
**KYRENE ELEMENTARY
SCHOOL DISTRICT NO. 28**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TEMPE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Issued by:
Business and Finance Department

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	i
ASBO Certificate of Excellence	v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Principal Officials	viii
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	30

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION (Cont'd)</u>	<u>Page</u>
BASIC FINANCIAL STATEMENTS (Concl'd)	
Statement of Cash Flows – Proprietary Funds	31
Statement of Assets and Liabilities – Fiduciary Funds	32
Notes to Financial Statements	33
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	54
Note to Required Supplementary Information	55
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	61
Special Revenue Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	76
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	96

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION (Concl'd)</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Concl'd)	
Capital Projects Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	104
Internal Service Funds:	
Combining Statement of Net Position	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	116
Combining Statement of Cash Flows	118
Agency Funds:	
Combining Statement of Assets and Liabilities	122
Combining Statement of Changes in Assets and Liabilities	123
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	126
Expenses, Program Revenues, and Net (Expense)/Revenue	127
General Revenues and Total Changes in Net Position	129
Fund Balances – Governmental Funds	131
Governmental Funds Revenues	133

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS (Concl'd)

<u>STATISTICAL SECTION (Concl'd)</u>	<u>Page</u>
Governmental Funds Expenditures and Debt Service Ratio	135
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	137
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	138
Assessed Value and Estimated Actual Value of Taxable Property by Class	139
Property Tax Assessment Ratios	140
Direct and Overlapping Property Tax Rates	141
Principal Property Taxpayers	142
Property Tax Levies and Collections	143
Debt Capacity:	
Outstanding Debt by Type	144
Direct and Overlapping Governmental Activities Debt	145
Legal Debt Margin Information	146
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	147
Principal Employers	148
Operating Information:	
Full-Time Equivalent District Employees by Type	149
Operating Statistics	151
Capital Assets Information	152

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INTRODUCTORY SECTION

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December 20, 2013

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, 2013.

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, 2013, 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, 2013, 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 18,018 students. The average age of the school building is 24.5 years.

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 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. During the Great Recession, the District managed to reduce their expenses in order to stay in line with the anticipated revenues. The District was so effective with their budget strategies that the reserve funds actually increased during the recession. 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 is currently in a stronger financial position than it was prior to the Great Recession.

The District has also put strategies into place to stabilize its enrollment. As projected by the District's contracted demographer, the District's 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 five years. The District is considering the launch of their second dual language academy in the upcoming 2014-2015 school year. The District's demographer has also projected that In-District enrollment has bottomed out and that as the housing market continues to recover, we will see turnover with new and younger families coming into our boundaries. This will make the District less dependent on open enrollment.

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 2012-13 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, 2012*

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



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
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

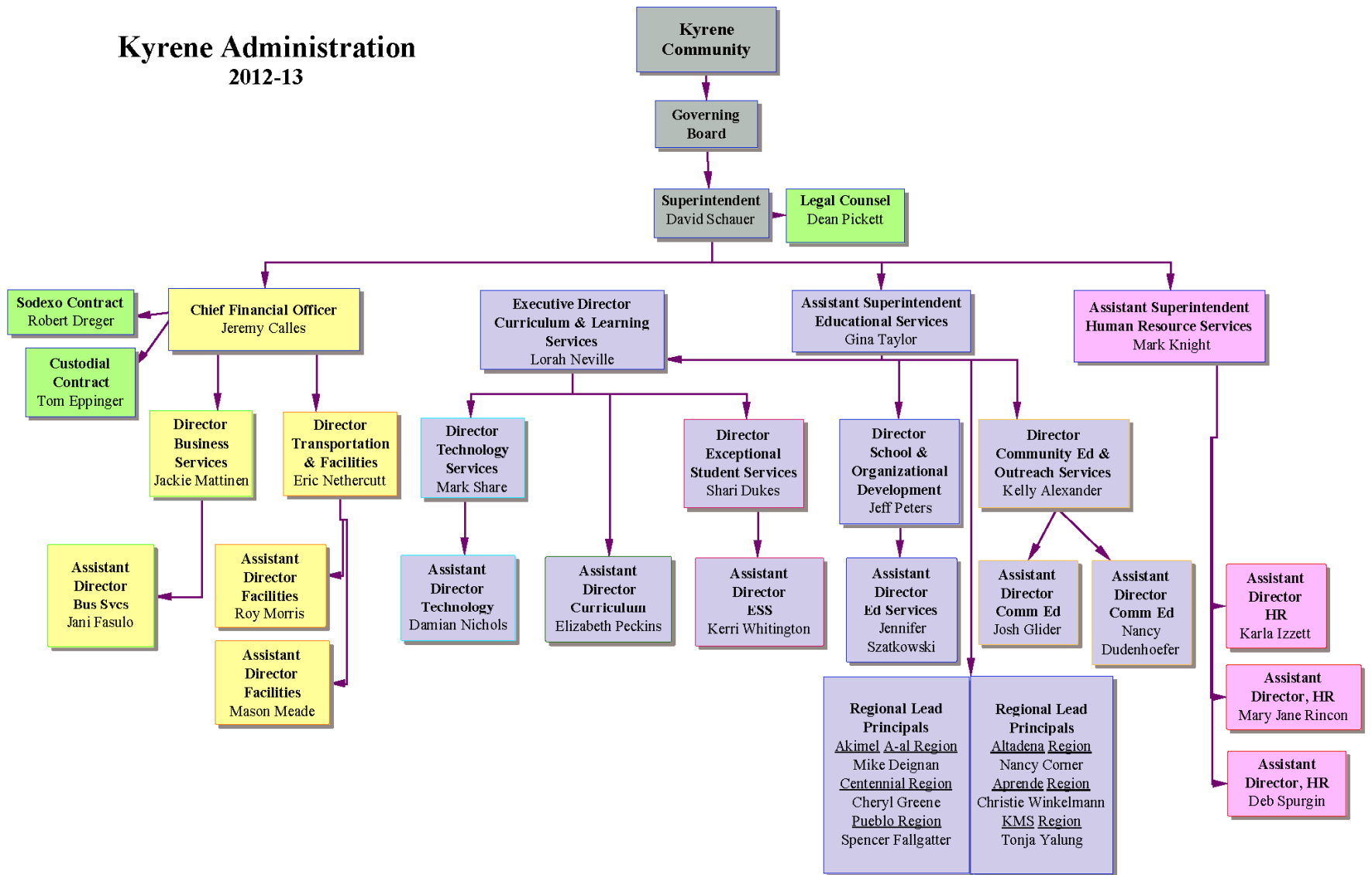
**Kyrene Elementary School
District, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Kyrene Administration 2012-13



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Beth Brizel
President

Bernadette Coggins
Vice President

John King
Member

Michelle Hirsch
Member

Ross Robb
Member

ADMINISTRATIVE STAFF

Dr. David K. Schauer
Superintendent

Dr. Gina Taylor
Assistant Superintendent

Dr. Mark Knight
Assistant Superintendent

Jeremy Calles
Chief Financial Officer

Lorah J. Neville
Executive Director, Curriculum and Learning Services

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Kyrene Elementary School District No. 28

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kyrene Elementary School District No. 28 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kyrene Elementary School District No. 28, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 20, 2013, 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 20, 2013

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, 2013**

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, 2013. 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 \$4.9 million which represents a 3 percent increase from the prior fiscal year.
- General revenues accounted for \$125.9 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 \$21.7 million or 15 percent of total current fiscal year revenues.
- The District had approximately \$142.7 million in expenses related to governmental activities, a decrease of 3 percent from the prior fiscal year.
- Among major funds, the General Fund had \$97.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$96.9 million in expenditures. The General Fund's fund balance increase from \$19.8 million at the prior fiscal year end to \$20.5 million at the end of the current fiscal year was primarily due to efforts by the District to maximize budget and cash carryforward for future year expenditures.
- Net position for the Internal Service Funds increased \$1.8 million from the prior fiscal year. Operating revenues of \$14.4 million exceeded operating expenses of \$12.7 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.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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.

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.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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.

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 and Debt Service Funds, both 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.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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.

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 exceeded liabilities by \$176.4 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, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Current assets	\$ 76,499,370	\$ 74,117,276
Capital assets, net	236,316,330	245,657,526
Total assets	<u>312,815,700</u>	<u>319,774,802</u>
Current liabilities	6,320,415	10,303,287
Long-term liabilities	<u>130,106,623</u>	<u>137,976,675</u>
Total liabilities	<u>136,427,038</u>	<u>148,279,962</u>
Net position:		
Net investment in capital assets	117,106,859	116,598,703
Restricted	18,256,725	14,904,625
Unrestricted	<u>41,025,078</u>	<u>39,991,512</u>
Total net position	<u>\$ 176,388,662</u>	<u>\$ 171,494,840</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

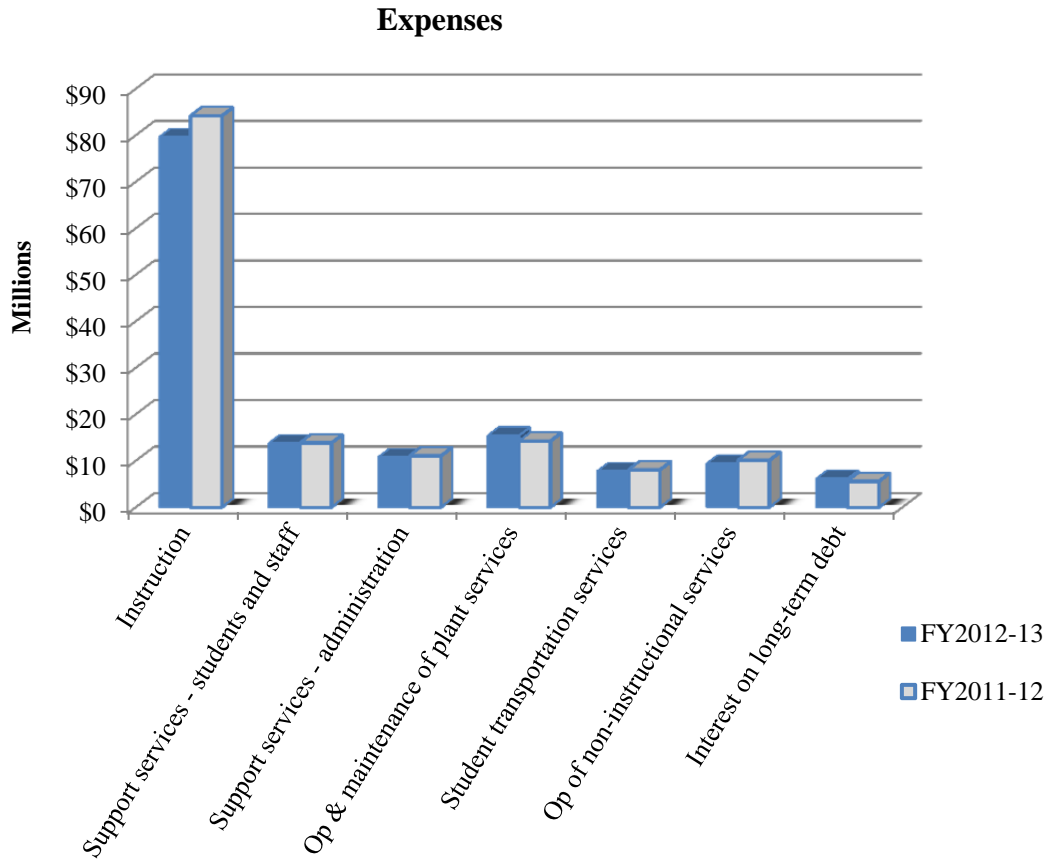
- The issuance of \$3.0 million in general obligation bonds.
- The net addition of \$2.4 million in capital assets through school improvements and the purchase of vehicles, furniture and equipment.
- The principal retirement of \$11.2 million of bonds.

Changes in net position. The District's total revenues for the current fiscal year were \$147.6 million. The total cost of all programs and services was \$142.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	<u>Fiscal Year Ended June 30, 2013</u>	<u>Fiscal Year Ended June 30, 2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 11,260,912	\$ 10,744,532
Operating grants and contributions	10,448,125	13,614,415
Capital grants and contributions		889,360
General revenues:		
Property taxes	68,422,096	68,781,384
Investment income	198,855	267,940
Unrestricted county aid	4,546,551	4,584,974
Unrestricted state aid	52,503,042	49,796,179
Unrestricted federal aid	242,139	
Total revenues	<u>147,621,720</u>	<u>148,678,784</u>
Expenses:		
Instruction	79,578,214	84,161,237
Support services – students and staff	13,744,870	13,802,110
Support services – administration	10,744,152	11,021,728
Operation and maintenance of plant services	15,415,775	14,228,399
Student transportation services	7,724,844	8,026,873
Operation of non-instructional services	9,398,642	10,093,017
Interest on long-term debt	6,121,401	5,565,030
Total expenses	<u>142,727,898</u>	<u>146,898,394</u>
Changes in net position	<u>4,893,822</u>	<u>1,780,390</u>
Net position, beginning	<u>171,494,840</u>	<u>169,714,450</u>
Net position, ending	<u>\$ 176,388,662</u>	<u>\$ 171,494,840</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- The decrease in operating grants and contributions of \$3.2 million was primarily due to the decrease in Education Jobs federal funding.
- Unrestricted state aid increased \$2.7 million due to an increase in Classroom Site funding due to an increased per pupil rate.
- Instruction expenses decreased \$4.6 million primarily due to conservative spending.

