

---

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

---

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2016**



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**

**BUCKEYE, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	116
Combining Statement of Changes in Assets and Liabilities	117
 <b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	121
Expenses, Program Revenues, and Net (Expense)/Revenue	122
General Revenues and Total Changes in Net Position	124
Fund Balances – Governmental Funds	126
Governmental Funds Revenues	128
Governmental Funds Expenditures and Debt Service Ratio	130
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	132

# **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	133
Net Full Cash Assessed Value of Taxable Property by Class	134
Property Tax Assessment Ratios	135
Direct and Overlapping Property Tax Rates	136
Principal Property Taxpayers	137
Property Tax Levies and Collections	138
Debt Capacity:	
Outstanding Debt by Type	139
Direct and Overlapping Governmental Activities Debt	140
Direct and Overlapping General Bonded Debt Ratios	140
Legal Debt Margin Information	141
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	142
Principal Employers	143
Operating Information:	
Full-Time Equivalent District Employees by Type	144
Operating Statistics	146
Capital Assets Information	147

(This page intentionally left blank)

## **INTRODUCTORY SECTION**



(This page intentionally left blank)



## BUILDING WORLD CLASS SCHOOLS IN YOUR NEIGHBORHOOD

**Dr. Andrew L. Rogers, Superintendent**

### **Governing Board**

Ms. Jennifer Armstrong

Mr. Paul Jensen

Mr. Thad McCloud

Mr. Mike Newman

Dr. Kathy Shelton

December 27, 2016

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, 2016.

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, 2016 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, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the 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 3,442 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 five schools: Liberty Elementary School with a student enrollment of 548 students, Estrella Mountain Elementary School with a student enrollment of 516 students, Rainbow Valley School with a student enrollment of 608 students, Westar Elementary School with a student enrollment of 698 students, Freedom Elementary School with a student enrollment of 770 students, and Las Brisas Academy, newly opened in the 2015-2016 school year, with a student enrollment of 302 students. Furthering educational opportunities, the District intends to open a new signature K-8 elementary school in the upcoming 2015-2016 school year. 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 Steven Covey Leader in Me program where students practice the Seven Habits of Highly Effective People. Leadership skill building is a focus on the campus. The staff has developed a Lighthouse Leadership Team. 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 an “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 27 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, 2015. This was the 21st 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, 2015. 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, 2016 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. Andrew Rogers  
Superintendent



Kelley Baysinger  
Director of Finance



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Liberty Elementary School District No. 25**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director





Government Finance Officers Association

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

Presented to

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

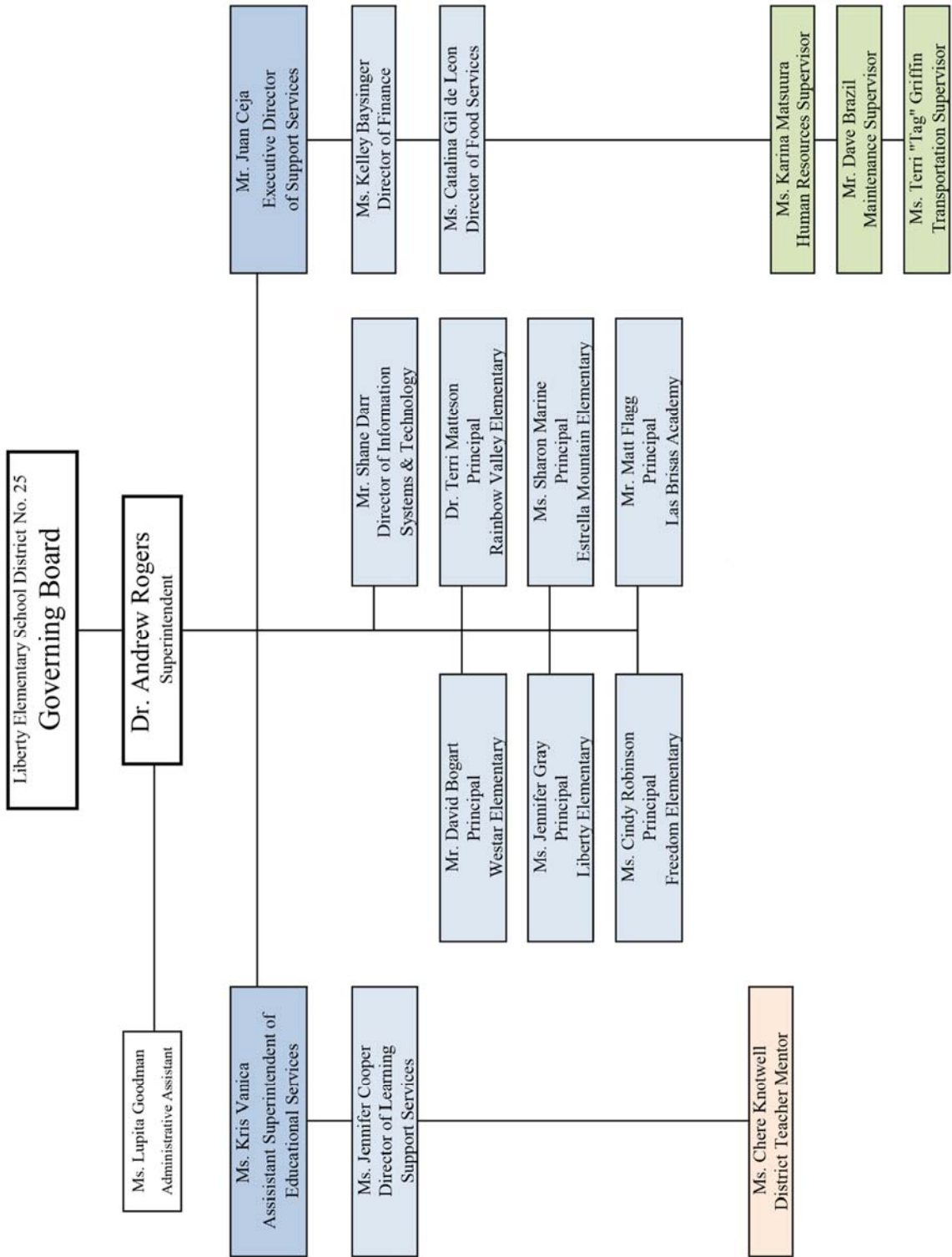
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in dark ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO

## Leadership Team Organizational Directory



Office of the Superintendent,  
2015-2016

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

**GOVERNING BOARD**

Dr. Kathryn Shelton, President

Mike Newman, Member

Paul Jensen, Member

Thad McCloud, Member

Jennifer Armstrong, Member

**ADMINISTRATIVE STAFF**

Dr. Andrew Rogers, Superintendent

Kris Vanica, Assistant Superintendent Educational Services

Juan Ceja, Executive Director of Support Services

Jennifer Cooper, Director of Special Services

Kelley Baysinger, Director of Finance

Shane Darr, Director of Information 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

Cynthia Robinson, 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, 2016, 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, 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 December 27, 2016, 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  
December 27, 2016

**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, 2016**

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, 2016. 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 \$265,444 which represents an increase of two percent from the prior fiscal year, which is not significant.
- General revenues accounted for \$21.4 million in revenue, or 86 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$3.4 million or 14 percent of total current fiscal year revenues.
- The District had approximately \$24.6 million in expenses related to governmental activities, a decrease of six percent from the prior fiscal year that was due primarily to a decrease in instruction expenses as a result of reduced spending by the District due to a decrease in funding received by the District as a result of the state mandated reversion of three District sponsored charter schools back to traditional schools.
- Among major funds, the General Fund had \$18.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$18.4 million in expenditures. The General Fund's fund balance increase from \$3.5 million at the prior fiscal year end to \$3.8 million at the end of the current fiscal year was primarily due to an increase in property tax revenues of \$404,723, a decrease in instructional expenditures of \$500,356, and overall conservative spending during the fiscal year.

### **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, 2016**

**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, 2016**

**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 and Debt Service 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 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, 2016**

**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 \$14.6 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, 2016 and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
Current and other assets	\$ 10,010,492	\$ 13,609,699
Capital assets, net	47,634,790	47,456,962
Total assets	<u>57,645,282</u>	<u>61,066,661</u>
Deferred outflows	<u>2,148,982</u>	<u>2,836,372</u>
Current and other liabilities	1,572,619	3,612,999
Long-term liabilities	41,213,318	42,097,790
Total liabilities	<u>42,785,937</u>	<u>45,710,789</u>
Deferred inflows	<u>2,370,757</u>	<u>3,820,118</u>
Net position:		
Net investment in capital assets	29,153,698	28,563,571
Restricted	2,673,769	3,259,355
Unrestricted	(17,189,897)	(17,450,800)
Total net position	<u>\$ 14,637,570</u>	<u>\$ 14,372,126</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 \$17.2 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, 2016**

**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.

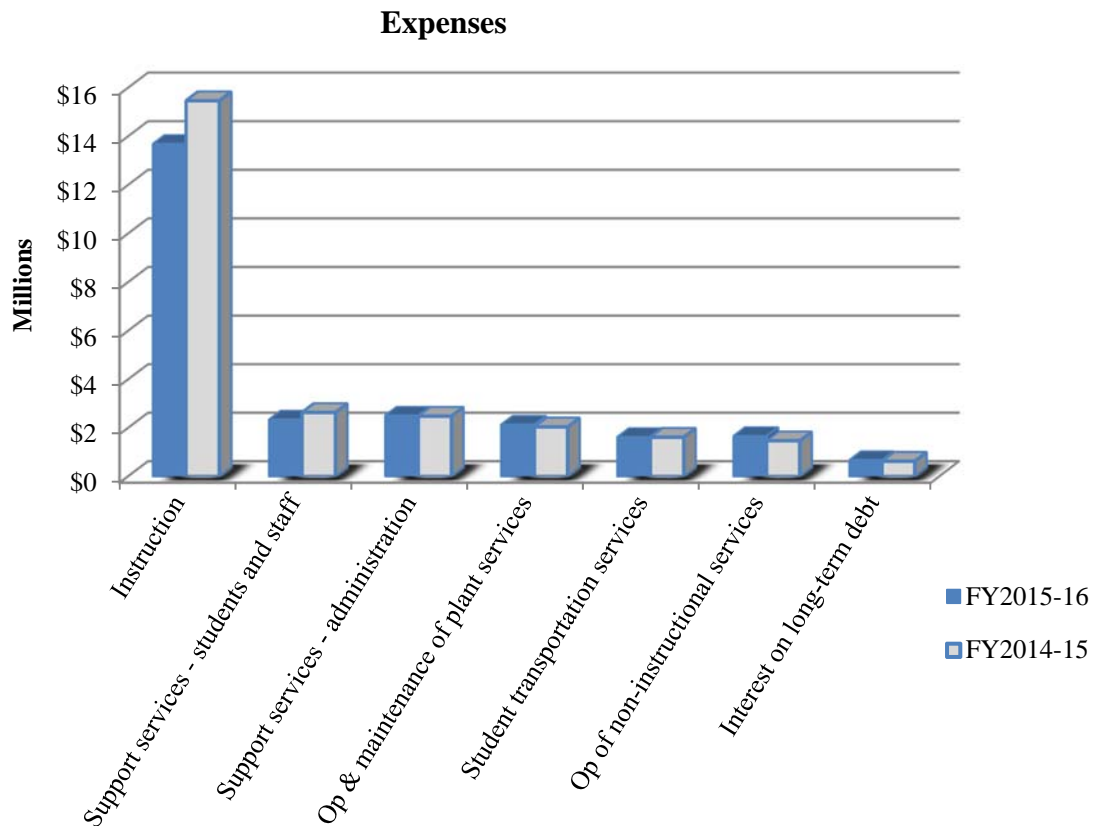
- The addition of \$1.6 million in capital assets due primarily to the construction of a new school.
- The change of \$494,058 in pension liabilities.
- The principal retirement of \$1.3 million of bonds.

