

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012

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Aransas Pass Independent School District
Annual Financial Report
For The Year Ended August 31, 2012

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	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.....	16	C-3
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	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	35	G-1
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	36	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	37	H-2
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.....	42	H-4
Enterprise Funds:		

Aransas Pass Independent School District
Annual Financial Report
For The Year Ended August 31, 2012

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Combining Statement of Net Assets - Nonmajor Enterprise Funds.....	46	H-5
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds.....	47	H-6
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	48	J-1
Indirect Cost Computation Schedule	50	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	51	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	52	J-4
Debt Service Fund.....	53	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>	54	
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.....	56	
Schedule of Findings and Questioned Costs	58	
Summary Schedule of Prior Audit Findings.....	59	
Corrective Action Plan.....	60	
Schedule of Expenditures of Federal Awards	61	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	63	
Schedule of Required Responses to Selected School First Indicators.....	64	K-2

Introductory Section

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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, 2012, at a meeting of the board of trustees of such school district on the 10 day of December, 2012.

David L. Rector Sr.
Signature of Board Secretary

V. J. Adams
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)

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Financial Section

Michael A. Arnold, PLLC

501 E. MARKET

CERTIFIED PUBLIC ACCOUNTANT

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ROCKPORT, TEXAS 78381-1266

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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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,

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

Michael A. Arnold, PLLC

December 6, 2012

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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, 2012. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

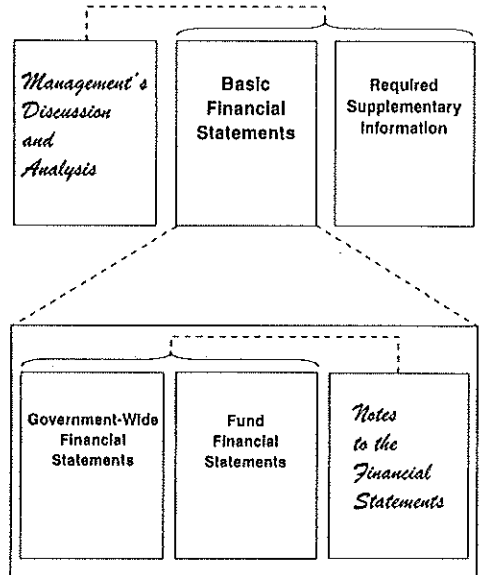
- The District's total combined net assets were 20,074,013 at August 31, 2012.
- During the year, the District's expenses were \$639,722 less than the \$17,193,963 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$16,554,241 compared to \$17,293,501 in 2011.
- The general fund reported a fund balance this year of \$4,896,859.

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.

Summary ↔ Detail

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 Statements	Government-wide	Governmental Funds	Fund Statements	
	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Proprietary Funds	Fiduciary Funds
Scope			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
Required financial statements	<ul style="list-style-type: none"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary 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 asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
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) *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 \$20,074,013 at August 31, 2012. (See Table A-1).

	Governmental Activities (1)		Percentage
	2012	2011	Change 2012-2011
Current assets:			
Cash and cash equivalents	5.0	5.6	-10.8
Property Taxes Receivable	.8	1.1	-27.3
Due from other governments	1.3	.7	85.8
Other	.1	-	-
Total current assets:	7.2	7.4	-2.7
Noncurrent assets:			
Capital Assets	27.9	27.5	1.5
Less accumulated depreciation	12.3	11.6	6.1
Total capital assets	15.6	15.9	-1.9
Total Assets	22.8	23.3	-2.2
Current liabilities:			
Accounts payable and			
Accrued liabilities	.5	.4	25.0
Due to other governments	-	-	-
Unearned revenue	-	1.2	-
Bonds payable – current	.2	.2	-
Total current liabilities	.7	1.8	-61.2
Long-term liabilities:			
Bonds payable & other	2.0	2.2	-9.1
Total Liabilities	2.7	4.0	-32.5
Net Assets:			
Invested in capital assets	13.5	13.6	-0.8
Restricted	.7	.5	40
Unrestricted	5.8	5.3	9.5
Total Net Assets	20.0	19.4	3.1

(1) Net Assets are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than \$30,000 for 2012 and 2011. 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 \$5.8 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 \$17,193,963. A significant portion, 79%, of the District's revenue comes from taxes. (See Figure A-2.) 19% comes from state aid – formula grants, while only 2 percent relates to charges for services.

The total cost of all programs and services was \$16,554,241. 74% 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
	2012	2011			Change
					2012-2011
Program Revenues:					
Charges for Services	.3	.3			-
Operating Grants and Contributions	3.2	3.9			-18.0
Capital Grants and Contributions					
General Revenues					
Property Taxes	6.1	6.9			-11.6
State Aid – Formula	7.2	5.6			28.6
Investment Earnings	-	-			-
Other	.3	-			-
Total Revenues	17.1	16.7			2.4
Instruction	7.9	8.6			-8.2
Instructional Resources and Media Services	.2	.2			-
Curriculum Dev. And Instructional Staff Dev.	.2	.2			-
Instructional Leadership	.3	.3			-
School Leadership	.9	1.0			-10
Guidance, Counseling and Evaluation Services	.6	.5			20
Health Services	.2	.2			-
Student (Pupil) Transportation	.4	.5			-20
Food Services	1.0	1.0			-
Curricular/Extracurricular Activities	.7	.7			-
General Administration	.8	.7			14.3
Plant Maintenance & Oper.	2.7	2.7			-
Security & Monitoring Svcs.	.1	.1			-
Data Processing Services	.2	.3			-33.4
Debt Services	.1	.1			-
Other	.1	.1			-
Total Expenses	16.4	17.2			-4.7
Increase (Decrease) in Net Assets	.7	-5			240

(2) Amounts are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than \$10,000 for 2012 and 2011. 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 2012 at \$1.07138 per \$100. Assessed Values decreased 11.4 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 \$16,543,132.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$6,074,068.
- Some of the cost was paid by those who directly benefited from the programs \$343,142 or
- By grants and contributions \$10,447,914.

