
**KYRENE ELEMENTARY
SCHOOL DISTRICT NO. 28**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TEMPE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Issued by:
Business and Finance Department

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

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INTRODUCTORY SECTION

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December 18, 2014

Middle Schools

- Akimel A-al
- Altadena
- Aprende
- Centennial
- Kyrene
- Pueblo

Citizens and Governing Board
 Kyrene Elementary School District No. 28
 8700 South Kyrene Rd.
 Tempe, AZ 85284-2197

Elementary Schools

- Brisas
- Cerritos
- Cielo
- Colina
- Esperanza
- Estrella
- Lagos
- Lomas
- Manitas
- Mariposa
- Milenio
- Mirada
- Monte Vista
- Niños
- Norte
- Paloma
- Sierra
- Traditional/Sureño
- C.I. Waggoner

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Kyrene Elementary School District No. 28 (District) for the fiscal year ended June 30, 2014.

Administration

- David K. Schauer, Ed.D.
Superintendent
- Gina Taylor, Ed.D.
*Assistant Superintendent
Educational Services*
- Mark Knight, Ph.D.
*Assistant Superintendent
Human Resource Services*
- Lorah J. Neville, M.A. Ed
*Executive Director, Curriculum
and Learning Services*
- Jeremy Calles
Chief Financial Officer

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Governing Board

- Beth Brizel
- Bernadette Coggins
- Michelle Hirsch
- John King
- Ross Robb

The District’s financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an

Celebrating over 120 years of excellence in education

unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an estimated current enrollment of 17,670 students.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

The State continues to recover slowly and the Arizona Supreme Court has recently ruled that the State owes additional funding to the School Districts since inflation was not funded during the recession. It is believed that the low point of the recession is behind us and we will continue to recover. The Arizona State Retirement System has begun lowering contribution rates for employees and employers. In Kyrene, the amount of funds held back in Reserves has peaked and the District has made the conscious decision to reinvest a portion of these funds back into the educational system. This investment is expected to lead to greater academic success and increased student enrollment.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have overexpenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The economy of the District is reflective of that of Tempe, Chandler and Phoenix. The statistical section of this report has information respective of those cities. Residents within the District boundaries have access to numerous employers outside the aforementioned cities but within Maricopa County.

Long-term Financial Planning. The District has a conservative strategy that helps minimize the impact during an economic downturn. The State's current deficit has resulted in legislation being passed that has reduced funding for school districts and while other districts are closing schools or eliminating programs Kyrene has remained steady by utilizing funds that have been put into reserves. The reserve funds primarily consists of cash based funds that generate revenue in excess of their costs such as Community School or Civic Center. The District has begun to draw down the balances on these funds in a conservative manner that allows the District to; maintain its bond rating, allow for a multi-year State recovery and minimize any reduction of programs and services.

The District has also put strategies into place to stabilize its enrollment. As projected by the District's contracted demographer, the Districts community has become built out and the In-District population is aging out of the elementary grades. This has caused the District to face declining enrollment in recent years and was projected to further decline our enrollment in the upcoming years. However, the District has implemented more Schools of Choice that have

attracted enrollment from outside the District's boundary. The result has shown success by stabilizing enrollment numbers over the past couple of years. The District now has an established Traditional Academy, Leadership Academy, Prep Academy and Dual Language Academy. The District has also launched a second Dual Language Academy and Leadership Academy due to the overwhelming demand.

The District has demonstrated their commitment to providing a quality education for their students by offering a free Full Day Kindergarten program despite the State's choice to no longer provide funding for Full Day Kindergarten. The success of this program is evident since the District had every student meet the new Move On When Reading standards resulting in no students being held back.

The District has maximized their budget balance carry forward by continually carrying forward almost the entire 4% maximum that is allowed by Arizona Revised Statutes. In addition, the District has prepaid a portion of their health and liability insurance costs. These strategies have helped the District to absorb budget cuts without making a significant impact on student achievement.

AWARDS AND ACKNOWLEDGMENT

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for comprehensive annual financial reports. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2014 certificates.

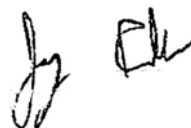
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Dr. David Schauer
Superintendent



Jeremy Calles
Chief Financial Officer

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Kyrene Elementary School District No. 28

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

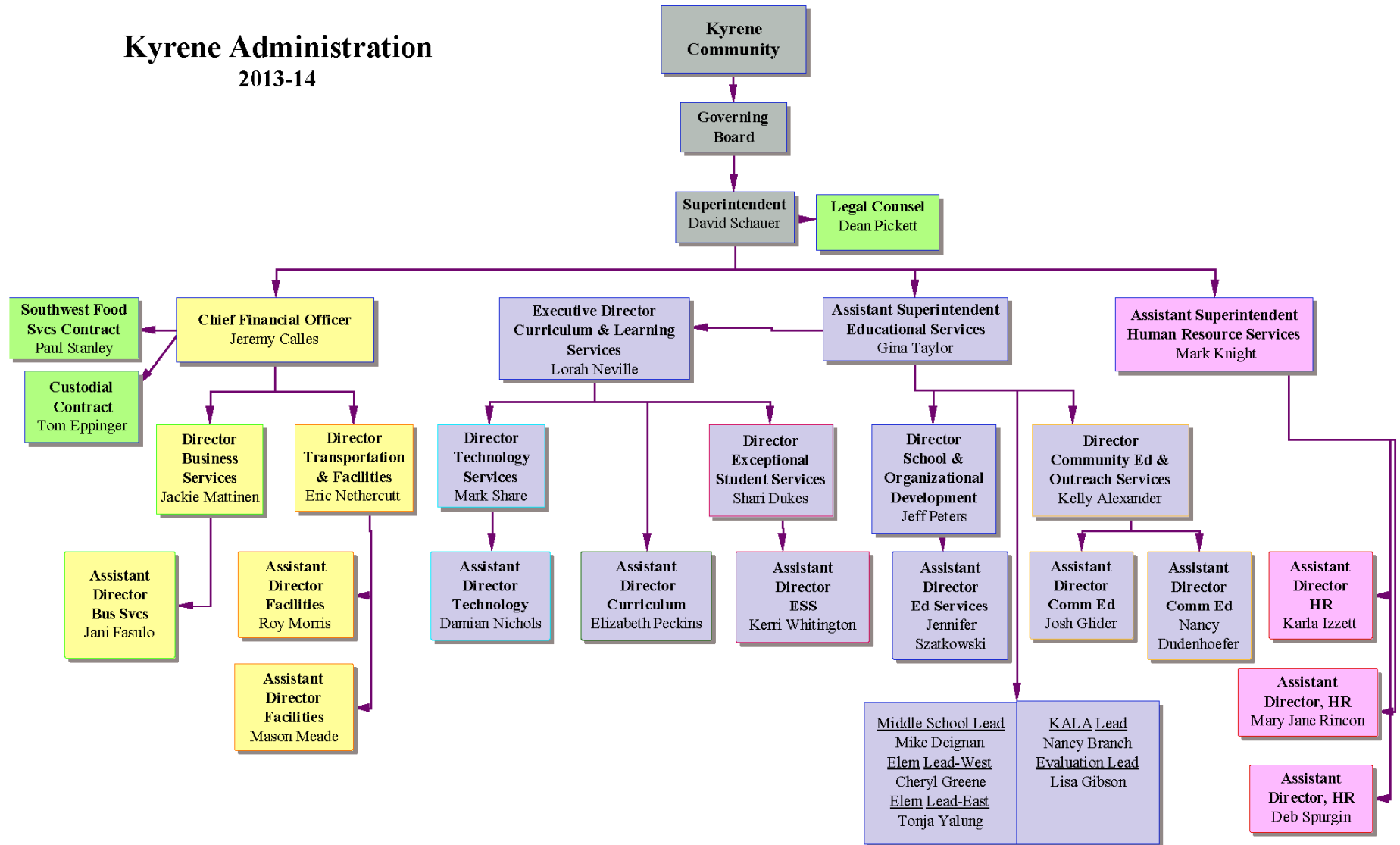
**Kyrene Elementary School District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Kyrene Administration 2013-14



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Ross Rob
President

Beth Brizel
Member

Bernadette Coggins
Vice President

Michelle Hirsch
Member

John King
Member

ADMINISTRATIVE STAFF

Dr. David K. Schauer
Superintendent

Dr. Gina Taylor
Assistant Superintendent

Dr. Mark Knight
Assistant Superintendent

Jeremy Calles
Chief Financial Officer

Lorah Neville
Executive Director

FINANCIAL SECTION

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 54 and 55 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 District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 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 fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, on our consideration of Kyrene Elementary School District No. 28's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kyrene Elementary School District No. 28's internal control over financial reporting and compliance.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of the Kyrene Elementary School District No. 28 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$4.0 million which represents a 2 percent increase from the prior fiscal year.
- General revenues accounted for \$127.2 million in revenue, or 85 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22.8 million or 15 percent of total current fiscal year revenues.
- The District had approximately \$146.1 million in expenses related to governmental activities, an increase of 2 percent from the prior fiscal year.
- Among major funds, the General Fund had \$95.6 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$97.3 million in expenditures. The General Fund's fund balance decrease from \$20.5 million at the prior fiscal year end to \$19.2 million at the end of the current fiscal year was primarily due to a decrease in the allocation of property taxes of \$4.0 million.
- The Bond Building Fund's fund balance increased \$36.7 million due to the issuance of school improvement bonds.
- Net position for the Internal Service Funds increased \$1.4 million from the prior fiscal year. Operating revenues of \$13.6 million exceeded operating expenses of \$12.3 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The internal service funds include (1) the District Services Fund which accounts for the operation of District functions that provide goods or services to other District departments on a cost reimbursement basis, (2) the Intergovernmental Agreements Fund which accounts for financial activities related to agreements with other governments where the District is the fiscal agent, (3) the Employee Benefit Trust Fund which provides employee health insurance and (4) the Workers Compensation Fund which accounts for financial activities associated with the insurance program for employee workers' compensation. Because these activities predominately benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$179.6 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	As of June 30, 2014	As of June 30, 2013 (as restated)
Current assets	\$ 122,007,117	\$ 76,499,370
Capital assets, net	230,134,674	236,316,330
Total assets	<u>352,141,791</u>	<u>312,815,700</u>
Deferred outflows	<u>3,345,776</u>	<u>4,461,035</u>
Current liabilities	8,629,860	6,320,415
Long-term liabilities	167,271,626	135,372,955
Total liabilities	<u>175,901,486</u>	<u>141,693,370</u>
Net position:		
Net investment in capital assets	114,206,682	117,106,859
Restricted	22,942,445	18,256,725
Unrestricted	42,436,954	40,219,781
Total net position	<u>\$ 179,586,081</u>	<u>\$ 175,583,365</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

At the end of the current fiscal year the District reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, and the acquisition and disposal of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

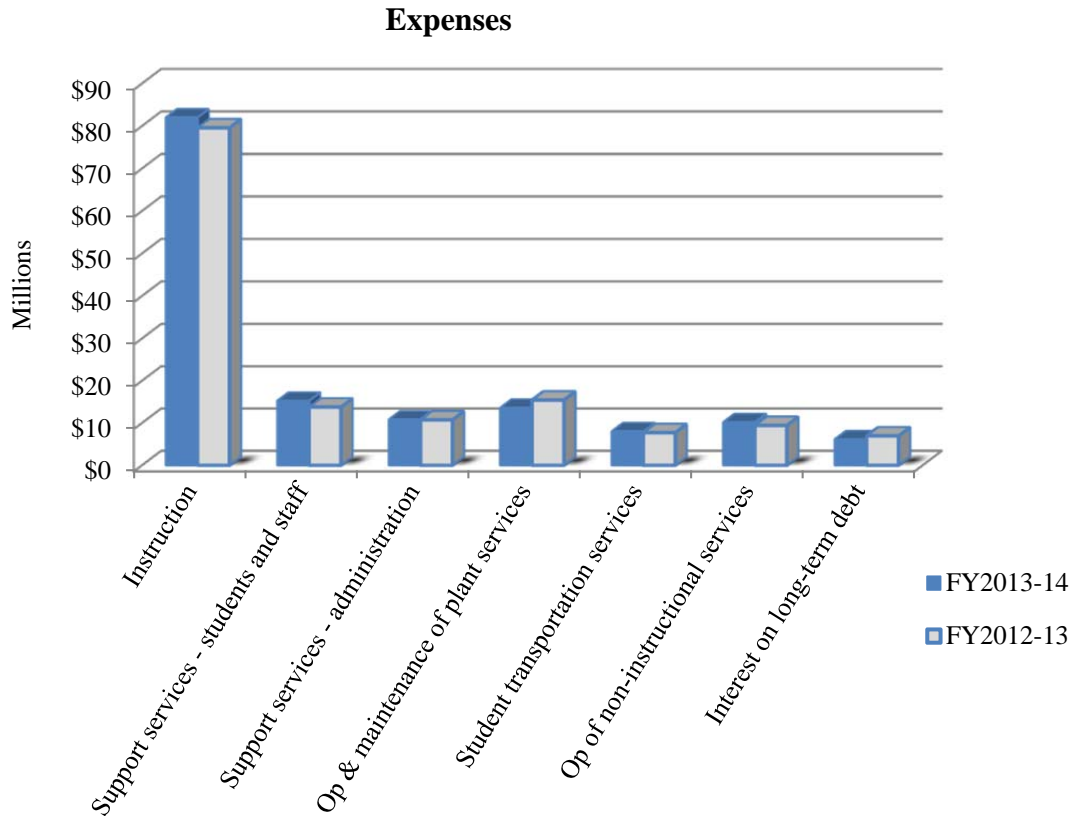
- The issuance of \$40.0 million in general obligation bonds.
- The net addition of \$4.9 million in capital assets through school improvements; energy efficiency upgrades; and the purchase of vehicles, furniture and equipment.
- The principal retirement of \$7.9 million of bonds.

Changes in net position. The District's total revenues for the current fiscal year were \$150.1 million. The total cost of all programs and services was \$146.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	<u>Fiscal Year Ended June 30, 2014</u>	<u>Fiscal Year Ended June 30, 2013 (as restated)</u>
Revenues:		
Program revenues:		
Charges for services	\$ 12,724,924	\$ 11,260,912
Operating grants and contributions	10,118,955	10,448,125
General revenues:		
Property taxes	66,210,764	68,422,096
Investment income	341,662	198,855
Unrestricted county aid	4,575,232	4,546,551
Unrestricted state aid	55,854,282	52,503,042
Unrestricted federal aid	261,894	242,139
Total revenues	<u>150,087,713</u>	<u>147,621,720</u>
Expenses:		
Instruction	82,030,946	79,578,214
Support services – students and staff	15,255,810	13,744,870
Support services – administration	10,824,855	10,744,152
Operation and maintenance of plant services	13,604,651	15,415,775
Student transportation services	8,034,589	7,724,844
Operation of non-instructional services	10,189,894	9,398,642
Interest on long-term debt	6,144,252	6,926,698
Total expenses	<u>146,084,997</u>	<u>143,533,195</u>
Changes in net position	<u>4,002,716</u>	<u>4,088,525</u>
Net position, beginning, as restated	<u>175,583,365</u>	<u>171,494,840</u>
Net position, ending	<u>\$ 179,586,081</u>	<u>\$ 175,583,365</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following are significant current year transactions that have had an impact on the change in net position.

