

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
GLENDALE, ARIZONA
FOR THE
FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by:
Business and Finance Department

THIS PAGE INTENTIONALLY LEFT BLANK

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012
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	13

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS	23
STATEMENT OF ACTIVITIES	24
BALANCE SHEET – GOVERNMENTAL FUNDS	25
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	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 ASSETS – PROPRIETARY FUNDS	29
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – 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, 2012
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 PROJECT FUNDS	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
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	63
CLASSROOM SITE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	64
INSTRUCTIONAL IMPROVEMENT FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	65
FOOD SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	66
OTHER SPECIAL REVENUE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	67
ADJACENT WAYS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	68
BOND BUILDING FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	69
BUILDING RENEWAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	70
COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS	71

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS (CONTINUED)**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS	72
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS	73
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	74
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS	75
STATISTICAL SECTION	
FINANCIAL TRENDS	
NET ASSETS BY COMPONENT	76
CHANGES IN NET ASSETS	78
FUND BALANCES OF GOVERNMENTAL FUNDS	80
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	82
REVENUE CAPACITY	
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	84
NET SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION	85
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	86
PRINCIPAL PROPERTY TAXPAYERS	87
PROPERTY TAX LEVIES AND COLLECTIONS	88
DEBT CAPACITY	
RATIO OF OUTSTANDING DEBT BY TYPE	89
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	90
LEGAL DEBT MARGIN INFORMATION	91
CALCULATION OF LEGAL DEBT MARGIN	93
DEMOGRAPHIC AND ECONOMIC INFORMATION	
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS	94

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012
TABLE OF CONTENTS (CONTINUED)**

PRINCIPAL EMPLOYERS	95
OPERATING INFORMATION	
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	96
OPERATING STATISTICS	98
TEACHER BASE SALARIES	99
CAPITAL ASSETS INFORMATION	100

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



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 11, 2012

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, 2012.

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 2012 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 unqualified opinion on the District's financial statements for the year ended June 30, 2012. 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.wesdschools.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 23,000 students in north central Phoenix and eastern Glendale. Enrollment had decreased by over five percent since 2008, but during fiscal year 2012 the enrollment increased slightly. 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 2011-2012, the District experienced a 22.5 percent decrease in its primary assessed valuation and a 25.3 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 2012 the District began work on the 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.

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.

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 3,824,058 or about 60 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 2012, the unemployment rate in the Phoenix area and Maricopa County was approximately 8.4 percent, slightly higher than the national average of 8.2 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 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 2012. 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.

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, 2011. 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, 2011. 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 2011-2012 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.

Citizens and Governing Board
Washington Elementary School District No. 6

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, 2012**

Governing Board

Chris Maza
Governing Board President

Aaron Jahneke
Governing Board Vice President

Bill Adams
Governing Board Member

Clorinda Graziano
Governing Board Member

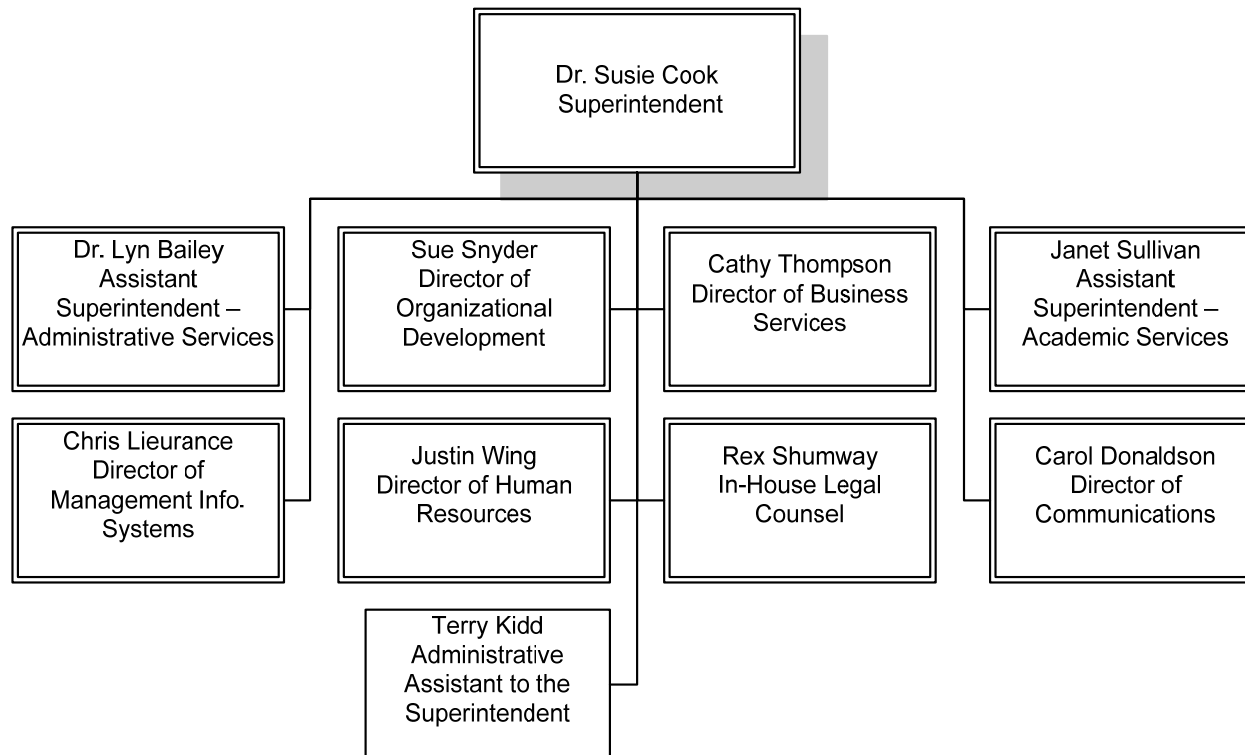
Tee Lambert
Governing Board Member

Administrative Staff

Susan J. Cook, Ed.D.
Superintendent

Cathy Thompson
Director of Business Services

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
ORGANIZATIONAL CHART
JUNE 30, 2012



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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, 2011

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Enen

Executive Director

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Elementary School District No. 6 (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Elementary School District No. 6, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other post employment benefits required supplementary information and budgetary comparison information on pages 13 through 22 and 55 through 58 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.

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 relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken 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.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 11, 2012

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012

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, 2012. 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 \$197.7 million (net assets).
- ◆ The District's total net assets increased by \$6.9 million. This was due to the District's fiscal policy of spending within the budget limits and the strategy of maximizing the allowable 4 percent of the budget balance for subsequent year contingent availability.
- ◆ At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$44.3 million, a decrease of \$5.2 million in comparison with the prior year. This decrease was largely due to the use of \$7.3 million in bond proceeds received in previous years for planned District projects, offset by \$2.1 million in food service fees and grants (after transfers for indirect costs) exceeding the cost to operate the food service program. 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 \$23.8 million, or 18.8 percent of total General Fund expenditures.
- ◆ The District's bonded debt decreased by \$11.9 million (13.4 percent) during the current fiscal year. The decrease was due to regularly scheduled principal payments and the amortization of bond premiums and deferred amounts on refunding.
- ◆ Net assets for the Internal Service Funds decreased by \$1.2 million. Operating expenses of \$18.9 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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2012

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 Funds, and Debt Service Fund, all of which are considered to be major funds. Data from the other eight 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, 2012

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 - 75 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 76 - 101 of this report.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$197.7 million as of June 30, 2012.

By far the largest portion of the District's net assets (66.4 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 assets (7.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (25.8 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 Assets for the fiscal years ended June 30, 2012 is as follows:

	Governmental Activities		
	2012	2011	Percent Change
Current and Other Assets	\$ 91,040,093	\$ 86,476,458	5.3 %
Capital Assets	218,282,314	217,937,047	0.2
Total Assets	309,322,407	304,413,505	1.6
Current Liabilities	31,810,664	21,313,521	49.3
Noncurrent Liabilities	79,859,740	92,374,770	(13.5)
Total Liabilities	111,670,404	113,688,291	(1.8)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	131,154,280	126,084,903	4.0
Restricted	15,370,563	15,934,592	(3.5)
Unrestricted	51,127,160	48,705,719	5.0
Total Net Assets	\$ 197,652,003	\$ 190,725,214	3.6

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net assets. Invested in capital assets, net of related debt increased 4.0 percent. The increase was the net effect of an overall decrease in outstanding debt, current year capital asset additions, less current year depreciation. Capital asset additions are discussed later in this MD&A. Restricted net assets decreased 3.5 percent largely due to a decrease in net assets for debt service (\$1.9 million) and a decrease in net assets for federal and state grants (\$0.6 million), offset by an increase in food services (\$2.1 million). Unrestricted net assets increased 5.0 percent.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012

Overall, net assets of the District increased \$6.9 million or 3.6 percent. Key elements of this increase are as follows:

	Governmental Activities		
	2012	2011	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 4,831,178	\$ 4,659,178	3.7 %
Operating Grants and Contributions	48,386,041	50,249,772	(3.7)
General Revenues:			
Property Taxes	57,336,243	52,881,727	8.4
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	79,839,296	83,310,247	(4.2)
Investment Earnings	611,471	564,347	8.4
Other	814,480	957,518	(14.9)
Total Revenues	<u>191,818,709</u>	<u>192,622,789</u>	(0.4)
EXPENSES			
Instruction	95,655,933	96,302,960	(0.7)
Support Services:			
Students and Instructional Staff	22,683,312	23,438,972	(3.2)
Administration	15,851,740	15,161,986	4.5
Operation and Maintenance of Plant	20,505,294	20,006,076	2.5
Student Transportation	8,352,478	8,219,151	1.6
Operation of Noninstructional Services	17,777,812	17,216,475	3.3
Interest on Long-term Debt	4,065,351	4,319,857	(5.9)
Total Expenses	<u>184,891,920</u>	<u>184,665,477</u>	0.1
Change in Net Assets	6,926,789	7,957,312	(13.0)
Net Assets - Beginning of Year	190,725,214	182,767,902	4.4
Net Assets - End of Year	<u>\$ 197,652,003</u>	<u>\$ 190,725,214</u>	3.6

Program revenues, which consist of charges for services, operating grants and contributions and capital grants and contributions, decreased from the prior year by \$1.7 million. The decrease in operating grants and contributions was significantly impacted by the reduction of fiscal stabilization funds provided through the American Recovery and Reinvestment Act. The District received a combined \$4.5 million in fiscal stabilization and education jobs funds in the current year, representing a \$3.2 million decrease from the prior year funding. However, this decrease was offset by increases in other federal grants, including increased funding for IDEA (\$0.3 million), E-rate (\$0.2 million), and Nutrition Services (\$0.8 million). Classroom Site Fund revenue (\$0.5 million) received from the State also increased in fiscal year 2012.

Charges for services increased \$0.2 million. The increase represented a 3.7 percent increase in charges for services over the prior year. The increase was largely due to the addition of a district-sponsored day care program (\$0.5 million) that had previously been sponsored by a third party. This increase in revenue was partially offset by a reduction in administrative fees charged to participants of an intergovernmental agreement (\$0.2 million).

General revenues increased from the prior year \$0.9 million largely due to the net effect of a \$4.5 million increase in property tax revenues and a \$3.5 million decrease in state equalization and additional state aid.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012

Property tax revenues increased over the prior year by \$4.5 million largely due to the increase in secured tax revenue for current debt service (\$3.8 million) and an increase in adjacent ways (\$0.4 million).

