

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**

**GREEN VALLEY, ARIZONA**

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

Issued by:  
Business and Finance Department

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## **INTRODUCTORY SECTION**



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# Continental School District No. 39

## *Governing Board*

Bill McNarie, *President*  
Sharon Niehaus, *Clerk*  
Ralph Nickl, *Member*  
Ruth Bennett, *Member*  
Andrew McGibbon, *Member*

## *Administration*

Virginia Juettner, PhD, *Superintendent*  
Mary McNichols, *Principal*  
Mary Grace Wendel, *Director Special Ed/Assessment/Transportation*

## *Address*

1991 E. White House Canyon Road  
P. O. Box 547  
Green Valley, Arizona 85622-0547  
Telephone: 520.625.4581  
Fax: 520.648.2569  
<http://www.continentalesd.org>

December 19, 2014

Citizens and Governing Board  
Continental Elementary School District No. 39  
P. O. Box 547  
Green Valley, AZ 85622-0547

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Continental Elementary School District No. 39 (District) for the fiscal year ended June 30, 2014.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE DISTRICT**

The District is one of 18 public school districts located in Pima County, Arizona. It provides a program of public education from pre-school through grade eight, with an estimated current enrollment of 574 students.

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** The District is surrounded by the Green Valley retirement community. The community is affluent to the extent that about 1/3 of the taxes are taken by the State for use in other districts under the equalization formula. The District economy includes retired adults who live in the community and the many service industries: home care, assisted living facilities, doctor's offices, transportation, cleaning and other services, and the businesses that are needed in any community, grocery, clothing and other stores. There are many banks in Green Valley and investment companies. A new hospital is being built in the District scheduled to open in March 2015. The hospital will employ 250 people.

Southern Arizona was impacted heavily by the downturn in the national and state economies for the past 3-5 years. The Green Valley community experienced loss in assessed valuation during this period of time, however, the area has continued to develop with retirees and is increasing in population. Because most residents are retired, the unemployment in the District has not been as serious as some areas. However, the numbers of students on free and reduced lunches have increased from 38% to 43% over the last four years.

Students come from an economy that has existed for 99 years. The original school was created in 1916 for farmers and ranchers. Many of these families have been in the area for generations and farming and ranching continue to be a strong part of the economy. New subdivisions for families, Madera Highlands and Madera Reserve, have grown the school from about 200 students to the current 574. These subdivisions continue to grow and it is anticipated that the school will reach capacity of 800 over the next 3-5 years depending on how quickly the houses sell. This student population is more transient than the farmer/rancher population. Forty-five percent of the student population turned over in 2013-14. The District also has approximately 80 open enrollment students that generate funding for the District. However, due to growth, the Governing Board has eliminated new open enrollment students for 2014-15. This year and next year it is anticipated that the District will experience growth and additional funding for new students.

Recently, the Green Valley economy improved as demonstrated in the projected rise in assessed valuation from 2013-14 (Pima County table). The tax rate has risen for the 2014-15 school year due to anticipated growth. The District currently has one of the lowest school tax rate in Southern Arizona.

On a state level, Arizona is carrying a healthy balance in the State budget fund. The economy is continues to improve across Arizona. It is anticipated that the local Green Valley economy will grow as a result of the new hospital and the retirement of aging adults across the country.

**Long-term Financial Planning.** The District just completed a total campus re-build and enlargement project. A \$16.0 million bond was passed in 2010. With those funds, the cafeteria and middle school were remodeled and upgraded, three new classroom buildings were completed, and the final building, an administrative and library building, was completed in May 2014. The bonds paid for three new school buses, Wi-Fi, and technology throughout the campus including projectors, document cameras, laptops and pad/tablet technology for all students and staff. The wiring for the alarm systems and internet were replaced. A state of the art fire/security system was completed with online access to all systems on the campus. The campus also has a two fence parameter and all locks were upgraded for a common keying system on the campus. The fire pump and school well pumps were repaired and upgraded. A 30,000 gallon water tank has been donated for the school well and will be installed during 2015. The bond has provided state of the art building and technology that creates well run and maintained buildings and school grounds for many years to come. With the exception of the remodeled cafeteria, middle school and bus barn, all classroom and administrative buildings are new, 3 months to 2 years in age.

Two Adjacent ways projects provided funding for new roads including a 20 foot fire lane around the entire campus and left-hand turn lane.

The District has a solar project that provides approximately 90% of the energy for the school. The District signed a 15 year agreement in 2010 with NRG. The utility costs have been stable as a result of installing solar panels; however, the Trico demand fee resulted in doubling the Trico bill in 2013-14. The solar project will be paid for in about 10 years.

School safety has been a focus and the District received a \$27,000 grant for training and developing the safety plan that will be complete in November 2014.

A second grant was received from Freeport McMoRan for \$70,000, to conduct a study and develop a plan for a regional center for special education students with severe handicapping conditions. Though the District did not receive additional funds from Freeport McMoRan, there is approximately \$45,000 remaining for the professional development planned for fiscal year 2015.

The Governing Board will have fall and spring retreats to update the strategic planning beginning in October 2014. The plan will include how the District will address growth and a plan for what to do if the ADM reaches 600 which could result in a loss of funding due to losing small school district status. The planning will determine when to have an override election. Currently, the District has a 15% override, passed by the voters in 2011. This override provides the District with approximately \$450,000 in additional funding for 7 years. The District will probably go out for renewal of the override in fall 2016

## AWARDS AND ACKNOWLEDGMENT

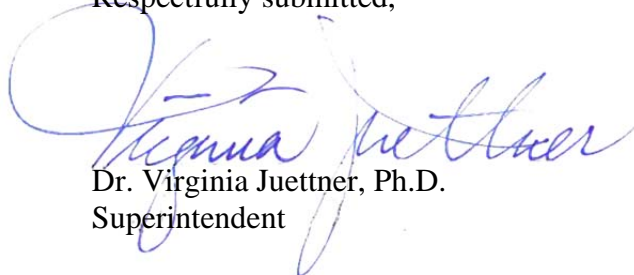
**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the first year that the District received this prestigious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

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


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

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

Respectfully submitted,



Dr. Virginia Juettner, Ph.D.  
Superintendent



Charlotte Gates  
Director of Business Services

# Association of School Business Officials International



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

## Continental Elementary School District No. 39

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

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



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

Terrie S. Simmons, RSBA, CSBO  
President

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

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

**Continental Elementary School  
District No. 39, Arizona**

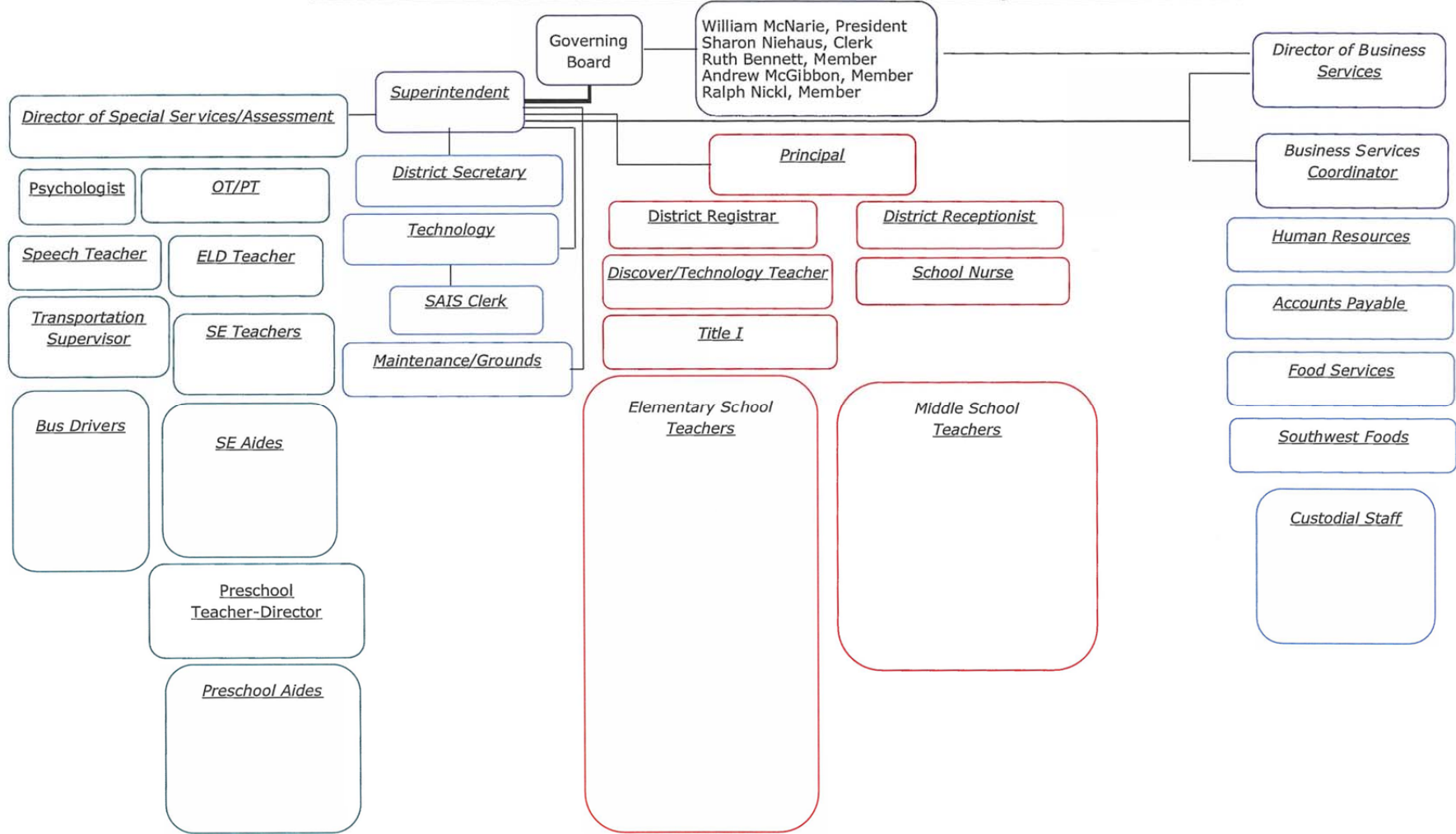
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# CONTINENTAL SCHOOL DISTRICT #39 Organization Chart



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Bill McNarie  
President

Sharon Niehaus  
Clerk

Ralph Nickl  
Member

Andrew McGibbon  
Member

Ruth Bennett  
Member

**ADMINISTRATIVE STAFF**

Dr. Virginia Juettner, Ph.D.  
Superintendent

Mary McNichols  
Principal

Mary Grace Wendel  
Director Special Ed/Assessment/Transportation

Charlotte Gates  
Director of Business Services

Lizette Huie  
Business Coordinator

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Continental Elementary School District No. 39

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Continental Elementary School District No. 39 (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Continental Elementary School District No. 39, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of Continental Elementary School District No. 39's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Continental Elementary School District No. 39's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

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

December 19, 2014

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



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**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

As management of the Continental Elementary School District No. 39 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities decreased \$810,111 which represents a 13 percent decrease from the prior fiscal year primarily due to the utilization of available resources for District projects not subject to the capitalization threshold.
- General revenues accounted for \$5.2 million in revenue, or 85 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$918,807 or 15 percent of total current fiscal year revenues.
- The District had approximately \$6.9 million in expenses related to governmental activities, a decrease of 11 percent from the prior fiscal year primarily due to the completion of various bond projects during the fiscal year.
- Among major funds, the General Fund had \$3.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$4.5 million in expenditures. The General Fund's fund balance decrease from \$1.1 million at the prior fiscal year end to \$167,260 at the end of the current fiscal year was primarily due to expenditures related to tuition increases and student growth.
- The Debt Service Fund had \$1.0 million in current fiscal year revenues, which primarily consisted of property taxes, and \$1.0 million in expenditures. The Debt Service Fund's fund balance increased from \$296,351 at the prior fiscal year end to \$300,128 at the end of the current fiscal year.
- The Unrestricted Capital Outlay Fund had \$40,507 in current fiscal year revenues and \$228,639 in expenditures. The Unrestricted Capital Outlay Fund's fund balance increased from \$402,402 at the prior fiscal year end to \$458,450 at the end of the current fiscal year.
- The Bond Building Fund had \$1,455 in current fiscal year revenues and \$5.3 million in expenditures. The Bond Building Fund's fund balance decrease from \$5.6 million at the prior fiscal year end to \$265,487 at the end of the current year was primarily due to the utilization of remaining bond proceeds for various District capital projects.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

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

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, Title I Grants, Special Education Grants, Debt Service, Unrestricted Capital Outlay, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.2 million at the current fiscal year end.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

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

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2014 and June 30, 2013. The prior year data has not been restated for the effects of the prior period adjustment.