- Unrestricted state aid increased \$3.4 million due to an increase in state equalization payments as a result of a change in the funding formula.
- Instruction expense increased \$2.5 million due to an increase in teacher compensation.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	<u>Year Ended June 30, 2014</u>		<u>Year Ended June 30, 2013</u>	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses (as restated)	Revenue (as restated)
Instruction	\$ 82,030,946	\$ (75,282,048)	\$ 79,578,214	\$ (72,899,642)
Support services – students and staff	15,255,810	(13,252,201)	13,744,870	(11,919,947)
Support services – administration	10,824,855	(10,076,473)	10,744,152	(9,419,657)
Operation and maintenance of plant services	13,604,651	(13,251,870)	15,415,775	(14,943,683)
Student transportation services	8,034,589	(7,451,535)	7,724,844	(7,063,877)
Operation of non-instructional services	10,189,894	985,943	9,398,642	904,666
Interest on long-term debt	6,144,252	(4,912,934)	6,926,698	(6,482,018)
Total	<u>\$146,084,997</u>	<u>\$(123,241,118)</u>	<u>\$ 143,533,195</u>	<u>\$(121,824,158)</u>

- The cost of all governmental activities this year was \$146.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$22.8 million.
- Net cost of governmental activities of \$123.2 million was financed by general revenues, which are made up of primarily property taxes of \$66.2 million and unrestricted state aid of \$55.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$82.8 million, an increase of \$39.9 million primarily due to the issuance of \$40.0 million of school improvement bonds.

The General Fund comprises 23 percent of the total fund balance. Approximately \$19.0 million or 99 percent of the General Fund's fund balance is unassigned.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Concl'd)

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$1.3 million to \$19.2 million as of fiscal year end was as a result of a decrease in the allocation of property taxes of \$4.0 million.

The Debt Service Fund had \$17.2 million in current fiscal year revenues and \$15.9 million in expenditures. The Debt Service Fund's fund balance increased from \$808,411 as of prior fiscal year end to \$2.2 million as of the current fiscal year end primarily due to an increase in the allocation of property tax revenues.

The fund balance in the Bond Building Fund increased \$36.7 million to \$41.4 million as of year end primarily due to the issuance of \$40.0 million in school improvement bonds.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$14.9 million, which is consistent with the District's reserve policy. Operating revenues of \$13.6 million exceeded operating expenses of \$12.3 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$5,678 decrease or less than one percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$396.4 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$4.4 million from the prior fiscal year primarily due to the construction of school improvements and energy efficient upgrades. Total depreciation expense for the current fiscal year was \$11.1 million.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2014 and June 30, 2013.

	<u>As of June 30, 2014</u>	<u>As of June 30, 2013</u>
Capital assets – non-depreciable	\$ 28,315,636	\$ 26,201,215
Capital assets – depreciable, net	201,819,038	210,115,115
Total	<u>\$ 230,134,674</u>	<u>\$ 236,316,330</u>

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$160.7 million in long-term debt outstanding, \$11.0 million due within one year. This represents a net increase of \$31.5 million due primarily to the issuance of \$40.0 million in school improvement bonds.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the total secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$245.7 million and the current Class B debt limit for the district is \$163.8 million which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the District's administration during the process of developing the fiscal year 2014-15 budget. Among them:

- Fiscal year 2013-14 budget balance carryforward (estimated \$3.2 million).
- District student population (estimated 16,485).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Concl'd)

Budgeted expenditures in the General Fund decreased 6.6 percent to \$97.5 million in fiscal year 2014-15. Decreased student count is the primary reason for the decrease. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2014-15 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department; Kyrene Elementary School District No. 28; 8700 South Kyrene Road; Tempe, Arizona 85284-2197.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 96,064,033
Property taxes receivable	6,137,790
Deposits held by others	100,000
Due from governmental entities	19,404,794
Inventory	300,500
Total current assets	122,007,117
Noncurrent assets:	
Land	26,061,982
Land improvements	34,009,763
Buildings and improvements	311,802,032
Vehicles, furniture and equipment	22,227,170
Construction in progress	2,253,654
Accumulated depreciation	(166,219,927)
Total noncurrent assets	230,134,674
Total assets	352,141,791
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	3,345,776
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,878,829
Construction contracts payable	2,138,441
Claims payable	977,000
Accrued payroll and employee benefits	344,755
Compensated absences payable	2,000,000
Accrued interest payable	3,260,306
Unearned revenues	30,530
Obligations under capital leases	44,472
Bonds payable	9,655,000
Total current liabilities	20,329,333
Noncurrent liabilities:	
Non-current portion of long-term obligations	155,572,153
Total noncurrent liabilities	155,572,153
Total liabilities	175,901,486
 <u>NET POSITION</u>	
Net investment in capital assets	114,206,682
Restricted for:	
Voter approved initiatives	6,350,543
Federal and state projects	93,392
Food service	661,315
Community schools	5,926,494
Other local initiatives	2,788,443
Debt service	2,300,914
Capital outlay	4,821,344
Unrestricted	42,436,954
Total net position	\$ 179,586,081

The notes to the basic financial statements are an integral part of this statement.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 82,030,946	\$ 2,657,161	\$ 4,091,737	\$ (75,282,048)
Support services - students and staff	15,255,810	486,847	1,516,762	(13,252,201)
Support services - administration	10,824,855	622,583	125,799	(10,076,473)
Operation and maintenance of plant services	13,604,651	351,756	1,025	(13,251,870)
Student transportation services	8,034,589	143,382	439,672	(7,451,535)
Operation of non-instructional services	10,189,894	8,463,195	2,712,642	985,943
Interest on long-term debt	6,144,252		1,231,318	(4,912,934)
Total governmental activities	<u>\$ 146,084,997</u>	<u>\$ 12,724,924</u>	<u>\$ 10,118,955</u>	<u>(123,241,118)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	41,745,333
Property taxes, levied for debt service	15,937,345
Property taxes, levied for capital outlay	8,528,086
Investment income	341,662
Unrestricted county aid	4,575,232
Unrestricted state aid	55,854,282
Unrestricted federal aid	261,894
Total general revenues	<u>127,243,834</u>

Changes in net position	4,002,716
Net position, beginning of year, as restated	<u>175,583,365</u>
Net position, end of year	<u>\$ 179,586,081</u>

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Debt Service	Bond Building
<u>ASSETS</u>			
Cash and investments	\$ 1,579,171	\$ 14,594,518	\$ 43,516,138
Property taxes receivable	5,552,625	209,039	
Due from governmental entities	16,974,848	412,663	
Due from other funds	1,061,920		
Inventory	261,235		
Total assets	\$ 25,429,799	\$ 15,216,220	\$ 43,516,138
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 798,200	\$	\$
Construction contracts payable			2,138,441
Due to other funds			
Accrued payroll and employee benefits	136,006		
Unearned revenues			
Bonds payable		9,655,000	
Bond interest payable		3,260,306	
Total liabilities	934,206	12,915,306	2,138,441
Deferred inflows of resources:			
Unavailable revenues - property taxes	5,257,026	110,650	
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	5,257,026	110,650	
Fund balances (deficits):			
Nonspendable	261,235		
Restricted		2,190,264	41,377,697
Unassigned	18,977,332		
Total fund balances	19,238,567	2,190,264	41,377,697
 Total liabilities, deferred inflows of resources and fund balances	 \$ 25,429,799	 \$ 15,216,220	 \$ 43,516,138

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 20,557,566	\$ 80,247,393
376,126	6,137,790
1,799,735	19,187,246
	1,061,920
39,265	300,500
<u>\$ 22,772,692</u>	<u>\$ 106,934,849</u>

\$ 957,340	\$ 1,755,540
	2,138,441
1,061,920	1,061,920
194,768	330,774
30,530	30,530
	9,655,000
	<u>3,260,306</u>
<u>2,244,558</u>	<u>18,232,511</u>

324,573	5,692,249
206,789	206,789
<u>531,362</u>	<u>5,899,038</u>

39,265	300,500
20,070,904	63,638,865
(113,397)	18,863,935
<u>19,996,772</u>	<u>82,803,300</u>

<u>\$ 22,772,692</u>	<u>\$ 106,934,849</u>
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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total governmental fund balances	\$	82,803,300
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 396,354,601	
Less accumulated depreciation	<u>(166,219,927)</u>	230,134,674
<p>Some receivables are not be available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Property taxes	5,692,249	
Intergovernmental	<u>206,789</u>	5,899,038
<p>Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.</p>		
		(1,124,087)
<p>The Internal Service Funds are used by management to charge the cost of insurance and other services to the individual funds and departments. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position.</p>		
		14,858,322
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(6,620,166)	
Bonds payable	<u>(146,365,000)</u>	<u>(152,985,166)</u>
Net position of governmental activities	\$	<u>179,586,081</u>

The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Debt Service	Bond Building
Revenues:			
Other local	\$ 4,806,306	\$ 56,840	\$ 97,496
Property taxes	41,722,963	15,933,394	
State aid and grants	48,837,207		
Federal aid, grants and reimbursements	261,894	1,231,318	
Total revenues	95,628,370	17,221,552	97,496
Expenditures:			
Current -			
Instruction	57,612,354		
Support services - students and staff	11,943,021		
Support services - administration	9,098,996		
Operation and maintenance of plant services	12,471,982		
Student transportation services	5,355,900		
Operation of non-instructional services	401,127		
Capital outlay	460,645		3,261,883
Debt service -			
Principal retirement		9,655,000	
Interest and fiscal charges		6,282,702	
Bond issuance costs			492,682
Total expenditures	97,344,025	15,937,702	3,754,565
Excess (deficiency) of revenues over expenditures	(1,715,655)	1,283,850	(3,657,069)
Other financing sources (uses):			
Transfer in	752,290	98,003	
Transfer out			(98,003)
Issuance of school improvement bonds			40,000,000
Premium on sale of bonds			457,240
Total other financing sources (uses):	752,290	98,003	40,359,237
Changes in fund balances	(963,365)	1,381,853	36,702,168
Fund balances, beginning of year	20,532,635	808,411	4,675,529
Increase (decrease) in reserve for inventory	(330,703)		
Fund balances, end of year	\$ 19,238,567	\$ 2,190,264	\$ 41,377,697

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 13,897,373	\$ 18,858,015
8,391,734	66,048,091
7,431,530	56,268,737
7,230,145	8,723,357
<u>36,950,782</u>	<u>149,898,200</u>
10,280,933	67,893,287
2,332,733	14,275,754
693,935	9,792,931
445,412	12,917,394
819,374	6,175,274
9,470,189	9,871,316
8,989,784	12,712,312
	9,655,000
	6,282,702
	492,682
<u>33,032,360</u>	<u>150,068,652</u>
<u>3,918,422</u>	<u>(170,452)</u>
23,796	874,089
(776,086)	(874,089)
	40,000,000
	457,240
<u>(752,290)</u>	<u>40,457,240</u>
<u>3,166,132</u>	<u>40,286,788</u>
16,908,399	42,924,974
(77,759)	(408,462)
<u>\$ 19,996,772</u>	<u>\$ 82,803,300</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds **\$ 39,878,326**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 4,932,105	
Less current year depreciation	<u>(11,103,752)</u>	(6,171,647)

Issuance of school improvement bonds provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(40,457,240)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	162,673	
Intergovernmental	<u>(38,206)</u>	124,467

Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		9,655,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on disposal of capital assets	(10,009)	
Amortization of issuance premium and deferred bond items	138,450	
Compensated absences	<u>(398,543)</u>	(270,102)

The Internal Service Funds are used by management to charge the cost of insurance and other services to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities.		<u>1,243,912</u>
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Change in net position in governmental activities **\$ 4,002,716**

The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 15,816,640
Deposits held by others	100,000
Due from governmental entities	217,548
Due from other funds	82,346
Total current assets	16,216,534
Noncurrent assets:	
Vehicles, furniture and equipment	515,426
Accumulated depreciation	(215,750)
Total noncurrent assets	299,676
Total assets	16,516,210
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	123,289
Claims payable	977,000
Due to other funds	82,346
Accrued payroll and employee benefits	13,981
Obligations under capital leases	44,472
Total current liabilities	1,241,088
Noncurrent liabilities:	
Non-current portion of long-term obligations	117,124
Total noncurrent liabilities	117,124
Total liabilities	1,358,212
<u>NET POSITION</u>	
Net investment in capital assets	138,080
Unrestricted	15,019,918
Total net position	\$ 15,157,998

The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 12,220,364
Charges for services	1,422,554
Total operating revenues	<u>13,642,918</u>
Operating expenses:	
Depreciation	34,887
Claims	8,623,277
Premiums	1,403,670
Administrative fees	808,576
Cost of services	1,422,461
Total operating expenses	<u>12,292,871</u>
Operating income (loss)	<u>1,350,047</u>
Nonoperating revenues (expenses):	
Investment income	65,046
Total nonoperating revenues (expenses)	<u>65,046</u>
Changes in net position	<u>1,415,093</u>
Total net position, beginning of year	13,742,905
Total net position, end of year	<u><u>\$ 15,157,998</u></u>

The notes to the basic financial statements are an integral part of this statement.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Governmental Activities: Internal Service Funds</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received for services	\$ 1,621,131
Cash received from contributions	11,888,552
Cash payments for claims	(9,276,277)
Cash payments to suppliers for goods and services	<u>(3,634,549)</u>
Net cash provided by operating activities	<u>598,857</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	<u>(44,472)</u>
Net cash used for capital and related financing activities	<u>(44,472)</u>
Cash flows from investing activities:	
Investment income	<u>65,046</u>
Net cash provided by investing activities	<u>65,046</u>
Net increase in cash and cash equivalents	<u>619,431</u>
Cash and cash equivalents, beginning of year	<u>15,197,209</u>
Cash and cash equivalents, end of year	<u><u>\$ 15,816,640</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 1,350,047
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	34,887
Changes in assets and liabilities:	
(Increase) in due from governmental entities	(118,163)
(Increase) in due from other funds	(41,916)
Increase in accrued payroll and employee benefits	13,981
Increase in accounts payable	158
Increase in due to other funds	12,863
(Decrease) in claims payable	<u>(653,000)</u>
Total adjustments	<u>(751,190)</u>
Net cash provided by operating activities	<u><u>\$ 598,857</u></u>

The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 209,413
Total assets	<u>\$ 209,413</u>
<u>LIABILITIES</u>	
Due to student groups	\$ 209,413
Total liabilities	<u>\$ 209,413</u>

The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Kyrene Elementary School District No. 28 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2014, the District implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenses/expenditures.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services and athletic functions.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District.

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amount approximating their external exchange value.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

Property taxes, Federal, State, and County aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Internal Service Funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Bond Building – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to (1) the operation of District functions that provide goods and services to other District departments on a cost reimbursement basis, (2) activities related to agreements with other governments where the District is the fiscal agent, (3) the District's self-insurance program for employee benefits and (4) the District's insurance program to pay for workers' compensation insurance premiums.

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. The Employee Insurance Clearing Fund accounts for unremitted insurance payments temporarily held by the District as an agent.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for health benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Agency Funds are custodial in nature and do not have a measurement focus and are reported on the accrual basis of accounting. The Agency Funds are reported by fund type.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and cash and investments held by the County Treasurer.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

Property tax levies are calculated by applying tax rates against both the primary assessed valuation and the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for the secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Inventory

Inventories are valued at cost using the average cost and first-in/first-out (FIFO) methods. Inventories consist of expendable supplies held for purchase and consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

J. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives.

Land improvements	10 – 50 years
Buildings and improvements	5 – 50 years
Vehicles, furniture and equipment	5 – 25 years

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

M. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as the difference between the reacquisition price and the net carrying amount of the old debt are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The table below provides detail of the major components of the District's fund balance classifications at year end. Voter approved initiatives include monies restricted for Classroom Site and Instructional Improvement Funds activities.

