

BRADY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011

Introductory Section

Brady Independent School District
Annual Financial Report
For The Year Ended August 31, 2011

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	11	A-1
Statement of Activities.....	12	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	13	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	15	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18	C-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	19	E-1
Notes to the Financial Statements	20	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	33	G-1
Medicaid Reimbursement Fund.....	35	G-2
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	36	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds.....	37	H-2
<u>Special Revenue Funds:</u>		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	38	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	42	H-4
<u>Capital Projects Funds:</u>		
Budgetary Comparison Schedule:		
Capital Projects Fund.....	46	H-5

Brady Independent School District
 Annual Financial Report
 For The Year Ended August 31, 2011

TABLE OF CONTENTS

	Page	Exhibit
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	47	J-1
Indirect Cost Computation Schedule	49	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	50	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	51	J-4
Debt Service Fund.....	52	J-5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53	
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133.....	55	
Schedule of Findings and Questioned Costs	57	
Summary Schedule of Prior Audit Findings.....	59	
Corrective Action Plan.....	60	
Schedule of Expenditures of Federal Awards	61	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	62	
Schedule of Required Responses to Selected School First Indicators.....	63	K-2

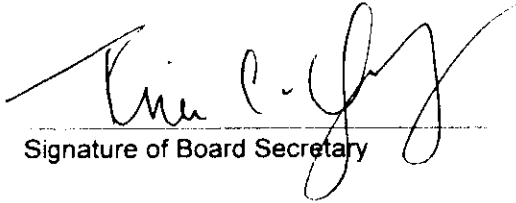
CERTIFICATE OF BOARD

Brady Independent School District
Name of School District

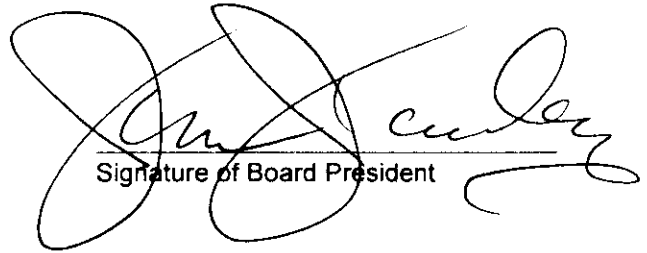
McCulloch
County

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, 2011, at a meeting of the board of trustees of such school district on the 17th day of October, 2011.



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 CPA

311 Center Avenue
Brownwood, TX 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, 2011, 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 the 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, 2011, 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 October 11, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brady Independent School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

October 11, 2011

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, 2011. 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 \$10,890,805 at August 31, 2011.
- During the year, the District's expenses were \$632,695, less than the \$16,290,561 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$263,322 and its revenues increased by \$102,971 during the current year.
- The general fund reported a fund balance this year of \$2,953,569.

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 \$ 10,890,805 at August 31,2011 and \$10,258,109 at August 31, 2010.

The District has restricted net assets of \$960,669 which are restricted to future bond payments, construction, and state and federal programs, which leaves \$4,104,015 of unrestricted net assets at August 31, 2011. The unreserved funds of \$4,104,015 represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$16,290,561. A significant portion, 30.3%, of the District's revenue comes from taxes. 46.7% comes from state available and foundation grants, while only 1.8% relates to charges for services.

The total cost of all programs and services was \$15,657,866; 51.3% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates did not change in the current year. The taxable values increased which yielded tax revenues of \$4,949,045.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$16,435,903, an increase of 1.7% over the preceding year. The increase in local revenues is a result of an increase in property tax revenue.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$702,698 below final budget amounts of the General Fund.

On the other hand, resources available were \$35,061 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$37,526,500 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net decrease (including additions and deductions) of \$864,348 or 2.2% over last year. The decrease in capital assets is a result of the write-off of the old high school building.

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 \$19,300,000 in bonds outstanding and \$16,794 of capital leases payable at August 31, 2011. 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 2011-2012 budget preparation is expected to increase slightly.
- General operating fund spending decreases in the 2011-2012 budget from \$11,032,804 to \$10,515,843. This is a decrease of 4.7%.
- The District's 2011-2012 refined average daily attendance is expected to be approximately the same as the 2010-2011 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2011-2012. Amounts available for appropriation in the general fund budget are \$10,586,843, a decrease of 3.79 percent over the final 2010-2011 budget of \$11,000,453. 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 4.7% to \$10,515,843. The District has added no major new programs or initiatives to the 2011-2012 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2011-2012.

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 \$10,890,805 at August 31, 2011. (See Table 1)

Table 1
 Brady Independent School District's Net Assets

	Governmental Activities	
	2011	2010
Current Assets:		
Cash and cash equivalents	\$5,570,063	\$4,402,028
Due from other governments	\$165,226	\$159,703
Property taxes receivable net of uncollectible	\$166,511	\$166,391
Inventories	\$0	\$0
Accrued interest	\$0	\$0
Other receivables	\$39,451	\$36,360
Unamortized bond issuance costs	\$155,726	\$165,940
Deferred expense	\$112,588	\$84,646
Total Current Assets	\$6,209,565	\$5,015,068
Noncurrent Assets:		
Land	\$401,905	\$401,905
Construction in progress	\$0	\$0
Buildings	\$33,586,122	\$34,583,958
Equipment and vehicles	\$3,538,477	\$3,404,989
Less accumulated depreciation	(\$12,296,046)	(\$12,321,495)
Total Noncurrent Assets	\$25,230,458	\$26,069,357
Total Assets	\$31,440,023	\$31,084,425
Current Liabilities:		
Accounts payable and accrued expenses	\$378,145	\$387,420
Claims payable		
Due to other funds		
Deferred revenue	\$766,736	\$353,664
Total Current Liabilities	\$1,144,881	\$741,084
Long-term Liabilities:		
Bonds Payable	\$19,300,000	\$19,960,000
Unamortized premium on bonds	\$87,543	\$91,643
Capital Leases payable	\$16,794	\$33,589
Total Long-term Liabilities	\$19,404,337	\$20,085,232
Total Liabilities	\$20,549,218	\$20,826,316
Net Assets:		
Invested in capital assets	\$5,826,121	\$6,075,768
Restricted for debt service	\$950,669	\$894,739
Restricted for federal and state programs	\$10,000	\$60,000
Restricted for construction	\$0	\$64,841
Unrestricted	\$4,104,015	\$3,162,761
Total Net Assets	\$10,890,805	\$10,258,109

