

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
GLENDALE, ARIZONA
FOR THE
FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by:
Business and Finance Department

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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
LIST OF PRINCIPAL OFFICIALS	7
ORGANIZATIONAL CHART	8
ASBO CERTIFICATE OF EXCELLENCE	9
GFOA CERTIFICATE OF EXCELLENCE	10

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	11
MANAGEMENT'S DISCUSSION AND ANALYSIS	14

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	23
STATEMENT OF ACTIVITIES	24
BALANCE SHEET – GOVERNMENTAL FUNDS	25
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	28
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	29
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS	30
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	31
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – FIDUCIARY FUNDS	32
NOTES TO THE BASIC FINANCIAL STATEMENTS	33

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS (CONTINUED)**

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN	55
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS	56
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	58

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	59
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	61
BOND BUILDING FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	63
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	64
CLASSROOM SITE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	65
INSTRUCTIONAL IMPROVEMENT FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	66
FOOD SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	67
OTHER SPECIAL REVENUE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	68
ADJACENT WAYS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	69
GIFTS AND DONATIONS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	70
BUILDING RENEWAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	71

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2013
 TABLE OF CONTENTS (CONTINUED)**

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS	72
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUNDS	73
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS	74
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	75
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS	76

STATISTICAL SECTION

FINANCIAL TRENDS

NET POSITION BY COMPONENT	77
CHANGES IN NET POSITION	79
FUND BALANCES OF GOVERNMENTAL FUNDS	81
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	83

REVENUE CAPACITY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	85
NET SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION	86
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	87
PRINCIPAL PROPERTY TAXPAYERS	88
PROPERTY TAX LEVIES AND COLLECTIONS	89

DEBT CAPACITY

RATIO OF OUTSTANDING DEBT BY TYPE	90
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	91
LEGAL DEBT MARGIN INFORMATION	92
CALCULATION OF LEGAL DEBT MARGIN	94

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS (CONTINUED)**

DEMOGRAPHIC AND ECONOMIC INFORMATION

COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS 95

PRINCIPAL EMPLOYERS 96

OPERATING INFORMATION

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION 97

OPERATING STATISTICS 99

TEACHER BASE SALARIES 100

CAPITAL ASSETS INFORMATION 101

INTRODUCTORY SECTION

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Administrative Center

4650 West Sweetwater Avenue
Glendale, AZ 85304-1505
TEL: 602-347-2600 • FAX: 602-347-2720

The Washington Elementary School District is committed to achieving excellence for every child; every day; every opportunity.

December 17, 2013

Citizens and Governing Board
Washington Elementary School District No. 6
4650 West Sweetwater
Glendale, Arizona 85304

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 of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Washington Elementary School District No. 6 (District) for the fiscal year ended June 30, 2013.

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 from 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 comprehensive annual financial report is presented in three sections: introductory, financial and statistical.

The District's financial activity for fiscal year 2013 has been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District 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. Based on the audit, CliftonLarsonAllen LLP has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2013. Their independent auditors' report is located at the front of the financial section of this report.

Following the independent auditors' report, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) which is intended to complement this letter of transmittal. The District's MD&A can be found immediately following the report of the independent auditors.

Washington Elementary School District No. 6 • www.wedschools.org

Governing Board: Chris Maza, President • Aaron Jahneke, Vice President • Bill Adams, Member • Clorinda Graziano, Member • Tee Lambert, Member
Dr. Susan J. Cook, Superintendent

PROFILE OF THE DISTRICT

The Washington Elementary School District No. 6 was established in 1891 and is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade eight. Other supplemental programs are offered such as Head Start, daycare programs providing services before and after school, and other community-based education programs.

Washington Elementary School District operates 32 school sites and three District administrative sites. The District serves approximately 23,100 students in north central Phoenix and eastern Glendale. Enrollment had decreased by over two percent each year since 2008, but during fiscal year 2013 the enrollment continued to increase slightly over fiscal year 2012. Projections indicate that this trend should continue as the economy improves and previously foreclosed homes are sold in neighborhoods within the District boundaries.

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. 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 District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, pupil transportation, management information services, construction and maintenance of District facilities, and nutrition services.

For fiscal year 2012-2013, the District experienced an 11.4 percent decrease in its primary assessed valuation and 11.3 percent decrease in its secondary assessed valuation. The economy of the District is representative of the economies of the cities that overlap the District. Approximately 98 percent of the District lies within the boundaries of the City of Phoenix with only 2 percent falling within the boundaries of the City of Glendale.

In 2006 the Governing Board and Superintendent initiated the development of a long-range strategic plan for the Washington Elementary School District. A vision and mission were drafted including a set of beliefs and values which were shared at a town hall meeting to solicit input regarding the District needs and goals. Participants of this group included parents, community members, District employees and board members. The identified areas of focus were Student Achievement, Community Relationships, Facility Planning and Usage, Student Safety, Technology, Community Relationships, and Human Resources. Each year specific plans are updated for each area of focus that includes the financial resources needed to accomplish the goals, as well as ways in which to recognize the completion of those goals. In fiscal year 2013 the District completed a strategic plan related to fiscal responsibility. This plan includes ways in which the District will increase transparency and accountability with the community by utilizing consistent reporting strategies detailing how the District has spent voter-approved funding. The strategic plan for fiscal accountability also identifies the goal to establish a financial oversight committee to review annual budgets, expenditures, and audits.

In order to facilitate community outreach, the District works with a Business Advisory Team and a Parent Leadership Team that meets with the Superintendent throughout the year. During fiscal year 2013 the Business Advisory Team increased in participation to over 150 attending each quarterly meeting. The District utilizes this platform to bring attention to achievements and initiatives of our students and teachers as well as the business leaders participating.

BUDGETING SYSTEMS AND CONTROLS

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 Washington Elementary School District utilizes a "Student-Based Budget Process", meaning that schools and students are budget priorities. The budget for staffing and other resources is based on the number of students enrolled at each site and funds are allocated for these needs prior to evaluating the needs for departments. These budgets are set each year based on consistent standards adopted by the Governing Board. Standards are developed and recommended to the Governing Board after receiving input from committees consisting of staff and other stakeholders involved in each particular area.

The Governing Board annually reviews any budget items that are outside the general state budget limits. These items are approved individually after consideration of defined needs of the District and evaluation of any proposed impact to taxpayers in the District. The Governing Board has approved a Debt Management and Special Levy Policy to provide guidance for staff to consider when evaluating the need for additional levies or long-term debt such as bonds.

The District's proposed expenditure budget is presented to the Governing Board for review prior to July 15. The Governing Board is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than July 15. The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General and some Capital Project Funds. The level of budgetary control is established at the individual fund level for all funds. The Governing Board has given staff authorization to exceed subsections of a budget, if needed, with the stipulation that expenditures never exceed the total appropriated budget in a particular fund.

In order to ensure compliance with the legal provisions applicable to the annual appropriated budget, Washington Elementary School District maintains several budgetary controls. Budget-controlled funds are monitored consistently to ensure that schools and departments stay within their allocated budgets, and that expenditures are proper for the designated fund. The Finance Director can at any time reallocate budget capacity between accounts within a fund or from the contingency fund designated for emergencies and other needs that were not identified previously. The workflow for approval of purchases, budget transfers and journal entries has several levels for review before being posted. Budgets for cash-controlled funds are updated automatically within the financial system as revenue is received and these funds are reconciled throughout the year to ensure that cash available is sufficient to meet the appropriated budget.

Although not adopted, an annual revenue budget for all sources is prepared. The expenditure budget can be revised annually in accordance with Arizona Revised Statutes; however the revenue budget is not revised. Therefore a deficit budgeted fund balance can occur when the expenditure budget is increased during a revision. Funds that have over expenditures of budgeted funds have revenue earned throughout the year. 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's administration is charged with the responsibility of supervising the protection of the District's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The District carries insurance for general liability, auto liability and workers' compensation. The administration is also responsible for directing the District's benefits program, which includes the administration of health, life and other benefits for all full-time and some part-time employees. These activities are accounted for in the Internal Service Funds.

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 City of Phoenix enjoys a highly diversified economic base consisting of manufacturing, agriculture, tourism, construction, education, distribution centers, finance and retailing. Tourism is an important income producer. Many world-class hotels and resorts cater to visitors. The city's light rail system, which opened in December 2008, offers a convenient transportation link from the airport to downtown Phoenix, with stops at the convention center and several downtown hotels. The light rail system is scheduled to expand within the next few years to include several miles within the District boundaries. The greater Phoenix area serves as a hub for innovation and entrepreneurs by providing international access for aerospace, high-technology, bioscience, advanced business services and sustainable technologies companies.

The City of Phoenix is the Capitol and largest city of Arizona and is the county seat as well. Phoenix is also the sixth largest city in the nation, with more than 1.4 million residents and growing. The city encompasses an area approximately 519 square miles. The Phoenix metropolitan area is the population and economic activity center of the entire State. Phoenix is one of the leaders in the economics of the Southwestern area of the United States.

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, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria, and Gilbert. The County's population is estimated at 3,942,000 or about 61 percent of the total population of the state. Maricopa County has a very wide range of economic sectors supporting its substantial growth. As of June 2013, the unemployment rate in the Phoenix area and Maricopa County was approximately 7.0 percent, slightly lower than the national average of 7.6 percent.

The State of Arizona has been greatly affected by the recent economic downturn. This has resulted in limited growth and declining revenues because of, in part, recent legislative decisions to reduce funding allocations. This has presented a challenge to school districts considering that the majority of funding for schools is generated through formulas directed by Arizona Law. Washington Elementary School District utilized several strategies that allowed for a budget balance remaining in fiscal year 2013. This should provide options for the District in the current year as the State continues to struggle with budget concerns. Although the State is currently experiencing increased revenues, there is no indication that previous reductions in funding will be restored in the near future.

Long-term Financial Planning

The District incorporates shared-decision making processes into every aspect of District management and planning. The shared-decision making process allows the input of all stakeholders (to include parents, employees and community members) into the decision-making and financial planning of the District. From these processes, advisory committees are formed to evaluate and make recommendations to the Superintendent in regard to the needs of the District.

One such committee is the Facilities Council. This group of stakeholders began a facilities master-planning process in 1996 to develop a long-term facilities needs assessment for the District. In the beginning stages of this master facilities plan, the Council considered many factors including an inventory and analysis of existing facilities, projection of future enrollment numbers, creating a vision of the learning environment and several preliminary master plan concepts. This Council has been reorganized to operate at the regional level for a specific focus and input is provided from the regions into the general council that offers recommendation regarding future bonding needs and identified projects district-wide. Future capital plans have been updated to account for changes in population levels and changes in projected enrollment, based on demographic studies. Although demographic studies illustrate a leveling of student growth over the next few years, the capital plan continues to address aging facilities to meet the needs of all grade configurations, and is consistent with the vision of the learning environment embraced by the stakeholders of the District.

Another long-standing committee in the District is the Planning and Steering Committee. This group meets monthly to facilitate and monitor all processes and procedures related to the development, refinement and/or implementation of goals for learning and learning environments. Their areas of focus include curriculum, instruction, assessments, school and department improvement, and professional development.

AWARDS AND ACKNOWLEDGMENTS

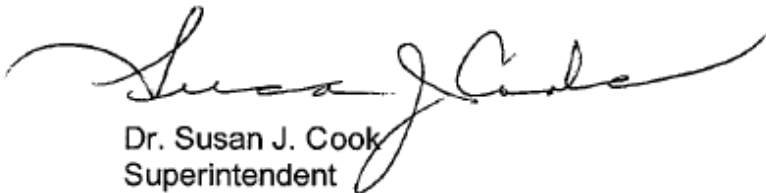
The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In addition, the Government Finance Officers Association of the United States and Canada (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, 2012. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2012-2013 certificates.

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 services and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we would like to extend our appreciation to the Governing Board for their leadership and support in attaining the highest standards of professionalism regarding the management of the District's finances.

Respectfully submitted,



Dr. Susan J. Cook
Superintendent



Cathy Thompson
Director of Business Services

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

Governing Board

Chris Maza
Governing Board President

Aaron Jahneke
Governing Board Vice President

Bill Adams
Governing Board Member

Clorinda Graziano
Governing Board Member

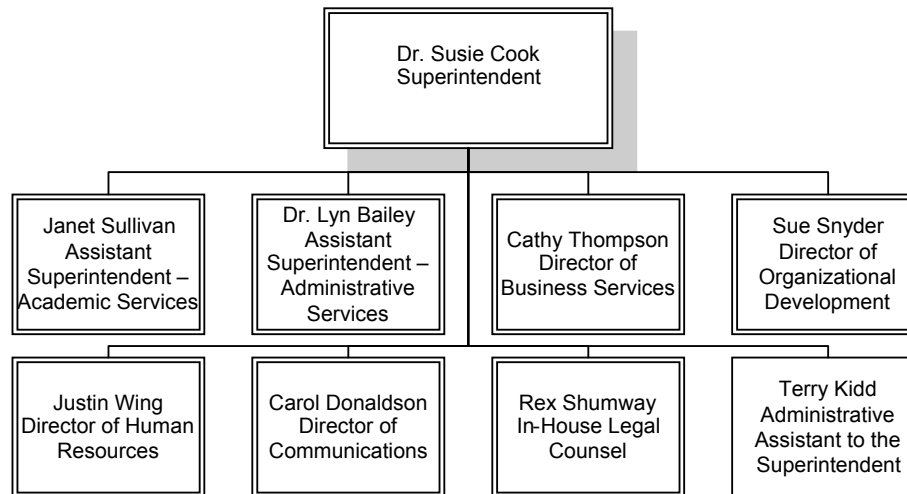
Tee Lambert
Governing Board Member

Administrative Staff

Susan J. Cook, Ed.D.
Superintendent

Cathy Thompson
Director of Business Services

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
ORGANIZATIONAL CHART
JUNE 30, 2013



Association of School Business Officials International



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

Washington Elementary School District No. 6

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



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

Ron McCulley, CPPB, RSBO
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

**Washington Elementary School
District No. 6, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board of the
Washington Elementary School District No. 6
Glendale, Arizona

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 Washington Elementary School District No. 6 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Elementary School District No. 6 as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 14 – 22, schedule of funding progress for the other postemployment benefit plan on page 55, and the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and special projects fund on pages 56 – 57 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Elementary School District No. 6’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates 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 nonmajor fund financial statements 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.

Governing Board of the
Washington Elementary School District No. 6

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of Washington Elementary School District No. 6 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 result of that testing, and not to provide an opinion on 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 Washington Elementary School District No. 6 internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 17, 2013

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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

As management of the Washington Elementary School District No. 6 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- ◆ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$191.6 million (net position).
- ◆ The District's total net position decreased by \$6.0 million. This was largely due to funding one-time employee compensation with existing cash (\$2.5 million) in lieu of pay raises and disposal of old equipment and vehicles with acquisition costs greater than the replacement cost (\$2.5 million).
- ◆ At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$38.9 million, a decrease of \$5.4 million in comparison with the prior year. This decrease was caused by an overall decrease in revenue and a reliance on reserves to maintain budgeted needs until the economic environment improves in Arizona. The outlook in this area is projected to improve as increased funding is in place for fiscal year 2013-2014. Other factors contributing to the decrease are discussed in the financial analysis of District funds contained in this MD&A.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15.5 million, or 11.1 percent of total General Fund expenditures.
- ◆ The District's bonded debt increased by \$8.4 million (10.8 percent) during the current fiscal year. The increase was due to the issuance of \$20.0 million in school improvement bonds offset by regularly scheduled principal payments and the amortization of bond premiums.
- ◆ Net position for the Internal Service Funds decreased by \$1.2 million. Operating expenses of \$19.0 million exceeded the operating revenues of \$17.7 million. This was largely due to the Employee Benefit Trust's agreement to absorb a portion of increased health insurance costs since it had assets that exceeded the recommended reserves.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the District is improving or deteriorating.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

The statement of activities presents information showing how the government'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 the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). 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.

The government-wide financial statements can be found immediately following this MD&A.

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, like other state and local governments, 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 focus on near-term inflows and outflows 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 a government's near-term financing requirements.