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 261,235	\$	\$	\$ 39,265
Restricted:				
Debt service		2,190,264		
Capital projects				4,383,374
Bond building projects			41,377,697	
Voter approved initiatives				6,350,543
Auxiliary operations				212,484
Food service				622,050
Civic center				1,290,660
Community school				5,926,494
Extracurricular activities				773,784
Other purposes				511,515
Unassigned	18,977,332			(113,397)
Total fund balances	\$ 19,238,567	\$ 2,190,264	\$ 41,377,697	\$ 19,996,787

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the Building Renewal Grant Fund, a non-major governmental fund, reported a deficit in fund balance. The deficit arose because of operations during the year. Additional revenues received in fiscal year 2014-15 are expected to eliminate the deficit.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$521,678 and the bank balance was \$772,346. In addition, the District had \$100,000 held by the District's insurance carrier that is recorded as cash on the Statement of Net Position in the government wide financial statements.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

At year end, the District's investments consisted of the following.

	Average Maturities	Fair Value
County Treasurer's investment pool	374 days	\$ 95,751,768
Total		\$ 95,751,768

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk - Investments. The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major, non-major governmental, and internal service funds in the aggregate, were as follows.

	General Fund	Debt Service Fund	Non-Major Governmental and Other Funds
Due from other governmental entities:			
Due from Federal government	\$ 30,251	\$ 412,663	\$ 1,288,553
Due from State government	16,944,597		511,182
Due from other districts			217,548
Net due from governmental entities	\$ 16,974,848	\$ 412,663	\$ 2,017,283

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 26,061,982	\$	\$	\$ 26,061,982
Construction in process	139,233	3,992,567	1,878,146	2,253,654
Total capital assets, not being depreciated	<u>26,201,215</u>	<u>3,992,567</u>	<u>1,878,146</u>	<u>28,315,636</u>
Capital assets, being depreciated:				
Land improvements	33,053,493	956,270		34,009,763
Buildings and improvements	310,880,156	921,876		311,802,032
Vehicles, furniture and equipment	21,828,157	939,538	540,525	22,227,170
Total capital assets being depreciated	<u>365,761,806</u>	<u>2,817,684</u>	<u>540,525</u>	<u>368,038,965</u>
Less accumulated depreciation for:				
Land improvements	(24,679,889)	(1,046,885)		(25,726,774)
Buildings and improvements	(119,272,799)	(8,479,650)		(127,752,449)
Vehicles, furniture and equipment	(11,694,003)	(1,577,217)	(530,516)	(12,740,704)
Total accumulated depreciation	<u>(155,646,691)</u>	<u>(11,103,752)</u>	<u>(530,516)</u>	<u>(166,219,927)</u>
Total capital assets, being depreciated, net	<u>210,115,115</u>	<u>(8,286,068)</u>	<u>10,009</u>	<u>201,819,038</u>
Governmental activities capital assets, net	<u>\$ 236,316,330</u>	<u>\$ (4,293,501)</u>	<u>\$1,888,155</u>	<u>\$ 230,134,674</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 9,255,678
Support services – students and staff	88,327
Support services – administration	439,028
Operation and maintenance of plant services	304,847
Student transportation services	947,983
Operation of non-instructional services	67,889
Total depreciation expense – governmental activities	<u>\$11,103,752</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the replacement of cooling towers, energy efficient upgrades and remodeling of various sites. At year end, the District had spent \$2.3 million on the projects and had estimated remaining contractual commitments of \$2.0 million. These projects are being funded with bond proceeds.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired copiers under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the District Services Fund, a proprietary fund, are used to pay the capital lease obligation.

The assets acquired through capital leases that meet the District’s capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 206,068
Total	\$ 206,068

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

	Governmental Activities
Year Ending June 30:	
2015	\$ 44,472
2016	44,471
2017	44,472
2018	44,472
Total minimum lease payments	177,887
Less: amount representing interest	16,291
Present value of minimum lease payments	161,596
Due within one year	\$ 44,472

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$74.0 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvement bonds are Qualified Build America Bonds (BABS). The District receives a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

<u>Description</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
2005 School Improvement Bonds, Series A (Class B)	\$16,000,000	3.875 - 5.00%	7/1/14-25	\$ 6,220,000	\$ 700,000
2005 School Improvement Bonds, Series B (Class B)	18,000,000	4.00 - 5.125%	7/1/14-26	11,300,000	805,000
2005 School Improvement Bonds, Series C (Class B)	30,000,000	3.75 - 5.00%	7/1/14-27	19,520,000	500,000
2005 School Improvement Bonds, Series D (Class B)	25,000,000	4.375 - 6.20%	7/1/15-28	25,000,000	
2005 School Improvement Bonds, Series E (Class B)	22,350,000	3.20 - 6.00%	7/1/15-28	22,350,000	
Refunding Bonds, Series 2012	43,030,000	5.96%	7/1/14-17	28,655,000	7,650,000
2010 School Improvement Bonds, Series A (Class B)	2,975,000	2.30%	7/1/15	2,975,000	
2010 School Improvement Bonds, Series B (Class B)	40,000,000	3.00 - 5.25%	7/1/17-30	40,000,000	
Total				<u>\$ 156,020,000</u>	<u>\$ 9,655,000</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows.

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 9,655,000	\$ 6,199,160
2016	9,470,000	6,433,012
2017	12,175,000	6,650,032
2018	12,870,000	5,921,575
2019	7,345,000	5,442,334
2020-24	42,180,000	21,831,511
2025-29	50,400,000	9,468,735
2030-31	11,925,000	640,064
Total	<u>\$ 156,020,000</u>	<u>\$ 62,586,422</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$28,775,000 of defeased bonds are still outstanding.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 123,885,000	\$ 40,000,000	\$ 7,865,000	\$ 156,020,000	\$ 9,655,000
Premium	5,266,332	457,240	1,253,709	4,469,863	
Total bonds payable	<u>129,151,332</u>	<u>40,457,240</u>	<u>9,118,709</u>	<u>160,489,863</u>	<u>9,655,000</u>
Obligations under capital leases		206,068	44,472	161,596	44,472
Compensated absences payable	6,221,623	6,677,901	6,279,358	6,620,166	2,000,000
Governmental activity long-term liabilities	<u>\$ 135,372,955</u>	<u>\$ 47,341,209</u>	<u>\$ 15,442,539</u>	<u>\$ 167,271,625</u>	<u>\$ 11,699,472</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

	General Fund	Non-Major Governmental and Other Funds	Total Due to Other Funds
Non-Major Governmental and Other Funds	\$ 1,061,920	\$ 82,346	\$ 1,144,266
Total Due from Other Funds	\$ 1,061,920	\$ 82,346	\$ 1,144,266

At year end, several funds had negative cash balances in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund and the District Services Fund, a proprietary fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			
	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Bond Building Fund	\$	\$ 98,003	\$	\$ 98,003
Non-Major Governmental Funds	752,290		23,796	776,086
Total	\$ 752,290	\$ 98,003	\$ 23,796	\$ 874,089

Transfers between funds are used to (1) move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, (2) to move Federal grant funds restricted for indirect costs to the Indirect Costs Fund, which is reported in the General Fund and (3) to correctly report fund balances within non-major governmental funds.

NOTE 11 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – CONTINGENT LIABILITIES (Concl'd)

Lawsuits – The District is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

Arbitrage – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

Performance Audit – The District has been selected by the State Office of the Auditor General to have a performance audit pursuant to A.R.S. Section 41-1279.03.A. for the fiscal year ended June 30, 2013. This performance audit has not been completed, and although the results are unknown at this time, the District expects the results to be immaterial to the financial statements.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The July 1, 2013, government-wide net position does not agree to the prior year financial statements due to the implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*.

	Statement of Activities
Net position, June 30, 2013, as previously reported	\$ 176,388,662
Implementation of GASB Statement 65	(805,297)
Net position, July 1, 2013, as restated	\$ 175,583,365

NOTE 13 – RISK MANAGEMENT

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – RISK MANAGEMENT (Concl'd)

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District established the Employee Benefit Trust Fund, an Internal Service Fund, to account for and finance the uninsured risks of loss related to employee health. Under this program, the Fund provides coverage for up to a maximum of \$175,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows.

	Year ended June 30, 2014	Year ended June 30, 2013
Unpaid claims, beginning of fiscal year	\$ 1,630,000	\$ 1,630,000
Incurred claims (including IBNRs)	8,623,277	9,601,134
Claim payments	(9,276,277)	(9,601,134)
Unpaid claims, end of fiscal year	<u>\$ 977,000</u>	<u>\$ 1,630,000</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Plan Description – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS’ website at www.azasrs.gov.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members’ and the District’s contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members’ annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The District’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2014	\$ 7,930,802	\$ 444,718	\$ 177,887
2013	7,431,540	471,268	174,007
2012	7,105,746	453,558	172,784

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the District's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
(Required Supplementary Information)**

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 4,606,388	\$ 4,606,388
Property taxes			41,722,963	41,722,963
State aid and grants			48,837,207	48,837,207
Total revenues			<u>95,166,558</u>	<u>95,166,558</u>
Expenditures:				
Current -				
Instruction	63,100,716	61,826,441	60,854,965	971,476
Support services - students and staff	12,231,098	13,053,655	12,378,335	675,320
Support services - administration	9,235,104	9,555,086	9,231,985	323,101
Operation and maintenance of plant services	13,971,297	13,719,115	12,775,572	943,543
Student transportation services	5,731,290	6,060,503	5,675,182	385,321
Operation of non-instructional services	168,287	217,314	192,552	24,762
Total expenditures	<u>104,437,792</u>	<u>104,432,114</u>	<u>101,108,591</u>	<u>3,323,523</u>
Changes in fund balances	<u>(104,437,792)</u>	<u>(104,432,114)</u>	<u>(5,942,033)</u>	<u>98,490,081</u>
Fund balances, beginning of year			11,208,744	11,208,744
Increase (decrease) in reserve for prepaid items			8,090,000	8,090,000
Increase (decrease) in reserve for inventory			(330,703)	(330,703)
Fund balances (deficits), end of year	<u>\$ (104,437,792)</u>	<u>\$ (104,432,114)</u>	<u>\$ 13,026,008</u>	<u>\$ 117,458,122</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.

The following schedule reconciles expenditures and fund balances at the end of year.

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balances</u> <u>End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 97,344,025	\$ 19,238,567
Activity budgeted as special revenue funds	(1,525,434)	(6,212,559)
Current-year prepaid items	8,090,000	
Prior-year prepaid items	<u>(2,800,000)</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 101,108,591</u>	<u>\$ 13,026,008</u>

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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GOVERNMENTAL FUNDS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 16,083,567	\$ 4,473,999	\$ 20,557,566
Property taxes receivable		376,126	376,126
Due from governmental entities	1,573,439	226,296	1,799,735
Inventory	39,265		39,265
Total assets	<u><u>\$ 17,696,271</u></u>	<u><u>\$ 5,076,421</u></u>	<u><u>\$ 22,772,692</u></u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 607,563	\$ 349,777	\$ 957,340
Due to other funds	1,061,920		1,061,920
Accrued payroll and employee benefits	176,071	18,697	194,768
Unearned revenues	30,530		30,530
Total liabilities	<u><u>1,876,084</u></u>	<u><u>368,474</u></u>	<u><u>2,244,558</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		324,573	324,573
Unavailable revenues - intergovernmental	93,392	113,397	206,789
Total deferred inflows of resources	<u><u>93,392</u></u>	<u><u>437,970</u></u>	<u><u>531,362</u></u>
Fund balances (deficits):			
Nonspendable	39,265		39,265
Restricted	15,687,530	4,383,374	20,070,904
Unassigned		(113,397)	(113,397)
Total fund balances	<u><u>15,726,795</u></u>	<u><u>4,269,977</u></u>	<u><u>19,996,772</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 17,696,271</u></u>	 <u><u>\$ 5,076,421</u></u>	 <u><u>\$ 22,772,692</u></u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 13,792,308	\$ 105,065	\$ 13,897,373
Property taxes		8,391,734	8,391,734
State aid and grants	7,106,882	324,648	7,431,530
Federal aid, grants and reimbursements	7,230,145		7,230,145
Total revenues	<u>28,129,335</u>	<u>8,821,447</u>	<u>36,950,782</u>
Expenditures:			
Current -			
Instruction	10,269,933	11,000	10,280,933
Support services - students and staff	2,332,733		2,332,733
Support services - administration	692,285	1,650	693,935
Operation and maintenance of plant services	428,238	17,174	445,412
Student transportation services	797,836	21,538	819,374
Operation of non-instructional services	9,470,189		9,470,189
Capital outlay	112,683	8,877,101	8,989,784
Total expenditures	<u>24,103,897</u>	<u>8,928,463</u>	<u>33,032,360</u>
Excess (deficiency) of revenues over expenditures	<u>4,025,438</u>	<u>(107,016)</u>	<u>3,918,422</u>
Other financing sources (uses):			
Transfer in	23,796		23,796
Transfer out	(770,191)	(5,895)	(776,086)
Total other financing sources (uses):	<u>(746,395)</u>	<u>(5,895)</u>	<u>(752,290)</u>
Changes in fund balances	<u>3,279,043</u>	<u>(112,911)</u>	<u>3,166,132</u>
Fund balances, beginning of year	12,525,511	4,382,888	16,908,399
Increase (decrease) in reserve for inventory	(77,759)		(77,759)
Fund balances, end of year	<u>\$ 15,726,795</u>	<u>\$ 4,269,977</u>	<u>\$ 19,996,772</u>

SPECIAL REVENUE FUNDS

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Instructional Improvement - to account for the activity of monies received from gaming revenue.

County, City, and Town Grants - to account for monies received from county, city and town grants.

Title I Grants - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Indian Education - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Medicaid Reimbursement - to account for reimbursements related to specific health services provided to eligible students.

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

Other Federal Projects - to account for financial assistance received for other supplemental federal projects.

Academic Contests - to account for financial assistance received for participation in academic contests.

Other State Projects - to account for financial assistance received for other State projects.

School Plant - to account for proceeds from the sale or lease of school property.

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Community School - to account for activity related to academic and skill development for all citizens.

Auxiliary Operations - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Indirect Costs - to account for monies received from Federal projects for administrative costs.