**Changes in net position.** The District's total revenues for the current fiscal year were \$24.9 million. The total cost of all programs and services was \$24.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 865,683	\$ 858,543
Operating grants and contributions	2,296,530	2,233,679
Capital grants and contributions	264,713	900,000
General revenues:		
Property taxes	7,281,601	7,567,018
Investment income	36,774	54,862
Unrestricted county aid	1,196,593	1,327,338
Unrestricted state aid	12,741,901	14,111,398
Unrestricted federal aid	181,105	190,393
<b>Total revenues</b>	<u>24,864,900</u>	<u>27,243,231</u>
<b>Expenses:</b>		
Instruction	13,684,751	15,459,914
Support services – students and staff	2,340,161	2,629,217
Support services – administration	2,502,584	2,477,730
Operation and maintenance of plant services	2,131,655	2,035,983
Student transportation services	1,617,307	1,609,244
Operation of non-instructional services	1,657,404	1,462,727
Interest on long-term debt	665,594	618,213
<b>Total expenses</b>	<u>24,599,456</u>	<u>26,293,028</u>
<b>Changes in net position</b>	<u>265,444</u>	<u>950,203</u>
<b>Net position, beginning</b>	<u>14,372,126</u>	<u>13,421,923</u>
<b>Net position, ending</b>	<u><u>\$ 14,637,570</u></u>	<u><u>\$ 14,372,126</u></u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- A decrease of \$1.4 million in unrestricted state aid primarily due to a decrease in funding received as a result of the state mandated reversion of the three District sponsored charter schools back to traditional schools.
- A decrease of \$1.8 million in instructional expenses primarily due to the District's reduced spending efforts as a result of receiving less state aid due to converting the charter schools back to traditional schools.

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, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 13,684,751	\$ (12,355,323)	\$ 15,459,914	\$ (13,435,937)
Support services – students and staff	2,340,161	(2,002,306)	2,629,217	(2,360,279)
Support services – administration	2,502,584	(2,476,017)	2,477,730	(2,468,485)
Operation and maintenance of plant services	2,131,655	(2,014,212)	2,035,983	(1,972,331)
Student transportation services	1,617,307	(1,617,307)	1,609,244	(1,605,952)
Operation of non-instructional services	1,657,404	(41,771)	1,462,727	160,391
Interest on long-term debt	665,594	(665,594)	618,213	(618,213)
<b>Total</b>	<b>\$ 24,599,456</b>	<b>\$ (21,172,530)</b>	<b>\$ 26,293,028</b>	<b>\$ (22,300,806)</b>

- The cost of all governmental activities this year was \$24.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$3.4 million.
- Net cost of governmental activities of \$21.2 million was partially financed by general revenues, which are made up of primarily property taxes of \$7.3 million and unrestricted state aid of \$12.7 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 \$6.6 million, a decrease of \$1.3 million as the result of a decrease in state aid revenues.



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

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

The General Fund comprises 57 percent of the total fund balance. All of the fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$237,700 in the General Fund to \$3.8 million as of fiscal year end. General Fund revenues decreased \$1.1 million and General Fund expenditures decreased \$603,531. Both decreases were due to the District's charter schools being converted back to traditional schools.

The fund balance in the Classroom Site Fund increased \$29,554 to \$289,240 at year end, which was insignificant.

The fund balance in the Debt Service Fund decreased \$46,241 to \$91,977 at year end, which was insignificant.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for the implementation of Proposition 123. The difference between the original budget and the final amended budget was a \$769,580 increase or four 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 \$203,933 in support services-administration expenditures was a result of cost savings derived from the District hiring employees as opposed to utilization of contracted services.
- The favorable variance of \$123,622 in student transportation services was a result of efficiencies gained from transportation routing and lower fuel costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$64.6 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. Total depreciation expense for the year was \$1.4 million.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Capital assets – non-depreciable	\$ 6,152,294	\$ 17,267,587
Capital assets – depreciable, net	<u>41,482,496</u>	<u>30,189,375</u>
<b>Total</b>	<u><u>\$ 47,634,790</u></u>	<u><u>\$ 47,456,962</u></u>

The estimated cost to complete current construction projects is \$35,924.

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

**Debt Administration.** At year-end, the District had \$18.7 million in long-term debt outstanding, \$1.3 million due within one year. Long-term debt decreased by \$1.4 million.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$35.3 million and the Class B debt limit is \$23.6 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 9 through 11.

**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 2016-17 budget. Among them:

- Fiscal year 2015-16 budget balance carry forward (estimated \$1.1 million).
- District student population (estimated 3,245).

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 two percent to \$19.5 million in fiscal year 2016-17, due to the additional carryforward that is now allowed, including Proposition 123 monies. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 budget.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**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, 2016**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 5,170,996
Property taxes receivable	659,618
Due from governmental entities	4,179,878
Total current assets	<u>10,010,492</u>
Noncurrent assets:	
Capital assets not being depreciated	6,152,294
Capital assets, net of accumulated depreciation	41,482,496
Total noncurrent assets	<u>47,634,790</u>
<b>Total assets</b>	<u><u>57,645,282</u></u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	<u>2,148,982</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	308,580
Due to governmental entities	115,905
Accrued payroll and employee benefits	740,230
Compensated absences payable	99,705
Accrued interest payable	337,609
Unearned revenues	70,295
Obligations under capital leases	61,116
Bonds payable	1,220,000
Total current liabilities	<u>2,953,440</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	39,832,497
Total noncurrent liabilities	<u>39,832,497</u>
<b>Total liabilities</b>	<u><u>42,785,937</u></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	<u>2,370,757</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	29,153,698
Restricted for:	
Voter approved initiatives	507,591
Food service	518,720
Civic center	418,441
Community school	166,593
Other local initiatives	55,548
Debt service	128,183
Capital outlay	878,693
Unrestricted	(17,189,897)
<b>Total net position</b>	<u><u>\$ 14,637,570</u></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 JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental activities:</b>					
Instruction	\$ 13,684,751	\$ 211,301	\$ 912,774	\$ 205,353	\$ (12,355,323)
Support services - students and staff	2,340,161		337,855		(2,002,306)
Support services - administration	2,502,584	10,046	16,521		(2,476,017)
Operation and maintenance of plant services	2,131,655	58,083		59,360	(2,014,212)
Student transportation services	1,617,307				(1,617,307)
Operation of non-instructional services	1,657,404	586,253	1,029,380		(41,771)
Interest on long-term debt	665,594				(665,594)
<b>Total governmental activities</b>	<u>\$ 24,599,456</u>	<u>\$ 865,683</u>	<u>\$ 2,296,530</u>	<u>\$ 264,713</u>	<u>(21,172,530)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	5,443,493
Property taxes, levied for debt service	1,832,253
Property taxes, levied for capital outlay	5,855
Investment income	36,774
Unrestricted county aid	1,196,593
Unrestricted state aid	12,741,901
Unrestricted federal aid	181,105
<b>Total general revenues</b>	<u>21,437,974</u>

**Changes in net position** 265,444

**Net position, beginning of year** 14,372,126

**Net position, end of year** \$ 14,637,570

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, 2016**

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 98,915	\$ 768,826	\$ 1,633,476
Property taxes receivable	607,302		52,316
Due from governmental entities	3,918,499	99,479	
Due from other funds			
<b>Total assets</b>	<u><u>\$ 4,624,716</u></u>	<u><u>\$ 868,305</u></u>	<u><u>\$ 1,685,792</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 176,175	\$	\$
Due to governmental entities			
Due to other funds			
Accrued payroll and employee benefits	131,897	579,065	
Unearned revenues			
Bonds payable			1,220,000
Bond interest payable			337,609
<b>Total liabilities</b>	<u><u>308,072</u></u>	<u><u>579,065</u></u>	<u><u>1,557,609</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	558,352		36,206
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<u><u>558,352</u></u>	<u><u></u></u>	<u><u>36,206</u></u>
Fund balances (deficits):			
Restricted		289,240	91,977
Unassigned	3,758,292		
<b>Total fund balances</b>	<u><u>3,758,292</u></u>	<u><u>289,240</u></u>	<u><u>91,977</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 4,624,716</u></u>	<u><u>\$ 868,305</u></u>	<u><u>\$ 1,685,792</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,669,779	\$ 5,170,996
	659,618
161,900	4,179,878
92,639	92,639
<u>\$ 2,924,318</u>	<u>\$ 10,103,131</u>

\$ 132,405	\$ 308,580
115,905	115,905
92,639	92,639
29,268	740,230
70,295	70,295
	1,220,000
	337,609
<u>440,512</u>	<u>2,885,258</u>

	594,558
<u>59,360</u>	<u>59,360</u>
<u>59,360</u>	<u>653,918</u>

2,483,806	2,865,023
(59,360)	3,698,932
<u>2,424,446</u>	<u>6,563,955</u>

<u>\$ 2,924,318</u>	<u>\$ 10,103,131</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, 2016**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>6,563,955</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	\$ 64,635,312	
Less accumulated depreciation	<u>(17,000,522)</u>	47,634,790

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

Property taxes	594,558	
Intergovernmental	<u>59,360</u>	653,918

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	2,148,982	
Deferred inflows of resources related to pensions	<u>(2,370,757)</u>	(221,775)

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

Compensated absences payable	(165,126)	
Obligations under capital leases	(124,810)	
Net pension liability	(22,339,640)	
Bonds payable	<u>(17,363,742)</u>	<u>(39,993,318)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>14,637,570</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, 2016**

	<u>General</u>	<u>Classroom Site</u>	<u>Debt Service</u>
<b>Revenues:</b>			
Other local	\$ 1,493,537	\$ 3,534	\$ 4,490
Property taxes	5,662,768		1,842,751
State aid and grants	11,414,115	1,193,744	
Federal aid, grants and reimbursements	181,105		
<b>Total revenues</b>	<u>18,751,525</u>	<u>1,197,278</u>	<u>1,847,241</u>
<b>Expenditures:</b>			
Current -			
Instruction	10,445,265	1,146,211	
Support services - students and staff	1,935,865	21,513	
Support services - administration	2,387,717		
Operation and maintenance of plant services	2,089,940		
Student transportation services	1,450,977		
Operation of non-instructional services	25,364		
Capital outlay	97,335		
Debt service -			
Principal retirement			1,220,000
Interest and fiscal charges			676,118
<b>Total expenditures</b>	<u>18,432,463</u>	<u>1,167,724</u>	<u>1,896,118</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>319,062</u>	<u>29,554</u>	<u>(48,877)</u>
<b>Other financing sources (uses):</b>			
Transfer in	107,049		2,636
Transfer out			
<b>Total other financing sources (uses):</b>	<u>107,049</u>		<u>2,636</u>
<b>Changes in fund balances</b>	<u>426,111</u>	<u>29,554</u>	<u>(46,241)</u>
<b>Fund balances, beginning of year</b>	3,520,592	259,686	138,218
Increase (decrease) in reserve for prepaid items	(188,411)		
<b>Fund balances, end of year</b>	<u><u>\$ 3,758,292</u></u>	<u><u>\$ 289,240</u></u>	<u><u>\$ 91,977</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 771,950	\$ 2,273,511
5,855	7,511,374
310,176	12,918,035
2,151,288	2,332,393
<u>3,239,269</u>	<u>25,035,313</u>

