
BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2014



BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

PHOENIX, ARIZONA

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

Issued by:
Business and Finance Department

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

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INTRODUCTORY SECTION

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December 15, 2014

Citizens and Governing Board
Balsz Elementary School District No. 31
4825 East Roosevelt Street
Phoenix, Arizona 85008

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 Balsz Elementary School District No. 31 (District) for the fiscal year ended June 30, 2014.

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.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade eight, with an estimated current enrollment of 2,489 students.

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

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

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

The Balsz Elementary School District No. 31 has two K-6 schools (Crockett and Brunson-Lee), and two K-8 schools (Balsz and Griffith). The community surrounding the District is characterized by low income and government-subsidized housing, and is located in an identified high crime area in the City of Phoenix. The student population is ethnically diverse and tends to be highly mobile. The vast majority of the students served in the District qualify for the Free and Reduced Lunch Program. Students in the District attend high school in the large Phoenix Union High School District, typically at Camelback High School.

MAJOR INITIATIVES

The motto of the Balsz Elementary School District No. 31 is “Children First”. To achieve this goal, the District provides a full range of educational services; regular education, special education, English as a second language, and gifted education, and offers an extended learning calendar with two hundred days of instruction. The District’s curriculum is aligned with the Arizona Department of Education’s Standards and Performance objectives documents and meets or exceeds all of the requirements set by State law. The student assessment program aligns with the State standards. Each school has developed a consolidated plan for raising student achievement. The Balsz Elementary School District No. 31 is committed to providing quality programs for all of its students.

Programs

- At-Risk Preschool/Head Start
- National Board Certified Teachers
- USDA Healthier Schools Fresh Fruits and Vegetables Program
- Full-Day Kindergarten
- Title I Consolidated Plans
- After School Extracurricular Activities
- Cultural Clubs
- Peer Mediation
- National Junior Honor Society
- Student Council/Student Publications
- Valley Big Brothers/Big Sisters on site
- City of Phoenix Parks and Recreation

Major Partnerships

- ON Semi-Conductor
- Ellis Center
- Desert Schools Credit Union
- Arizona State University
- Grand Canyon University
- Rodell Foundation
- Balsz Community Education Foundation
- Valley of the Sun United Way
- Orangedale Neighborhood Association
- Assistance league
- Jobs for Arizona Graduates (JAG)
- West Ed

- Maricopa County Educational Service Agency
- Experience Matters
- Valley of the Sun United Way
- Gateway Community College
- University of Phoenix
- Discovery Triangle
- Scottsdale Health Care
- Educare
- The Tooth Doctor
- Phoenix Country Day School

For fiscal year 2014, the District continued to work on energy savings initiatives, specifically exterior lighting retrofits and energy management system enhancements. The goal is to reduce energy consumption that will translate into operational savings in the Maintenance and Operation budget.

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 over-expenditures 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 Phoenix metropolitan area and the rest of Maricopa County have become one of the fastest growing regional markets in the United States. The number of businesses located in the metropolitan Phoenix area is approximately 88,000. This growth has been stimulated by a combination of warm climate, a substantial well educated labor pool, a wide range of support industries, and a governmental climate that is supportive of economic growth and investment.

A few of the major firms represented in the Phoenix metropolitan area include Honeywell International, Inc., Banner Health Systems, Wal-Mart Stores, Inc., and Wells Fargo Company. In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2013 population is 4.0 million, an increase of .2 million from 2012. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Maricopa County has, for some time, enjoyed an unemployment rate that was somewhat lower than the national average.

Service is the largest employment sector in the County, partly fueled by the \$2+ billion per year tourist industry. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category, employing over a quarter million people.

Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors aiding economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well-developed and expanding transportation infrastructure.

Long-Term Financial Planning. The Balsz Elementary School District No. 31 encompasses approximately 6 square miles in the central east portion of Phoenix. The District is located along two designated improvement zones - one running east and west along Van Buren Street and one running north and south along 44th Street.

The District is beginning to stabilize after the recession. Projections obtained from a demographic analysis of the population in 2012 indicate an average of 1.5% growth each year for the next ten years.

The average age of the five schools is approximately 45 years. With the exception of Brunson-Lee, built in 2003, all of the schools were extensively remodeled in 1996-97. The facilities have been well maintained and are reviewed comprehensively at least once each year. In November 2011 voters approved a twenty one million dollar bond program. The first sale of \$15.5 million of bonds closed on January 26, 2012. These funds will be used to replace aging air conditioning systems, enhance campus security, purchase technology, and new school buses. The remaining \$5.5 million of authorization was sold in the fall of 2013 and is designated for a Boy's and Girl's Club to be constructed on the Balsz Elementary campus.

The District has also made technology a major focus, along with supporting the District's goals of increasing student achievement, providing quality professional development opportunities, providing a safe school environment, recruiting and retaining highly qualified staff and actively seeking parent and community involvement.

While the District is facing some new challenges, the goals will be used to direct District resources.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the nineteenth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



Dr. Jeffrey J. Smith
Superintendent



Tim R. Leedy
Director of Business Services

Association of School Business Officials International



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

Balsz Elementary School District No. 31

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

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



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

Terrie S. Simmons, RSBA, CSBO
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Balsz Elementary School District No. 31

Arizona

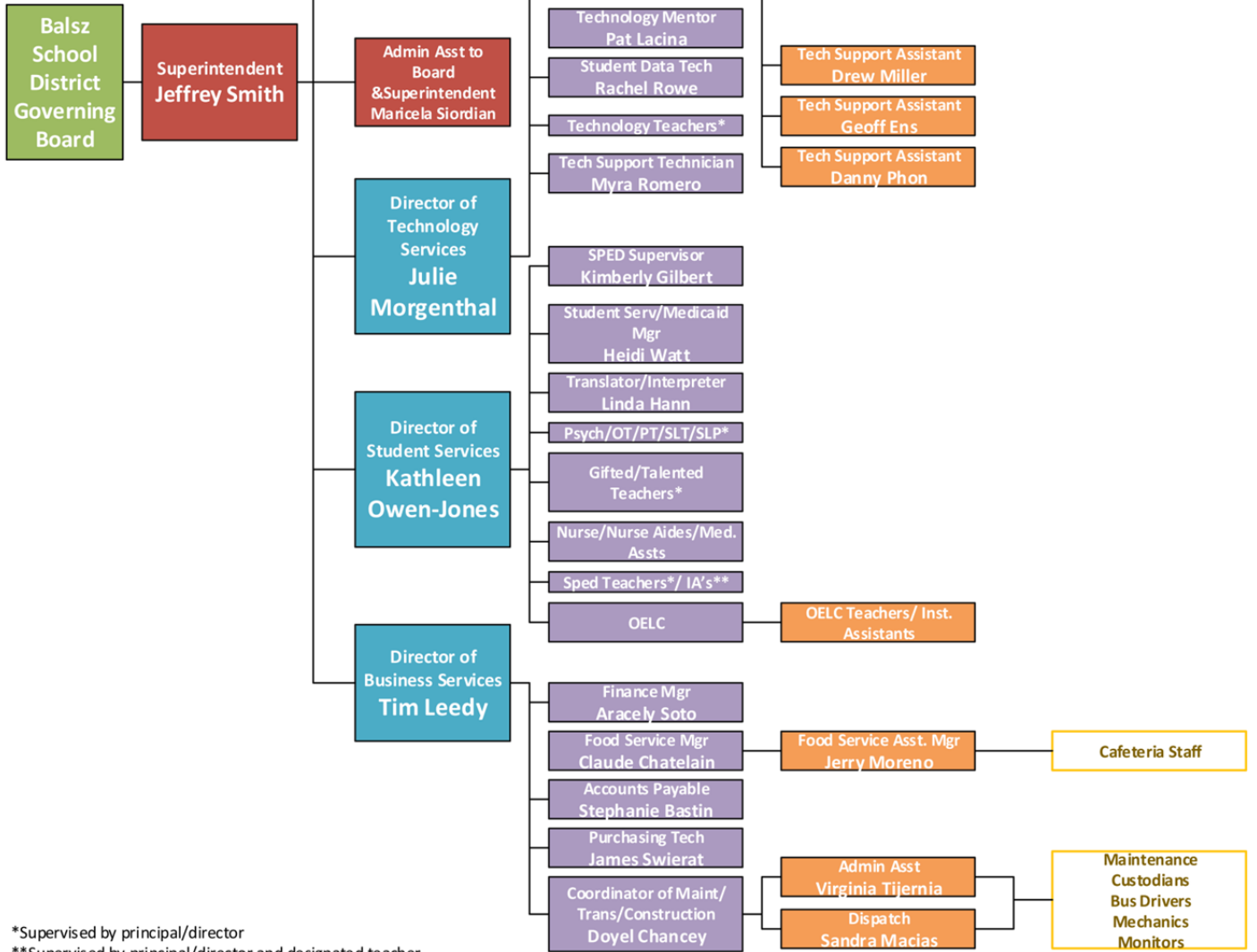
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Organizational Chart
 June 2014
 Maintained By: Desire Daley



*Supervised by principal/director
 **Supervised by principal/director and designated teacher

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Gail Q. Knight
President

Todd Schwarz
Board Clerk

Channel Powe
Member

Vic Grace
Member

Derrence B. White
Member

ADMINISTRATIVE STAFF

Dr. Jeffrey J. Smith
Superintendent

Alexis Wilson
Assistant Superintendent of Administrative Services

Tim R. Leedy
Director of Business Services

Kathleen Owen-Jones
Director of Student Services

Rhonda Chaves
Director of Education Services

Dr. Julie Morgenthal
Director of Technology Services

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Balsz Elementary School District No. 31

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 Balsz Elementary School District No. 31 (District), as of and for the year ended June 30, 2014, 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 entity'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 entity'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 Balsz Elementary School District No. 31, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, 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 48 and 49 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 15, 2014, on our consideration of Balsz Elementary School District No. 31'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 Balsz Elementary School District No. 31's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

December 15, 2014

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

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**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of the Balsz Elementary School District No. 31 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased \$820,271, which represents a 2 percent decrease from the prior fiscal year.
- General revenues accounted for \$17.1 million in revenue, or 72 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6.8 million or 28 percent of total current fiscal year revenues.
- The District had approximately \$24.7 million in expenses related to governmental activities, an increase of 4 percent from the prior fiscal year.
- Among major funds, the General Fund had \$13.7 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$15.6 million in expenditures. The General Fund's fund balance decrease of \$1.3 million to \$1.8 million at the end of the current fiscal year was primarily due to a decrease in property tax revenues as a result of lower tax rates.
- Fund balance for the Bond Building Fund increased \$2.5 million from the prior fiscal year, due to the issuance of \$5.4 million in school improvement bonds.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. 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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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

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

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

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

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 \$38.0 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, and vehicles, furniture and equipment), 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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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

	As of June 30, 2014	As of June 30, 2013
Current and other assets	\$ 18,797,461	\$ 18,257,655
Capital assets, net	42,542,381	40,515,693
Total assets	<u>61,339,842</u>	<u>58,773,348</u>
Current and other liabilities	1,778,418	1,548,731
Long-term liabilities	21,609,956	18,452,878
Total liabilities	<u>23,388,374</u>	<u>20,001,609</u>
Net position:		
Net investment in capital assets	30,183,506	28,771,451
Restricted	3,831,932	4,050,174
Unrestricted	3,936,030	5,950,114
Total net position	<u>\$ 37,951,468</u>	<u>\$ 38,771,739</u>

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 results 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 principal retirement of \$2.5 million of bonds.
- The addition of \$3.8 million of capital assets.
- The issuance of \$5.4 million in school improvement bonds.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