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

The District maintains eleven individual governmental funds. 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 Fund, Special Projects Fund, Bond Building Fund and Debt Service Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes; however, the revenue budget, once adopted is not revised during the fiscal year. Therefore, a deficit budgeted fund balance may exist in the final amended budget due to the revision of the expenditure budget. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 25 - 28 of this report.

Proprietary funds. The District maintains internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its employee benefit trust, property and casualty insurance, workers' compensation, and the District's print shop. Because these services benefit governmental functions, they have 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. Other internal service funds include the Property and Casualty Insurance Fund, which accounts for the financial activity associated with the District's self-insurance program for property and casualty losses; the Workers' Compensation Fund, which accounts for the financial activity associated with the District's self-insurance program for employee workers' compensation; and the Print Shop Fund, which accounts for the activity of the District's print shop.

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

The basic proprietary fund financial statements can be found on pages 29 - 31 of this report.

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. The fiduciary funds are custodial in nature and do not present results of operations or a measurement focus.

The basic fiduciary fund financial statement can be found on page 32 of this report.

Notes to the basic financial statements. The notes to the basic financial statements 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 basic financial statements can be found on pages 33 - 54 of this report.

Required Supplementary Information Other Than the MD&A. The required supplementary information other than the MD&A found immediately following the notes to the financial statements include the schedule of funding progress for the other postemployment benefit plan and the schedule of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major special revenue funds. Notes to the required supplementary information follow the budgetary comparison schedules.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 59 - 76 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 77 - 102 of this report.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

Government-Wide Financial Analysis

As noted earlier, 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 \$191.6 million as of June 30, 2013.

By far the largest portion of the District's net position (70.8 percent) reflects its investment in capital assets (e.g., land, buildings, furniture, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to 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. An additional portion of the District's net position (8.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (20.6 percent) may be used to meet the District's ongoing obligations to its citizens and creditors.

A summary of changes in the District's Statement of Net Position for the fiscal years ended June 30, 2013 and 2012 is as follows:

	Governmental Activities		Percent Change
	2013	2012	
Current and Other Assets	\$ 87,287,716	\$ 91,040,093	(4.1)%
Capital Assets	229,623,712	218,282,314	5.2
Total Assets	316,911,428	309,322,407	2.5
Deferred Outflows of Resources	663,803	829,753	(20.0)
Current Liabilities	35,355,086	31,810,664	11.1
Noncurrent Liabilities	90,572,573	80,689,493	12.2
Total Liabilities	125,927,659	112,500,157	11.9
Net Position:			
Net Investment in			
Capital Assets	135,761,278	131,154,280	3.5
Restricted	16,387,192	15,370,563	6.6
Unrestricted	39,499,102	51,127,160	(22.7)
Total Net Position	\$ 191,647,572	\$ 197,652,003	(3.0)

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net position. The net investment in capital assets increased 3.5 percent. The increase was the result of current year capital asset additions less current year depreciation. Capital asset additions are discussed later in this MD&A. Restricted net position increased 6.6 percent largely due to an increase in net position for food services (\$0.9 million) and the Classroom Site Fund (\$0.6 million). These increases were offset by a decrease in capital projects (\$0.6 million) that included a reduced levy for adjacent ways projects and a building renewal fund no longer allocated by the State. Unrestricted net position decreased 22.7 percent.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

Overall, net position of the District decreased \$6.0 million or 3.0 percent. Key elements of this decrease are as follows:

	Governmental Activities		
	2013	2012	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 5,262,714	\$ 4,831,178	8.9 %
Operating Grants and Contributions	46,495,226	48,386,041	(3.9)
General Revenues:			
Property Taxes	51,976,289	57,336,243	(9.3)
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	83,833,717	79,839,296	5.0
Investment Earnings	254,661	611,471	(58.4)
Other	617,018	814,480	(24.2)
Total Revenues	<u>188,439,625</u>	<u>191,818,709</u>	(1.8)
EXPENSES			
Instruction	96,705,106	95,655,933	1.1
Support Services:			
Students and Instructional Staff	24,932,070	22,683,312	9.9
Administration	16,847,819	15,851,740	6.3
Operation and Maintenance of Plant	21,604,320	20,505,294	5.4
Student Transportation	10,322,705	8,352,478	23.6
Operation of Noninstructional Services	19,580,110	17,777,812	10.1
Interest on Long-term Debt	4,451,926	4,065,351	9.5
Total Expenses	<u>194,444,056</u>	<u>184,891,920</u>	5.2
Change in Net Position	(6,004,431)	6,926,789	(186.7)
Net Position - Beginning of Year	197,652,003	190,725,214	3.6
Net Position - End of Year	<u>\$ 191,647,572</u>	<u>\$ 197,652,003</u>	(3.0)

Program revenues, which consist of charges for services, operating grants and contributions and capital grants and contributions, decreased from the prior year by \$1.5 million. The decrease in operating grants and contributions was significantly impacted by the elimination of funds provided through the American Recovery and Reinvestment Act (ARRA). The District did not receive education jobs funds, Title I ARRA funds or IDEA ARRA funds in the current year and also experienced a reduction in Title I and E-rate funding, representing a \$5.8 million decrease from the prior year. However, this decrease was offset by increases in other funds, including Classroom Site (\$1.2 million), Food Service (\$1.0 million), Title II (\$0.5 million), Elementary School Counseling Grant (\$0.2 million), Community Schools (\$0.2 million), Private School Consortium (\$0.2 million) and IDEA (\$0.1 million).

Charges for services increased \$0.4 million. The increase represented an 8.9 percent increase in charges for services over the prior year. The increase was largely due to increases in Other Special Revenue, Gifts and Donations, and charges for facility use for a total of \$0.5 million. This increase in revenue was partially offset by a reduction in food service daily sales revenue (\$0.1 million) as more students were eligible for free and reduced meals.

General revenues decreased from the prior year \$1.9 million largely due to the net effect of a \$5.4 million decrease in property tax revenues and a \$4.0 million increase in state equalization and additional state aid.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

Property tax revenues decreased over the prior year by \$5.4 million largely due to a decrease in tax rate estimates utilizing existing cash to offset increasing tax liability for taxpayers.

State equalization and additional state aid revenue increased \$4.0 million. The increase was comprised of an increase in student population and additional budget dollars for K-3 students that resulted in an increase to the base support level for fiscal year 2013.

Investment earnings and other revenue decreased from the prior year as a result of having less cash on deposit with the county treasurer throughout the year. Large payments were made at the beginning of the fiscal year and deferred state funding wasn't received until late in the fiscal year.

District expenses increased over the prior year by \$9.6 million. The District reported an increase in instructional expenses of \$1.0 million, an overall increase in support services of \$6.3 million and an increase in operation of non-instructional services of \$1.8 million. The increase in instructional expenses was due to the hiring of additional teaching staff as a result of the influx of new students. The overall increase in support services was a result of increased contracted services for special education students and transportation as well as higher fuel costs. The increase in the operation of non-instructional services was due to the increased costs for the school lunch program.

Interest on long-term debt increased \$0.4 million due to an increase in outstanding bonds.

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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$38.9 million, a decrease of \$5.4 million in comparison with the prior year. Approximately 39.7 percent of this total amount (\$15.5 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is either in non-spendable form, restricted, committed or assigned to indicate that it is not available for new spending.

At fiscal year end June 30, 2013 fund balances were as follows:

Fund	Balance	Increase (Decrease) From 2011-12
General Fund	\$ 17,012,827	\$ (9,863,060)
Special Projects Fund	112,628	76,432
Bond Building Fund	6,167,558	3,462,617
Debt Service Fund	4,852,770	432,050
Nonmajor Governmental Funds	10,785,078	498,134
	<u>\$ 38,930,861</u>	<u>\$ (5,393,827)</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

The General Fund decrease in fund balance was mostly due to continued reductions in capital outlay funding from the State of Arizona. The District utilized existing cash and budget capacity from previous years to meet obligations not supported by additional revenue.

Special Projects increased as a result of reduced spending to maximize carryover in order to offset the impact of potential federal sequestration for the following fiscal year.

The Debt Service Fund increase was due to premiums received when bonds were sold in excess of the amount levied in taxes.

The Bond Building Fund increase was due to proceeds from the sale of school improvement bonds in August 2012 that were not completely spent at year end.

The Nonmajor Governmental Funds increased due to additional revenue in the Classroom Site Fund and Food Service Fund which was offset greatly by capital project expenditures from existing fund balances with limited revenue.

General Fund Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget to account for reductions to the general budget limit by the State of Arizona, adjust for enrollment, and to accurately reflect actual expenditures. The difference between the original budget and the final amended budget was an increase of \$0.8 million. The most significant increase was a \$0.9 million increase in the special education budgeted expenditures.

The revenue budget did not change during the fiscal year; however, the District's anticipated revenues were slightly less than the actual. As previously discussed, the State appropriates a budget to all Districts based on the current state budget. At the time of the District's budgeting process, the State's allocation was based on an estimate; therefore, accounting for the variance. Property taxes fell short of the budget by \$6.2 million due to establishing tax levies that utilized existing cash to offset increasing tax liability for taxpayers. The revenue budget was developed based on a lower estimated cash balance at year end.

The District reported a positive variance for budget to actual expenditures as of June 30, 2013. Overall the District reported a 3.6 percent favorable variance from the final budgeted expenditures to actual expenditures. The positive variance was not significant, but was the result of the District's continued efforts for sound financial management. The reason for the larger variances in regular education – instruction, regular education - plant maintenance and special education - instruction is because the District allocates contingency in these areas in the final revision to accommodate potential emergency needs after the final budget revision is approved. Student transportation expenditures were less than budget by \$0.3 million due to the continuation of a common dismissal schedule, maximizing ridership on buses, and a reduction in overtime for employees.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$229.6 million (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, land improvements, buildings and improvements, and furniture, equipment and vehicles. The amount represents a net increase of 5.2 percent from last year. Total depreciation expense for the year was \$8.6 million.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

Major capital asset events during the current fiscal year included the following:

- ◆ Completion of various land improvements, including playgrounds and parking lots totaling \$2.5 million.
- ◆ District-wide building improvements of \$2.3 million.
- ◆ \$1.1 million in school buses and school bus improvements.
- ◆ \$15.8 million in various district-wide projects currently in progress, including the rebuild of one elementary school opening in August 2013.

Capital Assets (net)
June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Land	\$ 4,411,347	\$ 4,411,347
Construction in Progress	19,019,363	5,425,322
Land Improvements	12,037,831	10,470,742
Buildings and Building Improvements	176,193,470	178,790,440
Furniture, Equipment, and Vehicles	17,961,701	19,184,463
Total Capital Assets, Net	\$ 229,623,712	\$ 218,282,314

Additional information on the District's capital assets can be found in Note 3.A.4. of this report.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$86.2 million (including the premium). All this debt is backed by the full faith and credit of the District. The following is a summary of the District's June 30, 2013 and June 30, 2012 outstanding bonded indebtedness.

Outstanding Bonded Indebtedness
June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$ 86,190,265	\$ 77,794,794

The District's bonded debt increased by a net amount of \$8.4 million (10.8 percent) during the current fiscal year. The increase was due to issuance of school improvement bonds, regularly scheduled principal payments and the amortization of bond premiums.

State statutes limit the amount of bonded debt a nonunified school district may issue to 15 percent of its net secondary assessed valuation for Class A bonded debt and the greater of 5 percent of its net secondary assessed valuation or \$1,500 per student count for Class B bonded debt. The current debt limitation for the District can be found on page 93. The District's current outstanding debt was less than the legal debt limit.

Additional information on the District's long-term debt can be found in Note 3.E. of this report.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013**

Economic Factors and Next Year's Budgets and Rates

Many factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 budget. Among them:

- ◆ Decrease in assessed values for the 2013 tax year due to recent activity in the housing and mortgage industries. Projections are for the assessed values to level off over the next couple of years and then slowly increase by fiscal year 2016.
- ◆ Increase in District student population of 1.05 percent. This is the second year of increase after consistent decreases in previous years. This helped offset increases in the expenditure budget without having to reduce programs or staff further.
- ◆ Due to the State of Arizona economic and budget issues, the State Legislature continued the previous reductions in funding to school districts for fiscal year 2013-2014.
- ◆ Contribution requirements for the Arizona State Retirement System increased 0.4 percent, yet the employee health insurance costs remained relatively constant.
- ◆ Continuation of a voter approved sales tax increase which would, in part, fund educational programs through fiscal year 2013-2014.
- ◆ The conversion of five schools to charter schools due to special programs in place at those sites. Charter schools receive additional assistance of approximately \$1,500 per student.
- ◆ Continued commitment to provide full-day kindergarten. The State Legislature eliminated the funding for full-day kindergarten beginning fiscal year 2010-2011 and discontinued the weight for kindergarten students when calculating overrides in 2013-2014.
- ◆ The utilization of bond funds to renovate facilities in accordance with the Bond Master Plan.
- ◆ Continuation of a district-wide energy conservation plan to reduce energy costs.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business and Finance Department, Washington Elementary School District No. 6, 4650 West Sweetwater, Glendale, Arizona, 85304.

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Basic Financial Statements

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and Investments	\$ 31,643,989
Receivables, Net	
Property Taxes	6,025,096
Accounts	806,517
Intergovernmental	34,067,308
Inventory	729,567
Prepaid Items	1,640,565
Restricted Assets	12,374,674
Capital Assets:	
Non-Depreciable	23,430,710
Depreciable, Net	206,193,002
Total Assets	316,911,428
 DEFERRED OUTFLOWS OF RESOURCES	
Reacquisition Costs on Advance Refunded Bonds	663,803
 LIABILITIES	
Accounts Payable	5,962,473
Accrued Wages and Benefits	8,579
Accrued Interest	2,173,766
Unearned Revenue	12,030
Claims Payable	2,973,238
Matured Debt Principal Payable	24,225,000
Noncurrent Liabilities	
Due Within One Year	14,489,280
Due in More Than One Year	76,083,293
Total Liabilities	125,927,659
 NET POSITION	
Net Investment in Capital Assets	135,761,278
Restricted for:	
Gifts and Donations	259,946
Classroom Site	782,257
Federal and State Grants	112,628
Instructional Improvement Program	505,864
Food Services	7,267,761
Capital Projects	180,705
Debt Service	5,186,166
Civic Center	205,047
Community School	1,081,670
Extracurricular Activities Tax Credit Donations	644,251
Other	160,897
Unrestricted	39,499,102
Total Net Position	\$ 191,647,572