852,326	12,443,802
320,555	2,277,933
17,868	2,405,585
1,731	2,091,671
4,704	1,455,681
1,613,869	1,639,233
1,766,576	1,863,911

58,642	1,278,642
7,740	683,858
<u>4,644,011</u>	<u>26,140,316</u>

<u>(1,404,742)</u>	<u>(1,105,003)</u>
--------------------	--------------------

	109,685
<u>(109,685)</u>	<u>(109,685)</u>
<u>(109,685)</u>	

<u>(1,514,427)</u>	<u>(1,105,003)</u>
--------------------	--------------------

3,938,873	7,857,369
-----------	-----------

	(188,411)
--	-----------

<u>\$ 2,424,446</u>	<u>\$ 6,563,955</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, 2016**

**Changes in fund balances - total governmental funds** **\$ (1,105,003)**

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	\$ 1,577,733	
Less current year depreciation	<u>(1,399,905)</u>	177,828

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

Property taxes	(229,773)	
Intergovernmental	<u>59,360</u>	(170,413)

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	58,642	
Bond principal retirement	<u>1,220,000</u>	1,278,642

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	1,376,786	
Pension expense	<u>(1,108,873)</u>	267,913

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	(188,411)	
Amortization of deferred bond items	18,264	
Compensated absences	<u>(13,376)</u>	<u>(183,523)</u>

**Changes in net position in governmental activities** **\$ 265,444**

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, 2016**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 228,331
<b>Total assets</b>	<u>\$ 228,331</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	\$ 176,938
Due to student groups	51,393
<b>Total liabilities</b>	<u>\$ 228,331</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, 2016**

**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.

During the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

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, 2016**

**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, 2016**

**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, 2016**

**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.

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.

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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

**E. Investment Income**

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

**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.

**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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

**H. 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. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Land improvements	7 - 50 years
Buildings and improvements	7 - 50 years
Vehicles, furniture and equipment	3 - 30 years

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

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



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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, 2016**

**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, 2016**

**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, 2016**

**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	Non-Major Governmental Funds
Fund Balances:				
Restricted:				
Debt service	\$	\$	\$ 91,977	\$
Capital projects				878,693
Bond building projects				227,460
Voter approved initiatives		289,240		218,351
Extracurricular activities				43,093
Food service				518,720
Civic center				418,441
Community school				166,593
Other purposes				12,455
Unassigned	3,758,292			(59,360)
Total fund balances	<u>\$ 3,758,292</u>	<u>\$ 289,240</u>	<u>\$ 91,977</u>	<u>\$ 2,424,446</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 \$59,360 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2016-17 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 \$231,937 and the bank balance was \$238,395.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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	342 days	\$ 5,167,390
Total		<u>\$ 5,167,390</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, 2016**

**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	Classroom Site Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 18,165	\$	\$ 30,325
Due from state government	3,900,334	99,479	131,575
Net due from governmental entities	<u>\$ 3,918,499</u>	<u>\$ 99,479</u>	<u>\$ 161,900</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	11,167,553	960,980	12,076,273	52,260
Total capital assets, not being depreciated	<u>17,267,587</u>	<u>960,980</u>	<u>12,076,273</u>	<u>6,152,294</u>
Capital assets, being depreciated:				
Land improvements	2,947,052	173,454		3,120,506
Buildings and improvements	38,238,401	11,939,191		50,177,592
Vehicles, furniture and equipment	4,604,539	580,381		5,184,920
Total capital assets being depreciated	<u>45,789,992</u>	<u>12,693,026</u>		<u>58,483,018</u>
Less accumulated depreciation for:				
Land improvements	(1,437,632)	(138,773)		(1,576,405)
Buildings and improvements	(11,151,773)	(1,011,504)		(12,163,277)
Vehicles, furniture and equipment	(3,011,212)	(249,628)		(3,260,840)
Total accumulated depreciation	<u>(15,600,617)</u>	<u>(1,399,905)</u>		<u>(17,000,522)</u>
Total capital assets, being depreciated, net	<u>30,189,375</u>	<u>11,293,121</u>		<u>41,482,496</u>
Governmental activities capital assets, net	<u>\$ 47,456,962</u>	<u>\$12,254,101</u>	<u>\$12,076,273</u>	<u>\$ 47,634,790</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,130,707
Support services – students and staff	10,000
Support services – administration	70,092
Operation and maintenance of plant services	25,382
Student transportation services	140,133
Operation of non-instructional services	23,591
Total depreciation expense – governmental activities	<u>\$ 1,399,905</u>

**Construction Commitments** – At year end, the District was involved in HVAC projects at Liberty Elementary School. At year end, the District had spent \$52,260 on the projects and had estimated remaining contractual commitments of \$35,924. The projects are being funded by the Unrestricted Capital Outlay Fund.

**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 \$115,905.

**NOTE 8 – REVOLVING LINE OF CREDIT**

The District has a \$3.0 million revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	<u>\$</u>	<u>\$ 1,255,000</u>	<u>\$ 1,255,000</u>	<u>\$</u>

**NOTE 9 – 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.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 – OBLIGATIONS UNDER CAPITAL LEASES**

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>23,223</u>
Total	<u>\$ 39,222</u>

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:	<u>Governmental Activities</u>
2017	\$ 66,382
2018	<u>66,382</u>
Total minimum lease payments	132,764
Less: amount representing interest	<u>7,954</u>
Present value of minimum lease payments	<u>124,810</u>
Due within one year	<u>\$ 61,116</u>



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$2,475,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
School Improvement Bonds, Project of 2004, Series B (2007)	\$ 3,935,000	4.125-5.0%	7/1/16-22	\$ 3,355,000	\$ 415,000
School Improvement Bonds, Project of 2004, Series C (2010)	3,390,000	4.0-6.5%	7/1/16-29	2,865,000	180,000
School Improvement Bonds, Project of 2013, Series A	12,525,000	1.5-4.0%	7/1/16-34	12,035,000	625,000
Total				<u>\$ 18,255,000</u>	<u>\$ 1,220,000</u>

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

		<u>Governmental Activities</u>	
<u>Year ending June 30:</u>		<u>Principal</u>	<u>Interest</u>
	2017	\$ 1,220,000	\$ 649,619
	2018	1,010,000	605,419
	2019	1,120,000	567,881
	2020	1,170,000	528,993
	2021	1,230,000	489,168
	2022-26	4,890,000	1,875,078
	2027-31	4,375,000	1,055,764
	2032-35	3,240,000	233,962
Total		<u>\$ 18,255,000</u>	<u>\$ 6,005,884</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 – CHANGES IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 19,570,000	\$	\$ 1,315,000	\$ 18,255,000	\$ 1,220,000
Premium	347,006		18,264	328,742	
Total bonds payable	<u>19,917,006</u>		<u>1,333,264</u>	<u>18,583,742</u>	<u>1,220,000</u>
Obligations under capital leases	183,452		58,642	124,810	61,116
Net pension liability	21,845,582	494,058		22,339,640	
Compensated absences payable	<u>151,750</u>	<u>174,882</u>	<u>161,506</u>	<u>165,126</u>	<u>99,705</u>
Governmental activity long-term liabilities	<u>\$ 42,097,790</u>	<u>\$ 668,940</u>	<u>\$ 1,553,412</u>	<u>\$ 41,213,318</u>	<u>\$ 1,380,821</u>

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Due to/from other funds:**

At year end, the non-major governmental funds had negative cash balances of \$92,639 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:**

	<u>Transfers in</u>		
	Debt		
	General	Service	Total
<u>Transfers out</u>	<u>Fund</u>	<u>Fund</u>	
Non-Major Governmental Funds	\$ 107,049	\$ 2,636	\$ 109,685
Total	<u>\$ 107,049</u>	<u>\$ 2,636</u>	<u>\$ 109,685</u>

Transfers between funds were (1) used to move federal grant funds restricted for indirect costs and (2) move investment income 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, 2016**

**NOTE 13 – CONTINGENT LIABILITIES**

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

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

**NOTE 14 – 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, 2016**

**NOTE 15 – 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, 2016**

**NOTE 15 – 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 11.47 percent (11.35 percent for retirement and 0.12 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 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 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, 2016 were \$1,376,786.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 for retirement and 0.13 percent for health insurance premium benefit, and 0.06 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:			
2016	\$	63,446	\$ 15,227
2015		77,932	15,851
2014		79,883	31,953

**Pension Liability.** At June 30, 2016, the District reported a liability of \$22,339,640 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. 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, 2015, the District's proportion was 0.14 percent, which was a decrease of less than .01 percent from its proportion measured as of June 30, 2014.

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2016, the District recognized pension expense of \$1,108,873 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	\$ 609,600	\$ 1,170,620
Net difference between projected and actual earnings on pension plan investments		715,936
Changes in proportion and differences between contributions and proportionate share of contributions	162,596	484,201
Contributions subsequent to the measurement date	1,376,786	
Total	<u>\$ 2,148,982</u>	<u>\$ 2,370,757</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, 2017. 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:	
2017	\$ (569,111)
2018	(984,909)
2019	(561,356)
2020	516,815

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
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, 2016**

**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The actuarial assumptions used in the June 30, 2014 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 8.79 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%	6.79%
Fixed income	25%	3.70
Real estate	10%	4.25
Multi-asset	5%	3.41
Commodities	2%	3.93
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 8.79 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, 2016**

**NOTE 15 – 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	\$29,272,562	\$ 22,339,640	\$17,588,316

**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).

**NOTE 16 – SUBSEQUENT EVENTS**

The District issued \$2,475,000 in previously authorized school improvement bonds on August 31, 2016. The purpose of these bonds is to construct and make certain school improvements, make safety and security upgrades, purchase technology, furniture and equipment, and purchase pupil transportation vehicles.

On August 31, 2016, the District issued \$4,455,000 in refunding bonds with an effective interest rate of 1.85 percent, to advance refund \$4,420,000 of general obligation bonds, with an average interest rate of 4.36 percent.