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, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	Year Ended June 30, 2013		Year Ended June 30, 2012	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 79,578,214	\$ (72,899,642)	\$ 84,161,237	\$ (78,153,813)
Support services – students and staff	13,744,870	(11,919,947)	13,802,110	(11,069,184)
Support services – administration	10,744,152	(9,419,657)	11,021,728	(6,393,538)
Operation and maintenance of plant services	15,415,775	(14,943,683)	14,228,399	(13,555,152)
Student transportation services	7,724,844	(7,063,877)	8,026,873	(7,479,262)
Operation of non-instructional services	9,398,642	904,666	10,093,017	(323,468)
Interest on long-term debt	6,121,401	(5,676,721)	5,565,030	(4,675,670)
Total	<u>\$142,727,898</u>	<u>\$(121,018,861)</u>	<u>\$ 146,898,394</u>	<u>\$(121,650,087)</u>

- The cost of all governmental activities this year was \$142.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$21.7 million.
- Net cost of governmental activities of \$121.0 million was financed by general revenues, which are made up of primarily property taxes of \$68.4 million and unrestricted state aid of \$52.5 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 \$42.9 million, an increase of \$5.4 million primarily due to conservative spending and the issuance of school improvement bonds.

The General Fund comprises 48 percent of the total fund balance. Approximately \$19.9 million or 97 percent of the General Fund's fund balance constitutes unassigned fund balance.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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

The General Fund is the principal operating fund of the District. The increase in fund balance of \$751,787 to \$20.5 million as of fiscal year end was insignificant. General Fund revenues increased \$1.3 million. General Fund expenditures increased \$3.4 million as a result of a 2% increase in compensation for all employees, an increase in ASRS contributions from 10.10% in the prior fiscal year to 11.14% in the current fiscal year and an Education Credit movement.

The Debt Service Fund had \$14.1 million in current fiscal year revenues and \$14.3 million in expenditures. The Debt Service Fund's fund balance decreased from \$915,800 as of prior fiscal year end to \$808,411 as of the current fiscal year end.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$13.7 million, which is consistent with the District's reserve policy. Operating revenues of \$14.4 million exceeded operating expenses of \$12.7 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 \$2.3 million decrease or 2 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. The significant variances are summarized as follows:

- The favorable variances of \$2.2 million in instruction and \$1.7 million in operation and maintenance of plant services was a result of budgeting to the maximum general budget limit to maximize the budget carryforward to provide capacity in future years for contingencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$392.0 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 \$1.8 million from the prior fiscal year. Total depreciation expense for the current fiscal year was \$11.7 million.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Capital assets – non-depreciable	\$ 26,201,215	\$ 34,599,211
Capital assets – depreciable, net	210,115,115	211,058,315
Total	<u>\$ 236,316,330</u>	<u>\$ 245,657,526</u>

Additional information on the District's capital assets can be found in Note 5.

Debt Administration. At year end, the District had \$123.9 million in long-term debt outstanding, \$7.9 million due within one year. This represents a net decrease of \$8.3 million.

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 5 percent of the total secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$268.8 million, which is more than the District's total outstanding general obligation debt. The current Class B debt limit for the district is \$89.6 million; however, due to a decline in the District's secondary assessed valuation, the District does not have any current bonding capacity.

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 2013-14 budget. Among them:

- Fiscal year 2012-13 budget balance carryforward (estimated \$3.2 million).
- District student population (estimated 16,301).
- The 1.8 percent inflation factor added to the budgetary funding formula.

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

Budgeted expenditures in the General Fund increased 8 percent to \$104.4 million in fiscal year 2013-14. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2013-14 budget.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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, 2013

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 51,078,324
Property taxes receivable	6,060,776
Due from governmental entities	18,651,308
Inventory	708,962
Total current assets	76,499,370
Noncurrent assets:	
Land	26,061,982
Land improvements	33,053,493
Buildings and improvements	310,880,156
Vehicles, furniture and equipment	21,828,157
Construction in progress	139,233
Accumulated depreciation	(155,646,691)
Total noncurrent assets	236,316,330
Total assets	312,815,700
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,279,666
Construction contracts payable	161,850
Claims payable	1,630,000
Compensated absences payable	2,000,000
Accrued interest payable	3,224,975
Unearned revenues	23,924
Bonds payable	7,865,000
Total current liabilities	16,185,415
Noncurrent liabilities:	
Non-current portion of long-term obligations	120,241,623
Total noncurrent liabilities	120,241,623
Total liabilities	136,427,038
<u>NET POSITION</u>	
Net investment in capital assets	117,106,859
Restricted for:	
Federal and state projects	4,663,390
Food service	717,806
Other local initiatives	7,389,310
Debt service	915,110
Capital outlay	4,571,109
Unrestricted	41,025,078
Total net position	\$ 176,388,662

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, 2013

Functions/Programs	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 79,578,214	\$ 1,577,531	\$ 5,101,041	\$ (72,899,642)
Support services - students and staff	13,744,870	500,143	1,324,780	(11,919,947)
Support services - administration	10,744,152	1,130,858	193,637	(9,419,657)
Operation and maintenance of plant services	15,415,775	390,415	81,677	(14,943,683)
Student transportation services	7,724,844	192,180	468,787	(7,063,877)
Operation of non-instructional services	9,398,642	7,469,785	2,833,523	904,666
Interest on long-term debt	6,121,401		444,680	(5,676,721)
Total governmental activities	<u>\$ 142,727,898</u>	<u>\$ 11,260,912</u>	<u>\$ 10,448,125</u>	<u>(121,018,861)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	47,826,175
Property taxes, levied for debt service	13,477,061
Property taxes, levied for capital outlay	7,118,860
Investment income	198,855
Unrestricted county aid	4,546,551
Unrestricted state aid	52,503,042
Unrestricted federal aid	242,139
Total general revenues	<u>125,912,683</u>

Changes in net position	4,893,822
Net position, beginning of year	<u>171,494,840</u>
Net position, end of year	<u>\$ 176,388,662</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, 2013

	General	Debt Service	Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 2,914,229	\$ 11,788,635	\$ 21,078,251
Property taxes receivable	5,599,221	216,450	245,105
Due from governmental entities	17,122,982		1,428,941
Due from other funds	325,468		32,023
Inventory	591,938		117,024
Total assets	\$ 26,553,838	\$ 12,005,085	\$ 22,901,344
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 746,117	\$	\$ 410,418
Construction contracts payable			161,850
Due to other funds	40,430		288,008
Deferred revenues	5,234,656	106,699	457,140
Bonds payable		7,865,000	
Bond interest payable		3,224,975	
Total liabilities	6,021,203	11,196,674	1,317,416
Fund balances:			
Nonspendable	591,938		117,024
Restricted		808,411	21,466,904
Unassigned	19,940,697		
Total fund balances	20,532,635	808,411	21,583,928
 Total liabilities and fund balances	 \$ 26,553,838	 \$ 12,005,085	 \$ 22,901,344

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

Total
Governmental
Funds

\$ 35,781,115
6,060,776
18,551,923
357,491
708,962
\$ 61,460,267

\$ 1,156,535
161,850
328,438
5,798,495
7,865,000
3,224,975
18,535,293

708,962
22,275,315
19,940,697
42,924,974

\$ 61,460,267

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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, 2013

Total governmental fund balances **\$ 42,924,974**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 391,963,021	
Less accumulated depreciation	<u>(155,646,691)</u>	236,316,330

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes	5,529,576	
Intergovernmental	<u>244,995</u>	5,774,571

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.

13,614,410

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(6,221,623)	
Bonds payable	<u>(116,020,000)</u>	<u>(122,241,623)</u>

Net position of governmental activities **\$ 176,388,662**

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, 2013

	General	Debt Service	Non-Major Governmental Funds
Revenues:			
Other local	\$ 4,753,735	\$ 34,616	\$ 12,404,761
Property taxes	45,689,490	13,609,924	7,026,700
State aid and grants	47,081,405		5,717,255
Federal aid, grants and reimbursements	242,139	444,680	8,213,537
Total revenues	97,766,769	14,089,220	33,362,253
Expenditures:			
Current -			
Instruction	57,918,648		9,001,671
Support services - students and staff	10,675,119		2,338,114
Support services - administration	8,148,029		1,369,263
Operation and maintenance of plant services	14,475,153		331,526
Student transportation services	5,375,607		847,349
Operation of non-instructional services	124,678		9,108,285
Capital outlay	163,146		8,610,344
Debt service -			
Principal retirement		7,865,000	
Interest and fiscal charges		6,461,001	
Bond issuance costs			39,950
Total expenditures	96,880,380	14,326,001	31,646,502
Excess (deficiency) of revenues over expenditures	886,389	(236,781)	1,715,751
Other financing sources (uses):			
Transfer in	401,773	129,322	421,709
Transfer out	(421,709)		(531,095)
Issuance of school improvement bonds			2,975,000
Premium on sale of bonds			148,542
Total other financing sources (uses):	(19,936)	129,322	3,014,156
Changes in fund balances	866,453	(107,459)	4,729,907
Fund balances, beginning of year	19,780,848	915,870	16,800,335
Increase (decrease) in reserve for inventory	(114,666)		53,686
Fund balances, end of year	\$ 20,532,635	\$ 808,411	\$ 21,583,928

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

Total
Governmental
Funds

\$ 17,193,112
66,326,114
52,798,660
8,900,356
145,218,242

66,920,319
13,013,233
9,517,292
14,806,679
6,222,956
9,232,963
8,773,490

7,865,000
6,461,001
39,950
142,852,883

2,365,359

952,804
(952,804)
2,975,000
148,542
3,123,542

5,488,901

37,497,053

(60,980)

\$ 42,924,974

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, 2013

Net changes in fund balances - total governmental funds	\$	5,427,921
Amounts reported for <i>governmental activities</i> 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	\$ 2,439,177	
Less current year depreciation	<u>(11,667,893)</u>	(9,228,716)
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.		(2,975,000)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	2,095,982	
Intergovernmental	<u>244,995</u>	2,340,977
Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		7,865,000
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	(112,480)	
Amortization of deferred bond items	231,008	
Compensated absences	<u>(450,974)</u>	(332,446)
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>1,796,086</u>
Change in net position in governmental activities	\$	<u>4,893,822</u>

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, 2013

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 15,197,209
Deposits held by others	100,000
Due from governmental entities	99,385
Due from other funds	40,430
Total current assets	15,437,024
Noncurrent assets:	
Vehicles, furniture and equipment	518,653
Accumulated depreciation	(390,158)
Total noncurrent assets	128,495
Total assets	15,565,519
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	123,131
Claims payable	1,630,000
Due to other funds	69,483
Total current liabilities	1,822,614
Total liabilities	1,822,614
<u>NET POSITION</u>	
Net investment in capital assets	128,495
Unrestricted	13,614,410
Total net position	\$ 13,742,905

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, 2013**

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 13,193,624
Charges for services	1,223,411
Total operating revenues	<u>14,417,035</u>
Operating expenses:	
Depreciation	52,874
Claims	9,445,907
Premiums	1,270,889
Administrative fees	849,784
Cost of services	1,099,540
Total operating expenses	<u>12,718,994</u>
Operating income (loss)	<u>1,698,041</u>
Nonoperating revenues (expenses):	
Investment income	62,501
Total nonoperating revenues (expenses)	<u>62,501</u>
Changes in net position	<u>1,760,542</u>
Total net position, beginning of year	11,982,363
Total net position, end of year	<u><u>\$ 13,742,905</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, 2013**

	<u>Governmental Activities: Internal Service Funds</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received for services	\$ 2,575,694
Cash received from contributions	11,938,641
Cash payments for claims	(9,445,907)
Cash payments to suppliers for goods and services	<u>(3,198,180)</u>
Net cash provided by operating activities	<u>1,870,248</u>
Cash flows from capital and related financing activities:	
Loss on sale of capital assets	(9,473)
Principal paid on long-term debt	(51,026)
Purchase of vehicles, furniture and equipment	<u>(7,857)</u>
Net cash used for capital and related financing activities	<u>(68,356)</u>
Cash flows from investing activities:	
Investment income	<u>62,501</u>
Net cash provided by investing activities	<u>62,501</u>
Net increase in cash and cash equivalents	<u>1,864,393</u>
Cash and cash equivalents, beginning of year	<u>13,332,816</u>
Cash and cash equivalents, end of year	<u>\$ 15,197,209</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 1,698,041
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	52,874
Changes in assets and liabilities:	
Decrease in due from governmental entities	26,940
Decrease in due from other funds	68,904
Increase in accounts payable	22,033
Increase in due to other funds	<u>1,456</u>
Total adjustments	<u>172,207</u>
Net cash provided by operating activities	<u>\$ 1,870,248</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, 2013**

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 196,317
Total assets	\$ 196,317
 <u>LIABILITIES</u>	
Deposits held for others	\$ 2,161
Due to student groups	194,156
Total liabilities	\$ 196,317

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, 2013

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, 2013, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from 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, 2013

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, 2013

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 resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

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. Deferred 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 deferred revenue 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 operations except those which are restricted. The General Fund includes the District's Maintenance and Operation Fund as well as the Medicaid Reimbursement, School Plant, Indirect Costs, and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and 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, 2013

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.

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 Surepay Account accounts for employee payroll deposits temporarily held by the District until distributed and 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.

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 and investments held by the County Treasurer.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

A.R.S. require the District to deposit certain cash with the County Treasurer. That cash 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.

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.

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 obtained by applying tax rates against either the primary assessed valuation or 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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.

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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

K. 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.

L. 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, issuance costs and 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, 2013

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

M. 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.

N. 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.

O. 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, 2013

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, 2013

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.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	\$ 591,938	\$	\$ 117,024
Restricted:			
Debt service		808,411	
Capital projects			4,382,888
Bond building projects			4,675,529
Voter approved initiatives			4,418,395
Community school projects			4,603,221
Extracurricular activities fees credit			791,149
Food service			600,782
Civic center			1,337,593
Other purposes			657,347
Unassigned	19,940,697		
Total fund balances	<u>\$ 20,532,635</u>	<u>\$ 808,411</u>	<u>\$ 21,583,928</u>

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's 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 \$72,881 and the bank balance was \$421,779. At year end, \$68,638 of the deposit was uninsured and uncollateralized. 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Concl'd)

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.

