

---

# **LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

---

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2017**



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

**BUCKEYE, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Issued by:  
Business Services Department

# **LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

## **TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1
ASBO Certificate of Excellence	7
GFOA Certificate of Achievement	8
Organizational Chart	9
List of Principal Officials	10
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	13
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	40
Statement of Assets and Liabilities – Fiduciary Funds	41

# **LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

## **TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b><u>Page</u></b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Notes to Financial Statements	42
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	66
Classroom Site Fund	67
Schedule of Proportionate Share of the Net Pension Liability	68
Schedule of Contributions	68
Notes to Required Supplementary Information	69
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	75
Special Revenue Funds:	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	86

# **LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

## **TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	102
Capital Projects Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	106
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	108
Agency Funds:	
Combining Statement of Assets and Liabilities	114
Combining Statement of Changes in Assets and Liabilities	115
 <b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	119
Expenses, Program Revenues, and Net (Expense)/Revenue	120
General Revenues and Total Changes in Net Position	122
Fund Balances – Governmental Funds	124
Governmental Funds Revenues	126
Governmental Funds Expenditures and Debt Service Ratio	128
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	130

## **LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

### **TABLE OF CONTENTS**

<b><u>STATISTICAL SECTION</u></b>	<b><u>Page</u></b>
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	131
Net Full Cash Assessed Value of Taxable Property by Class	132
Property Tax Assessment Ratios	133
Direct and Overlapping Property Tax Rates	134
Principal Property Taxpayers	135
Property Tax Levies and Collections	136
Debt Capacity:	
Outstanding Debt by Type	137
Direct and Overlapping Governmental Activities Debt	138
Direct and Overlapping General Bonded Debt Ratios	138
Legal Debt Margin Information	139
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	140
Principal Employers	141
Operating Information:	
Full-Time Equivalent District Employees by Type	142
Operating Statistics	144
Capital Assets Information	145

(This page intentionally left blank)

## **INTRODUCTORY SECTION**



(This page intentionally left blank)



March 30, 2018

Citizens and Governing Board  
Liberty Elementary School District No. 25  
19871 West Fremont Road  
Buckeye, Arizona 85326

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 Liberty Elementary School District No. 25 (District) for the fiscal year ended June 30, 2017.

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, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017, 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.

Page 1

## THE LIBERTY SCHOOL DISTRICT

---

19871 West Fremont Road • Buckeye, AZ 85326 • Office (623) 474-6600 • Fax (623) 474-6669

Liberty Elementary School (623) 327-2810 • Estrella Mountain Elementary School (623) 327-2820 • Rainbow Valley Elementary School (623) 327-2830  
Westar Elementary School (623) 327-2840 • Freedom Elementary School (623) 327-2850 • Las Brisas Academy (623) 327-2860

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 audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

## **PROFILE OF THE DISTRICT**

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an estimated current enrollment of 3,486 students.

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

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

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

The District was organized in 1910 and encompasses 320 square miles in the west-central section of Maricopa County. Liberty Elementary School District No. 25 is comprised of six schools: Liberty Elementary School with a student enrollment of 571 students, Estrella Mountain Elementary School with a student enrollment of 488 students, Rainbow Valley School with a student enrollment of 586 students, Westar Elementary School with a student enrollment of 717 students, Freedom Elementary School with a student enrollment of 715 students, and Las Brisas Academy, newly opened in the 2015-2016 school year, with a student enrollment of 409 students. The District is located 25 miles west of downtown Phoenix, Arizona and includes portions of the City of Goodyear, the City of Buckeye, the City of Avondale and specific Maricopa County unorganized areas.

Currently, the District has nine National Board Certified (NBC) teachers. The National Board certification process is a multi-year endeavor that requires teachers to take several courses, submit numerous teaching videos which they have analyzed and reflected upon, and pass rigorous tests. NBC teachers provide excellence in teaching and leading. We continue to encourage our teachers to engage in the National Board Certification process and provide support for this through our Title II and K-12 Center Grant funds. In addition to the seven Arizona Master Teachers, this year Liberty added one Master Teacher Principal. A Master Teacher is an Arizona K-12 certification program similar to the National Board Certification program. Teachers examine specific practices, attend classes on master teaching and complete a field study including a video of his/her teaching.

Each of our school has a specific signature program. Estrella Mountain Elementary School is an International Baccalaureate World School authorized to provide the Primary Years Program (PYP) and the Middle Years Program (MYP). The International Baccalaureate (IB) aims to develop inquiring, knowledgeable, and caring young people who help to create a better and more peaceful world through intercultural understanding and respect. Additionally, Estrella Mountain offers Spanish as a second language for all students.

Freedom and Westar Elementary are Science, Technology, Engineering, and Math (STEM) schools. Both schools have extensive partnerships with University of Arizona and Arizona State University. The QESST program from ASU provides solar technology lessons in fourth and fifth grades. The Steam Machine program through the Polytechnic Campus supports the engineering programs on the campuses. Both schools boast Science labs at all grade levels and extensive technology integration. Freedom was named a Future STEM School and is part of the Northern Arizona University program to support the growth and development of staff in providing STEM lessons to students. Westar wrote and received a grant to support the implementation of an eco-system pond where students will conduct experiments and observations. Both schools participate in the SciFest Program. Freedom Elementary has a Science Ranger Program which is a student organization on campus to promote the sciences for all students. Westar Elementary actively participates in robotics and Lego Leagues.

Rainbow Valley provides a leadership program. Leadership skill building is a focus on the campus. Students and staff have been invited to speak at several major events in support of building future leaders including a visit to the Arizona Department of Education where they presented what the leadership program has meant to them. Student activism and involvement in the community has grown since the inception of the program.

Liberty Elementary School provides an Agriculture Science experience for students. The school has developed a curriculum around agriculture science with a community garden and small animal sciences. Partnerships with Northern Arizona University, Arizona State University and University of Arizona support the development of unique integrated project-based curriculum focused on agriculture sciences. A partnership with Buckeye Union High School provides support in bridging elementary and high school. They have been selected to present at the National Agriculture Conference.

All schools in the Liberty Elementary School District received a “B” or “C” letter grade with the overall District rating of a “B”. Additionally, all schools actively participate in Science Olympiad, a competitive Science club where students compete against other schools, Westside Impact Science Fair, Spelling Bee Competitions, and the annual Math Challenge.

The District continues to provide Art, Music and PE for all grade levels on all campuses. The Save the Music program is still used and piano labs are a regular part of Music class. All schools provide band for middle school students. Competitive sports are offered as extra-curricular activities in grades 6<sup>th</sup> through 8<sup>th</sup> and include: boys and girls basketball, baseball, softball, soccer, and volleyball. Each school has an active National Junior Honor Society and Student Council. Most schools have an active Parent Organization and all sites have a Parent Council which provides feedback and support to the principal.

As part of the LEA improvement process, the district has partnered with the Rodel Foundation to offer Math 20/20, a program that focuses on math standards and developing a deeper understanding for the teacher. Additionally, the District has a New Teacher Mentoring Program. The program goals include nurturing best practices to improve instruction and teacher retention. The program has seen an increase in the number of returning teachers.

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** The Phoenix metropolitan area and the rest of Maricopa County were one of the fastest growing regional markets in the United States in the late 1990's and early 2000's. This growth was stimulated by a combination of warm climate, a substantial well educated labor pool, a wide range of support industries, and a governmental climate that is supportive of economic growth and investment. As the economy rebounds, growth is anticipated based on these factors.

A few of the major non-governmental employers represented in the Phoenix metropolitan area include Wal-Mart Stores, Inc., Banner Health Systems, Wells Fargo Company, Intel Corp., Fry's Food and Drug Stores, Inc., and Honor Health. In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, four private colleges and graduate schools, and one state university.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Buckeye. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14<sup>th</sup> in land area. Current population is projected at 4.1 million. Maricopa County has a very wide range of economic sectors supporting its substantial growth. Maricopa County has, for some time, enjoyed an unemployment rate that was somewhat lower than the national average.

Service is the largest employment sector in the County, partly fueled by the tourism industry. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category. Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors providing for economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well developed and expanding transportation infrastructure.

The economy of the District is a mixture of farming, commercial enterprises, light manufacturing and ginning. Agriculture has been the mainstay of the area for many years; however, residential property remains the single largest category of assessed valuation. The net full cash assessed value for the current year is \$235.7 million which is up from the prior year primarily as a result of the economic recovery. The average age of the District's school buildings is 28 years.

**Long-term Financial Planning.** Long term growth projections indicate potential double digit enrollment increases as communities are developed within the District's boundaries. Additionally, annual modification of the District open enrollment policy continues to increase enrollment. The District explores all practical and legal sources of monetary income and guides the expenditure of funds to achieve the greatest education return. The District strives to maintain, within budget limits, a level of per-student expenditures needed to provide a world class education and fosters high-quality schools. The District utilizes budgetary practices which ensure full allowable budget balance carry forward. Additional conservative fiscal practices of setting aside monies in the form of prepaid items and building capital reserves have been established to strengthen fiscal stability. Passage of a \$15 million Special Bond Election in November 2013 will enable the District to construct and improve school facilities, install safety and security upgrades, purchase technology, furniture, and equipment, and purchase new transportation vehicles.

## AWARDS AND ACKNOWLEDGMENTS

**Awards.** The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 22nd consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. 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, 2017 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 services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



Dr. Richard Rundhaug  
Interim Superintendent



Kelley Baysinger  
Executive Director of Finance



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Liberty Elementary School District No. 25**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, reading 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA  
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**

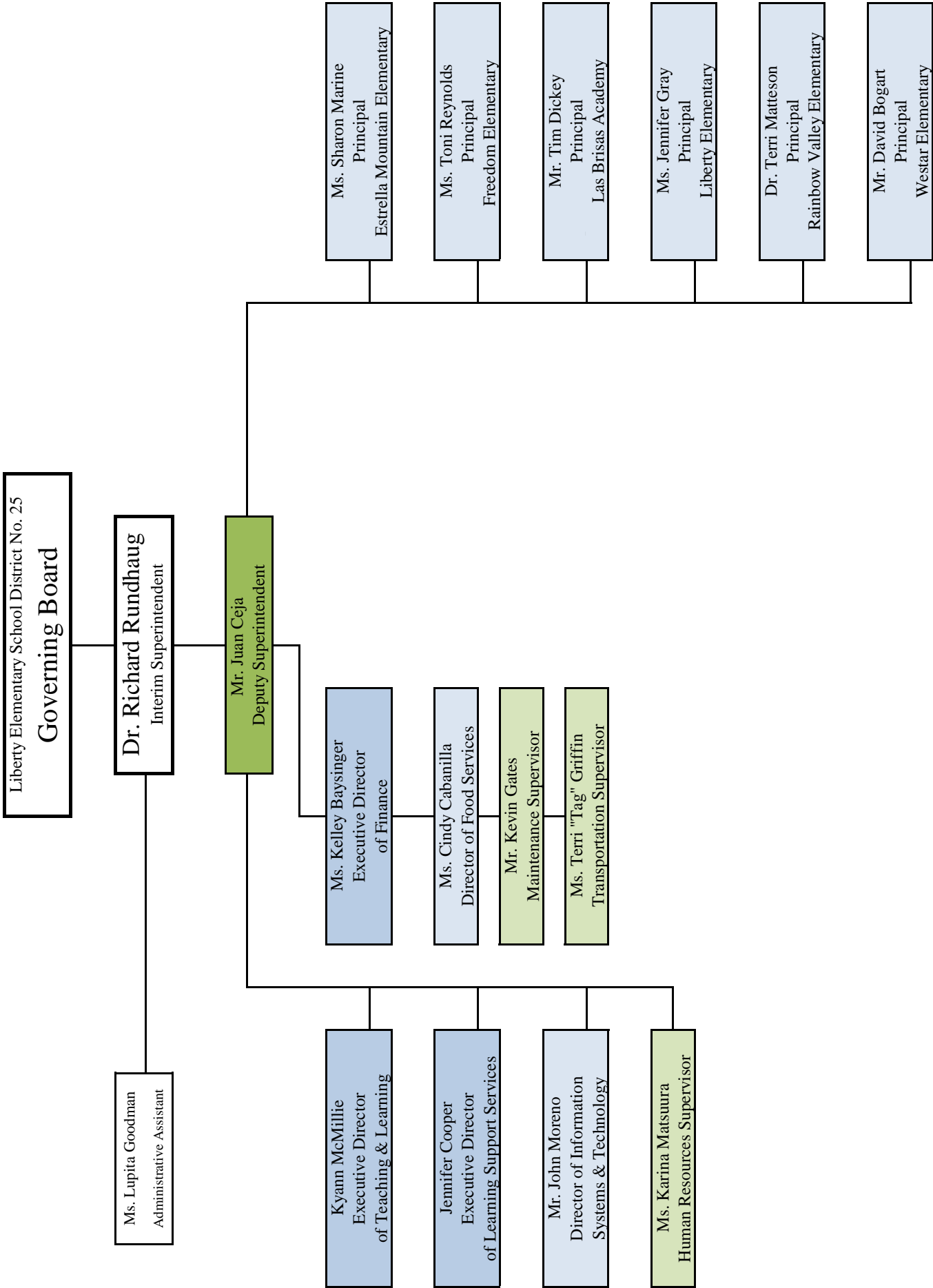
Presented to

**Liberty Elementary School District No. 25  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Paul Jensen, President

Mark Aguire, Member

Connie Krogulecki-Crowley, Member

Yolanda Lopez-Bearded, Member

Kathy McNamara, Member

**ADMINISTRATIVE STAFF**

Dr. Richard Rundhaug, Interim Superintendent

Juan Ceja, Deputy Superintendent

Kyann McMille, Executive Director of Teaching and Learning

Jennifer Cooper, Executive Director of Learning Support Services

Kelley Baysinger, Executive Director of Finance

John Moreno, Director of Technology Services

Jennifer Gray, Principal Liberty Elementary School

Sharon Marine, Principal Estrella Mountain Elementary School

Terri Matteson, Principal Rainbow Valley Elementary School

Dave Bogart, Principal Westar Elementary School

Toni Reynolds, Principal Freedom Elementary School

Matt Flagg, Principal Las Brisas Academy

## **FINANCIAL SECTION**

(This page intentionally left blank)

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Liberty Elementary School District No. 25

### **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 Liberty Elementary School District No. 25 (District), as of and for the year ended June 30, 2017, 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 Liberty Elementary School District No. 25, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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, and net pension liability 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 March 30, 2018, on our consideration of Liberty Elementary School District No. 25'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 Liberty Elementary School District No. 25's internal control over financial reporting and compliance.