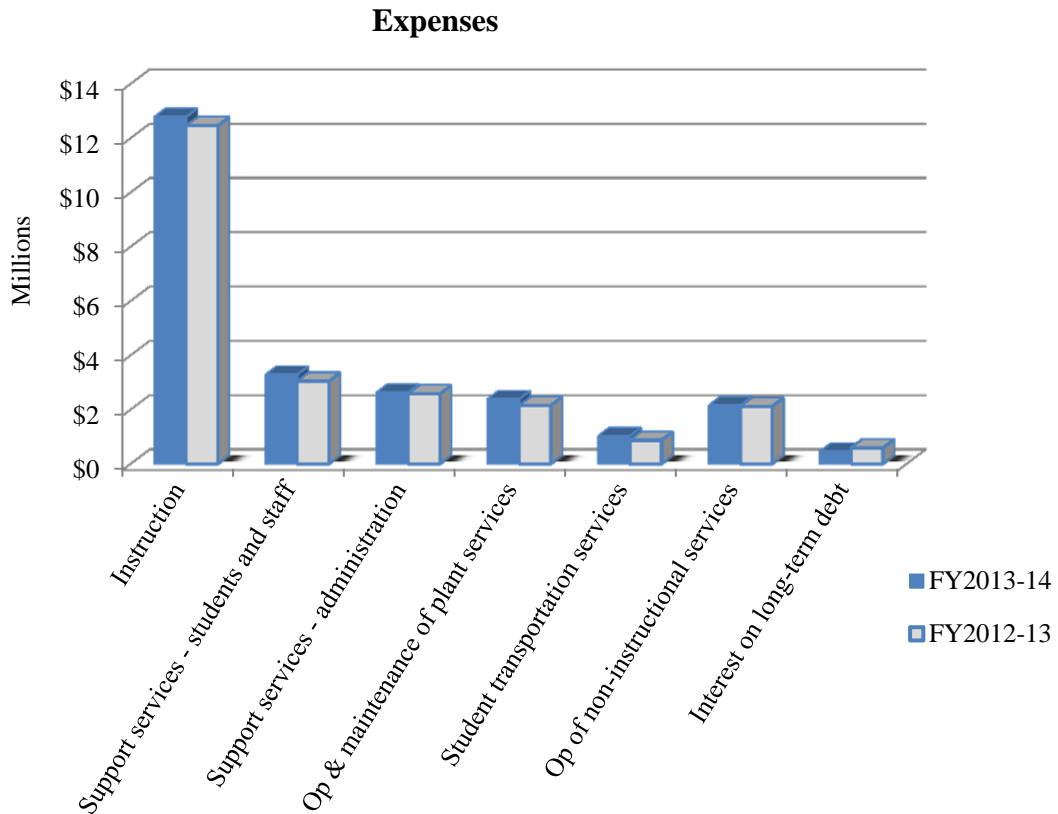
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net position. The District's total revenues for the current fiscal year were \$23.9 million. The total cost of all programs and services was \$24.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013
Revenues:		
Program revenues:		
Charges for services	\$ 512,132	\$ 393,930
Operating grants and contributions	5,355,928	3,748,251
Capital grants and contributions	915,594	2,382,759
General revenues:		
Property taxes	8,488,932	10,128,972
Investment income	62,805	64,612
Unrestricted county aid	707,516	723,772
Unrestricted state aid	7,789,758	7,879,644
Unrestricted federal aid	58,343	40,252
Total revenues	<u>23,891,008</u>	<u>25,362,192</u>
Expenses:		
Instruction	12,781,875	12,454,261
Support services – students and staff	3,283,906	3,040,258
Support services – administration	2,625,094	2,572,218
Operation and maintenance of plant services	2,384,196	2,144,670
Student transportation services	1,026,394	869,168
Operation of non-instructional services	2,160,462	2,113,412
Interest on long-term debt	449,352	583,255
Total expenses	<u>24,711,279</u>	<u>23,777,242</u>
Changes in net position	<u>(820,271)</u>	<u>1,584,950</u>
Net position, beginning	<u>38,771,739</u>	<u>37,186,789</u>
Net position, ending	<u>\$ 37,951,468</u>	<u>\$ 38,771,739</u>

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- The decrease of \$1.6 million in property tax revenue due to a decrease in tax rates.
- An increase of \$1.6 million and a decrease of \$1.5 million in operating grants and contributions and capital grants and contributions, respectively due to a decrease in the percentage of expenditures being capitalized.

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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	Year Ended June 30, 2014		Year Ended June 30, 2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 12,781,875	\$ (10,363,622)	\$ 12,454,261	\$ (8,899,950)
Support services – students and staff	3,283,906	(2,168,519)	3,040,258	(2,451,850)
Support services – administration	2,625,094	(2,455,114)	2,572,218	(2,465,365)
Operation and maintenance of plant services	2,384,196	(1,842,288)	2,144,670	(1,949,560)
Student transportation services	1,026,394	(1,026,394)	869,168	(869,168)
Operation of non-instructional services	2,160,462	377,664	2,113,412	(33,154)
Interest on long-term debt	449,352	(449,352)	583,255	(583,255)
Total	\$ 24,711,279	\$ (17,927,625)	\$ 23,777,242	\$ (17,252,302)

- The cost of all governmental activities this year was \$24.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$6.8 million.
- Net cost of governmental activities of \$18.0 million was financed by general revenues, which are made up primarily of property taxes of \$8.5 million and state aid of \$7.8 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 \$14.1 million, an increase of \$900,256.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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

The General Fund comprises 13 percent of the total fund balance. All of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance decreased \$1.3 million to \$1.8 million as a result of a decrease in property tax revenues. General Fund revenues decreased \$1.6 million as a result of the decrease in property tax revenues. General Fund expenditures increased \$673,712.

The Bond Building Fund comprises 62 percent of total fund balance. The increase in fund balance of \$2.5 million was due to the issuance of \$5.4 million in school improvement bonds.

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 \$100,829 increase, or less than 1 percent, which is not significant.

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 variance of \$120,667 in support services-students and staff expenditures was a result of adjustments to the coding of certain personnel and benefit costs in accordance with the state mandated chart of accounts.
- The favorable variance of \$127,018 in operation and maintenance of plant services expenditures was a result of a combination of a reduction in utility costs associated with energy management and lighting retrofits and supply costs being less than expected.
- The favorable variance of \$125,768 in student transportation services expenditures was due in part to lower than anticipated costs of purchased services.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$58.8 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 \$3.6 million from the prior fiscal year, primarily due to building improvements and equipment purchases. Total depreciation expense for the current fiscal year was \$1.7 million.

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

	As of June 30, 2014	As of June 30, 2013
Capital assets – non-depreciable	\$ 8,366,629	\$ 10,182,006
Capital assets – depreciable, net	34,175,752	30,333,687
Total	\$ 42,542,381	\$ 40,515,693

The estimated cost to complete current construction projects is \$6.6 million.

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

Debt Administration. At year-end, the District had \$20.6 million in long-term debt outstanding, \$2.2 million due within one year. This represents a net increase of \$3.0 million due to the issuance of \$5.4 million in school improvement bonds and the principal retirement of existing bonds.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$37.9 million, which is greater than the District's outstanding debt. The Class B debt limit is \$25.3 million.

Additional information on the District's long-term debt can be found in Notes 7 and 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2013-14 budget balance carry forward (estimated \$485,700).
- District student population (estimated 2,678).
- Local economy and population demographics of the District.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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

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 less than 3 percent to \$15.3 million in fiscal year 2014-15. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2014-15 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Balsz Elementary School District No. 31, 4825 East Roosevelt Street, Phoenix, Arizona 85008.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 15,232,907
Property taxes receivable	531,934
Accounts receivable	21,300
Due from governmental entities	3,011,320
Total current assets	18,797,461
Noncurrent assets:	
Land	8,103,949
Land improvements	4,033,633
Buildings and improvements	40,053,810
Vehicles, furniture and equipment	6,325,647
Construction in progress	262,680
Accumulated depreciation	(16,237,338)
Total noncurrent assets	42,542,381
Total assets	61,339,842
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,062,744
Construction contracts payable	200,171
Accrued payroll and employee benefits	192,563
Compensated absences payable	50,000
Accrued interest payable	322,913
Unearned revenues	27
Bonds payable	2,205,000
Total current liabilities	4,033,418
Noncurrent liabilities:	
Non-current portion of long-term obligations	19,354,956
Total noncurrent liabilities	19,354,956
Total liabilities	23,388,374
<u>NET POSITION</u>	
Net investment in capital assets	30,183,506
Restricted for:	
Voter approved initiatives	1,574,708
Federal and state projects	675,889
Food service	295,545
Civic center	86,327
Extracurricular activities	182,208
Other local initiatives	26,713
Debt service	401,970
Capital outlay	588,572
Unrestricted	3,936,030
Total net position	\$ 37,951,468

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 12,781,875	\$ 4,533	\$ 1,498,126	\$ 915,594	\$ (10,363,622)
Support services - students and staff	3,283,906		1,115,387		(2,168,519)
Support services - administration	2,625,094		169,980		(2,455,114)
Operation and maintenance of plant services	2,384,196	327,449	214,459		(1,842,288)
Student transportation services	1,026,394				(1,026,394)
Operation of non-instructional services	2,160,462	180,150	2,357,976		377,664
Interest on long-term debt	449,352				(449,352)
Total governmental activities	<u>\$ 24,711,279</u>	<u>\$ 512,132</u>	<u>\$ 5,355,928</u>	<u>\$ 915,594</u>	<u>(17,927,625)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	5,537,439
Property taxes, levied for debt service	2,784,934
Property taxes, levied for capital outlay	166,559
Investment income	62,805
Unrestricted county aid	707,516
Unrestricted state aid	7,789,758
Unrestricted federal aid	58,343

Total general revenues 17,107,354

Changes in net position (820,271)

Net position, beginning of year 38,771,739

Net position, end of year \$ 37,951,468

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

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FUND FINANCIAL STATEMENTS

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Debt Service	Bond Building
<u>ASSETS</u>			
Cash and investments	\$ 74,926	\$ 2,869,174	\$ 8,956,144
Property taxes receivable	455,358	60,709	
Accounts receivable	21,300		
Due from governmental entities	2,375,102		
Due from other funds			
Total assets	\$ 2,926,686	\$ 2,929,883	\$ 8,956,144
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 700,548	\$	\$
Construction contracts payable			200,171
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Bonds payable		2,205,000	
Bond interest payable		322,913	
Total liabilities	700,548	2,527,913	200,171
Deferred inflows of resources:			
Unavailable revenues - property taxes	431,573	43,234	
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	431,573	43,234	
Fund balances (deficits):			
Restricted		358,736	8,755,973
Unassigned	1,794,565		
Total fund balances	1,794,565	358,736	8,755,973
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,926,686	 \$ 2,929,883	 \$ 8,956,144

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,332,663	\$ 15,232,907
15,867	531,934
	21,300
636,218	3,011,320
150,381	150,381
<u>\$ 4,135,129</u>	<u>\$ 18,947,842</u>

\$ 362,196	\$ 1,062,744
	200,171
150,381	150,381
192,563	192,563
27	27
	2,205,000
	322,913
<u>705,167</u>	<u>4,133,799</u>

15,867	490,674
200,299	200,299
<u>216,166</u>	<u>690,973</u>

3,213,873	12,328,582
(77)	1,794,488
<u>3,213,796</u>	<u>14,123,070</u>

<u>\$ 4,135,129</u>	<u>\$ 18,947,842</u>
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**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total governmental fund balances	\$	14,123,070
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 58,779,719	
Less accumulated depreciation	<u>(16,237,338)</u>	42,542,381

Some receivables not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

Property taxes	490,674	
Intergovernmental	<u>200,299</u>	690,973

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

Compensated absences payable	(495,108)	
Bonds payable	<u>(18,909,848)</u>	<u>(19,404,956)</u>

Net position of governmental activities	\$	<u>37,951,468</u>
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The notes to the basic financial statements are an integral part of this statement.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 1,218,241	\$ 26,410	\$ 15,802
Property taxes	5,606,002	2,797,398	
State aid and grants	6,794,264		
Federal aid, grants and reimbursements	58,343		
Total revenues	<u>13,676,850</u>	<u>2,823,808</u>	<u>15,802</u>
Expenditures:			
Current -			
Instruction	8,164,608		
Support services - students and staff	2,031,272		
Support services - administration	2,325,022		
Operation and maintenance of plant services	2,074,115		
Student transportation services	794,911		
Operation of non-instructional services	62,407		
Capital outlay	129,147		2,934,755
Debt service -			
Principal retirement		2,205,000	
Interest and fiscal charges		567,734	
Bond issuance costs			132,044
Total expenditures	<u>15,581,482</u>	<u>2,772,734</u>	<u>3,066,799</u>
Excess (deficiency) of revenues over expenditures	<u>(1,904,632)</u>	<u>51,074</u>	<u>(3,050,997)</u>
Other financing sources (uses):			
Transfers in	559,308	132,018	
Transfers out			(132,018)
Issuance of school improvement bonds			5,445,000
Premium on sale of bonds			215,460
Total other financing sources (uses):	<u>559,308</u>	<u>132,018</u>	<u>5,528,442</u>
Changes in fund balances	<u>(1,345,324)</u>	<u>183,092</u>	<u>2,477,445</u>
Fund balances, beginning of year	3,139,889	175,644	6,278,528
Fund balances, end of year	<u>\$ 1,794,565</u>	<u>\$ 358,736</u>	<u>\$ 8,755,973</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 275,565	\$ 1,536,018
150,692	8,554,092
1,022,499	7,816,763
5,980,732	6,039,075
<u>7,429,488</u>	<u>23,945,948</u>
2,734,484	10,899,092
981,700	3,012,972
173,172	2,498,194
9,994	2,084,109
8,179	803,090
2,033,893	2,096,300
1,343,715	4,407,617
	2,205,000
	567,734
	132,044
<u>7,285,137</u>	<u>28,706,152</u>
<u>144,351</u>	<u>(4,760,204)</u>
	691,326
(559,308)	(691,326)
	5,445,000
	215,460
<u>(559,308)</u>	<u>5,660,460</u>
<u>(414,957)</u>	<u>900,256</u>
3,628,753	13,222,814
<u>\$ 3,213,796</u>	<u>\$ 14,123,070</u>

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net changes in fund balances - total governmental funds **\$ 900,256**

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

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

Expenditures for capitalized assets	\$ 3,754,127	
Less current year depreciation	<u>(1,716,117)</u>	2,038,010

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(5,445,000)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(65,160)	
Intergovernmental	<u>10,220</u>	(54,940)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		2,205,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on disposal of capital assets	(11,322)	
Amortization of deferred bond items	(387,275)	
Compensated absences	<u>(65,000)</u>	<u>(463,597)</u>

Changes in net position in governmental activities **\$ (820,271)**

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 34,396
Total assets	<u>\$ 34,396</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 16,615
Due to student groups	17,781
Total liabilities	<u>\$ 34,396</u>

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Balsz Elementary School District No. 31 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

A. Reporting Entity

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 and 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 amounts approximating their external exchange value.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

The District reports the following major governmental funds:

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund, which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

The agency funds are custodial in nature and do not have a measurement focus. The agency funds are reported by fund type, using the accrual basis of accounting.

