



ADOPTED BUDGET 2023-24



Kyrene School District
8700 South Kyrene Road
Tempe, AZ 85284
www.kyrene.org



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

KYRENE SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2022-2023.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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EXECUTIVE SUMMARY



Message from the Superintendent and CFO

Kyrene Community,

It is with great pride that we present the 2023-24 Kyrene Elementary School District Budget Annual Report. This report provides the Kyrene community with a window into the overall budget process, in the interest of transparency, accountability and public edification. It is important to Kyrene that our stakeholders understand how resources are aligned with educational outcomes, so we may illustrate both our challenges and our triumphs, as we strive to ensure all Kyrene students are **Ready for the Future in high school, college, career and life.**

Kyrene has been educating children since 1888, and over the past 135 years, we have worked hard to establish a reputation for delivering excellence in education. We achieve that excellence through the commitment of our school leaders, our educators, our families and our extended Kyrene community. In line with our District's reputation for outstanding achievement, Kyrene is also a leader among Arizona districts in fiscal responsibility, directing significantly more dollars to the classroom when compared to peer and state averages.

This report represents a comprehensive, detailed accounting of the District's financial profile. It reflects the District's efforts to implement best practices in budgeting and financial management throughout all areas of the organization. It is also an opportunity to highlight some of the important work taking place across the District and to help our community understand more about our financial processes.

A New Roadmap for the Future

In 2023, Kyrene launched a new five-year strategic plan: **Thrive! Ready for the Future.** The District began developing the plan in 2022, when public education was emerging from the greatest challenges it had ever faced, in a landscape that had been fundamentally transformed. For Kyrene, this presented an opportunity, and as the District engaged thousands of stakeholders in the visioning process, a new picture emerged: of a district that measures its achievement not only on the success of its current preK-8 students but on whether they are prepared for success in high school, college, career and life.

Educating the future of our community and our world is no small feat, and designing a system that ensures each and every student is set up to succeed and can feel as big as launching a person into space. In 1962, President John F. Kennedy was touring NASA when he stopped a janitor to ask what he was doing. The janitor looked at the President and told him, "I'm helping to put a man on the moon." And, together, they did it! That moment in history demonstrates what's possible when everyone in a system has the same driving force and a common goal, whether in the White House or in the halls of NASA.

Just as it takes significant funding to put a man on the moon, it will take funding and resources to ensure a successful strategic plan. There must also be alignment between the available financial resources, desired outcomes and goals across our district. This requires careful budgeting, clear communication and sound fiscal planning to support a strategic plan that will ensure students are ready for the future. The 2023-24 budget aligns resources to the goals of the new strategic plan, with an emphasis on first year initiatives.

Integrity in Budget Planning

Developing a budget that addresses current realities while also planning for the future is a monumental challenge, and we wish to express our gratitude for everyone who played a part in preparing a balanced budget and for all who contributed to this report, so we can share our work with the community. We have organized our Budget Annual Report into the following sections:

1. The Executive Summary is a brief summation and overview of all the information contained in the report.
2. The Organizational Section provides information about Kyrene School District's vision, mission and core values as well as an overview of budget policies and statutory requirements.
3. The Financial Section contains the budget itself, with details by fund for each major budget category.
4. The Information Section includes additional data and measures that play a role in developing the budget.

We hope this report is illuminating and demonstrative of Kyrene's efforts to lead Arizona school districts into the future through sound financial management and expert budgetary planning. While much has changed over the last century, one thing remains constant: We put students at the heart of everything we do, and that commitment is reflected in our 2023-24 budget.



Laura Toenjes, Superintendent



Chris Herrmann, Associate Superintendent and Chief Financial Officer



Organizational Overview

About Kyrene

Kyrene Elementary School District is one of Arizona's leading public school districts, providing excellence in education for 135 years. Kyrene comprises 26 schools: 17 elementary, six middle, and three K-8, including a digital academy with live online instruction. Kyrene's district boundaries are located within Maricopa County and encompass all of Ahwatukee in Phoenix, south Tempe, West Chandler and parts of Guadalupe and the Gila River Indian Reservation. Kyrene enrolls approximately 14,000 students in grades K-8 and offers preschool options on 18 school campuses. Team Kyrene is made up of 1,800 educators, including teachers, leaders and education support professionals.

Kyrene offers a comprehensive K-8 program. Examples of program offerings include world languages (Spanish and Mandarin), STEM, college prep, fine arts, performing arts, and computer science immersion. Kyrene is also home to a Traditional Academy, an International Baccalaureate (IB) World School, a Digital Academy and K-8 Dual Language curriculum at four locations (two elementary and two middle schools).

Preschool options include dual language, leadership and arts integration programs as well as project-based and self-directed learning programs. Integrated preschool programs are taught by certified staff. They serve both students with developmental needs as well as their typically developing peers. Kyrene also offers an impressive selection of courses and program options that occur before, during and after school hours.

Strategic Plan

The Kyrene Strategic Plan 2023-2028, *Thrive! Ready for the Future* is a comprehensive roadmap outlining the Kyrene community's shared vision for the future, the transformation needed to realize that vision, and specific goals to reach by 2028. Strategic planning is an active, continuous improvement process with oversight by the Kyrene Governing Board. Accordingly, the plan itself is a dynamic one, with room for reflection and progress checks along the way.

The strategic plan was developed with the collective input and collaboration of a diverse range of stakeholders, including families, teachers, staff, students and community members.

As the District engaged thousands of stakeholders in the visioning process, a new picture emerged: of a district that measures its achievement not only on the success of its current preK-8 students but on whether they are prepared for success in high school, college, career and life.

A strategic plan must be built on a solid foundation. Kyrene established that foundation through the development of several cornerstone pieces that provide the framework on which the entire strategic plan is built. Each cornerstone serves a different purpose: defining what makes Team Kyrene exceptional, identifying the traits that will prepare our students to excel, and establishing Kyrene's promise for the future.

The Kyrene Promise is a vision and a mission all rolled into one unifying commitment. The Governing Board adopted the promise language to express both the action and the expected outcome if Kyrene creates the right environments and circumstances for student success.

Kyrene's Key Values are the traits we embody as educators. Every single employee in Kyrene plays a role in the education of each child. Our shared values define who we are and what it takes to meet our responsibilities to students, to each other and to our community.

The Portrait of a Kyrene Kid reflects our community’s collective vision of the skills, traits and competencies each of our students should exemplify by the time they complete grade 8, in preparation for high school, college, career and life.

The Kyrene Promise

We promise to provide welcoming, inclusive learning environments in which every student is honored, valued, and feels a strong sense of belonging and purpose.

We promise to provide rigorous, responsive learning environments in which every student is given what they need to develop knowledge, skills, confidence, and a passion for learning.

We promise to provide vibrant, world class learning environments in which every student believes they are empowered and prepared to make a meaningful impact on a rapidly changing world.

Kyrene Key Values

Connection: We build and maintain trusting relationships so that our students, families and staff are seen, heard, and valued.

Compassion: We treat and respond to others with dignity, understanding, empathy, and kindness.

Courage: We possess the moral and mental strength to do what is right, even when it is challenging.

Collaboration: Together, we make a difference, by learning and working in unity to deliver excellence for our students, colleagues and community.

Curiosity: We reach beyond our comfort zone to explore innovative and unconventional ideas with a sense of wonder.

Portrait of a Kyrene Kid

Adaptable Learner: I possess the desire to learn, unlearn, and re-learn. I believe in the ability to master challenging concepts and demonstrate positive attitudes about learning.

Self-Advocate: I demonstrate personal agency. I possess confidence in my ability to reflect, overcome adversity, appropriately express needs, and act with purpose.

Community Contributor: I pursue opportunities, actions and contributions that positively impact the community and the world. I demonstrate global and cultural citizenship through empathy and respect for others.

Communicator: I articulate thoughts and ideas effectively, using spoken, written, and nonverbal skills in a variety of forms and contexts. I listen effectively to interpret meaning and intentions.

Critical Thinker: I demonstrate thinking that is clear, rational, open-minded, and informed by evidence. I am able to analyze and evaluate difficult or complex situations, and I ask questions to further understanding.

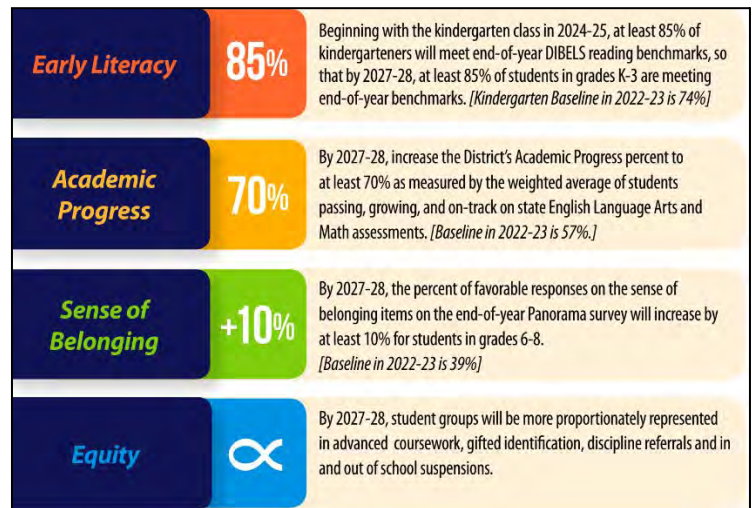
Problem Solver: I exhibit steadfastness in achieving success despite difficulty, opposition, or failure. I am able to identify and prioritize solutions.

Collaborator: I engage with others by honoring and leveraging diverse perspectives and strengths to achieve shared goals.

District Goals

Kyrene goals focus on student outcomes in the areas of early literacy, academic progress, sense of belonging and equity. Each area has an identified target with expected outcomes to be achieved over the next five years. These goals serve to create alignment of resources, systems, and organizational design to hold the District accountable on how to best meet the needs of each student.

By creating a scorecard that includes measures focusing on academic, social emotional, and equity, the District addresses the whole child and the environment in which they learn.



Early literacy is defined by the percentage of students in grades K-3 who are able to demonstrate grade-level reading competencies.

Academic Progress is a weighted calculation that uses student performance from state assessments in the subject areas of math and English language arts.

Sense of Belonging is a measurement that calculates the percent of items that students mark favorably (agree/strongly agree) illustrating their agreement that their experiences align to items that indicate a sense of belonging.

Equity defines a collection of measures that focus on improving student representation in identified populations for which they were disproportionately represented at the start of the plan.

Financial Goals and Costs

Another component in developing the strategic plan includes dedicating sufficient financial resources to support Kyrene's district-wide goals. Governing Board policies guide and impact the development of the annual budget. Beginning with the 2023-24 fiscal year, Kyrene adopted a new format and naming format for its overall district and financial Governing Board policies. In this document, all references to policies, policy regulations and policy names will refer to the Governing Board policies that were in place during the 2022-23 fiscal year as these were the policies in place when developing the 2023-24 budget. The new policy names that are in effect for the 2023-24 fiscal year will be referenced in next year's budget document. The following budget policies have been adopted by the Kyrene Governing Board and were used to guide the preparation and administration of this budget.

Policy Regulation DB-R was developed and implemented in 2020 to ensure that budget practices are consistent with supporting strategic objectives to produce the most benefits for students. Elements from Policy Regulation DB-R include:

- Prepare and produce an annual balanced budget to the Governing Board.
- Create budget processes with fiscal responsibility and transparency to ensure financial resources are allocated to support the highest level of student achievement.
- Develop a five-year plan for curriculum activities.
- Develop a ten-year Capital Master Plan for district-wide facilities.

Through the budget development process, resources are aligned with the goals and objectives defined in the District’s strategic plan. The long-term plans for curriculum and facilities are critical components of the budget. These costs are significant, so the commitment to invest and fund these areas in the budget must be consistent with the overall goals and objectives of the District. For the 2023-24 adopted budget, the following funding has been committed to support Kyrene’s strategic capital needs for curriculum and facilities:

Curriculum Capital Plan

(\$ Millions)

Category	2023-24 Budget
English and Spanish Language Arts	\$0.6
Mathematics	\$0.2
Science	\$1.1
Electives	\$0.1
Assessment and General Resources	\$0.8
Intervention and Special Education	\$0.5
Total	\$3.3

Facilities Capital Master Plan

(\$ Millions)

Category	2023-24 Budget
Maintain Schools	\$27.9
Transportation	\$0.6
Total	\$28.5

Additionally, \$2.4M of funding has also been committed to support Kyrene’s new strategic plan. This money was available due to budget capacity created in the 2022-23 fiscal year primarily from lower expenses due to vacant positions and lower overall medical expenses. Although this money is likely to be spent over the next five years, for budgeting purposes the entire amount has been included in the 2023-24 budgeted amounts. At the end of the 2023-24 fiscal year, any remaining funding from this category will be carried over into the next fiscal year’s budget.

Budget Development Process

The budget development process is designed to create fiscal responsibility and transparency and ensure maximum financial resources are allocated to support student achievement while also creating the most benefits for students. The District uses a zero-based budgeting method in building and developing annual budgets, meaning that expenditures for each operational area begin at zero, and any proposed expenditure must be reviewed, justified and approved each year. Through the budget development process, resources are aligned with the goals and objectives defined in the District’s strategic plan and are continuously evaluated using a cost-benefit analysis.

Consistent with Governing Board budget policy regulations, each year the District prepares and presents a balanced budget to the Governing Board for approval. This practice is essential because it ensures financial decisions are sustainable and will not jeopardize the long-term fiscal health of the District. The budget is considered balanced when total expenditures are equal to or less than total revenues. The District also considers the budget to be balanced in instances when fund balances from previous years are spent on one-time or non-routine expenditures. This situation is especially prevalent with state and federal grants as funding can be received in a different fiscal year vs. when the actual spending takes place. It can also be the case in the category of capital spending as budgeted expenditures are often dependent on the issuance of bonds, so there are often timing issues between when bond revenue is received vs. when the actual expenditure takes place.

Operating Budget

The District operates under an annual budget, with fiscal years beginning July 1 and ending June 30. Budget development is a year-round process that involves the Legislature, community, employees and the Governing Board. The budget development process begins in the fall, right after the school year begins.

During this time, the District reviews its long-term strategic plan and sets goals and objectives for the upcoming fiscal year. This includes working closely with directors and school leaders to identify and prioritize any strategic priorities that will have an impact on the annual budget. For any new programs impacting the budget, a cost-benefit analysis is performed to ensure measurable goals are in place to evaluate the effectiveness of these programs in the future.

In January, the Governor’s office presents a statewide budget proposal. Although this proposal ultimately does not become the final state budget, this is typically when the District has the first opportunity to see any proposed changes that could occur in state funding. Ultimately, both the House and Senate of the Arizona Legislature must agree and approve the elements of the state’s budget, and this activity typically occurs in late spring or early summer. The state budget becomes law and is finalized once signed by the Governor. The District does not know its final funding until the state ultimately passes and approves a statewide budget for the coming year.