(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, 2016**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 1,299,940	\$ 1,299,940
Property taxes			5,662,768	5,662,768
State aid and grants			11,414,115	11,414,115
<b>Total revenues</b>			<u>18,376,823</u>	<u>18,376,823</u>
<b>Expenditures:</b>				
Current -				
Instruction	10,280,297	10,640,002	10,134,156	505,846
Support services - students and staff	2,043,608	2,060,508	1,906,115	154,393
Support services - administration	2,284,860	2,466,335	2,262,342	203,993
Operation and maintenance of plant services	2,057,932	2,220,432	2,075,341	145,091
Student transportation services	1,516,485	1,565,485	1,441,863	123,622
Operation of non-instructional services	42,000	42,000	25,364	16,636
<b>Total expenditures</b>	<u>18,225,182</u>	<u>18,994,762</u>	<u>17,845,181</u>	<u>1,149,581</u>
<b>Changes in fund balances</b>	<u>(18,225,182)</u>	<u>(18,994,762)</u>	<u>531,642</u>	<u>19,526,404</u>
<b>Fund balances, beginning of year</b>			1,527,272	1,527,272
Increase (decrease) in reserve for prepaid items			446,424	446,424
<b>Fund balances (deficits), end of year</b>	<u>\$ (18,225,182)</u>	<u>\$ (18,994,762)</u>	<u>\$ 2,505,338</u>	<u>\$ 21,500,100</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, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Other local	\$	\$	\$ 3,534	\$ 3,534
State aid and grants			1,193,744	1,193,744
<b>Total revenues</b>			<u>1,197,278</u>	<u>1,197,278</u>
<b>Expenditures:</b>				
Current -				
Instruction	1,268,587	1,341,284	1,146,211	195,073
Support services - students and staff	33,915	31,625	21,513	10,112
<b>Total expenditures</b>	<u>1,302,502</u>	<u>1,372,909</u>	<u>1,167,724</u>	<u>205,185</u>
<b>Changes in fund balances</b>	<u>(1,302,502)</u>	<u>(1,372,909)</u>	<u>29,554</u>	<u>1,402,463</u>
<b>Fund balances, beginning of year</b>			259,686	259,686
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,302,502)</u>	<u>\$ (1,372,909)</u>	<u>\$ 289,240</u>	<u>\$ 1,662,149</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 TWO FISCAL YEARS**

	<u><b>2016</b></u>	<u><b>2015</b></u>
District's proportion of the net pension liability (asset)	0.14%	0.15%
District's proportionate share of the net pension liability (asset)	\$ 22,339,640	\$ 21,845,582
District's covered payroll	\$ 13,208,871	\$ 13,313,776
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.13%	164.08%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

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

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

**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	\$ 18,432,463	\$ 3,758,292
Activity budgeted as special revenue funds	(337,465)	(1,252,954)
Current-year prepaid items	634,835	
Prior-year prepaid items	(884,652)	
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 17,845,181</u>	<u>\$ 2,505,338</u>

**NOTE 2 – PENSION PLAN SCHEDULES**

**Change in Accounting Principle.** For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

**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, 2014, 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, 2014, 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, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,472,781	\$ 1,196,998	\$ 2,669,779
Due from governmental entities	102,540	59,360	161,900
Due from other funds		92,639	92,639
<b>Total assets</b>	<u><u>\$ 1,575,321</u></u>	<u><u>\$ 1,348,997</u></u>	<u><u>\$ 2,924,318</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 64,826	\$ 67,579	\$ 132,405
Due to governmental entities		115,905	115,905
Due to other funds	33,279	59,360	92,639
Accrued payroll and employee benefits	29,268		29,268
Unearned revenues	70,295		70,295
<b>Total liabilities</b>	<u>197,668</u>	<u>242,844</u>	<u>440,512</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		59,360	59,360
Fund balances (deficits):			
Restricted	1,377,653	1,106,153	2,483,806
Unassigned		(59,360)	(59,360)
<b>Total fund balances</b>	<u>1,377,653</u>	<u>1,046,793</u>	<u>2,424,446</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 1,575,321</u></u>	<u><u>\$ 1,348,997</u></u>	<u><u>\$ 2,924,318</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, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 756,801	\$ 15,149	\$ 771,950
Property taxes		5,855	5,855
State aid and grants	229,006	81,170	310,176
Federal aid, grants and reimbursements	2,151,288		2,151,288
<b>Total revenues</b>	<u>3,137,095</u>	<u>102,174</u>	<u>3,239,269</u>
<b>Expenditures:</b>			
Current -			
Instruction	852,326		852,326
Support services - students and staff	320,555		320,555
Support services - administration	17,868		17,868
Operation and maintenance of plant services	1,731		1,731
Student transportation services	4,704		4,704
Operation of non-instructional services	1,613,869		1,613,869
Capital outlay	138,297	1,628,279	1,766,576
Debt service -			
Principal retirement		58,642	58,642
Interest and fiscal charges		7,740	7,740
<b>Total expenditures</b>	<u>2,949,350</u>	<u>1,694,661</u>	<u>4,644,011</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>187,745</u>	<u>(1,592,487)</u>	<u>(1,404,742)</u>
<b>Other financing sources (uses):</b>			
Transfer out	(107,049)	(2,636)	(109,685)
<b>Total other financing sources (uses):</b>	<u>(107,049)</u>	<u>(2,636)</u>	<u>(109,685)</u>
<b>Changes in fund balances</b>	<u>80,696</u>	<u>(1,595,123)</u>	<u>(1,514,427)</u>
<b>Fund balances, beginning of year</b>	1,296,957	2,641,916	3,938,873
<b>Fund balances, end of year</b>	<u>\$ 1,377,653</u>	<u>\$ 1,046,793</u>	<u>\$ 2,424,446</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, 2016**

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 183,921	\$ 64,227	\$ 8,666
Due from governmental entities	34,430		
<b>Total assets</b>	<u>\$ 218,351</u>	<u>\$ 64,227</u>	<u>\$ 8,666</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 27,134	\$
Due to other funds			
Accrued payroll and employee benefits		2,988	
Unearned revenues		34,105	8,666
<b>Total liabilities</b>		<u>64,227</u>	<u>8,666</u>
Fund balances:			
Restricted	218,351		
<b>Total fund balances</b>	<u>218,351</u>		
<b>Total liabilities and fund balances</b>	<u>\$ 218,351</u>	<u>\$ 64,227</u>	<u>\$ 8,666</u>

Limited English and Immigrant Students	Special Education Grants	Other State Projects	Food Service	Civic Center	Community School
\$ 61	\$ 29,925	\$ 37,785	\$ 528,971 30,325	\$ 418,441	\$ 183,021
<u>\$ 61</u>	<u>\$ 29,925</u>	<u>\$ 37,785</u>	<u>\$ 559,296</u>	<u>\$ 418,441</u>	<u>\$ 183,021</u>
\$	\$ 2,462	\$ 4,506 33,279	\$ 27,652 12,924	\$	\$ 3,072 13,356
<u>61</u>	<u>27,463</u>	<u>37,785</u>	<u>40,576</u>		<u>16,428</u>
<u>61</u>	<u>29,925</u>				
			518,720	418,441	166,593
			518,720	418,441	166,593
<u>\$ 61</u>	<u>\$ 29,925</u>	<u>\$ 37,785</u>	<u>\$ 559,296</u>	<u>\$ 418,441</u>	<u>\$ 183,021</u>

(Continued)



**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<b><u>ASSETS</u></b>			
Cash and investments	\$ 43,093	\$ 7,146	\$ 4,932
Due from governmental entities			
<b>Total assets</b>	<u>\$ 43,093</u>	<u>\$ 7,146</u>	<u>\$ 4,932</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:			
Restricted	43,093	7,146	4,932
<b>Total fund balances</b>	<u>43,093</u>	<u>7,146</u>	<u>4,932</u>
<b>Total liabilities and fund balances</b>	<u>\$ 43,093</u>	<u>\$ 7,146</u>	<u>\$ 4,932</u>

Litigation Recovery	Totals
\$ 377	\$ 1,472,781
	102,540
<u>\$ 377</u>	<u>\$ 1,575,321</u>

\$	\$ 64,826
	33,279
	29,268
	70,295
	<u>197,668</u>

<u>377</u>	<u>1,377,653</u>
<u>377</u>	<u>1,377,653</u>
<u>\$ 377</u>	<u>\$ 1,575,321</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, 2016**

	Instructional Improvement	Title I Grants	Professional Development and Technology Grants
<b>Revenues:</b>			
Other local	\$ 791	\$	\$
State aid and grants	134,042		
Federal aid, grants and reimbursements		472,219	48,981
<b>Total revenues</b>	<u>134,833</u>	<u>472,219</u>	<u>48,981</u>
<b>Expenditures:</b>			
Current -			
Instruction	78,762	264,424	18,271
Support services - students and staff	1,164	161,502	23,214
Support services - administration		1,232	3,869
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		13,038	
<b>Total expenditures</b>	<u>79,926</u>	<u>440,196</u>	<u>45,354</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>54,907</u>	<u>32,023</u>	<u>3,627</u>
<b>Other financing sources (uses):</b>			
Transfer out		(32,023)	(3,627)
<b>Total other financing sources (uses):</b>		<u>(32,023)</u>	<u>(3,627)</u>
<b>Changes in fund balances</b>	<u>54,907</u>		
<b>Fund balances (deficits), beginning of year</b>	163,444		
<b>Fund balances, end of year</b>	<u><u>\$ 218,351</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Limited English and Immigrant Students	Special Education Grants	Other State Projects	Food Service	Civic Center	Community School
\$	\$	\$	\$	\$	\$
		94,964	298,359	60,504	291,767
41,885	449,849		1,138,354		
41,885	449,849	94,964	1,436,713	60,504	291,767
6,690	397,145	9,563		150	2,004
33,737	16,554	83,657		85	
	10,231	251		1,731	
			1,329,830		4,704
659	319	1,493	108,974		284,039
41,086	424,249	94,964	1,438,804	1,966	12,050
799	25,600		(2,091)	58,538	302,797
(799)	(25,600)		(45,000)		
(799)	(25,600)		(45,000)		
			(47,091)	58,538	(11,030)
			565,811	359,903	177,623
\$	\$	\$	\$	\$	\$
			518,720	418,441	166,593

(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, 2016**

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<b>Revenues:</b>			
Other local	\$ 94,496	\$ 10,062	\$ 445
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>94,496</u>	<u>10,062</u>	<u>445</u>
<b>Expenditures:</b>			
Current -			
Instruction	75,317		
Support services - students and staff			727
Support services - administration		2,200	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,764		
<b>Total expenditures</b>	<u>77,081</u>	<u>2,200</u>	<u>727</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>17,415</u>	<u>7,862</u>	<u>(282)</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>17,415</u>	<u>7,862</u>	<u>(282)</u>
<b>Fund balances (deficits), beginning of year</b>	25,678	(716)	5,214
<b>Fund balances, end of year</b>	<u>\$ 43,093</u>	<u>\$ 7,146</u>	<u>\$ 4,932</u>

Litigation Recovery	Totals
\$ 377	\$ 756,801
	229,006
	2,151,288
<u>377</u>	<u>3,137,095</u>
	852,326
	320,555
	17,868
	1,731
	4,704
	1,613,869
	138,297
	<u>2,949,350</u>
<u>377</u>	<u>187,745</u>
	(107,049)
	<u>(107,049)</u>
<u>377</u>	<u>80,696</u>
	1,296,957
<u>\$ 377</u>	<u>\$ 1,377,653</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, 2016**

	Instructional Improvement		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 791	\$ 791
State aid and grants		134,042	134,042
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>134,833</u>	<u>134,833</u>
<b>Expenditures:</b>			
Current -			
Instruction	140,000	78,762	61,238
Support services - students and staff	10,000	1,164	8,836
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>150,000</u>	<u>79,926</u>	<u>70,074</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(150,000)</u>	<u>54,907</u>	<u>204,907</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(150,000)</u>	<u>54,907</u>	<u>204,907</u>
<b>Fund balances (deficits), beginning of year</b>		163,444	163,444
<b>Fund balances (deficits), end of year</b>	<u>\$ (150,000)</u>	<u>\$ 218,351</u>	<u>\$ 368,351</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	472,219	472,219		48,981	48,981
	472,219	472,219		48,981	48,981
320,236	264,424	55,812	25,000	18,271	6,729
200,000	161,502	38,498	25,000	23,214	1,786
5,000	1,232	3,768	7,617	3,869	3,748
15,000	13,038	1,962			
540,236	440,196	100,040	57,617	45,354	12,263
(540,236)	32,023	572,259	(57,617)	3,627	61,244
	(32,023)	(32,023)		(3,627)	(3,627)
	(32,023)	(32,023)		(3,627)	(3,627)
(540,236)		540,236	(57,617)		57,617
\$ (540,236)	\$	\$ 540,236	\$ (57,617)	\$	\$ 57,617

