
KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TEMPE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Issued by:
Business and Finance Department

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1
ASBO Certificate of Excellence	7
GFOA Certificate of Achievement	8
Organizational Chart	9
List of Principal Officials	10
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	13
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	34
Fund Financial Statements:	
Balance Sheet – Governmental Funds	36
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	42
Statement of Net Position – Proprietary Funds	43
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	44

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
BASIC FINANCIAL STATEMENTS	
Statement of Cash Flows – Proprietary Funds	45
Statement of Assets and Liabilities – Fiduciary Fund	46
Notes to Financial Statements	47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	76
Pension Schedules	77
OPEB Schedules	78
Notes to Required Supplementary Information	80
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	85
Special Revenue Funds:	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	100

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	120
Capital Projects Funds:	
Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	124
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	126
Internal Service Funds:	
Combining Statement of Net Position	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	136
Combining Statement of Cash Flows	138
Agency Fund:	
Statement of Changes in Assets and Liabilities	142
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	145
Expenses, Program Revenues, and Net (Expense)/Revenue	146
General Revenues and Total Changes in Net Position	148
Fund Balances – Governmental Funds	150
Governmental Funds Revenues	152

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Page</u>
Governmental Funds Expenditures and Debt Service Ratio	154
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	156
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	157
Net Full Cash Assessed Value of Taxable Property by Class	158
Property Tax Assessment Ratios	159
Direct and Overlapping Property Tax Rates	160
Principal Property Taxpayers	161
Property Tax Levies and Collections	162
Debt Capacity:	
Outstanding Debt by Type	163
Direct and Overlapping Governmental Activities Debt	164
Direct and Overlapping General Bonded Debt Ratios	164
Legal Debt Margin Information	165
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	166
Principal Employers	167
Operating Information:	
Full-Time Equivalent District Employees by Type	168
Operating Statistics	170
Capital Assets Information	171

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INTRODUCTORY SECTION

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Elementary Schools

Brisas
Cerritos
Cielo
Colina
Esperanza
Estrella
Lagos
Lomas
Manitas
Mariposa
Milenio
Mirada

Monte Vista

Niños
Norte
Paloma
Sierra
Waggoner

PreK-8 School

Kyrene Traditional
Academy

Middle Schools

Akímel A-al
Altadena
Aprende
Centennial
Kyrene
Pueblo

Administration

Jan Vesely, Ed. D.
Superintendent

Mark Knight, Ph. D.
Assistant Superintendent

Laura Toenjes, M.A. Ed
Assistant Superintendent

Susie Ostmeyer, Ph.D.
*Chief Information and
Accountability Officer*

Chris Herrmann
Chief Financial Officer

Governing Board

Michelle Fahy
John King
Michael Myrick
Margaret Pratt
Kevin Walsh

February 22, 2019

Citizens and Governing Board
Kyrene Elementary School District No. 28
8700 South Kyrene Rd.
Tempe, AZ 85284-2197

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 Kyrene Elementary School District No. 28 (District) for the fiscal year ended June 30, 2018.

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, 2018, 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.

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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, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona, and provides a program of public education from preschool through grade eight. The projected enrollment for fiscal year 2018-19 is 17,251 students who are served by 18 elementary schools, six middle schools, and one K-8 campus. Enrollment has been stable over the last 3-year period.

The District's mission is to "commit to student success for all, by providing engaging, challenging educational environments which promote and inspire passion for learning, leading, and achieving transformative life outcomes." The vision for Kyrene Elementary School District is "all students achieve at their maximum potential to become problem solvers, creators, and visionaries of tomorrow."

In support of these objectives the District provides an excellent education to students with academic support, outstanding teachers and staff, and excellent facilities. Kyrene School District has been offering students an exceptional education for more than 130 years, and the success is evident in the District's accolades. Kyrene students excel by consistently outperforming statewide averages on AzMERIT tests and receive high rankings among school lists.

Some of the highlights include:

1. Nine Kyrene schools scored in the top 10% of all Arizona district and charter schools on state assessments.
2. Kyrene students outperformed peer district averages by 20 percentage points in English Language Arts.
3. In Mathematics, Kyrene students outperformed charter schools by 11 percentage points and peer districts by 20 percentage points.
4. 80% of Kyrene 3rd grade students passed the Mathematics assessment.
5. Kyrene has 14 schools that are recognized as A+ Schools of Excellence by the Arizona Educational Foundation.
6. Kyrene has one National Blue Ribbon School (Kyrene Traditional Academy), and one nominee for 2019 (Kyrene de la Sierra).

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, 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 overexpenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,222 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2017 population was estimated at 4.3 million and expected to reach over 6.0 million by 2030.

The County has a diverse economy and is home to a growing high-tech industry, tourism, manufacturing, service-based industries, and agriculture. The County's top employer is the State of Arizona and other major employers include education, healthcare, and aerospace.

The District is located across Tempe, Chandler and Phoenix. A few of the major companies represented in this metropolitan area include Banner Health Systems, Wal-Mart Stores, Inc., Fry's Food Stores, Wells Fargo, Dignity Health, Honeywell, and Intel. In addition, this metropolitan area continues to provide excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university.

Long-term Financial Planning. The District has developed a strategic plan that identifies goals in the following areas: High Performing Students, High Quality Talent, Inclusive Culture, Responsive Organization, and Collective Governance. Under the goal of Responsive Organization, strategies have been developed to enhance resources, ensure efficient operations, and implement continuous process improvements.

As part of the strategy to enhance resources, the District has developed a comprehensive Capital Master Plan to identify capital spending requirements over the next 10 years. This long-term capital planning allows the District to identify projects necessary to keep schools and facilities operating at high functioning levels as the average age of the buildings in the District is 30 years.

Strategies also involve working with the community in the area of financial resources. In November 2017, community members in the Kyrene School District voted to approve the continuation of a 15% Maintenance and Operations override, continuation of a Capital Override in the amount of \$6.8 million per year, and authorized the District to issue \$116.95 million in new bond sales.

The District has a balanced budget, maintains cost and budget controls, forecasts future enrollment trends, and aligns spending programs to long-term strategic initiatives. The District has also achieved the highest bond ratings in the state of Arizona as a result of a robust financial position coupled with a large and stable tax base. The District currently maintains a bond rating of “Aa2” from Moody’s and “AA” from Standard and Poor’s.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for comprehensive annual financial reports for the year ended June 30, 2017. 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, 2018 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, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jan Vesely".

Dr. Jan Vesely
Superintendent
Officer

A handwritten signature in cursive script that reads "Chris Herrmann".

Chris Herrmann
Chief Financial



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Kyrene Elementary School District No. 28

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Kyrene Elementary School District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Kristin Middleton, President

Bernadette Coggins, Vice President

John King, Member

Michelle Fahy, Member

Michael Myrick, Member

ADMINISTRATIVE STAFF

Dr. Jan Vesely, Superintendent

Dr. Mark Knight, Assistant Superintendent

Chris Herrmann, Chief Financial Officer

Laura Toenjes, Assistant Superintendent

Dr. Susie Ostmeyer, Chief Information and Accountability Officer

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Kyrene Elementary School District No. 28

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 Kyrene Elementary School District No. 28 (District), as of and for the year ended June 30, 2018, 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 Kyrene Elementary School District No. 28, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019, on our consideration of Kyrene Elementary School District No. 28'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 Kyrene Elementary School District No. 28's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
February 22, 2019

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

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**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

As management of the Kyrene Elementary School District No. 28 (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, 2018. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased \$1.1 million which represents a three percent decrease from the prior fiscal year.
- General revenues accounted for \$131.9 million in revenue, or 84 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$25.9 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$158.9 million in expenses related to governmental activities, a decrease of five percent from the prior fiscal year.
- Among major funds, the General Fund had \$98.0 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$97.6 million in expenditures. The General Fund's fund balance increased from \$20.3 million at the prior fiscal year end, to \$20.5 million at the end of the current fiscal year.
- The Debt Service Fund had \$19.2 million in revenues and \$20.3 million in expenditures. The Debt Service Fund's fund balance increased \$21.3 million due to the issuance of crossover refunding bonds.
- The Bond Building Fund's fund balance decreased \$17.9 million due to the utilization of fund balance for constructions projects.
- Net position for the Internal Service Funds decreased \$2.7 million from the prior fiscal year. Operating expenses of \$18.1 million exceeded operating revenues of \$15.3 million at the end of the current fiscal year.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

OVERVIEW OF FINANCIAL STATEMENTS

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

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The internal service funds include (1) the District Services Fund which accounts for the operation of District functions that provide goods or services to other District departments and surrounding Districts on a cost reimbursement basis, (2) the Intergovernmental Agreements Fund which accounts for financial activities related to agreements with other governments where the District is the fiscal agent, (3) the Employee Benefit Trust Fund which provides employee health insurance and (4) the Workers Compensation Fund which accounts for financial activities associated with the insurance program for employee workers' compensation. Because these activities predominately benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

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

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

OVERVIEW OF FINANCIAL STATEMENTS

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, 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 and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information. Schedules for the pension and other postemployment benefit plans have been provided 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 and deferred outflows exceeded liabilities and deferred inflows by \$37.4 million at the current fiscal year end.

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

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Current and other assets	\$ 144,696,925	\$ 137,172,270
Capital assets, net	261,352,903	258,102,939
Total assets	<u>406,049,828</u>	<u>395,275,209</u>
Deferred outflows	<u>24,296,074</u>	<u>28,975,730</u>
Current liabilities	20,446,254	18,379,095
Long-term liabilities	361,582,886	346,625,212
Total liabilities	<u>382,029,140</u>	<u>365,004,307</u>
Deferred inflows	<u>10,934,680</u>	<u>20,835,792</u>
Net position:		
Net investment in capital assets	98,482,098	106,426,708
Restricted	56,405,890	36,150,556
Unrestricted	(117,505,906)	(104,166,424)
Total net position	<u>\$ 37,382,082</u>	<u>\$ 38,410,840</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$117.5 million. The deficit arose due to the District's proportionate share of the state pension and other postemployment benefit unfunded liabilities. The same situation held true for the prior fiscal year.

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

- The addition of \$17.3 million in capital assets through school improvements and the purchase of vehicles, furniture and equipment.
- The addition of \$13.9 million in accumulated depreciation due to the current year depreciation expense.
- The decrease of \$2.2 million in pension liabilities.
- The principal retirement of \$10.9 million of bonds.
- The issuance of \$44.4 million in refunding and crossover refunding bonds.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

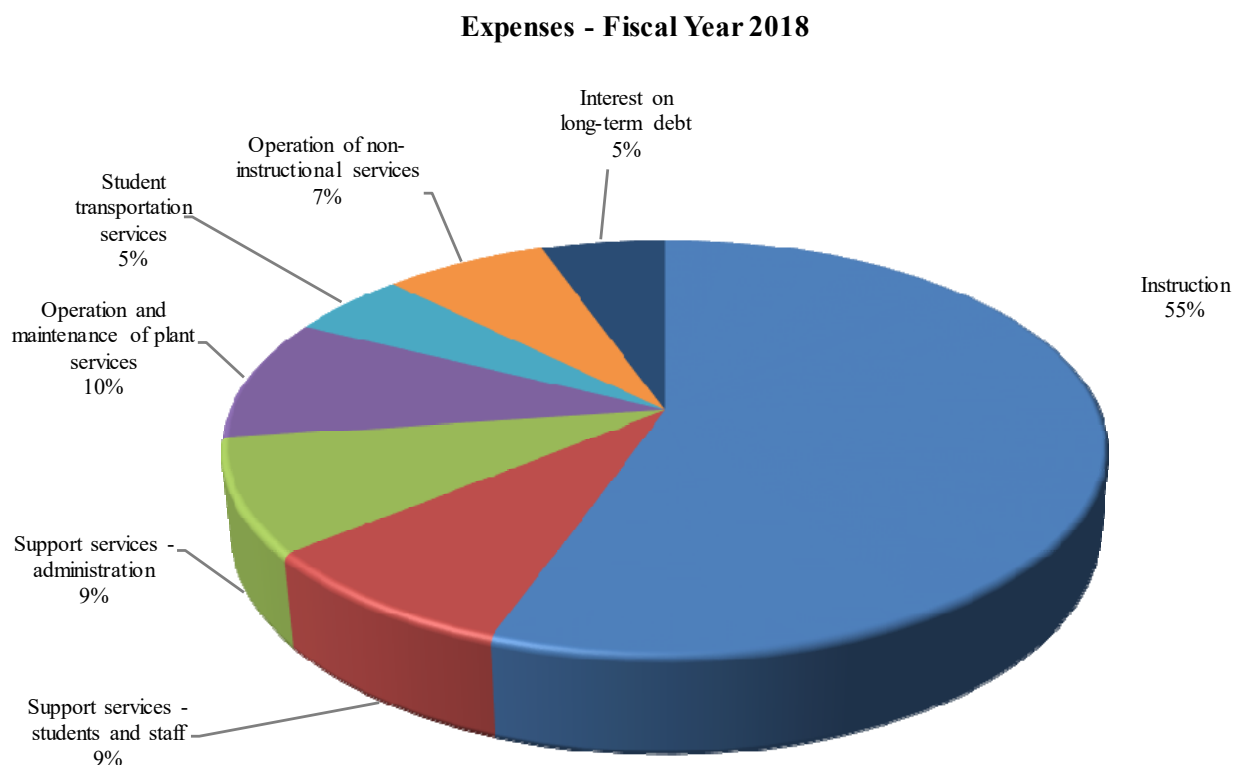
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$157.8 million. The total cost of all programs and services was \$158.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues:		
Program revenues:		
Charges for services	\$ 14,741,943	\$ 13,770,241
Operating grants and contributions	11,187,969	10,367,665
General revenues:		
Property taxes	72,093,153	75,783,687
Investment income	862,894	616,662
Unrestricted county aid	4,406,194	4,341,246
Unrestricted state aid	53,793,847	54,946,955
Unrestricted federal aid	719,884	609,247
Total revenues	<u>157,805,884</u>	<u>160,435,703</u>
Expenses:		
Instruction	88,041,606	93,265,995
Support services - students and staff	13,753,213	19,164,537
Support services - administration	14,031,266	12,767,901
Operation and maintenance of plant services	15,057,684	15,471,919
Student transportation services	8,139,676	8,099,841
Operation of non-instructional services	11,305,128	10,985,302
Interest on long-term debt	8,527,959	7,481,976
Total expenses	<u>158,856,532</u>	<u>167,237,471</u>
Changes in net position	<u>(1,050,648)</u>	<u>(6,801,768)</u>
Net position, beginning, as restated	<u>38,432,730</u>	<u>45,212,608</u>
Net position, ending	<u><u>\$ 37,382,082</u></u>	<u><u>\$ 38,410,840</u></u>

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The \$3.7 million decrease in property taxes is due to a decrease in the primary and secondary property tax rates.
- The \$1.2 million decrease in unrestricted state aid is due to a decrease in average daily membership.
- The overall decrease of \$8.4 million in expenses is due to decreased depreciation expense, decreased pension and other postemployment benefits expenses, and the implementation of District-wide organizational changes that lowered operational expenses, while deploying more resources to support instructional areas.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 88,041,606	\$ (80,888,271)	\$ 93,265,995	\$ (86,274,189)
Support services - students and staff	13,753,213	(9,680,375)	19,164,537	(15,526,172)
Support services - administration	14,031,266	(12,440,657)	12,767,901	(11,326,284)
Operation and maintenance of plant services	15,057,684	(14,410,039)	15,471,919	(14,957,085)
Student transportation services	8,139,676	(7,406,172)	8,099,841	(7,563,682)
Operation of non-instructional services	11,305,128	(258,347)	10,985,302	(702,556)
Interest on long-term debt	8,527,959	(7,842,759)	7,481,976	(6,749,597)
Total	<u>\$ 158,856,532</u>	<u>\$(132,926,620)</u>	<u>\$ 167,237,471</u>	<u>\$(143,099,565)</u>

- The cost of all governmental activities this year was \$158.9 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$25.9 million.
- Net cost of governmental activities of \$132.9 million was financed by general revenues, which are made up of primarily property taxes of \$72.1 million and state and county aid of \$58.2 million. Investment earnings accounted for \$862,894 of funding.