	Total Cost of Services			% Change	Net Cost of Services		
	2012	2011			2012	2011	% Change
	Instruction	7.9	8.6		-8.2	6.3	6.4
School administration	.8	.7	14.3	.8	.6	33.4	
Plant Maintenance & Operations	2.7	2.7	-	2.6	2.7	-3.7	
Food Services	1.0	1.0	-	-	-	-	

Business-type Activities

Revenues of the District's business-type activities increased 725.5 percent to \$18,202 and expenses increased 1371.4 percent to \$11,109.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$17.1 million, an increase of 2.4% 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 \$435,201 below final budget amounts.

- On the other hand, resources available were \$952,546 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012 the District had invested \$15,655,965 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 \$238,223 or 1.3 percent under last year.

Table A-4							
District's Capital Assets							
(In millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2012	2011	2012	2011	2012	2011	Change
							2012-2011
Land and Construction in Progress	.5	.5	0	0	.5	.5	-
Buildings and Improvements	25.2	24.7	0	0	25.2	24.7	2.1
Vehicles	1.2	1.2	0	0	1.2	1.2	-
Equipment	1.0	1.0	0	0	1.0	1.0	-
Other	.1	.1	0	0	.1	.1	-
Totals at historical cost	28.0	27.5	0	0	28.0	27.5	1.9
Total accumulated depreciation	12.3	11.6	0	0	12.3	11.6	6.1
Net capital assets	15.7	15.9	0	0	15.7	15.9	-1.3

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 \$2,065,000 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.

Table A-5							
District's Long Term Debt							
(In millions of dollars)							
	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2012	2011	2012	2011	2012	2011	Change
							2012-2011
Compensated absences	.1	.1	0	0	.1	.1	-
Bonds payable	2.1	2.2	0	0	2.1	2.2	-4.6
Premium	.1	.1	0	0	.1	.1	-
Less deferred amount							
On refunding	.1	.1	0	0	.1	.1	-
Total bonds & notes payable	2.2	2.3	0	0	2.2	2.3	-4.4

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's 2013 refined average daily attendance is expected to be 1,493 compared to 1,649 for 2012.

These indicators were taken into account when adopting the general fund budget for 2013. Amounts available for appropriation in the general fund budget are \$13,571,031 in 2013. A decrease of .4 percent over the final 2012 budget of \$13,636,176.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2013.

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.

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Basic Financial Statements

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ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 Cash and Cash Equivalents	\$ 4,988,738	\$ 16,323	\$ 5,005,061
1225 Property Taxes Receivable (Net)	765,413	--	765,413
1240 Due from Other Governments	1,271,914	--	1,271,914
1290 Other Receivables (Net)	77,100	--	77,100
1300 Inventories	12,821	--	12,821
1420 Capitalized Bond and Other Debt Issuance Costs	49,794	--	49,794
Capital Assets:			
1510 Land	471,743	--	471,743
1520 Buildings and Improvements, Net	14,670,971	--	14,670,971
1530 Furniture and Equipment, Net	454,203	--	454,203
1590 Infrastructure, Net	59,048	--	59,048
1000 Total Assets	<u>22,821,745</u>	<u>16,323</u>	<u>22,838,068</u>
LIABILITIES:			
2110 Accounts Payable	335,877	--	335,877
2140 Interest Payable	3,217	--	3,217
2165 Accrued Liabilities	179,015	--	179,015
2180 Due to Other Governments	8,349	41	8,390
2190 Due to Student Groups	1,000	--	1,000
2300 Unearned Revenue	19,811	--	19,811
Noncurrent Liabilities:			
2501 Due Within One Year	186,246	--	186,246
2502 Due in More Than One Year	2,030,499	--	2,030,499
2000 Total Liabilities	<u>2,764,014</u>	<u>41</u>	<u>2,764,055</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	13,540,418	--	13,540,418
Restricted For:			
3820 State and Federal Programs	279,558	--	279,558
3850 Debt Service	402,481	--	402,481
3870 Campus Activities	31,994	--	31,994
3900 Unrestricted	5,803,280	16,282	5,819,562
3000 Total Net Assets	<u>\$ 20,057,731</u>	<u>\$ 16,282</u>	<u>\$ 20,074,013</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, 2012

