership</i>	--	1,278	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	105,600	3,608	--
0032 <i>Social Work Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	144,604	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	640	--	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--	--	--
0053 <i>Data Processing Services</i>	3,397	--	--	--
0061 <i>Community Services</i>	4,947	3,776	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	78,228	--	--
6030 Total Expenditures	<u>46,627</u>	<u>758,912</u>	<u>13,870</u>	<u>111,780</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
7949 <i>Other Resources</i>	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

364 IDEA - Part B Formula - ARRA	379 Medicaid Reimbursement Fund	392 Non-Educational Community-Based Support	404 Student Success Initiative	411 Technology Allotment
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	2,970	33,693	35,967
29,912	92,626	--	--	--
<u>29,912</u>	<u>92,626</u>	<u>2,970</u>	<u>33,693</u>	<u>35,967</u>
29,912	--	--	27,494	32,456
--	--	--	4,200	--
--	27,529	--	--	--
--	--	--	--	--
--	--	2,970	--	--
--	--	--	1,999	--
--	--	--	--	--
--	--	--	--	--
--	37,466	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>29,912</u>	<u>64,995</u>	<u>2,970</u>	<u>33,693</u>	<u>32,456</u>
--	27,631	--	--	3,511
--	--	--	--	--
--	16,949	--	--	--
--	16,949	--	--	--
--	44,580	--	--	3,511
--	173,491	--	--	2,146
<u>\$ --</u>	<u>\$ 218,071</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,657</u>

BRADY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	415 Kindergarten and Prekindergarten Grants	429 High School Allotment	437 Special Education	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ 4,068	\$ 163,277
5800 <i>State Program Revenues</i>	67,994	94,669	523,761	762,773
5900 <i>Federal Program Revenues</i>	--	--	--	2,098,880
5020 Total Revenues	<u>67,994</u>	<u>94,669</u>	<u>527,829</u>	<u>3,024,930</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	67,994	57,865	145,177	1,353,815
0013 <i>Curriculum and Staff Development</i>	--	2,083	--	74,091
0021 <i>Instructional Leadership</i>	--	--	110,717	139,524
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	247,561	409,013
0032 <i>Social Work Services</i>	--	--	--	34,176
0034 <i>Student Transportation</i>	--	--	--	146,902
0035 <i>Food Service</i>	--	--	--	633,444
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	5,114
0041 <i>General Administration</i>	--	--	3,200	35,230
0051 <i>Plant Maintenance and Operations</i>	--	--	6,198	77,309
0053 <i>Data Processing Services</i>	--	--	7,546	10,943
0061 <i>Community Services</i>	--	6,299	--	35,143
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	78,228
6030 Total Expenditures	<u>67,994</u>	<u>66,247</u>	<u>520,399</u>	<u>3,032,932</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>28,422</u>	<u>7,430</u>	<u>(8,002)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	82,304
7949 <i>Other Resources</i>	--	--	--	16,949
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>99,253</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>28,422</u>	<u>7,430</u>	<u>91,251</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>236,475</u>	<u>503,003</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 28,422</u>	<u>\$ 243,905</u>	<u>\$ 594,254</u>

BRADY INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-3

*CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2009*

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 500,000	\$ 206,268	\$ (293,732)
5020 Total Revenues	<u>500,000</u>	<u>206,268</u>	<u>(293,732)</u>
EXPENDITURES:			
<i>Capital Outlay:</i>			
0081 <i>Capital Outlay</i>	14,679,149	12,757,815	1,921,334
Total Capital Outlay	<u>14,679,149</u>	<u>12,757,815</u>	<u>1,921,334</u>
6030 Total Expenditures	<u>14,679,149</u>	<u>12,757,815</u>	<u>1,921,334</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(14,179,149)</u>	<u>(12,551,547)</u>	<u>1,627,602</u>
<i>Other Financing Sources (Uses):</i>			
7915 <i>Transfers In</i>	700,000	700,000	--
7080 Total Other Financing Sources and (Uses)	<u>700,000</u>	<u>700,000</u>	<u>--</u>
1200 Net Change in Fund Balance	<u>(13,479,149)</u>	<u>(11,851,547)</u>	<u>1,627,602</u>
0100 Fund Balance - Beginning	1,349,149	13,479,149	12,130,000
3000 Fund Balance - Ending	<u>\$ (12,130,000)</u>	<u>\$ 1,627,602</u>	<u>\$ 13,757,602</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

BRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2009

Year Ended August 31	1 Tax Rates		2		3
	Maintenance	Debt Service	Assessed/Appraised Value For School Tax Purposes		
2000 and Prior Years	\$ Various	\$ Various	\$	Various	
2001	1.46	.18		179,460,782	
2002	1.48	.18		181,983,120	
2003	1.48	.18		192,244,063	
2004	1.50	.156		211,796,120	
2005	1.50	.156		218,399,603	
2006	1.50	.157		259,101,260	
2007	1.35	.157		243,357,817	
2008	1.04	.4652		269,421,910	
2009 (School Year Under Audit)	1.04	.4652		298,114,920	