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

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
March 30, 2018

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



(This page intentionally left blank)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

As management of the Liberty Elementary School District No. 25 (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, 2017. 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 increased \$2.2 million which represents an increase of 15 percent from the prior fiscal year primarily due to an increase in unrestricted state aid as a result of increased student enrollment.
- General revenues accounted for \$23.1 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 \$4.4 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$25.3 million in expenses related to governmental activities, an increase of three percent from the prior fiscal year that was due primarily to an increase in instruction expenses as a result of teacher salary increases.
- Among major funds, the General Fund had \$19.4 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$19.1 million in expenditures. The General Fund's fund balance increase from \$3.8 million at the prior fiscal year end to \$4.7 million at the end of the current fiscal year was primarily due to an increase in state aid of \$1.6 million.

### **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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**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, Classroom Site, 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.

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

**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 and major Special Revenue Fund as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**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 of resources exceeded liabilities and deferred inflows of resources by \$17.1 million at the current fiscal year end.

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

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Current and other assets	\$ 13,180,335	\$ 10,010,492
Capital assets, net	47,685,313	47,634,790
Total assets	<u>60,865,648</u>	<u>57,645,282</u>
Deferred outflows	<u>4,229,581</u>	<u>2,148,982</u>
Current and other liabilities	1,815,350	1,572,619
Long-term liabilities	42,528,834	41,213,318
Total liabilities	<u>44,344,184</u>	<u>42,785,937</u>
Deferred inflows	<u>3,879,496</u>	<u>2,370,757</u>
Net position:		
Net investment in capital assets	29,406,670	29,153,698
Restricted	2,459,346	2,673,769
Unrestricted	(14,994,467)	(17,189,897)
Total net position	<u>\$ 16,871,549</u>	<u>\$ 14,637,570</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 \$15.1 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

- The issuance of \$2.5 million in school improvement bonds.
- The addition of \$1.7 million in capital assets due primarily to school renovations.
- The decrease of \$567,039 in pension liabilities.

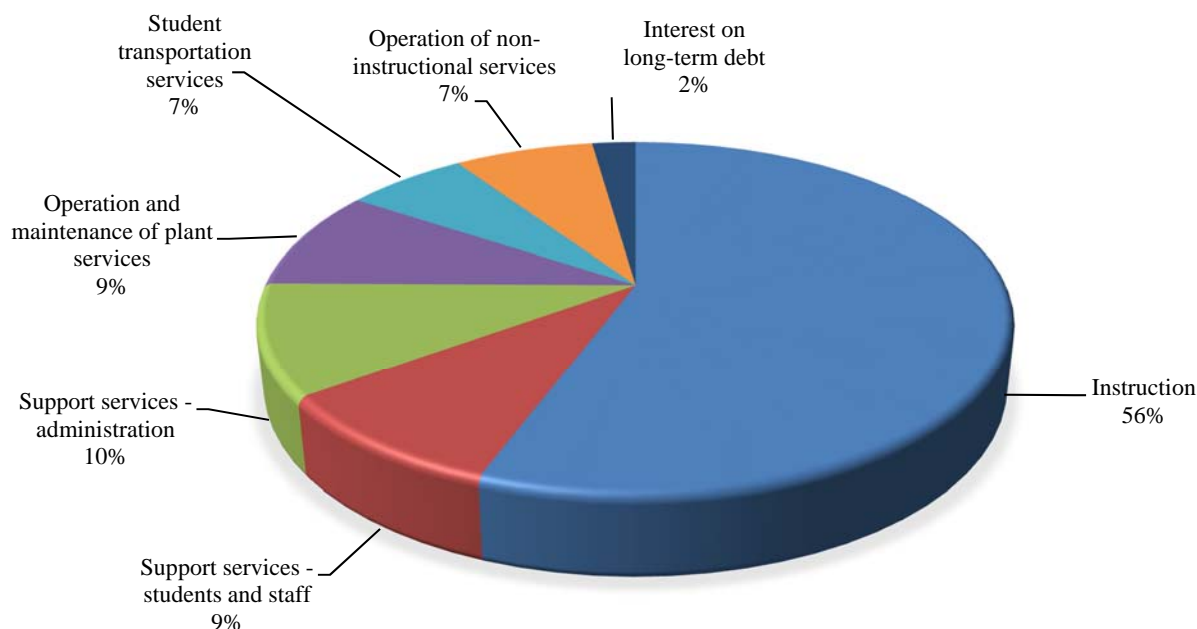
**Changes in net position.** The District's total revenues for the current fiscal year were \$27.5 million. The total cost of all programs and services was \$25.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 823,057	\$ 865,683
Operating grants and contributions	2,738,604	2,296,530
Capital grants and contributions	816,878	264,713
General revenues:		
Property taxes	6,902,179	7,281,601
Investment income	47,944	36,774
Unrestricted county aid	1,328,983	1,196,593
Unrestricted state aid	14,809,819	12,741,901
Unrestricted federal aid	50,050	181,105
<b>Total revenues</b>	<u>27,517,514</u>	<u>24,864,900</u>
<b>Expenses:</b>		
Instruction	14,078,456	13,684,751
Support services – students and staff	2,338,204	2,340,161
Support services – administration	2,592,285	2,502,584
Operation and maintenance of plant services	2,306,808	2,131,655
Student transportation services	1,585,990	1,617,307
Operation of non-instructional services	1,816,234	1,657,404
Interest on long-term debt	565,558	665,594
<b>Total expenses</b>	<u>25,283,535</u>	<u>24,599,456</u>
<b>Changes in net position</b>	<u>2,233,979</u>	<u>265,444</u>
<b>Net position, beginning</b>	<u>14,637,570</u>	<u>14,372,126</u>
<b>Net position, ending</b>	<u><u>\$ 16,871,549</u></u>	<u><u>\$ 14,637,570</u></u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Expenses - Fiscal Year 2017**



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

- An increase of \$2.1 million in unrestricted state aid primarily due to an increase in funding received as a result of student growth and an increase in the state funding formula per recently passed state legislature.
- An increase of \$442,074 in operating grants and contributions primarily due to additional growth in student count and grant opportunities.

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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 14,078,456	\$ (12,105,355)	\$ 13,684,751	\$ (12,355,323)
Support services – students and staff	2,338,204	(2,057,067)	2,340,161	(2,002,306)
Support services – administration	2,592,285	(2,285,299)	2,502,584	(2,476,017)
Operation and maintenance of plant services	2,306,808	(2,261,976)	2,131,655	(2,014,212)
Student transportation services	1,585,990	(1,585,990)	1,617,307	(1,617,307)
Operation of non-instructional services	1,816,234	(43,751)	1,657,404	(41,771)
Interest on long-term debt	565,558	(565,558)	665,594	(665,594)
<b>Total</b>	<b>\$ 25,283,535</b>	<b>\$ (20,904,996)</b>	<b>\$ 24,599,456</b>	<b>\$ (21,172,530)</b>

- The cost of all governmental activities this year was \$25.3 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$4.4 million.
- Net cost of governmental activities of \$20.9 million was partially financed by general revenues, which are made up of primarily property taxes of \$6.9 million and unrestricted state aid of \$14.8 million.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9.0 million, an increase of \$2.5 million as the result of an increase in state aid revenues as a result of increased enrollment.



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

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

The General Fund comprises 52 percent of the total fund balance. Approximately \$4.1 million, or 88 percent of the fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$946,234 in the General Fund to \$4.7 million as of fiscal year end. General Fund revenues increased \$608,795 due to an increase in state aid as a result of increased enrollment and expenditures increased \$681,758 due to salary increases.

The fund balance in the Classroom Site Fund increased \$2,211 to \$291,451 at year end, which was not significant.

The fund balance in the Debt Service Fund increased \$89,265 to \$181,242 at year end due to an increase in property taxes.

The fund balance in the Bond Building Fund increased \$1.8 million to \$2.0 million at year end due to the issuance of school improvement bonds.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for student growth. The difference between the original budget and the final amended budget was a \$330,239 increase or two percent.

Significant variances for the final 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 significant variances are summarized as follows:

- The favorable variance of \$1.3 million in instruction expenditures was a result of student growth and additional funding associated with the growth.
- The favorable variance of \$179,381 in support services students and staff expenditures was a result of support relative to student growth and increased staff support.
- The favorable variance of \$152,776 in student transportation expenditures was a result of continued savings in fuel costs and fewer major repairs.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$66.2 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 \$1.6 million from the prior fiscal year, primarily due to bond funded projects including building improvements, transportation, and technology and Building Renewal Grant projects. Total depreciation expense for the year was \$1.6 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Capital assets – non-depreciable	\$ 6,405,019	\$ 6,152,294
Capital assets – depreciable, net	41,280,294	41,482,496
<b>Total</b>	<b>\$ 47,685,313</b>	<b>\$ 47,634,790</b>

The estimated cost to complete current construction projects is \$1.0 million.

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

**Debt Administration.** At year-end, the District had \$20.6 million in long-term debt outstanding, \$1.6 million due within one year. Long-term debt increased by \$1.9 million due to the issuance of \$2.5 million in school improvement bonds.

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 net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$38.9 million and the Class B debt limit is \$26.0 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 8 through 10.

**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 2017-18 budget. Among them:

- Fiscal year 2016-17 budget balance carry forward (estimated \$1.7 million).
- District student population (estimated 3,566).

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

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

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 eight percent to \$21.4 million in fiscal year 2017-18, due to student growth and budget balance carried forward. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2017-18 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Services Department, Liberty Elementary School District No. 25, 19871 West Fremont Road, Buckeye, Arizona 85326.

## **BASIC FINANCIAL STATEMENTS**

(This page intentionally left blank)

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 7,467,092
Property taxes receivable	648,153
Accounts receivable	7,264
Due from governmental entities	4,449,276
Prepaid items	608,550
Total current assets	<u>13,180,335</u>
Noncurrent assets:	
Capital assets not being depreciated	6,405,019
Capital assets, net of accumulated depreciation	41,280,294
Total noncurrent assets	<u>47,685,313</u>
<b>Total assets</b>	<u><b>60,865,648</b></u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred charge on refunding	331,854
Pension plan items	3,897,727
<b>Total deferred outflows of resources</b>	<u><b>4,229,581</b></u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	340,559
Construction contracts payable	6,610
Due to governmental entities	374,166
Accrued payroll and employee benefits	633,283
Compensated absences payable	100,163
Accrued interest payable	325,438
Unearned revenues	135,294
Obligations under capital leases	63,694
Bonds payable	1,575,000
Total current liabilities	<u>3,554,207</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	40,789,977
Total noncurrent liabilities	<u>40,789,977</u>
<b>Total liabilities</b>	<u><b>44,344,184</b></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	<u>3,879,496</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	29,406,670
Restricted for:	
Voter approved initiatives	487,256
Food service	440,471
Civic center	415,280
Community school	145,264
Extracurricular activities fees tax credit	71,259
Other local initiatives	9,228
Debt service	233,656
Capital outlay	656,932
Unrestricted	(14,994,467)
<b>Total net position</b>	<u><b>\$ 16,871,549</b></u>

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED FRIDAY, JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 14,078,456	\$ 166,468	\$ 989,755	\$ 816,878	\$ (12,105,355)
Support services - students and staff	2,338,204		281,137		(2,057,067)
Support services - administration	2,592,285		306,986		(2,285,299)
Operation and maintenance of plant services	2,306,808	44,832			(2,261,976)
Student transportation services	1,585,990				(1,585,990)
Operation of non-instructional services	1,816,234	611,757	1,160,726		(43,751)
Interest on long-term debt	565,558				(565,558)
<b>Total governmental activities</b>	<u>\$ 25,283,535</u>	<u>\$ 823,057</u>	<u>\$ 2,738,604</u>	<u>\$ 816,878</u>	<u>(20,904,996)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	4,568,024
Property taxes, levied for debt service	2,046,136
Property taxes, levied for capital outlay	288,019
Investment income	47,944
Unrestricted county aid	1,328,983
Unrestricted state aid	14,809,819
Unrestricted federal aid	50,050

**Total general revenues** 23,138,975

**Changes in net position** 2,233,979

**Net position, beginning of year** 14,637,570

**Net position, end of year** \$ 16,871,549

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



(This page intentionally left blank)

## **FUND FINANCIAL STATEMENTS**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 44,453	\$ 889,851	\$ 2,072,615
Property taxes receivable	544,428		61,479
Accounts receivable			
Due from governmental entities	4,356,612		
Due from other funds			
Prepaid items	579,228		
<b>Total assets</b>	<u><u>\$ 5,524,721</u></u>	<u><u>\$ 889,851</u></u>	<u><u>\$ 2,134,094</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 128,191	\$	\$
Construction contracts payable			
Due to governmental entities			
Due to other funds			
Accrued payroll and employee benefits	27,293	598,400	
Unearned revenues			
Bonds payable			1,575,000
Bond interest payable			325,438
<b>Total liabilities</b>	<u>155,484</u>	<u>598,400</u>	<u>1,900,438</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	524,662		52,414
Unavailable revenues - intergovernmental	140,049		
<b>Total deferred inflows of resources</b>	<u>664,711</u>		<u>52,414</u>
Fund balances (deficits):			
Nonspendable	579,228		
Restricted		291,451	181,242
Unassigned	4,125,298		
<b>Total fund balances</b>	<u>4,704,526</u>	<u>291,451</u>	<u>181,242</u>
<b>Total liabilities, deferred inflows of resources</b>			
<b>and fund balances</b>	<u><u>\$ 5,524,721</u></u>	<u><u>\$ 889,851</u></u>	<u><u>\$ 2,134,094</u></u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,142,210	\$ 2,317,963	\$ 7,467,092
	42,246	648,153
	7,264	7,264
	92,664	4,449,276
	48,812	48,812
	29,322	608,550
<u>\$ 2,142,210</u>	<u>\$ 2,538,271</u>	<u>\$ 13,229,147</u>

