
**BROWNWOOD INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL
AND
COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2013

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2013

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
	CERTIFICATE OF BOARD 1
	Independent Auditor’s Report 2
	Management’s Discussion and Analysis 4
	Government-Wide Financial Statements
A-1	Statement of Net Position 11
B-1	Statement of Activities 12
	Governmental Fund Financial Statements
C-1	Balance Sheet 13
C-2	Reconciliation for C-1 14
C-3	Statement of Revenues, Expenditures and Changes in Fund Balances 15
C-4	Reconciliation for C-3 16
	Fiduciary Fund Financial Statements
E-1	Statement of Fiduciary Net Position 17
	Notes to the Financial Statements 18
	Required Supplementary Information
G-1	Budgetary Comparison Schedule - General Fund 32
	Other Supplementary Information
	Nonmajor Governmental Funds:
H-1	Combining Balance Sheet 33
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 36
	Required TEA Schedules
J-1	Schedule of Delinquent Taxes Receivable 39
J-2	Schedule of Expenditures for Computation of Indirect Costs 40
J-3	Fund Balance and Cash Flow Calculation Worksheet 41
J-4	Budgetary Comparison Schedule - Child Nutrition Fund 42
J-5	Budgetary Comparison Schedule - Debt Service Fund 43
	Federal Awards Section
	Independent Auditor’s 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> 44
	Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 46
	Schedule of Findings and Questioned Costs 48
	Schedule of Status of Prior Year Findings 49
K-1	Schedule of Expenditures of Federal Awards 50
	Notes to Schedule of Expenditures of Federal Awards 52
L-1	Schools First Questionnaire 53

CERTIFICATE OF BOARD

Brownwood Independent School District
Name of School District

Brown
County

025-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved _____ disapproved _____ for the year ended August 31, 2013, at a meeting of the Board of Trustees of such school district on the _____ day of January, 2014.

Signature of Board Secretary

Signature of Board President

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Brownwood Independent School District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownwood Independent School District (the District) as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Brownwood Independent School District as of August 31, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The combining nonmajor fund financial statements and the TEA required schedules 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 the 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 basic financial statements. The schedule of expenditures of federal awards, the combining nonmajor fund financial statements and the TEA required schedules (except for Exhibit J-3, Fund Balance and Cash Flow Calculation Worksheet, which is marked UNAUDITED and on which we express no opinion) 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 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 our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. Exhibit J-3, The Fund Balance and Cash Flow Calculation Worksheet, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and in considering Brownwood Independent School District's internal control over financial reporting and compliance.

Certified Public Accountants

Abilene, Texas
January 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Brownwood 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, 2013.

FUND STATEMENT FINANCIAL HIGHLIGHTS

- The District's total combined governmental fund balances at August 31, 2013 were \$5,332,740, compared to \$5,640,531 at August 31, 2012.
- During the year, the District's revenues of \$32,332,619 generated from taxes, state funding, and other revenues for governmental activities, and other financial resources of \$7,128 were \$307,791 less than the \$32,647,538 in expenditures. The general fund revenues and other financial resources were less than expenditures by \$293,167. All other governmental fund revenues were less than their corresponding expenditures by \$14,624.
- The total cost of the District's programs decreased approximately 2% versus the prior year, due to discontinued federal programs and decreased construction projects in 2013 versus 2012. The District's revenues decreased approximately 6% primarily due to cuts in state and federal revenues.
- In the general fund, the resources available for appropriation, including extraordinary items, were approximately \$229,744 less than originally budgeted. The district received approximately \$184,000 over budget in miscellaneous revenue which included the \$172,000 in laptop user fees and \$12,000 in excess proceeds from tax sales. The district also received \$51,000 over budget in SHARS revenue. Expenditures were \$351,942 less than the original budget. This was due to both conservative spending throughout the year and hiring professionals with less experience.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that presents combining statements for nonmajor governmental funds and other TEA required schedules.

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 fund statements present how general government services were financed in the short term as well as what remains for future spending.
 - 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.

OVERVIEW OF THE FINANCIAL STATEMENTS - continued

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. The Texas Education Agency also requires certain schedules be included as other supplementary information. The following summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the District's Government-wide and Fund Financial Statements			
<i>Type of Statement</i>	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's accounts
<i>Required financial statements</i>	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues expenditures & changes in fund balances	Statement of changes in fiduciary net position
		Statement of cash flows	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or 60 days thereafter, no capital assets included	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
<i>Type of in flow/out flow Information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year, expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All revenues and expenses during year regardless of when cash is received or paid

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 position 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 the District's net position and how they have changed. Net position, 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 position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include:

- 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, state aid, 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 or by bond covenants.
- The Board of Trustees established 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 three 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 one 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 on a subsequent page that explains 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 and short-term financial information. The District would use Internal Service Funds to report activities in this category such as a Self-Insurance Fund. The District currently has no Internal Service Funds.
- Fiduciary funds- The District is the trustee, or fiduciary, for certain funds. 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 agency funds and are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE:
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

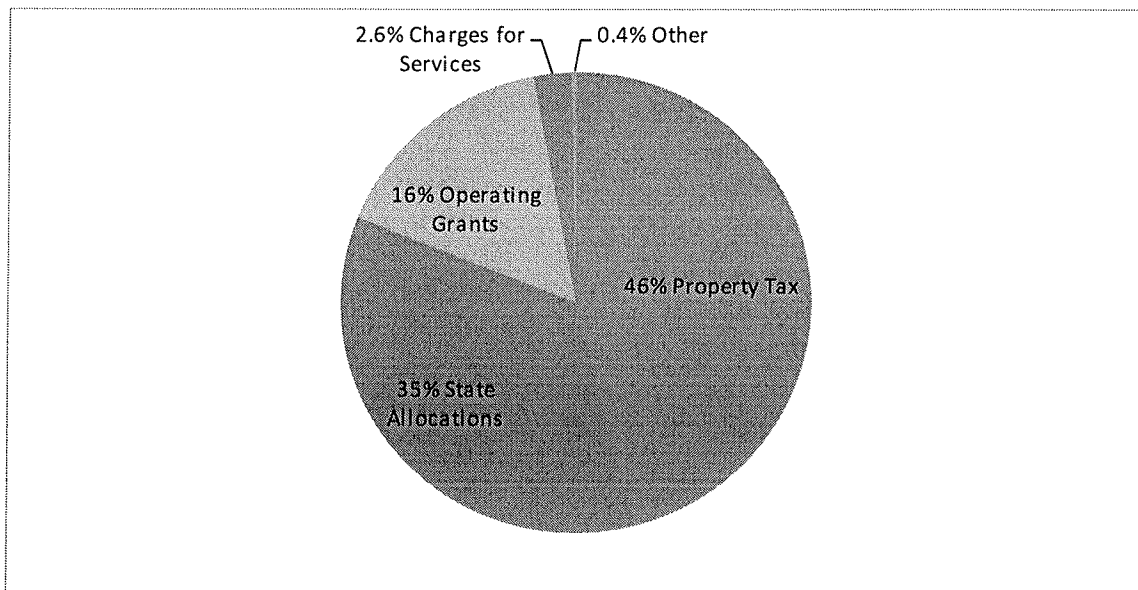
Net position. The District's combined net position was \$19,077,156 at August 31, 2013.

	Governmental Activities	
	2013	2012
Current Assets	\$ 6,729,236	\$ 8,225,952
Capital Assets	44,839,924	46,841,738
Restricted Assets	586,708	
Total Assets	52,155,868	55,067,690
Current Liabilities	1,239,776	1,148,910
Long-Term Liabilities	31,838,936	33,630,391
Total Liabilities	33,078,712	34,779,301
Net Investment in Capital Assets	13,000,988	13,211,347
Restricted for Federal Programs	283,992	262,440
Restricted for Debt Service	320,485	356,661
Unrestricted Net Position	5,471,691	6,457,941
Total Net Position	\$ 19,077,156	\$ 20,288,389

During the year, net position of the District's governmental activities decreased by \$1,211,233 to \$19,077,156. Unrestricted net position was \$5,471,691 at the end of this year; this amount reflects approximately 2 months of operating expenses for the District.