State equalization and additional state aid revenue decreased \$3.5 million. The decrease is comprised of continued reductions in capital funds (\$2.9 million) at the state level and a decrease in student population in fiscal year 2011 that resulted in a reduction to the base support level in fiscal year 2012.

Investment earnings and other revenue did not change significantly from the prior year; however, the increase in investment earnings was due to more cash on deposit with the county treasurer throughout the year.

District expenses increased slightly over the prior year by \$0.2 million. Although expenses did not significantly increase, the District reported a decrease in instructional expenses of \$0.6 million, an overall increase in support services of \$0.6 million and an increase in operation of noninstructional services of \$0.6 million. The decrease in instructional expenses was due to a reduction in staff related to student population. The overall increase in support services was a result of increased costs for contracted services and fuel. The increase in operation of noninstructional services was due to an additional community program.

Interest on long-term debt decreased \$0.3 million due to a decrease 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 \$44.3 million, a decrease of \$5.2 million in comparison with the prior year. Approximately 53.6 percent of this total amount (\$23.8 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is either in nonspendable form, restricted, committed or assigned to indicate that it is not available for new spending.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

At fiscal year end June 30, 2012 fund balances were as follows:

Fund	Balance	Increase (Decrease) From 2010-11
General Fund	\$ 26,875,887	\$ 2,756,259
Special Projects Fund	36,196	(611,753)
Debt Service Fund	4,420,720	(1,899,051)
Nonmajor Governmental Funds	12,991,885	(5,441,176)
	<u>\$ 44,324,688</u>	<u>\$ (5,195,721)</u>

The General Fund increase in fund balance was mostly due to managing the expenditure cycle to reduce spending and maximizing allowable revenue sources.

Special Projects decreased as a result of using prior year carry forward available from federal and state funding to meet needs in the current fiscal year.

The Debt Service Fund decreased \$1.9 million due to the use of accumulated funds for current debt service. Although property tax revenues increased \$3.6 million, tax rates for debt service are set based on the estimated needs to fund the current and future debt service requirements while taking into account funds available from prior year carry forward.

The Nonmajor Governmental Funds decreased \$5.4 million. The most significant funds accounting for this decrease was the use of \$7.3 million of general long-term debt issued in prior years for various District improvements and construction. The \$7.3 million decrease from the use of bond funds were offset by an increase in food service (\$2.1 million). The food service fund realized more federal funds due to the increase of students qualifying for free and reduced lunch and breakfast, as well as a reduction in charges for indirect costs. Other factors contributing to the decrease were the use of building renewal funds for current year projects; the building renewal fund had a carryover of approximately \$1.0 million from prior years. Due to budget cuts at the state level, the building renewal fund is not currently being funded; therefore we expect to see this fund balance gradually decrease in future years as District projects are completed.

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 a decrease of \$0.6 million. The increase can be briefly summarized as follows:

- ◆ \$0.8 million decrease in regular education budgeted expenditures.
- ◆ \$0.2 million increase in student transportation budgeted expenditures.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

The revenue budget did not change during the fiscal year; however, the District's anticipated revenues for state aid were slightly less than the actual state allocation. 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 \$3.3 million largely due to the delinquency rate for taxes collected.

The District reported a positive variance for budget to actual expenditures as of June 30, 2012. Overall the District reported a 3.3 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 \$0.8 million due to the successful implementation 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, 2012, amounts to \$218.3 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 0.2 percent from last year. Total depreciation expense for the year was \$8.5 million.

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

- ◆ Completion of various land improvements, including playgrounds and parking lots totaling \$1.3 million.
- ◆ District-wide building improvements of \$0.6 million.
- ◆ \$1.7 million in school buses and school bus improvements.
- ◆ \$5.1 million in various district-wide projects currently in progress.

Capital Assets (net)
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Land	\$ 4,411,347	\$ 4,411,347
Construction in Progress	5,425,322	1,770,683
Land Improvements	10,470,742	8,471,091
Buildings and Building Improvements	178,790,440	183,092,144
Furniture, Equipment, and Vehicles	19,184,463	20,191,782
Total Capital Assets, Net	<u>\$ 218,282,314</u>	<u>\$ 217,937,047</u>

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$77.0 million. 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, 2012 and June 30, 2011 outstanding bonded indebtedness.

Outstanding Bonded Indebtedness
June 30, 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
General Obligation Bonds	<u>\$ 76,965,041</u>	<u>\$ 88,841,081</u>

The District's bonded debt decreased by a net amount of \$11.9 million (13.4 percent) during the current fiscal year. The decrease was due to regularly scheduled principal payments and the amortization of bond premiums and deferred amounts on refunding.

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.

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 2012-2013 budget. Among them:

- ◆ Decrease in assessed values for the 2012 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 2014.
- ◆ Nominal increase in District student population of 0.45 percent after consistent decreases in the previous three 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 2012-2013.
- ◆ 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 education through fiscal year 2012-2013.
- ◆ The availability of Education Jobs funding to begin the fiscal year.
- ◆ Continued commitment to provide full-day kindergarten. The State Legislature eliminated the funding for full-day kindergarten beginning fiscal year 2010-2011.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

- ◆ The utilization of bond funds to replace aging buses and to renovate facilities in accordance with the Bond Master Plan.
- ◆ The elimination of the EPO health plan and implementation of a high deductible health plan with a health savings account (HDHP w/HSA) in an effort to offset anticipated increases in health insurance costs.
- ◆ Continuation of a district-wide energy savings plan.

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.

Basic Financial Statements

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 42,941,671
Receivables, Net	
Property Taxes	6,119,050
Accounts	92,069
Intergovernmental	30,822,515
Inventory	748,082
Prepaid Items	1,592,185
Deferred Charges	406,335
Restricted Assets	8,318,186
Capital Assets:	
Non-Depreciable	9,836,669
Depreciable, Net	<u>208,445,645</u>
Total Assets	<u>309,322,407</u>
LIABILITIES	
Accounts Payable	4,658,458
Accrued Wages and Benefits	421,759
Accrued Interest	2,067,895
Unearned Revenue	148,299
Claims Payable	2,724,253
Matured Debt Principal Payable	21,790,000
Noncurrent Liabilities	
Due Within One Year	13,588,745
Due in More Than One Year	<u>66,270,995</u>
Total Liabilities	<u>111,670,404</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	131,154,280
Restricted for:	
Gifts and Donations	249,987
Classroom Site	211,745
Special Projects	36,196
Instructional Improvement	693,219
Food Services	6,395,035
Capital Projects	736,948
Debt Service	4,749,199
Other	2,298,234
Unrestricted	<u>51,127,160</u>
Total Net Assets	<u><u>\$ 197,652,003</u></u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 95,655,933	\$ 837,596	\$ 25,183,763	\$ -	\$ (69,634,574)
Support Services:					
Students	13,574,593	-	1,883,413	-	(11,691,180)
Instructional Staff	9,108,719	12,900	5,363,557	-	(3,732,262)
General Administration	1,489,141	-	250,765	-	(1,238,376)
School Administration	7,479,549	-	332,338	-	(7,147,211)
Business and Other Support Services	6,883,050	5,161	228,681	-	(6,649,208)
Operation and Maintenance of Plant	20,505,294	49,850	1,425,637	-	(19,029,807)
Student Transportation	8,352,478	49,288	200,056	-	(8,103,134)
Operation of Noninstructional Services	17,777,812	3,876,383	13,517,832	-	(383,597)
Interest on Long-Term Debt	4,065,351	-	-	-	(4,065,351)
Total	<u>\$ 184,891,920</u>	<u>\$ 4,831,178</u>	<u>\$ 48,386,041</u>	<u>\$ -</u>	<u>(131,674,701)</u>
General Revenues:					
Property Taxes					57,336,243
Grants and Contributions Not Restricted to Specific Programs					
State Equalization and Additional State Aid					79,839,296
Investment Earnings					611,471
Other					814,480
Total General Revenues					<u>138,601,490</u>
Change in Net Assets					6,926,789
Net Assets - Beginning of Year					190,725,214
Net Assets - End of Year					<u>\$ 197,652,003</u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Projects	Debt Service	Nonmajor	Totals
Assets					
Cash and Investments	\$ 9,226,491	\$ 87,563	\$ 14,391,072	\$ 8,380,561	\$ 32,085,687
Receivables					
Accounts Receivable	48,055	-	-	31,000	79,055
Property Taxes	5,618,867	-	470,324	29,859	6,119,050
Intergovernmental	26,243,986	2,028,965	-	2,549,564	30,822,515
Inventories	648,293	-	-	99,789	748,082
Due from Other Funds	1,755,018	-	-	-	1,755,018
Restricted Assets	-	-	3,685,937	4,632,249	8,318,186
Total Assets	<u>\$ 43,540,710</u>	<u>\$ 2,116,528</u>	<u>\$ 18,547,333</u>	<u>\$ 15,723,022</u>	<u>\$ 79,927,593</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 1,689,611	\$ 401,408	\$ -	\$ 2,453,412	\$ 4,544,431
Accrued Wages and Benefits	421,759	-	-	-	421,759
Accrued Interest	59,761	-	2,008,134	-	2,067,895
Due to Other Funds	-	1,525,530	-	229,488	1,755,018
Deferred Revenue	4,493,692	153,394	328,479	48,237	5,023,802
Matured Debt Principal Payable	10,000,000	-	11,790,000	-	21,790,000
Total Liabilities	<u>16,664,823</u>	<u>2,080,332</u>	<u>14,126,613</u>	<u>2,731,137</u>	<u>35,602,905</u>
Fund Balance					
Nonspendable	648,293	-	-	99,789	748,082
Restricted	249,987	36,196	4,420,720	12,892,096	17,598,999
Assigned	2,200,000	-	-	-	2,200,000
Unassigned	23,777,607	-	-	-	23,777,607
Total Fund Balance	<u>26,875,887</u>	<u>36,196</u>	<u>4,420,720</u>	<u>12,991,885</u>	<u>44,324,688</u>
Total Liabilities and Fund Balance	<u>\$ 43,540,710</u>	<u>\$ 2,116,528</u>	<u>\$ 18,547,333</u>	<u>\$ 15,723,022</u>	<u>\$ 79,927,593</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 ASSETS
JUNE 30, 2012

Total Fund Balances for Governmental Funds	\$ 44,324,688
--	---------------

Total net assets reported for governmental activities in the statement of net assets is different because:

Property taxes not collected within 60 days subsequent to fiscal year-end are deferred in the governmental funds.	4,791,353
---	-----------

Other receivables not collected within 60 days subsequent to fiscal year-end are deferred in the governmental funds.	97,164
--	--------

Issuance costs on long-term debt are recorded as expenditures in the fund financial and are deferred and amortized over the life of the bond in the government-wide financial statements.	406,335
---	---------

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	\$ 342,655,409	
Less: Accumulated Depreciation	<u>(124,373,095)</u>	218,282,314

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.	1,592,185
---	-----------

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 Assets.

General Obligation Bonds (Net of Premiums and Deferred Amount on Refunding)	\$ (76,965,041)	
Capital Lease Payable	(1,077,934)	
Compensated Absences Payable	<u>(1,816,765)</u>	(79,859,740)

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 Assets.