BRADY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

Table 2

Brady Independent School District's Changes in Net Assets

	Governmental Activities	
	2011	2010
Program Revenues:		
Charges for services	\$291,297	\$267,540
Operating grants and contributions	\$3,145,654	\$3,511,230
Capital grants and contributions		
General Revenues:		
Property taxes	\$4,949,045	\$4,440,643
State aid - formula	\$7,602,449	\$7,351,986
Investment earnings	\$72,709	\$152,087
Other revenues	\$374,869	\$426,856
Special items inflow	\$6,198	\$37,247
Special items outflow - abandonment loss	(\$151,660)	\$1
Total Revenues	\$16,290,561	\$16,187,590
Expenditures:		
Instruction	\$7,855,900	\$7,757,250
Instructional resources and media services	\$181,110	\$211,373
Curriculum development and staff development	\$128,458	\$117,293
Instructional leadership	\$164,478	\$162,127
School leadership	\$829,956	\$850,894
Guidance and counseling services	\$611,879	\$615,104
Social work services	\$37,968	\$35,917
Health services	\$129,340	\$131,781
Student (pupil) transportation	\$404,770	\$337,418
Food services	\$870,812	\$701,435
Curricular/extracurricular activities	\$706,526	\$727,247
General administration	\$562,766	\$594,755
Plant maintenance & operation	\$1,450,218	\$1,340,484
Security and monitoring services	\$6,196	\$38,902
Data processing services	\$205,665	\$297,942
Community Services	\$112,713	\$109,755
Debt services	\$892,099	\$916,690
Payments to fiscal agent/member districts SSA	\$352,660	\$304,889
Other intergovernmental charges	\$154,352	\$143,288
Total Expenditures	\$15,657,866	\$15,394,544
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$632,695	\$793,046
Other Resources (Uses)		
Transfers In (Out)	\$0	\$0
Increase (Decrease) in Net Assets	\$632,695	\$793,046
Net Assets - Beginning	\$10,258,109	\$9,465,063
Prior Period Adjustments & Rounding	\$1	\$0
Net Assets - Ending	\$10,890,805	\$10,258,109

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

Table 3
 Brady Independent School District's Capital Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$401,905	\$401,905
Buildings and improvements	\$33,586,122	\$34,583,958
Equipment and vehicles	\$3,538,477	\$3,404,989
Total Capital Assets	\$37,526,504	\$38,390,852
Total Accumulated Depreciation	\$12,296,046	\$12,321,495
Net Capital Assets	\$25,230,458	\$26,069,357

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

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Bonds payable	\$19,300,000	\$19,960,000
Capital leases payable	\$16,794	\$33,589
Unamortized bond premium	\$87,543	\$91,642
Total Long-term Debt	\$19,404,337	\$20,085,231

Basic Financial Statements

BRADY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2011

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 2,250,695
1120	Current Investments	3,319,368
1225	Property Taxes Receivable (Net)	166,511
1240	Due from Other Governments	165,226
1290	Other Receivables (Net)	39,451
1410	Deferred Expenses	112,573
1420	Capitalized Bond and Other Debt Issuance Costs	155,726
1490	Other Current Assets	15
Capital Assets:		
1510	Land	401,905
1520	Buildings and Improvements, Net	23,262,807
1530	Furniture and Equipment, Net	1,565,746
1000	Total Assets	<u>31,440,023</u>
LIABILITIES:		
2165	Accrued Liabilities	378,145
2300	Unearned Revenue	766,736
Noncurrent Liabilities:		
2501	Due Within One Year	701,794
2502	Due in More Than One Year	18,702,543
2000	Total Liabilities	<u>20,549,218</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	5,826,121
Restricted For:		
3820	State and Federal Programs	10,000
3850	Debt Service	950,669
3900	Unrestricted	4,104,015
3000	Total Net Assets	<u>\$ 10,890,805</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	<i>Instruction</i>	\$ 7,855,900	\$ 40,901	\$ 1,831,893	\$ (5,983,106)
12	<i>Instructional Resources and Media Services</i>	181,110	--	--	(181,110)
13	<i>Curriculum and Staff Development</i>	128,458	--	60,788	(67,670)
21	<i>Instructional Leadership</i>	164,478	--	--	(164,478)
23	<i>School Leadership</i>	829,956	--	2,159	(827,797)
31	<i>Guidance, Counseling, & Evaluation Services</i>	611,879	--	160,840	(451,039)
32	<i>Social Work Services</i>	37,968	--	34,252	(3,716)
33	<i>Health Services</i>	129,340	--	--	(129,340)
34	<i>Student Transportation</i>	404,770	--	2,222	(402,548)
35	<i>Food Service</i>	870,812	184,721	517,224	(168,867)
36	<i>Cocurricular/Extracurricular Activities</i>	706,526	65,675	--	(640,851)
41	<i>General Administration</i>	562,766	--	24,876	(537,890)
51	<i>Plant Maintenance and Operations</i>	1,450,218	--	--	(1,450,218)
52	<i>Security and Monitoring Services</i>	6,196	--	--	(6,196)
53	<i>Data Processing Services</i>	205,665	--	--	(205,665)
61	<i>Community Services</i>	112,713	--	48,232	(64,481)
72	<i>Interest on Long-term Debt</i>	888,299	--	377,005	(511,294)
73	<i>Bond Issuance Costs and Fees</i>	3,800	--	--	(3,800)
93	<i>Payments Related to Shared Services Arrangements</i>	352,660	--	86,163	(266,497)
99	<i>Other Intergovernmental Charges</i>	154,352	--	--	(154,352)
TG	Total Governmental Activities	<u>15,657,866</u>	<u>291,297</u>	<u>3,145,654</u>	<u>(12,220,915)</u>
TP	Total Primary Government	<u>\$ 15,657,866</u>	<u>\$ 291,297</u>	<u>\$ 3,145,654</u>	<u>(12,220,915)</u>
	General Revenues:				
MT	<i>Property Taxes, Levied for General Purposes</i>				3,736,767
DT	<i>Property Taxes, Levied for Debt Service</i>				1,212,278
IE	<i>Investment Earnings</i>				72,709
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				7,602,449
MI	<i>Miscellaneous</i>				374,869
	Special and Extraordinary Items:				
S1	<i>Special Item Inflow</i>				6,198
S2	<i>Special Item Outflow</i>				(151,660)
TR	Total General Revenues				<u>12,853,610</u>
CN	Change in Net Assets				<u>632,695</u>
NB	Net Assets - Beginning				<u>10,258,110</u>
NE	Net Assets - Ending				<u>\$ 10,890,805</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2011