(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, 2016**

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		41,885	41,885
<b>Total revenues</b>		<u>41,885</u>	<u>41,885</u>
<b>Expenditures:</b>			
Current -			
Instruction	7,000	6,690	310
Support services - students and staff	34,665	33,737	928
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,000	659	341
<b>Total expenditures</b>	<u>42,665</u>	<u>41,086</u>	<u>1,579</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(42,665)</u>	<u>799</u>	<u>43,464</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(799)	(799)
<b>Total other financing sources (uses):</b>		<u>(799)</u>	<u>(799)</u>
<b>Changes in fund balances</b>	<u>(42,665)</u>		<u>42,665</u>
<b>Fund balances (deficits), beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (42,665)</u>	<u>\$</u>	<u>\$ 42,665</u>

Special Education Grants			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 993	\$ 993
	449,849	449,849		55,498	55,498
	449,849	449,849		56,491	56,491
436,312	397,145	39,167	50,000	593	49,407
20,000	16,554	3,446	50,000	926	49,074
20,000	10,231	9,769			
1,000	319	681	102,500	6,031	96,469
477,312	424,249	53,063	202,500	7,550	194,950
(477,312)	25,600	502,912	(202,500)	48,941	251,441
	(25,600)	(25,600)			
	(25,600)	(25,600)			
(477,312)		477,312	(202,500)	48,941	251,441
				218,746	218,746
\$ (477,312)	\$	\$ 477,312	\$ (202,500)	\$ 267,687	\$ 470,187

(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, 2016**

	E-Rate		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,364	\$ 1,364
State aid and grants			
Federal aid, grants and reimbursements		125,607	125,607
<b>Total revenues</b>		<u>126,971</u>	<u>126,971</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	200,000	62,482	137,518
<b>Total expenditures</b>	<u>200,000</u>	<u>62,482</u>	<u>137,518</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(200,000)</u>	<u>64,489</u>	<u>264,489</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(200,000)</u>	<u>64,489</u>	<u>264,489</u>
<b>Fund balances (deficits), beginning of year</b>		319,558	319,558
<b>Fund balances (deficits), end of year</b>	<u>\$ (200,000)</u>	<u>\$ 384,047</u>	<u>\$ 584,047</u>

Other State Projects			Food Service		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	94,964	94,964		298,359	298,359
				1,138,354	1,138,354
	94,964	94,964		1,436,713	1,436,713
15,000	9,563	5,437			
100,000	83,657	16,343			
1,000	251	749			
			1,350,000	1,329,830	20,170
3,755	1,493	2,262	150,000	108,974	41,026
119,755	94,964	24,791	1,500,000	1,438,804	61,196
(119,755)		119,755	(1,500,000)	(2,091)	1,497,909
				(45,000)	(45,000)
				(45,000)	(45,000)
(119,755)		119,755	(1,500,000)	(47,091)	1,452,909
				565,811	565,811
\$ (119,755)	\$	\$ 119,755	\$ (1,500,000)	\$ 518,720	\$ 2,018,720

(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, 2016**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 60,504	\$ 60,504
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>60,504</u>	<u>60,504</u>
<b>Expenditures:</b>			
Current -			
Instruction	50,000	150	49,850
Support services - students and staff			
Support services - administration	50,000	85	49,915
Operation and maintenance of plant services	150,000	1,731	148,269
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>250,000</u>	<u>1,966</u>	<u>248,034</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>58,538</u>	<u>308,538</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>58,538</u>	<u>308,538</u>
<b>Fund balances (deficits), beginning of year</b>		359,903	359,903
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ 418,441</u>	<u>\$ 668,441</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 291,767	\$ 291,767	\$	\$ 100,189	\$ 100,189
	<u>291,767</u>	<u>291,767</u>		<u>100,189</u>	<u>100,189</u>
5,000	2,004	2,996	65,000	62,629	2,371
			3,000	1,046	1,954
			20,000	18,102	1,898
10,000	4,704	5,296	1,000	198	802
325,000	284,039	40,961			
17,800	12,050	5,750	1,000	431	569
<u>357,800</u>	<u>302,797</u>	<u>55,003</u>	<u>90,000</u>	<u>82,406</u>	<u>7,594</u>
<u>(357,800)</u>	<u>(11,030)</u>	<u>346,770</u>	<u>(90,000)</u>	<u>17,783</u>	<u>107,783</u>
<u>(357,800)</u>	<u>(11,030)</u>	<u>346,770</u>	<u>(90,000)</u>	<u>17,783</u>	<u>107,783</u>
	177,623	177,623		32,059	32,059
<u>\$ (357,800)</u>	<u>\$ 166,593</u>	<u>\$ 524,393</u>	<u>\$ (90,000)</u>	<u>\$ 49,842</u>	<u>\$ 139,842</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, 2016**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 94,496	\$ 94,496
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>94,496</u>	<u>94,496</u>
<b>Expenditures:</b>			
Current -			
Instruction	115,000	75,317	39,683
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	5,000	1,764	3,236
<b>Total expenditures</b>	<u>120,000</u>	<u>77,081</u>	<u>42,919</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(120,000)</u>	<u>17,415</u>	<u>137,415</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(120,000)</u>	<u>17,415</u>	<u>137,415</u>
<b>Fund balances (deficits), beginning of year</b>		25,678	25,678
<b>Fund balances (deficits), end of year</b>	<u>\$ (120,000)</u>	<u>\$ 43,093</u>	<u>\$ 163,093</u>

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 80,604	\$ 80,604	\$	\$ 10,062	\$ 10,062
	80,604	80,604		10,062	10,062
255,000	42,919	212,081			
50,000	12,068	37,932			
50,000	17,834	32,166	3,000	2,200	800
50,000	14,686	35,314			
405,000	87,507	317,493	3,000	2,200	800
(405,000)	(6,903)	398,097	(3,000)	7,862	10,862
(405,000)	(6,903)	398,097	(3,000)	7,862	10,862
	321,329	321,329		(716)	(716)
\$ (405,000)	\$ 314,426	\$ 719,426	\$ (3,000)	\$ 7,146	\$ 10,146

(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, 2016**

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9,232	\$ 9,232
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		9,232	9,232
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	10,000	6,625	3,375
Operation and maintenance of plant services	5,000	2,000	3,000
Student transportation services			
Operation of non-instructional services			
Capital outlay	15,000	13,705	1,295
<b>Total expenditures</b>	30,000	22,330	7,670
<b>Excess (deficiency) of revenues over expenditures</b>	(30,000)	(13,098)	16,902
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(30,000)	(13,098)	16,902
<b>Fund balances (deficits), beginning of year</b>		27,127	27,127
<b>Fund balances (deficits), end of year</b>	\$ (30,000)	\$ 14,029	\$ 44,029

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 445	\$ 445	\$	\$ 377	\$ 377
	445	445		377	377
5,200	727	4,473	25,000		25,000
5,200	727	4,473	25,000		25,000
(5,200)	(282)	4,918	(25,000)	377	25,377
(5,200)	(282)	4,918	(25,000)	377	25,377
	5,214	5,214			
\$ (5,200)	\$ 4,932	\$ 10,132	\$ (25,000)	\$ 377	\$ 25,377

(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, 2016**

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,215	\$ 1,215
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>1,215</u>	<u>1,215</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	128,000	60,244	67,756
Operation and maintenance of plant services	28,403	14,946	13,457
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>156,403</u>	<u>75,190</u>	<u>81,213</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(156,403)</u>	<u>(73,975)</u>	<u>82,428</u>
<b>Other financing sources (uses):</b>			
Transfer in		107,049	107,049
Transfer out			
<b>Total other financing sources (uses):</b>		<u>107,049</u>	<u>107,049</u>
<b>Changes in fund balances</b>	<u>(156,403)</u>	<u>33,074</u>	<u>189,477</u>
<b>Fund balances (deficits), beginning of year</b>		189,849	189,849
<b>Fund balances (deficits), end of year</b>	<u>\$ (156,403)</u>	<u>\$ 222,923</u>	<u>\$ 379,326</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 950,398	\$ 950,398
	229,006	229,006
	2,332,393	2,332,393
	3,511,797	3,511,797
1,508,548	958,467	550,081
497,865	334,595	163,270
294,617	120,673	173,944
183,403	18,677	164,726
11,000	4,902	6,098
1,675,000	1,613,869	61,131
562,055	235,632	326,423
4,732,488	3,286,815	1,445,673
(4,732,488)	224,982	4,957,470
	107,049	107,049
	(107,049)	(107,049)
(4,732,488)	224,982	4,957,470
	2,405,625	2,405,625
\$ (4,732,488)	\$ 2,630,607	\$ 7,363,095

(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**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Debt Service		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 4,490	\$ 4,490
Property taxes		1,842,751	1,842,751
<b>Total revenues</b>		1,847,241	1,847,241
<b>Expenditures:</b>			
Debt service -			
Principal retirement	1,220,000	1,220,000	
Interest and fiscal charges	796,719	676,118	120,601
<b>Total expenditures</b>	2,016,719	1,896,118	120,601
<b>Excess (deficiency) of revenues over expenditures</b>	(2,016,719)	(48,877)	1,967,842
<b>Other financing sources (uses):</b>			
Transfer in		2,636	2,636
<b>Total other financing sources (uses):</b>		2,636	2,636
<b>Changes in fund balances</b>	(2,016,719)	(46,241)	1,970,478
<b>Fund balances, beginning of year</b>		138,218	138,218
<b>Fund balances (deficits), end of year</b>	\$ (2,016,719)	\$ 91,977	\$ 2,108,696

## 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.

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

**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, 2016**

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Bond Building</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 480,885	\$ 103,248	\$ 234,786
Due from governmental entities			
Due from other funds	92,639		
<b>Total assets</b>	<u><u>\$ 573,524</u></u>	<u><u>\$ 103,248</u></u>	<u><u>\$ 234,786</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 60,253	\$	\$ 7,326
Due to governmental entities			
Due to other funds			
<b>Total liabilities</b>	<u>60,253</u>		<u>7,326</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	513,271	103,248	227,460
Unassigned			
<b>Total fund balances</b>	<u>513,271</u>	<u>103,248</u>	<u>227,460</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 573,524</u></u>	<u><u>\$ 103,248</u></u>	<u><u>\$ 234,786</u></u>

<u>Gifts and Donations - Capital</u>	<u>Building Renewal Grant</u>	<u>New School Facilities</u>	<u>Totals</u>
\$ 6,107	\$ 59,360	\$ 371,972	\$ 1,196,998
			59,360
			92,639
<u>\$ 6,107</u>	<u>\$ 59,360</u>	<u>\$ 371,972</u>	<u>\$ 1,348,997</u>
\$	\$	\$	\$ 67,579
		115,905	115,905
	59,360		59,360
	<u>59,360</u>	<u>115,905</u>	<u>242,844</u>
	59,360		59,360
6,107		256,067	1,106,153
	(59,360)		(59,360)
<u>6,107</u>	<u>(59,360)</u>	<u>256,067</u>	<u>1,046,793</u>
<u>\$ 6,107</u>	<u>\$ 59,360</u>	<u>\$ 371,972</u>	<u>\$ 1,348,997</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, 2016**