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>
Current and other assets	\$ 2,301,268	\$ 11,213,130
Capital assets, net	<u>18,868,245</u>	<u>13,827,334</u>
Total assets	<u>21,169,513</u>	<u>25,040,464</u>
Current and other liabilities	101,612	2,270,283
Long-term liabilities	<u>15,847,085</u>	<u>16,368,404</u>
Total liabilities	<u>15,948,697</u>	<u>18,638,687</u>
Net position:		
Net investment in capital assets	3,386,534	3,144,234
Restricted	1,696,572	1,653,723
Unrestricted	<u>137,710</u>	<u>1,603,820</u>
Total net position	<u>\$ 5,220,816</u>	<u>\$ 6,401,777</u>

The District's financial position is the product of several financial transactions including the net result of activities, the payment of debt, the acquisition of capital assets, and the depreciation of capital assets. The addition of \$5.3 million in capital assets through the construction of new schools, and other school improvements and purchases of vehicles, furniture and equipment was a significant current year transaction that had an impact on the Statement of Net Position.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

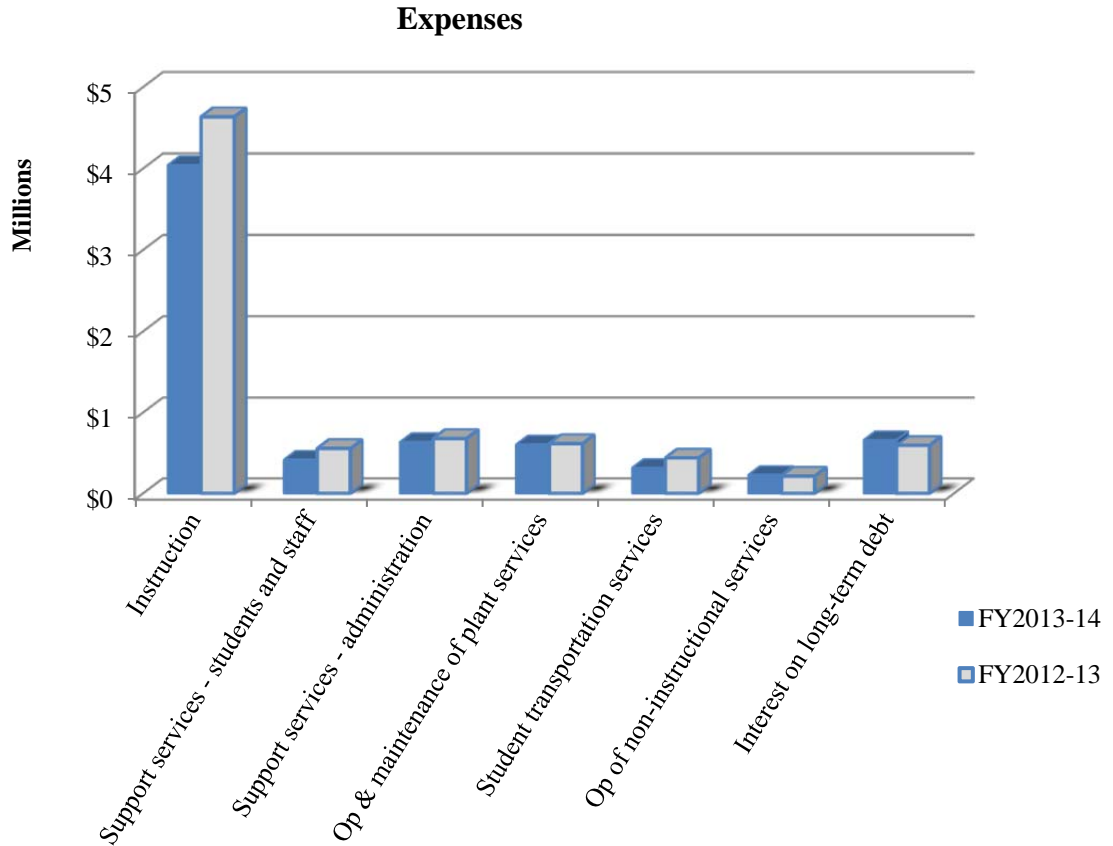
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net position.** The District's total revenues for the current fiscal year were \$6.1 million. The total cost of all programs and services was \$6.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013. The prior year data has not been restated for the effects of the prior period adjustment.

	Fiscal Year Ended <u>June 30, 2014</u>	Fiscal Year Ended <u>June 30, 2013</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 305,217	\$ 266,129
Operating grants and contributions	613,590	536,166
General revenues:		
Property taxes	4,016,386	4,125,397
Investment income	12,083	52,084
Unrestricted state aid	1,142,176	1,067,440
<b>Total revenues</b>	<u>6,089,452</u>	<u>6,047,216</u>
<b>Expenses:</b>		
Instruction	4,042,177	4,634,245
Support services – students and staff	415,926	553,838
Support services – administration	634,265	676,889
Operation and maintenance of plant services	604,167	614,056
Student transportation services	315,934	437,344
Operation of non-instructional services	227,952	212,742
Interest on long-term debt	659,142	592,330
<b>Total expenses</b>	<u>6,899,563</u>	<u>7,721,444</u>
<b>Changes in net position</b>	(810,111)	(1,674,228)
<b>Net position, beginning, as restated</b>	6,030,927	8,076,005
<b>Net position, ending</b>	<u>\$ 5,220,816</u>	<u>\$ 6,401,777</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**



The most significant current year impact on the change in net position was the decrease in instructional expense related to the completion various bond projects not subject to the capitalization threshold.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)**

	Year Ended June 30, 2014		Year Ended June 30, 2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 4,042,177	\$ (3,377,012)	\$ 4,634,245	\$ (4,104,439)
Support services – students and staff	415,926	(362,614)	553,838	(456,268)
Support services – administration	634,265	(634,265)	676,889	(676,889)
Operation and maintenance of plant services	604,167	(600,687)	614,056	(594,902)
Student transportation services	315,934	(315,934)	437,344	(437,344)
Operation of non-instructional services	227,952	(31,102)	212,742	(56,977)
Interest on long-term debt	659,142	(659,142)	592,330	(592,330)
<b>Total</b>	<u>\$ 6,899,563</u>	<u>\$ (5,980,756)</u>	<u>\$ 7,721,444</u>	<u>\$ (6,919,149)</u>

- The cost of all governmental activities this year was \$6.9 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$918,807.
- Net cost of governmental activities of \$6.0 million was financed by general revenues, which are made up of primarily property taxes of \$4.0 million and unrestricted state aid of \$1.1 million.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2.1 million, a decrease of \$6.2 million due primarily to utilization of remaining bond proceeds for the completion of various projects.

The General Fund comprises 8 percent of the total fund balance. The entire General Fund's fund balance of \$167,260 is unassigned.



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$1.1 million to \$167,260 as of fiscal year end was primarily a result of expenditures related to tuition increases and student growth. General Fund revenues increased \$107,630. General Fund expenditures increased \$277,805 as a result of expenditures related to tuition increases and student growth.

The Debt Service Fund had revenues of \$1.0 million primarily consisting of property tax revenues and expenditures of \$1.0 million.

The Bond Building Fund's fund balance decreased \$5.3 million due to the utilization of remaining bond proceeds for various projects.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$247,536 increase, or 6 percent due to an increase in student attendance.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. There were no significant variances between the final amended budget and actual expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$22.9 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$5.3 million from the prior fiscal year primarily due to school construction. Total depreciation expense for the current fiscal year was \$293,654.

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

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>
Capital assets – non-depreciable	\$ 37,760	\$ 9,475,562
Capital assets – depreciable, net	18,830,485	4,351,772
<b>Total</b>	<u>\$ 18,868,245</u>	<u>\$ 13,827,334</u>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)**

**Debt Administration.** At year end, the District had \$15.7 million in long-term debt outstanding, \$350,000 due within one year. This represents a net decrease of \$339,321.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 5 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$45.8 million and the Class B debt limit is \$15.3 million. The District was within the Constitutional debt limit and the Class B limit at the dates the bonds were issued. However, because the District's secondary assessed value has fallen, no further debt issuances are possible until the outstanding bonds are reduced below the Class B limit.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

- Fiscal year 2013-14 budget balance carry forward (estimated \$102,475).
- District student population (estimated 574).

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

Budgeted expenditures in the General Fund increased one percent to \$4.6 million in fiscal year 2014-15. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2014-15 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Continental Elementary School District No. 39, 1991 E. White House Canyon Road; Green Valley, Arizona 85614.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 1,970,230
Property taxes receivable	120,170
Accounts receivable	6,770
Due from governmental entities	204,098
Total current assets	2,301,268
Noncurrent assets:	
Land	37,760
Land improvements	12,904
Buildings and improvements	21,636,671
Vehicles, furniture and equipment	1,248,631
Accumulated depreciation	(4,067,721)
Total noncurrent assets	18,868,245
<b>Total assets</b>	<b>21,169,513</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	71,835
Compensated absences payable	22,500
Unearned revenues	29,777
Bonds payable	350,000
Total current liabilities	474,112
Noncurrent liabilities:	
Non-current portion of long-term obligations	15,474,585
Total noncurrent liabilities	15,474,585
<b>Total liabilities</b>	<b>15,948,697</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	3,386,534
Restricted for:	
Voter approved teacher incentives	151,425
Federal and state projects	19,596
Food service	46,964
Civic center	57,052
Community school	110,475
Extracurricular activities	227,424
Gifts and donations	205,427
Other local initiatives	12,022
Debt service	322,290
Capital outlay	543,897
Unrestricted	137,710
<b>Total net position</b>	<b>\$ 5,220,816</b>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

<b>Functions/Programs</b>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction	\$ 4,042,177	\$ 233,128	\$ 432,037	\$ (3,377,012)
Support services - students and staff	415,926		53,312	(362,614)
Support services - administration	634,265			(634,265)
Operation and maintenance of plant services	604,167	3,480		(600,687)
Student transportation services	315,934			(315,934)
Operation of non-instructional services	227,952	68,609	128,241	(31,102)
Interest on long-term debt	659,142			(659,142)
<b>Total governmental activities</b>	<u>\$ 6,899,563</u>	<u>\$ 305,217</u>	<u>\$ 613,590</u>	<u>(5,980,756)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	2,806,134
Property taxes, levied for debt service	1,016,128
Property taxes, levied for capital outlay	194,124
Investment income	12,083
Unrestricted state aid	1,142,176
<b>Total general revenues</b>	<u>5,170,645</u>

**Changes in net position** (810,111)

**Net position, beginning of year, as restated** 6,030,927

**Net position, end of year** \$ 5,220,816

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



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**FUND FINANCIAL STATEMENTS**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General	Title I Grants	Special Education Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 18,625	\$	\$
Property taxes receivable	86,785		
Accounts receivable			
Due from governmental entities	75,137	37,547	39,049
Due from other funds	86,007		
<b>Total assets</b>	<b>\$ 266,554</b>	<b>\$ 37,547</b>	<b>\$ 39,049</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 28,957	\$	\$
Due to other funds		37,547	39,049
Unearned revenues			
<b>Total liabilities</b>	<b>28,957</b>	<b>37,547</b>	<b>39,049</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes	70,337		
Fund balances:			
Restricted			
Unassigned	167,260		
<b>Total fund balances</b>	<b>167,260</b>		
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 266,554</b>	<b>\$ 37,547</b>	<b>\$ 39,049</b>

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 294,613	\$ 464,653	\$ 283,597	\$ 908,742	\$ 1,970,230
27,677			5,708	120,170
	3,130		6,770	6,770
			49,235	204,098
				86,007
<u>\$ 322,290</u>	<u>\$ 467,783</u>	<u>\$ 283,597</u>	<u>\$ 970,455</u>	<u>\$ 2,387,275</u>
\$	\$ 9,333	\$ 18,110	\$ 15,435	\$ 71,835
			9,411	86,007
			29,777	29,777
	<u>9,333</u>	<u>18,110</u>	<u>54,623</u>	<u>187,619</u>
<u>22,162</u>			<u>5,708</u>	<u>98,207</u>
300,128	458,450	265,487	910,124	1,934,189
				167,260
<u>300,128</u>	<u>458,450</u>	<u>265,487</u>	<u>910,124</u>	<u>2,101,449</u>
<u>\$ 322,290</u>	<u>\$ 467,783</u>	<u>\$ 283,597</u>	<u>\$ 970,455</u>	<u>\$ 2,387,275</u>