Grants and Gifts to Teachers - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

Advertisement - to account for monies received from the sale of advertising.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 4,259,346	\$ 1,809,318	\$ 17,867
Due from governmental entities		284,886	
Inventory			
Total assets	\$ 4,259,346	\$ 2,094,204	\$ 17,867
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	3,007		
Unearned revenues			
Total liabilities	3,007		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	4,256,339	2,094,204	17,867
Total fund balances	4,256,339	2,094,204	17,867
 Total liabilities, deferred inflows of resources and fund balances	 \$ 4,259,346	 \$ 2,094,204	 \$ 17,867

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>E-Rate</u>
\$ 263,285	\$ 23,248	\$ 3,112 518	\$ 24,365	\$ 856,320	\$ 93,392
<u>\$ 263,285</u>	<u>\$ 23,248</u>	<u>\$ 3,630</u>	<u>\$ 24,365</u>	<u>\$ 856,320</u>	<u>\$ 93,392</u>
\$ 64,772 152,040 46,473	\$ 21,054 2,194	\$ 3,630	\$ 23,485 880	\$ 852,383 3,937	\$
<u>263,285</u>	<u>23,248</u>	<u>3,630</u>	<u>24,365</u>	<u>856,320</u>	
					<u>93,392</u>
<u>\$ 263,285</u>	<u>\$ 23,248</u>	<u>\$ 3,630</u>	<u>\$ 24,365</u>	<u>\$ 856,320</u>	<u>\$ 93,392</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Other Federal Projects	Academic Contests	Other State Projects
<u>ASSETS</u>			
Cash and investments	\$	\$ 1,470	\$ 29,060
Due from governmental entities	12,958		
Inventory			
Total assets	\$ 12,958	\$ 1,470	\$ 29,060
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	12,958		
Accrued payroll and employee benefits			
Unearned revenues		1,470	29,060
Total liabilities	12,958	1,470	29,060
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted			
Total fund balances			
Total liabilities, deferred inflows of resources and fund balances	\$ 12,958	\$ 1,470	\$ 29,060

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Auxiliary Operations</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>
\$ 607,583	\$ 1,314,680	\$ 6,165,032	\$ 571,883	\$ 809,160	\$ 430,010
14,467					
39,265					
<u>\$ 661,315</u>	<u>\$ 1,314,680</u>	<u>\$ 6,165,032</u>	<u>\$ 571,883</u>	<u>\$ 809,160</u>	<u>\$ 430,010</u>
\$	\$	\$ 148,016	\$ 359,399	\$ 35,376	\$
	24,020	90,522			1,408
	<u>24,020</u>	<u>238,538</u>	<u>359,399</u>	<u>35,376</u>	<u>1,408</u>
39,265					
<u>622,050</u>	<u>1,290,660</u>	<u>5,926,494</u>	<u>212,484</u>	<u>773,784</u>	<u>428,602</u>
<u>661,315</u>	<u>1,290,660</u>	<u>5,926,494</u>	<u>212,484</u>	<u>773,784</u>	<u>428,602</u>
<u>\$ 661,315</u>	<u>\$ 1,314,680</u>	<u>\$ 6,165,032</u>	<u>\$ 571,883</u>	<u>\$ 809,160</u>	<u>\$ 430,010</u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Fingerprint	Textbooks	Grants and Gifts to Teachers
<u>ASSETS</u>			
Cash and investments	\$ 1,116	\$ 59,323	\$ 4,607
Due from governmental entities			
Inventory			
Total assets	\$ 1,116	\$ 59,323	\$ 4,607
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	1,116	59,323	4,607
Total fund balances	1,116	59,323	4,607
 Total liabilities, deferred inflows of resources and fund balances	\$ 1,116	\$ 59,323	\$ 4,607

Totals

\$ 16,083,567
1,573,439
39,265
\$ 17,696,271

\$ 607,563
1,061,920
176,071
30,530
1,876,084

93,392

39,265
15,687,530
15,726,795

\$ 17,696,271

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 14,514	\$ 7,589	\$ 15,023
State aid and grants	6,017,457	674,970	
Federal aid, grants and reimbursements			
Total revenues	6,031,971	682,559	15,023
Expenditures:			
Current -			
Instruction	3,866,706	507,443	
Support services - students and staff	372,978	35,255	1,171
Support services - administration			1,474
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	4,239,684	542,698	2,645
Excess (deficiency) of revenues over expenditures	1,792,287	139,861	12,378
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	1,792,287	139,861	12,378
Fund balances, beginning of year	2,464,052	1,954,343	5,489
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 4,256,339	\$ 2,094,204	\$ 17,867

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>E-Rate</u>
\$	\$	\$	\$	\$	\$
<u>1,183,492</u>	<u>198,843</u>	<u>96,271</u>	<u>96,240</u>	<u>2,610,107</u>	<u>244,995</u>
<u>1,183,492</u>	<u>198,843</u>	<u>96,271</u>	<u>96,240</u>	<u>2,610,107</u>	<u>244,995</u>
402,169		83,914	33,425	1,921,454	228,407
623,255	183,799	10,479	59,930	204,400	
109,447	9,515			2,295	
1,000					16,588
15,969			201	409,144	
<u>1,151,840</u>	<u>193,314</u>	<u>94,393</u>	<u>93,556</u>	<u>2,537,293</u>	<u>244,995</u>
<u>31,652</u>	<u>5,529</u>	<u>1,878</u>	<u>2,684</u>	<u>72,814</u>	
<u>(31,652)</u>	<u>(5,529)</u>	<u>(1,878)</u>	<u>(2,684)</u>	<u>(72,814)</u>	
<u>(31,652)</u>	<u>(5,529)</u>	<u>(1,878)</u>	<u>(2,684)</u>	<u>(72,814)</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Other Federal Projects</u>	<u>Other State Projects</u>	<u>Food Service</u>
Revenues:			
Other local	\$	\$	\$ 2,879,657
State aid and grants		414,455	
Federal aid, grants and reimbursements	<u>87,555</u>		<u>2,712,642</u>
Total revenues	<u>87,555</u>	<u>414,455</u>	<u>5,592,299</u>
Expenditures:			
Current -			
Instruction	65,574	33,666	
Support services - students and staff	15,946	380,789	
Support services - administration			32,748
Operation and maintenance of plant services			24,433
Student transportation services	3,635		
Operation of non-instructional services			4,834,616
Capital outlay			<u>43,901</u>
Total expenditures	<u>85,155</u>	<u>414,455</u>	<u>4,935,698</u>
Excess (deficiency) of revenues over expenditures	<u>2,400</u>		<u>656,601</u>
Other financing sources (uses):			
Transfer in			
Transfer out	<u>(2,400)</u>		<u>(635,333)</u>
Total other financing sources (uses):	<u>(2,400)</u>		<u>(635,333)</u>
Changes in fund balances			<u>21,268</u>
Fund balances, beginning of year			717,806
Increase (decrease) in reserve for inventory			(77,759)
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 661,315</u>

Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint
\$ 500,334	\$ 7,602,253	\$ 1,480,820	\$ 982,026	\$ 289,812	\$ 7,770
<u>500,334</u>	<u>7,602,253</u>	<u>1,480,820</u>	<u>982,026</u>	<u>289,812</u>	<u>7,770</u>
6,503	788,935	1,322,395	858,354	148,974	
	331,305	77,161	2,661	24,705	
154	508,809	1,235		18,641	7,967
330,338	43,930	899		11,050	
134,652	37,643	59,324	134,678	2,590	
67,965	4,566,292	769		547	
7,655	13,070	1,257	3,698	43,102	
<u>547,267</u>	<u>6,289,984</u>	<u>1,463,040</u>	<u>999,391</u>	<u>249,609</u>	<u>7,967</u>
<u>(46,933)</u>	<u>1,312,269</u>	<u>17,780</u>	<u>(17,365)</u>	<u>40,203</u>	<u>(197)</u>
	11,004	6,897		5,895	
	<u>11,004</u>	<u>6,897</u>		<u>(17,901)</u>	
				<u>(12,006)</u>	
<u>(46,933)</u>	<u>1,323,273</u>	<u>24,677</u>	<u>(17,365)</u>	<u>28,197</u>	<u>(197)</u>
1,337,593	4,603,221	187,807	791,149	400,405	1,313
<u>\$ 1,290,660</u>	<u>\$ 5,926,494</u>	<u>\$ 212,484</u>	<u>\$ 773,784</u>	<u>\$ 428,602</u>	<u>\$ 1,116</u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2014**

	Textbooks	Grants and Gifts to Teachers	Totals
Revenues:			
Other local	\$ 12,489	\$ 21	\$ 13,792,308
State aid and grants			7,106,882
Federal aid, grants and reimbursements			7,230,145
Total revenues	12,489	21	28,129,335
Expenditures:			
Current -			
Instruction	599	1,415	10,269,933
Support services - students and staff	8,899		2,332,733
Support services - administration			692,285
Operation and maintenance of plant services			428,238
Student transportation services			797,836
Operation of non-instructional services			9,470,189
Capital outlay			112,683
Total expenditures	9,498	1,415	24,103,897
Excess (deficiency) of revenues over expenditures	2,991	(1,394)	4,025,438
Other financing sources (uses):			
Transfer in			23,796
Transfer out			(770,191)
Total other financing sources (uses):			(746,395)
Changes in fund balances	2,991	(1,394)	3,279,043
Fund balances, beginning of year	56,332	6,001	12,525,511
Increase (decrease) in reserve for inventory			(77,759)
Fund balances, end of year	\$ 59,323	\$ 4,607	\$ 15,726,795

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 14,514	\$ 14,514
State aid and grants		6,017,457	6,017,457
Federal aid, grants and reimbursements			
Total revenues		<u>6,031,971</u>	<u>6,031,971</u>
Expenditures:			
Current -			
Instruction	7,729,785	3,866,706	3,863,079
Support services - students and staff	750,217	372,978	377,239
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>8,480,002</u>	<u>4,239,684</u>	<u>4,240,318</u>
Excess (deficiency) of revenues over expenditures	<u>(8,480,002)</u>	<u>1,792,287</u>	<u>10,272,289</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(8,480,002)</u>	<u>1,792,287</u>	<u>10,272,289</u>
Fund balances, beginning of year		2,464,052	2,464,052
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (8,480,002)</u>	<u>\$ 4,256,339</u>	<u>\$ 12,736,341</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 7,589 674,970	\$ 7,589 674,970	\$	\$ 15,023	\$ 15,023
	<u>682,559</u>	<u>682,559</u>		<u>15,023</u>	<u>15,023</u>
725,000	507,443 35,255	217,557 (35,255)	18,000	1,171 1,474	(1,171) 16,526
<u>725,000</u>	<u>542,698</u>	<u>182,302</u>	<u>18,000</u>	<u>2,645</u>	<u>15,355</u>
<u>(725,000)</u>	<u>139,861</u>	<u>864,861</u>	<u>(18,000)</u>	<u>12,378</u>	<u>30,378</u>
<u>(725,000)</u>	<u>139,861</u>	<u>864,861</u>	<u>(18,000)</u>	<u>12,378</u>	<u>30,378</u>
	1,954,343	1,954,343		5,489	5,489
<u>\$ (725,000)</u>	<u>\$ 2,094,204</u>	<u>\$ 2,819,204</u>	<u>\$ (18,000)</u>	<u>\$ 17,867</u>	<u>\$ 35,867</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,183,492	1,183,492
Total revenues		<u>1,183,492</u>	<u>1,183,492</u>
Expenditures:			
Current -			
Instruction		402,169	(402,169)
Support services - students and staff	1,670,000	623,255	1,046,745
Support services - administration		109,447	(109,447)
Operation and maintenance of plant services		1,000	(1,000)
Student transportation services		15,969	(15,969)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,670,000</u>	<u>1,151,840</u>	<u>518,160</u>
Excess (deficiency) of revenues over expenditures	<u>(1,670,000)</u>	<u>31,652</u>	<u>1,701,652</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(31,652)	(31,652)
Total other financing sources (uses):		<u>(31,652)</u>	<u>(31,652)</u>
Changes in fund balances	<u>(1,670,000)</u>		<u>1,670,000</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,670,000)</u>	<u>\$</u>	<u>\$ 1,670,000</u>

Professional Development and Technology Grants			Limited English and Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	198,843	198,843		96,271	96,271
	198,843	198,843		96,271	96,271
300,000	183,799 9,515	116,201 (9,515)	105,000	83,914 10,479	21,086 (10,479)
<u>300,000</u>	<u>193,314</u>	<u>106,686</u>	<u>105,000</u>	<u>94,393</u>	<u>10,607</u>
<u>(300,000)</u>	<u>5,529</u>	<u>305,529</u>	<u>(105,000)</u>	<u>1,878</u>	<u>106,878</u>
	(5,529)	(5,529)		(1,878)	(1,878)
	(5,529)	(5,529)		(1,878)	(1,878)
(300,000)		300,000	(105,000)		105,000
<u>\$ (300,000)</u>	<u>\$</u>	<u>\$ 300,000</u>	<u>\$ (105,000)</u>	<u>\$</u>	<u>\$ 105,000</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Indian Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		96,240	96,240
Total revenues		<u>96,240</u>	<u>96,240</u>
Expenditures:			
Current -			
Instruction		33,425	(33,425)
Support services - students and staff	125,000	59,930	65,070
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		201	(201)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>125,000</u>	<u>93,556</u>	<u>31,444</u>
Excess (deficiency) of revenues over expenditures	<u>(125,000)</u>	<u>2,684</u>	<u>127,684</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(2,684)	(2,684)
Total other financing sources (uses):		<u>(2,684)</u>	<u>(2,684)</u>
Changes in fund balances	<u>(125,000)</u>		<u>125,000</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (125,000)</u>	<u>\$</u>	<u>\$ 125,000</u>

Special Education Grants			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 16,981	\$ 16,981
	2,610,107	2,610,107		261,894	261,894
	2,610,107	2,610,107		278,875	278,875
3,000,000	1,921,454	1,078,546		162,123	(162,123)
	204,400	(204,400)	800,000	184,307	615,693
	2,295	(2,295)		113,893	(113,893)
	409,144	(409,144)		39,494	(39,494)
<u>3,000,000</u>	<u>2,537,293</u>	<u>462,707</u>	<u>800,000</u>	<u>499,817</u>	<u>300,183</u>
<u>(3,000,000)</u>	<u>72,814</u>	<u>3,072,814</u>	<u>(800,000)</u>	<u>(220,942)</u>	<u>579,058</u>
	(72,814)	(72,814)			
	(72,814)	(72,814)			
<u>(3,000,000)</u>		<u>3,000,000</u>	<u>(800,000)</u>	<u>(220,942)</u>	<u>579,058</u>
				5,047,483	5,047,483
<u>\$ (3,000,000)</u>	<u>\$</u>	<u>\$ 3,000,000</u>	<u>\$ (800,000)</u>	<u>\$ 4,826,541</u>	<u>\$ 5,626,541</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		244,995	244,995
Total revenues		<u>244,995</u>	<u>244,995</u>
Expenditures:			
Current -			
Instruction	350,000	228,407	121,593
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		16,588	(16,588)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>350,000</u>	<u>244,995</u>	<u>105,005</u>
Excess (deficiency) of revenues over expenditures	<u>(350,000)</u>		<u>350,000</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,000)</u>		<u>350,000</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (350,000)</u>	<u>\$</u>	<u>\$ 350,000</u>

Other Federal Projects			Academic Contests		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	87,555	87,555			
	87,555	87,555			
225,000	65,574	159,426	1,463		1,463
	15,946	(15,946)			
	3,635	(3,635)			
225,000	85,155	139,845	1,463		1,463
(225,000)	2,400	227,400	(1,463)		1,463
	(2,400)	(2,400)			
	(2,400)	(2,400)			
(225,000)		225,000	(1,463)		1,463
\$ (225,000)	\$	\$ 225,000	\$ (1,463)	\$	\$ 1,463

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		414,455	414,455
Federal aid, grants and reimbursements			
Total revenues		<u>414,455</u>	<u>414,455</u>
Expenditures:			
Current -			
Instruction		33,666	(33,666)
Support services - students and staff	443,243	380,789	62,454
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>443,243</u>	<u>414,455</u>	<u>28,788</u>
Excess (deficiency) of revenues over expenditures	<u>(443,243)</u>		<u>443,243</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(443,243)</u>		<u>443,243</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (443,243)</u>	<u>\$</u>	<u>\$ 443,243</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 175,648	\$ 175,648	\$	\$ 2,879,657	\$ 2,879,657
				2,712,642	2,712,642
	<u>175,648</u>	<u>175,648</u>		<u>5,592,299</u>	<u>5,592,299</u>
				32,748	(32,748)
				24,433	(24,433)
			6,186,110	4,834,616	1,351,494
<u>1,120,000</u>	<u>452,481</u>	<u>667,519</u>		<u>43,901</u>	<u>(43,901)</u>
<u>1,120,000</u>	<u>452,481</u>	<u>667,519</u>	<u>6,186,110</u>	<u>4,935,698</u>	<u>1,250,412</u>
<u>(1,120,000)</u>	<u>(276,833)</u>	<u>843,167</u>	<u>(6,186,110)</u>	<u>656,601</u>	<u>6,842,711</u>
				(635,333)	(635,333)
				(635,333)	(635,333)
<u>(1,120,000)</u>	<u>(276,833)</u>	<u>843,167</u>	<u>(6,186,110)</u>	<u>21,268</u>	<u>6,207,378</u>
	986,903	986,903		717,806	717,806
				(77,759)	(77,759)
<u>\$ (1,120,000)</u>	<u>\$ 710,070</u>	<u>\$ 1,830,070</u>	<u>\$ (6,186,110)</u>	<u>\$ 661,315</u>	<u>\$ 6,847,425</u>