	<u>8,017,704</u>
Total Net Assets of Governmental Activities	<u><u>\$ 197,652,003</u></u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Projects	Debt Service	Nonmajor	Totals
Revenues					
Property Taxes	\$ 43,144,352	\$ -	\$ 13,522,638	\$ 396,923	\$ 57,063,913
Intergovernmental	83,096,833	25,184,741	-	19,943,763	128,225,337
Tuition	-	-	-	2,036,885	2,036,885
Food Service Sales	-	-	-	1,081,538	1,081,538
Charges for Services	-	-	-	151,217	151,217
Contributions and Donations	206,814	-	-	17,856	224,670
Investment Earnings	113,550	1,009	378,261	60,438	553,258
Other	1,380,480	44,839	-	628,894	2,054,213
Total Revenues	<u>127,942,029</u>	<u>25,230,589</u>	<u>13,900,899</u>	<u>24,317,514</u>	<u>191,391,031</u>
Expenditures					
Current					
Instruction	69,726,191	15,652,129	-	6,032,125	91,410,445
Support Services					
Students	11,517,195	1,758,752	-	185,816	13,461,763
Instructional Staff	3,667,338	5,213,015	-	167,376	9,047,729
General Administration	1,212,890	250,525	-	-	1,463,415
School Administration	7,094,548	332,020	-	-	7,426,568
Business and Other Support Services	5,180,033	228,463	-	39,354	5,447,850
Operations and Maintenance of Plant	16,337,449	1,424,276	-	157,012	17,918,737
Student Transportation	7,214,951	199,865	-	1,678,707	9,093,523
Other	28,383	-	-	-	28,383
Operation of Noninstructional Services	3,029,779	101,664	-	14,450,915	17,582,358
Debt Service					
Principal Retirement	620,822	-	11,790,000	-	12,410,822
Interest on Long-Term Debt	141,441	-	4,009,950	-	4,151,391
Facilities Acquisition	647,701	-	-	6,549,750	7,197,451
Total Expenditures	<u>126,418,721</u>	<u>25,160,709</u>	<u>15,799,950</u>	<u>29,261,055</u>	<u>196,640,435</u>
Excess (Deficiency) of Revenues Over Expenditures	1,523,308	69,880	(1,899,051)	(4,943,541)	(5,249,404)
Other Financing Sources (Uses)					
Transfers In	1,183,613	-	-	-	1,183,613
Transfers Out	-	(681,633)	-	(501,980)	(1,183,613)
Total Other Financing Sources (Uses)	<u>1,183,613</u>	<u>(681,633)</u>	<u>-</u>	<u>(501,980)</u>	<u>-</u>
Net Change in Fund Balance	2,706,921	(611,753)	(1,899,051)	(5,445,521)	(5,249,404)
Fund Balance					
Beginning of Year	24,119,628	647,949	6,319,771	18,433,061	49,520,409
Increase (Decrease) in Nonspendable for Inventories	49,338	-	-	4,345	53,683
End of Year	<u>\$ 26,875,887</u>	<u>\$ 36,196</u>	<u>\$ 4,420,720</u>	<u>\$ 12,991,885</u>	<u>\$ 44,324,688</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, 2012**

Net Change in Fund Balances-Total Governmental Funds \$ (5,249,404)

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	\$ 8,933,690	
Loss on Disposal of Assets	(103,664)	
Depreciation Expense	<u>(8,484,759)</u>	345,267

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, 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	11,790,000	
Principal Payments on Capital Leases	620,822	
Amortization of Issuance Costs	(61,490)	
Amortization of Deferred Amount on Refunding	(165,950)	
Amortization of Premium	<u>251,990</u>	12,435,372

Delinquent and deferred 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 deferred in the governmental funds.

Deferred Revenue - June 30, 2011	4,519,023	
Deferred Revenue - June 30, 2012	<u>4,888,517</u>	369,494

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.

121,400

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	18,168	
Change in Inventory Balances	<u>53,683</u>	71,851

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.

(1,167,191)

Change in Net Assets of Governmental Activities		<u><u>\$ 6,926,789</u></u>
---	--	----------------------------

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 10,855,984
Receivables	
Accounts	13,014
Total Current Assets	<u>10,868,998</u>
Liabilities	
Current Liabilities	
Accounts Payable	114,027
Claims Payable	2,724,253
Unearned Revenue	13,014
Total Liabilities	<u>2,851,294</u>
Net Assets	
Unrestricted	8,017,704
Total Net Assets	<u><u>\$ 8,017,704</u></u>

See accompanying Notes to the Basic Financial Statements.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Services	\$ 17,692,830
Operating Expenses	
Claims	15,454,565
Premium	1,596,941
Administration and Other	1,476,584
Cost of Sales and Services	390,228
Total Operating Expenses	<u>18,918,318</u>
Operating Loss	(1,225,488)
Nonoperating Revenues	
Investment Earnings	<u>58,297</u>
Change in Net Assets	(1,167,191)
Total Net Assets, Beginning of Year	9,184,895
Total Net Assets, End of Year	<u><u>\$ 8,017,704</u></u>

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, 2012

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts from Charges for Services	\$ 17,692,830
Payments to Suppliers	(3,427,736)
Payments for Claims	(15,519,654)
Net Cash Flows Provided/Used by Operating Activities	<u>(1,254,560)</u>
Cash Flows from Investing Activities	
Investment Earnings	<u>58,297</u>
Net Change in Cash and Cash Equivalents	(1,196,263)
Cash and Cash Equivalents, Beginning of Year	<u>12,052,247</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 10,855,984</u></u>
Reconciliation of Operating Income Loss to Net Cash Provided/(Used) by Operating Activities	
Operating Loss	\$ (1,225,488)
Change in Assets/Liabilities:	
Receivables, Net	(2,202)
Accounts Payable	36,017
Claims Payable	(65,089)
Unearned Revenue	2,202
Net Cash Flows Provided/Used by Operating Activities	<u><u>\$ (1,254,560)</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, 2012

	<u>Agency Funds</u>
Assets	
Current Assets	
Cash and Investments	<u>\$ 241,111</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 5,548
Due to Student Groups	153,496
Due to Other Entities	<u>82,067</u>
Total Liabilities	<u>\$ 241,111</u>

See accompanying Notes to the Basic Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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.

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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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*.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Concluded)

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.

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 five subsections titled regular education, special education, pupil transportation, desegregation, and special K-3 override.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets 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.

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 (\$4,014,195), state grants and aid (\$70,201), state apportioned classroom site funds (\$441,233), instructional improvement funds due from the state (\$361,779) and state and county equalization and additional state aid (\$25,935,107).

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 assets because their use is limited by applicable bond covenants.

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Net Assets

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

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. 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 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.

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.

(The Remainder of This Page Intentionally Left Blank)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District adopts an annual operating budget for expenditures for all governmental fund types (except for the Gifts and Donations Fund) 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 five 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	<u>\$ 199,950</u>
-------------------	--------------------------

Cash was available to meet all of the overexpenditures listed above.

(The Remainder of This Page Intentionally Left Blank)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2012 consist of the following:

Deposits	
Cash on Hand	\$ 1,540
Cash in Bank	2,916,144
Investments	
Cash on Deposit with County Treasurer	44,897,347
U.S. Treasury Securities	3,685,937
Total Deposits and Investments	<u>51,500,968</u>
Less: Restricted Assets	(8,318,186)
Less: Fiduciary Funds	<u>(241,111)</u>
Total Cash and Cash Equivalents	<u>\$ 42,941,671</u>

Deposits - The carrying amount of the District's deposits at June 30, 2012, was \$2,916,144 and the bank balance was \$3,577,740. The entire bank balance was covered by federal depository insurance.

Investments - At June 30, 2012, 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, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Assets

Restricted assets at June 30, 2012 consisted of the following:

Unspent Bond Proceeds	\$	4,632,249
Investments in U.S. Treasury Securities for Future Debt Service		3,685,937
Total	\$	<u>8,318,186</u>

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 revenues.

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

	Unavailable	Unearned
Delinquent Property Taxes Receivable		
General Fund	\$ 4,445,637	\$ -
Debt Service Fund	328,479	-
Nonmajor Governmental Funds	17,237	-
Grants Receivable		
Special Projects Fund	18,109	135,285
Other Receivables		
General Fund	48,055	-
Nonmajor Governmental Funds	31,000	-
	<u>\$ 4,888,517</u>	<u>\$ 135,285</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,411,347	\$ -	\$ -	\$ 4,411,347
Construction in Progress	1,770,683	5,099,478	(1,444,839)	5,425,322
Total Capital Assets, Not Being Depreciated	6,182,030	5,099,478	(1,444,839)	9,836,669
Capital Assets, Being Depreciated:				
Land Improvements	16,168,177	2,801,711	-	18,969,888
Buildings and Improvements	272,167,658	575,753	-	272,743,411
Furniture, Equipment, and Vehicles	39,681,605	1,901,587	(477,751)	41,105,441
Total Capital Assets, Being Depreciated	328,017,440	5,279,051	(477,751)	332,818,740
Accumulated Depreciation for:				
Land Improvements	(7,697,086)	(802,060)	-	(8,499,146)
Buildings and Improvements	(89,075,514)	(4,877,457)	-	(93,952,971)
Furniture, Equipment, and Vehicles	(19,489,823)	(2,805,242)	374,087	(21,920,978)
Total Accumulated Depreciation	(116,262,423)	(8,484,759)	374,087	(124,373,095)
Total Capital Assets, Being Depreciated, Net	211,755,017	(3,205,708)	(103,664)	208,445,645
Governmental Activities Capital Assets, Net	<u>\$ 217,937,047</u>	<u>\$ 1,893,770</u>	<u>\$ (1,548,503)</u>	<u>\$ 218,282,314</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 3,500,018
Support Services:	
Students	9,601
Instructional Staff	7,743
General Administration	2,606
School Administration	21,407
Business and Other Support Services	1,437,425
Operations and Maintenance of Plant	2,506,762
Student Transportation	762,948
Operation of Noninstructional Services	236,249
	<u>\$ 8,484,759</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Concluded)

5. Construction Commitments

The District has active construction projects at June 30, 2012 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	<u>\$ 2,883,554</u>	<u>\$ 14,376,190</u>

B. Interfund Receivables, Payables and Transfers

As of June 30, 2012, interfund receivables and payables were as follows:

Due To	Due From		
	Special Projects Fund	Nonmajor Governmental Funds	Total
General Fund	<u>\$ 1,525,530</u>	<u>\$ 229,488</u>	<u>\$ 1,755,018</u>

The above interfund receivables and payables were recorded to eliminate the cash short-falls in individual funds at June 30, 2012. The District expects to recover the cash short-falls within one year.

Interfund transfers for the year ended June 30, 2012 consisted of the following:

Transfer In	Transfer Out		
	Special Projects Fund	Nonmajor Governmental Funds	Total
General Fund	<u>\$ 681,633</u>	<u>\$ 501,980</u>	<u>\$ 1,183,613</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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 \$681,633 and the transfer from the Nonmajor Governmental Funds to the General Fund in the amount of \$501,980 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 3.57 percent restricted rate and 9.55 percent unrestricted rate. The District did not exceed the approved indirect cost rate on any grants.