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**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>2,101,449</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 22,935,966	
Less accumulated depreciation	<u>(4,067,721)</u>	18,868,245
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		98,207
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(99,887)	
Bonds payable	(15,495,000)	
Bond premium payable	<u>(252,198)</u>	<u>(15,847,085)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>5,220,816</u></u></b>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	General	Title I Grants	Special Education Grants
<b>Revenues:</b>			
Other local	\$ 109,441	\$	\$
Property taxes	2,804,581		
State aid and grants	902,014		
Federal aid, grants and reimbursements		79,838	107,137
<b>Total revenues</b>	3,816,036	79,838	107,137
<b>Expenditures:</b>			
Current -			
Instruction	2,943,385	71,829	11,127
Support services - students and staff	223,829	7,628	95,098
Support services - administration	572,194		
Operation and maintenance of plant services	507,978		
Student transportation services	218,128		
Operation of non-instructional services	10,000		
Capital outlay	16,188		405
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	4,491,702	79,457	106,630
<b>Excess (deficiency) of revenues over expenditures</b>	(675,666)	381	507
<b>Other financing sources (uses):</b>			
Transfers in	1,035		
Transfers out	(244,180)	(381)	(507)
<b>Total other financing sources (uses):</b>	(243,145)	(381)	(507)
<b>Changes in fund balances</b>	(918,811)		
<b>Fund balances, beginning of year</b>	1,086,071		
<b>Fund balances, end of year</b>	\$ 167,260	\$	\$

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 108	\$ 2,923	\$ 1,455	\$ 444,686	\$ 558,613
1,003,003	37,584		207,548	4,015,132
			214,379	1,153,977
			173,501	360,476
<u>1,003,111</u>	<u>40,507</u>	<u>1,455</u>	<u>1,040,114</u>	<u>6,088,198</u>
			510,748	3,537,089
			28,048	354,603
			14,662	586,856
			11,620	519,598
			2,406	220,534
			206,734	216,734
	228,639	5,317,932	282,426	5,845,590
325,000				325,000
675,789				675,789
<u>1,000,789</u>	<u>228,639</u>	<u>5,317,932</u>	<u>1,056,644</u>	<u>12,281,793</u>
2,322	(188,132)	(5,316,477)	(16,530)	(6,193,595)
1,455	244,180			246,670
		(1,455)	(147)	(246,670)
<u>1,455</u>	<u>244,180</u>	<u>(1,455)</u>	<u>(147)</u>	
3,777	56,048	(5,317,932)	(16,677)	(6,193,595)
296,351	402,402	5,583,419	926,801	8,295,044
<u>\$ 300,128</u>	<u>\$ 458,450</u>	<u>\$ 265,487</u>	<u>\$ 910,124</u>	<u>\$ 2,101,449</u>



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

**Net changes in fund balances - total governmental funds** **\$ (6,193,595)**

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

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

Expenditures for capitalized assets	\$ 5,334,565	
Less current year depreciation	<u>(293,654)</u>	5,040,911

Some property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,254
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Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		325,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred bond items	14,321	
Compensated absences	<u>1,998</u>	<u>16,319</u>

**Changes in net position in governmental activities** **\$ (810,111)**

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 15,465
<b>Total assets</b>	<u>\$ 15,465</u>
<b><u>LIABILITIES</u></b>	
Due to student groups	\$ 15,465
<b>Total liabilities</b>	<u>\$ 15,465</u>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Continental Elementary School District No. 39 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

**A. Reporting Entity**

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

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

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**B. Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted State aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

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

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

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

The District reports the following major governmental funds:

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

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

**Special Education Grants Fund** – The Special Education Grants Fund accounts for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

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

Additionally, the District reports the following fund type:

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

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

**D. Cash and Investments**

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

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

**E. Investment Income**

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

**F. Receivables and Payables**

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

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

**G. Property Tax Calendar**

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

Land improvements	5 – 50 years
Buildings and improvements	5 – 50 years
Vehicles, furniture and equipment	5 – 30 years

**J. Deferred Outflows/Inflows of Resources**

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

**K. Compensated Absences**

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

**L. Long-term Obligations**

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

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

**M. Interfund Activity**

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

**N. Net Position Flow Assumption**

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**O. Estimates**

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

**P. New Accounting Pronouncement**

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

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)**

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

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

***Unassigned.*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)**

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

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Debt service	\$	\$ 300,128	\$	\$	\$
Capital projects			458,450		79,739
Bond building projects				265,487	
Voter approved teacher initiatives					151,425
Federal and State projects					19,596
Food service					46,964
Civic center					57,052
Community school					110,475
Extracurricular activities					227,424
Gifts and donations					205,427
Other purposes					12,022
Unassigned	167,260				
Total fund balances	<u>\$ 167,260</u>	<u>\$ 300,128</u>	<u>\$ 458,450</u>	<u>\$ 265,487</u>	<u>\$ 910,124</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$10,512 and the bank balance was \$18,713.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 – CASH AND INVESTMENTS (Concl'd)**

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

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	268 days	\$ 1,354,239
State Treasurer's investment pool 7	19 days	620,944
Total		\$ 1,975,183

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 7 had a weighted average of AAA at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

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

**NOTE 5 – RECEIVABLES**

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

	<u>General Fund</u>	<u>Title I Grants Fund</u>	<u>Special Education Grants Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:					
Due from Federal government	\$	\$ 37,547	\$ 39,049	\$	\$ 21,655
Due from State government	75,137			3,130	27,580
Net due from governmental entities	\$ 75,137	\$ 37,547	\$ 39,049	\$ 3,130	\$ 49,235

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 37,760	\$	\$	\$ 37,760
Construction in progress	<u>9,437,802</u>	<u>5,196,235</u>	<u>14,634,037</u>	<u>                    </u>
Total capital assets, not being depreciated	<u>9,475,562</u>	<u>5,196,235</u>	<u>14,634,037</u>	<u>37,760</u>
Capital assets, being depreciated:				
Land improvements		12,904		12,904
Buildings and improvements	6,945,041	14,691,630		21,636,671
Vehicles, furniture and equipment	<u>1,180,798</u>	<u>67,833</u>		<u>1,248,631</u>
Total capital assets being depreciated	<u>8,125,839</u>	<u>14,772,367</u>		<u>22,898,206</u>
Less accumulated depreciation for:				
Land improvements		(186)		(186)
Buildings and improvements	(3,183,292)	(233,087)		(3,416,379)
Vehicles, furniture and equipment	<u>(590,775)</u>	<u>(60,381)</u>		<u>(651,156)</u>
Total accumulated depreciation	<u>(3,774,067)</u>	<u>(293,654)</u>		<u>(4,067,721)</u>
Total capital assets, being depreciated, net	<u>4,351,772</u>	<u>14,478,713</u>		<u>18,830,485</u>
Governmental activities capital assets, net	<u>\$ 13,827,334</u>	<u>\$ 19,674,948</u>	<u>\$14,634,037</u>	<u>\$ 18,868,245</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 185,217
Support services – administration	1,092
Operation and maintenance of plant services	57,616
Student transportation services	48,732
Operation of non-instructional services	997
Total depreciation expense – governmental activities	<u>\$ 293,654</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2014	Due Within One Year
<b>Governmental activities:</b>					
School Improvement Bonds, Project 2010, Series A (2011)	\$2,000,000	6.00%	7/1/28-30	\$ 2,000,000	\$
School Improvement Bonds, Project 2010, Series B (2012)	9,185,000	2.25-4.00%	7/1/14-31	8,680,000	250,000
School Improvement Bonds, Project 2010, Series C (2013)	4,815,000	3.00-4.00%	7/1/15-32	4,815,000	100,000
Total				<u>\$ 15,495,000</u>	<u>\$ 350,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2015	\$ 350,000	\$ 584,414
2016	415,000	569,114
2017	410,000	552,614
2018	460,000	535,214
2019	510,000	518,964
2020-24	3,385,000	2,286,746
2025-29	5,415,000	1,510,615
2030-32	4,550,000	249,570
Total	<u>\$ 15,495,000</u>	<u>\$ 6,807,251</u>

**NOTE 8 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 15,820,000	\$	\$ 325,000	\$ 15,495,000	\$ 350,000
Premium	266,519		14,321	252,198	
Total bonds payable	<u>16,086,519</u>		<u>339,321</u>	<u>15,747,198</u>	<u>350,000</u>
Compensated absences payable	101,885	25,220	27,218	99,887	22,500
Governmental activity long-term liabilities	<u>\$ 16,188,404</u>	<u>\$ 25,220</u>	<u>\$ 366,539</u>	<u>\$ 15,847,085</u>	<u>\$ 372,500</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows.

**Due to/from other funds:**

	Title I Grants Fund	Special Education Grants Fund	Non-Major Governmental Funds	Total Due to Other Funds
General Fund	\$ 37,547	\$ 39,049	\$ 9,411	\$ 86,007
Total Due from Other Funds	<u>\$ 37,547</u>	<u>\$ 39,049</u>	<u>\$ 9,411</u>	<u>\$ 86,007</u>

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

**Interfund transfers:**

	Transfers in			Total
	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	
Transfers out				
General Fund	\$	\$	\$ 244,180	\$ 244,180
Title I Grants Fund	381			381
Special Education Grants Fund	507			507
Bond Building Fund		1,455		1,455
Non-Major Governmental Funds	147			147
Total	<u>\$ 1,035</u>	<u>\$ 1,455</u>	<u>\$ 244,180</u>	<u>\$ 246,670</u>

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

The July 1, 2013, government-wide net position does not agree to the prior year financial statements due to the elimination of bond issuance costs as specified in GASB Statement No. 65.

	Statement of Activities
Net position, June 30, 2013, as previously reported	\$ 6,401,777
Bond issuance costs	(370,850)
Net position, July 1, 2013, as restated	\$ 6,030,927

**NOTE 11 – CONTINGENT LIABILITIES**

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

**Arbitrage** – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 12 – RISK MANAGEMENT (Concl'd)**

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District continues to carry commercial insurance for all other risks of loss, including dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)**

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

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

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

	Retirement Fund	Health Benefit Supplement Fund	Long- Term Disability Fund
Year ending June 30:			
2014	\$ 242,673	\$ 13,608	\$ 5,443
2013	212,159	13,454	4,968
2012	174,509	11,139	4,243

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 72,671	\$ 72,671
Property taxes			2,804,581	2,804,581
State aid and grants			902,014	902,014
<b>Total revenues</b>			<u>3,779,266</u>	<u>3,779,266</u>
<b>Expenditures:</b>				
Current -				
Instruction	2,740,639	2,987,686	2,889,839	97,847
Support services - students and staff	307,299	217,729	208,994	8,735
Support services - administration	536,643	583,617	551,291	32,326
Operation and maintenance of plant services	480,427	541,712	582,610	(40,898)
Student transportation services	246,060	238,790	197,260	41,530
Operation of non-instructional services	21,400	10,470	10,000	470
<b>Total expenditures</b>	<u>4,332,468</u>	<u>4,580,004</u>	<u>4,439,994</u>	<u>140,010</u>
<b>Changes in fund balances</b>	<u>(4,332,468)</u>	<u>(4,580,004)</u>	<u>(660,728)</u>	<u>3,919,276</u>
<b>Fund balances, beginning of year</b>			538,862	538,862
Increase (decrease) in reserve for prepaid items			193,743	193,743
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,332,468)</u>	<u>\$ (4,580,004)</u>	<u>\$ 71,877</u>	<u>\$ 4,651,881</u>

See accompanying notes to this schedule.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**TITLE I GRANTS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 79,838	\$ 79,838
<b>Total revenues</b>			<u>79,838</u>	<u>79,838</u>
<b>Expenditures:</b>				
Current -				
Instruction	81,659	118,072	71,829	46,243
Support services - students and staff	<u>10,000</u>	<u>10,000</u>	<u>7,628</u>	<u>2,372</u>
<b>Total expenditures</b>	<u>91,659</u>	<u>128,072</u>	<u>79,457</u>	<u>48,615</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(91,659)</u>	<u>(128,072)</u>	<u>381</u>	<u>128,453</u>
<b>Other financing sources (uses):</b>				
Transfers out			(381)	(381)
<b>Total other financing sources (uses):</b>			<u>(381)</u>	<u>(381)</u>
<b>Changes in fund balances</b>	<u>(91,659)</u>	<u>(128,072)</u>		<u>128,072</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (91,659)</u>	<u>\$ (128,072)</u>	<u>\$</u>	<u>\$ 128,072</u>

See accompanying notes to this schedule.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL EDUCATION GRANTS  
YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 107,137	\$ 107,137
<b>Total revenues</b>			<u>107,137</u>	<u>107,137</u>
<b>Expenditures:</b>				
Current -				
Instruction	14,039	15,088	11,127	3,961
Support services - students and staff	109,000	105,100	95,098	10,002
Capital outlay			405	(405)
<b>Total expenditures</b>	<u>123,039</u>	<u>120,188</u>	<u>106,630</u>	<u>13,558</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(123,039)</u>	<u>(120,188)</u>	<u>507</u>	<u>120,695</u>
<b>Other financing sources (uses):</b>				
Transfers out			(507)	(507)
<b>Total other financing sources (uses):</b>			<u>(507)</u>	<u>(507)</u>
<b>Changes in fund balances</b>	<u>(123,039)</u>	<u>(120,188)</u>		<u>120,188</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (123,039)</u>	<u>\$ (120,188)</u>	<u>\$</u>	<u>\$ 120,188</u>