Data Control Codes	10 General Fund	Medicaid Reimbursement Fund
ASSETS:		
1110	\$ 1,049,042	\$ 613,265
1120	2,819,368	--
1225	129,419	--
1240	--	--
1290	32,181	--
1410	112,398	--
1490	15	--
1000	<u>\$ 4,142,423</u>	<u>\$ 613,265</u>
LIABILITIES:		
Current Liabilities:		
2160	\$ 287,370	\$ --
2200	5,329	--
2300	896,155	--
2000	<u>1,188,854</u>	<u>--</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3415	--	--
Restricted Fund Balances:		
3450	--	--
3490	--	613,265
Committed Fund Balances:		
3510	400,000	--
3600	2,553,569	--
3000	<u>2,953,569</u>	<u>613,265</u>
4000	<u>\$ 4,142,423</u>	<u>\$ 613,265</u>

The accompanying notes are an integral part of this statement.

50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 443,659	\$ 144,729	\$ 2,250,695
500,000	--	3,319,368
37,092	--	166,511
--	165,226	165,226
7,010	260	39,451
--	175	112,573
--	--	15
<u>\$ 987,761</u>	<u>\$ 310,390</u>	<u>\$ 6,053,839</u>
\$ --	\$ 80,924	\$ 368,294
--	4,522	9,851
37,092	--	933,247
<u>37,092</u>	<u>85,446</u>	<u>1,311,392</u>
950,669	--	950,669
--	10,000	10,000
--	214,944	828,209
--	--	400,000
--	--	2,553,569
<u>950,669</u>	<u>224,944</u>	<u>4,742,447</u>
<u>\$ 987,761</u>	<u>\$ 310,390</u>	<u>\$ 6,053,839</u>

BRADY INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total fund balances - governmental funds balance sheet	\$ 4,742,447
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.	25,230,458
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	166,511
Payables for bond principal which are not due in the current period are not reported in the funds.	(19,300,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(16,794)
Premiums on the issuance of bonds are amortized in the government-wide financial statements	(87,543)
Bond issuance costs are amortized in the government-wide financial statements.	155,727
Rounding difference	(1)
Net assets of governmental activities - Statement of Net Assets	<u>\$ 10,890,805</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, 2011

Data Control Codes	10 General Fund	Medicaid Reimbursement Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 3,984,467	\$ --
5800 State Program Revenues	7,037,085	--
5900 Federal Program Revenues	13,962	284,549
5020 Total Revenues	<u>11,035,514</u>	<u>284,549</u>
EXPENDITURES:		
Current:		
0011 Instruction	5,401,480	--
0012 Instructional Resources and Media Services	168,941	--
0013 Curriculum and Staff Development	59,039	--
0021 Instructional Leadership	3,864	35,700
0023 School Leadership	772,030	--
0031 Guidance, Counseling, & Evaluation Services	168,725	1,358
0032 Social Work Services	1,165	--
0033 Health Services	120,649	--
0034 Student Transportation	507,162	--
0035 Food Service	39,414	--
0036 Cocurricular/Extracurricular Activities	659,053	--
0041 General Administration	495,576	--
0051 Plant Maintenance and Operations	1,275,443	21,851
0052 Security and Monitoring Services	5,780	--
0053 Data Processing Services	182,698	--
0061 Community Services	66,505	--
0071 Principal on Long-term Debt	16,794	--
0072 Interest on Long-term Debt	--	--
0073 Bond Issuance Costs and Fees	--	--
0081 Capital Outlay	--	--
0093 Payments to Shared Service Arrangements	266,497	--
0099 Other Intergovernmental Charges	154,352	--
6030 Total Expenditures	<u>10,365,167</u>	<u>58,909</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>670,347</u>	<u>225,640</u>
Other Financing Sources and (Uses):		
7912 Sale of Real or Personal Property	6,198	--
7915 Transfers In	51,683	--
8911 Transfers Out	(73,951)	--
7080 Total Other Financing Sources and (Uses)	<u>(16,070)</u>	<u>--</u>
1200 Net Change in Fund Balances	654,277	225,640
0100 Fund Balances - Beginning	2,299,292	387,625
3000 Fund Balances - Ending	<u>\$ 2,953,569</u>	<u>\$ 613,265</u>

The accompanying notes are an integral part of this statement.

50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,224,910	\$ 478,423	\$ 5,687,800
377,005	323,089	7,737,179
--	2,712,413	3,010,924
<u>1,601,915</u>	<u>3,513,925</u>	<u>16,435,903</u>
--	2,046,348	7,447,828
--	--	168,941
--	60,788	119,827
--	113,862	153,426
--	2,159	774,189
--	400,682	570,765
--	34,252	35,417
--	--	120,649
--	2,373	509,535
--	772,898	812,312
--	--	659,053
--	29,376	524,952
--	61,331	1,358,625
--	--	5,780
--	9,148	191,846
--	38,635	105,140
660,000	--	676,794
882,186	--	882,186
3,800	--	3,800
--	13,232	13,232
--	86,163	352,660
--	--	154,352
<u>1,545,986</u>	<u>3,671,247</u>	<u>15,641,309</u>
<u>55,929</u>	<u>(157,322)</u>	<u>794,594</u>
--	--	6,198
--	73,951	125,634
--	(51,683)	(125,634)
--	22,268	6,198
<u>55,929</u>	<u>(135,054)</u>	<u>800,792</u>
894,740	359,998	3,941,655
<u>\$ 950,669</u>	<u>\$ 224,944</u>	<u>\$ 4,742,447</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, 2011*

Net change in fund balances - total governmental funds	\$ 800,792
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	287,990
The depreciation of capital assets used in governmental activities is not reported in the funds.	(975,229)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	120
Losses from the abandonment of property are reported in the government-wide financial statements.	(151,660)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	660,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	16,794
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	<u>(6,113)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 632,695</u>

The accompanying notes are an integral part of this statement.