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

	Average Maturities	Fair Value
County Treasurer's investment pool	491 days	\$ 51,101,760
Total		\$ 51,101,760

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 4 – 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	Non-Major Governmental and Other Funds
Due from other governmental entities:		
Due from Federal government	\$	\$ 689,173
Due from State government	17,105,982	679,749
Due from County government	17,000	5
Due from other districts		159,399
Net due from governmental entities	\$ 17,122,982	\$ 1,528,326

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – RECEIVABLES (Concl'd)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 5,234,656	\$
Delinquent property taxes receivable (Debt Service Fund)	106,699	
Delinquent property taxes receivable (Non-Major Governmental Funds)	188,221	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		23,924
Measurable but unavailable revenues (Non-Major Governmental Funds)	244,995	
Total deferred revenue for governmental funds	<u>\$ 5,774,571</u>	<u>\$ 23,924</u>

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 26,061,982	\$	\$	\$ 26,061,982
Construction in process	8,537,229	1,639,931	10,037,927	139,233
Total capital assets, not being depreciated	<u>34,599,211</u>	<u>1,639,931</u>	<u>10,037,927</u>	<u>26,201,215</u>
Capital assets, being depreciated:				
Land improvements	32,717,271	336,222		33,053,493
Buildings and improvements	301,176,529	9,703,627		310,880,156
Vehicles, furniture and equipment	21,634,958	797,324	604,125	21,828,157
Total capital assets being depreciated	<u>355,528,758</u>	<u>10,837,173</u>	<u>604,125</u>	<u>365,761,806</u>
Less accumulated depreciation for:				
Land improvements	(23,545,705)	(1,134,184)		(24,679,889)
Buildings and improvements	(110,285,263)	(8,987,536)		(119,272,799)
Vehicles, furniture and equipment	(10,639,475)	(1,546,173)	(491,645)	(11,694,003)
Total accumulated depreciation	<u>(144,470,443)</u>	<u>(11,667,893)</u>	<u>(491,645)</u>	<u>(155,646,691)</u>
Total capital assets, being depreciated, net	<u>211,058,315</u>	<u>(830,720)</u>	<u>112,480</u>	<u>210,115,115</u>
Governmental activities capital assets, net	<u>\$ 245,657,526</u>	<u>\$ 809,211</u>	<u>\$10,150,407</u>	<u>\$ 236,316,330</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 9,715,281
Support services – students and staff	86,746
Support services – administration	537,665
Operation and maintenance of plant services	311,221
Student transportation services	953,902
Operation of non-instructional services	63,078
Total depreciation expense – governmental activities	<u><u>\$11,667,893</u></u>

NOTE 6 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. Short-term debt activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Revolving line of credit	<u>\$</u>	<u>\$ 1,409,000</u>	<u>\$1,409,000</u>	<u>\$</u>

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.

	<u>Governmental Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 209,295
Less: Accumulated depreciation	41,860
Total	<u><u>\$ 167,435</u></u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, \$113,975,000 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. As such, the District receives a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

Description	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Governmental Activities:					
2005 School Improvement Bonds, Series A (Class B)	\$ 16,000,000	3.875 - 5.00%	7/1/13-25	\$ 6,435,000	\$ 215,000
2005 School Improvement Bonds, Series B (Class B)	18,000,000	4.00 - 5.125%	7/1/13-26	12,065,000	765,000
2005 School Improvement Bonds, Series C (Class B)	30,000,000	3.75 - 5.00%	7/1/13-27	20,020,000	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%	7/1/13-17	35,040,000	6,385,000
2010 School Improvement Bonds, Series A (Class B)	2,975,000	2.30%	7/1/15	2,975,000	
Total				<u>\$ 123,885,000</u>	<u>\$ 7,865,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2014	\$ 7,865,000	\$ 6,230,837
2015	9,655,000	5,744,716
2016	9,470,000	5,296,387
2017	12,175,000	4,776,782
2018	12,870,000	4,048,325
2019-23	25,970,000	15,959,120
2024-28	42,670,000	6,048,326
2029	3,210,000	98,445
Total	<u>\$ 123,885,000</u>	<u>\$ 48,202,938</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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, \$36,460,000 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	\$ 132,155,000	\$ 2,975,000	\$ 11,245,000	\$123,885,000	\$ 7,865,000
Obligations under capital leases	51,026		51,026		
Compensated absences payable	<u>5,770,649</u>	<u>7,880,243</u>	<u>7,429,269</u>	<u>6,221,623</u>	<u>2,000,000</u>
Governmental activity long-term liabilities	<u>\$ 137,976,675</u>	<u>\$10,855,243</u>	<u>\$18,725,295</u>	<u>\$130,106,623</u>	<u>\$ 9,865,000</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

<u>Due to</u>	<u>General Fund</u>	<u>Due from Non-Major Governmental and Other Funds</u>	<u>Total</u>
General Fund	\$	\$ 40,430	\$ 40,430
Non-Major Governmental Funds and Other Funds	<u>325,468</u>	<u>32,023</u>	<u>357,491</u>
Total	<u>\$ 325,468</u>	<u>\$ 72,453</u>	<u>\$ 397,921</u>

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. In addition, the General Fund owed the District Services Fund, a proprietary fund, for services rendered. Furthermore, Civic Center Fund revenues were deposited in the incorrect fund and subsequently corrected. All interfund balances are expected to be paid within one year.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
<u>Transfers out</u>				
General Fund	\$	\$	\$ 421,709	\$ 421,709
Non-Major Governmental Funds	401,773	129,322		531,095
Total	<u>\$ 401,773</u>	<u>\$ 129,322</u>	<u>\$ 421,709</u>	<u>\$ 952,804</u>

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 close out the Soft Capital Allocation Fund which is reported in the General Fund, to the Adjacent Ways and Unrestricted Capital Outlay 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.

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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 – 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.

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, not to exceed an annual aggregate of \$12,500,000. 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 – RISK MANAGEMENT (Concl'd)

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, 2013	Year ended June 30, 2012
Unpaid claims, beginning of fiscal year	\$ 1,630,000	\$ 1,432,000
Incurred claims (including IBNRs)	9,601,134	10,331,055
Claim payments	(9,601,134)	(10,133,055)
Unpaid claims, end of fiscal year	\$ 1,630,000	\$ 1,630,000

NOTE 13 – 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

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 11.14 percent (10.90 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 11.14 percent (10.25 percent for retirement, 0.65 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:						
2013	\$	7,431,540	\$	471,268	\$	174,007
2012		7,105,746		453,558		172,784
2011		6,689,222		438,029		185,606

NOTE 14 – SUBSEQUENT EVENT

As of July 1, 2013, the District's Employee Benefit Trust discontinued the aggregate stop loss coverage with AIG and will no longer carry this type of coverage.

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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, 2013**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 4,555,255	\$ 4,555,255
Property taxes			45,689,490	45,689,490
State aid and grants			46,644,280	46,644,280
Total revenues			<u>96,889,025</u>	<u>96,889,025</u>
Expenditures:				
Current -				
Instruction	62,458,071	59,702,076	57,519,354	2,182,722
Support services - students and staff	10,251,931	9,947,903	10,472,010	(524,107)
Support services - administration	7,011,342	7,601,654	8,138,602	(536,948)
Operation and maintenance of plant services	13,249,702	13,195,694	11,479,246	1,716,448
Student transportation services	5,693,589	5,908,527	5,417,968	490,559
Operation of non-instructional services	161,020	163,183	123,238	39,945
Total expenditures	<u>98,825,655</u>	<u>96,519,037</u>	<u>93,150,418</u>	<u>3,368,619</u>
Excess (deficiency) of revenues over expenditures	<u>(98,825,655)</u>	<u>(96,519,037)</u>	<u>3,738,607</u>	<u>100,257,644</u>
Other financing sources (uses):				
Transfer in			9,134,134	9,134,134
Total other financing sources (uses):			<u>9,134,134</u>	<u>9,134,134</u>
Changes in fund balances	<u>(98,825,655)</u>	<u>(96,519,037)</u>	<u>12,872,741</u>	<u>109,391,778</u>
Fund balances (deficits), beginning of year			(1,549,331)	(1,549,331)
Increase (decrease) in reserve for prepaid items			2,800,000	2,800,000
Increase (decrease) in reserve for inventory			(114,666)	(114,666)
Fund balances (deficits), end of year	<u>\$ (98,825,655)</u>	<u>\$ (96,519,037)</u>	<u>\$ 14,008,744</u>	<u>\$ 110,527,781</u>

See accompanying notes to this schedule.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exceptions: 1) a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds, 2) a portion of fiscal year 2013-14 insurance payments were charged against the fiscal year 2012-13 budget, 3) a portion of the fiscal year 2012-13 insurance payments were budgeted for in fiscal year 2011-12, and 4) the close out of the Soft Capital Allocation Fund to the General, Adjacent Ways and Unrestricted Capital Outlay Funds. Consequently, the following adjustments were necessary to present actual expenditures, increase for prepaid items, other financing sources and uses, fund balance at July 1, 2012, and fund balance at June 30, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Increase for Prepaid Items</u>	<u>Other Financing Sources and Uses</u>	<u>Fund Balance, June 30, 2013</u>	<u>Fund Balance, July 1, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$96,880,380	\$	\$ (19,936)	\$ 20,532,635	\$ 19,780,848
Fiscal year 2012-13 activity budgeted as special revenue funds	(542,142)		(401,773)	(6,523,891)	(6,259,564)
Fiscal year 2012-13 activity budgeted as capital projects funds	(687,820)		9,555,843		(9,770,615)
Fiscal year 2013-14 insurance payments charged against fiscal year 2012-13 budget	2,800,000	2,800,000			
Fiscal year 2012-13 insurance payments budgeted in 2011-12	<u>(5,300,000)</u>				<u>(5,300,000)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$93,150,418</u>	<u>\$ 2,800,000</u>	<u>\$ 9,134,134</u>	<u>\$ 14,008,744</u>	<u>\$ (1,549,331)</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, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 11,808,164	\$ 9,270,087	\$ 21,078,251
Property taxes receivable		245,105	245,105
Due from governmental entities	1,413,447	15,494	1,428,941
Due from other funds	32,023		32,023
Inventory	117,024		117,024
Total assets	<u>\$ 13,370,658</u>	<u>\$ 9,530,686</u>	<u>\$ 22,901,344</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 288,220	\$ 122,198	\$ 410,418
Construction contracts payable		161,850	161,850
Due to other funds	288,008		288,008
Deferred revenues	268,919	188,221	457,140
Total liabilities	<u>845,147</u>	<u>472,269</u>	<u>1,317,416</u>
Fund balances:			
Nonspendable	117,024		117,024
Restricted	12,408,487	9,058,417	21,466,904
Total fund balances	<u>12,525,511</u>	<u>9,058,417</u>	<u>21,583,928</u>
 Total liabilities and fund balances	 <u>\$ 13,370,658</u>	 <u>\$ 9,530,686</u>	 <u>\$ 22,901,344</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, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 12,313,719	\$ 91,042	\$ 12,404,761
Property taxes		7,026,700	7,026,700
State aid and grants	5,673,026	44,229	5,717,255
Federal aid, grants and reimbursements	<u>8,213,537</u>		<u>8,213,537</u>
Total revenues	<u>26,200,282</u>	<u>7,161,971</u>	<u>33,362,253</u>
Expenditures:			
Current -			
Instruction	9,000,103	1,568	9,001,671
Support services - students and staff	2,338,114		2,338,114
Support services - administration	1,349,800	19,463	1,369,263
Operation and maintenance of plant services	322,761	8,765	331,526
Student transportation services	821,053	26,296	847,349
Operation of non-instructional services	9,108,285		9,108,285
Capital outlay	268,384	8,341,960	8,610,344
Debt service -			
Bond issuance costs		39,950	39,950
Total expenditures	<u>23,208,500</u>	<u>8,438,002</u>	<u>31,646,502</u>
Excess (deficiency) of revenues over expenditures	<u>2,991,782</u>	<u>(1,276,031)</u>	<u>1,715,751</u>
Other financing sources (uses):			
Transfer in		421,709	421,709
Transfer out	(401,773)	(129,322)	(531,095)
Issuance of school improvement bonds		2,975,000	2,975,000
Premium on sale of bonds		148,542	148,542
Total other financing sources (uses):	<u>(401,773)</u>	<u>3,415,929</u>	<u>3,014,156</u>
Changes in fund balances	<u>2,590,009</u>	<u>2,139,898</u>	<u>4,729,907</u>
Fund balances, beginning of year	9,881,816	6,918,519	16,800,335
Increase (decrease) in reserve for inventory	53,686		53,686
Fund balances, end of year	<u>\$ 12,525,511</u>	<u>\$ 9,058,417</u>	<u>\$ 21,583,928</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, 2013**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 2,095,674	\$ 1,658,461	\$ 5,489
Due from governmental entities	368,378	295,882	
Due from other funds			
Inventory			
Total assets	\$ 2,464,052	\$ 1,954,343	\$ 5,489
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Deferred revenues			
Total liabilities			
Fund balances:			
Nonspendable			
Restricted	2,464,052	1,954,343	5,489
Total fund balances	2,464,052	1,954,343	5,489
 Total liabilities and fund balances	\$ 2,464,052	\$ 1,954,343	\$ 5,489

<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>
\$ 276,669	\$ 38,863	\$ 9,124	\$ 275 8,685	\$ 87,943	\$ 267,889
<u>\$ 276,669</u>	<u>\$ 38,863</u>	<u>\$ 9,124</u>	<u>\$ 8,960</u>	<u>\$ 87,943</u>	<u>\$ 267,889</u>
\$ 51,732 224,937	\$ 18,063 20,800	\$ 9,124	\$ 8,960	\$ 87,726 217	\$ 22,894 244,995
<u>276,669</u>	<u>38,863</u>	<u>9,124</u>	<u>8,960</u>	<u>87,943</u>	<u>267,889</u>
<u>\$ 276,669</u>	<u>\$ 38,863</u>	<u>\$ 9,124</u>	<u>\$ 8,960</u>	<u>\$ 87,943</u>	<u>\$ 267,889</u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013**