See accompanying notes to this schedule.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balances</u> <u>End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 4,491,702	\$ 167,260
Activity budgeted as special revenue funds	(47,630)	(88,523)
Activity budgeted as capital projects funds		(6,860)
Current-year prepaid items	193,743	
Prior-year prepaid items	(197,821)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 4,439,994	\$ 71,877



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

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**GOVERNMENTAL FUNDS**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 829,003	\$ 79,739	\$ 908,742
Property taxes receivable		5,708	5,708
Accounts receivable	6,770		6,770
Due from governmental entities	49,235		49,235
<b>Total assets</b>	<b>\$ 885,008</b>	<b>\$ 85,447</b>	<b>\$ 970,455</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 15,435	\$	\$ 15,435
Due to other funds	9,411		9,411
Unearned revenues	29,777		29,777
<b>Total liabilities</b>	<b>54,623</b>		<b>54,623</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes		5,708	5,708
Fund balances:			
Restricted	830,385	79,739	910,124
<b>Total fund balances</b>	<b>830,385</b>	<b>79,739</b>	<b>910,124</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 885,008</b>	 <b>\$ 85,447</b>	 <b>\$ 970,455</b>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 443,875	\$ 811	\$ 444,686
Property taxes		207,548	207,548
State aid and grants	214,379		214,379
Federal aid, grants and reimbursements	173,501		173,501
<b>Total revenues</b>	<u>831,755</u>	<u>208,359</u>	<u>1,040,114</u>
<b>Expenditures:</b>			
Current -			
Instruction	510,748		510,748
Support services - students and staff	28,048		28,048
Support services - administration	14,662		14,662
Operation and maintenance of plant services	11,620		11,620
Student transportation services	2,406		2,406
Operation of non-instructional services	206,734		206,734
Capital outlay	82,101	200,325	282,426
<b>Total expenditures</b>	<u>856,319</u>	<u>200,325</u>	<u>1,056,644</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(24,564)</u>	<u>8,034</u>	<u>(16,530)</u>
<b>Other financing sources (uses):</b>			
Transfers out	(147)		(147)
<b>Total other financing sources (uses):</b>	<u>(147)</u>		<u>(147)</u>
<b>Changes in fund balances</b>	<u>(24,711)</u>	<u>8,034</u>	<u>(16,677)</u>
<b>Fund balances, beginning of year</b>	855,096	71,705	926,801
<b>Fund balances, end of year</b>	<u>\$ 830,385</u>	<u>\$ 79,739</u>	<u>\$ 910,124</u>

## SPECIAL REVENUE FUNDS

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

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

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

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

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

**Promote Informed Parent Choice** - to account for financial assistance received to promote parent choices in the education of their students.

**Limited English & Immigrant Students** - to account for financial assistance received for educational services and costs for limited English and immigrant children.

**Medicaid Reimbursement** - to account for reimbursements related to specific health services provided to eligible students.

**E-Rate** - to account for financial assistance received for broadband internet and telecommunication costs.

**Other Federal Projects** - to account for financial assistance received for other supplemental federal projects.

**Gifted** - to account for financial assistance received for programs for gifted students.

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

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

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

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

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

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

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

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

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

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

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

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

**Grants and Gifts to Teachers** - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Classroom Site	Instructional Improvement	Structured English Immersion
<b><u>ASSETS</u></b>			
Cash and investments	\$ 24,802	\$ 99,043	\$ 228
Accounts receivable			
Due from governmental entities	27,580		
<b>Total assets</b>	<b>\$ 52,382</b>	<b>\$ 99,043</b>	<b>\$ 228</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Unearned revenues			228
<b>Total liabilities</b>			<b>228</b>
Fund balances:			
Restricted	52,382	99,043	
<b>Total fund balances</b>	<b>52,382</b>	<b>99,043</b>	
 <b>Total liabilities and fund balances</b>	 <b>\$ 52,382</b>	 <b>\$ 99,043</b>	 <b>\$ 228</b>

<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Promote Informed Parent Choice</u>	<u>Limited English &amp; Immigrant Students</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
\$ 4,404	\$ 1	\$ 751	\$	\$ 7,352	\$ 9,490
			9,411	12,244	
<u>\$ 4,404</u>	<u>\$ 1</u>	<u>\$ 751</u>	<u>\$ 9,411</u>	<u>\$ 19,596</u>	<u>\$ 9,490</u>
\$	\$	\$	\$	\$	\$ 1,268
4,404	1	751	9,411		8,222
<u>4,404</u>	<u>1</u>	<u>751</u>	<u>9,411</u>		<u>9,490</u>
				19,596	
				19,596	
<u>\$ 4,404</u>	<u>\$ 1</u>	<u>\$ 751</u>	<u>\$ 9,411</u>	<u>\$ 19,596</u>	<u>\$ 9,490</u>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Gifted	Other State Projects	Food Service
<b><u>ASSETS</u></b>			
Cash and investments	\$ 62	\$ 22,763	\$ 46,964
Accounts receivable			
Due from governmental entities			
<b>Total assets</b>	<b>\$ 62</b>	<b>\$ 22,763</b>	<b>\$ 46,964</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 6,654	\$
Due to other funds			
Unearned revenues	62	16,109	
<b>Total liabilities</b>	<b>62</b>	<b>22,763</b>	
Fund balances:			
Restricted			46,964
<b>Total fund balances</b>			46,964
 <b>Total liabilities and fund balances</b>	<b>\$ 62</b>	<b>\$ 22,763</b>	<b>\$ 46,964</b>

<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>
\$ 57,052	\$ 106,234 5,622	\$ 227,424	\$ 210,411 1,148	\$ 50	\$ 1,443
<u>\$ 57,052</u>	<u>\$ 111,856</u>	<u>\$ 227,424</u>	<u>\$ 211,559</u>	<u>\$ 50</u>	<u>\$ 1,443</u>
\$	\$ 1,381	\$	\$ 6,132	\$	\$
	<u>1,381</u>		<u>6,132</u>		
<u>57,052</u>	<u>110,475</u>	<u>227,424</u>	<u>205,427</u>	<u>50</u>	<u>1,443</u>
<u>57,052</u>	<u>110,475</u>	<u>227,424</u>	<u>205,427</u>	<u>50</u>	<u>1,443</u>
<u>\$ 57,052</u>	<u>\$ 111,856</u>	<u>\$ 227,424</u>	<u>\$ 211,559</u>	<u>\$ 50</u>	<u>\$ 1,443</u>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2014**

	Grants and Gifts to Teachers	Advertisement	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 9,907	\$ 622	\$ 829,003
Accounts receivable			6,770
Due from governmental entities			49,235
<b>Total assets</b>	\$ 9,907	\$ 622	\$ 885,008
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 15,435
Due to other funds			9,411
Unearned revenues			29,777
<b>Total liabilities</b>			54,623
Fund balances:			
Restricted	9,907	622	830,385
<b>Total fund balances</b>	9,907	622	830,385
 <b>Total liabilities and fund balances</b>	\$ 9,907	\$ 622	\$ 885,008

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**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Classroom Site	Instructional Improvement	Professional Development and Technology Grants
<b>Revenues:</b>			
Other local	\$ 426	\$ 472	\$
State aid and grants	183,381	19,197	
Federal aid, grants and reimbursements			6,945
<b>Total revenues</b>	<b>183,807</b>	<b>19,669</b>	<b>6,945</b>
<b>Expenditures:</b>			
Current -			
Instruction	148,323	15,370	1,911
Support services - students and staff			5,001
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<b>148,323</b>	<b>15,370</b>	<b>6,912</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>35,484</b>	<b>4,299</b>	<b>33</b>
<b>Other financing sources (uses):</b>			
Transfers out			(33)
<b>Total other financing sources (uses):</b>			<b>(33)</b>
<b>Changes in fund balances</b>	<b>35,484</b>	<b>4,299</b>	
<b>Fund balances, beginning of year</b>	16,898	94,744	
<b>Fund balances, end of year</b>	<b>\$ 52,382</b>	<b>\$ 99,043</b>	<b>\$</b>

Limited English & Immigrant Students	E-Rate	Other Federal Projects	Other State Projects	Food Service	Civic Center
\$	\$ 14	\$	\$	\$ 71,364	\$ 3,815
10,120	12,244	8,345	11,801	128,241	
<u>10,120</u>	<u>12,258</u>	<u>8,345</u>	<u>11,801</u>	<u>199,605</u>	<u>3,815</u>
10,072		8,279	2,988		4,424
				561	8,150
			8,813	206,734	
<u>10,072</u>		<u>8,279</u>	<u>11,801</u>	<u>2,118</u>	<u>8,719</u>
48	12,258	66		209,413	21,293
				(9,808)	(17,478)
(48)		(66)			
<u>(48)</u>		<u>(66)</u>			
	12,258			(9,808)	(17,478)
	7,338			56,772	74,530
<u>\$</u>	<u>\$ 19,596</u>	<u>\$</u>	<u>\$</u>	<u>\$ 46,964</u>	<u>\$ 57,052</u>

(Continued)



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations
<b>Revenues:</b>			
Other local	\$ 123,267	\$ 107,883	\$ 135,940
State aid and grants			
Federal aid, grants and reimbursements	7,606		
<b>Total revenues</b>	<u>130,873</u>	<u>107,883</u>	<u>135,940</u>
<b>Expenditures:</b>			
Current -			
Instruction	106,643	106,922	98,207
Support services - students and staff	901	490	20,892
Support services - administration	824		13,838
Operation and maintenance of plant services			54
Student transportation services			
Operation of non-instructional services			
Capital outlay	3,329	554	37,844
<b>Total expenditures</b>	<u>111,697</u>	<u>107,966</u>	<u>170,835</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>19,176</u>	<u>(83)</u>	<u>(34,895)</u>
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>19,176</u>	<u>(83)</u>	<u>(34,895)</u>
<b>Fund balances, beginning of year</b>	91,299	227,507	240,322
<b>Fund balances, end of year</b>	<u>\$ 110,475</u>	<u>\$ 227,424</u>	<u>\$ 205,427</u>

<u>Fingerprint</u>	<u>Textbooks</u>	<u>Grants and Gifts to Teachers</u>	<u>Advertisement</u>	<u>Totals</u>
\$	\$ 551	\$ 118	\$ 25	\$ 443,875
				214,379
				173,501
	<u>551</u>	<u>118</u>	<u>25</u>	<u>831,755</u>
		7,609		510,748
		764		28,048
		2,855		14,662
			2,406	11,620
				2,406
				206,734
		<u>16,197</u>	<u>4,527</u>	<u>82,101</u>
		<u>27,425</u>	<u>6,933</u>	<u>856,319</u>
	<u>551</u>	<u>(27,307)</u>	<u>(6,908)</u>	<u>(24,564)</u>
				(147)
				(147)
	<u>551</u>	<u>(27,307)</u>	<u>(6,908)</u>	<u>(24,711)</u>
50	892	37,214	7,530	855,096
<u>\$ 50</u>	<u>\$ 1,443</u>	<u>\$ 9,907</u>	<u>\$ 622</u>	<u>\$ 830,385</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 426	\$ 426
State aid and grants		183,381	183,381
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>183,807</u>	<u>183,807</u>
<b>Expenditures:</b>			
Current -			
Instruction	304,499	148,323	156,176
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>304,499</u>	<u>148,323</u>	<u>156,176</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(304,499)</u>	<u>35,484</u>	<u>339,983</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(304,499)</u>	<u>35,484</u>	<u>339,983</u>
<b>Fund balances, beginning of year</b>		16,898	16,898
<b>Fund balances (deficits), end of year</b>	<u>\$ (304,499)</u>	<u>\$ 52,382</u>	<u>\$ 356,881</u>

Instructional Improvement			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 472	\$ 472	\$	\$	\$
	19,197	19,197			
	<u>19,669</u>	<u>19,669</u>		<u>6,945</u>	<u>6,945</u>
				<u>6,945</u>	<u>6,945</u>
103,578	15,370	88,208	6,000	1,911	4,089
			11,286	5,001	6,285
<u>103,578</u>	<u>15,370</u>	<u>88,208</u>	<u>17,286</u>	<u>6,912</u>	<u>10,374</u>
<u>(103,578)</u>	<u>4,299</u>	<u>107,877</u>	<u>(17,286)</u>	<u>33</u>	<u>17,319</u>
				<u>(33)</u>	<u>(33)</u>
				<u>(33)</u>	<u>(33)</u>
<u>(103,578)</u>	<u>4,299</u>	<u>107,877</u>	<u>(17,286)</u>		<u>17,286</u>
	94,744	94,744			
<u>\$ (103,578)</u>	<u>\$ 99,043</u>	<u>\$ 202,621</u>	<u>\$ (17,286)</u>	<u>\$</u>	<u>\$ 17,286</u>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		10,120	10,120
<b>Total revenues</b>		10,120	10,120
<b>Expenditures:</b>			
Current -			
Instruction	13,136	10,072	3,064
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	13,136	10,072	3,064
<b>Excess (deficiency) of revenues over expenditures</b>	(13,136)	48	13,184
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(48)	(48)
<b>Total other financing sources (uses):</b>		(48)	(48)
<b>Changes in fund balances</b>	(13,136)		13,136
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	\$ (13,136)	\$	\$ 13,136

