ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

Aransas Pass Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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Introductory Section

CERTIFICATE OF BOARD

Aransas Pass Independent School District	San Patricio	205-901
Name of School District	County	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, 2013, at a meeting of the board of trustees of such school district on the 13th day of JANUARY, 2014.

Signature of Board Secretary

Signature of Board President

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

Financial Section

Michael A. Arnold, PLLC

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

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545
FAX (361) 790-9692

Independent Auditor's Report

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

Report on the Financial Statements

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 ("the District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As described in Note A to the financial statements, in 2013, Aransas Pass Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial* Reporting *of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2013, Aransas Pass Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aransas Pass Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The 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 basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic 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 basic financial statements. Such information, except for that portion labeled "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2014 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* in considering Aransas Pass Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Michael A. Arnold, PLLC

Michael A. Arnold, PLLC

Rockport, Texas
January 8, 2014

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, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

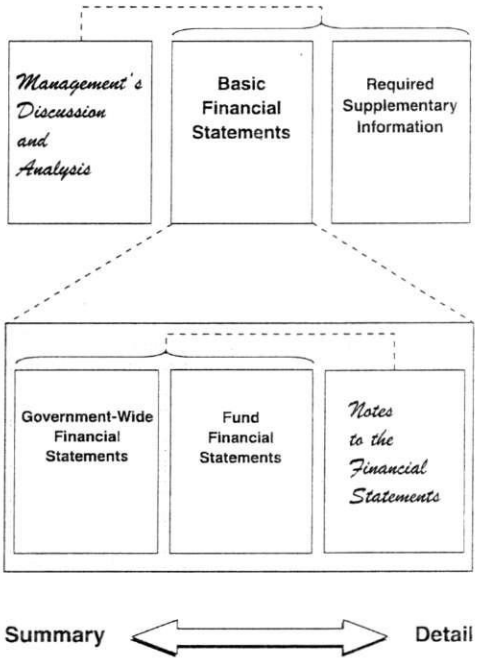
- The District's total combined net assets were 20,194,122 at August 31, 2013.
- During the year, the District's expenses were $169,903 less than the $17,616,082 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was $17,446,179 compared to $16,554,241 in 2012.
- The general fund reported a fund balance this year of $5,495,055.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 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.

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

		Fund Statements		
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• 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

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

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

- We use *internal service funds* to report activities of the District's self funded insurance program.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were $20,194,122 at August 31, 2013. (See Table A-1).

Table A-1
Aransas Pass Independent School District's Net Assets
(In millions of dollars)

	Governmental Activities (1)		Percentage Change
	2013	2012	2013-2012
Current assets:			
Cash and cash equivalents	5.1	5.0	2.0
Property Taxes Receivable	.6	.8	-25
Due from other governments	2.4	1.3	84.7
Other	-	.1	-
Total current assets:	8.1	7.2	12.5
Noncurrent assets:			
Capital Assets	29.7	27.9	6.5
Less accumulated depreciation	12.9	12.3	4.9
Total capital assets	16.8	15.6	7.7
Total Assets	24.9	22.8	9.3
Deferred Outflows of Resources	49.7	-	100
Current liabilities:			
Accounts payable and Accrued liabilities	.9	.5	80
Due to other governments	-	-	-
Unearned revenue	-	-	-
Bonds payable – current	.2	.2	-
Total current liabilities	1.1	.7	57.2
Long-term liabilities:			
Bonds payable & other	3.7	2.0	85
Total Liabilities	4.8	2.7	77.8
Net Assets:			
Invested in capital assets	13.0	13.5	-3.7
Restricted	.4	.7	-42.9
Unrestricted	6.8	5.8	17.3
Total Net Assets	20.2	20.0	1.0

(1) Net Assets are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than $30,000 for 2013 and 2012. 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 $6.8 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 $17,616,082. A significant portion, 77.6%, of the District's revenue comes from taxes. (See Figure A-2.) 19.8% comes from state aid – formula grants, while only 2.6 percent relates to charges for services.

The total cost of all programs and services was $17,446,179. 75.8% 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 Activities (2)		Total Percentage Change
	2013	2012	2013-2012
Program Revenues:			
Charges for Services	.4	.3	
Operating Grants and Contributions	3.5	3.2	
Capital Grants and Contributions			
General Revenues			
Property Taxes	6.3	6.1	
State Aid – Formula	7.3	7.2	
Investment Earnings	-	-	
Other	.1	.3	
Total Revenues	17.5	17.1	
Instruction	8.5	7.9	
Instructional Resources and Media Services	.2	.2	
Curriculum Dev. And Instructional Staff Dev.	.2	.2	
Instructional Leadership	.3	.3	
School Leadership	1.0	.9	
Guidance, Counseling and Evaluation Services	.5	.6	
Health Services	.3	.2	
Student (Pupil) Transportation	.5	.4	
Food Services	1.1	1.0	
Curricular/Extracurricular Activities	.6	.7	
General Administration	.8	.8	
Plant Maintenance & Oper.	2.8	2.7	
Security & Monitoring Svcs.	.1	.1	
Data Processing Services	.2	.2	
Debt Services	.1	.1	
Other	.1	.1	
Total Expenses	17.3	16.4	
Increase (Decrease) in Net Assets	0.2	.7	

(2) Amounts are presented in millions of dollars. Enterprise fund net assets, revenues and expenditures are all less than $30,000 for 2013 and 2012. 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 form the above table.

- Property tax rates remained the same in 2013 at $1.07138 per $100

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

- The cost of all *governmental* activities this year was $17,412,660.
- However, the amount that our taxpayers paid for these activities through property taxes was only $6,276,652.
- Some of the cost was paid by those who directly benefited from the programs $426,016 or
- By grants and contributions $3,481,953.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2013	2012		2013	2012	
Instruction	8.5	7.9	7.6	6.9	6.3	9.6
School administration	.8	.8	-	.8	.8	-
Plant Maintenance & Operations	2.8	2.7	3.7	2.8	2.6	7.7
Food Services	1.1	1.0	10	-	-	-

Business-type Activities

Revenues of the District's business-type activities increased 100.5 percent to $36,493 and expenses increased 201.8 percent to $33,519.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $17.5 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 $232,989 below final budget amounts.