D. Cash and Investments

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

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

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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. 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.

I. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. 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 - 20 years
Buildings and improvements	10 - 50 years
Vehicles, furniture and equipment	5 - 20 years

J. Deferred Outflows/Inflows of Resources

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line interest 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.

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.

N. Net Position Flow Assumption

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

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 regarding the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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 been 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.

The table below provides detail of the major components of the District's fund balance classifications at year end.

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Restricted:				
Debt Service	\$	\$ 358,736	\$	\$
Capital projects				572,705
Bond building projects			8,755,973	
Voter approved initiatives				1,574,708
Federal and State projects				475,667
Food service				295,545
Extracurricular activities				182,208
Civic center				86,327
Other purposes				26,713
Unassigned	1,794,565			(77)
Total fund balances	\$ 1,794,565	\$ 358,736	\$ 8,755,973	\$ 3,213,796

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance– At year end, the Other Federal Projects Fund reported a \$77 deficit in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2014-15 are expected to eliminate the deficit.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets; however, this does not constitute a violation of any legal provisions.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$86,638 and the bank balance was \$87,806.

The County Treasurer’s pool and the Arizona School Risk Retention pool are trust investment external investment pools with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in both of the investment pools 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.

	<u>Average Maturities</u>	<u>Fair Value</u>
Arizona School Risk Retention Trust investment pool	505 days	\$ 59,453
County Treasurer’s investment pool	374 days	<u>15,121,212</u>
Total		<u>\$ 15,180,665</u>

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. All investments held in the Arizona School Risk Retention Trust investment pool were rated between A and AA+ by Standard and Poor’s at year end.

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. The District’s investments in the Arizona School Risk Retention Trust investments pool were subject to custodial credit risk as they were uninsured and uncollateralized.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – RECEIVABLES

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

	General Fund	Non-Major Governmental Funds
Due from other governmental entities:		
Due from Federal government	\$	\$ 593,162
Due from State government	2,375,102	43,056
Net due from governmental entities	\$ 2,375,102	\$ 636,218

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 8,103,949	\$	\$	\$ 8,103,949
Construction in progress	2,078,057	1,328,683	3,144,060	262,680
Total capital assets, not being depreciated	10,182,006	1,328,683	3,144,060	8,366,629
Capital assets, being depreciated:				
Land improvements	2,494,215	1,539,418		4,033,633
Buildings and improvements	38,805,027	1,248,783		40,053,810
Vehicles, furniture and equipment	3,649,399	2,781,303	105,055	6,325,647
Total capital assets being depreciated	44,948,641	5,569,504	105,055	50,413,090
Less accumulated depreciation for:				
Land improvements	(1,450,842)	(161,824)		(1,612,666)
Buildings and improvements	(11,310,616)	(1,182,996)		(12,493,612)
Vehicles, furniture and equipment	(1,853,496)	(371,297)	(93,733)	(2,131,060)
Total accumulated depreciation	(14,614,954)	(1,716,117)	(93,733)	(16,237,338)
Total capital assets, being depreciated, net	30,333,687	3,853,387	11,322	34,175,752
Governmental activities capital assets, net	\$ 40,515,693	\$ 5,182,070	\$ 3,155,382	\$ 42,542,381

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 1,077,660
Support services – students and staff	143,847
Support services – administration	33,471
Operation and maintenance of plant services	253,913
Student transportation services	160,951
Operation of non-instructional services	46,275
Total depreciation expense – governmental activities	<u>\$ 1,716,117</u>

Construction Commitments - At year end, the District had contractual commitments related to capital projects for the construction of the Boys and Girls Club facility. At year end, the District had spent \$262,680 on the project and had estimated remaining contractual commitments of \$6,574,863. The project is being funded primarily with bond proceeds.

NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, all has been issued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2014	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2011, Series A	\$ 15,555,000	2.0-5.0%	7/1/14-21	\$ 15,105,000	\$ 2,205,000
School Improvement Bonds, Project of 2011, Series B	5,445,000	2.0-4.0%	7/1/17-26	5,445,000	
Total				<u>\$ 20,550,000</u>	<u>\$ 2,205,000</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

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
2015	\$ 2,205,000	\$ 623,776
2016	2,250,000	567,976
2017	2,225,000	500,851
2018	2,020,000	437,426
2019	2,075,000	384,095
2020-24	7,025,000	1,114,285
2025-27	2,750,000	165,508
Total	\$ 20,550,000	\$ 3,793,917

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 17,555,000	\$ 5,445,000	\$ 2,450,000	\$ 20,550,000	\$ 2,205,000
Premium	467,770	215,460	118,382	564,848	
Total bonds payable	<u>18,022,770</u>	<u>5,660,460</u>	<u>2,568,382</u>	<u>21,114,848</u>	<u>2,205,000</u>
Compensated absences payable	430,108	381,861	316,861	495,108	50,000
Governmental activity long-term liabilities	<u>\$ 18,452,878</u>	<u>\$ 6,042,321</u>	<u>\$ 2,885,243</u>	<u>\$ 21,609,956</u>	<u>\$ 2,255,000</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

At year end, several non-major governmental funds had negative cash balances in the Treasurer's pooled cash accounts of \$150,381. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other non-major governmental funds. All interfund balances are expected to be paid within one year.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

	Transfers in		
	General Fund	Debt Service Fund	Total
Transfers out			
Bond Building Fund	\$	\$ 132,018	\$ 132,018
Non-Major Governmental Funds	559,308		559,308
Total	<u>\$ 559,308</u>	<u>\$ 132,018</u>	<u>\$ 691,326</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund and (2) move Federal grant funds restricted for indirect costs.

NOTE 10 – 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.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined, and is covered by three public entity risk pools, the Arizona School Risk Retention Trust, Inc. (ASRRT), the Valley Schools Employee Benefit Trust (VSEBT), and the Arizona School Alliance for Worker’s Compensation, Inc., which are discussed below.

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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – RISK MANAGEMENT (Concl'd)

The District joined the Valley Schools Employee Benefit Trust (VSEBT) together with other districts in the state for risks of loss related to employee health and accident claims. VSEBT is a public entity risk pool currently operating as a group insurance program for several school districts. The District pays monthly premiums to VSEBT for its employee health and accident insurance coverage. The trust was fully insured for the current fiscal year, and does not pay claims, but rather provides coverage through the purchase of commercial insurance.

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.

NOTE 12 – 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 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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 – 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 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members’ annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

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

	Retirement Fund	Health Benefit Supplement Fund	Long- Term Disability Fund
Year ending June 30:			
2014	\$ 1,301,083	\$ 72,958	\$ 29,183
2013	1,187,711	75,318	27,810
2012	1,065,185	67,991	25,901

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENT

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$ 786,894	\$ 786,894	\$ 712,878	\$ (74,016)
Property taxes	5,548,790	5,548,790	5,606,002	57,212
State aid and grants	6,794,264	6,794,264	6,794,264	
Total revenues	<u>13,129,948</u>	<u>13,129,948</u>	<u>13,113,144</u>	<u>(16,804)</u>
Expenditures:				
Current -				
Instruction	7,918,848	8,165,711	8,125,208	40,503
Support services - students and staff	1,914,311	1,967,644	1,846,977	120,667
Support services - administration	2,024,945	1,801,708	1,755,343	46,365
Operation and maintenance of plant services	2,199,949	2,095,607	1,968,589	127,018
Student transportation services	746,106	884,569	758,801	125,768
Operation of non-instructional services	20,000	9,749	2,294	7,455
Total expenditures	<u>14,824,159</u>	<u>14,924,988</u>	<u>14,457,212</u>	<u>467,776</u>
Excess (deficiency) of revenues over expenditures	<u>(1,694,211)</u>	<u>(1,795,040)</u>	<u>(1,344,068)</u>	<u>450,972</u>
Other financing sources (uses):				
Transfers in	46	46		(46)
Total other financing sources (uses):	<u>46</u>	<u>46</u>		<u>(46)</u>
Changes in fund balances	<u>(1,694,165)</u>	<u>(1,794,994)</u>	<u>(1,344,068)</u>	<u>450,926</u>
Fund balances, beginning of year	1,919,037	1,919,037	2,040,189	121,152
Fund balances, end of year	<u>\$ 224,872</u>	<u>\$ 124,043</u>	<u>\$ 696,121</u>	<u>\$ 572,078</u>

See accompanying notes to this schedule.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 15,581,482	\$ 1,794,565
Activity budgeted as special revenue funds	(1,124,270)	(1,098,444)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 14,457,212	\$ 696,121

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

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GOVERNMENTAL FUNDS

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,754,783	\$ 577,880	\$ 3,332,663
Property taxes receivable		15,867	15,867
Due from governmental entities	636,218		636,218
Due from other funds	150,381		150,381
Total assets	<u>\$ 3,541,382</u>	<u>\$ 593,747</u>	<u>\$ 4,135,129</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 357,021	\$ 5,175	\$ 362,196
Due to other funds	150,381		150,381
Accrued payroll and employee benefits	192,563		192,563
Unearned revenues	27		27
Total liabilities	<u>699,992</u>	<u>5,175</u>	<u>705,167</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		15,867	15,867
Unavailable revenues - intergovernmental	200,299		200,299
Total deferred inflows of resources	<u>200,299</u>	<u>15,867</u>	<u>216,166</u>
Fund balances (deficits):			
Restricted	2,641,168	572,705	3,213,873
Unassigned	(77)		(77)
Total fund balances	<u>2,641,091</u>	<u>572,705</u>	<u>3,213,796</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 3,541,382</u>	 <u>\$ 593,747</u>	 <u>\$ 4,135,129</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 273,193	\$ 2,372	\$ 275,565
Property taxes		150,692	150,692
State aid and grants	1,022,499		1,022,499
Federal aid, grants and reimbursements	<u>5,980,732</u>		<u>5,980,732</u>
Total revenues	<u>7,276,424</u>	<u>153,064</u>	<u>7,429,488</u>
Expenditures:			
Current -			
Instruction	2,734,484		2,734,484
Support services - students and staff	981,700		981,700
Support services - administration	173,172		173,172
Operation and maintenance of plant services	8,994	1,000	9,994
Student transportation services	8,179		8,179
Operation of non-instructional services	2,033,893		2,033,893
Capital outlay	<u>1,122,566</u>	<u>221,149</u>	<u>1,343,715</u>
Total expenditures	<u>7,062,988</u>	<u>222,149</u>	<u>7,285,137</u>
Excess (deficiency) of revenues over expenditures	<u>213,436</u>	<u>(69,085)</u>	<u>144,351</u>
Other financing sources (uses):			
Transfers out	<u>(559,308)</u>		<u>(559,308)</u>
Total other financing sources (uses):	<u>(559,308)</u>		<u>(559,308)</u>
Changes in fund balances	<u>(345,872)</u>	<u>(69,085)</u>	<u>(414,957)</u>
Fund balances, beginning of year	2,986,963	641,790	3,628,753
Fund balances, end of year	<u>\$ 2,641,091</u>	<u>\$ 572,705</u>	<u>\$ 3,213,796</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.