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/08	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/09
\$ 85,062	\$ --	\$ 9,374	\$ 2,440	\$ (181)	\$ 73,067
29,990	--	4,248	524	(499)	24,719
29,127	--	5,600	681	(454)	22,393
27,725	--	5,084	618	(428)	21,594
37,294	--	8,472	881	(2,068)	25,873
43,509	--	11,906	1,233	(1,457)	28,913
52,409	--	14,522	1,522	(1,490)	34,875
68,952	--	25,142	2,879	(931)	40,000
153,431	--	43,207	19,503	(2,806)	87,914
--	4,300,514	2,808,907	1,310,695	(11,008)	169,905
<u>\$ 527,498</u>	<u>\$ 4,300,514</u>	<u>\$ 2,936,463</u>	<u>\$ 1,340,975</u>	<u>\$ (21,321)</u>	<u>\$ 529,254</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BRADY INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2010-2011
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009*

FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 135,012	\$ 270,554	\$ --	\$ 19,322	\$ 424,888
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	12,834	--	--	--	--	--	12,834
6212	Audit Services	--	--	--	12,800	--	--	12,800
6213	Tax Appraisal and Collection	--	145,086	--	--	--	--	145,086
621X	Other Prof. Services	--	--	178	1,903	--	--	2,081
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	5,016	--	5,016
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	6,056	--	6,056
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	6,055	--	2,717	7,000	--	--	15,772
6410	Travel, Subsistence, Stipends	10,429	--	3,130	3,212	--	1,019	17,790
6420	Ins. and Bonding Costs	--	--	175	4,324	--	--	4,499
6430	Election Costs	2,620	--	--	--	--	--	2,620
6490	Miscellaneous Operating	553	--	7,380	29,741	--	--	37,674
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 32,491 \$ 145,086 \$ 148,592 \$ 329,534 \$ 11,072 \$ 20,341 \$ 687,116

Total Expenditures for General and Special Revenue Funds (9) \$ 13,846,677

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 276,968
Total Debt & Lease (6500)	(11)	\$ 16,266
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,228,145
Food (Function 35, 6341 and 6499)	(13)	\$ 217,496
Stipends (6413)	(14)	\$ 150
Column 4 (above) - Total Indirect Cost		\$ 329,534

Subtotal 2,068,559

Net Allowed Direct Cost \$ 11,778,118

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 15,405,651
Historical Cost of Buildings over 50 years old	(16)	861,577
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	2,744,161
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 144,604

(8) Note A - No Function 53 expenditures and \$145,086 in Function 99 expenditures are included in this report on administrative costs.

BRADY INDEPENDENT SCHOOL DISTRICT

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2009

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2009 (Exhibit C-1 object 3000 for the General Fund only)	\$ 5,581,059
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	--
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	3,600,000
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09 - 5/31/10)	1,278,700
6	Estimate of delayed payments from state sources (58XX) including August payment delays	630,000
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	75,000
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	5,583,700
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (2,641)

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive

Undesignated Unreserved General Fund Fund Balance:

BRADY INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 167,718	\$ 159,209	\$ (8,509)
5800 <i>State Program Revenues</i>	5,555	3,719	(1,836)
5900 <i>Federal Program Revenues</i>	378,941	422,132	43,191
5020 Total Revenues	<u>552,214</u>	<u>585,060</u>	<u>32,846</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	632,813	627,336	5,477
Total Support Services - Student (Pupil)	<u>632,813</u>	<u>627,336</u>	<u>5,477</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	34,705	32,720	1,985
Total Support Services - Nonstudent Based	<u>34,705</u>	<u>32,720</u>	<u>1,985</u>
6030 Total Expenditures	<u>667,518</u>	<u>660,056</u>	<u>7,462</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(115,304)</u>	<u>(74,996)</u>	<u>40,308</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	82,304	82,304	--
7080 Total Other Financing Sources and (Uses)	<u>82,304</u>	<u>82,304</u>	<u>--</u>
1200 Net Change in Fund Balance	<u>(33,000)</u>	<u>7,308</u>	<u>40,308</u>
0100 Fund Balance - Beginning	--	90,891	90,891
3000 Fund Balance - Ending	<u>\$ (33,000)</u>	<u>\$ 98,199</u>	<u>\$ 131,199</u>