	Other Federal Projects	Academic Contests	Other State Projects
<u>ASSETS</u>			
Cash and investments	\$ 10,845	\$ 1,465	\$ 36,347
Due from governmental entities			
Due from other funds			
Inventory			
Total assets	\$ 10,845	\$ 1,465	\$ 36,347
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 24,733
Due to other funds			
Deferred revenues	10,845	1,465	11,614
Total liabilities	10,845	1,465	36,347
Fund balances:			
Nonspendable			
Restricted			
Total fund balances			
 Total liabilities and fund balances	\$ 10,845	\$ 1,465	\$ 36,347

<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>
\$ 600,782	\$ 1,312,514	\$ 4,590,867	\$ 210,553	\$ 812,884	\$ 408,362
	32,023	60,014			
117,024					
<u>\$ 717,806</u>	<u>\$ 1,344,537</u>	<u>\$ 4,650,881</u>	<u>\$ 210,553</u>	<u>\$ 812,884</u>	<u>\$ 408,362</u>
\$	\$ 6,944	\$ 46,584	\$ 22,746	\$ 21,735	\$ 7,957
		1,076			
	<u>6,944</u>	<u>47,660</u>	<u>22,746</u>	<u>21,735</u>	<u>7,957</u>
117,024					
600,782	1,337,593	4,603,221	187,807	791,149	400,405
<u>717,806</u>	<u>1,337,593</u>	<u>4,603,221</u>	<u>187,807</u>	<u>791,149</u>	<u>400,405</u>
<u>\$ 717,806</u>	<u>\$ 1,344,537</u>	<u>\$ 4,650,881</u>	<u>\$ 210,553</u>	<u>\$ 812,884</u>	<u>\$ 408,362</u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013**

	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Grants and Gifts to Teachers</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,313	\$ 56,332	\$ 6,001
Due from governmental entities			
Due from other funds			
Inventory			
Total assets	<u>\$ 1,313</u>	<u>\$ 56,332</u>	<u>\$ 6,001</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Deferred revenues			
Total liabilities	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Nonspendable			
Restricted	<u>1,313</u>	<u>56,332</u>	<u>6,001</u>
Total fund balances	<u>1,313</u>	<u>56,332</u>	<u>6,001</u>
Total liabilities and fund balances	<u>\$ 1,313</u>	<u>\$ 56,332</u>	<u>\$ 6,001</u>

Totals

\$ 11,808,164
1,413,447
32,023
117,024
\$ 13,370,658

\$ 288,220
288,008
268,919
845,147

117,024
12,408,487
12,525,511

\$ 13,370,658

**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, 2013**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 6,090	\$ 5,507	\$ 6,014
State aid and grants	4,693,189	684,219	
Federal aid, grants and reimbursements			
Total revenues	4,699,279	689,726	6,014
Expenditures:			
Current -			
Instruction	3,155,302	414,070	2,154
Support services - students and staff	261,530	156,772	381
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			2,905
Total expenditures	3,416,832	570,842	5,440
Excess (deficiency) of revenues over expenditures	1,282,447	118,884	574
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	1,282,447	118,884	574
Fund balances (deficits), beginning of year	1,181,605	1,835,459	4,915
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 2,464,052	\$ 1,954,343	\$ 5,489

<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>
\$	\$	\$	\$	\$	\$
1,451,704	349,112	111,188	103,844	2,895,503	275,026
<u>1,451,704</u>	<u>349,112</u>	<u>111,188</u>	<u>103,844</u>	<u>2,895,503</u>	<u>275,026</u>
732,508		87,243	36,790	2,216,853	193,349
540,741	338,219	21,845	57,954	157,495	
115,759	330			5,357	
18,790			9,100	428,246	81,677
<u>1,407,798</u>	<u>338,549</u>	<u>109,088</u>	<u>103,844</u>	<u>2,807,951</u>	<u>275,026</u>
<u>43,906</u>	<u>10,563</u>	<u>2,100</u>		<u>87,552</u>	
(43,906)	(10,563)	(2,100)		(87,552)	
<u>(43,906)</u>	<u>(10,563)</u>	<u>(2,100)</u>		<u>(87,552)</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, 2013

	<u>Other Federal Projects</u>	<u>Other State Projects</u>	<u>Food Service</u>
Revenues:			
Other local	\$	\$	\$ 2,908,331
State aid and grants		295,618	
Federal aid, grants and reimbursements	<u>193,637</u>		<u>2,833,523</u>
Total revenues	<u>193,637</u>	<u>295,618</u>	<u>5,741,854</u>
Expenditures:			
Current -			
Instruction		33,631	
Support services - students and staff	2,344	261,987	
Support services - administration	188,822		56,999
Operation and maintenance of plant services			11,703
Student transportation services			
Operation of non-instructional services			5,133,322
Capital outlay			<u>160,605</u>
Total expenditures	<u>191,166</u>	<u>295,618</u>	<u>5,362,629</u>
Excess (deficiency) of revenues over expenditures	<u>2,471</u>		<u>379,225</u>
Other financing sources (uses):			
Transfer out	<u>(73)</u>		<u>(257,579)</u>
Total other financing sources (uses):	<u>(73)</u>		<u>(257,579)</u>
Changes in fund balances	<u>2,398</u>		<u>121,646</u>
Fund balances (deficits), beginning of year	(2,398)		542,474
Increase (decrease) in reserve for inventory			53,686
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 717,806</u>

Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Fingerprint
\$ 587,696	\$ 6,175,707	\$ 1,355,015	\$ 960,660	\$ 286,532	\$ 6,122
<u>587,696</u>	<u>6,175,707</u>	<u>1,355,015</u>	<u>960,660</u>	<u>286,532</u>	<u>6,122</u>
9,386	522,662	652,854	803,082	138,415	
27,089	422,660	37,479	17,799	28,765	
	955,664	2,219	7,384	10,345	6,921
206,527	17,096	248		5,510	
101,662	19,037	67,218	173,182	3,660	
64,038	3,306,233	603,692		1,000	
2,108	30,349	17,864	19,631	34,922	
<u>410,810</u>	<u>5,273,701</u>	<u>1,381,574</u>	<u>1,021,078</u>	<u>222,617</u>	<u>6,921</u>
<u>176,886</u>	<u>902,006</u>	<u>(26,559)</u>	<u>(60,418)</u>	<u>63,915</u>	<u>(799)</u>
<u>176,886</u>	<u>902,006</u>	<u>(26,559)</u>	<u>(60,418)</u>	<u>63,915</u>	<u>(799)</u>
1,160,707	3,701,215	214,366	851,567	336,490	2,112
<u>\$ 1,337,593</u>	<u>\$ 4,603,221</u>	<u>\$ 187,807</u>	<u>\$ 791,149</u>	<u>\$ 400,405</u>	<u>\$ 1,313</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, 2013

	Textbooks	Grants and Gifts to Teachers	Totals
Revenues:			
Other local	\$ 13,937	\$ 2,108	\$ 12,313,719
State aid and grants			5,673,026
Federal aid, grants and reimbursements			8,213,537
Total revenues	13,937	2,108	26,200,282
Expenditures:			
Current -			
Instruction		1,804	9,000,103
Support services - students and staff	5,054		2,338,114
Support services - administration			1,349,800
Operation and maintenance of plant services			322,761
Student transportation services		158	821,053
Operation of non-instructional services			9,108,285
Capital outlay			268,384
Total expenditures	5,054	1,962	23,208,500
Excess (deficiency) of revenues over expenditures	8,883	146	2,991,782
Other financing sources (uses):			
Transfer out			(401,773)
Total other financing sources (uses):			(401,773)
Changes in fund balances	8,883	146	2,590,009
Fund balances (deficits), beginning of year	47,449	5,855	9,881,816
Increase (decrease) in reserve for inventory			53,686
Fund balances, end of year	\$ 56,332	\$ 6,001	\$ 12,525,511

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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, 2013

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,090	\$ 6,090
State aid and grants		4,693,189	4,693,189
Federal aid, grants and reimbursements			
Total revenues		<u>4,699,279</u>	<u>4,699,279</u>
Expenditures:			
Current -			
Instruction	5,364,430	3,155,302	2,209,128
Support services - students and staff	508,855	261,530	247,325
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>5,873,285</u>	<u>3,416,832</u>	<u>2,456,453</u>
Excess (deficiency) of revenues over expenditures	<u>(5,873,285)</u>	<u>1,282,447</u>	<u>7,155,732</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(5,873,285)</u>	<u>1,282,447</u>	<u>7,155,732</u>
Fund balances (deficits), beginning of year		1,181,605	1,181,605
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (5,873,285)</u>	<u>\$ 2,464,052</u>	<u>\$ 8,337,337</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 5,507 684,219	\$ 5,507 684,219	\$	\$ 6,014	\$ 6,014
	<u>689,726</u>	<u>689,726</u>		<u>6,014</u>	<u>6,014</u>
1,070,000	414,070 156,772	655,930 (156,772)	18,000	2,154 381	15,846 (381)
<u>1,070,000</u>	<u>570,842</u>	<u>499,158</u>	<u>18,000</u>	<u>2,905</u> <u>5,440</u>	<u>(2,905)</u> <u>12,560</u>
<u>(1,070,000)</u>	<u>118,884</u>	<u>1,188,884</u>	<u>(18,000)</u>	<u>574</u>	<u>18,574</u>
<u>(1,070,000)</u>	<u>118,884</u>	<u>1,188,884</u>	<u>(18,000)</u>	<u>574</u>	<u>18,574</u>
	1,835,459	1,835,459		4,915	4,915
<u>\$ (1,070,000)</u>	<u>\$ 1,954,343</u>	<u>\$ 3,024,343</u>	<u>\$ (18,000)</u>	<u>\$ 5,489</u>	<u>\$ 23,489</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, 2013

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	1,925,000	1,451,704	(473,296)
Total revenues	<u>1,925,000</u>	<u>1,451,704</u>	<u>(473,296)</u>
Expenditures:			
Current -			
Instruction	1,925,000	732,508	1,192,492
Support services - students and staff		540,741	(540,741)
Support services - administration		115,759	(115,759)
Operation and maintenance of plant services			
Student transportation services		18,790	(18,790)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,925,000</u>	<u>1,407,798</u>	<u>517,202</u>
Excess (deficiency) of revenues over expenditures		<u>43,906</u>	<u>43,906</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(43,906)	(43,906)
Total other financing sources (uses):		<u>(43,906)</u>	<u>(43,906)</u>
Changes in fund balances			
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Professional Development and Technology Grants			Limited English and Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
360,000	349,112	(10,888)	130,000	111,188	(18,812)
<u>360,000</u>	<u>349,112</u>	<u>(10,888)</u>	<u>130,000</u>	<u>111,188</u>	<u>(18,812)</u>
360,000	338,219	21,781	130,000	87,243	42,757
	330	(330)		21,845	(21,845)
<u>360,000</u>	<u>338,549</u>	<u>21,451</u>	<u>130,000</u>	<u>109,088</u>	<u>20,912</u>
	<u>10,563</u>	<u>10,563</u>		<u>2,100</u>	<u>2,100</u>
	<u>(10,563)</u>	<u>(10,563)</u>		<u>(2,100)</u>	<u>(2,100)</u>
	<u>(10,563)</u>	<u>(10,563)</u>		<u>(2,100)</u>	<u>(2,100)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2013**

	Indian Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	125,000	103,844	(21,156)
Total revenues	<u>125,000</u>	<u>103,844</u>	<u>(21,156)</u>
Expenditures:			
Current -			
Instruction		36,790	(36,790)
Support services - students and staff	125,000	57,954	67,046
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		9,100	(9,100)
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>125,000</u>	<u>103,844</u>	<u>21,156</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Special Education Grants			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 13,115	\$ 13,115
3,200,000	2,895,503	(304,497)	600,000	242,139	(357,861)
<u>3,200,000</u>	<u>2,895,503</u>	<u>(304,497)</u>	<u>600,000</u>	<u>255,254</u>	<u>(344,746)</u>
3,200,000	2,216,853	983,147			
	157,495	(157,495)			
	5,357	(5,357)	600,000	5,184	594,816
	428,246	(428,246)			
<u>3,200,000</u>	<u>2,807,951</u>	<u>392,049</u>	<u>600,000</u>	<u>5,184</u>	<u>594,816</u>
	<u>87,552</u>	<u>87,552</u>		<u>250,070</u>	<u>250,070</u>
	<u>(87,552)</u>	<u>(87,552)</u>			
	<u>(87,552)</u>	<u>(87,552)</u>			
				<u>250,070</u>	<u>250,070</u>
				4,797,413	4,797,413
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,047,483</u>	<u>\$ 5,047,483</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, 2013**

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	350,000	275,026	(74,974)
Total revenues	<u>350,000</u>	<u>275,026</u>	<u>(74,974)</u>
Expenditures:			
Current -			
Instruction	350,000	193,349	156,651
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		81,677	(81,677)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>350,000</u>	<u>275,026</u>	<u>74,974</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Other Federal Projects			Academic Contests		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
285,000	193,637	(91,363)	1,463		(1,463)
<u>285,000</u>	<u>193,637</u>	<u>(91,363)</u>	<u>1,463</u>		<u>(1,463)</u>
285,000	2,344	(2,344)	1,463		1,463
	188,822	96,178			
<u>285,000</u>	<u>191,166</u>	<u>93,834</u>	<u>1,463</u>		<u>1,463</u>
	2,471	2,471			
	(73)	(73)			
	(73)	(73)			
	2,398	2,398			
	(2,398)	(2,398)			
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2013**