\$ 155,748	\$ 56,620	\$ 340,559
6,610		6,610
	374,166	374,166
	48,812	48,812
	7,590	633,283
	135,294	135,294
		1,575,000
		325,438
<u>162,358</u>	<u>622,482</u>	<u>3,439,162</u>

	42,246	619,322
	13,950	153,999
	<u>56,196</u>	<u>773,321</u>

	29,322	608,550
1,979,852	1,848,721	4,301,266
	(18,450)	4,106,848
<u>1,979,852</u>	<u>1,859,593</u>	<u>9,016,664</u>

<u>\$ 2,142,210</u>	<u>\$ 2,538,271</u>	<u>\$ 13,229,147</u>
---------------------	---------------------	----------------------

(This page intentionally left blank)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>9,016,664</b>
---	-----------	------------------

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

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

Governmental capital assets	\$ 66,230,053	
Less accumulated depreciation	<u>(18,544,740)</u>	47,685,313

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

Property taxes	619,322	
Intergovernmental	<u>153,999</u>	773,321

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.		331,854
---	--	---------

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

Deferred outflows of resources related to pensions	3,897,727	
Deferred inflows of resources related to pensions	<u>(3,879,496)</u>	18,231

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

Compensated absences payable	(165,884)	
Obligations under capital leases	(63,694)	
Unamortized premium on long-term debt	(981,655)	
Net pension liability	(21,772,601)	
Bonds payable	<u>(17,970,000)</u>	<u>(40,953,834)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>16,871,549</u></b>
--	-----------	--------------------------

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<b>Revenues:</b>			
Other local	\$ 1,534,430	\$ 4,215	\$ 15,936
Property taxes	4,601,714		2,029,928
State aid and grants	13,008,722	1,244,970	
Federal aid, grants and reimbursements	215,454		
<b>Total revenues</b>	<u>19,360,320</u>	<u>1,249,185</u>	<u>2,045,864</u>
<b>Expenditures:</b>			
Current -			
Instruction	10,500,272	1,232,649	
Support services - students and staff	2,000,640	14,325	
Support services - administration	2,595,781		
Operation and maintenance of plant services	2,385,492		
Student transportation services	1,491,372		
Operation of non-instructional services	43,337		
Capital outlay	97,327		
Debt service -			
Principal retirement			1,575,000
Interest and fiscal charges			602,681
Bond issuance costs			132,747
<b>Total expenditures</b>	<u>19,114,221</u>	<u>1,246,974</u>	<u>2,310,428</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>246,099</u>	<u>2,211</u>	<u>(264,564)</u>
<b>Other financing sources (uses):</b>			
Transfer in	82,814		221,082
Transfer out			
Issuance of school improvement bonds			
Issuance of refunding bonds			4,455,000
Premium on sale of bonds			457,256
Payment to refunded bond escrow agent			(4,779,509)
Insurance recoveries	38,093		
<b>Total other financing sources (uses)</b>	<u>120,907</u>	<u></u>	<u>353,829</u>
<b>Changes in fund balances</b>	<u>367,006</u>	<u>2,211</u>	<u>89,265</u>
<b>Fund balances, beginning of year</b>	3,758,292	289,240	91,977
Increase (decrease) in reserve for prepaid items	579,228		
<b>Fund balances, end of year</b>	<u>\$ 4,704,526</u>	<u>\$ 291,451</u>	<u>\$ 181,242</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,119	\$ 766,176	\$ 2,324,876
	245,773	6,877,415
	1,436,729	15,690,421
	2,192,492	2,407,946
<u>4,119</u>	<u>4,641,170</u>	<u>27,300,658</u>
	1,012,869	12,745,790
	271,399	2,286,364
	3,265	2,599,046
	51,022	2,436,514
	3,081	1,494,453
	1,799,922	1,843,259
704,515	1,717,131	2,518,973
	61,116	1,636,116
	5,266	607,947
66,831		199,578
<u>771,346</u>	<u>4,925,071</u>	<u>28,368,040</u>
<u>(767,227)</u>	<u>(283,901)</u>	<u>(1,067,382)</u>
		303,896
(221,082)	(82,814)	(303,896)
2,475,000		2,475,000
		4,455,000
265,701		722,957
		(4,779,509)
		38,093
<u>2,519,619</u>	<u>(82,814)</u>	<u>2,911,541</u>
<u>1,752,392</u>	<u>(366,715)</u>	<u>1,844,159</u>
227,460	2,196,986	6,563,955
	29,322	608,550
<u>\$ 1,979,852</u>	<u>\$ 1,859,593</u>	<u>\$ 9,016,664</u>



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

**Changes in fund balances - total governmental funds** **\$ 1,844,159**

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	\$ 1,704,193	
Less current year depreciation	<u>(1,642,873)</u>	61,320

Issuance of school improvement and refunding bonds provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (6,930,000)

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

Property taxes	24,764	
Intergovernmental	<u>94,639</u>	119,403

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement	61,116	
Bond principal retirement	<u>5,995,000</u>	6,056,116

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

Current year pension contributions	1,368,469	
Pension expense	<u>(561,424)</u>	807,045

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	608,550	
Deferred charges on issuance of debt	(391,103)	
Loss on disposal of assets	(10,797)	
Amortization of premium on long-term debt	70,044	
Compensated absences	<u>(758)</u>	<u>275,936</u>

**Changes in net position in governmental activities** **\$ 2,233,979**

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 258,224
<b>Total assets</b>	<u>\$ 258,224</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 9,994
Deposits held for others	183,787
Due to student groups	64,443
<b>Total liabilities</b>	<u>\$ 258,224</u>

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The financial statements of the Liberty Elementary School District No. 25 (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.

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

**A. Reporting Entity**

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

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

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 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. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Classroom Site Fund – The Classroom Site Fund accounts 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.

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 – 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 type:

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

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

**D. Cash and Investments**

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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.

**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 noncurrent 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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.

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

**H. Prepaid items**

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

**I. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, 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.

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

Land improvements	5 - 50 years
Buildings and improvements	7 - 50 years
Vehicles, furniture and equipment	5 - 30 years



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

**K. Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting 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.

**L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's 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.

**M. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

**N. Interfund Activity**

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

**O. Net Position Flow Assumption**

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

**P. Estimates**

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

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

***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 for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Classroom Site Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 579,228	\$	\$	\$	29,322
Restricted:					
Debt service			181,242		
Capital projects					600,736
Bond building projects				1,979,852	
Voter approved initiatives		291,451			195,805
Food service					416,017
Civic center					415,280
Community school					140,396
Extracurricular activities					71,259
Other purposes					9,228
Unassigned	4,125,298				(18,450)
Total fund balances	<u>\$ 4,704,526</u>	<u>\$ 291,451</u>	<u>\$ 181,242</u>	<u>\$ 1,979,852</u>	<u>\$ 1,859,593</u>

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

**Individual Deficit Fund Balance** – At year end, the Building Renewal Grant Fund, a non-major governmental fund, reported a deficit of \$18,450 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2017-18 are expected to eliminate the deficit.

**Excess Expenditures Over Budget** – At year end, the District had expenditures in funds that exceeded the budget, 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 \$200,830 and the bank balance was \$203,166.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 – CASH AND INVESTMENTS**

*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.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	457 days	\$ 7,524,486
Total		<u>\$ 7,524,486</u>

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

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 – RECEIVABLES**

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

	General Fund	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$ 143,385	\$ 9,324
Due from state government	4,213,227	83,340
Net due from governmental entities	<u>\$ 4,356,612</u>	<u>\$ 92,664</u>

**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 6,100,034	\$	\$	\$ 6,100,034
Construction in progress	52,260	320,080	67,355	304,985
Total capital assets, not being depreciated	<u>6,152,294</u>	<u>320,080</u>	<u>67,355</u>	<u>6,405,019</u>
Capital assets, being depreciated:				
Land improvements	3,120,506	202,393		3,322,899
Buildings and improvements	50,177,592	655,750		50,833,342
Vehicles, furniture and equipment	5,184,920	593,325	109,452	5,668,793
Total capital assets being depreciated	<u>58,483,018</u>	<u>1,451,468</u>	<u>109,452</u>	<u>59,825,034</u>
Less accumulated depreciation for:				
Land improvements	(1,576,405)	(126,933)		(1,703,338)
Buildings and improvements	(12,163,277)	(1,202,260)		(13,365,537)
Vehicles, furniture and equipment	(3,260,840)	(313,680)	(98,655)	(3,475,865)
Total accumulated depreciation	<u>(17,000,522)</u>	<u>(1,642,873)</u>	<u>(98,655)</u>	<u>(18,544,740)</u>
Total capital assets, being depreciated, net	<u>41,482,496</u>	<u>(191,405)</u>	<u>10,797</u>	<u>41,280,294</u>
Governmental activities capital assets, net	<u>\$ 47,634,790</u>	<u>\$ 128,675</u>	<u>\$ 78,152</u>	<u>\$ 47,685,313</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,356,118
Support services – students and staff	10,000
Support services – administration	67,082
Operation and maintenance of plant services	35,437
Student transportation services	149,063
Operation of non-instructional services	25,173
Total depreciation expense – governmental activities	<u>\$ 1,642,873</u>

**Construction Commitments** – At year end, the District was involved in HVAC projects at Liberty Elementary School and renovations at Estrella Mountain Elementary School. At year end, the District had spent \$304,985 on the projects and had estimated remaining contractual commitments of \$1,014,723. The projects are being funded by the Unrestricted Capital Outlay Fund, Bond Building and Building Renewal Grant Funds.

**NOTE 7 – DUE TO GOVERNMENTAL ENTITIES**

Payable balances have been disaggregated by type and presented separately in the financial statements with the exception of due to governmental entities. At year end, the New School Facilities Fund, a non-major governmental fund, reported due to state government of \$374,166.

**NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES**

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

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

	<u>Governmental Activities</u>
Asset:	
Vehicles, furniture and equipment	\$ 62,445
Less: Accumulated depreciation	<u>27,620</u>
Total	<u>\$ 34,825</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES**

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

Year Ending June 30:	Governmental Activities
2018	\$ 66,382
Total minimum lease payments	66,381
Less: amount representing interest	2,688
Present value of minimum lease payments	63,694
Due within one year	\$ 63,694

**NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE**

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

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
School Improvement Bonds, Project of 2004, Series B (2007)	\$ 3,935,000	5.0%	7/1/17	\$ 435,000	\$ 435,000
School Improvement Bonds, Project of 2004, Series C (2010)	3,390,000	4.0-5.0%	7/1/17-20	770,000	195,000
School Improvement Bonds, Project of 2013, Series A	12,525,000	1.5-4.0%	7/1/17-34	11,410,000	380,000
School Improvement Bonds, Project of 2013, Series A	2,475,000	2.0-3.0%	7/1/17-23	2,475,000	500,000
Refunding Bonds, Series 2016	4,455,000	2.0-4.0%	7/1/17-27	4,455,000	65,000
Total				<u>\$ 19,545,000</u>	<u>\$ 1,575,000</u>



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – 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
2018	\$ 1,575,000	\$ 626,625
2019	1,550,000	584,025
2020	1,215,000	548,050
2021	1,295,000	512,700
2022	1,295,000	476,912
2023-27	5,120,000	1,865,913
2028-32	5,020,000	921,925
2033-35	2,475,000	132,037
Total	<u>\$ 19,545,000</u>	<u>\$ 5,668,187</u>

During the year ended June 30, 2017, the District issued \$4,455,000 in refunding bonds, with an effective interest rate of 3.3 percent, to advance refund \$4,420,000 of outstanding general obligation bonds, with an average interest rate of 4.4 percent. The net proceeds of \$4,779,509, which includes \$457,256 of bond premium, (after payment of \$132,747 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 \$359,509. 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 \$293,864 and resulted in an economic gain of \$264,443.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 18,255,000	\$ 6,930,000	\$ 5,640,000	\$ 19,545,000	\$ 1,575,000
Premium	328,742	722,957	70,044	981,655	
Total bonds payable	<u>18,583,742</u>	<u>7,652,957</u>	<u>5,710,044</u>	<u>20,526,655</u>	<u>1,575,000</u>
Obligations under capital leases	124,810		61,116	63,694	63,694
Net pension liability	22,339,640		567,039	21,772,601	
Compensated absences payable	165,126	180,852	180,094	165,884	100,163
Governmental activity long-term liabilities	<u>\$ 41,213,318</u>	<u>\$ 7,833,809</u>	<u>\$ 6,518,293</u>	<u>\$ 42,528,834</u>	<u>\$ 1,738,857</u>

**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Due to/from other funds:**

At year end, the non-major governmental funds had negative cash balances of \$48,812 in the Treasurer's pooled cash account. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Unrestricted Capital Outlay Fund, a non-major governmental fund. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

	Transfers in		
	General Fund	Debt Service Fund	Total
Transfers out			
Bond Building Fund	\$	\$ 221,082	\$ 221,082
Non-Major Governmental Funds	82,814		82,814
Total	<u>\$ 82,814</u>	<u>\$ 221,082</u>	<u>\$ 303,896</u>

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 – CONTINGENT LIABILITIES**

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

**NOTE 13 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain 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's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – 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](http://www.azasrs.gov).