Data Control Codes	Functions/Programs	1	3	4
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 7,930,956	\$ 69,113	\$ 1,570,979
12	Instructional Resources and Media Services	228,817	--	8,381
13	Curriculum and Staff Development	168,549	--	108,515
21	Instructional Leadership	337,434	--	77,367
23	School Leadership	933,099	5,130	46,272
31	Guidance, Counseling, & Evaluation Services	635,216	--	222,896
33	Health Services	232,634	--	297,363
34	Student Transportation	403,004	--	11,419
35	Food Service	996,562	192,995	783,672
36	Cocurricular/Extracurricular Activities	700,103	74,404	14,590
41	General Administration	794,701	--	24,370
51	Plant Maintenance and Operations	2,664,692	1,500	46,887
52	Security and Monitoring Services	75,447	--	2,352
53	Data Processing Services	235,761	--	7,038
72	Interest on Long-term Debt	78,667	--	19
73	Bond Issuance Costs and Fees	500	--	--
95	Payments to Juvenile Justice Alternative Ed. Programs	22,889	--	22,889
99	Other Intergovernmental Charges	104,101	--	--
TG	Total Governmental Activities	<u>16,543,132</u>	<u>343,142</u>	<u>3,245,009</u>
	Business-type Activities:			
01	Athletic Enterprise	8,883	10,005	5,000
02	Catering	2,226	3,197	--
TB	Total Business-type Activities	<u>11,109</u>	<u>13,202</u>	<u>5,000</u>
TP	Total Primary Government	<u>\$ 16,554,241</u>	<u>\$ 356,344</u>	<u>\$ 3,250,009</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
	Insurance proceeds			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	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>		
Governmental Activities	Business-type Activities	Total
\$ (6,290,864)		\$ (6,290,864)
(220,436)		(220,436)
(60,034)		(60,034)
(260,067)		(260,067)
(881,697)		(881,697)
(412,320)		(412,320)
64,729		64,729
(391,585)		(391,585)
(19,895)		(19,895)
(611,109)		(611,109)
(770,331)		(770,331)
(2,616,305)		(2,616,305)
(73,095)		(73,095)
(228,723)		(228,723)
(78,648)		(78,648)
(500)		(500)
--		--
(104,101)		(104,101)
<u>(12,954,981)</u>		<u>(12,954,981)</u>
--	\$ 6,122	6,122
--	971	971
--	<u>7,093</u>	<u>7,093</u>
<u>(12,954,981)</u>	<u>7,093</u>	<u>(12,947,888)</u>
5,935,706	--	5,935,706
138,362	--	138,362
8,341	--	8,341
7,202,905	--	7,202,905
275,063	--	275,063
27,233	--	27,233
<u>13,587,610</u>	--	<u>13,587,610</u>
632,629	7,093	639,722
19,425,102	9,189	19,434,291
<u>\$ 20,057,731</u>	<u>\$ 16,282</u>	<u>\$ 20,074,013</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110 Cash and Cash Equivalents	\$ 4,004,083	\$ 673,541	\$ 4,677,624
1225 Taxes Receivable, Net	728,403	37,010	765,413
1240 Due from Other Governments	1,140,109	131,805	1,271,914
1260 Due from Other Funds	112,595	121	112,716
1290 Other Receivables	77,100	--	77,100
1300 Inventories	12,821	--	12,821
1000 Total Assets	<u>\$ 6,075,111</u>	<u>\$ 842,477</u>	<u>\$ 6,917,588</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 264,313	\$ --	\$ 264,313
2150 Payroll Deductions & Withholdings	24,640	--	24,640
2160 Accrued Wages Payable	154,375	--	154,375
2170 Due to Other Funds	121	112,595	112,716
2180 Due to Other Governments	5,400	2,949	8,349
2190 Due to Student Groups	1,000	--	1,000
2300 Deferred Revenue	728,403	56,821	785,224
2000 Total Liabilities	<u>1,178,252</u>	<u>172,365</u>	<u>1,350,617</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	12,821	--	12,821
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	272,647	272,647
3480 Retirement of Long-Term Debt	--	365,471	365,471
3490 Other Restrictions of Fund Balance	--	31,994	31,994
Committed Fund Balances:			
3530 Capital Expenditures for Equipment	825,000	--	825,000
3600 Unassigned	4,059,038	--	4,059,038
3000 Total Fund Balances	<u>4,896,859</u>	<u>670,112</u>	<u>5,566,971</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,075,111</u>	<u>\$ 842,477</u>	<u>\$ 6,917,588</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, 2012

Total fund balances - governmental funds balance sheet	\$ 5,566,971
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.	15,655,965
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	765,413
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	239,550
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,115,547)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,217)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(101,198)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	<u>49,794</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 20,057,731</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, 2012

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 6,551,865	\$ 508,980	\$ 7,060,845
5800 State Program Revenues	7,688,443	109,706	7,798,149
5900 Federal Program Revenues	348,414	2,280,906	2,629,320
5020 Total Revenues	<u>14,588,722</u>	<u>2,899,592</u>	<u>17,488,314</u>
EXPENDITURES:			
Current:			
0011 Instruction	6,341,745	1,234,003	7,575,748
0012 Instructional Resources and Media Services	222,068	--	222,068
0013 Curriculum and Staff Development	55,063	108,515	163,578
0021 Instructional Leadership	258,297	69,184	327,481
0023 School Leadership	901,522	4,055	905,577
0031 Guidance, Counseling, & Evaluation Services	322,988	211,012	534,000
0033 Health Services	225,772	--	225,772
0034 Student Transportation	403,004	--	403,004
0035 Food Service	--	967,502	967,502
0036 Cocurricular/Extracurricular Activities	628,031	6,668	634,699
0041 General Administration	765,636	--	765,636
0051 Plant Maintenance and Operations	3,013,719	--	3,013,719
0052 Security and Monitoring Services	73,222	--	73,222
0053 Data Processing Services	228,807	--	228,807
0071 Principal on Long-term Debt	--	170,000	170,000
0072 Interest on Long-term Debt	--	78,900	78,900
0073 Bond Issuance Costs and Fees	--	500	500
0095 Payments to Juvenile Justice Alternative Education Programs	--	22,889	22,889
0099 Other Intergovernmental Charges	104,101	--	104,101
6030 Total Expenditures	<u>13,543,975</u>	<u>2,873,228</u>	<u>16,417,203</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,044,747</u>	<u>26,364</u>	<u>1,071,111</u>
1200 Net Change in Fund Balances	<u>1,044,747</u>	<u>26,364</u>	<u>1,071,111</u>
0100 Fund Balances - Beginning	3,852,112	643,748	4,495,860
3000 Fund Balances - Ending	<u>\$ 4,896,859</u>	<u>\$ 670,112</u>	<u>\$ 5,566,971</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, 2012

Net change in fund balances - total governmental funds	\$ 1,071,111
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	458,528
The depreciation of capital assets used in governmental activities is not reported in the funds.	(696,751)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(312,553)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	170,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(13,158)
(Increase) decrease in accrued interest from beginning of period to end of period.	141
The net revenue (expense) of internal service funds is reported with governmental activities.	(20,664)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(37,275)
Amortization of bond premiums are recorded on the SOA, but not in the funds.	<u>13,250</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 632,629</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

AUGUST 31, 2012

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 16,323	\$ 311,114
	Total Current Assets	<u>16,323</u>	<u>311,114</u>
1000	Total Assets	<u>\$ 16,323</u>	<u>\$ 311,114</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 71,564
2180	Due to Other Governments	41	--
	Total Current Liabilities	<u>41</u>	<u>71,564</u>
2000	Total Liabilities	<u>41</u>	<u>71,564</u>
NET ASSETS:			
3900	Unrestricted Net Assets	16,282	239,550
3000	Total Net Assets	<u>\$ 16,282</u>	<u>\$ 239,550</u>