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants	351,000	295,618	(55,382)
Federal aid, grants and reimbursements			
Total revenues	<u>351,000</u>	<u>295,618</u>	<u>(55,382)</u>
Expenditures:			
Current -			
Instruction		33,631	(33,631)
Support services - students and staff	351,000	261,987	89,013
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>351,000</u>	<u>295,618</u>	<u>55,382</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 147,172	\$ 147,172	\$	\$ 2,908,331	\$ 2,908,331
				2,833,523	2,833,523
	<u>147,172</u>	<u>147,172</u>		<u>5,741,854</u>	<u>5,741,854</u>
				56,999	(56,999)
				11,703	(11,703)
970,000		970,000	6,700,000	5,133,322	1,566,678
				160,605	(160,605)
<u>970,000</u>		<u>970,000</u>	<u>6,700,000</u>	<u>5,362,629</u>	<u>1,337,371</u>
(970,000)	147,172	1,117,172	(6,700,000)	379,225	7,079,225
				(257,579)	(257,579)
				(257,579)	(257,579)
(970,000)	147,172	1,117,172	(6,700,000)	121,646	6,821,646
	839,731	839,731		542,474	542,474
				53,686	53,686
<u>\$ (970,000)</u>	<u>\$ 986,903</u>	<u>\$ 1,956,903</u>	<u>\$ (6,700,000)</u>	<u>\$ 717,806</u>	<u>\$ 7,417,806</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, 2013

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 587,696	\$ 587,696
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>587,696</u>	<u>587,696</u>
Expenditures:			
Current -			
Instruction		9,386	(9,386)
Support services - students and staff		27,089	(27,089)
Support services - administration			
Operation and maintenance of plant services	1,000,000	206,527	793,473
Student transportation services		101,662	(101,662)
Operation of non-instructional services		64,038	(64,038)
Capital outlay		2,108	(2,108)
Total expenditures	<u>1,000,000</u>	<u>410,810</u>	<u>589,190</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000,000)</u>	<u>176,886</u>	<u>1,176,886</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,000,000)</u>	<u>176,886</u>	<u>1,176,886</u>
Fund balances (deficits), beginning of year		1,160,707	1,160,707
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,000,000)</u>	<u>\$ 1,337,593</u>	<u>\$ 2,337,593</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 6,175,707	\$ 6,175,707	\$	\$ 1,355,015	\$ 1,355,015
	<u>6,175,707</u>	<u>6,175,707</u>		<u>1,355,015</u>	<u>1,355,015</u>
	522,662	(522,662)	1,500,000	652,854	847,146
	422,660	(422,660)		37,479	(37,479)
	955,664	(955,664)		2,219	(2,219)
	17,096	(17,096)		248	(248)
	19,037	(19,037)		67,218	(67,218)
11,000,000	3,306,233	7,693,767		603,692	(603,692)
	30,349	(30,349)		17,864	(17,864)
<u>11,000,000</u>	<u>5,273,701</u>	<u>5,726,299</u>	<u>1,500,000</u>	<u>1,381,574</u>	<u>118,426</u>
<u>(11,000,000)</u>	<u>902,006</u>	<u>11,902,006</u>	<u>(1,500,000)</u>	<u>(26,559)</u>	<u>1,473,441</u>
<u>(11,000,000)</u>	<u>902,006</u>	<u>11,902,006</u>	<u>(1,500,000)</u>	<u>(26,559)</u>	<u>1,473,441</u>
	3,701,215	3,701,215		214,366	214,366
<u>\$ (11,000,000)</u>	<u>\$ 4,603,221</u>	<u>\$ 15,603,221</u>	<u>\$ (1,500,000)</u>	<u>\$ 187,807</u>	<u>\$ 1,687,807</u>

(Continued)

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, 2013

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 960,660	\$ 960,660
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	1,500,000	960,660	960,660
Expenditures:			
Current -			
Instruction	1,500,000	803,082	696,918
Support services - students and staff		17,799	(17,799)
Support services - administration		7,384	(7,384)
Operation and maintenance of plant services			
Student transportation services		173,182	(173,182)
Operation of non-instructional services			
Capital outlay		19,631	(19,631)
Total expenditures	1,500,000	1,021,078	478,922
Excess (deficiency) of revenues over expenditures	(1,500,000)	(60,418)	1,439,582
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	(1,500,000)	(60,418)	1,439,582
Fund balances (deficits), beginning of year		851,567	851,567
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (1,500,000)	\$ 791,149	\$ 2,291,149

Gifts and Donations			Fingerprint		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 286,532	\$ 286,532	\$	\$ 6,122	\$ 6,122
	<u>286,532</u>	<u>286,532</u>		<u>6,122</u>	<u>6,122</u>
500,000	138,415	361,585			
	28,765	(28,765)			
	10,345	(10,345)	10,000	6,921	3,079
	5,510	(5,510)			
	3,660	(3,660)			
	1,000	(1,000)			
	34,922	(34,922)			
<u>500,000</u>	<u>222,617</u>	<u>277,383</u>	<u>10,000</u>	<u>6,921</u>	<u>3,079</u>
<u>(500,000)</u>	<u>63,915</u>	<u>563,915</u>	<u>(10,000)</u>	<u>(799)</u>	<u>9,201</u>
<u>(500,000)</u>	<u>63,915</u>	<u>563,915</u>	<u>(10,000)</u>	<u>(799)</u>	<u>9,201</u>
	336,490	336,490		2,112	2,112
<u>\$ (500,000)</u>	<u>\$ 400,405</u>	<u>\$ 900,405</u>	<u>\$ (10,000)</u>	<u>\$ 1,313</u>	<u>\$ 11,313</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, 2013

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 13,937	\$ 13,937
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>13,937</u>	<u>13,937</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	60,000	5,054	54,946
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>5,054</u>	<u>54,946</u>
Excess (deficiency) of revenues over expenditures	<u>(60,000)</u>	<u>8,883</u>	<u>68,883</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(60,000)</u>	<u>8,883</u>	<u>68,883</u>
Fund balances (deficits), beginning of year		47,449	47,449
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (60,000)</u>	<u>\$ 56,332</u>	<u>\$ 116,332</u>

Indirect Costs			Grants and Gifts to Teachers		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,270	\$ 2,270	\$	\$ 2,108	\$ 2,108
	<u>2,270</u>	<u>2,270</u>		<u>2,108</u>	<u>2,108</u>
			7,000	1,804	5,196
	1,656	(1,656)			
	13,221	(13,221)			
1,000,000	519,948	480,052			
	693	(693)		158	(158)
	1,440	(1,440)			
<u>1,000,000</u>	<u>536,958</u>	<u>463,042</u>	<u>7,000</u>	<u>1,962</u>	<u>5,038</u>
<u>(1,000,000)</u>	<u>(534,688)</u>	<u>465,312</u>	<u>(7,000)</u>	<u>146</u>	<u>7,146</u>
	401,773	401,773			
	<u>401,773</u>	<u>401,773</u>			
<u>(1,000,000)</u>	<u>(132,915)</u>	<u>867,085</u>	<u>(7,000)</u>	<u>146</u>	<u>7,146</u>
	622,420	622,420		5,855	5,855
<u>\$ (1,000,000)</u>	<u>\$ 489,505</u>	<u>\$ 1,489,505</u>	<u>\$ (7,000)</u>	<u>\$ 6,001</u>	<u>\$ 13,001</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, 2013

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

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$
352,463	12,476,276	12,476,276
6,975,000	5,673,026	5,320,563
7,327,463	8,455,676	1,480,676
	26,604,978	19,277,515
15,615,893	9,000,103	6,615,790
1,404,855	2,339,770	(934,915)
895,000	1,368,205	(473,205)
2,000,000	842,709	1,157,291
	821,746	(821,746)
18,670,000	9,109,725	9,560,275
	268,384	(268,384)
38,585,748	23,750,642	14,835,106
(31,258,285)	2,854,336	34,112,621
	401,773	401,773
	(401,773)	(401,773)
(31,258,285)	2,854,336	34,112,621
	16,141,380	16,141,380
	53,686	53,686
\$ (31,258,285)	\$ 19,049,402	\$ 50,307,687

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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, 2013**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 34,616	\$ 34,616
Property taxes		13,609,924	13,609,924
Federal aid, grants and reimbursements		444,680	444,680
Total revenues		<u>14,089,220</u>	<u>14,089,220</u>
Expenditures:			
Debt service -			
Principal retirement	7,865,000	7,865,000	
Interest and fiscal charges	9,431,300	6,461,001	2,970,299
Total expenditures	<u>17,296,300</u>	<u>14,326,001</u>	<u>2,970,299</u>
Excess (deficiency) of revenues over expenditures	<u>(17,296,300)</u>	<u>(236,781)</u>	<u>17,059,519</u>
Other financing sources (uses):			
Transfer in		129,322	129,322
Total other financing sources (uses):		<u>129,322</u>	<u>129,322</u>
Changes in fund balances	<u>(17,296,300)</u>	<u>(107,459)</u>	<u>17,188,841</u>
Fund balances, beginning of year		915,870	915,870
Fund balances (deficits), end of year	<u>\$ (17,296,300)</u>	<u>\$ 808,411</u>	<u>\$ 18,104,711</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.

Soft Capital Allocation - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

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, 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 - to account for monies received 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, 2013**

	Insurance Proceeds	Litigation Recovery	Unrestricted Capital Outlay
<u>ASSETS</u>			
Cash and investments	\$ 243,108	\$ 92,542	\$ 3,794,472
Property taxes receivable			244,845
Due from governmental entities			15,494
Total assets	\$ 243,108	\$ 92,542	\$ 4,054,811
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 109,857
Construction contracts payable			
Deferred revenues			187,987
Total liabilities			297,844
Fund balances:			
Restricted	243,108	92,542	3,756,967
Total fund balances	243,108	92,542	3,756,967
 Total liabilities and fund balances	 \$ 243,108	 \$ 92,542	 \$ 4,054,811

<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Totals</u>
\$ 249,172 260	\$ 4,837,379	\$ 41,575	\$ 2,366	\$ 9,473	\$ 9,270,087 245,105 15,494
<u>\$ 249,432</u>	<u>\$ 4,837,379</u>	<u>\$ 41,575</u>	<u>\$ 2,366</u>	<u>\$ 9,473</u>	<u>\$ 9,530,686</u>
\$	\$	\$	\$	\$	\$
	161,850	12,341			122,198 161,850 188,221
234					
<u>234</u>	<u>161,850</u>	<u>12,341</u>			<u>472,269</u>
249,198	4,675,529	29,234	2,366	9,473	9,058,417
<u>249,198</u>	<u>4,675,529</u>	<u>29,234</u>	<u>2,366</u>	<u>9,473</u>	<u>9,058,417</u>
<u>\$ 249,432</u>	<u>\$ 4,837,379</u>	<u>\$ 41,575</u>	<u>\$ 2,366</u>	<u>\$ 9,473</u>	<u>\$ 9,530,686</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, 2013

	Insurance Proceeds	Litigation Recovery	Unrestricted Capital Outlay
Revenues:			
Other local	\$ 50,189	\$ 393	\$ 10,682
Property taxes			7,023,403
State aid and grants			44,229
Total revenues	50,189	393	7,078,314
Expenditures:			
Current -			
Instruction	1,568		
Support services - administration	19,463		
Operation and maintenance of plant services	8,765		
Student transportation services	26,296		
Capital outlay	2,820		6,609,874
Debt service -			
Bond issuance costs			
Total expenditures	58,912		6,609,874
Excess (deficiency) of revenues over expenditures	(8,723)	393	468,440
Other financing sources (uses):			
Transfer in			421,608
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			421,608
Changes in fund balances	(8,723)	393	890,048
Fund balances, beginning of year	251,831	92,149	2,866,919
Fund balances, end of year	\$ 243,108	\$ 92,542	\$ 3,756,967

<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal</u>
\$ 1,084 3,297	\$ 10,530	\$ 17,230	\$ 10	\$ 40	\$ 884
<u>4,381</u>	<u>10,530</u>	<u>17,230</u>	<u>10</u>	<u>40</u>	<u>884</u>
4,318	1,436,474	26,464			262,010
	39,950				
<u>4,318</u>	<u>1,476,424</u>	<u>26,464</u>			<u>262,010</u>
<u>63</u>	<u>(1,465,894)</u>	<u>(9,234)</u>	<u>10</u>	<u>40</u>	<u>(261,126)</u>
101	(129,322)				
	2,975,000				
	148,542				
<u>101</u>	<u>2,994,220</u>				
<u>164</u>	<u>1,528,326</u>	<u>(9,234)</u>	<u>10</u>	<u>40</u>	<u>(261,126)</u>
249,034	3,147,203	38,468	2,356	9,433	261,126
<u>\$ 249,198</u>	<u>\$ 4,675,529</u>	<u>\$ 29,234</u>	<u>\$ 2,366</u>	<u>\$ 9,473</u>	<u>\$</u>

(Continued)

**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, 2013**

	Totals
Revenues:	
Other local	\$ 91,042
Property taxes	7,026,700
State aid and grants	44,229
Total revenues	7,161,971
Expenditures:	
Current -	
Instruction	1,568
Support services - administration	19,463
Operation and maintenance of plant services	8,765
Student transportation services	26,296
Capital outlay	8,341,960
Debt service -	
Bond issuance costs	39,950
Total expenditures	8,438,002
Excess (deficiency) of revenues over expenditures	(1,276,031)
Other financing sources (uses):	
Transfer in	421,709
Transfer out	(129,322)
Issuance of school improvement bonds	2,975,000
Premium on sale of bonds	148,542
Total other financing sources (uses):	3,415,929
Changes in fund balances	2,139,898
Fund balances, beginning of year	6,918,519
Fund balances, end of year	\$ 9,058,417

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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 CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 50,189	\$ 50,189
Property taxes			
State aid and grants			
Total revenues		<u>50,189</u>	<u>50,189</u>
Expenditures:			
Current -			
Instruction		1,568	(1,568)
Support services - students and staff			
Support services - administration		19,463	(19,463)
Operation and maintenance of plant services		8,765	(8,765)
Student transportation services	350,000	26,296	323,704
Capital outlay		2,820	(2,820)
Debt service -			
Bond issuance costs			
Total expenditures	<u>350,000</u>	<u>58,912</u>	<u>291,088</u>
Excess (deficiency) of revenues over expenditures	<u>(350,000)</u>	<u>(8,723)</u>	<u>341,277</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,000)</u>	<u>(8,723)</u>	<u>341,277</u>
Fund balances, beginning of year		251,831	251,831
Fund balances (deficits), end of year	<u>\$ (350,000)</u>	<u>\$ 243,108</u>	<u>\$ 593,108</u>