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.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$103.4 million, an increase of \$3.3 million due primarily to the issuance of crossover refunding bonds.

The General Fund comprises 20 percent of the total fund balance. Approximately \$19.2 million, or 93 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$20.3 million to \$20.5 million as of fiscal year end was a result of a decrease in overall expenditures as a result of a decrease in average daily membership. General Fund revenues decreased \$1.5 million as a result of a decrease in property taxes as a result of a decrease in primary and secondary property tax rates. General Fund expenditures decreased \$5.9 million as a result of a decrease in average daily membership.

The Debt Service Fund had \$19.2 million in current fiscal year revenues and \$20.3 million in expenditures. The Debt Service Fund's fund balance increased from \$12.7 million as of prior fiscal year end to \$34.0 million as of the current fiscal year end primarily due to the issuance of crossover refunding bonds.

The fund balance in the Bond Building Fund decreased \$17.9 million to \$28.2 million as of year end primarily due to the utilization of fund balance for construction projects.

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$5.4 million, which is inconsistent with the District's reserve policy. Operating expenses of \$18.1 million exceeded operating revenues of \$15.3 million.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

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 \$1.6 million increase, or one percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The favorable variances of \$10.6 million in instruction and \$1.6 million in support services – students and staff were a result of budgeting to maximize the budget carryforward to provide capacity in future years for contingencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$469.9 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 \$16.1 million from the prior fiscal year, primarily due to school improvements and the purchase of vehicles, furniture and equipment. Total depreciation expense for the current fiscal year was \$13.9 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable	\$ 37,921,166	\$ 34,446,272
Capital assets - depreciable, net	223,431,737	223,656,667
Total	<u>\$ 261,352,903</u>	<u>\$ 258,102,939</u>

The estimated cost to complete current construction projects is \$12.4 million.

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

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Debt Administration. At year end, the District had \$227.6 million in long-term debt outstanding, \$10.9 million due within one year. Long-term debt increased by \$17.8 million.

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 net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the total net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$358.1 million and the current Class B debt limit for the District is \$238.8 million which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-19 budget. Among them:

- Fiscal year 2017-18 budget balance carryforward (estimated \$12.6 million).
- District student population (estimated 17,251).

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 seven percent to \$116.5 million in fiscal year 2018-19 due to increased payroll and employee benefit costs, resulting from increases in state funding and associated formulas. State aid and property taxes are expected to fund the increase. No new programs were added in the fiscal year 2018-19.

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; Kyrene Elementary School District No. 28; 8700 South Kyrene Road; Tempe, Arizona 85284-2197.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 93,717,130
Restricted cash and investments	29,217,456
Property taxes receivable	3,863,123
Accounts receivable	607,970
Due from governmental entities	16,542,868
Inventory	300,593
Total current assets	<u>144,249,140</u>

Noncurrent assets:	
Net other postemployment benefit assets	447,785
Capital assets not being depreciated	37,921,166
Capital assets, net of accumulated depreciation	<u>223,431,737</u>
Total noncurrent assets	<u>261,800,688</u>
Total assets	<u>406,049,828</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	6,450,103
Pension and other postemployment benefit plan items	<u>17,845,971</u>
Total deferred outflows of resources	<u>24,296,074</u>

LIABILITIES

Current liabilities:	
Accounts payable	3,775,811
Construction contracts payable	9,165,745
Claims payable	2,118,000
Accrued payroll and employee benefits	682,290
Compensated absences payable	2,000,000
Accrued interest payable	4,671,871
Unearned revenues	32,537
Bonds payable	<u>10,870,000</u>
Total current liabilities	<u>33,316,254</u>

Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>348,712,886</u>
Total noncurrent liabilities	<u>348,712,886</u>
Total liabilities	<u>382,029,140</u>

DEFERRED INFLOWS OF RESOURCES

Pension and other postemployment benefit plan items	<u>10,934,680</u>
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NET POSITION

Net investment in capital assets	98,482,098
Restricted for:	
Voter approved initiatives	8,848,351
Federal and state projects	1,146,863
Food service	1,662,280
Community school	561,518
Civic center	606,976
Extracurricular activities fees tax credit	927,595
Other local initiatives	1,000,540
Debt service	<u>34,071,017</u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF NET POSITION
JUNE 30, 2018

Capital outlay	7,580,750
Unrestricted	<u>(117,505,906)</u>
Total net position	<u><u>\$ 37,382,082</u></u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 88,041,606	\$ 2,662,304	\$ 4,491,031	\$ (80,888,271)
Support services - students and staff	13,753,213	2,055,702	2,017,136	(9,680,375)
Support services - administration	14,031,266	1,468,358	122,251	(12,440,657)
Operation and maintenance of plant services	15,057,684	458,315	189,330	(14,410,039)
Student transportation services	8,139,676		733,504	(7,406,172)
Operation of non-instructional services	11,305,128	8,097,264	2,949,517	(258,347)
Interest on long-term debt	8,527,959		685,200	(7,842,759)
Total governmental activities	<u>\$ 158,856,532</u>	<u>\$ 14,741,943</u>	<u>\$ 11,187,969</u>	<u>(132,926,620)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	46,766,250
Property taxes, levied for debt service	18,589,695
Property taxes, levied for capital outlay	6,737,208
Investment income	862,894
Unrestricted county aid	4,406,194
Unrestricted state aid	53,793,847
Unrestricted federal aid	719,884
Total general revenues	<u>131,875,972</u>

Changes in net position (1,050,648)

Net position, beginning of year, as restated 38,432,730

Net position, end of year \$ 37,382,082

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

FUND FINANCIAL STATEMENTS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$ 5,835,001	\$ 20,193,210	\$ 37,330,765
Restricted cash and investments		29,217,456	
Property taxes receivable	3,586,699	202,222	
Accounts receivable			
Due from governmental entities	14,748,195		
Due from other funds	835,753		
Inventory	300,593		
Total assets	<u>\$ 25,306,241</u>	<u>\$ 49,612,888</u>	<u>\$ 37,330,765</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,036,236	\$	\$
Construction contracts payable			9,165,745
Due to other funds			
Accrued payroll and employee benefits	394,018		
Unearned revenues			
Bonds payable		10,870,000	
Bond interest payable		4,671,871	
Total liabilities	<u>1,430,254</u>	<u>15,541,871</u>	<u>9,165,745</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	3,330,046	97,905	
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	<u>3,330,046</u>	<u>97,905</u>	
Fund balances (deficits):			
Nonspendable	300,593		
Restricted	1,062,500	33,973,112	28,165,020
Unassigned	19,182,848		
Total fund balances	<u>20,545,941</u>	<u>33,973,112</u>	<u>28,165,020</u>
Total liabilities, deferred inflows of resources			
and fund balances	<u>\$ 25,306,241</u>	<u>\$ 49,612,888</u>	<u>\$ 37,330,765</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 22,305,789	\$ 85,664,765
	29,217,456
74,202	3,863,123
588,850	588,850
1,625,360	16,373,555
	835,753
	300,593
<u>\$ 24,594,201</u>	<u>\$ 136,844,095</u>

\$ 2,175,398	\$ 3,211,634
	9,165,745
835,753	835,753
278,140	672,158
32,537	32,537
	10,870,000
	4,671,871
<u>3,321,828</u>	<u>29,459,698</u>

37,274	3,465,225
533,342	533,342
<u>570,616</u>	<u>3,998,567</u>

	300,593
21,235,099	84,435,731
(533,342)	18,649,506
<u>20,701,757</u>	<u>103,385,830</u>

<u>\$ 24,594,201</u>	<u>\$ 136,844,095</u>
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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total governmental fund balances

Amounts reported for *governmental activities* in the Statement of
Net Position are different because: **\$ 103,385,830**

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

Governmental capital assets	\$ 469,933,488	
Less accumulated depreciation	<u>(208,580,585)</u>	261,352,903

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

Property taxes	3,465,225	
Intergovernmental	<u>533,342</u>	3,998,567

Deferred items related to the net cost of issuance of bonds
are amortized over the life of the associated bond issue
in the government-wide statements but not reported in the funds. 6,450,103

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

Deferred outflows of resources related to pensions/OPEB	17,845,971	
Deferred inflows of resources related to pensions/OPEB	<u>(10,934,680)</u>	6,911,291

The Net OPEB asset is not a current financial resource and,
therefore, is not reported in the funds. 447,785

The Internal Service Fund is used by management to charge
the cost of insurance to the individual funds. The assets and
liabilities of the Internal Service Fund are included in the
Statement of Net Position. 5,548,489

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

Compensated absences payable	(5,812,119)	
Net OPEB liability	(297,090)	
Net pension liability	(127,917,606)	
Bonds payable	<u>(216,686,071)</u>	<u>(350,712,886)</u>

Net position of governmental activities	<u>\$ 37,382,082</u>
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The notes to the basic financial statements are an integral part of this statement.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 4,616,875	\$ (163,851)	\$ 513,552
Property taxes	46,814,185	18,670,223	
State aid and grants	45,895,173		
Federal aid, grants and reimbursements	719,884	685,200	
Total revenues	<u>98,046,117</u>	<u>19,191,572</u>	<u>513,552</u>
Expenditures:			
Current -			
Instruction	60,399,050		
Support services - students and staff	9,767,983		
Support services - administration	10,625,950		
Operation and maintenance of plant services	11,779,736		
Student transportation services	4,733,354		
Operation of non-instructional services	138,701		
Capital outlay	160,294		17,873,578
Debt service -			
Principal retirement		10,870,000	
Interest and fiscal charges		8,976,586	
Bond issuance costs		420,528	
Total expenditures	<u>97,605,068</u>	<u>20,267,114</u>	<u>17,873,578</u>
Excess (deficiency) of revenues over expenditures	<u>441,049</u>	<u>(1,075,542)</u>	<u>(17,360,026)</u>
Other financing sources (uses):			
Transfer in	809,590	513,552	
Transfer out			(513,552)
Issuance of refunding bonds		44,365,000	
Premium on sale of bonds		7,117,642	
Payment to refunded bond escrow agent		(29,611,620)	
Insurance recoveries	10,292		
Total other financing sources (uses)	<u>819,882</u>	<u>22,384,574</u>	<u>(513,552)</u>
Changes in fund balances	<u>1,260,931</u>	<u>21,309,032</u>	<u>(17,873,578)</u>
Fund balances, beginning of year	20,325,087	12,664,080	46,038,598
Increase (decrease) in reserve for prepaid items	(1,102,313)		
Increase (decrease) in reserve for inventory	62,236		
Fund balances, end of year	<u>\$ 20,545,941</u>	<u>\$ 33,973,112</u>	<u>\$ 28,165,020</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 16,186,256	\$ 21,152,832
6,848,966	72,333,374
9,608,416	55,503,589
7,171,409	8,576,493
<u>39,815,047</u>	<u>157,566,288</u>
14,669,745	75,068,795
4,319,751	14,087,734
1,930,906	12,556,856
741,701	12,521,437
916,626	5,649,980
11,050,046	11,188,747
5,766,701	23,800,573
	10,870,000
	8,976,586
	420,528
<u>39,395,476</u>	<u>175,141,236</u>
<u>419,571</u>	<u>(17,574,948)</u>
	1,323,142
(809,590)	(1,323,142)
	44,365,000
	7,117,642
	(29,611,620)
	10,292
<u>(809,590)</u>	<u>21,881,314</u>
<u>(390,019)</u>	<u>4,306,366</u>
21,102,879	100,130,644
	(1,102,313)
(11,103)	51,133
<u>\$ 20,701,757</u>	<u>\$ 103,385,830</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Changes in fund balances - total governmental funds **\$ 4,306,366**

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	\$ 17,304,429	
Less current year depreciation	<u>(13,874,988)</u>	3,429,441

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(21,871,022)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(240,221)	
Intergovernmental	<u>361,080</u>	120,859

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.		10,870,000
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Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.

Current year pension/OPEB contributions	9,437,981	
Pension/OPEB expense	<u>(4,668,043)</u>	4,769,938

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.

Prepaid items	(1,102,313)	
Inventory	51,133	
Deferred charges on issuance of debt	(949,518)	
Loss on disposal of assets	(179,477)	
Amortization of deferred bond items	1,399,837	
Compensated absences	<u>877,662</u>	97,324

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.		<u>(2,773,554)</u>
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Changes in net position in governmental activities **\$ (1,050,648)**

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 8,052,365
Accounts receivable	19,120
Due from governmental entities	169,313
Due from other funds	66,366
Total current assets	<u>8,307,164</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>286,201</u>
Total noncurrent assets	<u>286,201</u>
Total assets	<u><u>8,593,365</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	564,177
Claims payable	2,118,000
Due to other funds	66,366
Accrued payroll and employee benefits	10,132
Total current liabilities	<u>2,758,675</u>
Total liabilities	<u><u>2,758,675</u></u>
<u>NET POSITION</u>	
Net investment in capital assets	286,201
Unrestricted	5,548,489
Total net position	<u><u>\$ 5,834,690</u></u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 13,640,946
Charges for services	1,641,960
Total operating revenues	<u>15,282,906</u>
Operating expenses:	
Depreciation	84,994
Claims	13,825,310
Premiums	1,555,106
Administrative fees	1,226,515
Cost of services	1,405,635
Total operating expenses	<u>18,097,560</u>
Operating income (loss)	<u>(2,814,654)</u>
Nonoperating revenues (expenses):	
Investment income	108,445
Interest and fiscal charges	(1,692)
Total nonoperating revenues (expenses)	<u>106,753</u>
Changes in net position	<u>(2,707,901)</u>
Total net position, beginning of year	8,542,591
Total net position, end of year	<u><u>\$ 5,834,690</u></u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities: Internal Service Funds
<u>Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 13,943,189
Cash received for services	1,609,548
Cash payments to suppliers for goods and services	(4,213,033)
Cash payments for claims	(13,344,310)
	<hr/>
Net cash used for operating activities	(2,004,606)
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(150,647)
Principal paid on long-term debt	(42,780)
Interest paid on long-term debt	(1,692)
	<hr/>
Net cash used for capital and related financing activities	(195,119)
	<hr/>
Cash flows from investing activities:	
Investment income	108,445
	<hr/>
Net cash provided by investing activities	108,445
	<hr/>
Net decrease in cash and cash equivalents	(2,091,280)
	<hr/>
Cash and cash equivalents, beginning of year	10,143,645
	<hr/>
Cash and cash equivalents, end of year	\$ 8,052,365
	<hr/>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>	
Operating loss	\$ (2,814,654)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	84,994
Changes in assets and liabilities:	
Decrease in accounts receivable	302,243
(Increase) in due from governmental entities	(32,412)
(Increase) in due from other funds	(5,956)
Increase in accounts payable	33,375
Increase in claims payable	481,000
Increase in due to other funds	5,956
(Decrease) in accrued payroll and employee benefits	(59,152)
	<hr/>
Total adjustments	810,048
	<hr/>
Net cash used for operating activities	\$ (2,004,606)
	<hr/>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 198,884
Total assets	<u>\$ 198,884</u>
<u>LIABILITIES</u>	
Due to student groups	\$ 198,884
Total liabilities	<u>\$ 198,884</u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Kyrene Elementary School District No. 28 (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, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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 and athletic functions.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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. Property taxes, unrestricted federal, state, and county aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the 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 amount approximating their external exchange value.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

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

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

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to (1) the operation of District functions that provide goods and services to other districts and internal departments on a cost reimbursement basis, (2) activities related to agreements with other governments where the District is the fiscal agent, (3) the District’s self-insurance program for employee benefits and (4) the District’s insurance program to pay for workers’ compensation insurance premiums.

Fiduciary Fund – The Fiduciary Fund is an Agency Fund which accounts for resources held by the District on behalf of others. The Student Activities Fund accounts for monies raised by students to finance student clubs and organizations held by the District as an agent.

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and cash and investments held by the County Treasurer.

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

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

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

H. Inventory

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

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

I. Prepaid Items

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

J. Capital Assets

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

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Land improvements	10 – 50 years
Buildings and improvements	5 – 50 years
Vehicles, furniture and equipment	5 – 25 years

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

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

M. Pensions and Other Postemployment Benefits

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding 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.