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund <hr/> Insurance Fund <hr/>
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 18,202	\$ 58,981
5020	Total Revenues	<u>18,202</u>	<u>58,981</u>
	OPERATING EXPENSES:		
6100	Payroll Costs	977	--
6300	Supplies and Materials	6,555	--
6400	Other Operating Costs	3,577	79,645
6030	Total Expenses	<u>11,109</u>	<u>79,645</u>
1300	Change in Net Assets	7,093	(20,664)
0100	Total Net Assets - Beginning	9,189	260,214
3300	Total Net Assets - Ending	<u>\$ 16,282</u>	<u>\$ 239,550</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, 2012

	Nonmajor Enterprise Funds	Nonmajor Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 18,202	\$ 58,981
Cash Payments for payroll costs	(977)	
Cash Payments to Other Suppliers for Goods and Services	(10,101)	(97,496)
Net Cash Provided (Used) by Operating Activities	<u>7,124</u>	<u>(38,515)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,124	(38,515)
Cash and Cash Equivalents at Beginning of Year	9,199	349,629
Cash and Cash Equivalents at End of Year	<u>\$ 16,323</u>	<u>\$ 311,114</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 7,093	\$ (20,664)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	--	--
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	31	(17,851)
Increase (Decrease) in Other Liabilities	--	--
Total Adjustments	<u>31</u>	<u>(17,851)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,124</u>	<u>\$ (38,515)</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, 2012

Data Control Codes		Private-purpose Trust Fund	Agency Fund
		Scholarship Fund	Student Activity
	ASSETS:		
1110	Cash and Cash Equivalents	\$ 123,500	\$ 49,677
1000	Total Assets	<u>\$ 123,500</u>	<u>\$ 49,677</u>
	LIABILITIES:		
	Current Liabilities:		
2190	Due to Student Groups	\$ --	\$ 49,677
2000	Total Liabilities	<u>--</u>	<u>49,677</u>
	NET ASSETS		
3800	Held in Trust	123,500	--
3000	Total Net Assets	<u>\$ 123,500</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, 2012

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 131
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>131</u>
Deductions:	
Scholarship Awards	--
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>--</u>
Change in Net Assets	131
Net Assets-Beginning of the Year	123,369
Net Assets-End of the Year	<u>\$ 123,500</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, 2012

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, 2012

The District reports the following major enterprise funds:

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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

future FASB standards.

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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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
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.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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

f. **Compensated Absences**

On retirement or death of certain employees, the District pays any accrued sick 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 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.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	<u>Not applicable</u>	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, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,948,028 and the bank balance was \$2,230,229. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, 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, 2012

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, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	\$ 3,230,210
Total Investments		<u>\$ 3,230,210</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, 2012, 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, 2012

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, 2012:

	General Fund	Debt Service Fund	Total
Property taxes receivable - delinquent	\$ 1,672,952	\$ 107,911	\$ 1,780,863
Allowance for uncollectible taxes	(944,549)	(70,901)	(1,015,450)
Property taxes receivable, net	<u>\$ 728,403</u>	<u>\$ 37,010</u>	<u>\$ 765,413</u>

E. Capital Assets

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
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>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Capital assets being depreciated:				
Buildings and improvements	24,766,898	412,881	--	25,179,779
Equipment	997,295	45,647	--	1,042,942
Vehicles	1,198,883	--	32,502	1,166,381
Infrastructure	81,632	--	--	81,632
Total capital assets being depreciated	<u>27,044,708</u>	<u>458,528</u>	<u>32,502</u>	<u>27,470,734</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,915,284)	(593,524)	--	(10,508,808)
Equipment	(830,877)	(38,695)	--	(869,572)
Vehicles	(856,239)	(61,811)	(32,502)	(885,548)
Infrastructure	(19,863)	(2,721)	--	(22,584)
Total accumulated depreciation	<u>(11,622,263)</u>	<u>(696,751)</u>	<u>(32,502)</u>	<u>(12,286,512)</u>
Total capital assets being depreciated, net	<u>15,422,445</u>	<u>(238,223)</u>	<u>--</u>	<u>15,184,222</u>
Governmental activities capital assets, net	<u>\$ 15,894,188</u>	<u>\$ (238,223)</u>	<u>\$ --</u>	<u>\$ 15,655,965</u>

Depreciation was charged to functions as follows:

Instruction	\$ 302,894
Instructional Resources and Media Services	6,749
Curriculum and Staff Development	4,971
Instructional Leadership	9,953
School Leadership	27,522
Guidance, Counseling, & Evaluation Services	16,229
Health Services	6,862
Student Transportation	84,987
Food Services	35,971
Extracurricular Activities	65,404
General Administration	23,440
Plant Maintenance and Operations	102,590
Security and Monitoring Services	2,225
Data Processing Services	6,954
	<u>\$ 696,751</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2012, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 112,595	Short-term loans
Other Governmental Funds	General Fund	121	Short-term loans
	Other Balances	--	
	Total	<u>\$ 112,716</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2012, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
None			

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, the various components of deferred revenue reported in the governmental funds was as follows:

	Unavailable	Unearned	Total
Delinquent property taxes (general fund)	\$ 728,403	\$ --	\$ 728,403
Delinquent property taxes (debt service fund)	37,010	--	37,010
Advanced funding from State (debt service fund)	--	13,986	13,986
Advanced funding from State (special revenue fund)	--	5,825	5,825
	<u>\$ 765,413</u>	<u>\$ 19,811</u>	<u>\$ 785,224</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, 2012.

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, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Unlimited Tax Refunding Bonds-Series 2010 2.00% - 4.00%	\$ 2,235,000	\$ --	\$ 170,000	\$ 2,065,000	175,000
	<u>2,235,000</u>	<u>--</u>	<u>170,000</u>	<u>2,065,000</u>	<u>175,000</u>
Deferred Charge on Series 2010 Refunding	(63,659)	--	(7,004)	(56,655)	(7,004)
Premium on Series 2010 Refunding	120,452	--	13,250	107,202	13,250
Compensated absences *	63,923	37,275	--	101,198	5,000
Total governmental activities	\$ 2,355,716	\$ 37,275	\$ 176,246	\$ 2,216,745	186,246

* Other long-term liabilities

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2012, are as follows:

Year Ending August 31,	Governmental Activities		Total
	Principal	Interest	
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	200,000	49,400	249,400
2018-2022	1,135,000	117,100	1,252,100
Totals	\$ 2,065,000	\$ 431,300	\$ 2,496,300

3. Advance Refunding of Debt

There was no outstanding refunded debt at August 31, 2012.