From January through May, ongoing work takes place with directors, principals, and department leaders to develop a detailed operating budget for the upcoming fiscal year. This involves the areas of organizational staffing, departmental spending, capital planning and estimating revenue projections.

Employee compensation is also determined through a collaborative process with various employee groups. Because the state ultimately determines the District’s funding level, and available resources are often not



adequate to address all the needs of the District, all spending requests are reviewed and prioritized before anything becomes finalized in the budget. This process ensures that any funding decisions are sustainable for the long-term.

Public budget presentations take place during board meetings throughout the spring as information becomes known and decisions are finalized. In late June the proposed budget is presented to the Governing Board, and the Board votes to adopt the budget at a public hearing held in early July. Per Arizona statute, the expenditure budget must be adopted by July 15.

Capital Budget

The development of the capital budget occurs concurrently with the creation of the District’s operating budget. Capital budgets typically involve areas such as facilities, technology and curriculum. Each of these areas develops a long-range plan that identifies both short-term and long-term needs. Like the operating budget, the capital budget is aligned with and incorporates the priorities identified in the District’s strategic plan. Development of the capital budget involves collaboration among directors, school leaders and project managers to ensure resources are allocated optimally to support student achievement. Once developed, the capital budget is also presented to the Governing Board and community as part of the spring budget presentations.

The collage features several key educational graphics:

- THE KYRENE PROMISE:** A central graphic with three pillars:
 - WE PROMISE** to provide welcoming, inclusive learning environments in which every student is honored, valued, and feels a strong sense of belonging and purpose.
 - WE PROMISE** to provide rigorous, responsive learning environments in which every student is given what they need to develop knowledge, skills, confidence, and a passion for learning.
 - WE PROMISE** to provide vibrant, world class learning environments in which every student believes they are empowered and prepared to make a meaningful impact on a rapidly changing world.
- KYRENE KEY VALUES:** A graphic listing five values:
 - CONNECTION:** We build and maintain trusting relationships so that our students, families and staff are seen, heard and valued.
 - COMPASSION:** We treat and respond to others with dignity, understanding, empathy and kindness.
 - COURAGE:** We possess the moral and mental strength to do what is right, even when it is challenging.
 - COLLABORATION:** Together, we make a difference by learning and working in unity to deliver excellence for our students, colleagues and community.
 - CURIOSITY:** We reach beyond our comfort zone to explore innovative and unconventional ideas with a sense of wonder.
- KYRENE STRATEGIC PLAN 2023-2028:** A graphic with the theme **THRIVE! READY FOR THE FUTURE** and the motto **HIGH SCHOOL. COLLEGE. CAREER. LIFE.**
- READY FOR THE FUTURE:** A graphic with the Kyrene School District logo.

Budget Timeline and Calendar

Date	Budget Type	Activity	Authority
By July 5	Proposed Expenditure Budget	An electronic copy of the proposed expenditure budget must be prepared and furnished to the Superintendent of Public Instruction and the county school superintendent, unless waived by the county school superintendent. Districts that maintain a website must provide a link on their website to the proposed budget summary on ADE's website.	A.R.S. §15-905(A)
By July 5	Proposed Expenditure Budget	Not later than July 5, but at least 10 days prior to the governing board meeting to adopt the proposed expenditure budget, a copy of the proposed expenditure budget or budget summary, and a notice of the public hearing and governing board meeting must be published in a newspaper of general circulation within the district, posted on the Arizona Department of Education's (ADE) website, or mailed to each household in the district.	A.R.S. §15-905(C)
By July 15	Proposed Expenditure Budget	The proposed expenditure budget must be presented at a public hearing immediately followed by a governing board meeting to adopt the budget.	A.R.S. §15-905(B), (D), and (E)
By July 18	Adopted Expenditure Budget	The adopted expenditure budget must be submitted to the county school superintendent and the Superintendent of Public Instruction and posted on ADE's website. Districts that maintain a website must provide a link on their website to the adopted budget on ADE's website.	A.R.S. §15-905(E)
By Dec. 5	Revised Expenditure Budget	If the Governing Board received notification from the Superintendent of Public Instruction that the adopted expenditure budget is in excess of the general budget limit or the unrestricted capital budget limit by 1 percent or more of the general budget limit, by December 5 or at least 10 days prior to the governing board meeting, publication and notice of a public hearing of the revised expenditure budget is needed.	A.R.S. §15-905(E)
By Dec. 15	Revised Expenditure Budget	If the Governing Board receives notification from the Superintendent of Public Instruction that the adopted expenditure budget is in excess of the general budget limit or the unrestricted capital budget limit by 1 percent or more of the general budget limit, it shall adopt a revised budget for the current year.	A.R.S. §15-905(E)
By May 15	Revised Expenditure Budget	Before May 15, expenditure budget revisions must be made and the revised budget approved at a governing board meeting. These include: revisions for certain overestimated or underestimated tuition revenues, revisions for overestimated or underestimated joint career and technical education and vocational education center average daily membership, and revisions for overestimated or underestimated allowable budget balance carryforward in the M&O fund.	A.R.S. §15-905(I) and (J) A.R.S. §15-910.01 (C) A.R.S. §15-943.01 (B)

Budget Management

The District has mechanisms in place to ensure compliance with the adopted budget and has a strong focus on transparency and accountability with regard to budget management. An automated online control system is in place to provide real-time financial information as prescribed by the Uniform System of Financial Records (USFR). Budget control groups are also created and assigned to individuals with budget ownership.

This provides another layer of control over expenditures and how they are recorded in the District’s financial records.

Additionally, reports can be run in real time and contain expense details, account information and remaining balances to ensure budget administrators have adequate visibility regarding their budgets. Requisitions, purchase orders and employee positions are also recorded as encumbrances against available budget appropriations at the time they are originated. This assists budget administrators with seeing a full year picture of their respective budget as well as any anticipated expenditures in the coming year.

Governing Board

The Kyrene Governing Board is authorized under the laws of the state of Arizona (A.R.S. §15-341) to “prescribe and enforce policies and procedures for the governance of the schools” as well as the evaluation and governance of the District (Policy BBA). The Board performs the following basic functions necessary to the discharging of its responsibilities: legislative, executive and appraisal.

1. *The legislative function* is the policy-making aspect of the school system. It is the policy of the Board to retain and exercise full legislative authority and control over the schools by adopting general policies or by acting directly in matters not covered by its policies.
2. *The executive function* of the Board is concerned with placing in operation existing Board policy. Most of this function is delegated by the Board to its executive and administrative officer, the Superintendent.
3. *The appraisal function* involves the determination of the efficiency of the school operation and an evaluation of the educational program of the District based on the policies as outlined in the policy manual.

Each member of the Governing Board is elected to serve a four-year term. Every two years, either two or three positions are filled during the November general election. Board candidates must reside within the district boundaries for one year prior to being elected to office. Arizona law does not limit the number of terms a member may serve, and members receive no compensation for their service on the board. As prescribed in A.R.S. §15-302, if a board member vacates a position before the end of their term, the Maricopa County School Superintendent is required to appoint a Governing Board member to fill the vacancy until the next regular election for Governing Board members, at which time a successor shall be elected to serve the unexpired portion of the term.

Kyrene Governing Board Members



Michelle Fahy
Vice President



Wanda Kolomyjec
Member



Triné Nelson
Member



Kevin Walsh
President



Margaret Wright
Member

District Leadership

The District is administered by the Superintendent, along with senior leadership shown below. Additionally, the District is organized into the following departments:

- Academic Equity & Excellence
- Accountability & Performance Management
- Communications & Engagement
- Community Education
- Exceptional Student Services
- Facilities
- Federal Programs & Outreach
- Finance
- Information Technology
- Professional Growth and Development
- Safety and Security
- Talent Management
- Transportation

26 principals are responsible for the administration at each of the Kyrene school locations.

Superintendent

Laura Toenjes, M.A.Ed.



Associate Superintendent

Carrie Furedy, M.A.Ed.



Sandra Laine, Ed.D., Executive Director Academic Equity & Excellence
Christie McDougall, Ph.D., Director Assessment & Student Outcomes
Garth Cupp, Ed.D., Executive Director School Effectiveness
Damian Nichols, Executive Director Information Technology & School Safety
Kelley Brunner, Director Innovation & Transformation

Associate Superintendent

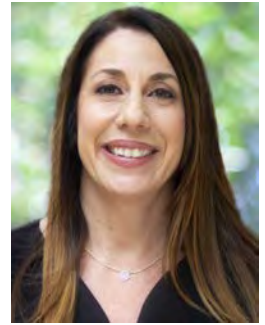
Chris Herrmann, MBA



Josh Glider
 Director Community Education
Mason Meade
 Director Facilities
Brian Lockery
 Director Finance
Michele Parmley
 Director Transportation

Assistant Superintendent

Lisa Gibson, M.A.Ed.



Deb Spurgin
 Director Benefits
Jo Shurman
 Director Professional Growth & Development
Mary Jane Rincon
 Director Talent Management

Executive Directors

Academy Equity & Excellence

Sandra Laine, Ed.D.



Sarah Collins, Ed.D., Director Academic Equity & Excellence (PreK-3)
Amy Gingell, Director Academic Equity & Excellence (4-8)
Tzipi Turner, Director Exceptional Student Services

Accountability & Performance Management

Susie Ostmeyer, Ph.D.



Rebecca Bolnick, Ph.D.
 Director Research & Evaluation

Communications & Engagement

Erin Helm



Carolyn Wood, Assistant Director Communications & Engagement

Information Technology & School Safety

Damian Nichols



Pete Flocken, Director Information Technology
Jacinta Sorgel, Assistant Director Information Technology
David Staneart, Emergency Management

School Effectiveness

Garth Cupp Ed.D.



Erin Schroeder, Assistant Director Federal Programs & Outreach

Financial Overview

2023-24 Budget Summary

Revenue

The 2023-24 budget assumes \$218.5M in total governmental fund revenue, which is \$14.8M higher (a 7.3% increase) from the prior year. Most of the revenue increase is driven by increased capital project funds as \$19.5M of bonds are expected to be sold during the 2023-24 fiscal year. Also in the 2023-24 fiscal year, the state of Arizona is providing additional one-time M&O funding for public schools. This amount equates to \$3.6M for Kyrene and is included in the 2023-24 M&O revenue budget.

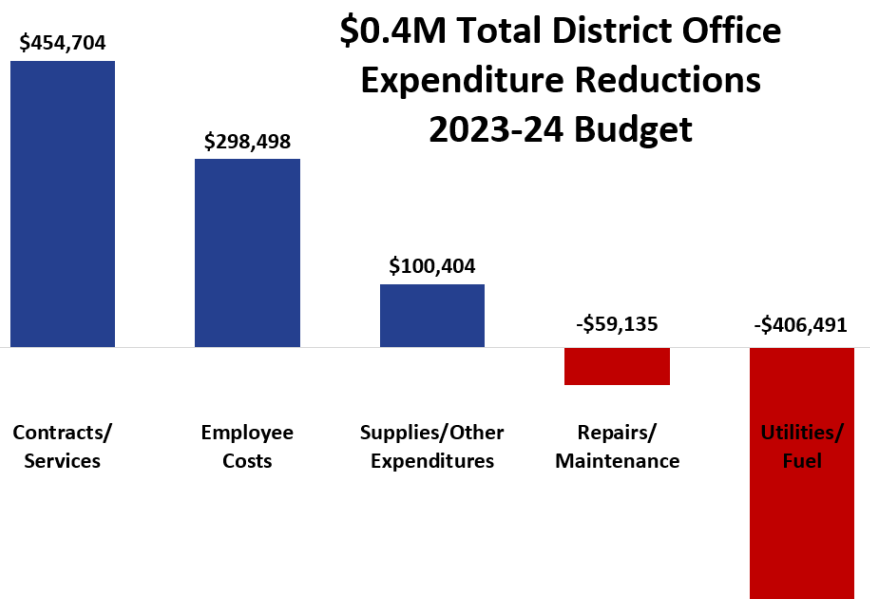
Kyrene's 2023-24 revenue budget also assumes a reduction of \$3.2M in ongoing M&O operational revenue from expected enrollment declines. Kyrene works with an outside firm that specializes in providing demographic information for our district. After consultation with our demographer, the 2023-24 budget assumes a reduction of 523 students. Kyrene's opportunity for student enrollment growth is limited due to several reasons. The District boundaries are landlocked with minimal room for growth or new housing, which restricts the opportunity to increase the overall population residing within Kyrene's boundaries. In addition, the community is aging in place with limited turnover in neighborhoods, creating reduced opportunity for families with school-age children to move into the District. The impact of past economic recessions has also resulted in a declining birth rate across Maricopa county, resulting in fewer new incoming kindergarten students.

Expenditures

The 2023-24 budget assumes \$240.0M in total government fund expenditures, which is \$19.7M higher (an 8.9% increase) from the prior year. That increase is driven mainly by \$16.1M in additional capital expenditures as outlined in the District's capital spending plans and also includes \$8.6M of operational expenditures that would be considered one-time in nature and would only be incurred during the 2023-24 fiscal year.

When state funding decreases as a result of enrollment changes, the District undertakes significant efforts to reduce expenditures in order to right size spending against the expected revenue reductions. The goal is to reduce expenditures by an amount equal to the funding decreases in order to maintain a sustainable and balanced budget. In order to accomplish this, Kyrene has developed a timeless spending model. The concept of a timeless model involves looking at how expenditures should ideally be spent in future years across all operational functions to ensure that maximum resources continue to be allocated to the classroom. This model also provides safeguards so that one particular group or area is not disproportionately overburdened with potential budget reductions. Kyrene developed this model in conjunction with the Auditor General's independent Annual School District Spending Report, because it provides expenditure ratios and categories that give a good accounting for how spending has historically taken place across the District.

As a result of the \$3.2M reduction in M&O operational revenue due to enrollment declines, the 2023-24 budget includes a net reduction of \$0.4M in district office expenditures across a variety of areas. However, in next year's budget the District expects to see almost \$0.5M of increased costs in the areas of repairs/maintenance and utilities/fuel due to price increases and inflationary impacts. Most expenditure reductions for 2023-24 will take place in the area of contracts and services. Any reduction amounts listed for employee costs will occur without any need to implement a reduction in force and is achieved through employee retirements and closing unfilled positions.



In addition to the reduction in district office budgets, ongoing medical expenses are expected to be \$1.0M lower than previous years. This is due to medical and pharmaceutical plan design and carrier changes that were implemented during the 2022-23 fiscal year. These expenditure reductions have impacted the 2022-23 fiscal year in a positive way and should be sustainable going forward into future years.