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 500,334	\$ 500,334
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>500,334</u>	<u>500,334</u>
Expenditures:			
Current -			
Instruction		6,503	(6,503)
Support services - students and staff			
Support services - administration		154	(154)
Operation and maintenance of plant services	1,000,000	330,338	669,662
Student transportation services		134,652	(134,652)
Operation of non-instructional services		67,965	(67,965)
Capital outlay		7,655	(7,655)
Total expenditures	<u>1,000,000</u>	<u>547,267</u>	<u>452,733</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000,000)</u>	<u>(46,933)</u>	<u>953,067</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,000,000)</u>	<u>(46,933)</u>	<u>953,067</u>
Fund balances, beginning of year		1,337,593	1,337,593
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,000,000)</u>	<u>\$ 1,290,660</u>	<u>\$ 2,290,660</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 7,602,253	\$ 7,602,253	\$	\$ 1,480,820	\$ 1,480,820
	<u>7,602,253</u>	<u>7,602,253</u>		<u>1,480,820</u>	<u>1,480,820</u>
	788,935	(788,935)	1,500,000	1,322,395	177,605
	331,305	(331,305)		77,161	(77,161)
	508,809	(508,809)		1,235	(1,235)
	43,930	(43,930)		899	(899)
	37,643	(37,643)		59,324	(59,324)
11,002,000	4,566,292	6,435,708		769	(769)
	13,070	(13,070)		1,257	(1,257)
<u>11,002,000</u>	<u>6,289,984</u>	<u>4,712,016</u>	<u>1,500,000</u>	<u>1,463,040</u>	<u>36,960</u>
<u>(11,002,000)</u>	<u>1,312,269</u>	<u>12,314,269</u>	<u>(1,500,000)</u>	<u>17,780</u>	<u>1,517,780</u>
	11,004	11,004		6,897	6,897
	<u>11,004</u>	<u>11,004</u>		<u>6,897</u>	<u>6,897</u>
<u>(11,002,000)</u>	<u>1,323,273</u>	<u>12,325,273</u>	<u>(1,500,000)</u>	<u>24,677</u>	<u>1,524,677</u>
	4,603,221	4,603,221		187,807	187,807
<u>\$ (11,002,000)</u>	<u>\$ 5,926,494</u>	<u>\$ 16,928,494</u>	<u>\$ (1,500,000)</u>	<u>\$ 212,484</u>	<u>\$ 1,712,484</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 982,026	\$ 982,026
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		982,026	982,026
Expenditures:			
Current -			
Instruction	1,500,000	858,354	641,646
Support services - students and staff		2,661	(2,661)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		134,678	(134,678)
Operation of non-instructional services			
Capital outlay		3,698	(3,698)
Total expenditures	1,500,000	999,391	500,609
Excess (deficiency) of revenues over expenditures	(1,500,000)	(17,365)	1,482,635
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	(1,500,000)	(17,365)	1,482,635
Fund balances, beginning of year		791,149	791,149
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (1,500,000)	\$ 773,784	\$ 2,273,784

Gifts and Donations			Fingerprint		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 289,812	\$ 289,812	\$	\$ 7,770	\$ 7,770
	<u>289,812</u>	<u>289,812</u>		<u>7,770</u>	<u>7,770</u>
500,000	148,974	351,026			
	24,705	(24,705)			
	18,641	(18,641)	10,000	7,967	2,033
	11,050	(11,050)			
	2,590	(2,590)			
	547	(547)			
	43,102	(43,102)			
<u>500,000</u>	<u>249,609</u>	<u>250,391</u>	<u>10,000</u>	<u>7,967</u>	<u>2,033</u>
<u>(500,000)</u>	<u>40,203</u>	<u>540,203</u>	<u>(10,000)</u>	<u>(197)</u>	<u>9,803</u>
	5,895	5,895			
	(17,901)	(17,901)			
	(12,006)	(12,006)			
<u>(500,000)</u>	<u>28,197</u>	<u>528,197</u>	<u>(10,000)</u>	<u>(197)</u>	<u>9,803</u>
	400,405	400,405		1,313	1,313
<u>\$ (500,000)</u>	<u>\$ 428,602</u>	<u>\$ 928,602</u>	<u>\$ (10,000)</u>	<u>\$ 1,116</u>	<u>\$ 11,116</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 12,489	\$ 12,489
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>12,489</u>	<u>12,489</u>
Expenditures:			
Current -			
Instruction		599	(599)
Support services - students and staff	60,000	8,899	51,101
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>60,000</u>	<u>9,498</u>	<u>50,502</u>
Excess (deficiency) of revenues over expenditures	<u>(60,000)</u>	<u>2,991</u>	<u>62,991</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(60,000)</u>	<u>2,991</u>	<u>62,991</u>
Fund balances, beginning of year		56,332	56,332
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (60,000)</u>	<u>\$ 59,323</u>	<u>\$ 119,323</u>

Indirect Costs			Grants and Gifts to Teachers		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,460	\$ 1,460	\$	\$ 21	\$ 21
	<u>1,460</u>	<u>1,460</u>		<u>21</u>	<u>21</u>
	110,442	(110,442)	7,000	1,415	5,585
	179,994	(179,994)			
	644	(644)			
1,050,000	272,220	777,780			
	8,164	(8,164)			
<u>1,050,000</u>	<u>571,464</u>	<u>478,536</u>	<u>7,000</u>	<u>1,415</u>	<u>5,585</u>
<u>(1,050,000)</u>	<u>(570,004)</u>	<u>479,996</u>	<u>(7,000)</u>	<u>(1,394)</u>	<u>5,606</u>
	752,290	752,290			
	<u>752,290</u>	<u>752,290</u>			
<u>(1,050,000)</u>	<u>182,286</u>	<u>1,232,286</u>	<u>(7,000)</u>	<u>(1,394)</u>	<u>5,606</u>
	489,505	489,505		6,001	6,001
<u>\$ (1,050,000)</u>	<u>\$ 671,791</u>	<u>\$ 1,721,791</u>	<u>\$ (7,000)</u>	<u>\$ 4,607</u>	<u>\$ 11,607</u>

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 5,829	\$ 5,829
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>5,829</u>	<u>5,829</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	50,000	1,672	48,328
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>50,000</u>	<u>1,672</u>	<u>48,328</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>4,157</u>	<u>54,157</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(50,000)</u>	<u>4,157</u>	<u>54,157</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (50,000)</u>	<u>\$ 4,157</u>	<u>\$ 54,157</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 13,992,226	\$ 13,992,226
	7,106,882	7,106,882
	7,492,039	7,492,039
	<u>28,591,147</u>	<u>28,591,147</u>
15,643,248	10,432,056	5,211,192
4,148,460	2,627,482	1,520,978
78,000	987,844	(909,844)
1,000,000	428,882	571,118
	837,330	(837,330)
18,238,110	9,742,409	8,495,701
1,120,000	573,328	546,672
<u>40,227,818</u>	<u>25,629,331</u>	<u>14,598,487</u>
<u>(40,227,818)</u>	<u>2,961,816</u>	<u>43,189,634</u>
	776,086	776,086
	<u>(770,191)</u>	<u>(770,191)</u>
	<u>5,895</u>	<u>5,895</u>
<u>(40,227,818)</u>	<u>2,967,711</u>	<u>43,195,529</u>
	19,049,402	19,049,402
	(77,759)	(77,759)
<u>\$ (40,227,818)</u>	<u>\$ 21,939,354</u>	<u>\$ 62,167,172</u>

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DEBT SERVICE FUND

Debt Service - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2014**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 56,840	\$ 56,840
Property taxes		15,933,394	15,933,394
Federal aid, grants and reimbursements		1,231,318	1,231,318
Total revenues		<u>17,221,552</u>	<u>17,221,552</u>
Expenditures:			
Debt service -			
Principal retirement	9,655,000	9,655,000	
Interest and fiscal charges	8,845,000	6,282,702	2,562,298
Total expenditures	<u>18,500,000</u>	<u>15,937,702</u>	<u>2,562,298</u>
Excess (deficiency) of revenues over expenditures	<u>(18,500,000)</u>	<u>1,283,850</u>	<u>19,783,850</u>
Other financing sources (uses):			
Transfer in		98,003	98,003
Total other financing sources (uses):		<u>98,003</u>	<u>98,003</u>
Changes in fund balances	<u>(18,500,000)</u>	<u>1,381,853</u>	<u>19,881,853</u>
Fund balances, beginning of year		808,411	808,411
Fund balances (deficits), end of year	<u>\$ (18,500,000)</u>	<u>\$ 2,190,264</u>	<u>\$ 20,690,264</u>

CAPITAL PROJECTS FUNDS

Insurance Proceeds - to account for the monies received from insurance claims.

Litigation Recovery - to account for monies received for and derived from litigation.

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

Bond Building - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Gifts and Donations - Capital - to account for gifts and donations to be expended for capital acquisitions.

Condemnation - to account for monies received from proceeds from sales by condemnation or right-of-way settlements.

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

Building Renewal Grant - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems or buildings that will maintain or extend their useful life.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014**

	Insurance Proceeds	Litigation Recovery	Unrestricted Capital Outlay
<u>ASSETS</u>			
Cash and investments	\$ 229,649	\$ 92,915	\$ 3,910,667
Property taxes receivable			376,126
Due from governmental entities			112,899
Total assets	\$ 229,649	\$ 92,915	\$ 4,399,692
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 212,242
Accrued payroll and employee benefits			18,697
Total liabilities			230,939
Deferred inflows of resources:			
Unavailable revenues - property taxes			324,573
Unavailable revenues - intergovernmental			
Total deferred inflows of resources			324,573
Fund balances (deficits):			
Restricted	229,649	92,915	3,844,180
Unassigned			
Total fund balances	229,649	92,915	3,844,180
 Total liabilities, deferred inflows of resources and fund balances	 \$ 229,649	 \$ 92,915	 \$ 4,399,692

<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 174,655	\$ 30,089	\$ 2,375	\$ 9,511	\$ 24,138	\$ 4,473,999
					376,126
				113,397	226,296
<u>\$ 174,655</u>	<u>\$ 30,089</u>	<u>\$ 2,375</u>	<u>\$ 9,511</u>	<u>\$ 137,535</u>	<u>\$ 5,076,421</u>
\$	\$	\$	\$	\$ 137,535	\$ 349,777
					18,697
				<u>137,535</u>	<u>368,474</u>
					324,573
				113,397	113,397
				<u>113,397</u>	<u>437,970</u>
174,655	30,089	2,375	9,511		4,383,374
				(113,397)	(113,397)
<u>174,655</u>	<u>30,089</u>	<u>2,375</u>	<u>9,511</u>	<u>(113,397)</u>	<u>4,269,977</u>
<u>\$ 174,655</u>	<u>\$ 30,089</u>	<u>\$ 2,375</u>	<u>\$ 9,511</u>	<u>\$ 137,535</u>	<u>\$ 5,076,421</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON-MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014**

	Insurance Proceeds	Litigation Recovery	Unrestricted Capital Outlay
Revenues:			
Other local	\$ 42,436	\$ 373	\$ 13,823
Property taxes			8,391,710
State aid and grants			324,648
Total revenues	42,436	373	8,730,181
Expenditures:			
Current -			
Instruction	11,000		
Support services - administration	1,650		
Operation and maintenance of plant services	17,174		
Student transportation services	21,538		
Capital outlay	4,533		8,642,968
Total expenditures	55,895		8,642,968
Excess (deficiency) of revenues over expenditures	(13,459)	373	87,213
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	(13,459)	373	87,213
Fund balances, beginning of year	243,108	92,542	3,756,967
Fund balances (deficits), end of year	\$ 229,649	\$ 92,915	\$ 3,844,180

<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 797	\$ 47,589	\$ 9	\$ 38	\$	\$ 105,065
24					8,391,734
<u>821</u>	<u>47,589</u>	<u>9</u>	<u>38</u>		<u>324,648</u>
					<u>8,821,447</u>
					11,000
					1,650
					17,174
					21,538
<u>75,364</u>	<u>40,839</u>			<u>113,397</u>	<u>8,877,101</u>
<u>75,364</u>	<u>40,839</u>			<u>113,397</u>	<u>8,928,463</u>
<u>(74,543)</u>	<u>6,750</u>	<u>9</u>	<u>38</u>	<u>(113,397)</u>	<u>(107,016)</u>
	<u>(5,895)</u>				<u>(5,895)</u>
	<u>(5,895)</u>				<u>(5,895)</u>
<u>(74,543)</u>	<u>855</u>	<u>9</u>	<u>38</u>	<u>(113,397)</u>	<u>(112,911)</u>
249,198	29,234	2,366	9,473		4,382,888
<u>\$ 174,655</u>	<u>\$ 30,089</u>	<u>\$ 2,375</u>	<u>\$ 9,511</u>	<u>\$ (113,397)</u>	<u>\$ 4,269,977</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 42,436	\$ 42,436
Property taxes			
State aid and grants			
Total revenues	<u> </u>	<u>42,436</u>	<u>42,436</u>
Expenditures:			
Current -			
Instruction		11,000	(11,000)
Support services - administration		1,650	(1,650)
Operation and maintenance of plant services		17,174	(17,174)
Student transportation services	340,100	21,538	318,562
Capital outlay		4,533	(4,533)
Debt service -			
Bond issuance costs			
Total expenditures	<u>340,100</u>	<u>55,895</u>	<u>284,205</u>
Excess (deficiency) of revenues over expenditures	<u>(340,100)</u>	<u>(13,459)</u>	<u>326,641</u>
Other financing sources (uses):			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(340,100)</u>	<u>(13,459)</u>	<u>326,641</u>
Fund balances, beginning of year		243,108	243,108
Fund balances (deficits), end of year	<u>\$ (340,100)</u>	<u>\$ 229,649</u>	<u>\$ 569,749</u>

Litigation Recovery			Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 373	\$ 373	\$	\$ 13,823	\$ 13,823
				8,391,710	8,391,710
				324,648	324,648
	<u>373</u>	<u>373</u>		<u>8,730,181</u>	<u>8,730,181</u>
100,000		100,000			
			12,978,133	8,642,968	4,335,165
<u>100,000</u>		<u>100,000</u>	<u>12,978,133</u>	<u>8,642,968</u>	<u>4,335,165</u>
<u>(100,000)</u>	<u>373</u>	<u>100,373</u>	<u>(12,978,133)</u>	<u>87,213</u>	<u>13,065,346</u>
<u>(100,000)</u>	<u>373</u>	<u>100,373</u>	<u>(12,978,133)</u>	<u>87,213</u>	<u>13,065,346</u>
	92,542	92,542		3,756,967	3,756,967
<u>\$ (100,000)</u>	<u>\$ 92,915</u>	<u>\$ 192,915</u>	<u>\$ (12,978,133)</u>	<u>\$ 3,844,180</u>	<u>\$ 16,822,313</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Adjacent Ways		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 797	\$ 797
Property taxes		24	24
State aid and grants			
Total revenues		<u>821</u>	<u>821</u>
Expenditures:			
Current -			
Instruction			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay	250,000	75,364	174,636
Debt service -			
Bond issuance costs			
Total expenditures	<u>250,000</u>	<u>75,364</u>	<u>174,636</u>
Excess (deficiency) of revenues over expenditures	<u>(250,000)</u>	<u>(74,543)</u>	<u>175,457</u>
Other financing sources (uses):			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(250,000)</u>	<u>(74,543)</u>	<u>175,457</u>
Fund balances, beginning of year		249,198	249,198
Fund balances (deficits), end of year	<u>\$ (250,000)</u>	<u>\$ 174,655</u>	<u>\$ 424,655</u>