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 14	\$ 14
				12,244	12,244
				12,258	12,258
			7,338		7,338
895	742	153			
<u>895</u>	<u>742</u>	<u>153</u>	<u>7,338</u>		<u>7,338</u>
<u>(895)</u>	<u>(742)</u>	<u>153</u>	<u>(7,338)</u>	<u>12,258</u>	<u>19,596</u>
<u>(895)</u>	<u>(742)</u>	<u>153</u>	<u>(7,338)</u>	<u>12,258</u>	<u>19,596</u>
	895	895		7,338	7,338
<u>\$ (895)</u>	<u>\$ 153</u>	<u>\$ 1,048</u>	<u>\$ (7,338)</u>	<u>\$ 19,596</u>	<u>\$ 26,934</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		8,345	8,345
<b>Total revenues</b>		8,345	8,345
<b>Expenditures:</b>			
Current -			
Instruction	54,239	8,279	45,960
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	54,239	8,279	45,960
<b>Excess (deficiency) of revenues over expenditures</b>	(54,239)	66	54,305
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(66)	(66)
<b>Total other financing sources (uses):</b>		(66)	(66)
<b>Changes in fund balances</b>	(54,239)		54,239
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	\$ (54,239)	\$	\$ 54,239

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	11,801	11,801		15,003	15,003
	<u>11,801</u>	<u>11,801</u>		<u>15,003</u>	<u>15,003</u>
18,041	2,988	15,053			
			500	318	182
<u>10,000</u>	<u>8,813</u>	<u>1,187</u>	<u>71,510</u>	<u>11,188</u>	<u>60,322</u>
<u>28,041</u>	<u>11,801</u>	<u>16,240</u>	<u>72,010</u>	<u>11,506</u>	<u>60,504</u>
<u>(28,041)</u>		<u>28,041</u>	<u>(72,010)</u>	<u>3,497</u>	<u>75,507</u>
<u>(28,041)</u>		<u>28,041</u>	<u>(72,010)</u>	<u>3,497</u>	<u>75,507</u>
				57,912	57,912
<u>\$ (28,041)</u>	<u>\$</u>	<u>\$ 28,041</u>	<u>\$ (72,010)</u>	<u>\$ 61,409</u>	<u>\$ 133,419</u>



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Food Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 71,364	\$ 71,364
State aid and grants			
Federal aid, grants and reimbursements		128,241	128,241
<b>Total revenues</b>		<u>199,605</u>	<u>199,605</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	1,000	561	439
Student transportation services			
Operation of non-instructional services	222,000	206,734	15,266
Capital outlay	3,000	2,118	882
<b>Total expenditures</b>	<u>226,000</u>	<u>209,413</u>	<u>16,587</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(226,000)</u>	<u>(9,808)</u>	<u>216,192</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(226,000)</u>	<u>(9,808)</u>	<u>216,192</u>
<b>Fund balances, beginning of year</b>		56,772	56,772
<b>Fund balances (deficits), end of year</b>	<u>\$ (226,000)</u>	<u>\$ 46,964</u>	<u>\$ 272,964</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,815	\$ 3,815	\$	\$ 123,267	\$ 123,267
				7,606	7,606
	<u>3,815</u>	<u>3,815</u>		<u>130,873</u>	<u>130,873</u>
18,000	4,424	13,576	195,284	106,643	88,641
			1,000	901	99
30,000	8,150	21,850	1,000	824	176
<u>30,500</u>	<u>8,719</u>	<u>21,781</u>	<u>5,000</u>	<u>3,329</u>	<u>1,671</u>
<u>78,500</u>	<u>21,293</u>	<u>57,207</u>	<u>202,284</u>	<u>111,697</u>	<u>90,587</u>
<u>(78,500)</u>	<u>(17,478)</u>	<u>61,022</u>	<u>(202,284)</u>	<u>19,176</u>	<u>221,460</u>
<u>(78,500)</u>	<u>(17,478)</u>	<u>61,022</u>	<u>(202,284)</u>	<u>19,176</u>	<u>221,460</u>
	74,530	74,530		91,299	91,299
<u>\$ (78,500)</u>	<u>\$ 57,052</u>	<u>\$ 135,552</u>	<u>\$ (202,284)</u>	<u>\$ 110,475</u>	<u>\$ 312,759</u>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Auxiliary Operations		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 20,115	\$ 20,115
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>20,115</u>	<u>20,115</u>
<b>Expenditures:</b>			
Current -			
Instruction	41,100	24,563	16,537
Support services - students and staff	5,000	4,632	368
Support services - administration	1,000	210	790
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>47,100</u>	<u>29,405</u>	<u>17,695</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(47,100)</u>	<u>(9,290)</u>	<u>37,810</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(47,100)</u>	<u>(9,290)</u>	<u>37,810</u>
<b>Fund balances, beginning of year</b>		28,676	28,676
<b>Fund balances (deficits), end of year</b>	<u>\$ (47,100)</u>	<u>\$ 19,386</u>	<u>\$ 66,486</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 107,883	\$ 107,883	\$	\$ 135,940	\$ 135,940
	<u>107,883</u>	<u>107,883</u>		<u>135,940</u>	<u>135,940</u>
348,815	106,922	241,893	209,332	98,207	111,125
	490	(490)	44,532	20,892	23,640
			29,496	13,838	15,658
			115	54	61
	<u>554</u>	<u>(554)</u>	<u>80,666</u>	<u>37,844</u>	<u>42,822</u>
<u>348,815</u>	<u>107,966</u>	<u>240,849</u>	<u>364,141</u>	<u>170,835</u>	<u>193,306</u>
<u>(348,815)</u>	<u>(83)</u>	<u>348,732</u>	<u>(364,141)</u>	<u>(34,895)</u>	<u>329,246</u>
<u>(348,815)</u>	<u>(83)</u>	<u>348,732</u>	<u>(364,141)</u>	<u>(34,895)</u>	<u>329,246</u>
	<u>227,507</u>	<u>227,507</u>		<u>240,322</u>	<u>240,322</u>
<u>\$ (348,815)</u>	<u>\$ 227,424</u>	<u>\$ 576,239</u>	<u>\$ (364,141)</u>	<u>\$ 205,427</u>	<u>\$ 569,568</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction	50		50
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	50		50
<b>Excess (deficiency) of revenues over expenditures</b>	(50)		50
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(50)		50
<b>Fund balances, beginning of year</b>		50	50
<b>Fund balances (deficits), end of year</b>	\$ (50)	\$ 50	\$ 100

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 551	\$ 551	\$	\$ 200	\$ 200
	<u>551</u>	<u>551</u>		<u>200</u>	<u>200</u>
1,031		1,031			
<u>1,031</u>		<u>1,031</u>	<u>9,854</u>	<u>5,000</u>	<u>4,854</u>
<u>(1,031)</u>	<u>551</u>	<u>1,582</u>	<u>(9,854)</u>	<u>(4,800)</u>	<u>5,054</u>
<u>(1,031)</u>	<u>551</u>	<u>1,582</u>	<u>(9,854)</u>	<u>(4,800)</u>	<u>5,054</u>
	892	892		9,823	9,823
<u>\$ (1,031)</u>	<u>\$ 1,443</u>	<u>\$ 2,474</u>	<u>\$ (9,854)</u>	<u>\$ 5,023</u>	<u>\$ 14,877</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 12	\$ 12
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>                    </u>	<u>                    12</u>	<u>                    12</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	2,932	977	1,955
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>                    2,932</u>	<u>                    977</u>	<u>                    1,955</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>                    (2,932)</u>	<u>                    (965)</u>	<u>                    1,967</u>
<b>Other financing sources (uses):</b>			
Transfers in		1,035	1,035
Transfers out		<u>                    1</u>	<u>                    1</u>
<b>Total other financing sources (uses):</b>		<u>                    1,036</u>	<u>                    1,036</u>
<b>Changes in fund balances</b>	<u>                    (2,932)</u>	<u>                    71</u>	<u>                    3,003</u>
<b>Fund balances, beginning of year</b>		2,481	2,481
<b>Fund balances (deficits), end of year</b>	<u>                    \$ (2,932)</u>	<u>                    \$ 2,552</u>	<u>                    \$ 5,484</u>

Grants and Gifts to Teachers			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 118	\$ 118	\$	\$ 25	\$ 25
	<u>118</u>	<u>118</u>		<u>25</u>	<u>25</u>
10,980	7,609	3,371			
1,102	764	338			
4,120	2,855	1,265			
			2,620	2,406	214
<u>23,372</u>	<u>16,197</u>	<u>7,175</u>	<u>4,931</u>	<u>4,527</u>	<u>404</u>
<u>39,574</u>	<u>27,425</u>	<u>12,149</u>	<u>7,551</u>	<u>6,933</u>	<u>618</u>
<u>(39,574)</u>	<u>(27,307)</u>	<u>12,267</u>	<u>(7,551)</u>	<u>(6,908)</u>	<u>643</u>
<u>(39,574)</u>	<u>(27,307)</u>	<u>12,267</u>	<u>(7,551)</u>	<u>(6,908)</u>	<u>643</u>
	37,214	37,214		7,530	7,530
<u>\$ (39,574)</u>	<u>\$ 9,907</u>	<u>\$ 49,481</u>	<u>\$ (7,551)</u>	<u>\$ 622</u>	<u>\$ 8,173</u>



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 479,205	\$ 479,205
State aid and grants		214,379	214,379
Federal aid, grants and reimbursements		173,501	173,501
<b>Total revenues</b>		<u>867,085</u>	<u>867,085</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,331,423	535,311	796,112
Support services - students and staff	62,920	32,680	30,240
Support services - administration	35,323	16,591	18,732
Operation and maintenance of plant services	35,735	11,938	23,797
Student transportation services	2,620	2,406	214
Operation of non-instructional services	222,000	206,734	15,266
Capital outlay	238,833	98,289	140,544
<b>Total expenditures</b>	<u>1,928,854</u>	<u>903,949</u>	<u>1,024,905</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,928,854)</u>	<u>(36,864)</u>	<u>1,891,990</u>
<b>Other financing sources (uses):</b>			
Transfers in		1,035	1,035
Transfers out		(146)	(146)
<b>Total other financing sources (uses):</b>		<u>889</u>	<u>889</u>
<b>Changes in fund balances</b>	<u>(1,928,854)</u>	<u>(35,975)</u>	<u>1,892,879</u>
<b>Fund balances, beginning of year</b>		954,883	954,883
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,928,854)</u>	<u>\$ 918,908</u>	<u>\$ 2,847,762</u>

## **DEBT SERVICE FUND**

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE**  
**YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 108	\$ 108
Property taxes		1,003,003	1,003,003
<b>Total revenues</b>		1,003,111	1,003,111
<b>Expenditures:</b>			
Debt service -			
Principal retirement	325,000	325,000	
Interest and fiscal charges	673,464	675,789	(2,325)
<b>Total expenditures</b>	998,464	1,000,789	(2,325)
<b>Excess (deficiency) of revenues over expenditures</b>	(998,464)	2,322	1,000,786
<b>Other financing sources (uses):</b>			
Transfers in		1,455	1,455
<b>Total other financing sources (uses):</b>		1,455	1,455
<b>Changes in fund balances</b>	(998,464)	3,777	1,002,241
<b>Fund balances, beginning of year</b>		296,351	296,351
<b>Fund balances (deficits), end of year</b>	\$ (998,464)	\$ 300,128	\$ 1,298,592

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

**New School Facilities** - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
 COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2014**

	Adjacent Ways	Emergency Deficiencies Correction	Building Renewal
<b><u>ASSETS</u></b>			
Cash and investments	\$ 79,711	\$ 19	\$ 4
Property taxes receivable	5,708		
<b>Total assets</b>	<b>\$ 85,419</b>	<b>\$ 19</b>	<b>\$ 4</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Deferred inflows of resources:			
Unavailable revenues - property taxes	\$ 5,708	\$	\$
Fund balances:			
Restricted	79,711	19	4
<b>Total fund balances</b>	<b>79,711</b>	<b>19</b>	<b>4</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 85,419</b>	 <b>\$ 19</b>	 <b>\$ 4</b>