**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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**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 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2017 were \$1,368,469.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District's pension contributions are paid by the same fund as the employee's salary, with the largest component coming from the General Fund. The District's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2017	\$	71,089	\$ 17,772
2016		63,446	15,227
2015		77,932	15,851

**Pension Liability.** At June 30, 2017, the District reported a liability of \$21.8 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.13 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2015.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the District recognized pension expense of \$561,424 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,311	\$ 1,497,796
Changes of assumptions or other inputs		1,151,945
Net difference between projected and actual earnings on pension plan investments	2,359,425	
Changes in proportion and differences between contributions and proportionate share of contributions	37,522	1,229,755
Contributions subsequent to the measurement date	1,368,469	
Total	<u>\$ 3,897,727</u>	<u>\$ 3,879,496</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2018	\$ (1,645,999)
2019	(1,239,395)
2020	873,580
2021	661,576

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The actuarial assumptions used in the June 30, 2015 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.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 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 liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 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 pension plan's 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension 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:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$27,761,720	\$21,772,601	\$16,970,637

**Pension Plan Fiduciary Net Position.** Detailed information about the pension 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](http://www.azasrs.gov).



(This page intentionally left blank)

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 1,334,837	\$ 1,334,837
Property taxes			4,601,714	4,601,714
State aid and grants			13,008,722	13,008,722
<b>Total revenues</b>			<u>18,945,273</u>	<u>18,945,273</u>
<b>Expenditures:</b>				
Current -				
Instruction	11,037,974	11,348,213	10,097,295	1,250,918
Support services - students and staff	2,154,101	2,141,801	1,962,420	179,381
Support services - administration	2,467,369	2,499,669	2,356,770	142,899
Operation and maintenance of plant services	2,179,414	2,179,414	2,149,883	29,531
Student transportation services	1,580,154	1,580,154	1,427,378	152,776
Operation of non-instructional services	42,000	42,000	43,278	(1,278)
<b>Total expenditures</b>	<u>19,461,012</u>	<u>19,791,251</u>	<u>18,037,024</u>	<u>1,754,227</u>
<b>Changes in fund balances</b>	<u>(19,461,012)</u>	<u>(19,791,251)</u>	<u>908,249</u>	<u>20,699,500</u>
<b>Fund balances, beginning of year</b>			1,870,503	1,870,503
Increase (decrease) in reserve for prepaid items			579,228	579,228
<b>Fund balances (deficits), end of year</b>	<u>\$ (19,461,012)</u>	<u>\$ (19,791,251)</u>	<u>\$ 3,357,980</u>	<u>\$ 23,149,231</u>

See accompanying notes to this schedule.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CLASSROOM SITE**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Other local	\$	\$	\$ 4,215	\$ 4,215
State aid and grants			1,244,970	1,244,970
<b>Total revenues</b>			<u>1,249,185</u>	<u>1,249,185</u>
<b>Expenditures:</b>				
Current -				
Instruction	1,394,439	1,422,054	1,232,649	189,405
Support services - students and staff	31,625	31,625	14,325	17,300
<b>Total expenditures</b>	<u>1,426,064</u>	<u>1,453,679</u>	<u>1,246,974</u>	<u>206,705</u>
<b>Changes in fund balances</b>	<u>(1,426,064)</u>	<u>(1,453,679)</u>	<u>2,211</u>	<u>1,455,890</u>
<b>Fund balances, beginning of year</b>			289,240	289,240
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,426,064)</u>	<u>\$ (1,453,679)</u>	<u>\$ 291,451</u>	<u>\$ 1,745,130</u>

See accompanying notes to this schedule.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.13%	0.14%	0.15%
District's proportionate share of the net pension liability (asset)	\$ 21,772,601	\$ 22,339,640	\$ 21,845,582
District's covered payroll	\$ 12,689,272	\$ 13,208,871	\$ 13,313,776
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	171.58%	169.13%	164.08%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

**SCHEDULE OF CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Actuarially determined contribution	\$ 1,368,469	\$ 1,376,786	\$ 1,438,446
Contributions in relation to the actuarially determined contribution	<u>1,368,469</u>	<u>1,376,786</u>	<u>1,438,446</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 12,694,518	\$ 12,689,272	\$ 13,208,871
Contributions as a percentage of covered payroll	10.78%	10.85%	10.89%

NOTE: The pension 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**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	\$ 19,114,221	\$ 4,704,526
Activity budgeted as special revenue funds	(442,362)	(1,346,546)
Prior-year prepaid items	<u>(634,835)</u>	<u>                    </u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 18,037,024</u>	<u>\$ 3,357,980</u>

**NOTE 2 – PENSION 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, 2015, 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.

(This page intentionally left blank)

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



(This page intentionally left blank)

## **GOVERNMENTAL FUNDS**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,401,511	\$ 916,452	\$ 2,317,963
Property taxes receivable		42,246	42,246
Accounts receivable	7,264		7,264
Due from governmental entities	29,605	63,059	92,664
Due from other funds		48,812	48,812
Prepaid items	29,322		29,322
<b>Total assets</b>	<u><u>\$ 1,467,702</u></u>	<u><u>\$ 1,070,569</u></u>	<u><u>\$ 2,538,271</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 27,230	\$ 29,390	\$ 56,620
Due to governmental entities		374,166	374,166
Due to other funds	20,281	28,531	48,812
Accrued payroll and employee benefits	7,590		7,590
Unearned revenues	135,294		135,294
<b>Total liabilities</b>	<u><u>190,395</u></u>	<u><u>432,087</u></u>	<u><u>622,482</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		42,246	42,246
Unavailable revenues - intergovernmental		13,950	13,950
<b>Total deferred inflows of resources</b>		<u><u>56,196</u></u>	<u><u>56,196</u></u>
Fund balances (deficits):			
Nonspendable	29,322		29,322
Restricted	1,247,985	600,736	1,848,721
Unassigned		(18,450)	(18,450)
<b>Total fund balances</b>	<u><u>1,277,307</u></u>	<u><u>582,286</u></u>	<u><u>1,859,593</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 1,467,702</u></u>	<u><u>\$ 1,070,569</u></u>	<u><u>\$ 2,538,271</u></u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 760,959	\$ 5,217	\$ 766,176
Property taxes		245,773	245,773
State aid and grants	234,812	1,201,917	1,436,729
Federal aid, grants and reimbursements	<u>2,192,492</u>		<u>2,192,492</u>
<b>Total revenues</b>	<u>3,188,263</u>	<u>1,452,907</u>	<u>4,641,170</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,012,869		1,012,869
Support services - students and staff	271,399		271,399
Support services - administration	3,265		3,265
Operation and maintenance of plant services	51,022		51,022
Student transportation services	3,081		3,081
Operation of non-instructional services	1,799,922		1,799,922
Capital outlay	93,559	1,623,572	1,717,131
Debt service -			
Principal retirement		61,116	61,116
Interest and fiscal charges		5,266	5,266
<b>Total expenditures</b>	<u>3,235,117</u>	<u>1,689,954</u>	<u>4,925,071</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(46,854)</u>	<u>(237,047)</u>	<u>(283,901)</u>
<b>Other financing sources (uses):</b>			
Transfer out	<u>(82,814)</u>		<u>(82,814)</u>
<b>Total other financing sources (uses)</b>	<u>(82,814)</u>		<u>(82,814)</u>
<b>Changes in fund balances</b>	<u>(129,668)</u>	<u>(237,047)</u>	<u>(366,715)</u>
<b>Fund balances, beginning of year</b>	1,377,653	819,333	2,196,986
Increase (decrease) in reserve for prepaid items	29,322		29,322
<b>Fund balances, end of year</b>	<u><u>\$ 1,277,307</u></u>	<u><u>\$ 582,286</u></u>	<u><u>\$ 1,859,593</u></u>

## **SPECIAL REVENUE FUNDS**

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

**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.

**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 State Projects** – to account for financial assistance received for other state projects.

**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.

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

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

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 195,805	\$ 77,091	\$ 3,756
Accounts receivable			
Due from governmental entities			
Prepaid items			
<b>Total assets</b>	<u><u>\$ 195,805</u></u>	<u><u>\$ 77,091</u></u>	<u><u>\$ 3,756</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues		77,091	3,756
<b>Total liabilities</b>		<u>77,091</u>	<u>3,756</u>
Fund balances:			
Nonspendable			
Restricted	195,805		
<b>Total fund balances</b>	<u>195,805</u>		
<b>Total liabilities and fund balances</b>	<u><u>\$ 195,805</u></u>	<u><u>\$ 77,091</u></u>	<u><u>\$ 3,756</u></u>

Limited English and Immigrant Students	Special Education Grants	Other State Projects	Food Service	Civic Center	Community School
\$ 1,522	\$ 43,399	\$	\$ 435,255	\$ 416,614	\$ 147,582
			7,264		
		20,281	9,324		
			24,454		4,868
<u>\$ 1,522</u>	<u>\$ 43,399</u>	<u>\$ 20,281</u>	<u>\$ 476,297</u>	<u>\$ 416,614</u>	<u>\$ 152,450</u>
\$	\$ 2,727	\$	\$ 20,688	\$ 1,334	\$ 2,481
		20,281			
			2,885		4,705
1,522	40,672		12,253		
<u>1,522</u>	<u>43,399</u>	<u>20,281</u>	<u>35,826</u>	<u>1,334</u>	<u>7,186</u>
			24,454		4,868
			416,017	415,280	140,396
			<u>440,471</u>	<u>415,280</u>	<u>145,264</u>
<u>\$ 1,522</u>	<u>\$ 43,399</u>	<u>\$ 20,281</u>	<u>\$ 476,297</u>	<u>\$ 416,614</u>	<u>\$ 152,450</u>

(Continued)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<b><u>ASSETS</u></b>			
Cash and investments	\$ 71,259	\$ 5,441	\$ 3,404
Accounts receivable			
Due from governmental entities			
Prepaid items			
<b>Total assets</b>	<u>\$ 71,259</u>	<u>\$ 5,441</u>	<u>\$ 3,404</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
<b>Total liabilities</b>			
Fund balances:			
Nonspendable			
Restricted	71,259	5,441	3,404
<b>Total fund balances</b>	<u>71,259</u>	<u>5,441</u>	<u>3,404</u>
<b>Total liabilities and fund balances</b>	<u>\$ 71,259</u>	<u>\$ 5,441</u>	<u>\$ 3,404</u>

<u>Litigation Recovery</u>	<u>Totals</u>
\$ 383	\$ 1,401,511
	7,264
	29,605
	29,322
<u>\$ 383</u>	<u>\$ 1,467,702</u>

\$	\$ 27,230
	20,281
	7,590
	135,294
	<u>190,395</u>

	29,322
<u>383</u>	<u>1,247,985</u>
<u>383</u>	<u>1,277,307</u>
<u>\$ 383</u>	<u>\$ 1,467,702</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<b>Revenues:</b>			
Other local	\$ 981	\$	\$
State aid and grants	132,136		
Federal aid, grants and reimbursements		458,484	52,413
<b>Total revenues</b>	<u>133,117</u>	<u>458,484</u>	<u>52,413</u>
<b>Expenditures:</b>			
Current -			
Instruction	154,741	308,802	19,507
Support services - students and staff	922	117,070	30,259
Support services - administration		420	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		8,094	
<b>Total expenditures</b>	<u>155,663</u>	<u>434,386</u>	<u>49,766</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(22,546)</u>	<u>24,098</u>	<u>2,647</u>
<b>Other financing sources (uses):</b>			
Transfer out		(24,098)	(2,647)
<b>Total other financing sources (uses)</b>		<u>(24,098)</u>	<u>(2,647)</u>
<b>Changes in fund balances</b>	<u>(22,546)</u>		
<b>Fund balances, beginning of year</b>	218,351		
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	<u>\$ 195,805</u>	<u>\$</u>	<u>\$</u>

Limited English and Immigrant Students	Special Education Grants	Other State Projects	Food Service	Civic Center	Community School
\$	\$	\$	\$	\$	\$
		102,676	349,260	47,889	266,199
40,636	480,233		1,160,726		
40,636	480,233	102,676	1,509,986	47,889	266,199
5,241	425,615	30,874		28	
35,395	14,671	71,252			
	495	550			
				51,022	
			1,514,707		3,081
	16,908		64,457		285,215
40,636	457,689	102,676	1,579,164	51,050	4,100
	22,544		(69,178)	(3,161)	292,396
					(26,197)
	(22,544)		(33,525)		
	(22,544)		(33,525)		
			(102,703)	(3,161)	(26,197)
			518,720	418,441	166,593
			24,454		4,868
\$	\$	\$	\$	\$	\$
			440,471	415,280	145,264

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<b>Revenues:</b>			
Other local	\$ 96,227	\$ 95	\$ 302
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>96,227</u>	<u>95</u>	<u>302</u>
<b>Expenditures:</b>			
Current -			
Instruction	68,061		
Support services - students and staff			1,830
Support services - administration		1,800	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>68,061</u>	<u>1,800</u>	<u>1,830</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>28,166</u>	<u>(1,705)</u>	<u>(1,528)</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>28,166</u>	<u>(1,705)</u>	<u>(1,528)</u>
<b>Fund balances, beginning of year</b>	43,093	7,146	4,932
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	<u>\$ 71,259</u>	<u>\$ 5,441</u>	<u>\$ 3,404</u>