Overall budgets related to school sites in 2023-24 decreased by \$1.5M as a result of the decline in M&O operational revenue due to enrollment, and most of the reductions will take place in employee costs. However, school staffing allocations and budgeted resources naturally adjust up or down based on changes in enrollment. This automatic and variable adjustment to school budgets is important because it means that classroom resources will always be in line with supporting student needs while still keeping dollars spent in the classroom at the highest level. The reduction in employee costs will occur without any need to implement a reduction in force and is achieved through employee retirements and closing unfilled positions.

One-Time Federal Funding

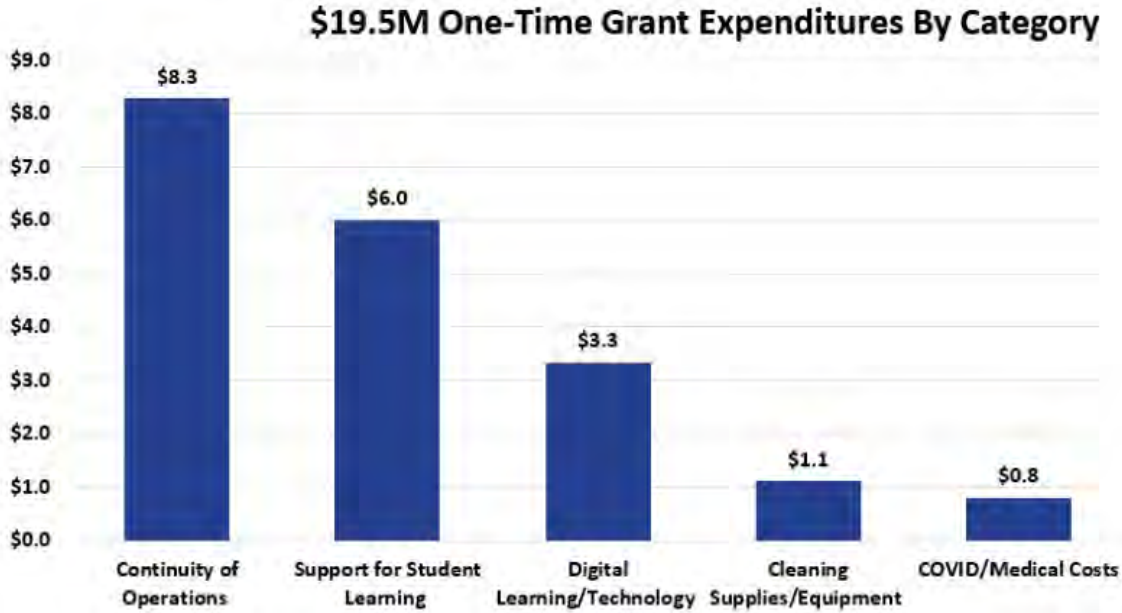
Beginning in March 2020, one-time federal grants were issued to address local recovery efforts in response to the COVID-19 pandemic. Kyrene is eligible for \$14.3M in total federal Elementary and Secondary School Emergency Relief (ESSER) grants, but also received \$5.2M in additional federal grant money from an Education Plus Up grant, which was allocated for additional COVID-19 recovery efforts. Out of the total \$19.5 total amount of these federal grants, \$17.2M is expected to be expended by the end of the 2022-23 fiscal year, leaving almost \$2.4M to be expended during the 2023-24 fiscal year. Funding for these federal grants is reimbursed only after all eligible expenses are incurred, submitted and approved.

ESSER funds relate to federal one-time grant funding for local areas to address recovery efforts in response to the COVID-19 pandemic or to aid in the mitigation of the economic impacts caused by COVID-19. Funding was generated from the passage of three federal stimulus bills: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act) passed in December 2020, and the American Rescue Plan (ARP) passed in March 2021. The ESSER I, ESSER II and ESSER III amounts listed below correspond to these three federal stimulus bills. All ESSER funding is one-time in nature, meaning that it will not recur in the future.

Allocations of ESSER funds were based on Title I student populations within each school district across the state of Arizona, which generally is a reflection of students living in poverty or in economically depressed areas. This means there was a wide variation in the size of the grants awarded to public schools across the state. Because Kyrene has a very low Title I population compared to other school districts across Arizona, Kyrene only received a small proportion of ESSER funds when compared to other school districts on a per pupil level. Kyrene’s ESSER allocations were the 9th lowest amount in the state of Arizona when looking at the ESSER funding amounts on a per student basis.

Below is a summary of the \$19.5M federal stimulus grants that Kyrene received along with a summary of where that money will be spent over the five year period from 2019-20 through 2023-24.

Fund	Total Eligible Amount	Estimated Amount Reimbursed Through 2022-23	Revenue Assumed in 2023-24 Budget	Funds Can Be Used Through
ESSER I	\$955,391	\$955,391	\$0	September 30, 2022
ESSER II	\$3,932,983	\$3,932,983	\$0	September 30, 2023
ESSER III	\$9,457,929	\$7,094,193	\$2,363,736	September 30, 2024
Education Plus Up (EPU)	\$5,181,261	\$5,181,261	\$0	May 31, 2023
Total	\$19,527,564	\$17,163,828	\$2,363,736	



Financial Summary: Governmental Funds

A financial summary of all governmental funds included in Kyrene’s budget is provided below:

Governmental Funds Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$80,880,570	\$60,445,502	\$75,235,598	\$103,470,921	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978
Revenue:								
1000-Revenue From Local Sources	\$92,133,053	\$86,758,230	\$92,891,314	\$100,120,591	\$108,925,675	\$107,557,304	\$108,370,841	\$109,379,270
2000-Revenue From Intermediate Sources	\$4,741,273	\$4,397,424	\$4,617,273	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$69,844,624	\$64,956,918	\$68,103,077	\$72,583,929	\$76,126,324	\$74,150,211	\$73,942,698	\$73,970,176
4000-Revenue From Federal Sources	\$8,530,016	\$17,737,824	\$22,577,182	\$25,767,813	\$13,054,120	\$10,721,320	\$10,721,320	\$10,721,320
5000-Other Financing Sources/Transfers In	\$749,189	\$32,166,381	\$34,987,728	\$1,082,819	\$20,429,994	\$929,994	\$43,679,994	\$929,994
Total Revenue	\$175,998,155	\$206,016,777	\$223,176,574	\$203,732,559	\$218,536,114	\$193,358,830	\$236,714,853	\$195,000,761
Expenditures:								
6100-Salaries	\$93,323,602	\$92,041,352	\$92,140,897	\$103,700,323	\$105,061,678	\$98,403,714	\$98,383,776	\$98,739,395
6200-Employee Benefits	\$28,656,111	\$29,975,190	\$28,400,681	\$31,544,426	\$31,166,776	\$30,227,691	\$30,245,124	\$30,352,694
6300-Purchased Professional Services	\$6,619,796	\$3,162,317	\$5,774,738	\$8,665,460	\$9,171,381	\$5,161,033	\$5,102,071	\$5,061,306
6400-Purchased Property Services	\$16,224,020	\$13,961,296	\$16,047,652	\$20,285,552	\$32,031,474	\$23,859,822	\$23,729,119	\$23,593,059
6500-Other Purchased Services	\$6,706,034	\$5,641,546	\$10,271,344	\$7,847,193	\$8,219,732	\$7,127,796	\$7,091,396	\$7,066,230
6600-Supplies	\$9,684,684	\$7,688,390	\$8,651,438	\$14,594,576	\$12,889,119	\$10,605,024	\$10,480,292	\$10,370,739
6700-Property	\$12,807,205	\$9,448,653	\$10,077,154	\$7,705,401	\$14,143,773	\$12,913,294	\$12,909,637	\$12,905,005
6800-Debt Services & Miscellaneous	\$21,489,664	\$27,629,629	\$25,035,844	\$24,902,741	\$26,405,342	\$25,137,233	\$26,166,157	\$27,158,068
6900-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$196,240,794	\$190,140,025	\$198,235,958	\$220,328,491	\$240,019,268	\$214,180,787	\$214,852,751	\$215,991,675
Ending Fund Balance	\$60,637,931	\$76,322,254	\$100,176,213	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978	\$45,441,064
Change In Fund Balances	-\$20,242,639	\$15,876,752	\$24,940,615	-\$16,595,933	-\$21,483,154	-\$20,821,957	\$21,862,101	-\$20,990,914
*Adjusted Ending Fund Balance	\$60,445,502	\$75,235,598	\$103,470,921	NA	NA	NA	NA	NA

Governmental Funds
Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$80,880,570	\$60,445,502	\$75,235,598	\$103,470,921	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978
Revenue:								
1000-Revenue From Local Sources	\$92,133,053	\$86,758,230	\$92,891,314	\$100,120,591	\$108,925,675	\$107,557,304	\$108,370,841	\$109,379,270
2000-Revenue From Intermediate Sources	\$4,741,273	\$4,397,424	\$4,617,273	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$69,844,624	\$64,956,918	\$68,103,077	\$72,583,929	\$76,126,324	\$74,150,211	\$73,942,698	\$73,970,176
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5000-Other Financing Sources/Transfers In	\$749,189	\$32,166,381	\$34,987,728	\$1,082,819	\$20,429,994	\$929,994	\$43,679,994	\$929,994
Total Revenue	\$175,998,155	\$206,016,777	\$223,176,574	\$203,732,559	\$218,536,114	\$193,358,830	\$236,714,853	\$195,000,761
Expenditures:								
1000-Instruction	\$95,636,364	\$90,302,445	\$90,991,942	\$105,674,689	\$107,656,511	\$95,848,936	\$95,650,006	\$95,750,251
2100-Student Support	\$11,672,690	\$12,059,694	\$12,782,552	\$14,008,686	\$15,592,411	\$15,140,675	\$15,146,688	\$15,190,369
2200-Instruction Support	\$6,820,166	\$6,783,796	\$6,823,833	\$10,632,872	\$8,671,676	\$8,175,668	\$8,158,264	\$8,162,924
2300-General Administration	\$1,519,178	\$1,534,954	\$1,209,405	\$1,557,196	\$1,774,382	\$1,680,328	\$1,687,364	\$1,696,324
2400-School Administration	\$7,199,062	\$7,185,554	\$7,118,477	\$7,393,378	\$7,222,722	\$7,251,926	\$7,320,449	\$7,390,157
2500-Central Services	\$7,246,657	\$6,572,795	\$6,433,657	\$7,111,993	\$8,206,380	\$6,694,873	\$6,632,724	\$6,660,932
2600-Plant Operations	\$14,672,716	\$15,182,955	\$15,638,483	\$16,104,986	\$17,558,665	\$16,329,425	\$16,200,503	\$16,126,436
2700-Transportation	\$5,322,110	\$5,022,609	\$5,431,931	\$4,910,920	\$6,531,342	\$5,928,696	\$5,911,019	\$5,912,570
3100-Food Service Operations	\$4,082,692	\$3,902,029	\$7,938,203	\$4,831,043	\$4,456,898	\$4,456,898	\$4,456,898	\$4,456,898
3200-Enterprise Operations	\$0	\$7,306	\$244,225	\$14,638	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$7,228,314	\$4,040,332	\$6,034,165	\$6,898,036	\$8,027,216	\$8,078,909	\$8,138,729	\$8,199,146
4000-Facilities Acquisition & Construction	\$13,202,859	\$9,526,167	\$11,162,537	\$15,478,160	\$27,318,180	\$19,043,299	\$18,968,453	\$18,871,013
5000-Debt Service	\$20,908,310	\$27,427,736	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
6000-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$196,240,794	\$190,140,025	\$198,235,958	\$220,328,491	\$240,019,268	\$214,180,787	\$214,852,751	\$215,991,675
Ending Fund Balance	\$60,637,931	\$76,322,254	\$100,176,213	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978	\$45,441,064
Change In Fund Balances	-\$20,242,639	\$15,876,752	\$24,940,615	-\$16,595,933	-\$21,483,154	-\$20,821,957	\$21,862,101	-\$20,990,914
*Adjusted Ending Fund Balance	\$60,445,502	\$75,235,598	\$103,470,921	NA	NA	NA	NA	NA

Explanation/Comments:

For the 2023-24 budget, the District is expecting \$218.5M in total governmental fund revenue, which is \$14.8M higher (a 7.3% increase) from the prior year. Most of the revenue increase is driven by increased capital project funds as \$19.5M of bonds are expected to be sold during the 2023-24 fiscal year. Bond sales of \$42.8 are also projected to take place during the 2025-26 fiscal year.

The District is expecting \$240.0M in total governmental fund expenditures for 2023-24, which is an increase of 8.9% from the prior year. That increase is driven mainly by \$16.1M in additional capital expenditures as outlined in the District's capital spending plans. 2023-24 also includes \$8.6M of operational expenditures that would be considered one-time in nature and would only be incurred during that fiscal year.

The timing of the bond sales is the main driver for the swings in fund balances throughout the 8-year time period between 2019-20 and 2026-27.

An "adjusted" ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

Informational Overview

Student Enrollment History and Projections

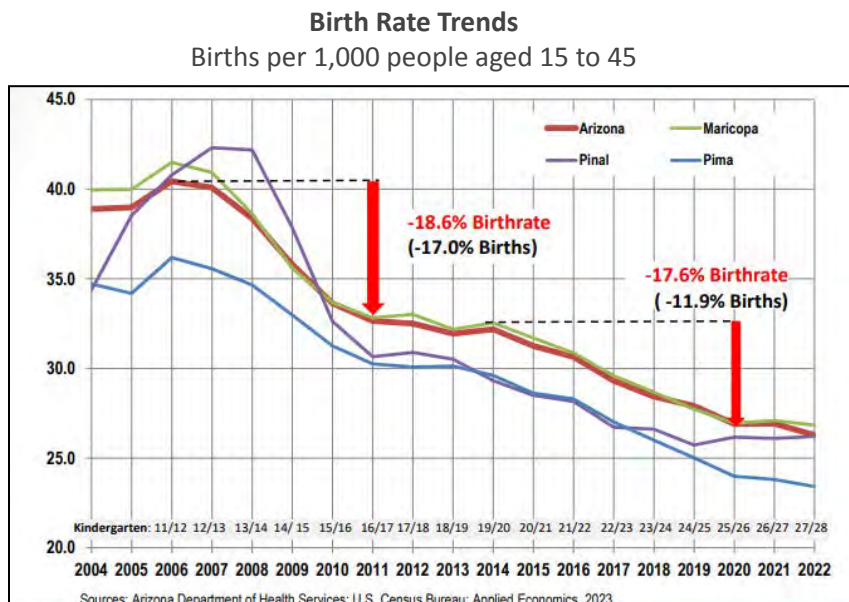
Projecting and monitoring enrollment data is critical in the development of the District’s budget as it helps estimate future year revenue and costs. School funding in Arizona is calculated based on student enrollment in the current school year, and these enrollment projections provide the District with an estimated revenue expectation for the current year budget. Those projections, when analyzed by student characteristics, provide direction on where to target the allocation of resources. Since Kyrene has a long history of analyzing enrollment data, the District is able to identify trends that inform decisions on how to allocate resources district-wide.