Changes in net position. The District's total fiscal year 2013 revenues were \$32,120,396 at August 31, 2013. Approximately 46% of the District's revenue came from property taxes, 35% came from state allocations, and the remainder came from charges for services, federal and state grants, and miscellaneous other revenue (see the chart "Sources of Revenue for Fiscal Year 2013").

Sources of Revenue for Fiscal Year 2013



The total cost of all programs and services was \$32,926,215 of which 55% was for direct instruction

The total cost of all programs and services was \$32,926,215 of which 55% was for direct instruction program costs compared to 56% in the previous year. The District's expenses cover a range of programs including instruction, counseling services, health services, student transportation, food services, plant maintenance and operations, and various other areas of service to students.

Governmental Activities

	Governmental Activities	
	2013	2012
Revenues		
<u>Program Revenues</u>		
Charges for Services	\$ 843,101	\$ 1,237,143
Local Operating Grants	14,253	2,649
State Operating Grants	1,281,603	1,565,595
Federal Grants	3,985,823	5,079,820
<u>General Revenues</u>		
Property Taxes	14,643,598	14,420,184
State Aid-Formula Grants	11,262,940	12,034,364
Other Non-restricted Grants & Contributions	14,253	25,419
Other	75,365	13,984
Total Revenues	32,120,396	34,379,158
Expenses		
Instruction	18,163,974	18,624,052
Extracurricular Activities	1,070,626	1,079,351
General Administration	737,472	723,019
Facilities Maintenance and Operations	3,167,417	3,318,875
School Leadership	1,566,786	1,548,640
Food Services	1,889,252	1,900,809
Guidance Counseling, and Evaluation Services	1,163,476	1,037,349
Interest on Long Term Debt	1,637,494	1,653,529
Other Functions	3,529,718	3,579,627
Total Expenses	32,926,215	33,465,251
Increase (Decrease) in Net Position	(805,279)	913,907
Beginning Net Position	20,288,389	19,374,482
Reclassification – Prior Period Debt Issuance Cost	(405,954)	
Ending Net Position	\$ 19,077,156	\$ 20,288,389

Governmental Activities – continued

The following table presents the cost of each of the District's largest programs as well as each program's net cost (total cost less fees generated by program activities). The net cost shows the financial burden that was placed on the District's taxpayers and state aid funding by each of these functions.

- The cost of all governmental activities in 2013 was \$32,926,215 compared to \$33,465,251 in the previous year.
- The amount that our local taxpayers paid for these activities through property taxes was \$14,643,598 for the 2013 year and \$14,420,184 for the 2012 year.

	Total Cost of Services	Program Revenues	Net Cost
Instruction	\$ 18,163,974	\$ 3,011,361	\$ (15,152,613)
Facilities Maintenance/Ops	3,167,417	72,423	(3,094,994)
Food Services	1,889,252	1,845,663	(43,589)
Debt Service	1,637,494	66,499	(1,570,995)
School Leadership	1,566,786	66,125	(1,500,661)
Extracurricular	1,070,626	144,993	(925,633)
Counseling	1,163,476	275,620	(887,856)
General Administrative	737,472	19,753	(717,719)
Other Programs	3,529,718	622,343	(2,907,375)
Total	\$ 32,926,215	\$ 6,124,780	\$ (26,801,435)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

Revenues from governmental fund types totaled \$32,332,619. Local revenues increased \$164,312 from the prior year, primarily due to the increase in tax collections. State revenue decreased \$1,011,161 due to a decrease in state funding. Federal revenue decreased \$1,200,752 due to changes in federal grant calculations.

Governmental Funds Budgetary Highlights

The original budget for the general fund reflected a balanced budget. Over the course of the year, the District amended its budget as needed continuing to reflect a balanced budget; however, the actual decrease of revenue over expenditures was \$293,167 at August 31, 2013.

- Local funding increased \$219,685 from the original budget, state revenue decreased \$501,826 from the original budget, and federal revenue increased \$41,769 from the original budget.
- The district was conservative in spending with expenditures \$351,942 less than the original budget.

In the District's child nutrition program, the final amended budget reflected a balanced budget. Actual results included an excess of revenues over expenditures of \$21,698.

In the District's debt service fund, there was an actual decrease of revenues under expenditures of \$36,176 versus the original balanced budget. The decrease was caused primarily by a decrease in the existing debt allotment allocation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$81,459,245 in a broad range of capital assets, including land, buildings, furniture, and equipment. Accumulated depreciation on these assets was \$36,692,445 at year-end. The above included current-year capital asset additions of \$64,769 and associated accumulated depreciation of \$2,139,707.

	Governmental Activities	
	2013	2012
Land	\$ 305,596	\$ 305,596
Construction in Progress	73,124	
Buildings and Improvements	75,229,343	75,229,343
Furniture and Equipment	5,924,306	5,859,537
Totals at Historical Costs	81,532,369	81,394,476
Less Accumulated Depreciation for:		
Buildings and Improvements	(32,047,149)	(30,478,050)
Furniture and Equipment	(4,645,296)	(4,074,688)
Total Accumulated Depreciation	(36,692,445)	(34,552,738)
Net Capital Assets	<u>\$ 44,839,924</u>	<u>\$ 46,841,738</u>

Long-Term Debt

	Governmental Activities	
	2013	2012
Bonds Payable:		
Unlimited Tax Refunding Bonds Series 1998	\$ 1,000,000	\$ 1,940,000
Unlimited Tax Refunding Bonds Series 2005	29,355,000	29,910,000
Total Bonds Payable	<u>\$ 30,355,000</u>	<u>\$ 31,850,000</u>

At year-end the District had \$30,355,000 in bonds outstanding which represents a decrease of \$1,495,000 since last year.

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 Brownwood ISD Business Manager at 325-643-5644.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 977,271
1120 Investments - Current	4,536,320
1210 Property Taxes Receivable - Current	278,359
1220 Property Taxes Receivable (Delinquent)	749,167
1230 Allowance for Uncollectible Taxes	(215,780)
1240 Due from Other Governments	399,055
1290 Other Receivables, Net	4,844
Capital Assets:	
1510 Land	305,596
1520 Buildings, Net	43,182,194
1530 Furniture and Equipment, Net	1,267,371
1550 Leased Property Under Capital Leases, Net	11,639
1580 Construction in Progress	73,124
1800 Restricted Assets	<u>586,708</u>
1000 Total Assets	<u>52,155,868</u>
LIABILITIES	
2110 Accounts Payable	235,690
2140 Interest Payable	68,318
2160 Accrued Wages Payable	775,680
2300 Unearned Revenues	160,088
Noncurrent Liabilities	
2501 Due Within One Year	1,629,961
2502 Due in More Than One Year	<u>30,208,975</u>
2000 Total Liabilities	<u>33,078,712</u>
NET POSITION	
3200 Net Investment in Capital Assets	13,000,988
3820 Restricted for Federal Programs	283,992
3850 Restricted for Debt Service	320,485
3900 Unrestricted Net Position	<u>5,471,691</u>
3000 Total Net Position	<u>\$ 19,077,156</u>

The accompanying notes are an integral part of this statement.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control	Codes	Functions/Programs	1	Program Revenues	
				3	4
			Expenses	Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES:					
11		Instruction	\$ 18,163,974	\$ 383,768	\$ 2,627,593
12		Instructional Resources and Media Services	380,646	-	14,812
13		Curriculum and Instructional Staff Development	219,458	-	114,587
21		Instructional Leadership	434,484	-	173,483
23		School Leadership	1,566,786	-	66,125
31		Guidance, Counseling, and Evaluation Services	1,163,476	-	275,620
32		Social Work Services	218,851	-	151,230
33		Health Services	222,685	-	33,946
34		Student Transportation	817,564	-	-
35		Food Services	1,889,252	321,321	1,524,342
36		Extracurricular Activities	1,070,626	124,889	20,104
41		General Administration	737,472	-	19,753
51		Facilities Maintenance and Operations	3,167,417	13,123	59,300
52		Security and Monitoring Services	68,950	-	782
53		Data Processing Services	727,655	-	133,503
72		Debt Service - Interest on Long Term Debt	1,637,494	-	66,499
73		Debt Service - Bond Issuance Costs and Fees	430	-	-
81		Capital Outlay	4,939	-	-
99		Other Intergovernmental Charges	434,056	-	-
TG		Total Governmental Activities	<u>32,926,215</u>	<u>843,101</u>	<u>5,281,679</u>
TP		TOTAL PRIMARY GOVERNMENT	<u>\$ 32,926,215</u>	<u>\$ 843,101</u>	<u>\$ 5,281,679</u>