- On the other hand, resources available were $618,457 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013 the District had invested $16,758,573 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of $1,102,608 or 7.1 percent over last year.

Table A-4
District's Capital Assets
(In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
Land and Construction in Progress	2.0	.5	0	0	2.0	.5	300
Buildings and improvements	25.2	25.2	0	0	25.2	25.2	-
Vehicles	1.2	1.2	0	0	1.2	1.2	-
Equipment	1.2	1.0	0	0	1.2	1.0	20
Other	.1	.1	0	0	.1	.1	-
Totals at historical cost	29.7	28.0	0	0	29.7	28.0	6.1
Total accumulated depreciation	13.0	12.3	0	0	13.0	12.3	5.7
Net capital assets	16.7	15.7	0	0	16.7	15.7	6.4

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 $3,690,000 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 Activities		Business-type Activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
Compensated absences	.1	.1	0	0	.1	.1	-
Bonds payable	3.7	2.1	0	0	3.7	2.1	76.2
Premium	.1	.1	0	0	.1	.1	-
Less deferred amount							
On refunding	-	.1	0	0	-	.1	-
Total bonds & notes payable	3.9	2.2	0	0	3.9	2.2	77.3

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund spending per student decreased in the 2014 budget from $8,305 actual in 2013 to $9,169. This is a 10% increase.
- The District's 2014 refined average daily attendance is expected to be 1,610 compared to 1,713 for 2013.

These indicators were taken into account when adopting the general fund budget for 2014. Amounts available for appropriation in the general fund budget are $14,760,868 in 2014. An increase of 4 percent over the final 2013 budget of $14,226,784.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2014.

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.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
	ASSETS:			
1110	Cash and Cash Equivalents	$ 5,114,296	$ 19,256	$ 5,133,552
1225	Property Taxes Receivable (Net)	639,406	--	639,406
1240	Due from Other Governments	2,392,322	--	2,392,322
1260	Internal Balances	--	--	--
	Capital Assets:			
1510	Land	471,743	--	471,743
1520	Buildings and Improvements, Net	14,143,165	--	14,143,165
1530	Furniture and Equipment, Net	578,182	--	578,182
1580	Construction in Progress	1,509,156	--	1,509,156
1590	Infrastructure, Net	56,327	--	56,327
1000	Total Assets	24,904,597	19,256	24,923,853
	DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Outflows of Resources - Refunding Bond	49,651	--	49,651
1700	Total Deferred Outflows of Resources	49,651	--	49,651
	LIABILITIES:			
2110	Accounts Payable	677,333	--	677,333
2140	Interest Payable	2,998	--	2,998
2165	Accrued Liabilities	201,818	--	201,818
2180	Due to Other Governments	8,305	--	8,305
2190	Due to Student Groups	1,000	--	1,000
2300	Unearned Revenue	18,576	--	18,576
	Noncurrent Liabilities:			
2501	Due Within One Year	329,250	--	329,250
2502	Due in More Than One Year	3,540,102	--	3,540,102
2000	Total Liabilities	4,779,382	--	4,779,382
	NET POSITION			
3200	Net Investment in Capital Assets	12,974,621	--	12,974,621
	Restricted For:			
3820	State and Federal Programs	349,575	--	349,575
3850	Debt Service	549,978	--	549,978
3870	Campus Activities	27,319	--	27,319
3900	Unrestricted	6,273,373	19,256	6,292,629
3000	Total Net Position	$ 20,174,866	$ 19,256	$ 20,194,122

The accompanying notes are an integral part of this statement.

Basic Financial Statements

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	$ 8,507,142	$ 87,692	$ 1,500,704
12	Instructional Resources and Media Services	197,857	279	7,855
13	Curriculum and Staff Development	205,284	482	145,325
21	Instructional Leadership	336,764	304	122,616
23	School Leadership	960,232	5,828	40,693
31	Guidance, Counseling, & Evaluation Services	548,185	482	216,051
33	Health Services	252,902	357	477,186
34	Student Transportation	524,033	640	19,976
35	Food Service	1,046,061	266,966	843,996
36	Cocurricular/Extracurricular Activities	647,342	56,489	11,399
41	General Administration	797,501	1,125	24,894
51	Facilities Maintenance and Operations	2,837,848	4,910	45,279
52	Security and Monitoring Services	81,212	115	2,467
53	Data Processing Services	246,047	347	7,556
72	Interest on Long-term Debt	68,110	--	230
73	Bond Issuance Costs and Fees	36,500	--	--
95	Payments to Juvenile Justice Alternative Ed. Programs	15,123	--	15,726
99	Other Intergovernmental Charges	104,517	--	--
TG	Total Governmental Activities	17,412,660	426,016	3,481,953
	Business-type Activities:			
01	Athletic Enterprise	25,125	26,690	--
02	Catering	8,394	9,803	--
TB	Total Business-type Activities	33,519	36,493	--
TP	Total Primary Government	$ 17,446,179	$ 462,509	$ 3,481,953
	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			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Position			
NB	Net Position - Beginning			
PA	Prior Period Adjustment			
	Net Position - Beginning, as Restated			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

6	7	8
Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (6,918,746)		$ (6,918,746)
(189,723)		(189,723)
(59,477)		(59,477)
(213,844)		(213,844)
(913,711)		(913,711)
(331,652)		(331,652)
224,641		224,641
(503,417)		(503,417)
64,901		64,901
(579,454)		(579,454)
(771,482)		(771,482)
(2,787,659)		(2,787,659)
(78,630)		(78,630)
(238,144)		(238,144)
(67,880)		(67,880)
(36,500)		(36,500)
603		603
(104,517)		(104,517)
(13,504,691)		(13,504,691)
--	$ 1,565	1,565
--	1,409	1,409
--	2,974	2,974
(13,504,691)	2,974	(13,501,717)
6,061,187	--	6,061,187
215,465	--	215,465
7,535	--	7,535
7,348,422	--	7,348,422
39,011	--	39,011
13,671,620	--	13,671,620
166,929	2,974	169,903
20,057,731	16,282	20,074,013
(49,794)	--	(49,794)
20,007,937	16,282	20,024,219
$ 20,174,866	$ 19,256	$ 20,194,122

