
BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2015



BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

PHOENIX, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issued by:
Business and Finance Department

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

TABLE OF CONTENTS

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	52
Classroom Site Fund	53
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Contributions	54
Notes to Required Supplementary Information	55
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	61
Special Revenue Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	72
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	90
Capital Projects Funds:	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	96
Agency Funds:	
Combining Statement of Assets and Liabilities	104
Combining Statement of Changes in Assets and Liabilities	105
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	108
Expenses, Program Revenues, and Net (Expense)/Revenue	109
General Revenues and Total Changes in Net Position	111
Fund Balances – Governmental Funds	113
Governmental Funds Revenues	115
Governmental Funds Expenditures and Debt Service Ratio	117
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	119
Revenue Capacity:	
Primary Assessed Value and Estimated Actual Value of Taxable Property by Class	120
Secondary Assessed Value of Taxable Property by Class	121
Property Tax Assessment Ratios	122
Direct and Overlapping Property Tax Rates	123
Principal Property Taxpayers	124

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31

TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Page</u>
Property Tax Levies and Collections	125
Debt Capacity:	
Outstanding Debt by Type	126
Direct and Overlapping Governmental Activities Debt	127
Direct and Overlapping General Bonded Debt Ratios	127
Legal Debt Margin Information	128
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	129
Principal Employers	130
Operating Information:	
Full-Time Equivalent District Employees by Type	131
Operating Statistics	133
Capital Assets Information	134

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INTRODUCTORY SECTION

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December 7, 2015

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, 2015.

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, 2015, 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, 2015, 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, founded in 1890, 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 2,429 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
- Rodel 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

In the prior year, the District completed energy savings initiatives, specifically exterior lighting retrofits and energy management system enhancements. The goal was 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 2014 population is 4.0 million. 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 46 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 was designated for a Boy's and Girl's Club which was 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, 2014. This was the twentieth 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, 2014. 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, 2015 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 #31

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

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

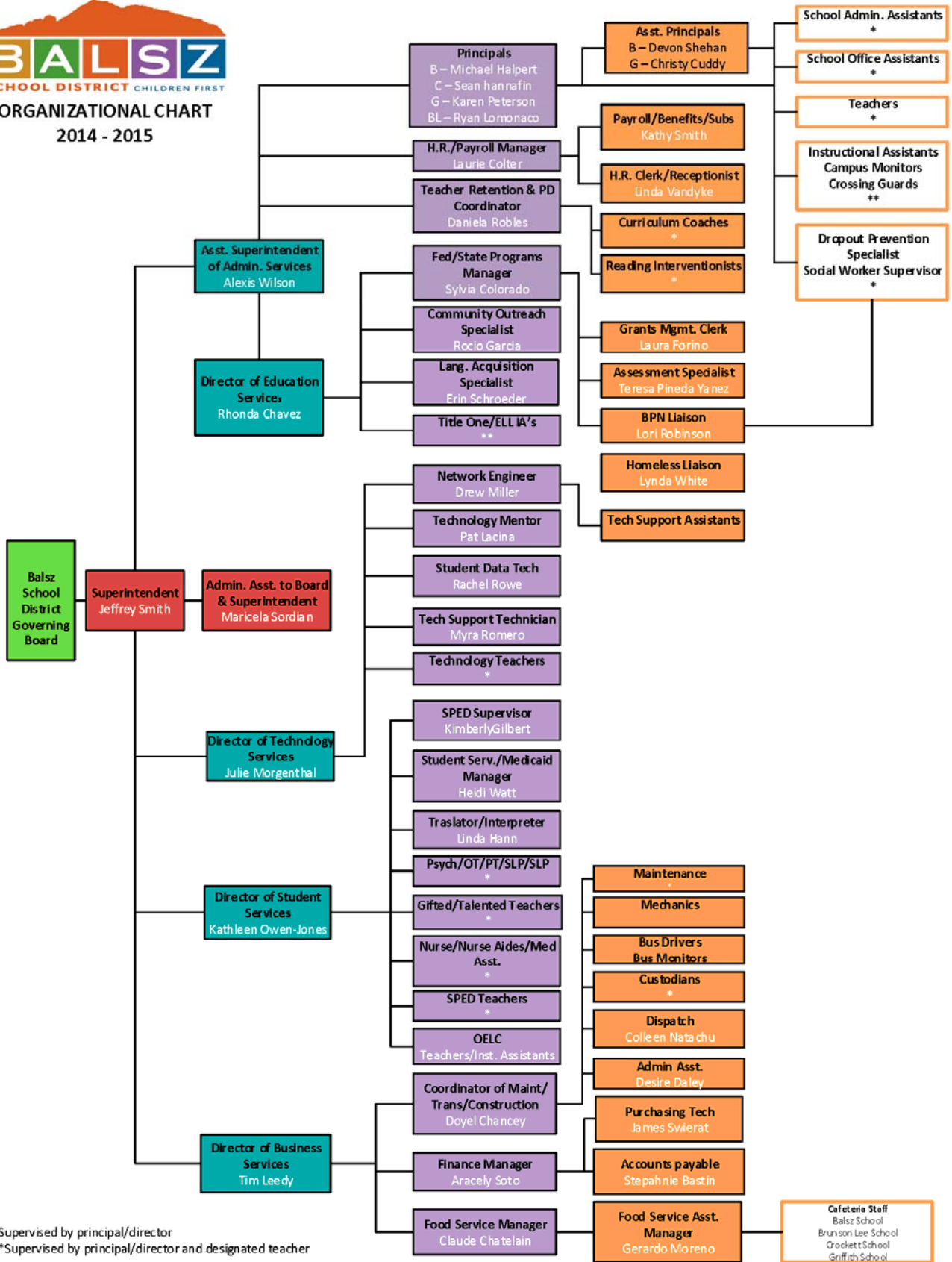
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



ORGANIZATIONAL CHART
2014 - 2015



*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

Channel Powe
Board Clerk

Todd Schwarz
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, 2015, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, 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, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Section and Statistical Section 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 7, 2015, 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 7, 2015

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, 2015**

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, 2015. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$433,161, which represents a two percent increase from the prior fiscal year.
- General revenues accounted for \$18.1 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 \$7.1 million or 28 percent of total current fiscal year revenues.
- The District had approximately \$24.8 million in expenses related to governmental activities, an increase of less than one percent from the prior fiscal year.
- Among major funds, the General Fund had \$15.2 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$15.3 million in expenditures. The General Fund's fund balance increase of \$280,596 to \$2.1 million at the end of the current fiscal year was primarily due to an increase in property tax revenue.
- Fund balance for the Bond Building Fund decreased \$7.5 million from the prior fiscal year, due to construction of a new building.

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, 2015**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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 decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS

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, Classroom Site Fund, 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 \$26.1 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 outstanding 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.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of June 30, 2015	As of June 30, 2014 (as restated)
Current and other assets	\$ 10,937,258	\$ 18,797,461
Capital assets, net	56,439,709	50,711,313
Total assets	<u>67,376,967</u>	<u>69,508,774</u>
Deferred outflows	<u>2,900,240</u>	
Current and other liabilities	1,171,321	1,778,418
Long-term liabilities	39,452,830	21,609,956
Total liabilities	<u>40,624,151</u>	<u>23,388,374</u>
Deferred inflows	<u>3,512,480</u>	
Net position:		
Net investment in capital assets	38,640,803	38,352,438
Restricted	3,795,263	3,831,932
Unrestricted	(16,295,490)	3,936,030
Total net position	<u>\$ 26,140,576</u>	<u>\$ 46,120,400</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$16.3 million. The deficit arose because of the implementation of GASB Statement No. 68, which required the District to record a liability for its proportionate share of the state pension plan's unfunded liability. All three components of net position were positive in 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 \$2.2 million of bonds.
- The addition of \$7.9 million of capital assets.
- The addition of \$20.1 million in pension liabilities due to the implementation of new pension reporting standards.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

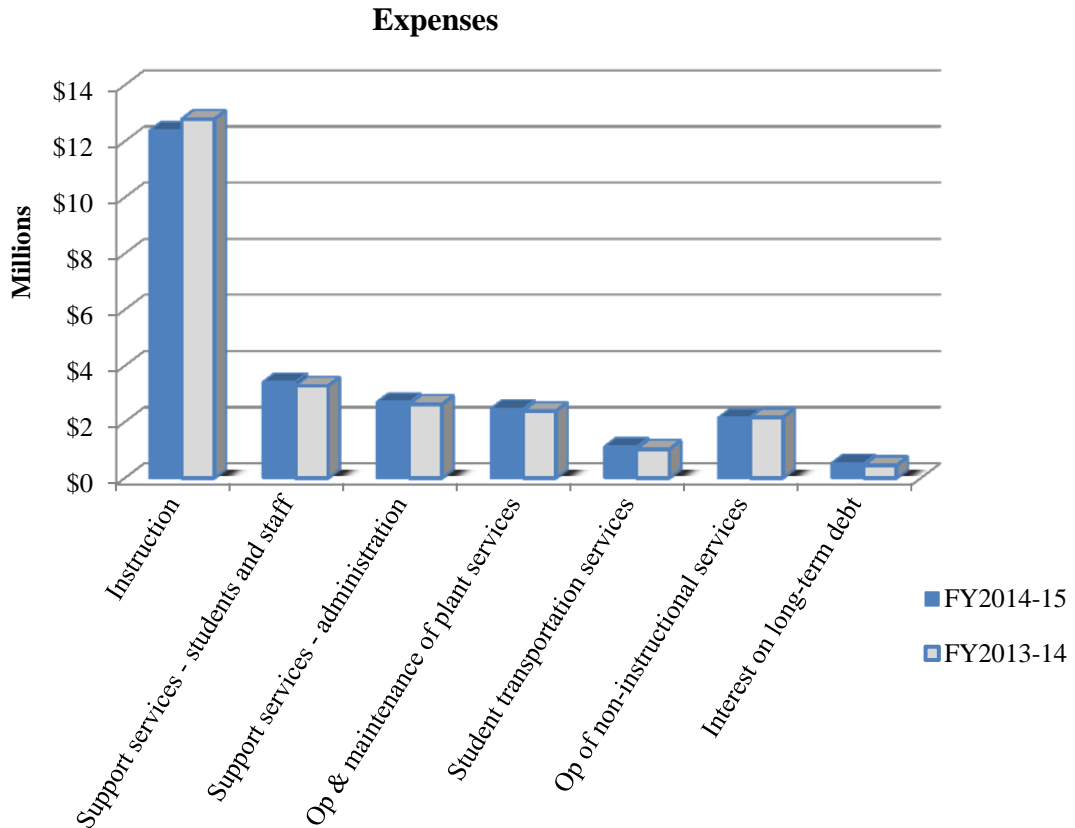
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$25.2 million. The total cost of all programs and services was \$24.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 452,548	\$ 512,132
Operating grants and contributions	6,010,445	5,355,928
Capital grants and contributions	622,478	915,594
General revenues:		
Property taxes	9,404,115	8,488,932
Investment income	47,470	62,805
Unrestricted county aid	707,542	707,516
Unrestricted state aid	7,949,054	7,789,758
Unrestricted federal aid	36,098	58,343
Total revenues	25,229,750	23,891,008
Expenses:		
Instruction	12,374,299	12,954,458
Support services – students and staff	3,430,901	3,283,906
Support services – administration	2,712,049	2,625,094
Operation and maintenance of plant services	2,474,993	2,384,196
Student transportation services	1,127,186	1,026,394
Operation of non-instructional services	2,143,825	2,160,462
Interest on long-term debt	533,336	449,352
Total expenses	24,796,589	24,883,862
Changes in net position	433,161	(992,854)
Net position, beginning, as restated	25,707,415	47,113,254
Net position, ending	\$ 26,140,576	\$ 46,120,400

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- An increase of \$915,183 in property tax revenue due to an increase in tax rates and assessed values.
- A decrease of \$580,159 in instruction expense due to a decrease in federal budgets, and a decrease in Proposition 301 distribution to teachers to pay for the fifth year of the Teacher Incentive Fund grant passed through the Maricopa County Educational Services Agency next year.