General Revenues:

Taxes:

MT Property Taxes, Levied for General Purposes

DT Property Taxes, Levied for Debt Service

SF State Aid - Formula Grants

GC Grants and Contributions not Restricted

IE Investment Earnings

MI Miscellaneous

TR Total General Revenues

CN Change in Net Position

NB Net Position - Beginning

PA Reclassification - Prior Period Debt Issuance Cost

NE Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
6	
Primary Gov.	
Governmental	
Activities	Total
\$ (15,152,613)	\$ (15,152,613)
(365,834)	(365,834)
(104,871)	(104,871)
(261,001)	(261,001)
(1,500,661)	(1,500,661)
(887,856)	(887,856)
(67,621)	(67,621)
(188,739)	(188,739)
(817,564)	(817,564)
(43,589)	(43,589)
(925,633)	(925,633)
(717,719)	(717,719)
(3,094,994)	(3,094,994)
(68,168)	(68,168)
(594,152)	(594,152)
(1,570,995)	(1,570,995)
(430)	(430)
(4,939)	(4,939)
<u>(434,056)</u>	<u>(434,056)</u>
<u>(26,801,435)</u>	<u>(26,801,435)</u>
<u>(26,801,435)</u>	<u>(26,801,435)</u>
11,705,976	11,705,976
2,937,622	2,937,622
11,262,940	11,262,940
14,253	14,253
11,257	11,257
<u>64,108</u>	<u>64,108</u>
<u>25,996,156</u>	<u>25,996,156</u>
(805,279)	(805,279)
20,288,389	20,288,389
<u>(405,954)</u>	<u>(405,954)</u>
\$ <u>19,077,156</u>	\$ <u>19,077,156</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 960,351	\$ 16,920	\$ 977,271
1120 Investments - Current	4,536,320	-	4,536,320
1210 Property Taxes - Current	222,413	55,946	278,359
1220 Property Taxes - Delinquent	598,597	150,570	749,167
1230 Allowance for Uncollectible Taxes (Credit)	(172,412)	(43,368)	(215,780)
1240 Receivables from Other Governments	13,063	385,992	399,055
1260 Due from Other Funds	327,608	-	327,608
1290 Other Receivables	4,844	-	4,844
1800 Restricted Assets	-	586,708	586,708
1000 Total Assets	<u>\$ 6,490,784</u>	<u>\$ 1,152,768</u>	<u>\$ 7,643,552</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 200,328	\$ 35,362	\$ 235,690
2160 Accrued Wages Payable	775,680	-	775,680
2170 Due to Other Funds	-	327,608	327,608
2300 Unearned Revenues	137,915	22,173	160,088
2000 Total Liabilities	<u>1,113,923</u>	<u>385,143</u>	<u>1,499,066</u>
Deferred Inflows of Resources:			
2601 Unavailable Revenue - Property Taxes	648,598	163,148	811,746
2600 Total Deferred Inflows of Resources	<u>648,598</u>	<u>163,148</u>	<u>811,746</u>
Fund balances:			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	283,992	283,992
3480 Retirement of Long Term Debt	-	320,485	320,485
3600 Unassigned Fund Balance	4,728,263	-	4,728,263
3000 Total Fund Balances	<u>4,728,263</u>	<u>604,477</u>	<u>5,332,740</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,490,784</u>	<u>\$ 1,152,768</u>	<u>\$ 7,643,552</u>

The accompanying notes are an integral part of this statement.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$ 5,332,740
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$81,394,476 and the accumulated depreciation was \$34,552,738. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period. At the beginning of the year, total long-term debt was \$33,630,391. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	13,211,347
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays of \$137,893, debt principal payments of \$1,495,000 and principal payments on capital leases of \$268,594 is to increase net position.	1,901,487
3 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,139,707)
4 Governmental funds report the effect of bond proceeds, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of amortization of bond premium of \$27,861 is to increase net position.	27,861
5 Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year accrual is \$68,318. The net effect is to decrease net position.	(68,318)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable property taxes of \$811,746 and eliminating interfund receivables and payables of \$327,608. The net effect of these reclassifications and recognitions is to increase net position.	811,746
7 Net Position of Governmental Activities (See A-1)	\$ <u>19,077,156</u>

The accompanying notes are an integral part of this statement.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data	10		Total	
Control	General	Other	Governmental	
Codes	Fund	Funds	Funds	
REVENUES				
5700	Total Local and Intermediate Sources	\$ 12,109,657	\$ 3,316,787	\$ 15,426,444
5800	State Program Revenues	12,245,974	367,609	12,613,583
5900	Federal Program Revenues	306,769	3,985,823	4,292,592
5020	Total Revenues	<u>24,662,400</u>	<u>7,670,219</u>	<u>32,332,619</u>
EXPENDITURES				
Current:				
0011	Instruction	14,659,388	2,017,359	16,676,747
0012	Instructional Resources and Media Services	321,770	3,477	325,247
0013	Curriculum and Instructional Staff Development	106,212	113,246	219,458
0021	Instructional Leadership	272,040	162,157	434,197
0023	School Leadership	1,449,146	6,218	1,455,364
0031	Guidance, Counseling, and Evaluation Services	928,230	230,927	1,159,157
0032	Social Work Services	70,632	148,219	218,851
0033	Health Services	197,478	25,207	222,685
0034	Student (Pupil) Transportation	744,652	-	744,652
0035	Food Services	32,471	1,793,121	1,825,592
0036	Extracurricular Activities	1,004,676	-	1,004,676
0041	General Administration	723,766	-	723,766
0051	Facilities Maintenance and Operations	2,975,624	-	2,975,624
0052	Security and Monitoring Services	68,950	-	68,950
0053	Data Processing Services	623,732	100,599	724,331
Debt Service:				
0071	Principal on Long Term Debt	268,594	1,495,000	1,763,594
0072	Interest on Long Term Debt	11,654	1,585,383	1,597,037
0073	Bond Issuance Cost and Fees	-	430	430
Capital Outlay:				
0081	Facilities Acquisition and Construction	73,124	-	73,124
Intergovernmental:				
0099	Other Intergovernmental Charges	434,056	-	434,056
6030	Total Expenditures	<u>24,966,195</u>	<u>7,681,343</u>	<u>32,647,538</u>
1100	Excess (Deficiency of Revenues Over (Under) Expenditures	<u>(303,795)</u>	<u>(11,124)</u>	<u>(314,919)</u>
OTHER FINANCING SOURCES (USES)				
7912	Sale of Real & Personal Property	10,628	-	10,628
8912	Special Items	-	(3,500)	(3,500)
7080	Total Other Financing Sources (Uses)	10,628	(3,500)	7,128
1200	Net Change in Fund Balances	(293,167)	(14,624)	(307,791)
0100	Fund Balance - September 1 (Beginning)	<u>5,021,430</u>	<u>619,101</u>	<u>5,640,531</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,728,263</u>	<u>\$ 604,477</u>	<u>\$ 5,332,740</u>

The accompanying notes are an integral part of this statement.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2013

Total Net Change in Fund Balances - Governmental Funds	\$ (307,791)
<hr/>	
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays of \$137,893, debt principal payments of \$1,495,000 and principal payments on capital leases of \$268,594 is to increase net position.	1,901,487
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,139,707)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year accrual is \$68,318. The net effect is to decrease net position.	(68,318)
Governmental funds report the effect of bond proceeds, issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of amortization of bond premium of \$27,861 is to increase net position.	27,861
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable property taxes of \$811,746 as revenue, reversing prior year's tax collection of \$1,030,557, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to decrease net position.	(218,811)
Change in Net Position of Governmental Activities (See B-1)	<u>\$ (805,279)</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ <u>228,179</u>
Total Assets	\$ <u><u>228,179</u></u>
LIABILITIES	
Due to Student Groups	\$ <u>228,179</u>
Total Liabilities	\$ <u><u>228,179</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1: REPORTING ENTITY

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Brownwood Independent School District (the District). The public elects the members of the Board of Trustees. The Trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the Trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The basic financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)*

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The government reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The *Special Revenue Funds*, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

The *Debt Service Fund*, a governmental fund type, accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term debt of governmental activities.