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Primary Government:					
Governmental Activities:					
Instruction	\$ 96,705,106	\$ 860,809	\$ 23,187,666	\$ -	\$ (72,656,631)
Support Services:					
Students	14,886,253	1,422	1,959,604	-	(12,925,227)
Instructional Staff	10,045,817	9,420	5,774,313	-	(4,262,084)
General Administration	1,935,012	142	255,057	-	(1,679,813)
School Administration	8,004,945	-	-	-	(8,004,945)
Business and Other Support Services	6,907,862	11,485	214,364	-	(6,682,013)
Operation and Maintenance of Plant	21,604,320	101,422	1,430,716	-	(20,072,182)
Student Transportation	10,322,705	40,242	137,722	-	(10,144,741)
Operation of Noninstructional Services	19,580,110	4,237,772	13,535,784	-	(1,806,554)
Interest on Long-Term Debt	4,451,926	-	-	-	(4,451,926)
Total	<u>\$ 194,444,056</u>	<u>\$ 5,262,714</u>	<u>\$ 46,495,226</u>	<u>\$ -</u>	<u>(142,686,116)</u>
		General Revenues:			
					Property Taxes 51,976,289
					Grants and Contributions Not Restricted to Specific Programs
					State Equalization and Additional State Aid 83,833,717
					Investment Earnings 254,661
					Other 617,018
					<u>Total General Revenues 136,681,685</u>
					Change in Net Position (6,004,431)
					Net Position - Beginning of Year 197,652,003
					<u>Net Position - End of Year \$ 191,647,572</u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Projects	Bond Building	Debt Service	Nonmajor	Totals
Assets						
Cash and Investments	\$ -	\$ -	\$ -	\$ 15,316,185	\$ 6,474,122	\$ 21,790,307
Receivables						
Accounts Receivable	770,747	-	-	-	23,740	794,487
Property Taxes	5,541,754	-	-	458,852	24,490	6,025,096
Intergovernmental	29,179,423	3,676,196	-	-	1,211,689	34,067,308
Inventories	606,151	-	-	-	123,416	729,567
Due from Other Funds	-	-	-	-	3,446,111	3,446,111
Restricted Assets	-	-	8,637,526	3,737,148	-	12,374,674
Total Assets	<u>\$ 36,098,075</u>	<u>\$ 3,676,196</u>	<u>\$ 8,637,526</u>	<u>\$ 19,512,185</u>	<u>\$ 11,303,568</u>	<u>\$ 79,227,550</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	\$ 2,755,025	\$ 196,227	\$ 2,469,968	\$ -	\$ 475,116	\$ 5,896,336
Accrued Wages and Benefits	8,579	-	-	-	-	8,579
Accrued Interest	72,747	-	-	2,101,019	-	2,173,766
Due to Other Funds	78,770	3,367,341	-	-	-	3,446,111
Matured Debt Principal Payable	12,000,000	-	-	12,225,000	-	24,225,000
Total Liabilities	<u>14,915,121</u>	<u>3,563,568</u>	<u>2,469,968</u>	<u>14,326,019</u>	<u>475,116</u>	<u>35,749,792</u>
Deferred Inflows of Resources						
Unavailable Revenue	4,170,127	-	-	333,396	43,374	4,546,897
Fund Balances						
Nonspendable	606,151	-	-	-	123,416	729,567
Restricted	259,946	112,628	6,167,558	4,852,770	10,661,662	22,054,564
Assigned	695,977	-	-	-	-	695,977
Unassigned	15,450,753	-	-	-	-	15,450,753
Total Fund Balances	<u>17,012,827</u>	<u>112,628</u>	<u>6,167,558</u>	<u>4,852,770</u>	<u>10,785,078</u>	<u>38,930,861</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,098,075</u>	<u>\$ 3,676,196</u>	<u>\$ 8,637,526</u>	<u>\$ 19,512,185</u>	<u>\$ 11,303,568</u>	<u>\$ 79,227,550</u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances for Governmental Funds		\$ 38,930,861
Total net position reported for governmental activities in the statement of net position is different because:		
Property taxes not collected within 60 days subsequent to fiscal year-end are reported as deferred inflows of resources in the governmental funds.		4,489,611
Other receivables not collected within 60 days subsequent to fiscal year-end are recorded as deferred inflows of resources in the governmental funds.		57,286
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Governmental Capital Assets	\$ 358,159,971	
Less: Accumulated Depreciation	<u>(128,536,259)</u>	229,623,712
Contributions to Other Postemployment Benefits in excess of the actuarial determined contribution rate represent prepaid expenses in the governmental activities and are recorded as expenditures in the governmental funds in the year paid.		1,640,565
The reacquisition price related to the issuance of long-term debt to advance refund prior debt was included in other financing uses in the statement of revenues, expenditures and changes in fund balances in prior years; however, for government-wide presentation, the reacquisition price (deferred amount on the refunding) is amortized on a straight line basis over the lesser of the maturity of the refunding bonds or the refunded bonds and the balance is reported as a deferred outflow in the statement of net position.		663,803
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
General Obligation Bonds (Net of Premiums)	(86,190,265)	
Capital Lease Payable	(2,278,530)	
Compensated Absences Payable	<u>(2,103,778)</u>	(90,572,573)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		<u>6,814,307</u>
Total Net Position of Governmental Activities		<u>\$ 191,647,572</u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Projects	Bond Building	Debt Service	Nonmajor	Totals
Revenues						
Property Taxes	\$ 36,404,387	\$ -	\$ -	\$ 15,783,378	\$ 90,266	\$ 52,278,031
Intergovernmental	86,982,842	21,045,891	-	-	22,300,210	130,328,943
Tuition	-	-	-	-	2,257,640	2,257,640
Food Service Sales	-	-	-	-	982,965	982,965
Charges for Services	774,383	-	-	-	146,320	920,703
Contributions and Donations	289,301	-	-	-	5,089	294,390
Investment Earnings	36,677	6	-	141,809	40,773	219,265
Other	851,825	32,266	-	10	579,835	1,463,936
Total Revenues	<u>125,339,415</u>	<u>21,078,163</u>	<u>-</u>	<u>15,925,197</u>	<u>26,403,098</u>	<u>188,745,873</u>
Expenditures						
Current						
Instruction	75,660,476	11,187,943	-	-	6,888,256	93,736,675
Support Services						
Students	12,821,472	1,753,352	-	-	208,231	14,783,055
Instructional Staff	4,327,872	5,486,502	-	-	150,982	9,965,356
General Administration	1,353,165	248,838	-	-	199	1,602,202
School Administration	8,130,186	-	-	-	-	8,130,186
Business and Other Support Services	5,278,429	209,138	100	-	48,015	5,535,682
Operations and Maintenance of Plant	17,255,320	1,395,833	-	-	229,153	18,880,306
Student Transportation	7,784,834	134,364	1,090,651	-	56,563	9,066,412
Other	32,650	-	-	-	-	32,650
Operation of Noninstructional Services	3,112,416	116,794	-	-	16,171,803	19,401,013
Debt Service						
Principal Retirement	1,212,039	-	-	12,225,000	-	13,437,039
Interest on Long-Term Debt	87,256	-	-	4,105,503	-	4,192,759
Issuance Costs	-	-	319,439	-	-	319,439
Facilities Acquisition	1,940,482	-	15,388,530	-	1,055,623	18,384,635
Total Expenditures	<u>138,996,597</u>	<u>20,532,764</u>	<u>16,798,720</u>	<u>16,330,503</u>	<u>24,808,825</u>	<u>217,467,409</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,657,182)	545,399	(16,798,720)	(405,306)	1,594,273	(28,721,536)
Other Financing Sources (Uses)						
Transfers In	1,588,733	-	-	165,104	-	1,753,837
Transfers Out	(165,104)	(468,967)	-	-	(1,119,766)	(1,753,837)
Issuance of Long-Term Debt	-	-	20,000,000	-	-	20,000,000
Premium on Issuance of Long-Term Debt	-	-	261,337	672,252	-	933,589
Proceeds from Capital Lease	2,412,635	-	-	-	-	2,412,635
Total Other Financing Sources (Uses)	<u>3,836,264</u>	<u>(468,967)</u>	<u>20,261,337</u>	<u>837,356</u>	<u>(1,119,766)</u>	<u>23,346,224</u>
Net Change in Fund Balances	(9,820,918)	76,432	3,462,617	432,050	474,507	(5,375,312)
Fund Balances						
Beginning of Year	26,875,887	36,196	2,704,941	4,420,720	10,286,944	44,324,688
Increase (Decrease) in Nonspendable for Inventories	(42,142)	-	-	-	23,627	(18,515)
End of Year	<u>\$ 17,012,827</u>	<u>\$ 112,628</u>	<u>\$ 6,167,558</u>	<u>\$ 4,852,770</u>	<u>\$ 10,785,078</u>	<u>\$ 38,930,861</u>

See accompanying Notes to the Basic Financial Statements.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances-Total Governmental Funds \$ (5,375,312)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditure for Capital Assets	\$ 22,394,368	
Loss on Disposal of Assets	(2,461,924)	
Depreciation Expense	<u>(8,591,046)</u>	11,341,398

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal Payments on Bonds	12,225,000	
Principal Payments on Capital Leases	1,212,039	
Issuance of Long-Term Debt	(20,000,000)	
Premium on Issuance of Bonds	(933,589)	
Amortization of Issuance Costs	(406,335)	
Proceeds from Capital Lease	(2,412,635)	
Amortization of Deferred Amount on Refunding	(165,950)	
Amortization of Premium	<u>313,118</u>	(10,168,352)

Delinquent and deferred inflows of resources for property taxes and grants receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the governmental funds.

Deferred Inflows of Resources - June 30, 2012	4,888,517	
Deferred Inflows of Resources - June 30, 2013	<u>4,546,897</u>	(341,620)

Some expenditures recorded in the governmental fund for contributions to Other Postemployment Benefits were in excess of the actuarial determined contribution rate and represent prepaid expenses to the other postemployment benefit plan in the government-wide financial statements.

48,380

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 the governmental funds.

Change in Compensated Absences	(287,013)	
Change in Inventory Balances	<u>(18,515)</u>	(305,528)

Internal service funds are used by the District to charge the costs of insurance to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.

(1,203,397)

Change in Net Position of Governmental Activities

\$ (6,004,431)

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 9,853,682
Receivables	
Accounts	12,030
Total Current Assets	9,865,712
Liabilities	
Current Liabilities	
Accounts Payable	66,137
Claims Payable	2,973,238
Unearned Revenue	12,030
Total Liabilities	3,051,405
Net Position	
Unrestricted	6,814,307
Total Net Position	\$ 6,814,307

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2013

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Services	\$ 17,728,521
Operating Expenses	
Claims	14,949,923
Premium	1,676,408
Administration and Other	1,929,416
Cost of Sales and Services	411,579
Total Operating Expenses	18,967,326
Operating Loss	(1,238,805)
Nonoperating Revenues	
Investment Earnings	35,408
Change in Net Position	(1,203,397)
Total Net Position Beginning of Year	8,017,704
Total Net Position End of Year	\$ 6,814,307

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities - Internal Service Funds</u>
Cash Flows From Operating Activities	
Receipts from Charges for Services	\$ 17,728,521
Payments to Suppliers	(4,065,293)
Payments for Claims	(14,700,938)
Net Cash Flows Provided/Used by Operating Activities	<u>(1,037,710)</u>
 Cash Flows from Investing Activities	
Investment Earnings	<u>35,408</u>
 Net Change in Cash and Cash Equivalents	(1,002,302)
 Cash and Cash Equivalents, Beginning of Year	<u>10,855,984</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 9,853,682</u></u>
 Reconciliation of Operating Income Loss to Net Cash Provided/(Used) by Operating Activities	
 Operating Loss	\$ (1,238,805)
 Change in Assets/Liabilities:	
Receivables, Net	984
Accounts Payable	(47,890)
Claims Payable	248,985
Unearned Revenue	(984)
Net Cash Flows Provided/Used by Operating Activities	<u><u>\$ (1,037,710)</u></u>

See accompanying Notes to the Basic Financial Statements.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Agency Funds</u>
Assets	
Current Assets	
Cash and Investments	\$ 263,841
Liabilities	
Current Liabilities	
Accounts Payable	\$ 5,954
Due to Student Groups	153,203
Due to Other Entities	104,684
Total Liabilities	\$ 263,841

See accompanying Notes to the Basic Financial Statements.

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WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Washington Elementary School District No. 6 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

For the year ended June 30, 2013, the District implemented the provisions of GASB Statements No. 61, 62, 63 and 65. GASB Statement 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 24*, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB Pronouncements. GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that were previously reported as assets and liabilities.

A. Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, component units combined with the District for financial statement presentation purposes are not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds and organizational entities for which its elected governing board is financially accountable.

Blended component units - The Washington Elementary School District No. 6 Employee Benefit Trust (Employee Benefit Trust), The Washington Elementary School District No. 6 Workers' Compensation Trust (Workers' Compensation Trust) and the Washington Elementary School District No. 6 Property and Casualty Insurance Trust (Casualty Trust) are each governed by five-member boards appointed by the District's Governing Board. Although legally separate from the District, the Trusts are reported as Internal Service Funds because their sole purpose is to provide self-insurance to the District for losses up to certain limits and to purchase insurance for losses above those limits. Complete financial statements of the Trusts may be obtained at the District's administrative offices.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

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 and other items not properly 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.

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

The government-wide financial statements, the proprietary fund financial statements, and fiduciary funds 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 provider have been met. The District's fiduciary funds only report agency funds and therefore do not report a measurement focus.

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, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within six subsections titled regular education, special education, pupil transportation, desegregation, special K-3 override, and K-3 reading program.

The *Special Projects Fund* is special revenue fund that accounts for the revenues and expenditures of state and federally funded projects.

The *Bond Building Fund* accounts for monies received from voter-approved bond issues that are used to acquire sites, construct school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

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

Additionally, the District reports the following fund types:

The *Internal Service Funds* account for the financing of the District's self-insurance for the following: employee benefits, property and casualty liabilities, and workers' compensation. They also account for the financial activity associated with the operation of the District's print shop.

The *Agency Funds* are custodial in nature and do not present results of operations or a measurement focus and are described as follows:

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

The Employee Withholding Fund accounts for unremitted payroll deductions temporarily held by the District as an agent.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 internal service funds are charges to other funds. Operating expenses for the internal service funds include the cost of claims, insurance premiums, administrative expenses and charges for services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

A.R.S. require the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Bond Building and Debt Service Funds, which is invested separately. As required by statute, interest earned by the Bond Building and Debt Service Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Property Taxes Receivables

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

The Maricopa County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Intergovernmental Receivable

Intergovernmental receivables are comprised of federal grants and aid (\$4,114,067), state grants and aid (\$780,190), state apportioned classroom site funds (\$459,606), instructional improvement funds due from the state (\$368,643) and state and county equalization and additional state aid (\$28,344,802).

4. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

5. Inventories and Prepaids

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental activities are recorded as expenses when consumed rather than when purchased and are recorded as expenditures when purchased rather than when consumed in the governmental funds.

Prepaids in the government-wide financial statements represent the District's overfunded portion of the other post employment benefits.

6. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, construction in progress, furniture, equipment and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings	50-80 years
Improvements other than buildings	5-20 years
Furniture, equipment and vehicles	5-30 years

8. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

9. Short-Term Obligations

Short-term obligations include tax anticipation notes that were issued to cover short-term cash flow needs. The tax anticipation notes are reported in the matured debt principal payable. The matured debt principal payable also includes amounts due early in the next fiscal year on long-term obligations.

10. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

10. Long-Term Obligations (Concluded)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

11. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The net investment in capital assets is separately reported because the District reports all District assets which make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

12. Fund Balance

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 and spendable fund balances. Spendable fund balances include restricted, committed, assigned and unassigned fund balance classifications.

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

Restricted fund balances are those that have externally imposed restrictions on the usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances through formal action at a public meeting. The governing board must commit or remove commitments from fund balances before the end of the fiscal year through formal board action. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Governing Board has authorized the Director of Business Services, through action at a public meeting, to make assignments of resources for specific purposes. The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

D. Assets, Liabilities, and Net Position or Equity (Concluded)

12. Fund Balance (Concluded)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the District's policy to expend restricted resources first, then committed, assigned, and unassigned fund balances.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within six subsections (see preceding description of General Fund), any of which may be overexpended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

Although it is not adopted or published, a budget of revenue from all sources for the fiscal year is prepared by the District; however, the budget is not revised during the fiscal year.

No supplementary budgetary appropriations were necessary during the year.

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds:

Debt Service Fund	\$ 527,885
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Cash was available to meet all of the overexpenditures listed above.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2013 consist of the following:

Deposits		
Cash on Hand	\$	1,540
Cash in Bank		1,066,363
Investments		
Cash on Deposit with County Treasurer		39,477,453
U.S. Treasury Securities		3,737,148
Total Deposits and Investments		44,282,504
Less: Restricted Assets		(12,374,674)
Less: Fiduciary Funds		(263,841)
Total Cash and Cash Equivalents	\$	31,643,989

Deposits - The carrying amount of the District's deposits at June 30, 2013, was \$1,066,363 and the bank balance was \$2,167,955. Of the bank balance \$500,000 was covered by federal depository insurance, \$800,481 was collateralized by securities held in the District's name, and \$867,474 was uninsured and uncollateralized.

Investments - At June 30, 2013, the District's investments were reported at fair value. The District's investment in the County Treasurer's investment pools represents a proportionate interest in those pools' portfolios; however, the District's portion is not identified with a specific investment and is not subject to custodial credit risk. The District had certain bond proceeds invested in U.S. government securities. The securities are not subject to custodial credit risk.

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the average maturity of its investments to one year or less.

Credit risk. In accordance with the District's investment policy, the District only invests in the State or County Treasurer investment pools, U.S. government securities or state or local bonds. The District's cash on deposit with the County Treasurer and U.S. Treasury Securities did not receive a credit quality rating from a national credit rating agency.