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	Cash and Cash Equivalents	$ 3,560,359	$ 619,222	$ 689,365	$ 4,868,946
1225	Taxes Receivable, Net	628,350	--	11,056	639,406
1240	Due from Other Governments	2,169,497	--	222,825	2,392,322
1260	Due from Other Funds	201,684	--	121	201,805
1000	Total Assets	6,559,890	619,222	923,367	8,102,479
1000A	Total Assets and Deferred Outflows of Resources	$ 6,559,890	$ 619,222	$ 923,367	$ 8,102,479
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	$ 228,146	$ 364,378	$ --	$ 592,524
2150	Payroll Deductions & Withholdings	33,266	--	--	33,266
2160	Accrued Wages Payable	168,552	--	--	168,552
2170	Due to Other Funds	121	--	201,684	201,805
2180	Due to Other Governments	5,400	--	2,905	8,305
2190	Due to Student Groups	1,000	--	--	1,000
2300	Unearned Revenue	--	--	18,576	18,576
2000	Total Liabilities	436,485	364,378	223,165	1,024,028
	DEFERRED INFLOWS OF RESOURCES:				
2601	Unavailable Revenue - Property Taxes	628,350	--	11,056	639,406
2600	Total Deferred Inflows of Resources	628,350	--	11,056	639,406
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	300,077	300,077
3480	Retirement of Long-Term Debt	--	--	357,457	357,457
3490	Other Restrictions of Fund Balance	--	254,844	31,612	286,456
	Committed Fund Balances:				
3530	Capital Expenditures for Equipment	825,000	--	--	825,000
3600	Unassigned	4,670,055	--	--	4,670,055
3000	Total Fund Balances	5,495,055	254,844	689,146	6,439,045
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 6,559,890	$ 619,222	$ 923,367	$ 8,102,479

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 POSITION
AUGUST 31, 2013

Total fund balances - governmental funds balance sheet	$	6,439,045
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		16,758,573
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		639,406
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		160,541
Payables for bond principal which are not due in the current period are not reported in the funds.		(3,783,952)
Payables for bond interest which are not due in the current period are not reported in the funds.		(2,998)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(85,400)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		49,651
Net position of governmental activities - Statement of Net Position	$	20,174,866

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, 2013

Data Control Codes		10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	Local and Intermediate Sources	$ 6,321,069	$ --	$ 555,778	$ 6,876,847
5800	State Program Revenues	7,728,534	--	176,872	7,905,406
5900	Federal Program Revenues	542,388	--	2,380,956	2,923,344
5020	Total Revenues	14,591,991	--	3,113,606	17,705,597
	EXPENDITURES:				
	Current:				
0011	Instruction	6,962,497	--	1,303,383	8,265,880
0012	Instructional Resources and Media Services	192,326	--	--	192,326
0013	Curriculum and Staff Development	55,534	--	144,011	199,545
0021	Instructional Leadership	209,471	--	117,879	327,350
0023	School Leadership	928,360	--	5,029	933,389
0031	Guidance, Counseling, & Evaluation Services	332,073	--	200,788	532,861
0033	Health Services	245,832	--	--	245,832
0034	Student Transportation	456,972	--	--	456,972
0035	Food Service	--	--	1,057,638	1,057,638
0036	Cocurricular/Extracurricular Activities	583,775	--	646	584,421
0041	General Administration	791,005	--	--	791,005
0051	Facilities Maintenance and Operations	2,813,322	--	--	2,813,322
0052	Security and Monitoring Services	78,942	--	--	78,942
0053	Data Processing Services	239,169	--	--	239,169
0071	Principal on Long-term Debt	--	--	175,000	175,000
0072	Interest on Long-term Debt	--	--	74,575	74,575
0073	Bond Issuance Costs and Fees	--	36,000	500	36,500
0081	Capital Outlay	--	1,509,156	--	1,509,156
0095	Payments to Juvenile Justice Altermative				
0095	Education Programs	--	--	15,123	15,123
0099	Other Intergovernmental Charges	104,517	--	--	104,517
6030	Total Expenditures	13,993,795	1,545,156	3,094,572	18,633,523
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	598,196	(1,545,156)	19,034	(927,926)
	Other Financing Sources and (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	1,800,000	--	1,800,000
7080	Total Other Financing Sources and (Uses)	--	1,800,000	--	1,800,000
1200	Net Change in Fund Balances	598,196	254,844	19,034	872,074
0100	Fund Balances - Beginning	4,896,859	--	670,112	5,566,971
3000	Fund Balances - Ending	$ 5,495,055	$ 254,844	$ 689,146	$ 6,439,045

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, 2013

Net change in fund balances - total governmental funds	$	872,074
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		1,827,619
The depreciation of capital assets used in governmental activities is not reported in the funds.		(725,011)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(126,007)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		175,000
Deferred loss on bond refunding is amortized in the SOA but is not reported in the funds.		6,246
(Increase) decrease in accrued interest from beginning of period to end of period.		219
The net revenue (expense) of internal service funds is reported with governmental activities.		(79,009)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		15,798
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(1,800,000)
Change in net position of governmental activities - Statement of Activities	$	166,929

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
	ASSETS:		
	Current Assets:		
1110	Cash and Cash Equivalents	$ 19,256	$ 245,350
	Total Current Assets	19,256	245,350
1000	Total Assets	19,256	245,350
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	$ --	$ 84,809
	Total Current Liabilities	--	84,809
2000	Total Liabilities	--	84,809
	NET POSITION:		
3900	Unrestricted	19,256	160,541
3000	Total Net Position	$ 19,256	$ 160,541