Agency Funds, a fiduciary fund type, account for resources held for others in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Note 4: ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool is operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 4: ASSETS, LIABILITIES DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the government-wide statements, property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & improvements	30 - 45
Furniture & equipment	5 - 20

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

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

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting and Reporting module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Special Revenue Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles.

Note 6: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Under Texas state law, 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.

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that they complied with all significant requirements of the PFIA and the District's investment policies.

Custodial credit risk – deposits – At August 31, 2013, the District's deposits (cash, certificates of deposit and interest bearing savings accounts including temporary investments) were entirely covered by pledged collateral held by the District's agent bank in the District's name or by federal deposit insurance.

Investments

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of state, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) obligations of the state of Texas or its agencies; 5) other obligations guaranteed by the U.S. or the state of Texas or their agencies and instrumentalities; 6) fully collateralized repurchase agreements; and 7) public funds investment pools. Temporary investments are reported at cost that approximates market and the certificates of deposit are secured, when necessary, by the FDIC or obligations of items 1-3 above at 102% of the investment's market value. TexPool is a local government investment pool under the oversight of the Texas Comptroller of Public Accounts.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

The fair value of investments at August 31, 2013, is shown below:

<u>Name</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days) *</u>
TexPool	\$ 4,607,804	77
Reported as investments	\$ 4,536,320	
Reported as restricted assets	<u>71,484</u>	
	\$ 4,607,804	

* To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

Concentration of Credit Risk – The District’s investment policy is for the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer.

Interest Rate Risk – The District’s investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

TexPool

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Credit Risk. State law and District policy limit investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. TexPool is rated AAAM by Standard & Poor’s.

Property Tax

In the fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions) on January 1, 2012, upon which the levy for the August 31, 2013, fiscal year was based, was \$1,546,271,967. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended August 31, 2013 were 97% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2013, property taxes receivable, net of estimated uncollectible taxes of \$215,780, totaled \$811,746.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

The tax rate to finance general governmental services was \$1.04 per \$100 for the year ended August 31, 2013, and a tax rate of \$0.2616 per \$100 was assessed to finance the payment of principal and interest on long-term obligations.

Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2013, are summarized below.

<u>Fund</u>	<u>State Grants/ Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General fund	\$ 13,063	\$ -	\$ 13,063
Nonmajor funds	<u>57,057</u>	<u>328,935</u>	<u>385,992</u>
	<u>\$ 70,120</u>	<u>\$ 328,935</u>	<u>\$ 399,055</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2013, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund:		
Nonmajor governmental funds	\$ 327,608	\$ -
Nonmajor governmental funds:		
General fund	<u>-</u>	<u>327,608</u>
Totals	<u>\$ 327,608</u>	<u>\$ 327,608</u>

These interfund receivables and payables were recorded to eliminate cash flow deficits of various funds or to record a receivable for reimbursement of expenditures.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 305,596	\$	\$	\$ 305,596
Construction in progress		73,124		73,124
Total capital assets, not being depreciated	<u>305,596</u>	<u>73,124</u>	<u>-</u>	<u>378,720</u>
Capital assets, being depreciated:				
Buildings and improvements	75,229,343			75,229,343
Furniture and equipment	4,839,086	64,769		4,903,855
Capital leases	<u>1,020,451</u>			<u>1,020,451</u>
Total capital assets, being depreciated	<u>81,088,880</u>	<u>64,769</u>	<u>-</u>	<u>81,153,649</u>
Less accumulated depreciation for:				
Buildings and improvements	30,478,050	1,569,099		32,047,149
Furniture and equipment	3,320,252	316,232		3,636,484
Capital leases	<u>754,436</u>	<u>254,376</u>		<u>1,008,812</u>
Total accumulated depreciation	<u>34,552,738</u>	<u>2,139,707</u>	<u>-</u>	<u>36,692,445</u>
Total capital assets, being depreciated, net	<u>46,536,142</u>	<u>(2,074,938)</u>	<u>-</u>	<u>44,461,204</u>
Total capital assets, net	<u>\$ 46,841,738</u>	<u>\$ (2,001,814)</u>	<u>\$ -</u>	<u>\$ 44,839,924</u>

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 1,493,183
Instructional Resources and Media Services	55,399
Instructional Leadership	287
School Leadership	111,422
Guidance, Counseling and Evaluation Services	4,319
Student (Pupil) Transportation	72,912
Food Services	105,117
Cocurricular/Extracurricular activities	65,950
General Administration	13,706
Facilities Maintenance and Operations	209,149
Data Processing Services	3,324
Facilities Acquisition and Construction	<u>4,939</u>
Total depreciation expense - governmental activities	<u>\$ 2,139,707</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7: LONG-TERM DEBT

Bonds Payable

Bonded indebtedness of the District is reflected in the Government-Wide Statement of Net Position. In the Fund Financial Statements, the current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of the changes in bonds payable and other long-term debt follows:

Description	Rate Payable	Original Issue	Ousting 8/31/2012	Issued	Retired	Ousting 8/31/2013
Unlimited Tax Refunding Bonds Series 1998	4.51%	\$ 4,730,000	\$ 1,940,000	\$ -	\$ 940,000	\$ 1,000,000
Unlimited Tax Refunding Bonds Series 2005	5.25%	<u>31,370,000</u>	<u>29,910,000</u>	<u>-</u>	<u>555,000</u>	<u>29,355,000</u>
Total Bonds Payable		<u>\$ 36,100,000</u>	<u>\$ 31,850,000</u>	<u>\$ -</u>	<u>\$ 1,495,000</u>	<u>\$ 30,355,000</u>

Description	Ousting 8/31/2012	Accretion	Amortization	Ousting 8/31/2013	Due Within One Year
Unamortized premium on 2005 Bonds	\$ <u>1,501,453</u>	\$ <u>-</u>	\$ <u>27,861</u>	\$ <u>1,473,592</u>	\$ <u>29,617</u>
Total Other Long-Term Debt	<u>\$ 1,501,453</u>	<u>\$ -</u>	<u>\$ 27,861</u>	<u>\$ 1,473,592</u>	<u>\$ 29,617</u>

The current portion of each bond at August 31, 2013 was as follows:

	Due in 2014
Unlimited Tax Refunding Bond Series 1998	\$ <u>1,000,000</u>
Unlimited Tax Refunding Bond Series 2005	<u>590,000</u>
	<u>\$ 1,590,000</u>

Debt service requirements are as follows:

Year Ended August 31	Principal	Interest	Total Requirements
2014	\$ 1,590,000	\$ 1,520,038	\$ 3,110,038
2015	1,155,000	1,455,919	2,610,919
2016	1,245,000	1,392,919	2,637,919
2017	1,310,000	1,325,850	2,635,850
2018	1,380,000	1,255,238	2,635,238
2019-2023	8,110,000	5,075,250	13,185,250
2024-2028	10,540,000	2,651,256	13,191,256
2029-2030	<u>5,025,000</u>	<u>254,375</u>	<u>5,279,375</u>
	<u>\$ 30,355,000</u>	<u>\$ 14,930,845</u>	<u>\$ 45,285,845</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7: LONG-TERM DEBT (continued)

The District issued refunding bonds, Unlimited Tax Refunding Bonds, Series 1998, for the purpose of refunding a portion of the District's outstanding Unlimited Tax School Building and Refunding Bonds, Series 1994 in order to lower the overall debt service requirements of the District, and to pay costs associated with the issuance of the bonds. The bonds are issued as \$4,959,989 Unlimited Tax Refunding Bonds, Series 1998. The Current Interest Bonds will mature on each February 15, in the years 2000 through 2008 and on each February 15 in the years 2011 through 2014. The Premium Capital Appreciation Bonds matured on February 15, 2009 and February 15, 2010.

The District issued refunding bonds, Unlimited Tax Refunding Bonds, Series 2005, for the purpose of refunding the District's remaining outstanding Unlimited Tax School Building and Refunding Bonds, Series 1995 in order to construct, renovate and equip school buildings within the District and to pay costs associated with the issuance of the bonds. The bonds are issued as \$31,745,480 Unlimited Tax Refunding Bonds, Series 2005. The Current Interest Bonds will mature on each February 15, in the years 2010 through 2030. The Premium Capital Appreciation Bonds matured on February 15, 2009.