J. Commitments Under Noncapitalized Leases

The District had no material commitments under noncapitalized leases at August 31, 2012.

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 2012, 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.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644 for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$460,912, \$652,173 and \$717,714, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$49,112, \$58,425 and \$65,416, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

M. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. 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 2012, 2011 and 2010. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$95,484, \$101,903, and \$112,142, respectively, the active member contributions were \$52,516, \$56,240, and \$61,679, respectively, and the District's contributions were \$62,064, \$66,234, and \$65,417, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

(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, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$25,163, \$23,692, and \$28,312, respectively.

3. **Early Retiree Reinsurance Program (ERRP)**

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$23,796.

N. Employee Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$212 per month 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 1, 2013, and terms of coverage and premium costs are included in the contractual provisions.

O. Commitments and Contingencies

1. **Contingencies**

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

2. **Litigation**

No reportable litigation was pending against the District at August 31, 2012.

P. Worker's 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 \$71,564 includes incurred but not reported claims. This liability at August 31, 2012 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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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.

	Liability, Beginning of Year	Claims and Estimates	Claim Payments	Liability, End of Year
2010 Workers' Compensation	\$ 108,294	\$ 3,626	\$ 12,570	\$ 99,350
2011 Workers' Compensation	99,350	19,511	29,446	89,415
2012 Workers' Compensation	89,415	33,239	51,090	71,564

Q. Subsequent Events

No events occurred subsequent to August 31, 2012 that required disclosure in the financial statements.

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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

EXHIBIT G-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 6,333,579	\$ 6,575,366	\$ 6,551,865	\$ (23,501)
5800	State Program Revenues	6,292,021	6,641,021	7,688,443	1,047,422
5900	Federal Program Revenues	130,000	419,789	348,414	(71,375)
5020	Total Revenues	<u>12,755,600</u>	<u>13,636,176</u>	<u>14,588,722</u>	<u>952,546</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,194,764	6,543,306	6,341,745	201,561
0012	Instructional Resources and Media Services	222,068	222,068	222,068	--
0013	Curriculum and Staff Development	56,994	56,994	55,063	1,931
	Total Instruction & Instr. Related Services	<u>6,473,825</u>	<u>6,822,367</u>	<u>6,618,876</u>	<u>203,491</u>
Instructional and School Leadership:					
0021	Instructional Leadership	239,204	261,838	258,297	3,541
0023	School Leadership	901,546	901,546	901,522	24
	Total Instructional & School Leadership	<u>1,140,750</u>	<u>1,163,384</u>	<u>1,159,819</u>	<u>3,565</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	327,587	357,587	322,988	34,599
0033	Health Services	226,860	226,860	225,772	1,088
0034	Student (Pupil) Transportation	353,004	403,004	403,004	--
0036	Cocurricular/Extracurricular Activities	561,442	636,692	628,031	8,661
	Total Support Services - Student (Pupil)	<u>1,468,893</u>	<u>1,624,143</u>	<u>1,579,795</u>	<u>44,348</u>
Administrative Support Services:					
0041	General Administration	705,590	782,590	765,636	16,954
	Total Administrative Support Services	<u>705,590</u>	<u>782,590</u>	<u>765,636</u>	<u>16,954</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,504,609	3,114,759	3,013,719	101,040
0052	Security and Monitoring Services	117,625	117,625	73,222	44,403
0053	Data Processing Services	218,807	228,807	228,807	--
	Total Support Services - Nonstudent Based	<u>2,841,041</u>	<u>3,461,191</u>	<u>3,315,748</u>	<u>145,443</u>
0099	Other Intergovernmental Charges	125,500	125,500	104,101	21,399
	Total Intergovernmental Charges	<u>125,500</u>	<u>125,500</u>	<u>104,101</u>	<u>21,399</u>
6030	Total Expenditures	<u>12,755,600</u>	<u>13,979,176</u>	<u>13,543,975</u>	<u>435,201</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(343,000)	1,044,747	1,387,747
1200	Net Change in Fund Balance	--	(343,000)	1,044,747	1,387,747
0100	Fund Balance - Beginning	3,852,112	3,852,112	3,852,112	--
3000	Fund Balance - Ending	<u>\$ 3,852,112</u>	<u>\$ 3,509,112</u>	<u>\$ 4,896,859</u>	<u>\$ 1,387,747</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, 2012

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ 294,084	\$ 379,457	\$ 673,541
1225 Taxes Receivable, Net	--	37,010	37,010
1240 Due from Other Governments	131,805	--	131,805
1260 Due from Other Funds	121	--	121
1000 Total Assets	<u>\$ 426,010</u>	<u>\$ 416,467</u>	<u>\$ 842,477</u>
LIABILITIES:			
Current Liabilities:			
2170 Due to Other Funds	\$ 112,595	\$ --	\$ 112,595
2180 Due to Other Governments	2,949	--	2,949
2300 Deferred Revenue	5,825	50,996	56,821
2000 Total Liabilities	<u>121,369</u>	<u>50,996</u>	<u>172,365</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	272,647	--	272,647
3480 Retirement of Long-Term Debt	--	365,471	365,471
3490 Other Restrictions of Fund Balance	31,994	--	31,994
3000 Total Fund Balances	<u>304,641</u>	<u>365,471</u>	<u>670,112</u>
4000 Total Liabilities and Fund Balances	<u>\$ 426,010</u>	<u>\$ 416,467</u>	<u>\$ 842,477</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, 2012