BRADY INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 AUGUST 31, 2011

Data Control Codes	Agency Fund	Student Activity
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$	60,076
1000 Total Assets	\$	60,076
 LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$	60,076
2000 Total Liabilities	\$	60,076
 NET ASSETS		
3000 Total Net Assets	\$	--

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, 2011

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.

bonded debt payments and the related debt payments.

Medicaid Reimbursement Fund: The fund accounts for the Coop's medicaid reimbursements and expenditures.

In addition, the District reports the following fund types:

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

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 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

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of

BRADY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

c. Capital Assets

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.

BRADY INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011*

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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

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

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

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, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,630,135 and the bank balance was \$5,851,038. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011, 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, 2011 are shown below.

Investment or Investment Type	Maturity	Fair Value
Time Deposits	N/A	\$ 18,367
Certificates of Deposit	Less Than on Year	3,300,000
Total Investments		<u>\$ 3,318,367</u>

3. Analysis of Specific Deposit and Investment Risks

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.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

At August 31, 2011, 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 Deposit	\$3,300,000	Secured by FDIC and
Time Deposits	\$18,367	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.

D. Capital Assets

Capital asset activity for the year ended August 31, 2011, 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	--	--	--	--
Total capital assets not being depreciated	401,905	--	--	401,905

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Capital assets being depreciated:

Buildings and improvements	34,583,958	13,232	1,011,068	33,586,122
Equipment	1,168,984	133,290	--	1,302,274
Vehicles	2,236,005	141,469	141,271	2,236,203
Total capital assets being depreciated	37,988,947	287,990	1,152,339	37,124,599
Less accumulated depreciation for:				
Buildings and improvements	(10,462,715)	859,408	720,007	(10,323,315)
Equipment	(465,399)	--	111,646	(577,045)
Vehicles	(1,393,381)	141,271	143,576	(1,395,686)
Total accumulated depreciation	(12,321,495)	1,000,679	975,229	(12,296,046)
Total capital assets being depreciated, net	25,667,452	1,288,669	2,127,568	24,828,553
Governmental activities capital assets, net	\$ 26,069,357	\$ 1,288,669	\$ 2,127,568	\$ 25,230,458

Depreciation was charged to functions as follows:

Instruction	\$ 535,091
Instructional Resources and Media Services	12,169
Curriculum and Staff Development	8,631
Instructional Leadership	11,052
School Leadership	55,767
Guidance, Counseling, & Evaluation Services	41,114
Social Work Services	2,551
Health Services	8,691
Student Transportation	36,703
Food Services	58,500
Extracurricular Activities	47,473
General Administration	37,814
Plant Maintenance and Operations	97,865
Security and Monitoring Services	416
Data Processing Services	13,819
Community Services	7,573
	\$ 975,229

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2011, consisted of the following:

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, 2011, consisted of the following:

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Construction Fund	General Fund	\$ 51,683	To close account and return unuse general funds.
General fund	Other Governmental Funds	--	Pay debt service on health insurance financing bonds
General fund	Other Governmental Funds	73,951	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	\$ 125,634	

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, 2011, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 19,960,000	\$ --	\$ 660,000	\$ 19,300,000	\$ 685,000
Capital leases	33,589	--	16,794	16,795	16,794
Premiums on Bonds	91,642	--	4,099	87,543	--
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Total governmental activities	\$ 20,085,231	\$ --	\$ 680,893	\$ 19,404,338	\$ 701,794

*** Other long-term liabilities**

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

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2011, are as follows:

Year Ending August 31.	Governmental Activities		
	Principal	Interest	Total
2012	\$ 701,795	\$ 856,964	\$ 1,558,759
2013	710,000	831,537	1,541,537
2014	250,000	813,644	1,063,644
2015	260,000	803,262	1,063,262
2016	750,000	783,798	1,533,798
2017-2021	4,160,000	3,470,754	7,630,754
2022-2026	3,230,000	2,736,136	5,966,136
2027-2031	3,600,000	1,971,250	5,571,250
2032-2036	4,595,000	976,750	5,571,750
2037-2041	1,060,000	53,000	1,113,000
Totals	\$ 19,316,795	\$ 13,297,094	\$ 32,613,889

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, 2011, 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.

Bond Issue	Amount
Unlimited Tax School Building & Ref. Series 1997	587,707
Unlimited Tax School Building & Ref. Series 1997	2,385,000
Unlimited Tax School Building & Ref. Series 1999	5,094,995
Total	8,067,702

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2011, as follows:

Year Ending August 31:	
2012	\$ 16,794
Total Minimum Rentals	\$ 16,794
Rental Expenditures in 2011	\$ 16,794

The effective interest rate on capital leases is 0.00% (None)

H. Commitments Under Noncapitalized Leases

The District has no noncapitalized leases.

BRADY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

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 2011, 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 (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2011, 2010 and 2009 were \$491,835, \$526,399 and \$522,670, respectively. The District paid additional state contributions for the years ending August 31, 2011, 2010 and 2009 in the amount of \$159,281, \$159,125 and \$157,891, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

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 under the TRS Publications heading, by writing to the System of Texas at 1000 Red River Street, Austin, Texas 78701, or

BRADY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

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, 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 2011, 2010 and 2009. 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, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$76,849, \$82,250, and \$81,714, respectively, the active member contributions were \$49,953, \$53,466, and \$44,491, respectively, and the District's contributions were \$42,267, \$45,237, and \$37,435, 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, 2011, 2010, and 2009, the subsidy payments received by TRS-Care on behalf of the District were \$19,347, \$20,804, and \$19,476, respectively.

L. Employee Health Care Coverage

During the period ended August 31, 2011, 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 \$560,704 of premiums in the year ended August 31, 2011.

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, 2011.