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2013.

The District received \$1,593,592 as a premium on the 2005 bond issuance. This is reported with other long-term debt and is being amortized over the life of the bonds utilizing a method that approximates the percentage of principal reductions made during the year. During the year ended August 31, 2013, the District recognized amortization expense on the bond premium of \$27,861.

Capital Leases

The District leases various computer hardware, software, and other equipment under non-cancelable leases that are classified as capital leases. The terms of the first lease agreement include 4 annual payments of \$260,491 beginning on September 1, 2009. The terms of the second lease agreement include 60 monthly payments of \$967 beginning on August 1, 2009. The terms of the third lease agreement include 3 annual payments of \$8,152 beginning on September 1, 2010. All of the leases include bargain purchase options at the end of the lease term. A summary of changes is as follows:

	Balance 8/31/2012	Additions	Retirements	Balance 8/31/2013	Due Within One Year
Computer hardware/software	\$ 250,793	\$	\$ (250,793)	\$ -	\$ -
Maintenance equipment	21,039		(10,695)	10,344	10,344
Band instruments	7,106		(7,106)	-	-
	<u>\$ 278,938</u>	<u>\$ -</u>	<u>\$ (268,594)</u>	<u>\$ 10,344</u>	<u>\$ 10,344</u>

Future minimum lease payments under capital leases are as follows:

Year Ending August 31,

2013	\$ 10,637
Total minimum lease payments	10,637
Less amount representing interest	(293)
Present value of minimum lease payments	<u>\$ 10,344</u>

Total interest expense on capital leases for the year ended August 31, 2013 was \$11,654.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7: LONG-TERM DEBT (continued)

The following is an analysis of the leased assets:

Computer hardware/software	\$ 948,514
Maintenance equipment	50,485
Band instruments	21,452
Historical cost of leased assets	<u>1,020,451</u>
Less accumulated depreciation	<u>(1,008,812)</u>
Net value of leased assets	<u>\$ 11,639</u>

Note 8: PENSION PLAN OBLIGATIONS

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.

Funding Policy – Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (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 during the fiscal year; (2) state statute prohibits benefit improvements 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.

Contribution rates and contributions for fiscal years 2013 – 2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state’s and/or member’s contribution on the portion of the employees’ salaries that exceeded the statutory minimum.

Year	Member		State		Exceeds Statutory
	Rate	Amount	Rate	Amount	Minimum Amount
2013	6.4%	\$ 1,140,902	6.400%	\$ 696,865	\$ 362,558
2012	6.4%	1,130,052	6.000%	703,874	355,549
2011	6.4%	1,153,000	6.644%	793,098	403,860

Note 9: POSTEMPLOYMENT HEALTH BENEFITS

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 TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. 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.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9: POSTEMPLOYMENT HEALTH BENEFITS (continued)

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 website at 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 Communications Department of TRS at 1000 Red River Street, Austin, Texas 78701.

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. Funding for free basic coverage is provided by the program based upon public school district payroll. 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. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table on the following page for fiscal years 2013 – 2011.

Year	Contribution Rates					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 115,873	0.5%	\$ 89,133	0.55%	\$ 98,046
2012	0.65%	114,771	1.0%	176,571	0.55%	97,114
2011	0.65%	117,005	1.0%	180,156	0.55%	99,086

Medicare Part D – 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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$46,451, \$48,370 and \$44,346 for the years ended August 31, 2013, 2012 and 2011, respectively.

Note 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, 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.

Note 11: HEALTH CARE COVERAGE

During the year ended August 31, 2013, employees of the District were covered by TRS-ActiveCare, a statewide health care benefits program for active public education employees, authorized by House Bill 3343 by the 77th Texas Legislature. The program is administered by the Teacher Retirement System of Texas, with Blue Cross Blue Shield of Texas as the health plan administrator and Merck-Medco Managed Care as the pharmacy benefits manager. The District contributes \$225 per month per active employee to the plan, of which \$150 is paid by the District and \$75 is paid by the State. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS-ActiveCare.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 12: CONTINGENCIES

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013, 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 statement for such contingencies.

Note 13: ACCUMULATED UNPAID SICK LEAVE BENEFITS

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability for vacation leave has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

Note 14: UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

Unearned revenues in the fund financial statements at August 31, 2013 consisted of the following:

	General Fund	Other Governmental Funds	Total
Athletic revenue	\$ 43,350	\$	\$ 43,350
Local special revenue		22,173	22,173
Miscellaneous	94,565		94,565
	<u>\$ 137,915</u>	<u>\$ 22,173</u>	<u>\$ 160,088</u>

Deferred inflows of resources in the fund financial statements at August 31, 2013 consisted of the following:

	General Fund	Other Governmental Funds	Total
Unavailable revenue - property taxes	\$ 648,598	\$ 163,148	\$ 811,746
	<u>\$ 648,598</u>	<u>\$ 163,148</u>	<u>\$ 811,746</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 15: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2013, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Other Governmental Funds	Total
Property taxes	\$ 11,735,843	\$ 2,941,147	\$ 14,676,990
Athletic activities	124,889		124,889
Food service		321,321	321,321
Investment income	6,743	4,514	11,257
Revenues from foundations, other non-profit organizations, gifts and bequests	8,574	14,253	22,827
Penalties, interest and other tax-related income	149,867	35,552	185,419
Other	83,741		83,741
Total	<u>\$ 12,109,657</u>	<u>\$ 3,316,787</u>	<u>\$ 15,426,444</u>

Note 16: GENERAL FUND FEDERAL SOURCE REVENUES

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Source	CFDA Number	Amount
Medicaid reimbursement	93.778	\$ 301,010
Indirect costs:		
Summer School LEP	84.369A	1,115
ESEA, Title VI, Part B	84.358B	1,284
Fund for the Improvement of Education	84.215E	3,360
		<u>\$ 306,769</u>

Note 17: FUND BALANCE

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted committed or assigned).

Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 17: FUND BALANCE (continued)

Assigned fund balance classification includes general fund amounts constrained for a specific purpose by the Board of Trustees or by an official who has been delegated by official Board action the authority to assign amounts.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Restricted Fund Balance

At August 31, 2013, the restricted fund balance is composed of the following:

Federal or State Funds	\$	283,992
Retirement of Long-Term Debt		320,485

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

Minimum Fund Balance Policy

The District's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 15-20% of the total operating expenditures.

Note 18: EXPENDITURES EXCEEDING BUDGET

The following expenditures exceeded budgeted amounts:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
0011 Instruction	\$ 14,508,469	\$ 14,659,388	\$ (150,919)
0013 Curriculum and Instructional Staff Development	90,099	106,212	(16,113)
0021 Instructional Leadership	271,963	272,040	(77)
0023 School Leadership	1,447,785	1,449,146	(1,361)
0034 Student (Pupil) Transportation	710,313	744,652	(34,339)
0036 Extracurricular Activities	970,457	1,004,676	(34,219)
0041 General Administration	715,550	723,766	(8,216)
0051 Facilities Maintenance and Operations	2,816,584	2,975,624	(159,040)
0053 Data Processing Services	619,145	623,732	(4,587)
0072 Interest on Long-Term Debt	-	11,654	(11,654)
0081 Facilities Acquisition and Construction	70,484	73,124	(2,640)
0099 Other Intergovernmental Charges	433,736	434,056	(320)
Child Nutrition Program			
0035 Food Services	1,616,420	1,758,415	(141,995)
8219 Special Items	-	3,500	(3,500)