<u>Bond Building</u>			<u>Gifts and Donations - Capital</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 97,496	\$ 97,496	\$	\$ 47,589	\$ 47,589
	<u>97,496</u>	<u>97,496</u>		<u>47,589</u>	<u>47,589</u>
44,723,079	3,261,883	41,461,196	130,000	40,839	89,161
	492,682	(492,682)			
<u>44,723,079</u>	<u>3,754,565</u>	<u>40,968,514</u>	<u>130,000</u>	<u>40,839</u>	<u>89,161</u>
<u>(44,723,079)</u>	<u>(3,657,069)</u>	<u>41,066,010</u>	<u>(130,000)</u>	<u>6,750</u>	<u>136,750</u>
	(98,003)	(98,003)		(5,895)	(5,895)
	40,000,000	40,000,000			
	457,240	457,240			
	<u>40,359,237</u>	<u>40,359,237</u>		<u>(5,895)</u>	<u>(5,895)</u>
<u>(44,723,079)</u>	<u>36,702,168</u>	<u>81,425,247</u>	<u>(130,000)</u>	<u>855</u>	<u>130,855</u>
	4,675,529	4,675,529		29,234	29,234
<u>\$ (44,723,079)</u>	<u>\$ 41,377,697</u>	<u>\$ 86,100,776</u>	<u>\$ (130,000)</u>	<u>\$ 30,089</u>	<u>\$ 160,089</u>

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Condemnation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 9	\$ 9
Property taxes			
State aid and grants			
Total revenues		9	9
Expenditures:			
Current -			
Instruction			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay	2,365		2,365
Debt service -			
Bond issuance costs			
Total expenditures	2,365		2,365
Excess (deficiency) of revenues over expenditures	(2,365)	9	2,374
Other financing sources (uses):			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	(2,365)	9	2,374
Fund balances, beginning of year		2,366	2,366
Fund balances (deficits), end of year	\$ (2,365)	\$ 2,375	\$ 4,740

Energy and Water Savings			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 38	\$ 38	\$	\$	\$
	38	38			
			150,000	113,397	36,603
			150,000	113,397	36,603
	38	38	(150,000)	(113,397)	36,603
	38	38	(150,000)	(113,397)	36,603
	9,473	9,473			
\$	\$ 9,511	\$ 9,511	\$ (150,000)	\$ (113,397)	\$ 36,603

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 202,561	\$ 202,561
Property taxes		8,391,734	8,391,734
State aid and grants		324,648	324,648
Total revenues		<u>8,918,943</u>	<u>8,918,943</u>
Expenditures:			
Current -			
Instruction	100,000	11,000	89,000
Support services - administration		1,650	(1,650)
Operation and maintenance of plant services		17,174	(17,174)
Student transportation services	340,100	21,538	318,562
Capital outlay	58,233,577	12,138,984	46,094,593
Debt service -			
Bond issuance costs		492,682	(492,682)
Total expenditures	<u>58,673,677</u>	<u>12,683,028</u>	<u>45,990,649</u>
Excess (deficiency) of revenues over expenditures	<u>(58,673,677)</u>	<u>(3,764,085)</u>	<u>54,909,592</u>
Other financing sources (uses):			
Transfer out		(103,898)	(103,898)
Issuance of school improvement bonds		40,000,000	40,000,000
Premium on sale of bonds		457,240	457,240
Total other financing sources (uses):		<u>40,353,342</u>	<u>40,353,342</u>
Changes in fund balances	<u>(58,673,677)</u>	<u>36,589,257</u>	<u>95,262,934</u>
Fund balances, beginning of year		9,058,417	9,058,417
Fund balances (deficits), end of year	<u>\$ (58,673,677)</u>	<u>\$ 45,647,674</u>	<u>\$ 104,321,351</u>

INTERNAL SERVICE FUNDS

District Services - to account for the operation of District functions that provide goods or services to other District departments on a cost-reimbursement basis.

Intergovernmental Agreements - to account for the financial activities relating to agreements with other governments, where the District is the fiscal agent.

Employee Benefit Trust - to account for the financial activity associated with the District's self-insurance program.

Workers Compensation – to account for the financial activity associated with the program for employee workers' compensation.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2014

	<u>District Services</u>	<u>Intergovernmental Agreements</u>	<u>Employee Benefit Trust</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 252,314	\$	\$ 14,696,719
Deposits held by others			100,000
Due from governmental entities	122,338	95,210	
Due from other funds	82,346		
Total current assets	456,998	95,210	14,796,719
Noncurrent assets:			
Vehicles, furniture and equipment	515,426		
Accumulated depreciation	(215,750)		
Total noncurrent assets	299,676		
Total assets	756,674	95,210	14,796,719
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	92,288		31,001
Claims payable			977,000
Due to other funds		82,346	
Accrued payroll and employee benefits	1,117	12,864	
Obligations under capital leases	44,472		
Total current liabilities	137,877	95,210	1,008,001
Noncurrent liabilities:			
Non-current portion of long-term obligations	117,124		
Total noncurrent liabilities	117,124		
Total liabilities	255,001	95,210	1,008,001
<u>NET POSITION</u>			
Net investment in capital assets	138,080		
Unrestricted	363,593		13,788,718
Total net position	\$ 501,673	\$	\$ 13,788,718

<u>Workers Compensation</u>	<u>Totals</u>
\$ 867,607	\$ 15,816,640
	100,000
	217,548
	82,346
<u>867,607</u>	<u>16,216,534</u>
	515,426
	<u>(215,750)</u>
	299,676
<u>867,607</u>	<u>16,516,210</u>
	123,289
	977,000
	82,346
	13,981
	44,472
	<u>1,241,088</u>
	117,124
	117,124
	<u>1,358,212</u>
	138,080
867,607	15,019,918
<u>\$ 867,607</u>	<u>\$ 15,157,998</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>District Services</u>	<u>Intergovernmental Agreements</u>	<u>Employee Benefit Trust</u>
Operating revenues:			
Contributions	\$	\$	\$ 11,888,552
Charges for services	1,155,156	267,398	
Total operating revenues	<u>1,155,156</u>	<u>267,398</u>	<u>11,888,552</u>
Operating expenses:			
Depreciation	34,887		
Claims			8,623,277
Premiums			1,053,772
Administrative fees			808,576
Cost of services	1,155,034	267,427	
Total operating expenses	<u>1,189,921</u>	<u>267,427</u>	<u>10,485,625</u>
Operating income (loss)	<u>(34,765)</u>	<u>(29)</u>	<u>1,402,927</u>
Nonoperating revenues (expenses):			
Investment income	1,932		60,347
Total nonoperating revenues (expenses)	<u>1,932</u>		<u>60,347</u>
Changes in net position	<u>(32,833)</u>	<u>(29)</u>	<u>1,463,274</u>
Total net position, beginning of year	534,506	29	12,325,444
Total net position, end of year	<u>\$ 501,673</u>	<u>\$</u>	<u>\$ 13,788,718</u>

<u>Workers Compensation</u>	<u>Totals</u>
\$ 331,812	\$ 12,220,364
	1,422,554
<u>331,812</u>	<u>13,642,918</u>
	34,887
	8,623,277
349,898	1,403,670
	808,576
	1,422,461
<u>349,898</u>	<u>12,292,871</u>
<u>(18,086)</u>	<u>1,350,047</u>
<u>2,767</u>	<u>65,046</u>
<u>2,767</u>	<u>65,046</u>
<u>(15,319)</u>	<u>1,415,093</u>
882,926	13,742,905
<u>\$ 867,607</u>	<u>\$ 15,157,998</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	District Services	Inter- governmental Agreements	Employee Benefit Trust
<u>Increase in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received for services	\$ 1,021,892	\$ 267,427	\$
Cash received from contributions			11,888,552
Cash payments for claims			(9,276,277)
Cash payments to suppliers for goods and services	(1,110,909)	(267,427)	(1,906,315)
Net cash provided by/(used for) operating activities	(89,017)		705,960
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(44,472)		
Net cash used for capital and related financing activities	(44,472)		
Cash flows from investing activities:			
Investment income	1,932		60,347
Net cash provided by investing activities	1,932		60,347
Net increase/(decrease) in cash and cash equivalents	(131,557)		766,307
Cash and cash equivalents, beginning of year	383,871		13,930,412
Cash and cash equivalents, end of year	\$ 252,314	\$	\$ 14,696,719
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities</u>			
Operating income/(loss)	\$ (34,765)	\$ (29)	\$ 1,402,927
Adjustments to reconcile operating income/(loss) to net cash provided by/(used for) operating activities:			
Depreciation expense	34,887		
Changes in assets and liabilities:			
(Increase) in due from governmental entities	(92,465)	(25,698)	
(Increase) in due from other funds	(41,916)		
Increase in accrued payroll and employee benefits	1,117	12,864	
Increase/(decrease) in accounts payable	44,125		(43,967)
Increase in due to other funds		12,863	
(Decrease) in claims payable			(653,000)
Total adjustments	(54,252)	29	(696,967)
Net cash provided by operating activities	\$ (89,017)	\$	\$ 705,960

<u>Workers Compensation</u>	<u>Totals</u>
\$ 331,812	\$ 1,621,131
	11,888,552
	(9,276,277)
<u>(349,898)</u>	<u>(3,634,549)</u>
<u>(18,086)</u>	<u>598,857</u>
	<u>(44,472)</u>
	<u>(44,472)</u>
<u>2,767</u>	<u>65,046</u>
<u>2,767</u>	<u>65,046</u>
<u>(15,319)</u>	<u>619,431</u>
<u>882,926</u>	<u>15,197,209</u>
<u>\$ 867,607</u>	<u>\$ 15,816,640</u>

\$ (18,086)	\$ 1,350,047
	34,887
	(118,163)
	(41,916)
	13,981
	158
	12,863
	<u>(653,000)</u>
	<u>(751,190)</u>
<u>\$ (18,086)</u>	<u>\$ 598,857</u>

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AGENCY FUNDS

Student Activities - to account for monies raised by students to finance student clubs and organizations but held by the District as an agent.

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**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 194,156	\$ 300,631	\$ 285,374	\$ 209,413
Total assets	<u>\$ 194,156</u>	<u>\$ 300,631</u>	<u>\$ 285,374</u>	<u>\$ 209,413</u>
<u>Liabilities</u>				
Due to student groups	\$ 194,156	\$ 300,631	\$ 285,374	\$ 209,413
Total liabilities	<u>\$ 194,156</u>	<u>\$ 300,631</u>	<u>\$ 285,374</u>	<u>\$ 209,413</u>

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Position:		(As Restated)			
Net investment in capital assets	\$ 114,206,682	\$ 117,106,859	\$ 116,598,703	\$ 120,170,099	\$ 117,577,633
Restricted	22,942,445	18,256,725	14,904,625	25,434,583	16,360,557
Unrestricted	42,436,954	40,219,781	39,991,512	24,109,768	37,063,410
Total net position	\$ 179,586,081	\$ 175,583,365	\$ 171,494,840	\$ 169,714,450	\$ 171,001,600
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Position:					
Net investment in capital assets	\$ 124,571,387	\$ 115,964,872	\$ 112,704,781	\$ 111,099,987	\$ 105,544,609
Restricted	10,994,715	12,721,444	7,810,145	3,974,617	4,470,352
Unrestricted	29,221,504	34,750,729	32,757,029	27,373,916	26,700,647
Total net position	\$ 164,787,606	\$ 163,437,045	\$ 153,271,955	\$ 142,448,520	\$ 136,715,608

Source: The source of this information is the District's financial records.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses					
Instruction	\$ 82,030,946	\$ 79,578,214	\$ 84,161,237	\$ 81,321,836	\$ 82,012,893
Support services - students and staff	15,255,810	13,744,870	13,802,110	13,952,233	14,357,146
Support services - administration	10,824,855	10,744,152	11,021,728	10,354,397	11,227,344
Operation and maintenance of plant services	13,604,651	15,415,775	14,228,399	14,754,567	14,875,380
Student transportation services	8,034,589	7,724,844	8,026,873	7,154,741	6,728,599
Operation of non-instructional services	10,189,894	9,398,642	10,093,017	9,904,757	9,817,504
Interest on long-term debt	6,144,252	6,121,401	5,565,030	15,249,382	14,128,072
Total expenses	<u>146,084,997</u>	<u>142,727,898</u>	<u>146,898,394</u>	<u>152,691,913</u>	<u>153,146,938</u>
Program Revenues					
Charges for services:					
Instruction	2,657,161	1,577,531	903,242	5,524,962	5,518,636
Operation of non-instructional services	8,463,195	7,469,785	6,890,809	4,158,950	4,320,659
Other activities	1,604,568	2,213,596	2,950,481	603,412	708,837
Operating grants and contributions	10,118,955	10,448,125	13,614,415	11,560,945	10,869,456
Capital grants and contributions			889,360	47,465	74,597
Total program revenues	<u>22,843,879</u>	<u>21,709,037</u>	<u>25,248,307</u>	<u>21,895,734</u>	<u>21,492,185</u>
Net (Expense)/Revenue	<u>\$ (123,241,118)</u>	<u>\$ (121,018,861)</u>	<u>\$ (121,650,087)</u>	<u>\$ (130,796,179)</u>	<u>\$ (131,654,753)</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Instruction	\$ 91,090,275	\$ 89,803,441	\$ 89,270,018	\$ 84,221,135	\$ 78,893,995
Support services - students and staff	13,987,599	13,857,293	13,925,765	13,800,324	12,586,935
Support services - administration	12,103,661	11,630,797	10,132,227	9,088,886	8,452,203
Operation and maintenance of plant services	11,844,110	15,532,685	11,222,932	12,045,552	11,147,183
Student transportation services	6,729,587	8,211,921	7,115,503	5,098,919	4,062,562
Operation of non-instructional services	10,186,264	10,955,819	9,260,379	8,659,249	8,282,483
Interest on long-term debt	12,915,591	11,372,066	11,488,882	10,246,413	9,699,764
Total expenses	<u>158,857,087</u>	<u>161,364,022</u>	<u>152,415,706</u>	<u>143,160,478</u>	<u>133,125,125</u>
Program Revenues					
Charges for services:					
Instruction	6,019,615	5,667,559	5,691,166	8,013,225	7,029,543
Operation of non-instructional services	4,597,876	4,705,987	5,011,395	4,383,180	5,112,441
Other activities	917,234	805,606	1,229,365	959,985	524,755
Operating grants and contributions	10,939,698	10,029,200	9,768,988	9,234,191	9,402,913
Capital grants and contributions	62,349	84,254	155,257	140,090	25,903
Total program revenues	<u>22,536,772</u>	<u>21,292,606</u>	<u>21,856,171</u>	<u>22,730,671</u>	<u>22,095,555</u>
Net (Expense)/Revenue	<u>\$ (136,320,315)</u>	<u>\$ (140,071,416)</u>	<u>\$ (130,559,535)</u>	<u>\$ (120,429,807)</u>	<u>\$ (111,029,570)</u>

Source: The source of this information is the District's financial records.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net (Expense)/Revenue	\$ (123,241,118)	\$ (121,018,861)	\$ (121,650,087)	\$ (130,796,179)	\$ (131,654,753)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	41,745,333	47,826,175	45,678,790	45,099,372	40,830,154
Property taxes, levied for debt service	15,937,345	13,477,061	15,065,623	23,817,460	23,490,302
Property taxes, levied for capital outlay	8,528,086	7,118,860	8,036,971	5,016,171	10,210,997
Investment income	341,662	198,855	267,940	798,862	938,392
Unrestricted county aid	4,575,232	4,546,551	4,584,974	4,608,743	4,556,511
Unrestricted state aid	55,854,282	52,503,042	49,796,179	49,596,402	50,842,564
Unrestricted federal aid	261,894	242,139		572,019	6,999,827
Total general revenues	<u>127,243,834</u>	<u>125,912,683</u>	<u>123,430,477</u>	<u>129,509,029</u>	<u>137,868,747</u>
Changes in Net Position	<u>\$ 4,002,716</u>	<u>\$ 4,893,822</u>	<u>\$ 1,780,390</u>	<u>\$ (1,287,150)</u>	<u>\$ 6,213,994</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net (Expense)/Revenue	\$ (136,320,315)	\$ (140,071,416)	\$ (130,559,535)	\$ (120,429,807)	\$ (111,029,570)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	42,537,458	42,849,524	40,237,137	39,310,410	38,455,046
Property taxes, levied for debt service	20,482,691	21,678,552	20,722,450	19,197,804	19,386,124
Property taxes, levied for capital outlay	7,870,415	11,413,014	10,550,195	5,186,442	5,199,193
Investment income	2,375,045	2,976,014	2,423,934	1,316,879	759,070
Unrestricted county aid			47,053	3,973,056	3,815,724
Unrestricted state aid	64,405,267	71,319,402	67,402,201	57,178,128	52,789,049
Total general revenues	<u>137,670,876</u>	<u>150,236,506</u>	<u>141,382,970</u>	<u>126,162,719</u>	<u>120,404,206</u>
Changes in Net Position	<u>\$ 1,350,561</u>	<u>\$ 10,165,090</u>	<u>\$ 10,823,435</u>	<u>\$ 5,732,912</u>	<u>\$ 9,374,636</u>

Source: The source of this information is the District's financial records.