	Unrestricted Capital Outlay	Adjacent Ways	Bond Building
<b>Revenues:</b>			
Other local	\$ 9,233	\$ 1,318	\$ 2,636
Property taxes	4,689	1,166	
State aid and grants			
<b>Total revenues</b>	<u>13,922</u>	<u>2,484</u>	<u>2,636</u>
<b>Expenditures:</b>			
Capital outlay	241,994	150,243	979,607
Debt service -			
Principal retirement	58,642		
Interest and fiscal charges	7,740		
<b>Total expenditures</b>	<u>308,376</u>	<u>150,243</u>	<u>979,607</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(294,454)</u>	<u>(147,759)</u>	<u>(976,971)</u>
<b>Other financing sources (uses):</b>			
Transfer out			(2,636)
<b>Total other financing sources (uses):</b>			<u>(2,636)</u>
<b>Changes in fund balances</b>	<u>(294,454)</u>	<u>(147,759)</u>	<u>(979,607)</u>
<b>Fund balances, beginning of year</b>	807,725	251,007	1,207,067
<b>Fund balances (deficits), end of year</b>	<u>\$ 513,271</u>	<u>\$ 103,248</u>	<u>\$ 227,460</u>

Gifts and Donations - Capital	Emergency Deficiencies Correction	Building Renewal Grant	New School Facilities	Totals
\$ 40	\$	\$	\$ 1,922	\$ 15,149
	300	80,870		5,855
40	300	80,870	1,922	81,170
				102,174
	300	140,230	115,905	1,628,279
				58,642
				7,740
	300	140,230	115,905	1,694,661
40		(59,360)	(113,983)	(1,592,487)
				(2,636)
				(2,636)
40		(59,360)	(113,983)	(1,595,123)
6,067			370,050	2,641,916
\$ 6,107	\$	\$ (59,360)	\$ 256,067	\$ 1,046,793

**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, 2016**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9,233	\$ 9,233
Property taxes		4,689	4,689
State aid and grants			
<b>Total revenues</b>		<u>13,922</u>	<u>13,922</u>
<b>Expenditures:</b>			
Capital outlay	739,079	241,994	497,085
Debt service -			
Principal retirement	58,642	58,642	
Interest and fiscal charges	7,740	7,740	
<b>Total expenditures</b>	<u>805,461</u>	<u>308,376</u>	<u>497,085</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(805,461)</u>	<u>(294,454)</u>	<u>511,007</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(805,461)</u>	<u>(294,454)</u>	<u>511,007</u>
<b>Fund balances, beginning of year</b>		807,725	807,725
<b>Fund balances (deficits), end of year</b>	<u>\$ (805,461)</u>	<u>\$ 513,271</u>	<u>\$ 1,318,732</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,318 1,166	\$ 1,318 1,166	\$	\$ 2,636	\$ 2,636
	2,484	2,484		2,636	2,636
250,000	150,243	99,757	2,000,000	979,607	1,020,393
250,000	150,243	99,757	2,000,000	979,607	1,020,393
(250,000)	(147,759)	102,241	(2,000,000)	(976,971)	1,023,029
				(2,636)	(2,636)
				(2,636)	(2,636)
(250,000)	(147,759)	102,241	(2,000,000)	(979,607)	1,020,393
	251,007	251,007		1,207,067	1,207,067
\$ (250,000)	\$ 103,248	\$ 353,248	\$ (2,000,000)	\$ 227,460	\$ 2,227,460

(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, 2016**

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 40	\$ 40
Property taxes			
State aid and grants			
<b>Total revenues</b>		40	40
<b>Expenditures:</b>			
Capital outlay	10,000		10,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	10,000		10,000
<b>Excess (deficiency) of revenues over expenditures</b>	(10,000)	40	10,040
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(10,000)	40	10,040
<b>Fund balances, beginning of year</b>		6,067	6,067
<b>Fund balances (deficits), end of year</b>	\$ (10,000)	\$ 6,107	\$ 16,107

Emergency Deficiencies Correction		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	300	300
	300	300
	300	(300)
	300	(300)
\$	\$	\$

Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	80,870	80,870
	80,870	80,870
	140,230	(140,230)
	140,230	(140,230)
	(59,360)	(59,360)
	(59,360)	(59,360)
\$	\$ (59,360)	\$ (59,360)

(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, 2016**

	New School Facilities		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,922	\$ 1,922
Property taxes			
State aid and grants			
<b>Total revenues</b>		<u>1,922</u>	<u>1,922</u>
<b>Expenditures:</b>			
Capital outlay		115,905	(115,905)
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>		<u>115,905</u>	<u>(115,905)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(113,983)</u>	<u>(113,983)</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		<u>(113,983)</u>	<u>(113,983)</u>
<b>Fund balances, beginning of year</b>		370,050	370,050
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 256,067</u>	<u>\$ 256,067</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 15,149	\$ 15,149
	5,855	5,855
	81,170	81,170
	102,174	102,174
2,999,079	1,628,279	1,370,800
58,642	58,642	
7,740	7,740	
3,065,461	1,694,661	1,370,800
(3,065,461)	(1,592,487)	1,472,974
	(2,636)	(2,636)
	(2,636)	(2,636)
(3,065,461)	(1,595,123)	1,470,338
	2,641,916	2,641,916
\$ (3,065,461)	\$ 1,046,793	\$ 4,112,254

(This page intentionally left blank)

## **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, 2016**

	Student Activities	Employee Withholding	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 51,393	\$ 176,938	\$ 228,331
<b>Total assets</b>	<u>\$ 51,393</u>	<u>\$ 176,938</u>	<u>\$ 228,331</u>
<b><u>LIABILITIES</u></b>			
Deposits held for others	\$	\$ 176,938	\$ 176,938
Due to student groups	51,393		51,393
<b>Total liabilities</b>	<u>\$ 51,393</u>	<u>\$ 176,938</u>	<u>\$ 228,331</u>

**LIBERTY ELEMENTARY SCHOOL DISTRICT NO. 25**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<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	\$ 55,648	\$ 218,259	\$ 222,514	\$ 51,393
Total assets	\$ 55,648	\$ 218,259	\$ 222,514	\$ 51,393
<u>Liabilities</u>				
Due to student groups				
Estrella Mountain Elementary	16,339	41,044	47,397	9,986
Freedom Elementary	3,865	43,431	42,971	4,325
Liberty Elementary	3,382	27,595	29,509	1,468
Rainbow Valley Elementary	13,686	36,768	37,361	13,093
Westar Elementary	18,376	58,583	60,518	16,441
Las Brisas Academy		10,838	4,758	6,080
Total liabilities	\$ 55,648	\$ 218,259	\$ 222,514	\$ 51,393
<b><u>EMPLOYEE WITHHOLDING FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 176,635	\$ 74,041	\$ 73,738	\$ 176,938
Total assets	\$ 176,635	\$ 74,041	\$ 73,738	\$ 176,938
<u>Liabilities</u>				
Deposits held for others	\$ 176,635	\$ 74,041	\$ 73,738	\$ 176,938
Total liabilities	\$ 176,635	\$ 74,041	\$ 73,738	\$ 176,938
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 232,283	\$ 292,300	\$ 296,252	\$ 228,331
Total assets	\$ 232,283	\$ 292,300	\$ 296,252	\$ 228,331
<u>Liabilities</u>				
Accounts payable	\$	\$	\$	\$
Deposits held for others	176,635	74,041	73,738	176,938
Due to student groups	55,648	218,259	222,514	51,393
Total liabilities	\$ 232,283	\$ 292,300	\$ 296,252	\$ 228,331

(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>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 29,153,698	\$ 28,563,571	\$ 28,840,906	\$ 29,250,754	\$ 29,397,312
Restricted	2,673,769	3,259,355	3,433,081	3,188,755	3,772,475
Unrestricted	(17,189,897)	(17,450,800)	3,853,082	4,065,345	4,183,721
Total net position	<u>\$ 14,637,570</u>	<u>\$ 14,372,126</u>	<u>\$ 36,127,069</u>	<u>\$ 36,504,854</u>	<u>\$ 37,353,508</u>
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 29,118,437	\$ 28,758,453	\$ 29,029,092	\$ 28,578,468	\$ 25,073,908
Restricted	3,921,391	2,857,488	2,535,105	3,370,299	4,833,075
Unrestricted	5,375,515	5,033,376	4,379,479	3,702,777	2,963,402
Total net position	<u>\$ 38,415,343</u>	<u>\$ 36,649,317</u>	<u>\$ 35,943,676</u>	<u>\$ 35,651,544</u>	<u>\$ 32,870,385</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>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Expenses</b>					
Instruction	\$ 13,684,751	\$ 15,459,914	\$ 14,404,498	\$ 13,073,980	\$ 13,596,940
Support services - students and staff	2,340,161	2,629,217	2,611,092	2,446,468	2,307,311
Support services - administration	2,502,584	2,477,730	2,351,699	2,013,750	2,217,880
Operation and maintenance of plant services	2,131,655	2,035,983	2,204,599	1,910,020	1,943,648
Student transportation services	1,617,307	1,609,244	1,448,404	1,319,489	1,355,226
Operation of non-instructional services	1,657,404	1,462,727	1,471,056	1,364,627	1,647,565
Interest on long-term debt	665,594	618,213	361,891	389,262	419,633
Total expenses	<u>24,599,456</u>	<u>26,293,028</u>	<u>24,853,239</u>	<u>22,517,596</u>	<u>23,488,203</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	211,301	173,938	327,917	150,815	231,121
Operation of non-instructional services	586,253	620,953	595,648	577,067	582,378
Other activities	68,129	63,652	67,416	37,958	75,885
Operating grants and contributions	2,296,530	2,233,679	2,464,646	2,095,230	1,852,494
Capital grants and contributions	264,713	900,000		4,422	11,445
Total program revenues	<u>3,426,926</u>	<u>3,992,222</u>	<u>3,455,627</u>	<u>2,865,492</u>	<u>2,753,323</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (21,172,530)</u>	<u>\$ (22,300,806)</u>	<u>\$ (21,397,612)</u>	<u>\$ (19,652,104)</u>	<u>\$ (20,734,880)</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>					
Instruction	\$ 14,004,716	\$ 16,157,704	\$ 16,135,894	\$ 15,079,354	\$ 13,892,859
Support services - students and staff	3,355,221	3,635,574	3,865,880	2,804,493	2,172,785
Support services - administration	2,233,380	2,505,005	2,419,907	2,566,633	2,173,932
Operation and maintenance of plant services	1,870,887	1,963,396	1,982,572	1,663,750	1,801,369
Student transportation services	1,462,092	1,407,089	1,742,515	1,166,102	1,042,792
Operation of non-instructional services	1,468,807	1,360,355	1,453,700	1,429,857	1,145,730
Interest on long-term debt	454,568	417,715	369,084	451,265	259,437
Total expenses	<u>24,849,671</u>	<u>27,446,838</u>	<u>27,969,552</u>	<u>25,161,454</u>	<u>22,488,904</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	525,672	122,766	85,126	71,127	315,280
Operation of non-instructional services	514,466	531,586	718,406	662,985	795,758
Other activities	60,119	69,737	48,081	47,382	44,503
Operating grants and contributions	2,723,515	2,478,869	2,319,611	1,733,635	1,408,495
Capital grants and contributions	36,884	52,372	9,788	54,826	2,462
Total program revenues	<u>3,860,656</u>	<u>3,255,330</u>	<u>3,181,012</u>	<u>2,569,955</u>	<u>2,566,498</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (20,989,015)</u>	<u>\$ (24,191,508)</u>	<u>\$ (24,788,540)</u>	<u>\$ (22,591,499)</u>	<u>\$ (19,922,406)</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>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Net (Expense)/Revenue</b>	\$ (21,172,530)	\$ (22,300,806)	\$ (21,397,612)	\$ (19,652,104)	\$ (20,734,880)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	5,443,493	5,200,342	3,587,182	4,510,532	4,127,074
Property taxes, levied for debt service	1,832,253	1,809,762	1,139,311	1,117,231	991,448
Property taxes, levied for capital outlay	5,855	556,914	252,695		278,630
Investment income	36,774	54,862	17,409	29,722	43,382
Unrestricted county aid	1,196,593	1,327,338	1,305,396	1,107,370	1,269,037
Unrestricted state aid	12,741,901	14,111,398	14,572,046	11,890,131	12,813,371
Unrestricted federal aid	181,105	190,393	145,788	148,464	150,103
<b>Total general revenues</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><u>19,673,045</u></b>
<b>Changes in Net Position</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>	<b><u>\$ (1,061,835)</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><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Net (Expense)/Revenue</b>	\$ (20,989,015)	\$ (24,191,508)	\$ (24,788,540)	\$ (22,591,499)	\$ (19,922,406)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	6,655,706	6,449,469	6,154,980	5,173,394	4,235,475
Property taxes, levied for debt service	1,212,458	1,548,531	1,115,973	1,347,335	844,515
Property taxes, levied for capital outlay	26,020	227,228	139,567	637,347	284,015
Investment income	83,996	64,097	217,432	417,897	333,971
Unrestricted county aid	1,298,095	1,295,020			10,220
Unrestricted state aid	13,086,471	13,466,127	17,452,573	17,796,685	17,653,538
Unrestricted federal aid	392,295	1,846,677	147		69
<b>Total general revenues</b>	<u>22,755,041</u>	<u>24,897,149</u>	<u>25,080,672</u>	<u>25,372,658</u>	<u>23,361,803</u>
<b>Changes in Net Position</b>	<u>\$ 1,766,026</u>	<u>\$ 705,641</u>	<u>\$ 292,132</u>	<u>\$ 2,781,159</u>	<u>\$ 3,439,397</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 2006-07 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>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
General Fund:					
Nonspendable	\$	\$ 188,411	\$	\$	\$
Unassigned	3,758,292	3,332,181	2,486,099	2,702,598	3,021,786
Total General Fund	<u>\$ 3,758,292</u>	<u>\$ 3,520,592</u>	<u>\$ 2,486,099</u>	<u>\$ 2,702,598</u>	<u>\$ 3,021,786</u>
 All Other Governmental Funds:					
Restricted	2,865,023	4,337,493	3,399,302	3,145,608	6,086,381
Unassigned	(59,360)	(716)			
Total all other governmental funds	<u>\$ 2,805,663</u>	<u>\$ 4,336,777</u>	<u>\$ 3,399,302</u>	<u>\$ 3,145,608</u>	<u>\$ 6,086,381</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 2,160	\$	\$	\$	\$
Restricted	29,665				
Assigned	45,061				
Unassigned	3,704,382				
Reserved		269,421	16,484	262,206	48,799
Unreserved		1,199,432	52,582	983,337	788,495
Total General Fund	<u>\$ 3,781,268</u>	<u>\$ 1,468,853</u>	<u>\$ 69,066</u>	<u>\$ 1,245,543</u>	<u>\$ 837,294</u>
All Other Governmental Funds:					
Restricted	\$ 6,539,550	\$	\$	\$	\$
Reserved		59,782	78,307	20,048	12,900
Unreserved, reported in:					
Special revenue funds		1,566,136	1,520,961	1,312,067	1,163,686
Capital projects funds		6,403,109	3,108,505	6,638,930	5,303,446
Debt service fund		153,098	114,067	243,210	139,430
Total all other governmental funds	<u>\$ 6,539,550</u>	<u>\$ 8,182,125</u>	<u>\$ 4,821,840</u>	<u>\$ 8,214,255</u>	<u>\$ 6,619,462</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)**