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:

Asset:	Governmental Activities
Equipment and Vehicles	\$ 2,749,843
Less: Accumulated Depreciation	(1,634,845)
Total	<u>\$ 1,114,998</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ended June 30</u>	Governmental Activities
2013	\$ 578,527
2014	578,527
Less: Amount Representing Interest	(79,120)
Present Value of Minimum Lease Payments	<u>\$ 1,077,934</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, 2012, the District had \$10,000,000 outstanding at the end of the year and accrued interest of \$59,761. Activity during the year was as follows:

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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:

<u>Purpose</u>	<u>Interest Rates (%)</u>	<u>Maturity Dates</u>	<u>Amount Outstanding</u>
Governmental Activities:			
General Obligation Bonds Payable:			
Refunding Bonds, Series 2002; original issue \$24,175,000	5.375	7/1/13-16	\$ 19,175,000
Refunding Bonds, Series 2002, Series B; original issue \$23,270,000	5.375	7/1/13-15	8,260,000
School Improvement Bonds, Project of 2001, Series B; original issue \$18,000,000	3.60-5.00	7/1/13-17	11,150,000
Refunding Bonds Series 2004; original issue \$35,030,00	5.00-5.25	7/1/13-17	18,615,000
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	7/1/13-17	5,275,000
School Improvement Bonds, Project of 2010, Series A; original issue \$10,000,000	3.75-4.125	7/1/18-22	10,000,000
Total General Obligation Bonds Payable			<u>\$ 76,395,000</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Concluded)

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Beginning of Year	Increases	Decreases	End of Year	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 88,185,000	\$ -	\$ (11,790,000)	\$ 76,395,000	\$ 12,225,000
Deferred amount on:					
Refunding	(995,703)	-	165,950	(829,753)	(165,950)
Premium	1,651,784	-	(251,990)	1,399,794	251,990
Total Bonds Payable	88,841,081	-	(11,876,040)	76,965,041	12,311,040
Other Liabilities:					
Capital Lease	1,698,756	-	(620,822)	1,077,934	526,194
Compensated Absences	1,834,933	986,014	(1,004,182)	1,816,765	751,511
Total Other Liabilities	3,533,689	986,014	(1,625,004)	2,894,699	1,277,705
Total Debt	<u>\$ 92,374,770</u>	<u>\$ 986,014</u>	<u>\$ (13,501,044)</u>	<u>\$ 79,859,740</u>	<u>\$ 13,588,745</u>

Debt service requirements on long-term debt at June 30, 2012 are as follows:

Years	Principal	Interest
2013	\$ 12,225,000	\$ 3,522,438
2014	12,775,000	2,932,806
2015	13,310,000	2,281,994
2016	13,900,000	1,614,844
2017	14,185,000	897,344
2018-22	10,000,000	1,182,500
Totals	<u>\$ 76,395,000</u>	<u>\$ 12,431,926</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 assets. At June 30, 2012, \$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, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONCLUDED)

F. Fund Balance Classifications of Governmental Funds

The District has classified its fund balances as follows:

	General Fund	Special Projects Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 648,293	\$ -	\$ -	\$ 99,789	\$ 748,082
Restricted:					
Classroom Site	-	-	-	211,745	211,745
Instructional Improvement	-	-	-	693,219	693,219
Special Projects	-	36,196	-	-	36,196
Food Service	-	-	-	6,271,629	6,271,629
Designated Donations	249,987	-	-	-	249,987
Civic Center	-	-	-	356,490	356,490
Community School	-	-	-	1,190,720	1,190,720
Extracurricular Tax Credit	-	-	-	644,251	644,251
Other Special Revenues	-	-	-	99,390	99,390
Capital Projects	-	-	-	3,424,652	3,424,652
Debt Service	-	-	4,420,720	-	4,420,720
Total Restricted	<u>249,987</u>	<u>36,196</u>	<u>4,420,720</u>	<u>12,892,096</u>	<u>17,598,999</u>
Assigned:					
Capital Projects	2,200,000	-	-	-	2,200,000
Unassigned	<u>23,777,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,777,607</u>
Total Fund Balance	<u><u>\$ 26,875,887</u></u>	<u><u>\$ 36,196</u></u>	<u><u>\$ 4,420,720</u></u>	<u><u>\$ 12,991,885</u></u>	<u><u>\$ 44,324,688</u></u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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	
	2012	2011	2012	2011	2012	2011
Beginning of Fiscal Year	\$ 1,538,000	\$ 1,760,000	\$ 981,602	\$ 1,066,399	\$ 269,740	\$ 172,409
Claims Incurred and						
Changes in Estimate	14,551,248	13,537,416	808,159	528,326	95,158	190,456
Claims Paid	(14,655,248)	(13,759,416)	(758,069)	(613,123)	(106,337)	(93,125)
Fiscal Year-End	<u>\$ 1,434,000</u>	<u>\$ 1,538,000</u>	<u>\$ 1,031,692</u>	<u>\$ 981,602</u>	<u>\$ 258,561</u>	<u>\$ 269,740</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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

Subsequent to June 30, 2012, the District entered into a \$392,246 long-term capital lease agreement for the acquisition of three buses. Three annual principal and interest payments are due beginning October 2012.

In July 2012, 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 2012-13.

In July 2012, the Governing Board authorized the issuance and sale of \$20.0 million in Class B bonds of the \$55.0 million that were authorized, but not issued, from the 2010 School Improvement Bond.

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, 2012

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, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. Contributions for June 30, 2012 and the two preceding years were as follows:

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years Ended June 30,			
2012	\$ 9,525,821	\$ 608,031	\$ 231,631
2011	8,917,383	583,935	247,430
2010	8,025,627	635,030	385,360

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, 2012 is 7 years.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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	<u>109</u>

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, 2012, the District reimbursed no more than \$501.61 per month. The expenditures are recorded on a reimbursement basis. During the year ended June 30, 2012, the District contributed \$624,973 for all eligible retirees.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

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, 2012:

Annual Required Contribution	\$ 346,912
Interest on Net OPEB Obligation	(66,185)
Adjustments to Annual Required Contributions	<u>222,846</u>
Annual OPEB cost	503,573
Contributions Made	<u>624,973</u>
Decrease in Net OPEB Obligation	(121,400)
Net OPEB Obligation - Beginning of Year	<u>(1,470,785)</u>
Net OPEB Obligation - End of Year	<u><u>\$ (1,592,185)</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>
2010	\$ 470,909	\$ 724,008	154%	1,282,385
2011	503,573	691,973	137%	1,470,785
2012	503,573	624,973	124%	1,592,185

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, 2012

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 are as follows:

Actuarial Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed 10-Year Level Dollar Amortization
Remaining Amortization Period	7 Years as of June 30, 2011
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, 2011, 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 \$2.2 million, and the actuarial value of assets was \$0, resulting in an unfunded liability (UAAL) of \$2.2 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
OTHER POSTEMPLOYMENT BENEFIT PLAN
FISCAL YEAR ENDED JUNE 30, 2012**

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
2007	-	\$ 5,442,157	0%	5,442,157	N/A	N/A
2009	-	3,063,383	0%	3,063,383	N/A	N/A
2011	-	2,189,658	0%	2,189,658	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, 2012

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 44,573,086	\$ 44,573,086	\$ 41,281,397	\$ (3,291,689)
Intergovernmental	74,638,100	74,638,100	76,049,455	1,411,355
Investment Earnings (Loss)	-	-	(5,660)	(5,660)
Other	26,000	26,000	29,837	3,837
Total Revenues	119,237,186	119,237,186	117,355,029	(1,882,157)
Expenditures				
Regular Education				
Instruction	41,529,620	41,862,402	41,000,540	861,862
Support Services - Students	2,664,616	2,613,540	2,526,388	87,152
Support Services - Instructional Staff	2,864,115	2,831,784	2,786,265	45,519
Support Services - General Administration	1,333,553	1,469,560	1,189,637	279,923
Support Services - School Administration	7,387,472	7,244,245	7,081,307	162,938
Support Services - Business	4,106,415	4,204,237	4,232,795	(28,558)
Operations and Maintenance of Plant	18,415,307	17,268,158	16,831,056	437,102
Operation of Noninstructional Services	454,289	486,876	429,501	57,375
Total Regular Education	78,755,387	77,980,802	76,077,489	1,903,313
Special Education				
Instruction	16,970,748	16,959,802	15,873,945	1,085,857
Support Services - Students	8,810,829	8,838,564	8,623,669	214,895
Support Services - Instructional Staff	324,826	323,208	295,283	27,925
Maintenance of Plant	4,539	3,039	626	2,413
Total Special Education	26,110,942	26,124,613	24,793,523	1,331,090
Desegregation				
Instruction	6,045,581	6,010,165	6,033,343	(23,178)
Support Services - Students	94,118	94,118	61,666	32,452
Support Services - Instructional Staff	207,301	242,717	236,298	6,419
Support Services - Central Services	3,000	3,000	2,973	27
Total Desegregation	6,350,000	6,350,000	6,334,280	15,720
Pupil Transportation				
Student Transportation Services	7,509,907	7,661,457	6,861,523	799,934
Special K-3 Program Override				
Instruction	5,125,036	5,125,036	5,124,983	53
Total Expenditures	123,851,272	123,241,908	119,191,798	4,050,110
Excess (Deficiency) of Revenues Over Expenditures	(4,614,086)	(4,004,722)	(1,836,769)	2,167,953
Other Financing Sources (Uses)				
Transfers In	-	-	3,800,000	3,800,000
Net Change in Fund Balance	(4,614,086)	(4,004,722)	1,963,231	5,967,953
Fund Balance				
Beginning of Year	4,642,442	4,642,442	7,315,142	2,672,700
Increase (Decrease) in Nonspendable for Inventories	-	-	49,338	49,338
End of Year	\$ 28,356	\$ 637,720	\$ 9,327,711	\$ 8,689,991

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 PROJECT FUNDS
FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 25,825,000	\$ 25,825,000	\$ 25,184,741	\$ (640,259)
Investment Earnings	-	-	1,009	1,009
Other	-	-	44,839	44,839
Total Revenues	25,825,000	25,825,000	25,230,589	(594,411)
Expenditures				
Current				
Instruction	16,193,951	17,818,958	15,652,129	2,166,829
Support Services				
Students	1,819,634	2,002,228	1,758,752	243,476
Instructional Staff	5,393,471	5,934,687	5,213,015	721,672
General Administration	259,197	285,207	250,525	34,682
School Administration	343,513	377,984	332,020	45,964
Business and Other Support Services	236,372	260,091	228,463	31,628
Operations and Maintenance of Plant	1,473,579	1,621,448	1,424,276	197,172
Student Transportation	206,784	227,534	199,865	27,669
Operation of Noninstructional Services	105,183	115,738	101,664	14,074
Total Expenditures	26,031,685	28,643,874	25,160,709	3,483,165
Excess (Deficiency) of Revenues Over Expenditures	(206,685)	(2,818,874)	69,880	2,888,754
Other Financing Sources (Uses)				
Transfers Out	(600,000)	(600,000)	(681,633)	(81,633)
Net Change in Fund Balance	(806,685)	(3,418,874)	(611,753)	2,807,121
Fund Balance				
Beginning of Year	4,578,034	4,578,034	647,949	(3,930,085)
End of Year	\$ 3,771,349	\$ 1,159,160	\$ 36,196	\$ (1,122,964)

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, 2012

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 2011.

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.

In addition, prepaid insurance is budgeted as a current year expenditure. The adjustments column in the following reconciliation includes \$856,031 in expenditures for prepaid insurance and represents a reconciling item between 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	\$ 127,942,029	(10,587,000)	\$ 117,355,029
Expenditures	<u>126,418,721</u>	<u>(7,226,923)</u>	<u>119,191,798</u>
Excess (Deficiency) of Revenues Over Expenditures	1,523,308	(3,360,077)	(1,836,769)
Other Financing Sources and (Uses)	<u>1,183,613</u>	<u>2,616,387</u>	<u>3,800,000</u>
Net Change in Fund Balance	2,706,921	(743,690)	1,963,231
Fund Balance, Beginning of Year	24,119,628	(16,804,486)	7,315,142
Increase (Decrease) in Nonspendable for Inventories	<u>49,338</u>	<u>-</u>	<u>49,338</u>
Fund Balance, End of Year	<u><u>\$ 26,875,887</u></u>	<u><u>\$ (17,548,176)</u></u>	<u><u>\$ 9,327,711</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

**Combining and Individual Fund
Statements and Schedules**

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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.