<u>Litigation Recovery</u>	<u>Totals</u>
\$ 6	\$ 760,959
	234,812
	2,192,492
<u>6</u>	<u>3,188,263</u>
	1,012,869
	271,399
	3,265
	51,022
	3,081
	1,799,922
	93,559
	<u>3,235,117</u>
<u>6</u>	<u>(46,854)</u>
	(82,814)
	<u>(82,814)</u>
<u>6</u>	<u>(129,668)</u>
377	1,377,653
	29,322
<u>\$ 383</u>	<u>\$ 1,277,307</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 981	\$ 981
State aid and grants		132,136	132,136
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>133,117</u>	<u>133,117</u>
<b>Expenditures:</b>			
Current -			
Instruction	180,000	154,741	25,259
Support services - students and staff	10,000	922	9,078
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>190,000</u>	<u>155,663</u>	<u>34,337</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(190,000)</u>	<u>(22,546)</u>	<u>167,454</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(190,000)</u>	<u>(22,546)</u>	<u>167,454</u>
<b>Fund balances, beginning of year</b>		218,351	218,351
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (190,000)</u>	<u>\$ 195,805</u>	<u>\$ 385,805</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	458,484	458,484		52,413	52,413
	458,484	458,484		52,413	52,413
340,000	308,802	31,198	21,050	19,507	1,543
172,000	117,070	54,930	35,067	30,259	4,808
7,000	420	6,580			
17,669	8,094	9,575			
536,669	434,386	102,283	56,117	49,766	6,351
(536,669)	24,098	560,767	(56,117)	2,647	58,764
	(24,098)	(24,098)		(2,647)	(2,647)
	(24,098)	(24,098)		(2,647)	(2,647)
(536,669)		536,669	(56,117)		56,117
\$ (536,669)	\$	\$ 536,669	\$ (56,117)	\$	\$ 56,117

(Continued)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		40,636	40,636
<b>Total revenues</b>		<u>40,636</u>	<u>40,636</u>
<b>Expenditures:</b>			
Current -			
Instruction	6,158	5,241	917
Support services - students and staff	36,000	35,395	605
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>42,158</u>	<u>40,636</u>	<u>1,522</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(42,158)</u>		<u>42,158</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(42,158)</u>		<u>42,158</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (42,158)</u>	<u>\$</u>	<u>\$ 42,158</u>

Special Education Grants			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 1,217	\$ 1,217
	480,233	480,233		50,050	50,050
	480,233	480,233		51,267	51,267
460,000	425,615	34,385			
35,500	14,671	20,829	145,000	1,591	143,409
642	495	147			
40,115	16,908	23,207	57,500	525	56,975
536,257	457,689	78,568	202,500	2,116	200,384
(536,257)	22,544	558,801	(202,500)	49,151	251,651
	(22,544)	(22,544)			
	(22,544)	(22,544)			
(536,257)		536,257	(202,500)	49,151	251,651
				267,687	267,687
\$ (536,257)	\$	\$ 536,257	\$ (202,500)	\$ 316,838	\$ 519,338

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	E-Rate		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,651	\$ 1,651
State aid and grants			
Federal aid, grants and reimbursements		165,404	165,404
<b>Total revenues</b>		<u>167,055</u>	<u>167,055</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	135,000	108,667	26,333
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	105,000	88,645	16,355
<b>Total expenditures</b>	<u>240,000</u>	<u>197,312</u>	<u>42,688</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(240,000)</u>	<u>(30,257)</u>	<u>209,743</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(240,000)</u>	<u>(30,257)</u>	<u>209,743</u>
<b>Fund balances, beginning of year</b>		384,047	384,047
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (240,000)</u>	<u>\$ 353,790</u>	<u>\$ 593,790</u>

Other State Projects			Food Service		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	102,676	102,676		349,260	349,260
				1,160,726	1,160,726
	102,676	102,676		1,509,986	1,509,986
33,000	30,874	2,126			
74,027	71,252	2,775			
1,325	550	775			
			1,500,000	1,514,707	(14,707)
			50,000	64,457	(14,457)
108,352	102,676	5,676	1,550,000	1,579,164	(29,164)
(108,352)		108,352	(1,550,000)	(69,178)	1,480,822
				(33,525)	(33,525)
				(33,525)	(33,525)
(108,352)		108,352	(1,550,000)	(102,703)	1,447,297
				518,720	518,720
				24,454	24,454
\$ (108,352)	\$	\$ 108,352	\$ (1,550,000)	\$ 440,471	\$ 1,990,471

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 47,889	\$ 47,889
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>47,889</u>	<u>47,889</u>
<b>Expenditures:</b>			
Current -			
Instruction	15,000	28	14,972
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	235,000	51,022	183,978
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>250,000</u>	<u>51,050</u>	<u>198,950</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>(3,161)</u>	<u>246,839</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>(3,161)</u>	<u>246,839</u>
<b>Fund balances, beginning of year</b>		418,441	418,441
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ 415,280</u>	<u>\$ 665,280</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 266,199	\$ 266,199	\$	\$ 127,556	\$ 127,556
	<u>266,199</u>	<u>266,199</u>		<u>127,556</u>	<u>127,556</u>
			115,000	100,066	14,934
			1,000	175	825
			20,950	12,016	8,934
17,400	3,081	14,319	1,250	293	957
351,000	285,215	65,785			
19,400	4,100	15,300	1,800	459	1,341
<u>387,800</u>	<u>292,396</u>	<u>95,404</u>	<u>140,000</u>	<u>113,009</u>	<u>26,991</u>
<u>(387,800)</u>	<u>(26,197)</u>	<u>361,603</u>	<u>(140,000)</u>	<u>14,547</u>	<u>154,547</u>
<u>(387,800)</u>	<u>(26,197)</u>	<u>361,603</u>	<u>(140,000)</u>	<u>14,547</u>	<u>154,547</u>
	166,593	166,593		49,842	49,842
	4,868	4,868			
<u>\$ (387,800)</u>	<u>\$ 145,264</u>	<u>\$ 533,064</u>	<u>\$ (140,000)</u>	<u>\$ 64,389</u>	<u>\$ 204,389</u>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 96,227	\$ 96,227
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>96,227</u>	<u>96,227</u>
<b>Expenditures:</b>			
Current -			
Instruction	120,000	68,061	51,939
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>120,000</u>	<u>68,061</u>	<u>51,939</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(120,000)</u>	<u>28,166</u>	<u>148,166</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(120,000)</u>	<u>28,166</u>	<u>148,166</u>
<b>Fund balances, beginning of year</b>		43,093	43,093
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (120,000)</u>	<u>\$ 71,259</u>	<u>\$ 191,259</u>

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 67,505	\$ 67,505	\$	\$ 95	\$ 95
	<u>67,505</u>	<u>67,505</u>		<u>95</u>	<u>95</u>
39,500	32,124	7,376			
7,550	3,833	3,717			
9,800	3,856	5,944	3,000	1,800	1,200
650	59	591			
22,500	7,698	14,802			
80,000	47,570	32,430	3,000	1,800	1,200
(80,000)	19,935	99,935	(3,000)	(1,705)	1,295
(80,000)	19,935	99,935	(3,000)	(1,705)	1,295
	314,426	314,426		7,146	7,146
<u>\$ (80,000)</u>	<u>\$ 334,361</u>	<u>\$ 414,361</u>	<u>\$ (3,000)</u>	<u>\$ 5,441</u>	<u>\$ 8,441</u>

(Continued)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 115	\$ 115
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		115	115
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	27,000	15,000	12,000
Operation and maintenance of plant services	3,000	1,000	2,000
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	30,000	16,000	14,000
<b>Excess (deficiency) of revenues over expenditures</b>	(30,000)	(15,885)	14,115
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
Insurance recoveries		38,093	38,093
<b>Total other financing sources (uses)</b>		38,093	38,093
<b>Changes in fund balances</b>	(30,000)	22,208	52,208
<b>Fund balances, beginning of year</b>		14,029	14,029
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (30,000)	\$ 36,237	\$ 66,237

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 302	\$ 302	\$	\$ 6	\$ 6
	302	302		6	6
5,200	1,830	3,370	25,000		25,000
5,200	1,830	3,370	25,000		25,000
(5,200)	(1,528)	3,672	(25,000)	6	25,006
(5,200)	(1,528)	3,672	(25,000)	6	25,006
	4,932	4,932		377	377
\$ (5,200)	\$ 3,404	\$ 8,604	\$ (25,000)	\$ 383	\$ 25,383

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,549	\$ 1,549
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>1,549</u>	<u>1,549</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	100,000	49,815	50,185
Operation and maintenance of plant services	50,000	16,540	33,460
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>150,000</u>	<u>66,355</u>	<u>83,645</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(150,000)</u>	<u>(64,806)</u>	<u>85,194</u>
<b>Other financing sources (uses):</b>			
Transfer in		82,814	82,814
Transfer out			
Insurance recoveries			
<b>Total other financing sources (uses)</b>		<u>82,814</u>	<u>82,814</u>
<b>Changes in fund balances</b>	<u>(150,000)</u>	<u>18,008</u>	<u>168,008</u>
<b>Fund balances, beginning of year</b>		222,923	222,923
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (150,000)</u>	<u>\$ 240,931</u>	<u>\$ 390,931</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 960,552	\$ 960,552
	234,812	234,812
	2,407,946	2,407,946
	3,603,310	3,603,310
1,354,708	1,145,059	209,649
521,344	276,998	244,346
304,717	192,619	112,098
288,000	68,562	219,438
18,650	3,374	15,276
1,851,650	1,799,981	51,669
313,984	190,886	123,098
4,653,053	3,677,479	975,574
(4,653,053)	(74,169)	4,578,884
	82,814	82,814
	(82,814)	(82,814)
	38,093	38,093
	38,093	38,093
(4,653,053)	(36,076)	4,616,977
	2,630,607	2,630,607
	29,322	29,322
\$ (4,653,053)	\$ 2,623,853	\$ 7,276,906

(This page intentionally left blank)

## **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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2017**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 15,936	\$ 15,936
Property taxes		2,029,928	2,029,928
<b>Total revenues</b>		<u>2,045,864</u>	<u>2,045,864</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	1,575,000	1,575,000	
Interest and fiscal charges	669,619	602,681	66,938
Bond issuance costs		132,747	(132,747)
<b>Total expenditures</b>	<u>2,244,619</u>	<u>2,310,428</u>	<u>(65,809)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,244,619)</u>	<u>(264,564)</u>	<u>1,980,055</u>
<b>Other financing sources (uses):</b>			
Transfer in		221,082	221,082
Issuance of refunding bonds		4,455,000	4,455,000
Premium on sale of bonds		457,256	457,256
Payment to refunded bond escrow agent		(4,779,509)	(4,779,509)
<b>Total other financing sources (uses)</b>		<u>353,829</u>	<u>353,829</u>
<b>Changes in fund balances</b>	<u>(2,244,619)</u>	<u>89,265</u>	<u>2,333,884</u>
<b>Fund balances, beginning of year</b>		91,977	91,977
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,244,619)</u>	<u>\$ 181,242</u>	<u>\$ 2,425,861</u>

## CAPITAL PROJECTS FUNDS

**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.

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

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



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2017**

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<b><u>ASSETS</u></b>			
Cash and investments	\$ 432,232	\$ 103,904	\$ 6,150
Property taxes receivable	42,246		
Due from governmental entities	25,509		
Due from other funds	48,812		
<b>Total assets</b>	<u>\$ 548,799</u>	<u>\$ 103,904</u>	<u>\$ 6,150</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 15,871	\$	\$
Due to governmental entities			
Due to other funds			
<b>Total liabilities</b>	<u>15,871</u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes	42,246		
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<u>42,246</u>		
Fund balances (deficits):			
Restricted	490,682	103,904	6,150
Unassigned			
<b>Total fund balances</b>	<u>490,682</u>	<u>103,904</u>	<u>6,150</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 548,799</u>	<u>\$ 103,904</u>	<u>\$ 6,150</u>

<u>Building Renewal Grant</u>	<u>New School Facilities</u>	<u>Totals</u>
\$	\$ 374,166	\$ 916,452
37,550		42,246
		63,059
		48,812
<u>\$ 37,550</u>	<u>\$ 374,166</u>	<u>\$ 1,070,569</u>

\$ 13,519	\$	\$ 29,390
	374,166	374,166
28,531		28,531
<u>42,050</u>	<u>374,166</u>	<u>432,087</u>

		42,246
13,950		13,950
<u>13,950</u>		<u>56,196</u>

		600,736
(18,450)		(18,450)
<u>(18,450)</u>		<u>582,286</u>

<u>\$ 37,550</u>	<u>\$ 374,166</u>	<u>\$ 1,070,569</u>
------------------	-------------------	---------------------

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<b>Revenues:</b>			
Other local	\$ 2,369	\$ 610	\$ 43
Property taxes	245,727	46	
State aid and grants	423,991		
<b>Total revenues</b>	<u>672,087</u>	<u>656</u>	<u>43</u>
<b>Expenditures:</b>			
Capital outlay	628,294		
Debt service -			
Principal retirement	61,116		
Interest and fiscal charges	5,266		
<b>Total expenditures</b>	<u>694,676</u>		
<b>Changes in fund balances</b>	<u>(22,589)</u>	<u>656</u>	<u>43</u>
<b>Fund balances (deficits), beginning of year</b>	513,271	103,248	6,107
<b>Fund balances (deficits), end of year</b>	<u>\$ 490,682</u>	<u>\$ 103,904</u>	<u>\$ 6,150</u>