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, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2015		Year Ended June 30, 2014 (as restated)	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 12,374,299	\$ (9,355,489)	\$ 12,954,458	\$ (10,536,205)
Support services – students and staff	3,430,901	(2,040,556)	3,283,906	(2,168,519)
Support services – administration	2,712,049	(2,712,049)	2,625,094	(2,455,114)
Operation and maintenance of plant services	2,474,993	(2,100,965)	2,384,196	(1,842,288)
Student transportation services	1,127,186	(1,127,186)	1,026,394	(1,026,394)
Operation of non-instructional services	2,143,825	158,463	2,160,462	377,664
Interest on long-term debt	533,336	(533,336)	449,352	(449,352)
Total	<u>\$ 24,796,589</u>	<u>\$ (17,711,118)</u>	<u>\$ 24,883,862</u>	<u>\$ (18,100,208)</u>

- The cost of all governmental activities this year was \$24.8 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$7.1 million.
- Net cost of governmental activities of \$17.7 million was financed by general revenues, which are made up primarily of property taxes of \$9.4 million and state aid of \$7.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6.8 million, a decrease of \$7.4 million, due primarily to the utilization of bond proceeds on voter approved projects.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 31 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 increased \$280,596 to \$2.1 million as a result of an increase in revenues while overall expenditures decreased \$280,437.

The Classroom Site Fund comprises 26 percent of total fund balance. The increase in fund balance of \$623,403 was due to a decrease in expenditures during the year as the result of a decrease in the Proposition 301 distribution to teachers to pay for the fifth year of the Teacher Incentive Fund grant passed through the Maricopa County Educational Services Agency next year.

The Debt Service Fund's fund balance decrease of \$299,498 to \$59,238 is due to a decrease in the secondary tax rate.

The Bond Building Fund comprises 18 percent of total fund balance. The decrease in fund balance of \$7.5 million was due primarily to construction of a new building.

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 \$217,166 decrease, or one 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 \$253,285 in support services-students and staff expenditures was a result of outsourcing fewer occupational and physical therapist positions than anticipated.
- The favorable variance of \$149,651 in operation and maintenance of plant services expenditures was a result of incurring less electricity costs than anticipated.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$75.2 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 \$7.8 million from the prior fiscal year, primarily due to the addition of a new school building. Total depreciation expense for the current fiscal year was \$2.1 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2015 and June 30, 2014.

	<u>As of June 30, 2015</u>	<u>As of June 30, 2014</u>
Capital assets – non-depreciable	\$ 8,138,949	\$ 8,366,629
Capital assets – depreciable, net	48,300,760	42,344,684
Total	<u>\$ 56,439,709</u>	<u>\$ 50,711,313</u>

The estimated cost to complete current construction projects is \$95,000.

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

Debt Administration. At year-end, the District had \$18.8 million in long-term debt outstanding, \$2.3 million due within one year. Long-term debt decreased by \$2.3 million due to the retirement of debt.

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 \$40.5 million, which is greater than the District's outstanding debt. The Class B debt limit is \$27.0 million.

Additional information on the District's long-term debt can be found in Notes 8 and 9.

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 2015-16 budget. Among them:

- Fiscal year 2014-15 budget balance carry forward (estimated \$502,000).
- District student population (estimated 2,563).
- 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, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Budgeted expenditures in the General Fund decreased less than one percent to \$15.1 million in fiscal year 2015-16. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2015-16 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, 2015

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 7,331,174
Property taxes receivable	521,278
Due from governmental entities	3,084,806
Total current assets	10,937,258
Noncurrent assets:	
Land	8,103,949
Land improvements	4,501,171
Buildings and improvements	55,915,172
Vehicles, furniture and equipment	6,678,818
Construction in progress	35,000
Accumulated depreciation	(18,794,401)
Total noncurrent assets	56,439,709
Total assets	67,376,967
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	2,900,240
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	612,601
Construction contracts payable	181,841
Accrued payroll and employee benefits	68,058
Compensated absences payable	50,000
Accrued interest payable	300,863
Unearned revenues	7,958
Bonds payable	2,250,000
Total current liabilities	3,471,321
Noncurrent liabilities:	
Non-current portion of long-term obligations	37,152,830
Total noncurrent liabilities	37,152,830
Total liabilities	40,624,151
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	3,512,480
 <u>NET POSITION</u>	
Net investment in capital assets	38,640,803
Restricted for:	
Voter approved initiatives	2,233,765
Federal and state projects	552,370
Food service	379,753
Civic center	84,335
Extracurricular activities	218,129
Other local initiatives	16,306
Debt service	94,948
Capital outlay	215,657
Unrestricted	(16,295,490)
Total net position	\$ 26,140,576

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, 2015**

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	\$ 12,374,299	\$ 34,334	\$ 2,382,623	\$ 601,853	\$ (9,355,489)
Support services - students and staff	3,430,901		1,390,345		(2,040,556)
Support services - administration	2,712,049				(2,712,049)
Operation and maintenance of plant services	2,474,993	353,403		20,625	(2,100,965)
Student transportation services	1,127,186				(1,127,186)
Operation of non-instructional services	2,143,825	64,811	2,237,477		158,463
Interest on long-term debt	533,336				(533,336)
Total governmental activities	<u>\$ 24,796,589</u>	<u>\$ 452,548</u>	<u>\$ 6,010,445</u>	<u>\$ 622,478</u>	<u>(17,711,118)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	6,747,796
Property taxes, levied for debt service	2,514,917
Property taxes, levied for capital outlay	141,402
Investment income	47,470
Unrestricted county aid	707,542
Unrestricted state aid	7,949,054
Unrestricted federal aid	36,098

Total general revenues 18,144,279

Changes in net position 433,161

Net position, beginning of year, as restated 25,707,415

Net position, end of year \$ 26,140,576

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, 2015

	General	Classroom Site	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 119,803	\$ 1,523,076	\$ 2,595,790
Property taxes receivable	459,459		50,021
Due from governmental entities	2,398,788	70,676	
Due from other funds		185,719	
Total assets	\$ 2,978,050	\$ 1,779,471	\$ 2,645,811
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 427,759	\$	\$
Construction contracts payable			
Due to other funds			
Accrued payroll and employee benefits	53,546		
Unearned revenues			
Bonds payable			2,250,000
Bond interest payable			300,863
Total liabilities	481,305		2,550,863
Deferred inflows of resources:			
Unavailable revenues - property taxes	421,584		35,710
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	421,584		35,710
Fund balances (deficits):			
Restricted		1,779,471	59,238
Unassigned	2,075,161		
Total fund balances	2,075,161	1,779,471	59,238
 Total liabilities, deferred inflows of resources and fund balances	\$ 2,978,050	\$ 1,779,471	\$ 2,645,811

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,329,151	\$ 1,763,354	\$ 7,331,174
	11,798	521,278
	615,342	3,084,806
		185,719
<u>\$ 1,329,151</u>	<u>\$ 2,390,494</u>	<u>\$ 11,122,977</u>
\$ 6,016	\$ 178,826	\$ 612,601
99,206	82,635	181,841
	185,719	185,719
	14,512	68,058
	7,958	7,958
		2,250,000
		300,863
<u>105,222</u>	<u>469,650</u>	<u>3,607,040</u>
	11,798	469,092
	288,583	288,583
	<u>300,381</u>	<u>757,675</u>
1,223,929	1,702,140	4,764,778
	(81,677)	1,993,484
<u>1,223,929</u>	<u>1,620,463</u>	<u>6,758,262</u>
<u>\$ 1,329,151</u>	<u>\$ 2,390,494</u>	<u>\$ 11,122,977</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, 2015**

Total governmental fund balances **\$ 6,758,262**

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

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

Governmental capital assets	\$ 75,234,110	
Less accumulated depreciation	<u>(18,794,401)</u>	56,439,709

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

Property taxes	469,092	
Intergovernmental	<u>288,583</u>	757,675

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,900,240	
Deferred inflows of resources related to pensions	<u>(3,512,480)</u>	(612,240)

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

Compensated absences payable	(525,498)	
Net pension liability	(20,086,338)	
Bonds payable	<u>(16,590,994)</u>	<u>(37,202,830)</u>

Net position of governmental activities **\$ 26,140,576**

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, 2015

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
Revenues:			
Other local	\$ 1,384,563	\$ 5,865	\$ 10,705
Property taxes	6,757,785		2,522,441
State aid and grants	7,002,250	848,116	
Federal aid, grants and reimbursements	36,098		
Total revenues	<u>15,180,696</u>	<u>853,981</u>	<u>2,533,146</u>
Expenditures:			
Current -			
Instruction	7,877,483	230,578	
Support services - students and staff	1,908,761		
Support services - administration	2,328,969		
Operation and maintenance of plant services	2,148,011		
Student transportation services	862,549		
Operation of non-instructional services	55,957		
Capital outlay	119,315		
Debt service -			
Principal retirement			2,250,000
Interest and fiscal charges			602,190
Total expenditures	<u>15,301,045</u>	<u>230,578</u>	<u>2,852,190</u>
Excess (deficiency) of revenues over expenditures	<u>(120,349)</u>	<u>623,403</u>	<u>(319,044)</u>
Other financing sources (uses):			
Transfers in	400,945		19,546
Transfers out			
Total other financing sources (uses):	<u>400,945</u>		<u>19,546</u>
Changes in fund balances	<u>280,596</u>	<u>623,403</u>	<u>(299,498)</u>
Fund balances, beginning of year	1,794,565	1,156,068	358,736
Fund balances, end of year	<u>\$ 2,075,161</u>	<u>\$ 1,779,471</u>	<u>\$ 59,238</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 19,546	\$ 186,974	\$ 1,607,653
	145,471	9,425,697
	563,108	8,413,474
	5,680,126	5,716,224
<u>19,546</u>	<u>6,575,679</u>	<u>25,163,048</u>
	2,035,414	10,143,475
	1,215,596	3,124,357
	192,747	2,521,716
	2,000	2,150,011
	3,566	866,115
	2,008,857	2,064,814
7,532,044	1,153,819	8,805,178
		2,250,000
		602,190
<u>7,532,044</u>	<u>6,611,999</u>	<u>32,527,856</u>
<u>(7,512,498)</u>	<u>(36,320)</u>	<u>(7,364,808)</u>
		420,491
<u>(19,546)</u>	<u>(400,945)</u>	<u>(420,491)</u>
<u>(19,546)</u>	<u>(400,945)</u>	
<u>(7,532,044)</u>	<u>(437,265)</u>	<u>(7,364,808)</u>
8,755,973	2,057,728	14,123,070
<u>\$ 1,223,929</u>	<u>\$ 1,620,463</u>	<u>\$ 6,758,262</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, 2015**

Net changes in fund balances - total governmental funds **\$ (7,364,808)**

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	\$ 7,883,012	
Less current year depreciation	<u>(2,145,491)</u>	5,737,521

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(21,582)	
Intergovernmental	<u>88,284</u>	66,702

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.

2,250,000

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	1,291,709	
Pension expense	<u>(1,577,302)</u>	(285,593)

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 assets	(9,125)	
Amortization of deferred bond items	68,854	
Compensated absences	<u>(30,390)</u>	<u>29,339</u>

Changes in net position in governmental activities **\$ 433,161**

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, 2015**

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 16,248
Total assets	\$ 16,248
 <u>LIABILITIES</u>	
Deposits held for others	\$ 6,920
Due to student groups	9,328
Total liabilities	\$ 16,248

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, 2015

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, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classroom Site Fund – The Classroom Site Fund accounts 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.

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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that 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.

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

N. Interfund Activity

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

O. Net Position Flow Assumption

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

P. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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.