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	$ 36,493	$ 39,125
5020	Total Revenues	36,493	39,125
	OPERATING EXPENSES:		
6100	Payroll Costs	2,000	--
6200	Professional and Contracted Services	794	--
6300	Supplies and Materials	30,453	--
6400	Other Operating Costs	272	118,134
6030	Total Expenses	33,519	118,134
1300	Change in Net Position	2,974	(79,009)
0100	Total Net Position - Beginning	16,282	239,550
3300	Total Net Position - Ending	$ 19,256	$ 160,541

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, 2013

	Nonmajor Enterprise Funds	Nonmaior Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 36,493	$ 39,125
Cash Payments for payroll costs	(2,000)	
Cash Payments to Other Suppliers for Goods and Services	(31,560)	(104,889)
Net Cash Provided (Used) by Operating Activities	2,933	(65,764)
Net Increase (Decrease) in Cash and Cash Equivalents	2,933	(65,764)
Cash and Cash Equivalents at Beginning of Year	16,323	311,114
Cash and Cash Equivalents at End of Year	$ 19,256	$ 245,350
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ 2,974	$ (79,009)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	--
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	(41)	13,245
Increase (Decrease) in Other Liabilities	--	--
Total Adjustments	(41)	13,245
Net Cash Provided (Used) by Operating Activities	$ 2,933	$ (65,764)

The accompanying notes are an integral part of this statement.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

Data Control Codes		Private Purpose Trust Fund	Agency Fund
		Scholarship Fund	Student Activity
	ASSETS:		
1110	Cash and Cash Equivalents	$ 86,192	$ 42,792
1000	Total Assets	86,192	42,792
	LIABILITIES:		
	Current Liabilities:		
2190	Due to Student Groups	$ --	$ 42,792
2000	Total Liabilities	--	42,792
	NET POSITION:		
3800	Held in Trust for Investments	86,192	--
3000	Total Net Position	$ 86,192	$ --

The accompanying notes are an integral part of this statement.

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 and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position 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.

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.

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

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

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

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:

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

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, [deferred] [outflows] [of] [resources], represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, [deferred] [inflows] [of] [resources], represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

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

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

g. Compensated Absences

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

h. 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 positions.

i. Use of Estimates

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

j. 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.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for

any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

l. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

m. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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:

Violation	Action Taken
None reported	Not applicable

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

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $997,890 and the bank balance was $1,270,958. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investment at August 31, 2013 are shown below.

Investment or Investment Type	Maturity	Fair Value
Texpool	57 days	$ 4,264,644
Total Investments		$ 4,264,644

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, 2013, 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:

Investment	Rating	Rating Agency
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.

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, 2013:

	General Fund	Debt Service Fund	Total
Property taxes receivable - delinquent	$ 1,596,264	$ 70,661	$ 1,666,925
Allowance for uncollectible taxes	(967,915)	(59,604)	(1,027,519)
Property taxes receivable, net	$ 628,349	$ 11,057	$ 639,406

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 471,743	$ --	$ --	$ 471,743
Construction in progress	--	1,509,156	--	1,509,156
Total capital assets not being depreciated	471,743	1,509,156	--	1,980,899
Capital assets being depreciated:				
Buildings and improvements	25,179,779	78,662	--	25,258,441
Equipment	1,042,942	223,748	21,070	1,245,620
Vehicles	1,166,381	16,053	--	1,182,434
Infrastructure	81,632	--	--	81,632
Total capital assets being depreciated	27,470,734	318,463	21,070	27,768,127
Less accumulated depreciation for:				
Buildings and improvements	(10,508,808)	(606,468)	--	(11,115,276)
Equipment	(869,572)	(56,316)	(21,070)	(904,818)
Vehicles	(885,548)	(59,506)	--	(945,054)
Infrastructure	(22,584)	(2,721)	--	(25,305)
Total accumulated depreciation	(12,286,512)	(725,011)	(21,070)	(12,990,453)
Total capital assets being depreciated, net	15,184,222	(406,548)	--	14,777,674
Governmental activities capital assets, net	$ 15,655,965	$ 1,102,608	$ --	$ 16,758,573

Depreciation was charged to functions as follows:

Instruction	$	335,821
Instructional Resources and Media Services		5,531
Curriculum and Staff Development		5,739
Instructional Leadership		9,414
School Leadership		26,843
Guidance, Counseling, & Evaluation Services		15,324
Health Services		7,070
Student Transportation		83,114
Food Services		38,604
Extracurricular Activities		62,921
General Administration		22,294
Plant Maintenance and Operations		103,188
Security and Monitoring Services		2,270
Data Processing Services		6,878
	$	725,011

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2013, consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
General Fund	Other Governmental Funds	$	201,684	Short-term loans
Other Governmental Funds	General Fund		121	Short-term loans
	Total	$	201,805	

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, 2013, consisted of the following:

Transfers From	Transfers To	Amount	Reason

None

G. 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, 2013.

H. 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.

In July, 2013, the District issued $1,800,000 in Qualified Zone Academy Bonds(QZAB) for an Energy Conservation Project. Under federal law, the District does not pay interest on the bonds. The bond holders receive a refundable tax credit determined by federal law.

Bonds Payable

Bonds payable at August 31, 2013 are comprised of the following:

	Payment Source	Original Amount	Interest	Balance @ 08/31/13
Unlimited Tax Refunding Bonds-Series 2010	Debt Service Fund	$ 2,275,000	2.0-4.0%	$ 1,890,000
Qualified Zone Academy Bonds - 2013	General Fund	1,800,000	--	1,800,000
			Totals	$ 3,690,000

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, 2013, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Unlimited Tax Refunding Bonds-Series 2010	$ 2,065,000	$ --	$ 175,000	$ 1,890,000	180,000
Qualified Zone Academy Bonds - 2013	--	1,800,000	--	1,800,000	120,000
	2,065,000	1,800,000	175,000	3,690,000	300,000
Deferred Charge on Series 2010 Refunding	(56,655)	--	(56,655)	--	--
Premium on Series 2010 Refunding	107,202	--	13,250	93,952	13,250
Compensated absences *	101,198	--	15,798	85,400	16,000
Total governmental activities	$ 2,216,745	$ 1,800,000	$ 147,393	$ 3,869,352	$ 329,250

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on the refunding bonds at August 31, 2013, are as follows:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
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	210,000	41,200	251,200
2019-2022	925,000	75,900	1,000,900
Totals	$ 1,890,000	$ 356,725	$ 2,246,725

Debt service requirements on the Qualified Zone Accademy Bonds at August 31, 2013 are as follows:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
2014	$ 120,000	$ --	$ 120,000
2015	120,000	--	120,000
2016	120,000	--	120,000
2017	120,000	--	120,000
2018	120,000	--	120,000
2019-2023	600,000	--	600,000
2024-2028	600,000	--	600,000
Totals	$ 1,800,000	$ --	$ 1,800,000

3. Advance Refunding of Debt

The District had no outstanding refunded debt at August 31, 2013.