Building Renewal Grant	New School Facilities	Totals
\$ 1	\$ 2,194	\$ 5,217
777,926		245,773
<u>777,927</u>	<u>2,194</u>	<u>1,201,917</u>
		<u>1,452,907</u>
737,017	258,261	1,623,572
		61,116
		5,266
<u>737,017</u>	<u>258,261</u>	<u>1,689,954</u>
40,910	(256,067)	(237,047)
(59,360)	256,067	819,333
<u>\$ (18,450)</u>	<u>\$</u>	<u>\$ 582,286</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,369	\$ 2,369
Property taxes		245,727	245,727
State aid and grants		423,991	423,991
<b>Total revenues</b>		<u>672,087</u>	<u>672,087</u>
<b>Expenditures:</b>			
Capital outlay	1,185,356	628,294	557,062
Debt service -			
Principal retirement		61,116	(61,116)
Interest and fiscal charges		5,266	(5,266)
Bond issuance costs			
<b>Total expenditures</b>	<u>1,185,356</u>	<u>694,676</u>	<u>490,680</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,185,356)</u>	<u>(22,589)</u>	<u>1,162,767</u>
<b>Other financing sources (uses):</b>			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(1,185,356)</u>	<u>(22,589)</u>	<u>1,162,767</u>
<b>Fund balances (deficits), beginning of year</b>		513,271	513,271
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,185,356)</u>	<u>\$ 490,682</u>	<u>\$ 1,676,038</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 610 46	\$ 610 46	\$	\$ 4,119	\$ 4,119
	656	656		4,119	4,119
100,000		100,000	2,625,000	704,515	1,920,485
100,000		100,000	2,625,000	66,831	(66,831)
(100,000)	656	100,656	(2,625,000)	771,346	1,853,654
				(767,227)	1,857,773
				(221,082)	(221,082)
				2,475,000	2,475,000
				265,701	265,701
(100,000)	656	100,656	(2,625,000)	2,519,619	2,519,619
				1,752,392	4,377,392
	103,248	103,248		227,460	227,460
\$ (100,000)	\$ 103,904	\$ 203,904	\$ (2,625,000)	\$ 1,979,852	\$ 4,604,852

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 43	\$ 43
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>43</u>	<u>43</u>
<b>Expenditures:</b>			
Capital outlay	10,000		10,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
<b>Total expenditures</b>	<u>10,000</u>		<u>10,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,000)</u>	<u>43</u>	<u>10,043</u>
<b>Other financing sources (uses):</b>			
Transfer out			
Issuance of school improvement bonds			
Premium on sale of bonds			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(10,000)</u>	<u>43</u>	<u>10,043</u>
<b>Fund balances (deficits), beginning of year</b>		6,107	6,107
<b>Fund balances (deficits), end of year</b>	<u>\$ (10,000)</u>	<u>\$ 6,150</u>	<u>\$ 16,150</u>

Building Renewal Grant			New School Facilities		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1	\$ 1	\$	\$ 2,194	\$ 2,194
	777,926	777,926			
	777,927	777,927		2,194	2,194
789,778	737,017	52,761		258,261	(258,261)
789,778	737,017	52,761		258,261	(258,261)
(789,778)	40,910	830,688		(256,067)	(256,067)
(789,778)	40,910	830,688		(256,067)	(256,067)
	(59,360)	(59,360)		256,067	256,067
\$ (789,778)	\$ (18,450)	\$ 771,328	\$	\$	\$

(Continued)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Totals		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9,336	\$ 9,336
Property taxes		245,773	245,773
State aid and grants		1,201,917	1,201,917
<b>Total revenues</b>		<u>1,457,026</u>	<u>1,457,026</u>
<b>Expenditures:</b>			
Capital outlay	4,710,134	2,328,087	2,382,047
Debt service -			
Principal retirement		61,116	(61,116)
Interest and fiscal charges		5,266	(5,266)
Bond issuance costs		66,831	(66,831)
<b>Total expenditures</b>	<u>4,710,134</u>	<u>2,461,300</u>	<u>2,248,834</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,710,134)</u>	<u>(1,004,274)</u>	<u>3,705,860</u>
<b>Other financing sources (uses):</b>			
Transfer out		(221,082)	(221,082)
Issuance of school improvement bonds		2,475,000	2,475,000
Premium on sale of bonds		265,701	265,701
<b>Total other financing sources (uses)</b>		<u>2,519,619</u>	<u>2,519,619</u>
<b>Changes in fund balances</b>	<u>(4,710,134)</u>	<u>1,515,345</u>	<u>6,225,479</u>
<b>Fund balances (deficits), beginning of year</b>		1,046,793	1,046,793
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,710,134)</u>	<u>\$ 2,562,138</u>	<u>\$ 7,272,272</u>

## **AGENCY FUNDS**

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

	<u>Student Activities</u>	<u>Employee Withholding</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 74,437	\$ 183,787	\$ 258,224
<b>Total assets</b>	<u>\$ 74,437</u>	<u>\$ 183,787</u>	<u>\$ 258,224</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 9,994	\$	\$ 9,994
Deposits held for others		183,787	183,787
Due to student groups	64,443		64,443
<b>Total liabilities</b>	<u>\$ 74,437</u>	<u>\$ 183,787</u>	<u>\$ 258,224</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 51,393	\$ 209,032	\$ 185,988	\$ 74,437
Total assets	\$ <u>51,393</u>	\$ <u>209,032</u>	\$ <u>185,988</u>	\$ <u>74,437</u>
<u>Liabilities</u>				
Accounts payable	\$	\$ 9,994	\$	\$ 9,994
Due to student groups				
Estrella Mountain Elementary	9,986	45,301	45,395	9,892
Freedom Elementary	4,325	36,849	36,724	4,450
Liberty Elementary	1,468	27,747	22,175	7,040
Rainbow Valley Elementary	13,093	53,130	50,422	15,801
Westar Elementary	16,441	22,229	23,303	15,367
Las Brisas Academy	<u>6,080</u>	<u>13,782</u>	<u>7,969</u>	<u>11,893</u>
Total liabilities	\$ <u>51,393</u>	\$ <u>209,032</u>	\$ <u>185,988</u>	\$ <u>74,437</u>
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 176,938	\$ 74,125	\$ 67,276	\$ 183,787
Total assets	\$ <u>176,938</u>	\$ <u>74,125</u>	\$ <u>67,276</u>	\$ <u>183,787</u>
<u>Liabilities</u>				
Deposits held for others	\$ 176,938	\$ 74,125	\$ 67,276	\$ 183,787
Total liabilities	\$ <u>176,938</u>	\$ <u>74,125</u>	\$ <u>67,276</u>	\$ <u>183,787</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 228,331	\$ 283,157	\$ 253,264	\$ 258,224
Total assets	\$ <u>228,331</u>	\$ <u>283,157</u>	\$ <u>253,264</u>	\$ <u>258,224</u>
<u>Liabilities</u>				
Accounts payable	\$	\$ 9,994	\$	\$ 9,994
Deposits held for others	176,938	74,125	67,276	183,787
Due to student groups	<u>51,393</u>	<u>199,038</u>	<u>185,988</u>	<u>64,443</u>
Total liabilities	\$ <u>228,331</u>	\$ <u>283,157</u>	\$ <u>253,264</u>	\$ <u>258,224</u>

(This page intentionally left blank)

## 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 5 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.

(This page intentionally left blank)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 29,406,670	\$ 29,153,698	\$ 28,563,571	\$ 28,840,906	\$ 29,250,754
Restricted	2,459,346	2,673,769	3,259,355	3,433,081	3,188,755
Unrestricted	(14,994,467)	(17,189,897)	(17,450,800)	3,853,082	4,065,345
Total net position	<u>\$ 16,871,549</u>	<u>\$ 14,637,570</u>	<u>\$ 14,372,126</u>	<u>\$ 36,127,069</u>	<u>\$ 36,504,854</u>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 29,397,312	\$ 29,118,437	\$ 28,758,453	\$ 29,029,092	\$ 28,578,468
Restricted	3,772,475	3,921,391	2,857,488	2,535,105	3,370,299
Unrestricted	4,183,721	5,375,515	5,033,376	4,379,479	3,702,777
Total net position	<u>\$ 37,353,508</u>	<u>\$ 38,415,343</u>	<u>\$ 36,649,317</u>	<u>\$ 35,943,676</u>	<u>\$ 35,651,544</u>

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



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Expenses</b>					
Instruction	\$ 14,078,456	\$ 13,684,751	\$ 15,459,914	\$ 14,404,498	\$ 13,073,980
Support services - students and staff	2,338,204	2,340,161	2,629,217	2,611,092	2,446,468
Support services - administration	2,592,285	2,502,584	2,477,730	2,351,699	2,013,750
Operation and maintenance of plant services	2,306,808	2,131,655	2,035,983	2,204,599	1,910,020
Student transportation services	1,585,990	1,617,307	1,609,244	1,448,404	1,319,489
Operation of non-instructional services	1,816,234	1,657,404	1,462,727	1,471,056	1,364,627
Interest on long-term debt	565,558	665,594	618,213	361,891	389,262
Total expenses	<u>25,283,535</u>	<u>24,599,456</u>	<u>26,293,028</u>	<u>24,853,239</u>	<u>22,517,596</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	166,468	211,301	173,938	327,917	150,815
Operation of non-instructional services	611,757	586,253	620,953	595,648	577,067
Other activities	44,832	68,129	63,652	67,416	37,958
Operating grants and contributions	2,738,604	2,296,530	2,233,679	2,464,646	2,095,230
Capital grants and contributions	816,878	264,713	900,000		4,422
Total program revenues	<u>4,378,539</u>	<u>3,426,926</u>	<u>3,992,222</u>	<u>3,455,627</u>	<u>2,865,492</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (20,904,996)</u>	<u>\$ (21,172,530)</u>	<u>\$ (22,300,806)</u>	<u>\$ (21,397,612)</u>	<u>\$ (19,652,104)</u>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenses</b>					
Instruction	\$ 13,596,940	\$ 14,004,716	\$ 16,157,704	\$ 16,135,894	\$ 15,079,354
Support services - students and staff	2,307,311	3,355,221	3,635,574	3,865,880	2,804,493
Support services - administration	2,217,880	2,233,380	2,505,005	2,419,907	2,566,633
Operation and maintenance of plant services	1,943,648	1,870,887	1,963,396	1,982,572	1,663,750
Student transportation services	1,355,226	1,462,092	1,407,089	1,742,515	1,166,102
Operation of non-instructional services	1,647,565	1,468,807	1,360,355	1,453,700	1,429,857
Interest on long-term debt	419,633	454,568	417,715	369,084	451,265
Total expenses	<u>23,488,203</u>	<u>24,849,671</u>	<u>27,446,838</u>	<u>27,969,552</u>	<u>25,161,454</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	231,121	525,672	122,766	85,126	71,127
Operation of non-instructional services	582,378	514,466	531,586	718,406	662,985
Other activities	75,885	60,119	69,737	48,081	47,382
Operating grants and contributions	1,852,494	2,723,515	2,478,869	2,319,611	1,733,635
Capital grants and contributions	11,445	36,884	52,372	9,788	54,826
Total program revenues	<u>2,753,323</u>	<u>3,860,656</u>	<u>3,255,330</u>	<u>3,181,012</u>	<u>2,569,955</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (20,734,880)</u>	<u>\$ (20,989,015)</u>	<u>\$ (24,191,508)</u>	<u>\$ (24,788,540)</u>	<u>\$ (22,591,499)</u>

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

**(Concluded)**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net (Expense)/Revenue</b>	\$ (20,904,996)	\$ (21,172,530)	\$ (22,300,806)	\$ (21,397,612)	\$ (19,652,104)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	4,568,024	5,443,493	5,200,342	3,587,182	4,510,532
Property taxes, levied for debt service	2,046,136	1,832,253	1,809,762	1,139,311	1,117,231
Property taxes, levied for capital outlay	288,019	5,855	556,914	252,695	
Investment income	47,944	36,774	54,862	17,409	29,722
Unrestricted county aid	1,328,983	1,196,593	1,327,338	1,305,396	1,107,370
Unrestricted state aid	14,809,819	12,741,901	14,111,398	14,572,046	11,890,131
Unrestricted federal aid	50,050	181,105	190,393	145,788	148,464
<b>Total general revenues</b>	<b><u>23,138,975</u></b>	<b><u>21,437,974</u></b>	<b><u>23,251,009</u></b>	<b><u>21,019,827</u></b>	<b><u>18,803,450</u></b>
<b>Changes in Net Position</b>	<b><u>\$ 2,233,979</u></b>	<b><u>\$ 265,444</u></b>	<b><u>\$ 950,203</u></b>	<b><u>\$ (377,785)</u></b>	<b><u>\$ (848,654)</u></b>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Net (Expense)/Revenue</b>	\$ (20,734,880)	\$ (20,989,015)	\$ (24,191,508)	\$ (24,788,540)	\$ (22,591,499)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	4,127,074	6,655,706	6,449,469	6,154,980	5,173,394
Property taxes, levied for debt service	991,448	1,212,458	1,548,531	1,115,973	1,347,335
Property taxes, levied for capital outlay	278,630	26,020	227,228	139,567	637,347
Investment income	43,382	83,996	64,097	217,432	417,897
Unrestricted county aid	1,269,037	1,298,095	1,295,020		
Unrestricted state aid	12,813,371	13,086,471	13,466,127	17,452,573	17,796,685
Unrestricted federal aid	150,103	392,295	1,846,677	147	
<b>Total general revenues</b>	<u>19,673,045</u>	<u>22,755,041</u>	<u>24,897,149</u>	<u>25,080,672</u>	<u>25,372,658</u>
<b>Changes in Net Position</b>	<u>\$ (1,061,835)</u>	<u>\$ 1,766,026</u>	<u>\$ 705,641</u>	<u>\$ 292,132</u>	<u>\$ 2,781,159</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)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
General Fund:					
Nondisposable	\$ 579,228	\$	\$ 188,411	\$	\$
Unassigned	4,125,298	3,758,292	3,332,181	2,486,099	2,702,598
Total General Fund	<u>\$ 4,704,526</u>	<u>\$ 3,758,292</u>	<u>\$ 3,520,592</u>	<u>\$ 2,486,099</u>	<u>\$ 2,702,598</u>
All Other Governmental Funds:					
Nondisposable	\$ 29,322	\$	\$	\$	\$
Restricted	4,301,266	2,865,023	4,337,493	3,399,302	3,145,608
Unassigned	(18,450)	(59,360)	(716)		
Total all other governmental funds	<u>\$ 4,312,138</u>	<u>\$ 2,805,663</u>	<u>\$ 4,336,777</u>	<u>\$ 3,399,302</u>	<u>\$ 3,145,608</u>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$	\$ 2,160	\$	\$	\$
Restricted		29,665			
Assigned		45,061			
Unassigned	3,021,786	3,704,382			
Reserved			269,421	16,484	262,206
Unreserved			1,199,432	52,582	983,337
Total General Fund	<u>\$ 3,021,786</u>	<u>\$ 3,781,268</u>	<u>\$ 1,468,853</u>	<u>\$ 69,066</u>	<u>\$ 1,245,543</u>
All Other Governmental Funds:					
Restricted	\$ 6,086,381	\$ 6,539,550	\$	\$	\$
Reserved			59,782	78,307	20,048
Unreserved, reported in:					
Special revenue funds			1,566,136	1,520,961	1,312,067
Capital projects funds			6,403,109	3,108,505	6,638,930
Debt service fund			153,098	114,067	243,210
Total all other governmental funds	<u>\$ 6,086,381</u>	<u>\$ 6,539,550</u>	<u>\$ 8,182,125</u>	<u>\$ 4,821,840</u>	<u>\$ 8,214,255</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)**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 1,247,220	\$ 1,194,039	\$ 1,229,560	\$ 1,143,409	\$ 1,074,355
Education Jobs					
National School Lunch Program	1,160,726	1,138,354	1,002,165	1,024,363	906,669
Total federal sources	<u>2,407,946</u>	<u>2,332,393</u>	<u>2,231,725</u>	<u>2,167,772</u>	<u>1,981,024</u>
<b>State sources:</b>					
State equalization assistance	13,432,713	11,414,115	12,866,392	13,166,249	10,896,498
State grants	102,676	94,964	104,753	155,933	186,395
School Facilities Board	777,926	81,170			7,399
Other revenues	1,377,106	1,327,786	1,245,006	1,405,797	986,234
Total state sources	<u>15,690,421</u>	<u>12,918,035</u>	<u>14,216,151</u>	<u>14,727,979</u>	<u>12,076,526</u>
<b>Local sources:</b>					
Property taxes	6,877,415	7,511,374	7,529,571	5,022,991	5,575,310
County aid	1,328,983	1,196,593	1,327,338	1,305,396	1,107,370
Food service sales	346,714	295,541	300,046	308,722	311,076
Investment income	47,944	36,774	54,862	17,409	29,722
Other revenues	601,235	744,603	646,091	968,988	535,461
Total local sources	<u>9,202,291</u>	<u>9,784,885</u>	<u>9,857,908</u>	<u>7,623,506</u>	<u>7,558,939</u>
<b>Total revenues</b>	<u><u>\$ 27,300,658</u></u>	<u><u>\$ 25,035,313</u></u>	<u><u>\$ 26,305,784</u></u>	<u><u>\$ 24,519,257</u></u>	<u><u>\$ 21,616,489</u></u>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 1,043,838	\$ 1,426,876	\$ 3,246,180	\$ 933,590	\$ 911,651
State Fiscal Stabilization (ARRA)		152,614	1,846,677		
Education Jobs	10,070	656,179			
National School Lunch Program	893,875	792,364	824,100	749,009	674,266
Total federal sources	<u>1,947,783</u>	<u>3,028,033</u>	<u>5,916,957</u>	<u>1,682,599</u>	<u>1,585,917</u>
<b>State sources:</b>					
State equalization assistance	11,670,279	12,210,421	13,829,829	14,851,244	16,146,060
State grants	86,453	124,661	229,406	344,689	101,150
School Facilities Board	162,128				52,846
Other revenues	980,964	906,562	1,010,291	1,196,824	1,632,343
Total state sources	<u>12,899,824</u>	<u>13,241,644</u>	<u>15,069,526</u>	<u>16,392,757</u>	<u>17,932,399</u>
<b>Local sources:</b>					
Property taxes	5,586,547	7,994,632	7,920,166	6,986,882	7,014,216
County aid	1,269,037	1,298,095	1,295,020		
Food service sales	293,202	291,928	296,397	405,350	400,854
Investment income	43,382	83,996	64,097	217,432	419,220
Other revenues	601,932	808,329	497,668	748,521	476,980
Total local sources	<u>7,794,100</u>	<u>10,476,980</u>	<u>10,073,348</u>	<u>8,358,185</u>	<u>8,311,270</u>
<b>Total revenues</b>	<u><u>\$ 22,641,707</u></u>	<u><u>\$ 26,746,657</u></u>	<u><u>\$ 31,059,831</u></u>	<u><u>\$ 26,433,541</u></u>	<u><u>\$ 27,829,586</u></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)**



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 12,745,790	\$ 12,443,802	\$ 13,043,241	\$ 13,080,571	\$ 11,950,937
Support services - students and staff	2,286,364	2,277,933	2,530,307	2,568,727	2,405,877
Support services - administration	2,599,046	2,405,585	2,336,249	2,246,926	1,899,897
Operation and maintenance of plant services	2,436,514	2,091,671	1,966,489	2,169,928	1,885,058
Student transportation services	1,494,453	1,455,681	1,378,478	1,308,717	1,171,444
Operation of non-instructional services	1,843,259	1,639,233	1,421,955	1,457,022	1,348,469
Capital outlay	2,518,973	1,863,911	12,481,139	269,382	3,227,430
Debt service -					
Judgments against the district					
Interest and fiscal charges	607,947	683,858	636,477	361,891	389,262
Principal retirement	1,636,116	1,278,642	1,371,268	1,018,898	900,458
Bond issuance costs	199,578		246,894		
<b>Total expenditures</b>	<b><u>\$ 28,368,040</u></b>	<b><u>\$ 26,140,316</u></b>	<b><u>\$ 37,412,497</u></b>	<b><u>\$ 24,482,062</u></b>	<b><u>\$ 25,178,832</u></b>
Expenditures for capitalized assets	\$ 1,704,193	\$ 1,577,733	\$ 11,406,220	\$ 52,621	\$ 3,092,507
Debt service as a percentage of noncapital expenditures	8%	8%	8%	6%	6%

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 12,758,132	\$ 12,725,673	\$ 14,685,416	\$ 14,896,604	\$ 13,834,156
Support services - students and staff	2,274,461	3,242,541	3,547,805	3,657,075	2,770,848
Support services - administration	2,115,782	2,082,565	2,213,209	2,282,349	2,413,854
Operation and maintenance of plant services	1,916,071	1,602,674	2,087,050	1,722,345	1,782,749
Student transportation services	1,216,462	1,214,837	1,268,183	1,174,720	994,646
Operation of non-instructional services	1,463,603	1,241,916	1,324,822	1,423,534	1,353,452
Capital outlay	808,161	2,235,466	1,140,095	4,894,828	5,193,151
Debt service -					
Judgments against the district				9,033	
Interest and fiscal charges	419,633	454,568	393,971	369,084	442,479
Principal retirement	879,893	949,534	1,393,199	1,135,398	1,187,978
Bond issuance costs			68,705		85,324
<b>Total expenditures</b>	<u>\$ 23,852,198</u>	<u>\$ 25,749,774</u>	<u>\$ 28,122,455</u>	<u>\$ 31,564,970</u>	<u>\$ 30,058,637</u>
Expenditures for capitalized assets	\$ 700,745	\$ 1,424,826	\$ 230,365	\$ 3,807,175	\$ 4,702,924
Debt service as a percentage of noncapital expenditures	6%	6%	6%	5%	6%

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

**(Concluded)**

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,067,382)	\$ (1,105,003)	\$ (11,106,713)	\$ 37,195	\$ (3,562,343)
<b>Other financing sources (uses):</b>					
General obligation bonds issued	2,475,000		12,525,000		
Premium on sale of bonds	722,957		365,270		
Capital lease agreements					302,382
Transfers in	303,896	109,685	240,194	67,895	129,779
Transfers out	(303,896)	(109,685)	(240,194)	(67,895)	(129,779)
Refunding bonds issued	4,455,000				
Payment to refunded bond escrow agent	(4,779,509)				
Insurance recoveries	38,093				
Total other financing sources (uses)	<u>2,911,541</u>	<u></u>	<u>12,890,270</u>	<u></u>	<u>302,382</u>
<b>Changes in fund balances</b>	<u>\$ 1,844,159</u>	<u>\$ (1,105,003)</u>	<u>\$ 1,783,557</u>	<u>\$ 37,195</u>	<u>\$ (3,259,961)</u>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,210,491)	\$ 996,883	\$ 2,937,376	\$ (5,131,429)	\$ (2,229,051)
<b>Other financing sources (uses):</b>					
General obligation bonds issued			3,390,000		3,935,000
Premium on sale of bonds			44,961		76,538
Capital lease agreements				750,000	
Transfers in	51,532	100,671	46,894	137,621	181,324
Transfers out	(51,532)	(100,671)	(46,894)	(137,621)	(181,324)
Total other financing sources (uses)	<u></u>	<u></u>	<u>3,434,961</u>	<u>750,000</u>	<u>4,011,538</u>
<b>Changes in fund balances</b>	<u>\$ (1,210,491)</u>	<u>\$ 996,883</u>	<u>\$ 6,372,337</u>	<u>\$ (4,381,429)</u>	<u>\$ 1,782,487</u>

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 27,174,893	\$ 26,973,496	\$ 25,621,205	\$ 24,778,956	\$ 25,160,981
Agricultural and Vacant	32,286,547	34,925,496	35,104,120	40,142,791	46,429,446
Residential (Owner Occupied)	104,946,888	94,053,403	86,634,043	79,833,152	93,611,137
Residential (Rental)	41,647,402	40,562,967	34,209,353	25,565,807	12,167,975
Railroad, Private Cars and Airlines	683,677	719,103	755,119	644,443	616,341
Certain Government Property Improvements	82,196				
Total	<u>\$ 206,821,603</u>	<u>\$ 197,234,465</u>	<u>\$ 182,323,840</u>	<u>\$ 170,965,149</u>	<u>\$ 177,985,880</u>
Gross Full Cash Value	\$ 2,613,599,435	\$ 2,287,258,202	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	10%	10%	10%
Total Direct Rate	3.79	4.28	4.50	3.46	3.54

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 25,135,960	\$ 23,499,405	\$ 28,154,934	\$ 21,953,206	\$ 20,553,320
Agricultural and Vacant	57,410,628	102,615,681	109,069,747	90,384,861	61,391,482
Residential (Owner Occupied)	100,982,339	122,434,140	148,510,088	131,391,622	103,804,060
Residential (Rental)	11,271,010	11,476,093	12,315,719	9,922,336	6,640,085
Railroad, Private Cars and Airlines	526,487	523,279	524,715	597,316	636,495
Certain Government Property Improvements					
Total	<u>\$ 195,326,424</u>	<u>\$ 260,548,598</u>	<u>\$ 298,575,203</u>	<u>\$ 254,249,341</u>	<u>\$ 193,025,442</u>
Gross Full Cash Value	\$ 1,851,483,082	\$ 2,687,111,831	\$ 3,428,239,276	\$ 3,485,058,127	\$ 2,484,096,080
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	10%	9%	7%	8%
Total Direct Rate	3.20	3.30	2.47	2.70	3.62

**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, and 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 requirements and other voter-approved overrides.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 28,851,789	\$ 27,381,765	\$ 25,757,638	\$ 24,818,644	\$ 25,188,844
Agricultural and Vacant	50,379,599	44,866,664	37,510,025	41,737,178	47,906,892
Residential (Owner Occupied)	129,065,870	114,320,834	94,200,096	80,015,764	93,842,229
Residential (Rental)	50,440,099	48,358,725	37,144,643	25,694,442	12,207,904
Railroad, Private Cars and Airlines	729,776	732,164	761,747	650,155	627,233
Certain Government Property Improvements	108,730	-	-	-	-
Total	<u>\$ 259,575,863</u>	<u>\$ 235,660,152</u>	<u>\$ 195,374,149</u>	<u>\$ 172,916,183</u>	<u>\$ 179,773,102</u>
Gross Full Cash Value	\$ 2,613,599,435	\$ 2,287,258,202	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	11%
Estimated Net Full Cash Value	\$ 2,218,822,904	\$ 1,980,560,737	\$ 1,618,695,731	\$ 1,388,100,174	\$ 1,430,189,455
Total Direct Rate	3.79	4.28	4.50	3.46	3.54

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 25,290,926	\$ 24,890,490	\$ 30,640,973	\$ 23,632,769	\$ 21,840,566
Agricultural and Vacant	59,017,604	121,432,487	168,559,638	157,391,388	96,440,889
Residential (Owner Occupied)	101,142,268	123,435,812	158,705,573	183,054,342	142,399,088
Residential (Rental)	11,312,386	11,877,500	13,508,158	13,886,624	8,990,775
Railroad, Private Cars and Airlines	583,523	619,115	613,242	668,349	697,986
Certain Government Property Improvements	-	-	-	-	-
Total	<u>\$ 197,346,707</u>	<u>\$ 282,255,404</u>	<u>\$ 372,027,584</u>	<u>\$ 378,633,472</u>	<u>\$ 270,369,304</u>
Gross Full Cash Value	\$ 1,851,483,082	\$ 2,687,111,831	\$ 3,428,239,276	\$ 3,485,058,127	\$ 2,484,096,080
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	\$ 1,560,989,289	\$ 2,135,565,173	\$ 2,808,084,749	\$ 2,949,386,679	\$ 2,132,113,088
Total Direct Rate	3.20	3.30	2.47	2.70	3.62

**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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**PROPERTY TAX ASSESSMENT RATIOS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	18 %	19 %	19 %	20 %	20 %
Agricultural and Vacant	15	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	16	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	20 %	21 %	22 %	23 %	24 %
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	17	18	20	21