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund:					
Nonspendable	\$ 261,235	\$ 591,938	\$ 706,604	\$ 527,331	\$
Unassigned	18,977,332	19,940,697	19,074,244	15,277,767	
Reserved					3,931,322
Unreserved					3,140,587
Total General Fund	<u>\$ 19,238,567</u>	<u>\$ 20,532,635</u>	<u>\$ 19,780,848</u>	<u>\$ 15,805,098</u>	<u>\$ 7,071,909</u>
All Other Governmental Funds:					
Nonspendable	\$ 39,265	\$ 117,024	\$ 63,338	\$ 63,458	\$
Restricted	63,638,865	22,275,315	17,655,265	14,060,812	
Unassigned	(113,397)		(2,398)	(120,596)	
Reserved					83,374
Unreserved, reported in:					
Special revenue funds					17,010,657
Capital projects funds					24,712,553
Debt service fund					1,804,249
Total all other governmental funds	<u>\$ 63,564,733</u>	<u>\$ 22,392,339</u>	<u>\$ 17,716,205</u>	<u>\$ 14,003,674</u>	<u>\$ 43,610,833</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved	\$ 2,071,948	\$ 886,813	\$ 601,283	\$ 709,264	\$ 782,613
Unreserved	2,811,084	8,023,547	6,526,860	4,087,229	3,783,516
Total General Fund	<u>\$ 4,883,032</u>	<u>\$ 8,910,360</u>	<u>\$ 7,128,143</u>	<u>\$ 4,796,493</u>	<u>\$ 4,566,129</u>
All Other Governmental Funds:					
Reserved	\$ 89,592	\$ 111,541	\$ 58,613	\$ 55,994	\$ 65,890
Unreserved, reported in:					
Special revenue funds	17,145,181	18,074,143	17,554,131	13,969,335	12,515,971
Capital projects funds	46,268,450	49,300,826	28,088,973	18,299,575	3,455,052
Debt service fund	1,860,279	3,152,073	1,750,583	762,462	737,483
Total all other governmental funds	<u>\$ 65,363,502</u>	<u>\$ 70,638,583</u>	<u>\$ 47,452,300</u>	<u>\$ 33,087,366</u>	<u>\$ 16,774,396</u>

Source: The source of this information is the District's financial records.

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Federal sources:					
Federal grants	\$ 6,010,715	\$ 6,066,833	\$ 6,982,224	\$ 7,161,069	\$ 6,589,487
State Fiscal Stabilization (ARRA)				572,019	6,999,827
Education Jobs			3,130,755		
National School Lunch Program	2,712,642	2,833,523	2,878,740	2,615,322	2,386,286
Total federal sources	<u>8,723,357</u>	<u>8,900,356</u>	<u>12,991,719</u>	<u>10,348,410</u>	<u>15,975,600</u>
State sources:					
State equalization assistance	49,161,855	47,125,634	44,869,225	45,447,749	49,501,254
State grants	414,272	295,618	258,263	298,141	516,584
Other revenues	6,692,610	5,377,408	4,926,954	4,378,689	4,684,219
Total state sources	<u>56,268,737</u>	<u>52,798,660</u>	<u>50,054,442</u>	<u>50,124,579</u>	<u>54,702,057</u>
Local sources:					
Property taxes	66,048,091	66,326,114	70,345,369	74,442,668	72,102,382
County aid	4,575,232	4,546,551	4,584,974	4,608,743	4,556,511
Food service sales	2,875,837	2,906,863	3,334,657	3,496,813	3,681,319
Investment income	276,616	136,354	195,860	595,710	762,843
Other revenues	11,130,330	9,603,344	8,663,668	8,014,299	8,554,990
Total local sources	<u>84,906,106</u>	<u>83,519,226</u>	<u>87,124,528</u>	<u>91,158,233</u>	<u>89,658,045</u>
Total revenues	<u>\$ 149,898,200</u>	<u>\$ 145,218,242</u>	<u>\$ 150,170,689</u>	<u>\$ 151,631,222</u>	<u>\$ 160,335,702</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Federal sources:					
Federal grants	\$ 5,334,983	\$ 5,930,886	\$ 7,720,315	\$ 7,470,690	\$ 7,661,068
National School Lunch Program	1,847,377	1,664,110	1,480,183	1,275,143	1,400,496
Total federal sources	<u>7,182,360</u>	<u>7,594,996</u>	<u>9,200,498</u>	<u>8,745,833</u>	<u>9,061,564</u>
State sources:					
State equalization assistance	55,415,107	61,565,115	58,556,450	48,846,531	46,181,257
State grants	2,287,722	802,058	602,585	494,249	455,496
School Facilities Board		630,350	1,251,150	1,013,665	933,480
Other revenues	5,670,281	8,870,871	7,594,601	7,327,059	6,466,838
Total state sources	<u>63,373,110</u>	<u>71,868,394</u>	<u>68,004,786</u>	<u>57,681,504</u>	<u>54,037,071</u>
Local sources:					
Property taxes	68,618,997	76,365,297	72,129,888	63,460,826	63,191,830
County aid			47,053	3,973,056	3,815,724
Food service sales	4,063,460	4,143,347	4,195,829	4,027,902	4,023,727
Investment income	2,153,784	2,665,840	2,134,575	1,108,560	596,211
Other revenues	9,036,722	8,530,954	7,857,259	9,404,838	8,682,394
Total local sources	<u>83,872,963</u>	<u>91,705,438</u>	<u>86,364,604</u>	<u>81,975,182</u>	<u>80,309,886</u>
Total revenues	<u>\$ 154,428,433</u>	<u>\$ 171,168,828</u>	<u>\$ 163,569,888</u>	<u>\$ 148,402,519</u>	<u>\$ 143,408,521</u>

Source: The source of this information is the District's financial records.

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenditures:					
Current -					
Instruction	\$ 67,893,287	\$ 66,920,319	\$ 68,872,150	\$ 70,907,190	\$ 71,193,039
Support services - students and staff	14,275,754	13,013,233	12,622,359	13,388,092	13,777,270
Support services - administration	9,792,931	9,517,292	9,499,541	9,261,953	10,037,818
Operation and maintenance of plant services	12,917,394	14,806,679	13,495,107	12,918,845	14,021,360
Student transportation services	6,175,274	6,222,956	6,402,069	5,852,918	5,574,038
Operation of non-instructional services	9,871,316	9,232,963	9,862,327	9,685,496	9,680,571
Capital outlay	12,712,312	8,773,490	23,577,081	25,658,108	33,209,090
Debt service -					
Interest and fiscal charges	6,282,702	6,461,001	13,120,020	15,283,685	14,138,044
Principal retirement	9,655,000	7,865,000	11,245,000	10,010,254	10,121,420
Bond issuance costs	492,682	39,950	142,015	245,000	
Total expenditures	<u><u>\$ 150,068,652</u></u>	<u><u>\$ 142,852,883</u></u>	<u><u>\$ 168,837,669</u></u>	<u><u>\$ 173,211,541</u></u>	<u><u>\$ 181,752,650</u></u>
Expenditures for capitalized assets	\$ 4,726,037	\$ 2,439,177	\$ 14,548,438	\$ 18,984,651	\$ 29,084,493
Debt service as a percentage of noncapital expenditures	11%	10%	17%	16%	16%

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:					
Current -					
Instruction	\$ 77,507,708	\$ 76,717,422	\$ 73,733,849	\$ 71,561,754	\$ 67,322,046
Support services - students and staff	13,219,708	13,244,757	13,371,694	13,445,878	12,537,238
Support services - administration	10,019,450	9,661,140	9,150,251	8,288,821	8,053,200
Operation and maintenance of plant services	12,704,373	14,762,759	10,782,351	11,906,059	10,759,750
Student transportation services	5,360,906	5,127,271	4,087,208	3,670,095	3,262,225
Operation of non-instructional services	9,860,338	10,414,234	9,123,022	8,467,141	8,136,902
Capital outlay	37,734,774	25,018,078	21,668,789	8,937,274	8,132,558
Debt service -					
Claims and judgments	482,452				
Interest and fiscal charges	12,925,563	13,005,534	13,864,730	14,162,616	13,559,381
Principal retirement	10,078,756	8,845,565	9,045,754	7,444,052	7,988,855
Total expenditures	<u>\$ 190,228,981</u>	<u>\$ 177,037,260</u>	<u>\$ 165,032,919</u>	<u>\$ 148,129,645</u>	<u>\$ 139,752,155</u>
Expenditures for capitalized assets	\$ 27,995,669	\$ 14,926,173	\$ 10,005,781	\$ 2,537,437	\$ 1,924,890
Debt service as a percentage of noncapital expenditures	15%	13%	15%	15%	16%

Source: The source of this information is the District's financial records.

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Excess (deficiency) of revenues over expenditures	\$ (170,452)	\$ 2,365,359	\$ (18,666,980)	\$ (21,580,319)	\$ (21,416,948)
Other financing sources (uses):					
General obligation bonds issued	40,000,000	2,975,000		22,350,000	
Refunding bonds issued			43,030,000		
Premium on sale of bonds	457,240	148,542	5,718,309	269,331	
Transfers in	874,089	952,804	879,479	625,466	373,695
Transfers out	(874,089)	(952,804)	(879,479)	(625,466)	(373,695)
Payment to refunded bond escrow agent			(41,061,276)		
Total other financing sources (uses)	<u>40,457,240</u>	<u>3,123,542</u>	<u>7,687,033</u>	<u>22,619,331</u>	<u></u>
Changes in fund balances	<u>\$ 40,286,788</u>	<u>\$ 5,488,901</u>	<u>\$ (10,979,947)</u>	<u>\$ 1,039,012</u>	<u>\$ (21,416,948)</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over expenditures	\$ (35,800,548)	\$ (5,868,432)	\$ (1,463,031)	\$ 272,874	\$ 3,656,366
Other financing sources (uses):					
General obligation bonds issued	25,000,000	30,000,000	18,000,000	16,000,000	
Premium on sale of bonds	334,953	471,297	237,800	353,705	
Transfers in	1,161,843	1,084,200	1,034,990	600,246	333,432
Transfers out	(1,161,843)	(1,057,023)	(1,007,813)	(600,246)	(333,432)
Total other financing sources (uses)	<u>25,334,953</u>	<u>30,498,474</u>	<u>18,264,977</u>	<u>16,353,705</u>	<u></u>
Changes in fund balances	<u>\$ (10,465,595)</u>	<u>\$ 24,630,042</u>	<u>\$ 16,801,946</u>	<u>\$ 16,626,579</u>	<u>\$ 3,656,366</u>

Source: The source of this information is the District's financial records.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 640,507,039	\$ 731,499,569	\$ 822,373,241	\$ 1,030,386,534	\$ 1,017,161,203
Agricultural and Vacant	29,582,506	33,426,792	43,129,063	46,805,690	46,357,340
Residential (Owner Occupied)	780,061,637	873,654,286	1,006,438,721	1,154,407,771	1,255,199,155
Residential (Rental)	179,838,943	148,018,091	173,044,070	190,832,566	178,174,287
Railroad, Private Cars and Airlines	1,076,883	1,050,802	930,897	941,414	983,443
Historical Property	56,211	10,190	11,925	19,165	15,309
Certain Government Property Improvements	84,691	56,716	10,715		
Total	\$ 1,631,207,910	\$ 1,787,716,446	\$ 2,045,938,632	\$ 2,423,393,140	\$ 2,497,890,737
Estimated Actual Value (Full Cash Value)	\$ 15,055,100,341	\$ 15,954,370,358	\$ 18,575,028,097	\$ 21,684,199,876	\$ 24,607,576,458
Ratio of Primary Assessed Value to Estimated Actual Value	10.83%	11.21%	11.01%	11.18%	10.15%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 1,111,161,951	\$ 876,767,884	\$ 824,154,310	\$ 786,675,887	\$ 732,456,317
Agricultural and Vacant	69,069,686	41,132,262	39,364,133	36,697,461	35,033,656
Residential (Owner Occupied)	1,522,868,054	1,016,086,297	864,011,412	849,661,414	798,088,972
Residential (Rental)	190,434,509	127,567,677	123,222,703	114,606,997	110,841,219
Railroad, Private Cars and Airlines	1,282,746	1,215,647	1,189,770	1,106,568	1,045,825
Historical Property	13,500	12,000	12,293	11,175	10,159
Certain Government Property Improvements					
Total	\$ 2,894,830,446	\$ 2,062,781,767	\$ 1,851,954,621	\$ 1,788,759,502	\$ 1,677,476,148
Estimated Actual Value (Full Cash Value)	\$ 24,422,238,451	\$ 22,161,674,713	\$ 15,665,270,012	\$ 14,986,864,173	\$ 14,157,956,711
Ratio of Primary Value to Estimated Actual Value	11.85%	9.31%	11.82%	11.94%	11.85%

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: The primary assessed value generates revenues for general District operations.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SECONDARY ASSESSED VALUE VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 641,174,971	\$ 734,998,962	\$ 824,593,681	\$ 1,129,640,298	\$ 1,198,234,974
Agricultural and Vacant	30,403,095	33,998,556	46,286,831	57,846,261	66,183,282
Residential (Owner Occupied)	780,666,997	873,966,653	1,007,509,296	1,157,244,748	1,373,643,110
Residential (Rental)	184,528,176	148,043,518	173,284,118	198,497,341	219,043,287
Railroad, Private Cars and Airlines	1,087,199	1,071,064	1,040,293	1,126,249	1,162,727
Historical Property	196,342	10,190	11,925	42,283	21,635
Certain Government Property Improvements	84,691	56,716			
Total	\$ 1,638,141,471	\$ 1,792,145,659	\$ 2,052,736,876	\$ 2,544,397,180	\$ 2,858,289,015