I. Commitments Under Noncapitalized Leases

The District had no material commitments under noncapitalized leases at August 31, 2013.

J. 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 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

K. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special

authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less that 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 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. 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, 2013, 2012 and 2011 were $465,465, $460,912 and $652,173, respectively. The District paid additional state contributions for the years ending August 31, 2013, 2012 and 2011 in the amount of $71,396, $49,112 and $58,425, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

L. 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 0.5% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. For the years ended August 31, 2013, 2012, and 2011, the State's contributions to TRS-Care were $98,659, $95,484, and $101,903, respectively, the active member contributions were $54,262, $52,516, and $56,240, respectively, and the District's contributions were $64,129, $62,064, and $66,234, 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 (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, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were $26,062, $25,163, and $23,692, respectively.

M. Employee Health Care Coverage

During the year ended August 31, 2013, 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.

N. 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 31,2013.

O. Shared Services Arrangements

P. Subsequent Events

No events occurred subsequent to August 31, 2013 that require disclosure in the financial statements.

Q. 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 $84,809 includes incurred but not reported claims. This liability at August 31, 2013 is based on the requirements of the Governmental Accounting Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been

incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

	Liability, Beginning of Year	Claims and Estimates	Claim Payments	Liability, End of Year
2011 Workers' Compensation	$ 99,350	$ 19,511	$ 29,446	$ 89,415
2012 Workers' Compensation	89,415	33,239	51,090	71,564
2013 Workers' Compensatio	71,564	74,072	60,827	84,809

R. Adjustment to Beginning Net Position

Due to the early implementation of GASB 65, as discussed in Note A, most issuance costs for debt are no longer capitalized and amortized but rather expensed as incurred. This statement, then, requires the removal of deferred charges for issuance costs previously capitalized and reduces the beginning net position in the amount of $49,794.

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, 2013

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	Local and Intermediate Sources	$ 6,403,244	$ 6,424,924	$ 6,321,069	$ (103,855)
5800	State Program Revenues	7,037,795	7,037,795	7,728,534	690,739
5900	Federal Program Revenues	130,000	510,815	542,388	31,573
5020	Total Revenues	13,571,039	13,973,534	14,591,991	618,457
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	6,757,777	6,989,691	6,962,497	27,194
0012	Instructional Resources and Media Services	208,143	229,143	192,326	36,817
0013	Curriculum and Staff Development	42,421	63,121	55,534	7,587
	Total Instruction & Instr. Related Services	7,008,340	7,281,954	7,210,357	71,597
	Instructional and School Leadership:				
0021	Instructional Leadership	192,876	221,402	209,471	11,931
0023	School Leadership	945,500	955,500	928,360	27,140
	Total Instructional & School Leadership	1,138,376	1,176,902	1,137,831	39,071
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	336,645	332,963	332,073	890
0033	Health Services	247,509	246,109	245,832	277
0034	Student (Pupil) Transportation	481,900	481,395	456,972	24,423
0036	Cocurricular/Extracurricular Activities	584,392	586,071	583,775	2,296
	Total Support Services - Student (Pupil)	1,650,446	1,646,538	1,618,652	27,886
	Administrative Support Services:				
0041	General Administration	737,993	799,494	791,005	8,489
	Total Administrative Support Services	737,993	799,494	791,005	8,489
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	2,580,656	2,858,418	2,813,322	45,096
0052	Security and Monitoring Services	89,785	89,785	78,942	10,843
0053	Data Processing Services	248,194	248,194	239,169	9,025
	Total Support Services - Nonstudent Based	2,918,634	3,196,396	3,131,433	64,963
0099	Other Intergovernmental Charges	125,500	125,500	104,517	20,983
	Total Intergovernmental Charges	125,500	125,500	104,517	20,983
6030	Total Expenditures	13,579,289	14,226,784	13,993,795	232,989
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(8,250)	(253,250)	598,196	851,446
1200	Net Change in Fund Balance	(8,250)	(253,250)	598,196	851,446
0100	Fund Balance - Beginning	--	--	4,896,859	4,896,859
3000	Fund Balance - Ending	$ (8,250)	$ (253,250)	$ 5,495,055	$ 5,748,305

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, 2013

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:			
1110	Cash and Cash Equivalents	$ 317,922	$ 371,443	$ 689,365
1225	Taxes Receivable, Net	--	11,056	11,056
1240	Due from Other Governments	222,825	--	222,825
1260	Due from Other Funds	121	--	121
1000	Total Assets	540,868	382,499	923,367
1000A	Total Assets and Deferred Outflows of Resources	$ 540,868	$ 382,499	$ 923,367
	LIABILITIES:			
	Current Liabilities:			
2170	Due to Other Funds	$ 201,684	$ --	$ 201,684
2180	Due to Other Governments	2,905	--	2,905
2300	Unearned Revenue	4,590	13,986	18,576
2000	Total Liabilities	209,179	13,986	223,165
	DEFERRED INFLOWS OF RESOURCES:			
2601	Unavailable Revenue - Property Taxes	--	11,056	11,056
2600	Total Deferred Inflows of Resources	--	11,056	11,056
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	300,077	--	300,077
3480	Retirement of Long-Term Debt	--	357,457	357,457
3490	Other Restrictions of Fund Balance	31,612	--	31,612
3000	Total Fund Balances	331,689	357,457	689,146
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 540,868	$ 382,499	$ 923,367