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Overlapping Rates</b>									<b>District Direct Rates</b>		
	<b>State</b>		<b>Community</b>	<b>Flood</b>	<b>Central</b>				<b>Buckeye Union</b>			
	<b>Equalization</b>	<b>County</b>	<b>College</b>	<b>Control</b>	<b>Arizona</b>	<b>City of</b>	<b>City of</b>	<b>Town of</b>	<b>High School</b>	<b>Primary</b>	<b>Secondary</b>	<b>Total</b>
			<b>District</b>	<b>District</b>	<b>Water</b>	<b>Avondale</b>	<b>Goodyear</b>	<b>Buckeye</b>	<b>District No. 201</b>			
2017	0.50	1.40	1.47	0.18	0.14	1.70	1.86	1.80	3.22	2.00	1.80	3.79
2016	0.51	1.36	1.49	0.16	0.14	1.75	1.87	1.80	3.34	2.55	1.72	4.28
2015	0.51	1.32	1.52	0.14	0.14	1.75	1.87	1.80	3.51	2.80	1.70	4.50
2014	0.51	1.28	1.53	0.14	0.14	1.81	1.90	1.80	3.66	1.91	1.55	3.46
2013	0.47	1.24	1.38	0.18	0.10	1.33	1.78	1.80	3.42	2.07	1.47	3.54
2012	0.43	1.24	1.21	0.18	0.10	1.33	1.60	1.61	3.07	1.87	1.33	3.20
2011	0.36	1.05	0.97	0.15	0.10	1.11	1.42	1.19	2.80	1.96	1.34	3.30
2010	0.33	0.99	0.88	0.14	0.10	1.11	1.60	0.89	2.60	1.49	0.98	2.47
2009	0.00	1.03	0.94	0.15	0.10	1.11	1.60	0.90	2.86	1.70	1.00	2.70
2008	0.00	1.10	0.98	0.15	0.10	1.11	1.60	1.14	3.10	2.28	1.34	3.62

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Taxpayer	2017			2008	
	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
Arizona Public Service Company	\$ 8,835,261	4.27 %		\$ 5,608,736	2.07 %
Nnp III Estrella Mountain Ranch LLC	3,525,957	1.70		4,104,676	1.52
Nevada Holding Co LP	2,296,060	1.11			
Kdcnc LLC	2,206,288	1.07			
Nnp III Emr 3 LLC	1,470,920	0.71			
Southwest Gas Corporation (T&D)	1,453,866	0.70		981,757	0.36
Transwestern Pipeline Company LLC	1,297,981	0.63			
He Capital Kr LLC	1,103,188	0.53			
Kinder Morgan	1,051,401	0.51			
Broadway Goodyear LLC	1,032,682	0.50			
Sun MP LLC				13,545,438	5.01
Blue Horizons Estates LLC				1,997,716	0.74
Goodyear LLC				1,490,389	0.55
Quincy Joist Company				1,423,146	0.53
Ashton Woods Arizona				1,181,907	0.44
El Paso Natural Gas Co.				1,125,271	0.42
Airport Road LLC				953,919	0.35
Total	<u>\$ 24,273,604</u>	<u>11.73 %</u>		<u>\$ 32,412,955</u>	<u>11.99 %</u>

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

**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.



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2017	\$ 7,842,047	\$ 6,723,526	85.74 %	\$	\$ 6,723,526	85.74 %
2016	8,391,896	8,178,369	97.46	200,764	8,379,133	99.85
2015	8,397,021	7,987,636	95.12	397,541	8,385,177	99.86
2014	5,921,716	5,499,209	92.87	414,105	5,913,314	99.86
2013	6,328,989	5,909,754	93.38	412,426	6,322,180	99.89
2012	6,234,106	5,814,865	93.28	331,144	6,146,009	98.59
2011	8,998,440	7,400,298	82.24	1,591,909	8,992,207	99.93
2010	8,878,697	7,882,240	88.78	706,671	8,588,911	96.74
2009	8,114,287	7,270,097	89.60	765,997	8,036,094	99.04
2008	8,081,505	7,488,797	92.67	591,921	8,080,718	99.99

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

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	Less:										
	Amounts		Percentage of		Per		Percentage of		Percentage of		
	Restricted	Total	Estimated	Actual Value	Capita	Capital	Estimated	Per	Personal		
	General Obligation Bonds	for Principal				Leases	Total	Actual Value	Capita	Income	
2017	\$ 20,526,655	\$ 233,656	\$ 20,292,999	0.78 %	\$ 817	\$ 63,694	\$ 20,590,349	0.79 %	\$ 829	11.12 %	
2016	18,583,742	128,183	18,455,559	0.81	602	124,810	18,708,552	0.82	610	10.12	
2015	19,917,006	184,922	19,732,084	1.04	798	183,452	20,100,458	1.06	813	11.93	
2014	7,845,000	98,748	7,746,252	0.47	387	239,720	8,084,720	0.49	404	5.22	
2013	8,595,000	99,104	8,495,896	0.50	425	458,618	9,053,618	0.53	453	6.14	
2012	9,330,000	97,277	9,232,723	0.50	462	306,694	9,636,694	0.52	482	6.75	
2011	10,140,000	193,527	9,946,473	0.37	497	451,587	10,591,587	0.39	530	7.45	
2010	11,265,000	1,125,000	10,140,000	0.30	507	591,121	11,856,121	0.35	593	8.06	
2009	8,835,000	960,000	7,875,000	0.23	387	859,320	9,694,320	0.28	476	6.94	
2008	9,850,000	1,015,000	8,835,000	0.36	796	284,718	10,134,718	0.41	913	7.65	

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 509,430,000	0.57 %	\$ 2,903,751
Maricopa County Special Health Care District	73,000,000	0.57	416,100
Estrella Mountain Ranch Community Facilities District	13,900,000	100.00	13,900,000
Sundance Community Facilities District	20,485,000	21.13	4,328,481
Verrado District No. 1 Community Facilities District	37,110,000	1.67	619,737
City of Goodyear	108,805,000	16.89	18,377,165
Buckeye Union High School District No. 201	65,100,000	31.69	20,630,190
Western Maricopa Education Center No. 402	71,220,000	1.56	1,111,032
Subtotal, Overlapping Debt			<u>62,286,456</u>
Direct:			
Liberty Elementary School District No. 25			<u>20,590,349</u>
Total Direct and Overlapping Debt			<u><u>\$ 82,876,805</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	9.81	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,326	
As a Percentage of Net Limited Assessed Valuation	39.93	%
As a Percentage of Gross Full Cash Value	3.16	%

**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 a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

2) Outstanding debt as of June 30, 2016 is presented for the overlapping governments as this is the most recent available information.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2017:**

Net full cash assessed valuation	\$ 259,575,863
Debt limit (10% of assessed value)	25,957,586
Debt applicable to limit	<u>20,216,177</u>
Legal debt margin	<u><u>\$ 5,741,409</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2017:**

Net full cash assessed valuation	\$ 259,575,863
Debt limit (15% of assessed value)	38,936,379
Debt applicable to limit	<u>20,216,177</u>
Legal debt margin	<u><u>\$ 18,720,202</u></u>

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Debt Limit	\$ 38,936,379	\$ 35,349,023	\$ 29,306,122	\$ 25,937,427	\$ 26,965,965
Total net debt applicable to limit	<u>20,216,177</u>	<u>18,255,000</u>	<u>19,570,000</u>	<u>7,845,000</u>	<u>8,595,000</u>
Legal debt margin	<u><u>\$ 18,720,202</u></u>	<u><u>\$ 17,094,023</u></u>	<u><u>\$ 9,736,122</u></u>	<u><u>\$ 18,092,427</u></u>	<u><u>\$ 18,370,965</u></u>
Total net debt applicable to the limit as a percentage of debt limit	52%	52%	67%	30%	32%
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Debt Limit	\$ 29,602,006	\$ 42,338,311	\$ 55,804,138	\$ 56,795,021	\$ 40,555,396
Total net debt applicable to limit	<u>9,330,000</u>	<u>10,140,000</u>	<u>11,265,000</u>	<u>8,835,000</u>	<u>9,850,000</u>
Legal debt margin	<u><u>\$ 20,272,006</u></u>	<u><u>\$ 32,198,311</u></u>	<u><u>\$ 44,539,138</u></u>	<u><u>\$ 47,960,021</u></u>	<u><u>\$ 30,705,396</u></u>
Total net debt applicable to the limit as a percentage of debt limit	32%	24%	20%	16%	24%

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

**Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<b>Year</b>	<b>Population</b>	<b>Personal Income (thousands)</b>	<b>Per Capita Income</b>	<b>Unemployment Rate</b>	<b>Estimated District Population</b>
2016	4,137,076	\$ 185,111,698	\$ 43,628	4.5 %	24,826
2015	4,076,438	184,784,917	42,092	5.5	30,660
2014	4,087,191	168,483,421	41,222	5.9	24,728
2013	3,944,859	154,926,697	26,888	6.7	20,000
2012	3,824,053	147,374,500	38,539	9.1	20,000
2011	3,843,370	142,864,275	37,352	8.4	20,000
2010	3,817,117	142,091,618	35,319	9.1	20,000
2009	4,023,331	147,122,078	37,168	8.3	20,000
2008	3,987,942	139,665,253	36,135	4.9	20,354
2007	3,907,492	132,423,154	35,046	3.2	11,100

**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 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2015, the source of the information is the Arizona Office of Employment and Population Statistics.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**PRINCIPAL EMPLOYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Employer	2017			2008		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State of Arizona	50,816	2.21	%	50,079	2.73	%
Banner Health Systems	35,406	1.54		17,020	0.93	
Wal-Mart Stores Inc.	32,373	1.41		30,174	1.65	
City of Phoenix	14,585	0.64		14,453	0.79	
Maricopa County	13,567	0.59		14,057	0.77	
Arizona State University	12,676	0.55		12,727	0.69	
Wells Fargo Company	14,480	0.63		14,000	0.76	
Fry's Food and Drug Stores	17,286	0.75		11,780	0.64	
Dignity Health	12,100	0.53				
University of Arizona	11,300	0.49				
U.S. Postal Service				11,000	0.60	
Honeywell				10,700	0.58	
Total	214,589	9.34	%	185,990	10.14	%
Total employment	2,295,092			1,831,800		

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

**Note:** The principal employers were not available for the District alone, therefore the principal employers for Maricopa County are presented.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

<b>Full-time Equivalent Employees as of June 30</b>					
	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>Supervisory</b>					
Consultants/supervisors of instruction	4	3	3	3	1
Principals	6	6	5	5	5
Assistant principals			1	1	1
Total supervisory	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>
<b>Instruction</b>					
Teachers	167	170	182	187	187
Other professionals (instructional)	26	29	34	49	44
Total instruction	<u>193</u>	<u>199</u>	<u>216</u>	<u>236</u>	<u>231</u>
<b>Student Services</b>					
Librarians	2	1	3	3	3
Total student services	<u>2</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Support and Administration</b>					
Service workers	62	64	56	55	48
Other classified	49	47	45	38	42
Total support and administration	<u>111</u>	<u>111</u>	<u>101</u>	<u>93</u>	<u>90</u>
<b>Total</b>	<u><u>316</u></u>	<u><u>320</u></u>	<u><u>329</u></u>	<u><u>341</u></u>	<u><u>331</u></u>

(Continued)

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Supervisory</b>					
Consultants/supervisors of instruction	1	1	1	1	3
Principals	5	5	5	5	5
Assistant principals	1	1	1	1	1
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>
<b>Instruction</b>					
Teachers	185	194	224	229	232
Other professionals (instructional)	57	52	63	81	64
Total instruction	<u>242</u>	<u>246</u>	<u>287</u>	<u>310</u>	<u>296</u>
<b>Student Services</b>					
Librarians		5	5	5	5
Total student services		<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Support and Administration</b>					
Service workers	51	52	58	69	63
Other classified	64	53	55	69	39
Total support and administration	<u>115</u>	<u>105</u>	<u>113</u>	<u>138</u>	<u>102</u>
<b>Total</b>	<u><u>364</u></u>	<u><u>363</u></u>	<u><u>412</u></u>	<u><u>460</u></u>	<u><u>412</u></u>

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

(Concluded)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2017	3,263	\$ 23,405,426	\$ 7,173	4.35 %	\$ 25,283,535	\$ 7,749	2.25 %	193	16.9	48.8 %
2016	3,246	22,313,905	6,874	(4.72)	24,599,456	7,578	(9.41)	199	16.3	50.0
2015	3,143	22,676,719	7,215	(1.94)	26,293,028	8,366	4.45	216	14.6	47.7
2014	3,103	22,831,891	7,358	8.69	24,853,239	8,009	8.56	236	13.1	49.0
2013	3,052	20,661,682	6,770	(2.89)	22,517,596	7,378	(2.03)	231	13.2	48.4
2012	3,119	21,744,511	6,972	5.06	23,488,203	7,531	0.98	242	12.9	53.4
2011	3,332	22,110,206	6,636	(7.57)	24,849,671	7,458	(4.90)	246	13.5	48.8
2010	3,500	25,126,485	7,179	3.79	27,446,838	7,842	1.97	287	12.2	47.0
2009	3,637	25,156,627	6,917	6.91	27,969,552	7,690	9.36	310	11.7	45.4
2008	3,578	23,149,705	6,470	2.81	25,161,454	7,032	(3.00)	296	12.1	40.9

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

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

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**CAPITAL ASSETS INFORMATION**  
**LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended June 30</b>									
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	38	38	33	33	32	32	32	32	31	31
Square feet	433,474	433,474	370,963	370,963	360,304	360,304	360,304	360,304	347,804	340,396
Capacity	4,602	4,602	3,926	3,926	3,851	3,851	3,851	3,851	3,851	3,851
Enrollment	3,486	3,442	3,362	3,357	3,309	3,284	3,628	3,684	3,823	2,578
<b><u>Administrative</u></b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b><u>Athletics</u></b>										
Soccer fields	3	2	1	1	1	1	1	1	1	1
Baseball/softball	11	11	10	10	10	10	10	10	10	10
Playgrounds	14	14	12	12	12	12	12	12	12	12

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

(This page intentionally left blank)