Ratio of Secondary Assessed Value to Estimated Actual Value	10.88%	11.23%	11.05%	11.73%	11.62%
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<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 1,111,161,951	\$ 966,577,654	\$ 894,179,000	\$ 839,014,849	\$ 796,653,789
Agricultural and Vacant	69,069,686	60,213,551	55,618,438	46,630,870	51,416,888
Residential (Owner Occupied)	1,522,868,054	1,413,447,143	870,720,535	873,104,215	806,177,696
Residential (Rental)	190,434,509	154,513,567	123,899,697	117,048,065	113,237,682
Railroad, Private Cars and Airlines	1,282,746	1,344,221	1,259,859	1,213,227	1,174,928
Historical Property	13,500	12,000	13,975	13,975	13,425
Total	\$ 2,894,830,446	\$ 2,596,108,136	\$ 1,945,691,504	\$ 1,877,025,201	\$ 1,768,674,408

Ratio of Secondary Assessed Value to Estimated Actual Value	11.85%	11.71%	12.42%	12.52%	12.49%
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Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: The secondary assessed value generates revenues to service District bonded debt requirements and other voter-approved overrides.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	20 %	21 %	22 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	17	18

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	23 %	24 %	25 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	20	21	22	21	21

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates											District Direct Rates		
	State Equalization	County	County Free Library	Flood Control District	Communit y College District	Fire District Assistance	Central Arizona Water	City of Phoenix	City of Tempe	City of Chandler	Tempe Union High School District	Primary	Secondary	Total
	2014	0.51	1.28	0.04	0.14	1.53	0.01	0.14	1.82	2.49	1.27	2.66	2.22	2.06
2013	0.47	1.24	0.05	0.18	1.37	0.01	0.10	1.82	2.14	1.27	2.57	4.27	1.79	6.06
2012	0.43	1.24	0.05	0.18	1.21	0.01	0.10	1.82	1.79	1.27	2.57	2.05	1.66	3.71
2011	0.36	1.05	0.04	0.15	0.97	0.01	0.10	1.82	1.40	1.18	2.30	1.53	1.67	3.20
2010	0.33	0.99	0.04	0.14	0.88	0.01	0.10	1.82	1.40	1.18	2.22	1.43	1.48	2.91
2009	N/A	1.03	0.04	0.14	0.94	0.01	0.10	1.82	1.40	1.18	2.28	1.52	1.37	2.89
2008	N/A	1.10	0.04	0.15	0.98	0.01	0.10	1.82	1.40	1.20	2.50	1.95	1.54	3.49
2007	N/A	1.18	0.05	0.20	1.06	0.01	0.12	1.82	1.40	1.25	2.63	1.89	2.08	3.97
2006	N/A	1.20	0.05	0.21	1.03	0.01	0.12	1.82	1.40	1.28	2.65	1.96	1.77	3.73
2005	N/A	1.21	0.05	0.21	1.04	0.01	0.12	1.82	1.35	1.28	3.04	2.06	1.84	3.90

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Note: N/A indicates the information is not available.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Intel Corporation	\$ 29,086,656	1.78 %	\$ 39,972,042	2.26 %
TWC-Chandler LLC	26,178,765	1.60		
DDRA Awhwatukee Foothills LLC	13,536,485	0.83	8,312,770	0.47
Honeywell International Inc.	11,258,403	0.69		
Qwest Corporation	7,448,729	0.45	27,414,453	1.55
Target Corporation	6,529,883	0.40		
Tempe Campus SPV LLC	6,255,068	0.38		
Park at San Tan LLC	6,212,720	0.38		
Coca-Cola Refreshments USA Inc.	6,197,598	0.38	10,965,781	0.62
Propcor II Associates LLC	5,434,945	0.33		
Motorola, Inc.			46,516,135	2.63
Allied Signal			18,747,949	1.06
Equity Residential Properties			17,333,009	0.98
Foothills Towne Center III Inc.			12,911,323	0.73
KIMCO Realty			11,142,649	0.63
Trinet Essential Facilities			8,312,770	0.47
Total	<u>\$ 118,139,252</u>	<u>7.22 %</u>	<u>\$ 201,628,881</u>	<u>11.40 %</u>

Source: The source of this information is the City of Tempe Comprehensive Annual Financial Reports for fiscal year 2013-14 and the Maricopa County Assessor's records for fiscal year 2004-05.

Note: The information presented is for the Tempe metropolitan area. Kyrene Elementary School District also serves portions of the City of Chandler and City of Phoenix communities.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 70,368,581	\$ 67,354,447	95.72 %	\$	\$ 67,354,447	95.72 %
2013	70,472,026	67,381,446	95.61	3,074,851	70,456,297	99.98
2012	76,119,935	72,904,655	95.78	2,638,203	75,542,858	99.24
2011	80,472,545	77,824,096	96.71	2,631,827	80,455,923	99.98
2010	72,354,037	66,757,879	92.27	3,501,238	70,259,117	97.10
2009	68,652,956	65,431,128	95.31	2,743,676	68,174,804	99.30
2008	74,097,893	72,437,425	97.76	1,649,232	74,086,657	99.98
2007	69,926,284	68,481,535	97.93	1,429,821	69,911,356	99.98
2006	67,540,561	65,569,332	97.08	1,956,150	67,525,482	99.98
2005	67,137,384	65,000,673	96.82	2,129,610	67,130,283	99.99

Source: The source of this information is the 2013 Maricopa County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt					
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Certificates of Participation	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2014	\$ 156,020,000	\$ 2,300,914	\$ 153,719,086	1.02 %	\$ 854	\$	\$ 161,596	\$156,181,596	1.04 %	\$ 868	N/A %
2013	123,885,000	808,411	123,076,589	0.77	684			123,076,589	0.77	684	0.83
2012	143,400,000	1,155,432	142,244,568	0.77	790		51,026	142,295,594	0.77	791	0.97
2011	137,260,000	1,928,320	135,331,680	0.62	752		99,524	135,431,204	0.62	752	0.91
2010	126,697,394	2,354,177	124,343,217	0.51	691		50,255	124,393,472	0.51	691	0.87
2009	136,460,380	2,212,598	134,247,782	0.55	880		195,873	134,443,655	0.55	882	0.95
2008	121,817,390	3,446,960	118,370,430	0.53	779			118,370,430	0.53	779	0.80
2007	101,051,490	1,982,130	99,069,360	0.63	664	870,000	25,985	99,965,345	0.64	670	0.72
2006	92,235,480	1,068,931	91,166,549	0.61	609	2,650,000	50,829	93,867,378	0.63	627	0.71
2005	85,812,938		85,812,938	0.61	573	4,350,000	74,583	90,237,521	0.64	603	0.75

Source: The source of this information is the District's financial records.

Note: N/A indicates that the information is not available.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Community College District	\$ 712,735,000	5.08 %	\$ 36,206,938
City of Phoenix	1,544,830,113	6.62	102,267,753
City of Tempe	411,661,000	31.94	131,484,523
City of Chandler	393,125,000	21.97	86,369,563
Tempe Union High School District No. 213	80,225,000	57.60	46,209,600
Subtotal, Overlapping Debt			<u>402,538,377</u>
Direct:			
Kyrene Elementary School District No. 28			<u>156,181,596</u>
Total Direct and Overlapping Debt			<u><u>\$ 558,719,973</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		9.38 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,111	
As a Percentage of Net Secondary Assessed Valuation		12.20 %
As a Percentage of Estimated Actual Value (Full Cash Value)		1.33 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on the District's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2013 is presented for the overlapping governments as this is the most recent available information.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2014:

Secondary assessed valuation	\$ 1,638,141,471
Debt limit (10% of assessed value)	163,814,147
Debt applicable to limit	<u>135,215,000</u>
Legal debt margin	<u>\$ 28,599,147</u>

Total Legal Debt Margin Calculation for Fiscal Year 2014:

Secondary assessed valuation	\$ 1,638,141,471
Debt limit (15% of assessed value)	245,721,221
Debt applicable to limit	<u>156,020,000</u>
Legal debt margin	<u>\$ 89,701,221</u>

Fiscal Year Ended June 30

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 245,721,221	\$ 268,821,849	\$ 307,910,531	\$ 381,659,577	\$ 428,743,352
Total net debt applicable to limit	<u>156,020,000</u>	<u>123,885,000</u>	<u>143,400,000</u>	<u>137,260,000</u>	<u>126,697,394</u>
Legal debt margin	<u>\$ 89,701,221</u>	<u>\$ 144,936,849</u>	<u>\$ 164,510,531</u>	<u>\$ 244,399,577</u>	<u>\$ 302,045,958</u>
Total net debt applicable to the limit as a percentage of debt limit	63%	46%	47%	36%	30%

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 434,224,567	\$ 389,416,220	\$ 291,853,726	\$ 281,553,780	\$ 265,301,161
Total net debt applicable to limit	<u>136,460,380</u>	<u>121,817,390</u>	<u>101,051,490</u>	<u>92,235,480</u>	<u>85,812,938</u>
Legal debt margin	<u>\$ 297,764,187</u>	<u>\$ 267,598,830</u>	<u>\$ 190,802,236</u>	<u>\$ 189,318,300</u>	<u>\$ 179,488,223</u>
Total net debt applicable to the limit as a percentage of debt limit	31%	31%	35%	33%	32%

Source: The source of this information is the District's financial records.

- Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Bond premium is not subject to the statutory debt limit.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2013	4,009,412	\$ 147,700,000	\$ 27,552	6.2 %	180,000
2012	3,824,058	147,374,500	38,538	9.1	180,000
2011	3,843,370	148,593,801	38,411	8.2	180,000
2010	4,192,887	142,864,275	37,352	9.2	180,000
2009	4,379,634	142,091,618	35,319	8.5	180,000
2008	3,987,942	147,122,078	37,168	4.8	152,500
2007	3,778,598	139,665,253	36,135	3.3	152,000
2006	3,792,675	132,423,154	35,046	3.5	149,200
2005	3,648,545	120,716,738	33,178	4.1	149,789
2004	3,498,587	111,103,576	31,757	4.5	149,750

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 and 2012, the source of the information is the Arizona Office of Employment and Population Statistics.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	49,278	2.59 %	49,147	2.85 %
Wal-Mart Stores Inc.	32,169	1.69	19,510	1.13
Banner Health Systems	25,270	1.33	14,447	0.84
City of Phoenix	14,983	0.78	13,617	0.79
Wells Fargo Company	14,713	0.77	11,000	0.64
Maricopa County	12,698	0.67	15,218	0.88
Apollo Group Inc.	10,000	0.53		
Arizona State University	12,222	0.64	10,530	0.61
Bank of America	11,000	0.58		
Honeywell	10,000	0.53	12,000	0.70
Intel Corp.	11,900	0.63		
JP Morgan Chase & Co	11,042	0.58		
Mesa Public Schools	8,217	0.42		
U.S. Postal Service	7,312	0.38	11,406	0.66
US Airways	9,306	0.49		
Albertson's	4,000	0.21		
Bashas' Inc.	8,561	0.45	9,646	0.56
Safeway Stores	7,000	0.37		
Total	<u>259,671</u>	<u>13.64 %</u>	<u>166,521</u>	<u>9.66 %</u>
Total employment	<u>1,903,173</u>		<u>1,723,600</u>	

Source: The source of this information is the Business Journal Book of Lists.

Note: The information presented above is County-wide.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Supervisory					
Superintendents/Principals	28	28	27	25	25
Assistant principals	12	14	14	14	14
Total supervisory	<u>40</u>	<u>42</u>	<u>41</u>	<u>39</u>	<u>39</u>
Instruction					
Teachers	940	943	949	990	996
Other professionals (instructional)	204	192	210	204	191
Total instruction	<u>1,144</u>	<u>1,135</u>	<u>1,159</u>	<u>1,194</u>	<u>1,187</u>
Student Services					
Librarians	25	24	21	25	25
Nurses/Technicians	20	19	18	14	14
Total student services	<u>45</u>	<u>43</u>	<u>39</u>	<u>39</u>	<u>39</u>
Support and Administration					
Service workers	212	209	198	96	113
Other classified	74	70	76	76	79
Total support and administration	<u>286</u>	<u>279</u>	<u>274</u>	<u>172</u>	<u>192</u>
Total	<u><u>1,515</u></u>	<u><u>1,499</u></u>	<u><u>1,513</u></u>	<u><u>1,444</u></u>	<u><u>1,457</u></u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Supervisory					
Superintendents/Principals	25	24	26	25	25
Assistant principals	19	16	18	18	16
Total supervisory	<u>44</u>	<u>40</u>	<u>44</u>	<u>43</u>	<u>41</u>
Instruction					
Teachers	1,070	985	949	1,029	968
Other professionals (instructional)	238	216	207	180	150
Total instruction	<u>1,308</u>	<u>1,201</u>	<u>1,156</u>	<u>1,209</u>	<u>1,118</u>
Student Services					
Librarians	25	25	23	25	25
Nurses/Technicians	14	13	12	13	13
Total student services	<u>39</u>	<u>38</u>	<u>35</u>	<u>38</u>	<u>38</u>
Support and Administration					
Service workers	105	96	89	82	71
Other classified	82	80	88	105	136
Total support and administration	<u>187</u>	<u>176</u>	<u>177</u>	<u>187</u>	<u>207</u>
Total	<u><u>1,578</u></u>	<u><u>1,455</u></u>	<u><u>1,412</u></u>	<u><u>1,477</u></u>	<u><u>1,404</u></u>

Source: The source of this information is District personnel records.

(Concluded)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2014	16,811	\$ 120,925,956	\$ 7,193	1.01 %	\$ 146,084,997	\$ 8,690	2.35 %	940	17.9	31.0 %
2013	16,811	119,713,442	7,121	(0.46)	142,727,898	8,490	(2.45)	943	17.8	28.5
2012	16,879	120,753,553	7,154	(1.20)	146,898,394	8,703	(3.96)	949	17.8	29.2
2011	16,850	122,014,494	7,241	(1.67)	152,691,913	9,062	(0.14)	990	17.0	26.9
2010	16,877	124,284,096	7,364	(2.75)	153,146,938	9,074	(2.93)	996	16.9	24.8
2009	16,993	128,672,483	7,572	(0.30)	158,857,087	9,348	(0.89)	1,070	15.9	20.3
2008	17,108	129,927,583	7,595	11.71	161,364,022	9,432	9.45	985	17.4	18.2
2007	17,687	120,248,375	6,799	6.53	152,415,706	8,617	10.68	949	18.6	15.5
2006	18,387	117,339,748	6,382	7.05	143,160,478	7,786	7.99	1,029	17.9	16.0
2005	18,464	110,071,361	5,961	(0.68)	133,125,125	7,210	2.89	968	19.1	14.6

Source: The source of this information is the District's financial records.

Note: Operating expenditures are total expenditures less debt service and capital outlay.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	48	48	48	48	48	65	69	69	69	69
Square feet	1,470,378	1,470,378	1,470,378	1,470,378	1,470,378	1,457,650	1,451,378	1,451,378	1,451,378	1,451,378
Capacity	16,174	16,174	16,174	16,174	16,174	16,069	16,000	16,000	16,000	16,000
Enrollment	11,749	11,681								
<u>Middle</u>										
Buildings	46	46	46	46	46	46	46	46	46	46
Square feet	915,260	915,260	915,260	915,260	915,260	915,260	915,260	915,260	915,260	915,260
Capacity	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125
Enrollment	6,117	6,442	6,521							
<u>Administrative</u>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947
<u>Transportation</u>										
Garages	7	7	7	7	7	7	7	7	7	7
<u>Athletics</u>										
Soccer fields	6	6	6	6	6	6	6	6	6	6
Running tracks	6	6	6	6	6	6	6	6	6	6
Baseball/softball	1	1	1	1	11/12	11/12	11/12	11/12	11/12	11/12
Playgrounds	29	29	29	29	29	29	29	29	29	29

Source: The source of this information is the District's facilities records.