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Federal sources:</b>					
Federal grants	\$ 1,194,039	\$ 1,229,560	\$ 1,143,409	\$ 1,074,355	\$ 1,043,838
Education Jobs					10,070
National School Lunch Program	1,138,354	1,002,165	1,024,363	906,669	893,875
Total federal sources	<u>2,332,393</u>	<u>2,231,725</u>	<u>2,167,772</u>	<u>1,981,024</u>	<u>1,947,783</u>
<b>State sources:</b>					
State equalization assistance	11,414,115	12,866,392	13,166,249	10,896,498	11,670,279
State grants	94,964	104,753	155,933	186,395	86,453
School Facilities Board	81,170			7,399	162,128
Other revenues	1,327,786	1,245,006	1,405,797	986,234	980,964
Total state sources	<u>12,918,035</u>	<u>14,216,151</u>	<u>14,727,979</u>	<u>12,076,526</u>	<u>12,899,824</u>
<b>Local sources:</b>					
Property taxes	7,511,374	7,529,571	5,022,991	5,575,310	5,586,547
County aid	1,196,593	1,327,338	1,305,396	1,107,370	1,269,037
Food service sales	295,541	300,046	308,722	311,076	293,202
Investment income	36,774	54,862	17,409	29,722	43,382
Other revenues	744,603	646,091	968,988	535,461	601,932
Total local sources	<u>9,784,885</u>	<u>9,857,908</u>	<u>7,623,506</u>	<u>7,558,939</u>	<u>7,794,100</u>
<b>Total revenues</b>	<u>\$ 25,035,313</u>	<u>\$ 26,305,784</u>	<u>\$ 24,519,257</u>	<u>\$ 21,616,489</u>	<u>\$ 22,641,707</u>

(Continued)

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

	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 1,426,876	\$ 3,246,180	\$ 933,590	\$ 911,651	\$ 816,911
State Fiscal Stabilization (ARRA)	152,614	1,846,677			
Education Jobs	656,179				
National School Lunch Program	792,364	824,100	749,009	674,266	497,781
Total federal sources	<u>3,028,033</u>	<u>5,916,957</u>	<u>1,682,599</u>	<u>1,585,917</u>	<u>1,314,692</u>
<b>State sources:</b>					
State equalization assistance	12,210,421	13,829,829	14,851,244	16,146,060	13,614,603
State grants	124,661	229,406	344,689	101,150	77,832
School Facilities Board				52,846	2,872,071
Other revenues	906,562	1,010,291	1,196,824	1,632,343	1,166,864
Total state sources	<u>13,241,644</u>	<u>15,069,526</u>	<u>16,392,757</u>	<u>17,932,399</u>	<u>17,731,370</u>
<b>Local sources:</b>					
Property taxes	7,994,632	7,920,166	6,986,882	7,014,216	5,393,505
County aid	1,298,095	1,295,020			10,220
Food service sales	291,928	296,397	405,350	400,854	411,991
Investment income	83,996	64,097	217,432	419,220	333,971
Other revenues	808,329	497,668	748,521	476,980	743,550
Total local sources	<u>10,476,980</u>	<u>10,073,348</u>	<u>8,358,185</u>	<u>8,311,270</u>	<u>6,893,237</u>
<b>Total revenues</b>	<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>	<u><u>\$ 25,939,299</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 2006-07 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>				
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 12,443,802	\$ 13,043,241	\$ 13,080,571	\$ 11,950,937	\$ 12,758,132
Support services - students and staff	2,277,933	2,530,307	2,568,727	2,405,877	2,274,461
Support services - administration	2,405,585	2,336,249	2,246,926	1,899,897	2,115,782
Operation and maintenance of plant services	2,091,671	1,966,489	2,169,928	1,885,058	1,916,071
Student transportation services	1,455,681	1,378,478	1,308,717	1,171,444	1,216,462
Operation of non-instructional services	1,639,233	1,421,955	1,457,022	1,348,469	1,463,603
Capital outlay	1,863,911	12,481,139	269,382	3,227,430	808,161
Debt service -					
Interest and fiscal charges	683,858	636,477	361,891	389,262	419,633
Principal retirement	1,278,642	1,371,268	1,018,898	900,458	879,893
Bond issuance costs		246,894			
<b>Total expenditures</b>	<u><u>\$ 26,140,316</u></u>	<u><u>\$ 37,412,497</u></u>	<u><u>\$ 24,482,062</u></u>	<u><u>\$ 25,178,832</u></u>	<u><u>\$ 23,852,198</u></u>
Expenditures for capitalized assets	\$ 1,577,733	\$ 11,406,220	\$ 52,621	\$ 3,092,507	\$ 700,745
Debt service as a percentage of noncapital expenditures	8%	8%	6%	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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 12,725,673	\$ 14,685,416	\$ 14,896,604	\$ 13,834,156	\$ 11,706,030
Support services - students and staff	3,242,541	3,547,805	3,657,075	2,770,848	1,947,296
Support services - administration	2,082,565	2,213,209	2,282,349	2,413,854	2,044,691
Operation and maintenance of plant services	1,602,674	2,087,050	1,722,345	1,782,749	1,776,164
Student transportation services	1,214,837	1,268,183	1,174,720	994,646	936,659
Operation of non-instructional services	1,241,916	1,324,822	1,423,534	1,353,452	1,111,129
Capital outlay	2,235,466	1,140,095	4,894,828	5,193,151	4,885,163
Debt service -					
Judgments against the district			9,033		
Interest and fiscal charges	454,568	393,971	369,084	442,479	259,437
Principal retirement	949,534	1,393,199	1,135,398	1,187,978	784,989
Bond issuance costs		68,705		85,324	
<b>Total expenditures</b>	<u>\$ 25,749,774</u>	<u>\$ 28,122,455</u>	<u>\$ 31,564,970</u>	<u>\$ 30,058,637</u>	<u>\$ 25,451,558</u>
Expenditures for capitalized assets	\$ 1,424,826	\$ 230,365	\$ 3,807,175	\$ 4,702,924	\$ 3,028,697
Debt service as a percentage of noncapital expenditures	6%	6%	5%	6%	5%

**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)**

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,105,003)	\$ (11,106,713)	\$ 37,195	\$ (3,562,343)	\$ (1,210,491)
<b>Other financing sources (uses):</b>					
General obligation bonds issued		12,525,000			
Premium on sale of bonds		365,270			
Capital lease agreements				302,382	
Transfers in	109,685	240,194	67,895	129,779	51,532
Transfers out	(109,685)	(240,194)	(67,895)	(129,779)	(51,532)
Total other financing sources (uses)		12,890,270		302,382	
<b>Changes in fund balances</b>	<u>\$ (1,105,003)</u>	<u>\$ 1,783,557</u>	<u>\$ 37,195</u>	<u>\$ (3,259,961)</u>	<u>\$ (1,210,491)</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 996,883	\$ 2,937,376	\$ (5,131,429)	\$ (2,229,051)	\$ 487,741
<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		532,685
Transfers in	100,671	46,894	137,621	181,324	89,561
Transfers out	(100,671)	(46,894)	(137,621)	(181,324)	(89,561)
Total other financing sources (uses)		3,434,961	750,000	4,011,538	532,685
<b>Changes in fund balances</b>	<u>\$ 996,883</u>	<u>\$ 6,372,337</u>	<u>\$ (4,381,429)</u>	<u>\$ 1,782,487</u>	<u>\$ 1,020,426</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 26,973,496	\$ 25,621,205	\$ 24,778,956	\$ 25,160,981	\$ 25,135,960
Agricultural and Vacant	34,925,496	35,104,120	40,142,791	46,429,446	57,410,628
Residential (Owner Occupied)	94,053,403	86,634,043	79,833,152	93,611,137	100,982,339
Residential (Rental)	40,562,967	34,209,353	25,565,807	12,167,975	11,271,010
Railroad, Private Cars and Airlines	<u>719,103</u>	<u>755,119</u>	<u>644,443</u>	<u>616,341</u>	<u>526,487</u>
Total	<u>\$ 197,234,465</u>	<u>\$ 182,323,840</u>	<u>\$ 170,965,149</u>	<u>\$ 177,985,880</u>	<u>\$ 195,326,424</u>
Gross Full Cash Value	\$ 2,287,258,202	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026	\$ 1,851,483,082
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	10%	10%	11%
Total Direct Rate	4.28	4.50	3.46	3.54	3.20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 23,499,405	\$ 28,154,934	\$ 21,953,206	\$ 20,553,320	\$ 17,023,904
Agricultural and Vacant	102,615,681	109,069,747	90,384,861	61,391,482	42,271,425
Residential (Owner Occupied)	122,434,140	148,510,088	131,391,622	103,804,060	77,765,908
Residential (Rental)	11,476,093	12,315,719	9,922,336	6,640,085	4,459,469
Railroad, Private Cars and Airlines	<u>523,279</u>	<u>524,715</u>	<u>597,316</u>	<u>636,495</u>	<u>851,107</u>
Total	<u>\$ 260,548,598</u>	<u>\$ 298,575,203</u>	<u>\$ 254,249,341</u>	<u>\$ 193,025,442</u>	<u>\$ 142,371,813</u>
Gross Full Cash Value	\$ 2,687,111,831	\$ 3,428,239,276	\$ 3,485,058,127	\$ 2,484,096,080	\$ 1,522,064,331
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	9%	7%	8%	9%
Total Direct Rate	3.30	2.47	2.70	3.62	4.01