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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Classroom Site Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Debt Service	\$	\$	\$ 59,238	\$	\$
Capital projects					203,859
Bond building projects				1,223,929	
Voter approved initiatives		1,779,471			454,294
Federal and state projects					345,464
Food service					379,753
Extracurricular activities					218,129
Civic center					84,335
Other purposes					16,306
Unassigned	2,075,161				(81,677)
Total fund balances	<u>\$ 2,075,161</u>	<u>\$ 1,779,471</u>	<u>\$ 59,238</u>	<u>\$ 1,223,929</u>	<u>\$ 1,620,463</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance– At year end, the Other Federal Projects Fund reported an \$81,677 deficit in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2015-16 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.

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 \$16,248 and the bank balance was \$16,283.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CASH AND INVESTMENTS

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	633 days	\$ 59,581
County Treasurer’s investment pool	367 days	<u>7,271,593</u>
Total		<u>\$ 7,331,174</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 BBB+ by Standard and Poor’s at year end.

Custodial Credit Risk Investments. The District’s investment in the County Treasurer’s investment pool and the Arizona Risk Retention Trust Investment Pool both represent 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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	Classroom Site Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$	\$	\$ 422,136
Due from state government	2,398,788	70,676	193,206
Net due from governmental entities	<u>\$ 2,398,788</u>	<u>\$ 70,676</u>	<u>\$ 615,342</u>

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,103,949	\$	\$	\$ 8,103,949
Construction in progress	262,680	6,321,644	6,549,324	35,000
Total capital assets, not being depreciated	<u>8,366,629</u>	<u>6,321,644</u>	<u>6,549,324</u>	<u>8,138,949</u>
Capital assets, being depreciated:				
Land improvements	4,033,633	467,538		4,501,171
Buildings and improvements	48,682,964	7,232,208		55,915,172
Vehicles, furniture and equipment	6,325,647	410,946	57,775	6,678,818
Total capital assets being depreciated	<u>59,042,244</u>	<u>8,110,692</u>	<u>57,775</u>	<u>67,095,161</u>
Less accumulated depreciation for:				
Land improvements	(1,612,666)	(198,755)		(1,811,421)
Buildings and improvements	(12,953,834)	(1,386,437)		(14,340,271)
Vehicles, furniture and equipment	(2,131,060)	(560,299)	(48,650)	(2,642,709)
Total accumulated depreciation	<u>(16,697,560)</u>	<u>(2,145,491)</u>	<u>(48,650)</u>	<u>(18,794,401)</u>
Total capital assets, being depreciated, net	<u>42,344,684</u>	<u>5,965,201</u>	<u>9,125</u>	<u>48,300,760</u>
Governmental activities capital assets, net	<u>\$ 50,711,313</u>	<u>\$12,286,845</u>	<u>\$6,558,449</u>	<u>\$ 56,439,709</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction		\$	1,484,784
Support services – students and staff			152,131
Support services – administration			33,097
Operation and maintenance of plant services			255,838
Student transportation services			164,391
Operation of non-instructional services			55,250
Total depreciation expense – governmental activities		\$	<u>2,145,491</u>

Construction Commitments – At year end, the District had contractual commitments related to implementation of a new software system. At year end, the District had spent \$35,000 on the project and had estimated remaining contractual commitments of \$95,000. The project is being funded with E-rate funds.

NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

Revolving Line of Credit - The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. General Fund revenues were used to repay the line of credit in April, 2015. Short-term debt activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Revolving line of credit	\$ <u> </u>	\$ <u>207,000</u>	\$ <u>207,000</u>	\$ <u> </u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, 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.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
School Improvement Bonds, Project of 2011, Series A	\$ 15,555,000	2.75-5.0%	7/1/15-21	\$ 12,900,000	\$ 2,250,000
School Improvement Bonds, Project of 2011, Series B	5,445,000	2.0-4.0%	7/1/17-26	5,445,000	
Total				<u>\$ 18,345,000</u>	<u>\$ 2,250,000</u>

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

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	1,550,000	322,064
2021-25	6,755,000	875,021
2026-27	1,470,000	82,708
Total	<u>\$ 18,345,000</u>	<u>\$ 3,170,141</u>

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 20,550,000	\$	\$ 2,205,000	\$ 18,345,000	\$ 2,250,000
Premium	564,848		68,854	495,994	
Total bonds payable	<u>21,114,848</u>		<u>2,273,854</u>	<u>18,840,994</u>	<u>2,250,000</u>
Net pension liability	20,412,985		326,647	20,086,338	
Compensated absences payable	495,108	370,434	340,044	525,498	50,000
Governmental activity long-term liabilities	<u>\$ 42,022,941</u>	<u>\$ 370,434</u>	<u>\$ 2,940,545</u>	<u>\$ 39,452,830</u>	<u>\$ 2,300,000</u>

NOTE 10 – 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 \$185,719. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing from the Classroom Site Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

<u>Transfers out</u>	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Bond Building Fund	\$	\$ 19,546	\$ 19,546
Non-Major Governmental Funds	400,945		400,945
Total	<u>\$ 400,945</u>	<u>\$ 19,546</u>	<u>\$ 420,491</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, (2) move federal grant funds restricted for indirect costs, and (3) close out inactive funds to the General Fund.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – CONTINGENT LIABILITIES

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

NOTE 12 – 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.

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.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description. District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 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 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2015 were \$1,291,709.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

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

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2015	\$	69,982	\$	13,414
2014		72,958		29,183
2013		75,318		27,810

Pension Liability. At June 30, 2015, the District reported a liability of \$20.1 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District’s proportion was 0.14 percent, which was an increase of .01 percent from its proportion measured as of June 30, 2013.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the District recognized pension expense of \$1.6 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,020,846	\$
Net difference between projected and actual earnings on pension plan investments		3,512,480
Changes in proportion and differences between contributions and proportionate share of contributions	587,685	
Contributions subsequent to the measurement date	1,291,709	
Total	\$ 2,900,240	\$ 3,512,480

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2016	\$ (178,758)
	2017	(178,758)
	2018	(668,312)
	2019	(878,121)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25%	3.20
Real estate	8%	4.75
Commodities	4%	4.50
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Proportionate share of the net pension liability	\$25,388,101	\$ 20,086,338	\$17,209,865

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2014, government-wide net position does not agree to the prior year financial statements.

In fiscal year 2010-11, the District entered into a lease agreement in which the title of a building constructed on the District’s land transferred to the District upon issuance of the certificate of occupancy. However, this building was not capitalized in the District’s accounting records at that time.

In addition, the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for these changes in accounting principle and previously uncapitalized assets:

	<u>Statement of Activities</u>
Net position/fund balance, June 30, 2014, as previously reported	\$ 37,951,468
Capital assets not previously capitalized, net of accumulated depreciation	8,168,932
Net pension liability	<u>(20,412,985)</u>
Net position/fund balance, July 1, 2014, as restated	<u>\$ 25,707,415</u>

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, 2015**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 740,463	\$ 740,463
Property taxes			6,757,785	6,757,785
State aid and grants			6,959,283	6,959,283
Total revenues			<u>14,457,531</u>	<u>14,457,531</u>
Expenditures:				
Current -				
Instruction	8,587,853	7,771,067	7,817,434	(46,367)
Support services - students and staff	1,986,831	2,033,355	1,780,070	253,285
Support services - administration	1,781,780	2,132,386	2,073,538	58,848
Operation and maintenance of plant services	2,095,608	2,229,144	2,079,493	149,651
Student transportation services	884,569	908,862	820,098	88,764
Operation of non-instructional services	9,749	54,410	54,409	1
Total expenditures	<u>15,346,390</u>	<u>15,129,224</u>	<u>14,625,042</u>	<u>504,182</u>
Excess (deficiency) of revenues over expenditures	<u>(15,346,390)</u>	<u>(15,129,224)</u>	<u>(167,511)</u>	<u>14,961,713</u>
Other financing sources (uses):				
Transfers in			1,584	1,584
Total other financing sources (uses):			<u>1,584</u>	<u>1,584</u>
Changes in fund balances	<u>(15,346,390)</u>	<u>(15,129,224)</u>	<u>(165,927)</u>	<u>14,963,297</u>
Fund balances, beginning of year			696,121	696,121
Fund balances (deficits), end of year	<u>\$ (15,346,390)</u>	<u>\$ (15,129,224)</u>	<u>\$ 530,194</u>	<u>\$ 15,659,418</u>

See accompanying notes to this schedule.

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 5,865	\$ 5,865
State aid and grants			848,116	848,116
Total revenues			<u>853,981</u>	<u>853,981</u>
Expenditures:				
Current -				
Instruction	1,460,842	1,354,720	230,578	1,124,142
Total expenditures	<u>1,460,842</u>	<u>1,354,720</u>	<u>230,578</u>	<u>1,124,142</u>
Changes in fund balances	<u>(1,460,842)</u>	<u>(1,354,720)</u>	<u>623,403</u>	<u>1,978,123</u>
Fund balances, beginning of year			1,156,068	1,156,068
Fund balances (deficits), end of year	<u>\$ (1,460,842)</u>	<u>\$ (1,354,720)</u>	<u>\$ 1,779,471</u>	<u>\$ 3,134,191</u>

See accompanying notes to this schedule.

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

<u>2015</u>	
District's proportion of the net pension liability (asset)	0.14%
District's proportionate share of the net pension liability (asset)	\$ 20,086,338
District's covered-employee payroll	\$ 12,117,746
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.76%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

<u>2015</u>	
Actuarially determined contribution	\$ 1,291,709
Contributions in relation to the actuarially determined contribution	<u>1,291,709</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered-employee payroll	\$ 11,858,659
Contributions as a percentage of covered-employee payroll	10.89%

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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	\$ 15,301,045	\$ 2,075,161
Activity budgeted as special revenue funds	(676,003)	(1,544,967)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 14,625,042	\$ 530,194

NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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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, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,529,641	\$ 233,713	\$ 1,763,354
Property taxes receivable		11,798	11,798
Due from governmental entities	555,150	60,192	615,342
Total assets	<u>\$ 2,084,791</u>	<u>\$ 305,703</u>	<u>\$ 2,390,494</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 171,415	\$ 7,411	\$ 178,826
Construction contracts payable		82,635	82,635
Due to other funds	185,719		185,719
Accrued payroll and employee benefits	14,512		14,512
Unearned revenues	7,958		7,958
Total liabilities	<u>379,604</u>	<u>90,046</u>	<u>469,650</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		11,798	11,798
Unavailable revenues - intergovernmental	288,583		288,583
Total deferred inflows of resources	<u>288,583</u>	<u>11,798</u>	<u>300,381</u>
Fund balances (deficits):			
Restricted	1,498,281	203,859	1,702,140
Unassigned	(81,677)		(81,677)
Total fund balances	<u>1,416,604</u>	<u>203,859</u>	<u>1,620,463</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,084,791</u>	<u>\$ 305,703</u>	<u>\$ 2,390,494</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, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 164,895	\$ 22,079	\$ 186,974
Property taxes		145,471	145,471
State aid and grants	189,255	373,853	563,108
Federal aid, grants and reimbursements	5,680,126		5,680,126
Total revenues	<u>6,034,276</u>	<u>541,403</u>	<u>6,575,679</u>
Expenditures:			
Current -			
Instruction	2,035,414		2,035,414
Support services - students and staff	1,215,596		1,215,596
Support services - administration	192,747		192,747
Operation and maintenance of plant services		2,000	2,000
Student transportation services	3,566		3,566
Operation of non-instructional services	2,008,857		2,008,857
Capital outlay	245,706	908,113	1,153,819
Total expenditures	<u>5,701,886</u>	<u>910,113</u>	<u>6,611,999</u>
Excess (deficiency) of revenues over expenditures	<u>332,390</u>	<u>(368,710)</u>	<u>(36,320)</u>
Other financing sources (uses):			
Transfers out	(400,809)	(136)	(400,945)
Total other financing sources (uses):	<u>(400,809)</u>	<u>(136)</u>	<u>(400,945)</u>
Changes in fund balances	<u>(68,419)</u>	<u>(368,846)</u>	<u>(437,265)</u>
Fund balances, beginning of year	1,485,023	572,705	2,057,728
Fund balances, end of year	<u>\$ 1,416,604</u>	<u>\$ 203,859</u>	<u>\$ 1,620,463</u>

SPECIAL REVENUE FUNDS

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

Student Success - to account for student success monies.