Compensatory Instruction - to account for monies received for programs in addition to normal classroom instruction to improve the English proficiency of current English language learners.

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.

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.

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.

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.

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

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

Insurance Refund - to account for insurance premium payments that are refunded to the District.

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Classroom Site	Instructional Improvement	Compensatory Instruction
<u>ASSETS</u>			
Cash and investments	\$ 1,348,631	\$ 375,584	\$ 27
Due from governmental entities		43,056	
Due from other funds			
Total assets	\$ 1,348,631	\$ 418,640	\$ 27
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	192,563		
Unearned revenues			27
Total liabilities	192,563		27
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	1,156,068	418,640	
Unassigned			
Total fund balances	1,156,068	418,640	
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,348,631	 \$ 418,640	 \$ 27

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
\$ 158,645 59,887	\$ 49,785	\$ 37,913	\$ 118,461	\$ 330,059 200,146 150,381	\$ 153
<u>\$ 218,532</u>	<u>\$ 49,785</u>	<u>\$ 37,913</u>	<u>\$ 118,461</u>	<u>\$ 680,586</u>	<u>\$ 153</u>
\$ 218,532	\$ 18,212 31,573	\$ 37,643 270	\$ 118,461	\$ 4,773	\$ 77
<u>218,532</u>	<u>49,785</u>	<u>37,913</u>	<u>118,461</u>	<u>4,773</u>	<u>77</u>
				200,146	153
				475,667	(77)
				<u>475,667</u>	<u>(77)</u>
<u>\$ 218,532</u>	<u>\$ 49,785</u>	<u>\$ 37,913</u>	<u>\$ 118,461</u>	<u>\$ 680,586</u>	<u>\$ 153</u>

(Continued)

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Food Service	Civic Center	Community School
<u>ASSETS</u>			
Cash and investments	\$ 246,589	\$ 86,327	\$ 11,392
Due from governmental entities	126,817		
Due from other funds			
Total assets	\$ 373,406	\$ 86,327	\$ 11,392
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 77,861	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities	77,861		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	295,545	86,327	11,392
Unassigned			
Total fund balances	295,545	86,327	11,392
 Total liabilities, deferred inflows of resources and fund balances	 \$ 373,406	 \$ 86,327	 \$ 11,392

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Totals
\$ 182,208	\$ 208	\$ 15,113	\$ 2,754,783
			636,218
			150,381
<u>\$ 182,208</u>	<u>\$ 208</u>	<u>\$ 15,113</u>	<u>\$ 3,541,382</u>
\$	\$	\$	\$ 357,021
			150,381
			192,563
			27
			<u>699,992</u>
			<u>200,299</u>
182,208	208	15,113	2,641,168
			(77)
<u>182,208</u>	<u>208</u>	<u>15,113</u>	<u>2,641,091</u>
<u>\$ 182,208</u>	<u>\$ 208</u>	<u>\$ 15,113</u>	<u>\$ 3,541,382</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site	Instructional Improvement	Compensatory Instruction
Revenues:			
Other local	\$ 5,559	\$ 555	\$
State aid and grants	895,120	100,374	27,005
Federal aid, grants and reimbursements			
Total revenues	900,679	100,929	27,005
Expenditures:			
Current -			
Instruction	1,178,106	53,889	27,005
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	1,178,106	53,889	27,005
Excess (deficiency) of revenues over expenditures	(277,427)	47,040	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(277,427)	47,040	
Fund balances, beginning of year	1,433,495	371,600	
Fund balances (deficits), end of year	\$ 1,156,068	\$ 418,640	\$

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
\$	\$	\$	\$	\$	\$
1,771,313	230,498	173,676	571,169	1,000,139	9,363
<u>1,771,313</u>	<u>230,498</u>	<u>173,676</u>	<u>571,169</u>	<u>1,000,139</u>	<u>9,363</u>
927,809		111,786	354,617		5,000
488,273	179,189	58,835	209,763	33,248	7,460
134,253	35,309	1,052		1,384	
110,893				1,001,355	
<u>1,661,228</u>	<u>214,498</u>	<u>171,673</u>	<u>564,380</u>	<u>1,035,987</u>	<u>12,460</u>
110,085	16,000	2,003	6,789	(35,848)	(3,097)
(110,085)	(16,000)	(2,003)	(6,789)		
<u>(110,085)</u>	<u>(16,000)</u>	<u>(2,003)</u>	<u>(6,789)</u>		
				(35,848)	(3,097)
				511,515	3,020
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 475,667</u>	<u>\$ (77)</u>

(Continued)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
Revenues:			
Other local	\$ 50,084	\$ 200	\$ 138,527
State aid and grants			
Federal aid, grants and reimbursements	2,212,438		12,136
Total revenues	<u>2,262,522</u>	<u>200</u>	<u>150,663</u>
Expenditures:			
Current -			
Instruction			735
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		8,994	
Student transportation services			
Operation of non-instructional services	1,887,812		146,081
Capital outlay	7,724	2,594	
Total expenditures	<u>1,895,536</u>	<u>11,588</u>	<u>146,816</u>
Excess (deficiency) of revenues over expenditures	<u>366,986</u>	<u>(11,388)</u>	<u>3,847</u>
Other financing sources (uses):			
Transfers out	(424,431)		
Total other financing sources (uses):	<u>(424,431)</u>		
Changes in fund balances	<u>(57,445)</u>	<u>(11,388)</u>	<u>3,847</u>
Fund balances, beginning of year	352,990	97,715	7,545
Fund balances, end of year	<u>\$ 295,545</u>	<u>\$ 86,327</u>	<u>\$ 11,392</u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Totals
\$ 77,113	\$ 1,155	\$	\$ 273,193
			1,022,499
			5,980,732
<u>77,113</u>	<u>1,155</u>	<u></u>	<u>7,276,424</u>
75,537			2,734,484
4,932			981,700
	1,174		173,172
			8,994
8,179			8,179
			2,033,893
			1,122,566
<u>88,648</u>	<u>1,174</u>	<u></u>	<u>7,062,988</u>
<u>(11,535)</u>	<u>(19)</u>	<u></u>	<u>213,436</u>
			(559,308)
			(559,308)
<u>(11,535)</u>	<u>(19)</u>	<u></u>	<u>(345,872)</u>
193,743	227	15,113	2,986,963
<u>\$ 182,208</u>	<u>\$ 208</u>	<u>\$ 15,113</u>	<u>\$ 2,641,091</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 5,559	\$ 5,559
State aid and grants	900,668	895,120	(5,548)
Federal aid, grants and reimbursements			
Total revenues	<u>900,668</u>	<u>900,679</u>	<u>11</u>
Expenditures:			
Current -			
Instruction	1,486,584	1,178,106	308,478
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	<u>1,486,584</u>	<u>1,178,106</u>	<u>308,478</u>
Excess (deficiency) of revenues over expenditures	<u>(585,916)</u>	<u>(277,427)</u>	<u>308,489</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(585,916)</u>	<u>(277,427)</u>	<u>308,489</u>
Fund balances, beginning of year	1,433,495	1,433,495	
Fund balances, end of year	<u>\$ 847,579</u>	<u>\$ 1,156,068</u>	<u>\$ 308,489</u>

Instructional Improvement			Compensatory Instruction		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 102,699	\$ 555 100,374	\$ 555 (2,325)	\$ 27,032	\$ 27,005	\$ (27)
<u>102,699</u>	<u>100,929</u>	<u>(1,770)</u>	<u>27,032</u>	<u>27,005</u>	<u>(27)</u>
45,000	53,889	(8,889)	27,032	27,005	27
<u>45,000</u>	<u>53,889</u>	<u>(8,889)</u>	<u>27,032</u>	<u>27,005</u>	<u>27</u>
<u>57,699</u>	<u>47,040</u>	<u>(10,659)</u>			
<u>57,699</u>	<u>47,040</u>	<u>(10,659)</u>			
326,772	371,600	44,828			
<u>\$ 384,471</u>	<u>\$ 418,640</u>	<u>\$ 34,169</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2014**

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	1,711,238	1,771,313	60,075
Total revenues	<u>1,711,238</u>	<u>1,771,313</u>	<u>60,075</u>
Expenditures:			
Current -			
Instruction	1,146,513	927,809	218,704
Support services - students and staff	500,000	488,273	11,727
Support services - administration	150,000	134,253	15,747
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	120,000	110,893	9,107
Total expenditures	<u>1,916,513</u>	<u>1,661,228</u>	<u>255,285</u>
Excess (deficiency) of revenues over expenditures	<u>(205,275)</u>	<u>110,085</u>	<u>315,360</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(110,085)	(110,085)
Total other financing sources (uses):		<u>(110,085)</u>	<u>(110,085)</u>
Changes in fund balances	<u>(205,275)</u>		<u>205,275</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (205,275)</u>	<u>\$</u>	<u>\$ 205,275</u>

Professional Development and Technology Grants			Limited English and Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
183,504	230,498	46,994	137,162	173,676	36,514
<u>183,504</u>	<u>230,498</u>	<u>46,994</u>	<u>137,162</u>	<u>173,676</u>	<u>36,514</u>
197,516	179,189	18,327	135,931	111,786	24,145
40,000	35,309	4,691	60,000	58,835	1,165
				1,052	(1,052)
<u>237,516</u>	<u>214,498</u>	<u>23,018</u>	<u>195,931</u>	<u>171,673</u>	<u>24,258</u>
<u>(54,012)</u>	<u>16,000</u>	<u>70,012</u>	<u>(58,769)</u>	<u>2,003</u>	<u>60,772</u>
	(16,000)	(16,000)		(2,003)	(2,003)
	<u>(16,000)</u>	<u>(16,000)</u>		<u>(2,003)</u>	<u>(2,003)</u>
<u>(54,012)</u>		<u>54,012</u>	<u>(58,769)</u>		<u>58,769</u>
<u>\$ (54,012)</u>	<u>\$</u>	<u>\$ 54,012</u>	<u>\$ (58,769)</u>	<u>\$</u>	<u>\$ 58,769</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	453,363	571,169	117,806
Total revenues	<u>453,363</u>	<u>571,169</u>	<u>117,806</u>
Expenditures:			
Current -			
Instruction	516,150	354,617	161,533
Support services - students and staff	210,000	209,763	237
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>726,150</u>	<u>564,380</u>	<u>161,770</u>
Excess (deficiency) of revenues over expenditures	<u>(272,787)</u>	<u>6,789</u>	<u>279,576</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(6,789)	(6,789)
Total other financing sources (uses):		<u>(6,789)</u>	<u>(6,789)</u>
Changes in fund balances	<u>(272,787)</u>		<u>272,787</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (272,787)</u>	<u>\$</u>	<u>\$ 272,787</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,184	\$ 1,184	\$	\$	\$
64,584	58,343	(6,241)	203,162	1,000,139	796,977
<u>64,584</u>	<u>59,527</u>	<u>(5,057)</u>	<u>203,162</u>	<u>1,000,139</u>	<u>796,977</u>
30,000	18,984	11,016			
45,000	31,797	13,203		33,248	(33,248)
10,112	6,133	3,979		1,384	(1,384)
				1,001,355	(1,001,355)
<u>85,112</u>	<u>56,914</u>	<u>28,198</u>		<u>1,035,987</u>	<u>(1,035,987)</u>
<u>(20,528)</u>	<u>2,613</u>	<u>23,141</u>	<u>203,162</u>	<u>(35,848)</u>	<u>(239,010)</u>
<u>(20,528)</u>	<u>2,613</u>	<u>23,141</u>	<u>203,162</u>	<u>(35,848)</u>	<u>(239,010)</u>
29,042	29,042		511,515	511,515	
<u>\$ 8,514</u>	<u>\$ 31,655</u>	<u>\$ 23,141</u>	<u>\$ 714,677</u>	<u>\$ 475,667</u>	<u>\$ (239,010)</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	18,863	9,363	(9,500)
Total revenues	<u>18,863</u>	<u>9,363</u>	<u>(9,500)</u>
Expenditures:			
Current -			
Instruction		5,000	(5,000)
Support services - students and staff	731,011	7,460	723,551
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>731,011</u>	<u>12,460</u>	<u>718,551</u>
Excess (deficiency) of revenues over expenditures	<u>(712,148)</u>	<u>(3,097)</u>	<u>709,051</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(712,148)</u>	<u>(3,097)</u>	<u>709,051</u>
Fund balances, beginning of year	3,020	3,020	
Fund balances (deficits), end of year	<u>\$ (709,128)</u>	<u>\$ (77)</u>	<u>\$ 709,051</u>