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, 2012

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
Assets					
Cash and Investments	\$ -	\$ 331,440	\$ 4,564,078	\$ 2,400,544	\$ 7,296,062
Restricted Assets	-	-	-	-	-
Receivables					
Accounts Receivable	-	-	23,617	7,383	31,000
Property Taxes	-	-	-	-	-
Intergovernmental	441,233	361,779	1,746,552	-	2,549,564
Inventories	-	-	99,789	-	99,789
Total Assets	<u>\$ 441,233</u>	<u>\$ 693,219</u>	<u>\$ 6,434,036</u>	<u>\$ 2,407,927</u>	<u>\$ 9,976,415</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ 39,001	\$ 109,693	\$ 148,694
Due to Other Funds	229,488	-	-	-	229,488
Deferred Revenue	-	-	23,617	7,383	31,000
Total Liabilities	<u>229,488</u>	<u>-</u>	<u>62,618</u>	<u>117,076</u>	<u>409,182</u>
Fund Balance					
Nonspendable	-	-	99,789	-	99,789
Restricted	211,745	693,219	6,271,629	2,290,851	9,467,444
Total Fund Balance	<u>211,745</u>	<u>693,219</u>	<u>6,371,418</u>	<u>2,290,851</u>	<u>9,567,233</u>
Total Liabilities and Balance	<u>\$ 441,233</u>	<u>\$ 693,219</u>	<u>\$ 6,434,036</u>	<u>\$ 2,407,927</u>	<u>\$ 9,976,415</u>

Capital Projects					Total Nonmajor Governmental Funds
Adjacent Ways	Bond Building	Gifts and Donations	Building Renewal	Total Capital Projects Funds	
\$ 387,638	\$ -	\$ 7,688	\$ 689,173	\$ 1,084,499	\$ 8,380,561
-	4,632,249	-	-	4,632,249	4,632,249
-	-	-	-	-	31,000
29,859	-	-	-	29,859	29,859
-	-	-	-	-	2,549,564
-	-	-	-	-	99,789
<u>\$ 417,497</u>	<u>\$ 4,632,249</u>	<u>\$ 7,688</u>	<u>\$ 689,173</u>	<u>\$ 5,746,607</u>	<u>\$ 15,723,022</u>
\$ 32,000	\$ 1,927,308	\$ -	\$ 345,410	\$ 2,304,718	\$ 2,453,412
-	-	-	-	-	229,488
17,237	-	-	-	17,237	48,237
<u>49,237</u>	<u>1,927,308</u>	<u>-</u>	<u>345,410</u>	<u>2,321,955</u>	<u>2,731,137</u>
-	-	-	-	-	99,789
368,260	2,704,941	7,688	343,763	3,424,652	12,892,096
<u>368,260</u>	<u>2,704,941</u>	<u>7,688</u>	<u>343,763</u>	<u>3,424,652</u>	<u>12,991,885</u>
<u>\$ 417,497</u>	<u>\$ 4,632,249</u>	<u>\$ 7,688</u>	<u>\$ 689,173</u>	<u>\$ 5,746,607</u>	<u>\$ 15,723,022</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, 2012**

	Special Revenue				
	Classroom Site	Instructional Improvement	Food Service	Other Special Revenue	Total Special Revenue Funds
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,294,793	831,251	13,416,071	401,648	19,943,763
Tuition	-	-	-	2,036,885	2,036,885
Food Service Sales	-	-	1,081,538	-	1,081,538
Charges for Services	-	-	-	151,217	151,217
Contributions and Donations	-	-	-	17,856	17,856
Investment Earnings	14,778	-	23,984	13,850	52,612
Other	-	-	-	626,070	626,070
Total Revenues	5,309,571	831,251	14,521,593	3,247,526	23,909,941
Expenditures					
Current					
Instruction	5,117,364	642,276	-	272,485	6,032,125
Support Services					
Students	125,211	60,605	-	-	185,816
Instructional Staff	148,202	-	-	19,174	167,376
Business and Other					
Support Services	-	-	31,683	7,671	39,354
Operations and					
Maintenance of Plant	-	-	33,714	50,362	84,076
Student Transportation	-	-	-	73,258	73,258
Operation of Noninstruc-					
tional Services	-	-	11,846,364	2,604,551	14,450,915
Capital Outlay					
Facilities Acquisition	-	-	-	55,104	55,104
Total Expenditures	5,390,777	702,881	11,911,761	3,082,605	21,088,024
Excess (Deficiency) of Revenues Over Expenditures	(81,206)	128,370	2,609,832	164,921	2,821,917
Other Financing Sources (Uses)					
Transfers Out	-	-	(501,980)	-	(501,980)
Net Change in Fund Balance	(81,206)	128,370	2,107,852	164,921	2,319,937
Fund Balance					
Beginning of Year	292,951	564,849	4,259,221	2,125,930	7,242,951
Increase (Decrease) in Nonspendable for Inventories	-	-	4,345	-	4,345
End of Year	\$ 211,745	\$ 693,219	\$ 6,371,418	\$ 2,290,851	\$ 9,567,233

Capital Projects					Total Nonmajor Governmental Funds
Adjacent Ways	Bond Building	Gifts and Donations	Building Renewal	Total Capital Projects Funds	
\$ 396,923	\$ -	\$ -	\$ -	\$ 396,923	\$ 396,923
-	-	-	-	-	19,943,763
-	-	-	-	-	2,036,885
-	-	-	-	-	1,081,538
-	-	-	-	-	151,217
-	-	-	-	-	17,856
1,544	-	-	6,282	7,826	60,438
2,824	-	-	-	2,824	628,894
401,291	-	-	6,282	407,573	24,317,514
-	-	-	-	-	6,032,125
-	-	-	-	-	185,816
-	-	-	-	-	167,376
-	-	-	-	-	39,354
-	-	-	72,936	72,936	157,012
-	1,605,449	-	-	1,605,449	1,678,707
-	-	-	-	-	14,450,915
204,112	5,712,303	-	578,231	6,494,646	6,549,750
204,112	7,317,752	-	651,167	8,173,031	29,261,055
197,179	(7,317,752)	-	(644,885)	(7,765,458)	(4,943,541)
-	-	-	-	-	(501,980)
197,179	(7,317,752)	-	(644,885)	(7,765,458)	(5,445,521)
171,081	10,022,693	7,688	988,648	11,190,110	18,433,061
-	-	-	-	-	4,345
\$ 368,260	\$ 2,704,941	\$ 7,688	\$ 343,763	\$ 3,424,652	\$ 12,991,885

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, 2012

	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$ 12,972,115	\$ 12,972,115	\$ 13,522,638	\$ 550,523
Investment Earnings	100,000	100,000	378,261	278,261
Total Revenues	13,072,115	13,072,115	13,900,899	828,784
Expenditures				
Debt Service				
Principal Retirement	11,790,000	11,790,000	11,790,000	-
Interest on Long-Term Debt	3,618,393	3,810,000	4,009,950	(199,950)
Total Expenditures	15,408,393	15,600,000	15,799,950	(199,950)
Excess (Deficiency) of Revenues Over Expenditures	(2,336,278)	(2,527,885)	(1,899,051)	628,834
Fund Balance				
Beginning of Year	3,027,885	3,027,885	6,319,771	3,291,886
End of Year	\$ 691,607	\$ 500,000	\$ 4,420,720	\$ 3,920,720

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,295,299	\$ 5,295,299	\$ 5,294,793	\$ (506)
Investment Earnings	-	-	14,778	14,778
Total Revenues	5,295,299	5,295,299	5,309,571	14,272
Expenditures				
Current				
Instruction	6,264,280	6,275,670	5,117,364	1,158,306
Support Services				
Students	156,481	153,540	125,211	28,329
Instructional Staff	188,556	183,864	148,202	35,662
Total Expenditures	6,609,317	6,613,074	5,390,777	1,222,297
Excess (Deficiency) of Revenues Over Expenditures	(1,314,018)	(1,317,775)	(81,206)	1,236,569
Fund Balance				
Beginning of Year	294,015	294,015	292,951	(1,064)
End of Year	\$ (1,020,003)	\$ (1,023,760)	\$ 211,745	\$ 1,235,505

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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ 750,000	\$ 750,000	\$ 831,251	\$ 81,251
Expenditures				
Current				
Instruction	775,000	1,118,322	642,276	476,046
Support Services				
Students	-	-	60,605	(60,605)
Total Expenditures	775,000	1,118,322	702,881	415,441
Excess (Deficiency) of				
Revenues Over Expenditures	(25,000)	(368,322)	128,370	496,692
Fund Balance				
Beginning of Year	564,849	564,849	564,849	-
End of Year	\$ 539,849	\$ 196,527	\$ 693,219	\$ 496,692

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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ 13,685,000	\$ 13,685,000	\$ 13,416,071	\$ (268,929)
Food Service Sales	-	-	1,081,538	1,081,538
Investment Earnings	-	-	23,984	23,984
Total Revenues	13,685,000	13,685,000	14,521,593	836,593
Expenditures				
Current				
Support Services				
Business and Other Support Services	-	-	31,683	(31,683)
Operations and Maintenance of Plant	-	-	33,714	(33,714)
Operation of Noninstructional Services	14,685,451	13,513,054	11,846,364	1,666,690
Total Expenditures	14,685,451	13,513,054	11,911,761	1,601,293
Excess (Deficiency) of Revenues Over Expenditures	(1,000,451)	171,946	2,609,832	2,437,886
Other Financing Sources (Uses)				
Transfers Out	(600,000)	(600,000)	(501,980)	98,020
Net Change in Fund Balance	(1,600,451)	(428,054)	2,107,852	2,535,906
Fund Balance				
Beginning of Year	4,157,408	4,157,408	4,259,221	101,813
Increase (Decrease) in Nonspendable for Inventories	-	-	4,345	4,345
End of Year	\$ 2,556,957	\$ 3,729,354	\$ 6,371,418	\$ 2,642,064

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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ 410,000	\$ 410,000	\$ 401,648	\$ (8,352)
Tuition	2,100,000	2,100,000	2,036,885	(63,115)
Contributions and Donations	-	-	17,856	17,856
Charges for Services	150,000	150,000	151,217	1,217
Investment Earnings	-	-	13,850	13,850
Other	118,000	118,000	626,070	508,070
Total Revenues	2,778,000	2,778,000	3,247,526	469,526
Expenditures				
Current				
Instruction	4,250,819	4,815,895	272,485	4,543,410
Support Services				
Instructional Staff	-	-	19,174	(19,174)
Business and Other Support Services	-	-	7,671	(7,671)
Operations and Maintenance of Plant	-	-	50,362	(50,362)
Student Transportation	-	-	73,258	(73,258)
Operation of Noninstructional Services	-	-	2,604,551	(2,604,551)
Facilities Acquisition	-	-	55,104	(55,104)
Total Expenditures	4,250,819	4,815,895	3,082,605	1,733,290
Excess (Deficiency) of				
Revenues Over Expenditures	(1,472,819)	(2,037,895)	164,921	2,202,816
Other Financing Sources (Uses)				
Transfers In	1,200,000	1,200,000	-	(1,200,000)
Net Change in Fund Balance	(272,819)	(837,895)	164,921	1,002,816
Fund Balance				
Beginning of Year	2,056,109	2,056,109	2,125,930	69,821
End of Year	<u>\$ 1,783,290</u>	<u>\$ 1,218,214</u>	<u>\$ 2,290,851</u>	<u>\$ 1,072,637</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 400,251	\$ 400,251	\$ 396,923	\$ (3,328)
Investment Earnings	3,500	3,500	1,544	(1,956)
Other	-	-	2,824	2,824
Total Revenues	403,751	403,751	401,291	(2,460)
Expenditures				
Facilities Acquisition	400,000	575,000	204,112	370,888
Excess (Deficiency) of Revenues Over Expenditures	3,751	(171,249)	197,179	368,428
Fund Balance				
Beginning of Year	171,249	171,249	171,081	(168)
End of Year	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 368,260</u>	<u>\$ 368,260</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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment Earnings	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Expenditures				
Current				
Support Services				
Business and Other Support Services	-	335,739	-	335,739
Student Transportation	1,014,133	2,622,534	1,605,449	1,017,085
Facilities Acquisition	61,071,693	62,030,721	5,712,303	56,318,418
Total Expenditures	62,085,826	64,988,994	7,317,752	57,671,242
Excess (Deficiency) of				
Revenues Over Expenditures	(62,055,826)	(64,958,994)	(7,317,752)	57,641,242
Fund Balance				
Beginning of Year	10,022,693	10,022,693	10,022,693	-
End of Year	<u>\$ (52,033,133)</u>	<u>\$ (54,936,301)</u>	<u>\$ 2,704,941</u>	<u>\$ 57,641,242</u>