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 264,827	\$ 244,153	\$ 508,980
5800 State Program Revenues	109,687	19	109,706
5900 Federal Program Revenues	2,280,906	--	2,280,906
5020 Total Revenues	<u>2,655,420</u>	<u>244,172</u>	<u>2,899,592</u>
EXPENDITURES:			
Current:			
0011 Instruction	1,234,003	--	1,234,003
0013 Curriculum and Staff Development	108,515	--	108,515
0021 Instructional Leadership	69,184	--	69,184
0023 School Leadership	4,055	--	4,055
0031 Guidance, Counseling, & Evaluation Services	211,012	--	211,012
0035 Food Service	967,502	--	967,502
0036 Cocurricular/Extracurricular Activities	6,668	--	6,668
0071 Principal on Long-term Debt	--	170,000	170,000
0072 Interest on Long-term Debt	--	78,900	78,900
0073 Bond Issuance Costs and Fees	--	500	500
0095 Payments to Juvenile Justice Alternative Education Programs	22,889	--	22,889
6030 Total Expenditures	<u>2,623,828</u>	<u>249,400</u>	<u>2,873,228</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	31,592	(5,228)	26,364
1200 Net Change in Fund Balances	<u>31,592</u>	<u>(5,228)</u>	<u>26,364</u>
0100 Fund Balances - Beginning	273,049	370,699	643,748
Fund Balances - Beginning, as Restated	273,049	370,699	643,748
3000 Fund Balances - Ending	<u>\$ 304,641</u>	<u>\$ 365,471</u>	<u>\$ 670,112</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 192,532
1240 Due from Other Governments	27,930	14,006	536	19,210
1260 Due from Other Funds	--	--	--	--
1000 Total Assets	<u>\$ 27,930</u>	<u>\$ 14,006</u>	<u>\$ 536</u>	<u>\$ 211,742</u>
LIABILITIES:				
Current Liabilities:				
2170 Due to Other Funds	\$ 27,930	\$ 14,006	\$ 536	\$ --
2180 Due to Other Governments	--	--	--	--
2300 Deferred Revenue	--	--	--	--
2000 Total Liabilities	<u>27,930</u>	<u>14,006</u>	<u>536</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	211,742
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>211,742</u>
4000 Total Liabilities and Fund Balances	<u>\$ 27,930</u>	<u>\$ 14,006</u>	<u>\$ 536</u>	<u>\$ 211,742</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	287 Education Jobs Fund
\$ 34,219	\$ --	\$ --	\$ --	\$ --
--	741	3,340	757	26,705
--	--	--	--	--
<u>\$ 34,219</u>	<u>\$ 741</u>	<u>\$ 3,340</u>	<u>\$ 757</u>	<u>\$ 26,705</u>
\$ --	\$ 741	\$ 3,340	\$ 757	\$ 26,705
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>741</u>	<u>3,340</u>	<u>757</u>	<u>26,705</u>
34,219	--	--	--	--
--	--	--	--	--
<u>34,219</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 34,219</u>	<u>\$ 741</u>	<u>\$ 3,340</u>	<u>\$ 757</u>	<u>\$ 26,705</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

Data Control Codes	289 Summer School LEP	390 LEP Summer Program	397 Advanced Placement Incentives
ASSETS:			
1110 Cash and Cash Equivalents	\$ 3,709	\$ 1,299	\$ 1,313
1240 Due from Other Governments	--	--	--
1260 Due from Other Funds	--	121	--
1000 Total Assets	<u>\$ 3,709</u>	<u>\$ 1,420</u>	<u>\$ 1,313</u>
LIABILITIES:			
Current Liabilities:			
2170 Due to Other Funds	\$ --	\$ --	\$ --
2180 Due to Other Governments	--	--	--
2300 Deferred Revenue	3,709	--	630
2000 Total Liabilities	<u>3,709</u>	<u>--</u>	<u>630</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	1,420	683
3490 Other Restrictions of Fund Balance	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>1,420</u>	<u>683</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,709</u>	<u>\$ 1,420</u>	<u>\$ 1,313</u>

401 Optional Extended Year Program	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 2,873	\$ --	\$ 23,196	\$ 34,943	\$ 294,084
--	38,580	--	--	131,805
--	--	--	--	121
<u>\$ 2,873</u>	<u>\$ 38,580</u>	<u>\$ 23,196</u>	<u>\$ 34,943</u>	<u>\$ 426,010</u>
\$ --	\$ 38,580	\$ --	\$ --	\$ 112,595
--	--	--	2,949	2,949
--	--	1,486	--	5,825
<u>--</u>	<u>38,580</u>	<u>1,486</u>	<u>2,949</u>	<u>121,369</u>
2,873	--	21,710	--	272,647
--	--	--	31,994	31,994
<u>2,873</u>	<u>--</u>	<u>21,710</u>	<u>31,994</u>	<u>304,641</u>
<u>\$ 2,873</u>	<u>\$ 38,580</u>	<u>\$ 23,196</u>	<u>\$ 34,943</u>	<u>\$ 426,010</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, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 195,069
5800 State Program Revenues	--	--	--	6,646
5900 Federal Program Revenues	622,882	365,746	11,383	757,098
5020 Total Revenues	<u>622,882</u>	<u>365,746</u>	<u>11,383</u>	<u>958,813</u>
EXPENDITURES:				
Current:				
0011 Instruction	442,295	204,512	11,383	--
0013 Curriculum and Staff Development	54,125	--	--	--
0021 Instructional Leadership	34,933	34,251	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	68,640	126,983	--	--
0035 Food Service	--	--	--	951,962
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0095 Payments to Juvenile Justice Alternative	--	--	--	--
0095 Education Programs	22,889	--	--	--
6030 Total Expenditures	<u>622,882</u>	<u>365,746</u>	<u>11,383</u>	<u>951,962</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	6,851
1200 Net Change in Fund Balances	--	--	--	6,851
0100 Fund Balances - Beginning	--	--	--	204,891
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 211,742</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	287 Education Jobs Fund
\$ 1,425	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
19,928	29,159	141,388	15,834	311,790
<u>21,353</u>	<u>29,159</u>	<u>141,388</u>	<u>15,834</u>	<u>311,790</u>
--	13,770	141,388	15,834	311,790
--	--	--	--	--
--	--	--	--	--
--	15,389	--	--	--
15,540	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>15,540</u>	<u>29,159</u>	<u>141,388</u>	<u>15,834</u>	<u>311,790</u>
5,813	--	--	--	--
<u>5,813</u>	--	--	--	--
28,406	--	--	--	--
<u>\$ 34,219</u>	<u>\$ --</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, 2012