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:

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Member Districts	Expenditures
Brady ISD	\$ 263,158
Lohn ISD	41,538
Rochelle ISD	34,525
Cherokee ISD	28,766
San Saba ISD	103,879
Richland Springs ISD	48,552
Special Services to Other Coops	25,784
Total	<u>\$ 546,202</u>

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, 2011:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	--	--	--
Special Revenue Fund	--	\$165,226	\$165,226
Total Due from Other Governmental Entities	<u>\$5,342</u>	<u>\$165,226</u>	<u>\$165,226</u>

Q. Unearned Revenue in Individual Funds

The unearned revenue in individual funds as August 31, 2011 consists of the following:

General Fund:

Property tax revenue	\$129,419
State foundation revenue	\$761,311
Other local revenue	\$5,425

Special Revenue Funds:

Federal and state grant and entitlements	--
--	----

Debt Service Fund:

Property tax revenue	\$37,092
Total Deferred Revenue	<u>\$933,247</u>

R. Abandonment Loss

The District constructed a new high school building and moved from the old high school building. The old high school building is vacant and in need of repairs. The District has advertised for bids to demolish the old high school building, but the building has not been demolished. The building had an basis after accumulated depreciation of \$151,660. This remaining basis shown as a non-operating item or special item out of \$151,660 in the Statement of Activities.

BRADY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

S. Special Items In

The special items in consist of gain on sale of equipment in the amount of \$6,198.

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, 2011

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1		2		3		Variance with Final Budget Positive (Negative)
		Budgeted Amounts						
		Original		Final		Actual		
REVENUES:								
5700	Local and Intermediate Sources	\$ 3,826,716	\$ 3,890,487	\$ 3,984,467	\$ 93,980			
5800	State Program Revenues	7,096,666	7,096,666	7,037,085	(59,581)			
5900	Federal Program Revenues	13,300	13,300	13,962	662			
5020	Total Revenues	<u>10,936,682</u>	<u>11,000,453</u>	<u>11,035,514</u>	<u>35,061</u>			
EXPENDITURES:								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	5,554,261	5,552,224	5,401,480	150,744			
0012	Instructional Resources and Media Services	172,357	182,357	168,941	13,416			
0013	Curriculum and Staff Development	62,968	62,968	59,039	3,929			
	Total Instruction & Instr. Related Services	<u>5,789,586</u>	<u>5,797,549</u>	<u>5,629,460</u>	<u>168,089</u>			
Instructional and School Leadership:								
0021	Instructional Leadership	4,313	5,313	3,864	1,449			
0023	School Leadership	789,736	793,486	772,030	21,456			
	Total Instructional & School Leadership	<u>794,049</u>	<u>798,799</u>	<u>775,894</u>	<u>22,905</u>			
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	152,965	178,837	168,725	10,112			
0032	Social Work Services	1,500	2,500	1,165	1,335			
0033	Health Services	125,898	125,898	120,649	5,249			
0034	Student (Pupil) Transportation	701,118	681,118	507,162	173,956			
0035	Food Services	46,800	47,800	39,414	8,386			
0036	Cocurricular/Extracurricular Activities	684,030	697,892	659,053	38,839			
	Total Support Services - Student (Pupil)	<u>1,712,311</u>	<u>1,734,045</u>	<u>1,496,168</u>	<u>237,877</u>			
Administrative Support Services:								
0041	General Administration	562,183	566,652	495,576	71,076			
	Total Administrative Support Services	<u>562,183</u>	<u>566,652</u>	<u>495,576</u>	<u>71,076</u>			
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	1,340,894	1,392,577	1,275,443	117,134			
0052	Security and Monitoring Services	31,700	23,428	5,780	17,648			
0053	Data Processing Services	200,297	200,297	182,698	17,599			
	Total Support Services - Nonstudent Based	<u>1,572,891</u>	<u>1,616,302</u>	<u>1,463,921</u>	<u>152,381</u>			
Ancillary Services:								
0061	Community Services	55,165	70,165	66,505	3,660			
	Total Ancillary Services	<u>55,165</u>	<u>70,165</u>	<u>66,505</u>	<u>3,660</u>			
Debt Service:								
0071	Principal on Long-Term Debt	16,795	17,795	16,794	1,001			
	Total Debt Service	<u>16,795</u>	<u>17,795</u>	<u>16,794</u>	<u>1,001</u>			
Intergovernmental Charges:								
0093	Payments to Fiscal Agent/Member Dist.-SSA	266,497	267,497	266,497	1,000			
0099	Other Intergovernmental Charges	164,000	164,000	154,352	9,648			
	Total Intergovernmental Charges	<u>430,497</u>	<u>431,497</u>	<u>420,849</u>	<u>10,648</u>			
6030	Total Expenditures	<u>10,933,477</u>	<u>11,032,804</u>	<u>10,365,167</u>	<u>667,637</u>			

BRADY INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

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	3,205	(32,351)	670,347	702,698
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	2,000	6,198	4,198
7913	Proceeds from Capital Leases	20,795	16,795	--	(16,795)
7915	Transfers In	--	668,380	51,683	(616,697)
7949	Other Resources	--	2,000	--	(2,000)
8911	Transfers Out	(60,000)	(676,575)	(73,951)	602,624
8949	Other Uses	--	(122)	--	122
7080	Total Other Financing Sources and (Uses)	(39,205)	12,478	(16,070)	(28,548)
1200	Net Change in Fund Balance	(36,000)	(19,873)	654,277	674,150
0100	Fund Balance - Beginning	2,299,291	2,299,292	2,299,292	--
3000	Fund Balance - Ending	\$ 2,263,291	\$ 2,279,419	\$ 2,953,569	\$ 674,150

BRADY INDEPENDENT SCHOOL DISTRICT

MEDICAID REIMBURSEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5900	Federal Program Revenues	\$ 50,000	\$ 50,000	\$ 284,549	\$ 234,549
5020	Total Revenues	50,000	50,000	284,549	234,549
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	621	621	--	621
	Total Instruction & Instr. Related Services	621	621	--	621
Instructional and School Leadership:					
0021	Instructional Leadership	46,169	46,169	35,700	10,469
	Total Instructional & School Leadership	46,169	46,169	35,700	10,469
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,358	1,358	1,358	--
	Total Support Services - Student (Pupil)	1,358	1,358	1,358	--
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	21,852	21,852	21,851	1
	Total Support Services - Nonstudent Based	21,852	21,852	21,851	1
6030	Total Expenditures	70,000	70,000	58,909	11,091
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(20,000)	(20,000)	225,640	245,640
1200	Net Change in Fund Balance	(20,000)	(20,000)	225,640	245,640
0100	Fund Balance - Beginning	387,625	387,625	387,625	--
3000	Fund Balance - Ending	\$ 367,625	\$ 367,625	\$ 613,265	\$ 245,640