Litigation Recovery			Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 393	\$ 393	\$	\$ 10,682	\$ 10,682
				7,023,403	7,023,403
				44,229	44,229
	<u>393</u>	<u>393</u>		<u>7,078,314</u>	<u>7,078,314</u>
100,000		100,000			
			12,584,598	6,566,554	6,018,044
<u>100,000</u>		<u>100,000</u>	<u>12,584,598</u>	<u>6,566,554</u>	<u>6,018,044</u>
<u>(100,000)</u>	<u>393</u>	<u>100,393</u>	<u>(12,584,598)</u>	<u>511,760</u>	<u>13,096,358</u>
				421,608	421,608
				<u>421,608</u>	<u>421,608</u>
<u>(100,000)</u>	<u>393</u>	<u>100,393</u>	<u>(12,584,598)</u>	<u>933,368</u>	<u>13,517,966</u>
	92,149	92,149		2,823,599	2,823,599
<u>\$ (100,000)</u>	<u>\$ 92,542</u>	<u>\$ 192,542</u>	<u>\$ (12,584,598)</u>	<u>\$ 3,756,967</u>	<u>\$ 16,341,565</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 CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Adjacent Ways		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,084	\$ 1,084
Property taxes		3,297	3,297
State aid and grants			
Total revenues		<u>4,381</u>	<u>4,381</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay	250,609	4,318	246,291
Debt service -			
Bond issuance costs			
Total expenditures	<u>250,609</u>	<u>4,318</u>	<u>246,291</u>
Excess (deficiency) of revenues over expenditures	<u>(250,609)</u>	<u>63</u>	<u>250,672</u>
Other financing sources (uses):			
Transfer in		101	101
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):		<u>101</u>	<u>101</u>
Changes in fund balances	<u>(250,609)</u>	<u>164</u>	<u>250,773</u>
Fund balances, beginning of year		249,034	249,034
Fund balances (deficits), end of year	<u>\$ (250,609)</u>	<u>\$ 249,198</u>	<u>\$ 499,807</u>

Soft Capital Allocation			Bond Building		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 35,923	\$ 35,923	\$	\$ 10,530	\$ 10,530
	437,125	437,125			
	473,048	473,048		10,530	10,530
5,308,794	373,994 150,680	4,934,800 (150,680)			
	163,146	(163,146)	6,297,364	1,436,474	4,860,890
				39,950	(39,950)
5,308,794	687,820	4,620,974	6,297,364	1,476,424	4,820,940
(5,308,794)	(214,772)	5,094,022	(6,297,364)	(1,465,894)	4,831,470
	(9,555,843)	(9,555,843)		(129,322)	(129,322)
				2,975,000	2,975,000
	(9,555,843)	(9,555,843)		148,542	148,542
(5,308,794)	(9,770,615)	(4,461,821)	(6,297,364)	2,994,220	2,994,220
	9,770,615	9,770,615		1,528,326	7,825,690
				3,147,203	3,147,203
\$ (5,308,794)	\$	\$ 5,308,794	\$ (6,297,364)	\$ 4,675,529	\$ 10,972,893

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 17,230	\$ 17,230
Property taxes			
State aid and grants			
Total revenues		17,230	17,230
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay	130,000	26,464	103,536
Debt service -			
Bond issuance costs			
Total expenditures	130,000	26,464	103,536
Excess (deficiency) of revenues over expenditures	(130,000)	(9,234)	120,766
Other financing sources (uses):			
Transfer in			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	(130,000)	(9,234)	120,766
Fund balances, beginning of year		38,468	38,468
Fund balances (deficits), end of year	\$ (130,000)	\$ 29,234	\$ 159,234

Condemnation			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 10	\$ 10	\$	\$ 40	\$ 40
	10	10		40	40
2,365		2,365			
2,365		2,365			
(2,365)	10	2,375		40	40
(2,365)	10	2,375		40	40
	2,356	2,356		9,433	9,433
\$ (2,365)	\$ 2,366	\$ 4,731	\$	\$ 9,473	\$ 9,473

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Building Renewal		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 884	\$ 884
Property taxes			
State aid and grants			
Total revenues	<u> </u>	<u> 884</u>	<u> 884</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay	262,200	262,010	190
Debt service -			
Bond issuance costs			
Total expenditures	<u> 262,200</u>	<u> 262,010</u>	<u> 190</u>
Excess (deficiency) of revenues over expenditures	<u> (262,200)</u>	<u> (261,126)</u>	<u> 1,074</u>
Other financing sources (uses):			
Transfer in			
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> (262,200)</u>	<u> (261,126)</u>	<u> 1,074</u>
Fund balances, beginning of year		261,126	261,126
Fund balances (deficits), end of year	<u> \$ (262,200)</u>	<u> \$</u>	<u> \$ 262,200</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 126,965	\$ 126,965
	7,026,700	7,026,700
	481,354	481,354
	<u>7,635,019</u>	<u>7,635,019</u>
5,408,794	375,562	5,033,232
	150,680	(150,680)
	19,463	(19,463)
	8,765	(8,765)
350,000	26,296	323,704
19,527,136	8,461,786	11,065,350
	39,950	(39,950)
<u>25,285,930</u>	<u>9,082,502</u>	<u>16,203,428</u>
<u>(25,285,930)</u>	<u>(1,447,483)</u>	<u>23,838,447</u>
	421,709	421,709
	(9,685,165)	(9,685,165)
	2,975,000	2,975,000
	148,542	148,542
	<u>(6,139,914)</u>	<u>(6,139,914)</u>
<u>(25,285,930)</u>	<u>(7,587,397)</u>	<u>17,698,533</u>
	16,645,814	16,645,814
<u>\$ (25,285,930)</u>	<u>\$ 9,058,417</u>	<u>\$ 34,344,347</u>

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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 self-insurance program for employee workers' compensation.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2013

	District Services	Intergovernmental Agreements	Employee Benefit Trust
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 383,871	\$	\$ 13,930,412
Deposits held by others			100,000
Due from governmental entities	29,873	69,512	
Due from other funds	40,430		
Total current assets	454,174	69,512	14,030,412
Noncurrent assets:			
Vehicles, furniture and equipment	518,653		
Accumulated depreciation	(390,158)		
Total noncurrent assets	128,495		
Total assets	582,669	69,512	14,030,412
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	48,163		74,968
Claims payable			1,630,000
Due to other funds		69,483	
Total current liabilities	48,163	69,483	1,704,968
Total liabilities	48,163	69,483	1,704,968
<u>NET POSITION</u>			
Net investment in capital assets	128,495		
Unrestricted	406,011	29	12,325,444
Total net position	\$ 534,506	\$ 29	\$ 12,325,444

<u>Workers Compensation</u>	<u>Totals</u>
\$ 882,926	\$ 15,197,209
	100,000
	99,385
	40,430
<u>882,926</u>	<u>15,437,024</u>
	518,653
	<u>(390,158)</u>
	128,495
<u>882,926</u>	<u>15,565,519</u>
	123,131
	1,630,000
	69,483
	<u>1,822,614</u>
	<u>1,822,614</u>
	128,495
<u>882,926</u>	<u>13,614,410</u>
<u>\$ 882,926</u>	<u>\$ 13,742,905</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, 2013

	<u>District Services</u>	<u>Intergovernmental Agreements</u>	<u>Employee Benefit Trust</u>
Operating revenues:			
Contributions	\$	\$	\$ 11,938,641
Charges for services	986,932	236,479	
Total operating revenues	<u>986,932</u>	<u>236,479</u>	<u>11,938,641</u>
Operating expenses:			
Depreciation	52,874		
Claims			9,445,907
Premiums			895,656
Administrative fees			849,784
Cost of services	863,090	236,450	
Total operating expenses	<u>915,964</u>	<u>236,450</u>	<u>11,191,347</u>
Operating income (loss)	<u>70,968</u>	<u>29</u>	<u>747,294</u>
Nonoperating revenues (expenses):			
Investment income	1,392		57,933
Total nonoperating revenues (expenses)	<u>1,392</u>		<u>57,933</u>
Changes in net position	<u>72,360</u>	<u>29</u>	<u>805,227</u>
Total net position, beginning of year	462,146		11,520,217
Total net position, end of year	<u>\$ 534,506</u>	<u>\$ 29</u>	<u>\$ 12,325,444</u>

<u>Workers Compensation</u>	<u>Totals</u>
\$ 1,254,983	\$ 13,193,624
	1,223,411
<u>1,254,983</u>	<u>14,417,035</u>
	52,874
	9,445,907
375,233	1,270,889
	849,784
	1,099,540
<u>375,233</u>	<u>12,718,994</u>
<u>879,750</u>	<u>1,698,041</u>
3,176	62,501
<u>3,176</u>	<u>62,501</u>
<u>882,926</u>	<u>1,760,542</u>
	11,982,363
<u>\$ 882,926</u>	<u>\$ 13,742,905</u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 1,084,261	\$ 236,450	\$
Cash received from contributions			11,938,641
Cash payments for claims			(9,445,907)
Cash payments to suppliers for goods and services	(879,436)	(236,450)	(1,707,061)
Net cash provided by operating activities	204,825		785,673
Cash flows from capital and related financing activities:			
Loss on sale of capital assets	(9,473)		
Principal paid on long-term debt	(51,026)		
Purchase of vehicles, furniture and equipment	(7,857)		
Net cash used for capital and related financing activities	(68,356)		
Cash flows from investing activities:			
Investment income	1,392		57,933
Net cash provided by investing activities	1,392		57,933
Net increase in cash and cash equivalents	137,861		843,606
Cash and cash equivalents, beginning of year	246,010		13,086,806
Cash and cash equivalents, end of year	\$ 383,871	\$	\$ 13,930,412
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>			
Operating income	\$ 70,968	\$ 29	\$ 747,294
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	52,874		
Changes in assets and liabilities:			
Decrease/(increase) in due from governmental entities	45,702	(18,762)	
Decrease in due from other funds	51,627	17,277	
Increase/(decrease) in accounts payable	(16,346)		38,379
Increase in due to other funds		1,456	
Total adjustments	133,857	(29)	38,379
Net cash provided by operating activities	\$ 204,825	\$	\$ 785,673

<u>Workers Compensation</u>	<u>Totals</u>
\$ 1,254,983	\$ 2,575,694
	11,938,641
	(9,445,907)
<u>(375,233)</u>	<u>(3,198,180)</u>
<u>879,750</u>	<u>1,870,248</u>
	(9,473)
	(51,026)
	<u>(7,857)</u>
	<u>(68,356)</u>
<u>3,176</u>	<u>62,501</u>
<u>3,176</u>	<u>62,501</u>
<u>882,926</u>	<u>1,864,393</u>
	<u>13,332,816</u>
<u>\$ 882,926</u>	<u>\$ 15,197,209</u>
\$ 879,750	\$ 1,698,041
	52,874
	26,940
	68,904
	22,033
	<u>1,456</u>
	<u>172,207</u>
<u>\$ 879,750</u>	<u>\$ 1,870,248</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.

Surepay Account - to account for employee payroll and related taxes held by the District until distributed.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2013**

	Student Activities	Surepay Account	Totals
<u>ASSETS</u>			
Cash and investments	\$ 194,156	\$ 2,161	\$ 196,317
Total assets	\$ 194,156	\$ 2,161	\$ 196,317
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 2,161	\$ 2,161
Due to student groups	194,156		194,156
Total liabilities	\$ 194,156	\$ 2,161	\$ 196,317

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013**

	<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	\$ 213,324	\$ 344,055	\$ 363,223	\$ 194,156
Total assets	<u>\$ 213,324</u>	<u>\$ 344,055</u>	<u>\$ 363,223</u>	<u>\$ 194,156</u>
<u>Liabilities</u>				
Due to student groups	\$ 213,324	\$ 344,055	\$ 363,223	\$ 194,156
Total liabilities	<u>\$ 213,324</u>	<u>\$ 344,055</u>	<u>\$ 363,223</u>	<u>\$ 194,156</u>
 <u>SUREPAY ACCOUNT</u>				
<u>Assets</u>				
Cash and investments	\$ 2,161	\$ 82,682,356	\$ 82,682,356	\$ 2,161
Total assets	<u>\$ 2,161</u>	<u>\$ 82,682,356</u>	<u>\$ 82,682,356</u>	<u>\$ 2,161</u>
<u>Liabilities</u>				
Deposits held for others	\$ 2,161	\$ 82,682,356	\$ 82,682,356	\$ 2,161
Total liabilities	<u>\$ 2,161</u>	<u>\$ 82,682,356</u>	<u>\$ 82,682,356</u>	<u>\$ 2,161</u>
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 215,485	\$ 83,026,411	\$ 83,045,579	\$ 196,317
Total assets	<u>\$ 215,485</u>	<u>\$ 83,026,411</u>	<u>\$ 83,045,579</u>	<u>\$ 196,317</u>
<u>Liabilities</u>				
Deposits held for others	\$ 2,161	\$ 82,682,356	\$ 82,682,356	\$ 2,161
Due to student groups	213,324	344,055	363,223	194,156
Total liabilities	<u>\$ 215,485</u>	<u>\$ 83,026,411</u>	<u>\$ 83,045,579</u>	<u>\$ 196,317</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position:					
Net investment in capital assets	\$ 117,106,859	\$ 116,598,703	\$ 120,170,099	\$ 117,577,633	\$ 124,571,387
Restricted	18,256,725	14,904,625	25,434,583	16,360,557	10,994,715
Unrestricted	41,025,078	39,991,512	24,109,768	37,063,410	29,221,504
Total net position	\$ 176,388,662	\$ 171,494,840	\$ 169,714,450	\$ 171,001,600	\$ 164,787,606
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Position:					
Net investment in capital assets	\$ 115,964,872	\$ 112,704,781	\$ 111,099,987	\$ 105,544,609	\$ 99,857,299
Restricted	12,721,444	7,810,145	3,974,617	4,470,352	4,779,329
Unrestricted	34,750,729	32,757,029	27,373,916	26,700,647	22,704,344
Total net position	\$ 163,437,045	\$ 153,271,955	\$ 142,448,520	\$ 136,715,608	\$ 127,340,972