Concentration of credit risk. The District does not have a formal investment policy that addresses concentration of credit risk; all investments are recorded with the County Treasurer or is on deposit with the trustee.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Assets

Restricted assets at June 30, 2013 consisted of the following:

Unspent Bond Proceeds	\$	8,637,526
Investments in U.S. Treasury Securities for Future Debt Service		3,737,148
Total		12,374,674

3. Receivables

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year they are collected and within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

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

		Unavailable
Delinquent Property Taxes Receivable		
General Fund	\$	4,136,581
Debt Service Fund		333,396
Nonmajor Governmental Funds		19,634
Other Receivables		
General Fund		33,546
Nonmajor Governmental Funds		23,740
	\$	4,546,897

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,411,347	\$ -	\$ -	\$ 4,411,347
Construction in Progress	5,425,322	18,397,837	(4,803,796)	19,019,363
Total Capital Assets, Not Being Depreciated	<u>9,836,669</u>	<u>18,397,837</u>	<u>(4,803,796)</u>	<u>23,430,710</u>
Capital Assets, Being Depreciated:				
Land Improvements	18,969,888	2,479,341	-	21,449,229
Buildings and Improvements	272,743,411	2,324,286	-	275,067,697
Furniture, Equipment, and Vehicles	41,105,441	3,996,700	(6,889,806)	38,212,335
Total Capital Assets, Being Depreciated	<u>332,818,740</u>	<u>8,800,327</u>	<u>(6,889,806)</u>	<u>334,729,261</u>
Accumulated Depreciation for:				
Land Improvements	(8,499,146)	(912,252)	-	(9,411,398)
Buildings and Improvements	(93,952,971)	(4,921,256)	-	(98,874,227)
Furniture, Equipment, and Vehicles	(21,920,978)	(2,757,538)	4,427,882	(20,250,634)
Total Accumulated Depreciation	<u>(124,373,095)</u>	<u>(8,591,046)</u>	<u>4,427,882</u>	<u>(128,536,259)</u>
Total Capital Assets, Being Depreciated, Net	<u>208,445,645</u>	<u>209,281</u>	<u>(2,461,924)</u>	<u>206,193,002</u>
Governmental Activities Capital Assets, Net	<u>\$ 218,282,314</u>	<u>\$ 18,607,118</u>	<u>\$ (7,265,720)</u>	<u>\$ 229,623,712</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 3,508,148
Support Services:	
Students	9,769
Instructional Staff	14,523
General Administration	5,219
School Administration	48,222
Business and Other Support Services	1,364,778
Operations and Maintenance of Plant	2,649,631
Student Transportation	755,804
Operation of Noninstructional Services	234,952
	<u>\$ 8,591,046</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Concluded)

5. Construction Commitments

The District has active construction projects at June 30, 2013 and the commitments with contractors were as follows:

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
Classroom Building Additions and Renovations and Various Site Improvements District Wide	\$ 19,019,363	\$ 9,065,836

B. Interfund Receivables, Payables and Transfers

As of June 30, 2013, interfund receivables and payables were as follows:

Due To	Due From		
	General Fund	Special Projects Fund	Total
Nonmajor Governmental Funds	\$ 78,770	\$ 3,367,341	\$ 3,446,111

The above interfund receivables and payables were recorded to eliminate the cash short-falls in individual funds at June 30, 2013. The District expects to recover the cash short-falls within one year.

Interfund transfers for the year ended June 30, 2013 consisted of the following:

Transfer In	Transfer Out			
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 468,967	\$ 1,119,766	\$ 1,588,733
Debt Service Fund	165,104	-	-	165,104
Total	\$ 165,104	\$ 468,967	\$ 1,119,766	\$ 1,753,837

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers (Concluded)

The transfer from the Special Projects Fund to the General Fund in the amount of \$468,967 and the transfer from the Nonmajor Governmental Funds to the General Fund in the amount of \$1,119,766 was made to record the District's indirect costs on grants passed through the Arizona Department of Education. The approved state indirect cost rate was 2.54 percent restricted rate and 21.31 percent unrestricted rate. The District did not exceed the approved indirect cost rate on any grants. The transfer from the General Fund to the Debt Service Fund was recorded to transfer school plant funds to use for debt service.

C. Obligations Under Capital Leases

The District has entered into a lease agreement as lessee for financing the acquisition of copiers and three 66 passenger buses. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment and Vehicles	\$ 2,804,881
Less: Accumulated Depreciation	(230,003)
Total	<u>\$ 2,574,878</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

	Governmental Activities
<u>Year Ended June 30</u>	
2014	\$ 577,795
2015	577,795
2016	443,689
2017	443,689
2018	443,689
Less: Amount Representing Interest	(208,127)
Present Value of Minimum Lease Payments	<u>\$ 2,278,530</u>

D. Short-Term Obligations

The District issued tax anticipation notes at the beginning of the fiscal year for cash flow purposes. The tax anticipation notes are short-term in nature and due within one year of issuance. At June 30, 2013, the District had \$12,000,000 outstanding at the end of the year and accrued interest of \$72,747. Activity during the year was as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental Activities:				
Tax Anticipation Notes Payable	<u>\$ 10,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ (10,000,000)</u>	<u>\$ 12,000,000</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The District has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The District has also issued debt to refund earlier obligations with higher interest rates. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

During the year ended June 30, 2003, the District issued \$3,920,000 in qualified zone academy bonds (QZAB). Under the QZAB program, the District is required to repay principal only since the interest is paid by the financial institution that provided the bonds to the District. The financial institution receives a tax credit from the Federal government in lieu of the interest payments. During the fiscal year 2002-03, the District used \$1,851,974 to purchase a zero coupon Fannie Mae Strip security maturing August 1, 2016. The security's maturity value is \$3,920,000, and will be used to pay the outstanding QZAB principal. The security is guaranteed as to principal and interest by the United States of America and by Fannie Mae.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Amount Outstanding
Governmental Activities:			
General Obligation Bonds Payable:			
Refunding Bonds, Series 2002; original issue \$24,175,000	5.375	7/1/14-16	\$ 14,600,000
Refunding Bonds, Series 2002, Series B; original issue \$23,270,000	5.375	7/1/14-15	5,600,000
School Improvement Bonds, Project of 2001, Series B; original issue \$18,000,000	3.60-5.00	7/1/14-17	10,350,000
Refunding Bonds Series 2004; original issue \$35,030,00	5.00-5.25	7/1/14-17	15,425,000
School Improvement Bonds, QZAB; original issue \$3,920,000	0.00	08/01/16	3,920,000
School Improvement Bonds, Project of 2001, Series C; original issue \$11,640,000	4.125	7/1/14-17	4,275,000
School Improvement Bonds, Project of 2010, Series A; original issue \$10,000,000	3.75-4.125	7/1/18-22	10,000,000
School Improvement Bonds, Project of 2010, Series B; original issue \$20,000,000	3.00-4.00	7/1/18-26	20,000,000
Total General Obligation Bonds Payable			<u>\$ 84,170,000</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Concluded)

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 76,395,000	\$ 20,000,000	\$ (12,225,000)	\$ 84,170,000	\$ 12,775,000
Deferred amount on:					
Premium	1,399,794	933,589	(313,118)	2,020,265	313,118
Total Bonds Payable	<u>77,794,794</u>	<u>20,933,589</u>	<u>(12,538,118)</u>	<u>86,190,265</u>	<u>13,088,118</u>
Other Liabilities:					
Capital Lease	1,077,934	2,412,635	(1,212,039)	2,278,530	524,276
Compensated Absences	1,816,765	1,423,007	(1,135,994)	2,103,778	876,886
Total Other Liabilities	<u>2,894,699</u>	<u>3,835,642</u>	<u>(2,348,033)</u>	<u>4,382,308</u>	<u>1,401,162</u>
 Total Debt	 <u>\$ 80,689,493</u>	 <u>\$ 24,769,231</u>	 <u>\$ (14,886,151)</u>	 <u>\$ 90,572,573</u>	 <u>\$ 14,489,280</u>

Debt service requirements on long-term debt at June 30, 2013 are as follows:

Years	Principal	Interest	Totals
2014	\$ 12,775,000	\$ 3,612,406	\$ 16,387,406
2015	13,310,000	2,961,594	16,271,594
2016	13,900,000	2,294,444	16,194,444
2017	14,185,000	1,576,944	15,761,944
2018	2,840,000	1,077,475	3,917,475
2019-23	15,960,000	3,654,225	19,614,225
2024-26	11,200,000	680,700	11,880,700
Totals	<u>\$ 84,170,000</u>	<u>\$ 15,857,788</u>	<u>\$ 100,027,788</u>

In prior years, the District defeased certain general obligation bonds by placing amounts in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's governmental activities of the statement of net position. At June 30, 2013, \$3,565,000 of bonds outstanding are considered defeased. The District defeased the debt to reduce its future interest requirements in the outstanding debt, increase its debt limit and reduce future property taxes.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONCLUDED)

F. Fund Balance Classifications of Governmental Funds

The District has classified its fund balances as follows:

Fund Balances:	<u>General Fund</u>	<u>Special Projects Fund</u>	<u>Bond Building Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventory	\$ 606,151	\$ -	\$ -	\$ -	\$ 123,416	\$ 729,567
Restricted:						
Classroom Site	-	-	-	-	782,257	782,257
Instructional Improvement	-	-	-	-	505,864	505,864
Special Projects	-	112,628	-	-	-	112,628
Food Service	-	-	-	-	7,120,605	7,120,605
Designated Donations	259,946	-	-	-	-	259,946
Civic Center	-	-	-	-	205,047	205,047
Community School	-	-	-	-	1,081,670	1,081,670
Extracurricular Tax Credit	-	-	-	-	644,251	644,251
Other Special Revenues	-	-	-	-	160,897	160,897
Capital Projects	-	-	6,167,558	-	161,071	6,328,629
Debt Service	-	-	-	4,852,770	-	4,852,770
Total Restricted	<u>259,946</u>	<u>112,628</u>	<u>6,167,558</u>	<u>4,852,770</u>	<u>10,661,662</u>	<u>22,054,564</u>
Assigned:						
Capital Projects	695,977	-	-	-	-	695,977
Unassigned	<u>15,450,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,450,753</u>
Total Fund Balance	<u>\$ 17,012,827</u>	<u>\$ 112,628</u>	<u>\$ 6,167,558</u>	<u>\$ 4,852,770</u>	<u>\$ 10,785,078</u>	<u>\$ 38,930,861</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is self-insured for potential loss due to property and liability claims. The District established a Property and Casualty Trust Fund, recorded as an internal service fund, to account for and finance risks of loss related to property and liability claims. Under this program, the Property and Casualty Trust Fund provides coverage up to a maximum of \$100,000 per claim on property and general liability. Coverage in excess of the maximum is provided by a re-insurance policy that is purchased by the trust funds.

The District is self-insured for Workers' Compensation claims. The District established a Workers' Compensation Trust Fund, reported as an internal service fund, to account for and finance risks of loss related to claims for on-the-job injuries to employees. Under this program, the Workers' Compensation Fund provides coverage up to a maximum of \$250,000 per claim. Coverage in excess of the maximum is provided by a re-insurance policy that is purchased by the trust funds.

The District is self-insured for risks of loss related to employee health and accidents. The District established an Employee Benefit Trust Fund, reported as an internal service fund, to account for risks of loss. Under this program, the Employee Benefit Trust Fund provides coverage up to a maximum of \$150,000 per claim. Coverage in excess of the maximum is provided by a re-insurance policy that is purchased by the trust funds.

Liabilities for claims 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 yet reported (IBNR's). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors, including inflation, changes in legal doctrines, and damage awards. Accordingly claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of the amounts specified above. Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Employee Benefit Trust		Workers' Compensation		Property and Casualty Insurance	
	2013	2012	2013	2012	2013	2012
Beginning of Fiscal Year	\$ 1,434,000	\$ 1,538,000	\$ 1,031,692	\$ 981,602	\$ 258,561	\$ 269,740
Claims Incurred and Changes in Estimate	14,019,835	14,551,248	434,160	808,159	495,928	95,158
Claims Paid	(13,807,835)	(14,655,248)	(611,128)	(758,069)	(281,975)	(106,337)
Fiscal Year-End	\$ 1,646,000	\$ 1,434,000	\$ 854,724	\$ 1,031,692	\$ 472,514	\$ 258,561

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

Lawsuits - The District is a defendant in various lawsuits. In the opinion of the District's attorney, the outcomes of these lawsuits are not presently determinable and would not adversely affect the financial condition of the District.

Ground Lease - In January 2003, the District executed a \$7.0 million ground lease. The District granted a leasehold interest in a parcel of property to a bank (Trustee). The Trustee, in turn, leased the property to the Arizona School Facilities Board (SFB) by which the SFB is obligated to make lease payments to the Trustee, subject to receiving legislative appropriations, until the obligation to the Trustee is satisfied. Once the obligation to the Trustee is satisfied, all rights, title and interest in the property (land and buildings) become the District's. However, if legislative appropriations are not received, the SFB is relieved of any subsequent obligation under the lease and the obligation is considered in default. In the event of default, the leases shall automatically terminate and the District agrees that it shall promptly surrender possession of the property to the Trustee. However, the District has the option to assume payments on behalf of the SFB to ensure the facilities do not revert back to the lessor.

C. Subsequent Events

In July 2013, the District issued \$12.0 million in tax anticipation notes to cover short-term financing for operations. The tax anticipation notes will be repaid by property taxes and equalization revenues received during fiscal year 2013-14.

In July 2012, the Governing Board authorized the District to convert five elementary schools into District Sponsored Charter Schools.

D. Retirement Plans

Arizona State Retirement System

Plan Descriptions - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Concluded)

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2013, active plan members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. Contributions for June 30, 2013 and the two preceding years were equal to the required contribution and were as follows:

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years Ended June 30,			
2013	\$ 10,864,187	\$ 688,948	\$ 254,381
2012	9,525,821	608,031	231,631
2011	8,917,383	583,935	247,430

E. Other Postemployment Benefits

The cost of postemployment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. The District implemented the provisions of GASB Statement No. 45 during the fiscal year ended June 30, 2008 and is recognizing the cost of postemployment healthcare in the year the employee services are received, the accumulated liability from prior years, and is providing information useful in assessing potential demands on the District's future cash flows. The remaining amortization period as of June 30, 2013 is 6 years.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits (Continued)

Plan Description

The District reimburses premium amounts to eligible employees that retired from the District between July 1, 1996 to July 1, 2005, and who are enrolled in an Arizona State Retirement System (ASRS) retiree medical plan for postretirement insurance (medical, dental and life) benefits (OPEB), in accordance with the District's Early Retirement Program. The District reimburses eligible employees the difference between the subsidy provided by the ASRS and the cost for the least expensive medical/dental plan offered by the ASRS. The reimbursement is available to all employees who retired from the District on or after attaining age 50 with at least 25 years of full-time employment or age 55 with 10 years of service. The program does not cover dependents or spouses. The plan terminates at the end of the fifteenth year from the date the employee retires from the District or at the beginning of the month in which the employee reaches age 65, whichever comes first.

The program was discontinued as of June 30, 2005. The District has a contractual responsibility to provide these benefits based on policy adopted and defined by the Governing Board. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established for the plan. However, all employees who retired prior to June 30, 2005 are eligible for the postemployment benefits if they are enrolled in the ASRS medical or dental plans.

Benefits Provided

The District provides postretirement insurance (medical, dental and life) benefits (OPEB), in accordance with the District's Early Retirement Program, to eligible employees who retired from the District on or after attaining age 50 with at least 25 years of full-time employment or age 55 with 10 years of service. Currently, 109 retirees meet those eligibility requirements.