The District works with a demographer to help predict future enrollment estimates. This work uses enrollment data based on the 40th day of school and assists with providing school and grade level projections, anticipating staffing resources and budgets for school needs. When analyzing enrollment, variables such as housing and occupancy rates, birth rates and residential development are considered in developing future year projections. The combination of rolling the student population forward in grades kindergarten through seven, using demographic insights, and factoring in housing occupancy and birth rates allows the District to project the best possible enrollment estimates into the future.

There are several factors that limit Kyrene’s opportunity for enrollment growth. The District boundaries are landlocked which restricts the opportunity to increase the overall population residing within Kyrene’s boundaries. In addition, the community is aging and remaining in their homes for longer periods of time, which limits the opportunity for families with school-age children to move into the District. The impact of past economic recessions has also resulted in a declining birth rate across Maricopa county, resulting in fewer new incoming kindergarten students. The illustrations below show the impact of birth rates and housing demographic changes over time.

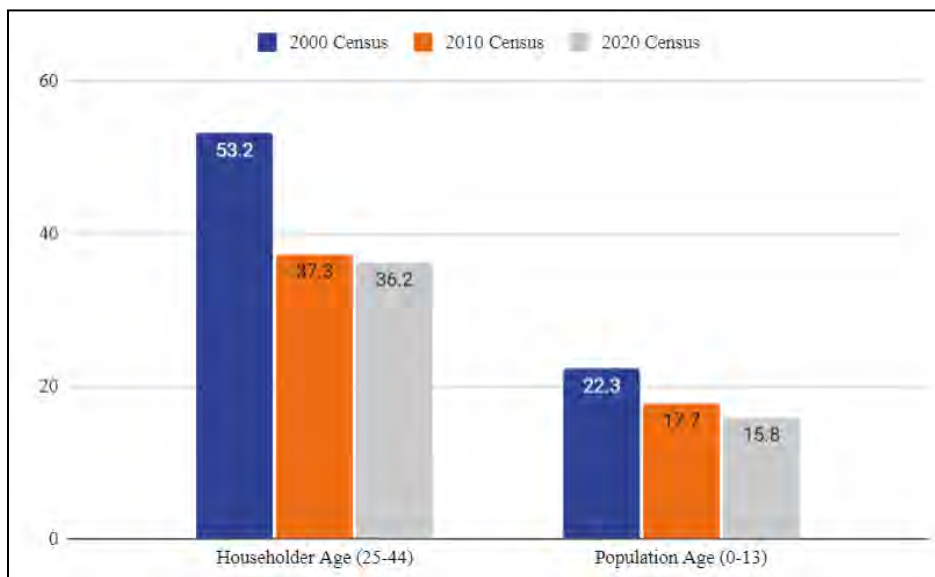
Historical Impact of Birth Rates

Birth rates across Arizona and specifically Maricopa County have been declining over time and are anticipated to continue that trend. The graph below shows historical birth rates across the state of Arizona along with the more populous counties that are close to Kyrene. The kindergarten entrance year is also overlaid with the birth rate year, indicating when the district should expect to see lower enrollment in incoming kindergarten classes.



Housing Demographics

Housing demographics also play a role in decreased enrollment across the District. For this year’s reporting, final numbers were available from the 2020 Census. They showed that the overall percentage of homeowners between the ages of 25-44 has dropped from 53.2% to 36.2% over the last 20 years. Likewise, the overall percentage of children in our boundaries between the ages of 0-13 has dropped from 22.3% to 15.8% over that same time period. This data illustrates that households in our boundaries over the last two decades have typically become older and have fewer elementary-aged children.



Source: Applied Economics, Demographic and Enrollment Update to Governing Board—April 11, 2023

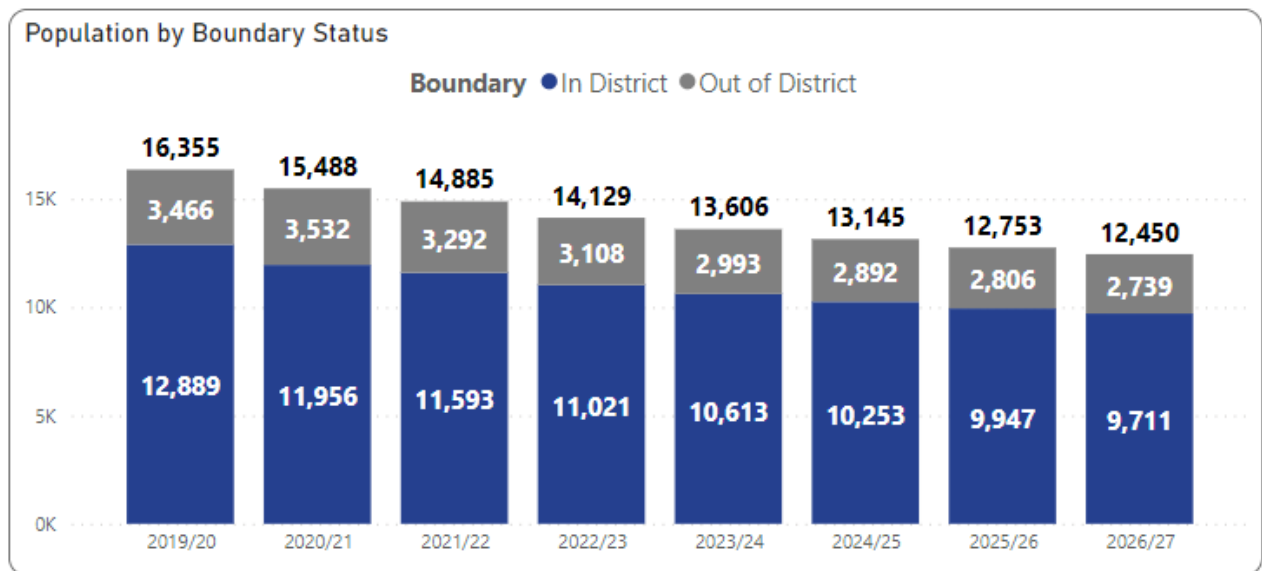
District-wide Enrollment

Public school districts are required to accept all children who live within their boundaries. However, state law allows students to apply for admission to any public school, based on available classroom space (A.R.S. §15-816.01). This means students from outside the district boundaries are able to attend Kyrene where space allows.

Kyrene’s enrollment consists of students that reside both within and outside District boundaries. Out-of-district students are a significant source of enrollment for Kyrene. Historically, they make up approximately 20% of Kyrene’s total enrollment.

A combination of methodologies is used to project future enrollment. The foundation is created by rolling the student population forward in grades kindergarten through seven. Estimates for kindergarten are based on birth rates and additional factors such as housing/occupancy rates, household population characteristics and residential development.

The chart titled *Population by Boundary Status*, provides multiple years of enrollment data for grades kindergarten through eight. This data reflects a downward trend in enrollment due to the factors previously mentioned such as being a landlocked district, declining birth rates and limited housing turnover. These factors influence the size of the incoming kindergarten class, which will continue to be lower than the size of the outgoing 8th grade class.



School Enrollment

The following table illustrates school-level enrollment over time along with projections for future years. In 2020-21, Kyrene launched its 26th school, Kyrene Digital Academy (KDA). KDA was created as an on-line school largely in response to the coronavirus pandemic, and serves children in grades kindergarten through eighth grade.

Population by School	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
▣ K-5								
C.I. Waggoner	548	474	459	445	415	395	381	380
Kyrene de la Colina	504	446	458	448	441	426	416	404
Kyrene de la Esperanza	540	454	452	454	446	451	444	410
Kyrene de la Estrella	489	393	410	420	402	377	360	347
Kyrene de la Mariposa	525	449	448	444	419	403	376	364
Kyrene de la Mirada	611	555	526	544	546	514	498	479
Kyrene de la Paloma	482	410	466	491	490	478	466	461
Kyrene de la Sierra	493	437	475	484	485	474	467	462
Kyrene de las Brisas	669	595	582	559	548	536	510	485
Kyrene de las Lomas	533	419	436	439	433	408	382	368
Kyrene de los Cerritos	487	423	378	396	384	387	407	449
Kyrene de los Lagos	526	521	535	498	477	453	432	413
Kyrene de los Niños	483	405	381	404	382	393	380	385
Kyrene del Cielo	681	605	619	616	631	616	600	583
Kyrene del Milenio	547	502	480	504	508	492	483	464
Kyrene del Norte	483	436	468	478	472	465	467	459
Kyrene Monte Vista	673	572	569	515	488	476	456	451
Total	9,274	8,096	8,142	8,139	7,967	7,744	7,525	7,364
▣ K-8								
Kyrene de las Manitas	442	363	339	403	407	367	341	317
Kyrene Digital Academy	0	1,269	714	250	214	186	164	143
Kyrene Traditional Academy	765	620	601	588	573	536	495	486
Total	1,207	2,252	1,654	1,241	1,194	1,089	1,000	946
▣ 6-8								
Akimel A-al Middle School	1,009	911	880	849	788	751	727	702
Altadena Middle School	1,028	943	994	963	912	890	866	839
Aprende Middle School	1,130	1,051	1,018	951	822	859	849	833
Centennial Middle School	915	763	752	652	592	532	500	516
Kyrene Middle School	943	794	782	713	708	683	664	606
Pueblo Middle School	849	678	663	621	623	597	622	644
Total	5,874	5,140	5,089	4,749	4,445	4,312	4,228	4,140
Total	16,355	15,488	14,885	14,129	13,606	13,145	12,753	12,450

¹Kyrene Traditional Academy began serving grade 6 in 2017-18, grade 7 in 2018-19 and grade 8 in 2019-20.

²Kyrene de las Manitas began serving grade 6 in 2021-22, grade 7 in 2022-23 and grade 8 in 2023-24.

Property Tax Rates and Amounts

The Arizona school finance formula attempts to ensure that each district has equitable budget capacity compared to others across the state. The state distributes equalization assistance to school districts over and above the levy amount raised with the uniform Qualifying Tax Rate (QTR) set forth by the Joint Legislative Budget Committee each year. A significant portion of school district financing in Arizona comes from local property taxes on real and personal property. This system results in districts with high taxable property values per pupil paying a higher percentage of the total cost with local taxes. In contrast, school districts with lower taxable property values per pupil pay a lower percentage of the total cost.

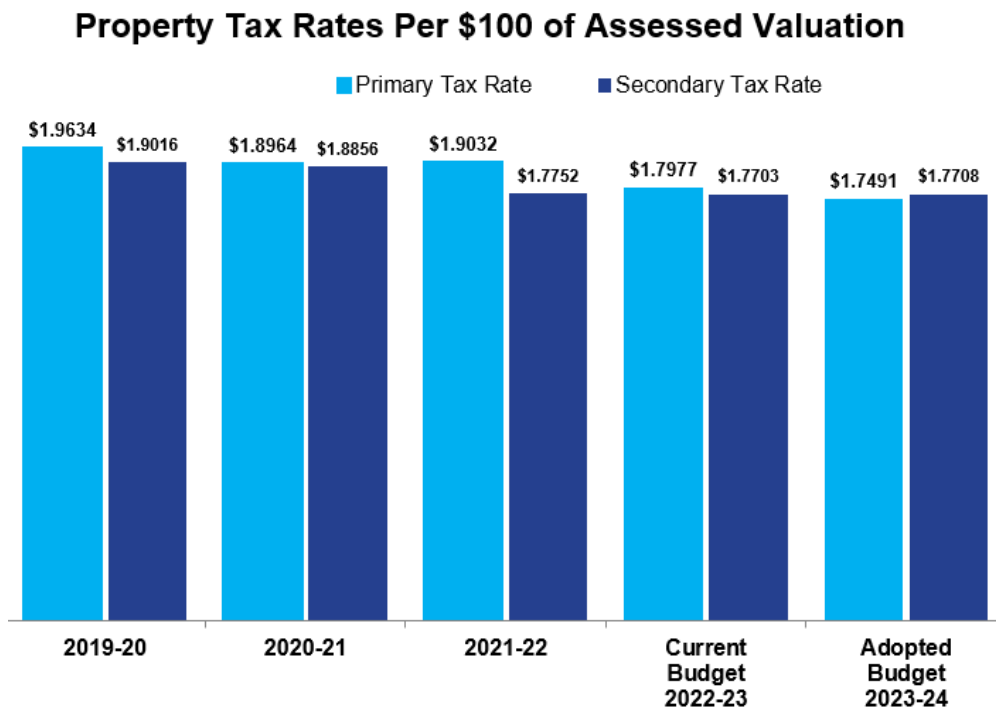
In August, county school superintendents' offices transmit tax levy requirements for each district to the county finance departments which, in turn, inform their county boards of supervisors of the necessary levy by fund for each district. The levy, placed on property in August, applies to the assessed valuation determined for real property and secured personal property in the district through the previous January.

Property taxes are collected and distributed in November and April of each year. Generally in Arizona, the delinquency rate on taxes has been averaging approximately 5%, which can account for cash flow problems in some school districts. Kyrene School District experiences less than a 2% delinquency rate. Regardless of the collection of taxes or the timeliness of being received in a district, the district can spend up to the budget capacity authorized by the state’s funding formula.

Per state statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the state are classified as “primary taxes”. The primary taxes levied by each county, city, town, and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit, plus any taxes on property not subject to taxation in the preceding year. The 2% limitation does not apply to primary taxes levied on behalf of school districts. The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the limited property value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district’s taxes. To offset the effects of reduced school district property taxes, the state compensates the school district by providing additional state equalization assistance.