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, 2015**

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<u>ASSETS</u>			
Cash and investments	\$ 411,847	\$ 93,432	\$
Due from governmental entities	42,447		10,847
Total assets	\$ 454,294	\$ 93,432	\$ 10,847
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 72,424	\$ 8,500
Due to other funds			2,347
Accrued payroll and employee benefits		13,050	
Unearned revenues		7,958	
Total liabilities	\$	\$ 93,432	\$ 10,847
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	454,294		
Unassigned			
Total fund balances	454,294		
 Total liabilities, deferred inflows of resources and fund balances	\$ 454,294	\$ 93,432	\$ 10,847

Limited English and Immigrant Students	Special Education Grants	E-Rate	Other Federal Projects	Other State Projects	Food Service
\$ 1,848	\$ 13,711	\$ 350,718	\$ 81,574	\$ 90,567	\$ 352,027
<u>\$ 1,848</u>	<u>\$ 13,711</u>	<u>\$ 207,009</u>	<u>\$ 81,574</u>	<u>\$ 90,567</u>	<u>\$ 107,147</u>
		<u>\$ 557,727</u>	<u>\$ 81,574</u>	<u>\$ 90,567</u>	<u>\$ 459,174</u>
\$ 1,848	\$ 12,249 1,462	\$ 5,254	\$ 81,677	\$ 2,969 87,598	\$ 79,421
<u>1,848</u>	<u>13,711</u>	<u>5,254</u>	<u>81,677</u>	<u>90,567</u>	<u>79,421</u>
		<u>207,009</u>	<u>81,574</u>		
		345,464	(81,677)		379,753
		<u>345,464</u>	<u>(81,677)</u>		<u>379,753</u>
<u>\$ 1,848</u>	<u>\$ 13,711</u>	<u>\$ 557,727</u>	<u>\$ 81,574</u>	<u>\$ 90,567</u>	<u>\$ 459,174</u>

(Continued)

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015**

	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>
<u>ASSETS</u>			
Cash and investments	\$ 84,335	\$ 1,011	\$ 220,976
Due from governmental entities			
Total assets	<u>\$ 84,335</u>	<u>\$ 1,011</u>	<u>\$ 220,976</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 2,847
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			<u>2,847</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	84,335	1,011	218,129
Unassigned			
Total fund balances	<u>84,335</u>	<u>1,011</u>	<u>218,129</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 84,335</u>	<u>\$ 1,011</u>	<u>\$ 220,976</u>

<u>Fingerprint</u>	<u>Textbooks</u>	<u>Totals</u>
\$ 106	\$ 15,189	\$ 1,529,641
		555,150
<u>\$ 106</u>	<u>\$ 15,189</u>	<u>\$ 2,084,791</u>
\$	\$	\$ 171,415
		185,719
		14,512
		7,958
		<u>379,604</u>
		<u>288,583</u>
106	15,189	1,498,281
		(81,677)
<u>106</u>	<u>15,189</u>	<u>1,416,604</u>
<u>\$ 106</u>	<u>\$ 15,189</u>	<u>\$ 2,084,791</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, 2015

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 1,949	\$	\$
State aid and grants	98,688		
Federal aid, grants and reimbursements		2,070,646	197,816
Total revenues	100,637	2,070,646	197,816
Expenditures:			
Current -			
Instruction	64,983	1,198,523	
Support services - students and staff		579,167	167,290
Support services - administration		140,467	16,982
Student transportation services			
Operation of non-instructional services			
Capital outlay		12,489	
Total expenditures	64,983	1,930,646	184,272
Excess (deficiency) of revenues over expenditures	35,654	140,000	13,544
Other financing sources (uses):			
Transfers out		(140,000)	(13,544)
Total other financing sources (uses):		(140,000)	(13,544)
Changes in fund balances	35,654		
Fund balances (deficits), beginning of year	418,640		
Fund balances (deficits), end of year	\$ 454,294	\$	\$

Limited English and Immigrant Students	Special Education Grants	E-Rate	Other Federal Projects	Other State Projects	Food Service
\$	\$	\$ 952	\$	\$	\$ 40,245
134,810	547,183	200,145	292,049	90,567	2,237,477
<u>134,810</u>	<u>547,183</u>	<u>201,097</u>	<u>292,049</u>	<u>90,567</u>	<u>2,277,722</u>
75,047	315,346		322,452	4,147	
57,232	188,387	98,537	47,066	77,917	
	19,568	10,725	4,131		
		222,038		8,503	1,974,110
<u>132,279</u>	<u>523,301</u>	<u>331,300</u>	<u>373,649</u>	<u>90,567</u>	<u>1,974,110</u>
<u>2,531</u>	<u>23,882</u>	<u>(130,203)</u>	<u>(81,600)</u>		<u>303,612</u>
<u>(2,531)</u>	<u>(23,882)</u>				<u>(219,404)</u>
<u>(2,531)</u>	<u>(23,882)</u>				<u>(219,404)</u>
		(130,203)	(81,600)		84,208
		475,667	(77)		295,545
<u>\$</u>	<u>\$</u>	<u>\$ 345,464</u>	<u>\$ (81,677)</u>	<u>\$</u>	<u>\$ 379,753</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, 2015

	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>
Revenues:			
Other local	\$ 684	\$ 25,814	\$ 94,403
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>684</u>	<u>25,814</u>	<u>94,403</u>
Expenditures:			
Current -			
Instruction			54,916
Support services - students and staff			
Support services - administration			
Student transportation services			3,566
Operation of non-instructional services		34,747	
Capital outlay	2,676		
Total expenditures	<u>2,676</u>	<u>34,747</u>	<u>58,482</u>
Excess (deficiency) of revenues over expenditures	<u>(1,992)</u>	<u>(8,933)</u>	<u>35,921</u>
Other financing sources (uses):			
Transfers out		(1,448)	
Total other financing sources (uses):		<u>(1,448)</u>	
Changes in fund balances	<u>(1,992)</u>	<u>(10,381)</u>	<u>35,921</u>
Fund balances (deficits), beginning of year	86,327	11,392	182,208
Fund balances, end of year	<u>\$ 84,335</u>	<u>\$ 1,011</u>	<u>\$ 218,129</u>

<u>Fingerprint</u>	<u>Textbooks</u>	<u>Totals</u>
\$ 772	\$ 76	\$ 164,895
		189,255
		5,680,126
<u>772</u>	<u>76</u>	<u>6,034,276</u>
		2,035,414
		1,215,596
874		192,747
		3,566
		2,008,857
		245,706
<u>874</u>	<u></u>	<u>5,701,886</u>
<u>(102)</u>	<u>76</u>	<u>332,390</u>
		(400,809)
		(400,809)
<u>(102)</u>	<u>76</u>	<u>(68,419)</u>
208	15,113	1,485,023
<u>\$ 106</u>	<u>\$ 15,189</u>	<u>\$ 1,416,604</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, 2015

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,949	\$ 1,949
State aid and grants		98,688	98,688
Federal aid, grants and reimbursements			
Total revenues		<u>100,637</u>	<u>100,637</u>
Expenditures:			
Current -			
Instruction	84,983	64,983	20,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>84,983</u>	<u>64,983</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>(84,983)</u>	<u>35,654</u>	<u>120,637</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(84,983)</u>	<u>35,654</u>	<u>120,637</u>
Fund balances (deficits), beginning of year		418,640	418,640
Fund balances (deficits), end of year	<u>\$ (84,983)</u>	<u>\$ 454,294</u>	<u>\$ 539,277</u>

Student Success			Title I Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	42,967	42,967			
	<u>42,967</u>	<u>42,967</u>		<u>2,070,646</u>	<u>2,070,646</u>
				<u>2,070,646</u>	<u>2,070,646</u>
42,963	24,944	18,019	1,558,527	1,198,523	360,004
	5,155	(5,155)	600,000	579,167	20,833
	5,483	(5,483)	150,000	140,467	9,533
	2,475	(2,475)			
	3,362	(3,362)			
	1,548	(1,548)			
				12,489	(12,489)
<u>42,963</u>	<u>42,967</u>	<u>(4)</u>	<u>2,308,527</u>	<u>1,930,646</u>	<u>377,881</u>
<u>(42,963)</u>		<u>42,963</u>	<u>(2,308,527)</u>	<u>140,000</u>	<u>2,448,527</u>
				(140,000)	(140,000)
				(140,000)	(140,000)
<u>(42,963)</u>		<u>42,963</u>	<u>(2,308,527)</u>		<u>2,308,527</u>
<u>\$ (42,963)</u>	<u>\$</u>	<u>\$ 42,963</u>	<u>\$ (2,308,527)</u>	<u>\$</u>	<u>\$ 2,308,527</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, 2015

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		197,816	197,816
Total revenues		197,816	197,816
Expenditures:			
Current -			
Instruction			
Support services - students and staff	203,723	167,290	36,433
Support services - administration	15,000	16,982	(1,982)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	218,723	184,272	34,451
Excess (deficiency) of revenues over expenditures	(218,723)	13,544	232,267
Other financing sources (uses):			
Transfers in			
Transfers out		(13,544)	(13,544)
Total other financing sources (uses):		(13,544)	(13,544)
Changes in fund balances	(218,723)		218,723
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (218,723)	\$	\$ 218,723

Limited English and Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	134,810	134,810		547,183	547,183
	134,810	134,810		547,183	547,183
88,826	75,047	13,779	488,731	315,346	173,385
60,000	57,232	2,768	200,000	188,387	11,613
			20,000	19,568	432
<u>148,826</u>	<u>132,279</u>	<u>16,547</u>	<u>708,731</u>	<u>523,301</u>	<u>185,430</u>
<u>(148,826)</u>	<u>2,531</u>	<u>151,357</u>	<u>(708,731)</u>	<u>23,882</u>	<u>732,613</u>
	<u>(2,531)</u>	<u>(2,531)</u>		<u>(23,882)</u>	<u>(23,882)</u>
	<u>(2,531)</u>	<u>(2,531)</u>		<u>(23,882)</u>	<u>(23,882)</u>
<u>(148,826)</u>		<u>148,826</u>	<u>(708,731)</u>		<u>708,731</u>
<u>\$ (148,826)</u>	<u>\$</u>	<u>\$ 148,826</u>	<u>\$ (708,731)</u>	<u>\$</u>	<u>\$ 708,731</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, 2015**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 74	\$ 74
State aid and grants			
Federal aid, grants and reimbursements		36,098	36,098
Total revenues		<u>36,172</u>	<u>36,172</u>
Expenditures:			
Current -			
Instruction	36,078	18,114	17,964
Support services - students and staff	20,000	28,106	(8,106)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		1,129	(1,129)
Total expenditures	<u>56,078</u>	<u>47,349</u>	<u>8,729</u>
Excess (deficiency) of revenues over expenditures	<u>(56,078)</u>	<u>(11,177)</u>	<u>44,901</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(56,078)</u>	<u>(11,177)</u>	<u>44,901</u>
Fund balances (deficits), beginning of year		31,655	31,655
Fund balances (deficits), end of year	<u>\$ (56,078)</u>	<u>\$ 20,478</u>	<u>\$ 76,556</u>

E-Rate			Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 952	\$ 952	\$	\$	\$
	200,145	200,145		292,049	292,049
	201,097	201,097		292,049	292,049
100,000	98,537	1,463	860,595	322,452	538,143
10,000	10,725	(725)	50,000	47,066	2,934
				4,131	(4,131)
602,020	222,038	379,982			
712,020	331,300	380,720	910,595	373,649	536,946
(712,020)	(130,203)	581,817	(910,595)	(81,600)	828,995
(712,020)	(130,203)	581,817	(910,595)	(81,600)	828,995
	475,667	475,667		(77)	(77)
\$ (712,020)	\$ 345,464	\$ 1,057,484	\$ (910,595)	\$ (81,677)	\$ 828,918

**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, 2015**

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		90,567	90,567
Federal aid, grants and reimbursements			
Total revenues		<u>90,567</u>	<u>90,567</u>
Expenditures:			
Current -			
Instruction		4,147	(4,147)
Support services - students and staff	100,000	77,917	22,083
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		8,503	(8,503)
Total expenditures	<u>100,000</u>	<u>90,567</u>	<u>9,433</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>		<u>100,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(100,000)</u>		<u>100,000</u>
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	<u>\$ (100,000)</u>	<u>\$</u>	<u>\$ 100,000</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 354,071	\$ 354,071	\$	\$ 40,245	\$ 40,245
				2,237,477	2,237,477
	<u>354,071</u>	<u>354,071</u>		<u>2,277,722</u>	<u>2,277,722</u>
60,000	54,590	5,410			
			2,110,260	1,974,110	136,150
<u>362,269</u>	<u>111,965</u>	<u>250,304</u>			
<u>422,269</u>	<u>166,555</u>	<u>255,714</u>	<u>2,110,260</u>	<u>1,974,110</u>	<u>136,150</u>
<u>(422,269)</u>	<u>187,516</u>	<u>609,785</u>	<u>(2,110,260)</u>	<u>303,612</u>	<u>2,413,872</u>
				(219,404)	(219,404)
				<u>(219,404)</u>	<u>(219,404)</u>
<u>(422,269)</u>	<u>187,516</u>	<u>609,785</u>	<u>(2,110,260)</u>	<u>84,208</u>	<u>2,194,468</u>
	136,752	136,752		295,545	295,545
<u>\$ (422,269)</u>	<u>\$ 324,268</u>	<u>\$ 746,537</u>	<u>\$ (2,110,260)</u>	<u>\$ 379,753</u>	<u>\$ 2,490,013</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, 2015

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 684	\$ 684
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>684</u>	<u>684</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			
Capital outlay	86,671	2,676	83,995
Total expenditures	<u>86,671</u>	<u>2,676</u>	<u>83,995</u>
Excess (deficiency) of revenues over expenditures	<u>(86,671)</u>	<u>(1,992)</u>	<u>84,679</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(86,671)</u>	<u>(1,992)</u>	<u>84,679</u>
Fund balances (deficits), beginning of year		86,327	86,327
Fund balances (deficits), end of year	<u>\$ (86,671)</u>	<u>\$ 84,335</u>	<u>\$ 171,006</u>

Community School			Extracurricular Activities Fees Tax Credit		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 25,814	\$ 25,814	\$	\$ 94,403	\$ 94,403
	<u>25,814</u>	<u>25,814</u>		<u>94,403</u>	<u>94,403</u>
			255,851	54,916	200,935
41,214	34,747	6,467		3,566	(3,566)
<u>41,214</u>	<u>34,747</u>	<u>6,467</u>	<u>255,851</u>	<u>58,482</u>	<u>197,369</u>
<u>(41,214)</u>	<u>(8,933)</u>	<u>32,281</u>	<u>(255,851)</u>	<u>35,921</u>	<u>291,772</u>
	<u>(1,448)</u>	<u>(1,448)</u>			
	<u>(1,448)</u>	<u>(1,448)</u>			
<u>(41,214)</u>	<u>(10,381)</u>	<u>30,833</u>	<u>(255,851)</u>	<u>35,921</u>	<u>291,772</u>
	11,392	11,392		182,208	182,208
<u>\$ (41,214)</u>	<u>\$ 1,011</u>	<u>\$ 42,225</u>	<u>\$ (255,851)</u>	<u>\$ 218,129</u>	<u>\$ 473,980</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, 2015

	Gifts and Donations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 286,789	\$ 286,789
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>286,789</u>	<u>286,789</u>
Expenditures:			
Current -			
Instruction	360,225	16,991	343,234
Support services - students and staff	80,000	71,695	8,305
Support services - administration	10,000	11,935	(1,935)
Operation and maintenance of plant services	10,000	10,636	(636)
Student transportation services		78	(78)
Operation of non-instructional services			
Capital outlay		6,221	(6,221)
Total expenditures	<u>460,225</u>	<u>117,556</u>	<u>342,669</u>
Excess (deficiency) of revenues over expenditures	<u>(460,225)</u>	<u>169,233</u>	<u>629,458</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(460,225)</u>	<u>169,233</u>	<u>629,458</u>
Fund balances (deficits), beginning of year		196,051	196,051
Fund balances (deficits), end of year	<u>\$ (460,225)</u>	<u>\$ 365,284</u>	<u>\$ 825,509</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 772	\$ 772	\$	\$ 76	\$ 76
	<u>772</u>	<u>772</u>		<u>76</u>	<u>76</u>
			15,173		15,173
1,283	874	409			
<u>1,283</u>	<u>874</u>	<u>409</u>	<u>15,173</u>		<u>15,173</u>
<u>(1,283)</u>	<u>(102)</u>	<u>1,181</u>	<u>(15,173)</u>	<u>76</u>	<u>15,249</u>
<u>(1,283)</u>	<u>(102)</u>	<u>1,181</u>	<u>(15,173)</u>	<u>76</u>	<u>15,249</u>
	208	208		15,113	15,113
<u>\$ (1,283)</u>	<u>\$ 106</u>	<u>\$ 1,389</u>	<u>\$ (15,173)</u>	<u>\$ 15,189</u>	<u>\$ 30,362</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, 2015

	Litigation Recovery		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 7	\$ 7
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>7</u>	<u>7</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			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		<u>7</u>	<u>7</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>7</u>	<u>7</u>
Fund balances (deficits), beginning of year		1,503	1,503
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 1,510</u>	<u>\$ 1,510</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 3,139	\$ 3,139	\$	\$ 10	\$ 10
	<u>3,139</u>	<u>3,139</u>		<u>10</u>	<u>10</u>
			1,867		1,867
793,724	23,735	(23,735)			
	238,013	555,711			
	817	(817)			
40,000	39,011	989			
<u>833,724</u>	<u>301,576</u>	<u>532,148</u>	<u>1,867</u>		<u>1,867</u>
<u>(833,724)</u>	<u>(298,437)</u>	<u>535,287</u>	<u>(1,867)</u>	<u>10</u>	<u>1,877</u>
	399,361	399,361			
	<u>399,361</u>	<u>399,361</u>			
<u>(833,724)</u>	<u>100,924</u>	<u>934,648</u>	<u>(1,867)</u>	<u>10</u>	<u>1,877</u>
	728,731	728,731		1,860	1,860
<u>\$ (833,724)</u>	<u>\$ 829,655</u>	<u>\$ 1,663,379</u>	<u>\$ (1,867)</u>	<u>\$ 1,870</u>	<u>\$ 3,737</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, 2015

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 10	\$ 10
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>10</u>	<u>10</u>
Expenditures:			
Current -			
Instruction	1,899		1,899
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>1,899</u>		<u>1,899</u>
Excess (deficiency) of revenues over expenditures	<u>(1,899)</u>	<u>10</u>	<u>1,909</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,899)</u>	<u>10</u>	<u>1,909</u>
Fund balances (deficits), beginning of year		1,892	1,892
Fund balances (deficits), end of year	<u>\$ (1,899)</u>	<u>\$ 1,902</u>	<u>\$ 3,801</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 808,995	\$ 808,995
	232,222	232,222
	5,716,224	5,716,224
	<u>6,757,441</u>	<u>6,757,441</u>
3,795,718	2,095,463	1,700,255
1,413,723	1,344,287	69,436
1,000,007	448,178	551,829
70,000	68,518	1,482
40,000	46,017	(6,017)
2,151,474	2,010,405	141,069
1,050,960	365,021	685,939
<u>9,521,882</u>	<u>6,377,889</u>	<u>3,143,993</u>
<u>(9,521,882)</u>	<u>379,552</u>	<u>9,901,434</u>
	399,361	399,361
	<u>(400,809)</u>	<u>(400,809)</u>
	<u>(1,448)</u>	<u>(1,448)</u>
<u>(9,521,882)</u>	<u>378,104</u>	<u>9,899,986</u>
	2,583,467	2,583,467
<u>\$ (9,521,882)</u>	<u>\$ 2,961,571</u>	<u>\$ 12,483,453</u>

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DEBT SERVICE FUND

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 10,705	\$ 10,705
Property taxes			2,522,441	2,522,441
Total revenues			<u>2,533,146</u>	<u>2,533,146</u>
Expenditures:				
Debt service -				
Principal retirement	2,205,000	2,205,000	2,250,000	(45,000)
Interest and fiscal charges	646,725	624,240	602,190	22,050
Total expenditures	<u>2,851,725</u>	<u>2,829,240</u>	<u>2,852,190</u>	<u>(22,950)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,851,725)</u>	<u>(2,829,240)</u>	<u>(319,044)</u>	<u>2,510,196</u>
Other financing sources (uses):				
Transfers in			19,546	19,546
Total other financing sources (uses):			<u>19,546</u>	<u>19,546</u>
Changes in fund balances	<u>(2,851,725)</u>	<u>(2,829,240)</u>	<u>(299,498)</u>	<u>2,529,742</u>
Fund balances, beginning of year			358,736	358,736
Fund balances (deficits), end of year	<u>\$ (2,851,725)</u>	<u>\$ (2,829,240)</u>	<u>\$ 59,238</u>	<u>\$ 2,888,478</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.

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015**

	Insurance Proceeds	Unrestricted Capital Outlay	Adjacent Ways
<u>ASSETS</u>			
Cash and investments	\$ 12,939	\$ 170,252	\$
Property taxes receivable			11,798
Due from governmental entities			
Total assets	\$ 12,939	\$ 170,252	\$ 11,798
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Construction contracts payable	_____	_____	_____
Total liabilities	_____	_____	_____
Deferred inflows of resources:			
Unavailable revenues - property taxes			11,798
	_____	_____	_____
Fund balances:			
Restricted	12,939	170,252	
Total fund balances	12,939	170,252	_____
 Total liabilities, deferred inflows of resources and fund balances	\$ 12,939	\$ 170,252	\$ 11,798

<u>Energy and Water Savings</u>	<u>Emergency Deficiencies Correction</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 20,625	\$	\$ 29,897	\$ 233,713
			11,798
	7,411	52,781	60,192
<u>\$ 20,625</u>	<u>\$ 7,411</u>	<u>\$ 82,678</u>	<u>\$ 305,703</u>
\$	\$ 7,411	\$	\$ 7,411
		82,635	82,635
	<u>7,411</u>	<u>82,635</u>	<u>90,046</u>
			<u>11,798</u>
20,625		43	203,859
<u>20,625</u>		<u>43</u>	<u>203,859</u>
<u>\$ 20,625</u>	<u>\$ 7,411</u>	<u>\$ 82,678</u>	<u>\$ 305,703</u>

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, 2015

	<u>Insurance Proceeds</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
Revenues:			
Other local	\$ 75	\$ 731	\$ 605
Property taxes			145,471
State aid and grants			
Total revenues	<u>75</u>	<u>731</u>	<u>146,076</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	2,000		
Capital outlay		137,283	396,977
Total expenditures	<u>2,000</u>	<u>137,283</u>	<u>396,977</u>
Excess (deficiency) of revenues over expenditures	<u>(1,925)</u>	<u>(136,552)</u>	<u>(250,901)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,925)</u>	<u>(136,552)</u>	<u>(250,901)</u>
Fund balances, beginning of year	14,864	306,804	250,901
Fund balances, end of year	<u>\$ 12,939</u>	<u>\$ 170,252</u>	<u>\$</u>

<u>Energy and Water Savings</u>	<u>Emergency Deficiencies Correction</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 20,625	\$	\$ 43	\$ 22,079
	7,411	366,442	145,471
<u>20,625</u>	<u>7,411</u>	<u>366,485</u>	<u>373,853</u>
			2,000
	7,411	366,442	908,113
	<u>7,411</u>	<u>366,442</u>	<u>910,113</u>
<u>20,625</u>		<u>43</u>	<u>(368,710)</u>
	(136)		(136)
	<u>(136)</u>		<u>(136)</u>
<u>20,625</u>	<u>(136)</u>	<u>43</u>	<u>(368,846)</u>
	136		572,705
<u>\$ 20,625</u>	<u>\$</u>	<u>\$ 43</u>	<u>\$ 203,859</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, 2015

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 75	\$ 75
Property taxes			
State aid and grants			
Total revenues	<u> </u>	<u> 75</u>	<u> 75</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	12,923	2,000	10,923
Capital outlay			
Total expenditures	<u> 12,923</u>	<u> 2,000</u>	<u> 10,923</u>
Excess (deficiency) of revenues over expenditures	<u> (12,923)</u>	<u> (1,925)</u>	<u> 10,998</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (12,923)</u>	<u> (1,925)</u>	<u> 10,998</u>
Fund balances, beginning of year		14,864	14,864
Fund balances (deficits), end of year	<u> \$ (12,923)</u>	<u> \$ 12,939</u>	<u> \$ 25,862</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 731	\$ 731	\$	\$ 605	\$ 605
				145,471	145,471
	<u>731</u>	<u>731</u>		<u>146,076</u>	<u>146,076</u>
207,409	137,283	70,126	400,000	396,977	3,023
<u>207,409</u>	<u>137,283</u>	<u>70,126</u>	<u>400,000</u>	<u>396,977</u>	<u>3,023</u>
(207,409)	(136,552)	70,857	(400,000)	(250,901)	149,099
<u>(207,409)</u>	<u>(136,552)</u>	<u>70,857</u>	<u>(400,000)</u>	<u>(250,901)</u>	<u>149,099</u>
	306,804	306,804		250,901	250,901
<u>\$ (207,409)</u>	<u>\$ 170,252</u>	<u>\$ 377,661</u>	<u>\$ (400,000)</u>	<u>\$</u>	<u>\$ 400,000</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, 2015

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 19,546	\$ 19,546
Property taxes			
State aid and grants			
Total revenues		19,546	19,546
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay	8,755,973	7,532,044	1,223,929
Total expenditures	8,755,973	7,532,044	1,223,929
Excess (deficiency) of revenues over expenditures	(8,755,973)	(7,512,498)	1,243,475
Other financing sources (uses):			
Transfers out		(19,546)	(19,546)
Total other financing sources (uses):		(19,546)	(19,546)
Changes in fund balances	(8,755,973)	(7,532,044)	1,223,929
Fund balances, beginning of year		8,755,973	8,755,973
Fund balances (deficits), end of year	\$ (8,755,973)	\$ 1,223,929	\$ 9,979,902

Energy and Water Savings			Emergency Deficiencies Correction		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 20,625	\$ 20,625	\$	\$	\$
				7,411	7,411
	<u>20,625</u>	<u>20,625</u>		<u>7,411</u>	<u>7,411</u>
			100,000	7,411	92,589
			<u>100,000</u>	<u>7,411</u>	<u>92,589</u>
	20,625	20,625	(100,000)		100,000
				(136)	(136)
				<u>(136)</u>	<u>(136)</u>
	20,625	20,625	(100,000)	(136)	99,864
				136	136
<u>\$</u>	<u>\$ 20,625</u>	<u>\$ 20,625</u>	<u>\$ (100,000)</u>	<u>\$</u>	<u>\$ 100,000</u>

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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, 2015

	Building Renewal Grant		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 43	\$ 43
Property taxes			
State aid and grants		366,442	366,442
Total revenues		366,485	366,485
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay	386,900	366,442	20,458
Total expenditures	386,900	366,442	20,458
Excess (deficiency) of revenues over expenditures	(386,900)	43	386,943
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(386,900)	43	386,943
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (386,900)	\$ 43	\$ 386,943

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 41,625	\$ 41,625
	145,471	145,471
	373,853	373,853
	<u>560,949</u>	<u>560,949</u>
12,923	2,000	10,923
9,850,282	8,440,157	1,410,125
<u>9,863,205</u>	<u>8,442,157</u>	<u>1,421,048</u>
<u>(9,863,205)</u>	<u>(7,881,208)</u>	<u>1,981,997</u>
	<u>(19,682)</u>	<u>(19,682)</u>
	<u>(19,682)</u>	<u>(19,682)</u>
<u>(9,863,205)</u>	<u>(7,900,890)</u>	<u>1,962,315</u>
	9,328,678	9,328,678
<u>\$ (9,863,205)</u>	<u>\$ 1,427,788</u>	<u>\$ 11,290,993</u>

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AGENCY FUNDS

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

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, 2015**

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 9,328	\$ 6,920	\$ 16,248
Total assets	\$ 9,328	\$ 6,920	\$ 16,248
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 6,920	\$ 6,920
Due to student groups	9,328		9,328
Total liabilities	\$ 9,328	\$ 6,920	\$ 16,248

BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<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>17,781</u>	\$ <u>34,808</u>	\$ <u>43,261</u>	\$ <u>9,328</u>
Total assets	\$ <u><u>17,781</u></u>	\$ <u><u>34,808</u></u>	\$ <u><u>43,261</u></u>	\$ <u><u>9,328</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>17,781</u>	\$ <u>34,808</u>	\$ <u>43,261</u>	\$ <u>9,328</u>
Total liabilities	\$ <u><u>17,781</u></u>	\$ <u><u>34,808</u></u>	\$ <u><u>43,261</u></u>	\$ <u><u>9,328</u></u>
 <u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>10,748</u>	\$ <u>20,523</u>	\$ <u>24,351</u>	\$ <u>6,920</u>
Total assets	\$ <u><u>10,748</u></u>	\$ <u><u>20,523</u></u>	\$ <u><u>24,351</u></u>	\$ <u><u>6,920</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>10,748</u>	\$ <u>20,523</u>	\$ <u>24,351</u>	\$ <u>6,920</u>
Total liabilities	\$ <u><u>10,748</u></u>	\$ <u><u>20,523</u></u>	\$ <u><u>24,351</u></u>	\$ <u><u>6,920</u></u>
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ <u>28,529</u>	\$ <u>55,331</u>	\$ <u>67,612</u>	\$ <u>16,248</u>
Total assets	\$ <u><u>28,529</u></u>	\$ <u><u>55,331</u></u>	\$ <u><u>67,612</u></u>	\$ <u><u>16,248</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>10,748</u>	\$ <u>20,523</u>	\$ <u>24,351</u>	\$ <u>6,920</u>
Due to student groups	<u>17,781</u>	<u>34,808</u>	<u>43,261</u>	<u>9,328</u>
Total liabilities	\$ <u><u>28,529</u></u>	\$ <u><u>55,331</u></u>	\$ <u><u>67,612</u></u>	\$ <u><u>16,248</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position					
Net investment in capital assets	\$ 38,640,803	\$ 30,183,506	\$ 28,771,451	\$ 28,482,376	\$ 28,604,753
Restricted	3,795,263	3,831,932	4,050,174	4,148,454	2,992,009
Unrestricted	(16,295,490)	3,936,030	5,950,114	4,555,959	4,587,806
Total net position	\$ 26,140,576	\$ 37,951,468	\$ 38,771,739	\$ 37,186,789	\$ 36,184,568
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Position					
Net investment in capital assets	\$ 27,343,919	\$ 26,157,743	\$ 25,263,150	\$ 24,260,811	\$ 23,243,934
Restricted	3,254,584	867,394	1,475,002	2,479,842	2,008,102
Unrestricted	4,747,852	5,886,896	4,600,625	6,845,810	7,050,528
Total net position	\$ 35,346,355	\$ 32,912,033	\$ 31,338,777	\$ 33,586,463	\$ 32,302,564

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Instruction	\$ 12,374,299	\$ 12,781,875	\$ 12,454,261	\$ 11,440,196	\$ 12,732,049
Support services - students and staff	3,430,901	3,283,906	3,040,258	3,164,240	3,893,517
Support services - administration	2,712,049	2,625,094	2,572,218	2,488,738	2,415,304
Operation and maintenance of plant services	2,474,993	2,384,196	2,144,670	2,225,326	2,728,939
Student transportation services	1,127,186	1,026,394	869,168	1,104,718	1,225,373
Operation of non-instructional services	2,143,825	2,160,462	2,113,412	2,233,673	2,107,548
Interest on long-term debt	533,336	449,352	583,255	634,016	367,267
Total expenses	<u>24,796,589</u>	<u>24,711,279</u>	<u>23,777,242</u>	<u>23,290,907</u>	<u>25,469,997</u>
Program Revenues					
Charges for services:					
Instruction	34,334	4,533	355,140	310,249	223,032
Operation of non-instructional services	64,811	180,150	33,759	178,052	35,141
Other activities	353,403	327,449	5,031	1,259	529
Operating grants and contributions	6,010,445	5,355,928	3,748,251	5,237,115	6,613,262
Capital grants and contributions	622,478	915,594	2,382,759	499,674	1,107,568
Total program revenues	<u>7,085,471</u>	<u>6,783,654</u>	<u>6,524,940</u>	<u>6,226,349</u>	<u>7,979,532</u>
Net (Expense)/Revenue	<u>\$ (17,711,118)</u>	<u>\$ (17,927,625)</u>	<u>\$ (17,252,302)</u>	<u>\$ (17,064,558)</u>	<u>\$ (17,490,465)</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Instruction	\$ 14,447,135	\$ 15,895,707	\$ 18,278,274	\$ 16,338,329	\$ 14,671,762
Support services - students and staff	3,329,511	3,231,230	3,284,996	2,938,359	2,574,905
Support services - administration	2,401,212	2,330,333	2,337,929	2,149,305	2,098,352
Operation and maintenance of plant services	3,451,637	3,349,751	3,339,877	3,043,088	2,363,333
Student transportation services	926,422	899,076	1,194,623	923,616	663,243
Operation of non-instructional services	2,147,110	2,005,555	2,125,284	2,309,398	2,148,513
Interest on long-term debt	440,919	557,969	616,665	673,963	743,884
Total expenses	<u>27,143,946</u>	<u>28,269,621</u>	<u>31,177,648</u>	<u>28,376,058</u>	<u>25,263,992</u>
Program Revenues					
Charges for services:					
Instruction	56,031	580,944	256,207	7,828	126,747
Operation of non-instructional services	78,175	55,505	45,476	257,708	202,586
Other activities	94,818	7,208		5,248	57,914
Operating grants and contributions	7,585,665	6,760,786	5,832,100	5,465,930	4,637,791
Capital grants and contributions	498,545	65,361	207,220	382,893	771,169
Total program revenues	<u>8,313,234</u>	<u>7,469,804</u>	<u>6,341,003</u>	<u>6,119,607</u>	<u>5,796,207</u>
Net (Expense)/Revenue	<u>\$ (18,830,712)</u>	<u>\$ (20,799,817)</u>	<u>\$ (24,836,645)</u>	<u>\$ (22,256,451)</u>	<u>\$ (19,467,785)</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				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense)/Revenue	\$ (17,711,118)	\$ (17,927,625)	\$ (17,252,302)	\$ (17,064,558)	\$ (17,490,465)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	6,747,796	5,537,439	7,535,311	6,590,049	7,557,099
Property taxes, levied for debt service	2,514,917	2,784,934	2,593,661	3,052,773	2,392,296
Property taxes, levied for capital outlay	141,402	166,559		346,974	297,412
Investment income	47,470	62,805	64,612	107,062	42,048
Unrestricted county aid	707,542	707,516	723,772	737,248	716,484
Unrestricted state aid	7,949,054	7,789,758	7,879,644	7,206,301	7,163,436
Unrestricted federal aid	36,098	58,343	40,252	26,372	159,903
Special Items					
Total general revenues	<u>18,144,279</u>	<u>17,107,354</u>	<u>18,837,252</u>	<u>18,066,779</u>	<u>18,328,678</u>
Changes in Net Position	<u>\$ 433,161</u>	<u>\$ (820,271)</u>	<u>\$ 1,584,950</u>	<u>\$ 1,002,221</u>	<u>\$ 838,213</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (Expense)/Revenue	\$ (18,830,712)	\$ (20,799,817)	\$ (24,836,645)	\$ (22,256,451)	\$ (19,467,785)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	8,744,357	7,853,217	6,606,775	7,821,432	7,225,285
Property taxes, levied for debt service	2,533,961	2,275,724	2,300,836	2,429,133	2,390,034
Property taxes, levied for capital outlay	384,076	344,935	32,825	243,881	354,532
Investment income	62,230	106,229	339,354	209,748	172,255
Unrestricted county aid	842,960			9,386	772,842
Unrestricted state aid	8,729,401	11,792,968	13,309,169	12,826,770	11,021,228
Unrestricted federal aid					
Special Items	(31,950)				
Total general revenues	<u>21,296,985</u>	<u>22,373,073</u>	<u>22,588,959</u>	<u>23,540,350</u>	<u>21,936,176</u>
Changes in Net Position	<u>\$ 2,466,273</u>	<u>\$ 1,573,256</u>	<u>\$ (2,247,686)</u>	<u>\$ 1,283,899</u>	<u>\$ 2,468,391</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$	\$	\$	\$ 130,000	\$
Unassigned	2,075,161	1,794,565	3,139,889	2,295,840	2,410,947
Reserved					
Unreserved					
Total General Fund	<u>\$ 2,075,161</u>	<u>\$ 1,794,565</u>	<u>\$ 3,139,889</u>	<u>\$ 2,425,840</u>	<u>\$ 2,410,947</u>
All Other Governmental Funds:					
Restricted	\$ 4,764,778	\$ 12,328,582	\$ 10,082,925	\$ 14,537,182	\$ 2,589,330
Unassigned	(81,677)	(77)			(24,135)
Total all other governmental funds	<u>\$ 4,683,101</u>	<u>\$ 12,328,505</u>	<u>\$ 10,082,925</u>	<u>\$ 14,537,182</u>	<u>\$ 2,565,195</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Nonspendable	\$	\$	\$	\$	\$
Unassigned					
Reserved	226,112	180,800	51,785	460,388	844,349
Unreserved	1,042,348	(489,579)	(157,947)	1,290,225	857,014
Total General Fund	<u>\$ 1,268,460</u>	<u>\$ (308,779)</u>	<u>\$ (106,162)</u>	<u>\$ 1,750,613</u>	<u>\$ 1,701,363</u>
All Other Governmental Funds:					
Restricted					
Unassigned					
Reserved	\$ -	\$ 32,055	\$ 35,171	\$ 38,591	\$ 55,214
Unreserved, reported in:					
Special revenue funds	2,757,593	3,016,748	2,392,614	2,707,848	2,941,752
Capital projects funds	982,657	677,067	1,285,297	2,263,487	1,875,547
Debt service fund	120,740	30,473	144,139	164,759	76,410
Total all other governmental funds	<u>\$ 3,860,990</u>	<u>\$ 3,756,343</u>	<u>\$ 3,857,221</u>	<u>\$ 5,174,685</u>	<u>\$ 4,948,923</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal sources:					
Federal grants	\$ 3,478,747	\$ 3,826,637	\$ 4,012,796	\$ 3,459,893	\$ 5,069,207
State Fiscal Stabilization (ARRA)					99,826
Education Jobs				7,711	502,437
National School Lunch Program	2,237,477	2,212,438	2,046,499	1,985,790	1,978,492
Total federal sources	<u>5,716,224</u>	<u>6,039,075</u>	<u>6,059,295</u>	<u>5,453,394</u>	<u>7,649,962</u>
State sources:					
State equalization assistance	6,959,283	6,794,264	6,943,756	6,410,246	6,470,264
State grants	90,567	27,005	17,903	131,142	284,283
School Facilities Board	373,853				
Other revenues	989,771	995,494	935,888	796,055	693,172
Total state sources	<u>8,413,474</u>	<u>7,816,763</u>	<u>7,897,547</u>	<u>7,337,443</u>	<u>7,447,719</u>
Local sources:					
Property taxes	9,425,697	8,554,092	10,198,436	10,088,673	10,313,452
County aid	707,542	707,516	723,772	737,248	716,484
Food service sales	35,663	41,624	33,759	22,951	35,141
Investment income	47,470	62,805	64,612	107,062	42,048
Other revenues	816,978	724,073	439,458	550,068	302,252
Total local sources	<u>11,033,350</u>	<u>10,090,110</u>	<u>11,460,037</u>	<u>11,506,002</u>	<u>11,409,377</u>
Total revenues	<u><u>\$ 25,163,048</u></u>	<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>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Federal sources:					
Federal grants	\$ 5,336,550	\$ 4,002,016	\$ 3,617,671	\$ 3,421,356	\$ 2,680,090
State Fiscal Stabilization (ARRA) Education Jobs					
National School Lunch Program	1,982,352	1,745,924	1,855,872	1,975,846	1,974,870
Total federal sources	<u>7,318,902</u>	<u>5,747,940</u>	<u>5,473,543</u>	<u>5,397,202</u>	<u>4,654,960</u>
State sources:					
State equalization assistance	9,616,856	9,809,220	11,447,492	11,142,315	8,880,732
State grants	449,523	458,515	503,859	396,287	430,330
School Facilities Board				200,457	137,906
Other revenues	842,960	1,507,096	1,710,280	1,526,455	2,002,590
Total state sources	<u>10,909,339</u>	<u>11,774,831</u>	<u>13,661,631</u>	<u>13,265,514</u>	<u>11,451,558</u>
Local sources:					
Property taxes	11,408,301	10,188,461	8,959,416	10,511,301	9,956,328
County aid				9,386	772,842
Food service sales	48,537	55,505	45,326	40,750	84,000
Investment income	62,230	96,272	250,802	209,748	174,540
Other revenues	340,640	759,183	529,922	261,034	300,962
Total local sources	<u>11,859,708</u>	<u>11,099,421</u>	<u>9,785,466</u>	<u>11,032,219</u>	<u>11,288,672</u>
Total revenues	<u>\$ 30,087,949</u>	<u>\$ 28,622,192</u>	<u>\$ 28,920,640</u>	<u>\$ 29,694,935</u>	<u>\$ 27,395,190</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
Instruction	\$ 10,143,475	\$ 10,899,092	\$ 10,263,289	\$ 9,469,956	\$ 11,074,116
Support services - students and staff	3,124,357	3,012,972	2,841,126	2,846,260	3,475,937
Support services - administration	2,521,716	2,498,194	2,368,473	2,426,795	2,278,640
Operation and maintenance of plant services	2,150,011	2,084,109	1,930,599	2,081,048	2,632,510
Student transportation services	866,115	803,090	668,731	862,891	1,002,082
Operation of non-instructional services	2,064,814	2,096,300	2,070,384	2,175,459	2,041,353
Capital outlay	8,805,178	4,407,617	5,885,583	5,055,810	2,453,896
Debt service -					
Judgments against the district					
Interest, premium and fiscal charges	602,190	567,734	548,902	575,320	308,571
Principal retirement	2,250,000	2,205,000	2,450,000	4,452,480	2,250,337
Bond issuance costs		132,044		291,542	
Total expenditures	<u><u>\$ 32,527,856</u></u>	<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>
Expenditures for capitalized assets	\$ 7,883,012	\$ 3,754,127	\$ 5,272,586	\$ 3,569,086	\$ 1,029,964
Debt service as a percentage of noncapital expenditures	12%	11%	13%	19%	10%

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenditures:					
Current -					
Instruction	\$ 12,824,649	\$ 13,380,775	\$ 15,649,448	\$ 14,587,618	\$ 13,663,604
Support services - students and staff	3,242,297	3,158,334	3,020,697	2,816,771	2,596,834
Support services - administration	2,332,020	2,271,630	2,254,813	2,064,051	2,089,130
Operation and maintenance of plant services	3,509,666	3,418,779	3,029,490	2,887,948	2,321,145
Student transportation services	771,360	751,385	931,647	832,141	634,525
Operation of non-instructional services	1,962,737	1,924,939	2,102,278	2,201,959	2,145,780
Capital outlay	1,186,396	1,231,097	2,349,165	1,266,509	829,194
Debt service -					
Judgments against the district		48,399			
Interest, premium and fiscal charges	382,223	499,273	557,969	615,267	685,188
Principal retirement	2,011,248	2,397,032	2,086,539	2,192,501	2,058,340
Bond issuance costs					
Total expenditures	<u>\$ 28,222,596</u>	<u>\$ 29,081,643</u>	<u>\$ 31,982,046</u>	<u>\$ 29,464,765</u>	<u>\$ 27,023,740</u>
Expenditures for capitalized assets	\$ 510,688	\$ 386,348	\$ 569,596	\$ 678,702	\$ 161,361
Debt service as a percentage of noncapital expenditures	9%	10%	8%	10%	10%

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Excess (deficiency) of revenues over expenditures	\$ (7,364,808)	\$ (4,760,204)	\$ (3,610,208)	\$ (5,940,722)	\$ (1,010,384)
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	420,491	691,326	517,361	582,400	506,107
Transfers out	(420,491)	(691,326)	(517,361)	(582,400)	(506,107)
Total other financing sources (uses)	(420,491)	5,660,460	(517,361)	17,797,602	691,546
Changes in fund balances	\$ (7,364,808)	\$ 900,256	\$ (3,610,208)	\$ 11,856,880	\$ (318,838)
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Excess (deficiency) of revenues over expenditures	\$ 1,865,353	\$ (459,451)	\$ (3,061,406)	\$ 230,170	\$ 371,450
Other financing sources (uses):					
Capital lease agreements		30,057	299,190	445,426	46,099
Transfers in	238,745	275,727	188,084	137,345	122,553
Transfers out	(238,745)	(275,727)	(188,084)	(137,345)	(122,553)
Total other financing sources (uses)	(238,745)	30,057	299,190	445,426	46,099
Changes in fund balances	\$ 1,865,353	\$ (429,394)	\$ (2,762,216)	\$ 675,596	\$ 417,549

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 169,658,450	\$ 163,070,494	\$ 184,693,368	\$ 203,891,518	\$ 252,120,782
Agricultural and Vacant	11,148,713	11,377,187	11,753,959	14,755,903	17,718,630
Residential (Owner Occupied)	35,233,330	33,905,124	38,860,884	47,121,405	70,855,427
Residential (Rental)	41,156,851	37,079,385	34,829,219	42,903,477	52,499,818
Railroad, Private Cars and Airlines	664,578	591,718	729,991	646,380	653,107
Historical Property	116,413	98,976	99,780	99,780	105,499
Certain Government Property Improvements	7,620	7,380	5,300	5,784	
Total	\$ 257,985,955	\$ 246,130,264	\$ 270,972,501	\$ 309,424,247	\$ 393,953,263
Estimated Actual Value (Full Cash Value)	\$ 2,620,418,653	\$ 2,423,056,100	\$ 2,508,746,505	\$ 2,829,301,414	\$ 3,649,106,598
Ratio of Primary Assessed Value to Estimated Actual Value	9.85%	10.16%	10.80%	10.94%	10.80%
Total Direct Rate	3.74	3.43	3.71	3.46	2.63