Data Control Codes	289 Summer School LEP	390 LEP Summer Program	397 Advanced Placement Incentives
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	5,698	--	--
5020 Total Revenues	<u>5,698</u>	<u>--</u>	<u>--</u>
EXPENDITURES:			
Current:			
0011 Instruction	5,698	--	--
0013 Curriculum and Staff Development	--	--	--
0021 Instructional Leadership	--	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0095 Payments to Juvenile Justice Alternative	--	--	--
0095 Education Programs	--	--	--
6030 Total Expenditures	<u>5,698</u>	<u>--</u>	<u>--</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	1,420	683
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 1,420</u>	<u>\$ 683</u>

401 Optional Extended Year Program	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ --	\$ 68,333	\$ 264,827
--	103,041	--	--	109,687
--	--	--	--	2,280,906
<u>--</u>	<u>103,041</u>	<u>--</u>	<u>68,333</u>	<u>2,655,420</u>
--	48,651	--	38,682	1,234,003
--	54,390	--	--	108,515
--	--	--	--	69,184
--	--	--	4,055	4,055
--	--	--	--	211,012
--	--	--	--	967,502
--	--	--	6,668	6,668
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>22,889</u>
<u>--</u>	<u>103,041</u>	<u>--</u>	<u>49,405</u>	<u>2,623,828</u>
--	--	--	18,928	31,592
--	--	--	18,928	31,592
2,873	--	21,710	13,066	273,049
<u>\$ 2,873</u>	<u>\$ --</u>	<u>\$ 21,710</u>	<u>\$ 31,994</u>	<u>\$ 304,641</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2012

Data Control Codes	Enterprise Fund <u>Athletic Enterprise Fund</u>	Enterprise Fund <u>Catering Fund</u>	Total Nonmajor Enterprise Funds (See Exhibit D-1)	
ASSETS:				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 15,352	\$ 971	\$ 16,323
	Total Current Assets	<u>15,352</u>	<u>971</u>	<u>16,323</u>
1000	Total Assets	<u>\$ 15,352</u>	<u>\$ 971</u>	<u>\$ 16,323</u>
LIABILITIES:				
Current Liabilities:				
2180	Due to Other Governments	\$ 41	\$ --	\$ 41
	Total Current Liabilities	<u>41</u>	<u>--</u>	<u>41</u>
2000	Total Liabilities	<u>41</u>	<u>--</u>	<u>41</u>
NET ASSETS:				
3900	Unrestricted Net Assets	15,311	971	16,282
3000	Total Net Assets	<u>\$ 15,311</u>	<u>\$ 971</u>	<u>\$ 16,282</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Enterprise Fund <u>Athletic Enterprise Fund</u>	Enterprise Fund <u>Catering Fund</u>	Total Nonmajor Enterprise Funds (See Exhibit D-2)
OPERATING REVENUES:			
5700 Local and Intermediate Sources	\$ 15,005	\$ 3,197	\$ 18,202
5020 Total Revenues	<u>15,005</u>	<u>3,197</u>	<u>18,202</u>
OPERATING EXPENSES:			
6100 Payroll Costs	411	566	977
6300 Supplies and Materials	4,895	1,660	6,555
6400 Other Operating Costs	3,577	--	3,577
6030 Total Expenses	<u>8,883</u>	<u>2,226</u>	<u>11,109</u>
Operating Income (Loss)	<u>6,122</u>	<u>971</u>	<u>7,093</u>
	Income (Loss) before Contributions and Transfe	6,122	971
1300 Change in Net Assets	6,122	971	7,093
1300 Change in Net Assets	6,122	971	7,093
0100 Total Net Assets - Beginning	9,189	--	9,189
Total Net Assets - Beginning, as Restated	9,189	--	9,189
3300 Total Net Assets - Ending	<u>\$ 15,311</u>	<u>\$ 971</u>	<u>\$ 16,282</u>

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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, 2012

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2003 and Prior Years	\$ Various	\$ Various			\$ Various
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	1.0314	.04			644,995,333
2012 (School Year Under Audit)	1.0314	.04			571,021,766
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
Delinquent Property Taxes Receivable -CED Buyout
Less Allowance for Uncollectible Taxes

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 723,201	\$ --	\$ 8,405	\$ 430	\$ (280,052)	\$ 434,314
77,707	--	2,404	146	(915)	74,242
93,386	--	3,529	214	(1,102)	88,541
120,458	--	25,403	1,542	(924)	92,589
133,038	--	26,469	1,759	(1,120)	103,690
146,971	--	18,258	531	(2,395)	125,787
192,098	--	26,834	781	(2,079)	162,404
230,431	--	50,569	1,961	(1,948)	175,953
378,809	--	188,699	7,318	(14,980)	167,812
--	6,117,813	5,595,852	217,024	(21,337)	283,600
<u>\$ 2,096,099</u>	<u>\$ 6,117,813</u>	<u>\$ 5,946,422</u>	<u>\$ 231,706</u>	<u>\$ (326,852)</u>	<u>\$ 1,708,932</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

\$ 1,708,932
71,930
(1,015,449)
\$ 765,413

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ --	\$ --	\$ 214,680	\$ 310,185	\$ --	\$ --	\$ 524,865
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	--	--	29,897	--	--	--	29,897
6212	Audit Services	--	--	--	12,800	--	--	12,800
6213	Tax Appraisal and Collection	--	119,242	--	--	--	--	119,242
621X	Other Prof. Services	--	--	57,241	--	--	--	57,241
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	6,175	--	--	6,028	--	--	12,203
6240	Contr. Maint. and Repair	--	--	6,286	13,805	--	--	19,090
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	2,227	--	--	2,227
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	297	--	--	--	297
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	3,300	--	9,340	11,531	--	--	24,171
6410	Travel, Subsistence, Stipends	8,146	--	3,835	1,196	--	--	13,177
6420	Ins. and Bonding Costs	9,759	--	--	--	--	--	9,759
6430	Election Costs	5,293	--	--	--	--	--	5,293
6490	Miscellaneous Operating	1,534	--	13,757	12,212	--	--	27,503
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	11,972	11,972