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 9,690	\$	\$ (9,690)	\$ 327,449	\$ 327,450	\$ 1
<u>9,690</u>		<u>(9,690)</u>	<u>327,449</u>	<u>327,450</u>	<u>1</u>
1,591		1,591			
			90,000	12,734	(12,734)
				87,056	2,944
<u>1,591</u>		<u>1,591</u>	<u>203,680</u>	<u>121,596</u>	<u>82,084</u>
			<u>293,680</u>	<u>221,386</u>	<u>72,294</u>
<u>8,099</u>		<u>(8,099)</u>	<u>33,769</u>	<u>106,064</u>	<u>72,295</u>
<u>8,099</u>		<u>(8,099)</u>	<u>33,769</u>	<u>106,064</u>	<u>72,295</u>
			30,688	30,688	
<u>\$ 8,099</u>	<u>\$</u>	<u>\$ (8,099)</u>	<u>\$ 64,457</u>	<u>\$ 136,752</u>	<u>\$ 72,295</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Food Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 50,084	\$ 50,084
State aid and grants			
Federal aid, grants and reimbursements	2,147,164	2,212,438	65,274
Total revenues	<u>2,147,164</u>	<u>2,262,522</u>	<u>115,358</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	2,108,495	1,887,812	220,683
Capital outlay		7,724	(7,724)
Total expenditures	<u>2,108,495</u>	<u>1,895,536</u>	<u>212,959</u>
Excess (deficiency) of revenues over expenditures	<u>38,669</u>	<u>366,986</u>	<u>328,317</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(424,431)	(424,431)	
Total other financing sources (uses):	<u>(424,431)</u>	<u>(424,431)</u>	
Changes in fund balances	<u>(385,762)</u>	<u>(57,445)</u>	<u>328,317</u>
Fund balances, beginning of year	221,679	352,990	131,311
Fund balances (deficits), end of year	<u>\$ (164,083)</u>	<u>\$ 295,545</u>	<u>\$ 459,628</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 200	\$ 200	\$	\$ 146,203	\$ 138,527	\$ (7,676)
				12,136	12,136
<u>200</u>	<u>200</u>		<u>146,203</u>	<u>150,663</u>	<u>4,460</u>
				735	(735)
97,715	8,994	88,721			
	2,594	(2,594)	150,000	146,081	3,919
<u>97,715</u>	<u>11,588</u>	<u>86,127</u>	<u>150,000</u>	<u>146,816</u>	<u>3,184</u>
<u>(97,515)</u>	<u>(11,388)</u>	<u>86,127</u>	<u>(3,797)</u>	<u>3,847</u>	<u>7,644</u>
<u>(97,515)</u>	<u>(11,388)</u>	<u>86,127</u>	<u>(3,797)</u>	<u>3,847</u>	<u>7,644</u>
97,715	97,715		7,545	7,545	
<u>\$ 200</u>	<u>\$ 86,327</u>	<u>\$ 86,127</u>	<u>\$ 3,748</u>	<u>\$ 11,392</u>	<u>\$ 7,644</u>

(Continued)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 29,330	\$ 77,113	\$ 47,783
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	29,330	77,113	47,783
Expenditures:			
Current -			
Instruction	223,006	75,537	147,469
Support services - students and staff		4,932	(4,932)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		8,179	(8,179)
Operation of non-instructional services			
Capital outlay			
Total expenditures	223,006	88,648	134,358
Excess (deficiency) of revenues over expenditures	(193,676)	(11,535)	182,141
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(193,676)	(11,535)	182,141
Fund balances, beginning of year	193,743	193,743	
Fund balances, end of year	\$ 67	\$ 182,208	\$ 182,141

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 153,992	\$ 175,225	\$ 21,233	\$ 1,155	\$ 1,155	\$
<u>153,992</u>	<u>175,225</u>	<u>21,233</u>	<u>1,155</u>	<u>1,155</u>	
321,789	17,096	(17,096)			
	137,693	184,096	1,283	1,174	109
	8,759	(8,759)			
	4,076	(4,076)			
	663	(663)			
	<u>2,014</u>	<u>(2,014)</u>			
<u>321,789</u>	<u>170,301</u>	<u>151,488</u>	<u>1,283</u>	<u>1,174</u>	<u>109</u>
<u>(167,797)</u>	<u>4,924</u>	<u>172,721</u>	<u>(128)</u>	<u>(19)</u>	<u>109</u>
<u>(167,797)</u>	<u>4,924</u>	<u>172,721</u>	<u>(128)</u>	<u>(19)</u>	<u>109</u>
191,127	191,127		227	227	
<u>\$ 23,330</u>	<u>\$ 196,051</u>	<u>\$ 172,721</u>	<u>\$ 99</u>	<u>\$ 208</u>	<u>\$ 109</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	15,113		15,113
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	15,113		15,113
Excess (deficiency) of revenues over expenditures	(15,113)		15,113
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(15,113)		15,113
Fund balances, beginning of year	15,113	15,113	
Fund balances, end of year	\$	\$ 15,113	\$ 15,113

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 1,503	\$ 1,503	\$	\$	\$ 1	\$ 1
<u>1,503</u>	<u>1,503</u>			<u>1</u>	<u>1</u>
				3,320	(3,320)
				14,805	(14,805)
			728,024	542,053	185,971
				1,080	(1,080)
			40,000	35,447	4,553
			60,000	60,113	(113)
				884	(884)
			<u>828,024</u>	<u>657,702</u>	<u>170,322</u>
<u>1,503</u>	<u>1,503</u>		<u>(828,024)</u>	<u>(657,701)</u>	<u>170,323</u>
			559,308	559,308	
			<u>559,308</u>	<u>559,308</u>	
<u>1,503</u>	<u>1,503</u>		<u>(268,716)</u>	<u>(98,393)</u>	<u>170,323</u>
			827,124	827,124	
<u>\$ 1,503</u>	<u>\$ 1,503</u>	<u>\$</u>	<u>\$ 558,408</u>	<u>\$ 728,731</u>	<u>\$ 170,323</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Insurance Refund		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	6,513	4,653	1,860
Total expenditures	6,513	4,653	1,860
Excess (deficiency) of revenues over expenditures	(6,513)	(4,653)	1,860
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(6,513)	(4,653)	1,860
Fund balances, beginning of year	6,513	6,513	
Fund balances, end of year	\$	\$ 1,860	\$ 1,860

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 659,832	\$ 778,556	\$ 118,724
			1,040,089	1,022,499	(17,590)
			4,919,040	6,039,075	1,120,035
			6,618,961	7,840,130	1,221,169
			3,626,920	2,773,884	853,036
			2,065,316	1,165,995	899,321
			929,419	742,851	186,568
15,206	13,314	1,892	202,921	114,520	88,401
			40,000	44,289	(4,289)
			2,318,495	2,094,006	224,489
			330,193	1,251,713	(921,520)
15,206	13,314	1,892	9,513,264	8,187,258	1,326,006
(15,206)	(13,314)	1,892	(2,894,303)	(347,128)	2,547,175
			559,308	559,308	
			(424,431)	(559,308)	(134,877)
			134,877		(134,877)
(15,206)	(13,314)	1,892	(2,759,426)	(347,128)	2,412,298
15,206	15,206		3,910,524	4,086,663	176,139
\$	\$ 1,892	\$ 1,892	\$ 1,151,098	\$ 3,739,535	\$ 2,588,437

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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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$ 190,371	\$ 190,371	\$ 26,410	\$ (163,961)
Property taxes	2,760,460	2,760,460	2,797,398	36,938
Total revenues	<u>2,950,831</u>	<u>2,950,831</u>	<u>2,823,808</u>	<u>(127,023)</u>
Expenditures:				
Debt service -				
Principal retirement	2,205,000	2,205,000	2,205,000	
Interest and fiscal charges	442,868	518,919	567,734	(48,815)
Total expenditures	<u>2,647,868</u>	<u>2,723,919</u>	<u>2,772,734</u>	<u>(48,815)</u>
Excess (deficiency) of revenues over expenditures	<u>302,963</u>	<u>226,912</u>	<u>51,074</u>	<u>(175,838)</u>
Other financing sources (uses):				
Transfers in			132,018	132,018
Total other financing sources (uses):			<u>132,018</u>	<u>132,018</u>
Changes in fund balances	<u>302,963</u>	<u>226,912</u>	<u>183,092</u>	<u>(43,820)</u>
Fund balances, beginning of year	2,887,084	2,887,084	175,644	(2,711,440)
Fund balances, end of year	<u>\$ 3,190,047</u>	<u>\$ 3,113,996</u>	<u>\$ 358,736</u>	<u>\$ (2,755,260)</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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.

Emergency Deficiencies Correction - to account for monies received from the School Facilities Board to correct emergency deficiencies.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014**

	Insurance Proceeds	Unrestricted Capital Outlay	Adjacent Ways
<u>ASSETS</u>			
Cash and investments	\$ 14,864	\$ 311,979	\$ 250,901
Property taxes receivable			15,867
Total assets	\$ 14,864	\$ 311,979	\$ 266,768
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 5,175	\$
Total liabilities		5,175	
Deferred inflows of resources:			
Unavailable revenues - property taxes			15,867
Fund balances:			
Restricted	14,864	306,804	250,901
Total fund balances	14,864	306,804	250,901
 Total liabilities, deferred inflows of resources and fund balances	 \$ 14,864	 \$ 311,979	 \$ 266,768

Emergency Deficiencies Correction	Totals
\$ 136	\$ 577,880
	15,867
<u>\$ 136</u>	<u>\$ 593,747</u>

<u>\$</u>	\$ 5,175
	<u>5,175</u>

	<u>15,867</u>
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<u>136</u>	<u>572,705</u>
<u>136</u>	<u>572,705</u>

<u>\$ 136</u>	<u>\$ 593,747</u>
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**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON-MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014**

	<u>Insurance Proceeds</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
Revenues:			
Other local	\$ 1,315	\$ 367	\$ 689
Property taxes			150,692
Total revenues	<u>1,315</u>	<u>367</u>	<u>151,381</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	1,000		
Capital outlay		106,657	
Total expenditures	<u>1,000</u>	<u>106,657</u>	
Changes in fund balances	<u>315</u>	<u>(106,290)</u>	<u>151,381</u>
Fund balances, beginning of year	14,549	413,094	99,520
Fund balances, end of year	<u>\$ 14,864</u>	<u>\$ 306,804</u>	<u>\$ 250,901</u>

<u>Energy and Water Savings</u>	<u>Emergency Deficiencies Correction</u>	<u>Totals</u>
\$	\$ 1	\$ 2,372
		150,692
	<u>1</u>	<u>153,064</u>
		1,000
114,492		221,149
<u>114,492</u>		<u>222,149</u>
(114,492)	<u>1</u>	<u>(69,085)</u>
114,492	135	641,790
<u>\$</u>	<u>\$ 136</u>	<u>\$ 572,705</u>

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014**

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 1,316	\$ 1,315	\$ (1)
Property taxes			
Total revenues	<u>1,316</u>	<u>1,315</u>	<u>(1)</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	15,853	1,000	14,853
Capital outlay			
Debt service -			
Bond issuance costs			
Total expenditures	<u>15,853</u>	<u>1,000</u>	<u>14,853</u>
Excess (deficiency) of revenues over expenditures	<u>(14,537)</u>	<u>315</u>	<u>14,852</u>
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(14,537)</u>	<u>315</u>	<u>14,852</u>
Fund balances, beginning of year	14,549	14,549	
Fund balances, end of year	<u>\$ 12</u>	<u>\$ 14,864</u>	<u>\$ 14,852</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 366	\$ 367	\$ 1	\$ 2,470	\$ 689	\$ (1,781)
<u>366</u>	<u>367</u>	<u>1</u>	<u>148,910</u>	<u>150,692</u>	<u>1,782</u>
			<u>151,380</u>	<u>151,381</u>	<u>1</u>
199,766	106,657	93,109	250,000		250,000
<u>199,766</u>	<u>106,657</u>	<u>93,109</u>	<u>250,000</u>		<u>250,000</u>
<u>(199,400)</u>	<u>(106,290)</u>	<u>93,110</u>	<u>(98,620)</u>	<u>151,381</u>	<u>250,001</u>
<u>(199,400)</u>	<u>(106,290)</u>	<u>93,110</u>	<u>(98,620)</u>	<u>151,381</u>	<u>250,001</u>
413,094	413,094		99,520	99,520	
<u>\$ 213,694</u>	<u>\$ 306,804</u>	<u>\$ 93,110</u>	<u>\$ 900</u>	<u>\$ 250,901</u>	<u>\$ 250,001</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 15,802	\$ 15,802
Property taxes			
Total revenues	15,802	15,802	15,802
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay	11,601,228	2,934,755	8,666,473
Debt service -			
Bond issuance costs	135,000	132,044	2,956
Total expenditures	11,736,228	3,066,799	8,669,429
Excess (deficiency) of revenues over expenditures	(11,736,228)	(3,050,997)	8,685,231
Other financing sources (uses):			
Transfers out		(132,018)	(132,018)
Issuance of school improvement bonds	5,457,700	5,445,000	(12,700)
Premium on sale of bonds		215,460	215,460
Total other financing sources (uses):	5,457,700	5,528,442	70,742
Changes in fund balances	(6,278,528)	2,477,445	8,755,973
Fund balances, beginning of year	6,278,528	6,278,528	
Fund balances, end of year	\$	\$ 8,755,973	\$ 8,755,973