Retirees Receiving Benefits	109
Active Employees	-
Total	109

Funding Policy

For each eligible retiree, the District makes monthly contributions to pay for the costs of insurance premiums. During the fiscal year ended June 30, 2013, the District reimbursed no more than \$539.61 per month. The expenditures are recorded on a reimbursement basis. During the year ended June 30, 2013, the District contributed \$489,350 for all eligible retirees.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefits (Continued)

Annual OPEB Costs and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of the employer (ARC), 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 cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 10 years. The District's annual OPEB cost for the current year and the related information for the plan is as follows at June 30, 2013:

Annual Required Contribution	\$	212,423
Interest on Net OPEB Obligation		(69,118)
Adjustments to Annual Required Contributions		<u>297,665</u>
Annual OPEB cost		440,970
Contributions Made		<u>489,350</u>
Decrease in Net OPEB Obligation		(48,380)
Net OPEB Obligation - Beginning of Year		<u>(1,592,185)</u>
Net OPEB Obligation - End of Year	\$	<u><u>(1,640,565)</u></u>

The District has overfunded the OPEB obligation and reports the overfunded amount as a prepaid asset in the government-wide financial statements. The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior years are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percent</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Overfunded</u>
2011	\$ 503,573	\$ 691,973	137%	1,470,785
2012	503,573	624,973	124%	1,592,185
2013	440,970	489,350	111%	1,640,565

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions for the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 OTHER INFORMATION (CONCLUDED)

E. Other Postemployment Benefits (Concluded)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the District and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the current valuation in addition to a general inflation rate of 1 percent are as follows:

Actuarial Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed 10-Year Level Dollar Amortization
Remaining Amortization Period	6 Years as of June 30, 2013
Asset Valuation Method	No Assets Held in an Irrevocable Trust
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Healthcare Trend Rate	1% Increase
Medical Cost	5.50 - 9.00% Increase

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation, the plan was 0% funded as the District does not account for other postemployment benefits within a trust. The actuarial accrued liability for benefits was \$1.0 million, and the actuarial value of assets was \$0, resulting in an unfunded liability (UAAL) of \$1.0 million. There is no covered payroll as all participants of the plan are retirees of the District. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information Other Than MD&A

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFIT PLAN
 FISCAL YEAR ENDED JUNE 30, 2013**

Schedule of Funding Progress

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Under (Over) Funded AAL	Annual Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
2009	\$ -	\$ 3,063,383	0%	\$ 3,063,383	N/A	N/A
2011	-	2,189,658	0%	2,189,658	N/A	N/A
2013	-	1,048,467	0%	1,048,467	N/A	N/A

See Notes to Required Supplementary Information.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND – BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 42,315,542	\$ 42,315,542	\$ 36,076,996	\$ (6,238,546)
Intergovernmental	76,605,268	76,605,268	82,368,956	5,763,688
Investment Earnings (Loss)	-	-	(11,916)	(11,916)
Other	123,000	123,000	55,038	(67,962)
Total Revenues	<u>119,043,810</u>	<u>119,043,810</u>	<u>118,489,074</u>	<u>(554,736)</u>
Expenditures				
Regular Education				
Instruction	42,718,379	42,975,284	41,760,040	1,215,244
Support Services - Students	2,947,098	2,881,949	2,816,247	65,702
Support Services - Instructional Staff	2,892,313	2,954,313	2,895,724	58,589
Support Services - General Administration	1,402,746	1,441,636	1,263,003	178,633
Support Services - School Administration	7,538,148	7,634,688	7,559,520	75,168
Support Services - Business	4,104,570	4,230,752	3,884,832	345,920
Operations and Maintenance of Plant	18,187,757	17,621,220	16,611,000	1,010,220
Operation of Noninstructional Services	493,446	503,020	472,555	30,465
Total Regular Education	<u>80,284,457</u>	<u>80,242,862</u>	<u>77,262,921</u>	<u>2,979,941</u>
Special Education				
Instruction	17,069,404	17,493,378	16,726,550	766,828
Support Services - Students	8,869,397	9,251,571	8,825,374	426,197
Support Services - Instructional Staff	314,785	379,439	357,114	22,325
Maintenance of Plant	3,044	2,194	481	1,713
Total Special Education	<u>26,256,630</u>	<u>27,126,582</u>	<u>25,909,519</u>	<u>1,217,063</u>
Desegregation				
Instruction	6,010,298	5,944,726	5,967,840	(23,114)
Support Services - Students	94,380	92,323	70,170	22,153
Support Services - Instructional Staff	242,322	309,951	303,659	6,292
Support Services - Central Services	3,000	3,000	2,791	209
Total Desegregation	<u>6,350,000</u>	<u>6,350,000</u>	<u>6,344,460</u>	<u>5,540</u>
Pupil Transportation				
Student Transportation Services	7,499,993	7,431,282	7,092,373	338,909
Special K-3 Program Override				
Instruction	5,234,828	5,234,408	5,233,876	532
K-3 Reading Program				
Instruction	1,165,376	1,165,376	1,165,372	4
Total Expenditures	<u>126,791,284</u>	<u>127,550,510</u>	<u>123,008,521</u>	<u>4,541,989</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,747,474)	(8,506,700)	(4,519,447)	3,987,253
Other Financing Sources (Uses)				
Transfers In	12,000,000	12,000,000	-	(12,000,000)
Transfers Out	(12,000,000)	(12,000,000)	-	12,000,000
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(7,747,474)	(8,506,700)	(4,519,447)	3,987,253
Fund Balance				
Beginning of Year	7,747,474	7,747,474	10,219,809	2,472,335
Increase (Decrease) in Nonspendable for Inventories	-	-	(42,142)	(42,142)
End of Year	<u>\$ -</u>	<u>\$ (759,226)</u>	<u>\$ 5,658,220</u>	<u>\$ 6,417,446</u>

See Notes to Required Supplementary Information.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 21,436,000	\$ 21,436,000	\$ 21,045,891	\$ (390,109)
Investment Earnings	-	-	6	6
Other	-	-	32,266	32,266
Total Revenues	<u>21,436,000</u>	<u>21,436,000</u>	<u>21,078,163</u>	<u>(357,837)</u>
Expenditures				
Current				
Instruction	12,555,536	12,420,255	11,187,943	1,232,312
Support Services				
Students	1,967,678	1,946,477	1,753,352	193,125
Instructional Staff	6,157,161	6,090,820	5,486,502	604,318
General Administration	279,255	276,247	248,838	27,409
Business and Other Support Services	234,703	232,174	209,138	23,036
Operations and Maintenance of Plant	1,566,457	1,549,579	1,395,833	153,746
Student Transportation	150,788	149,164	134,364	14,800
Operation of Noninstructional Services	131,071	129,658	116,794	12,864
Total Expenditures	<u>23,042,649</u>	<u>22,794,374</u>	<u>20,532,764</u>	<u>2,261,610</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,606,649)	(1,358,374)	545,399	1,903,773
Other Financing Sources (Uses)				
Transfers Out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(468,967)</u>	<u>131,033</u>
Net Change in Fund Balance	(2,206,649)	(1,958,374)	76,432	2,034,806
Fund Balance				
Beginning of Year	3,639,696	3,639,696	36,196	(3,603,500)
End of Year	<u>\$ 1,433,047</u>	<u>\$ 1,681,322</u>	<u>\$ 112,628</u>	<u>\$ (1,568,694)</u>

See Notes to Required Supplementary Information.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 OTHER POST EMPLOYMENT BENEFIT PLAN

The District implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. The District conducts an actuarial valuation every other year beginning in the fiscal year 2007. An actuarial valuation was completed for fiscal year 2013.

NOTE 2 BASIS OF ACCOUNTING

The General Fund and Special Projects budgetary comparison schedules are prepared on the budgetary basis of accounting. See Note 3 for a reconciliation of the General Fund Schedule of Revenues Expenditures and Changes in Fund Balances Budget to Actual to the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION

For external reporting purposes, the General Fund includes revenues, expenditures, other financing sources, and uses and fund balances of other internally maintained funds. The General Fund, however, is budgeted based on the internally maintained General Fund. Therefore the following reconciliation is necessary to reconcile the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures and Changes in Fund Balances.

	Statement of Revenues Expenditures and Changes in Fund Balances	Adjustments	Schedule of Revenues Expenditures and Changes in Fund Balance - B to A
Revenues	\$ 125,339,415	\$ (6,850,341)	\$ 118,489,074
Expenditures	138,996,597	(15,988,076)	123,008,521
Excess (Deficiency) of Revenues Over Expenditures	(13,657,182)	9,137,735	(4,519,447)
Other Financing Sources and (Uses)	3,836,264	(3,836,264)	-
Net Change in Fund Balance	(9,820,918)	5,301,471	(4,519,447)
Fund Balance, Beginning of Year	26,875,887	(16,656,078)	10,219,809
Increase (Decrease) in Nonspendable for Inventories	(42,142)	-	(42,142)
Fund Balance, End of Year	<u>\$ 17,012,827</u>	<u>\$ (11,354,607)</u>	<u>\$ 5,658,220</u>

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**Combining and Individual Fund
Statements and Schedules**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Classroom Site Fund - accounts for the revenues and expenditures of State apportioned educational sales tax monies.

Instructional Improvement Fund - accounts for revenues and expenditures for State apportioned Indian Gaming monies.

Food Service Fund - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

Other Special Revenue Fund - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, fingerprinting, textbooks, and grants and gifts to teachers.

CAPITAL PROJECTS FUNDS

Adjacent Ways Fund - accounts for monies received to finance such improvements as public streets or alleys adjacent to school property.

Gifts and Donations Fund - accounts for gifts and donations to be expended for capital acquisition.

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
Assets					
Cash and Investments	\$ 322,907	\$ 137,221	\$ 3,583,546	\$ 2,288,253	\$ 6,331,927
Receivables					
Accounts Receivable	-	-	23,740	-	23,740
Property Taxes	-	-	-	-	-
Intergovernmental	459,606	368,643	383,440	-	1,211,689
Inventories	-	-	123,416	-	123,416
Due from Other Funds	-	-	3,367,341	-	3,367,341
Total Assets	<u>\$ 782,513</u>	<u>\$ 505,864</u>	<u>\$ 7,481,483</u>	<u>\$ 2,288,253</u>	<u>\$ 11,058,113</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	\$ 256	\$ -	\$ 213,722	\$ 196,388	\$ 410,366
Deferred Inflows of Resources					
Unavailable Revenue	-	-	23,740	-	23,740
Fund Balances					
Nonspendable	-	-	123,416	-	123,416
Restricted	782,257	505,864	7,120,605	2,091,865	10,500,591
Total Fund Balances	<u>782,257</u>	<u>505,864</u>	<u>7,244,021</u>	<u>2,091,865</u>	<u>10,624,007</u>
Total Liabilities, Deferred Inflows of Resources, and Balance	<u>\$ 782,513</u>	<u>\$ 505,864</u>	<u>\$ 7,481,483</u>	<u>\$ 2,288,253</u>	<u>\$ 11,058,113</u>

Capital Projects

Adjacent Ways	Gifts and Donations	Building Renewal	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 634	\$ 7,688	\$ 133,873	\$ 142,195	\$ 6,474,122
-	-	-	-	23,740
24,490	-	-	24,490	24,490
-	-	-	-	1,211,689
-	-	-	-	123,416
78,770	-	-	78,770	3,446,111
<u>\$ 103,894</u>	<u>\$ 7,688</u>	<u>\$ 133,873</u>	<u>\$ 245,455</u>	<u>\$ 11,303,568</u>
\$ 13,800	\$ -	\$ 50,950	\$ 64,750	\$ 475,116
19,634	-	-	19,634	43,374
-	-	-	-	123,416
70,460	7,688	82,923	161,071	10,661,662
<u>70,460</u>	<u>7,688</u>	<u>82,923</u>	<u>161,071</u>	<u>10,785,078</u>
<u>\$ 103,894</u>	<u>\$ 7,688</u>	<u>\$ 133,873</u>	<u>\$ 245,455</u>	<u>\$ 11,303,568</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2013**

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,515,910	852,476	14,550,077	381,747	22,300,210
Tuition	-	-	-	2,257,640	2,257,640
Food Service Sales	-	-	982,965	-	982,965
Charges for Services	-	-	-	146,320	146,320
Contributions and Donations	-	-	-	5,089	5,089
Investment Earnings	10,238	1,183	21,250	5,836	38,507
Other	-	-	-	579,835	579,835
Total Revenues	<u>6,526,148</u>	<u>853,659</u>	<u>15,554,292</u>	<u>3,376,467</u>	<u>26,310,566</u>
Expenditures					
Current					
Instruction	5,669,426	983,250	-	235,580	6,888,256
Support Services					
Students	148,468	57,764	-	1,999	208,231
Instructional Staff	137,742	-	-	13,240	150,982
General Administration	-	-	-	199	199
Business and Other	-	-	-	-	-
Support Services	-	-	31,872	16,143	48,015
Operations and Maintenance of Plant					
Maintenance of Plant	-	-	54,452	116,239	170,691
Student Transportation	-	-	-	56,563	56,563
Operation of Noninstructional Services	-	-	13,438,455	2,733,348	16,171,803
Capital Outlay					
Facilities Acquisition	-	-	60,771	402,142	462,913
Total Expenditures	<u>5,955,636</u>	<u>1,041,014</u>	<u>13,585,550</u>	<u>3,575,453</u>	<u>24,157,653</u>
Excess (Deficiency) of Revenues Over Expenditures	570,512	(187,355)	1,968,742	(198,986)	2,152,913
Other Financing Sources (Uses)					
Transfers Out	-	-	(1,119,766)	-	(1,119,766)
Net Change in Fund Balances	570,512	(187,355)	848,976	(198,986)	1,033,147
Fund Balances					
Beginning of Year	211,745	693,219	6,371,418	2,290,851	9,567,233
Increase (Decrease) in Nonspendable for Inventories	-	-	23,627	-	23,627
End of Year	<u>\$ 782,257</u>	<u>\$ 505,864</u>	<u>\$ 7,244,021</u>	<u>\$ 2,091,865</u>	<u>\$ 10,624,007</u>