*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 GOVERNMENTAL FUNDS

AUGUST 31, 2011

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 144,729	\$ --	\$ 144,729
1240 <i>Due from Other Governments</i>	165,226	--	165,226
1290 <i>Other Receivables</i>	260	--	260
1410 <i>Deferred Expenditures</i>	175	--	175
1000 Total Assets	<u>\$ 310,390</u>	<u>\$ --</u>	<u>\$ 310,390</u>
LIABILITIES:			
Current Liabilities:			
2160 <i>Accrued Wages Payable</i>	\$ 80,924	\$ --	\$ 80,924
2200 <i>Accrued Expenditures</i>	4,522	--	4,522
2000 Total Liabilities	<u>85,446</u>	<u>--</u>	<u>85,446</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	10,000	--	10,000
3490 <i>Other Restrictions of Fund Balance</i>	214,944	--	214,944
3000 Total Fund Balances	<u>224,944</u>	<u>--</u>	<u>224,944</u>
4000 Total Liabilities and Fund Balances	<u>\$ 310,390</u>	<u>\$ --</u>	<u>\$ 310,390</u>

BRADY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 478,349	\$ 74	\$ 478,423
5800 <i>State Program Revenues</i>	323,089	--	323,089
5900 <i>Federal Program Revenues</i>	2,712,413	--	2,712,413
5020 Total Revenues	<u>3,513,851</u>	<u>74</u>	<u>3,513,925</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	2,046,348	--	2,046,348
0013 <i>Curriculum and Staff Development</i>	60,788	--	60,788
0021 <i>Instructional Leadership</i>	113,862	--	113,862
0023 <i>School Leadership</i>	2,159	--	2,159
0031 <i>Guidance, Counseling, & Evaluation Services</i>	400,682	--	400,682
0032 <i>Social Work Services</i>	34,252	--	34,252
0034 <i>Student Transportation</i>	2,373	--	2,373
0035 <i>Food Service</i>	772,898	--	772,898
0041 <i>General Administration</i>	29,376	--	29,376
0051 <i>Plant Maintenance and Operations</i>	61,331	--	61,331
0053 <i>Data Processing Services</i>	9,148	--	9,148
0061 <i>Community Services</i>	38,635	--	38,635
0081 <i>Capital Outlay</i>	--	13,232	13,232
0093 <i>Payments to Shared Service Arrangements</i>	86,163	--	86,163
6030 Total Expenditures	<u>3,658,015</u>	<u>13,232</u>	<u>3,671,247</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(144,164)</u>	<u>(13,158)</u>	<u>(157,322)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	73,951	--	73,951
8911 <i>Transfers Out</i>	--	(51,683)	(51,683)
7080 Total Other Financing Sources and (Uses)	<u>73,951</u>	<u>(51,683)</u>	<u>22,268</u>
1200 Net Change in Fund Balances	<u>(70,213)</u>	<u>(64,841)</u>	<u>(135,054)</u>
0100 Fund Balances - Beginning	<u>295,157</u>	<u>64,841</u>	<u>359,998</u>
3000 Fund Balances - Ending	<u>\$ 224,944</u>	<u>\$ --</u>	<u>\$ 224,944</u>

BRADY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	243 Career and Tech Technical
ASSETS:				
1110 Cash and Cash Equivalents	\$ (28,961)	\$ (164)	\$ --	\$ --
1240 Due from Other Governments	47,866	18,310	--	--
1290 Other Receivables	--	--	--	--
1410 Deferred Expenditures	--	--	--	--
1000 Total Assets	<u>\$ 18,905</u>	<u>\$ 18,146</u>	<u>\$ --</u>	<u>\$ --</u>
LIABILITIES:				
Current Liabilities:				
2160 Accrued Wages Payable	\$ 17,369	\$ 7,996	\$ --	\$ --
2200 Accrued Expenditures	1,536	150	--	--
2000 Total Liabilities	<u>18,905</u>	<u>8,146</u>	<u>--</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	10,000	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>10,000</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 18,905</u>	<u>\$ 18,146</u>	<u>\$ --</u>	<u>\$ --</u>

	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	313 IDEA-B Formula
	\$ --	\$ (10,906)	\$ --	\$ --	\$ --
	--	15,810	--	--	22,082
	--	--	--	--	--
	--	--	--	--	--
	\$ --	\$ 4,904	\$ --	\$ --	\$ 22,082
	\$ --	\$ 4,502	\$ --	\$ --	\$ 20,276
	--	402	--	--	1,806
	--	4,904	--	--	22,082
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	\$ --	\$ 4,904	\$ --	\$ --	\$ 22,082

BRADY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	314 IDEA-B Preschool	315 IDEA-B Discretionary	364 IDEA - Part B Formula - ARRA	365 IDEA - Part B Preschool - ARR
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ (59,016)	\$ (1,333)
1240 Due from Other Governments	809	--	59,016	1,333
1290 Other Receivables	--	--	--	--
1410 Deferred Expenditures	--	--	--	--
1000 Total Assets	\$ 809	\$ --	\$ --	\$ --
LIABILITIES:				
Current Liabilities:				
2160 Accrued Wages Payable	\$ 744	\$ --	\$ --	\$ --
2200 Accrued Expenditures	65	--	--	--
2000 Total Liabilities	809	--	--	--
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	--	--	--	--
4000 Total Liabilities and Fund Balances	\$ 809	\$ --	\$ --	\$ --

	392 Non-Educational Community-Based Support	404 Student Success Initiative	411 Technology Allotment	437 Special Education	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
A	\$ (260)	\$ --	\$ --	\$ 245,369	\$ 144,729
	--	--	--	--	165,226
	260	--	--	--	260
	--	--	--	175	175
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 245,544</u>	<u>\$ 310,390</u>
	\$ --	\$ --	\$ --	\$ 30,037	\$ 80,924
	--	--	--	563	4,522
	--	--	--	30,600	85,446
	--	--	--	--	10,000
	--	--	--	214,944	214,944
	--	--	--	214,944	224,944
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 245,544</u>	<u>\$ 310,390</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, 2011