Energy and Water Savings			Emergency Deficiencies Correction		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 1	\$ 1	\$
			1	1	
114,492	114,492				
114,492	114,492				
(114,492)	(114,492)		1	1	
(114,492)	(114,492)		1	1	
114,492	114,492		136	135	(1)
\$	\$	\$	\$ 137	\$ 136	\$ (1)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 4,153	\$ 18,174	\$ 14,021
Property taxes	148,910	150,692	1,782
Total revenues	<u>153,063</u>	<u>168,866</u>	<u>15,803</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	15,853	1,000	14,853
Capital outlay	12,165,486	3,155,904	9,009,582
Debt service -			
Bond issuance costs	135,000	132,044	2,956
Total expenditures	<u>12,316,339</u>	<u>3,288,948</u>	<u>9,027,391</u>
Excess (deficiency) of revenues over expenditures	<u>(12,163,276)</u>	<u>(3,120,082)</u>	<u>9,043,194</u>
Other financing sources (uses):			
Transfers out		(132,018)	(132,018)
Issuance of school improvement bonds	5,457,700	5,445,000	(12,700)
Premium on sale of bonds		215,460	215,460
Total other financing sources (uses):	<u>5,457,700</u>	<u>5,528,442</u>	<u>70,742</u>
Changes in fund balances	<u>(6,705,576)</u>	<u>2,408,360</u>	<u>9,113,936</u>
Fund balances, beginning of year	6,920,319	6,920,318	(1)
Fund balances, end of year	<u>\$ 214,743</u>	<u>\$ 9,328,678</u>	<u>\$ 9,113,935</u>

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.

Employee Withholding - to account for voluntary deductions and employee payroll checks temporarily held by the District as an agent.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2014**

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 17,781	\$ 16,615	\$ 34,396
Total assets	\$ 17,781	\$ 16,615	\$ 34,396
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 16,615	\$ 16,615
Due to student groups	17,781		17,781
Total liabilities	\$ 17,781	\$ 16,615	\$ 34,396

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>23,952</u>	\$ <u>39,275</u>	\$ <u>45,446</u>	\$ <u>17,781</u>
Total assets	\$ <u><u>23,952</u></u>	\$ <u><u>39,275</u></u>	\$ <u><u>45,446</u></u>	\$ <u><u>17,781</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>23,952</u>	\$ <u>39,275</u>	\$ <u>45,446</u>	\$ <u>17,781</u>
Total liabilities	\$ <u><u>23,952</u></u>	\$ <u><u>39,275</u></u>	\$ <u><u>45,446</u></u>	\$ <u><u>17,781</u></u>
 <u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>47,566</u>	\$ <u>6,064,168</u>	\$ <u>6,095,119</u>	\$ <u>16,615</u>
Total assets	\$ <u><u>47,566</u></u>	\$ <u><u>6,064,168</u></u>	\$ <u><u>6,095,119</u></u>	\$ <u><u>16,615</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>47,566</u>	\$ <u>6,064,168</u>	\$ <u>6,095,119</u>	\$ <u>16,615</u>
Total liabilities	\$ <u><u>47,566</u></u>	\$ <u><u>6,064,168</u></u>	\$ <u><u>6,095,119</u></u>	\$ <u><u>16,615</u></u>
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ <u>71,518</u>	\$ <u>6,103,443</u>	\$ <u>6,140,565</u>	\$ <u>34,396</u>
Total assets	\$ <u><u>71,518</u></u>	\$ <u><u>6,103,443</u></u>	\$ <u><u>6,140,565</u></u>	\$ <u><u>34,396</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>47,566</u>	\$ <u>6,064,168</u>	\$ <u>6,095,119</u>	\$ <u>16,615</u>
Due to student groups	<u>23,952</u>	<u>39,275</u>	<u>45,446</u>	<u>17,781</u>
Total liabilities	\$ <u><u>71,518</u></u>	\$ <u><u>6,103,443</u></u>	\$ <u><u>6,140,565</u></u>	\$ <u><u>34,396</u></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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Position					
Net investment in capital assets	\$ 30,183,506	\$ 28,771,451	\$ 28,482,376	\$ 28,604,753	\$ 27,343,919
Restricted	3,831,932	4,050,174	4,148,454	2,992,009	3,254,584
Unrestricted	3,936,030	5,950,114	4,555,959	4,587,806	4,747,852
Total net position	\$ 37,951,468	\$ 38,771,739	\$ 37,186,789	\$ 36,184,568	\$ 35,346,355
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Position					
Net investment in capital assets	\$ 26,157,743	\$ 25,263,150	\$ 24,260,811	\$ 23,243,934	\$ 22,045,399
Restricted	867,394	1,475,002	2,479,842	2,008,102	1,501,477
Unrestricted	5,886,896	4,600,625	6,845,810	7,050,528	6,287,297
Total net position	\$ 32,912,033	\$ 31,338,777	\$ 33,586,463	\$ 32,302,564	\$ 29,834,173

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses					
Instruction	\$ 12,781,875	\$ 12,454,261	\$ 11,440,196	\$ 12,732,049	\$ 14,447,135
Support services - students and staff	3,283,906	3,040,258	3,164,240	3,893,517	3,329,511
Support services - administration	2,625,094	2,572,218	2,488,738	2,415,304	2,401,212
Operation and maintenance of plant services	2,384,196	2,144,670	2,225,326	2,728,939	3,451,637
Student transportation services	1,026,394	869,168	1,104,718	1,225,373	926,422
Operation of non-instructional services	2,160,462	2,113,412	2,233,673	2,107,548	2,147,110
Interest on long-term debt	449,352	583,255	634,016	367,267	440,919
Total expenses	<u>24,711,279</u>	<u>23,777,242</u>	<u>23,290,907</u>	<u>25,469,997</u>	<u>27,143,946</u>
Program Revenues					
Charges for services:					
Instruction	4,533	355,140	310,249	223,032	56,031
Operation of non-instructional services	180,150	33,759	178,052	35,141	78,175
Other activities	327,449	5,031	1,259	529	94,818
Operating grants and contributions	5,355,928	3,748,251	5,237,115	6,613,262	7,585,665
Capital grants and contributions	915,594	2,382,759	499,674	1,107,568	498,545
Total program revenues	<u>6,783,654</u>	<u>6,524,940</u>	<u>6,226,349</u>	<u>7,979,532</u>	<u>8,313,234</u>
Net (Expense)/Revenue	<u>\$ (17,927,625)</u>	<u>\$ (17,252,302)</u>	<u>\$ (17,064,558)</u>	<u>\$ (17,490,465)</u>	<u>\$ (18,830,712)</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Instruction	\$ 15,895,707	\$ 18,278,274	\$ 16,338,329	\$ 14,671,762	\$ 13,916,019
Support services - students and staff	3,231,230	3,284,996	2,938,359	2,574,905	2,723,835
Support services - administration	2,330,333	2,337,929	2,149,305	2,098,352	2,006,071
Operation and maintenance of plant services	3,349,751	3,339,877	3,043,088	2,363,333	2,438,810
Student transportation services	899,076	1,194,623	923,616	663,243	705,546
Operation of non-instructional services	2,005,555	2,125,284	2,309,398	2,148,513	2,121,744
Interest on long-term debt	557,969	616,665	673,963	743,884	836,005
Total expenses	<u>28,269,621</u>	<u>31,177,648</u>	<u>28,376,058</u>	<u>25,263,992</u>	<u>24,748,030</u>
Program Revenues					
Charges for services:					
Instruction	580,944	256,207	7,828	126,747	58,024
Operation of non-instructional services	55,505	45,476	257,708	202,586	203,993
Other activities	7,208		5,248	57,914	71,012
Operating grants and contributions	6,760,786	5,832,100	5,465,930	4,637,791	4,866,281
Capital grants and contributions	65,361	207,220	382,893	771,169	174,359
Total program revenues	<u>7,469,804</u>	<u>6,341,003</u>	<u>6,119,607</u>	<u>5,796,207</u>	<u>5,373,669</u>
Net (Expense)/Revenue	<u>\$ (20,799,817)</u>	<u>\$ (24,836,645)</u>	<u>\$ (22,256,451)</u>	<u>\$ (19,467,785)</u>	<u>\$ (19,374,361)</u>

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
Net (Expense)/Revenue	\$ (17,927,625)	\$ (17,252,302)	\$ (17,064,558)	\$ (17,490,465)	\$ (18,830,712)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,537,439	7,535,311	6,590,049	7,557,099	8,744,357
Property taxes, levied for debt service	2,784,934	2,593,661	3,052,773	2,392,296	2,533,961
Property taxes, levied for capital outlay	166,559		346,974	297,412	384,076
Investment income	62,805	64,612	107,062	42,048	62,230
Unrestricted county aid	707,516	723,772	737,248	716,484	842,960
Unrestricted state aid	7,789,758	7,879,644	7,206,301	7,163,436	8,729,401
Unrestricted federal aid	58,343	40,252	26,372	159,903	
Special Items					(31,950)
Total general revenues	17,107,354	18,837,252	18,066,779	18,328,678	21,296,985
Changes in Net Position	\$ (820,271)	\$ 1,584,950	\$ 1,002,221	\$ 838,213	\$ 2,466,273

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net (Expense)/Revenue	\$ (20,799,817)	\$ (24,836,645)	\$ (22,256,451)	\$ (19,467,785)	\$ (19,374,361)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	7,853,217	6,606,775	7,821,432	7,225,285	7,616,521
Property taxes, levied for debt service	2,275,724	2,300,836	2,429,133	2,390,034	2,452,854
Property taxes, levied for capital outlay	344,935	32,825	243,881	354,532	119,241
Investment income	106,229	339,354	209,748	172,255	112,644
Unrestricted county aid			9,386	772,842	683,906
Unrestricted state aid	11,792,968	13,309,169	12,826,770	11,021,228	10,122,039
Unrestricted federal aid					
Special Items					
Total general revenues	<u>22,373,073</u>	<u>22,588,959</u>	<u>23,540,350</u>	<u>21,936,176</u>	<u>21,107,205</u>
Changes in Net Position	<u>\$ 1,573,256</u>	<u>\$ (2,247,686)</u>	<u>\$ 1,283,899</u>	<u>\$ 2,468,391</u>	<u>\$ 1,732,844</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)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund:					
Nonspendable	\$	\$	\$ 130,000	\$	\$
Unassigned	1,794,565	3,139,889	2,295,840	2,410,947	
Reserved					226,112
Unreserved					1,042,348
Total General Fund	<u><u>\$ 1,794,565</u></u>	<u><u>\$ 3,139,889</u></u>	<u><u>\$ 2,425,840</u></u>	<u><u>\$ 2,410,947</u></u>	<u><u>\$ 1,268,460</u></u>
All Other Governmental Funds:					
Restricted	\$ 12,328,582	\$ 10,082,925	\$ 14,537,182	\$ 2,589,330	\$
Unassigned	(77)			(24,135)	
Unreserved, reported in:					
Special revenue funds					2,757,593
Capital projects funds					982,657
Debt service fund					120,740
Total all other governmental funds	<u><u>\$ 12,328,505</u></u>	<u><u>\$ 10,082,925</u></u>	<u><u>\$ 14,537,182</u></u>	<u><u>\$ 2,565,195</u></u>	<u><u>\$ 3,860,990</u></u>

(Continued)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved	\$ 180,800	\$ 51,785	\$ 460,388	\$ 844,349	\$ 308,300
Unreserved	(489,579)	(157,947)	1,290,225	857,014	1,265,388
Total General Fund	<u>\$ (308,779)</u>	<u>\$ (106,162)</u>	<u>\$ 1,750,613</u>	<u>\$ 1,701,363</u>	<u>\$ 1,573,688</u>
All Other Governmental Funds:					
Reserved	\$ 32,055	\$ 35,171	\$ 38,591	\$ 55,214	\$ 33,523
Unreserved, reported in:					
Special revenue funds	3,016,748	2,392,614	2,707,848	2,941,752	2,608,789
Capital projects funds	677,067	1,285,297	2,263,487	1,875,547	1,428,556
Debt service fund	30,473	144,139	164,759	76,410	30,441
Total all other governmental funds	<u>\$ 3,756,343</u>	<u>\$ 3,857,221</u>	<u>\$ 5,174,685</u>	<u>\$ 4,948,923</u>	<u>\$ 4,101,309</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.