O. Interfund Activity

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

P. Net Position Flow Assumption

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

Q. 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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 be restricted, committed, or assigned.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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.

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

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 300,593	\$	\$	\$
Restricted:				
Debt service		33,973,112		
Capital projects	1,062,500			6,480,976
Bond building projects			28,165,020	
Voter approved initiatives				8,848,351
Federal and state projects				1,146,863
Food service				1,662,280
Civic center				606,976
Community school				1,049,647
Extracurricular activities				927,595
Gifts and donations				418,659
Other purposes				93,752
Unassigned	19,182,848			(533,342)
Total fund balances	<u>\$ 20,545,941</u>	<u>\$ 33,973,112</u>	<u>\$ 28,165,020</u>	<u>\$20,701,757</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	<u>Deficit</u>
Non-Major Governmental Funds:	
Title I Grants	\$ 220,388
Professional Development and	
Technology Grants	66,657
Limited English and Immigrant Students	12,553
Special Education Grants	233,136
Other Federal Projects	608

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2018-19 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in the 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 \$865,006 and the bank balance was \$1,708,012.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CASH AND 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	502 days	\$ 93,051,008

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk. The District is invested in a treasury money market account through the trust department of U.S. Bank. The money market account has a value of \$29,217,456 at June 30, 2018.

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, non-major governmental, and internal service funds in the aggregate, were as follows:

	<u>General Fund</u>	<u>Non-Major Governmental and Other Funds</u>
Due from other governmental entities:		
Due from federal government	\$ 16,339	\$ 901,386
Due from state government	14,731,856	723,974
Due from other districts		169,313
Net due from governmental entities	<u>\$ 14,748,195</u>	<u>\$ 1,794,673</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 25,307,042	\$	\$	\$ 25,307,042
Construction in process	9,139,230	16,795,664	13,320,770	12,614,124
Total capital assets, not being depreciated	<u>34,446,272</u>	<u>16,795,664</u>	<u>13,320,770</u>	<u>37,921,166</u>
Capital assets, being depreciated:				
Land improvements	42,634,057	1,429,745		44,063,802
Buildings and improvements	348,553,814	11,891,025		360,444,839
Vehicles, furniture and equipment	28,157,230	508,765	1,162,314	27,503,681
Total capital assets being depreciated	<u>419,345,101</u>	<u>13,829,535</u>	<u>1,162,314</u>	<u>432,012,322</u>
Less accumulated depreciation for:				
Land improvements	(28,736,811)	(1,225,064)		(29,961,875)
Buildings and improvements	(157,263,012)	(10,599,024)		(167,862,036)
Vehicles, furniture and equipment	(9,688,611)	(2,050,900)	(982,837)	(10,756,674)
Total accumulated depreciation	<u>(195,688,434)</u>	<u>(13,874,988)</u>	<u>(982,837)</u>	<u>(208,580,585)</u>
Total capital assets, being depreciated, net	<u>223,656,667</u>	<u>(45,453)</u>	<u>179,477</u>	<u>223,431,737</u>
Governmental activities capital assets, net	<u>\$ 258,102,939</u>	<u>\$ 16,750,211</u>	<u>\$13,500,247</u>	<u>\$261,352,903</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 10,691,221
Support services – students and staff	53,673
Support services – administration	562,470
Operation and maintenance of plant services	1,131,720
Student transportation services	1,329,260
Operation of non-instructional services	106,644
Total depreciation expense – governmental activities	<u>\$ 13,874,988</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the replacement of cooling towers, remodeling of various schools for security upgrades in each of the lobbies and roof replacements. At year end, the District had spent \$12.6 million on the projects and had estimated remaining contractual commitments of \$12.4 million. These projects are being funded with bond proceeds.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired copiers under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the District Services Fund, a proprietary fund, are used to pay the capital lease obligation. Amortization of assets recorded under capital leases is included with depreciation expense.

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$2.0 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvement bonds are Qualified Build America Bonds (BABS). The District receives a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2018	Due Within One Year
Governmental Activities:					
2005 School Improvement Bonds, Series D (Class B)	\$ 25,000,000	4.60-6.00%	7/1/18-23	\$ 19,185,000	\$ 2,065,000
2005 School Improvement Bonds, Series E (Class B)	22,350,000	3.00-5.50%	7/1/18-28	17,630,000	1,305,000
2010 School Improvement Bonds, Series B (Class B)	40,000,000	3.00-5.00%	7/1/18-30	14,475,000	3,975,000
2010 School Improvement Bonds, Series C (Class B)	40,000,000	2.00-5.00%	7/1/18-34	38,650,000	
Refunding Bonds, Series 2015	24,120,000	2.00-4.00%	7/1/18-27	24,120,000	975,000
2010 School Improvement Bonds, Series D (Class B)	32,025,000	2.00-5.00%	7/1/18-36	29,025,000	2,550,000
Refunding Bonds, Series 2016A (Class B)	17,450,000	2.50-5.00%	7/1/18-27	17,260,000	
Refunding Bonds, Series 2016B (Class B)	7,360,000	2.00-5.00%	7/1/24-28	7,360,000	
Refunding Bonds, Series 2017A (2019 Crossover)	6,885,000	2.00-5.00%	7/1/20-23	6,885,000	
Refunding Bonds, Series 2017B (2020 Crossover)	12,395,000	2.00-5.00%	7/1/21-28	12,395,000	
Refunding Bonds, Series 2017C	25,085,000	4.00-5.00%	7/1/24-30	25,085,000	
Total				<u>\$ 212,070,000</u>	<u>\$ 10,870,000</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

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
2019	\$ 10,870,000	\$ 8,019,217
2020	9,575,000	7,887,397
2021	12,435,000	7,962,875
2022	14,005,000	7,658,857
2023	12,995,000	7,082,328
2024-28	71,125,000	25,528,524
2029-33	58,610,000	10,238,057
2034-37	22,455,000	1,360,250
Total	<u>\$ 212,070,000</u>	<u>\$ 75,737,505</u>

During the year ended June 30, 2018, the District issued \$25,085,000 in refunding bonds with an effective interest rate of 4.74 percent, to advance refund \$25,525,000 of outstanding general obligation bonds, with an average interest rate of 5.27 percent. The net proceeds of \$29,611,620, which includes \$4,760,716 of bond premium, (after payment of \$234,096 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$3,770,068. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$2,074,957 and resulted in an economic gain of \$1,765,775.

During the year ended June 30, 2018, the District issued \$6,885,000 in crossover refunding bonds, with an effective interest rate of 4.18 percent, to advance refund \$7,260,000 of outstanding general obligation bonds, with an average interest rate of 5.38 percent. The net proceeds of \$7,442,131, which includes \$626,013 of bond premium, (after payment of \$68,882 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased at the crossover date of July 1, 2019, and the liability for those bonds will be removed from the government-wide financial statements. Payments on refunded debt will continue to be paid by the Debt Service Fund until the crossover refunding date. This advance refunding was undertaken to reduce total debt service payments over the next six years by \$336,747 and resulted in an economic gain of \$307,211.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

During the year ended June 30, 2018, the District issued \$12,395,000 in crossover refunding bonds, with an effective interest rate of 4.31 percent, to advance refund \$13,515,000 of outstanding general obligation bonds, with an average interest rate of 5.82 percent. The net proceeds of \$14,008,363, which includes \$1,730,913 of bond premium, (after payment of \$117,550 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased at the crossover date of July 1, 2020, and the liability for those bonds will be removed from the government-wide financial statements. Payments on refunded debt will continue to be paid by the Debt Service Fund until the crossover refunding date. This advance refunding was undertaken to reduce total debt service payments over the next 11 years \$931,556 and resulted in an economic gain of \$794,050.

Changes in investment value for crossover refunding escrow account monies held in money market accounts with U.S. Bank resulted in negative investment income of \$163,851 at year end.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$50,570,000 of defeased bonds are still outstanding.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 199,650,000	\$ 44,365,000	\$ 31,945,000	\$ 212,070,000	\$ 10,870,000
Premium	10,084,818	7,117,642	1,716,389	15,486,071	
Total bonds payable	<u>209,734,818</u>	<u>51,482,642</u>	<u>33,661,389</u>	<u>227,556,071</u>	<u>10,870,000</u>
Obligations under capital leases	42,780		42,780		
Net OPEB liability	183,070	114,020		297,090	
Net pension liability	130,157,833		2,240,227	127,917,606	
Compensated absences payable	<u>6,689,781</u>	<u>7,579,560</u>	<u>8,457,222</u>	<u>5,812,119</u>	<u>2,000,000</u>
Governmental activity long-term liabilities	<u>\$ 346,808,282</u>	<u>\$ 59,176,222</u>	<u>\$ 44,401,618</u>	<u>\$ 361,582,886</u>	<u>\$ 12,870,000</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds – At year end, several non-major governmental funds had negative cash balances in the Treasurer’s pooled cash accounts of \$835,753. 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. In addition, the Intergovernmental Agreements Fund had a negative cash balance of \$66,366 at year end that was reduced by interfund borrowing with the District Services Fund. Both funds were non-major internal services funds.

Interfund transfers:

	Transfers in		
	General	Debt	
Transfers out	Fund	Service	Total
Bond Building Fund	\$	\$ 513,552	\$ 513,552
Non-Major Governmental Funds	809,590		809,590
Total	<u>\$ 809,590</u>	<u>\$ 513,552</u>	<u>\$ 1,323,142</u>

Transfers between funds are used to (1) move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund and (2) to move federal grant funds restricted for indirect costs to the Indirect Costs Fund, which is reported in the General Fund.

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.

Lawsuits – The District is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – RISK MANAGEMENT

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.

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 established the Employee Benefit Trust Fund, an Internal Service Fund, to account for and finance the uninsured risks of loss related to employee health. Under this program, the Fund provides coverage for up to a maximum of \$225,000 for each claim. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. In addition, the District has a total recommended reserve of \$6.3 million. The fund balance for the Employee Benefit Trust Fund was \$5.0 million at year end.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – RISK MANAGEMENT

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended June 30, 2018	Year ended June 30, 2017
Claims payable, beginning of year	\$ 1,637,000	\$ 1,412,000
Current year claims and changes in estimates	13,825,310	14,182,875
Claim payments	<u>(13,344,310)</u>	<u>(13,957,875)</u>
Claims payable, end of year	<u>\$ 2,118,000</u>	<u>\$ 1,637,000</u>

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Aggregate Amounts. At June 30, 2018, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB
Net assets	\$	\$ (447,785)
Net liability	127,917,606	297,090
Deferred outflows of resources	17,353,555	492,416
Deferred inflows of resources	10,385,458	549,222
Expense	4,247,626	420,417
Contributions	8,945,565	492,416

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

*With actuarially reduced benefits

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

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.50 percent (11.34 percent for retirement and 0.16 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 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The District's contributions for the year ended June 30, 2018 were as follows:

	<u>Contributions</u>
Pension	\$ 8,945,565
Health Insurance Premium	361,105
Long-Term Disability	131,311

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 for retirement, 0.10 percent for health insurance premium benefit, and 0.13 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension and OPEB contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension and OPEB Assets/Liability. The net pension and OPEB assets/liability were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The District's proportion of the net assets/liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2017.

At June 30, 2018, the District reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2017, the District's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2016 was:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 127,917,606	0.821	0.011
Health Insurance Premium	(447,785)	0.823	
Long-Term Disability	297,090	0.820	

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2018, the District recognized pension and OPEB expense as follows:

	Expense
Pension	\$ 4,247,626
Health Insurance Premium	261,911
Long-Term Disability	158,506

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

Deferred Outflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Changes of assumptions or other inputs	\$ 5,555,755	\$	\$
Net difference between projected and actual earnings on pension investments	918,360		
Changes in proportion and differences between contributions and proportionate share of contributions	1,933,875		
Contributions subsequent to the measurement date	8,945,565	361,105	131,311
Total	<u>\$ 17,353,555</u>	<u>\$ 361,105</u>	<u>\$ 131,311</u>

Deferred Inflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$ 3,835,677	\$	\$
Changes of assumptions or other inputs	3,824,966		
Net difference between projected and actual earnings on pension investments		504,188	44,441
Changes in proportion and differences between contributions and proportionate share of contributions	2,724,815	548	45
Total	<u>\$ 10,385,458</u>	<u>\$ 504,736</u>	<u>\$ 44,486</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	\$ (6,365,685)	\$ (126,159)	\$ (11,116)
2020	5,614,164	(126,159)	(11,116)
2021	1,716,541	(126,159)	(11,116)
2022	(2,942,486)	(126,159)	(11,116)
2023		(100)	(6)
Thereafter			(15)

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

	Pension	OPEB
Actuarial valuation date	June 30, 2016	June 30, 2016
Actuarial roll forward date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.0%	8.0%
Projected salary increases	3.0-6.75%	Not applicable
Inflation	3.0%	3.0%
Permanent base increases	Included	Not applicable
Mortality rates	1994 GAM Scale BB	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable	Not applicable

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the ASRS total pension and OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	7.0%	8.0%	9.0%
Pension	\$ 164,184,470	\$ 127,917,606	\$ 97,613,535
Health Insurance Premium	743,642	(447,785)	(1,460,296)
Long-Term Disability	355,246	297,090	247,782

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

Beginning Net Position Restatement. The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, represents a change in accounting principle. Net position as of July 1, 2017, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2017, as previously reported	\$ 38,410,840
Net OPEB asset	204,960
Net OPEB liability	(183,070)
Net position, July 1, 2017, as restated	<u>\$ 38,432,730</u>

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REQUIRED SUPPLEMENTARY INFORMATION

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Revenues:				
Other local	\$	\$	\$ 4,549,573	\$ 4,549,573
Property taxes			46,814,185	46,814,185
State aid and grants			45,895,173	45,895,173
Total revenues			<u>97,258,931</u>	<u>97,258,931</u>
Expenditures:				
Current -				
Instruction	69,599,870	70,471,276	59,875,817	10,595,459
Support services - students and staff	10,676,385	11,327,820	9,715,186	1,612,634
Support services - administration	10,134,734	10,217,091	9,554,522	662,569
Operation and maintenance of plant services	12,384,252	12,193,105	12,464,172	(271,067)
Student transportation services	4,669,241	4,708,285	4,732,988	(24,703)
Operation of non-instructional services	27,000	133,283	138,091	(4,808)
Total expenditures	<u>107,491,482</u>	<u>109,050,860</u>	<u>96,480,776</u>	<u>12,570,084</u>
Changes in fund balances	<u>(107,491,482)</u>	<u>(109,050,860)</u>	<u>778,155</u>	<u>109,829,015</u>
Fund balances, beginning of year			14,727,173	14,727,173
Increase (decrease) in reserve for prepaid items			(17,342)	(17,342)
Increase (decrease) in reserve for inventory			62,236	62,236
Fund balances (deficits), end of year	<u>\$ (107,491,482)</u>	<u>\$ (109,050,860)</u>	<u>\$ 15,550,222</u>	<u>\$ 124,601,082</u>

See accompanying notes to this schedule.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	0.82%	0.81%	0.85%	0.82%
District's proportionate share of the net pension (assets) liability	\$ 127,917,606	\$ 130,157,833	\$ 132,478,207	\$ 121,650,116
District's covered payroll	\$ 79,874,722	\$ 75,593,152	\$ 78,285,620	\$ 79,933,336
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	160.15%	172.18%	169.22%	152.19%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 8,945,565	\$ 8,610,495	\$ 8,201,857	\$ 8,525,304
Contributions in relation to the actuarially determined contribution	<u>8,945,565</u>	<u>8,610,495</u>	<u>8,201,857</u>	<u>8,525,304</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 82,069,404	\$ 79,874,722	\$ 75,593,152	\$ 78,285,620
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.82%
District's proportionate share of the net OPEB (assets) liability	\$ (447,785)
District's covered payroll	\$ 79,874,722
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	-0.56%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