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, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 6,282	\$ (3,718)
Expenditures				
Current				
Support Services				
Operations and Maintenance of Plant	-	84,942	72,936	12,006
Facilities Acquisition	648,153	904,555	578,231	326,324
Total Expenditures	648,153	989,497	651,167	338,330
Excess (Deficiency) of				
Revenues Over Expenditures	(638,153)	(979,497)	(644,885)	334,612
Fund Balance				
Beginning of Year	989,496	989,496	988,648	(848)
End of Year	<u>\$ 351,343</u>	<u>\$ 9,999</u>	<u>\$ 343,763</u>	<u>\$ 333,764</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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 ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 8,011,366	\$ 1,147,112	\$ 1,344,481	\$ 353,025	\$ 10,855,984
Receivables					
Accounts	13,014	-	-	-	13,014
Total Current Assets	<u>8,024,380</u>	<u>1,147,112</u>	<u>1,344,481</u>	<u>353,025</u>	<u>10,868,998</u>
Liabilities					
Current Liabilities					
Accounts Payable	9,920	26,936	68,504	8,667	114,027
Claims Payable	1,434,000	1,031,692	258,561	-	2,724,253
Unearned Revenue	13,014	-	-	-	13,014
Total Liabilities	<u>1,456,934</u>	<u>1,058,628</u>	<u>327,065</u>	<u>8,667</u>	<u>2,851,294</u>
Net Assets					
Unrestricted	<u>6,567,446</u>	<u>88,484</u>	<u>1,017,416</u>	<u>344,358</u>	<u>8,017,704</u>
Total Net Assets	<u><u>\$ 6,567,446</u></u>	<u><u>\$ 88,484</u></u>	<u><u>\$ 1,017,416</u></u>	<u><u>\$ 344,358</u></u>	<u><u>\$ 8,017,704</u></u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2012

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Operating Revenues					
Charges for Services	\$ 15,213,978	\$ 1,138,236	\$ 951,174	\$ 389,442	\$ 17,692,830
Operating Expenses					
Claims	14,551,248	808,159	95,158	-	15,454,565
Premium	711,364	57,607	827,970	-	1,596,941
Administration and Other	1,103,457	297,475	75,652	-	1,476,584
Cost of Sales and Services	-	-	-	390,228	390,228
Total Operating Expenses	16,366,069	1,163,241	998,780	390,228	18,918,318
Operating Loss	(1,152,091)	(25,005)	(47,606)	(786)	(1,225,488)
Nonoperating Revenues					
Investment Earnings	47,221	5,971	2,969	2,136	58,297
Change in Net Assets	(1,104,870)	(19,034)	(44,637)	1,350	(1,167,191)
Total Net Assets, Beginning of Year	7,672,316	107,518	1,062,053	343,008	9,184,895
Total Net Assets, End of Year	<u>\$ 6,567,446</u>	<u>\$ 88,484</u>	<u>\$ 1,017,416</u>	<u>\$ 344,358</u>	<u>\$ 8,017,704</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance	Print Shop	Total
Cash Flows From Operating Activities					
Receipts from Contributions	\$ 15,213,978	\$ 1,138,236	\$ 951,174	\$ 389,442	\$ 17,692,830
Payments to Suppliers	(1,805,478)	(366,146)	(871,100)	(385,012)	(3,427,736)
Payments for Claims	(14,655,248)	(758,069)	(106,337)	-	(15,519,654)
Net Cash Flows Provided/Used by Operating Activities	(1,246,748)	14,021	(26,263)	4,430	(1,254,560)
Cash Flows from Investing Activities					
Investment Earnings	47,221	5,971	2,969	2,136	58,297
Net Change in Cash and Cash Equivalents	(1,199,527)	19,992	(23,294)	6,566	(1,196,263)
Cash and Cash Equivalents, Beginning of Year	9,210,893	1,127,120	1,367,775	346,459	12,052,247
Cash and Cash Equivalents, End of Year	<u>\$ 8,011,366</u>	<u>\$ 1,147,112</u>	<u>\$ 1,344,481</u>	<u>\$ 353,025</u>	<u>\$ 10,855,984</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) by Operating Activities					
Operating Loss	\$ (1,152,091)	\$ (25,005)	\$ (47,606)	\$ (786)	\$ (1,225,488)
Change in Assets/Liabilities:					
Receivables, Net	(2,202)	-	-	-	(2,202)
Accounts Payable	9,343	(11,064)	32,522	5,216	36,017
Claims Payable	(104,000)	50,090	(11,179)	-	(65,089)
Unearned Revenue	2,202	-	-	-	2,202
Net Cash Flows Provided/Used by Operating Activities	<u>\$ (1,246,748)</u>	<u>\$ 14,021</u>	<u>\$ (26,263)</u>	<u>\$ 4,430</u>	<u>\$ (1,254,560)</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, 2012

	<u>Student Activities</u>	<u>Employee Withholding Account</u>	<u>Total</u>
Assets			
Cash and Investments	<u>\$ 159,044</u>	<u>\$ 82,067</u>	<u>\$ 241,111</u>
Liabilities			
Accounts Payable	\$ 5,548	\$ -	\$ 5,548
Due to Student Groups	153,496	-	153,496
Due to Other Entities	-	82,067	82,067
Total Liabilities	<u>\$ 159,044</u>	<u>\$ 82,067</u>	<u>\$ 241,111</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Student Activities Fund				
Assets				
Cash and Investments	\$ 175,752	\$ 178,925	\$ (195,633)	\$ 159,044
Liabilities				
Accounts Payable	\$ 9,836	\$ 5,548	\$ (9,836)	\$ 5,548
Due to Student Groups	165,916	173,377	(185,797)	153,496
Total Liabilities	<u>\$ 175,752</u>	<u>\$ 178,925</u>	<u>\$ (195,633)</u>	<u>\$ 159,044</u>
Employee Withholding Fund				
Assets				
Cash and Investments	\$ 36,456	\$ 313,872	\$ (268,261)	\$ 82,067
Liabilities				
Due to Other Entities	\$ 36,456	\$ 313,872	\$ (268,261)	\$ 82,067
Total Agency Funds				
Assets				
Cash and Investments	\$ 212,208	\$ 492,797	\$ (463,894)	\$ 241,111
Liabilities				
Accounts Payable	\$ 9,836	\$ 5,548	\$ (9,836)	\$ 5,548
Due to Student Groups	165,916	173,377	(185,797)	153,496
Due to Other Entities	36,456	313,872	(268,261)	82,067
Total Liabilities	<u>\$ 212,208</u>	<u>\$ 492,797</u>	<u>\$ (463,894)</u>	<u>\$ 241,111</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 67,888,571	\$ 25,317,473	\$ 83,420,316	\$ 89,711,533
Restricted	11,224,766	63,218,118	25,026,337	35,489,887
Unrestricted	10,762,291	29,050,912	31,993,674	20,332,683
Total Governmental Activities Net Assets	<u>\$ 89,875,628</u>	<u>\$ 117,586,503</u>	<u>\$ 140,440,327</u>	<u>\$ 145,534,103</u>

Source: District's Business and Finance Department.

Note 1: The District only reports governmental activities.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 100,355,784	\$ 104,904,914	\$ 113,210,283	\$ 119,499,966	\$ 126,084,903	\$ 131,154,280
29,712,821	30,991,421	28,488,877	32,546,642	15,934,592	15,370,563
19,532,725	27,944,122	28,729,147	30,721,294	48,705,719	51,127,160
<u>\$ 149,601,330</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>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$ 98,040,402	\$ 91,939,397	\$ 97,694,182	\$ 106,099,983
Support Services:				
Support Services - Students and Staff	15,454,471	16,084,927	17,718,517	17,700,072
Support Services - Administration	15,996,106	14,543,620	14,810,806	21,232,061
Operation and Maintenance of Plant	15,041,718	14,520,706	15,590,854	13,541,089
Student Transportation	6,316,481	5,563,470	6,265,754	7,801,167
Operation of Noninstructional Services	12,888,130	14,665,045	16,482,039	18,342,349
Interest on Long-Term Debt	8,174,703	6,875,360	6,855,514	6,414,431
Total Governmental Activities	<u>171,912,011</u>	<u>164,192,525</u>	<u>175,417,666</u>	<u>191,131,152</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	8,485,393	5,725,604	3,304,606	4,886,935
Students and Staff	-	-	-	-
Administration	-	-	-	-
Operation and Maintenance of Plant	-	-	343,947	318,058
Student Transportation	-	-	-	-
Operation of Noninstructional Services	-	-	2,346,616	2,415,245
Interest on Long-Term Debt	-	-	-	27,177
Operating Grants and Contributions	21,450,858	36,165,125	41,076,826	43,237,531
Capital Grants and Contributions	1,417,600	12,288,741	2,304,606	2,097,940
Total Governmental Activities	<u>31,353,851</u>	<u>54,179,470</u>	<u>49,376,601</u>	<u>52,982,886</u>
Net (Expense)/Revenue				
Governmental Activities	(140,558,160)	(110,013,055)	(126,041,065)	(138,148,266)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes	55,261,002	55,133,182	59,518,684	53,187,313
State Equalization and Additional				
State Aid	87,247,307	74,858,253	76,937,047	78,275,846
County Equalization	6,590,241	6,872,455	6,723,270	6,572,695
State Building Renewal Assistance	-	-	2,260,417	2,376,191
Investment Earnings	3,654,746	1,172,671	2,705,408	2,741,989
Other	-	10,539	750,063	88,008
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Special Items	-	-	-	-
Total Governmental Activities:	<u>152,753,296</u>	<u>138,047,100</u>	<u>148,894,889</u>	<u>143,242,042</u>
Change in Net Assets				
Governmental Activities	<u>\$ 12,195,136</u>	<u>\$ 28,034,045</u>	<u>\$ 22,853,824</u>	<u>\$ 5,093,776</u>