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	243 Career and Tech Technical
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ 189,034	\$ --	\$ --
5800 State Program Revenues	--	3,490	--	--
5900 Federal Program Revenues	502,226	508,294	5,440	1,753
5020 Total Revenues	<u>502,226</u>	<u>700,818</u>	<u>5,440</u>	<u>1,753</u>
EXPENDITURES:				
Current:				
0011 Instruction	414,433	--	--	1,397
0013 Curriculum and Staff Development	25,197	--	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	356
0032 Social Work Services	31,252	--	--	--
0034 Student Transportation	--	--	151	--
0035 Food Service	--	768,455	4,443	--
0041 General Administration	24,876	--	--	--
0051 Plant Maintenance and Operations	--	56,314	846	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	6,468	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--	--
6030 Total Expenditures	<u>502,226</u>	<u>824,769</u>	<u>5,440</u>	<u>1,753</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	(123,951)	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	73,951	--	--
7080 Total Other Financing Sources and (Uses)	--	73,951	--	--
1200 Net Change in Fund Balances	--	(50,000)	--	--
0100 Fund Balances - Beginning	--	60,000	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 10,000</u>	<u>\$ --</u>	<u>\$ --</u>

	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	313 IDEA-B Formula
	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	--
	9,803	96,880	391,225	117,034	620,412
	<u>9,803</u>	<u>96,880</u>	<u>391,225</u>	<u>117,034</u>	<u>620,412</u>
	9,013	70,873	318,713	108,240	437,163
	790	26,007	--	8,794	--
	--	--	--	--	--
	--	--	43,054	--	94,377
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	29,458	--	--
	--	--	--	--	2,709
	<u>9,803</u>	<u>96,880</u>	<u>391,225</u>	<u>117,034</u>	<u>86,163</u>
	--	--	--	--	<u>620,412</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, 2011

Data Control Codes	314 IDEA-B Preschool	315 IDEA-B Discretionary	364 IDEA - Part B Formula - ARRA	365 IDEA - Part B Preschool - ARR
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	18,470	84,549	343,433	12,894
5020 Total Revenues	<u>18,470</u>	<u>84,549</u>	<u>343,433</u>	<u>12,894</u>
EXPENDITURES:				
Current:				
0011 Instruction	9,371	84,549	341,274	12,894
0013 Curriculum and Staff Development	--	--	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	2,159	--
0031 Guidance, Counseling, & Evaluation Services	9,099	--	--	--
0032 Social Work Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--	--
6030 Total Expenditures	<u>18,470</u>	<u>84,549</u>	<u>343,433</u>	<u>12,894</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
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>

	392 Non-Educational Community-Based Support	404 Student Success Initiative	411 Technology Allotment	437 Special Education	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
A	\$ --	\$ --	\$ --	\$ 289,315	\$ 478,349
	3,000	15,773	34,329	266,497	323,089
	--	--	--	--	2,712,413
	<u>3,000</u>	<u>15,773</u>	<u>34,329</u>	<u>555,812</u>	<u>3,513,851</u>
	--	13,551	64,152	160,725	2,046,348
	--	--	--	--	60,788
	--	--	--	113,862	113,862
	--	--	--	--	2,159
	3,000	--	--	253,796	400,682
	--	2,222	--	--	34,252
	--	--	--	--	2,373
	--	--	--	--	772,898
	--	--	--	4,500	29,376
	--	--	--	4,171	61,331
	--	--	--	9,148	9,148
	--	--	--	--	38,635
	<u>3,000</u>	<u>15,773</u>	<u>64,152</u>	<u>546,202</u>	<u>3,658,015</u>
	--	--	(29,823)	9,610	(144,164)
	--	--	--	--	73,951
	--	--	(29,823)	--	73,951
	--	--	--	9,610	(70,213)
	--	--	29,823	205,334	295,157
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 214,944</u>	<u>\$ 224,944</u>

BRADY INDEPENDENT SCHOOL DISTRICT

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT H-5

Data Control Codes	1	2	3	
	Budget	Actual	Variance Positive (Negative)	
REVENUES:				
5700	Local and Intermediate Sources	\$ 85	\$ 74	\$ (11)
5020	Total Revenues	85	74	(11)
EXPENDITURES:				
Capital Outlay:				
0081	Capital Outlay	13,243	13,232	11
	Total Capital Outlay	13,243	13,232	11
6030	Total Expenditures	13,243	13,232	11
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(13,158)	(13,158)	--
Other Financing Sources (Uses):				
8911	Transfers Out	(51,683)	(51,683)	--
7080	Total Other Financing Sources and (Uses)	(51,683)	(51,683)	--
1200	Net Change in Fund Balance	(64,841)	(64,841)	--
0100	Fund Balance - Beginning	--	64,841	64,841
3000	Fund Balance - Ending	\$ (64,841)	\$ --	\$ 64,841

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, 2011*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2002 and Prior Years	\$ Various	\$ Various	\$ Various
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	1.04	.4652	298,114,920
2010	1.04	.3275	324,555,400
2011 (School Year Under Audit)	1.04	.3275	363,644,370

1000 Totals

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

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 95,857	\$ --	\$ 3,054	\$ 532	\$ (507)	\$ 91,764
12,844	--	2,107	260	(47)	10,429
15,483	--	4,162	436	(47)	10,837
20,414	--	4,561	475	(39)	15,339
22,859	--	5,858	619	(37)	16,344
24,848	--	8,182	946	(39)	15,681
54,534	--	18,914	8,559	(36)	27,025
94,853	--	31,080	14,115	(52)	49,606
133,713	--	46,968	15,017	(935)	70,793
--	4,791,124	3,483,561	1,135,627	(2,649)	169,287
<u>\$ 475,404</u>	<u>\$ 4,791,124</u>	<u>\$ 3,608,447</u>	<u>\$ 1,176,586</u>	<u>\$ (4,389)</u>	<u>\$ 477,106</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BRADY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-2

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	\$ --	\$ --	\$ 120,776	\$ 261,810	\$ --	\$ 21,365	\$ 403,951
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	16,438	--	--	--	--	--	16,438
6212	Audit Services	--	--	--	16,000	--	--	16,000
6213	Tax Appraisal and Collection	--	154,352	--	--	--	--	154,352
621X	Other Prof. Services	--	--	--	12,900	--	--	12,900
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	5,016	--	5,016
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	5,660	--	5,660
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	3,908	14,782	--	--	18,690
6410	Travel, Subsistence, Stipends	150	--	1,643	2,069	--	1,672	5,534
6420	Ins. and Bonding Costs	--	--	175	5,788	--	--	5,963
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	--	--	6,858	27,942	--	--	34,800
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 16,588 \$ 154,352 \$ 133,360 \$ 341,291 \$ 10,676 \$ 23,037 \$ 679,304