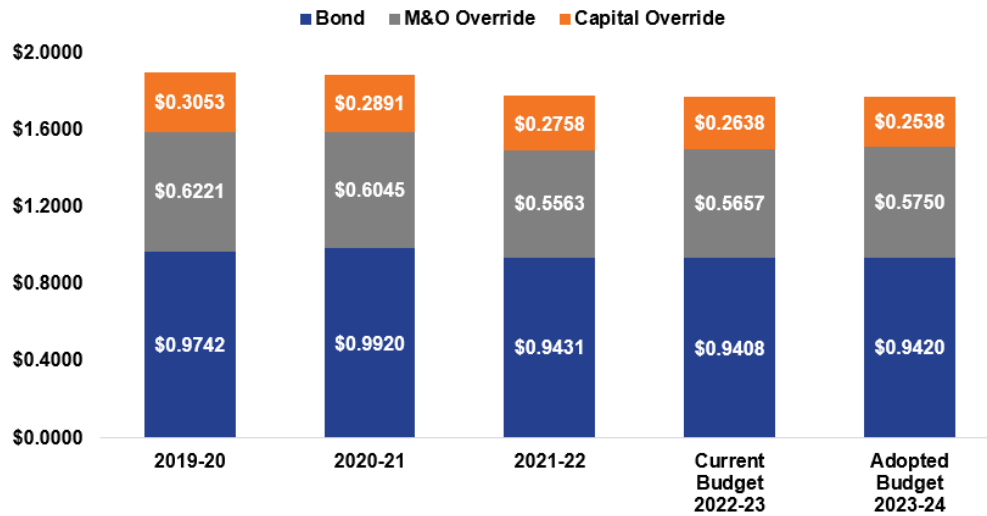
Also per state statute, taxes levied for payments of voter-approved bonds and voter-approved budget overrides are classified as “secondary taxes”. These budget overrides can relate to either maintenance and operations or capital areas. However, unlike primary taxes, there are no constitutional or statutory limitations on annual levies for voter-approved bonds and overrides.

The following chart illustrates the historical trends in primary and total secondary tax rates. The secondary tax rate only relates to bonds or overrides that were approved by voters within the Kyrene School District. Additional charts below provide the individual components of the secondary property taxes that relate to bonds, the maintenance and operations override and the district additional assistance/capital override. The tax rate information is stated in dollars per \$100 of net limited assessed property valuation.



Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

Total Secondary Property Tax Rates per \$100 of Assessed Valuation



Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

Personnel Data

The tables that follow summarize personnel by full-time equivalency (FTE) across five years for the three employee groups across the District: Certified, Education Support Professionals (ESP) and Administrators. The 2032-24 budget assumes 1,796.69 FTE positions, which is 11.84 lower than the prior year. The decrease in the overall number of positions follows the trending of declining enrollment and reflects the District’s commitment to realign resources in order to maintain a balanced budget while responding to changes in student needs.

School-based positions are allocated based on staffing formulas and other allocation ratios across the District such as class size and case management assignments. Other positions that are not school-based are reviewed and finalized during the annual budget development process. All employee resources are aligned to student support levels for the coming year.

Certified Employee Category

Note: Counselor positions were added at school sites during the 2019-20 school year.

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Counselor	18.00	21.00	23.50	25.50	23.50
Physical Therapist	1.00	1.00	1.00	1.00	1.00
Regional Nurse/Lead	5.00	6.00	6.00	6.00	5.60
Speech Language Pathologist/Assistant	27.50	29.45	29.75	31.55	32.40
Teacher	998.58	972.61	913.14	874.06	864.40
Total	1,050.08	1,030.06	973.39	938.11	926.90

Education Support Professionals (ESP) Employee Category

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Administrative- Executive Assistant, Coordinator, Assistant, Technician, Specialist	177.14	174.88	174.23	164.13	162.63
Advertising Sales Coordinator	1.00	1.00	0.00	0.00	0.00
Bus Driver Dispatcher/Trainer/Driver/Monitor/FIT	89.75	88.00	81.25	76.25	72.75
Buyer/Senior	3.00	2.49	2.00	2.00	2.00
Club Leader	84.93	39.53	60.36	45.95	45.13
Crossing Guard/Playground/Lunch Duty	40.65	28.54	32.14	29.94	28.88
Graphic Designer	2.00	1.00	1.00	1.00	1.00
Groundskeeper	6.00	6.00	6.00	0.00	0.00
Health Assistant	26.50	26.55	26.50	26.50	26.50
Instructional Assistant /Senior/MS ISI	357.35	298.22	309.15	312.21	307.86
Instructional Support Communication Specialist	4.00	3.00	3.00	3.00	2.00
Management/Operations Analyst	3.00	5.00	4.00	5.00	8.00
Materials Processor	5.00	5.00	5.00	4.00	4.00
Mechanic/Mechanic Lead/Mechanic Technician	6.00	5.00	5.00	4.00	3.00
Occupational Therapist/Occupational Therapist Assistant	9.15	9.15	9.40	9.40	9.55
Paralegal	1.00	1.00	1.00	1.00	1.00
Printing Assistant/Specialist/Technician	9.00	5.00	5.00	5.00	5.50
Program Coordinator I,II,III	54.13	39.00	40.75	43.50	45.75
Program Specialist	7.52	4.00	2.00	0.00	2.00
Research Analyst	1.00	1.00	1.00	1.00	1.00
Safety and Security Coordinator	1.00	1.00	1.00	1.00	1.00
Site Support Technician	25.50	25.50	25.50	25.50	26.50
Social Worker/Student and Family Support Associate	7.50	2.00	2.00	4.00	3.00
Warehouse/Garage Supervisor	1.00	1.00	1.00	1.00	1.00
Total	923.11	772.86	798.28	765.37	760.04

Administrative Employee Category

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Assistant Principal/Assistant Director/Program Administrator	31.50	27.60	26.00	25.00	29.00
Assistant Superintendent/Executive Director/Chief Financial Officer	4.00	6.49	8.00	8.00	8.00
Director/Principal/Administrator	39.00	36.00	34.00	35.00	39.75
Legal Counsel	1.00	1.00	1.00	1.00	1.00
Program Manager	11.00	7.00	6.00	7.00	5.00
School Psychologist/Intern	18.50	18.80	19.50	19.00	19.00
Superintendent	1.00	1.00	1.00	1.00	1.00
Supervisor	5.00	5.00	6.05	6.05	4.00
Total	111.00	102.89	101.55	102.05	106.75

Bond Issues and Amortization Schedules

A bond is a promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. Bonds are debt securities issued to finance capital related purchases and projects and are the primary funding source for Kyrene’s Capital Master Plan. They are used to maintain the school buildings and grounds, repair school buildings, purchase transportation vehicles and address other administrative capital needs. Without the support of our Kyrene community, there is not enough state capital funding to support the ongoing capital needs for our school facilities.

Bond Credit Rating

When school districts issue bonds, part of that process includes receiving a credit rating from a municipal bond rating agency. Bond ratings are a general reflection of the credit quality of the school district and have a direct impact on the interest rates that school districts pay when selling bonds. Traditionally, Kyrene receives a bond rating from two main agencies: Moody's Investors Service and Standard & Poor's. As of July 1, 2023 Moody's has assigned Kyrene a rating of Aaa and Standard & Poor's has assigned a rating of AA. Although the rating scales are different for each agency, both of those ratings are the highest credit ratings assigned to school districts in Arizona. Being assigned the highest rating in Arizona is not something new for Kyrene as the District has held the distinction for receiving the highest possible school district credit rating for many years.

A strong local economy and tax base, rising real estate values, a formidable management team and strong fund balances are all reasons listed by Moody's and Standard & Poor's as to why they have assigned this high credit rating to Kyrene. This rating reaffirms to our community, employees, and taxpayers that Kyrene is a responsible steward of state, federal and taxpayer dollars.

Bond Issues and Amortization

Kyrene's last bond sale occurred in April 2022. Out of the \$116,950,000 of bonds authorized by voters in November 2017, only \$19,450,000 have yet to be sold as of the end of the 2022-23 fiscal year and are expected to be sold in the fall of the 2023-24 fiscal year. The table below provides an amortization schedule showing future debt service expenditures based on the total outstanding bond debt after July 1, 2023.

Aggregate Debt Service
Outstanding Debt Service after 7-1-23

<u>Payment Date</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
1/1/2024		\$3,968,737.50	\$3,968,737.50
7/1/2024	\$17,325,000.00	\$3,968,737.50	\$21,293,737.50
1/1/2025		\$3,551,737.50	\$3,551,737.50
7/1/2025	\$12,330,000.00	\$3,551,737.50	\$15,881,737.50
1/1/2026		\$3,288,862.50	\$3,288,862.50
7/1/2026	\$12,555,000.00	\$3,288,862.50	\$15,843,862.50
1/1/2027		\$2,993,987.50	\$2,993,987.50
7/1/2027	\$12,410,000.00	\$2,993,987.50	\$15,403,987.50
1/1/2028		\$2,754,437.50	\$2,754,437.50
7/1/2028	\$12,535,000.00	\$2,754,437.50	\$15,289,437.50
1/1/2029		\$2,480,937.50	\$2,480,937.50
7/1/2029	\$12,710,000.00	\$2,480,937.50	\$15,190,937.50
1/1/2030		\$2,190,212.50	\$2,190,212.50
7/1/2030	\$13,375,000.00	\$2,190,212.50	\$15,565,212.50
1/1/2031		\$1,915,962.50	\$1,915,962.50
7/1/2031	\$12,370,000.00	\$1,915,962.50	\$14,285,962.50
1/1/2032		\$1,664,925.00	\$1,664,925.00
7/1/2032	\$12,985,000.00	\$1,664,925.00	\$14,649,925.00
1/1/2033		\$1,391,725.00	\$1,391,725.00
7/1/2033	\$13,700,000.00	\$1,391,725.00	\$15,091,725.00
1/1/2034		\$1,102,725.00	\$1,102,725.00
7/1/2034	\$9,075,000.00	\$1,102,725.00	\$10,177,725.00
1/1/2035		\$887,475.00	\$887,475.00
7/1/2035	\$7,530,000.00	\$887,475.00	\$8,417,475.00
1/1/2036		\$728,500.00	\$728,500.00
7/1/2036	\$7,325,000.00	\$728,500.00	\$8,053,500.00
1/1/2037		\$564,000.00	\$564,000.00
7/1/2037	\$5,900,000.00	\$564,000.00	\$6,464,000.00
1/1/2038		\$426,500.00	\$426,500.00
7/1/2038	\$6,550,000.00	\$426,500.00	\$6,976,500.00
1/1/2039		\$273,000.00	\$273,000.00
7/1/2039	\$5,375,000.00	\$273,000.00	\$5,648,000.00
1/1/2040		\$149,375.00	\$149,375.00
7/1/2040	\$4,525,000.00	\$149,375.00	\$4,674,375.00
1/1/2041		\$47,500.00	\$47,500.00
7/1/2041	\$1,900,000.00	\$47,500.00	\$1,947,500.00
Total	<u>\$180,475,000.00</u>	<u>\$60,761,200.00</u>	<u>\$241,236,200.00</u>

Operational Spending

As part of the budget process, Kyrene strives to maximize funding allocated to the classroom in order to produce the most direct benefits to students. The results from this activity can be measured and evaluated by reviewing an independent report prepared and published by the Arizona Auditor General's office. This report is produced annually in the spring and provides information for the previous fiscal year.

A.R.S. §41-1279.03 requires the Auditor General to monitor school districts to determine the percentage of every dollar spent in the classroom and also conduct performance audits of Arizona's school districts. However, Arizona charter schools, which are also funded with taxpayer and public dollars, and private schools that receive public funding through empowerment scholarship accounts (ESA) are not subject to these requirements. The audit and report produced by the Arizona Auditor General's office monitors state-wide operational spending trends in instruction and other operational categories such as student support, instructional support, administration, plant operations, food service and transportation. It also identifies spending for peer districts within Arizona as well as overall state results. Peer groups are identified based on districts that have a similar size, type and location. For Kyrene, its peer group includes districts categorized by the Auditor General as very large and large elementary school districts in cities and suburbs.

Classifications

Operational spending includes costs incurred for the District's day-to-day operations and contains the categories listed below. These categories follow Arizona's Uniform Chart of Accounts for school districts, which meets the requirements of the U.S. Department of Education's account classifications. This provides the ability to compare individual school districts' measures to peer districts' measures, Arizona's measures to national averages, and Arizona's measures over time. Operational spending includes both instructional and non-instructional spending. The definition of instructional spending used in the Auditor General's report is based on the definition of "instruction" developed by the U.S. Department of Education's National Center for Education Statistics. Operational spending excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings and equipment), interest and programs that are outside the scope of preschool through grade 12 education, such as adult education and community service programs. Total operational spending includes the instructional and non-instructional expenditures as shown below:

Instructional Spending

Classroom personnel: Salaries and benefits for teachers, teacher's aides, substitute teachers, graders and guest lecturers.

General instructional supplies: Paper, pencils, crayons, etc.

Instructional aids: Textbooks, workbooks, instructional software, etc.

Activities: Field trips, athletics, and co-curricular activities, such as choir or band.

Tuition: Paid to out-of-State and private institutions.

Non-instructional Spending

Instruction support: Salaries and benefits for curriculum directors, special education directors, teacher trainers, librarians, media specialists and instruction-related IT staff. This category also includes other costs related to assisting instructional staff in delivering instruction.

Student support: Salaries and benefits for attendance clerks, social workers, counselors, nurses, audiologists and speech pathologists. This category also includes other costs related to these support services for students.

Transportation: Salaries, benefits, and other costs related to maintaining buses and transporting students to and from school and school activities.

Plant operations: Salaries, benefits, and other costs related to equipment repair, building maintenance, custodial services, groundskeeping and security. This category also includes costs for heating, cooling, lighting and property insurance.

Food service: Salaries, benefits, food supplies and other costs related to preparing, transporting and serving meals and snacks.

Administration: Salaries and benefits for superintendents, principals, business managers, clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities and administrative technology services. This category also includes other costs related to these services as well as the Governing Board.

Spending by Operational Area

The results from the latest independent Arizona Auditor General report from fiscal year 2021-22 are listed below. This report is produced annually in the spring and provides information for the previous fiscal year. According to the report, Kyrene's instructional spending was 58.8%. This amount is substantially higher than Kyrene's peer district average of 54.5% and the overall state average of 54.5%.

The combined spending for instruction, student support, and instruction support is also identified as "classroom spending" by the Auditor General. These amounts represent the total funding spent for overall classroom activities within a school district. For Kyrene, this amount is one of the highest in the state at 71.9% and is higher than both the peer district average of 69.8% and the overall state average of 69.5%. This means that almost three out of every four dollars spent by Kyrene went into the classroom to provide the most direct benefits for students.

Fiscal year 2021-22 saw a dramatic increase in spending related to food service activities, which grew by 106% over the previous year. This happened because the federal government offered free breakfast and lunch for all students during the 2021-22 school year. The large growth in food service expenditures added an additional \$4M to the 2021-22 total operating expenditures used in the calculation, which almost doubled the percentage of food service expenditures from the previous year (going from 2.8% in 2020-21 to 5.4% in 2021-22). This situation also had the proportional effect of lowering the expense ratios for all the other categories, including classroom and instructional spending.

Had food service expenses been at the same level as 2020-21, the instructional spending for Kyrene would have been 60.9% and total classroom spending would have been 74.0%, with both amounts being very comparable vs. previous year amounts. It's important to mention that the increase in food service activities did not take money away from other areas because Kyrene outsources its food services activities and pays for any expenses according to a structured cost that is variable per meal served. Kyrene also expects this situation to be a one year only event as the federal government ended the free meal program at the end of 2020-21.