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:			
5700	Local and Intermediate Sources	$ 313,947	$ 241,831	$ 555,778
5800	State Program Revenues	176,642	230	176,872
5900	Federal Program Revenues	2,380,956	--	2,380,956
5020	Total Revenues	2,871,545	242,061	3,113,606
	EXPENDITURES:			
	Current:			
0011	Instruction	1,303,383	--	1,303,383
0013	Curriculum and Staff Development	144,011	--	144,011
0021	Instructional Leadership	117,879	--	117,879
0023	School Leadership	5,029	--	5,029
0031	Guidance, Counseling, & Evaluation Services	200,788	--	200,788
0035	Food Service	1,057,638	--	1,057,638
0036	Cocurricular/Extracurricular Activities	646	--	646
0071	Principal on Long-term Debt	--	175,000	175,000
0072	Interest on Long-term Debt	--	74,575	74,575
0073	Bond Issuance Costs and Fees	--	500	500
0095	Payments to Juvenile Justice Altermative			
0095	Education Programs	15,123	--	15,123
6030	Total Expenditures	2,844,497	250,075	3,094,572
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	27,048	(8,014)	19,034
1200	Net Change in Fund Balances	27,048	(8,014)	19,034
0100	Fund Balances - Beginning	304,641	365,471	670,112
3000	Fund Balances - Ending	$ 331,689	$ 357,457	$ 689,146

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

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	$ --	$ --	$ --	$ 230,359
1240	Due from Other Governments	45,129	53,927	394	21,141
1260	Due from Other Funds	--	--	--	--
1000	Total Assets	45,129	53,927	394	251,500
1000A	Total Assets and Deferred Outflows of Resources	$ 45,129	$ 53,927	$ 394	$ 251,500
	LIABILITIES:				
	Current Liabilities:				
2170	Due to Other Funds	$ 45,129	$ 53,927	$ 394	$ --
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	45,129	53,927	394	--
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--	251,500
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	251,500
4000	Total Liabilities and Fund Balances	$ 45,129	$ 53,927	$ 394	$ 251,500

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	288 Summer School LEP
$ 47,877	$ --	$ --	$ --	$ 3,960
--	--	36,411	672	--
--	--	--	--	--
47,877	--	36,411	672	3,960
$ 47,877	$ --	$ 36,411	$ 672	$ 3,960
$ --	$ --	$ 36,411	$ 672	$ --
--	--	--	--	--
--	--	--	--	3,960
--	--	36,411	672	3,960
47,877	--	--	--	--
--	--	--	--	--
47,877	--	--	--	--
$ 47,877	$ --	$ 36,411	$ 672	$ 3,960

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes		289 ILTSL Library Grant	390 LEP Summer Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
	ASSETS:				
1110	Cash and Cash Equivalents	$ --	$ 1,299	$ 1,313	$ 2,873
1240	Due from Other Governments	32,654	--	--	--
1260	Due from Other Funds	--	121	--	--
1000	Total Assets	32,654	1,420	1,313	2,873
1000A	Total Assets and Deferred Outflows of Resource:	$ 32,654	$ 1,420	$ 1,313	$ 2,873
	LIABILITIES:				
	Current Liabilities:				
2170	Due to Other Funds	$ 32,654	$ --	$ --	$ --
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	630	--
2000	Total Liabilities	32,654	--	630	--
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	683	--
3490	Other Restrictions of Fund Balance	--	1,420	--	2,873
3000	Total Fund Balances	--	1,420	683	2,873
4000	Total Liabilities and Fund Balances	$ 32,654	$ 1,420	$ 1,313	$ 2,873

404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
$ --	$ 17	$ --	$ 30,224	$ 317,922
2,860	29,637	--	--	222,825
--	--	--	--	121
2,860	29,654	--	30,224	540,868
$ 2,860	$ 29,654	$ --	$ 30,224	$ 540,868
$ 2,860	$ 29,637	$ --	$ --	$ 201,684
--	--	--	2,905	2,905
--	--	--	--	4,590
2,860	29,637	--	2,905	209,179
--	17	--	--	300,077
--	--	--	27,319	31,612
--	17	--	27,319	331,689
$ 2,860	$ 29,654	$ --	$ 30,224	$ 540,868

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, 2013

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	$ --	$ --	$ --	$ 265,597
5800	State Program Revenues	--	--	--	6,111
5900	Federal Program Revenues	829,345	375,956	11,377	810,811
5020	Total Revenues	829,345	375,956	11,377	1,082,519
	EXPENDITURES:				
	Current:				
0011	Instruction	613,321	217,427	11,377	--
0013	Curriculum and Staff Development	57,022	--	--	--
0021	Instructional Leadership	81,324	34,544	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	62,555	123,985	--	--
0035	Food Service	--	--	--	1,042,761
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0095	Payments to Juvenile Justice Altermative				
0095	Education Programs	15,123	--	--	--
6030	Total Expenditures	829,345	375,956	11,377	1,042,761
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	39,758
1200	Net Change in Fund Balances	--	--	--	39,758
0100	Fund Balances - Beginning	--	--	--	211,742
3000	Fund Balances - Ending	$ --	$ --	$ --	$ 251,500

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	288 Summer School LEP
$ 1,461	$ --	$ --	$ --	$ --
--	--	--	--	--
27,074	31,901	196,474	15,601	864
28,535	31,901	196,474	15,601	864
--	17,653	118,733	15,601	864
--	--	75,730	--	--
--	--	2,011	--	--
--	--	--	--	--
--	14,248	--	--	--
14,877	--	--	--	--
--	--	--	--	--
--	--	--	--	--
14,877	31,901	196,474	15,601	864
13,658	--	--	--	--
13,658	--	--	--	--
34,219	--	--	--	--
$ 47,877	$ --	$ --	$ --	$ --