Capital Projects

Adjacent Ways	Gifts and Donations	Building Renewal	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 90,266	\$ -	\$ -	\$ 90,266	\$ 90,266
-	-	-	-	22,300,210
-	-	-	-	2,257,640
-	-	-	-	982,965
-	-	-	-	146,320
-	-	-	-	5,089
1,130	-	1,136	2,266	40,773
-	-	-	-	579,835
<u>91,396</u>	<u>-</u>	<u>1,136</u>	<u>92,532</u>	<u>26,403,098</u>
-	-	-	-	6,888,256
-	-	-	-	208,231
-	-	-	-	150,982
-	-	-	-	199
-	-	-	-	48,015
-	-	58,462	58,462	229,153
-	-	-	-	56,563
-	-	-	-	16,171,803
<u>389,196</u>	<u>-</u>	<u>203,514</u>	<u>592,710</u>	<u>1,055,623</u>
<u>389,196</u>	<u>-</u>	<u>261,976</u>	<u>651,172</u>	<u>24,808,825</u>
(297,800)	-	(260,840)	(558,640)	1,594,273
-	-	-	-	(1,119,766)
(297,800)	-	(260,840)	(558,640)	474,507
368,260	7,688	343,763	719,711	10,286,944
-	-	-	-	23,627
<u>\$ 70,460</u>	<u>\$ 7,688</u>	<u>\$ 82,923</u>	<u>\$ 161,071</u>	<u>\$ 10,785,078</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
BOND BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Support Services				
Business and Other Support Services	123,087	335,739	100	335,639
Student Transportation	886,144	1,090,880	1,090,651	229
Debt Service				
Issuance Costs	-	-	319,439	(319,439)
Facilities Acquisition	42,773,346	56,244,622	15,388,530	40,856,092
Total Expenditures	<u>43,782,577</u>	<u>57,671,241</u>	<u>16,798,720</u>	<u>40,872,521</u>
Excess (Deficiency) of Revenues Over Expenditures	(43,782,577)	(57,671,241)	(16,798,720)	40,872,521
Other Finance Sources				
Issuance of Long-term Debt	20,000,000	20,000,000	20,000,000	-
Premium on Issuance of Long-term Debt	300,000	300,000	261,337	(38,663)
Total Other Finance Sources (Uses)	<u>20,300,000</u>	<u>20,300,000</u>	<u>20,261,337</u>	<u>(38,663)</u>
Net Change in Fund Balance	(23,482,577)	(37,371,241)	3,462,617	40,833,858
Fund Balance				
Beginning of Year	2,704,941	2,704,941	2,704,941	-
End of Year	<u>\$ (20,777,636)</u>	<u>\$ (34,666,300)</u>	<u>\$ 6,167,558</u>	<u>\$ 40,833,858</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 14,907,062	\$ 14,907,062	\$ 15,783,378	\$ 876,316
Investment Earnings	100,000	100,000	141,809	41,809
Other	-	-	10	10
Total Revenues	<u>15,007,062</u>	<u>15,007,062</u>	<u>15,925,197</u>	<u>918,135</u>
Expenditures				
Debt Service				
Principal Retirement	12,225,000	12,225,000	12,225,000	-
Interest on Long-Term Debt	3,375,000	3,577,618	4,105,503	(527,885)
Total Expenditures	<u>15,600,000</u>	<u>15,802,618</u>	<u>16,330,503</u>	<u>(527,885)</u>
Excess (Deficiency) of Revenues Over Expenditures	(592,938)	(795,556)	(405,306)	390,250
Other Finance Sources (Uses)				
Transfers In	-	-	165,104	165,104
Premium on Issuance of Long-term Debt	-	-	672,252	672,252
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>837,356</u>	<u>837,356</u>
Net Change in Fund Balance	(592,938)	(795,556)	432,050	1,227,606
Fund Balance				
Beginning of Year	<u>592,938</u>	<u>592,938</u>	<u>4,420,720</u>	<u>3,827,782</u>
End of Year	<u>\$ -</u>	<u>\$ (202,618)</u>	<u>\$ 4,852,770</u>	<u>\$ 5,055,388</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,529,008	\$ 5,529,008	\$ 6,515,910	\$ 986,902
Investment Earnings	-	-	10,238	10,238
Total Revenues	<u>5,529,008</u>	<u>5,529,008</u>	<u>6,526,148</u>	<u>997,140</u>
Expenditures				
Current				
Instruction	6,397,118	6,423,822	5,669,426	754,396
Support Services				
Students	165,114	170,905	148,468	22,437
Instructional Staff	<u>189,900</u>	<u>156,562</u>	<u>137,742</u>	<u>18,820</u>
Total Expenditures	<u>6,752,132</u>	<u>6,751,289</u>	<u>5,955,636</u>	<u>795,653</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,223,124)	(1,222,281)	570,512	1,792,793
Fund Balance				
Beginning of Year	211,745	211,745	211,745	-
End of Year	<u>\$ (1,011,379)</u>	<u>\$ (1,010,536)</u>	<u>\$ 782,257</u>	<u>\$ 1,792,793</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
INSTRUCTIONAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 825,000	\$ 825,000	\$ 852,476	\$ 27,476
Investment Earnings	-	-	1,183	1,183
Total Revenues	<u>825,000</u>	<u>825,000</u>	<u>853,659</u>	<u>28,659</u>
Expenditures				
Current				
Instruction	1,154,512	1,560,052	983,250	576,802
Support Services				
Students	-	-	57,764	(57,764)
Total Expenditures	<u>1,154,512</u>	<u>1,560,052</u>	<u>1,041,014</u>	<u>519,038</u>
Excess (Deficiency) of Revenues Over Expenditures	(329,512)	(735,052)	(187,355)	547,697
Fund Balance				
Beginning of Year	693,219	693,219	693,219	-
End of Year	<u>\$ 363,707</u>	<u>\$ (41,833)</u>	<u>\$ 505,864</u>	<u>\$ 547,697</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 14,054,835	\$ 14,054,835	\$ 14,550,077	\$ 495,242
Food Service Sales	-	-	982,965	982,965
Investment Earnings	-	-	21,250	21,250
Total Revenues	<u>14,054,835</u>	<u>14,054,835</u>	<u>15,554,292</u>	<u>1,499,457</u>
Expenditures				
Current				
Support Services				
Business and Other Support Services	-	-	31,872	(31,872)
Operations and Maintenance of Plant	-	-	54,452	(54,452)
Operation of Noninstructional Services	14,054,835	20,717,026	13,438,455	7,278,571
Facilities Acquisition	-	-	60,771	(60,771)
Total Expenditures	<u>14,054,835</u>	<u>20,717,026</u>	<u>13,585,550</u>	<u>7,131,476</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(6,662,191)	1,968,742	8,630,933
Other Financing Sources (Uses)				
Transfers Out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,119,766)</u>	<u>(119,766)</u>
Net Change in Fund Balance	(1,000,000)	(7,662,191)	848,976	8,511,167
Fund Balance				
Beginning of Year	6,266,329	6,266,329	6,371,418	105,089
Increase (Decrease) in Nonspendable for Inventories	-	-	23,627	23,627
End of Year	<u>\$ 5,266,329</u>	<u>\$ (1,395,862)</u>	<u>\$ 7,244,021</u>	<u>\$ 8,639,883</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 381,747	\$ 361,747
Tuition	2,597,000	2,597,000	2,257,640	(339,360)
Contributions and Donations	-	-	5,089	5,089
Charges for Services	225,000	225,000	146,320	(78,680)
Investment Earnings	-	-	5,836	5,836
Other	401,000	401,000	579,835	178,835
Total Revenues	<u>3,243,000</u>	<u>3,243,000</u>	<u>3,376,467</u>	<u>133,467</u>
Expenditures				
Current				
Instruction	5,407,279	5,177,731	235,580	4,942,151
Support Services				
Students	-	-	1,999	(1,999)
Instructional Staff	-	-	13,240	(13,240)
General Administration	-	-	199	(199)
Business and Other Support Services	-	-	16,143	(16,143)
Operations and Maintenance of Plant	-	-	116,239	(116,239)
Student Transportation	-	-	56,563	(56,563)
Operation of Noninstructional Services	-	-	2,733,348	(2,733,348)
Facilities Acquisition	-	-	402,142	(402,142)
Total Expenditures	<u>5,407,279</u>	<u>5,177,731</u>	<u>3,575,453</u>	<u>1,602,278</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,164,279)	(1,934,731)	(198,986)	1,735,745
Fund Balance				
Beginning of Year	2,290,851	2,290,851	2,290,851	-
End of Year	<u>\$ 126,572</u>	<u>\$ 356,120</u>	<u>\$ 2,091,865</u>	<u>\$ 1,735,745</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 ADJACENT WAYS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE – BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 100,000	\$ 100,000	\$ 90,266	\$ (9,734)
Investment Earnings	1,400	1,400	1,130	(270)
Other	2,800	2,800	-	(2,800)
Total Revenues	<u>104,200</u>	<u>104,200</u>	<u>91,396</u>	<u>(12,804)</u>
Expenditures				
Facilities Acquisition	<u>480,000</u>	<u>480,000</u>	<u>389,196</u>	<u>90,804</u>
Excess (Deficiency) of Revenues Over Expenditures	(375,800)	(375,800)	(297,800)	78,000
Fund Balance				
Beginning of Year	355,638	355,638	368,260	12,622
End of Year	<u>\$ (20,162)</u>	<u>\$ (20,162)</u>	<u>\$ 70,460</u>	<u>\$ 90,622</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
GIFTS AND DONATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Expenditures				
Current				
Operation of Noninstructional Services	\$ 7,688	\$ 7,688	\$ -	\$ (7,688)
Excess (Deficiency) of Revenues Over Expenditures	(7,688)	(7,688)	-	7,688
Fund Balance				
Beginning of Year	7,688	7,688	7,688	-
End of Year	\$ -	\$ -	\$ 7,688	\$ 7,688

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
BUILDING RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 1,136	\$ 1,136
Expenditures				
Current				
Support Services				
Operations and Maintenance of Plant	12,054	62,000	58,462	3,538
Facilities Acquisition	125,306	283,063	203,514	79,549
Total Expenditures	<u>137,360</u>	<u>345,063</u>	<u>261,976</u>	<u>83,087</u>
Excess (Deficiency) of Revenues Over Expenditures	(137,360)	(345,063)	(260,840)	84,223
Fund Balance				
Beginning of Year	343,763	343,763	343,763	-
End of Year	<u>\$ 206,403</u>	<u>\$ (1,300)</u>	<u>\$ 82,923</u>	<u>\$ 84,223</u>

INTERNAL SERVICE FUNDS

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

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

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

Print Shop Fund - accounts for the financial activity associated with the operation of the District's print shop.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 7,133,107	\$ 1,415,627	\$ 1,009,889	\$ 295,059	\$ 9,853,682
Receivables					
Accounts	12,030	-	-	-	12,030
Total Current Assets	<u>7,145,137</u>	<u>1,415,627</u>	<u>1,009,889</u>	<u>295,059</u>	<u>9,865,712</u>
Liabilities					
Current Liabilities					
Accounts Payable	4,696	5,497	28,544	27,400	66,137
Claims Payable	1,646,000	854,724	472,514	-	2,973,238
Unearned Revenue	12,030	-	-	-	12,030
Total Liabilities	<u>1,662,726</u>	<u>860,221</u>	<u>501,058</u>	<u>27,400</u>	<u>3,051,405</u>
Net Position					
Unrestricted	5,482,411	555,406	508,831	267,659	6,814,307
Total Net Position	<u>\$ 5,482,411</u>	<u>\$ 555,406</u>	<u>\$ 508,831</u>	<u>\$ 267,659</u>	<u>\$ 6,814,307</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FISCAL YEAR ENDED JUNE 30, 2013**

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Operating Revenues					
Charges for Services	\$ 15,261,752	\$ 1,208,185	\$ 925,000	\$ 333,584	\$ 17,728,521
Operating Expenses					
Claims	14,019,835	434,160	495,928	-	14,949,923
Premium	764,446	55,931	856,031	-	1,676,408
Administration and Other	1,590,369	255,700	83,347	-	1,929,416
Cost of Sales and Services	-	-	-	411,579	411,579
Total Operating Expenses	<u>16,374,650</u>	<u>745,791</u>	<u>1,435,306</u>	<u>411,579</u>	<u>18,967,326</u>
Operating Income (Loss)	(1,112,898)	462,394	(510,306)	(77,995)	(1,238,805)
Nonoperating Revenues					
Investment Earnings	<u>27,863</u>	<u>4,528</u>	<u>1,721</u>	<u>1,296</u>	<u>35,408</u>
Change in Net Position	(1,085,035)	466,922	(508,585)	(76,699)	(1,203,397)
Total Net Position Beginning of Year	6,567,446	88,484	1,017,416	344,358	8,017,704
Total Net Position End of Year	<u>\$ 5,482,411</u>	<u>\$ 555,406</u>	<u>\$ 508,831</u>	<u>\$ 267,659</u>	<u>\$ 6,814,307</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2013**

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Cash Flows From Operating Activities					
Receipts from Contributions	\$ 15,261,752	\$ 1,208,185	\$ 925,000	\$ 333,584	\$ 17,728,521
Payments to Suppliers	(2,360,039)	(333,070)	(979,338)	(392,846)	(4,065,293)
Payments for Claims	(13,807,835)	(611,128)	(281,975)	-	(14,700,938)
Net Cash Flows Provided/Used by Operating Activities	(906,122)	263,987	(336,313)	(59,262)	(1,037,710)
Cash Flows from Investing Activities					
Investment Earnings	27,863	4,528	1,721	1,296	35,408
Net Change in Cash and Cash Equivalents	(878,259)	268,515	(334,592)	(57,966)	(1,002,302)
Cash and Cash Equivalents, Beginning of Year	8,011,366	1,147,112	1,344,481	353,025	10,855,984
Cash and Cash Equivalents, End of Year	<u>\$ 7,133,107</u>	<u>\$ 1,415,627</u>	<u>\$ 1,009,889</u>	<u>\$ 295,059</u>	<u>\$ 9,853,682</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) by Operating Activities					
Operating Income (Loss)	\$ (1,112,898)	\$ 462,394	\$ (510,306)	\$ (77,995)	\$ (1,238,805)
Change in Assets/Liabilities:					
Receivables, Net	984	-	-	-	984
Accounts Payable	(5,224)	(21,439)	(39,960)	18,733	(47,890)
Claims Payable	212,000	(176,968)	213,953	-	248,985
Unearned Revenue	(984)	-	-	-	(984)
Net Cash Flows Provided/Used by Operating Activities	<u>\$ (906,122)</u>	<u>\$ 263,987</u>	<u>\$ (336,313)</u>	<u>\$ (59,262)</u>	<u>\$ (1,037,710)</u>

AGENCY FUNDS

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

Employee Withholding Fund - accounts for unremitted payroll deductions temporarily held by the District as an agent.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2013**

	<u>Student Activities</u>	<u>Employee Withholding Account</u>	<u>Total</u>
Assets			
Cash and Investments	<u>\$ 159,157</u>	<u>\$ 104,684</u>	<u>\$ 263,841</u>
Liabilities			
Accounts Payable	\$ 5,954	\$ -	\$ 5,954
Due to Student Groups	153,203	-	153,203
Due to Other Entities	-	104,684	104,684
Total Liabilities	<u>\$ 159,157</u>	<u>\$ 104,684</u>	<u>\$ 263,841</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 01, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Student Activities Fund				
Assets				
Cash and Investments	\$ 159,044	\$ 177,941	\$ (177,828)	\$ 159,157
Liabilities				
Accounts Payable	\$ 5,548	\$ 5,954	\$ (5,548)	\$ 5,954
Due to Student Groups	153,496	171,987	(172,280)	153,203
Total Liabilities	<u>\$ 159,044</u>	<u>\$ 177,941</u>	<u>\$ (177,828)</u>	<u>\$ 159,157</u>
Employee Withholding Fund				
Assets				
Cash and Investments	\$ 82,067	\$ 268,995	\$ (246,378)	\$ 104,684
Liabilities				
Due to Other Entities	\$ 82,067	\$ 268,995	\$ (246,378)	\$ 104,684
Total Agency Funds				
Assets				
Cash and Investments	\$ 241,111	\$ 446,936	\$ (424,206)	\$ 263,841
Liabilities				
Accounts Payable	\$ 5,548	\$ 5,954	\$ (5,548)	\$ 5,954
Due to Student Groups	153,496	171,987	(172,280)	153,203
Due to Other Entities	82,067	268,995	(246,378)	104,684
Total Liabilities	<u>\$ 241,111</u>	<u>\$ 446,936</u>	<u>\$ (424,206)</u>	<u>\$ 263,841</u>

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STATISTICAL SECTION

This section of the Washington Elementary School District No. 6's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net Investment in Capital Assets	\$ 25,317,473	\$ 83,420,316	\$ 89,711,533	\$ 100,355,784
Restricted	63,218,118	25,026,337	35,489,887	29,712,821
Unrestricted	29,050,912	31,993,674	20,332,683	19,532,725
Total Governmental Activities				
Net Position	<u>\$ 117,586,503</u>	<u>\$ 140,440,327</u>	<u>\$ 145,534,103</u>	<u>\$ 149,601,330</u>

Source: District's Business and Finance Department.

Note 1: The District only reports governmental activities.