BRADY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,229,248	\$ 1,392,324	\$ 163,076
5800 <i>State Program Revenues</i>	289,135	331,773	42,638
5020 Total Revenues	<u>1,518,383</u>	<u>1,724,097</u>	<u>205,714</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	535,000	535,000	--
0072 <i>Interest on Long-Term Debt</i>	978,383	978,382	1
0073 <i>Bond Issuance Costs and Fees</i>	5,000	3,800	1,200
Total Debt Service	<u>1,518,383</u>	<u>1,517,182</u>	<u>1,201</u>
6030 Total Expenditures	<u>1,518,383</u>	<u>1,517,182</u>	<u>1,201</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	206,915	206,915
1200 Net Change in Fund Balance	--	206,915	206,915
0100 Fund Balance - Beginning	648,445	648,445	--
3000 Fund Balance - Ending	<u>\$ 648,445</u>	<u>\$ 855,360</u>	<u>\$ 206,915</u>

Burl D. Lowery
Certified Public Accountant
311 Center Ave.
Brownwood, Texas 76801

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
Brady Independent School District
100 West Main
Brady, Texas 76825-4527

Members of the Board of Trustees:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brady Independent School District as of and for the year ended August 31, 2009, which collectively comprise the Brady Independent School District's basic financial statements and have issued my report thereon dated November 11, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Brady Independent School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Brady Independent School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Brady Independent School District's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Brady Independent School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Brady Independent School District's financial statements that is more than inconsequential will not be prevented by the Brady Independent School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Brady Independent School District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brady Independent School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such

an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Burl D. Lowery". The signature is fluid and cursive, with a large initial "B" and "L".

Burl D. Lowery
Certified Public Accountant

November 11, 2009

Burl D. Lowery
Certified Public Accountant
311 Center Ave.
Brownwood, Texas 76801

Independent Auditor's Report

Report on Compliance with Requirements Applicable To each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

Board of Trustees
Brady Independent School District
100 West Main
Brady, Texas 76825-4527

Members of the Board of Trustees:

Compliance

I have audited the compliance of Brady Independent School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. Brady 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Brady Independent School District's management. My responsibility is to express an opinion on Brady Independent School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Brady Independent School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Brady Independent School District's compliance with those requirements.

In my opinion, Brady Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a

control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses.

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

November 11, 2009

BRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2009

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010a	ESEA Title 1 Part A - Improving Basic Programs
84.389	ESEA Title 1 Part A - Improving Basic Programs - ARRA
84.394	ARRA of 2009 Title XIV State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

BRADY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2009

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
The prior audit had no findings or questioned costs.		

BRADY INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2009

No corrective action plan is required as the audit has no findings or questioned costs.

BRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)	
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT OF EDUCATION			
	Passed Through State Department of Education ESC Region 15:			
225	IDEA-B Preschool *	84.173	160-901	\$ 14,927
	Passed Through State Department of Education ESC 15:			
243	Career and Technical - Technical Preparation	84.243a	160901	2,211
	Passed Through State Department of Education:			
211	ESEA Title I Part A - Improving Basic Programs	84.010a	10610101160901	33,329
211	ESEA Title I Part A - Improving Basic Programs	84.010A	09610101160901	417,560
	Total CFDA Number 84.010a			<u>450,889</u>
224	SSA IDEA-B Formula *	84.027	106000116090166	48,689
224	SSA IDEA-B Formula *	84.027	0966000116090166	710,223
226	SSA IDEA-B Discretionary *	84.027	0966000216090166	111,780
	Total CFDA Number 84.027			<u>870,692</u>
244	Career and Technical - Basic Grant	84.048	0942000616090115	14,492
225	SSA IDEA-B Preschool *	84.173	1066100116090166	1,241
225	SSA IDEA-B Preschool *	84.173	0966100116090166	12,629
	Total CFDA Number 84.173			<u>13,870</u>
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186a	09691001160901	5,781
255	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	10694501160901	5,850
255	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	09694501160901	102,343
	Total CFDA Number 84.367a			<u>108,193</u>
285	ESEA, Title I, Part A - Improving Basic Programs - ARRA	84.389	10551001160901	46,627
552	SSA IDEA-Part B Formula - ARRA	84.391	10554001160901	29,912
553	SSA IDEA Part B, Preschool - ARRA	84.392	10555001160901	--
266	ARRA of 2009 Title XIV State Fiscal Stabilization Fund	84.394	10557001160901	19,196
	Total Passed Through State Department of Education			<u>1,559,652</u>
	Total U. S. Department of Education			<u>1,576,790</u>
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Education:			
559	School Breakfast Program *	10.553	160-901	138,282
240	National School Lunch Program *	10.555	160-901	258,688
555	Commodity Supplemental Food Program (Non-cash) *	10.555	160-901	25,162
	Total CFDA Number 10.555			<u>283,850</u>
242	Summer Food Service Program *	10.559	160-901	7,332
	Total Passed Through State Department of Education			<u>429,464</u>
	Total U. S. Department of Agriculture			<u>429,464</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>2,006,254</u>

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

The accompanying notes are an integral part of this schedule.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Brady Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

BRADY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2009

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ --