

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011

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

TABLE OF CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	14	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets.....	10	A-1
Statement of Activities.....	11	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	13	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	14	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....		
Statement of Net Assets - Proprietary Funds.....	17	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	18	D-2
Statement of Cash Flows - Proprietary Funds.....	19	D-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	20	E-1
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	21	E-2
Notes to the Financial Statements	22	
Required Supplementary Information:		
Budgetary Comparison Schedules:		
General Fund.....	35	G-1
Combining Statements as Supplementary Information:		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	36	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds.....	37	H-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	38	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	44	H-4

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

TABLE OF CONTENTS

	Page	Exhibit
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	50	J-1
Indirect Cost Computation Schedule	52	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	53	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	54	J-4
Debt Service Fund.....	55	J-5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56	
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133.....	58	
Schedule of Findings and Questioned Costs	60	
Summary Schedule of Prior Audit Findings.....	62	
Corrective Action Plan.....	63	
Schedule of Expenditures of Federal Awards	64	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	66	
Schedule of Required Responses to Selected School First Indicators.....	67	K-2

Introductory Section

CERTIFICATE OF BOARD

Aransas Pass Independent School District
Name of School District

San Patricio
County

205-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2011, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

Financial Section

Michael A. Arnold, PLLC

501 E. MARKET
P.O. BOX 1266
ROCKPORT, TEXAS 78381-1266

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545

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Independent Auditor's Report on Financial Statements

Board of Trustees
Aransas Pass Independent School District
P.O. Box 1016
Aransas Pass, Texas 78335-1016

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aransas Pass Independent School District as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Aransas Pass Independent School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aransas Pass Independent School District as of August 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2012, on our consideration of Aransas Pass Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aransas Pass Independent School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information 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 financial statements as a whole.

Respectfully submitted,



Michael A. Arnold, PLLC

January 4, 2012

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Aransas Pass Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

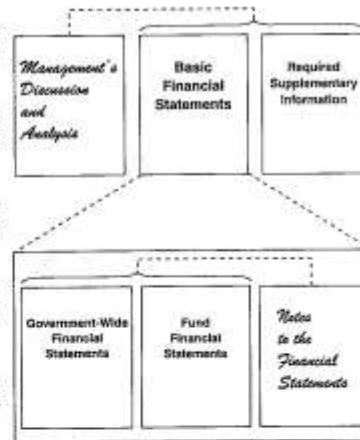
- The District's total combined net assets were 19,434,289 at August 31, 2011.
- During the year, the District's expenses were \$497,918 more than the \$16,794,828 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$17,293,501 compared to \$19,083,731 in 2010.
- The general fund reported a fund balance this year of \$3,852,112.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *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.

Figure A-1, Required Components of the District's Annual Financial Report



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

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statement	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	State Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Primary financial statement	Statement of net assets or liabilities	Balance sheet	Statement of net assets or liabilities	Statement of fiduciary net assets
Secondary financial statement	Statement of revenues, expenses, and changes in net assets	Statement of revenues, expenses, and changes in net balances	Statement of revenues, expenses, and changes in fund net assets	Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of assets/liabilities information	All assets and liabilities, both current and non-current	Only those resources to be used up and liabilities to be incurred during the year or soon thereafter (or within soon thereafter)	All assets and liabilities, both current and non-current	All assets and liabilities, both short-term and long-term; the Agency's standards are currently similar to current assets, although through time
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 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.

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- We use *internal service funds* to report activities of the District's self funded insurance program.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We 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

Net assets. The District's combined net assets were \$19,434,289 at August 31, 2011. (See Table A-1).

	Governmental Activities (1)		Percentage Change 2011-2010
	2011	2010	
Current assets:			
Cash and cash equivalents	5.6	5.8	-3.5
Property Taxes Receivable	1.1	1.1	-
Due from other governments	.7	.3	133.4
Other	-	-	-
Total current assets:	7.4	7.2	2.8
Noncurrent assets:			
Capital Assets	27.5	27.5	-
Less accumulated depreciation	11.6	10.9	6.5
Total capital assets	15.9	16.6	-4.3
Total Assets	23.3	23.8	-2.1
Current liabilities:			
Accounts payable and Accrued liabilities	.4	.5	-20.0
Due to other governments	-	-	-
Unearned revenue	1.2	.8	50.0
Bonds payable – current	.2	.2	-
Total current liabilities	1.8	1.5	20.0
Long-term liabilities:			
Bonds payable & other	2.2	2.4	-8.4
Total Liabilities	4.0	3.9	2.6
Net Assets:			
Invested in capital assets	13.6	14.1	-3.6
Restricted	.5	.4	25.0
Unrestricted	5.3	5.4	-1.9
Total Net Assets	19.4	19.9	-2.6

(1) Net Assets are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than \$30,000 for 2011 and 2010. Those amounts would normally be presented in a separate column in the above table. Since the amounts that would be presented would all be zeros, the column for the enterprise fund has been omitted from the above table.

The \$5.3 of unrestricted net asset represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$16,797,033. A significant portion, 75%, of the District's revenue comes from taxes. (See Figure A-2.) 23% comes from state aid – formula grants, while only 2 percent relates to charges for services.

The total cost of all programs and services was \$17,293,501. 77% percent of these costs are for instructional and student services.

Governmental Activities

Table A-2
Changes in Aransas Pass Independent School District's Net Assets
(In millions of dollars)

	Governmental		Total
	Activities (2)		Percentage
	2011	2010	Change
			2011-2010
Program Revenues:			
Charges for Services	.3	.3	-
Operating Grants and Contributions	3.9	3.8	2.7
Capital Grants and Contributions			
General Revenues			
Property Taxes	6.9	7.4	-6.8
State Aid – Formula	5.8	7.1	-21.2
Investment Earnings	-	-	-
Other	-	.1	-
Total Revenues	16.7	18.7	-10.7
Instruction	8.6	10.1	-14.9
Instructional Resources and Media Services	.2	.3	-33.4
Curriculum Dev. And Instructional Staff Dev.	.2	.2	-
Instructional Leadership	.3	.3	-
School Leadership	1.0	1.0	-
Guidance, Counseling and Evaluation Services	.5	.6	-16.7
Health Services	.2	.3	-33.4
Student (Pupil) Transportation	.5	.5	-
Food Services	1.0	1.0	-
Curricular/Extracurricular Activities	.7	.7	-
General Administration	.7	.7	-
Plant Maintenance & Oper.	2.7	2.7	-
Security & Monitoring Svcs.	.1	.1	-
Data Processing Services	.3	.3	-
Debt Services	.1	.1	-
Other	.1	.1	-
Total Expenses	17.2	19.0	-9.5
Increase (Decrease) in Net Assets	-.5	-.3	-66.7

(2) Amounts are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than \$5,000 for 2011 and 2010. Those amounts would normally be presented in a separate column in the above table. Since the amounts that would be presented would all be zeros, the column for the enterprise fund has been omitted from the above table.

- Property tax rates remained the same in 2011 at \$1.07138 per \$100. Assessed Values decreased 5 percent.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this year was \$17,292,746.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$6,914,517.
- Some of the cost was paid by those who directly benefited from the programs \$344,474 or
- By grants and contributions \$9,468,409.

	Total Cost of Services			Net Cost of Services		
	2011	2010	% Change	2011	2010	% Change
	Instruction	8.6	10.1	-14.9	6.4	7.8
School administration	.7	.7	-	.6	.7	14.3
Plant Maintenance & Operations	2.7	2.7	-	2.7	2.7	-
Food Services	1.0	1.0	-	-	-	-

Business-type Activities

Revenues of the District's business-type activities increased 395.5 percent to \$2,205 and expenses decreased 25.4 percent to \$755.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$16.7 million, a decrease of 10.7% over the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$898,954 below final budget amounts.

- On the other hand, resources available were \$507,905 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011 the District had invested \$15,894,188 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$665,959 or 4.3 percent under last year.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
	Land and Construction in Progress	.5	.5	0	0	.5	
Buildings and improvements	24.7	24.7	0	0	24.7	24.7	0
Vehicles	1.2	1.2	0	0	1.2	1.2	0
Equipment	1.0	1.0	0	0	1.0	1.0	0
Other	.1	.1	0	0	.1	.1	0
Totals at historical cost	27.5	27.5	0	0	27.5	27.5	0
Total accumulated depreciation	11.6	10.9	0	0	11.6	10.9	27.6
Net capital assets	15.9	16.6	0	0	15.9	16.6	-4.3

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$2,235,000 in bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
	Compensated absences	.1	.1	0	0	.1	
Bonds payable	2.2	2.5	0	0	2.2	2.5	-12.0
Premium	.1	0	0	0	.1	0	0
Less deferred amount							
On refundings	.1	0	0	0	.1	0	0
Total bonds & notes payable	2.3	2.6	0	0	2.3	2.6	-11.6

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund spending per student decreased in the 2012 budget from \$8,549 actual in 2011 to \$8,206. This is a 4% decrease.
- The District's 2012 refined average daily attendance is expected to be 1,554 compared to 1,638 for 2011.

These indicators were taken into account when adopting the general fund budget for 2012. Amounts available for appropriation in the general fund budget are \$12,755,600 in 2012, a decrease of 6 percent over the final 2011 budget of \$13,592,434.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110	\$ 5,625,224	\$ 9,199	\$ 5,634,423
1225	1,063,980	--	1,063,980
1240	724,347	--	724,347
1290	993	--	993
1300	13,168	--	13,168
1420	55,948	--	55,948
Capital Assets:			
1510	471,743	--	471,743
1520	14,851,614	--	14,851,614
1530	509,062	--	509,062
1590	61,769	--	61,769
1000	<u>23,377,848</u>	<u>9,199</u>	<u>23,387,047</u>
LIABILITIES:			
2110	260,383	--	260,383
2140	3,358	--	3,358
2165	164,067	--	164,067
2180	8,114	10	8,124
2190	1,000	--	1,000
2300	1,160,110	--	1,160,110
Noncurrent Liabilities:			
2501	180,661	--	180,661
2502	2,175,055	--	2,175,055
2000	<u>3,952,746</u>	<u>10</u>	<u>3,952,756</u>
NET ASSETS			
3200	13,602,395	--	13,602,395
Restricted For:			
3850	513,066	--	513,066
3900	5,309,639	9,189	5,318,828
3000	<u>\$ 19,425,100</u>	<u>\$ 9,189</u>	<u>\$ 19,434,289</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	1	3	4
	Governmental Activities:			
11	Instruction	\$ 8,639,926	\$ 78,335	\$ 2,189,083
12	Instructional Resources and Media Services	232,200	--	9,222
13	Curriculum and Staff Development	235,395	--	168,004
21	Instructional Leadership	299,359	--	69,587
23	School Leadership	979,297	1,832	50,229
31	Guidance, Counseling, & Evaluation Services	548,002	--	318,740
33	Health Services	224,888	--	151,124
34	Student Transportation	530,465	--	11,372
35	Food Service	989,417	190,077	808,652
36	Cocurricular/Extracurricular Activities	673,491	69,730	17,293
41	General Administration	660,829	--	25,650
51	Plant Maintenance and Operations	2,731,435	4,500	55,673
52	Security and Monitoring Services	96,918	--	3,771
53	Data Processing Services	261,290	--	10,211
72	Interest on Long-term Debt	62,521	--	--
73	Bond Issuance Costs and Fees	1,000	--	--
95	Payments to Juvenile Justice Alternative Ed. Programs	16,970	--	16,970
99	Other Intergovernmental Charges	109,343	--	--
TG	Total Governmental Activities	<u>17,292,746</u>	<u>344,474</u>	<u>3,905,581</u>
	Business-type Activities:			
01	Athletic Enterprise	755	2,205	--
TP	Total Primary Government	<u>\$ 17,293,501</u>	<u>\$ 346,679</u>	<u>\$ 3,905,581</u>
MT	General Revenues:			
DT	Property Taxes, Levied for General Purposes			
IE	Property Taxes, Levied for Debt Service			
GC	Investment Earnings			
MI	Grants and Contributions Not Restricted to Specific Programs			
TR	Miscellaneous			
CN	Total General Revenues			
NB	Change in Net Assets			
NE	Net Assets - Beginning			
	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

	6	7	8
<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$	(6,372,508)		\$ (6,372,508)
	(222,978)		(222,978)
	(67,391)		(67,391)
	(229,772)		(229,772)
	(927,236)		(927,236)
	(229,262)		(229,262)
	(73,764)		(73,764)
	(519,093)		(519,093)
	9,312		9,312
	(586,468)		(586,468)
	(635,179)		(635,179)
	(2,671,262)		(2,671,262)
	(93,147)		(93,147)
	(251,079)		(251,079)
	(62,521)		(62,521)
	(1,000)		(1,000)
	(109,343)		(109,343)
	<u>(13,042,691)</u>		<u>(13,042,691)</u>
		\$ 1,450	1,450
	<u>(13,042,691)</u>	<u>1,450</u>	<u>(13,041,241)</u>
	6,556,154	--	6,556,154
	358,363	--	358,363
	33,306	--	33,306
	5,562,828	--	5,562,828
	34,122	--	34,122
	<u>12,544,773</u>	<u>--</u>	<u>12,544,773</u>
	(497,918)	1,450	(496,468)
	19,923,018	7,739	19,930,757
\$	<u>19,425,100</u>	<u>\$ 9,189</u>	<u>\$ 19,434,289</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	10	Other	98
	General Fund	Governmental Funds	Total Governmental Funds
ASSETS:			
1110 Cash and Cash Equivalents	\$ 4,636,460	\$ 639,135	\$ 5,275,595
1225 Taxes Receivable, Net	935,600	128,380	1,063,980
1240 Due from Other Governments	--	724,347	724,347
1260 Due from Other Funds	693,155	121	693,276
1290 Other Receivables	993	--	993
1300 Inventories	13,168	--	13,168
1000 Total Assets	<u>\$ 6,279,376</u>	<u>\$ 1,491,983</u>	<u>\$ 7,771,359</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 170,955	\$ 13	\$ 170,968
2150 Payroll Deductions & Withholdings	66,975	26	67,001
2160 Accrued Wages Payable	97,066	--	97,066
2170 Due to Other Funds	121	693,155	693,276
2180 Due to Other Governments	5,400	2,714	8,114
2190 Due to Student Groups	1,000	--	1,000
2300 Deferred Revenue	2,085,747	152,329	2,238,076
2000 Total Liabilities	<u>2,427,264</u>	<u>848,237</u>	<u>3,275,501</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	13,168	--	13,168
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	259,981	259,981
3480 Retirement of Long-Term Debt	--	370,699	370,699
3490 Other Restrictions of Fund Balance	--	13,066	13,066
Committed Fund Balances:			
3530 Capital Expenditures for Equipment	825,000	--	825,000
3600 Unassigned	3,013,944	--	3,013,944
3000 Total Fund Balances	<u>3,852,112</u>	<u>643,746</u>	<u>4,495,858</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,279,376</u>	<u>\$ 1,491,983</u>	<u>\$ 7,771,359</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total fund balances - governmental funds balance sheet	\$ 4,495,858
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	15,894,188
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,077,966
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	260,214
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,291,793)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,358)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(63,923)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	<u>55,948</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 19,425,100</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	10	Other	98
	General Fund	Governmental Funds	Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 6,862,370	\$ 515,270	\$ 7,377,640
5800 State Program Revenues	6,062,470	152,348	6,214,818
5900 Federal Program Revenues	159,689	3,090,107	3,249,796
5020 Total Revenues	<u>13,084,529</u>	<u>3,757,725</u>	<u>16,842,254</u>
EXPENDITURES:			
Current:			
0011 Instruction	6,493,702	1,857,162	8,350,864
0012 Instructional Resources and Media Services	225,668	--	225,668
0013 Curriculum and Staff Development	61,255	168,004	229,259
0021 Instructional Leadership	220,864	69,587	290,451
0023 School Leadership	949,537	2,210	951,747
0031 Guidance, Counseling, & Evaluation Services	224,232	308,354	532,586
0033 Health Services	155,705	62,856	218,561
0034 Student Transportation	438,319	--	438,319
0035 Food Service	--	983,542	983,542
0036 Cocurricular/Extracurricular Activities	601,956	7,772	609,728
0041 General Administration	639,512	--	639,512
0051 Plant Maintenance and Operations	2,629,267	--	2,629,267
0052 Security and Monitoring Services	96,918	--	96,918
0053 Data Processing Services	261,290	--	261,290
0071 Principal on Long-term Debt	--	195,000	195,000
0072 Interest on Long-term Debt	--	63,944	63,944
0073 Bond Issuance Costs and Fees	--	62,543	62,543
0095 Payments to Juvenile Justice Alternative Education Programs	--	16,970	16,970
0099 Other Intergovernmental Charges	109,343	--	109,343
6030 Total Expenditures	<u>13,107,568</u>	<u>3,797,944</u>	<u>16,905,512</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,039)</u>	<u>(40,219)</u>	<u>(63,258)</u>
Other Financing Sources and (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	--	2,275,000	2,275,000
7915 Transfers In	996	--	996
7916 Premium or Discount on Issuance of Bonds	--	132,497	132,497
7917 Prepaid Interest	--	19,010	19,010
8911 Transfers Out	--	(996)	(996)
8940 Payment to Bond Refunding Escrow Agent	--	(2,350,004)	(2,350,004)
7080 Total Other Financing Sources and (Uses)	<u>996</u>	<u>75,507</u>	<u>76,503</u>
1200 Net Change in Fund Balances	<u>(22,043)</u>	<u>35,288</u>	<u>13,245</u>
0100 Fund Balances - Beginning	3,874,155	608,458	4,482,613
3000 Fund Balances - Ending	<u>\$ 3,852,112</u>	<u>\$ 643,746</u>	<u>\$ 4,495,858</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2011

Net change in fund balances - total governmental funds	\$ 13,245
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	27,272
The depreciation of capital assets used in governmental activities is not reported in the funds.	(693,231)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(66,436)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,545,004
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(11,960)
The amortization of bond premiums are recorded in the SOA but not in the funds.	12,045
(Increase) decrease in accrued interest from beginning of period to end of period.	1,338
The net revenue (expense) of internal service funds is reported with governmental activities.	(2,139)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	22,898
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,275,000)
Bond premiums are reported in the funds but not in the SOA.	(132,497)
Bond discounts are reported in the funds but not in the SOA.	61,543
Change in net assets of governmental activities - Statement of Activities	<u>\$ (497,918)</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 AUGUST 31, 2011

Data Control Codes	Nonmajor Enterprise Fund Athletic Enterprise Fund	Nonmajor Internal Service Fund Insurance Fund
ASSETS:		
Current Assets:		
1110	\$ 9,199	\$ 349,629
	<u>9,199</u>	<u>349,629</u>
1000	\$ <u>9,199</u>	\$ <u>349,629</u>
LIABILITIES:		
Current Liabilities:		
2110	\$ --	\$ 89,415
2180	10	-
	<u>10</u>	<u>89,415</u>
2000	<u>10</u>	<u>89,415</u>
NET ASSETS:		
3900	1,450	260,214
3000	\$ <u>9,189</u>	\$ <u>260,214</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	Nonmajor Enterprise Funds	Nonmajor Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 2,205	\$ 62,923
Cash Payments to Other Suppliers for Goods and Services	(745)	(80,236)
Net Cash Provided (Used) by Operating Activities	<u>1,460</u>	<u>(17,313)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,460	(17,313)
Cash and Cash Equivalents at Beginning of Year	7,739	366,942
Cash and Cash Equivalents at End of Year	<u>\$ 9,199</u>	<u>\$ 349,629</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,450	\$ (2,139)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	--
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	10	(9,935)
Increase (Decrease) in Other Liabilities	--	(5,239)
Total Adjustments	<u>10</u>	<u>(15,174)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,460</u>	<u>\$ (17,313)</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Private-purpose Trust Fund	Agency Fund
ASSETS:	Scholarship Fund	Student Activity
1110 Cash and Cash Equivalents	\$ 123,369	\$ 29,749
1000 Total Assets	<u>\$ 123,369</u>	<u>\$ 29,749</u>
LIABILITIES:		
Current Liabilities:		
2190 Due to Student Groups	\$ --	\$ 29,749
2000 Total Liabilities	<u>--</u>	<u>29,749</u>
NET ASSETS		
3800 Held in Trust	123,369	--
3000 Total Net Assets	<u>\$ 123,369</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 170
Gifts and Bequests	42,160
Total Additions	<u>42,330</u>
Deductions:	
Scholarship Awards	70,290
Total Deductions	<u>70,290</u>
Change in Net Assets	(27,960)
Net Assets-Beginning of the Year	151,329
Net Assets-End of the Year	<u>\$ 123,369</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

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

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

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

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

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	15-25
Vehicles	5-10
Equipment	5-10

e. Receivable and Payable Balances

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

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

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

f. **Compensated Absences**

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate.

g. **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. **Use of Estimates**

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

i. **Data Control Codes**

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

j. **Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

for which amounts had been restricted, committed or assigned.

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,090,624 and the bank balance was \$2,296,035. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

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

The District's investment at August 31, 2011 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 3,696,917
Total Investments		\$ <u>3,696,917</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2011, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poors

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Property Taxes Receivable

Property Taxes Receivable, net consisted of the following at August 31, 2011:

	General Fund	Debt Service Fund	Total
Property taxes receivable - delinquent	\$ 1,943,395	\$ 224,638	\$ 2,168,033
Allowance for uncollectible taxes	<u>(1,007,795)</u>	<u>(96,258)</u>	<u>(1,104,053)</u>
Property taxes receivable, net	<u>\$ 935,600</u>	<u>\$ 128,380</u>	<u>\$ 1,063,980</u>

E. Capital Assets

Capital asset activity for the year ended August 31, 2011, was as follows:

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 471,743	\$ --	\$ --	\$ 471,743
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>471,743</u>	<u>--</u>	<u>--</u>	<u>471,743</u>
Capital assets being depreciated:				
Buildings and improvements	24,766,898	--	--	24,766,898
Equipment	970,023	27,272	--	997,295
Vehicles	1,198,883	--	--	1,198,883
Infrastructure	81,632	--	--	81,632
Total capital assets being depreciated	<u>27,017,436</u>	<u>27,272</u>	<u>--</u>	<u>27,044,708</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,332,082)	(583,202)	--	(9,915,284)
Equipment	(792,099)	(38,778)	--	(830,877)
Vehicles	(787,709)	(68,530)	--	(856,239)
Infrastructure	(17,142)	(2,721)	--	(19,863)
Total accumulated depreciation	<u>(10,929,032)</u>	<u>(693,231)</u>	<u>--</u>	<u>(11,622,263)</u>
Total capital assets being depreciated, net	<u>16,088,404</u>	<u>(665,959)</u>	<u>--</u>	<u>15,422,445</u>
Governmental activities capital assets, net	<u>\$ 16,560,147</u>	<u>\$ (665,959)</u>	<u>\$ --</u>	<u>\$ 15,894,188</u>

Depreciation was charged to functions as follows:

Instruction	\$ 302,257
Instructional Resources and Media Services	6,532
Curriculum and Staff Development	6,636
Instructional Leadership	8,408
School Leadership	27,550
Guidance, Counseling, & Evaluation Services	15,416
Health Services	6,327
Student Transportation	92,146
Food Services	33,147
Extracurricular Activities	63,763
General Administration	18,512
Plant Maintenance and Operations	102,168
Security and Monitoring Services	2,805
Data Processing Services	7,563
	<u>\$ 693,230</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 693,155	Short-term loans
Other Governmental Funds	General Fund	121	Short-term loans
	Total	<u>\$ 693,276</u>	

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

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	General Fund	\$ 996	Supplement other funds sources
	Total	\$ 996	

G. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At August 31, 2011, the various components of deferred revenue reported in the governmental funds was as follows:

	Unavailable	Unearned	Total
Delinquent property taxes (general fund)	\$ 935,600	\$ --	\$ 935,600
Delinquent property taxes (debt service fund)	128,380	--	128,380
Insurance proceeds - partial payment	--	75,000	75,000
Advanced funding from State (general fund)	--	1,075,147	1,075,147
Advanced funding from State (debt service fund)	--	13,986	13,986
Advanced funding from State (special revenue fund)	--	9,963	9,963
	<u>\$ 1,063,980</u>	<u>\$ 1,174,096</u>	<u>\$ 2,238,076</u>

H. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District had no short term debt activity for the year ended August 31, 2011.

I. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2011, are as follows:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Unlimited Tax School Building and Refunding Bonds-Series 2001 4.00% - 5.00%	\$ 2,450,000	\$ --	\$ 2,450,000	\$ --	\$ --
Unlimited Tax Refunding Bonds-Series 2010 2.00% - 4.00%	--	2,275,000	40,000	2,235,000	170,000
	<u>2,450,000</u>	<u>2,275,000</u>	<u>2,490,000</u>	<u>2,235,000</u>	<u>170,000</u>
Deferred Charge on Series 201 Refunding	(15,020)		(15,020)	--	--
Deferred Charge on Series 2010 Refunding		(70,044)	(6,385)	(63,659)	(6,385)
Premium on Series 2010 Refunding		132,497	12,045	120,452	12,046
Compensated absences *	86,821	--	22,898	63,923	5,000
Total governmental activities	<u>\$ 2,521,801</u>	<u>\$ 2,337,453</u>	<u>\$ 2,503,538</u>	<u>\$ 2,355,716</u>	<u>\$ 180,661</u>

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	

2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 170,000	\$ 78,900	\$ 248,900
2013	175,000	74,575	249,575
2014	180,000	69,250	249,250
2015	185,000	63,775	248,775
2016	190,000	57,200	247,200
2017-2021	1,090,000	161,600	1,251,600
2022	245,000	4,900	249,900
Totals	<u>\$ 2,235,000</u>	<u>\$ 510,200</u>	<u>\$ 2,745,200</u>

3. Advance Refunding of Debt

In November, 2010, the District issued \$2,275,000 in Unlimited Tax Refunding Bonds Series 2010 to defease \$2,295,000 of existing bonds. The issuance resulted in actual Debt Service Savings of \$237,015 in cash flow and a Present Value Savings of \$204,359.

There was no outstanding refunded debt at August 31, 2011.

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

J. Commitments Under Noncapitalized Leases

The District had no material commitments under noncapitalized leases at August 31, 2011.

K. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. Pension Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2011, 2010 and 2009 were \$652,173, \$717,714 and \$731,630, respectively. The District paid additional state contributions for the years ending August 31, 2011, 2010 and 2009 in the amount of \$58,425, \$65,416 and \$82,948, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

M. Retiree Health Care Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the

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

authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trstate.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$101,903, \$112,142, and \$114,318, respectively, the active member contributions were \$66,234, \$72,891, and \$74,305, respectively, and the District's contributions were \$56,240, \$61,679, and \$62,875, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2011, 2010, and 2009, the subsidy payments received by TRS-Care on behalf of the District were \$23,692, \$28,312, and \$25,778, respectively.

N. Employee Health Care Coverage

During the year ended August 31, 2011, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$212 per pay period per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 30, 2011, and terms of coverage and premium costs are included in the contractual provisions.

O. Workers' Compensation

Workers' Compensation

The District established a worker's compensation fund to account for and finance workers compensation claims. It is a modified self-insurance plan known as SchoolComp. The plan began September 1, 2004.

The accrued liability for worker's compensation self-insurance of \$89,415 includes incurred but not reported claims. This liability at August 31, 2011 is based on the requirements of the Governmental Accounting Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

Required Supplementary Information

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Data Control Codes		1		2		3		Variance with Final Budget Positive (Negative)
		Budgeted Amounts				Actual		
		Original	Final					
REVENUES:								
5700	Local and Intermediate Sources	\$ 6,464,234	\$ 6,609,481	\$ 6,862,370	\$ 252,889			
5800	State Program Revenues	6,897,953	6,897,953	6,062,470	(835,483)			
5900	Federal Program Revenues	85,000	85,000	159,689	74,689			
5020	Total Revenues	<u>13,447,187</u>	<u>13,592,434</u>	<u>13,084,529</u>	<u>(507,905)</u>			
EXPENDITURES:								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	6,766,963	6,770,758	6,493,702	277,056			
0012	Instructional Resources and Media Services	258,349	258,349	225,668	32,681			
0013	Curriculum and Staff Development	72,854	72,854	61,255	11,599			
	Total Instruction & Instr. Related Services	<u>7,098,166</u>	<u>7,101,961</u>	<u>6,780,625</u>	<u>321,336</u>			
Instructional and School Leadership:								
0021	Instructional Leadership	220,918	220,918	220,864	54			
0023	School Leadership	1,012,972	1,012,972	949,537	63,435			
	Total Instructional & School Leadership	<u>1,233,890</u>	<u>1,233,890</u>	<u>1,170,401</u>	<u>63,489</u>			
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	304,430	304,430	224,232	80,198			
0033	Health Services	168,757	168,757	155,705	13,052			
0034	Student (Pupil) Transportation	438,322	438,322	438,319	3			
0036	Cocurricular/Extracurricular Activities	644,778	644,776	601,956	42,820			
	Total Support Services - Student (Pupil)	<u>1,556,286</u>	<u>1,556,286</u>	<u>1,420,212</u>	<u>136,074</u>			
Administrative Support Services:								
0041	General Administration	758,890	758,890	639,512	119,378			
	Total Administrative Support Services	<u>758,890</u>	<u>758,890</u>	<u>639,512</u>	<u>119,378</u>			
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	2,674,879	2,816,331	2,629,267	187,064			
0052	Security and Monitoring Services	112,498	112,498	96,918	15,580			
0053	Data Processing Services	301,167	301,167	261,290	39,877			
	Total Support Services - Nonstudent Based	<u>3,088,544</u>	<u>3,229,996</u>	<u>2,987,475</u>	<u>242,521</u>			
0099	Other Intergovernmental Charges	125,500	125,500	109,343	16,157			
	Total Intergovernmental Charges	<u>125,500</u>	<u>125,500</u>	<u>109,343</u>	<u>16,157</u>			
6030	Total Expenditures	<u>13,861,275</u>	<u>14,006,522</u>	<u>13,107,568</u>	<u>898,954</u>			
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(414,088)	(414,088)	(23,039)	391,049			
Other Financing Sources (Uses):								
7915	Transfers In	--	--	996	996			
7080	Total Other Financing Sources and (Uses)	--	--	996	996			
1200	Net Change in Fund Balance	(414,088)	(414,088)	(22,043)	392,045			
0100	Fund Balance - Beginning	3,874,155	3,874,155	3,874,155	--			
3000	Fund Balance - Ending	<u>\$ 3,460,067</u>	<u>\$ 3,460,067</u>	<u>\$ 3,852,112</u>	<u>\$ 392,045</u>			

Combining Statements and Budget Comparisons as Supplementary Information

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ 254,450	\$ 384,685	\$ 639,135
1225 Taxes Receivable, Net	--	128,380	128,380
1240 Due from Other Governments	724,347	--	724,347
1260 Due from Other Funds	121	--	121
1000 Total Assets	<u>\$ 978,918</u>	<u>\$ 513,065</u>	<u>\$ 1,491,983</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 13	\$ --	\$ 13
2150 Payroll Deductions & Withholdings	26	--	26
2170 Due to Other Funds	693,155	--	693,155
2180 Due to Other Governments	2,714	--	2,714
2300 Deferred Revenue	9,963	142,366	152,329
2000 Total Liabilities	<u>705,871</u>	<u>142,366</u>	<u>848,237</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	259,981	--	259,981
3480 Retirement of Long-Term Debt	--	370,699	370,699
3490 Other Restrictions of Fund Balance	13,066	--	13,066
3000 Total Fund Balances	<u>273,047</u>	<u>370,699</u>	<u>643,746</u>
4000 Total Liabilities and Fund Balances	<u>\$ 978,918</u>	<u>\$ 513,065</u>	<u>\$ 1,491,983</u>

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

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 243,815	\$ 271,455	\$ 515,270
5800 State Program Revenues	152,348	--	152,348
5900 Federal Program Revenues	3,090,107	--	3,090,107
5020 Total Revenues	<u>3,486,270</u>	<u>271,455</u>	<u>3,757,725</u>
EXPENDITURES:			
Current:			
0011 Instruction	1,857,162	--	1,857,162
0013 Curriculum and Staff Development	168,004	--	168,004
0021 Instructional Leadership	69,587	--	69,587
0023 School Leadership	2,210	--	2,210
0031 Guidance, Counseling, & Evaluation Services	308,354	--	308,354
0033 Health Services	62,856	--	62,856
0035 Food Service	983,542	--	983,542
0036 Cocurricular/Extracurricular Activities	7,772	--	7,772
0071 Principal on Long-term Debt	--	195,000	195,000
0072 Interest on Long-term Debt	--	63,944	63,944
0073 Bond Issuance Costs and Fees	--	62,543	62,543
0095 Payments to Juvenile Justice Alternative Education Programs	16,970	--	16,970
6030 Total Expenditures	<u>3,476,457</u>	<u>321,487</u>	<u>3,797,944</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,813</u>	<u>(50,032)</u>	<u>(40,219)</u>
Other Financing Sources and (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	--	2,275,000	2,275,000
7916 Premium or Discount on Issuance of Bonds	--	132,497	132,497
7917 Prepaid Interest	--	19,010	19,010
8911 Transfers Out	(996)	--	(996)
8940 Payment to Bond Refunding Escrow Agent	--	(2,350,004)	(2,350,004)
7080 Total Other Financing Sources and (Uses)	<u>(996)</u>	<u>76,503</u>	<u>75,507</u>
1200 Net Change in Fund Balances	<u>8,817</u>	<u>26,471</u>	<u>35,288</u>
0100 Fund Balances - Beginning	264,230	344,228	608,458
3000 Fund Balances - Ending	<u>\$ 273,047</u>	<u>\$ 370,699</u>	<u>\$ 643,746</u>

ARKANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240 Due from Other Governments	899	140,803	79,514	2,054
1260 Due from Other Funds	--	--	--	--
1000 Total Assets	<u>\$ 899</u>	<u>\$ 140,803</u>	<u>\$ 79,514</u>	<u>\$ 2,054</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150 Payroll Deductions & Withholdings	--	--	--	--
2170 Due to Other Funds	899	140,803	79,514	2,054
2180 Due to Other Governments	--	--	--	--
2300 Deferred Revenue	--	--	--	--
2000 Total Liabilities	<u>899</u>	<u>140,803</u>	<u>79,514</u>	<u>2,054</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 899</u>	<u>\$ 140,803</u>	<u>\$ 79,514</u>	<u>\$ 2,054</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement
\$ 173,724	\$ 28,405	\$ --	\$ --	\$ --
31,166	--	352	39,104	7,748
--	--	--	--	--
<u>\$ 204,890</u>	<u>\$ 28,405</u>	<u>\$ 352</u>	<u>\$ 39,104</u>	<u>\$ 7,748</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	352	39,104	7,748
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>352</u>	<u>39,104</u>	<u>7,748</u>
204,890	28,405	--	--	--
--	--	--	--	--
<u>204,890</u>	<u>28,405</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 204,890</u>	<u>\$ 28,405</u>	<u>\$ 352</u>	<u>\$ 39,104</u>	<u>\$ 7,748</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

Data Control Codes	266 ARRA of 2009 Title XIV State Fiscal Stabilization	279 Enhancing Education through Technology-ARRA	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARR	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	135,969	335	26,522	3,000
1260	Due from Other Funds	--	--	--	--
1000	Total Assets	<u>\$ 135,969</u>	<u>\$ 335</u>	<u>\$ 26,522</u>	<u>\$ 3,000</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2170	Due to Other Funds	135,969	335	26,522	3,000
2180	Due to Other Governments	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>135,969</u>	<u>335</u>	<u>26,522</u>	<u>3,000</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 135,969</u>	<u>\$ 335</u>	<u>\$ 26,522</u>	<u>\$ 3,000</u>

	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	289 Summer School LEP	361 Enhancing Education through Technology-ARRA	390 LEP Summer Program
A	\$ --	\$ --	\$ 8,297	\$ --	\$ 1,299
	126,380	13,142	--	95,296	--
	--	--	--	--	121
	<u>\$ 126,380</u>	<u>\$ 13,142</u>	<u>\$ 8,297</u>	<u>\$ 95,296</u>	<u>\$ 1,420</u>
	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	--
	126,380	13,142	--	95,296	--
	--	--	--	--	--
	<u>126,380</u>	<u>13,142</u>	<u>8,297</u>	<u>95,296</u>	<u>--</u>
	--	--	--	--	1,420
	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,420</u>
	<u>\$ 126,380</u>	<u>\$ 13,142</u>	<u>\$ 8,297</u>	<u>\$ 95,296</u>	<u>\$ 1,420</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

Data Control Codes	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund
ASSETS:				
1110 Cash and Cash Equivalents	\$ 863	\$ 2,873	\$ --	\$ --
1240 Due from Other Governments	--	--	15,114	3,883
1260 Due from Other Funds	--	--	--	--
1000 Total Assets	<u>\$ 863</u>	<u>\$ 2,873</u>	<u>\$ 15,114</u>	<u>\$ 3,883</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150 Payroll Deductions & Withholdings	--	--	--	--
2170 Due to Other Funds	--	--	15,114	3,883
2180 Due to Other Governments	--	--	--	--
2300 Deferred Revenue	180	--	--	--
2000 Total Liabilities	<u>180</u>	<u>--</u>	<u>15,114</u>	<u>3,883</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	883	2,873	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>883</u>	<u>2,873</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 863</u>	<u>\$ 2,873</u>	<u>\$ 15,114</u>	<u>\$ 3,883</u>

411 Technology Allotment	415 Kindergarten and Prekindergarten Grants	428 High School Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 23,196	\$ --	\$ --	\$ 15,793	\$ 254,450
--	3,066	--	--	724,347
--	--	--	--	121
<u>\$ 23,196</u>	<u>\$ 3,066</u>	<u>\$ --</u>	<u>\$ 15,793</u>	<u>\$ 978,918</u>
\$ --	\$ --	\$ --	\$ 13	\$ 13
--	26	--	--	26
--	3,040	--	--	693,155
--	--	--	2,714	2,714
1,486	--	--	--	9,963
<u>1,486</u>	<u>3,066</u>	<u>--</u>	<u>2,727</u>	<u>705,871</u>
21,710	--	--	--	259,981
--	--	--	13,066	13,066
<u>21,710</u>	<u>--</u>	<u>--</u>	<u>13,066</u>	<u>273,047</u>
<u>\$ 23,196</u>	<u>\$ 3,066</u>	<u>\$ --</u>	<u>\$ 15,793</u>	<u>\$ 978,918</u>

ARKANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	899	710,022	423,236	15,815
5020 Total Revenues	<u>899</u>	<u>710,022</u>	<u>423,236</u>	<u>15,815</u>
EXPENDITURES:				
Current:				
0011 Instruction	--	588,049	266,492	15,815
0013 Curriculum and Staff Development	--	13,308	--	--
0021 Instructional Leadership	--	34,809	34,443	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	899	60,772	120,415	--
0033 Health Services	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0095 Payments to Juvenile Justice Alternative	--	15,084	1,886	--
0095 Education Programs	--	--	--	--
6030 Total Expenditures	<u>899</u>	<u>710,022</u>	<u>423,236</u>	<u>15,815</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
8911 Transfers Out	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement
\$ 190,190	\$ --	\$ --	\$ --	\$ --
6,481	--	--	--	--
781,061	21,110	30,458	184,598	23,152
<u>977,732</u>	<u>21,110</u>	<u>30,458</u>	<u>184,598</u>	<u>23,152</u>
--	--	30,106	177,458	23,152
--	--	--	7,140	--
--	--	--	--	--
--	--	352	--	--
--	--	--	--	--
967,089	16,453	--	--	--
--	--	--	--	--
<u>967,089</u>	<u>16,453</u>	<u>30,458</u>	<u>184,598</u>	<u>23,152</u>
10,643	4,657	--	--	--
--	--	--	--	--
<u>10,643</u>	<u>4,657</u>	--	--	--
194,247	23,748	--	--	--
<u>\$ 204,890</u>	<u>\$ 28,405</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	266 ARRA of 2009 Title XIV State Fiscal Stabilization	279 Enhancing Education through Technology-ARRA	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARR
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	563,843	3,848	39,386	4,808
5020 Total Revenues	<u>563,843</u>	<u>3,848</u>	<u>39,386</u>	<u>4,808</u>
EXPENDITURES:				
Current:				
0011 Instruction	375,071	3,513	38,791	4,808
0013 Curriculum and Staff Development	--	--	595	--
0021 Instructional Leadership	--	335	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	125,916	--	--	--
0033 Health Services	62,856	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0095 Payments to Juvenile Justice Alternative	--	--	--	--
0095 Education Programs	--	--	--	--
6030 Total Expenditures	<u>563,843</u>	<u>3,848</u>	<u>39,386</u>	<u>4,808</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
8911 Transfers Out	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	361 Enhancing Education through Technology-ARRA	390 LEP Summer Program	397 Advanced Placement Incentives
A	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	--
	180,152	13,142	94,577	--	--
	<u>180,152</u>	<u>13,142</u>	<u>94,577</u>	<u>--</u>	<u>--</u>
	88,890	13,142	43,456	--	--
	91,262	--	51,121	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>180,152</u>	<u>13,142</u>	<u>94,577</u>	<u>--</u>	<u>--</u>
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	1,420	683
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,420</u>	<u>\$ 683</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	20,325	3,883
5900 Federal Program Revenues	--	--	--
5020 Total Revenues	<u>--</u>	<u>20,325</u>	<u>3,883</u>
EXPENDITURES:			
Current:			
0011 Instruction	--	20,325	1,555
0013 Curriculum and Staff Development	--	--	2,328
0021 Instructional Leadership	--	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--
0033 Health Services	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0095 Payments to Juvenile Justice Alternative	--	--	--
0095 Education Programs	--	--	--
6030 Total Expenditures	<u>--</u>	<u>20,325</u>	<u>3,883</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):			
8911 Transfers Out	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	2,873	--	--
3000 Fund Balances - Ending	<u>\$ 2,873</u>	<u>\$ --</u>	<u>\$ --</u>

411 Technology Allotment	415 Kindergarten and Prekindergarten Grants	428 High School Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ --	\$ 53,625	\$ 243,815
51,452	70,207	--	--	152,348
--	--	--	--	3,090,107
<u>51,452</u>	<u>70,207</u>	<u>--</u>	<u>53,625</u>	<u>3,486,270</u>
45,897	67,957	--	54,685	1,857,162
--	2,250	--	--	168,004
--	--	--	--	69,587
--	--	--	2,210	2,210
--	--	--	--	308,354
--	--	--	--	62,856
--	--	--	--	983,542
--	--	--	7,772	7,772
--	--	--	--	16,970
<u>45,897</u>	<u>70,207</u>	<u>--</u>	<u>64,667</u>	<u>3,476,457</u>
5,555	--	--	(11,042)	9,813
--	--	(996)	--	(996)
--	--	(996)	--	(996)
<u>5,555</u>	<u>--</u>	<u>(996)</u>	<u>(11,042)</u>	<u>8,817</u>
16,155	--	996	24,108	264,230
<u>\$ 21,710</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13,066</u>	<u>\$ 273,047</u>

Other Supplementary Information

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2011

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2002 and Prior Years	\$ Various	\$ Various			\$ Various
2003	1.50	.0768			296,493,200
2004	1.4865	.0903			342,298,448
2005	1.4865	.0903			417,457,285
2006	1.4865	.0903			461,666,751
2007	1.3582	.0903			489,180,970
2008	1.0314	.03			601,456,006
2009	1.0314	.03			669,212,440
2010	1.0314	.04			680,167,541
2011 (School Year Under Audit)	1.0314	.04			644,995,333
1000 Totals					
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code					
Reconciliation to Exhibit C-1					
Delinquent Property Taxes Receivable per above					\$ 2,096,099
Delinquent Property Taxes Receivable -CED Buyout					71,931
Less Allowance for Uncollectible Taxes					(1,104,050)
					<u>\$ 1,063,980</u>

EXHIBIT J-1

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 646,983	\$ --	\$ 17,406	\$ 891	\$ (1,349)	\$ 627,337
98,819	--	2,564	132	(239)	95,864
81,143	--	2,967	180	(289)	77,707
125,081	--	26,855	1,630	(3,210)	93,366
141,743	--	19,028	1,155	(1,102)	120,458
149,357	--	12,598	837	(2,884)	133,038
179,958	--	30,043	874	(2,070)	146,971
252,119	--	54,095	1,574	(4,352)	192,098
441,663	--	185,474	7,193	(18,565)	230,431
--	6,910,351	6,132,017	237,818	(161,707)	378,809
<u>\$ 2,116,866</u>	<u>\$ 6,910,351</u>	<u>\$ 6,483,067</u>	<u>\$ 252,284</u>	<u>\$ (195,767)</u>	<u>\$ 2,096,099</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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

EXHIBIT J-2

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 178,849	\$ 293,233	\$ --	\$ --	\$ 472,082
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	24,259	--	--	--	24,259
6212	Audit Services	--	--	--	12,800	--	--	12,800
6213	Tax Appraisal and Collection	--	125,313	--	--	--	--	125,313
621X	Other Prof. Services	--	--	7,554	--	--	--	7,554
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	6,500	--	--	4,960	--	--	11,460
6240	Contr. Maint. and Repair	--	--	--	--	23,440	--	23,440
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	3,854	--	--	3,854
6290	Miscellaneous Contr.	--	--	1,283	--	--	--	1,283
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	143	--	--	--	143
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	7,577	6,111	--	--	13,688
6410	Travel, Subsistence, Stipends	5,283	--	1,323	1,972	--	--	8,558
6420	Ins. and Bonding Costs	7,455	--	--	--	--	--	7,455
6430	Election Costs	3,649	--	--	--	--	--	3,649
6490	Miscellaneous Operating	1,184	--	15,337	15,152	--	--	31,673
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	1,644	1,644

Total \$ 24,051 \$ 125,313 \$ 236,325 \$ 338,082 \$ 23,440 \$ 1,644 \$ 748,855

Total Expenditures for General and Special Revenue Funds (9) \$ 16,584,025

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 313,628
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 2,567,270
Food (Function 35, 6341 and 6499)	(13)	\$ 347,837
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 338,082

Subtotal 3,566,817

Net Allowed Direct Cost \$ 13,017,408

	CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 24,766,897
Historical Cost of Buildings over 50 years old	(16)	719,577
Amount of Federal Money in Building Cost (Net of #16)	(17)	86,355
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	2,196,177
Historical Cost of Furniture & Equipment over 16 years old	(19)	154,638
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 160,790

(8) Note A - No Function 53 expenditures and \$108,343 in Function 99 expenditures are included in this report on administrative costs.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2011
UNAUDITED

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2011 (Exhibit C-1 object 3000 for the General Fund only)	\$ 3,852,112
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	13,168
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	825,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	1,100,000
7	Estimate of two months' average cash disbursements during the fiscal year	2,100,000
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)	200,000
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	4,238,168
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (386,056)

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive Unassigned General Fund Fund Balance:

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 187,750	\$ 190,190	\$ 2,440
5800 State Program Revenues	7,500	6,481	(1,019)
5900 Federal Program Revenues	777,530	781,061	3,531
5020 Total Revenues	<u>972,780</u>	<u>977,732</u>	<u>4,952</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	995,728	967,089	28,639
Total Support Services - Student (Pupil)	<u>995,728</u>	<u>967,089</u>	<u>28,639</u>
6030 Total Expenditures	<u>995,728</u>	<u>967,089</u>	<u>28,639</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(22,948)	10,643	33,591
1200 Net Change in Fund Balance	<u>(22,948)</u>	<u>10,643</u>	<u>33,591</u>
0100 Fund Balance - Beginning	194,247	194,247	--
3000 Fund Balance - Ending	<u>\$ 171,299</u>	<u>\$ 204,890</u>	<u>\$ 33,591</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 236,835	\$ 271,455	\$ 34,620
5020 Total Revenues	<u>236,835</u>	<u>271,455</u>	<u>34,620</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	195,000	195,000	--
0072 Interest on Long-Term Debt	72,699	63,944	8,755
0073 Bond Issuance Costs and Fees	1,000	62,543	(61,543)
Total Debt Service	<u>268,699</u>	<u>321,487</u>	<u>(52,788)</u>
6030 Total Expenditures	<u>268,699</u>	<u>321,487</u>	<u>(52,788)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(31,864)</u>	<u>(50,032)</u>	<u>(18,168)</u>
Other Financing Sources (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	--	2,275,000	2,275,000
7916 Premium or Discount on Issuance of Bonds	--	132,497	132,497
7917 Prepaid Interest	--	19,010	19,010
8940 Payment to Bond Refunding Escrow Agent	(1,000)	(2,350,004)	(2,349,004)
7080 Total Other Financing Sources and (Uses)	<u>(1,000)</u>	<u>76,503</u>	<u>77,503</u>
1200 Net Change in Fund Balance	<u>(32,864)</u>	<u>26,471</u>	<u>59,335</u>
0100 Fund Balance - Beginning	344,228	344,228	--
3000 Fund Balance - Ending	<u>\$ 311,364</u>	<u>\$ 370,699</u>	<u>\$ 59,335</u>

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

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

Board of Trustees
Aransas Pass Independent School District
P.O. Box 1016
Aransas Pass, Texas 78335-1016

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aransas Pass Independent School District as of and for the year ended August 31, 2011, which collectively comprise the Aransas Pass Independent School District's basic financial statements and have issued our report thereon dated January 4, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Aransas Pass Independent School District's internal control over financial reporting as a basis for designing our auditing procedures 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 Aransas Pass Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Aransas Pass Independent School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aransas Pass 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*.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Michael A. Arnold, PLLC". The signature is written in a cursive, slightly slanted style.

Michael A. Arnold, PLLC

January 4, 2012

Michael A. Arnold, PLLC

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Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Trustees
Aransas Pass Independent School District
P.O. Box 1016
Aransas Pass, Texas 78335-1016

Members of the Board of Trustees:

Compliance

We have audited Aransas Pass 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 Aransas Pass Independent School District's major federal programs for the year ended August 31, 2011. Aransas Pass Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Aransas Pass Independent School District's management. Our responsibility is to express an opinion on Aransas Pass Independent School District's compliance based on our audit.

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 Aransas Pass 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. Our audit does not provide a legal determination of Aransas Pass Independent School District's compliance with those requirements.

In our opinion, Aransas Pass Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

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

Respectfully submitted,



Michael A. Arnold, PLLC

January 4, 2012

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010a	ESEA Title I Part A - Improving Basic Programs
84.367a	ARRA - Title II Part D Subpart 1-Enhancing Education Through Technology
84.389	ARRA - ESEA Title I Part A Improving Basic Programs
84.394	ARRA - 2009 Title XIV State Fiscal Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes No

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

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE		

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2011

N/A

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
1 ESEA Title I Part A - Improving Basic Programs *	84.010a	1161011012059	\$ 689,950
2 ESEA Title I Part A - Improving Basic Programs *	84.010a	1261010205901	20,072
Total CFDA Number 84.010a			<u>710,022</u>
1 IDEA-B Formula *	84.027	116600012059016900	408,854
2 IDEA-B Formula *	84.027	126600012059016600	14,382
Total CFDA Number 84.027			<u>423,236</u>
Career and Technical - Basic Grant	84.048	11420006205901	30,106
2 Career and Technical - Basic Grant	84.048	12420006205901	352
Total CFDA Number 84.048			<u>30,458</u>
1 IDEA-B Preschool *	84.173	116610012059016610	15,537
2 IDEA-B Preschool *	84.173	126610012059016610	278
Total CFDA Number 84.173			<u>15,815</u>
ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186a	1169100205901	899
Title III Part A English Language Acquisition and Language Enhancement	84.365	11671001205901	21,153
2 Title III Part A English Language Acquisition and Language Enhancement	84.365	205-901	1,999
Total CFDA Number 84.365			<u>23,152</u>
1 ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	116994501205901	178,413
2 ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	126945011205901	6,185
Total CFDA Number 84.367a			<u>184,598</u>
ARRA - Title II Part D Subpart 1-Enhancing Education Through Technology*	84.386	10553001205901	3,848
ARRA - SSA Title II Part D Subpart 1-Enhancing Education Through Technology*	84.386	10553001205901	94,577
Total CFDA Number 84.386			<u>98,425</u>
ARRA - ESEA, Title I, Part A - Improving Basic Programs *	84.389	10551001205901	180,152
ARRA - IDEA-Part B Formula *	84.391	10554001205901	39,386
ARRA - IDEA Part B, Preschool *	84.392	10555001205901	4,808
ARRA of 2009 Title XIV State Fiscal Stabilization Fund *	84.394	11557001205901	563,843
2 Education Jobs Fund	84.410	11550101205901	13,142
Total Passed Through State Department of Education			<u>2,287,936</u>
Total U. S. Department of Education			<u>2,287,936</u>
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.000	205-901	76,049
Total U. S. Department of Defense			<u>\$ 76,049</u>

ARKANSAS PASS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT K-1
 Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Human Services:			
Summer Food Service Program *	10.559	205-901	\$ 21,110
Commodity Supplemental Food Program (Non-cash)	10.565	205-901	53,366
Total Passed Through State Department of Human Services			<u>74,476</u>
Passed Through State Department of Education:			
School Breakfast Program *	10.553	205-901	169,696
National School Lunch Program *	10.555	205-901	557,999
Total Passed Through State Department of Education			<u>727,695</u>
Total U. S. Department of Agriculture			802,171
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,166,156</u>

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

The accompanying notes are an integral part of this schedule.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Aransas Pass Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Other Federal Revenues

Certain revenues received directly or indirectly from federal sources are considered expense reimbursements, not federal awards. These amounts are not included in the schedule of federal awards. A reconciliation of federal awards to federal revenues in Exhibit C-2 in the financial statements is presented below.

Total expenditures of federal awards presented on exhibit K-1	\$	3,166,156
Other federal revenues:		
U.S. Department of Health and Human Services:		
School Health & Related Services (SHARS)		<u>83,640</u>
Federal Program Revenues, Exhibit C-2	\$	<u>3,249,796</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2011

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