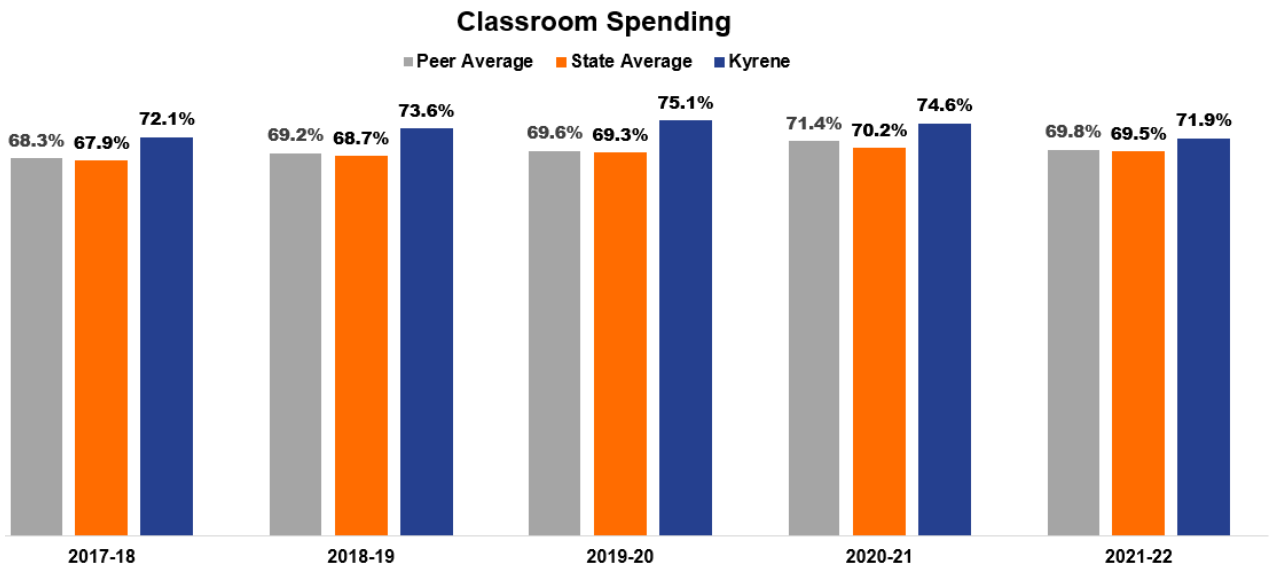
These results and distinctions for Kyrene in fiscal year 2021-22 are similar to the Auditor General's reports in previous years as Kyrene has consistently put more dollars into the classroom than both its peer groups and the overall state average. Information from the most current Auditor General report for Kyrene's total operational spending is provided below.



- Classroom spending, 71.9%**
 - Instruction, 58.8%
 - Student support, 8.9%
 - Instruction support, 4.2%
- Nonclassroom spending, 28.1%**
 - Administration, 8.7%
 - Plant operations, 10.3%
 - Food service, 5.4%
 - Transportation, 3.7%

Historical Classroom Spending Comparisons

The combined spending for instruction, student support, and instruction support is characterized as “classroom spending” by the Auditor General. These amounts represent the total funding spent for overall classroom activities within a school district. The graph below shows that Kyrene has consistently outperformed the state of Arizona and peer comparison groups as identified by the Auditor General’s office.





ORGANIZATIONAL SECTION



About Kyrene

Kyrene Elementary School District is one of Arizona's leading public school districts, providing excellence in education for 135 years. Kyrene comprises 26 schools: 17 elementary, six middle, and three K-8, including a digital academy with live online instruction. Kyrene's district boundaries are located within Maricopa County and encompass all of Ahwatukee in Phoenix, south Tempe, West Chandler and parts of Guadalupe and the Gila River Indian Reservation. Kyrene enrolls approximately 14,000 students in grades K-8 and offers preschool options on 18 school campuses. Team Kyrene is made up of 1,800 educators, including teachers, leaders and education support professionals.

Kyrene offers a comprehensive K-8 program. Examples of program offerings include world languages (Spanish and Mandarin), STEM, college prep, fine arts, performing arts, and computer science immersion. Kyrene is also home to a Traditional Academy, an International Baccalaureate (IB) World School, a Digital Academy and K-8 Dual Language curriculum at four locations (two elementary and two middle schools).

Preschool options include dual language, leadership and arts integration programs as well as project-based and self-directed learning programs. Integrated preschool programs are taught by certified staff. They serve both students with developmental needs as well as their typically developing peers. Kyrene also offers an impressive selection of courses and program options that occur before, during and after school hours.

Kyrene'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 or 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.

Kyrene's 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. No component units are presented in the District's financial statements and the District is not included in any other governmental reporting entities.

A.R.S. §15-914.01 allows school districts the opportunity to apply to the state board of education to assume all accounting responsibilities. This statute requires a school district to develop an accounting responsibility plan and file their application with both the Arizona State Board of Education and also the Office of the Maricopa County School Superintendent. Kyrene School District assumes all responsibility for its accounting responsibilities and maintains all financial records in accordance with the Uniform System of Financial Records and other applicable laws, and is therefore independent from the County Superintendent's Office.

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 regular and special education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

High Performing Students

Kyrene students out-perform their peers in large group configurations as well as by comparative peer districts as defined by the Arizona Auditor General, and that information is provided in the Informational Section of this report. This provides the District with an indicator to confirm that outcomes are in line with budget investments.

High Performing Schools

Kyrene has an established reputation as a high performing district. Twelve Kyrene schools hold the distinction of being an “A+ School of Excellence”, as recognized by the Arizona Educational Foundation (AEF). AEF is a nonprofit organization that fosters excellence in education by administering statewide programs that enhance the capabilities of Arizona’s schools. Applicant schools are evaluated across such areas as teaching and learning strategies, student achievement, leadership and community integration. The evaluation of schools for this designation is based on a lengthy written application submitted by the school and rigorous site visits conducted by a team of trained judges. Preparation of each school’s application involves collaboration among all stakeholders including students, faculty, staff, administrators and community members.

Two Kyrene Schools, the Kyrene Traditional Academy and Sierra Elementary, have been designated as *National Blue Ribbon Schools*. The National Blue Ribbon Schools Program recognizes public and private schools based on their overall academic excellence or their progress in closing achievement gaps among student subgroups. With approximately 10,000 awards to more than 9,000 schools across the country having been presented with this award, it is widely recognized as a symbol of exemplary teaching and learning.

Highly Qualified Educators

Fifteen Kyrene teachers and three administrators have earned certification by the National Board for Professional Teaching Standards. National Board Certification (NBC) is the highest certificate an educator can achieve in the United States, and it is achieved by successfully completing a rigorous process of performance-based analysis and peer review. Research shows performance growth among students of Board-certified teachers, with an even greater impact among minority and low-income students. Teachers with NBC often advance to leadership positions, where they can have an even broader impact on students and learning.

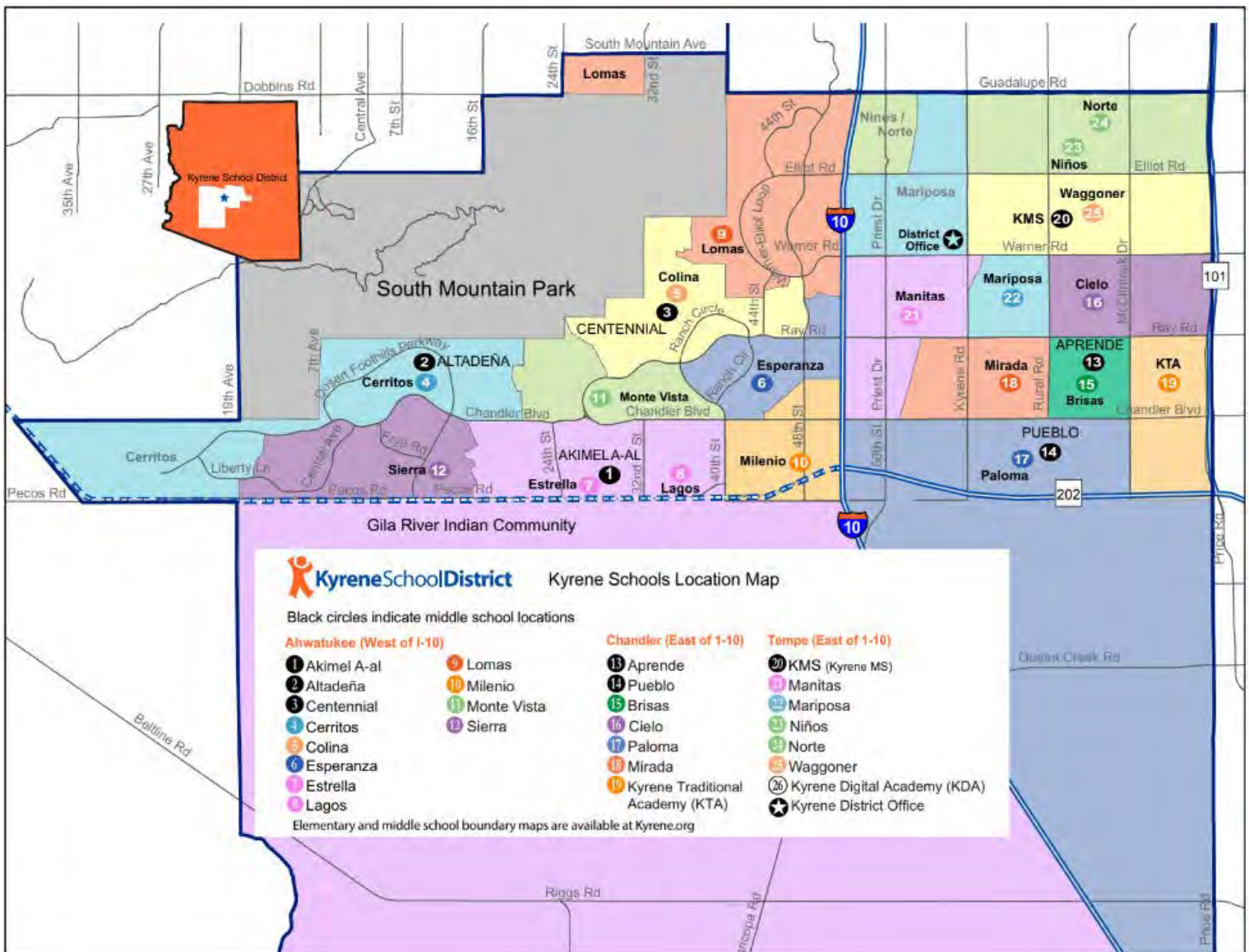


Geographic Area

Kyrene’s district boundaries are located within Maricopa County and encompass parts of Phoenix, Chandler, Guadalupe, Tempe, and the Gila River Indian Reservation. Approximately 163,000 people reside within the District boundaries. A few of the major companies represented in this metropolitan area include Banner Health Systems, Wells Fargo, Dignity Health, Honeywell and Intel.

Public school districts are required to accept all children who live within their boundaries. However, state law allows students to apply for admission to any public school, based on available classroom space (A.R.S. §15-816.01). More information about enrollment is provided in the Informational Section of this report.

In addition, this metropolitan area continues to provide excellent educational and training opportunities through community colleges, multiple private colleges and graduate schools, as well as one state university.



District Leadership

The District is administered by the Superintendent, along with senior leadership shown below. Additionally, the District is organized into the following departments:

- Academic Equity & Excellence
- Accountability & Performance Management
- Communications & Engagement
- Community Education
- Exceptional Student Services
- Facilities
- Federal Programs & Outreach
- Finance
- Information Technology
- Professional Growth and Development
- Safety and Security
- Talent Management
- Transportation

26 principals are responsible for the administration at each of the Kyrene school locations.

Superintendent

Laura Toenjes, M.A.Ed.



Associate Superintendent

Carrie Furedy, M.A.Ed.



Sandra Laine, Ed.D., Executive Director Academic Equity & Excellence
Christie McDougall, Ph.D., Director Assessment & Student Outcomes
Garth Cupp, Ed.D., Executive Director School Effectiveness
Damian Nichols, Executive Director Information Technology & School Safety
Kelley Brunner, Director Innovation & Transformation

Associate Superintendent

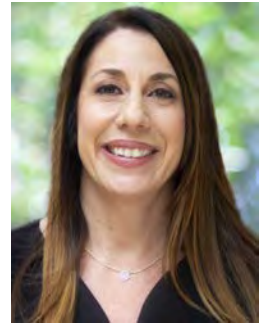
Chris Herrmann, MBA



Josh Glider
 Director Community Education
Mason Meade
 Director Facilities
Brian Lockery
 Director Finance
Michele Parmley
 Director Transportation

Assistant Superintendent

Lisa Gibson, M.A.Ed.



Deb Spurgin
 Director Benefits
Jo Shurman
 Director Professional Growth & Development
Mary Jane Rincon
 Director Talent Management

Executive Directors

Academy Equity & Excellence

Sandra Laine, Ed.D.



Sarah Collins, Ed.D., Director Academic Equity & Excellence (PreK-3)
Amy Gingell, Director Academic Equity & Excellence (4-8)
Tzipi Turner, Director Exceptional Student Services

Accountability & Performance Management

Susie Ostmeier, Ph.D.



Rebecca Bolnick, Ph.D.
 Director Research & Evaluation

Communications & Engagement

Erin Helm



Carolyn Wood, Assistant Director Communications & Engagement

Information Technology & School Safety

Damian Nichols



Pete Flocken, Director Information Technology
Jacinta Sorgel, Assistant Director Information Technology
David Staneart, Emergency Management

School Effectiveness

Garth Cupp Ed.D.



Erin Schroeder, Assistant Director Federal Programs & Outreach

Governing Board

The Kyrene Governing Board is authorized under the laws of the state of Arizona (A.R.S. §15-341) to “prescribe and enforce policies and procedures for the governance of the schools” as well as the evaluation and governance of the District (Policy BBA). The Board performs the following basic functions necessary to the discharging of its responsibilities: legislative, executive and appraisal.

1. *The legislative function* is the policy-making aspect of the school system. It is the policy of the Board to retain and exercise full legislative authority and control over the schools by adopting general policies or by acting directly in matters not covered by its policies.
2. *The executive function* of the Board is concerned with placing in operation existing Board policy. Most of this function is delegated by the Board to its executive and administrative officer, the Superintendent.
3. *The appraisal function* involves the determination of the efficiency of the school operation and an evaluation of the educational program of the District based on the policies as outlined in the policy manual.