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, 2013

Data Control Codes		289 ILTSL Library Grant	390 LEP Summer Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
	REVENUES:				
5700	Local and Intermediate Sources	$ --	$ --	$ --	$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	81,553	--	--	--
5020	Total Revenues	81,553	--	--	--
	EXPENDITURES:				
	Current:				
0011	Instruction	81,553	--	--	--
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 Altermative				
0095	Education Programs	--	--	--	--
6030	Total Expenditures	81,553	--	--	--
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	1,420	683	2,873
3000	Fund Balances - Ending	$ --	$ 1,420	$ 683	$ 2,873

404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
$ --	$ --	$ --	$ 46,889	$ 313,947
10,679	159,852	--	--	176,642
--	--	--	--	2,380,956
10,679	159,852	--	46,889	2,871,545
10,679	149,026	21,710	45,439	1,303,383
--	10,809	--	450	144,011
--	--	--	--	117,879
--	--	--	5,029	5,029
--	--	--	--	200,788
--	--	--	--	1,057,638
--	--	--	646	646
--	--	--	--	15,123
10,679	159,835	21,710	51,564	2,844,497
--	17	(21,710)	(4,675)	27,048
--	17	(21,710)	(4,675)	27,048
--	--	21,710	31,994	304,641
$ --	$ 17	$ --	$ 27,319	$ 331,689

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2013

Data Control Codes		Enterprise Fund Athletic Enterprise Fund	Enterprise Fund Catering Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
	ASSETS:			
	Current Assets:			
1110	Cash and Cash Equivalents	$ 16,876	$ 2,380	$ 19,256
	Total Current Assets	16,876	2,380	19,256
1000	Total Assets	16,876	2,380	19,256
	LIABILITIES:			
2000	Total Liabilities	--	--	--
	NET POSITION:			
3900	Unrestricted	$ 16,876	$ 2,380	$ 19,256
3000	Total Net Position	$ 16,876	$ 2,380	$ 19,256

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		Enterprise Fund Athletic Enterprise Fund	Enterprise Fund Catering Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
	OPERATING REVENUES:			
5700	Local and Intermediate Sources	$ 26,690	$ 9,803	$ 36,493
5020	Total Revenues	26,690	9,803	36,493
	OPERATING EXPENSES:			
6100	Payroll Costs	--	2,000	2,000
6200	Professional and Contracted Services	794	--	794
6300	Supplies and Materials	24,059	6,394	30,453
6400	Other Operating Costs	272	--	272
6030	Total Expenses	25,125	8,394	33,519
1300	Change in Net Position	1,565	1,409	2,974
0100	Total Net Position - Beginning	15,311	971	16,282
3300	Total Net Position - Ending	$ 16,876	$ 2,380	$ 19,256

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	711 Athletic Enterprise Fund	740 Catering Fund	Total Nonmajor Enterprise Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 26,690	$ 9,803	$ 36,493
Cash Payments to Employees	--	(2,000)	(2,000)
Cash Payments to Suppliers for Goods and Services	(25,166)	(6,394)	(31,560)
Other Operating Cash Receipts (Payments)	--	--	--
Net Cash Provided (Used) by Operating Activities	1,524	1,409	2,933
Net Increase (Decrease) in Cash and Cash Equivalents	1,524	1,409	2,933
Cash and Cash Equivalents at Beginning of Year	15,352	971	16,323
Cash and Cash Equivalents at End of Year	$ 16,876	$ 2,380	$ 19,256
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ 1,565	$ 1,409	$ 2,974
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	--	--	--
Decrease (Increase) in Inventories	--	--	--
Decrease (Increase) in Prepaid Expenses	--	--	--
Increase (Decrease) in Accounts Payable	(41)	--	(41)
Increase (Decrease) in Payroll Deductions	--	--	--
Increase (Decrease) in Accrued Wages Payable	--	--	--
Increase (Decrease) in Interfund Payables	--	--	--
Increase (Decrease) in Due to Other Governments	--	--	--
Increase (Decrease) in Accrued Expenses	--	--	--
Increase (Decrease) in Unearned Revenue	--	--	--
Total Adjustments	(41)	--	(41)
Net Cash Provided (Used) by Operating Activities	$ 1,524	$ 1,409	$ 2,933

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, 2013

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
2004 and Prior Years	$ Various	$ Various	$ Various
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	1.0314	.04	571,021,766
2013 (School Year Under Audit)	1.03	.04	573,088,167
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

Delinquent Property Taxes Receivable Exhibit C-1

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
$ 508,556	$ --	$ 11,699	$ 598	$ (38,356)	$ 457,903
88,541	--	1,947	118	(181)	86,295
92,589	--	4,479	272	(354)	87,484
103,690	--	15,578	1,035	(174)	86,903
125,787	--	40,601	1,181	(101)	83,904
162,404	--	11,352	330	2,134	152,856
175,953	--	31,051	1,204	2,197	145,895
167,812	--	58,038	2,251	70	107,593
283,600	--	132,082	5,123	(1,193)	145,202
--	6,139,952	5,670,444	219,917	56,655	306,246
$ 1,708,932	$ 6,139,952	$ 5,977,271	$ 232,029	$ 20,697	$ 1,660,281
$ --	$ --	$ --	$ --	$ --	$ --

$	1,660,281
	6,644
	(1,027,519)
$	639,406

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

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	$ --	$ --	$ 235,691	$ 317,217	$ --	$ --	$ 552,908
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	--	--	32,965	--	--	--	32,965
6212	Audit Services	--	--	--	12,800	--	--	12,800
6213	Tax Appraisal and Collection	--	120,067	--	--	--	--	120,067
621X	Other Prof. Services	--	--	11,390	--	--	--	11,390
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	4,275	--	6,560	5,240	--	--	16,075
6240	Contr. Maint. and Repair	--	--	--	--	36,288	--	36,288
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	1,438	--	--	1,438
6290	Miscellaneous Contr.	--	--	--	--	--	630	630
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	116	--	--	--	116
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	825	--	9,249	9,116	--	--	19,190
6410	Travel, Subsistence, Stipends	8,177	--	11,345	3,815	--	--	23,337
6420	Ins. and Bonding Costs	6,361	--	--	--	--	--	6,361
6430	Election Costs	1,823	--	--	--	--	--	1,823
6490	Miscellaneous Operating	1,543	--	22,874	9,659	--	--	34,076
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--				--	26,058	26,058
	Total	$ 23,004	$ 120,067	$ 330,190	$ 359,285	$ 36,288	$ 26,688	$ 895,522