Total \$ 34,207 \$ 119,242 \$ 334,332 \$ 369,984 \$ -- \$ 11,972 \$ 869,737

Total Expenditures for General and Special Revenue Funds (9) \$ 16,167,803

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 620,207
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 2,562,102
Food (Function 35, 6341 and 6499)	(13)	\$ 357,383
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 369,984

Subtotal 3,909,676

Net Allowed Direct Cost \$ 12,258,127

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 25,179,778
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)	2,209,322
Historical Cost of Furniture & Equipment over 16 years old	(19)	166,229
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 167,701

(8) Note A - No Function 53 expenditures and \$104,101 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, 2012
UNAUDITED

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2012 (Exhibit C-1 object 3000 for the General Fund only)	\$ 4,896,859
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	12,821
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)	1,800,000
7	Estimate of two months' average cash disbursements during the fiscal year	2,262,000
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)	5,099,821
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (202,962)

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, 2012

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 197,600	\$ 195,069	\$ (2,531)
5800 State Program Revenues	6,300	6,646	346
5900 Federal Program Revenues	777,000	757,098	(19,902)
5020 Total Revenues	<u>980,900</u>	<u>958,813</u>	<u>(22,087)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	980,900	951,962	28,938
Total Support Services - Student (Pupil)	<u>980,900</u>	<u>951,962</u>	<u>28,938</u>
6030 Total Expenditures	<u>980,900</u>	<u>951,962</u>	<u>28,938</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	6,851	6,851
1200 Net Change in Fund Balance	--	6,851	6,851
0100 Fund Balance - Beginning	204,891	204,891	--
3000 Fund Balance - Ending	<u>\$ 204,891</u>	<u>\$ 211,742</u>	<u>\$ 6,851</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 247,311	\$ 244,153	\$ (3,158)
5800 State Program Revenues	19	19	--
5020 Total Revenues	<u>247,330</u>	<u>244,172</u>	<u>(3,158)</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	170,000	170,000	--
0072 Interest on Long-Term Debt	78,900	78,900	--
0073 Bond Issuance Costs and Fees	1,000	500	500
Total Debt Service	<u>249,900</u>	<u>249,400</u>	<u>500</u>
6030 Total Expenditures	<u>249,900</u>	<u>249,400</u>	<u>500</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(2,570)	(5,228)	(2,658)
1200 Net Change in Fund Balance	<u>(2,570)</u>	<u>(5,228)</u>	<u>(2,658)</u>
0100 Fund Balance - Beginning	370,699	370,699	--
3000 Fund Balance - Ending	<u>\$ 368,129</u>	<u>\$ 365,471</u>	<u>\$ (2,658)</u>

Michael A. Arnold, PLLC

501 E. MARKET

CERTIFIED PUBLIC ACCOUNTANT

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FAX (361) 780-9692

ROCKPORT, TEXAS 78381-1266

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, 2012, which collectively comprise the Aransas Pass Independent School District's basic financial statements and have issued our report thereon dated December 6, 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

Management of Aransas Pass Independent School District is responsible for establishing and maintaining effective 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, flowing style.

Michael A. Arnold, PLLC

December 6, 2012

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

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, 2012. 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, 2012.

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,

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

Michael A. Arnold, PLLC

December 6, 2012

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA B Formula
84.173	IDEA B Prescjjp;
84.410	Education Jobs Fund
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012

<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, 2012

N/A

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

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:			
2 ESEA Title I Part A - Improving Basic Programs *	84.010a	1261010120590	\$ 594,952
ESEA Title I Part A - Improving Basic Programs *	84.010a	13610101205901	27,930
Total CFDA Number 84.010a			<u>622,882</u>
2 IDEA-B Formula *	84.027	12660001205901660C	351,740
IDEA-B Formula *	84.027	12661001205901661C	14,006
Total CFDA Number 84.027			<u>365,746</u>
2 Career and Technical - Basic Grant	84.048	12420006205901	28,418
Career and Technical - Basic Grant	84.048	13420006205901	741
Total CFDA Number 84.048			<u>29,159</u>
2 IDEA-B Preschool *	84.173	12661001205901661C	10,847
IDEA-B Preschool *	84.173	136610001205901661	536
Total CFDA Number 84.173			<u>11,383</u>
2 Title III Part A English Language Acquisition and Language Enhanc	84.365	12671001205901	15,077
Title III Part A English Language Acquisition and Language Enhancer	84.365	13671001205901	757
Total CFDA Number 84.365			<u>15,834</u>
2 ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	12694501205901	138,048
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	13694501205901	3,340
Total CFDA Number 84.367a			<u>141,388</u>
Summer School LEP	84.369	69551102	5,698
2 Education Jobs Fund	84.410	11550101205901	311,790
Total Passed Through State Department of Education			<u>1,503,880</u>
Total U. S. Department of Education			<u>1,503,880</u>
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.00	205-901	58,626
Total U. S. Department of Defense			<u>58,626</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Human Services:			
Summer Food Service Program *	10.559	205-901	19,928
Commodity Supplemental Food Program (Non-cash)	10.565	205-901	60,982
Total Passed Through State Department of Human Services			<u>80,910</u>
Passed Through State Department of Education:			
School Breakfast Program *	10.553	205-901	168,080
National School Lunch Program *	10.555	205-901	528,036
Total Passed Through State Department of Education			<u>696,116</u>
Total U. S. Department of Agriculture			<u>777,026</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,339,532</u>

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
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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, 2012

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	\$ 2,339,532
Other federal revenues:	
U.S. Department of Health and Human Services:	
School Health & Related Services (SHARS)	<u>289,788</u>
Federal Program Revenues, Exhibit C-2	<u>\$ 2,629,320</u>

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2012

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