Source: The District's Business and Finance Department.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 112,047,322	\$ 109,805,178	\$ 117,265,653	\$ 98,377,469	\$ 96,302,960	\$ 95,655,933
21,501,721	25,374,863	25,761,443	24,283,027	23,438,972	22,683,312
18,741,436	17,348,813	17,017,140	16,586,101	15,161,986	15,851,740
18,314,891	21,404,866	21,856,335	20,421,447	20,006,076	20,505,294
8,972,338	8,665,577	8,960,848	8,720,012	8,219,151	8,352,478
17,618,231	17,421,449	15,158,592	16,360,922	17,216,475	17,777,812
5,852,659	5,671,847	4,768,597	4,498,547	4,319,857	4,065,351
<u>203,048,598</u>	<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>
1,641,410	1,692,438	758,398	393,270	600,792	837,596
41,707	229	77,632	85,562	11,601	12,900
204,142	-	253,465	312,519	17,684	5,161
380,733	288,746	1,996,123	423,430	100,107	49,850
18,743	7,555	28,800	54,417	77,881	49,288
3,414,490	4,148,923	3,159,713	2,914,250	3,851,113	3,876,383
8,519	6,925	-	-	-	-
45,386,501	44,947,412	41,423,780	55,573,950	50,249,772	48,386,041
-	-	-	-	-	-
<u>51,096,245</u>	<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>
(151,952,353)	(154,600,365)	(163,090,697)	(129,490,127)	(129,756,527)	(131,674,701)
54,292,820	61,748,198	68,672,108	57,360,259	52,881,727	57,336,243
95,636,804	102,280,030	97,000,637	81,760,455	83,310,247	79,839,296
79,989	-	-	-	-	-
2,860,704	1,368,619	-	-	-	-
2,800,591	3,294,576	1,882,516	866,943	564,347	611,471
348,672	148,069	1,914,375	1,842,065	957,518	814,480
-	-	1,006,564	-	-	-
-	-	(797,653)	-	-	-
<u>156,019,580</u>	<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>
\$ 4,067,227	\$ 14,239,127	\$ 6,587,850	\$ 12,339,595	\$ 7,957,312	\$ 6,926,789

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 1,367,259	\$ 1,140,496	\$ 535,684	\$ 784,762	\$ 811,417
Unreserved	4,427,369	6,881,425	11,472,726	5,730,903	3,752,386
Nonspendable					
Restricted					
Assigned					
Unassigned					
Total General Fund	<u>\$ 5,794,628</u>	<u>\$ 8,021,921</u>	<u>\$ 12,008,410</u>	<u>\$ 6,515,665</u>	<u>\$ 4,563,803</u>
All Other Governmental Funds					
Reserved	\$ 52,551	\$ 60,876	\$ 78,664	\$ 41,079	\$ 58,412
Unreserved, Reported in:					
Special Revenue Funds	4,947,946	9,103,189	16,127,397	18,515,745	17,277,553
Debt Service Funds	4,113,197	6,085,160	7,065,352	7,941,901	5,019,527
Capital Projects Funds	49,273,810	58,663,324	55,062,831	33,915,276	20,248,874
Nonspendable					
Restricted					
Total All Other Governmental Funds	<u>\$ 58,387,504</u>	<u>\$ 73,912,549</u>	<u>\$ 78,334,244</u>	<u>\$ 60,414,001</u>	<u>\$ 42,604,366</u>

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				
2008	2009	2010	2011	2012
\$ 809,097	\$ 684,173	\$ 580,116		
7,792,683	1,251,979	6,255,374		
			\$ 598,955	\$ 648,293
			239,976	249,987
			1,000,000	2,200,000
			22,280,697	23,777,607
\$ 8,601,780	\$ 1,936,152	\$ 6,835,490	\$ 24,119,628	\$ 26,875,887
\$ 70,062	\$ 75,845	\$ 102,138		
16,739,272	10,576,112	12,981,586		
5,813,898	9,415,245	11,281,870		
28,745,360	12,471,973	9,213,790		
			\$ 95,444	\$ 99,789
			25,305,337	17,349,012
\$ 51,368,592	\$ 32,539,175	\$ 33,579,384	\$ 25,400,781	\$ 17,448,801

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			
	2003	2004	2005	2006
Federal Sources				
Property Taxes	\$ 54,793,022	\$ 55,988,701	\$ 59,613,745	\$ 53,124,145
Intergovernmental	110,234,521	129,478,986	128,703,329	132,418,774
Tuition	-	2,253,165	2,712,304	3,139,161
Food Service Sales	-	2,447,207	2,307,275	1,922,366
Charges for Services	-	-	181,768	158,808
Contributions and Donations	-	705,588	598,837	141,429
Investment Earnings	17,281,936	1,131,686	2,592,974	2,555,175
Other	-	1,035,771	1,573,885	2,515,088
Total Revenues	182,309,479	193,041,104	198,284,117	195,974,946
Expenditures				
Instruction	88,135,037	91,642,500	94,824,251	101,898,778
Support Services				
Students	-	10,534,666	10,673,153	11,102,167
Instructional Staff	15,183,422	5,707,576	7,208,778	6,618,763
General Administration	-	2,169,706	1,381,177	1,165,621
School Administration	-	6,543,199	7,175,040	6,893,239
Business and Other Support Services	13,084,688	5,320,034	6,926,495	17,135,195
Operation and Maintenance of Plant	13,688,365	14,117,420	15,189,474	15,065,198
Student Transportation	5,241,031	5,482,356	6,275,099	7,399,174
Operation of Noninstructional Services	12,697,382	14,115,421	15,726,567	18,488,874
Judgments Against the District	-	-	-	-
Debt Service				
Principal Retirement	9,452,149	10,653,258	11,347,438	10,740,177
Interest on Long-Term Debt	8,218,683	6,921,843	7,071,960	6,464,927
Advance Refunding Escrow	361,309	-	-	-
Issuance Costs	271,081	445,458	-	-
Facilities Acquisition	27,951,025	20,490,604	5,459,477	16,627,314
Total Expenditures	194,284,172	194,144,041	189,258,909	219,599,427
Other Financing Sources (Uses)				
Issuance of Refunding Debt	23,270,000	37,482,662	-	-
Issuance of Long-Term Debt	3,920,000	18,361,131	-	-
Payment to Refunded Debt Escrow Agent	(25,126,527)	(37,187,353)	-	-
Proceeds from Capital Leases	5,753,062	-	-	-
Premium on Sale of Bonds	2,127,608	-	-	-
Transfers In	1,841,710	775,128	1,508,442	1,479,337
Transfers Out	(1,841,710)	(775,128)	(1,508,442)	(1,479,337)
Total Other Financing Sources (Uses)	9,944,143	18,656,440	-	-
Net Change in Fund Balance	\$ (2,030,550)	\$ 17,553,503	\$ 9,025,208	\$ (23,624,481)
 Debt Service as a Percentage of Noncapital Expenditures	 11.00%	 10.38%	 10.02%	 8.48%

Source: The District's Business and Finance Department.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 54,260,737	\$ 61,310,275	\$ 66,881,917	\$ 55,938,271	\$ 52,940,965	\$ 57,063,913
143,774,555	148,280,643	130,373,366	145,504,533	133,560,020	128,225,337
2,258,239	2,290,201	2,019,035	1,782,505	1,636,291	2,036,885
1,777,282	1,680,844	1,522,731	1,234,802	1,095,450	1,081,538
136,558	144,135	136,531	170,290	153,964	151,217
189,443	315,418	311,328	360,530	236,022	224,670
2,521,438	2,925,698	1,608,295	772,985	483,209	553,258
1,886,337	2,177,705	4,079,857	2,477,386	2,494,969	2,054,213
206,804,589	219,124,919	206,933,060	208,241,302	192,600,890	191,391,031
110,833,854	107,957,523	110,896,410	95,382,583	93,436,783	91,410,445
13,090,809	15,227,382	15,745,872	13,880,561	13,659,414	13,461,763
7,682,561	9,793,357	9,695,888	10,565,080	9,862,818	9,047,729
1,427,865	1,715,609	1,494,434	1,390,732	1,495,688	1,463,415
7,490,536	7,861,208	7,939,946	7,504,202	7,506,509	7,426,568
7,285,335	6,394,130	6,331,140	6,681,319	5,550,918	5,476,233
16,814,629	19,620,473	19,410,991	18,299,725	18,183,028	17,918,737
8,602,202	8,758,791	8,274,958	9,045,909	7,964,428	9,093,523
18,142,640	17,541,403	17,435,562	17,539,169	17,164,310	17,582,358
-	-	797,653	-	-	-
11,246,751	11,323,934	11,211,725	11,613,857	11,927,791	12,410,822
5,903,155	5,732,841	5,015,522	4,559,541	4,391,286	4,151,391
-	-	-	-	-	-
-	95,114	-	-	212,540	-
15,818,482	6,055,263	20,529,424	6,206,156	2,452,543	7,197,451
224,338,819	218,077,028	234,779,525	202,668,834	193,808,056	196,640,435
-	11,640,000	-	-	-	-
-	-	-	-	10,000,000	-
(4,200,000)	-	-	-	-	-
1,928,745	-	2,558,224	357,180	-	-
-	104,982	-	-	300,556	-
1,306,180	784,683	1,425,865	4,851,589	1,596,391	1,183,613
(1,306,180)	(784,683)	(1,425,865)	(4,851,589)	(1,596,391)	(1,183,613)
(2,271,255)	11,744,982	2,558,224	357,180	10,300,556	-
\$ (19,805,485)	\$ 12,792,873	\$ (25,288,241)	\$ 5,929,648	\$ 9,093,390	\$ (5,249,404)
8.22%	8.09%	7.57%	9.06%	8.63%	8.82%

THIS PAGE INTENTIONALLY LEFT BLANK

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		
2003	\$ 9,339,078,646	\$ 1,210,370,949	\$ 5.07	12.96 %
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

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, 2012
(UNAUDITED)

Description	Net Secondary Assessed Valuation	As % of District's Total Net Secondary Assessed Valuation
Mining, Utility, Telecommunications, Commercial and Industrial	\$580,807,450	43.82%
Agricultural and Vacant Land	29,735,357	2.24%
Residential (Owner Occupied)	553,225,987	41.73%
Residential (Rental)	161,519,148	12.18%
Historic Property	263,469	0.02%
Improvements on Government Property	93,427	0.01%
	<u>\$1,325,644,838</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
2003	2.9778	2.0951	5.0729	3.29	1.82	1.72	1.11	3.63
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

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, 2012 AND NINE YEARS PRIOR
(UNAUDITED)

Taxpayer	2012			2003		
	Secondary Assessed Value	Rank	Percentage of Secondary Assessed Value	Secondary Assessed Value	Rank	Percentage of Secondary Assessed Value
Arizona Public Service	\$ 103,369,538	1	7.80 %	\$ 58,339,880	1	4.82 %
Qwest Corporation	15,314,734	2	1.16	38,005,648	2	3.14
VHS Of Phoenix, Inc	8,962,322	3	0.68	-	-	-
Metrorising Ams Owner, LLC	8,733,600	4	0.66	-	-	-
PDG America Properties LLC	7,726,327	5	0.58	-	-	-
Canyon Corporate Plaza Properties LLC	7,275,000	6	0.55	-	-	-
Bay Pacific Phoenix Corporate Center LLC	5,850,929	7	0.44	-	-	-
Karsten Manufacturing Corporation	5,142,325	8	0.39	5,688,743	8	0.47
The Laramar Group	5,064,030	9	0.38	-	-	-
AB Associates Investors LLC	4,859,794	10	0.37	-	-	-
Westbar Limited	-	-	-	14,282,377	3	1.18
Southwest Co. Wireless LP	-	-	-	13,919,266	4	1.15
DVM Et.al.	-	-	-	9,804,005	5	0.81
Corporate Center Associates	-	-	-	7,383,263	6	0.61
R&B Realty Group	-	-	-	7,020,152	7	0.58
TP Racing LLC	-	-	-	5,325,632	9	0.44
Phoenix Baptist Hospital	-	-	-	5,204,595	10	0.43
Totals	<u>\$ 172,298,599</u>		13.00 %	<u>\$ 164,973,561</u>		13.63 %

Source: Maricopa County Treasurer.