(Concluded)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Federal sources:					
Federal grants	\$ 3,826,637	\$ 4,012,796	\$ 3,459,893	\$ 5,069,207	\$ 5,336,550
State Fiscal Stabilization (ARRA)				99,826	
Education Jobs			7,711	502,437	
National School Lunch Program	2,212,438	2,046,499	1,985,790	1,978,492	1,982,352
Total federal sources	<u>6,039,075</u>	<u>6,059,295</u>	<u>5,453,394</u>	<u>7,649,962</u>	<u>7,318,902</u>
State sources:					
State equalization assistance	6,794,264	6,943,756	6,410,246	6,470,264	9,616,856
State grants	27,005	17,903	131,142	284,283	449,523
School Facilities Board					
Other revenues	995,494	935,888	796,055	693,172	842,960
Total state sources	<u>7,816,763</u>	<u>7,897,547</u>	<u>7,337,443</u>	<u>7,447,719</u>	<u>10,909,339</u>
Local sources:					
Property taxes	8,554,092	10,198,436	10,088,673	10,313,452	11,408,301
County aid	707,516	723,772	737,248	716,484	
Food service sales	41,624	33,759	22,951	35,141	48,537
Investment income	62,805	64,612	107,062	42,048	62,230
Other revenues	724,073	439,458	550,068	302,252	340,640
Total local sources	<u>10,090,110</u>	<u>11,460,037</u>	<u>11,506,002</u>	<u>11,409,377</u>	<u>11,859,708</u>
Total revenues	<u><u>\$ 23,945,948</u></u>	<u><u>\$ 25,416,879</u></u>	<u><u>\$ 24,296,839</u></u>	<u><u>\$ 26,507,058</u></u>	<u><u>\$ 30,087,949</u></u>

(Continued)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Federal sources:					
Federal grants	\$ 4,002,016	\$ 3,617,671	\$ 3,421,356	\$ 2,680,090	\$ 2,652,141
State Fiscal Stabilization (ARRA) Education Jobs					
National School Lunch Program	1,745,924	1,855,872	1,975,846	1,974,870	1,911,828
Total federal sources	<u>5,747,940</u>	<u>5,473,543</u>	<u>5,397,202</u>	<u>4,654,960</u>	<u>4,563,969</u>
State sources:					
State equalization assistance	9,809,220	11,447,492	11,142,315	8,880,732	8,140,468
State grants	458,515	503,859	396,287	430,330	486,614
School Facilities Board			200,457	137,906	348,000
Other revenues	1,507,096	1,710,280	1,526,455	2,002,590	1,704,348
Total state sources	<u>11,774,831</u>	<u>13,661,631</u>	<u>13,265,514</u>	<u>11,451,558</u>	<u>10,679,430</u>
Local sources:					
Property taxes	10,188,461	8,959,416	10,511,301	9,956,328	10,159,156
County aid			9,386	772,842	736,655
Food service sales	55,505	45,326	40,750	84,000	212,000
Investment income	96,272	250,802	209,748	174,540	112,646
Other revenues	759,183	529,922	261,034	300,962	121,027
Total local sources	<u>11,099,421</u>	<u>9,785,466</u>	<u>11,032,219</u>	<u>11,288,672</u>	<u>11,341,484</u>
Total revenues	<u>\$ 28,622,192</u>	<u>\$ 28,920,640</u>	<u>\$ 29,694,935</u>	<u>\$ 27,395,190</u>	<u>\$ 26,584,883</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)

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenditures:					
Current -					
Instruction	\$ 10,899,092	\$ 10,263,289	\$ 9,469,956	\$ 11,074,116	\$ 12,824,649
Support services - students and staff	3,012,972	2,841,126	2,846,260	3,475,937	3,242,297
Support services - administration	2,498,194	2,368,473	2,426,795	2,278,640	2,332,020
Operation and maintenance of plant services	2,084,109	1,930,599	2,081,048	2,632,510	3,509,666
Student transportation services	803,090	668,731	862,891	1,002,082	771,360
Operation of non-instructional services	2,096,300	2,070,384	2,175,459	2,041,353	1,962,737
Capital outlay	4,407,617	5,885,583	5,055,810	2,453,896	1,186,396
Debt service -					
Judgments against the district					
Interest, premium and fiscal charges	567,734	548,902	575,320	308,571	382,223
Principal retirement	2,205,000	2,450,000	4,452,480	2,250,337	2,011,248
Bond issuance costs	132,044		291,542		
Total expenditures	<u><u>\$ 28,706,152</u></u>	<u><u>\$ 29,027,087</u></u>	<u><u>\$ 30,237,561</u></u>	<u><u>\$ 27,517,442</u></u>	<u><u>\$ 28,222,596</u></u>
Expenditures for capitalized assets	\$ 3,754,127	\$ 5,272,586	\$ 3,569,086	\$ 1,029,964	\$ 510,688
Debt service as a percentage of noncapital expenditures	12%	13%	20%	10%	9%

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:					
Current -					
Instruction	\$ 13,380,775	\$ 15,649,448	\$ 14,587,618	\$ 13,663,604	\$ 12,206,863
Support services - students and staff	3,158,334	3,020,697	2,816,771	2,596,834	2,679,174
Support services - administration	2,271,630	2,254,813	2,064,051	2,089,130	2,004,506
Operation and maintenance of plant services	3,418,779	3,029,490	2,887,948	2,321,145	2,258,046
Student transportation services	751,385	931,647	832,141	634,525	642,741
Operation of non-instructional services	1,924,939	2,102,278	2,201,959	2,145,780	2,067,603
Capital outlay	1,231,097	2,349,165	1,266,509	829,194	1,074,808
Debt service -					
Judgments against the district	48,399				
Interest, premium and fiscal charges	499,273	557,969	615,267	685,188	777,309
Principal retirement	2,397,032	2,086,539	2,192,501	2,058,340	2,107,587
Bond issuance costs					
Total expenditures	<u>\$ 29,081,643</u>	<u>\$ 31,982,046</u>	<u>\$ 29,464,765</u>	<u>\$ 27,023,740</u>	<u>\$ 25,818,637</u>
Expenditures for capitalized assets	\$ 386,348	\$ 569,596	\$ 678,702	\$ 161,361	\$ 12,622
Debt service as a percentage of noncapital expenditures	10%	8%	10%	10%	11%

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Excess (deficiency) of revenues over expenditures	\$ (4,760,204)	\$ (3,610,208)	\$ (5,940,722)	\$ (1,010,384)	\$ 1,865,353
Other financing sources (uses):					
School improvement bonds issued	5,445,000		15,555,000		
Premium on sale of bonds	215,460		522,802		
Capital lease agreements			1,719,800	691,546	
Transfers in	691,326	517,361	582,400	506,107	238,745
Transfers out	(691,326)	(517,361)	(582,400)	(506,107)	(238,745)
Total other financing sources (uses)	<u>5,660,460</u>	<u></u>	<u>17,797,602</u>	<u>691,546</u>	<u></u>
Changes in fund balances	<u>\$ 900,256</u>	<u>\$ (3,610,208)</u>	<u>\$ 11,856,880</u>	<u>\$ (318,838)</u>	<u>\$ 1,865,353</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over expenditures	\$ (459,451)	\$ (3,061,406)	\$ 230,170	\$ 371,450	\$ 766,246
Other financing sources (uses):					
Capital lease agreements	30,057	299,190	445,426	46,099	
Transfers in	275,727	188,084	137,345	122,553	104,522
Transfers out	(275,727)	(188,084)	(137,345)	(122,553)	(104,522)
Total other financing sources (uses)	<u>30,057</u>	<u>299,190</u>	<u>445,426</u>	<u>46,099</u>	<u></u>
Changes in fund balances	<u>\$ (429,394)</u>	<u>\$ (2,762,216)</u>	<u>\$ 675,596</u>	<u>\$ 417,549</u>	<u>\$ 766,246</u>

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 163,070,494	\$ 184,693,368	\$ 203,891,518	\$ 252,120,782	\$ 250,951,724
Agricultural and Vacant	11,377,187	11,753,959	14,755,903	17,718,630	15,522,419
Residential (Owner Occupied)	33,905,124	38,860,884	47,121,405	70,855,427	77,591,521
Residential (Rental)	37,079,385	34,829,219	42,903,477	52,499,818	52,668,202
Railroad, Private Cars and Airlines	591,718	729,991	646,380	653,107	681,905
Historical Property	98,976	99,780	99,780	105,499	7,015
Certain Government Property Improvements	7,380	5,300	5,784		
Total	\$ 246,130,264	\$ 270,972,501	\$ 309,424,247	\$ 393,953,263	\$ 397,422,786
Estimated Actual Value (Full Cash Value)	\$ 1,964,773,958	\$ 2,508,746,505	\$ 2,829,301,414	\$ 3,649,106,598	\$ 4,044,891,724
Ratio of Primary Assessed Value to Estimated Actual Value	12.53%	10.80%	10.94%	10.80%	9.83%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 259,184,298	\$ 243,561,964	\$ 218,715,120	\$ 204,275,942	\$ 200,063,286
Agricultural and Vacant	15,777,310	13,005,937	11,748,893	11,560,319	11,145,771
Residential (Owner Occupied)	68,575,153	57,939,050	45,866,957	43,098,438	39,487,493
Residential (Rental)	45,920,069	41,329,047	42,384,159	40,764,936	40,085,588
Railroad, Private Cars and Airlines	787,042	842,713	869,497	808,400	764,796
Historical Property	6,474	27,675	3,963	2,685	
Certain Government Property Improvements					
Total	\$ 390,250,346	\$ 356,706,386	\$ 319,588,589	\$ 300,510,720	\$ 291,546,934
Estimated Actual Value (Full Cash Value)	\$ 4,019,490,951	\$ 3,418,801,546	\$ 2,591,689,668	\$ 2,323,427,574	\$ 2,277,280,506
Ratio of Primary Value to Estimated Actual Value	9.71%	10.43%	12.33%	12.93%	12.80%

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

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 165,858,681	\$ 185,769,317	\$ 204,895,827	\$ 277,710,706	\$ 296,793,043
Agricultural and Vacant	11,426,990	11,807,666	15,044,957	22,134,224	21,852,080
Residential (Owner Occupied)	34,458,705	39,473,268	47,161,689	71,429,173	95,732,150
Residential (Rental)	40,335,551	34,889,212	43,180,841	55,130,366	66,753,928
Railroad, Private Cars and Airlines	597,298	744,049	722,266	781,223	806,101
Historical Property	99,051	99,781	99,781	105,529	7,028
Certain Government Property Improvements	7,380	5,300			
Total	\$ 252,783,656	\$ 272,788,593	\$ 311,111,145	\$ 427,291,221	\$ 481,944,330
Ratio of Secondary Assessed Value to Estimated Actual Value	12.87%	10.87%	11.00%	11.71%	11.91%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 292,087,411	\$ 267,178,951	\$ 235,859,011	\$ 215,910,853	\$ 215,223,144
Agricultural and Vacant	21,741,909	18,314,252	15,334,062	14,329,548	14,677,442
Residential (Owner Occupied)	95,113,688	79,529,325	47,554,506	47,462,950	42,316,078
Residential (Rental)	60,875,804	53,594,305	43,988,736	43,726,276	42,227,530
Railroad, Private Cars and Airlines	889,174	931,748	920,853	886,524	859,410
Historical Property	7,028	116,230	7,800		
Certain Government Property Improvements					
Total	\$ 470,715,014	\$ 419,664,811	\$ 343,664,968	\$ 322,320,676	\$ 315,303,604
Ratio of Secondary Assessed Value to Estimated Actual Value	11.71%	12.28%	13.26%	13.87%	13.85%