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 104,904,914	\$ 113,210,283	\$ 119,499,966	\$ 126,084,903	\$ 131,154,280	\$ 135,761,278
30,991,421	28,488,877	32,546,642	15,934,592	15,370,563	16,387,192
<u>27,944,122</u>	<u>28,729,147</u>	<u>30,721,294</u>	<u>48,705,719</u>	<u>51,127,160</u>	<u>39,499,102</u>
<u>\$ 163,840,457</u>	<u>\$ 170,428,307</u>	<u>\$ 182,767,902</u>	<u>\$ 190,725,214</u>	<u>\$ 197,652,003</u>	<u>\$ 191,647,572</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Instruction	\$ 91,939,397	\$ 97,694,182	\$ 106,099,983	\$ 112,047,322
Support Services:				
Support Services - Students and Staff	16,084,927	17,718,517	17,700,072	21,501,721
Support Services - Administration	14,543,620	14,810,806	21,232,061	18,741,436
Operation and Maintenance of Plant	14,520,706	15,590,854	13,541,089	18,314,891
Student Transportation	5,563,470	6,265,754	7,801,167	8,972,338
Operation of Noninstructional Services	14,665,045	16,482,039	18,342,349	17,618,231
Interest on Long-Term Debt	6,875,360	6,855,514	6,414,431	5,852,659
Total Governmental Activities	<u>164,192,525</u>	<u>175,417,666</u>	<u>191,131,152</u>	<u>203,048,598</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	5,725,604	3,304,606	4,886,935	1,641,410
Students and Staff	-	-	-	41,707
Administration	-	-	-	204,142
Operation and Maintenance of Plant	-	343,947	318,058	380,733
Student Transportation	-	-	-	18,743
Operation of Noninstructional Services	-	2,346,616	2,415,245	3,414,490
Interest on Long-Term Debt	-	-	27,177	8,519
Operating Grants and Contributions	36,165,125	41,076,826	43,237,531	45,386,501
Capital Grants and Contributions	12,288,741	2,304,606	2,097,940	-
Total Governmental Activities				
Program Revenues	<u>54,179,470</u>	<u>49,376,601</u>	<u>52,982,886</u>	<u>51,096,245</u>
Net (Expense)/Revenue				
Governmental Activities	(110,013,055)	(126,041,065)	(138,148,266)	(151,952,353)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	55,133,182	59,518,684	53,187,313	54,292,820
State Equalization and Additional State Aid	74,858,253	76,937,047	78,275,846	95,636,804
County Equalization	6,872,455	6,723,270	6,572,695	79,989
State Building Renewal Assistance	-	2,260,417	2,376,191	2,860,704
Investment Earnings	1,172,671	2,705,408	2,741,989	2,800,591
Other	10,539	750,063	88,008	348,672
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Special Items	-	-	-	-
Total Governmental Activities:	<u>138,047,100</u>	<u>148,894,889</u>	<u>143,242,042</u>	<u>156,019,580</u>
Change in Net Position				
Governmental Activities	<u>\$ 28,034,045</u>	<u>\$ 22,853,824</u>	<u>\$ 5,093,776</u>	<u>\$ 4,067,227</u>

Source: The District's Business and Finance Department.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 109,805,178	\$ 117,265,653	\$ 98,377,469	\$ 96,302,960	\$ 95,655,933	\$ 96,705,106
25,374,863	25,761,443	24,283,027	23,438,972	22,683,312	24,932,070
17,348,813	17,017,140	16,586,101	15,161,986	15,851,740	16,847,819
21,404,866	21,856,335	20,421,447	20,006,076	20,505,294	21,604,320
8,665,577	8,960,848	8,720,012	8,219,151	8,352,478	10,322,705
17,421,449	15,158,592	16,360,922	17,216,475	17,777,812	19,580,110
5,671,847	4,768,597	4,498,547	4,319,857	4,065,351	4,451,926
<u>205,692,593</u>	<u>210,788,608</u>	<u>189,247,525</u>	<u>184,665,477</u>	<u>184,891,920</u>	<u>194,444,056</u>
1,692,438	758,398	393,270	600,792	837,596	860,809
229	77,632	85,562	11,601	12,900	10,842
-	253,465	312,519	17,684	5,161	11,627
288,746	1,996,123	423,430	100,107	49,850	101,422
7,555	28,800	54,417	77,881	49,288	40,242
4,148,923	3,159,713	2,914,250	3,851,113	3,876,383	4,237,772
6,925	-	-	-	-	-
44,947,412	41,423,780	55,573,950	50,249,772	48,386,041	46,495,226
-	-	-	-	-	-
<u>51,092,228</u>	<u>47,697,911</u>	<u>59,757,398</u>	<u>54,908,950</u>	<u>53,217,219</u>	<u>51,757,940</u>
(154,600,365)	(163,090,697)	(129,490,127)	(129,756,527)	(131,674,701)	(142,686,116)
61,748,198	68,672,108	57,360,259	52,881,727	57,336,243	51,976,289
102,280,030	97,000,637	81,760,455	83,310,247	79,839,296	83,833,717
-	-	-	-	-	-
1,368,619	-	-	-	-	-
3,294,576	1,882,516	866,943	564,347	611,471	254,661
148,069	1,914,375	1,842,065	957,518	814,480	617,018
-	1,006,564	-	-	-	-
-	(797,653)	-	-	-	-
<u>168,839,492</u>	<u>169,678,547</u>	<u>141,829,722</u>	<u>137,713,839</u>	<u>138,601,490</u>	<u>136,681,685</u>
<u>\$ 14,239,127</u>	<u>\$ 6,587,850</u>	<u>\$ 12,339,595</u>	<u>\$ 7,957,312</u>	<u>\$ 6,926,789</u>	<u>\$ (6,004,431)</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 1,140,496	\$ 535,684	\$ 784,762	\$ 811,417	\$ 809,097
Unreserved	6,881,425	11,472,726	5,730,903	3,752,386	7,792,683
Nondenable					
Restricted					
Assigned					
Unassigned					
Total General Fund	\$ 8,021,921	\$ 12,008,410	\$ 6,515,665	\$ 4,563,803	\$ 8,601,780
All Other Governmental Funds					
Reserved	\$ 60,876	\$ 78,664	\$ 41,079	\$ 58,412	\$ 70,062
Unreserved, Reported in:					
Special Revenue Funds	9,103,189	16,127,397	18,515,745	17,277,553	16,739,272
Debt Service Funds	6,085,160	7,065,352	7,941,901	5,019,527	5,813,898
Capital Projects Funds	58,663,324	55,062,831	33,915,276	20,248,874	28,745,360
Nondenable					
Restricted					
Total All Other Governmental Funds	\$ 73,912,549	\$ 78,334,244	\$ 60,414,001	\$ 42,604,366	\$ 51,368,592

Source: The District's Business and Finance Department.

Note: During the fiscal year 2010-11, the District restated fund balance classifications as a result of the implementation of GASB Statement No. 54.

		Fiscal Year				
2009	2010	2011	2012	2013		
\$ 684,173	\$ 580,116					
1,251,979	6,255,374					
		\$ 598,955	\$ 648,293	\$ 606,151		
		239,976	249,987	259,946		
		1,000,000	2,200,000	695,977		
		22,280,697	23,777,607	15,450,753		
<u>\$ 1,936,152</u>	<u>\$ 6,835,490</u>	<u>\$ 24,119,628</u>	<u>\$ 26,875,887</u>	<u>\$ 17,012,827</u>		
\$ 75,845	\$ 102,138					
10,576,112	12,981,586					
9,415,245	11,281,870					
12,471,973	9,213,790					
		\$ 95,444	\$ 99,789	\$ 123,416		
		25,305,337	17,349,012	21,794,618		
<u>\$ 32,539,175</u>	<u>\$ 33,579,384</u>	<u>\$ 25,400,781</u>	<u>\$ 17,448,801</u>	<u>\$ 21,918,034</u>		

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2004	2005	2006	2007
Federal Sources				
Property Taxes	\$ 55,988,701	\$ 59,613,745	\$ 53,124,145	\$ 54,260,737
Intergovernmental	129,478,986	128,703,329	132,418,774	143,774,555
Tuition	2,253,165	2,712,304	3,139,161	2,258,239
Food Service Sales	2,447,207	2,307,275	1,922,366	1,777,282
Charges for Services	-	181,768	158,808	136,558
Contributions and Donations	705,588	598,837	141,429	189,443
Investment Earnings	1,131,686	2,592,974	2,555,175	2,521,438
Other	1,035,771	1,573,885	2,515,088	1,886,337
Total Revenues	193,041,104	198,284,117	195,974,946	206,804,589
Expenditures				
Instruction	91,642,500	94,824,251	101,898,778	110,833,854
Support Services				
Students	10,534,666	10,673,153	11,102,167	13,090,809
Instructional Staff	5,707,576	7,208,778	6,618,763	7,682,561
General Administration	2,169,706	1,381,177	1,165,621	1,427,865
School Administration	6,543,199	7,175,040	6,893,239	7,490,536
Business and Other Support Services	5,320,034	6,926,495	17,135,195	7,285,335
Operation and Maintenance of Plant	14,117,420	15,189,474	15,065,198	16,814,629
Student Transportation	5,482,356	6,275,099	7,399,174	8,602,202
Operation of Noninstructional Services	14,115,421	15,726,567	18,488,874	18,142,640
Judgments Against the District	-	-	-	-
Debt Service				
Principal Retirement	10,653,258	11,347,438	10,740,177	11,246,751
Interest on Long-Term Debt	6,921,843	7,071,960	6,464,927	5,903,155
Issuance Costs	445,458	-	-	-
Facilities Acquisition	20,490,604	5,459,477	16,627,314	15,818,482
Total Expenditures	194,144,041	189,258,909	219,599,427	224,338,819
Other Financing Sources (Uses)				
Issuance of Refunding Debt	37,482,662	-	-	-
Issuance of Long-Term Debt	18,361,131	-	-	-
Payment to Refunded Debt Escrow Agent	(37,187,353)	-	-	(4,200,000)
Proceeds from Capital Leases	-	-	-	1,928,745
Premium on Sale of Bonds	-	-	-	-
Transfers In	775,128	1,508,442	1,479,337	1,306,180
Transfers Out	(775,128)	(1,508,442)	(1,479,337)	(1,306,180)
Total Other Financing Sources (Uses)	18,656,440	-	-	(2,271,255)
Net Change in Fund Balance	\$ 17,553,503	\$ 9,025,208	\$ (23,624,481)	\$ (19,805,485)
 Debt Service as a Percentage of Noncapital Expenditures	 10.38%	 10.02%	 8.48%	 8.22%

Source: The District's Business and Finance Department.

Fiscal Year

	2008	2009	2010	2011	2012	2013
\$	61,310,275	\$ 66,881,917	\$ 55,938,271	\$ 52,940,965	\$ 57,063,913	\$ 52,278,031
	148,280,643	130,373,366	145,504,533	133,560,020	128,225,337	130,328,943
	2,290,201	2,019,035	1,782,505	1,636,291	2,036,885	2,257,640
	1,680,844	1,522,731	1,234,802	1,095,450	1,081,538	982,965
	144,135	136,531	170,290	153,964	151,217	920,703
	315,418	311,328	360,530	236,022	224,670	294,390
	2,925,698	1,608,295	772,985	483,209	553,258	219,265
	2,177,705	4,079,857	2,477,386	2,494,969	2,054,213	1,463,936
	<u>219,124,919</u>	<u>206,933,060</u>	<u>208,241,302</u>	<u>192,600,890</u>	<u>191,391,031</u>	<u>188,745,873</u>
	107,957,523	110,896,410	95,382,583	93,436,783	91,410,445	93,736,675
	15,227,382	15,745,872	13,880,561	13,659,414	13,461,763	14,783,055
	9,793,357	9,695,888	10,565,080	9,862,818	9,047,729	9,965,356
	1,715,609	1,494,434	1,390,732	1,495,688	1,463,415	1,602,202
	7,861,208	7,939,946	7,504,202	7,506,509	7,426,568	8,130,186
	6,394,130	6,331,140	6,681,319	5,550,918	5,476,233	5,568,332
	19,620,473	19,410,991	18,299,725	18,183,028	17,918,737	18,880,306
	8,758,791	8,274,958	9,045,909	7,964,428	9,093,523	9,066,412
	17,541,403	17,435,562	17,539,169	17,164,310	17,582,358	19,401,013
	-	797,653	-	-	-	-
	11,323,934	11,211,725	11,613,857	11,927,791	12,410,822	13,437,039
	5,732,841	5,015,522	4,559,541	4,391,286	4,151,391	4,192,759
	95,114	-	-	212,540	-	319,439
	6,055,263	20,529,424	6,206,156	2,452,543	7,197,451	18,384,635
	<u>218,077,028</u>	<u>234,779,525</u>	<u>202,668,834</u>	<u>193,808,056</u>	<u>196,640,435</u>	<u>217,467,409</u>
	11,640,000	-	-	-	-	-
	-	-	-	10,000,000	-	20,000,000
	-	-	-	-	-	-
	-	2,558,224	357,180	-	-	2,412,635
	104,982	-	-	300,556	-	933,589
	784,683	1,425,865	4,851,589	1,596,391	1,183,613	1,753,837
	(784,683)	(1,425,865)	(4,851,589)	(1,596,391)	(1,183,613)	(1,753,837)
	<u>11,744,982</u>	<u>2,558,224</u>	<u>357,180</u>	<u>10,300,556</u>	<u>-</u>	<u>23,346,224</u>
\$	<u>12,792,873</u>	<u>\$ (25,288,241)</u>	<u>\$ 5,929,648</u>	<u>\$ 9,093,390</u>	<u>\$ (5,249,404)</u>	<u>\$ (5,375,312)</u>
	8.09%	7.57%	9.06%	8.63%	8.82%	9.04%

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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year	Estimated Actual Value		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Real/Personal Property Less Exemptions	Net Secondary Assessed Value		
2004	\$ 9,429,172,339	\$ 1,317,888,751	\$ 4.81	13.98 %
2005	10,672,686,956	1,353,212,293	4.92	12.68
2006	11,659,229,274	1,449,091,465	4.08	12.43
2007	12,089,204,311	1,506,048,554	4.12	12.46
2008	16,346,463,462	1,925,409,254	3.84	11.78
2009	19,576,459,825	2,255,281,472	3.69	11.52
2010	19,155,917,245	2,203,864,631	3.08	11.50
2011	15,406,725,213	1,775,418,048	3.38	11.52
2012	11,732,224,759	1,325,644,838	4.61	11.30
2013	10,327,375,233	1,174,950,376	4.71	11.38

Source: Maricopa County Treasurer and State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NET SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION
JUNE 30, 2013
(UNAUDITED)

Description	Net Secondary Assessed Valuation	As % of District's Total Net Secondary Assessed Valuation
Mining, Utility, Telecommunications, Commercial and Industrial	\$537,112,888	45.71%
Agricultural and Vacant Land	27,227,906	2.32%
Residential (Owner Occupied)	468,675,857	39.89%
Residential (Rental)	141,505,000	12.04%
Historic Property	349,360	0.03%
Improvements on Government Property	79,365	0.01%
	<u>\$1,174,950,376</u>	<u>100.00%</u>

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	District Direct Rates			Overlapping Rates				
	Primary	Secondary	Total	Total County	City of Phoenix	City of Glendale	Community College District	Glendale Union High School District # 205
2004	2.8277	1.9831	4.8108	3.23	1.82	1.72	1.08	3.35
2005	2.7398	2.1831	4.9229	3.09	1.82	1.72	1.04	3.37
2006	2.0919	1.9845	4.0764	3.18	1.82	1.72	1.03	3.46
2007	2.1366	1.9823	4.1189	2.74	1.82	1.72	1.03	3.33
2008	2.1946	1.6469	3.8415	2.47	1.82	1.62	0.98	3.03
2009	2.1398	1.5521	3.6919	2.33	1.82	1.60	0.94	2.73
2010	1.6568	1.4207	3.0775	2.24	1.82	1.60	0.88	2.60
2011	1.9424	1.4409	3.3833	2.43	1.82	1.60	0.97	2.68
2012	2.4316	2.1785	4.6101	2.93	1.82	1.60	1.21	3.53
2013	2.0401	2.6746	4.7147	3.13	1.82	1.90	1.38	4.10

Source: Maricopa County Treasurer.

Note 1: County wide tax rate includes rates levied by the Maricopa Community College District, Flood Control District, Central Arizona Project, Special Health Care District, County Library District, Fire Department Assistance Tax and the County.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2013 AND NINE YEARS PRIOR
(UNAUDITED)**

Taxpayer	2013			2004		
	Secondary Assessed Value	Rank	Percentage of Secondary Assessed Value	Secondary Assessed Value	Rank	Percentage of Secondary Assessed Value
Arizona Public Service	\$ 104,342,538	1	8.88 %	\$ 61,454,324	1	4.66 %
Qwest Corporation	15,705,364	2	1.34	33,831,194	2	2.57
VHS Of Phoenix, Inc	9,056,443	3	0.77	-	-	-
Canyon Corporate Plaza Properties LLC	7,275,000	4	0.62	-	-	-
PDG America Properties LLC	6,194,639	5	0.53	-	-	-
Carlyle Er Metro LLC	6,000,000	6	0.51	-	-	-
Bay Pacific Phoenix Corporate Center LLC	4,825,368	7	0.41	-	-	-
16001 North 28th Avenue Holdings LLC	4,803,469	8	0.41	-	-	-
M2 Phoenix 1222 LLC	4,619,160	9	0.39	-	-	-
Ari Rmbc LLC/Ari Rmbc 1-34 LLC	4,228,646	10	0.36	-	-	-
Transwestern Phoenix Corporate Center	-	-	-	10,419,106	3	0.79
Metropolitan Life Insurance Company	-	-	-	9,230,604	4	0.70
Southwest Co. Wireless LP	-	-	-	8,793,256	5	0.67
DVM Co	-	-	-	8,255,399	6	0.63
Karsten Manufacturing Corporation	-	-	-	7,068,259	7	0.54
Estes-Samuels LLC	-	-	-	6,944,477	8	0.53
DVM ETAL	-	-	-	6,713,052	9	0.51
R & B Realty Group	-	-	-	6,663,027	10	0.51
Totals	<u>\$ 167,050,627</u>		14.22 %	<u>\$ 159,372,698</u>		12.11 %

Source: Maricopa County Treasurer.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	<u>Current Collections</u>		Percent of Current Taxes Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Tax Collections as a Percentage of the Levy	Outstanding Tax Collections	Percentage of Levy
	Total Tax Levy (1)	Current Tax Collections (1)						
2004	\$ 61,249,812	\$ 59,226,938	96.70 %	\$ 2,017,836	\$ 61,244,774	99.99 %	\$ 630	0.00 %
2005	64,656,857	62,618,804	96.85	2,029,467	64,648,271	99.99	8,586	0.01
2006	57,525,730	55,693,222	96.81	1,744,040	57,437,262	99.85	88,468	0.15
2007	60,336,259	58,717,892	97.32	1,612,476	60,330,368	99.99	5,891	0.01
2008	66,510,368	65,175,437	97.99	1,329,370	66,504,807	99.99	5,561	0.01
2009	72,821,698	68,433,791	93.97	3,746,438	72,180,229	99.12	641,469	0.88
2010	63,161,121	57,874,718	91.63	3,199,627	61,074,345	96.70	2,086,776	3.30
2011	58,521,650	56,065,697	95.80	2,436,779	58,502,476	99.97	19,174	0.03
2012	60,907,130	58,011,623	95.25	2,423,768	60,435,391	99.23	471,739	0.77
2013	55,507,371	53,174,793	95.80	-	53,174,793	95.80	2,332,578	4.20

Source: Maricopa County Treasurer.

