
GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40

GLENDALE, ARIZONA

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

Issued by:
Business and Finance Department

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40

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INTRODUCTORY SECTION

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District Office

7301 N. 58th Avenue
Glendale, AZ 85301
(623) 237-7100

Bicentennial North

7237 W Missouri
(623) 237-4009

Bicentennial South

7240 W. Colter
(623) 237-4012

Challenger

6905 W. Maryland
(623) 237-4011

Coyote Ridge

7677 W. Bethany Home
(623) 237-4015

Desert Garden

7020 W. Ocotillo
(623) 237-4014

Desert Spirit

7355 W. Orangewood
(623) 237-4016

Discovery

7910 W. Maryland
(623) 237-4013

Don Mensendick

5535 N 67th Avenue
(623) 237-4006

Glendale American

8530 N. 55th Avenue
(623) 237-4008

Glendale Landmark

5730 W. Myrtle
(623) 237-4001

Glenn F. Burton

4801 W. Maryland
(623) 237-4007

Harold W. Smith

6534 N 63rd Avenue
(623) 237-4003

Horizon

8520 N. 47th Avenue
(623) 237-4010

Isaac E. Imes

6625 N 56th Avenue
(623) 237-4002

Melvin E. Sine

4932 W. Myrtle
(623) 237-4004

Sunset Vista

7775 W. Orangewood
(623) 237-4017

William C. Jack

6600 W. Missouri
(623) 237-4005

November 24, 2014

Citizens and Governing Board
Glendale Elementary School District No. 40
7301 North 58th Avenue
Glendale, Arizona 85301

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 Glendale Elementary School District No. 40 (District) for the fiscal year ended June 30, 2014.

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

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

Inspiring Learners as Leaders
Engage • Explore • Enrich • Empower

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an average daily membership of 12,921 students. The District encompasses approximately 16 square miles and is located primarily in the City of Glendale, Arizona ("Glendale"), which lies within the greater Phoenix metropolitan area and about 16 miles northwest of Downtown Phoenix. The estimated population within the District is 234,948.

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, the component unit combined with the District for financial statement purposes and the District are not included in any other governmental 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.

Blended Component Units - The Glendale Elementary School District No. 40 Employee Benefit Trust (Trust) is governed by a five-member board appointed by the District's Governing Board. Although legally separate from the District, the Trust is reported as an Internal Service Fund as if it were part of the District because its sole purpose is to provide self-insurance for losses up to certain limits and to purchase insurance for losses above the limits. Complete financial statements of the Trust may be obtained at the District's administrative offices.

Glendale is the fourth largest city in the State according to the 2000 Census as provided by the Arizona Department of Economic Security, Population Statistics Unit, and is located in the northwest portion of the greater Phoenix metropolitan area. Glendale consists of approximately 56.8 square miles and is one of the six major cities comprising the greater Phoenix metropolitan area, which is Arizona's economic, political, and population center.

Glendale's demographics evidence the growth of the area. Established in 1892 and incorporated in 1910, Glendale had a 2010 census population of 226,721.

Glendale has begun to diversify its economic base. Aerospace, communications, sports, entertainment, chemicals, warehousing, electronics, and precision metal working and casting are some examples of industries that are replacing Glendale's former agricultural base.

As mentioned above, Glendale's employer base includes both government, non-manufacturing, and manufacturing employers. Glendale's economy is supplemented by Luke Air Force Base.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The Phoenix metropolitan area and the rest of Maricopa County have enjoyed booming growth fueled by the housing market for a number of years. The housing decline and the recent nationwide economic recession have created some unique challenges for the local economy. Economists have indicated the bottom of the recession had been realized, however, it appears the Phoenix metropolitan area may take a longer period of time to recover primarily due to the housing issue.

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

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. Population growth is expected to be between 1% and 3% over the next two years.

Service is the largest employment sector in the County, partly fueled by the \$2.5 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 State of Arizona is gradually recovering from one of the worst budget shortfalls in the nation. The state increased school funding during the 2013-14 fiscal year for the first time in five years via an inflationary increase of 1.4% to the base support level (BSL) but continued its reductions in capital funding to Arizona school districts. GESD is developing a long-term financial plan that will be sustainable and meet the various stakeholders' needs in its Maintenance and Operation (M&O) Fund as well as developing a comprehensive capital plan. GESD anticipates it will continue to maintain a healthy carry forward in M&O and allocate a portion of the revenue control limit and/or District's additional assistance into unrestricted capital.

GESD has restructured its budget committee for fiscal year 2014 in order to develop a budget process that fosters collaborating and is efficient and transparent while being fiscally responsible and sustainable.

The District continues to strive for excellence in educational achievements and the quality opportunities certified, classified and administrative staff provide. The District Assessment Plan, in coordination with State requirements, includes the administration of the AIMS (Arizona Instrument to Measure Standards).

Students in grades 2-8 are additionally administered a norm-referenced test, the Terra Nova. Student achievement in reading, mathematics, and writing is measured through AIMS in 3rd through 8th and science in 4th grade. Additionally, the District utilizes formative and summative assessments in math and reading throughout all grade levels. District benchmark assessments measuring how well students learned curriculum scheduled to be taught during each instructional period are administered throughout the year. Progress on all of these assessments is reported for the entire student population, as well as for ethnic gender, language proficiency, and special program populations. Finally, students in K-2 are assessed for reading proficiency by the use of the DIBELS system (Dynamic Indicators of Basic Early Literacy Skills) through a sophisticated information system.

The Curriculum and Instruction Department provides support to the following curricular areas: Reading, Writing, Social Studies, Math, Science, Health, Substance Abuse Prevention, Art, Music, Physical Education, and Technology. The Department also provides support to staff in increasing instructional capacity to deliver high quality instruction that promotes student learning. Through data driven decision making, facilitative leadership, professional learning communities, home-school partnerships and communication, and after-school intervention programs, the District promotes meeting the individual needs of learners. Continued training in these areas will occur to develop administrative and grade-level team capacity. The District uses two Achievement Advisors at every school to coach and mentor classroom teachers in a routine and systematic manner to improve classroom instruction. Customized professional development is provided to teachers to ensure quality in all areas.

AWARDS AND ACKNOWLEDGMENTS

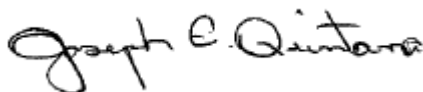
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate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

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

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

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

Respectfully submitted,



Joseph Quintana
Superintendent



Mike Barragan
Executive Director
of Finance and Auxiliary Services

Association of School Business Officials International



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

Glendale Elementary School District No. 40

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

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



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

Terrie S. Simmons, RSBA, CSBO
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

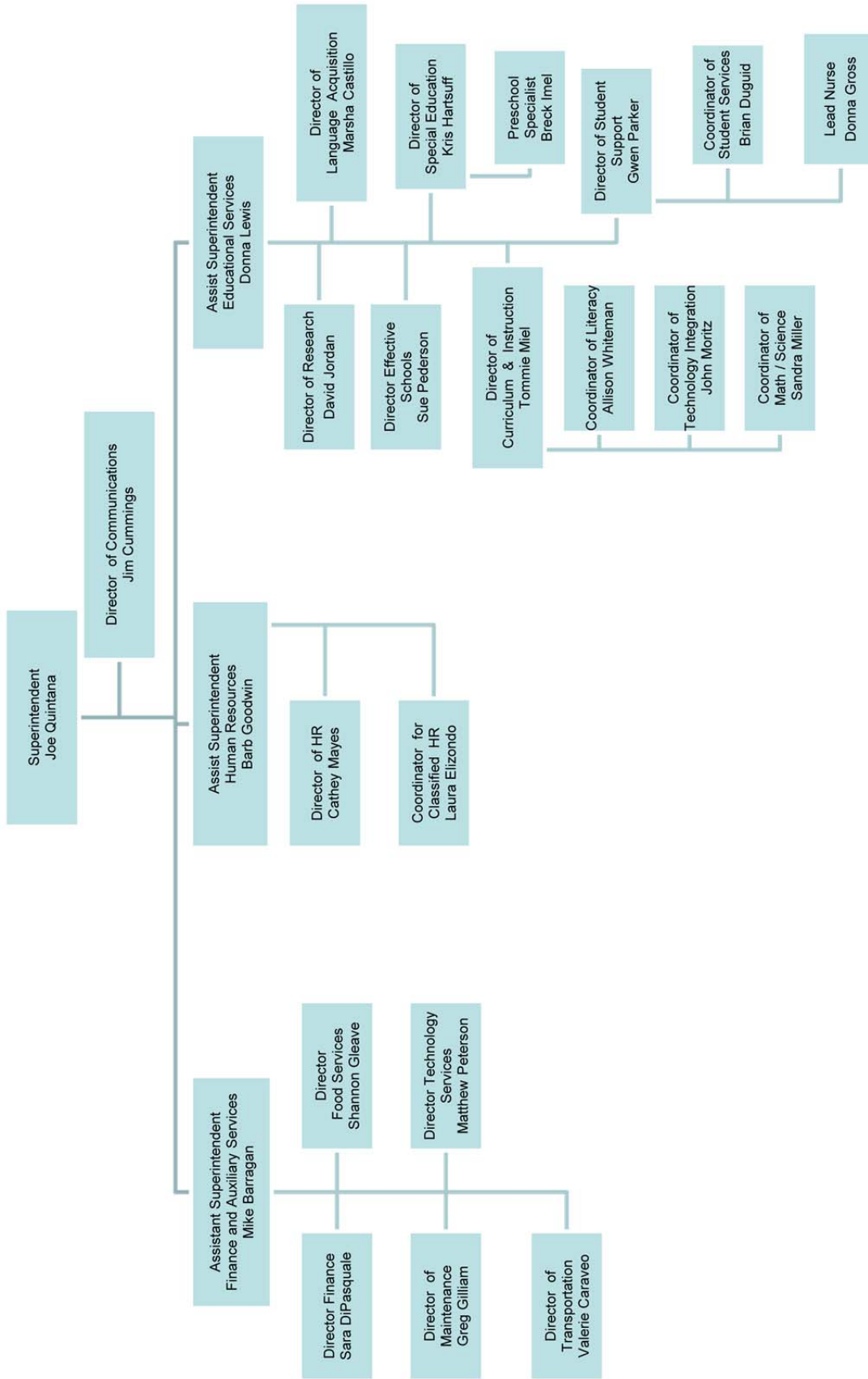
Presented to

Glendale Elementary School
District No. 40, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



GESD Organizational Chart 2013-2014

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Mary Ann Wilson
President

Jamie Aldama
Clerk

Brenda Bartels
Member

Martin Samaniego
Member

Sara Smith
Member

ADMINISTRATIVE STAFF

Joseph Quintana
Superintendent

Mike Barragan
Executive Director
of Finance and Auxiliary Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Glendale Elementary School District No. 40

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 Glendale Elementary School District No. 40 (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Glendale Elementary School District No. 40, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and budgetary comparison information on pages 60 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of Glendale Elementary School District No. 40'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 Glendale Elementary School District No. 40's internal control over financial reporting and compliance.

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

November 24, 2014

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

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**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of the Glendale Elementary School District No. 40 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased \$1.6 million, which represents a one percent decrease from the prior fiscal year.
- General revenues accounted for \$76.3 million in revenue, or 77 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23.1 million or 23 percent of total current fiscal year revenues.
- The District had approximately \$101.0 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$69.0 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$67.4 million in expenditures. The General Fund's fund balance decreased from \$8.5 million at the prior fiscal year end to \$4.9 million at the end of the current fiscal year primarily due to transfers to the Unrestricted Capital Outlay Fund.
- Net position for the Internal Service Funds decreased \$1.9 million. Operating expenses of \$9.4 million exceeded operating revenues of \$7.4 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

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

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses one of its internal service funds to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The employee benefit trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund. Other internal service funds include (1) the Workers' Compensation Fund, which accounts for transactions relating to self-insurance for work-related injuries and (2) the Property and Casualty Insurance Fund, which accounts for transactions relating to the purchase of property and casualty insurance and payment of deductibles. Because these activities predominately benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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 \$116.9 million at the end of the current fiscal year.

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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

	As of June 30, 2014	As of June 30, 2013
Current and other assets	\$ 52,182,706	\$ 47,091,471
Capital assets, net	107,971,808	105,186,091
Total assets	<u>160,154,514</u>	<u>152,277,562</u>
Current and other liabilities	10,770,453	11,871,705
Long-term liabilities	32,497,350	21,966,554
Total liabilities	<u>43,267,803</u>	<u>33,838,259</u>
Net position:		
Net investment in capital assets	87,850,548	89,626,529
Restricted	20,372,245	13,570,969
Unrestricted	8,663,918	15,241,805
Total net position	<u>\$ 116,886,711</u>	<u>\$ 118,439,303</u>

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

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

- The issuance of \$9.5 million of school improvement bonds.
- The principal retirement of \$3.2 million of bonds.
- The addition of \$3.1 million in capital leases.
- The addition of \$9.1 million in capital assets through various school improvements and purchases of vehicles, furniture and equipment.
- The depreciation of existing assets resulting in the addition of \$6.3 million in accumulated depreciation.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

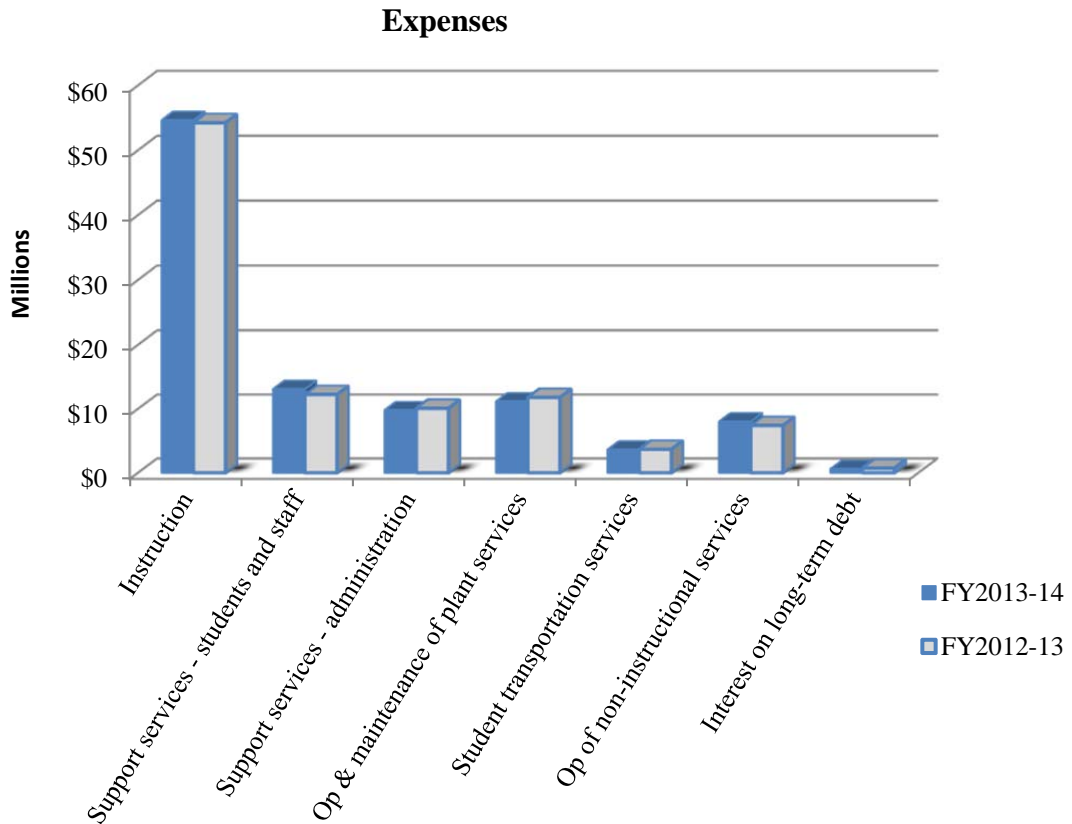
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net position. The District's total revenues for the current fiscal year were \$99.4 million. The total cost of all programs and services was \$101.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	<u>Fiscal Year Ended June 30, 2014</u>	<u>Fiscal Year Ended June 30, 2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,850,900	\$ 1,852,321
Operating grants and contributions	18,626,593	18,851,127
Capital grants and contributions	2,659,579	364,873
General revenues:		
Property taxes	16,366,815	17,681,566
Investment income	116,504	121,740
Unrestricted county aid	5,060,611	4,970,420
Unrestricted state aid	54,558,478	52,375,773
Unrestricted federal aid	160,902	152,899
Total revenues	<u>99,400,382</u>	<u>96,370,719</u>
Expenses:		
Instruction	54,643,170	54,248,239
Support services – students and staff	13,100,639	12,243,142
Support services – administration	9,796,711	10,088,769
Operation and maintenance of plant services	11,173,402	11,785,046
Student transportation services	3,620,762	3,672,479
Operation of non-instructional services	8,018,795	7,392,236
Interest on long-term debt	599,495	719,177
Total expenses	<u>100,952,974</u>	<u>100,149,088</u>
Changes in net position	<u>(1,552,592)</u>	<u>(3,778,369)</u>
Net position, beginning	<u>118,439,303</u>	<u>122,217,672</u>
Net position, ending	<u>\$ 116,886,711</u>	<u>\$ 118,439,303</u>

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



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

- A decrease in property taxes of \$1.3 million due to decreased assessed value of properties in the District.
- An increase in state aid of \$2.2 million due to student growth.
- An increase in capital grants and contributions of \$2.3 million due to funding for e-rate projects.