2018

Actuarially determined contribution	\$ 361,105
Contributions in relation to the actuarially determined contribution	<u>361,105</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered payroll	\$ 82,069,404
Contributions as a percentage of covered payroll	0.44%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.82%
District's proportionate share of the net OPEB (assets) liability	\$ 297,090
District's covered payroll	\$ 79,874,722
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

2018

Actuarially determined contribution	\$ 131,311
Contributions in relation to the actuarially determined contribution	<u>131,311</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered payroll	\$ 82,069,404
Contributions as a percentage of covered payroll	0.16%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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 Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 97,605,068	\$ 20,545,941
Activity budgeted as special revenue funds	(2,038,022)	(4,818,013)
Activity budgeted as capital projects funds	(171,241)	(177,706)
Current-year prepaid items	<u>1,084,971</u>	
Schedule of Revenues, Expenditures and Changes in Fund		
Balances – Budget and Actual – General Fund	<u>\$ 96,480,776</u>	<u>\$ 15,550,222</u>

NOTE 2 – PENSION AND OPEB PLAN SCHEDULES

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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GOVERNMENTAL FUNDS

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 14,341,615	\$ 7,964,174	\$ 22,305,789
Property taxes receivable		74,202	74,202
Accounts receivable	588,850		588,850
Due from governmental entities	1,625,360		1,625,360
Total assets	<u>\$ 16,555,825</u>	<u>\$ 8,038,376</u>	<u>\$ 24,594,201</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 655,272	\$ 1,520,126	\$ 2,175,398
Due to other funds	835,753		835,753
Accrued payroll and employee benefits	278,140		278,140
Unearned revenues	32,537		32,537
Total liabilities	<u>1,801,702</u>	<u>1,520,126</u>	<u>3,321,828</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		37,274	37,274
Unavailable revenues - intergovernmental	533,342		533,342
Total deferred inflows of resources	<u>533,342</u>	<u>37,274</u>	<u>570,616</u>
Fund balances (deficits):			
Restricted	14,754,123	6,480,976	21,235,099
Unassigned	(533,342)		(533,342)
Total fund balances	<u>14,220,781</u>	<u>6,480,976</u>	<u>20,701,757</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,555,825</u>	<u>\$ 8,038,376</u>	<u>\$ 24,594,201</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 16,120,188	\$ 66,068	\$ 16,186,256
Property taxes		6,848,966	6,848,966
State aid and grants	9,607,272	1,144	9,608,416
Federal aid, grants and reimbursements	<u>7,171,409</u>		<u>7,171,409</u>
Total revenues	<u>32,898,869</u>	<u>6,916,178</u>	<u>39,815,047</u>
Expenditures:			
Current -			
Instruction	14,669,745		14,669,745
Support services - students and staff	4,319,751		4,319,751
Support services - administration	1,930,906		1,930,906
Operation and maintenance of plant services	741,701		741,701
Student transportation services	916,626		916,626
Operation of non-instructional services	11,050,046		11,050,046
Capital outlay	97,644	5,669,057	5,766,701
Total expenditures	<u>33,726,419</u>	<u>5,669,057</u>	<u>39,395,476</u>
Excess (deficiency) of revenues over expenditures	<u>(827,550)</u>	<u>1,247,121</u>	<u>419,571</u>
Other financing sources (uses):			
Transfer out	<u>(809,590)</u>		<u>(809,590)</u>
Total other financing sources (uses)	<u>(809,590)</u>		<u>(809,590)</u>
Changes in fund balances	<u>(1,637,140)</u>	<u>1,247,121</u>	<u>(390,019)</u>
Fund balances, beginning of year	15,869,024	5,233,855	21,102,879
Increase (decrease) in reserve for inventory	(11,103)		(11,103)
Fund balances, end of year	<u>\$ 14,220,781</u>	<u>\$ 6,480,976</u>	<u>\$ 20,701,757</u>

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Indian Education - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

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

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

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

Results-based Funding - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

Academic Contests - to account for financial assistance received for participation in academic contests.

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.

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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 5,982,299	\$ 1,964,666	\$ 10,000
Accounts receivable			
Due from governmental entities	599,842	301,544	
Total assets	<u>\$ 6,582,141</u>	<u>\$ 2,266,210</u>	<u>\$ 10,000</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			3,285
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			<u>3,285</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	6,582,141	2,266,210	6,715
Unassigned			
Total fund balances	<u>6,582,141</u>	<u>2,266,210</u>	<u>6,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,582,141</u>	<u>\$ 2,266,210</u>	<u>\$ 10,000</u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>E-Rate</u>
\$	\$	\$	\$ 104,323	\$	\$ 172,262
220,388	66,657	12,553		233,136	179,038
<u>\$ 220,388</u>	<u>\$ 66,657</u>	<u>\$ 12,553</u>	<u>\$ 104,323</u>	<u>\$ 233,136</u>	<u>\$ 351,300</u>
\$ 52,740	\$ 26,989	\$	\$	\$ 19,411	\$
137,878	39,668	12,553	94,831	195,630	351,300
29,770				18,095	
			9,492		
<u>220,388</u>	<u>66,657</u>	<u>12,553</u>	<u>104,323</u>	<u>233,136</u>	<u>351,300</u>
<u>220,388</u>	<u>66,657</u>	<u>12,553</u>		<u>233,136</u>	
(220,388)	(66,657)	(12,553)		(233,136)	
<u>(220,388)</u>	<u>(66,657)</u>	<u>(12,553)</u>		<u>(233,136)</u>	
<u>\$ 220,388</u>	<u>\$ 66,657</u>	<u>\$ 12,553</u>	<u>\$ 104,323</u>	<u>\$ 233,136</u>	<u>\$ 351,300</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Other Federal Projects</u>	<u>Academic Contests</u>	<u>Results-based Funding</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 1,481	\$ 1,146,863
Accounts receivable			
Due from governmental entities	608		
Total assets	<u>\$ 608</u>	<u>\$ 1,481</u>	<u>\$ 1,146,863</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	608		
Accrued payroll and employee benefits			
Unearned revenues		1,481	
Total liabilities	<u>608</u>	<u>1,481</u>	
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>608</u>		
Fund balances (deficits):			
Restricted			1,146,863
Unassigned	(608)		
Total fund balances	<u>(608)</u>		<u>1,146,863</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 608</u>	<u>\$ 1,481</u>	<u>\$ 1,146,863</u>

Other State Projects	Food Service	Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit
\$ 43,358	\$ 2,034,335	\$ 599,022 28,840	\$ 453,755 400,802	\$ 346,731 159,208	\$ 949,550
	11,594				
<u>\$ 43,358</u>	<u>\$ 2,045,929</u>	<u>\$ 627,862</u>	<u>\$ 854,557</u>	<u>\$ 505,939</u>	<u>\$ 949,550</u>
\$	\$ 383,649	\$	\$ 105,444	\$ 17,810	\$ 21,955
21,794		20,886	187,595		
21,564					
<u>43,358</u>	<u>383,649</u>	<u>20,886</u>	<u>293,039</u>	<u>17,810</u>	<u>21,955</u>
	1,662,280	606,976	561,518	488,129	927,595
	<u>1,662,280</u>	<u>606,976</u>	<u>561,518</u>	<u>488,129</u>	<u>927,595</u>
<u>\$ 43,358</u>	<u>\$ 2,045,929</u>	<u>\$ 627,862</u>	<u>\$ 854,557</u>	<u>\$ 505,939</u>	<u>\$ 949,550</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>
<u>ASSETS</u>			
Cash and investments	\$ 445,933	\$ 9,901	\$ 72,511
Accounts receivable			
Due from governmental entities			
Total assets	<u>\$ 445,933</u>	<u>\$ 9,901</u>	<u>\$ 72,511</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 27,274	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities	<u>27,274</u>		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	418,659	9,901	72,511
Unassigned			
Total fund balances	<u>418,659</u>	<u>9,901</u>	<u>72,511</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 445,933</u>	<u>\$ 9,901</u>	<u>\$ 72,511</u>

Grants and Gifts to Teachers	Totals
\$ 4,625	\$ 14,341,615
	588,850
	1,625,360
<u>\$ 4,625</u>	<u>\$ 16,555,825</u>

\$	\$ 655,272
	835,753
	278,140
	32,537
	<u>1,801,702</u>

	<u>533,342</u>
--	----------------

4,625	14,754,123
	(533,342)
<u>4,625</u>	<u>14,220,781</u>

<u>\$ 4,625</u>	<u>\$ 16,555,825</u>
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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
Revenues:			
Other local	\$ 84,849	\$ 19,943	\$ 10,004
State aid and grants	7,198,105	700,569	
Federal aid, grants and reimbursements			
Total revenues	<u>7,282,954</u>	<u>720,512</u>	<u>10,004</u>
Expenditures:			
Current -			
Instruction	7,959,202	509,237	16,572
Support services - students and staff	158,246	63,954	3,868
Support services - administration			2,921
Operation and maintenance of plant services			
Student transportation services			299
Operation of non-instructional services			
Capital outlay			7,171
Total expenditures	<u>8,117,448</u>	<u>573,191</u>	<u>30,831</u>
Excess (deficiency) of revenues over expenditures	<u>(834,494)</u>	<u>147,321</u>	<u>(20,827)</u>
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u>(834,494)</u>	<u>147,321</u>	<u>(20,827)</u>
Fund balances, beginning of year	7,416,635	2,118,889	27,542
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 6,582,141</u>	<u>\$ 2,266,210</u>	<u>\$ 6,715</u>

Structured English Immersion	Title I Grants	Professional Development and Technology Grants	Limited English and Immigrant Students	Indian Education	Special Education Grants
\$	\$	\$	\$	\$	\$
237,433					
	942,494	258,083	95,935	139,501	2,434,579
237,433	942,494	258,083	95,935	139,501	2,434,579
234,071	470,654		37,071	12,429	1,789,115
3,362	603,819	261,365	67,295	120,463	217,947
	9,927	51,036		868	10,862
	34,296			441	548,422
237,433	1,118,696	312,401	104,366	134,201	2,566,346
	(176,202)	(54,318)	(8,431)	5,300	(131,767)
	(44,186)	(12,339)	(4,122)	(5,300)	(101,369)
	(44,186)	(12,339)	(4,122)	(5,300)	(101,369)
	(220,388)	(66,657)	(12,553)		(233,136)
\$	\$ (220,388)	\$ (66,657)	\$ (12,553)	\$	\$ (233,136)

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>Results-based Funding</u>
Revenues:			
Other local	\$	\$	\$
State aid and grants			1,209,661
Federal aid, grants and reimbursements	351,300		
Total revenues	<u>351,300</u>	<u></u>	<u>1,209,661</u>
Expenditures:			
Current -			
Instruction	351,300	595	
Support services - students and staff			61,116
Support services - administration			1,682
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>351,300</u>	<u>595</u>	<u>62,798</u>
Excess (deficiency) of revenues over expenditures	<u></u>	<u>(595)</u>	<u>1,146,863</u>
Other financing sources (uses):			
Transfer out		(13)	
Total other financing sources (uses)	<u></u>	<u>(13)</u>	<u></u>
Changes in fund balances	<u></u>	<u>(608)</u>	<u>1,146,863</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$</u>	<u>(608)</u>	<u>\$ 1,146,863</u>

Other State Projects	Food Service	Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit
\$ 261,504	\$ 2,632,660	\$ 464,394	\$ 9,812,453	\$ 1,810,572	\$ 921,499
	2,949,517				
261,504	5,582,177	464,394	9,812,453	1,810,572	921,499
33,528		564	874,777	1,494,078	689,197
227,976			2,395,497	37,940	
	98,494		1,689,831	37,599	216
	273,064	437,707	9,576	6,535	1,560
		118,317	105	40,463	166,720
	4,531,828	315	6,510,255	6,172	
	33,451	9,600	7,914	3,313	
261,504	4,936,837	566,503	11,487,955	1,626,100	857,693
	645,340	(102,109)	(1,675,502)	184,472	63,806
	(642,261)				
	(642,261)				
	3,079	(102,109)	(1,675,502)	184,472	63,806
	1,670,304	709,085	2,237,020	303,657	863,789
	(11,103)				
\$	\$ 1,662,280	\$ 606,976	\$ 561,518	\$ 488,129	\$ 927,595

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Gifts and Donations	Fingerprint	Textbooks
Revenues:			
Other local	\$ 338,054	\$ 7,450	\$ 8,242
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>338,054</u>	<u>7,450</u>	<u>8,242</u>
Expenditures:			
Current -			
Instruction	189,025		22
Support services - students and staff	88,703		8,200
Support services - administration	27,470		
Operation and maintenance of plant services	13,259		
Student transportation services	7,102		
Operation of non-instructional services	1,476		
Capital outlay	35,181		312
Total expenditures	<u>362,216</u>		<u>8,534</u>
Excess (deficiency) of revenues over expenditures	<u>(24,162)</u>	<u>7,450</u>	<u>(292)</u>
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(24,162)</u>	<u>7,450</u>	<u>(292)</u>
Fund balances, beginning of year	442,821	2,451	72,803
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 418,659</u>	<u>\$ 9,901</u>	<u>\$ 72,511</u>

Grants and Gifts to Teachers	Totals
\$ 10,068	\$ 16,120,188
	9,607,272
	7,171,409
<u>10,068</u>	<u>32,898,869</u>
8,308	14,669,745
	4,319,751
	1,930,906
	741,701
461	916,626
	11,050,046
702	97,644
<u>9,471</u>	<u>33,726,419</u>
<u>597</u>	<u>(827,550)</u>
	(809,590)
	<u>(809,590)</u>
<u>597</u>	<u>(1,637,140)</u>
4,028	15,869,024
	(11,103)
<u>\$ 4,625</u>	<u>\$ 14,220,781</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 84,849	\$ 84,849
State aid and grants		7,198,105	7,198,105
Federal aid, grants and reimbursements			
Total revenues		<u>7,282,954</u>	<u>7,282,954</u>
Expenditures:			
Current -			
Instruction	13,398,103	7,959,202	5,438,901
Support services - students and staff	1,219,244	158,246	1,060,998
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>14,617,347</u>	<u>8,117,448</u>	<u>6,499,899</u>
Excess (deficiency) of revenues over expenditures	<u>(14,617,347)</u>	<u>(834,494)</u>	<u>13,782,853</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(14,617,347)</u>	<u>(834,494)</u>	<u>13,782,853</u>
Fund balances, beginning of year		7,416,635	7,416,635
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (14,617,347)</u>	<u>\$ 6,582,141</u>	<u>\$ 21,199,488</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 19,943 700,569	\$ 19,943 700,569	\$	\$ 10,004	\$ 10,004
	720,512	720,512		10,004	10,004
830,000	509,237 63,954	320,763 (63,954)	240,000	16,572 3,868 2,921	223,428 (3,868) (2,921)
				299	(299)
				7,171	(7,171)
830,000	573,191	256,809	240,000	30,831	209,169
(830,000)	147,321	977,321	(240,000)	(20,827)	219,173
(830,000)	147,321	977,321	(240,000)	(20,827)	219,173
	2,118,889	2,118,889		27,542	27,542
\$ (830,000)	\$ 2,266,210	\$ 3,096,210	\$ (240,000)	\$ 6,715	\$ 246,715

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Structured English Immersion		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		237,433	237,433
Federal aid, grants and reimbursements			
Total revenues		<u>237,433</u>	<u>237,433</u>
Expenditures:			
Current -			
Instruction	243,656	234,071	9,585
Support services - students and staff		3,362	(3,362)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>243,656</u>	<u>237,433</u>	<u>6,223</u>
Excess (deficiency) of revenues over expenditures	<u>(243,656)</u>		<u>243,656</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(243,656)</u>		<u>243,656</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (243,656)</u>	<u>\$</u>	<u>\$ 243,656</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	942,494	942,494		258,083	258,083
	942,494	942,494		258,083	258,083
	470,654	(470,654)			
1,718,120	603,819	1,114,301	332,207	261,365	70,842
	9,927	(9,927)		51,036	(51,036)
	34,296	(34,296)			
1,718,120	1,118,696	599,424	332,207	312,401	19,806
(1,718,120)	(176,202)	1,541,918	(332,207)	(54,318)	277,889
	(44,186)	(44,186)		(12,339)	(12,339)
	(44,186)	(44,186)		(12,339)	(12,339)
(1,718,120)	(220,388)	1,497,732	(332,207)	(66,657)	265,550
\$ (1,718,120)	\$ (220,388)	\$ 1,497,732	\$ (332,207)	\$ (66,657)	\$ 265,550