<u>Building Renewal Grant</u>	<u>New School Facilities</u>	<u>Totals</u>
\$ 3	\$ 2	\$ 79,739
		5,708
<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 85,447</u>
<u>\$</u>	<u>\$</u>	<u>\$ 5,708</u>
<u>3</u>	<u>2</u>	<u>79,739</u>
<u>3</u>	<u>2</u>	<u>79,739</u>
<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 85,447</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Adjacent Ways</u>	<u>Emergency Deficiencies Correction</u>	<u>Building Renewal</u>
<b>Revenues:</b>			
Other local	\$ 803	\$	\$ 4
Property taxes	<u>207,548</u>	<u>                    </u>	<u>                    </u>
<b>Total revenues</b>	<u>208,351</u>	<u>                    </u>	<u>4</u>
<b>Expenditures:</b>			
Capital outlay	<u>192,380</u>	<u>                    </u>	<u>4,258</u>
<b>Total expenditures</b>	<u>192,380</u>	<u>                    </u>	<u>4,258</u>
<b>Changes in fund balances</b>	<u>15,971</u>	<u>                    </u>	<u>(4,254)</u>
<b>Fund balances, beginning of year</b>	63,740	19	4,258
<b>Fund balances, end of year</b>	<u>\$ 79,711</u>	<u>\$ 19</u>	<u>\$ 4</u>

Building Renewal Grant	New School Facilities	Totals
\$ 3	\$ 1	\$ 811
<u>3</u>	<u>1</u>	<u>207,548</u>
		<u>208,359</u>
3,458	229	200,325
<u>3,458</u>	<u>229</u>	<u>200,325</u>
(3,455)	(228)	8,034
3,458	230	71,705
<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 79,739</u>



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 1,440	\$ 1,440
Property taxes			
State aid and grants			
<b>Total revenues</b>	<u>                    </u>	<u>                    1,440</u>	<u>                    1,440</u>
<b>Expenditures:</b>			
Capital outlay	<u>                    6,847</u>		<u>                    6,847</u>
<b>Total expenditures</b>	<u>                    6,847</u>		<u>                    6,847</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>                    (6,847)</u>	<u>                    1,440</u>	<u>                    8,287</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Changes in fund balances</b>	<u>                    (6,847)</u>	<u>                    1,440</u>	<u>                    8,287</u>
<b>Fund balances, beginning of year</b>		5,420	5,420
<b>Fund balances (deficits), end of year</b>	<u>                    \$ (6,847)</u>	<u>                    \$ 6,860</u>	<u>                    \$ 13,707</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,923	\$ 2,923	\$	\$ 803	\$ 803
	37,584	37,584		207,548	207,548
	<u>40,507</u>	<u>40,507</u>		<u>208,351</u>	<u>208,351</u>
365,153	228,639	136,514	195,000	192,380	2,620
<u>365,153</u>	<u>228,639</u>	<u>136,514</u>	<u>195,000</u>	<u>192,380</u>	<u>2,620</u>
(365,153)	(188,132)	177,021	(195,000)	15,971	210,971
	244,180	244,180			
	<u>244,180</u>	<u>244,180</u>			
(365,153)	56,048	421,201	(195,000)	15,971	210,971
	402,402	402,402		63,740	63,740
<u>\$ (365,153)</u>	<u>\$ 458,450</u>	<u>\$ 823,603</u>	<u>\$ (195,000)</u>	<u>\$ 79,711</u>	<u>\$ 274,711</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Soft Capital Allocation		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(244,181)	(244,181)
<b>Total other financing sources (uses):</b>		(244,181)	(244,181)
<b>Changes in fund balances</b>		(244,181)	(244,181)
<b>Fund balances, beginning of year</b>		244,181	244,181
<b>Fund balances (deficits), end of year</b>	\$	\$	\$

<u>Bond Building</u>			<u>Emergency Deficiencies Correction</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 1,455	\$ 1,455	\$	\$	\$
	<u>1,455</u>	<u>1,455</u>			
<u>5,486,285</u>	<u>5,317,932</u>	<u>168,353</u>			
<u>5,486,285</u>	<u>5,317,932</u>	<u>168,353</u>			
<u>(5,486,285)</u>	<u>(5,316,477)</u>	<u>169,808</u>			
	<u>(1,455)</u>	<u>(1,455)</u>			
	<u>(1,455)</u>	<u>(1,455)</u>			
<u>(5,486,285)</u>	<u>(5,317,932)</u>	<u>168,353</u>			
	5,583,419	5,583,419		19	19
<u>\$ (5,486,285)</u>	<u>\$ 265,487</u>	<u>\$ 5,751,772</u>	<u>\$</u>	<u>\$ 19</u>	<u>\$ 19</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 ALL CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Building Renewal		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 4	\$ 4
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>4</u>	<u>4</u>
<b>Expenditures:</b>			
Capital outlay		4,258	(4,258)
<b>Total expenditures</b>		<u>4,258</u>	<u>(4,258)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(4,254)</u>	<u>(4,254)</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		<u>(4,254)</u>	<u>(4,254)</u>
<b>Fund balances, beginning of year</b>		4,258	4,258
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 4</u>	<u>\$ 4</u>

Building Renewal Grant			New School Facilities		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3	\$ 3	\$	\$ 1	\$ 1
	<u>3</u>	<u>3</u>		<u>1</u>	<u>1</u>
3,459	3,458	1		229	(229)
<u>3,459</u>	<u>3,458</u>	<u>1</u>		<u>229</u>	<u>(229)</u>
(3,459)	(3,455)	4		(228)	(228)
<u>(3,459)</u>	<u>(3,455)</u>	<u>4</u>		<u>(228)</u>	<u>(228)</u>
	3,458	3,458		230	230
<u>\$ (3,459)</u>	<u>\$ 3</u>	<u>\$ 3,462</u>	<u>\$</u>	<u>\$ 2</u>	<u>\$ 2</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 6,629	\$ 6,629
Property taxes		207,548	207,548
State aid and grants		37,584	37,584
<b>Total revenues</b>		<u>251,761</u>	<u>251,761</u>
<b>Expenditures:</b>			
Capital outlay	6,056,744	5,746,896	309,848
<b>Total expenditures</b>	<u>6,056,744</u>	<u>5,746,896</u>	<u>309,848</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,056,744)</u>	<u>(5,495,135)</u>	<u>561,609</u>
<b>Other financing sources (uses):</b>			
Transfers in		244,180	244,180
Transfers out		(245,636)	(245,636)
<b>Total other financing sources (uses):</b>		<u>(1,456)</u>	<u>(1,456)</u>
<b>Changes in fund balances</b>	<u>(6,056,744)</u>	<u>(5,496,591)</u>	<u>560,153</u>
<b>Fund balances, beginning of year</b>		6,307,127	6,307,127
<b>Fund balances (deficits), end of year</b>	<u>\$ (6,056,744)</u>	<u>\$ 810,536</u>	<u>\$ 6,867,280</u>

## **AGENCY FUNDS**

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

**Employee Withholding** - to account for voluntary deductions temporarily held by the District as an agent.

**Direct Deposit** – to account for employee payroll checks temporarily held by the District as an agent.



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUND  
 JUNE 30, 2014**

	Student Activities	Totals
<b><u>ASSETS</u></b>		
Cash and investments	\$ 15,465	\$ 15,465
<b>Total assets</b>	\$ 15,465	\$ 15,465
 <b><u>LIABILITIES</u></b>		
Due to student groups	\$ 15,465	\$ 15,465
<b>Total liabilities</b>	\$ 15,465	\$ 15,465

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 11,537	\$ 44,698	\$ 40,770	\$ 15,465
Total assets	<u>\$ 11,537</u>	<u>\$ 44,698</u>	<u>\$ 40,770</u>	<u>\$ 15,465</u>
<u>Liabilities</u>				
Due to student groups	\$ 11,537	\$ 44,698	\$ 40,770	\$ 15,465
Total liabilities	<u>\$ 11,537</u>	<u>\$ 44,698</u>	<u>\$ 40,770</u>	<u>\$ 15,465</u>
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 119	\$ 1,014,168	\$ 1,014,287	\$ _____
Total assets	<u>\$ 119</u>	<u>\$ 1,014,168</u>	<u>\$ 1,014,287</u>	<u>\$ _____</u>
<u>Liabilities</u>				
Deposits held for others	\$ 119	\$ 1,014,168	\$ 1,014,287	\$ _____
Total liabilities	<u>\$ 119</u>	<u>\$ 1,014,168</u>	<u>\$ 1,014,287</u>	<u>\$ _____</u>
<b><u>DIRECT DEPOSIT</u></b>				
<u>Assets</u>				
Cash and investments	\$ 217	\$ 1,417,838	\$ 1,418,055	\$ _____
Total assets	<u>\$ 217</u>	<u>\$ 1,417,838</u>	<u>\$ 1,418,055</u>	<u>\$ _____</u>
<u>Liabilities</u>				
Deposits held for others	\$ 217	\$ 1,417,838	\$ 1,418,055	\$ _____
Total liabilities	<u>\$ 217</u>	<u>\$ 1,417,838</u>	<u>\$ 1,418,055</u>	<u>\$ _____</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 11,873	\$ 2,476,704	\$ 2,473,112	\$ 15,465
Total assets	<u>\$ 11,873</u>	<u>\$ 2,476,704</u>	<u>\$ 2,473,112</u>	<u>\$ 15,465</u>
<u>Liabilities</u>				
Deposits held for others	\$ 336	\$ 2,432,006	\$ 2,432,342	\$ _____
Due to student groups	11,537	44,698	40,770	15,465
Total liabilities	<u>\$ 11,873</u>	<u>\$ 2,476,704</u>	<u>\$ 2,473,112</u>	<u>\$ 15,465</u>

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## **STATISTICAL SECTION**

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

### **Financial Trends**

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

### **Debt Capacity**

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

### **Demographic and Economic Information**

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

### **Operating Information**

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

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**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 3,386,534	\$ 3,144,234	\$ 4,037,883	\$ 3,911,660	\$ 3,171,177
Restricted	1,696,572	1,653,723	1,574,546	1,323,788	1,088,195
Unrestricted	137,710	1,603,820	2,463,576	1,985,787	1,876,733
Total net position	<b>\$ 5,220,816</b>	<b>\$ 6,401,777</b>	<b>\$ 8,076,005</b>	<b>\$ 7,221,235</b>	<b>\$ 6,136,105</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 2,907,493	\$ 1,269,884	\$ 1,170,594	\$ 937,897	\$ 728,569
Restricted	743,707	753,815	552,348	298,899	337,229
Unrestricted	1,271,159	243,414	1,150,968	1,025,629	791,197
Total net position	<b>\$ 4,922,359</b>	<b>\$ 2,267,113</b>	<b>\$ 2,873,910</b>	<b>\$ 2,262,425</b>	<b>\$ 1,856,995</b>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Expenses</b>					
Instruction	\$ 4,042,177	\$ 4,634,245	\$ 3,271,838	\$ 3,255,835	\$ 3,191,494
Support services - students and staff	415,926	553,838	270,387	278,669	284,843
Support services - administration	634,265	676,889	629,640	653,665	589,130
Operation and maintenance of plant services	604,167	614,056	429,393	407,529	429,595
Student transportation services	315,934	437,344	202,726	133,066	151,332
Operation of non-instructional services	227,952	212,742	195,100	203,945	209,910
Interest on long-term debt	659,142	592,330	66,989	48,564	73,660
Total expenses	<u>6,899,563</u>	<u>7,721,444</u>	<u>5,066,073</u>	<u>4,981,273</u>	<u>4,929,964</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	233,128	192,493	1,000	77,293	90,685
Operation of non-instructional services	68,609	54,482	79,861	87,518	110,961
Other activities	3,480	19,154			12,416
Operating grants and contributions	613,590	536,166	836,273	702,764	656,068
Capital grants and contributions					11,924
Total program revenues	<u>918,807</u>	<u>802,295</u>	<u>917,134</u>	<u>867,575</u>	<u>882,054</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (5,980,756)</u>	<u>\$ (6,919,149)</u>	<u>\$ (4,148,939)</u>	<u>\$ (4,113,698)</u>	<u>\$ (4,047,910)</u>

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses</b>					
Instruction	\$ 3,441,762	\$ 3,418,412	\$ 2,280,392	\$ 2,039,331	\$ 2,128,875
Support services - students and staff	265,723	183,005	231,962	190,760	158,028
Support services - administration	494,197	539,965	375,124	299,373	266,027
Operation and maintenance of plant services	459,297	366,537	337,766	344,624	318,494
Student transportation services	151,673	163,039	160,399	182,798	151,882
Operation of non-instructional services	199,012	209,058	191,385	128,452	136,040
Interest on long-term debt	90,026	98,833	118,810	135,832	222,005
Total expenses	<u>5,101,690</u>	<u>4,978,849</u>	<u>3,695,838</u>	<u>3,321,170</u>	<u>3,381,351</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	119,729	59,671	74,391	146,314	
Operation of non-instructional services	84,986	76,120	159,045	130,478	
Other activities	9,676	32,226	30,158	33,965	
Operating grants and contributions	486,803	403,410	176,463	195,617	184,345
Capital grants and contributions	7,313			2,636	
Total program revenues	<u>708,507</u>	<u>571,427</u>	<u>440,057</u>	<u>509,010</u>	<u>184,345</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (4,393,183)</u>	<u>\$ (4,407,422)</u>	<u>\$ (3,255,781)</u>	<u>\$ (2,812,160)</u>	<u>\$ (3,197,006)</u>