Each member of the Governing Board is elected to serve a four-year term. Every two years, either two or three positions are filled during the November general election. Board candidates must reside within the district boundaries for one year prior to being elected to office. Arizona law does not limit the number of terms a member may serve, and members receive no compensation for their service on the board. As prescribed in A.R.S. §15-302, if a board member vacates a position before the end of their term, the Maricopa County School Superintendent is required to appoint a Governing Board member to fill the vacancy until the next regular election for Governing Board members, at which time a successor shall be elected to serve the unexpired portion of the term.

Kyrene Governing Board Members



Michelle Fahy
Vice President



Wanda Kolomyjec
Member



Triné Nelson
Member



Kevin Walsh
President



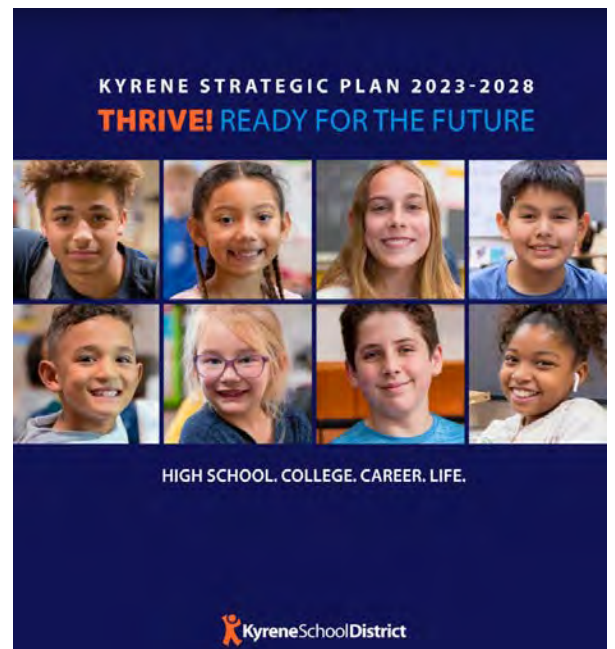
Margaret Wright
Member

Strategic Plan

The Kyrene Strategic Plan 2023-2028, *Thrive! Ready for the Future* is a comprehensive roadmap outlining the Kyrene community's shared vision for the future, the transformation needed to realize that vision, and specific goals to reach by 2028. Strategic planning is an active, continuous improvement process with oversight by the Kyrene Governing Board. Accordingly, the plan itself is a dynamic one, with room for reflection and progress checks along the way.

The strategic plan was developed with the collective input and collaboration of a diverse range of stakeholders, including families, teachers, staff, students and community members.

As the District engaged thousands of stakeholders in the visioning process, a new picture emerged: of a district that measures its achievement not only on the success of its current preK-8 students but on whether they are prepared for success in high school, college, career and life.



A strategic plan must be built on a solid foundation. Kyrene established that foundation through the development of several cornerstone pieces that provide the framework on which the entire strategic plan is built. Each cornerstone serves a different purpose: defining what makes Team Kyrene exceptional, identifying the traits that will prepare our students to excel, and establishing Kyrene's promise for the future.

The Kyrene Promise is a vision and a mission all rolled into one unifying commitment. The Governing Board adopted the promise language to express both the action and the expected outcome if Kyrene creates the right environments and circumstances for student success.

Kyrene's Key Values are the traits we embody as educators. Every single employee in Kyrene plays a role in the education of each child. Our shared values define who we are and what it takes to meet our responsibilities to students, to each other and to our community.

The Portrait of a Kyrene Kid reflects our community's collective vision of the skills, traits and competencies each of our students should exemplify by the time they complete grade 8, in preparation for high school, college, career and life.

The Kyrene Promise

We promise to provide welcoming, inclusive learning environments in which every student is honored, valued, and feels a strong sense of belonging and purpose.

We promise to provide rigorous, responsive learning environments in which every student is given what they need to develop knowledge, skills, confidence, and a passion for learning.

We promise to provide vibrant, world class learning environments in which every student believes they are empowered and prepared to make a meaningful impact on a rapidly changing world.

Kyrene Key Values

Connection: We build and maintain trusting relationships so that our students, families and staff are seen, heard, and valued.

Compassion: We treat and respond to others with dignity, understanding, empathy, and kindness.

Courage: We possess the moral and mental strength to do what is right, even when it is challenging.

Collaboration: Together, we make a difference, by learning and working in unity to deliver excellence for our students, colleagues and community.

Curiosity: We reach beyond our comfort zone to explore innovative and unconventional ideas with a sense of wonder.

Portrait of a Kyrene Kid

Adaptable Learner: I possess the desire to learn, unlearn, and re-learn. I believe in the ability to master challenging concepts and demonstrate positive attitudes about learning.

Self-Advocate: I demonstrate personal agency. I possess confidence in my ability to reflect, overcome adversity, appropriately express needs, and act with purpose.

Community Contributor: I pursue opportunities, actions and contributions that positively impact the community and the world. I demonstrate global and cultural citizenship through empathy and respect for others.

Communicator: I articulate thoughts and ideas effectively, using spoken, written, and nonverbal skills in a variety of forms and contexts. I listen effectively to interpret meaning and intentions.

Critical Thinker: I demonstrate thinking that is clear, rational, open-minded, and informed by evidence. I am able to analyze and evaluate difficult or complex situations, and I ask questions to further understanding.

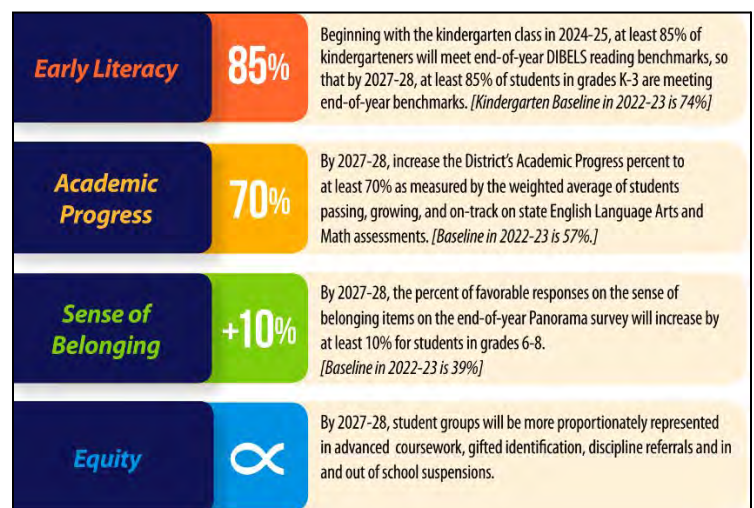
Problem Solver: I exhibit steadfastness in achieving success despite difficulty, opposition, or failure. I am able to identify and prioritize solutions.

Collaborator: I engage with others by honoring and leveraging diverse perspectives and strengths to achieve shared goals.

District Goals

Kyrene goals focus on student outcomes in the areas of early literacy, academic progress, sense of belonging and equity. Each area has an identified target with expected outcomes to be achieved over the next five years. These goals serve to create alignment of resources, systems, and organizational design to hold the District accountable on how to best meet the needs of each student.

By creating a scorecard that includes measures focusing on academic, social emotional, and equity, the District addresses the whole child and the environment in which they learn.



Early literacy is defined by the percentage of students in grades K-3 who are able to demonstrate grade-level reading competencies.

Academic Progress is a weighted calculation that uses student performance from state assessments in the subject areas of math and English language arts.

Sense of Belonging is a measurement that calculates the percent of items that students mark favorably (agree/strongly agree) illustrating their agreement that their experiences align to items that indicate a sense of belonging.

Equity defines a collection of measures that focus on improving student representation in identified populations for which they were disproportionately represented at the start of the plan.

Financial Goals and Costs

Another component in developing the strategic plan includes dedicating sufficient financial resources to support Kyrene’s district-wide goals. Policy Regulation DB-R was developed and implemented in 2020 to ensure that budget practices are consistent with supporting strategic objectives to produce the most benefits for students. Elements from Policy Regulation DB-R include:

- Prepare and produce an annual balanced budget to the Governing Board.
- Create budget processes with fiscal responsibility and transparency to ensure financial resources are allocated to support the highest level of student achievement.
- Develop a five-year plan for curriculum activities.
- Develop a ten-year Capital Master Plan for district-wide facilities.

Through the budget development process, resources are aligned with the goals and objectives defined in the District’s strategic plan. The long-term plans for curriculum and facilities are critical components of the budget. These costs are significant, so the commitment to invest and fund these areas in the budget must be consistent with the overall goals and objectives of the District. For the 2023-24 adopted budget, the following funding has been committed to support Kyrene’s strategic capital needs for curriculum and facilities:

Curriculum Capital Plan

(\$ Millions)

Category	2023-24 Budget
English and Spanish Language Arts	\$0.6
Mathematics	\$0.2
Science	\$1.1
Electives	\$0.1
Assessment and General Resources	\$0.8
Intervention and Special Education	\$0.5
Total	\$3.3

Facilities Capital Master Plan

(\$ Millions)

Category	2023-24 Budget
Maintain Schools	\$27.9
Transportation	\$0.6
Total	\$28.5

Additionally, \$2.4M of funding has also been committed to support Kyrene’s new strategic plan. This money was available due to budget capacity created in the 2022-23 fiscal year primarily from lower expenses due to vacant positions and lower overall medical expenses. Although this money is likely to be spent over the next five years, for budgeting purposes the entire amount has been included in the 2023-24 budgeted amounts. At the end of the 2023-24 fiscal year, any remaining funding from this category will be carried over into the next fiscal year’s budget.

Significant Laws Affecting the Budget

The public elementary and secondary schools of Arizona are governed by the Arizona Constitution and Title 15 of the Arizona Revised Statutes (A.R.S.). The Arizona Legislature has required that the Arizona Department of Education and the state’s Auditor General interpret Title 15 and design the state’s Uniform System of Financial Records (USFR) which is used in maintaining local school district financial records and preparing reports.

A school district budget is for the fiscal year from July 1 to June 30. Each school district must propose, adopt and revise an expenditure budget according to state law, designated timelines and other statutory requirements as listed below. The expenditure budget package includes the forms and instructions as dictated by the state that are required to be submitted in order to remain in compliance, and these forms are revised annually as needed based on legislation changes.

A.R.S. §15-903(A) requires the Superintendent of Public Instruction in conjunction with the Auditor General to prescribe the budget format to be used by all school districts. A.R.S. §15-905 requires districts to prepare and submit budgets containing the information and in the form provided by the Arizona Department of Education (ADE). The Auditor General and ADE have developed the budget format to incorporate the information districts are statutorily required to include in their annual budgets. This format assists districts in complying with budget preparation and submission requirements, and districts are not allowed to modify the budget format. The elements of A.R.S. §15-905 are listed below as these are the statutory requirements for budget preparation, public notice, and budget revisions.

- 1) Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting as required by this section, the Governing Board of each school district shall prepare and furnish to the Superintendent of Public Instruction and the county school superintendent, unless waived by the county school superintendent, a proposed budget in electronic format for the budget year, which shall contain the information and be in the form as provided by the Department of Education. The proposed budget shall include the following:

- a) The total amount of revenues from all sources that was necessary to meet the school district's budget for the current year.
- b) The total amount of revenues by source that will be necessary to meet the proposed budget of the school district, excluding property taxes. The Governing Board shall prepare the proposed budget and a summary of the proposed budget. Both documents shall be kept on file at the school district office and shall be made available to the public on request. Not later than July 5 of each year or no later than the publication of notice of the public hearing and board meeting required by this subsection, the Governing Board shall submit the proposed budget to the Department of Education, which shall prominently display this information about that school district on the website maintained by the department. If the school district maintains a website, the school district shall post a link to the website of the Department of Education where this information about the school district is posted. The Auditor General in conjunction with the Department of Education shall prescribe the form of the summary of the proposed budget for use by governing boards.

School district governing boards may include in the proposed budget any items or amounts that are authorized by legislation filed with the Secretary of State and that will become effective during the budget year. If subsequent events prevent the legislation from becoming effective, school district Governing Boards must reduce their budgets by the amounts budgeted pursuant to the legislation that did not become effective.

- 2) The Governing Board of each school district shall prepare a notice fixing a time not later than July 15 and designating a public place within each school district at which a public hearing and board meeting shall be held. The Governing Board shall present the proposed budget for consideration of the residents and the taxpayers of the school district at that hearing and meeting.
- 3) The Governing Board of each school district shall publish or mail, before the hearing and meeting, a copy of the proposed budget or the summary of the proposed budget and a notice of the public hearing and board meeting no later than ten days before the meeting. The proposed budget and the summary of the proposed budget shall contain the percentage of increase or decrease in each budget category of the proposed budget as compared to each category of the budget for the current year. Notification shall be either by publication in a newspaper of general circulation within the school district in which the size of the newspaper print shall be at least eight-point type, by electronic transmission of the information to the Department of Education for posting on the department's website, or by mailing the information to each household in the school district. The cost of publication, website posting, or mailing shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the Governing Board with the Superintendent of Public Instruction within thirty days after publication. If the budget or proposed budget and notice are posted on a website maintained by the Department of Education or mailed, the board shall file an affidavit with the Superintendent of Public Instruction within thirty days after the mailing or the date that the information is posted on the website. If a truth in taxation notice and hearing is required under section A.R.S. §15-905.01, the Governing Board may combine the notice and hearing under this section with the truth in taxation notice and hearing.
- 4) At the time and place fixed in the notice, the Governing Board shall hold the public hearing and present the proposed budget to the persons attending the hearing. On request of any person, the Governing Board shall explain the budget, and any resident or taxpayer of the school district may protest the inclusion of any item. A Governing Board member who has a substantial interest, as defined in section 38-502, in a specific item in the school district budget shall refrain from voting on the specific item. A Governing Board member may participate without creating a conflict of interest in adoption of a final budget even though the member may have substantial interest in specific items included in the budget.