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		95,935	95,935
Total revenues		<u>95,935</u>	<u>95,935</u>
Expenditures:			
Current -			
Instruction		37,071	(37,071)
Support services - students and staff	122,447	67,295	55,152
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>122,447</u>	<u>104,366</u>	<u>18,081</u>
Excess (deficiency) of revenues over expenditures	<u>(122,447)</u>	<u>(8,431)</u>	<u>114,016</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(4,122)	(4,122)
Total other financing sources (uses)		<u>(4,122)</u>	<u>(4,122)</u>
Changes in fund balances	<u>(122,447)</u>	<u>(12,553)</u>	<u>109,894</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (122,447)</u>	<u>\$ (12,553)</u>	<u>\$ 109,894</u>

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	139,501	139,501		2,434,579	2,434,579
	139,501	139,501		2,434,579	2,434,579
166,310	12,429	(12,429)	3,353,019	1,789,115	1,563,904
	120,463	45,847		217,947	(217,947)
	868	(868)		10,862	(10,862)
	441	(441)		548,422	(548,422)
166,310	134,201	32,109	3,353,019	2,566,346	786,673
(166,310)	5,300	171,610	(3,353,019)	(131,767)	3,221,252
	(5,300)	(5,300)		(101,369)	(101,369)
	(5,300)	(5,300)		(101,369)	(101,369)
(166,310)		166,310	(3,353,019)	(233,136)	3,119,883
\$ (166,310)	\$	\$ 166,310	\$ (3,353,019)	\$ (233,136)	\$ 3,119,883

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 24,799	\$ 24,799
State aid and grants			
Federal aid, grants and reimbursements		719,884	719,884
Total revenues		<u>744,683</u>	<u>744,683</u>
Expenditures:			
Current -			
Instruction		27,470	(27,470)
Support services - students and staff		30,065	(30,065)
Support services - administration	1,905,300	807,129	1,098,171
Operation and maintenance of plant services		105,439	(105,439)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,905,300</u>	<u>970,103</u>	<u>935,197</u>
Excess (deficiency) of revenues over expenditures	<u>(1,905,300)</u>	<u>(225,420)</u>	<u>1,679,880</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(1,905,300)</u>	<u>(225,420)</u>	<u>1,679,880</u>
Fund balances, beginning of year		3,213,749	3,213,749
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,905,300)</u>	<u>\$ 2,988,329</u>	<u>\$ 4,893,629</u>

E-Rate			Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	351,300	351,300			
	351,300	351,300			
350,000	351,300	(1,300)	620	595	25
350,000	351,300	(1,300)	620	595	25
(350,000)		350,000	(620)	(595)	25
				(13)	(13)
				(13)	(13)
(350,000)		350,000	(620)	(608)	12
\$ (350,000)	\$	\$ 350,000	\$ (620)	\$ (608)	\$ 12

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Results-based Funding		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		1,209,661	1,209,661
Federal aid, grants and reimbursements			
Total revenues		<u>1,209,661</u>	<u>1,209,661</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	1,209,661	61,116	1,148,545
Support services - administration		1,682	(1,682)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,209,661</u>	<u>62,798</u>	<u>1,146,863</u>
Excess (deficiency) of revenues over expenditures	<u>(1,209,661)</u>	<u>1,146,863</u>	<u>2,356,524</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(1,209,661)</u>	<u>1,146,863</u>	<u>2,356,524</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,209,661)</u>	<u>\$ 1,146,863</u>	<u>\$ 2,356,524</u>

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	261,504	261,504		27,178	27,178
	261,504	261,504		27,178	27,178
316,495	33,528 227,976	(33,528) 88,519	2,484,952	492,254 19,617	1,992,698 (19,617)
316,495	261,504	54,991	2,484,952	511,871	1,973,081
(316,495)		316,495	(2,484,952)	(484,693)	2,000,259
(316,495)		316,495	(2,484,952)	(484,693)	2,000,259
				1,547,193	1,547,193
\$ (316,495)	\$	\$ 316,495	\$ (2,484,952)	\$ 1,062,500	\$ 3,547,452

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Food Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 2,632,660	\$ 2,632,660
State aid and grants			
Federal aid, grants and reimbursements		2,949,517	2,949,517
Total revenues		<u>5,582,177</u>	<u>5,582,177</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		98,494	(98,494)
Operation and maintenance of plant services		273,064	(273,064)
Student transportation services			
Operation of non-instructional services	6,592,792	4,531,828	2,060,964
Capital outlay		33,451	(33,451)
Total expenditures	<u>6,592,792</u>	<u>4,936,837</u>	<u>1,655,955</u>
Excess (deficiency) of revenues over expenditures	<u>(6,592,792)</u>	<u>645,340</u>	<u>7,238,132</u>
Other financing sources (uses):			
Transfer in			
Transfer out		(642,261)	(642,261)
Total other financing sources (uses)		<u>(642,261)</u>	<u>(642,261)</u>
Changes in fund balances	<u>(6,592,792)</u>	<u>3,079</u>	<u>6,595,871</u>
Fund balances, beginning of year		1,670,304	1,670,304
Increase (decrease) in reserve for inventory		(11,103)	(11,103)
Fund balances (deficits), end of year	<u>\$ (6,592,792)</u>	<u>\$ 1,662,280</u>	<u>\$ 8,255,072</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 464,394	\$ 464,394	\$	\$ 9,812,453	\$ 9,812,453
	464,394	464,394		9,812,453	9,812,453
	564	(564)		874,777	(874,777)
				2,395,497	(2,395,497)
				1,689,831	(1,689,831)
1,100,000	437,707	662,293		9,576	(9,576)
	118,317	(118,317)		105	(105)
	315	(315)	14,000,000	6,510,255	7,489,745
	9,600	(9,600)		7,914	(7,914)
1,100,000	566,503	533,497	14,000,000	11,487,955	2,512,045
(1,100,000)	(102,109)	997,891	(14,000,000)	(1,675,502)	12,324,498
(1,100,000)	(102,109)	997,891	(14,000,000)	(1,675,502)	12,324,498
	709,085	709,085		2,237,020	2,237,020
\$ (1,100,000)	\$ 606,976	\$ 1,706,976	\$ (14,000,000)	\$ 561,518	\$ 14,561,518

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Auxiliary Operations		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 1,810,572	\$ 1,810,572
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,810,572</u>	<u>1,810,572</u>
Expenditures:			
Current -			
Instruction	1,908,800	1,494,078	414,722
Support services - students and staff		37,940	(37,940)
Support services - administration		37,599	(37,599)
Operation and maintenance of plant services		6,535	(6,535)
Student transportation services		40,463	(40,463)
Operation of non-instructional services		6,172	(6,172)
Capital outlay		3,313	(3,313)
Total expenditures	<u>1,908,800</u>	<u>1,626,100</u>	<u>282,700</u>
Excess (deficiency) of revenues over expenditures	<u>(1,908,800)</u>	<u>184,472</u>	<u>2,093,272</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(1,908,800)</u>	<u>184,472</u>	<u>2,093,272</u>
Fund balances, beginning of year		303,657	303,657
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,908,800)</u>	<u>\$ 488,129</u>	<u>\$ 2,396,929</u>

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 921,499	\$ 921,499	\$	\$ 338,054	\$ 338,054
	921,499	921,499		338,054	338,054
1,000,000	689,197	310,803	430,000	189,025	240,975
	216	(216)		88,703	(88,703)
	1,560	(1,560)		27,470	(27,470)
	166,720	(166,720)		13,259	(13,259)
				7,102	(7,102)
				1,476	(1,476)
				35,181	(35,181)
1,000,000	857,693	142,307	430,000	362,216	67,784
(1,000,000)	63,806	1,063,806	(430,000)	(24,162)	405,838
(1,000,000)	63,806	1,063,806	(430,000)	(24,162)	405,838
	863,789	863,789		442,821	442,821
\$ (1,000,000)	\$ 927,595	\$ 1,927,595	\$ (430,000)	\$ 418,659	\$ 848,659

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 7,450	\$ 7,450
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>7,450</u>	<u>7,450</u>
Expenditures:			
Current -			
Instruction	8,500		8,500
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>8,500</u>		<u>8,500</u>
Excess (deficiency) of revenues over expenditures	<u>(8,500)</u>	<u>7,450</u>	<u>15,950</u>
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	<u>(8,500)</u>	<u>7,450</u>	<u>15,950</u>
Fund balances, beginning of year		2,451	2,451
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (8,500)</u>	<u>\$ 9,901</u>	<u>\$ 18,401</u>

Textbooks			Indirect Costs		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 8,242	\$ 8,242	\$	\$ 2,814	\$ 2,814
	8,242	8,242		2,814	2,814
70,000	22 8,200	(22) 61,800		3,115 258,275	(3,115) (258,275)
			770,123	285,284 366 610	484,839 (366) (610)
70,000	312 8,534	(312) 61,466	770,123	547,650	222,473
(70,000)	(292)	69,708	(770,123)	(544,836)	225,287
				809,590	809,590
				809,590	809,590
(70,000)	(292)	69,708	(770,123)	264,754	1,034,877
	72,803	72,803		467,949	467,949
\$ (70,000)	\$ 72,511	\$ 142,511	\$ (770,123)	\$ 732,703	\$ 1,502,826

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Grants and Gifts to Teachers		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 10,068	\$ 10,068
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		10,068	10,068
Expenditures:			
Current -			
Instruction	6,000	8,308	(2,308)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		461	(461)
Operation of non-instructional services			
Capital outlay		702	(702)
Total expenditures	6,000	9,471	(3,471)
Excess (deficiency) of revenues over expenditures	(6,000)	597	6,597
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(6,000)	597	6,597
Fund balances, beginning of year		4,028	4,028
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (6,000)	\$ 4,625	\$ 10,625

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 10,533	\$ 10,533	\$	\$ 16,185,512	\$ 16,185,512
				9,607,272	9,607,272
				7,891,293	7,891,293
	10,533	10,533		33,684,077	33,684,077
	3,386	(3,386)	24,253,650	15,192,855	9,060,795
			5,154,484	4,372,548	781,936
31,000	5,012	25,988	1,936,300	3,001,322	(1,065,022)
			1,870,123	1,132,424	737,699
				916,992	(916,992)
			20,592,792	11,050,656	9,542,136
				97,644	(97,644)
31,000	8,398	22,602	53,807,349	35,764,441	18,042,908
(31,000)	2,135	33,135	(53,807,349)	(2,080,364)	51,726,985
				809,590	809,590
				(809,590)	(809,590)
(31,000)	2,135	33,135	(53,807,349)	(2,080,364)	51,726,985
	32,346	32,346		21,130,261	21,130,261
				(11,103)	(11,103)
\$ (31,000)	\$ 34,481	\$ 65,481	\$ (53,807,349)	\$ 19,038,794	\$ 72,846,143

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DEBT SERVICE FUND

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Other local	\$	\$ (163,851)	\$ (163,851)
Property taxes		18,670,223	18,670,223
Federal aid, grants and reimbursements		685,200	685,200
Total revenues		<u>19,191,572</u>	<u>19,191,572</u>
Expenditures:			
Debt service -			
Principal retirement	10,870,000	10,870,000	
Interest and fiscal charges	8,312,705	8,976,586	(663,881)
Bond issuance costs		420,528	(420,528)
Total expenditures	<u>19,182,705</u>	<u>20,267,114</u>	<u>(1,084,409)</u>
Excess (deficiency) of revenues over expenditures	<u>(19,182,705)</u>	<u>(1,075,542)</u>	<u>18,107,163</u>
Other financing sources (uses):			
Transfer in		513,552	513,552
Issuance of refunding bonds		44,365,000	44,365,000
Premium on sale of bonds		7,117,642	7,117,642
Payment to refunded bond escrow agent		(29,611,620)	(29,611,620)
Total other financing sources (uses)		<u>22,384,574</u>	<u>22,384,574</u>
Changes in fund balances	<u>(19,182,705)</u>	<u>21,309,032</u>	<u>40,491,737</u>
Fund balances, beginning of year		12,664,080	12,664,080
Fund balances (deficits), end of year	<u>\$ (19,182,705)</u>	<u>\$ 33,973,112</u>	<u>\$ 53,155,817</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

Building Renewal 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.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	<u>Litigation Recovery</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
<u>ASSETS</u>			
Cash and investments	\$ 115,738	\$ 7,206,866	\$ 606,050
Property taxes receivable		74,202	
Total assets	<u>\$ 115,738</u>	<u>\$ 7,281,068</u>	<u>\$ 606,050</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 16,592	\$ 1,503,534	\$
Total liabilities	<u>16,592</u>	<u>1,503,534</u>	
Deferred inflows of resources:			
Unavailable revenues - property taxes		37,274	
Fund balances:			
Restricted	99,146	5,740,260	606,050
Total fund balances	<u>99,146</u>	<u>5,740,260</u>	<u>606,050</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 115,738</u>	<u>\$ 7,281,068</u>	<u>\$ 606,050</u>

<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 22,286	\$ 2,435	\$ 9,655	\$ 1,144	\$ 7,964,174
				74,202
<u>\$ 22,286</u>	<u>\$ 2,435</u>	<u>\$ 9,655</u>	<u>\$ 1,144</u>	<u>\$ 8,038,376</u>
\$	\$	\$	\$	\$ 1,520,126
				1,520,126
				37,274
22,286	2,435	9,655	1,144	6,480,976
<u>22,286</u>	<u>2,435</u>	<u>9,655</u>	<u>1,144</u>	<u>6,480,976</u>
<u>\$ 22,286</u>	<u>\$ 2,435</u>	<u>\$ 9,655</u>	<u>\$ 1,144</u>	<u>\$ 8,038,376</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Litigation Recovery	Unrestricted Capital Outlay	Adjacent Ways
Revenues:			
Other local	\$ 1,310	\$ 51,578	\$ 7,884
Property taxes		6,846,519	2,447
State aid and grants			
Total revenues	<u>1,310</u>	<u>6,898,097</u>	<u>10,331</u>
Expenditures:			
Capital outlay		5,519,120	146,089
Total expenditures		<u>5,519,120</u>	<u>146,089</u>
Changes in fund balances	<u>1,310</u>	<u>1,378,977</u>	<u>(135,758)</u>
Fund balances, beginning of year	97,836	4,361,283	741,808
Fund balances, end of year	<u>\$ 99,146</u>	<u>\$ 5,740,260</u>	<u>\$ 606,050</u>

<u>Gifts and Donations - Capital</u>	<u>Condemnation</u>	<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 5,272	\$ 24	\$	\$	\$ 66,068
				6,848,966
			1,144	1,144
<u>5,272</u>	<u>24</u>		<u>1,144</u>	<u>6,916,178</u>
3,848				5,669,057
<u>3,848</u>				<u>5,669,057</u>
<u>1,424</u>	<u>24</u>		<u>1,144</u>	<u>1,247,121</u>
20,862	2,411	9,655		5,233,855
<u>\$ 22,286</u>	<u>\$ 2,435</u>	<u>\$ 9,655</u>	<u>\$ 1,144</u>	<u>\$ 6,480,976</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,978	\$ 1,978
Property taxes			
State aid and grants			
Total revenues		1,978	1,978
Expenditures:			
Current -			
Instruction		123	(123)
Support services - administration		1,012	(1,012)
Operation and maintenance of plant services		9,812	(9,812)
Capital outlay	380,000	160,294	219,706
Total expenditures	380,000	171,241	208,759
Excess (deficiency) of revenues over expenditures	(380,000)	(169,263)	210,737
Other financing sources (uses):			
Transfer out			
Insurance recoveries		10,292	10,292
Total other financing sources (uses)		10,292	10,292
Changes in fund balances	(380,000)	(158,971)	221,029
Fund balances, beginning of year		336,677	336,677
Fund balances (deficits), end of year	\$ (380,000)	\$ 177,706	\$ 557,706