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 250,951,724	\$ 259,184,298	\$ 243,561,964	\$ 218,715,120	\$ 204,275,942
Agricultural and Vacant	15,522,419	15,777,310	13,005,937	11,748,893	11,560,319
Residential (Owner Occupied)	77,591,521	68,575,153	57,939,050	45,866,957	43,098,438
Residential (Rental)	52,668,202	45,920,069	41,329,047	42,384,159	40,764,936
Railroad, Private Cars and Airlines	681,905	787,042	842,713	869,497	808,400
Historical Property	7,015	6,474	27,675	3,963	2,685
Certain Government Property Improvements					
Total	\$ 397,422,786	\$ 390,250,346	\$ 356,706,386	\$ 319,588,589	\$ 300,510,720
Estimated Actual Value (Full Cash Value)	\$ 4,044,891,724	\$ 4,019,490,951	\$ 3,418,801,546	\$ 2,591,689,668	\$ 2,323,427,574
Ratio of Primary Value to Estimated Actual Value	9.83%	9.71%	10.43%	12.33%	12.93%
Total Direct Rate	2.83	2.81	2.51	3.34	3.46

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 171,404,058	\$ 165,858,681	\$ 185,769,317	\$ 204,895,827	\$ 277,710,706
Agricultural and Vacant	11,414,015	11,426,990	11,807,666	15,044,957	22,134,224
Residential (Owner Occupied)	37,592,991	34,458,705	39,473,268	47,161,689	71,429,173
Residential (Rental)	48,500,016	40,335,551	34,889,212	43,180,841	55,130,366
Railroad, Private Cars and Airlines	670,794	597,298	744,049	722,266	781,223
Historical Property	162,090	99,051	99,781	99,781	105,529
Certain Government Property Improvements	7,620	7,380			
Total	\$ 269,751,584	\$ 252,783,656	\$ 272,788,593	\$ 311,111,145	\$ 427,291,221
Ratio of Secondary Assessed Value to Estimated Actual Value	10.29%	10.43%	10.87%	11.00%	11.71%
Total Direct Rate	3.74	3.43	3.71	3.46	2.63

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 296,793,043	\$ 292,087,411	\$ 267,178,951	\$ 235,859,011	\$ 215,910,853
Agricultural and Vacant	21,852,080	21,741,909	18,314,252	15,334,062	14,329,548
Residential (Owner Occupied)	95,732,150	95,113,688	79,529,325	47,554,506	47,462,950
Residential (Rental)	66,753,928	60,875,804	53,594,305	43,988,736	43,726,276
Railroad, Private Cars and Airlines	806,101	889,174	931,748	920,853	886,524
Historical Property	7,028	7,028	116,230		
Certain Government Property Improvements					
Total	\$ 481,944,330	\$ 470,715,014	\$ 419,664,811	\$ 343,664,968	\$ 322,320,676
Ratio of Secondary Assessed Value to Estimated Actual Value	11.91%	11.71%	12.28%	13.26%	13.87%
Total Direct Rate	2.83	2.81	2.51	3.34	3.46

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
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	16	15	15	15	17

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	22 %	23 %	24 %	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	18	20	21	22	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	County	Community College District	Central Arizona Water	City of Phoenix	City of Scottsdale	Phoenix Union High School District No. 210	Primary	Secondary	Total
	Equalization									
2015	0.51	1.32	1.52	0.14	1.82	1.24	4.62	2.10	1.64	3.74
2014	0.51	1.79	1.53	0.14	1.82	1.29	4.82	1.64	1.79	3.43
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

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>2015</u>		<u>2006</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>
Pecan Holdings LLC	\$ 3,519,372	6.21 %	\$	%
Target Corporation	2,187,565	3.86		
Bank of America	1,218,462	2.15		
Kroger's - Fry's - Smith's Food & Drug Centers Inc.	1,218,462	2.15	1,623,010	3.51
83 DGLLC/83 SGLLC/ 83 MBLLC/ 83 JPLLC	425,045	0.75		
Southern California Edison Co. (T&D)	408,043	0.72	748,388	1.62
Arizona Public Service Company	402,376	0.71	564,707	1.22
Empire Residential Opportunity Fund LLC	374,040	0.66		
Broden Country Corners LLC	357,038	0.63		
GBC Properties LLC	345,703	0.61		
DR Horton In. - Dietz Crane			752,391	1.63
Oak Realty Partners Inc.			734,119	1.59
Gerben Boschma - Family Dairies			687,304	1.48
Van Hofwegan Dairies			601,043	1.30
Tivoli Holdings LLC			515,869	1.11
Security Title Agency			440,812	0.95
EDW C Levy Company			374,830	0.81
 Total	 <u>\$ 10,456,106</u>	 <u>18.45 %</u>	 <u>\$ 7,042,473</u>	 <u>15.22 %</u>

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

Note: Information is presented County-wide.

**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
2015	\$ 9,741,000	\$ 9,487,498	97.40 %	\$	\$ 9,487,498	97.40 %
2014	8,752,479	8,520,630	97.35	228,743	8,749,373	99.96
2013	10,271,758	9,885,232	96.24	372,235	10,257,467	99.86
2012	10,939,878	10,379,764	94.88	518,339	10,898,103	99.62
2011	10,718,273	10,125,508	94.47	584,692	10,710,200	99.92
2010	12,076,051	11,325,897	93.79	742,081	12,067,978	99.93
2009	10,848,634	10,305,406	94.99	481,414	10,786,820	99.43
2008	9,877,612	9,685,737	98.06	186,067	9,871,804	99.94
2007	11,401,755	11,209,802	98.32	190,837	11,400,639	99.99
2006	10,600,741	10,354,854	97.68	244,600	10,599,454	99.99

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	
2015	\$ 18,840,994	94,948	\$ 18,746,046	0.72 %	\$ 641	\$	\$ 18,840,994	0.72 %	\$ 644	0.01 %	
2014	21,114,848	358,736	20,756,112	0.86	703		21,114,848	0.87	715	0.01	
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	

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

**BALSZ ELEMENTARY SCHOOL DISTRICT NO. 31
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2015**

<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	\$ 654,190,000	0.78 %	\$ 5,102,682
City of Phoenix	1,526,775,000	2.39	36,489,923
City of Scottsdale	967,224,000	0.30	2,901,672
Phoenix Union High School District No. 210	305,670,000	6.18	18,890,406
Subtotal, Overlapping Debt			<u>63,384,683</u>
Direct:			
Balsz Elementary School District No. 31			<u>18,840,994</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 82,225,677</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		6.95 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,809	
As a Percentage of Net Secondary Assessed Valuation		30.45 %
As a Percentage of Estimated Actual Value (Full Cash Value)		3.13 %

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, 2014 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 2015:

Secondary assessed valuation	\$ 269,751,584
Debt limit (10% of assessed value)	26,975,158
Debt applicable to limit	<u>18,345,000</u>
Legal debt margin	<u>\$ 8,630,158</u>

Total Legal Debt Margin Calculation for Fiscal Year 2015:

Secondary assessed valuation	\$ 269,751,584
Debt limit (15% of assessed value)	40,462,738
Debt applicable to limit	<u>18,345,000</u>
Legal debt margin	<u>\$ 22,117,738</u>

Fiscal Year Ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 40,462,738	\$ 37,917,548	\$ 40,918,289	\$ 46,666,672	\$ 64,093,683
Total net debt applicable to limit	<u>18,345,000</u>	<u>20,550,000</u>	<u>17,555,000</u>	<u>19,740,000</u>	<u>20,262,802</u>
Legal debt margin	<u>\$ 22,117,738</u>	<u>\$ 17,367,548</u>	<u>\$ 23,363,289</u>	<u>\$ 26,926,672</u>	<u>\$ 43,830,881</u>
Total net debt applicable to the limit as a percentage of debt limit	45%	54%	43%	42%	32%

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 72,291,650	\$ 70,607,252	\$ 62,949,722	\$ 51,549,745	\$ 48,348,101
Total net debt applicable to limit	<u>6,280,000</u>	<u>8,280,000</u>	<u>10,200,000</u>	<u>12,035,000</u>	<u>11,401,755</u>
Legal debt margin	<u>\$ 66,011,650</u>	<u>\$ 62,327,252</u>	<u>\$ 52,749,722</u>	<u>\$ 39,514,745</u>	<u>\$ 36,946,346</u>
Total net debt applicable to the limit as a percentage of debt limit	9%	12%	16%	23%	24%

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>
2014	4,008,651	\$ 168,483,421	\$ 29,219	5.1 %	29,235
2013	4,009,412	147,700,000	27,552	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

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 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, 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>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	49,800	2.71 %	49,958	2.61 %
Wal-Mart Stores Inc.	30,634	1.67	28,246	1.47
Banner Health Systems	26,472	1.44	19,250	1.00
City of Phoenix	15,100	0.82	13,844	0.72
Wells Fargo Company	13,287	0.72	11,533	0.60
Maricopa County	12,698	0.69	13,002	0.68
Fry's Food and Drug Stores	12,510	0.68		
Intel Corp.	11,760	0.64	10,100	0.58
Arizona State University	11,185	0.61	11,202	0.53
Bank of America	9,809	0.53		
U.S. Postal Service			11,000	0.57
Honeywell			10,700	0.56
Total	<u>193,255</u>	<u>10.51 %</u>	<u>178,835</u>	<u>9.32 %</u>
Total employment	<u>1,836,600</u>		<u>1,916,003</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Supervisory					
Consultants/supervisors of instruction	1	1	1	1	1
Principals	4	4	5	5	5
Assistant principals	2	2	1	1	1
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Instruction					
Teachers	148	140	148	149	167
Aides	38	35	42	40	36
Total instruction	<u>186</u>	<u>175</u>	<u>190</u>	<u>189</u>	<u>203</u>
Student Services					
Librarians	4	4	4	5	5
Technicians	18	21	17	16	20
Total student services	<u>22</u>	<u>25</u>	<u>21</u>	<u>21</u>	<u>25</u>
Support and Administration					
Service workers	54	54	55	57	39
Unskilled laborers	13	16	15	10	20
Total support and administration	<u>67</u>	<u>70</u>	<u>70</u>	<u>67</u>	<u>59</u>
Total	<u><u>282</u></u>	<u><u>277</u></u>	<u><u>288</u></u>	<u><u>284</u></u>	<u><u>294</u></u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Supervisory					
Consultants/supervisors of instruction	1	5	1	1	1
Principals	5	4	5	5	5
Assistant principals	3	4	4	4	4
Total supervisory	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>
Instruction					
Teachers	164	188	188	193	199
Aides	47	36	38	43	46
Total instruction	<u>211</u>	<u>224</u>	<u>226</u>	<u>236</u>	<u>245</u>
Student Services					
Librarians	4	3	3	5	5
Technicians	24	20	20	19	20
Total student services	<u>28</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>25</u>
Support and Administration					
Service workers	39	38	40	36	36
Unskilled laborers	20	32	34	42	53
Total support and administration	<u>59</u>	<u>70</u>	<u>74</u>	<u>78</u>	<u>89</u>
Total	<u><u>307</u></u>	<u><u>326</u></u>	<u><u>333</u></u>	<u><u>348</u></u>	<u><u>369</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
2015	2,429	\$ 20,870,488	\$ 8,592	(0.04) %	\$ 24,796,589	\$ 10,209	2.82 %	186	13.1	91.2 %
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

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>2015</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>Schools</u>										
<u>Elementary</u>										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	440,060	400,347	400,347	400,347	400,347	400,347	400,347	400,347	400,347	400,347
Capacity	4,014	3,954	3,954	3,954	3,954	3,954	3,954	3,954	3,954	3,954
Enrollment	2,582	2,678	2,681	2,671	2,750	2,750	2,813	3,403	3,403	3,586
<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	18	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.