**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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 27,381,765	\$ 25,757,638	\$ 24,818,644	\$ 25,188,844	\$ 25,290,926
Agricultural and Vacant	44,866,664	37,510,025	41,737,178	47,906,892	59,017,604
Residential (Owner Occupied)	114,320,834	94,200,096	80,015,764	93,842,229	101,142,268
Residential (Rental)	48,358,725	37,144,643	25,694,442	12,207,904	11,312,386
Railroad, Private Cars and Airlines	<u>732,164</u>	<u>761,747</u>	<u>650,155</u>	<u>627,233</u>	<u>583,523</u>
Total	<u>\$ 235,660,152</u>	<u>\$ 195,374,149</u>	<u>\$ 172,916,183</u>	<u>\$ 179,773,102</u>	<u>\$ 197,346,707</u>
Gross Full Cash Value	\$ 2,287,258,202	\$ 1,897,740,811	\$ 1,651,731,663	\$ 1,700,703,026	\$ 1,851,483,082
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	11%	11%
Total Direct Rate	4.28	4.50	3.46	3.54	3.20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 24,890,490	\$ 30,640,973	\$ 23,632,769	\$ 21,840,566	\$ 17,589,803
Agricultural and Vacant	121,432,487	168,559,638	157,391,388	96,440,889	63,319,526
Residential (Owner Occupied)	123,435,812	158,705,573	183,054,342	142,399,088	79,621,923
Residential (Rental)	11,877,500	13,508,158	13,886,624	8,990,775	4,651,791
Railroad, Private Cars and Airlines	<u>619,115</u>	<u>613,242</u>	<u>668,349</u>	<u>697,986</u>	<u>897,117</u>
Total	<u>\$ 282,255,404</u>	<u>\$ 372,027,584</u>	<u>\$ 378,633,472</u>	<u>\$ 270,369,304</u>	<u>\$ 166,080,160</u>
Gross Full Cash Value	\$ 2,687,111,831	\$ 3,428,239,276	\$ 3,485,058,127	\$ 2,484,096,080	\$ 1,522,064,331
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Total Direct Rate	3.30	2.47	2.70	3.62	4.01

**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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
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	16	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	21 %	22 %	23 %	24 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	17	18	20	21	22

**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>			
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
2007	0.00	1.18	1.06	0.20	0.12	1.17	1.59	1.34	3.29	2.37	1.64	4.01

**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	2016			2007	
	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	4.48 %		\$ 21,092,180	12.70 %
Nnp III Estrella Mountain Ranch LLC	3,525,957	1.79			
Nevada Holding Co LP	2,296,060	1.16			
Kdcnc LLC	2,206,288	1.12			
Nnp III Emr 3 LLC	1,470,920	0.75			
Southwest Gas Corporation (T&D)	1,453,866	0.74			
Transwestern Pipeline Company LLC	1,297,981	0.66			
He Capital Kr LLC	1,103,188	0.56			
Kinder Morgan	1,051,401	0.53			
Broadway Goodyear LLC	1,032,682	0.52			
Sunchase Estrella Limited Partnership				5,812,806	3.50
El Paso Electric Co.				2,325,122	1.40
Bryant Bartolone				2,159,042	1.30
Southern California Edison Co.				2,159,042	1.30
El Paso Natural Gas Co.				1,494,721	0.90
SFPP Limited Partnership				1,328,641	0.80
U.S. West Communications, Inc.				1,328,641	0.80
All American Pipeline Company				1,162,561	0.70
Tucson Electric Power Co.				996,481	0.60
Total	<u>\$ 24,273,604</u>	<u>12.31 %</u>		<u>\$ 39,859,237</u>	<u>24.00 %</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>
2016	\$ 8,391,896	\$ 8,178,369	97.46 %	\$	\$ 8,178,369	97.46 %
2015	8,397,021	7,987,636	95.12	394,582	8,382,218	99.82
2014	5,921,716	5,499,209	92.87	413,658	5,912,867	99.85
2013	6,328,989	5,909,754	93.38	412,302	6,322,056	99.89
2012	6,234,106	5,814,865	93.28	331,047	6,145,912	98.59
2011	8,998,440	7,400,298	82.24	1,591,704	8,992,002	99.93
2010	8,878,697	7,882,240	88.78	706,314	8,588,554	96.73
2009	8,114,287	7,270,097	89.60	765,991	8,036,088	99.04
2008	8,081,505	7,488,797	92.67	591,918	8,080,715	99.99
2007	6,106,784	5,849,703	95.79	256,119	6,105,822	99.98

**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				
	General Obligation Bonds	Less:	Total	Percentage of Estimated Actual Value	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
		Amounts Restricted for Principal									
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	
2007	6,625,000	710,000	5,915,000	0.39	533	457,696	7,082,696	0.47	638	5.87	

**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, 2016**

<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>18,708,552</u>
Total Direct and Overlapping Debt			<u>\$ 80,995,008</u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	9.36	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,633	
As a Percentage of Net Limited Assessed Valuation	40.94	%
As a Percentage of Gross Full Cash Value	3.53	%

**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, 2015 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 2015:**

Net full cash assessed valuation	\$ 235,660,152
Debt limit (10% of assessed value)	23,566,015
Debt applicable to limit	18,255,000
Legal debt margin	<u>\$ 5,311,015</u>

**Total Legal Debt Margin Calculation for Fiscal Year 2015:**

Net full cash assessed valuation	\$ 235,660,152
Debt limit (15% of assessed value)	35,349,023
Debt applicable to limit	18,255,000
Legal debt margin	<u>\$ 17,094,023</u>

**Fiscal Year Ended June 30**

	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
Debt Limit	\$ 35,349,023	\$ 29,306,122	\$ 25,937,427	\$ 26,965,965	\$ 29,602,006
Total net debt applicable to limit	<u>18,255,000</u>	<u>19,570,000</u>	<u>7,845,000</u>	<u>8,595,000</u>	<u>9,330,000</u>
Legal debt margin	<u>\$ 17,094,023</u>	<u>\$ 9,736,122</u>	<u>\$ 18,092,427</u>	<u>\$ 18,370,965</u>	<u>\$ 20,272,006</u>
Total net debt applicable to the limit as a percentage of debt limit	52%	67%	30%	32%	32%

	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Debt Limit	\$ 42,338,311	\$ 55,804,138	\$ 56,795,021	\$ 40,555,396	\$ 24,912,024
Total net debt applicable to limit	<u>10,140,000</u>	<u>11,265,000</u>	<u>8,835,000</u>	<u>9,850,000</u>	<u>6,625,000</u>
Legal debt margin	<u>\$ 32,198,311</u>	<u>\$ 44,539,138</u>	<u>\$ 47,960,021</u>	<u>\$ 30,705,396</u>	<u>\$ 18,287,024</u>
Total net debt applicable to the limit as a percentage of debt limit	24%	20%	16%	24%	27%

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

**Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

**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>
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
2006	3,792,675	120,716,738	33,178	3.5	11,107

**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	2016			2007		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State of Arizona	31,800	1.69	%	49,305	2.68	%
Banner Health Systems	27,200	1.45		16,400	0.89	
Wal-Mart Stores Inc.	21,000	1.12		28,800	1.57	
City of Phoenix	14,421	0.77		14,166	0.77	
Maricopa County	12,800	0.68		13,274	0.72	
Arizona State University	12,200	0.65		11,533		
Wells Fargo Company	12,000	0.64		11,800	0.64	
Fry's Food and Drug Stores	11,000	0.58		11,780		
Intel Corp.	10,800	0.57				
Honor Health	10,500	0.56				
U.S. Postal Service				11,700	0.64	
Honeywell				10,700	0.58	
Total	163,721	8.71	%	179,458	8.49	%
Total employment	1,880,900			1,838,500		

**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>				
	<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>Supervisory</b>					
Consultants/supervisors of instruction	3	3	3	1	1
Principals	6	5	5	5	5
Assistant principals		1	1	1	1
Total supervisory	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>7</u>
<b>Instruction</b>					
Teachers	170	182	187	187	185
Other professionals (instructional)	29	34	49	44	57
Total instruction	<u>199</u>	<u>216</u>	<u>236</u>	<u>231</u>	<u>242</u>
<b>Student Services</b>					
Librarians	1	3	3	3	
Total student services	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>	
<b>Support and Administration</b>					
Service workers	64	56	55	48	51
Other classified	47	45	38	42	64
Total support and administration	<u>111</u>	<u>101</u>	<u>93</u>	<u>90</u>	<u>115</u>
<b>Total</b>	<u><u>320</u></u>	<u><u>329</u></u>	<u><u>341</u></u>	<u><u>331</u></u>	<u><u>364</u></u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Supervisory</b>					
Consultants/supervisors of instruction	1	1	1	3	4
Principals	5	5	5	5	5
Assistant principals	1	1	1	1	
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>	<u>9</u>
<b>Instruction</b>					
Teachers	194	224	229	232	213
Other professionals (instructional)	52	63	81	64	71
Total instruction	<u>246</u>	<u>287</u>	<u>310</u>	<u>296</u>	<u>284</u>
<b>Student Services</b>					
Librarians	5	5	5	5	5
Total student services	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Support and Administration</b>					
Service workers	52	58	69	63	78
Other classified	53	55	69	39	38
Total support and administration	<u>105</u>	<u>113</u>	<u>138</u>	<u>102</u>	<u>116</u>
<b>Total</b>	<u><u>363</u></u>	<u><u>412</u></u>	<u><u>460</u></u>	<u><u>412</u></u>	<u><u>414</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>
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
2007	3,102	19,521,969	6,293	(0.53)	22,488,904	7,250	8.01	284	10.9	33.1

**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>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>2007</u></b>
<b><u>Schools</u></b>										
<b><u>Elementary</u></b>										
Buildings	38	33	33	32	32	32	32	31	31	31
Square feet	433,474	370,963	370,963	360,304	360,304	360,304	360,304	347,804	340,396	338,836
Capacity	4,602	3,926	3,926	3,851	3,851	3,851	3,851	3,851	3,851	3,851
Enrollment	3,442	3,362	3,357	3,309	3,284	3,628	3,684	3,823	2,578	3,102
<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	2	1	1	1	1	1	1	1	1	1
Baseball/softball	11	10	10	10	10	10	10	10	10	10
Playgrounds	14	12	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)