Litigation Recovery			Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,310	\$ 1,310	\$	\$ 51,578 6,846,519	\$ 51,578 6,846,519
	1,310	1,310		6,898,097	6,898,097
100,000		100,000			
100,000		100,000	11,429,333	5,519,120	5,910,213
			11,429,333	5,519,120	5,910,213
(100,000)	1,310	101,310	(11,429,333)	1,378,977	12,808,310
(100,000)	1,310	101,310	(11,429,333)	1,378,977	12,808,310
	97,836	97,836		4,361,283	4,361,283
\$ (100,000)	\$ 99,146	\$ 199,146	\$ (11,429,333)	\$ 5,740,260	\$ 17,169,593

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Adjacent Ways		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 7,884	\$ 7,884
Property taxes		2,447	2,447
State aid and grants			
Total revenues		<u>10,331</u>	<u>10,331</u>
Expenditures:			
Current -			
Instruction			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay	741,808	146,089	595,719
Total expenditures	<u>741,808</u>	<u>146,089</u>	<u>595,719</u>
Excess (deficiency) of revenues over expenditures	<u>(741,808)</u>	<u>(135,758)</u>	<u>606,050</u>
Other financing sources (uses):			
Transfer out			
Insurance recoveries			
Total other financing sources (uses)			
Changes in fund balances	<u>(741,808)</u>	<u>(135,758)</u>	<u>606,050</u>
Fund balances, beginning of year		741,808	741,808
Fund balances (deficits), end of year	<u>\$ (741,808)</u>	<u>\$ 606,050</u>	<u>\$ 1,347,858</u>

Bond Building			Gifts and Donations - Capital		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 513,552	\$ 513,552	\$	\$ 5,272	\$ 5,272
	513,552	513,552		5,272	5,272
46,038,598	17,873,578	28,165,020	50,000	3,848	46,152
46,038,598	17,873,578	28,165,020	50,000	3,848	46,152
(46,038,598)	(17,360,026)	28,678,572	(50,000)	1,424	51,424
	(513,552)	(513,552)			
	(513,552)	(513,552)			
(46,038,598)	(17,873,578)	28,165,020	(50,000)	1,424	51,424
	46,038,598	46,038,598		20,862	20,862
\$ (46,038,598)	\$ 28,165,020	\$ 74,203,618	\$ (50,000)	\$ 22,286	\$ 72,286

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Condemnation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 24	\$ 24
Property taxes			
State aid and grants			
Total revenues		24	24
Expenditures:			
Current -			
Instruction			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay	2,365		2,365
Total expenditures	2,365		2,365
Excess (deficiency) of revenues over expenditures	(2,365)	24	2,389
Other financing sources (uses):			
Transfer out			
Insurance recoveries			
Total other financing sources (uses)			
Changes in fund balances	(2,365)	24	2,389
Fund balances, beginning of year		2,411	2,411
Fund balances (deficits), end of year	\$ (2,365)	\$ 2,435	\$ 4,800

Energy and Water Savings			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				1,144	1,144
				1,144	1,144
				1,144	1,144
				1,144	1,144
	9,655	9,655			
\$	\$ 9,655	\$ 9,655	\$	\$ 1,144	\$ 1,144

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 581,598	\$ 581,598
Property taxes		6,848,966	6,848,966
State aid and grants		1,144	1,144
Total revenues		<u>7,431,708</u>	<u>7,431,708</u>
Expenditures:			
Current -			
Instruction	100,000	123	99,877
Support services - administration		1,012	(1,012)
Operation and maintenance of plant services		9,812	(9,812)
Capital outlay	58,642,104	23,702,929	34,939,175
Total expenditures	<u>58,742,104</u>	<u>23,713,876</u>	<u>35,028,228</u>
Excess (deficiency) of revenues over expenditures	<u>(58,742,104)</u>	<u>(16,282,168)</u>	<u>42,459,936</u>
Other financing sources (uses):			
Transfer out		(513,552)	(513,552)
Insurance recoveries		10,292	10,292
Total other financing sources (uses)		<u>(503,260)</u>	<u>(503,260)</u>
Changes in fund balances	<u>(58,742,104)</u>	<u>(16,785,428)</u>	<u>41,956,676</u>
Fund balances, beginning of year		51,609,130	51,609,130
Fund balances (deficits), end of year	<u>\$ (58,742,104)</u>	<u>\$ 34,823,702</u>	<u>\$ 93,565,806</u>

INTERNAL SERVICE FUNDS

District Services - to account for the operation of District functions that provide goods or services to other District and internal departments on a cost-reimbursement basis.

Intergovernmental Agreements - to account for the financial activities relating to agreements with other governments, where the District is the fiscal agent.

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

Workers Compensation – to account for the financial activity associated with the program for employee workers' compensation.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>District Services</u>	<u>Intergovernmental Agreements</u>	<u>Employee Benefit Trust</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 411,181	\$	\$ 7,141,216
Accounts receivable			
Due from governmental entities	102,947	66,366	
Due from other funds	66,366		
Total current assets	<u>580,494</u>	<u>66,366</u>	<u>7,141,216</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	286,201		
Total noncurrent assets	<u>286,201</u>		
Total assets	<u>866,695</u>	<u>66,366</u>	<u>7,141,216</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	26,462		33,771
Claims payable			2,118,000
Due to other funds		66,366	
Accrued payroll and employee benefits	10,132		
Total current liabilities	<u>36,594</u>	<u>66,366</u>	<u>2,151,771</u>
Total liabilities	<u>36,594</u>	<u>66,366</u>	<u>2,151,771</u>
<u>NET POSITION</u>			
Net investment in capital assets	286,201		
Unrestricted	543,900		4,989,445
Total net position	<u>\$ 830,101</u>	<u>\$</u>	<u>\$ 4,989,445</u>

<u>Workers Compensation</u>	<u>Totals</u>
\$ 499,968	\$ 8,052,365
19,120	19,120
	169,313
	66,366
<u>519,088</u>	<u>8,307,164</u>
	286,201
	286,201
<u>519,088</u>	<u>8,593,365</u>
503,944	564,177
	2,118,000
	66,366
	10,132
<u>503,944</u>	<u>2,758,675</u>
<u>503,944</u>	<u>2,758,675</u>
	286,201
15,144	5,548,489
<u>\$ 15,144</u>	<u>\$ 5,834,690</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>District Services</u>	<u>Intergovernmental Agreements</u>	<u>Employee Benefit Trust</u>
Operating revenues:			
Contributions	\$	\$	\$ 13,278,226
Charges for services	1,407,596	234,364	
Total operating revenues	<u>1,407,596</u>	<u>234,364</u>	<u>13,278,226</u>
Operating expenses:			
Depreciation	84,994		
Claims			13,825,310
Premiums			1,051,162
Administrative fees			1,226,515
Cost of services	1,171,271	234,364	
Total operating expenses	<u>1,256,265</u>	<u>234,364</u>	<u>16,102,987</u>
Operating income (loss)	<u>151,331</u>		<u>(2,824,761)</u>
Nonoperating revenues (expenses):			
Investment income	5,269		99,705
Interest and fiscal charges	(1,692)		
Total nonoperating revenues (expenses)	<u>3,577</u>		<u>99,705</u>
Changes in net position	<u>154,908</u>		<u>(2,725,056)</u>
Total net position, beginning of year	675,193		7,714,501
Total net position, end of year	<u>\$ 830,101</u>	<u>\$</u>	<u>\$ 4,989,445</u>

Workers Compensation	Totals
\$ 362,720	\$ 13,640,946
	1,641,960
<u>362,720</u>	<u>15,282,906</u>
	84,994
	13,825,310
503,944	1,555,106
	1,226,515
	1,405,635
<u>503,944</u>	<u>18,097,560</u>
<u>(141,224)</u>	<u>(2,814,654)</u>
3,471	108,445
	(1,692)
<u>3,471</u>	<u>106,753</u>
<u>(137,753)</u>	<u>(2,707,901)</u>
152,897	8,542,591
<u>\$ 15,144</u>	<u>\$ 5,834,690</u>

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>District Services</u>	<u>Intergovernmental Agreements</u>
<u>Decrease in Cash and Cash Equivalents</u>		
Cash flows from operating activities:		
Cash received from contributions	\$	\$
Cash received for services	1,353,044	256,504
Cash payments to suppliers for goods and services	(1,185,468)	(256,504)
Cash payments for claims		
Net cash provided by/used for operating activities	<u>167,576</u>	
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(150,647)	
Principal paid on long-term debt	(42,780)	
Interest paid on long-term debt	(1,692)	
Net cash used for capital and related financing activities	<u>(195,119)</u>	
Cash flows from investing activities:		
Investment income	5,269	
Net cash provided by investing activities	<u>5,269</u>	
Net decrease in cash and cash equivalents	<u>(22,274)</u>	
Cash and cash equivalents, beginning of year	<u>433,455</u>	
Cash and cash equivalents, end of year	<u>\$ 411,181</u>	<u>\$</u>

Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities

Operating income/loss	\$	151,331	\$
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:			
Depreciation expense		84,994	
Changes in assets and liabilities:			
Decrease in accounts receivable			
(Increase) in due from governmental entities		(48,596)	16,184
(Increase) in due from other funds		(5,956)	
Increase/(decrease) in accounts payable		(6,930)	(1,095)
Increase in claims payable			
Increase in due to other funds			5,956
(Decrease) in accrued payroll and employee benefits		(7,267)	(21,045)
Total adjustments		<u>16,245</u>	
Net cash provided by/used for operating activities	<u>\$</u>	<u>167,576</u>	<u>\$</u>

<u>Employee Benefit Trust</u>	<u>Workers Compensation</u>	<u>Totals</u>
\$ 13,599,589	\$ 343,600	\$ 13,943,189
(2,288,723)	(482,338)	1,609,548
<u>(13,344,310)</u>	<u></u>	<u>(4,213,033)</u>
		<u>(13,344,310)</u>
<u>(2,033,444)</u>	<u>(138,738)</u>	<u>(2,004,606)</u>
		(150,647)
		(42,780)
		<u>(1,692)</u>
		(195,119)
<u>99,705</u>	<u>3,471</u>	<u>108,445</u>
<u>99,705</u>	<u>3,471</u>	<u>108,445</u>
<u>(1,933,739)</u>	<u>(135,267)</u>	<u>(2,091,280)</u>
<u>9,074,955</u>	<u>635,235</u>	<u>10,143,645</u>
<u>\$ 7,141,216</u>	<u>\$ 499,968</u>	<u>\$ 8,052,365</u>
\$ (2,824,761)	\$ (141,224)	\$ (2,814,654)
		84,994
321,363	(19,120)	302,243
		(32,412)
		(5,956)
19,794	21,606	33,375
481,000		481,000
		5,956
<u>(30,840)</u>	<u></u>	<u>(59,152)</u>
<u>791,317</u>	<u>2,486</u>	<u>810,048</u>
<u>\$ (2,033,444)</u>	<u>\$ (138,738)</u>	<u>\$ (2,004,606)</u>

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AGENCY FUNDS

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

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>227,675</u>	\$ <u>340,074</u>	\$ <u>368,865</u>	\$ <u>198,884</u>
Total assets	\$ <u><u>227,675</u></u>	\$ <u><u>340,074</u></u>	\$ <u><u>368,865</u></u>	\$ <u><u>198,884</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>227,675</u>	\$ <u>340,074</u>	\$ <u>368,865</u>	\$ <u>198,884</u>
Total liabilities	\$ <u><u>227,675</u></u>	\$ <u><u>340,074</u></u>	\$ <u><u>368,865</u></u>	\$ <u><u>198,884</u></u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u> (As Restated)	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 98,482,098	\$ 106,426,708	\$ 108,943,728	\$ 111,473,166	\$ 114,206,682
Restricted	56,405,890	36,150,556	28,705,673	28,863,347	22,849,053
Unrestricted	(117,505,906)	(104,166,424)	(92,436,793)	(92,651,215)	42,530,346
Total net position	<u>\$ 37,382,082</u>	<u>\$ 38,410,840</u>	<u>\$ 45,212,608</u>	<u>\$ 47,685,298</u>	<u>\$ 179,586,081</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position:					
Net investment in capital assets	\$ 117,106,859	\$ 116,598,703	\$ 120,170,099	\$ 117,577,633	\$ 124,571,387
Restricted	18,256,725	14,904,625	25,434,583	16,360,557	10,994,715
Unrestricted	40,219,781	39,991,512	24,109,768	37,063,410	29,221,504
Total net position	<u>\$ 175,583,365</u>	<u>\$ 171,494,840</u>	<u>\$ 169,714,450</u>	<u>\$ 171,001,600</u>	<u>\$ 164,787,606</u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 88,041,606	\$ 93,265,995	\$ 82,271,525	\$ 84,344,746	\$ 82,030,946
Support services - students and staff	13,753,213	19,164,537	17,787,181	19,530,043	15,255,810
Support services - administration	14,031,266	12,767,901	11,814,132	12,744,530	10,824,855
Operation and maintenance of plant services	15,057,684	15,471,919	14,566,646	13,355,060	13,604,651
Student transportation services	8,139,676	8,099,841	7,147,466	8,650,420	8,034,589
Operation of non-instructional services	11,305,128	10,985,302	10,252,874	10,445,127	10,189,894
Interest on long-term debt	8,527,959	7,481,976	7,945,137	5,266,898	6,144,252
Total expenses	<u>158,856,532</u>	<u>167,237,471</u>	<u>151,784,961</u>	<u>154,336,824</u>	<u>146,084,997</u>
Program Revenues					
Charges for services:					
Instruction	2,662,304	2,563,576	2,669,654	2,220,714	2,657,161
Operation of non-instructional services	8,097,264	7,234,196	6,862,562	7,908,447	8,463,195
Other activities	3,982,375	3,972,469	3,952,249	2,718,150	1,604,568
Operating grants and contributions	11,187,969	10,367,665	10,087,362	10,897,019	10,118,955
Capital grants and contributions					
Total program revenues	<u>25,929,912</u>	<u>24,137,906</u>	<u>23,571,827</u>	<u>23,744,330</u>	<u>22,843,879</u>
Net (Expense)/Revenue	<u>\$ (132,926,620)</u>	<u>\$ (143,099,565)</u>	<u>\$ (128,213,134)</u>	<u>\$ (130,592,494)</u>	<u>\$ (123,241,118)</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Instruction	\$ 79,578,214	\$ 84,161,237	\$ 81,321,836	\$ 82,012,893	\$ 91,090,275
Support services - students and staff	13,744,870	13,802,110	13,952,233	14,357,146	13,987,599
Support services - administration	10,744,152	11,021,728	10,354,397	11,227,344	12,103,661
Operation and maintenance of plant services	15,415,775	14,228,399	14,754,567	14,875,380	11,844,110
Student transportation services	7,724,844	8,026,873	7,154,741	6,728,599	6,729,587
Operation of non-instructional services	9,398,642	10,093,017	9,904,757	9,817,504	10,186,264
Interest on long-term debt	6,121,401	5,565,030	15,249,382	14,128,072	12,915,591
Total expenses	<u>142,727,898</u>	<u>146,898,394</u>	<u>152,691,913</u>	<u>153,146,938</u>	<u>158,857,087</u>
Program Revenues					
Charges for services:					
Instruction	1,577,531	903,242	5,524,962	5,518,636	6,019,615
Operation of non-instructional services	7,469,785	6,890,809	4,158,950	4,320,659	4,597,876
Other activities	2,213,596	2,950,481	603,412	708,837	917,234
Operating grants and contributions	10,448,125	13,614,415	11,560,945	10,869,456	10,939,698
Capital grants and contributions		889,360	47,465	74,597	62,349
Total program revenues	<u>21,709,037</u>	<u>25,248,307</u>	<u>21,895,734</u>	<u>21,492,185</u>	<u>22,536,772</u>
Net (Expense)/Revenue	<u>\$ (121,018,861)</u>	<u>\$ (121,650,087)</u>	<u>\$ (130,796,179)</u>	<u>\$ (131,654,753)</u>	<u>\$ (136,320,315)</u>

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

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (132,926,620)	\$ (143,099,565)	\$ (128,213,134)	\$ (130,592,494)	\$ (123,241,118)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	46,766,250	46,546,960	41,579,462	44,177,896	41,745,333
Property taxes, levied for debt service	18,589,695	21,647,698	15,416,696	13,971,878	15,937,345
Property taxes, levied for capital outlay	6,737,208	7,589,029	7,511,148	7,381,938	8,528,086
Investment income	862,894	616,662	540,339	365,799	341,662
Unrestricted county aid	4,406,194	4,341,246	4,376,677	4,305,332	4,575,232
Unrestricted state aid	53,793,847	54,946,955	55,845,262	52,565,740	55,854,282
Unrestricted federal aid	719,884	609,247	470,860	426,271	261,894
Special Item - Gain on sale of assets				3,385,892	
Total general revenues	<u>131,875,972</u>	<u>136,297,797</u>	<u>125,740,444</u>	<u>126,580,746</u>	<u>127,243,834</u>
Changes in Net Position	<u><u>\$ (1,050,648)</u></u>	<u><u>\$ (6,801,768)</u></u>	<u><u>\$ (2,472,690)</u></u>	<u><u>\$ (4,011,748)</u></u>	<u><u>\$ 4,002,716</u></u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense)/Revenue	\$ (121,018,861)	\$ (121,650,087)	\$ (130,796,179)	\$ (131,654,753)	\$ (136,320,315)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	47,826,175	45,678,790	45,099,372	40,830,154	42,537,458
Property taxes, levied for debt service	13,477,061	15,065,623	23,817,460	23,490,302	20,482,691
Property taxes, levied for capital outlay	7,118,860	8,036,971	5,016,171	10,210,997	7,870,415
Investment income	198,855	267,940	798,862	938,392	2,375,045
Unrestricted county aid	4,546,551	4,584,974	4,608,743	4,556,511	
Unrestricted state aid	52,503,042	49,796,179	49,596,402	50,842,564	64,405,267
Unrestricted federal aid	242,139		572,019	6,999,827	
Total general revenues	<u>125,912,683</u>	<u>123,430,477</u>	<u>129,509,029</u>	<u>137,868,747</u>	<u>137,670,876</u>
Changes in Net Position	<u>\$ 4,893,822</u>	<u>\$ 1,780,390</u>	<u>\$ (1,287,150)</u>	<u>\$ 6,213,994</u>	<u>\$ 1,350,561</u>

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

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2007-08 through 2008-09.