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

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

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

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State Equalization	County	Community College District	Central Arizona Water	City of Phoenix	City of Scottsdale	Phoenix Union High School District No. 210	Primary	Secondary	Total
	2014	0.51	1.79	1.53	0.14	1.82	1.29	4.82	1.64	1.79
2013	0.47	1.24	1.38	0.10	1.82	1.23	4.27	2.09	1.62	3.71
2012	0.43	1.24	1.21	0.10	1.82	1.09	2.91	2.02	1.44	3.46
2011	0.36	1.05	0.97	0.10	1.82	0.75	2.43	1.63	1.00	2.63
2010	0.33	1.16	0.88	0.10	1.82	0.74	2.95	1.85	0.98	2.83
2009		1.03	0.94	0.10	1.82	0.79	3.06	1.96	0.85	2.81
2008		1.10	0.98	0.10	1.82	0.79	3.42	1.39	1.12	2.51
2007		1.18	1.06	0.01	1.82	0.97	3.79	1.97	1.37	3.34
2006		1.20	1.03	0.12	1.82	1.04	3.87	2.07	1.39	3.46
2005		1.28	1.04	0.12	1.82	1.07	6.68	2.20	1.41	3.61

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

Note: Information for state equalization is only available beginning fiscal year 2010.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Phoenix Office Grand Avenue Partners LLC	\$ 7,882,067	3.12 %		%
Fresscale Semiconductor Inc.	6,775,664	2.68		
Columbia Properties Phoenix LP	2,123,801	2.03	5,446,306	1.73
Phoenix One LLC	5,078,628	2.01		
BP Gateway LLC/ETAL	4,959,802	1.96		
Arizona Public Service	4,922,729	1.95		
Copperpoint Mutual Insurance Company	4,582,500	1.81		
USA 615 North 48 Street Holdco LLC	4,028,583	1.59		
Peaks at Papago Apartments LLC	3,551,470	1.40		
Amerishop Arcadia LLC	3,416,656	1.35	4,618,213	1.46
Motorola Inc.			10,962,794	3.48
CMD Realty Investment Fund IV LP			10,044,675	3.19
American Greyhound Racing Inc.			6,492,353	2.06
The Garrett Corporation			6,140,590	1.95
Talley Plaza LLC			5,444,250	1.73
Peaks Park LLC			4,455,443	1.41
State Farm Mutual			4,406,062	1.40
Carlyle Airport Technology Trust			4,037,688	1.28
Total	<u>\$ 47,321,900</u>	<u>19.90 %</u>	<u>\$ 62,048,374</u>	<u>19.69 %</u>

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 8,752,479	\$ 8,520,630	97.35 %	\$	\$ 8,520,630	97.35 %
2013	10,271,758	9,885,232	96.24	371,095	10,256,327	99.85
2012	10,939,878	10,379,764	94.88	517,878	10,897,642	99.61
2011	10,718,273	10,125,508	94.47	584,607	10,710,115	99.92
2010	12,076,051	11,325,897	93.79	554,126	11,880,023	98.38
2009	10,848,634	10,305,406	94.99	481,261	10,786,667	99.43
2008	9,877,612	9,685,737	98.06	185,924	9,871,661	99.94
2007	11,401,755	11,209,802	98.32	190,755	11,400,557	99.99
2006	10,600,741	10,354,854	97.68	243,199	10,598,053	99.97
2005	10,671,697	10,453,628	97.96	213,782	10,667,410	99.96

Source: The source of this information is the 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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income	
2014	\$ 21,114,848	\$ 358,736	\$ 20,756,112	1.06 %	\$ 703	\$	\$ 21,114,848	1.07 %	\$ 715	N/A %	
2013	18,022,770	175,644	17,847,126	0.71	600		18,022,770	0.72	606	0.01	
2012	20,262,802	496,080	19,766,722	0.70	658		20,262,802	0.72	674	0.01	
2011	6,280,000	133,752	6,146,248	0.17	109	547,680	6,827,680	0.19	121	0.00	
2010	8,280,000	120,740	8,159,260	0.20	145	11,471	8,291,471	0.20	147	0.01	
2009	10,200,000	30,473	10,169,527	0.25	339	22,719	10,222,719	0.25	341	0.01	
2008	12,035,000	144,139	11,890,861	0.35	396	469,694	12,504,694	0.37	417	0.01	
2007	13,825,000	164,759	13,660,241	0.53	455	422,043	14,247,043	0.55	475	0.01	
2006	15,545,000	76,410	15,468,590	0.67	516	379,118	15,924,118	0.69	531	0.01	
2005	17,215,000	30,441	17,184,559	0.75	573	671,359	17,886,359	0.79	596	0.02	

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 712,735,000	0.78 %	\$ 5,559,333
City of Phoenix	1,544,830,113	2.39	36,921,440
City of Scottsdale	639,135,000	0.30	1,917,405
Phoenix Union High School District No. 210	246,635,000	6.18	15,242,043
Subtotal, Overlapping Debt			<u>59,640,221</u>
Direct:			
Balsz Elementary School District No. 31			<u>21,114,848</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 80,755,069</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		8.21 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,724	
As a Percentage of Net Secondary Assessed Valuation		31.80 %
As a Percentage of Estimated Actual Value (Full Cash Value)		4.09 %

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

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

Secondary assessed valuation	\$ 252,783,656
Debt limit (5% of assessed value)	25,278,366
Debt applicable to limit	<u>20,550,000</u>
Legal debt margin	<u>\$ 4,728,366</u>

Total Legal Debt Margin Calculation for Fiscal Year 2014:

Secondary assessed valuation	\$ 252,783,656
Debt limit (15% of assessed value)	37,917,548
Debt applicable to limit	<u>20,550,000</u>
Legal debt margin	<u>\$ 17,367,548</u>

Fiscal Year Ended June 30

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 37,917,548	\$ 40,918,289	\$ 46,666,672	\$ 64,093,683	\$ 72,291,650
Total net debt applicable to limit	<u>20,550,000</u>	<u>17,555,000</u>	<u>19,740,000</u>	<u>20,262,802</u>	<u>6,280,000</u>
Legal debt margin	<u>\$ 17,367,548</u>	<u>\$ 23,363,289</u>	<u>\$ 26,926,672</u>	<u>\$ 43,830,881</u>	<u>\$ 66,011,650</u>
Total net debt applicable to the limit as a percentage of debt limit	54%	43%	42%	32%	9%

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 70,607,252	\$ 62,949,722	\$ 51,549,745	\$ 48,348,101	\$ 47,295,541
Total net debt applicable to limit	<u>8,280,000</u>	<u>10,200,000</u>	<u>12,035,000</u>	<u>11,401,755</u>	<u>15,545,000</u>
Legal debt margin	<u>\$ 62,327,252</u>	<u>\$ 52,749,722</u>	<u>\$ 39,514,745</u>	<u>\$ 36,946,346</u>	<u>\$ 31,750,541</u>
Total net debt applicable to the limit as a percentage of debt limit	12%	16%	23%	24%	33%

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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2013	4,009,412	\$ 147,374,500	\$ 33,238	6.2 %	29,516
2012	3,824,058	147,374,500	33,238	9.1	29,758
2011	3,843,370	142,864,275	37,352	8.4	30,056
2010	4,071,611	148,115,000	33,116	8.7	56,379
2009	4,023,331	149,611,000	34,282	7.1	56,379
2008	3,987,942	139,665,253	36,135	4.8	30,000
2007	3,907,492	132,423,154	35,046	3.2	30,000
2006	3,792,675	120,716,738	33,178	3.5	30,000
2005	3,648,545	111,103,576	31,757	4.1	30,000
2004	3,584,400	102,277,852	30,160	4.0	30,000

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 2004 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2013, the source of the information is the Arizona Office of Employment and Population Statistics.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	49,278	2.76 %	49,145	2.71 %
Wal-Mart Stores Inc.	32,169	1.80	19,510	1.08
Banner Health Systems	25,270	1.41	14,480	0.80
City of Phoenix	14,983	0.84	13,620	0.75
Wells Fargo Company	14,713	0.82	11,000	0.61
Maricopa County	12,698	0.71	15,215	0.84
Arizona State University	12,222	0.68	10,530	0.58
Intel Corp.	11,900	0.67	-	-
JPMorgan Chase & Co.	11,042	0.62	-	-
Bank of America	11,000	0.62	-	-
Apollo Group Inc.	10,000	0.56	-	-
Mesa Public Schools	8,217	0.46	-	-
Honeywell International Inc.			12,000	0.66
U.S. Postal Service			11,405	0.63
Bashas' Inc.			9,650	0.53
Total	<u>213,492</u>	<u>11.95 %</u>	<u>166,555</u>	<u>9.19 %</u>
Total employment	<u>1,787,700</u>		<u>1,813,000</u>	

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

Note: Information is presented County-wide.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Supervisory					
Consultants/supervisors of instruction	1	1	1	1	1
Principals	4	5	5	5	5
Assistant principals	2	1	1	1	3
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>
Instruction					
Teachers	140	148	149	167	164
Aides	35	42	40	36	47
Total instruction	<u>175</u>	<u>190</u>	<u>189</u>	<u>203</u>	<u>211</u>
Student Services					
Librarians	4	4	5	5	4
Technicians	21	17	16	20	24
Total student services	<u>25</u>	<u>21</u>	<u>21</u>	<u>25</u>	<u>28</u>
Support and Administration					
Service workers	54	55	57	39	39
Unskilled laborers	16	15	10	20	20
Total support and administration	<u>70</u>	<u>70</u>	<u>67</u>	<u>59</u>	<u>59</u>
Total	<u><u>277</u></u>	<u><u>288</u></u>	<u><u>284</u></u>	<u><u>294</u></u>	<u><u>307</u></u>

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Supervisory					
Consultants/supervisors of instruction	5	1	1	1	1
Principals	4	5	5	5	5
Assistant principals	4	4	4	4	4
Total supervisory	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Instruction					
Teachers	188	188	193	199	206
Aides	36	38	43	46	55
Total instruction	<u>224</u>	<u>226</u>	<u>236</u>	<u>245</u>	<u>261</u>
Student Services					
Librarians	3	3	5	5	5
Technicians	20	20	19	20	20
Total student services	<u>23</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>25</u>
Support and Administration					
Service workers	38	40	36	36	37
Unskilled laborers	32	34	42	53	59
Total support and administration	<u>70</u>	<u>74</u>	<u>78</u>	<u>89</u>	<u>96</u>
Total	<u><u>326</u></u>	<u><u>333</u></u>	<u><u>348</u></u>	<u><u>369</u></u>	<u><u>392</u></u>

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2014	2,489	\$ 21,393,757	\$ 8,595	8.13 %	\$ 24,711,279	\$ 9,928	5.81 %	175	14.2	91.2 %
2013	2,534	20,142,602	7,949	2.41	23,777,242	9,383	3.10	190	13.3	91.2
2012	2,559	19,862,409	7,762	(9.36)	23,290,907	9,102	(6.09)	189	13.5	88.4
2011	2,628	22,504,638	8,563	(8.29)	25,469,997	9,692	(5.77)	203	12.9	88.4
2010	2,639	24,642,729	9,338	4.08	27,143,946	10,286	1.00	211	12.5	88.4
2009	2,776	24,905,842	8,972	4.78	28,269,621	10,184	2.95	224	12.4	88.4
2008	3,152	26,988,373	8,562	11.96	31,177,648	9,891	15.73	226	13.9	80.0
2007	3,320	25,390,488	7,648	16.81	28,376,058	8,547	21.18	236	14.1	86.9
2006	3,582	23,451,018	6,547	(1.13)	25,263,992	7,053	(5.92)	245	14.6	86.9
2005	3,301	21,858,933	6,622	7.64	24,748,030	7,497	6.55	261	12.6	86.9

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

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

	<u>Fiscal Year Ended June 30</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	400,347	400,347	400,347	400,347	400,347	400,347	400,347	400,347	400,347	400,347
Capacity	3,954	3,954	3,954	3,954	3,954	3,954	3,954	3,954	3,954	3,954
Enrollment	2,678	2,681	2,671	2,750	2,750	2,813	3,403	3,403	3,586	3,617
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	18	18	13	13	13	13	13	13	13	13
<u>Athletics</u>										
Baseball/softball	6	6	6	6	6	6	6	6	6	6
Playgrounds	6	6	6	6	6	6	6	6	6	6

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