The following table presents 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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	Year Ended June 30, 2014		Year Ended June 30, 2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 54,643,170	\$ (46,751,870)	\$ 54,248,239	\$ (48,061,813)
Support services – students and staff	13,100,639	(7,748,314)	12,243,142	(6,735,318)
Support services – administration	9,796,711	(9,349,322)	10,088,769	(9,718,416)
Operation and maintenance of plant services	11,173,402	(10,847,252)	11,785,046	(11,785,046)
Student transportation services	3,620,762	(3,492,655)	3,672,479	(3,601,428)
Operation of non-instructional services	8,018,795	973,006	7,392,236	1,540,431
Interest on long-term debt	599,495	(599,495)	719,177	(719,177)
Total	\$ 100,952,974	\$ (77,815,902)	\$ 100,149,088	\$ (79,080,767)

- The cost of all governmental activities this year was \$101.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$23.1 million.
- Net cost of governmental activities of \$77.8 million was partially financed by general revenues, which are made up of primarily property taxes of \$16.4 million, unrestricted state aid of \$54.6 million, and unrestricted county aid of \$5.1 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 \$32.4 million, an increase of \$7.7 million due primarily to the issuance of \$9.5 million of school improvement bonds.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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

The General Fund comprises 15 percent of the total fund balance. Approximately \$4.6 million or 93 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance decreased from \$8.5 million to \$4.9 million as of fiscal year end primarily due to transfers to the Unrestricted Capital Outlay Fund. General Fund revenues increased \$632,609 and expenditures decreased \$327,665.

The fund balance in the Debt Service Fund decreased \$1.7 million to \$184,817 as of year end, due to the District meeting the debt service requirements related to bonded debt.

The fund balance in the Unrestricted Capital Outlay Fund increased \$4.0 million due to transfers from the General Fund.

Furthermore, the fund balance in the Bond Building Fund increased \$5.1 million due to the issuance of school improvement bonds.

Proprietary Funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$3.6 million, a decrease of \$1.9 million from the prior fiscal year primarily due to premiums exceeding contributions.

BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was a \$222,396 increase, or less than one percent.

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. A significant variance is summarized as follows:

- The favorable variance of \$1.1 million in support services-administration was a result of a combination of reclassifying approximately \$400,000 in software renewal expenditures to capital and budgeting to the maximum general budget limit to maximize the budget carry forward to provide capacity in future years for contingencies.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$184.6 million in capital assets, including various school improvements and purchases of vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$8.9 million from the prior fiscal year, primarily due to energy upgrades to District buildings. Total depreciation expense for the current fiscal year was \$6.3 million.

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

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>
Capital assets – non-depreciable	\$ 9,535,832	\$ 11,482,405
Capital assets – depreciable, net	<u>98,435,976</u>	<u>93,703,686</u>
Total	<u><u>\$ 107,971,808</u></u>	<u><u>\$ 105,186,091</u></u>

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

Debt Administration. At year-end, the District had \$28.0 million in long-term debt outstanding, \$3.5 million due within one year. This represents a net increase of \$9.7 million, primarily due to the issuance of new 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 \$34.4 million and the Class B debt limit is \$23.0 million, both of which are greater than the District's outstanding debt once redemption funds on hand for Class B principal is taken into account.

Additional information on the District's long-term debt can be found in Notes 8-10.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2013-14 budget balance carry forward (estimated \$2.1 million).
- District student population (estimated 13,650).

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

Budgeted expenditures in the General Fund increased four percent to \$69.8 million in fiscal year 2014-15. The primary reason for the increase was due to an increase in teachers related to at risk students. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2014-15 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Glendale Elementary School District No. 40, 7301 North 58th Avenue, Glendale, Arizona 85301.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 29,509,864
Property taxes receivable	1,760,695
Accounts receivable	47,492
Due from governmental entities	20,262,085
Deposits	161,440
Inventory	441,130
Total current assets	52,182,706
Noncurrent assets:	
Land	8,707,919
Land improvements	7,882,426
Buildings and improvements	143,932,681
Vehicles, furniture and equipment	23,241,980
Construction in progress	827,913
Accumulated depreciation	(76,621,111)
Total noncurrent assets	107,971,808
Total assets	160,154,514
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	7,172,571
Credit line payable	2,675,000
Claims payable	243,001
Accrued payroll and employee benefits	367,803
Compensated absences payable	195,194
Accrued interest payable	292,012
Unearned revenues	20,066
Obligations under capital leases	192,762
Bonds payable	3,330,000
Total current liabilities	14,488,409
Noncurrent liabilities:	
Non-current portion of long-term obligations	28,779,394
Total noncurrent liabilities	28,779,394
Total liabilities	43,267,803
<u>NET POSITION</u>	
Net investment in capital assets	87,850,548
Restricted for:	
Voter approved initiatives	2,839,985
Federal and state projects	903,069
Food service	5,157,720
Other local initiatives	923,932
Debt service	595,430
Capital outlay	9,952,109
Unrestricted	8,663,918
Total net position	\$ 116,886,711

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 54,643,170	\$ 756,394	\$ 4,475,327	\$ 2,659,579	\$ (46,751,870)
Support services - students and staff	13,100,639		5,352,325		(7,748,314)
Support services - administration	9,796,711	157,470	289,919		(9,349,322)
Operation and maintenance of plant services	11,173,402		326,150		(10,847,252)
Student transportation services	3,620,762		128,107		(3,492,655)
Operation of non-instructional services	8,018,795	937,036	8,054,765		973,006
Interest on long-term debt	599,495				(599,495)
Total governmental activities	<u>\$ 100,952,974</u>	<u>\$ 1,850,900</u>	<u>\$ 18,626,593</u>	<u>\$ 2,659,579</u>	<u>(77,815,902)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	13,266,463
Property taxes, levied for debt service	2,484,911
Property taxes, levied for capital outlay	615,441
Investment income	116,504
Unrestricted county aid	5,060,611
Unrestricted state aid	54,558,478
Unrestricted federal aid	160,902
Total general revenues	<u>76,263,310</u>

Changes in net position

(1,552,592)

Net position, beginning of year

118,439,303

Net position, end of year

\$ 116,886,711

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

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FUND FINANCIAL STATEMENTS

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Debt Service	Unrestricted Capital Outlay
<u>ASSETS</u>			
Cash and investments	\$ 46,725	\$ 3,806,829	\$ 2
Property taxes receivable	1,297,813	410,613	
Accounts receivable	47,492		
Due from governmental entities	17,417,489		
Due from other funds			8,563,136
Deposits			
Inventory	329,801		
Total assets	\$ 19,139,320	\$ 4,217,442	\$ 8,563,138
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 450,992	\$	\$ 135,413
Credit line payable	2,675,000		
Due to other funds	9,535,703		
Accrued payroll and employee benefits	275,370		
Unearned revenues			
Bonds payable		3,330,000	
Bond interest payable		292,012	
Total liabilities	12,937,065	3,622,012	135,413
Deferred inflows of resources:			
Unavailable revenues - property taxes	1,280,021	410,613	
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	1,280,021	410,613	
Fund balances:			
Nonspendable	329,801		
Restricted		184,817	8,427,725
Unassigned	4,592,433		
Total fund balances	4,922,234	184,817	8,427,725
 Total liabilities, deferred inflows of resources and fund balances	 \$ 19,139,320	 \$ 4,217,442	 \$ 8,563,138

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>
\$ 10,030,333	\$ 8,579,659	\$ 22,463,548
	52,269	1,760,695
		47,492
	2,844,596	20,262,085
	3,073,654	11,636,790
	161,440	161,440
	111,329	441,130
<u>\$ 10,030,333</u>	<u>\$ 14,822,947</u>	<u>\$ 56,773,180</u>
\$ 2,167,461	\$ 1,260,271	\$ 4,014,137
		2,675,000
	2,101,087	11,636,790
	92,433	367,803
	20,066	20,066
		3,330,000
		292,012
<u>2,167,461</u>	<u>3,473,857</u>	<u>22,335,808</u>
	52,269	1,742,903
	271,696	271,696
	<u>323,965</u>	<u>2,014,599</u>
	111,329	441,130
7,862,872	10,913,796	27,389,210
		4,592,433
<u>7,862,872</u>	<u>11,025,125</u>	<u>32,422,773</u>
<u>\$ 10,030,333</u>	<u>\$ 14,822,947</u>	<u>\$ 56,773,180</u>

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GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total governmental fund balances		\$ 32,422,773
Amounts reported for <i>governmental activities</i> 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	\$ 184,592,919	
Less accumulated depreciation	<u>(76,621,111)</u>	107,971,808
Some revenues will not be available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	1,742,903	
Intergovernmental	<u>271,696</u>	2,014,599
The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		
		3,644,881
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Other postemployment benefits payable	(2,561,282)	
Compensated absences payable	(1,951,936)	
Obligations under capital leases	(3,272,902)	
Bonds payable	<u>(21,381,230)</u>	<u>(29,167,350)</u>
Net position of governmental activities		<u>\$ 116,886,711</u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>
Revenues:			
Other local	\$ 5,749,549	\$ 5,076	\$ 29,975
Property taxes	13,565,119	2,142,031	10
State aid and grants	49,513,493		
Federal aid, grants and reimbursements	160,902		
Total revenues	<u>68,989,063</u>	<u>2,147,107</u>	<u>29,985</u>
Expenditures:			
Current -			
Instruction	40,243,493		
Support services - students and staff	6,905,288		
Support services - administration	8,511,269		
Operation and maintenance of plant services	8,695,924		
Student transportation services	2,755,496		
Operation of non-instructional services	196,007		
Capital outlay	51,813		1,798,698
Debt service -			
Principal retirement		3,330,000	80,588
Interest and fiscal charges		587,064	12,431
Bond issuance costs			
Total expenditures	<u>67,359,290</u>	<u>3,917,064</u>	<u>1,891,717</u>
Excess (deficiency) of revenues over expenditures	<u>1,629,773</u>	<u>(1,769,957)</u>	<u>(1,861,732)</u>
Other financing sources (uses):			
Transfer in	705,218	92,227	5,878,990
Transfer out	(5,878,990)		
Capital lease agreements			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	<u>(5,173,772)</u>	<u>92,227</u>	<u>5,878,990</u>
Changes in fund balances	<u>(3,543,999)</u>	<u>(1,677,730)</u>	<u>4,017,258</u>
Fund balances, beginning of year	8,501,224	1,862,547	4,410,467
Increase (decrease) in reserve for inventory	(34,991)		
Fund balances, end of year	<u>\$ 4,922,234</u>	<u>\$ 184,817</u>	<u>\$ 8,427,725</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>
\$ 27,770	\$ 1,200,760	\$ 7,013,130
	563,162	16,270,322
	5,130,993	54,644,486
	20,996,004	21,156,906
<u>27,770</u>	<u>27,890,919</u>	<u>99,084,844</u>
	7,880,631	48,124,124
	5,441,927	12,347,215
	436,375	8,947,644
	53,262	8,749,186
	149,888	2,905,384
	7,660,627	7,856,634
4,391,249	4,874,314	11,116,074
		3,410,588
		599,495
261,879		261,879
<u>4,653,128</u>	<u>26,497,024</u>	<u>104,318,223</u>
<u>(4,625,358)</u>	<u>1,393,895</u>	<u>(5,233,379)</u>
		6,676,435
(92,227)	(705,218)	(6,676,435)
	3,099,700	3,099,700
9,485,000		9,485,000
341,230		341,230
<u>9,734,003</u>	<u>2,394,482</u>	<u>12,925,930</u>
<u>5,108,645</u>	<u>3,788,377</u>	<u>7,692,551</u>
2,754,227	7,230,222	24,758,687
	6,526	(28,465)
<u>\$ 7,862,872</u>	<u>\$ 11,025,125</u>	<u>\$ 32,422,773</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds **\$ 7,664,086**

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	\$ 9,076,485	
Less current year depreciation	<u>(6,257,996)</u>	2,818,489

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.

Issuance of school improvement bonds and related premium	(9,826,230)	
Obligations under capital leases	<u>(3,099,700)</u>	(12,925,930)

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

Property taxes	96,493	
Intergovernmental	<u>198,210</u>	294,703

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.

Capital lease principal retirement	80,588	
Bond principal retirement	<u>3,330,000</u>	3,410,588

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.

Other postemployment benefits payable	(544,302)	
Loss on disposal of capital assets	(32,772)	
Compensated absences	<u>(316,152)</u>	(893,226)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The change in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

	<u>(1,921,302)</u>
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Change in net position in governmental activities **\$ (1,552,592)**

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 7,046,316
Total current assets	<u>7,046,316</u>
Total assets	<u><u>7,046,316</u></u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	3,158,434
Claims payable	<u>243,001</u>
Total current liabilities	<u>3,401,435</u>
Total liabilities	<u><u>3,401,435</u></u>
 <u>NET POSITION</u>	
Unrestricted	3,644,881
Total net position	<u><u>\$ 3,644,881</u></u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 7,420,095
Total operating revenues	<u>7,420,095</u>
Operating expenses:	
Other	21,264
Claims	936,271
Premiums	8,247,675
Administrative fees	157,022
Total operating expenses	<u>9,362,232</u>
Operating income (loss)	<u>(1,942,137)</u>
Nonoperating revenues (expenses):	
Investment income	20,835
Total nonoperating revenues (expenses)	<u>20,835</u>
Changes in net position	<u>(1,921,302)</u>
Total net position, beginning of year	5,566,183
Total net position, end of year	<u>\$ 3,644,881</u>

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>Governmental Activities: Internal Service Funds</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 7,450,341
Cash payments to suppliers for goods and services	(12,188,809)
Cash payments for claims	<u>(980,671)</u>
Net cash provided by operating activities	<u>(5,719,139)</u>
Cash flows from investing activities:	
Investment income	<u>20,835</u>
Net cash provided by investing activities	<u>20,835</u>
Net decrease in cash and cash equivalents	<u>(5,698,304)</u>
Cash and cash equivalents, beginning of year	<u>12,744,620</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,046,316</u></u>
 <u>Reconciliation of Operating Loss to Net Cash provided by Operating Activities</u>	
Operating loss	\$ (1,942,137)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	30,246
Decrease in accounts payable	(3,762,848)
Decrease in claims payable	<u>(44,400)</u>
Total adjustments	<u>(3,777,002)</u>
Net cash provided by operating activities	<u><u>\$ (5,719,139)</u></u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 65,233
Total assets	\$ 65,233
 <u>LIABILITIES</u>	
Due to student groups	\$ 65,233
Total liabilities	\$ 65,233

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Glendale Elementary School District No. 40 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component unit combined with the District for financial statement presentation purposes, and the District, are 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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Blended Component Unit - Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Glendale Elementary School District No. 40 Employee Benefit Trust is responsible for providing health insurance for the District's employees. The District's Governing Board appoints the Trust's Board of Directors. The Glendale Elementary School District No. 40 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

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 and its component unit. 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 County, State and Federal aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and 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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

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, Federal and County aid, tuition, 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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

The District reports the following major governmental funds:

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

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.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

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; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund types:

Proprietary Funds - The Proprietary Funds are Internal Service Funds that account for activities related to the District’s self-insurance program.

Fiduciary Fund - The Fiduciary Fund is an Agency Fund which accounts 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.

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

The agency fund is custodial in nature and does not have a measurement focus and is reported using the accrual basis of accounting. The agency fund is reported by fund type.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year-end consisted of cash in bank and cash on deposit with the county treasurer.

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

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

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

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

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

H. Inventory

General Fund inventories are valued at cost using the average cost method, while food service inventories are valued using the FIFO method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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

I. Prepaid Items

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

J. Capital Assets

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

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Land improvements	20 years
Buildings and improvements	7 - 40 years
Vehicles, furniture and equipment	5 - 20 years

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

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

M. Long-term Obligations

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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 and after nonoperating revenues/expenses in proprietary funds.

O. Net Position Flow Assumption

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

P. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

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

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

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

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or the Deputy Superintendent for Business Services who has been delegated that authority by the formal Governing Board action. At year end, no assignments of fund balance existed.

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 expenditures 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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 329,801	\$	\$	\$	\$ 111,329
Restricted:					
Debt service		184,817			
Capital projects			8,427,725		1,472,115
Bond building projects				7,862,872	
Voter approved initiatives					2,839,985
Federal projects					631,373
Food service					5,046,391
Civic center					311,115
Community school					295,552
Extracurricular activities					184,105
Other purposes					133,160
Unassigned	4,592,433				
Total fund balances	<u>\$ 4,922,234</u>	<u>\$ 184,817</u>	<u>\$ 8,427,725</u>	<u>\$ 7,862,872</u>	<u>\$ 11,025,125</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 \$2,313,778 and the bank balance was \$2,397,424. At year end, \$467,138 of the District's deposits were covered by collateral held by the pledging financial institution in the District's name and \$1,407,711 was uninsured and uncollateralized.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

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

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	374 days	<u>\$ 27,261,319</u>
Total		<u>\$ 27,261,319</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.

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

NOTE 5 – RECEIVABLES

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Due from governmental entities:		
Due from Federal government	\$	\$ 2,629,366
Due from State government	17,417,489	215,230
Net due from governmental entities	<u>\$ 17,417,489</u>	<u>\$ 2,844,596</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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	\$ 8,707,919	\$	\$	\$ 8,707,919
Construction in progress	2,774,486	1,595,593	3,542,166	827,913
Total capital assets, not being depreciated	<u>11,482,405</u>	<u>1,595,593</u>	<u>3,542,166</u>	<u>9,535,832</u>
Capital assets, being depreciated:				
Land improvements	7,739,065	143,361		7,882,426
Buildings and improvements	136,962,973	6,969,708		143,932,681
Vehicles, furniture and equipment	19,501,038	3,909,989	169,047	23,241,980
Total capital assets being depreciated	<u>164,203,076</u>	<u>11,023,058</u>	<u>169,047</u>	<u>175,057,087</u>
Less accumulated depreciation for:				
Land improvements	(3,343,733)	(341,511)		(3,685,244)
Buildings and improvements	(55,181,009)	(4,378,312)		(59,559,321)
Vehicles, furniture and equipment	(11,974,648)	(1,538,173)	(136,275)	(13,376,546)
Total accumulated depreciation	<u>(70,499,390)</u>	<u>(6,257,996)</u>	<u>(136,275)</u>	<u>(76,621,111)</u>
Total capital assets, being depreciated, net	<u>93,703,686</u>	<u>4,765,062</u>	<u>32,772</u>	<u>98,435,976</u>
Governmental activities capital assets, net	<u>\$ 105,186,091</u>	<u>\$ 6,360,655</u>	<u>\$ 3,574,938</u>	<u>\$ 107,971,808</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 3,249,019
Support services – students and staff	97,027
Support services – administration	352,918
Operation and maintenance of plant services	2,051,506
Student transportation services	400,528
Operation of non-instructional services	106,998
Total depreciation expense – governmental activities	<u>\$ 6,257,996</u>

Construction Commitments – At year end, the District had contractual commitments related to various improvement projects. At year end the District had spent \$827,913 on the projects and had estimated remaining contractual commitments of \$255,420. The majority of these projects are being funded with Bond Building monies.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$ 2,217,000	\$ 12,496,000	\$ 12,038,000	\$ 2,675,000

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired copy machines and energy and lighting upgrades under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund are used to pay the copy machine capital lease obligations. Revenues from the General Fund will be transferred to the Energy and Water Savings Fund to pay the energy upgrade capital lease obligations when due. The District receives a Federal interest subsidy to fund the interest payments for the District-wide energy project.

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

	Governmental Activities
Asset:	
Building and improvements	\$ 2,210,734
Vehicles, furniture and equipment	380,661
Less: Accumulated depreciation	136,721
Total	\$ 2,454,674

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES (Concl'd)

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

Year Ending June 30:	Governmental Activities
2015	\$ 312,305
2016	319,562
2017	234,022
2018	241,727
2019	249,668
2020-24	1,376,186
2025-29	1,614,253
Total minimum lease payments	<u>4,347,723</u>
Less: amount representing interest	<u>1,074,821</u>
Present value of minimum lease payments	<u>3,272,902</u>
Due within one year	<u>\$ 192,762</u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$9,200,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2014	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2003, Series A (2004)	\$ 18,390,000	3.4%	7/1/14	\$ 1,075,000	\$ 1,075,000
School Improvement Bonds, Project of 2003, Series B (2006)	6,335,000	4.0-5.0%	7/1/15-19	6,335,000	
School Improvement Bonds, Project of 2011, Series A (2012)	5,220,000	3.5-5.0%	7/1/27-31	5,220,000	
School Improvement Bonds, Project of 2011, Series B (2012)	4,380,000	3.74%	7/1/14	2,255,000	2,255,000
School Improvement Bonds, Project of 2011, Series C (2014)	9,485,000	3.0-5.0%	7/1/15-33	9,485,000	
Total				<u>\$ 24,370,000</u>	<u>\$ 3,330,000</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2015	\$ 3,330,000	\$ 816,370
2016	1,650,000	772,476
2017	1,210,000	712,026
2018	1,275,000	662,326
2019	1,325,000	610,326
2020-24	1,625,000	3,150,456
2025-29	8,520,000	1,381,810
2030-34	5,435,000	637,583
Total	<u>\$ 24,370,000</u>	<u>\$ 8,743,373</u>

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 18,060,000	\$ 9,485,000	\$ 3,175,000	\$ 24,370,000	\$ 3,330,000
Premium		341,230		341,230	
Total bonds payable	<u>18,060,000</u>	<u>9,826,230</u>	<u>3,175,000</u>	<u>24,711,230</u>	<u>3,330,000</u>
Obligations under capital leases	253,790	3,099,700	80,588	3,272,902	192,762
Other postemployment benefits	2,016,980	1,193,360	649,058	2,561,282	
Compensated absences payable	<u>1,635,784</u>	<u>1,166,352</u>	<u>850,200</u>	<u>1,951,936</u>	<u>195,194</u>
Governmental activity long-term liabilities	<u>\$ 21,966,554</u>	<u>\$ 15,285,642</u>	<u>\$ 4,754,846</u>	<u>\$ 32,497,350</u>	<u>\$ 3,717,956</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Due to Other Funds</u>
Unrestricted Capital Outlay Fund	\$ 8,563,136	\$	\$ 8,563,136
Non-Major Governmental Funds	972,567	2,101,087	3,073,654
Total Due from Other Funds	<u>\$ 9,535,703</u>	<u>\$ 2,101,087</u>	<u>\$ 11,636,790</u>

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

Interfund transfers:

	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Unrestricted Capital Outlay Fund</u>
Transfers out			
General Fund	\$	\$	\$ 5,878,990
Bond Building Fund		92,227	
Non-Major Governmental Funds	705,218		
Total	<u>\$ 705,218</u>	<u>\$ 92,227</u>	<u>\$ 5,878,990</u>

Transfers between funds are used to (1) move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund and (2) move Federal grant funds restricted for indirect costs, and (3) to move cash balances remaining in discontinued funds to the Unrestricted Capital Outlay Fund.

NOTE 12 – 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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – 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 insurance at a cost it considered to be economically justifiable. Therefore, the District established the following self-insurance funds.

The District has established a Property and Casualty Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to property and liability claims. Under this program, the Property and Casualty Insurance Fund purchases insurance from 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 for claims exceeding \$1,000. 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 has established a Workers' Compensation Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to claims for on-the-job injuries to employees. Under this program, the Workers' Compensation Fund provides coverage for up to a maximum of \$350,000 for each claim, not to exceed an annual aggregate of \$1 million. The Fund purchases commercial insurance for claims in excess of this coverage.

The District has established an Employee Benefit Trust Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to claims for employee dental. Further, the District joined the Valley Schools Employee Benefit Trust (VSEBT) together with other districts in the state for the risks of loss related to employee health claims. VSEBT is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District, through the EBT Fund, pays a lump-sum annual premium to VSEBT for health insurance coverage. The agreement provides that VSEBT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Under this program, the Employee Benefit Trust Fund collects contributions and pays premiums on insurance.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – RISK MANAGEMENT (Concl'd)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for a list of claims provided by the District's third party administrator that have yet to be incurred in the District's financial statements. Changes in the balances of claims liabilities during the past two years are as follows.

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Employee Benefits</u>				
2013-14	\$ -0-	\$ 522,244	\$ 522,244	\$ -0-
2012-13	-0-	438,787	438,787	-0-
<u>Workers' Compensation</u>				
2013-14	287,401	357,765	402,165	243,001
2012-13	287,401	266,992	266,992	287,401
<u>Total</u>				
2013-14	287,401	880,009	924,409	243,001
2012-13	287,401	705,779	705,779	287,401

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

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

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

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

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

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2014	\$ 5,980,038	\$ 335,329	\$ 134,132
2013	5,569,709	353,201	130,413
2012	5,106,996	325,978	124,182

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Plan Description – Under the authority of the Governing Board the District provides post retirement insurance (medical, dental and life) benefits for certain retirees and their dependents in accordance with the District’s Early Retirement Program. An employee is eligible if he/she has served 15 consecutive years and has either reached the age of 55, or the employee qualifies for full retirement under the State of Arizona’s retirement plan. The plan is a single-employer defined benefit plan administered by the District. For the current fiscal year, the District contributed \$649,058 for these benefits. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan. The number of participants as of year end, the effective date of the biannual OPEB valuation, follows.

	<u>Participants</u>
Active employees	985
Retired employees	<u>125</u>
Total	<u><u>1,110</u></u>

Funding Policy – The District currently pays for postemployment benefits on a pay-as-you-go basis. Although the District is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, it is also evaluating a possible phase out of the program; however, these financial statements assume that pay-as-you-go funding will continue. Generally, resources from the General Fund are used to pay for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The amortization period is open. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation.

Annual required contribution	\$ 1,229,323
Interest on net OPEB obligation	80,679
Adjustment to annual required contribution	<u>(116,642)</u>
Annual OPEB cost (expense)	1,193,360
Contributions made	<u>(649,058)</u>
Increase in net OPEB obligation	544,302
Net OPEB obligation – beginning of year	<u>2,016,980</u>
Net OPEB obligation – end of year	<u><u>\$ 2,561,282</u></u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN
(Concl'd)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2014 and the preceding two years is as follows.

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,193,360	\$ 649,058	54.4%	\$ 2,561,282
June 30, 2013	1,202,393	695,773	57.9%	2,016,980
June 30, 2012	940,679	658,253	70.0%	1,510,360

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future.

In the July 1, 2012 actuarial valuation, the liabilities were computed using the projected unit credit cost method. The amortization method used was level percentage of payroll and the amortization period is open with a remaining amortization period of 30 years. The actuarial assumptions utilized a 4.0% inflation and investment return rate. The valuation assumes an 8% healthcare cost trend reduced by decrements to a rate of 5% after 3 years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Schedule of Funding Progress – The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	-0-	\$ 9,701,059	\$ 9,701,059	-0-	\$ 45,385,828	21.4%
July 1, 2010	-0-	7,237,363	7,237,363	-0-	45,341,668	16.0%
July 1, 2008	-0-	6,203,477	6,203,477	-0-	48,625,517	12.8%

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENT

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

NOTE 17 – SUBSEQUENT EVENT

In October 2014, the District entered into a long-term lease agreement classified as a capital lease to purchase HVAC equipment and lighting. The total present value of the minimum lease payments of \$3.5 million is payable over the next 16 years. Revenues from the Energy and Water Savings Fund, a non-major governmental fund, will be used to pay the capital lease obligations.

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$ 5,119,506	\$ 5,119,506	\$ 5,126,737	\$ 7,231
Property taxes	14,037,420	14,037,420	13,565,114	(472,306)
State aid and grants	51,812,167	51,812,167	49,513,493	(2,298,674)
Total revenues	<u>70,969,093</u>	<u>70,969,093</u>	<u>68,205,344</u>	<u>(2,763,749)</u>
Expenditures:				
Current -				
Instruction	40,906,645	39,363,276	39,936,590	(573,314)
Support services - students and staff	5,693,351	6,544,927	6,329,512	215,415
Support services - administration	8,113,746	8,353,992	7,217,893	1,136,099
Operation and maintenance of plant services	9,184,784	9,822,879	9,381,245	441,634
Student transportation services	2,887,150	2,883,523	2,739,198	144,325
Operation of non-instructional services	150,104	189,579	193,311	(3,732)
Total expenditures	<u>66,935,780</u>	<u>67,158,176</u>	<u>65,797,749</u>	<u>1,360,427</u>
Changes in fund balances	<u>4,033,313</u>	<u>3,810,917</u>	<u>2,407,595</u>	<u>(1,403,322)</u>
Fund balances (deficits), beginning of year	(4,033,313)	(3,810,917)	209,966	4,020,883
Increase (decrease) in reserve for prepaid items			691,947	691,947
Increase (decrease) in reserve for inventory			(34,991)	(34,991)
Fund balances, end of year	<u>\$ <u> </u></u>	<u>\$ <u> </u></u>	<u>\$ 3,274,517</u>	<u>\$ 3,274,517</u>

See accompanying notes to this schedule.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balances</u> <u>End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 67,359,290	\$ 4,922,234
Activity budgeted as special revenue funds	(2,253,488)	(1,647,717)
Current-year prepaid items	<u>691,947</u>	<u> </u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 65,797,749</u>	<u>\$ 3,274,517</u>

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

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GOVERNMENTAL FUNDS

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 6,246,843	\$ 2,332,816	\$ 8,579,659
Property taxes receivable		52,269	52,269
Due from governmental entities	2,844,596		2,844,596
Due from other funds	3,073,654		3,073,654
Deposits	161,440		161,440
Inventory	111,329		111,329
Total assets	<u><u>\$ 12,437,862</u></u>	<u><u>\$ 2,385,085</u></u>	<u><u>\$ 14,822,947</u></u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 399,570	\$ 860,701	\$ 1,260,271
Due to other funds	2,101,087		2,101,087
Accrued payroll and employee benefits	92,433		92,433
Unearned revenues	20,066		20,066
Total liabilities	<u><u>2,613,156</u></u>	<u><u>860,701</u></u>	<u><u>3,473,857</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		52,269	52,269
Unavailable revenues - intergovernmental	271,696		271,696
Total deferred inflows of resources	<u><u>271,696</u></u>	<u><u>52,269</u></u>	<u><u>323,965</u></u>
Fund balances:			
Nonspendable	111,329		111,329
Restricted	9,441,681	1,472,115	10,913,796
Total fund balances	<u><u>9,553,010</u></u>	<u><u>1,472,115</u></u>	<u><u>11,025,125</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 12,437,862</u></u>	 <u><u>\$ 2,385,085</u></u>	 <u><u>\$ 14,822,947</u></u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 1,190,315	\$ 10,445	\$ 1,200,760
Property taxes		563,162	563,162
State aid and grants	5,130,993		5,130,993
Federal aid, grants and reimbursements	20,996,004		20,996,004
Total revenues	<u>27,317,312</u>	<u>573,607</u>	<u>27,890,919</u>
Expenditures:			
Current -			
Instruction	7,880,631		7,880,631
Support services - students and staff	5,441,927		5,441,927
Support services - administration	436,375		436,375
Operation and maintenance of plant services	53,262		53,262
Student transportation services	149,888		149,888
Operation of non-instructional services	7,660,627		7,660,627
Capital outlay	2,568,600	2,305,714	4,874,314
Total expenditures	<u>24,191,310</u>	<u>2,305,714</u>	<u>26,497,024</u>
Excess (deficiency) of revenues over expenditures	<u>3,126,002</u>	<u>(1,732,107)</u>	<u>1,393,895</u>
Other financing sources (uses):			
Transfer out	(705,218)		(705,218)
Capital lease agreements		3,099,700	3,099,700
Total other financing sources (uses):	<u>(705,218)</u>	<u>3,099,700</u>	<u>2,394,482</u>
Changes in fund balances	<u>2,420,784</u>	<u>1,367,593</u>	<u>3,788,377</u>
Fund balances, beginning of year	7,125,700	104,522	7,230,222
Increase (decrease) in reserve for inventory	6,526		6,526
Fund balances, end of year	<u>\$ 9,553,010</u>	<u>\$ 1,472,115</u>	<u>\$ 11,025,125</u>

SPECIAL REVENUE FUNDS

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

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

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

Structured English Immersion - to account for monies received to provide for the incremental cost of instruction to English language learners.

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

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

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

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.

Homeless Education - to account for financial assistance received for the education of homeless students.

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.

Early Childhood Block Grant - to account for financial assistance received for preschool education.

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

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

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

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

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

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

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

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

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

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

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.

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 2,078,990	\$ 558,824	\$ 13,836
Due from governmental entities		215,230	
Due from other funds			
Deposits			
Inventory			
Total assets	\$ 2,078,990	\$ 774,054	\$ 13,836
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	13,059		
Unearned revenues			
Total liabilities	13,059		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	2,065,931	774,054	13,836
Total fund balances	2,065,931	774,054	13,836
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,078,990	 \$ 774,054	 \$ 13,836

<u>Structured English Immersion</u>	<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>
\$ 17,014	\$ 1,290,660	\$ 82,215	\$ 70,046	\$ 119,153	\$ 591,788
<u>\$ 17,014</u>	<u>\$ 1,290,660</u>	<u>\$ 82,215</u>	<u>\$ 70,046</u>	<u>\$ 119,153</u>	<u>\$ 591,788</u>
\$ 17,014	\$ 44,447 1,203,362 42,851	\$ 69,966 12,249	\$ 53,172 16,874	\$ 111,753 7,400	\$ 591,788
<u>17,014</u> <u>17,014</u>	<u>1,290,660</u>	<u>82,215</u>	<u>70,046</u>	<u>119,153</u>	<u>591,788</u>
<u>\$ 17,014</u>	<u>\$ 1,290,660</u>	<u>\$ 82,215</u>	<u>\$ 70,046</u>	<u>\$ 119,153</u>	<u>\$ 591,788</u>

(Continued)

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Homeless Education	E-Rate	Other Federal Projects
<u>ASSETS</u>			
Cash and investments	\$	\$ 768,529	\$
Due from governmental entities	16,397	308,888	54,649
Due from other funds			
Deposits			
Inventory			
Total assets	\$ 16,397	\$ 1,077,417	\$ 54,649
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 174,348	\$
Due to other funds	16,397		54,649
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities	16,397	174,348	54,649
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		271,696	
Fund balances:			
Nonspendable			
Restricted		631,373	
Total fund balances		631,373	
 Total liabilities, deferred inflows of resources and fund balances	 \$ 16,397	 \$ 1,077,417	 \$ 54,649

Early Childhood Block Grant	Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit
\$ 2,098	\$ 954	\$ 1,850,869 95,570 3,073,654 161,440 111,329	\$ 311,115	\$ 295,552	\$ 184,105
<u>\$ 2,098</u>	<u>\$ 954</u>	<u>\$ 5,292,862</u>	<u>\$ 311,115</u>	<u>\$ 295,552</u>	<u>\$ 184,105</u>
\$	\$	\$ 135,142	\$	\$	\$
2,098	954				
<u>2,098</u>	<u>954</u>	<u>135,142</u>			
		111,329			
		5,046,391	311,115	295,552	184,105
		<u>5,157,720</u>	<u>311,115</u>	<u>295,552</u>	<u>184,105</u>
<u>\$ 2,098</u>	<u>\$ 954</u>	<u>\$ 5,292,862</u>	<u>\$ 311,115</u>	<u>\$ 295,552</u>	<u>\$ 184,105</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Fingerprint	Textbooks	Litigation Recovery
<u>ASSETS</u>			
Cash and investments	\$ 16,839	\$ 22,011	\$ 126,107
Due from governmental entities			
Due from other funds			
Deposits			
Inventory			
Total assets	\$ 16,839	\$ 22,011	\$ 126,107
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 45,633
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			45,633
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	16,839	22,011	80,474
Total fund balances	16,839	22,011	80,474
Total liabilities, deferred inflows of resources and fund balances	\$ 16,839	\$ 22,011	\$ 126,107

Totals

\$ 6,246,843
2,844,596
3,073,654
161,440
111,329
\$ 12,437,862

\$ 399,570
2,101,087
92,433
20,066
2,613,156

271,696

111,329
9,441,681
9,553,010

\$ 12,437,862

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 6,349	\$ 1,665	\$ 5,594
State aid and grants	4,537,883	507,102	
Federal aid, grants and reimbursements			
Total revenues	4,544,232	508,767	5,594
Expenditures:			
Current -			
Instruction	3,398,748	60,445	5,598
Support services - students and staff	57,121	16,936	1,927
Support services - administration			1,560
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	3,455,869	77,381	9,085
Excess (deficiency) of revenues over expenditures	1,088,363	431,386	(3,491)
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	1,088,363	431,386	(3,491)
Fund balances, beginning of year	977,568	342,668	17,327
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 2,065,931	\$ 774,054	\$ 13,836

Structured English Immersion	Title I Grants	Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	Special Education Grants
\$ 19,323	\$ 5,874,587	\$ 628,602	\$ 224,760	\$ 755,000	\$ 2,165,217
<u>19,323</u>	<u>5,874,587</u>	<u>628,602</u>	<u>224,760</u>	<u>755,000</u>	<u>2,165,217</u>
19,323	2,365,778		138,109	67,418	1,357,952
	2,967,451	447,560	69,771	656,482	732,160
	171,236	169,264			14,672
	871				
	58,311		4,800	2,135	2,610
	196,560		7,465	14,201	14,147
<u>19,323</u>	<u>5,760,207</u>	<u>616,824</u>	<u>220,145</u>	<u>740,236</u>	<u>2,121,541</u>
	114,380	11,778	4,615	14,764	43,676
	(114,380)	(11,778)	(4,615)	(14,764)	(43,676)
	<u>(114,380)</u>	<u>(11,778)</u>	<u>(4,615)</u>	<u>(14,764)</u>	<u>(43,676)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Homeless Education	E-Rate	Other Federal Projects
Revenues:			
Other local	\$	\$ 425	\$
State aid and grants			
Federal aid, grants and reimbursements	108,279	2,190,418	594,142
Total revenues	108,279	2,190,843	594,142
Expenditures:			
Current -			
Instruction	3,738		424,446
Support services - students and staff	42,745	131,891	167,997
Support services - administration		278	
Operation and maintenance of plant services			
Student transportation services	57,447		
Operation of non-instructional services			
Capital outlay	1,737	1,806,715	
Total expenditures	105,667	1,938,884	592,443
Excess (deficiency) of revenues over expenditures	2,612	251,959	1,699
Other financing sources (uses):			
Transfer out	(2,612)		(1,699)
Total other financing sources (uses):	(2,612)		(1,699)
Changes in fund balances		251,959	
Fund balances, beginning of year		379,414	
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$	\$ 631,373	\$

<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>
\$ 66,685	\$ 567,273	\$ 158,453	\$ 387,636	\$ 52,914	\$ 3,609
	8,454,999				
<u>66,685</u>	<u>9,022,272</u>	<u>158,453</u>	<u>387,636</u>	<u>52,914</u>	<u>3,609</u>
14,095		4,134		40,170	
199		13,351	114,758		
52,391		48,957			
		6,652		17,933	
	7,456,679		203,948		
	400,234	958	617	7,704	
<u>66,685</u>	<u>7,856,913</u>	<u>74,052</u>	<u>319,323</u>	<u>65,807</u>	
	1,165,359	84,401	68,313	(12,893)	3,609
	(511,694)				
	<u>(511,694)</u>				
	653,665	84,401	68,313	(12,893)	3,609
	4,497,529	226,714	227,239	196,998	13,230
	6,526				
<u>\$</u>	<u>\$ 5,157,720</u>	<u>\$ 311,115</u>	<u>\$ 295,552</u>	<u>\$ 184,105</u>	<u>\$ 16,839</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Totals</u>
Revenues:			
Other local	\$ 5,706	\$ 691	\$ 1,190,315
State aid and grants			5,130,993
Federal aid, grants and reimbursements			20,996,004
Total revenues	<u>5,706</u>	<u>691</u>	<u>27,317,312</u>
Expenditures:			
Current -			
Instruction			7,880,631
Support services - students and staff	2,255		5,441,927
Support services - administration		30,408	436,375
Operation and maintenance of plant services			53,262
Student transportation services			149,888
Operation of non-instructional services			7,660,627
Capital outlay		118,262	2,568,600
Total expenditures	<u>2,255</u>	<u>148,670</u>	<u>24,191,310</u>
Excess (deficiency) of revenues over expenditures	<u>3,451</u>	<u>(147,979)</u>	<u>3,126,002</u>
Other financing sources (uses):			
Transfer out			(705,218)
Total other financing sources (uses):			<u>(705,218)</u>
Changes in fund balances	<u>3,451</u>	<u>(147,979)</u>	<u>2,420,784</u>
Fund balances, beginning of year	18,560	228,453	7,125,700
Increase (decrease) in reserve for inventory			6,526
Fund balances, end of year	<u>\$ 22,011</u>	<u>\$ 80,474</u>	<u>\$ 9,553,010</u>

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GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,349	\$ 6,349
State aid and grants	4,546,880	4,537,883	(8,997)
Federal aid, grants and reimbursements			
Total revenues	<u>4,546,880</u>	<u>4,544,232</u>	<u>(2,648)</u>
Expenditures:			
Current -			
Instruction	5,994,773	3,398,748	2,596,025
Support services - students and staff	108,812	57,121	51,691
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>6,103,585</u>	<u>3,455,869</u>	<u>2,647,716</u>
Excess (deficiency) of revenues over expenditures	<u>(1,556,705)</u>	<u>1,088,363</u>	<u>2,645,068</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,556,705)</u>	<u>1,088,363</u>	<u>2,645,068</u>
Fund balances, beginning of year		977,568	977,568
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,556,705)</u>	<u>\$ 2,065,931</u>	<u>\$ 3,622,636</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 400,000	\$ 1,665 507,102	\$ 1,665 107,102	\$	\$ 5,594	\$ 5,594
<u>400,000</u>	<u>508,767</u>	<u>108,767</u>		<u>5,594</u>	<u>5,594</u>
483,000	60,445	422,555	12,554	5,598	6,956
17,000	16,936	64	2,000	1,927	73
			2,000	1,560	440
<u>500,000</u>	<u>77,381</u>	<u>422,619</u>	<u>16,554</u>	<u>9,085</u>	<u>7,469</u>
<u>(100,000)</u>	<u>431,386</u>	<u>531,386</u>	<u>(16,554)</u>	<u>(3,491)</u>	<u>13,063</u>
<u>(100,000)</u>	<u>431,386</u>	<u>531,386</u>	<u>(16,554)</u>	<u>(3,491)</u>	<u>13,063</u>
	342,668	342,668		17,327	17,327
<u>\$ (100,000)</u>	<u>\$ 774,054</u>	<u>\$ 874,054</u>	<u>\$ (16,554)</u>	<u>\$ 13,836</u>	<u>\$ 30,390</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Structured English Immersion		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants	29,120	19,323	(9,797)
Federal aid, grants and reimbursements			
Total revenues	29,120	19,323	(9,797)
Expenditures:			
Current -			
Instruction			
Support services - students and staff		19,323	(19,323)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures		19,323	(19,323)
Excess (deficiency) of revenues over expenditures	29,120		(29,120)
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	29,120		(29,120)
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ 29,120	\$	\$ (29,120)

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	5,874,587	5,874,587		628,602	628,602
	5,874,587	5,874,587		628,602	628,602
2,400,000	2,365,778	34,222			
4,023,532	2,967,451	1,056,081	595,886	447,560	148,326
180,000	171,236	8,764	170,000	169,264	736
1,000	871	129			
60,000	58,311	1,689			
197,000	196,560	440			
6,861,532	5,760,207	1,101,325	765,886	616,824	149,062
(6,861,532)	114,380	6,975,912	(765,886)	11,778	777,664
	(114,380)	(114,380)		(11,778)	(11,778)
	(114,380)	(114,380)		(11,778)	(11,778)
(6,861,532)		6,861,532	(765,886)		765,886
\$ (6,861,532)	\$	\$ 6,861,532	\$ (765,886)	\$	\$ 765,886

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		224,760	224,760
Total revenues		<u>224,760</u>	<u>224,760</u>
Expenditures:			
Current -			
Instruction	164,000	138,109	25,891
Support services - students and staff	70,000	69,771	229
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	5,000	4,800	200
Operation of non-instructional services			
Capital outlay	8,000	7,465	535
Total expenditures	<u>247,000</u>	<u>220,145</u>	<u>26,855</u>
Excess (deficiency) of revenues over expenditures	<u>(247,000)</u>	<u>4,615</u>	<u>251,615</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(4,615)	(4,615)
Total other financing sources (uses):		<u>(4,615)</u>	<u>(4,615)</u>
Changes in fund balances	<u>(247,000)</u>		<u>247,000</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (247,000)</u>	<u>\$</u>	<u>\$ 247,000</u>

Limited English & Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	755,000	755,000		2,165,217	2,165,217
	755,000	755,000		2,165,217	2,165,217
70,000	67,418	2,582	1,691,675	1,357,952	333,723
1,078,784	656,482	422,302	740,000	732,160	7,840
			15,000	14,672	328
3,000	2,135	865	3,000	2,610	390
15,000	14,201	799	15,000	14,147	853
1,166,784	740,236	426,548	2,464,675	2,121,541	343,134
(1,166,784)	14,764	1,181,548	(2,464,675)	43,676	2,508,351
	(14,764)	(14,764)		(43,676)	(43,676)
	(14,764)	(14,764)		(43,676)	(43,676)
(1,166,784)		1,166,784	(2,464,675)		2,464,675
\$ (1,166,784)	\$	\$ 1,166,784	\$ (2,464,675)	\$	\$ 2,464,675

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Homeless Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		108,279	108,279
Total revenues		<u>108,279</u>	<u>108,279</u>
Expenditures:			
Current -			
Instruction	4,000	3,738	262
Support services - students and staff	43,000	42,745	255
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	84,948	57,447	27,501
Operation of non-instructional services			
Capital outlay	2,000	1,737	263
Total expenditures	<u>133,948</u>	<u>105,667</u>	<u>28,281</u>
Excess (deficiency) of revenues over expenditures	<u>(133,948)</u>	<u>2,612</u>	<u>136,560</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(2,612)	(2,612)
Total other financing sources (uses):		<u>(2,612)</u>	<u>(2,612)</u>
Changes in fund balances	<u>(133,948)</u>		<u>133,948</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (133,948)</u>	<u>\$</u>	<u>\$ 133,948</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 425	\$ 425
	160,902	160,902		2,190,418	2,190,418
	160,902	160,902		2,190,843	2,190,843
60,000	59,558	442			
115,000	112,761	2,239	140,000	131,891	8,109
325,000	213,647	111,353	160,000	278	159,722
			600,000	1,806,715	(1,206,715)
500,000	385,966	114,034	900,000	1,938,884	(1,038,884)
(500,000)	(225,064)	274,936	(900,000)	251,959	1,151,959
(500,000)	(225,064)	274,936	(900,000)	251,959	1,151,959
	330,661	330,661		379,414	379,414
\$ (500,000)	\$ 105,597	\$ 605,597	\$ (900,000)	\$ 631,373	\$ 1,531,373

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		594,142	594,142
Total revenues		594,142	594,142
Expenditures:			
Current -			
Instruction	625,235	424,446	200,789
Support services - students and staff	170,000	167,997	2,003
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	795,235	592,443	202,792
Excess (deficiency) of revenues over expenditures	(795,235)	1,699	796,934
Other financing sources (uses):			
Transfer in			
Transfer out		(1,699)	(1,699)
Total other financing sources (uses):		(1,699)	(1,699)
Changes in fund balances	(795,235)		795,235
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (795,235)	\$	\$ 795,235

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	66,685	66,685	20,560	36,632	16,072
	<u>66,685</u>	<u>66,685</u>	<u>20,560</u>	<u>36,632</u>	<u>16,072</u>
15,000	14,095	905			
200	199	1			
62,631	52,391	10,240	75,700	2,602	73,098
<u>77,831</u>	<u>66,685</u>	<u>11,146</u>	<u>75,700</u>	<u>2,602</u>	<u>73,098</u>
<u>(77,831)</u>		<u>77,831</u>	<u>(55,140)</u>	<u>34,030</u>	<u>89,170</u>
<u>(77,831)</u>		<u>77,831</u>	<u>(55,140)</u>	<u>34,030</u>	<u>89,170</u>
				133,698	133,698
<u>\$ (77,831)</u>	<u>\$</u>	<u>\$ 77,831</u>	<u>\$ (55,140)</u>	<u>\$ 167,728</u>	<u>\$ 222,868</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Food Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 536,471	\$ 567,273	\$ 30,802
State aid and grants			
Federal aid, grants and reimbursements	7,813,529	8,454,999	641,470
Total revenues	<u>8,350,000</u>	<u>9,022,272</u>	<u>672,272</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	8,655,609	7,456,679	1,198,930
Capital outlay	405,000	400,234	4,766
Total expenditures	<u>9,060,609</u>	<u>7,856,913</u>	<u>1,203,696</u>
Excess (deficiency) of revenues over expenditures	<u>(710,609)</u>	<u>1,165,359</u>	<u>1,875,968</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(511,694)	(511,694)
Total other financing sources (uses):		<u>(511,694)</u>	<u>(511,694)</u>
Changes in fund balances	<u>(710,609)</u>	<u>653,665</u>	<u>1,364,274</u>
Fund balances, beginning of year		4,497,529	4,497,529
Increase (decrease) in reserve for inventory		6,526	6,526
Fund balances (deficits), end of year	<u>\$ (710,609)</u>	<u>\$ 5,157,720</u>	<u>\$ 5,868,329</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 50,000	\$ 158,453	\$ 108,453	\$	\$ 387,636	\$ 387,636
<u>50,000</u>	<u>158,453</u>	<u>108,453</u>		<u>387,636</u>	<u>387,636</u>
5,000	4,134	866			
14,000	13,351	649	10,000	114,758	(104,758)
197,700	48,957	148,743			
7,000	6,652	348			
			10,300	203,948	(193,648)
1,000	958	42	700	617	83
<u>224,700</u>	<u>74,052</u>	<u>150,648</u>	<u>21,000</u>	<u>319,323</u>	<u>(298,323)</u>
<u>(174,700)</u>	<u>84,401</u>	<u>259,101</u>	<u>(21,000)</u>	<u>68,313</u>	<u>89,313</u>
<u>(174,700)</u>	<u>84,401</u>	<u>259,101</u>	<u>(21,000)</u>	<u>68,313</u>	<u>89,313</u>
	226,714	226,714		227,239	227,239
<u>\$ (174,700)</u>	<u>\$ 311,115</u>	<u>\$ 485,815</u>	<u>\$ (21,000)</u>	<u>\$ 295,552</u>	<u>\$ 316,552</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 20,000	\$ 22,822	\$ 2,822
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>20,000</u>	<u>22,822</u>	<u>2,822</u>
Expenditures:			
Current -			
Instruction	14,600	9,899	4,701
Support services - students and staff	1,200	1,185	15
Support services - administration	200	168	32
Operation and maintenance of plant services			
Student transportation services	3,000	2,277	723
Operation of non-instructional services	3,000	2,696	304
Capital outlay			
Total expenditures	<u>22,000</u>	<u>16,225</u>	<u>5,775</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>6,597</u>	<u>8,597</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,000)</u>	<u>6,597</u>	<u>8,597</u>
Fund balances, beginning of year		22,463	22,463
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (2,000)</u>	<u>\$ 29,060</u>	<u>\$ 31,060</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 50,000	\$ 52,914	\$ 2,914	\$ 515,500	\$ 558,337	\$ 42,837
<u>50,000</u>	<u>52,914</u>	<u>2,914</u>	<u>515,500</u>	<u>558,337</u>	<u>42,837</u>
244,000	40,170	203,830	240,000	237,446	2,554
			447,828	287,340	160,488
			8,000	7,806	194
			1,000	973	27
18,000	17,933	67	15,000	14,021	979
<u>8,000</u>	<u>7,704</u>	<u>296</u>	<u>52,000</u>	<u>51,813</u>	<u>187</u>
<u>270,000</u>	<u>65,807</u>	<u>204,193</u>	<u>763,828</u>	<u>599,399</u>	<u>164,429</u>
<u>(220,000)</u>	<u>(12,893)</u>	<u>207,107</u>	<u>(248,328)</u>	<u>(41,062)</u>	<u>207,266</u>
				(1,552)	(1,552)
				(1,552)	(1,552)
<u>(220,000)</u>	<u>(12,893)</u>	<u>207,107</u>	<u>(248,328)</u>	<u>(42,614)</u>	<u>205,714</u>
	196,998	196,998		246,740	246,740
<u>\$ (220,000)</u>	<u>\$ 184,105</u>	<u>\$ 404,105</u>	<u>\$ (248,328)</u>	<u>\$ 204,126</u>	<u>\$ 452,454</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 3,800	\$ 3,609	\$ (191)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>3,800</u>	<u>3,609</u>	<u>(191)</u>
Expenditures:			
Current -			
Instruction	10,000		10,000
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>10,000</u>	<u></u>	<u>10,000</u>
Excess (deficiency) of revenues over expenditures	<u>(6,200)</u>	<u>3,609</u>	<u>9,809</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses):	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u>(6,200)</u>	<u>3,609</u>	<u>9,809</u>
Fund balances, beginning of year		13,230	13,230
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (6,200)</u>	<u>\$ 16,839</u>	<u>\$ 23,039</u>

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 5,000	\$ 5,706	\$ 706	\$	\$ 691	\$ 691
<u>5,000</u>	<u>5,706</u>	<u>706</u>		<u>691</u>	<u>691</u>
15,000	2,255	12,745	35,000	30,408	4,592
<u>15,000</u>	<u>2,255</u>	<u>12,745</u>	<u>190,000</u>	<u>118,262</u>	<u>71,738</u>
<u>(10,000)</u>	<u>3,451</u>	<u>13,451</u>	<u>225,000</u>	<u>148,670</u>	<u>76,330</u>
			<u>(225,000)</u>	<u>(147,979)</u>	<u>77,021</u>
<u>(10,000)</u>	<u>3,451</u>	<u>13,451</u>	<u>(225,000)</u>	<u>(147,979)</u>	<u>77,021</u>
	18,560	18,560		228,453	228,453
<u>\$ (10,000)</u>	<u>\$ 22,011</u>	<u>\$ 32,011</u>	<u>\$ (225,000)</u>	<u>\$ 80,474</u>	<u>\$ 305,474</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 4,707	\$ 4,707
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 4,707</u>	<u> 4,707</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	175,000	174,490	510
Support services - administration	1,421,000	1,071,755	349,245
Operation and maintenance of plant services	4,000	3,051	949
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u> 1,600,000</u>	<u> 1,249,296</u>	<u> 350,704</u>
Excess (deficiency) of revenues over expenditures	<u> (1,600,000)</u>	<u> (1,244,589)</u>	<u> 355,411</u>
Other financing sources (uses):			
Transfer in	903,000	706,770	(196,230)
Transfer out			
Total other financing sources (uses):	<u> 903,000</u>	<u> 706,770</u>	<u> (196,230)</u>
Changes in fund balances	<u> (697,000)</u>	<u> (537,819)</u>	<u> 159,181</u>
Fund balances, beginning of year		1,674,285	1,674,285
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u> \$ (697,000)</u>	<u> \$ 1,136,466</u>	<u> \$ 1,833,466</u>

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 1,500	\$ 19	\$ (1,481)	\$ 1,202,831	\$ 1,812,832	\$ 610,001
			4,976,000	5,130,993	154,993
			7,813,529	21,156,906	13,343,377
<u>1,500</u>	<u>19</u>	<u>(1,481)</u>	<u>13,992,360</u>	<u>28,100,731</u>	<u>14,108,371</u>
10,000		10,000	12,043,837	8,187,534	3,856,303
			7,767,242	6,017,703	1,749,539
			2,513,900	1,729,751	784,149
			144,331	59,888	84,443
			198,948	166,186	32,762
			8,668,909	7,663,323	1,005,586
			1,493,700	2,620,413	(1,126,713)
<u>10,000</u>		<u>10,000</u>	<u>32,830,867</u>	<u>26,444,798</u>	<u>6,386,069</u>
<u>(8,500)</u>	<u>19</u>	<u>8,519</u>	<u>(18,838,507)</u>	<u>1,655,933</u>	<u>20,494,440</u>
			903,000	706,770	(196,230)
				(706,770)	(706,770)
			<u>903,000</u>		<u>(903,000)</u>
<u>(8,500)</u>	<u>19</u>	<u>8,519</u>	<u>(17,935,507)</u>	<u>1,655,933</u>	<u>19,591,440</u>
	4,721	4,721		9,538,268	9,538,268
				6,526	6,526
<u>\$ (8,500)</u>	<u>\$ 4,740</u>	<u>\$ 13,240</u>	<u>\$ (17,935,507)</u>	<u>\$ 11,200,727</u>	<u>\$ 29,136,234</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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Other local	\$ 20,000	\$ 5,076	\$ (14,924)
Property taxes	3,914,024	2,142,031	(1,771,993)
Total revenues	<u>3,934,024</u>	<u>2,147,107</u>	<u>(1,786,917)</u>
Expenditures:			
Debt service -			
Principal retirement	5,040,217	3,330,000	1,710,217
Interest and fiscal charges	587,064	587,064	
Total expenditures	<u>5,627,281</u>	<u>3,917,064</u>	<u>1,710,217</u>
Excess (deficiency) of revenues over expenditures	<u>(1,693,257)</u>	<u>(1,769,957)</u>	<u>(76,700)</u>
Other financing sources (uses):			
Transfer in		92,227	92,227
Total other financing sources (uses):		<u>92,227</u>	<u>92,227</u>
Changes in fund balances	<u>(1,693,257)</u>	<u>(1,677,730)</u>	<u>15,527</u>
Fund balances, beginning of year		1,862,547	1,862,547
Fund balances (deficits), end of year	<u>\$ (1,693,257)</u>	<u>\$ 184,817</u>	<u>\$ 1,878,074</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.

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

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

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

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

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014**

	<u>Insurance Proceeds</u>	<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>
<u>ASSETS</u>			
Cash and investments	\$ 93,573	\$ 567,189	\$ 124
Property taxes receivable		52,269	
Total assets	<u>\$ 93,573</u>	<u>\$ 619,458</u>	<u>\$ 124</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ _____	\$ 91,953	\$ _____
Total liabilities	<u>_____</u>	<u>91,953</u>	<u>_____</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>_____</u>	52,269	<u>_____</u>
Fund balances:			
Restricted	<u>93,573</u>	<u>475,236</u>	<u>124</u>
Total fund balances	<u>93,573</u>	<u>475,236</u>	<u>124</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 93,573</u>	<u>\$ 619,458</u>	<u>\$ 124</u>

<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Totals</u>
\$ 14,219	\$ 1,657,711	\$ 2,332,816
		52,269
<u>\$ 14,219</u>	<u>\$ 1,657,711</u>	<u>\$ 2,385,085</u>
\$	\$ 768,748	\$ 860,701
	768,748	860,701
		52,269
14,219	888,963	1,472,115
<u>14,219</u>	<u>888,963</u>	<u>1,472,115</u>
<u>\$ 14,219</u>	<u>\$ 1,657,711</u>	<u>\$ 2,385,085</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Insurance Proceeds	Adjacent Ways	Gifts and Donations - Capital
Revenues:			
Other local	\$ 1,144	\$ 1,042	\$ 124
Property taxes		563,162	
Total revenues	1,144	564,204	124
Expenditures:			
Capital outlay	763	91,953	
Total expenditures	763	91,953	
Excess (deficiency) of revenues over expenditures	381	472,251	124
Other financing sources (uses):			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	381	472,251	124
Fund balances, beginning of year	93,192	2,985	
Fund balances, end of year	\$ 93,573	\$ 475,236	\$ 124

<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal</u>	<u>Totals</u>
\$ 8,127	\$	\$ 8	\$ 10,445
<u>8,127</u>		<u>8</u>	<u>563,162</u>
	<u>2,210,737</u>	<u>2,261</u>	<u>2,305,714</u>
	<u>2,210,737</u>	<u>2,261</u>	<u>2,305,714</u>
<u>8,127</u>	<u>(2,210,737)</u>	<u>(2,253)</u>	<u>(1,732,107)</u>
	<u>3,099,700</u>		<u>3,099,700</u>
	<u>3,099,700</u>		<u>3,099,700</u>
<u>8,127</u>	<u>888,963</u>	<u>(2,253)</u>	<u>1,367,593</u>
<u>6,092</u>		<u>2,253</u>	<u>104,522</u>
<u>\$ 14,219</u>	<u>\$ 888,963</u>	<u>\$</u>	<u>\$ 1,472,115</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 10,000	\$ 1,144	\$ (8,856)
Property taxes			
State aid and grants			
Total revenues	<u>10,000</u>	<u>1,144</u>	<u>(8,856)</u>
Expenditures:			
Capital outlay	65,000	763	64,237
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>65,000</u>	<u>763</u>	<u>64,237</u>
Excess (deficiency) of revenues over expenditures	<u>(55,000)</u>	<u>381</u>	<u>55,381</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Capital lease agreements			
Issuance of school improvement bonds			
Premium on sale of bonds			
Proceeds from sale of capital assets			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(55,000)</u>	<u>381</u>	<u>55,381</u>
Fund balances, beginning of year		93,192	93,192
Fund balances (deficits), end of year	<u>\$ (55,000)</u>	<u>\$ 93,573</u>	<u>\$ 148,573</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 21,627	\$ 29,975	\$ 8,348	\$	\$ 1,042	\$ 1,042
	10	10	563,196	563,162	(34)
613		(613)			
<u>22,240</u>	<u>29,985</u>	<u>7,745</u>	<u>563,196</u>	<u>564,204</u>	<u>1,008</u>
4,537,011	1,798,698	2,738,313	580,000	91,953	488,047
80,588	80,588				
12,431	12,431				
<u>4,630,030</u>	<u>1,891,717</u>	<u>2,738,313</u>	<u>580,000</u>	<u>91,953</u>	<u>488,047</u>
<u>(4,607,790)</u>	<u>(1,861,732)</u>	<u>2,746,058</u>	<u>(16,804)</u>	<u>472,251</u>	<u>489,055</u>
	5,878,990	5,878,990			
	<u>5,878,990</u>	<u>5,878,990</u>			
<u>(4,607,790)</u>	<u>4,017,258</u>	<u>8,625,048</u>	<u>(16,804)</u>	<u>472,251</u>	<u>489,055</u>
	4,410,467	4,410,467		2,985	2,985
<u>\$ (4,607,790)</u>	<u>\$ 8,427,725</u>	<u>\$ 13,035,515</u>	<u>\$ (16,804)</u>	<u>\$ 475,236</u>	<u>\$ 492,040</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Soft Capital Allocation		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 295	\$ 295
Property taxes		5	5
State aid and grants			
Total revenues		<u>300</u>	<u>300</u>
Expenditures:			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures			
Excess (deficiency) of revenues over expenditures		<u>300</u>	<u>300</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(5,878,990)	(5,878,990)
Capital lease agreements			
Issuance of school improvement bonds			
Premium on sale of bonds			
Proceeds from sale of capital assets			
Total other financing sources (uses):		<u>(5,878,990)</u>	<u>(5,878,990)</u>
Changes in fund balances		<u>(5,878,690)</u>	<u>(5,878,690)</u>
Fund balances, beginning of year		5,878,690	5,878,690
Fund balances (deficits), end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>Bond Building</u>			<u>Gifts and Donations - Capital</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 27,770	\$ 27,770	\$	\$ 124	\$ 124
	<u>27,770</u>	<u>27,770</u>		<u>124</u>	<u>124</u>
12,107,692	4,391,249	7,716,443	5,000		5,000
261,879	261,879				
<u>12,369,571</u>	<u>4,653,128</u>	<u>7,716,443</u>	<u>5,000</u>		<u>5,000</u>
<u>(12,369,571)</u>	<u>(4,625,358)</u>	<u>7,744,213</u>	<u>(5,000)</u>	<u>124</u>	<u>5,124</u>
	(92,227)	(92,227)			
	9,485,000	9,485,000			
	341,230	341,230			
	<u>9,734,003</u>	<u>9,734,003</u>			
<u>(12,369,571)</u>	<u>5,108,645</u>	<u>17,478,216</u>	<u>(5,000)</u>	<u>124</u>	<u>5,124</u>
	2,754,227	2,754,227			
<u>\$ (12,369,571)</u>	<u>\$ 7,862,872</u>	<u>\$ 20,232,443</u>	<u>\$ (5,000)</u>	<u>\$ 124</u>	<u>\$ 5,124</u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Condemnation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 8,127	\$ 8,127
Property taxes			
State aid and grants			
Total revenues	<u> </u>	<u>8,127</u>	<u>8,127</u>
Expenditures:			
Capital outlay	6,100		6,100
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>6,100</u>	<u> </u>	<u>6,100</u>
Excess (deficiency) of revenues over expenditures	<u>(6,100)</u>	<u>8,127</u>	<u>14,227</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Capital lease agreements			
Issuance of school improvement bonds			
Premium on sale of bonds			
Proceeds from sale of capital assets	125		(125)
Total other financing sources (uses):	<u>125</u>	<u> </u>	<u>(125)</u>
Changes in fund balances	<u>(5,975)</u>	<u>8,127</u>	<u>14,102</u>
Fund balances, beginning of year		6,092	6,092
Fund balances (deficits), end of year	<u>\$ (5,975)</u>	<u>\$ 14,219</u>	<u>\$ 20,194</u>

Energy and Water Savings			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 8	\$ 8
				8	8
	2,210,737	(2,210,737)		2,261	(2,261)
	2,210,737	(2,210,737)		2,261	(2,261)
	(2,210,737)	(2,210,737)		(2,253)	(2,253)
	3,099,700	3,099,700			
	3,099,700	3,099,700			
	888,963	888,963		(2,253)	(2,253)
				2,253	2,253
\$	\$ 888,963	\$ 888,963	\$	\$	\$

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 31,627	\$ 68,485	\$ 36,858
Property taxes	563,196	563,177	(19)
State aid and grants	613		(613)
Total revenues	<u>595,436</u>	<u>631,662</u>	<u>36,226</u>
Expenditures:			
Capital outlay	17,300,803	8,495,661	8,805,142
Debt service -			
Principal retirement	80,588	80,588	
Interest and fiscal charges	12,431	12,431	
Bond issuance costs	261,879	261,879	
Total expenditures	<u>17,655,701</u>	<u>8,850,559</u>	<u>8,805,142</u>
Excess (deficiency) of revenues over expenditures	<u>(17,060,265)</u>	<u>(8,218,897)</u>	<u>8,841,368</u>
Other financing sources (uses):			
Transfer in		5,878,990	5,878,990
Transfer out		(5,971,217)	(5,971,217)
Capital lease agreements		3,099,700	3,099,700
Issuance of school improvement bonds		9,485,000	9,485,000
Premium on sale of bonds		341,230	341,230
Proceeds from sale of capital assets	125		(125)
Total other financing sources (uses):	<u>125</u>	<u>12,833,703</u>	<u>12,833,578</u>
Changes in fund balances	<u>(17,060,140)</u>	<u>4,614,806</u>	<u>21,674,946</u>
Fund balances, beginning of year		13,147,906	13,147,906
Fund balances (deficits), end of year	<u>\$ (17,060,140)</u>	<u>\$ 17,762,712</u>	<u>\$ 34,822,852</u>

INTERNAL SERVICE FUNDS

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

Property and Casualty Insurance - to account for the financial activity associated with the District's property and casualty losses insurance program.

Workers' Compensation - to account for the financial activity associated with the District's self-insurance program for employee workers' compensation.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Employee Benefit Trust	Property and Casualty Insurance	Workers' Compensation
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 4,141,644	\$ 689,096	\$ 2,215,576
Total current assets	4,141,644	689,096	2,215,576
Total assets	4,141,644	689,096	2,215,576
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	3,104,235	9,559	44,640
Claims payable			243,001
Total current liabilities	3,104,235	9,559	287,641
Total liabilities	3,104,235	9,559	287,641
 <u>NET POSITION</u>			
Unrestricted	1,037,409	679,537	1,927,935
Total net position	\$ 1,037,409	\$ 679,537	\$ 1,927,935

Totals

\$ 7,046,316
7,046,316
7,046,316

3,158,434
243,001
3,401,435
3,401,435

3,644,881
\$ 3,644,881
3,644,881

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Employee Benefit Trust	Property and Casualty Insurance	Workers' Compensation
Operating revenues:			
Contributions	\$ 6,681,151	\$ 37,444	\$ 701,500
Total operating revenues	<u>6,681,151</u>	<u>37,444</u>	<u>701,500</u>
Operating expenses:			
Other			21,264
Claims	522,244	56,262	357,765
Premiums	7,552,202	635,888	59,585
Administrative fees	93,028	21,556	42,438
Total operating expenses	<u>8,167,474</u>	<u>713,706</u>	<u>481,052</u>
Operating income (loss)	<u>(1,486,323)</u>	<u>(676,262)</u>	<u>220,448</u>
Nonoperating revenues (expenses):			
Investment income	10,989	2,024	7,822
Total nonoperating revenues (expenses)	<u>10,989</u>	<u>2,024</u>	<u>7,822</u>
Changes in net position	<u>(1,475,334)</u>	<u>(674,238)</u>	<u>228,270</u>
Total net position, beginning of year	2,512,743	1,353,775	1,699,665
Total net position, end of year	<u>\$ 1,037,409</u>	<u>\$ 679,537</u>	<u>\$ 1,927,935</u>

Totals

\$ 7,420,095
7,420,095

21,264
936,271
8,247,675
157,022
9,362,232

(1,942,137)

20,835
20,835

(1,921,302)

5,566,183

\$ 3,644,881

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Employee Benefit Trust</u>	<u>Property and Casualty Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
<u>Increase in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from contributions	\$ 6,681,151	\$ 37,444	\$ 731,746	\$ 7,450,341
Cash payments to suppliers for goods and services	(11,274,108)	(803,915)	(110,786)	(12,188,809)
Cash payments for claims	<u>(522,244)</u>	<u>(56,262)</u>	<u>(402,165)</u>	<u>(980,671)</u>
Net cash provided by operating activities	<u>(5,115,201)</u>	<u>(822,733)</u>	<u>218,795</u>	<u>(5,719,139)</u>
Cash flows from investing activities:				
Investment income	<u>10,989</u>	<u>2,024</u>	<u>7,822</u>	<u>20,835</u>
Net cash provided by investing activities	<u>10,989</u>	<u>2,024</u>	<u>7,822</u>	<u>20,835</u>
Net increase in cash and cash equivalents	<u>(5,104,212)</u>	<u>(820,709)</u>	<u>226,617</u>	<u>(5,698,304)</u>
Cash and cash equivalents, beginning of year	<u>9,245,856</u>	<u>1,509,805</u>	<u>1,988,959</u>	<u>12,744,620</u>
Cash and cash equivalents, end of year	<u>\$ 4,141,644</u>	<u>\$ 689,096</u>	<u>\$ 2,215,576</u>	<u>\$ 7,046,316</u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>				
Operating income (loss)	\$ (1,486,323)	\$ (676,262)	\$ 220,448	\$ (1,942,137)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
Decrease in accounts receivable			30,246	30,246
Increase (Decrease) in accounts payable	(3,628,878)	(146,471)	12,501	(3,762,848)
Decrease in claims payable			<u>(44,400)</u>	<u>(44,400)</u>
Total adjustments	<u>(3,628,878)</u>	<u>(146,471)</u>	<u>(1,653)</u>	<u>(3,777,002)</u>
Net cash provided by operating activities	<u>\$ (5,115,201)</u>	<u>\$ (822,733)</u>	<u>\$ 218,795</u>	<u>\$ (5,719,139)</u>

AGENCY FUND

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES</u>				
<u>Assets</u>				
Cash and investments	\$ <u>64,321</u>	\$ <u>110,362</u>	\$ <u>109,450</u>	\$ <u>65,233</u>
Total assets	\$ <u><u>64,321</u></u>	\$ <u><u>110,362</u></u>	\$ <u><u>109,450</u></u>	\$ <u><u>65,233</u></u>
<u>Liabilities</u>				
Due to student groups	<u>64,321</u>	<u>110,362</u>	<u>109,450</u>	<u>65,233</u>
Total liabilities	\$ <u><u>64,321</u></u>	\$ <u><u>110,362</u></u>	\$ <u><u>109,450</u></u>	\$ <u><u>65,233</u></u>

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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Position:					
Net investment in capital assets	\$ 87,850,548	\$ 89,626,529	\$ 95,822,434	\$ 95,384,578	\$ 93,415,178
Restricted	20,372,245	13,570,969	14,784,172	16,298,487	6,243,781
Unrestricted	<u>8,663,918</u>	<u>15,241,805</u>	<u>11,611,066</u>	<u>11,232,290</u>	<u>26,926,374</u>
Total net position	<u><u>\$ 116,886,711</u></u>	<u><u>\$ 118,439,303</u></u>	<u><u>\$ 122,217,672</u></u>	<u><u>\$ 122,915,355</u></u>	<u><u>\$ 126,585,333</u></u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Position:					
Net investment in capital assets	\$ 92,774,229	\$ 89,927,512	\$ 79,885,361	\$ 74,068,000	\$ 63,918,590
Restricted	2,226,679	5,322,014	5,008,810	6,010,368	20,418,049
Unrestricted	<u>22,461,097</u>	<u>24,405,608</u>	<u>24,639,611</u>	<u>20,914,990</u>	<u>6,896,431</u>
Total net position	<u><u>\$ 117,462,005</u></u>	<u><u>\$ 119,655,134</u></u>	<u><u>\$ 109,533,782</u></u>	<u><u>\$ 100,993,358</u></u>	<u><u>\$ 91,233,070</u></u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses					
Instruction	\$ 54,643,170	\$ 54,248,239	\$ 52,497,853	\$ 53,768,778	\$ 51,085,678
Support services - students and staff	13,100,639	12,243,142	11,834,923	12,446,219	11,644,676
Support services - administration	9,796,711	10,088,769	9,778,466	10,154,165	9,860,190
Operation and maintenance of plant services	11,173,402	11,785,046	10,969,615	11,248,879	10,751,253
Student transportation services	3,620,762	3,672,479	3,360,539	3,164,751	2,918,831
Operation of non-instructional services	8,018,795	7,392,236	7,243,818	7,161,374	7,333,841
Interest on long-term debt	599,495	719,177	203,941	529,198	692,885
Total expenses	<u>100,952,974</u>	<u>100,149,088</u>	<u>95,889,155</u>	<u>98,473,364</u>	<u>94,287,354</u>
Program Revenues					
Charges for services:					
Instruction	756,394	751,913	472,974	336,213	897,051
Operation of non-instructional services	937,036	993,809	1,119,836	1,084,788	716,569
Other activities	157,470	106,599	99,869	133,894	89,820
Operating grants and contributions	18,626,593	18,851,127	21,081,644	19,154,448	19,409,605
Capital grants and contributions	2,659,579	364,873	254,346	2,032,192	1,664,651
Total program revenues	<u>23,137,072</u>	<u>21,068,321</u>	<u>23,028,669</u>	<u>22,741,535</u>	<u>22,777,696</u>
Net (Expense)/Revenue	<u>\$ (77,815,902)</u>	<u>\$ (79,080,767)</u>	<u>\$ (72,860,486)</u>	<u>\$ (75,731,829)</u>	<u>\$ (71,509,658)</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses					
Instruction	\$ 58,834,949	\$ 60,258,999	\$ 55,350,300	\$ 55,258,504	\$ 45,875,626
Support services - students and staff	12,645,766	12,466,142	11,389,534	11,664,103	12,757,148
Support services - administration	10,453,239	11,171,421	10,772,849	9,438,088	10,322,533
Operation and maintenance of plant services	11,596,830	11,231,392	9,155,145	8,641,796	9,451,621
Student transportation services	3,202,846	3,491,612	3,010,808	2,884,505	3,154,813
Operation of non-instructional services	7,510,550	7,538,113	6,908,003	6,041,512	5,703,455
Interest on long-term debt	845,392	1,007,316	1,212,160	2,812,489	2,957,163
Total expenses	<u>105,089,572</u>	<u>107,164,995</u>	<u>97,798,799</u>	<u>96,740,997</u>	<u>90,222,359</u>
Program Revenues					
Charges for services:					
Instruction	1,326,607	1,954,418	1,665,708	111,782	476,941
Operation of non-instructional services	917,338	980,429	983,342	1,735,329	1,772,673
Other activities	102,017	77,833	237,547	379,369	7,319,077
Operating grants and contributions	17,033,756	17,391,497	14,960,812	15,003,690	15,907,925
Capital grants and contributions	2,141,388	1,252,518	1,339,311	4,421,715	2,864,441
Total program revenues	<u>21,521,106</u>	<u>21,656,695</u>	<u>19,186,720</u>	<u>21,651,885</u>	<u>28,341,057</u>
Net (Expense)/Revenue	<u>\$ (83,568,466)</u>	<u>\$ (85,508,300)</u>	<u>\$ (78,612,079)</u>	<u>\$ (75,089,112)</u>	<u>\$ (61,881,302)</u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net (Expense)/Revenue	\$ (77,815,902)	\$ (79,080,767)	\$ (72,860,486)	\$ (75,731,829)	\$ (71,509,658)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	13,266,463	15,666,536	14,414,972	12,253,977	13,257,363
Property taxes, levied for debt service	2,484,911	2,015,030	4,187,332	5,302,064	5,554,966
Property taxes, levied for capital outlay	615,441		486,171	1,526,486	2,122,728
Investment income	116,504	121,740	149,095	231,127	227,801
Unrestricted county aid	5,060,611	4,970,420	4,994,144	4,888,635	4,805,714
Unrestricted state aid	54,558,478	52,375,773	47,782,348	47,013,071	48,008,686
Unrestricted federal aid	160,902	152,899	148,741	846,491	6,655,728
Total general revenues	<u>76,263,310</u>	<u>75,302,398</u>	<u>72,162,803</u>	<u>72,061,851</u>	<u>80,632,986</u>
Changes in Net Position	<u>\$ (1,552,592)</u>	<u>\$ (3,778,369)</u>	<u>\$ (697,683)</u>	<u>\$ (3,669,978)</u>	<u>\$ 9,123,328</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net (Expense)/Revenue	\$ (83,568,466)	\$ (85,508,300)	\$ (78,612,079)	\$ (75,089,112)	\$ (61,881,302)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	15,829,828	14,755,085	15,210,438	12,282,865	8,987,733
Property taxes, levied for debt service	4,776,408	5,604,536	6,805,642	8,124,308	10,213,333
Property taxes, levied for capital outlay	628,983	2,429,743	267,216	1,505,514	1,225,600
Investment income	737,281	1,245,672	885,534	792,885	838,358
Unrestricted county aid			50,053	4,221,061	4,057,878
Unrestricted state aid	59,402,837	71,594,616	63,933,620	57,922,767	48,566,848
Unrestricted federal aid					
Total general revenues	<u>81,375,337</u>	<u>95,629,652</u>	<u>87,152,503</u>	<u>84,849,400</u>	<u>73,889,750</u>
Changes in Net Position	<u>\$ (2,193,129)</u>	<u>\$ 10,121,352</u>	<u>\$ 8,540,424</u>	<u>\$ 9,760,288</u>	<u>\$ 12,008,448</u>

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

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund:					
Nonspendable	\$ 329,801	\$ 364,792	\$ 406,386	\$ 471,958	\$
Unassigned	4,592,433	8,136,432	6,341,838	2,479,155	
Reserved					383,966
Unreserved					5,939,138
Total General Fund	<u>\$ 4,922,234</u>	<u>\$ 8,501,224</u>	<u>\$ 6,748,224</u>	<u>\$ 2,951,113</u>	<u>\$ 6,323,104</u>
All Other Governmental Funds:					
Nonspendable	\$ 111,329	\$ 104,803	\$ 105,403	\$ 99,727	\$
Restricted	27,389,210	16,152,660	23,863,547	11,434,713	
Assigned				3,511,216	
Reserved					141,395
Unreserved, reported in:					
Special revenue funds					8,011,756
Capital projects funds					5,379,353
Debt service fund					164,194
Total all other governmental funds	<u>\$ 27,500,539</u>	<u>\$ 16,257,463</u>	<u>\$ 23,968,950</u>	<u>\$ 15,045,656</u>	<u>\$ 13,696,698</u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Nonspendable	\$	\$	\$	\$	\$
Unassigned					
Reserved	304,502	342,936	333,022	372,889	432,667
Unreserved	4,771,800	4,335,573	3,340,179	1,854,648	1,353,180
Total General Fund	<u>\$ 5,076,302</u>	<u>\$ 4,678,509</u>	<u>\$ 3,673,201</u>	<u>\$ 2,227,537</u>	<u>\$ 1,785,847</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted					
Assigned					
Reserved	87,452	70,078	60,128	60,078	53,236
Unreserved, reported in:					
Special revenue funds	6,867,912	9,103,977	8,898,787	8,823,806	7,705,688
Capital projects funds	3,236,491	6,196,436	10,488,813	11,603,647	15,978,578
Debt service fund	291,785	981,918	750,471	825,389	780,555
Total all other governmental funds	<u>\$ 10,483,640</u>	<u>\$ 16,352,409</u>	<u>\$ 20,198,199</u>	<u>\$ 21,312,920</u>	<u>\$ 24,518,057</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.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Federal sources:					
Federal grants	\$ 12,701,907	\$ 11,008,799	\$ 12,163,741	\$ 13,980,690	\$ 13,301,681
State Fiscal Stabilization (ARRA)				574,080	6,655,728
Education Jobs			2,203,544		
National School Lunch Program	8,454,999	7,938,858	7,310,508	6,835,921	6,889,942
Total federal sources	<u>21,156,906</u>	<u>18,947,657</u>	<u>21,677,793</u>	<u>21,390,691</u>	<u>26,847,351</u>
State sources:					
State equalization assistance	49,513,493	48,095,263	44,464,166	43,871,512	44,460,656
State grants	86,008	354,958	312,000	458,083	549,871
School Facilities Board		29,201			
Other revenues	5,044,985	4,251,309	3,329,205	3,195,210	3,494,379
Total state sources	<u>54,644,486</u>	<u>52,730,731</u>	<u>48,105,371</u>	<u>47,524,805</u>	<u>48,504,906</u>
Local sources:					
Property taxes	16,270,322	17,714,319	19,660,720	18,963,803	20,423,367
County aid	5,066,136	4,983,625	4,994,144	4,888,635	4,805,714
Food service sales	550,311	576,280	622,922	683,223	708,830
Investment income	95,669	99,766	115,582	158,667	199,201
Other revenues	1,301,014	1,325,982	1,120,377	924,190	1,150,269
Total local sources	<u>23,283,452</u>	<u>24,699,972</u>	<u>26,513,745</u>	<u>25,618,518</u>	<u>27,287,381</u>
Total revenues	<u><u>\$ 99,084,844</u></u>	<u><u>\$ 96,378,360</u></u>	<u><u>\$ 96,296,909</u></u>	<u><u>\$ 94,534,014</u></u>	<u><u>\$ 102,639,638</u></u>

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Federal sources:					
Federal grants	\$ 11,803,331	\$ 11,857,062	\$ 10,763,727	\$ 12,282,051	\$ 10,430,816
National School Lunch Program	6,152,144	5,706,762	5,342,585	4,958,860	4,313,117
Total federal sources	<u>17,955,475</u>	<u>17,563,824</u>	<u>16,106,312</u>	<u>17,240,911</u>	<u>14,743,933</u>
State sources:					
State equalization assistance	55,165,988	60,434,075	56,597,014	47,225,791	44,289,168
State grants	1,019,670	660,649	764,406	761,945	1,261,057
School Facilities Board		4,324,500	1,757,700	3,393,723	2,686,910
Other revenues	4,337,137	6,839,548	5,578,906	7,303,253	4,550,065
Total state sources	<u>60,522,795</u>	<u>72,258,772</u>	<u>64,698,026</u>	<u>58,684,712</u>	<u>52,787,200</u>
Local sources:					
Property taxes	20,873,823	22,402,214	22,414,715	21,616,835	20,377,580
County aid			50,053	4,221,061	4,057,878
Food service sales	917,338	980,429	980,322	1,148,287	1,139,421
Investment income	519,298	1,000,691	885,534	792,885	838,358
Other revenues	1,614,641	2,026,589	1,823,482	911,377	1,814,703
Total local sources	<u>23,925,100</u>	<u>26,409,923</u>	<u>26,154,106</u>	<u>28,690,445</u>	<u>28,227,940</u>
Total revenues	<u>\$ 102,403,370</u>	<u>\$ 116,232,519</u>	<u>\$ 106,958,444</u>	<u>\$ 104,616,068</u>	<u>\$ 95,759,073</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)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenditures:					
Current -					
Instruction	\$ 48,124,124	\$ 48,248,493	\$ 47,908,458	\$ 47,019,180	\$ 47,333,380
Support services - students and staff	12,347,215	11,675,846	11,527,929	11,694,235	11,394,582
Support services - administration	8,947,644	9,338,542	9,162,925	9,172,055	9,422,159
Operation and maintenance of plant services	8,749,186	9,719,124	9,018,317	9,117,666	9,008,396
Student transportation services	2,905,384	2,925,043	2,795,894	2,459,300	2,318,368
Operation of non-instructional services	7,856,634	7,240,793	7,151,369	6,776,614	7,297,444
Capital outlay	11,116,074	9,490,543	4,339,814	5,139,856	5,711,924
Debt service -					
Judgments against the district					
Interest and fiscal charges	599,495	719,177	377,273	529,198	692,885
Principal retirement	3,410,588	3,266,704	1,028,668	4,695,267	5,134,047
Bond issuance costs	261,879		91,775		
Total expenditures	<u>\$ 104,318,223</u>	<u>\$ 102,624,265</u>	<u>\$ 93,402,422</u>	<u>\$ 96,603,371</u>	<u>\$ 98,313,185</u>
Expenditures for capitalized assets	\$ 9,076,485	\$ 5,867,933	\$ 2,015,217	\$ 2,922,527	\$ 3,538,575
Debt service as a percentage of noncapital expenditures	4%	4%	2%	6%	6%

(Continued)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:					
Current -					
Instruction	\$ 51,595,524	\$ 52,590,659	\$ 49,394,212	\$ 45,456,819	\$ 41,274,103
Support services - students and staff	12,311,580	12,300,704	11,266,456	11,474,612	10,618,447
Support services - administration	9,452,746	10,512,890	10,194,681	9,093,896	8,415,366
Operation and maintenance of plant services	9,519,383	9,391,567	9,104,390	8,234,931	7,620,491
Student transportation services	2,641,112	2,942,820	2,643,252	2,207,540	2,042,827
Operation of non-instructional services	7,341,349	7,377,247	6,732,728	5,830,957	5,541,499
Capital outlay	8,882,286	18,140,055	10,129,722	22,869,398	15,730,248
Debt service -					
Judgments against the district	347,220				
Interest and fiscal charges	845,392	1,007,316	1,277,797	4,215,300	2,957,163
Principal retirement	4,993,878	4,829,607	6,392,009	4,337,440	7,572,279
Bond issuance costs				152,983	
Total expenditures	<u>\$ 107,930,470</u>	<u>\$ 119,092,865</u>	<u>\$ 107,135,247</u>	<u>\$ 113,873,876</u>	<u>\$ 101,772,423</u>
Expenditures for capitalized assets	\$ 3,966,285	\$ 12,824,564	\$ 5,969,889	\$ 14,685,856	\$ 13,449,185
Debt service as a percentage of noncapital expenditures	6%	5%	8%	9%	12%

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

(Concluded)

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Excess (deficiency) of revenues over expenditures	\$ (5,233,379)	\$ (6,245,905)	\$ 2,894,487	\$ (2,069,357)	\$ 4,326,453
Other financing sources (uses):					
General obligation bonds issued	9,485,000		9,600,000		
Premium on sale of bonds	341,230		265,107		
Capital lease agreements	3,099,700	329,612	20,707		
Transfers in	6,676,435	1,156,628	1,088,537	1,351,717	699,410
Transfers out	<u>(6,676,435)</u>	<u>(1,156,628)</u>	<u>(1,088,537)</u>	<u>(1,351,717)</u>	<u>(699,410)</u>
Total other financing sources (uses)	<u>12,925,930</u>	<u>329,612</u>	<u>9,885,814</u>		
Changes in fund balances	<u>\$ 7,692,551</u>	<u>\$ (5,916,293)</u>	<u>\$ 12,780,301</u>	<u>\$ (2,069,357)</u>	<u>\$ 4,326,453</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over expenditures	\$ (5,527,100)	\$ (2,860,346)	\$ (176,803)	\$ (9,257,808)	\$ (6,013,350)
Other financing sources (uses):					
General obligation bonds issued				6,335,000	
Refunding bonds issued				6,630,000	
Premium on sale of bonds				422,161	
Capital lease agreements					6,130
Proceeds from sale of capital assets	77,184		547,563	42,241	
Transfers in	572,366	516,995	904,153	405,441	1,179,524
Transfers out	(572,366)	(516,995)	(904,153)	(405,441)	(1,179,524)
Payment to refunded bond escrow agent				(6,872,281)	
Total other financing sources (uses)	<u>77,184</u>		<u>547,563</u>	<u>6,557,121</u>	<u>6,130</u>
Changes in fund balances	<u>\$ (5,449,916)</u>	<u>\$ (2,860,346)</u>	<u>\$ 370,760</u>	<u>\$ (2,700,687)</u>	<u>\$ (6,007,220)</u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 78,614,664	\$ 93,847,732	\$ 110,457,990	\$ 135,429,535	\$ 133,094,419
Agricultural and Vacant	6,523,254	7,944,499	12,342,328	17,268,180	14,955,486
Residential (Owner Occupied)	86,428,656	105,709,656	123,907,998	181,738,121	266,895,667
Residential (Rental)	54,686,655	51,014,000	63,263,130	77,938,802	87,225,078
Railroad, Private Cars and Airlines	1,479,206	1,566,518	1,380,945	1,358,047	1,441,019
Historical Property	271,696	271,584	194,170	198,955	237,326
Total	<u>\$ 228,004,131</u>	<u>\$ 260,353,989</u>	<u>\$ 311,546,561</u>	<u>\$ 413,931,640</u>	<u>\$ 503,848,995</u>
Estimated Actual Value (Full Cash Value)	\$ 2,484,617,655	\$ 2,708,959,264	\$ 3,139,025,381	\$ 4,258,014,849	\$ 5,642,139,613
Ratio of Primary Assessed Value to Estimated Actual Value	9.18%	9.61%	9.92%	9.72%	8.93%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 126,178,162	\$ 116,482,023	\$ 106,568,068	\$ 97,279,499	\$ 90,932,707
Agricultural and Vacant	13,127,695	10,324,207	9,744,350	7,994,534	7,266,805
Residential (Owner Occupied)	243,316,119	206,830,869	184,609,706	178,633,172	162,368,643
Residential (Rental)	74,579,618	64,477,862	57,096,327	50,264,028	45,204,992
Railroad, Private Cars and Airlines	1,687,732	1,785,442	1,689,969	1,507,452	1,438,626
Historical Property	134,143	79,336	55,111	53,842	46,149
Total	<u>\$ 459,023,469</u>	<u>\$ 399,979,739</u>	<u>\$ 359,763,531</u>	<u>\$ 335,732,527</u>	<u>\$ 307,257,922</u>
Estimated Actual Value (Full Cash Value)	\$ 5,823,363,514	\$ 4,634,143,387	\$ 3,449,524,530	\$ 3,212,082,593	\$ 2,869,913,546
Ratio of Primary Value to Estimated Actual Value	7.88%	8.63%	10.43%	10.45%	10.71%

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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 78,993,175	\$ 94,017,472	\$ 111,314,908	\$ 153,504,991	\$ 163,409,579
Agricultural and Vacant	6,586,197	8,105,545	12,460,286	22,156,675	22,944,129
Residential (Owner Occupied)	86,746,516	105,844,638	123,976,619	182,216,745	297,814,840
Residential (Rental)	55,389,682	51,175,139	63,436,996	81,238,979	104,694,753
Railroad, Private Cars and Airlines	1,492,879	1,596,052	1,537,638	1,617,320	1,693,483
Historical Property	<u>299,083</u>	<u>271,682</u>	<u>194,170</u>	<u>201,527</u>	<u>283,454</u>
Total	<u>\$ 229,507,532</u>	<u>\$ 261,010,528</u>	<u>\$ 312,920,617</u>	<u>\$ 440,936,237</u>	<u>\$ 590,840,238</u>
Ratio of Secondary Assessed Value to Estimated Actual Value	9.24%	9.64%	9.97%	10.36%	10.47%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 150,930,132	\$ 131,631,000	\$ 118,142,429	\$ 101,699,544	\$ 97,352,682
Agricultural and Vacant	21,348,289	15,477,603	14,173,166	9,418,886	9,118,811
Residential (Owner Occupied)	339,607,837	267,865,953	186,398,086	185,980,276	165,785,689
Residential (Rental)	99,963,602	80,177,467	59,500,364	54,777,397	47,728,783
Railroad, Private Cars and Airlines	1,899,924	1,970,730	1,786,403	1,646,767	1,617,157
Historical Property	<u>187,844</u>	<u>104,306</u>	<u>60,177</u>	<u>60,852</u>	<u>49,155</u>
Total	<u>\$ 613,937,628</u>	<u>\$ 497,227,059</u>	<u>\$ 380,060,625</u>	<u>\$ 353,583,722</u>	<u>\$ 321,652,277</u>
Ratio of Secondary Assessed Value to Estimated Actual Value	10.54%	10.73%	11.02%	11.01%	11.21%

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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

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

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

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								
	State Equalization	County	Community College District	City of Glendale	City of Phoenix	Glendale Union High School District No. 205	District Direct Rates		
							Primary	Secondary	Total
2014	0.51	1.28	1.53	2.29	1.82	4.58	2.78	4.52	7.30
2013	0.47	1.24	1.38	1.90	1.82	4.10	2.94	4.00	6.94
2012	0.43	1.24	1.21	1.60	1.82	3.53	2.46	3.95	6.41
2011	0.36	1.05	0.97	1.60	1.82	2.73	1.68	3.10	4.78
2010	N/A	0.99	0.72	1.60	1.82	2.60	1.54	2.45	3.99
2009	N/A	1.03	0.78	1.60	1.82	2.73	2.39	1.92	4.31
2008	N/A	1.10	0.98	1.62	1.82	3.03	2.50	2.88	5.38
2007	N/A	1.18	1.06	1.72	1.82	3.33	2.55	3.95	6.50
2006	N/A	1.20	1.03	1.72	1.82	3.46	2.26	4.36	6.62
2005	N/A	1.47	1.04	1.72	1.82	3.37	2.11	4.59	6.70

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Century Link Corporation	\$ 3,917,312	1.71	\$ 9,221,624	2.60 %
Arizona Public Service Company	3,615,344	1.58	3,105,632	0.88
Wal-Mart / Sams Club	2,845,700	1.24	2,248,727	0.64
FSC Olive Tree Associates LLC	1,714,760	0.75		
Lowes Hiw Inc.	1,570,390	0.68		
Nothern Crossing LLC	1,557,699	0.68		
San Martin Apartments LP	1,557,050	0.68	1,791,179	0.51
Bnsf Railway Company	1,492,879	0.65		
Kimmerle Sandra Sue Irrevocable Trust	1,393,294	0.61		
Southwest Gas Corporation (T&D)	1,339,237	0.58	2,800,815	0.79
Brookwood Olive Square Investors LLC			2,667,335	0.75
Sanderson Ford Inc.			2,114,363	0.60
Burlington Nothern/Santa Fe Railway Co.			1,646,767	0.46
Wasatch Pool Holding III LLC			1,644,251	0.46
Schuck & Sons Construction Co., Inc.			1,600,306	0.45
Total	<u>\$ 21,003,665</u>	<u>9.16 %</u>	<u>\$ 28,840,999</u>	<u>8.14 %</u>

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 16,728,428	\$ 15,980,478	95.53 %	\$	\$ 15,980,478	95.53 %
2013	18,154,808	17,175,781	94.61	954,803	18,130,584	99.87
2012	19,689,549	18,563,747	94.28	1,000,937	19,564,684	99.37
2011	20,367,146	18,921,189	92.90	1,425,109	20,346,298	99.90
2010	22,092,950	20,022,194	90.63	1,461,592	21,483,786	97.24
2009	22,704,406	20,855,807	91.86	1,647,063	22,502,870	99.11
2008	24,437,093	23,259,261	95.18	1,171,013	24,430,274	99.97
2007	24,127,231	23,068,476	95.61	1,050,815	24,119,291	99.97
2006	23,141,226	22,021,128	95.16	1,113,191	23,134,319	99.97
2005	21,233,648	20,311,493	95.66	894,227	21,205,720	99.87

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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2014	\$ 24,370,000	\$ 595,430	\$ 23,774,570	0.96 %	\$ 105	\$ 3,272,902	\$ 27,642,902	1.11 %	\$ 120	0.0187 %	
2013	18,060,000	1,930,280	16,129,720	0.65	79	253,790	18,313,790	0.74	80	0.0124	
2012	19,075,000	3,605,377	15,469,623	0.62	84	15,882	19,090,882	0.77	84	0.0134	
2011	9,475,000	342,632	9,132,368	0.37	42	8,843	9,483,843	0.38	42	0.0067	
2010	19,020,000	4,990,000	14,030,000	0.56	76	149,110	19,169,110	0.77	77	0.0130	
2009	23,865,000	4,845,000	19,020,000	0.77	95	293,159	24,158,159	0.97	96	0.0173	
2008	28,560,000	4,695,000	23,865,000	0.96	113	364,853	28,924,853	1.16	115	0.0218	
2007	34,730,637	6,170,637	28,560,000	1.15	143	499,460	35,230,097	1.42	145	0.0292	
2006	40,266,551	5,535,914	34,730,637	1.40	171	238,906	40,505,457	1.63	172	0.0365	
2005	41,342,767	7,411,216	33,931,551	1.37	182	374,105	41,716,872	1.68	183	0.0408	

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa Community College District	\$ 766,085,000	0.71 %	\$ 5,439,204
City of Glendale	168,645,000	21.65	36,511,643
Western Maricopa Education Center No. 402	36,343,535	1.92	697,796
Glendale Union High School District No. 205	104,819,111	17.80	<u>18,657,802</u>
Subtotal, Overlapping Debt			<u>61,306,445</u>
Direct:			
Glendale Elementary School District No. 40			<u>27,642,902</u>
Total Direct and Overlapping Debt			<u>\$ 88,949,347</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		10.36 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 368	
As a Percentage of Net Secondary Assessed Valuation		37.07 %
As a Percentage of Estimated Actual Value (Full Cash Value)		3.42 %

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

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

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

Secondary assessed valuation	229,507,532
Debt limit (10% of assessed value)	22,950,753
Debt applicable to limit	24,370,000
Redemption Funds on Hand for Class B Principal	2,363,327
Legal debt margin	<u>\$ 944,080</u>

Total Legal Debt Margin Calculation for Fiscal Year 2014:

Secondary assessed valuation	\$ 229,507,532
Debt limit (15% of assessed value)	34,426,130
Debt applicable to limit	24,370,000
Legal debt margin	<u>\$ 10,056,130</u>

Fiscal Year Ended June 30

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 34,426,130	\$ 39,151,579	\$ 46,938,093	\$ 66,140,436	\$ 88,626,036
Total net debt applicable to limit	<u>24,370,000</u>	<u>18,060,000</u>	<u>19,075,000</u>	<u>9,475,000</u>	<u>19,020,000</u>
Legal debt margin	<u>\$ 10,056,130</u>	<u>\$ 21,091,579</u>	<u>\$ 27,863,093</u>	<u>\$ 56,665,436</u>	<u>\$ 69,606,036</u>
Total net debt applicable to the limit as a percentage of debt limit	71%	46%	41%	14%	21%
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 92,090,644	\$ 74,584,059	\$ 57,009,094	\$ 53,037,558	\$ 48,247,842
Total net debt applicable to limit	<u>23,865,000</u>	<u>28,560,000</u>	<u>34,730,637</u>	<u>40,266,551</u>	<u>41,342,767</u>
Legal debt margin	<u>\$ 68,225,644</u>	<u>\$ 46,024,059</u>	<u>\$ 22,278,457</u>	<u>\$ 12,771,007</u>	<u>\$ 6,905,075</u>
Total net debt applicable to the limit as a percentage of debt limit	26%	38%	61%	76%	86%

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

The source of "Redemption Funds on Hand for Class B Principal" is the Official Statement of the School Improvement Bonds, Project of 2011, Series C (2014).

- 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.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST 10 CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2013	4,009,412	\$ 147,700,000	\$ 27,552	6.2 %	234,948
2012	3,824,058	147,374,500	38,538	9.1	229,720
2011	3,843,370	142,864,275	37,352	8.1	227,446
2010	3,817,117	142,091,618	35,319	8.5	226,721
2009	4,023,331	147,122,078	37,168	8.3	249,007
2008	3,987,942	139,665,253	36,135	5.1	251,522
2007	3,907,492	132,423,154	35,046	3.2	252,618
2006	3,768,123	120,716,738	33,178	3.5	243,540
2005	3,895,205	111,103,576	31,757	4.4	236,125
2004	3,742,460	102,277,852	30,160	4.6	227,697

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2013, the source of the information is the Arizona Office of Employment and Population Statistics. The "Estimated District Population" information is from the Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	49,278	2.76 %	49,145	2.71 %
Wal-Mart Stores Inc.	32,169	1.80	19,510	1.08
Banner Health Systems	25,270	1.41	14,480	0.80
City of Phoenix	14,983	0.84	13,620	0.75
Wells Fargo Company	14,713	0.82	11,000	0.61
Maricopa County	12,698	0.71	15,215	0.84
Arizona State University	12,222	0.68	10,530	0.58
Intel Corp.	11,900	0.67		
JPMorgan Chase & Co.	11,042	0.62		
Bank of America	11,000	0.62		
Honeywell International Inc.			12,000	0.66
U.S. Postal Service			11,405	0.63
Bashas' Inc.			9,650	0.53
Total	<u>195,275</u>	<u>10.93 %</u>	<u>166,555</u>	<u>9.19 %</u>
Total employment	<u>1,787,700</u>		<u>1,813,000</u>	

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

Note: Information is presented County-wide.

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Supervisory					
Consultants/supervisors of instruction	31	56	57	54	59
Principals	19	19	17	17	17
Assistant principals	17	16	16	17	17
Total supervisory	<u>67</u>	<u>91</u>	<u>90</u>	<u>88</u>	<u>93</u>
Instruction					
Teachers	731	720	695	682	674
Other teachers (adult)					
Other professionals (instructional)	55	22	57	56	26
Aides	142	140	117	120	120
Total instruction	<u>928</u>	<u>882</u>	<u>869</u>	<u>858</u>	<u>820</u>
Student Services					
Librarians	1	1	1	6	7
Technicians	87	83	32	27	28
Total student services	<u>88</u>	<u>84</u>	<u>33</u>	<u>33</u>	<u>35</u>
Support and Administration					
Service workers	369	382	334	303	352
Unskilled laborers	126	131	85	117	75
Total support and administration	<u>495</u>	<u>513</u>	<u>419</u>	<u>420</u>	<u>427</u>
Total	<u><u>1,578</u></u>	<u><u>1,570</u></u>	<u><u>1,411</u></u>	<u><u>1,399</u></u>	<u><u>1,375</u></u>

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Supervisory					
Consultants/supervisors of instruction	63	64	51	52	45
Principals	17	17	20	19	17
Assistant principals	17	17	17	18	16
Total supervisory	<u>97</u>	<u>98</u>	<u>88</u>	<u>89</u>	<u>78</u>
Instruction					
Teachers	698	708	749	718	659
Other teachers (adult)				22	22
Other professionals (instructional)	34	40	30	26	23
Aides	97	96	122	135	161
Total instruction	<u>829</u>	<u>844</u>	<u>901</u>	<u>901</u>	<u>865</u>
Student Services					
Librarians	16	16	17	17	16
Technicians	21	19	15	14	15
Total student services	<u>37</u>	<u>35</u>	<u>32</u>	<u>31</u>	<u>31</u>
Support and Administration					
Service workers	369	387	435	361	360
Unskilled laborers	76	119	124	115	108
Total support and administration	<u>445</u>	<u>506</u>	<u>559</u>	<u>476</u>	<u>468</u>
Total	<u><u>1,408</u></u>	<u><u>1,483</u></u>	<u><u>1,580</u></u>	<u><u>1,497</u></u>	<u><u>1,442</u></u>

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

**GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2014	12,921	\$ 88,930,187	\$ 6,883	(2.34) %	\$ 100,952,974	\$ 7,813	(1.32) %	731	17.7	87.3 %
2013	12,649	89,147,841	7,048	(0.96)	100,149,088	7,918	1.60	720	17.6	90.1
2012	12,305	87,564,892	7,116	(0.95)	95,889,155	7,793	(5.01)	695	17.7	90.6
2011	12,004	86,239,050	7,184	2.12	98,473,364	8,203	7.31	682	17.6	87.9
2010	12,334	86,774,329	7,035	(4.40)	94,287,354	7,645	(8.21)	674	18.3	89.0
2009	12,619	92,861,694	7,359	0.55	105,089,572	8,328	1.00	698	18.1	84.5
2008	12,997	95,115,887	7,318	7.15	107,164,995	8,245	10.28	708	18.4	81.7
2007	13,080	89,335,719	6,830	6.35	97,798,799	7,477	(0.95)	749	17.5	81.2
2006	12,815	82,298,755	6,422	7.39	96,740,997	7,549	5.65	718	17.8	79.9
2005	12,627	75,512,733	5,980	7.37	90,222,359	7,145	8.55	659	19.2	79.4

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

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

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	180	178	175	175	161	161	160	159	159	145
Square feet	1,410,885	1,401,972	1,401,972	1,401,972	1,149,389	1,149,389	1,118,505	1,088,213	1,088,213	958,948
Capacity	17,635	17,524	17,524	17,524	14,367	14,367	14,260	13,603	13,603	11,987
Enrollment	13,989	13,760	13,318	13,023	11,983	12,176	12,309	12,265	12,058	11,414
<u>Middle</u>										
Buildings					14	14	14	14	14	14
Square feet					252,583	252,583	252,583	252,583	252,583	252,583
Capacity					3,157	3,157	3,157	3,157	3,157	3,157
Enrollment					1,501	1,454	1,454	1,634	1,810	2,097
<u>Administrative</u>										
Buildings	9	9	9	9	9	9	9	9	9	8
Square feet	133,135	133,135	133,135	133,135	133,135	133,135	133,135	133,135	133,135	126,735
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	48	48	48	48	48	49	50	55	48	45

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