Note 19: PRIOR PERIOD ADJUSTMENT

The District decided to early implement GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended August 31, 2013. Prior to implementation, the District capitalized bond and other debt issuance costs in the government wide financial statements when incurred and subsequently amortized the resulting asset over the life of the bonds. The Statement requires that such items now be expensed as incurred, including writing off balances previously capitalized. As a result, net position was decreased by \$405,954 at August 31, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)	
	Original	Final	(GAAP BASIS)		
REVENUES					
5700	Total Local and Intermediate Sources	\$ 11,889,972	\$ 12,201,554	\$ 12,109,657	\$ (91,897)
5800	State Program Revenues	12,747,800	12,317,568	12,245,974	(71,594)
5900	Federal Program Revenues	265,000	311,127	306,769	(4,358)
5020	Total Revenues	<u>24,902,772</u>	<u>24,830,249</u>	<u>24,662,400</u>	<u>(167,849)</u>
EXPENDITURES					
Current:					
0011	Instruction	14,792,750	14,508,469	14,659,388	(150,919)
0012	Instructional Resources and Media Services	326,206	322,452	321,770	682
0013	Curriculum and Instructional Staff Development	128,944	90,099	106,212	(16,113)
0021	Instructional Leadership	323,168	271,963	272,040	(77)
0023	School Leadership	1,435,166	1,447,785	1,449,146	(1,361)
0031	Guidance, Counseling, and Evaluation Services	979,642	929,814	928,230	1,584
0032	Social Work Services	72,495	70,809	70,632	177
0033	Health Services	201,242	199,572	197,478	2,094
0034	Student (Pupil) Transportation	722,000	710,313	744,652	(34,339)
0035	Food Services	34,288	33,426	32,471	955
0036	Extracurricular Activities	1,067,603	970,457	1,004,676	(34,219)
0041	General Administration	705,296	715,550	723,766	(8,216)
0051	Facilities Maintenance and Operations	3,163,933	2,816,584	2,975,624	(159,040)
0052	Security and Monitoring Services	71,812	68,999	68,950	49
0053	Data Processing Services	628,065	619,145	623,732	(4,587)
Debt Service:					
0071	Principal on Long-Term Debt	260,500	270,576	268,594	1,982
0072	Interest on Long-Term Debt	-	-	11,654	(11,654)
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	70,484	73,124	(2,640)
Intergovernmental:					
0099	Other Intergovernmental Charges	405,027	433,736	434,056	(320)
6030	Total Expenditures	<u>25,318,137</u>	<u>24,550,233</u>	<u>24,966,195</u>	<u>(415,962)</u>
1100	Excess (Deficiency of Revenues Over (Under) Expenditures	<u>(415,365)</u>	<u>280,016</u>	<u>(303,795)</u>	<u>(583,811)</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real & Personal Property	-	-	10,628	10,628
7080	Total Other Financing Sources (Uses)	-	-	10,628	10,628
1200	Net Change in Fund Balances	(415,365)	280,016	(293,167)	(573,183)
0100	Fund Balance - September 1 (Beginning)	<u>5,021,430</u>	<u>5,021,430</u>	<u>5,021,430</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,606,065</u>	<u>\$ 5,301,446</u>	<u>\$ 4,728,263</u>	<u>\$ (573,183)</u>

OTHER SUPPLEMENTARY INFORMATION

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data	211	224
Control	ESEA I, A	IDEA - Part B
Codes	Improving Basic Program	Formula
ASSETS		
1110 Cash and Cash Equivalents	\$ 578	\$ -
1210 Property Taxes - Current	-	-
1220 Property Taxes - Delinquent	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-
1240 Receivables from Other Governments	8,146	-
1800 Restricted Assets	-	-
1000 Total Assets	<u>\$ 8,724</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ 8,724	\$ -
2170 Due to Other Funds	-	-
2300 Unearned Revenues	-	-
2000 Total Liabilities	<u>8,724</u>	<u>-</u>
Deferred Inflows of Resources:		
2601 Unavailable Revenue - Property Taxes	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3480 Retirement of Long Term Debt	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 8,724</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,135	34,721	12,082	6,672	93,521
-	259,967	-	-	-
<u>7,135</u>	<u>294,688</u>	<u>12,082</u>	<u>6,672</u>	<u>93,521</u>
\$ 7,135	\$ 294,688	\$ 12,082	\$ 6,672	\$ 93,521
\$ -	\$ 10,696	\$ -	\$ -	\$ -
7,135	-	12,082	6,672	93,521
-	-	-	-	-
<u>7,135</u>	<u>10,696</u>	<u>12,082</u>	<u>6,672</u>	<u>93,521</u>
-	-	-	-	-
-	-	-	-	-
-	283,992	-	-	-
-	-	-	-	-
-	283,992	-	-	-
<u>7,135</u>	<u>294,688</u>	<u>12,082</u>	<u>6,672</u>	<u>93,521</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data	262	270
Control	Title II, D	ESEA VI, B
Codes	Education	Rural & Low
	Technology	Income
ASSETS		
1110 Cash and Cash Equivalents	\$ -	\$ -
1210 Property Taxes - Current	-	-
1220 Property Taxes - Delinquent	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-
1240 Receivables from Other Governments	-	50,823
1800 Restricted Assets	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 50,823</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ -	\$ 12,982
2170 Due to Other Funds	-	37,841
2300 Unearned Revenues	-	-
2000 Total Liabilities	<u>-</u>	<u>50,823</u>
Deferred Inflows of Resources:		
2601 Unavailable Revenue - Property Taxes	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3480 Retirement of Long Term Debt	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ -</u>	<u>\$ 50,823</u>

272 Medicaid Admin. Claim MAC	287 Education Jobs Fund	288 Fund for Improvement of Education	397 Advanced Placement Incentives	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ 124	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	115,835	-	1,303
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,835</u>	<u>\$ 124</u>	<u>\$ 1,303</u>
\$ -	\$ -	\$ 2,535	\$ -	\$ -
-	-	113,300	-	1,303
-	-	-	124	-
-	-	115,835	124	1,303
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,835</u>	<u>\$ 124</u>	<u>\$ 1,303</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	410 Textbook and Kindergarten Material	499 Other Local Special Revenue Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ -	\$ 16,218
1210 Property Taxes - Current	-	-
1220 Property Taxes - Delinquent	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-
1240 Receivables from Other Governments	55,754	-
1800 Restricted Assets	-	-
1000 Total Assets	<u>\$ 55,754</u>	<u>\$ 16,218</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ -	\$ 425
2170 Due to Other Funds	55,754	-
2300 Unearned Revenues	-	15,793
2000 Total Liabilities	<u>55,754</u>	<u>16,218</u>
Deferred Inflows of Resources:		
2601 Unavailable Revenue - Property Taxes	-	-
2600 Total Deferred Inflows of Resources	-	-
Fund Balances:		
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3480 Retirement of Long Term Debt	-	-
3000 Total Fund Balances	-	-
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 55,754</u>	<u>\$ 16,218</u>