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

Fiscal Year	Current Collections					
	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Current Taxes Collected	Delinquent Tax Collections (1)	Outstanding Tax Collections	Percentage of Levy
2003	\$ 59,704,844	\$ 57,691,151	96.63 %	\$ 2,013,693	\$ -	- %
2004	61,249,812	59,226,938	96.70	2,022,244	630	0.00
2005	64,656,857	62,618,804	96.85	2,038,053	-	-
2006	57,525,730	55,693,222	96.81	1,744,254	88,254	0.15
2007	60,336,259	58,717,892	97.32	1,612,498	5,869	0.01
2008	66,510,368	65,175,437	97.99	1,329,007	5,924	0.01
2009	72,821,698	68,433,791	93.97	3,746,303	641,604	0.88
2010	63,161,121	57,874,718	91.63	3,194,413	2,091,990	3.31
2011	58,521,650	56,065,697	95.80	2,434,638	21,315	0.04
2012	60,907,130	58,011,623	95.25	-	2,895,507	4.75

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)

Fiscal Year	Governmental Activities			Debt Per Capita	Estimated District Population
	General Obligation Bonds	Capital Leases	Total Primary Government		
2003	\$ 143,590,000	\$ 4,986,102	\$ 148,576,102	\$ 644	230,610
2004	145,092,373	3,767,844	148,860,217	638	233,330
2005	134,896,877	2,565,406	137,462,283	604	227,495
2006	125,361,381	1,310,229	126,671,610	570	222,053
2007	111,185,885	1,917,223	113,103,108	483	234,230
2008	111,989,873	1,473,289	113,463,162	443	256,299
2009	100,997,948	2,558,224	103,556,172	405	255,695
2010	89,946,954	2,291,547	92,238,501	366	251,689
2011	88,841,081	1,698,756	90,539,837	401	225,909
2012	76,965,041	1,077,934	78,042,975	335	233,166

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, 2012
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa Community College District	\$ 614,995,000	3.42 %	\$ 21,032,829
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	88,350,000	80.90	<u>71,475,150</u>
Subtotal, Overlapping Debt			263,464,414
Washington Elementary School District No. 6 Direct Debt			<u>76,395,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 339,859,414</u></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 2011-12.

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

	Fiscal Year			
	2003	2004	2005	2006
Class A Bonded Debt				
Debt Limit	\$ 181,555,642	\$ 197,683,313	\$ 202,981,844	\$ 217,363,720
Total Applicable to Limit	<u>131,571,803</u>	<u>138,164,840</u>	<u>127,039,648</u>	<u>107,212,260</u>
Legal Debt Margin	<u>\$ 49,983,839</u>	<u>\$ 59,518,473</u>	<u>\$ 75,942,196</u>	<u>\$ 110,151,460</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	72.47%	69.89%	62.59%	49.32%

	Fiscal Year			
	2003	2004	2005	2006
Class B Bonded Debt				
Debt Limit	\$ 60,518,547	\$ 65,894,438	\$ 67,660,615	\$ 72,454,573
Total Applicable to Limit	<u>29,833,026</u>	<u>14,898,026</u>	<u>11,949,493</u>	<u>9,465,839</u>
Legal Debt Margin	<u>\$ 30,685,521</u>	<u>\$ 50,996,412</u>	<u>\$ 55,711,122</u>	<u>\$ 62,988,734</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	49.30%	22.61%	17.66%	13.06%

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 225,907,283	\$ 288,811,388	\$ 338,292,221	\$ 330,579,695	\$ 266,312,707	\$ 198,846,726
101,958,535	102,722,446	91,835,965	72,678,130	80,158,243	71,740,217
<u>\$ 123,948,748</u>	<u>\$ 186,088,942</u>	<u>\$ 246,456,256</u>	<u>\$ 257,901,565</u>	<u>\$ 186,154,464</u>	<u>\$ 127,106,509</u>
45.13%	35.57%	27.15%	21.99%	30.10%	36.08%

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 75,302,428	\$ 96,270,463	\$ 112,764,074	\$ 110,192,232	\$ 88,770,902	\$ 66,282,242
3,516,938	5,860,000	5,860,000	5,560,000	1,706,986	234,063
<u>\$ 71,785,490</u>	<u>\$ 90,410,463</u>	<u>\$ 106,904,074</u>	<u>\$ 104,632,232</u>	<u>\$ 87,063,916</u>	<u>\$ 66,048,179</u>
4.67%	6.09%	5.20%	5.05%	1.92%	0.35%

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2012
(UNAUDITED)

Net Secondary Assessed Value \$ 1,325,644,838

Legal Debt Margin:

Class A General Obligation Bonds

Debt Limitation - 15% of Assessed Value 198,846,726

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	72,475,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(734,783)</u>

Total Amount of Debt Applicable to Debt Limit		<u>71,740,217</u>
---	--	-------------------

Legal Debt Margin		<u><u>\$ 127,106,509</u></u>
-------------------	--	------------------------------

Class B General Obligation Bonds

Debt Limitation - the greater of 5% of the net secondary assessed valuation or \$1,500 per student (ADM)

5% of secondary net assessed valuation	\$	66,282,242
\$1,500 per student (ADM) (\$1,500 * 20,948)		31,422,000

Amount of Debt Applicable to Debt Limit:

General Obligation and Refunding Bonds Outstanding	\$	-
Qualified Zone Academy Bonds		3,920,000
Less: Assets in Debt Service Fund Available for Payment of Principal		<u>(3,685,937)</u>

Total Amount of Debt Applicable to Debt Limit		<u>234,063</u>
---	--	----------------

Legal Debt Margin		<u>66,048,179</u>
-------------------	--	-------------------

Total Legal Debt Margin		<u><u>\$ 193,154,688</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	Unemployment Rate	County Population (As of July 1)
2002	227,495	\$ 99,836,197	\$ 30,668	5.60%	3,173,219
2003	230,610	104,665,923	31,446	5.20	3,264,203
2004	233,330	114,049,001	33,369	4.40	3,353,875
2005	222,053	126,010,741	35,606	4.00	3,466,592
2006	234,230	139,069,591	38,176	3.50	3,577,074
2007	256,299	145,880,680	39,300	3.10	3,663,915
2008	255,695	148,462,926	39,369	5.20	3,753,413
2009	251,689	139,623,617	36,707	9.10	3,808,829
2010	225,909	142,864,275	37,352	9.60	3,821,136
2011	233,166	N/A	N/A	8.40	3,824,058

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.

THIS PAGE INTENTIONALLY LEFT BLANK

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PRINCIPAL EMPLOYERS
JUNE 30, 2012 AND NINE YEARS PRIOR
(UNAUDITED)

Employer	2012		2003	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State of Arizona	49,800	4.49 %	49,850	6.96 %
Wal-Mart Inc.	30,630	2.76	15,895	2.22
Banner Health Arizona	24,825	2.24	15,520	2.17
City of Phoenix	15,100	1.36	13,160	1.84
Bank of America	13,300	1.20	-	-
Wells Fargo	13,310	1.20	8,800	1.23
Maricopa County	12,790	1.15	15,525	2.17
Raytheon Co.	11,500	1.04	-	-
Arizona State University	11,185	1.01	9,750	1.36
Apollo Group Inc.	11,000	0.99	-	-
JP Morgan Chase	10,600	0.96	-	-
Intel Corp.	10,300	0.93	10,000	1.40
U.S. Airways	9,090	0.82	-	-
Mesa Public Schools	8,380	0.76	-	-
U.S. Postal Service	8,020	0.72	11,410	1.59
Honeywell Inc.	-	-	15,000	2.09
The Kroger Company	-	-	13,500	1.88
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>239,830</u>	21.61 %	<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 2012, published December 23, 2011.

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

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

Function	Full-Time Equivalent Employees			
	2003	2004	2005	2006
Supervisory				
Instructional Administrators	7	7	13	13
Noninstructional Administrators	13	14	18	21
Consultants/Supervisors of Instruction	18	16	6	5
Principals	32	33	32	32
Assistant Principals	11	10	10	11
Total Supervisory	81	80	79	82
Instruction				
Elementary Classroom Teachers	754	728	764	792
Secondary Classroom Teachers	177	170	166	145
Other Teachers	524	484	554	595
Other Professionals	71	63	65	64
Aides	531	494	518	577
Total Instruction	2,057	1,939	2,067	2,173
Student Services				
Visiting Teachers/Social Workers	14	13	14	13
Psychologist	22	23	24	25
Librarians	24	21	19	13
Other Professionals (Noninstructional)	31	30	33	30
Technicians	9	13	16	19
Total Student Services	100	100	106	100
Support and Administration				
Clerical/Secretarial	252	237	218	239
Service Workers	254	250	254	267
Skilled Crafts	93	83	80	79
Unskilled Laborers	189	161	148	135
Total Support and Administration	788	731	700	720
Total	3,026	2,850	2,952	3,075

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

2007	2008	2009	2010	2011	2012
13	13	13	11	10	10
17	17	15	13	13	13
5	5	4	4	5	5
35	34	33	34	32	32
12	12	9	10	10	12
82	81	74	72	70	72
792	790	713	674	653	647
195	207	202	195	191	176
416	466	421	439	431	423
128	133	120	118	110	110
471	558	509	502	501	507
2,002	2,154	1,965	1,928	1,886	1,863
14	14	17	19	19	20
22	28	24	28	26	26
16	15	15	14	13	11
67	72	77	78	69	72
26	26	24	24	24	28
145	155	157	163	151	157
282	304	284	296	293	290
157	183	161	157	153	151
93	100	103	106	98	99
272	320	303	301	295	295
804	907	851	860	839	835
3,033	3,297	3,047	3,023	2,946	2,927

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>
2003	23,293	\$ 153,010,843	\$ 6,569	4.09 %	1,510	15.43
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

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>
2003	\$ 28,834	\$ 50,453	\$ 44,404	\$ 42,550
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	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				
		2003	2004	2005	2006	2007
Elementary						
	Sites	27	27	27	27	27
	Square Feet	2,036,084	2,036,084	2,184,904	2,184,904	2,184,904
	Capacity			26,325	23,660	23,660
	Enrollment	19,574	19,485	18,844	20,298	21,449
Middle						
	Sites	5	5	5	5	5
	Square Feet	467,927	467,927	510,427	510,427	510,427
	Capacity			5,668	5,601	5,601
	Enrollment	5,095	5,099	4,997	4,871	4,458
Administrative						
	Sites	2	2	2	2	3
	Square Feet	100,170	100,170	100,170	100,170	177,234
Transportation						
	Garages	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car	5 Bus/1 Car
	Buses	133	132	133	135	128

Source: The District's facilities' records.

Note : Enrollment is based on 100th day figures.

Fiscal Year				
2008	2009	2010	2011	2012
27	27	27	27	27
2,168,388	2,168,388	2,174,688	2,166,893	2,166,893
23,660	23,660	23,660	23,660	23,660
19,812	18,014	17,603	17,134	17,149
5	5	5	5	5
527,588	546,990	548,784	548,784	548,784
5,601	5,601	5,601	5,601	5,601
4,336	4,064	3,961	3,788	3,799
4	4	3	3	3
242,794	210,339	206,145	206,145	206,145
5 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car	6 Bus/1 Car
132	128	133	133	130

THIS PAGE INTENTIONALLY LEFT BLANK