Total Expenditures for General and Special Revenue Funds (9) \$ 14,082,091

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 274,759
Total Debt & Lease (6500)	(11)	\$ 16,794
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,352,353
Food (Function 35, 6341 and 6499)	(13)	\$ 319,826
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 341,291

Subtotal

2,305,023

Net Allowed Direct Cost

\$ 11,777,068

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 33,586,121
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)	3,538,477
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 69,843

(8) Note A - No Function 53 expenditures and \$154,352 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, 2011

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2011 (Exhibit C-1 object 3000 for the General Fund only)	\$ 2,953,569
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	400,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	2,202,500
8	Estimate of delayed payments from state sources (58XX)	240,000
9	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	--
10	Estimate of delayed payments from federal sources (59XX)	120,000
11	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)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	2,962,500
13	Excess (Deficit) Undesignated General Fund Fund Balance (1-12)	\$ (8,931)

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, 2011

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 156,921	\$ 189,034	\$ 32,113
5800 State Program Revenues	3,800	3,490	(310)
5900 Federal Program Revenues	511,950	508,294	(3,656)
5020 Total Revenues	<u>672,671</u>	<u>700,818</u>	<u>28,147</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	773,344	768,455	4,889
Total Support Services - Student (Pupil)	<u>773,344</u>	<u>768,455</u>	<u>4,889</u>
Support Services - Nonstudent Based:			
0051 Plant Maintenance and Operations	59,327	56,314	3,013
Total Support Services - Nonstudent Based	<u>59,327</u>	<u>56,314</u>	<u>3,013</u>
6030 Total Expenditures	<u>832,671</u>	<u>824,769</u>	<u>7,902</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(160,000)	(123,951)	36,049
Other Financing Sources (Uses):			
7915 Transfers In	110,000	73,951	(36,049)
7080 Total Other Financing Sources and (Uses)	<u>110,000</u>	<u>73,951</u>	<u>(36,049)</u>
1200 Net Change in Fund Balance	(50,000)	(50,000)	--
0100 Fund Balance - Beginning	--	60,000	60,000
3000 Fund Balance - Ending	<u>\$ (50,000)</u>	<u>\$ 10,000</u>	<u>\$ 60,000</u>

BRADY INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,220,912	\$ 1,224,910	\$ 3,998
5800 <i>State Program Revenues</i>	326,274	377,005	50,731
5020 Total Revenues	<u>1,547,186</u>	<u>1,601,915</u>	<u>54,729</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	660,000	660,000	--
0072 <i>Interest on Long-Term Debt</i>	882,186	882,186	--
0073 <i>Bond Issuance Costs and Fees</i>	5,000	3,800	1,200
Total Debt Service	<u>1,547,186</u>	<u>1,545,986</u>	<u>1,200</u>
6030 Total Expenditures	<u>1,547,186</u>	<u>1,545,986</u>	<u>1,200</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	--	55,929	55,929
1200 Net Change in Fund Balance	--	55,929	55,929
0100 Fund Balance - Beginning	--	894,740	894,740
3000 Fund Balance - Ending	<u>\$ --</u>	<u>\$ 950,669</u>	<u>\$ 950,669</u>

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 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, 2011, which collectively comprise the Brady Independent School District's basic financial statements and have issued my report thereon dated October 11, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider 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 written in a cursive, flowing style.

Burl D. Lowery
Certified Public Accountant

October 11, 2011

BURL D. LOWERY CPA
311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Brady Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Brady Independent School District's major federal programs for the year ended August 31, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, 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

October 11, 2011

BRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

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 OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
IDEA-B Cluster	
84.027	IDEA-B Formula
84.173	IDEA-B Preschool
84.391	ARRA IDEA-B Formula
84.392	ARRA IDEA-B Preschool
ESEA Title 1 Cluster	
84.010a	ESEA Title 1 Part A
84.389	ARRA ESEA Title 1 Part A
83.494	Title XIV State Fiscal Stabilization Fund

BRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

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, 2011

<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, 2011

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, 2011

EXHIBIT K-1

(1)	(2)	(2A)	(3)
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:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	1161010116090	\$ 483,321
ESEA Title I Part A - Improving Basic Programs *	84.010a	12610101160901	18,905
Total CFDA Number 84.010a			<u>502,226</u>
SSA IDEA-B Formula *	84.027	116600011609016600	598,330
SSA IDEA-B Formula *	84.027	126600011609016600	22,082
SSA IDEA-B Discretionary *	84.027	116600011609016600	84,549
Total CFDA Number 84.027			<u>704,961</u>
Career and Technical - Basic Grant	84.048	11420006160901	9,803
SSA IDEA-B Preschool *	84.173	116610011609016610	17,661
SSA IDEA-B Preschool *	84.173	126610011609016610	809
Total CFDA Number 84.173			<u>18,470</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	11694501160901	91,976
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	12694501160901	4,904
Total CFDA Number 84.367a			<u>96,880</u>
ARRA - ESEA, Title I, Part A - Improving Basic Programs *	84.389	10551001160901	117,034
ARRA - SSA IDEA-Part B Formula *	84.391	10554001160901	343,433
ARRA - SSA IDEA Part B, Preschool *	84.392	10555001160901	12,894
ARRA of 2009 Title XIV State Fiscal Stabilization Fund *	84.394	11557001160901	391,225
Total Passed Through State Department of Education			<u>2,196,926</u>
Passed Through Concho Valley Partnership:			
Career and Technical - Technical Preparation	84.243a	Contract 1	1,753
Total U. S. Department of Education			<u>2,198,679</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401001	159,139
National School Lunch Program *	10.555	71301001	332,910
National School Lunch Program (Non-cash) *	10.555	71301001	16,245
Total CFDA Number 10.555			<u>349,155</u>
Summer Food Service Program *	10.559	71301001	5,439
Total Passed Through State Department of Education			<u>513,733</u>
Total U. S. Department of Agriculture			<u>513,733</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,712,412</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, 2011*

1. 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.

2. Subrecipients

Of the federal expenditures presented in the schedule, Brady Independent School District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA-B Formula	'84.027	\$ 86,163

BRADY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2011

Data Control Codes		Responses
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?	\$ --