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nondisposable	\$ 300,593	\$ 1,340,670	\$ 292,838	\$ 1,258,311	\$ 261,235
Restricted	1,062,500	1,547,193	4,948,015	4,953,146	
Unassigned	19,182,848	17,437,224	17,172,492	12,546,351	18,977,332
Total General Fund	<u>\$ 20,545,941</u>	<u>\$ 20,325,087</u>	<u>\$ 22,413,345</u>	<u>\$ 18,757,808</u>	<u>\$ 19,238,567</u>
All Other Governmental Funds:					
Nondisposable	\$	\$ 11,103	\$ 11,103	\$ 14,843	\$ 39,265
Restricted	83,373,231	79,794,454	55,176,477	81,500,545	63,638,865
Unassigned	(533,342)				(113,397)
Total all other governmental funds	<u>\$ 82,839,889</u>	<u>\$ 79,805,557</u>	<u>\$ 55,187,580</u>	<u>\$ 81,515,388</u>	<u>\$ 63,564,733</u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 591,938	\$ 706,604	\$ 527,331	\$	\$
Unassigned	19,940,697	19,074,244	15,277,767		
Reserved				3,931,322	2,071,948
Unreserved				3,140,587	2,811,084
Total General Fund	<u>\$ 20,532,635</u>	<u>\$ 19,780,848</u>	<u>\$ 15,805,098</u>	<u>\$ 7,071,909</u>	<u>\$ 4,883,032</u>
All Other Governmental Funds:					
Nonspendable	\$ 117,024	\$ 63,338	\$ 63,458	\$	\$
Restricted	22,275,315	17,655,265	14,060,812		
Unassigned		(2,398)	(120,596)		
Reserved				83,374	89,592
Unreserved, reported in:					
Special revenue funds				17,010,657	17,145,181
Capital projects funds				24,712,553	46,268,450
Debt service fund				1,804,249	1,860,279
Total all other governmental funds	<u>\$ 22,392,339</u>	<u>\$ 17,716,205</u>	<u>\$ 14,003,674</u>	<u>\$ 43,610,833</u>	<u>\$ 65,363,502</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)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 5,626,976	\$ 6,116,228	\$ 5,573,267	\$ 6,268,603	\$ 6,010,715
National School Lunch Program	2,949,517	3,048,550	3,085,815	2,960,070	2,712,642
Total federal sources	<u>8,576,493</u>	<u>9,164,778</u>	<u>8,659,082</u>	<u>9,228,673</u>	<u>8,723,357</u>
State sources:					
State equalization assistance	45,895,173	47,972,153	48,929,863	45,893,602	49,161,855
State grants	1,708,598	650,240	618,425	638,634	414,272
School Facilities Board	1,144				
Other revenues	7,898,674	6,974,802	6,915,206	6,672,138	6,692,610
Total state sources	<u>55,503,589</u>	<u>55,597,195</u>	<u>56,463,494</u>	<u>53,204,374</u>	<u>56,268,737</u>
Local sources:					
Property taxes	72,333,374	75,810,064	66,275,827	65,723,617	66,048,091
County aid	4,406,194	4,341,246	4,376,677	4,305,332	4,575,232
Food service sales	2,764,486	2,300,419	2,511,753	2,695,415	2,875,837
Investment income	754,449	566,914	468,542	297,482	276,616
Other revenues	13,227,703	12,515,822	12,320,635	11,538,487	11,130,330
Total local sources	<u>93,486,206</u>	<u>95,534,465</u>	<u>85,953,434</u>	<u>84,560,333</u>	<u>84,906,106</u>
Total revenues	<u><u>\$ 157,566,288</u></u>	<u><u>\$ 160,296,438</u></u>	<u><u>\$ 151,076,010</u></u>	<u><u>\$ 146,993,380</u></u>	<u><u>\$ 149,898,200</u></u>

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal sources:					
Federal grants	\$ 6,066,833	\$ 6,982,224	\$ 7,161,069	\$ 6,589,487	\$ 5,334,983
State Fiscal Stabilization (ARRA)			572,019	6,999,827	
National School Lunch Program	2,833,523	2,878,740	2,615,322	2,386,286	1,847,377
Total federal sources	<u>8,900,356</u>	<u>12,991,719</u>	<u>10,348,410</u>	<u>15,975,600</u>	<u>7,182,360</u>
State sources:					
State equalization assistance	47,125,634	44,869,225	45,447,749	49,501,254	55,415,107
State grants	295,618	258,263	298,141	516,584	2,287,722
School Facilities Board					
Other revenues	5,377,408	4,926,954	4,378,689	4,684,219	5,670,281
Total state sources	<u>52,798,660</u>	<u>50,054,442</u>	<u>50,124,579</u>	<u>54,702,057</u>	<u>63,373,110</u>
Local sources:					
Property taxes	66,326,114	70,345,369	74,442,668	72,102,382	68,618,997
County aid	4,546,551	4,584,974	4,608,743	4,556,511	
Food service sales	2,906,863	3,334,657	3,496,813	3,681,319	4,063,460
Investment income	136,354	195,860	595,710	762,843	2,153,784
Other revenues	9,603,344	8,663,668	8,014,299	8,554,990	9,036,722
Total local sources	<u>83,519,226</u>	<u>87,124,528</u>	<u>91,158,233</u>	<u>89,658,045</u>	<u>83,872,963</u>
Total revenues	<u>\$ 145,218,242</u>	<u>\$ 150,170,689</u>	<u>\$ 151,631,222</u>	<u>\$ 160,335,702</u>	<u>\$ 154,428,433</u>

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

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2007-08 through 2008-09.

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 75,068,795	\$ 74,067,931	\$ 66,525,650	\$ 68,292,959	\$ 67,893,287
Support services - students and staff	14,087,734	18,081,659	16,774,537	18,070,878	14,275,754
Support services - administration	12,556,856	11,304,525	10,799,543	11,235,605	9,792,931
Operation and maintenance of plant services	12,521,437	14,669,131	12,506,555	13,627,847	12,917,394
Student transportation services	5,649,980	5,687,131	5,305,440	6,687,002	6,175,274
Operation of non-instructional services	11,188,747	10,711,500	10,079,519	10,147,856	9,871,316
Capital outlay	23,800,573	26,618,338	32,835,034	32,539,600	12,712,312
Debt service -					
Interest and fiscal charges	8,976,586	8,289,676	8,427,790	5,405,348	6,282,702
Principal retirement	10,870,000	11,810,000	9,525,000	9,045,000	9,655,000
Bond issuance costs	420,528	650,705		669,929	492,682
Payment to refunded bond escrow agent				10,649,569	
Total expenditures	<u>\$ 175,141,236</u>	<u>\$ 181,890,596</u>	<u>\$ 172,779,068</u>	<u>\$ 186,371,593</u>	<u>\$ 150,068,652</u>
Expenditures for capitalized assets	\$ 17,304,429	\$ 17,797,974	\$ 27,796,574	\$ 23,747,764	\$ 4,726,037
Debt service as a percentage of noncapital expenditures	13%	12%	12%	15%	11%

(Continued)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
Instruction	\$ 66,920,319	\$ 68,872,150	\$ 70,907,190	\$ 71,193,039	\$ 77,507,708
Support services - students and staff	13,013,233	12,622,359	13,388,092	13,777,270	13,219,708
Support services - administration	9,517,292	9,499,541	9,261,953	10,037,818	10,019,450
Operation and maintenance of plant services	14,806,679	13,495,107	12,918,845	14,021,360	12,704,373
Student transportation services	6,222,956	6,402,069	5,852,918	5,574,038	5,360,906
Operation of non-instructional services	9,232,963	9,862,327	9,685,496	9,680,571	9,860,338
Capital outlay	8,773,490	23,577,081	25,658,108	33,209,090	37,734,774
Debt service -					
Claims and judgments					482,452
Interest and fiscal charges	6,461,001	13,120,020	15,283,685	14,138,044	12,925,563
Principal retirement	7,865,000	11,245,000	10,010,254	10,121,420	10,078,756
Bond issuance costs	39,950	142,015	245,000		334,953
Total expenditures	<u><u>\$ 142,852,883</u></u>	<u><u>\$ 168,837,669</u></u>	<u><u>\$ 173,211,541</u></u>	<u><u>\$ 181,752,650</u></u>	<u><u>\$ 190,228,981</u></u>
Expenditures for capitalized assets	\$ 2,439,177	\$ 14,548,438	\$ 18,984,651	\$ 29,084,493	\$ 27,995,669
Debt service as a percentage of noncapital expenditures	10%	16%	16%	16%	14%

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

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ (17,574,948)	\$ (21,594,158)	\$ (21,703,058)	\$ (39,378,213)	\$ (170,452)
Other financing sources (uses):					
General obligation bonds issued		32,025,000		40,000,000	40,000,000
Refunding bonds issued	44,365,000	24,810,000		24,120,000	
Premium on sale of bonds	7,117,642	6,625,870		3,986,478	457,240
Transfers in	1,323,142	695,722	505,623	2,174,792	874,089
Transfers out	(1,323,142)	(695,722)	(505,623)	(2,174,792)	(874,089)
Payment to refunded bond escrow agent	(29,611,620)	(20,537,623)		(16,371,855)	
Proceeds from sale of capital assets				4,140,832	
Insurance recoveries	10,292	152,798			
Total other financing sources (uses)	<u>21,881,314</u>	<u>43,076,045</u>		<u>55,875,455</u>	<u>40,457,240</u>
Changes in fund balances	<u>\$ 4,306,366</u>	<u>\$ 21,481,887</u>	<u>\$ (21,703,058)</u>	<u>\$ 16,497,242</u>	<u>\$ 40,286,788</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ 2,365,359	\$ (18,666,980)	\$ (21,580,319)	\$ (21,416,948)	\$ (35,800,548)
Other financing sources (uses):					
General obligation bonds issued	2,975,000		22,350,000		25,000,000
Refunding bonds issued		43,030,000			
Premium on sale of bonds	148,542	5,718,309	269,331		334,953
Transfers in	952,804	879,479	625,466	373,695	1,161,843
Transfers out	(952,804)	(879,479)	(625,466)	(373,695)	(1,161,843)
Payment to refunded bond escrow agent		(41,061,276)			
Total other financing sources (uses)	<u>3,123,542</u>	<u>7,687,033</u>	<u>22,619,331</u>		<u>25,334,953</u>
Changes in fund balances	<u>\$ 5,488,901</u>	<u>\$ (10,979,947)</u>	<u>\$ 1,039,012</u>	<u>\$ (21,416,948)</u>	<u>\$ (10,465,595)</u>

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 692,578,568	\$ 666,800,958	\$ 641,559,365	\$ 626,531,270	\$ 640,507,039
Agricultural and Vacant	23,572,455	23,625,878	26,253,614	28,158,482	29,582,506
Residential (Owner Occupied)	956,721,774	911,509,930	872,197,797	838,799,724	780,061,637
Residential (Rental)	282,811,579	262,783,880	241,555,102	215,135,669	179,838,943
Railroad, Private Cars and Airlines	735,739	751,319	848,264	914,047	1,076,883
Historical Property	8,995	8,995	8,995	8,995	56,211
Certain Government Property Improvements	7,815	32,164	30,633	84,122	84,691
Total	<u>\$ 1,956,436,925</u>	<u>\$ 1,865,513,124</u>	<u>\$ 1,782,453,770</u>	<u>\$ 1,709,632,309</u>	<u>\$ 1,631,207,910</u>
Gross Full Cash Value	\$ 22,385,244,072	\$ 21,576,815,867	\$ 19,737,374,822	\$ 15,890,974,368	\$ 15,055,100,341
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	11%	11%
Total Direct Rate	3.97	4.38	4.01	4.03	4.28

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 731,499,569	\$ 822,373,241	\$ 1,030,386,534	\$ 1,017,161,203	\$ 1,111,161,951
Agricultural and Vacant	33,426,792	43,129,063	46,805,690	46,357,340	69,069,686
Residential (Owner Occupied)	873,654,286	1,006,438,721	1,154,407,771	1,255,199,155	1,522,868,054
Residential (Rental)	148,018,091	173,044,070	190,832,566	178,174,287	190,434,509
Railroad, Private Cars and Airlines	1,050,802	930,897	941,414	983,443	1,282,746
Historical Property	10,190	11,925	19,165	15,309	13,500
Certain Government Property Improvements	56,716	10,715			
Total	<u>\$ 1,787,716,446</u>	<u>\$ 2,045,938,632</u>	<u>\$ 2,423,393,140</u>	<u>\$ 2,497,890,737</u>	<u>\$ 2,894,830,446</u>
Gross Full Cash Value	\$ 15,954,370,358	\$ 18,575,028,097	\$ 21,684,199,876	\$ 24,607,576,458	\$ 24,422,238,451
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	10%	12%
Total Direct Rate	6.06	3.71	3.20	2.91	2.89