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Instruction	\$ 79,578,214	\$ 84,161,237	\$ 81,321,836	\$ 82,012,893	\$ 91,090,275
Support services - students and staff	13,744,870	13,802,110	13,952,233	14,357,146	13,987,599
Support services - administration	10,744,152	11,021,728	10,354,397	11,227,344	12,103,661
Operation and maintenance of plant services	15,415,775	14,228,399	14,754,567	14,875,380	11,844,110
Student transportation services	7,724,844	8,026,873	7,154,741	6,728,599	6,729,587
Operation of non-instructional services	9,398,642	10,093,017	9,904,757	9,817,504	10,186,264
Interest on long-term debt	6,121,401	5,565,030	15,249,382	14,128,072	12,915,591
Total expenses	<u>142,727,898</u>	<u>146,898,394</u>	<u>152,691,913</u>	<u>153,146,938</u>	<u>158,857,087</u>
Program Revenues					
Charges for services:					
Instruction	1,577,531	903,242	5,524,962	5,518,636	6,019,615
Operation of non-instructional services	7,469,785	6,890,809	4,158,950	4,320,659	4,597,876
Other activities	2,213,596	2,950,481	603,412	708,837	917,234
Operating grants and contributions	10,448,125	13,614,415	11,560,945	10,869,456	10,939,698
Capital grants and contributions		889,360	47,465	74,597	62,349
Total program revenues	<u>21,709,037</u>	<u>25,248,307</u>	<u>21,895,734</u>	<u>21,492,185</u>	<u>22,536,772</u>
Net (Expense)/Revenue	<u>\$ (121,018,861)</u>	<u>\$ (121,650,087)</u>	<u>\$ (130,796,179)</u>	<u>\$ (131,654,753)</u>	<u>\$ (136,320,315)</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses					
Instruction	\$ 89,803,441	\$ 89,270,018	\$ 84,221,135	\$ 78,893,995	\$ 77,255,138
Support services - students and staff	13,857,293	13,925,765	13,800,324	12,586,935	11,297,708
Support services - administration	11,630,797	10,132,227	9,088,886	8,452,203	7,953,369
Operation and maintenance of plant services	15,532,685	11,222,932	12,045,552	11,147,183	10,797,105
Student transportation services	8,211,921	7,115,503	5,098,919	4,062,562	4,133,277
Operation of non-instructional services	10,955,819	9,260,379	8,659,249	8,282,483	7,420,715
Interest on long-term debt	11,372,066	11,488,882	10,246,413	9,699,764	9,613,856
Total expenses	<u>161,364,022</u>	<u>152,415,706</u>	<u>143,160,478</u>	<u>133,125,125</u>	<u>128,471,168</u>
Program Revenues					
Charges for services:					
Instruction	5,667,559	5,691,166	8,013,225	7,029,543	4,578,192
Operation of non-instructional services	4,705,987	5,011,395	4,383,180	5,112,441	6,352,242
Other activities	805,606	1,229,365	959,985	524,755	293,545
Operating grants and contributions	10,029,200	9,768,988	9,234,191	9,402,913	7,942,561
Capital grants and contributions	84,254	155,257	140,090	25,903	
Total program revenues	<u>21,292,606</u>	<u>21,856,171</u>	<u>22,730,671</u>	<u>22,095,555</u>	<u>19,166,540</u>
Net (Expense)/Revenue	<u>\$ (140,071,416)</u>	<u>\$ (130,559,535)</u>	<u>\$ (120,429,807)</u>	<u>\$ (111,029,570)</u>	<u>\$ (109,304,628)</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				
	2013	2012	2011	2010	2009
Net (Expense)/Revenue	\$ (121,018,861)	\$ (121,650,087)	\$ (130,796,179)	\$ (131,654,753)	\$ (136,320,315)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	47,826,175	45,678,790	45,099,372	40,830,154	42,537,458
Property taxes, levied for debt service	13,477,061	15,065,623	23,817,460	23,490,302	20,482,691
Property taxes, levied for capital outlay	7,118,860	8,036,971	5,016,171	10,210,997	7,870,415
Investment income	198,855	267,940	798,862	938,392	2,375,045
Unrestricted county aid	4,546,551	4,584,974	4,608,743	4,556,511	
Unrestricted state aid	52,503,042	49,796,179	49,596,402	50,842,564	64,405,267
Unrestricted federal aid	242,139		572,019	6,999,827	
Total general revenues	125,912,683	123,430,477	129,509,029	137,868,747	137,670,876
Changes in Net Position	\$ 4,893,822	\$ 1,780,390	\$ (1,287,150)	\$ 6,213,994	\$ 1,350,561

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net (Expense)/Revenue	\$ (140,071,416)	\$ (130,559,535)	\$ (120,429,807)	\$ (111,029,570)	\$ (109,304,628)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	42,849,524	40,237,137	39,310,410	38,455,046	37,169,288
Property taxes, levied for debt service	21,678,552	20,722,450	19,197,804	19,386,124	19,272,499
Property taxes, levied for capital outlay	11,413,014	10,550,195	5,186,442	5,199,193	5,251,786
Investment income	2,976,014	2,423,934	1,316,879	759,070	432,604
Unrestricted county aid		47,053	3,973,056	3,815,724	3,828,415
Unrestricted state aid	71,319,402	67,402,201	57,178,128	52,789,049	52,691,133
Total general revenues	<u>150,236,506</u>	<u>141,382,970</u>	<u>126,162,719</u>	<u>120,404,206</u>	<u>118,645,725</u>
Changes in Net Position	<u>\$ 10,165,090</u>	<u>\$ 10,823,435</u>	<u>\$ 5,732,912</u>	<u>\$ 9,374,636</u>	<u>\$ 9,341,097</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 591,938	\$ 706,604	\$ 527,331	\$	\$
Unassigned	19,940,697	19,074,244	15,277,767		
Reserved				3,931,322	2,071,948
Unreserved				3,140,587	2,811,084
Total General Fund	<u>\$ 20,532,635</u>	<u>\$ 19,780,848</u>	<u>\$ 15,805,098</u>	<u>\$ 7,071,909</u>	<u>\$ 4,883,032</u>
All Other Governmental Funds:					
Nonspendable	\$ 117,024	\$ 63,338	\$ 63,458	\$	\$
Restricted	22,275,315	17,655,265	14,060,812		
Unassigned		(2,398)	(120,596)		
Reserved				83,374	89,592
Unreserved, reported in:					
Special revenue funds				17,010,657	17,145,181
Capital projects funds				24,712,553	46,268,450
Debt service fund				1,804,249	1,860,279
Total all other governmental funds	<u>\$ 22,392,339</u>	<u>\$ 17,716,205</u>	<u>\$ 14,003,674</u>	<u>\$ 43,610,833</u>	<u>\$ 65,363,502</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:					
Reserved	\$ 886,813	\$ 601,283	\$ 709,264	\$ 782,613	\$ 1,041,185
Unreserved	8,023,547	6,526,860	4,087,229	3,783,516	3,436,524
Total General Fund	<u>\$ 8,910,360</u>	<u>\$ 7,128,143</u>	<u>\$ 4,796,493</u>	<u>\$ 4,566,129</u>	<u>\$ 4,477,709</u>
All Other Governmental Funds:					
Reserved	\$ 111,541	\$ 58,613	\$ 55,994	\$ 65,890	\$ 70,526
Unreserved, reported in:					
Special revenue funds	18,074,143	17,554,131	13,969,335	12,515,971	8,953,031
Capital projects funds	49,300,826	28,088,973	18,299,575	3,455,052	3,770,920
Debt service fund	3,152,073	1,750,583	762,462	737,483	675,181
Total all other governmental funds	<u>\$ 70,638,583</u>	<u>\$ 47,452,300</u>	<u>\$ 33,087,366</u>	<u>\$ 16,774,396</u>	<u>\$ 13,469,658</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal sources:					
Federal grants	\$ 6,066,833	\$ 6,982,224	\$ 7,161,069	\$ 6,589,487	\$ 5,334,983
State Fiscal Stabilization (ARRA)			572,019	6,999,827	
Education Jobs		3,130,755			
National School Lunch Program	2,833,523	2,878,740	2,615,322	2,386,286	1,847,377
Total federal sources	<u>8,900,356</u>	<u>12,991,719</u>	<u>10,348,410</u>	<u>15,975,600</u>	<u>7,182,360</u>
State sources:					
State equalization assistance	47,125,634	44,869,225	45,447,749	49,501,254	55,415,107
State grants	295,618	258,263	298,141	516,584	2,287,722
Other revenues	5,377,408	4,926,954	4,378,689	4,684,219	5,670,281
Total state sources	<u>52,798,660</u>	<u>50,054,442</u>	<u>50,124,579</u>	<u>54,702,057</u>	<u>63,373,110</u>
Local sources:					
Property taxes	66,326,114	70,345,369	74,442,668	72,102,382	68,618,997
County aid	4,546,551	4,584,974	4,608,743	4,556,511	
Food service sales	2,906,863	3,334,657	3,496,813	3,681,319	4,063,460
Investment income	136,354	195,860	595,710	762,843	2,153,784
Other revenues	9,603,344	8,663,668	8,014,299	8,554,990	9,036,722
Total local sources	<u>83,519,226</u>	<u>87,124,528</u>	<u>91,158,233</u>	<u>89,658,045</u>	<u>83,872,963</u>
Total revenues	<u><u>\$ 145,218,242</u></u>	<u><u>\$ 150,170,689</u></u>	<u><u>\$ 151,631,222</u></u>	<u><u>\$ 160,335,702</u></u>	<u><u>\$ 154,428,433</u></u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Federal sources:					
Federal grants	\$ 5,930,886	\$ 7,720,315	\$ 7,470,690	\$ 7,661,068	\$ 6,021,432
National School Lunch Program	1,664,110	1,480,183	1,275,143	1,400,496	1,265,795
Total federal sources	<u>7,594,996</u>	<u>9,200,498</u>	<u>8,745,833</u>	<u>9,061,564</u>	<u>7,287,227</u>
State sources:					
State equalization assistance	61,565,115	58,556,450	48,846,531	46,181,257	46,505,755
State grants	802,058	602,585	494,249	455,496	428,868
School Facilities Board	630,350	1,251,150	1,013,665	933,480	1,328,977
Other revenues	8,870,871	7,594,601	7,327,059	6,466,838	4,684,146
Total state sources	<u>71,868,394</u>	<u>68,004,786</u>	<u>57,681,504</u>	<u>54,037,071</u>	<u>52,947,746</u>
Local sources:					
Property taxes	76,365,297	72,129,888	63,460,826	63,191,830	61,540,145
County aid		47,053	3,973,056	3,815,724	3,828,415
Food service sales	4,143,347	4,195,829	4,027,902	4,023,727	3,848,774
Investment income	2,665,840	2,134,575	1,108,560	596,211	351,174
Other revenues	8,530,954	7,857,259	9,404,838	8,682,394	7,883,780
Total local sources	<u>91,705,438</u>	<u>86,364,604</u>	<u>81,975,182</u>	<u>80,309,886</u>	<u>77,452,288</u>
Total revenues	<u>\$ 171,168,828</u>	<u>\$ 163,569,888</u>	<u>\$ 148,402,519</u>	<u>\$ 143,408,521</u>	<u>\$ 137,687,261</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
Instruction	\$ 66,920,319	\$ 68,872,150	\$ 70,907,190	\$ 71,193,039	\$ 77,507,708
Support services - students and staff	13,013,233	12,622,359	13,388,092	13,777,270	13,219,708
Support services - administration	9,517,292	9,499,541	9,261,953	10,037,818	10,019,450
Operation and maintenance of plant services	14,806,679	13,495,107	12,918,845	14,021,360	12,704,373
Student transportation services	6,222,956	6,402,069	5,852,918	5,574,038	5,360,906
Operation of non-instructional services	9,232,963	9,862,327	9,685,496	9,680,571	9,860,338
Capital outlay	8,773,490	23,577,081	25,658,108	33,209,090	37,734,774
Debt service -					
Claims and judgments					482,452
Interest and fiscal charges	6,461,001	13,120,020	15,283,685	14,138,044	12,925,563
Principal retirement	7,865,000	11,245,000	10,010,254	10,121,420	10,078,756
Bond issuance costs	39,950	142,015	245,000		334,953
Total expenditures	<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>	<u><u>\$ 190,228,981</u></u>
Expenditures for capitalized assets	\$ 2,439,177	\$ 14,548,438	\$ 18,984,651	\$ 29,084,493	\$ 27,995,669
Debt service as a percentage of noncapital expenditures	10%	16%	17%	16%	14%

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:					
Current -					
Instruction	\$ 76,717,422	\$ 73,733,849	\$ 71,561,754	\$ 67,322,046	\$ 65,036,827
Support services - students and staff	13,244,757	13,371,694	13,445,878	12,537,238	11,207,949
Support services - administration	9,661,140	9,150,251	8,288,821	8,053,200	7,763,981
Operation and maintenance of plant services	14,762,759	10,782,351	11,906,059	10,759,750	10,898,427
Student transportation services	5,127,271	4,087,208	3,670,095	3,262,225	3,077,863
Operation of non-instructional services	10,414,234	9,123,022	8,467,141	8,136,902	7,406,650
Capital outlay	25,018,078	21,668,789	8,937,274	8,132,558	10,805,449
Debt service -					
Claims and judgments					
Interest and fiscal charges	13,005,534	13,864,730	14,162,616	13,559,381	13,917,735
Principal retirement	8,845,565	9,045,754	7,444,052	7,988,855	7,820,302
Bond issuance costs	240,500	205,271	245,955		
Total expenditures	<u>\$ 177,037,260</u>	<u>\$ 165,032,919</u>	<u>\$ 148,129,645</u>	<u>\$ 139,752,155</u>	<u>\$ 137,935,183</u>
Expenditures for capitalized assets	\$ 14,926,173	\$ 10,005,781	\$ 2,537,437	\$ 1,924,890	\$ 3,895,829
Debt service as a percentage of noncapital expenditures	14%	15%	15%	16%	16%