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Net (Expense)/Revenue</b>	\$ (5,980,756)	\$ (6,919,149)	\$ (4,148,939)	\$ (4,113,698)	\$ (4,047,910)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	2,806,134	2,754,515	2,531,352	2,780,779	3,033,893
Property taxes, levied for debt service	1,016,128	319,147	699,745	540,320	616,882
Property taxes, levied for capital outlay	194,124	1,051,735	337,072	241,099	237,130
Investment income	12,083	52,084	18,792	18,787	22,489
Unrestricted state aid	1,142,176	1,067,440	1,416,748	1,604,836	1,182,558
Unrestricted federal aid				13,007	168,704
<b>Total general revenues</b>	<b>5,170,645</b>	<b>5,244,921</b>	<b>5,003,709</b>	<b>5,198,828</b>	<b>5,261,656</b>
<b>Changes in Net Position</b>	<b>\$ (810,111)</b>	<b>\$ (1,674,228)</b>	<b>\$ 854,770</b>	<b>\$ 1,085,130</b>	<b>\$ 1,213,746</b>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Net (Expense)/Revenue</b>	\$ (4,393,183)	\$ (4,407,422)	\$ (3,255,781)	\$ (2,812,160)	\$ (3,197,006)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	3,601,339	1,850,170	2,061,249	1,838,853	1,651,581
Property taxes, levied for debt service	628,429	731,279	628,548	588,050	485,798
Property taxes, levied for capital outlay	44,914	147,662	210,115	20,408	71,613
Investment income	27,282	65,510	74,580	43,627	32,159
Unrestricted state aid	1,321,670	1,006,004	892,774	726,652	676,086
<b>Total general revenues</b>	<u>5,623,634</u>	<u>3,800,625</u>	<u>3,867,266</u>	<u>3,217,590</u>	<u>2,917,237</u>
<b>Changes in Net Position</b>	<u>\$ 1,230,451</u>	<u>\$ (606,797)</u>	<u>\$ 611,485</u>	<u>\$ 405,430</u>	<u>\$ (279,769)</u>

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

**(Concluded)**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
General Fund:					
Nonspendable	\$	\$	\$	\$	\$
Unassigned	167,260	985,090	2,244,551	1,659,843	
Reserved					61,710
Unreserved					534,444
Total General Fund	\$ 167,260	\$ 1,086,071	\$ 2,244,551	\$ 1,921,512	\$ 596,154
All Other Governmental Funds:					
Restricted	\$ 1,934,189	\$ 7,208,973	\$ 10,695,143	\$ 3,077,682	\$
Unreserved, reported in:					
Special revenue funds					780,083
Capital projects funds					390,924
Debt service fund					683,026
Total all other governmental funds	\$ 1,934,189	\$ 7,208,973	\$ 10,695,143	\$ 3,077,682	\$ 1,854,033

**(Continued)**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Unreserved	197,542	(852,080)	138,200	114,127	49,830
Total General Fund	<u>\$ 197,542</u>	<u>\$ (852,080)</u>	<u>\$ 138,200</u>	<u>\$ 114,127</u>	<u>\$ 49,830</u>
All Other Governmental Funds:					
Unreserved, reported in:					
Special revenue funds	596,394	576,490	401,647	329,963	203,502
Capital projects funds	153,527	273,691	284,825	177,473	296,743
Debt service fund	573,154	452,853	227,188	98,403	23,736
Total all other governmental funds	<u>\$ 1,323,075</u>	<u>\$ 1,303,034</u>	<u>\$ 913,660</u>	<u>\$ 605,839</u>	<u>\$ 523,981</u>

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

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

**(Concluded)**

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TWO FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Federal sources:</b>		
Federal grants	\$ 232,235	\$ 230,875
National School Lunch Program	128,241	101,283
Total federal sources	360,476	332,158
<b>State sources:</b>		
State equalization assistance	939,598	906,140
Other revenues	214,379	161,300
Total state sources	1,153,977	1,067,440
<b>Local sources:</b>		
Property taxes	4,015,132	4,082,170
Food service sales	71,364	54,482
Investment income	12,083	52,084
Other revenues	475,166	415,655
Total local sources	4,573,745	4,604,391
<b>Total revenues</b>	<b>\$ 6,088,198</b>	<b>\$ 6,003,989</b>

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

**Note:** Fiscal year 2013 was the first year a comprehensive annual financial report was prepared by the District. Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data for this schedule. This information will be accumulated and reported each year until the complete ten years of data is presented.

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**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 3,537,089	\$ 3,333,351	\$ 3,311,216	\$ 3,097,714	\$ 3,032,681
Support services - students and staff	354,603	336,071	275,261	274,692	276,888
Support services - administration	586,856	520,648	617,449	578,416	584,689
Operation and maintenance of plant services	519,598	459,446	382,049	388,145	424,298
Student transportation services	220,534	234,630	180,093	129,546	122,788
Operation of non-instructional services	216,734	173,718	205,073	202,906	207,272
Capital outlay	5,845,590	9,649,589	1,651,156	209,722	76,680
Debt service -					
Claims and judgments					
Interest and fiscal charges	675,789	586,474	71,969	48,564	65,568
Principal retirement	325,000	238,000	569,000	577,869	486,835
Bond issuance costs		138,599	186,338	74,806	
<b>Total expenditures</b>	<u><u>\$ 12,281,793</u></u>	<u><u>\$ 15,670,526</u></u>	<u><u>\$ 7,449,604</u></u>	<u><u>\$ 5,582,380</u></u>	<u><u>\$ 5,277,699</u></u>
Expenditures for capitalized assets	\$ 5,334,565	\$ 7,752,695	\$ 1,840,776	\$ 230,865	\$ 15,878
Debt service as a percentage of noncapital expenditures	14%	10%	11%	12%	10%

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 3,187,868	\$ 2,914,363	\$ 2,082,208	\$ 1,805,359	\$ 1,906,871
Support services - students and staff	246,147	167,109	225,902	186,274	149,906
Support services - administration	417,557	505,927	362,324	294,383	259,909
Operation and maintenance of plant services	377,906	354,281	281,053	288,947	258,570
Student transportation services	115,412	104,784	119,758	142,176	111,423
Operation of non-instructional services	193,868	190,808	147,708	119,494	129,247
Capital outlay	216,093	402,399	172,862	163,054	160,736
Debt service -					
Claims and judgments	24,559				
Interest and fiscal charges	81,934	90,741	110,718	127,740	157,932
Principal retirement	460,694	524,599	450,683	424,762	401,472
Bond issuance costs					62,454
<b>Total expenditures</b>	<u>\$ 5,322,038</u>	<u>\$ 5,255,011</u>	<u>\$ 3,953,216</u>	<u>\$ 3,552,189</u>	<u>\$ 3,598,520</u>
Expenditures for capitalized assets	\$	\$	\$	\$	\$
Debt service as a percentage of noncapital expenditures	10%	12%	14%	16%	16%

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (6,193,595)	\$ (9,666,537)	\$ (1,468,834)	\$ 486,427	\$ 867,860
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds		4,815,000	9,243,000	2,049,000	
Premium on sale of bonds		105,906	166,334	13,580	
Transfers in	246,670	10,762		651	10,589
Transfers out	(246,670)	(10,762)		(651)	(10,589)
Total other financing sources (uses)	(246,670)	4,920,906	9,409,334	2,062,580	(10,589)
<b>Changes in fund balances</b>	\$ (6,193,595)	\$ (4,745,631)	\$ 7,940,500	\$ 2,549,007	\$ 867,860
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 1,069,663	\$ (812,489)	\$ 331,894	\$ 146,155	\$ (167,650)
<b>Other financing sources (uses):</b>					
Capital lease agreements		211,583			
Transfers in	72,157	240	2,269		
Transfers out	(72,157)	(240)	(2,269)		
Proceeds from sale of refunding bonds					2,739,772
Premium of sale of refunding bonds					61,555
Payment to refunded bond escrow agent					(2,738,873)
Total other financing sources (uses)	(72,157)	211,583	(2,269)	(2,269)	(2,738,873)
<b>Changes in fund balances</b>	\$ 1,069,663	\$ (600,906)	\$ 331,894	\$ 146,155	\$ (105,196)

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39**  
**PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 34,491,034	\$ 35,896,549	\$ 36,046,998	\$ 36,488,779	\$ 37,733,125
Agricultural and Vacant	17,836,230	18,580,943	21,543,567	22,801,022	24,778,143
Residential (Owner Occupied)	212,566,097	230,140,680	247,320,090	264,174,704	257,558,014
Residential (Rental)	37,543,431	33,240,298	29,672,394	31,740,006	28,906,770
Railroad, Private Cars and Airlines	570,138	532,348	434,126	369,324	342,317
Certain Government Property Improvements			25		
<b>Total</b>	<b>\$ 303,006,930</b>	<b>\$ 318,390,818</b>	<b>\$ 335,017,200</b>	<b>\$ 355,573,835</b>	<b>\$ 349,318,369</b>
Estimated Actual Value (Full Cash Value)	\$ 3,118,999,945	\$ 3,247,897,128	\$ 3,407,546,434	\$ 3,621,193,359	\$ 3,597,841,246
Ratio of Primary Assessed Value to Estimated Actual Value	9.71%	9.80%	9.83%	9.82%	9.71%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 37,055,393	\$ 36,331,193	\$ 30,602,003	\$ 28,204,587	\$ 26,501,289
Agricultural and Vacant	22,847,927	20,884,243	17,258,046	14,086,822	16,622,025
Residential (Owner Occupied)	237,420,012	199,328,341	170,145,300	148,421,146	135,274,584
Residential (Rental)	25,987,885	22,263,990	18,521,898	17,119,805	13,710,825
Railroad, Private Cars and Airlines	378,496	399,120	585,213	595,791	577,256
<b>Total</b>	<b>\$ 323,689,713</b>	<b>\$ 279,206,887</b>	<b>\$ 237,112,460</b>	<b>\$ 208,428,151</b>	<b>\$ 192,685,979</b>
Estimated Actual Value (Full Cash Value)	\$ 3,728,227,739	\$ 2,921,633,896	\$ 2,301,284,891	\$ 1,959,282,635	\$ 1,804,461,160
Ratio of Primary Value to Estimated Actual Value	8.68%	9.56%	10.30%	10.64%	10.68%

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 35,028,006	\$ 36,523,715	\$ 36,995,053	\$ 38,269,850	\$ 40,027,897
Agricultural and Vacant	18,374,500	19,375,177	23,774,960	26,599,702	31,498,881
Residential (Owner Occupied)	212,679,171	230,262,093	247,707,449	267,294,714	271,932,882
Residential (Rental)	38,664,363	33,506,221	29,815,154	32,763,968	31,819,693
Railroad, Private Cars and Airlines	574,714	540,710	475,865	428,141	390,583
Certain Government Property Improvements			35		
<b>Total</b>	<b>\$ 305,320,754</b>	<b>\$ 320,207,916</b>	<b>\$ 338,768,516</b>	<b>\$ 365,356,375</b>	<b>\$ 375,669,936</b>
Ratio of Secondary Assessed Value to Estimated Actual Value	9.79%	9.86%	9.94%	10.09%	10.44%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 39,006,155	\$ 39,161,991	\$ 32,188,710	\$ 28,792,998	\$ 26,961,447
Agricultural and Vacant	33,358,548	30,302,432	24,145,013	18,433,492	22,290,587
Residential (Owner Occupied)	285,232,962	218,076,032	173,192,609	148,936,961	135,871,950
Residential (Rental)	32,474,006	25,078,069	19,087,449	17,583,326	13,863,806
Railroad, Private Cars and Airlines	414,650	429,774	610,233	637,637	633,717
<b>Total</b>	<b>\$ 390,486,321</b>	<b>\$ 313,048,298</b>	<b>\$ 249,224,014</b>	<b>\$ 214,384,414</b>	<b>\$ 199,621,507</b>
Ratio of Secondary Assessed Value to Estimated Actual Value	10.47%	10.71%	10.83%	10.94%	11.06%

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
PROPERTY TAX ASSESSMENT RATIOS  
LAST TEN FISCAL YEARS**

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

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

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	Green Valley Fire District	Primary	Secondary	Total
	Equalization	County	Library	District	District	Assistance	Water	District	Primary	Secondary	Total
2014	0.51	4.45	0.38	0.26	1.29	0.05	0.14	2.21	1.19	0.51	1.70
2013	0.47	4.20	0.35	0.26	1.17	0.04	0.10	1.26	1.73	0.22	1.95
2012	0.43	4.20	0.35	0.26	1.11	0.04	0.10	1.16	1.77	0.26	2.03
2011	0.36	4.06	0.31	0.26	1.08	0.04	0.10	0.96	1.48	0.21	1.69
2010	0.33	4.02	0.26	0.26	1.08	0.04	0.10	0.93	1.37	0.24	1.61
2009		4.00	0.34	0.29	1.14	0.04	0.10	0.96	1.51	0.23	1.74
2008		4.29	0.40	0.34	1.18	0.04	0.10	1.13	1.60	0.30	1.90
2007		4.56	0.37	0.37	1.25	0.04	0.12	1.23	1.74	0.33	2.07
2006		4.79	0.26	0.37	1.31	0.04	0.12	1.24	1.81	0.34	2.15
2005		4.89	0.21	0.35	1.34	0.04	0.12	1.18	1.90	0.33	2.23