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirement and other voter-approved overrides.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 862,897,465	\$ 796,375,149	\$ 695,163,872	\$ 632,919,305	\$ 641,174,971
Agricultural and Vacant	33,799,190	33,166,138	33,215,133	29,286,377	30,403,095
Residential (Owner Occupied)	1,114,752,574	1,102,592,443	1,040,453,025	875,378,553	780,666,997
Residential (Rental)	375,244,678	343,106,025	308,509,302	240,907,417	184,528,176
Railroad, Private Cars and Airlines	865,575	807,870	865,575	923,280	1,087,199
Historical Property	12,310	12,310	12,310	12,310	196,342
Certain Government Property Improvements	8,807	37,234			
Total	<u>\$ 2,387,580,599</u>	<u>\$ 2,276,097,169</u>	<u>\$ 2,078,252,514</u>	<u>\$ 1,779,511,364</u>	<u>\$ 1,638,141,471</u>
Gross Full Cash Value	\$ 22,385,244,072	\$ 21,576,815,867	\$ 19,737,374,822	\$ 15,890,974,368	\$ 15,055,100,341
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	19,299,227,810	18,485,347,364	16,739,381,972	14,087,094,529	12,605,725,763
Total Direct Rate	3.97	4.38	4.01	4.03	4.28
<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 734,998,962	\$ 824,593,681	\$ 1,129,640,298	\$ 1,198,234,974	\$ 1,111,161,951
Agricultural and Vacant	33,998,556	46,286,831	57,846,261	66,183,282	69,069,686
Residential (Owner Occupied)	873,966,653	1,007,509,296	1,157,244,748	1,373,643,110	1,522,868,054
Residential (Rental)	148,043,518	173,284,118	198,497,341	219,043,287	190,434,509
Railroad, Private Cars and Airlines	1,071,064	1,040,293	1,126,249	1,162,727	1,282,746
Historical Property	10,190	11,925	42,283	21,635	13,500
Total	<u>\$ 1,792,145,659</u>	<u>\$ 2,052,736,876</u>	<u>\$ 2,544,397,180</u>	<u>\$ 2,858,289,015</u>	<u>\$ 2,894,830,446</u>
Gross Full Cash Value	\$ 15,954,370,358	\$ 18,575,028,097	\$ 21,684,199,876	\$ 24,607,576,458	\$ 24,422,238,451
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	12%	12%	12%
Estimated Net Full Cash Value	13,614,086,584	15,611,707,575	18,750,068,016	21,120,857,810	21,806,542,368
Total Direct Rate	6.06	3.71	3.20	2.91	2.89

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	16	16	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
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	17	18	20

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.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates											District Direct Rates		
	State	County	County	Flood	Community	Fire	Central	City	City	City	Tempe	Primary	Secondary	Total
	Equalization		Free	Control	College	District	Arizona	of	of	of	Union High			
			Library	District	District	Assistance	Water	Phoenix	Tempe	Chandler	School District			
2018	0.49	1.40	0.06	0.18	1.41	0.01	0.14	2.16	2.49	1.14	2.65	2.09	1.88	3.97
2017	0.50	1.40	0.06	0.18	1.47	0.01	0.14	2.17	2.53	1.16	2.90	2.24	2.14	4.38
2016	0.51	1.36	0.06	0.16	1.49	0.01	0.14	1.82	2.52	1.18	2.87	2.14	1.87	4.01
2015	0.51	1.32	0.06	0.14	1.28	0.01	0.14	0.60	2.44	1.18	3.06	2.25	1.78	4.03
2014	0.51	1.28	0.04	0.14	1.53	0.01	0.14	1.82	2.49	1.27	2.66	2.22	2.06	4.28
2013	0.47	1.24	0.05	0.18	1.37	0.01	0.10	1.82	2.14	1.27	2.57	4.27	1.79	6.06
2012	0.43	1.24	0.05	0.18	1.21	0.01	0.10	1.82	1.79	1.27	2.57	2.05	1.66	3.71
2011	0.36	1.05	0.04	0.15	0.97	0.01	0.10	1.82	1.40	1.18	2.30	1.53	1.67	3.20
2010	0.33	0.99	0.04	0.14	0.88	0.01	0.10	1.82	1.40	1.18	2.22	1.43	1.48	2.91
2009	0.00	1.03	0.04	0.14	0.94	0.01	0.10	1.82	1.40	1.18	2.28	1.52	1.37	2.89

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Taxpayer	2018			2009		
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation	
TWC-Chandler LLC	\$ 20,649,924	1.06	%	\$ 35,316,931	1.22	%
Intel Corporation	20,277,451	1.04		25,763,991	0.89	
DDRA Ahwatukee Foothills LLC	12,150,198	0.62		21,711,228	0.75	
JPMorgan Chse Bank NA	9,077,392	0.46				
Honeywell International Inc	8,573,232	0.44		13,895,186	0.48	
San Sonoma Apartments LLC	8,183,300	0.42				
Target Corporation	7,991,706	0.41		17,368,983	0.60	
Realty Associates Fund X L P	7,006,545	0.36				
Qwest Corporation	6,057,027	0.31		15,632,084	0.54	
GB Investments Inc	5,840,903	0.30				
Ikea Property Inc.				10,131,907	0.35	
Tempe Marketplace Commerce Associates				9,842,424	0.34	
Park at San Tan LLC				12,158,288	0.42	
BRE Property Investros LLC				11,000,356	0.38	
Total	<u>\$ 105,807,678</u>	<u>5.42</u>	<u>%</u>	<u>\$ 172,821,378</u>	<u>5.97</u>	<u>%</u>

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

Notes: 1) The information presented is for the Tempe metropolitan area. Kyrene Elementary School District also serves portions of the City of Chandler and City of Phoenix communities.

2) On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 77,837,881	\$ 74,654,448	95.91 %	\$	\$ 74,654,448	95.91 %
2017	81,918,314	78,427,558	95.74	3,461,021	81,888,579	99.96
2016	71,969,712	71,004,111	98.66	935,177	71,939,288	99.96
2015	70,501,784	67,643,277	95.95	2,836,363	70,479,640	99.97
2014	70,368,581	67,354,447	95.72	2,996,992	70,351,439	99.98
2013	70,472,026	67,381,446	95.61	3,086,692	70,468,138	99.99
2012	76,119,935	72,904,655	95.78	2,646,920	75,551,575	99.25
2011	80,472,545	77,824,096	96.71	2,640,395	80,464,491	99.99
2010	72,354,037	66,757,879	92.27	3,508,435	70,266,314	97.11
2009	68,652,956	65,431,128	95.31	2,751,913	68,183,041	99.32

Source: The source of this information is the 2018 Maricopa County Treasurer's records.

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

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

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
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
2018	\$ 227,556,071	\$ 34,071,017	\$ 193,485,054	0.86 %	\$ 1,158	\$	\$ 227,556,071	1.02 %	\$ 1,362	N/A %
2017	209,734,818	12,842,513	196,892,305	0.91	1,274	42,780	209,777,598	0.97	1,357	1.07
2016	181,858,123	1,881,715	179,976,408	0.91	1,187	83,932	181,942,055	0.92	1,200	0.98
2015	191,828,888	3,274,923	188,553,965	1.19	1,213	123,517	191,952,405	1.21	1,235	1.14
2014	156,020,000	2,300,914	153,719,086	1.02	854	161,596	156,181,596	1.04	868	0.93
2013	123,885,000	808,411	123,076,589	0.77	684		123,885,000	0.78	688	0.84
2012	143,400,000	1,155,432	142,244,568	0.77	790	51,026	143,451,026	0.77	797	0.97
2011	137,260,000	1,928,320	135,331,680	0.62	752	99,524	137,359,524	0.63	763	0.92
2010	126,697,394	2,354,177	124,343,217	0.51	691	50,255	126,747,649	0.52	704	0.89
2009	136,460,380	2,212,598	134,247,782	0.55	880	195,873	136,656,253	0.56	896	0.96

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

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

<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:			
Community College District	\$ 445,570,000	5.16 %	\$ 22,991,412
Special Health Care District	74,153,606	5.15	3,818,911
City of Chandler	270,255,000	20.86	56,375,193
City of Phoenix	1,201,405,000	6.99	83,978,210
City of Tempe	366,390,000	32.94	120,688,866
Tempe Union High School District No. 213	91,995,000	58.84	54,129,858
Subtotal, Overlapping Debt			<u>341,982,450</u>
Direct:			
Kyrene Elementary School District No. 28			<u>227,556,071</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 569,538,521</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		9.15 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$	3,118
As a Percentage of Net Limited Assessed Valuation		38.26 %
As a Percentage of Estimated Gross Full Cash Value		31.35 %

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, 2017 is presented for the overlapping governments as this is the most recent available information.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2018:

Net full cash assessed valuation	\$ 2,387,580,599
Debt limit (10% of assessed value)	238,758,060
Debt applicable to limit	<u>58,040,777</u>
Legal debt margin	<u><u>\$ 180,717,283</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2018:

Net full cash assessed valuation	\$ 2,387,580,599
Debt limit (15% of assessed value)	358,137,090
Debt applicable to limit	<u>168,944,807</u>
Legal debt margin	<u><u>\$ 189,192,283</u></u>

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 358,137,090	\$ 341,414,575	\$ 311,737,877	\$ 256,444,846	\$ 245,721,221
Total net debt applicable to limit	<u>168,944,807</u>	<u>206,275,870</u>	<u>176,750,000</u>	<u>185,795,000</u>	<u>156,020,000</u>
Legal debt margin	<u><u>\$ 189,192,283</u></u>	<u><u>\$ 135,138,705</u></u>	<u><u>\$ 134,987,877</u></u>	<u><u>\$ 70,649,846</u></u>	<u><u>\$ 89,701,221</u></u>
Total net debt applicable to the limit as a percentage of debt limit	47%	60%	57%	72%	63%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 268,821,849	\$ 307,910,531	\$ 381,659,577	\$ 428,743,352	\$ 434,224,567
Total net debt applicable to limit	<u>123,885,000</u>	<u>143,400,000</u>	<u>137,260,000</u>	<u>126,697,394</u>	<u>136,460,380</u>
Legal debt margin	<u><u>\$ 144,936,849</u></u>	<u><u>\$ 164,510,531</u></u>	<u><u>\$ 244,399,577</u></u>	<u><u>\$ 302,045,958</u></u>	<u><u>\$ 297,764,187</u></u>
Total net debt applicable to the limit as a percentage of debt limit	46%	47%	36%	30%	31%

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 outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	Estimated District Population
2017	4,221,684	\$ 196,286,194	\$ 45,573	4.2 %	167,135
2016	4,137,076	185,111,698	43,628	4.5	154,606
2015	4,076,438	168,483,421	41,222	5.5	151,606
2014	4,087,191	168,483,421	41,222	5.4	155,396
2013	4,009,412	147,700,000	27,552	6.2	180,000
2012	3,824,058	147,374,500	38,538	9.1	180,000
2011	3,843,370	148,593,801	38,411	8.2	180,000
2010	4,192,887	142,864,275	37,352	9.2	180,000
2009	4,379,634	142,091,618	35,319	8.5	180,000
2008	3,987,942	147,122,078	37,168	4.8	152,500

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 2008 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, the source of the information is the Arizona Office of Employment and Population Statistics.

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Employer	2018			2009		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State of Arizona	49,800	2.31	%			%
Wal-Mart Stores Inc.	30,634	1.43				
Banner Health Systems	24,825	1.16				
City of Phoenix	15,100	0.70				
Wells Fargo Bank, N.A	13,308	0.62		3,406	6.14	
Maricopa County	12,792	0.60				
Arizona State University	11,185	0.52		10,336	18.63	
Apollo Group, Inc.	11,000	0.51				
Intel Corp.	10,300	0.48				
JPMorgan Chase & Co.	10,300	0.48				
SRP				3,331	6.00	
Freescall Semiconductor				3,000	5.41	
US Airways				2,800	5.05	
Insight Direct Inc.				2,500	4.51	
Honeywell				2,000	3.61	
Bank One Telephone Banking Division				2,000	3.61	
City of Tempe				1,740	3.14	
Total	<u>189,244</u>	<u>8.81</u>	%	<u>31,113</u>	<u>56.10</u>	%
Total employment	<u>2,145,900</u>			<u>55,473</u>		

Source: The source of this county-wide information is the Business Journal Book of Lists.. The source of the "Total employment" for 2016 is the U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

Notes: (1) The information presented above is County-wide.
(2) Data could only be obtained for nine principal employers for fiscal year 2009

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of June 30					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Superintendents/Principals	28	28	28	28	28
Assistant principals	23	11	11	12	12
Total supervisory	<u>51</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>40</u>
Instruction					
Teachers	957	952	935	963	963
Other professionals (instructional)	236	216	200	195	195
Total instruction	<u>1,193</u>	<u>1,168</u>	<u>1,135</u>	<u>1,158</u>	<u>1,158</u>
Student Services					
Librarians	18	4	4	7	7
Nurses/Technicians	31	31	30	31	31
Total student services	<u>49</u>	<u>35</u>	<u>34</u>	<u>38</u>	<u>38</u>
Support and Administration					
Service workers	511	513	491	449	449
Other classified	24	66	59	61	61
Total support and administration	<u>535</u>	<u>579</u>	<u>550</u>	<u>510</u>	<u>510</u>
Total	<u><u>1,828</u></u>	<u><u>1,821</u></u>	<u><u>1,758</u></u>	<u><u>1,746</u></u>	<u><u>1,746</u></u>

(Continued)

**KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Supervisory					
Superintendents/Principals	28	27	28	28	27
Assistant principals	15	14	14	14	19
Total supervisory	<u>43</u>	<u>41</u>	<u>42</u>	<u>42</u>	<u>46</u>
Instruction					
Teachers	951	960	1,005	1,009	1,085
Other professionals (instructional)	195	183	181	174	233
Total instruction	<u>1,146</u>	<u>1,143</u>	<u>1,186</u>	<u>1,183</u>	<u>1,318</u>
Student Services					
Librarians	5	21	25	25	26
Nurses/Technicians	32	31	30	31	31
Total student services	<u>37</u>	<u>52</u>	<u>55</u>	<u>56</u>	<u>57</u>
Support and Administration					
Service workers	443	462	478	503	501
Other classified	58	32	33	20	12
Total support and administration	<u>501</u>	<u>494</u>	<u>511</u>	<u>523</u>	<u>513</u>
Total	<u>1,727</u>	<u>1,730</u>	<u>1,794</u>	<u>1,804</u>	<u>1,934</u>

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

(Concluded)

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2018	15,963	\$ 131,073,549	\$ 8,211	(1.65) %	\$ 158,856,532	\$ 9,952	(4.12) %	1,034	15.4	32.0 %
2017	16,113	134,521,877	8,349	12.92	167,237,471	10,379	12.82	915	17.6	31.0
2016	16,500	121,991,244	7,394	(5.30)	151,784,961	9,199	(2.24)	950	17.4	30.5
2015	16,402	128,062,147	7,808	5.53	154,336,824	9,410	5.28	954	17.2	31.0
2014	16,345	120,925,956	7,398	3.89	146,084,997	8,938	5.27	940	17.4	31.0
2013	16,811	119,713,442	7,121	(0.46)	142,727,898	8,490	(2.45)	943	17.8	28.5
2012	16,879	120,753,553	7,154	(1.20)	146,898,394	8,703	(3.96)	949	17.8	29.2
2011	16,850	122,014,494	7,241	(1.67)	152,691,913	9,062	(0.14)	990	17.0	26.9
2010	16,877	124,284,096	7,364	(2.75)	153,146,938	9,074	(2.93)	996	16.9	24.8
2009	16,993	128,672,483	7,572	(0.30)	158,857,087	9,348	(0.89)	1,070	15.9	20.3

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

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

KYRENE ELEMENTARY SCHOOL DISTRICT NO. 28
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Schools</u>										
Elementary										
Buildings	48	48	48	48	48	48	48	48	48	65
Square feet	1,470,730	1,470,378	1,470,378	1,470,378	1,470,378	1,470,378	1,470,378	1,470,378	1,470,378	1,457,650
Capacity	16,174	16,174	16,174	16,174	16,174	16,174	16,174	16,174	16,174	16,069
Enrollment	11,320	11,320	11,521	11,705	11,749	11,681				
Middle										
Buildings	46	46	46	46	46	46	46	46	46	46
Square feet	915,470	915,260	915,260	915,260	915,260	915,260	915,260	915,260	915,260	915,260
Capacity	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125
Enrollment	5,977	5,977	6,096	6,145	6,117	6,442	6,521			
<u>Administrative</u>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947	70,947
<u>Transportation</u>										
Garages	7	7	7	7	7	7	7	7	7	7
Buses	129	130								
<u>Athletics</u>										
Soccer fields	6	6	6	6	6	6	6	6	6	6
Running tracks	6	6	6	6	6	6	6	6	6	6
Baseball/softball	11/12	11/12	11/12	11/12	11/12	11/12	11/12	11/12	11/12	11/12
Playgrounds	29	29	29	29	29	29	29	29	29	29

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

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