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 16,920	\$ -	\$ 16,920
-	55,946	55,946
-	150,570	150,570
-	(43,368)	(43,368)
385,992	-	385,992
<u>259,967</u>	<u>326,741</u>	<u>586,708</u>
<u>\$ 662,879</u>	<u>\$ 489,889</u>	<u>\$ 1,152,768</u>
\$ 35,362	\$ -	\$ 35,362
327,608	-	327,608
<u>15,917</u>	<u>6,256</u>	<u>22,173</u>
<u>378,887</u>	<u>6,256</u>	<u>385,143</u>
-	163,148	163,148
-	163,148	163,148
283,992	-	283,992
-	320,485	320,485
<u>283,992</u>	<u>320,485</u>	<u>604,477</u>
<u>\$ 662,879</u>	<u>\$ 489,889</u>	<u>\$ 1,152,768</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data	211	224
Control	ESEA I, A	IDEA - Part B
Codes	Improving	Formula
	Basic Program	
REVENUES		
5700 Local and Intermediate Sources	\$ -	\$ -
5800 State Program Revenues	-	-
5900 Federal Program Revenues	1,121,085	719,681
5020 Total Revenues	<u>1,121,085</u>	<u>719,681</u>
EXPENDITURES		
Current:		
0011 Instruction	789,106	719,681
0012 Instructional Resources and Media Services	-	-
0013 Curriculum and Instructional Staff Development	54,913	-
0021 Instructional Leadership	110,366	-
0023 School Leadership	-	-
0031 Guidance, Counseling and Evaluation Services	18,608	-
0032 Social Work Services	148,092	-
0033 Health Services	-	-
0035 Food Services	-	-
0053 Data Processing Services	-	-
Debt Service:		
0071 Principal on Long-Term Debt	-	-
0072 Interest on Long-Term Debt	-	-
0073 Bond Issuance Cost and Fees	-	-
6030 Total Expenditures	<u>1,121,085</u>	<u>719,681</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
8912 Special Items	-	-
7080 Total Other Financing Sources (Uses)	-	-
1200 Net Change in Fund Balance	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
\$ -	\$ 324,396	\$ -	\$ -	\$ -
-	10,621	-	-	-
<u>28,997</u>	<u>1,448,596</u>	<u>34,706</u>	<u>26,640</u>	<u>254,065</u>
<u>28,997</u>	<u>1,783,613</u>	<u>34,706</u>	<u>26,640</u>	<u>254,065</u>
28,997	-	-	14,227	252,698
-	-	-	-	-
-	-	-	12,413	197
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,758,415	34,706	-	-
-	-	-	-	1,170
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,997</u>	<u>1,758,415</u>	<u>34,706</u>	<u>26,640</u>	<u>254,065</u>
-	25,198	-	-	-
-	(3,500)	-	-	-
-	(3,500)	-	-	-
-	21,698	-	-	-
-	262,294	-	-	-
<u>\$ -</u>	<u>\$ 283,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data	262	270
Control	Title II, D	ESEA VI, B
Codes	Education	Rural & Low
	Technology	Income
REVENUES		
5700 Local and Intermediate Sources	\$ -	\$ -
5800 State Program Revenues	-	-
5900 Federal Program Revenues	19,331	76,223
5020 Total Revenues	<u>19,331</u>	<u>76,223</u>
EXPENDITURES		
Current:		
0011 Instruction	15,008	30,500
0012 Instructional Resources and Media Services	-	-
0013 Curriculum and Instructional Staff Development	-	45,723
0021 Instructional Leadership	4,323	-
0023 School Leadership	-	-
0031 Guidance, Counseling and Evaluation Services	-	-
0032 Social Work Services	-	-
0033 Health Services	-	-
0035 Food Services	-	-
0053 Data Processing Services	-	-
Debt Service:		
0071 Principal on Long-Term Debt	-	-
0072 Interest on Long-Term Debt	-	-
0073 Bond Issuance Cost and Fees	-	-
6030 Total Expenditures	<u>19,331</u>	<u>76,223</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
8912 Special Items	-	-
7080 Total Other Financing Sources (Uses)	-	-
1200 Net Change in Fund Balance	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>

272 Medicaid Admin. Claim MAC	287 Education Jobs Fund	288 Fund for Improvement of Education	397 Advanced Placement Incentives	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	13,034
21,768	26,435	208,296	-	-
<u>21,768</u>	<u>26,435</u>	<u>208,296</u>	<u>-</u>	<u>13,034</u>
-	3,755	-	-	13,034
-	3,477	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,218	-	-	-
-	4,023	208,296	-	-
-	-	-	-	-
21,768	-	-	-	-
-	-	-	-	-
-	8,962	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>21,768</u>	<u>26,435</u>	<u>208,296</u>	<u>-</u>	<u>13,034</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data	410	499
Control	Textbook and	Other Local
Codes	Kindergarten	Special
	Material	Revenue Funds
REVENUES		
5700 Local and Intermediate Sources	\$ -	\$ 14,253
5800 State Program Revenues	277,455	-
5900 Federal Program Revenues	-	-
5020 Total Revenues	<u>277,455</u>	<u>14,253</u>
EXPENDITURES		
Current:		
0011 Instruction	139,666	10,687
0012 Instructional Resources and Media Services	-	-
0013 Curriculum and Instructional Staff Development	-	-
0021 Instructional Leadership	47,468	-
0023 School Leadership	-	-
0031 Guidance, Counseling and Evaluation Services	-	-
0032 Social Work Services	-	127
0033 Health Services	-	3,439
0035 Food Services	-	-
0053 Data Processing Services	90,467	-
Debt Service:		
0071 Principal on Long-Term Debt	-	-
0072 Interest on Long-Term Debt	-	-
0073 Bond Issuance Cost and Fees	-	-
6030 Total Expenditures	<u>277,601</u>	<u>14,253</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(146)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
8912 Special Items	-	-
7080 Total Other Financing Sources (Uses)	-	-
1200 Net Change in Fund Balance	(146)	-
0100 Fund Balance - September 1 (Beginning)	<u>146</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 338,649	\$ 2,978,138	\$ 3,316,787
301,110	66,499	367,609
3,985,823	-	3,985,823
<u>4,625,582</u>	<u>3,044,637</u>	<u>7,670,219</u>
2,017,359	-	2,017,359
3,477	-	3,477
113,246	-	113,246
162,157	-	162,157
6,218	-	6,218
230,927	-	230,927
148,219	-	148,219
25,207	-	25,207
1,793,121	-	1,793,121
100,599	-	100,599
-	1,495,000	1,495,000
-	1,585,383	1,585,383
-	430	430
<u>4,600,530</u>	<u>3,080,813</u>	<u>7,681,343</u>
<u>25,052</u>	<u>(36,176)</u>	<u>(11,124)</u>
<u>(3,500)</u>	-	<u>(3,500)</u>
<u>(3,500)</u>	-	<u>(3,500)</u>
21,552	(36,176)	(14,624)
<u>262,440</u>	<u>356,661</u>	<u>619,101</u>
\$ <u><u>283,992</u></u>	\$ <u><u>320,485</u></u>	\$ <u><u>604,477</u></u>

REQUIRED TEA SCHEDULES

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2013

Last Ten Years Ended August 31	Tax Rates		3 Assessed/ Appraised Value for School Tax Purposes
	1 Maintenance	2 Debt Service	
2004 (and prior years)	\$ 1.490000	\$ 0.114500	\$ 973,999,668
2005	1.490000	0.114500	991,691,675
2006	1.460000	0.287500	1,054,012,539
2007	1.334500	0.262500	1,169,036,913
2008	1.040000	0.230700	1,232,131,680
2009	1.040000	0.230700	1,329,771,952
2010	1.040000	0.278900	1,345,871,494
2011	1.040000	0.274700	1,414,688,667
2012	1.040000	0.253900	1,525,479,638
2013 (school year under audit)	1.040000	0.261600	1,546,271,967
1000 TOTALS			

	10	20	31	32	40	50
	Beginning Balance September 1, 2012	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2013
\$	167,302	\$ -	\$ 2,418	\$ 607	\$ (95,540)	\$ 68,737
	24,664	-	729	56	(1,046)	22,833
	40,011	-	2,147	423	(6,697)	30,744
	63,404	-	4,802	945	(25,046)	32,611
	93,752	-	7,733	1,715	(16,168)	68,136
	300,329	-	73,817	16,374	(112,567)	97,571
	146,103	-	9,314	2,498	(13,568)	120,723
	176,224	-	31,295	8,266	(833)	135,830
	344,207	-	130,592	31,882	(9,751)	171,982
	<u>-</u>	<u>14,682,166</u>	<u>11,436,802</u>	<u>2,876,796</u>	<u>(90,209)</u>	<u>278,359</u>
\$	<u>1,355,996</u>	\$ <u>14,682,166</u>	\$ <u>11,699,649</u>	\$ <u>2,939,562</u>	\$ <u>(371,425)</u>	\$ <u>1,027,526</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	1	2	3	4	5	6	7
	(702) School Board	(703) Tax Collection	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Misc.	Total
611X -							
6146 PAYROLL COSTS	\$ -	\$ -	\$ 463,723	\$ 138,122	\$ -	\$ -	\$ 601,845
6211 Legal Services	-	-	8,555	-	-	-	8,555
6212 Audit Services	-	-	-	20,500	-	-	20,500
6213 Tax Appraisal and Collection	-	434,056	-	-	-	-	434,056
621X Other Professional Services	-	-	11,135	-	-	-	11,135
6230 Education Service Centers	-	-	-	47,990	-	-	47,990
6260 Rentals	-	-	-	9,393	-	-	9,393
6290 Miscellaneous Contr.	-	-	900	3,772	-	-	4,672
63XX Other Supplies Materials	655	-	31,105	5,206	-	-	36,966
6410 Travel, Subsistence, Stipends	6,546	-	8,746	7,149	-	-	22,441
6420 Ins. And Bonding Costs	-	-	-	9,987	-	-	9,987
6490 Miscellaneous Operating	10,873	-	17,450	12,015	-	-	40,338
6000 TOTAL	\$ <u>18,074</u>	\$ <u>434,056</u>	\$ <u>541,614</u>	\$ <u>254,134</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,247,878</u>