Total Expenditures for General and Special Revenue Funds	(9)		$ 16,838,292
LESS: Deductions of Unallowable Costs			
FISCAL YEAR			
Total Capital Outlay (6600)	(10)	$ 758,738	
Total Debt & Lease (6500)	(11)	$ --	
Plant Maintenance (Function 51, 6100-6400)	(12)	$ 2,708,514	
Food (Function 35, 6341 and 6499)	(13)	$ 394,337	
Stipends (6413)	(14)	$ --	
Column 4 (above) - Total Indirect Cost		$ 359,285	
Subtotal			4,220,874
Net Allowed Direct Cost			$ 12,617,418
CUMULATIVE			
Total Cost of Buildings Before Depreciation (1520)	(15)		$ 25,258,440
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)		2,428,053
Historical Cost of Furniture & Equipment over 16 years old	(19)		216,406
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)		$ 391,449

(8) Note A - No Function 53 expenditures and $104,517 in Function 99 expenditures are included in this report on administrative costs.

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2013
UNAUDITED

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2013 (Exhibit C-1 object 3000 for the General Fund only)	$ 5,495,055
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	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)	2,000,000
7	Estimate of two months' average cash disbursements during the fiscal year	2,500,000
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)	5,525,000
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	$ (29,945)

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

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 196,100	$ 265,597	$ 69,497
5800	State Program Revenues	7,000	6,111	(889)
5900	Federal Program Revenues	805,550	810,811	5,261
5020	Total Revenues	1,008,650	1,082,519	73,869
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	1,054,150	1,042,761	11,389
	Total Support Services - Student (Pupil)	1,054,150	1,042,761	11,389
6030	Total Expenditures	1,054,150	1,042,761	11,389
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(45,500)	39,758	85,258
1200	Net Change in Fund Balance	(45,500)	39,758	85,258
0100	Fund Balance - Beginning	211,742	211,742	--
3000	Fund Balance - Ending	$ 166,242	$ 251,500	$ 85,258

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 249,681	$ 241,831	$ (7,850)
5800	State Program Revenues	230	230	--
5020	Total Revenues	249,911	242,061	(7,850)
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	175,000	175,000	--
0072	Interest on Long-Term Debt	74,575	74,575	--
0073	Bond Issuance Costs and Fees	1,000	500	500
	Total Debt Service	250,575	250,075	500
6030	Total Expenditures	250,575	250,075	500
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(664)	(8,014)	(7,350)
1200	Net Change in Fund Balance	(664)	(8,014)	(7,350)
0100	Fund Balance - Beginning	365,471	365,471	--
3000	Fund Balance - Ending	$ 364,807	$ 357,457	$ (7,350)

Michael A. Arnold, PLLC

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

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545
FAX (361) 790-9692

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise Aransas Pass Independent School District's basic financial statements, and have issued our report thereon dated January 8, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aransas Pass Independent School District's financial statements are free from 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*.

Aransas Pass Independent School District's Response to Findings

Aransas Pass Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Aransas Pass Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Michael A. Arnold, PLLC

Rockport, Texas
January 8, 2014

Michael A. Arnold, PLLC

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

CERTIFIED PUBLIC ACCOUNTANT

PHONE (361) 729-3545
FAX (361) 790-9692

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by 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:

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Aransas Pass Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Aransas Pass Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Aransas Pass Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of Aransas Pass Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Aransas Pass Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Michael A. Arnold, PLLC

Rockport, Texas
January 8, 2014

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified		
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:	Unmodified		
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:

CFDA Number(s)	Name of Federal Program or Cluster
84.010a	ESEA Title I Part A - Improving Basic Programs
84.367a	ESEA Title II Part A - Teacher & Principal Training and Recruiting

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, 2013

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

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

N/A

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(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 and ESC, Region 2:			
ILTSL Library Grant	84.364A	69551202	$ 81,553
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	1361010205901	788,112
ESEA Title I Part A - Improving Basic Programs *	84.010a	14610101205901	41,233
Total CFDA Number 84.010a			829,345
IDEA-B Formula *	84.027	136600012059016600	338,202
IDEA-B Formula *	84.027	146600012059016600	37,754
Total CFDA Number 84.027			375,956
Career and Technical - Basic Grant	84.048	13420006205901	31,901
IDEA-B Preschool *	84.173	136610012059016610	10,983
IDEA-B Preschool *	84.173	146610012059016610	394
Total CFDA Number 84.173			11,377
Title III Part A English Language Acquisition and Language Enhancer	84.365	13671001205901	14,929
Title III Part A English Language Acquisition and Language Enhancer	84.365	14671001205901	672
Total CFDA Number 84.365			15,601
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	13694501205901	160,063
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	14694501205901	36,411
Total CFDA Number 84.367a			196,474
Summer School LEP	84.369A	69551202	864
Total Passed Through State Department of Education			1,461,518
Total U. S. Department of Education			1,543,071
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.00	205-901	65,313
Total U. S. Department of Defense			65,313
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Human Services:			
Summer Food Service Program *	10.559	205-901	27,074
Commodity Supplemental Food Program (Non-cash) *	10.565	205-901	61,198
Total Passed Through State Department of Human Services			88,272
Passed Through State Department of Education:			
School Breakfast Program *	10.553	205-901	169,268
National School Lunch Program *	10.555	205-901	580,345
Total Passed Through State Department of Education			749,613
Total U. S. Department of Agriculture			837,885
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,446,269

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

The accompanying notes are an integral part of this schedule.

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	$	2,446,269
Other federal revenues:		
U.S. Department of Health and Human Services:		
School Health & Related Services (SHARS)		468,206
Medicare Administrative Claims		8,871
Federal Program Revenues, Exhibit C-2	$	2,923,346

ARANSAS PASS INDEPENDENT SCHOOL DISTRICT

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

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 unmodified 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?	$ --