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

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ 2,365,359	\$ (18,666,980)	\$ (21,580,319)	\$ (21,416,948)	\$ (35,800,548)
Other financing sources (uses):					
General obligation bonds issued	2,975,000		22,350,000		25,000,000
Refunding bonds issued		43,030,000			
Premium on sale of bonds	148,542	5,718,309	269,331		334,953
Capital lease agreements					
Transfers in	952,804	879,479	625,466	373,695	1,161,843
Transfers out	(952,804)	(879,479)	(625,466)	(373,695)	(1,161,843)
Payment to refunded bond escrow agent		(41,061,276)			
Total other financing sources (uses)	3,123,542	7,687,033	22,619,331		25,334,953
Changes in fund balances	\$ 5,488,901	\$ (10,979,947)	\$ 1,039,012	\$ (21,416,948)	\$ (10,465,595)
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) of revenues over expenditures	\$ (5,868,432)	\$ (1,463,031)	\$ 272,874	\$ 3,656,366	\$ (247,922)
Other financing sources (uses):					
General obligation bonds issued	30,000,000	18,000,000	16,000,000		
Premium on sale of bonds	471,297	237,800	353,705		
Capital lease agreements					126,260
Transfers in	1,084,200	1,034,990	600,246	333,432	206,780
Transfers out	(1,057,023)	(1,007,813)	(600,246)	(333,432)	(206,780)
Total other financing sources (uses)	30,498,474	18,264,977	16,353,705		126,260
Changes in fund balances	\$ 24,630,042	\$ 16,801,946	\$ 16,626,579	\$ 3,656,366	\$ (121,662)

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

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value	
	Residential Property	Commercial Property							
2013	\$ 1,023,814,401	\$ 898,008,354	\$ 178,395,677	\$ 308,072,773	\$ 1,792,145,659	6.06	\$ 15,954,370,358	11.23	%
2012	1,183,740,134	1,079,730,888	178,904,033	389,638,179	2,052,736,876	3.71	18,575,028,097	11.05	
2011	1,358,042,381	1,386,830,274	197,688,245	398,163,720	2,544,397,180	3.20	21,684,199,876	11.73	
2010	1,595,336,901	1,517,906,846	216,903,452	471,858,184	2,858,289,015	2.91	24,607,576,458	11.62	
2009					2,894,830,446	2.89	24,422,238,451	11.85	
2008					2,596,108,136	3.49	22,161,674,713	11.71	
2007					1,945,691,504	3.97	15,665,270,012	12.42	
2006					1,877,025,201	3.73	14,986,864,173	12.52	
2005					1,768,674,408	3.90	14,157,956,711	12.49	
2004					1,665,048,018	4.09	13,637,675,542	12.21	

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

Note: Total taxable assessed valuation is displayed by major component beginning with fiscal year ended June 30, 2010.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
1 Commercial, Industrial, Utilities and Mining	\$ 734,998,962	\$ 824,593,681	\$ 1,129,640,298	\$ 1,198,234,974	\$ 1,111,161,951
2 Agricultural and Vacant	33,998,556	46,286,831	57,846,261	66,183,282	69,069,686
3 Residential (Owner Occupied)	873,966,653	1,007,509,296	1,157,244,748	1,373,643,110	1,522,868,054
4 Residential (Rental)	148,043,518	173,284,118	198,497,341	219,043,287	190,434,509
5 Railroad, Private Cars and Airlines	1,071,064	1,040,293	1,126,249	1,162,727	1,282,746
06, 07, 08 Historical Property	10,190	11,925	42,283	21,635	13,500
9 Certain Government Property Improvements	56,716	10,732			
Total	\$ 1,792,145,659	\$ 2,052,736,876	\$ 2,544,397,180	\$ 2,858,289,015	\$ 2,894,830,446

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1 Commercial, Industrial, Utilities and Mining	\$ 966,577,654	\$ 894,179,000	\$ 839,014,849	\$ 796,653,789	\$ 709,312,374
2 Agricultural and Vacant	60,213,551	55,618,438	46,630,870	51,416,888	42,357,768
3 Residential (Owner Occupied)	1,413,447,143	870,720,535	873,104,215	806,177,696	798,982,960
4 Residential (Rental)	154,513,567	123,899,697	117,048,065	113,237,682	114,025,440
5 Railroad, Private Cars and Airlines	1,344,221	1,259,859	1,213,227	1,174,928	356,051
06, 07, 08 Historical Property	12,000	13,975	13,975	13,425	13,425
9 Certain Government Property Improvements					
Total	\$ 2,596,108,136	\$ 1,945,691,504	\$ 1,877,025,201	\$ 1,768,674,408	\$ 1,665,048,018

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
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	17	18	20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commercial, Industrial, Utilities and Mining	24 %	25 %	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	21	22	21	21	20

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
	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
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
2004	N/A	1.28	0.05	0.21	1.08	0.01	0.12	1.82	1.35	1.28	3.29	2.13	1.96	4.09

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>2013</u>		<u>2004</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>
TWC-Chandler LLC	\$ 26,360,230	1.47 %	\$ 28,570,491	1.72 %
Qwest Corporation	26,187,093	1.46	56,459,360	3.39
Intel Corporation	25,467,691	1.42	45,088,324	2.71
Arizona Mills LLC	25,412,035	1.42	25,796,278	1.55
Arizona Public Service Company	23,702,642	1.32	21,109,214	1.27
Verizon Wireless	21,842,140	1.22		
Point South Mountain Resort LLC	16,467,064	0.92		
DDRA Awhwatukee Foothills LLC	14,954,111	0.83	13,585,400	0.82
Honeywell International Inc.	12,317,942	0.69		
State Farm Mutual Automobile	7,285,008	0.41	9,930,605	0.60
Target Corporation	6,529,883	0.36	11,425,893	0.69
Motorola			26,389,648	1.58
AT&T			17,744,149	1.07
Total	<u>\$ 206,525,839</u>	<u>11.52 %</u>	<u>\$ 256,099,362</u>	<u>15.40 %</u>

Source: The source of this information is the City of Tempe Comprehensive Annual Financial Reports for fiscal years 2012-13 and 2003-04.

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
2013	\$ 70,472,026	\$ 67,381,446	95.61 %	\$	\$ 67,381,446	95.61 %
2012	76,119,935	72,904,655	95.78	2,633,572	75,538,227	99.24
2011	80,472,545	77,824,096	96.71	2,625,029	80,449,125	99.97
2010	72,354,037	66,757,879	92.27	5,102,407	71,860,286	99.32
2009	68,652,956	65,431,128	95.31	3,199,773	68,630,901	99.97
2008	74,097,893	72,437,425	97.76	1,649,215	74,086,640	99.98
2007	69,926,284	68,481,535	97.93	1,429,777	69,911,312	99.98
2006	67,540,561	65,569,332	97.08	1,560,951	67,130,283	99.39
2005	67,137,384	65,000,673	96.82	2,129,610	67,130,283	99.99
2004	65,561,073	63,706,818	97.17	1,854,255	65,561,073	100.00

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	Per Capita	Certificates of Participation	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income
2013	\$ 123,885,000	\$ 808,411	\$ 123,076,589	0.77 %	\$ 684		\$	\$123,885,000	0.78 %	\$ 688	N/A %
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
2004	95,957,923		95,957,923	0.70	640	5,975,000	99,083	102,032,006	0.75	680	0.92

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, 2013**

<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	\$ 614,995,000	4.93 %	\$ 30,319,254
City of Phoenix	1,588,275,000	22.08	350,691,120
City of Tempe	432,915,646	28.25	122,298,670
City of Chandler	432,915,646	28.54	123,554,125
Tempe Union High School District No. 213	85,945,000	55.66	47,836,987
Subtotal, Overlapping Debt			<u>674,700,156</u>
Direct:			
Kyrene Elementary School District No. 28			<u>123,885,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 798,585,156</u></u>

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, 2012 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 2013:

Secondary assessed valuation	\$ 1,792,145,659
Debt limit (5% of assessed value)	89,607,283
Debt applicable to limit	<u>103,080,000</u>
Legal debt margin	<u>\$ (13,472,717)</u>

Total Legal Debt Margin Calculation for Fiscal Year 2013:

Secondary assessed valuation	\$ 1,792,145,659
Debt limit (15% of assessed value)	268,821,849
Debt applicable to limit	<u>123,885,000</u>
Legal debt margin	<u>\$ 144,936,849</u>

Fiscal Year Ended June 30

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 268,821,849	\$ 307,910,531	\$ 381,659,577	\$ 428,743,352	\$ 434,224,567
Total net debt applicable to limit	<u>123,885,000</u>	<u>143,400,000</u>	<u>137,260,000</u>	<u>126,697,394</u>	<u>136,460,380</u>
Legal debt margin	<u>\$ 144,936,849</u>	<u>\$ 164,510,531</u>	<u>\$ 244,399,577</u>	<u>\$ 302,045,958</u>	<u>\$ 297,764,187</u>
Total net debt applicable to the limit as a percentage of debt limit	46%	47%	36%	30%	31%
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 389,416,220	\$ 291,853,726	\$ 281,553,780	\$ 265,301,161	\$ 249,757,203
Total net debt applicable to limit	<u>121,817,390</u>	<u>101,051,490</u>	<u>92,235,480</u>	<u>85,812,938</u>	<u>95,957,923</u>
Legal debt margin	<u>\$ 267,598,830</u>	<u>\$ 190,802,236</u>	<u>\$ 189,318,300</u>	<u>\$ 179,488,223</u>	<u>\$ 153,799,280</u>
Total net debt applicable to the limit as a percentage of debt limit	31%	35%	33%	32%	38%

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.
 - 3) Due to a decrease in the secondary assessed valuation the District does not have any current bonding capacity.

**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>
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
2003	3,388,711	102,277,852	30,182	5.2	150,000

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>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Arizona State University	11,185	7.46 %	12,569	10.39 %
Maricopa Community Colleges	4,611	3.07		
Salt River Project	4,374	2.92	3,331	2.75
Safeway	3,996	2.66		
Wells Fargo	3,576	2.38	6,601	5.46
Freescale	3,000	2.00	4,779	3.95
Honeywell	3,000	2.00	3,000	2.48
JP Morgan Chase	2,377	1.58	2,377	1.96
Kyrene School District	2,183	1.46	2,004	1.66
US Airways	1,898	1.27		
Tempe Elementary District	1,665	1.11	1,772	1.46
City of Tempe	1,519	1.01	1,679	1.39
Tempe Union High School District	1,448	0.96	1,420	1.17
Total	44,832	29.88 %	39,532	32.67 %
Total employment	150,000		121,000	

Source: The source of this information is the City of Tempe Comprehensive Annual Financial Reports for fiscal years 2012-13 and 2003-04.

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
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Supervisory					
Superintendents/Principals	28	27	25	25	25
Assistant principals	14	14	14	14	19
Total supervisory	<u>42</u>	<u>41</u>	<u>39</u>	<u>39</u>	<u>44</u>
Instruction					
Teachers	943	949	990	996	1,070
Other professionals (instructional)	192	210	204	191	238
Total instruction	<u>1,135</u>	<u>1,159</u>	<u>1,194</u>	<u>1,187</u>	<u>1,308</u>
Student Services					
Librarians	24	21	25	25	25
Nurses/Technicians	19	18	14	14	14
Total student services	<u>43</u>	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>
Support and Administration					
Service workers	209	198	96	113	105
Other classified	70	76	76	79	82
Total support and administration	<u>279</u>	<u>274</u>	<u>172</u>	<u>192</u>	<u>187</u>
Total	<u><u>1,499</u></u>	<u><u>1,513</u></u>	<u><u>1,444</u></u>	<u><u>1,457</u></u>	<u><u>1,578</u></u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Supervisory					
Superintendents/Principals	24	26	25	25	25
Assistant principals	16	18	18	16	16
Total supervisory	<u>40</u>	<u>44</u>	<u>43</u>	<u>41</u>	<u>41</u>
Instruction					
Teachers	985	949	1,029	968	1,068
Other professionals (instructional)	216	207	180	150	197
Total instruction	<u>1,201</u>	<u>1,156</u>	<u>1,209</u>	<u>1,118</u>	<u>1,265</u>
Student Services					
Librarians	25	23	25	25	25
Nurses/Technicians	13	12	13	13	14
Total student services	<u>38</u>	<u>35</u>	<u>38</u>	<u>38</u>	<u>39</u>
Support and Administration					
Service workers	96	89	82	71	77
Other classified	80	88	105	136	145
Total support and administration	<u>176</u>	<u>177</u>	<u>187</u>	<u>207</u>	<u>222</u>
Total	<u><u>1,455</u></u>	<u><u>1,412</u></u>	<u><u>1,477</u></u>	<u><u>1,404</u></u>	<u><u>1,567</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
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	(1.46)	968	19.1	14.6
2004	17,558	105,391,697	6,002	6.34	128,471,168	7,317	5.95	1,068	16.4	14.0

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>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>2004</u>
<u>Schools</u>										
Elementary										
Buildings	48	48	48	48	65	69	69	69	69	69
Square feet	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	1,451,378
Capacity	16,174	16,174	16,174	16,174	16,069	16,000	16,000	16,000	16,000	16,000
Middle										
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	6,442	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	11/12	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.