Total Expenditures for General and Special Revenue Funds (9) \$ 29,566,725

LESS: Deductions of Unallowable Costs

Total Capital Outlay (6600) (Only Funds 100-199/200-499)	(10)	137,893
Total Debt & Lease (6500) (Only Funds 100-199/200-499)	(11)	280,248
Plant Maintenance (Function 51, 6100-6400)	(12)	2,958,268
Food (Function 35, 6341 and 6499)	(13)	633,278
Stipend (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>254,134</u>

Subtotal: 4,263,821

Net Allowed Direct Cost \$ 25,302,904

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 75,229,343
Historical Cost of Buildings Over 50 Years Old	(16)	\$ 14,121,713
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	\$ 4,903,855
Historical Cost of Furniture & Equipment Over 16 Years Old	(19)	\$ 1,886,278
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) Note A: \$90,056 in Function 53 expenditures are included in this report on administrative costs.
 \$434,056 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2013

UNAUDITED

1.	Total General Fund Balance as of 8/31/13 (from Exhibit C-1 object 3000 for the General Fund Only)	\$	4,728,263
2.	Total Nonspendable Fund Balance - (from Exhibit C-1 - for the General Fund Only)		-
3.	Total Restricted Fund Balance - (from Exhibit C-1 - for the General Fund Only)		-
4.	Total Committed Fund Balance - (from Exhibit C-1 - for the General Fund Only)		-
5.	Total Assigned Fund Balance - (from Exhibit C-1 - 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		4,993,000
8.	Estimate of delayed payments from state sources (58XX)		-
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)		-
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.	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9+10+11)		<u>4,993,000</u>
13.	Excess/(Deficit) Unassigned General Fund, Fund Balance (1-12)	\$	<u><u>(264,737)</u></u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2013

Data	Budgeted Amounts		Actual Amounts	Variance with	
Control	Original	Final	(GAAP BASIS)	Final Budget	
Codes				Positive or (Negative)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 325,000	\$ 308,561	\$ 324,396	\$ 15,835
5800	State Program Revenues	11,000	10,620	10,621	1
5900	Federal Program Revenues	<u>1,492,833</u>	<u>1,328,508</u>	<u>1,448,596</u>	<u>120,088</u>
5020	Total Revenues	<u>1,828,833</u>	<u>1,647,689</u>	<u>1,783,613</u>	<u>135,924</u>
EXPENDITURES:					
Current:					
0035	Food Services	<u>1,828,833</u>	<u>1,616,420</u>	<u>1,758,415</u>	<u>(141,995)</u>
6030	Total Expenditures	<u>1,828,833</u>	<u>1,616,420</u>	<u>1,758,415</u>	<u>(141,995)</u>
1100	Excess (Deficiency of Revenues Over (Under) Expenditures	<u>-</u>	<u>31,269</u>	<u>25,198</u>	<u>(6,071)</u>
OTHER FINANCING SOURCES (USES)					
8912	Special Items	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
1200	Net Change in Fund Balances	-	31,269	21,698	(9,571)
0100	Fund Balance - September 1 (Beginning)	<u>262,294</u>	<u>262,294</u>	<u>262,294</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 262,294</u>	<u>\$ 293,563</u>	<u>\$ 283,992</u>	<u>\$ (9,571)</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2013

Data	Budgeted Amounts		Actual Amounts	Variance with	
Control	Original	Final	(GAAP BASIS)	Final Budget	
Codes				Positive or (Negative)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,953,930	\$ 2,965,662	\$ 2,978,138	\$ 12,476
5800	State Program Revenues	<u>129,953</u>	<u>72,755</u>	<u>66,499</u>	<u>(6,256)</u>
5020	Total Revenues	<u>3,083,883</u>	<u>3,038,417</u>	<u>3,044,637</u>	<u>6,220</u>
EXPENDITURES:					
Current:					
0071	Principal on Long Term Debt	3,083,883	3,080,812	1,495,000	1,585,812
0072	Interest on Long Term Debt	-	-	1,585,383	(1,585,383)
0073	Bond Issuance Cost and Fees	<u>-</u>	<u>-</u>	<u>430</u>	<u>(430)</u>
6030	Total Expenditures	<u>3,083,883</u>	<u>3,080,812</u>	<u>3,080,813</u>	<u>(1)</u>
1200	Net Change in Fund Balances	-	(42,395)	(36,176)	6,219
0100	Fund Balance - September 1 (Beginning)	<u>356,661</u>	<u>356,661</u>	<u>356,661</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 356,661</u>	<u>\$ 314,266</u>	<u>\$ 320,485</u>	<u>\$ 6,219</u>

FEDERAL AWARDS SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
~~COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN~~
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of School Trustees of
Brownwood Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownwood Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brownwood Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Brownwood Independent School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brownwood Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abilene, Texas
January 7, 2014

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of School Trustees of the
Brownwood Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Brownwood 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 Brownwood Independent School District's major federal programs for the year ended August 31, 2013. Brownwood Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brownwood Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brownwood Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Brownwood Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Brownwood Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control over Compliance

Management of Brownwood Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brownwood Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brownwood Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants

Abilene, Texas
January 7, 2014

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. No significant deficiencies or material weaknesses required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Major programs include:

Child Nutrition Cluster	
School Breakfast Program	CFDA #10.553
National School Lunch Program	CFDA #10.555
Summer Food Service Program for Children	CFDA #10.559
Fund for the Improvement of Education	CFDA #84.215E
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
9. Low risk auditee: Yes

B. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under OMB Circular A-133

The audit disclosed no findings and questioned costs required to be reported.

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2013

A. Findings Required to be Reported in Accordance with *Government Auditing Standards*

None

B. Findings and Questioned Costs – Major Federal Award Programs Audit

None

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101025902	\$ 1,121,085
IDEA - Part B, Formula *	84.027	136600010259026000	719,681
IDEA - Part B Preschool *	84.173	136610010259026000	28,997
Career and Technical - Basic Grant	84.048	13420006025902	26,640
Summer School LEP	84.369A	69551202	1,115
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	13694501025902	254,065
Title II, Part D - Enhancing Ed. Through Technology	84.318X	116300077110004	19,331
Education Jobs Fund	84.410	11550101025902	26,435
ESEA, Title VI, Part B - Rural & Low Income Program	84.358B	12696001025902	3,234
ESEA, Title VI, Part B - Rural & Low Income Program	84.358B	13696001025902	74,273
Total CFDA Number 84.358B			<u>77,507</u>
Total passed through Texas Education Agency			<u>2,274,856</u>
Fund for the Improvement of Education	84.215E	S215E120121	<u>211,656</u>
TOTAL DEPARTMENT OF EDUCATION			<u>2,486,512</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Education Agency			
Medicaid Administrative Claiming Program -MAC	93.778		<u>21,768</u>
Total passed through Texas Education Agency			<u>21,768</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>21,768</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Texas Education Agency			
School Breakfast Program *	10.553	71401201	43,538
School Breakfast Program *	10.553	71401301	357,810
National School Lunch Program - cash assistance *	10.555	71301201	98,394
National School Lunch Program - cash assistance *	10.555	71301301	829,446
Summer Food Service Program for Children *	10.559	3001201	<u>58,354</u>
Total passed through Texas Education Agency			<u>1,387,542</u>
Passed through San Angelo Packing Co:			
National School Lunch Program - noncash assistance *	10.555		<u>95,760</u>
Total passed through San Angelo Packing Co.			<u>95,760</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,483,302</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,991,582</u>

* Clustered Programs as required by OMB A-133 Compliance Supplement, March 2013

BROWNWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: The District utilizes the fund types specified in the Resource Guide.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 2: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Government Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund Type.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as unearned revenue until earned.

Note 3: The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in OMB Circular A-133 Compliance Supplement, Part 3, Section H. Period of Availability of Federal Funds.

Note 4: Medicaid revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-3 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$	3,991,582
Medicaid Reimbursements		<u>301,010</u>
Total Federal Program Revenues-Exhibit C-3	\$	<u>4,292,592</u>

BROWNWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2013

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