Note 1: Unsecured personal property taxes are not included in this schedule.

(1) The amount levied and collected is net of resolutions.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Governmental Activities

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	Debt Per Capita	Estimated District Population	Ratio of Net General Obligation Bonded Debt to Net Secondary Assessed Value	Net General Obligation Bonded Debt Per Capita
2004	\$ 145,092,373	\$ 3,767,844	\$ 148,860,217	\$ 638	233,330	11.01%	\$ 622
2005	134,896,877	2,565,406	137,462,283	604	227,495	9.97%	593
2006	125,361,381	1,310,229	126,671,610	570	222,053	8.65%	565
2007	111,185,885	1,917,223	113,103,108	483	234,230	7.38%	475
2008	111,989,873	1,473,289	113,463,162	443	256,299	5.82%	437
2009	100,997,948	2,558,224	103,556,172	405	255,695	4.48%	395
2010	89,946,954	2,291,547	92,238,501	366	251,689	4.08%	357
2011	88,841,081	1,698,756	90,539,837	401	225,909	5.00%	393
2012	76,965,041	1,077,934	78,042,975	335	233,166	5.81%	330
2013	86,190,265	2,278,530	88,468,795	398	222,464	7.34%	387

Source: The District's Business and Finance Department for long-term debt.

The source of the estimated district population is the U.S. Department of Commerce Census Bureau, American Community Survey Annual Report.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013
(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa Community College District	\$ 766,085,000	3.42 %	\$ 26,200,107
City of Phoenix	1,588,275,000	10.46	166,133,565
City of Glendale	185,495,000	2.60	4,822,870
Glendale Union High School District No. 205	93,475,000	80.90	<u>75,621,275</u>
Subtotal, Overlapping Debt			272,777,817
Washington Elementary School District No. 6 Direct Debt			<u>84,170,000</u>
Total Direct and Overlapping Debt			<u>\$ 356,947,817</u>

Source: Maricopa County Treasurer.

(1) Proportion applicable to the Washington Elementary School District No. 6, is computed on the ratio of secondary assessed valuation for 2012-13.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2004	2005	2006	2007
Class A Bonded Debt				
Debt Limit	\$ 197,683,313	\$ 202,981,844	\$ 217,363,720	\$ 225,907,283
Total Applicable to Limit	<u>138,164,840</u>	<u>127,039,648</u>	<u>107,212,260</u>	<u>101,958,535</u>
Legal Debt Margin	<u>\$ 59,518,473</u>	<u>\$ 75,942,196</u>	<u>\$ 110,151,460</u>	<u>\$ 123,948,748</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	69.89%	62.59%	49.32%	45.13%

	Fiscal Year			
	2004	2005	2006	2007
Class B Bonded Debt				
Debt Limit	\$ 65,894,438	\$ 67,660,615	\$ 72,454,573	\$ 75,302,428
Total Applicable to Limit	<u>14,898,026</u>	<u>11,949,493</u>	<u>9,465,839</u>	<u>3,516,938</u>
Legal Debt Margin	<u>\$ 50,996,412</u>	<u>\$ 55,711,122</u>	<u>\$ 62,988,734</u>	<u>\$ 71,785,490</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	22.61%	17.66%	13.06%	4.67%

Source: The District's Business and Finance Department for long-term debt.

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 288,811,388	\$ 338,292,221	\$ 330,579,695	\$ 266,312,707	\$ 198,846,726	\$ 176,242,556
102,722,446	91,835,965	72,678,130	80,158,243	56,465,217	44,859,378
<u>\$ 186,088,942</u>	<u>\$ 246,456,256</u>	<u>\$ 257,901,565</u>	<u>\$ 186,154,464</u>	<u>\$ 142,381,509</u>	<u>\$ 131,383,178</u>
35.57%	27.15%	21.99%	30.10%	28.40%	25.45%

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 96,270,463	\$ 112,764,074	\$ 110,192,232	\$ 88,770,902	\$ 66,282,242	\$ 58,747,519
5,860,000	5,860,000	5,560,000	1,706,986	15,509,063	34,457,852
<u>\$ 90,410,463</u>	<u>\$ 106,904,074</u>	<u>\$ 104,632,232</u>	<u>\$ 87,063,916</u>	<u>\$ 50,773,179</u>	<u>\$ 24,289,667</u>
6.09%	5.20%	5.05%	1.92%	23.40%	58.65%

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2013
(UNAUDITED)

Net Secondary Assessed Value		\$ 1,174,950,376
Legal Debt Margin:		
Class A General Obligation Bonds		
<hr/>		
Debt Limitation - 15% of Assessed Value		176,242,556
Amount of Debt Applicable to Debt Limit:		
General Obligation and Refunding Bonds Outstanding	\$ 45,975,000	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(1,115,622)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>44,859,378</u>
Legal Debt Margin		<u><u>\$ 131,383,178</u></u>
Class B General Obligation Bonds		
<hr/>		
Debt Limitation - the greater of 5% of the net secondary assessed valuation or \$1,500 per student (ADM)		
5% of secondary net assessed valuation		\$ 58,747,519
\$1,500 per student (ADM) (\$1,500 * 21,168)		31,752,000
Amount of Debt Applicable to Debt Limit:		
General Obligation and Refunding Bonds Outstanding	\$ 34,275,000	
Qualified Zone Academy Bonds	3,920,000	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(3,737,148)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>34,457,852</u>
Legal Debt Margin		<u>24,289,667</u>
Total Legal Debt Margin		<u><u>\$ 155,672,845</u></u>

Source: Maricopa County Assessor's Office and the District's Business and Finance Department.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)**

Calendar Year	Estimated District Population	Personal Income (in Thousands)	Per Capita Personal Income	County Unemployment Rate	County Population (As of July 1)
2003	230,610	\$ 104,665,923	\$ 31,446	5.20%	3,353,875
2004	233,330	114,049,001	33,369	4.40	3,466,592
2005	222,053	126,010,741	35,606	4.00	3,577,074
2006	234,230	139,069,591	38,176	3.50	3,663,915
2007	256,299	145,880,680	39,300	3.10	3,753,413
2008	255,695	148,462,926	39,369	5.20	3,808,829
2009	251,689	137,970,508	36,272	9.00	3,821,136
2010	225,909	140,351,646	36,695	9.60	3,824,058
2011	233,166	147,724,392	38,071	8.40	3,843,370
2012	222,464	N/A	N/A	7.10	3,884,705

Sources: The source of the estimated District population is the U.S. Department of Commerce Census Bureau, American Community Survey Annual Report.
The source of personal income and per capita information is the Bureau of Economic Analysis.
The source of the unemployment rate is the Bureau of Labor Statistics.
The source of the county population is the Arizona Department of Administration, Office of Employment and Population Statistics.

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

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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PRINCIPAL EMPLOYERS
JUNE 30, 2013 AND NINE YEARS PRIOR
(UNAUDITED)**

Employer	2013		2003	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State of Arizona	52,076	3.06 %	49,850	6.96 %
Wal-Mart Inc.	31,837	1.87	15,895	2.22
Banner Health Arizona	25,126	1.48	15,520	2.17
City of Phoenix	14,983	0.88	13,160	1.84
Wells Fargo	13,679	0.80	8,800	1.23
Maricopa County	13,308	0.78	15,525	2.17
Bank of America	12,500	0.73	-	-
Arizona State University	12,222	0.72	9,750	1.36
Raytheon Co.	11,500	0.68	-	-
JP Morgan Chase	11,407	0.67	-	-
Intel Corp.	11,000	0.65	10,000	1.40
Fry's Food Stores	10,767	0.63	13,500	1.88
Apollo Group Inc.	10,000	0.59	-	-
Honeywell Aerospace	10,000	0.59	15,000	2.09
US Airways Group	9,237	0.54	-	-
US Postal Service	-	-	11,410	1.59
Motorola	-	-	10,600	1.48
Phillips Petroleum	-	-	10,000	1.40
America West Holdings	-	-	9,300	1.30
Safeway Inc.	-	-	9,100	1.27
	<u>249,642</u>	14.67 %	<u>217,410</u>	30.34 %

Source: The Phoenix Business Journal of Lists 2003, published December 27, 2002 and The Phoenix Business Journal Book of Lists 2013, published December 28, 2012.

Note 1: Information was not available at the District level and is therefore presented for the Phoenix Metro Area.

Note 2: Information for 2004 was not available.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Full-Time Equivalent Employees			
	2004	2005	2006	2007
Supervisory				
Instructional Administrators	7	13	13	13
Noninstructional Administrators	14	18	21	17
Consultants/Supervisors of Instruction	16	6	5	5
Principals	33	32	32	35
Assistant Principals	10	10	11	12
Total Supervisory	80	79	82	82
Instruction				
Elementary Classroom Teachers	728	764	792	792
Secondary Classroom Teachers	170	166	145	195
Other Teachers	484	554	595	416
Other Professionals	63	65	64	128
Aides	494	518	577	471
Total Instruction	1,939	2,067	2,173	2,002
Student Services				
Visiting Teachers/Social Workers	13	14	13	14
Psychologist	23	24	25	22
Librarians	21	19	13	16
Other Professionals (Noninstructional)	30	33	30	67
Technicians	13	16	19	26
Total Student Services	100	106	100	145
Support and Administration				
Clerical/Secretarial	237	218	239	282
Service Workers	250	254	267	157
Skilled Crafts	83	80	79	93
Unskilled Laborers	161	148	135	272
Total Support and Administration	731	700	720	804
Total	2,850	2,952	3,075	3,033

Source: The District's Human Resources Department and Business and Finance Department.

- 1) No description or guidelines were provided to determine how to classify positions into each of the categories or sub-categories listed above.
- 2) The sub-categories are very broad and do not fully represent every position (e.g. finance coordinator was classified as Clerical/Secretarial).
- 3) This data is representative of PCS as of June 30th for each year provided and includes both vacant and filled positions.
- 4) Although the categorization file has been completed and is expected to be used in future years, there are still many unanswered categorization questions. Answers to these questions may affect categorization process for future years and as a result may create percentage increases and decreases in certain categories strictly due to the change in categorization concepts/methodologies.

Note: Coding of positions may differ based on interpretation.

Full-Time Equivalent Employees

2008	2009	2010	2011	2012	2013
13	13	11	10	10	10
17	15	13	13	13	13
5	4	4	5	5	5
34	33	34	32	32	32
12	9	10	10	12	13
<u>81</u>	<u>74</u>	<u>72</u>	<u>70</u>	<u>72</u>	<u>73</u>
790	713	674	653	647	655
207	202	195	191	176	175
466	421	439	431	423	449
133	120	118	110	110	113
558	509	502	501	507	546
<u>2,154</u>	<u>1,965</u>	<u>1,928</u>	<u>1,886</u>	<u>1,863</u>	<u>1,938</u>
14	17	19	19	20	26
28	24	28	26	26	23
15	15	14	13	11	11
72	77	78	69	72	51
26	24	24	24	28	29
<u>155</u>	<u>157</u>	<u>163</u>	<u>151</u>	<u>157</u>	<u>140</u>
304	284	296	293	290	299
183	161	157	153	151	154
100	103	106	98	99	98
320	303	301	295	295	309
<u>907</u>	<u>851</u>	<u>860</u>	<u>839</u>	<u>835</u>	<u>860</u>
<u>3,297</u>	<u>3,047</u>	<u>3,023</u>	<u>2,946</u>	<u>2,927</u>	<u>3,011</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment (3)</u>	<u>Maintenance and Operating Expenditures (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (1)</u>	<u>Pupil- Teacher Ratio</u>
2004	24,604	\$ 152,391,101	\$ 6,194	(5.51)%	1,420	17.33
2005	24,346	159,457,459	6,550	5.75	1,503	16.20
2006	24,431	169,489,507	6,937	5.91	1,544	15.82
2007	24,783	183,524,300	7,405	6.75	1,548	16.01
2008	24,148	189,969,506	7,867	6.24	1,569	15.39
2009	22,078	190,971,592	8,650	9.95	1,468	15.04
2010	21,564	178,329,852	8,270	(4.40)	1,425	15.13
2011	20,922	177,889,457	8,503	2.81	1,390	15.05
2012	20,948	172,667,454	8,243	(3.06)	1,367	15.32
2013	21,168	200,485,734	9,471	14.90	1,403	15.09

Source: The District's Business and Finance Department.

(1) Includes all teaching positions filled and vacant.

(2) Includes expenditures of all funds except Debt Service and Capital Outlay.

(3) Enrollment is based on 100th day figures.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>County Average Salary</u>	<u>Statewide Average Salary</u>
2004	\$ 29,243	\$ 51,168	\$ 43,466	\$ 42,324
2005	29,609	51,808	45,856	44,601
2006	32,259	61,972	45,441	42,967
2007	32,759	62,472	49,109	43,833
2008	34,000	62,472	50,432	44,967
2009	34,000	62,472	50,918	45,209
2010	34,000	62,472	47,786	47,077
2011	34,000	62,922	47,900	45,637
2012	34,000	62,922	48,095	45,193
2013	34,000	62,922	N/A	N/A

Source: The District's Business and Finance Department.

Note: County average salary estimated from the Annual Superintendent Report.
Statewide average salary taken from the classroom site monies report on the Auditor General's website.

N/A indicates the information is not available.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Schools		Fiscal Year				
		2004	2005	2006	2007	2008
Elementary	Sites	27	27	27	27	27
	Square Feet	2,036,084	2,184,904	2,184,904	2,184,904	2,168,388
	Capacity		26,325	23,660	23,660	23,660
	Enrollment	19,485	18,844	20,298	21,449	19,812
Middle	Sites	5	5	5	5	5
	Square Feet	467,927	510,427	510,427	510,427	527,588
	Capacity		5,668	5,601	5,601	5,601
	Enrollment	5,099	4,997	4,871	4,458	4,336
Administrative	Sites	2	2	2	3	4
	Square Feet	100,170	100,170	100,170	177,234	242,794
Transportation	Garages	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car
	Buses	132	133	135	128	132

Source: The District's facilities' records.

Note : Enrollment is based on 100th day figures.

Fiscal Year				
2009	2010	2011	2012	2013
27	27	27	27	27
2,168,388	2,174,688	2,166,893	2,166,893	2,171,201
23,660	23,660	23,660	23,660	23,711
18,014	17,603	17,134	17,149	17,424
5	5	5	5	5
546,990	548,784	548,784	548,784	539,717
5,601	5,601	5,601	5,601	5,494
4,064	3,961	3,788	3,799	3,744
4	3	3	3	4
210,339	206,145	206,145	206,145	215,212
6 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car
128	133	133	130	113

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