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Unisource Energy Corporation	\$ 4,456,557	1.46 %		%
Landmark Title TR 7916-T	3,421,801	1.12		
Green Valley Tae LLP	1,834,761	0.60		
First American Title TR 9139	1,345,814	0.44		
Community Water Co of Green Valley	1,332,520	0.44	971,105	0.49
Continental Green Valley Assoc LLC	1,277,904	0.42		
Holualoa Green Valley Mall LLC	1,170,002	0.38	1,856,253	0.93
Southwest Gas Corporation	1,059,412	0.35	1,238,122	0.62
Qwest Corporation	995,754	0.33	2,702,030	1.35
UMA Hospitality Ventures LLC	947,700	0.31		
Robson Ranch Quail Creek LLC		0.00	4,010,480	2.01
Tucson Electric Power Co.		0.00	2,464,398	1.23
Concord Milestone Plus LP		0.00	1,607,495	0.81
Fcr Holdings LLC		0.00	999,422	0.50
Trico Electric Co-Op Inc.		0.00	783,384	0.39
Srg Silver Springs LLC		0.00	713,370	0.36
<b>Total</b>	<u>\$ 17,842,225</u>	<u>5.84 %</u>	<u>\$ 17,346,059</u>	<u>8.69 %</u>

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2014	\$ 4,071,946	\$ 3,958,941	97.22 %	\$	\$ 3,958,941	97.22 %
2013	4,101,299	3,961,030	96.58	136,879	4,097,909	99.92
2012	3,608,330	3,499,979	97.00	107,439	3,607,418	99.97
2011	3,576,477	3,457,368	96.67	116,992	3,574,360	99.94
2010	3,898,001	3,759,735	96.45	137,396	3,897,131	99.98
2009	4,418,359	4,260,980	96.44	157,026	4,418,006	99.99
2008	4,212,399	4,042,130	95.96	169,882	4,212,012	99.99
2007	3,817,593	3,697,726	96.86	119,800	3,817,526	100.00
2006	3,498,841	3,392,531	96.96	106,070	3,498,601	99.99
2005	3,256,433	3,180,072	97.66	76,354	3,256,426	100.00

**Source:** The source of this information is the 2014 County Treasurer's records.

**Notes:** 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2014	\$ 15,495,000	\$ 322,290	15,172,710	0.49 %	\$ 567	\$	\$ 15,495,000	0.50 %	\$ 579	N/A %
2013	16,000,000	305,388	15,694,612	0.48	603		16,000,000	0.49	615	0.05
2012	11,705,000	794,965	10,910,035	0.32	415		11,705,000	0.34	446	0.03
2011	2,569,000		2,569,000	0.07	99		2,569,000	0.07	99	0.01
2010	1,470,000		1,470,000	0.04	66	87,869	1,557,869	0.04	70	0.00
2009	1,905,000		1,905,000	0.05	86	114,704	2,019,704	0.05	92	0.01
2008	2,340,000		2,340,000	0.08	111	140,398	2,480,398	0.08	118	0.01
2007	2,755,000		2,755,000	0.12	134	18,414	2,773,414	0.12	134	0.01
2006	3,145,740		3,145,740	0.16	156	54,097	3,199,837	0.16	159	0.01
2005	3,514,772		3,514,772	0.19	174	88,119	3,602,891	0.20	179	0.01

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

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



**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Pima County	\$ 1,348,889,696	4.00 %	\$ 53,955,588
Pima County Community College District	1,355,000	15.22	206,231
Town of Sahuarita	43,360,462	100.00	43,360,462
Green Valley Fire District	7,940,000	91.08	7,231,752
Quail Creek Community Facilities District	10,900,000	100.00	10,900,000
Subtotal, Overlapping Debt			<u>115,654,033</u>
Direct:			
Continental Elementary School District No. 39	15,495,000	100.00	<u>15,495,000</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 131,149,033</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Secondary Assessed Valuation		4.97 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 4,887	
As a Percentage of Net Secondary Assessed Valuation		42.85 %
As a Percentage of Estimated Actual Value (Full Cash Value)		4.19 %

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

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

Secondary assessed valuation	\$ 305,320,754
Debt limit (5% of assessed value)	15,266,038
Debt applicable to limit	<u>15,495,000</u>
Legal debt margin	<u><u>\$ (228,962)</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2014:**

Secondary assessed valuation	\$ 305,320,754
Debt limit (15% of assessed value)	45,798,113
Debt applicable to limit	<u>15,495,000</u>
Legal debt margin	<u><u>\$ 30,303,113</u></u>

**Fiscal Year Ended June 30**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 45,798,113	\$ 48,031,187	\$ 50,815,277	\$ 54,803,456	\$ 56,350,490
Total net debt applicable to limit	<u>15,495,000</u>	<u>16,000,000</u>	<u>11,705,000</u>	<u>2,569,000</u>	<u>1,470,000</u>
Legal debt margin	<u><u>\$ 30,303,113</u></u>	<u><u>\$ 32,031,187</u></u>	<u><u>\$ 39,110,277</u></u>	<u><u>\$ 52,234,456</u></u>	<u><u>\$ 54,880,490</u></u>
Total net debt applicable to the limit as a percentage of debt limit	34%	33%	23%	5%	3%

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 58,572,948	\$ 46,957,245	\$ 37,383,602	\$ 32,157,662	\$ 29,943,226
Total net debt applicable to limit	<u>1,905,000</u>	<u>2,340,000</u>	<u>2,755,000</u>	<u>3,145,740</u>	<u>3,514,772</u>
Legal debt margin	<u><u>\$ 56,667,948</u></u>	<u><u>\$ 44,617,245</u></u>	<u><u>\$ 34,628,602</u></u>	<u><u>\$ 29,011,922</u></u>	<u><u>\$ 26,428,454</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3%	5%	7%	10%	12%

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

- Notes:**
- 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
  - 2) Bond premium is not subject to the statutory debt limit.
  - 3) The District was within the Constitutional debt limit and the Class B debt limit at the dates the bonds were issued. However, because the District's secondary assessed value has fallen, no further debt issuances are possible until the outstanding bonds are reduced below the Class B limit.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2013	992,394	\$ 36,058,871	\$ 36,335	6.9 %	26,768
2012	990,380	34,596,360	34,961	7.3	26,016
2011	986,081	34,931,620	35,371	8.3	26,263
2010	980,263	34,360,759	34,987	9.0	26,066
2009	1,018,012	34,516,424	33,833	8.3	22,212
2008	1,012,018	34,392,945	34,058	5.1	22,054
2007	1,003,235	31,646,777	31,755	3.7	21,075
2006	981,280	29,806,619	31,418	4.0	20,623
2005	957,635	27,495,542	29,658	4.6	20,158
2004	906,540	25,171,202	27,743	4.6	20,153

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

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

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<b>Employer</b>	<b>2014</b>		<b>2005</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
University of Arizona	11,047	3.02 %	10,348	2.80 %
Raytheon Missile Systems	9,933	2.71	10,300	2.79
State of Arizona	9,439	2.58	9,750	2.64
Davis-Monthan Air Force Base	8,933	2.44	8,727	2.36
Pima County	7,328	2.00	6,767	1.83
Tucson Unified School District	6,525	1.78	7,684	2.08
The University of Arizona Health Network	6,329	1.73		
U.S. Army Intelligence Center and Fort Huachuca	5,717	1.56	12,250	3.32
Freeport-McMoRan Copper & Gold Inc.	5,600	1.53		
Walmart	5,200	1.42	4,595	1.24
City of Tucson			6,757	1.83
Phelps Dodge Mining Co.			4,500	1.22
<b>Total</b>	<b>76,051</b>	<b>20.77 %</b>	<b>81,678</b>	<b>22.11 %</b>
<b>Total employment</b>	<b>366,360</b>		<b>369,400</b>	

**Source:** The source of this information is Arizona Daily Star -Star 200 and Bureau of Labor Statistics.

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Supervisory</b>					
Principals	1			1	1
Assistant principals		1	1		
NCLB Coordinator			1		
SPED Director	1	1	1		
Total supervisory	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>1</u>
<b>Instruction</b>					
Teachers	33	30	30	21	25
Other professionals (instructional)	1				
Aides	11	8	8	8	6
Total instruction	<u>45</u>	<u>38</u>	<u>38</u>	<u>29</u>	<u>31</u>
<b>Student Services</b>					
Nurses	1	1	1	1	1
Librarians	1				
Library Technician	1	1	1	1	1
Total student services	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Support and Administration</b>					
Superintendent	1	1	1	1	1
District Office	2	2	2	3	2
Transportation	3	3	3	3	3
School Secretaries	3	2	2	2	2
Other professionals	1	2	2	2	2
Other classified	8	4	3	5	5
Total support and administration	<u>18</u>	<u>14</u>	<u>13</u>	<u>16</u>	<u>15</u>
<b>Total</b>	<u><u>68</u></u>	<u><u>56</u></u>	<u><u>56</u></u>	<u><u>48</u></u>	<u><u>49</u></u>

(Continued)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Supervisory</b>					
Principals					
Assistant principals					
NCLB Coordinator					
SPED Director					
Total supervisory					
<b>Instruction</b>					
Teachers	23	23	23	20	20
Other professionals (instructional)					
Aides	6	6	6	6	3
Total instruction	29	29	29	26	23
<b>Student Services</b>					
Nurses	1	1	1	1	1
Librarians					
Library Technician	1	1	1	1	1
Total student services	2	2	2	2	2
<b>Support and Administration</b>					
Superintendent	1	1	1	1	1
District Office	2	1	1	1	1
Transportation	3	3	3	3	3
School Secretaries	2	2	2	2	1
Other professionals	2	2	2	2	2
Other classified	4	5	5	5	5
Total support and administration	14	14	14	14	13
<b>Total</b>	<u>45</u>	<u>45</u>	<u>45</u>	<u>42</u>	<u>38</u>

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

(Concluded)

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2014	518	\$ 5,435,414	\$ 10,493	1.45 %	\$ 6,899,563	\$ 13,320	(15.65) %	45	11.5	43.0 %
2013	489	5,057,864	10,343	2.58	7,721,444	15,790	53.66	38	12.9	41.6
2012	493	4,971,141	10,083	13.54	5,066,073	10,276	8.51	38	13.0	39.4
2011	526	4,671,419	8,881	(6.39)	4,981,273	9,470	(5.87)	29	18.1	36.1
2010	490	4,648,616	9,487	(3.22)	4,929,964	10,061	(8.69)	31	15.8	30.5
2009	463	4,538,758	9,803	(5.15)	5,101,690	11,019	(9.26)	29	16.0	33.9
2008	410	4,237,272	10,335	6.59	4,978,849	12,144	9.09	29	14.1	31.3
2007	332	3,218,953	9,696	5.62	3,695,838	11,132	3.57	29	11.4	33.6
2006	309	2,836,633	9,180	(9.70)	3,321,170	10,748	(11.95)	26	11.9	39.3
2005	277	2,815,926	10,166	(0.72)	3,381,351	12,207	7.22	23	12.0	*

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

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

\* Information no longer available

**CONTINENTAL ELEMENTARY SCHOOL DISTRICT NO. 39  
CAPITAL ASSETS INFORMATION  
LAST TEN FISCAL YEARS**

	<u>Fiscal Year Ended June 30</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	3	1	1	1	1	1	1	1	1	1
Square feet	41,459	46,723	16,675	16,675	16,675	16,675	16,675	16,675	16,675	16,675
Capacity	1,394	492	176	176	176	176	176	176	176	176
Enrollment	348	303	314	335	324	322	275	205	188	167
<b>Middle</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	51,382	51,382	51,382	51,382	51,382	51,382	51,382	51,382	51,382	51,382
Capacity	541	541	541	541	541	541	541	541	541	541
Enrollment	170	161	163	171	154	131	123	104	92	91
<b>Other</b>										
Buildings	1	2	2	2	2	2	2	2	2	2
Square feet	10,043	7,304	7,304	7,304	7,304	7,304	7,304	7,304	7,304	7,304
Capacity	586	78	77	77	77	77	77	77	77	77
Enrollment										
<b><u>Administrative</u></b>										
Buildings	1									
Square feet	15,654									
<b><u>Transportation</u></b>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	10									
<b><u>Athletics</u></b>										
Football fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	1	1	1	1	1	1	1	1	1	1
Playgrounds	2	1	1	1	1	1	1	1	1	1

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



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