- 5) Immediately following the public hearing, the president shall call to order the governing board meeting for the purpose of adopting the budget. The Governing Board shall adopt the budget, which shall not exceed the general budget limit or the unrestricted capital budget limit, making such deductions as it sees fit but making no additions to the proposed budget total for maintenance and operations or capital outlay, and shall enter the budget as adopted in its minutes. Not later than July 18, the budget as finally adopted shall be filed by the Governing Board with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than July 18, the budget as finally adopted shall be submitted electronically to the Superintendent of Public Instruction. Not later than July 18, the Governing Board shall submit the budget as finally adopted to the Department of Education, which shall prominently display this information about that school district on the website maintained by the department. If the school district maintains a website, the school district shall post a link to the website of the Department of Education where this information about the school district is posted. On or before October 30, the Superintendent of Public Instruction shall review the budget and notify the Governing Board if the budget is in excess of the general budget limit or the unrestricted capital budget limit. The Governing Board shall revise the budget as follows:
 - a) Before December 18, the Governing Board shall file the revised budget it adopts with the county school superintendent who shall immediately transmit a copy to the board of supervisors. Not later than December 18, the budget as revised shall be submitted electronically to the Superintendent of Public Instruction. School districts that are subject to section A.R.S. §15-914.01 are not required to send a copy of revised budgets to the county school superintendent. Procedures for adjusting expenditures or revising the budget shall be as prescribed in the uniform system of financial records.
- 6) The Governing Board of each school district may budget for expenditures within the school district budget as follows:
 - a) Amounts within the general budget limit, as provided in section A.R.S. §15-947, subsection C, may only be budgeted in the following sections of the budget:
 - i) The maintenance and operation section.
 - ii) The capital outlay section.
 - b) Amounts within the unrestricted capital budget limit, as provided in section A.R.S. §15-947, subsection D, may only be budgeted in the unrestricted capital outlay subsection of the budget. Monies received pursuant to the unrestricted capital budget limit shall be placed in the unrestricted capital outlay fund. The monies in the fund are not subject to reversion.
- 7) The Governing Board may authorize the expenditure of budgeted amounts within the maintenance and operation section of the budget for any subsection within the section in excess of amounts specified in the adopted budget only by action taken at a public meeting of the governing board and if the expenditures for all subsections of the section do not exceed the amount budgeted as provided in this section.

Budget Policies

Identifying clear policies and having effective processes is a critical component of the District's budget planning. The Kyrene School District operates in accordance with policies established by the Governing Board and regulations developed by the Superintendent. The Board, which represents the local community, adopts policies after careful deliberation, and the school administration implements the policies through specific regulations and exhibits. The Board and administration evaluate the effects of the policies, regulations and exhibits and will revise them on an ongoing basis as necessary.

These Governing Board policies guide and impact the development of the annual budget. Beginning with the 2023-24 fiscal year, Kyrene adopted a new format and naming convention for its overall district and financial Governing Board policies. In this year's 2023-24 budget document, all references to policies, policy regulations and policy names will refer to the Governing Board policies that were in place during the 2022-23 fiscal year as these were the policies in place when developing the 2023-24 budget. The new policy names that are in effect for the 2023-24 fiscal year will be referenced in next year's budget document. The following budget policies have been adopted by the Kyrene Governing Board and were used to guide the preparation and administration of this budget.

Fiscal Management Goals (Policy DA): The Governing Board recognizes that money and its management constitute the foundation of the District's programs. To make that support as effective as possible, the Board intends to:

- Encourage short and long-range planning through the best possible budgeting procedures.
- Explore all practical and legal sources of monetary income.
- Guide the expenditure of funds to achieve the greatest educational returns.
- Require maximum efficiency in accounting and reporting procedures.
- Maintain, within budget limits, a level of per-student expenditure needed to provide high-quality education.

Annual Budget (Policy DB): The Superintendent is directed to formulate the annual budget, considering, at all times, that resources must be utilized to produce the most positive effect on the student's opportunity to gain an education.

The Superintendent shall be responsible for reviewing budgetary requests, providing guidelines and limitations, and presenting the proposed budgets and documentation necessary for Board study, review and action.

The Governing Board shall be informed if the proposed budget could require an increase in the primary property tax levy of the District over the preceding year's tax levy.

Budget Planning, Preparation and Schedules (Policy DBC): Each school year the Superintendent shall prepare and disseminate a budget preparation schedule to accomplish all required budgetary actions for the following school year. This schedule will, as a minimum, provide specific dates for the accomplishment of all state-mandated actions.

Budget Policy Regulations

Policy regulations are the method by which the school administration implements the Governing Board policies. These regulations provide more specific details on how to carry out and implement Board policies.

Annual Budget-Policy Regulation (Regulation DB-R): Policy regulation DB-R was developed and implemented in 2020 to create fiscal responsibility and transparency and ensure maximum financial resources are allocated to support student achievement while also creating the most benefits for students. Specific elements from that policy regulation include:

- Prepare and produce an annual balanced budget to the Governing Board.
- Create budget processes with fiscal responsibility and transparency to ensure financial resources are allocated to support the highest level of student achievement.
- Develop a five-year plan for curriculum activities.
- Develop a ten-year Capital Master Plan for district-wide facilities.

The District uses a zero-based budgeting method in building and developing annual budgets, meaning that expenditures for each operational area begin at zero, and any proposed expenditure must be reviewed, justified and approved each year. Through the budget development process, resources are aligned with the goals and objectives defined in the District's strategic plan and are continuously evaluated using a cost-benefit analysis. Each year the District is also directed to prepare and present a balanced budget to the Governing Board for approval. This practice is essential because it ensures financial decisions are sustainable and will not jeopardize the long-term fiscal health of the District. The budget is considered balanced when total expenditures are equal to or less than total revenues. The District also considers the budget to be balanced in instances when fund balances from previous years are spent on one-time or non-routine expenditures. This situation is especially prevalent in the areas of capital spending where budgeted expenditures are often dependent on the issuance of bonds, or in the areas of grant funding when funding is often received in a different fiscal year vs. when the actual spending takes place.

Developing long-term capital plans for curriculum and facilities are also part of policy regulation DB-R. The long-term plans for curriculum and facilities are critical components of the budget because they ensure funding is available to support the long-term needs in both of these areas.

Kyrene does not have a formal policy or policy regulation that specifically defines a minimum or maximum fund balance threshold level. However, by requiring an annual balanced budget be presented to the Governing Board, policy regulation DB-R establishes a condition that fund balances would not structurally decline as part of the budget development and approval process.

Budget Planning, Preparation and Schedules-Policy Regulation (Regulation DBC-R): This regulation was developed to identify the actions necessary to prepare the annual budget. It also ensures that the District is compliant with all state laws, regulations and required budget submission dates.

Types of Funds and Definitions

School districts in Arizona follow the guidelines prescribed by the Uniform System of Financial Records (USFR) for accounting structure and financial reporting. The USFR has been developed by the Office of the Auditor General and the Arizona Department of Education pursuant to Arizona Revised Statutes (A.R.S.) §15-271. The USFR prescribes the internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. These policies and procedures are in conformity with generally accepted practices as well as federal and state laws.

For proper accounting and financial reporting, districts must account for their financial position and operational results in accordance with generally accepted accounting principles applicable to governmental units, which requires using a fund accounting system. Fund accounting systems provide the means to separate financial resources into specific funds in order to determine compliance with finance-related legal, contractual or other restrictive requirements and to aid management by separating transactions related to certain restrictions and specific district functions or activities.

Funds

A fund is a fiscal and accounting entity with a set of accounts that are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds contain a self-balancing set of accounts that record cash and other financial resources, liabilities and equity/residual balances. Although accounts are separately maintained for each specific type of fund activity, funds that have similar characteristics are combined into broad fund categories. There are three fund categories: governmental, proprietary and fiduciary.

Governmental funds account for most of a district's financial resources based on the purposes for which these resources may or must be used. Governmental funds are classified into four fund types for the District: general, special revenue, capital projects and debt service.

Proprietary funds account for the district's ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds are generally self-sustaining with user charges as the primary source of revenues. The District has one proprietary fund type: internal service funds.

Fiduciary funds account for assets a district holds in a trustee capacity or as an agent for individuals, private organizations, and other governmental entities and which therefore may not be used to support the district's own programs. The District does not utilize any fiduciary fund types in the 2023-24 budget. This is related to a change in Governmental Accounting Standards Board No. 84 that revised the definition of Student Activities funds and changed the classification from a fiduciary fund to a special revenue fund effective in the fiscal year 2020-21. For reporting and comparative purposes, any historical financials for the Student Activities fund are included as a special revenue fund type.

Classification of Revenue and Expenditures

Revenue Classifications

School Districts in Arizona follow the guidelines prescribed by the USFR for their accounting structure and chart of accounts. This chart of account structure establishes the requirements for a complete fund accounting system, including the recording of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/fund net position, revenues, other financing sources, expenditures and other financing uses.

Arizona school districts receive revenues from local, state and federal sources. In general, districts receive local and state revenues based on an equalization formula set by Arizona law. This “equalization formula funding” provides the base funding for districts through locally levied property taxes and state-appropriated monies. Revenues are categorized according to the following codes:

- **1000—Revenue from local sources:** Includes taxes levied by the county on the assessed value of real and personal property located within a school district. Also includes interest income, portions of food service operations, district activities that generate revenue, tax credit donations, gifts and donations, and income from the rental of real or personal property.
- **2000—Revenue from intermediate sources:** Includes revenue received from county sources.
- **3000—Revenue from state sources:** Includes state equalization assistance as well as state funding that designates restricted or specific purposes.
- **4000—Revenue from federal sources:** Includes proceeds or grants received from the federal government that can be used for any restricted or unrestricted purposes.
- **5000—Other financing sources:** Includes income received from bond issuances, transfers-in and lease proceeds.

Expenditure Classifications

District expenditures are tracked and reported by fund, program, function, object and unit codes according to the criteria as defined in the USFR.

Program: Programs are activities designed to achieve a specific goal or set of objectives. The primary program classifications are regular education, special education and transportation.

Function: Functions describe the activity for which a service is acquired, or an expenditure is made. The function classifications are instruction, support services, non-instructional services, facilities acquisition and construction, debt service and other financing uses.

Object: Objects are the most detailed classification level and describe the service or material obtained as the result of a specific expenditure. The main object classifications are salaries, benefits, purchased services and supplies.

Unit: A unit separates expenditures by a location or separate level.

Function Classifications

Functions are a way to categorize expenditures and are defined by the USFR according to the following codes:

- **1000—Instruction:** Includes the activities dealing directly with the interaction between teachers and students. It includes the salaries and benefits of certified teachers, classroom furniture, and technology used by students in the classroom or that has a student instruction focus.
- **2100—Support Services, Students:** Activities designed to assess and improve student well-being and to supplement the teaching process.
- **2200—Support Services, Instruction:** Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.
- **2300—Support Services, General Administration:** Activities associated with establishing and administering policy for the operation of a district.
- **2400—Support Services, School Administration:** Activities concerned with the overall administrative responsibility for a school.
- **2500—Central Services:** Relates to activities that support other administrative and instructional functions, including fiscal services, human resources, planning and administrative information technology.
- **2600—Plant Operations:** Includes activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition. This also includes the activities of maintaining safety in buildings, on the grounds and in the vicinity of schools.
- **2700—Student Transportation:** Includes activities concerned with conveying students to and from school, as provided by state and federal law. This includes trips between home and school and trips to school activities.
- **2900—Other Support Services:** All other support services not coded elsewhere in the function 2000 range.
- **3100—Food Service Operations:** Activities concerned with providing food to students and staff in a school or district. This function includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.
- **3200—Enterprise Operations:** Activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is to finance or recover the costs primarily through user charges.
- **3300—Community Services Operations:** Activities concerned with providing community services to students, staff, or other community participants. Examples of this function would be offering parental training or operating a community swimming pool, a recreation program for the elderly or a childcare center for working parents.
- **3400—Bookstore Operations:** Activities concerned with bookstore operations.
- **4000—Facilities Acquisition & Construction:** Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment and improving sites.
- **5000—Debt Service:** Activities related to servicing long-term debt and other long-term obligations including payments of both principal and interest. This function is used to account for bond interest payments, retirement of bonded debt including current and advance refundings, financed purchase agreements, leases and subscription-based information technology arrangements (software subscriptions).
- **6000—Other Financing Uses:** A number of outlays are not properly classified as expenditures, but still require budgetary or accounting control. These include certain transfers of monies from one fund to another, indirect costs and payments to bond escrow agents.

Classification of Objects

Objects are a way to categorize expenditures and are defined by the USFR according to the following codes:

- **6100—Salaries:** Amounts earned by permanent or temporary employees of the district.
- **6200—Employee Benefits:** Includes taxes, state retirement system contributions, worker's compensation and other health/employee benefit programs.
- **6300—Purchased Professional and Technical Services:** Services that by their nature can be performed only by persons or firms with specialized skills and knowledge.
- **6400—Purchased Property Services:** Includes services for utilities (other than from telecommunications and energy services), water, cleaning services, disposal services, repair and maintenance services not performed directly by district employees, rental costs and construction services.
- **6500—Other Purchased Services:** Includes student transportation services provided outside of the district, insurance, telecommunications, advertising, tuition, travel and food service management.
- **6600—Supplies:** Includes energy costs, textbooks, library books, and other items that are consumed, worn out or deteriorate through use.
- **6700—Property:** Expenditures for the purchase of land and land improvements, building, equipment and depreciation.
- **6800—Debt Service and Miscellaneous:** Includes dues and fees, bond principal and interest payments, instructional software subscriptions or amounts not coded to any other expenditure object code.
- **6900—Other Financing Uses:** Includes indirect cost transfers, fund transfers-out or for extraordinary items (natural disasters, environmental issues, etc.).

Basis of Accounting

Basis of accounting refers to when changes in a fund's resources are recognized in the accounting records and reported in the financial statements. Basis of accounting also relates to the timing of the measurements made, regardless of the measurement focus applied. The general ledger for school districts is maintained on a cash basis for day-to-day transaction activities, but converted to a modified accrual basis for governmental funds and accrual basis for proprietary and fiduciary funds for financial statement presentation purposes.

The modified accrual basis is a government accounting method where revenue is recognized when it becomes measurable and available to finance expenditures of the current period. Revenue is considered available when it is collected within the current period or during the encumbrance period thereafter. Expenditures are typically recognized in the period in which the liability is incurred. However, principal and interest on general long-term debt, claims and judgments and compensated absences are recognized when due. The modified accrual basis is used for budget development as well as the financial statements presented in this document.

The accrual basis is a governmental accounting method where districts recognize increases and decreases in economic resources as soon as the underlying transaction or event occurs. Revenues are recognized when they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of the related cash inflows and outflows.

Budget Development Process

The budget development process is designed to create fiscal responsibility and transparency and ensure maximum financial resources are allocated to support student achievement while also creating the most benefits for students. The District uses a zero-based budgeting method in building and developing annual budgets, meaning that expenditures for each operational area begin at zero, and any proposed expenditure must be reviewed, justified and approved each year. Through the budget development process, resources are aligned with the goals and objectives defined in the District’s strategic plan and are continuously evaluated using a cost-benefit analysis.

Consistent with Governing Board budget policy regulations, each year the District prepares and presents a balanced budget to the Governing Board for approval. This practice is essential because it ensures financial decisions are sustainable and will not jeopardize the long-term fiscal health of the District. The budget is considered balanced when total expenditures are equal to or less than total revenues. The District also considers the budget to be balanced in instances when fund balances from previous years are spent on one-time or non-routine expenditures. This situation is especially prevalent with state and federal grants as funding can be received in a different fiscal year vs. when the actual spending takes place. It can also be the case in the category of capital spending as budgeted expenditures are often dependent on the issuance of bonds, so there are often timing issues between when bond revenue is received vs. when the actual expenditure takes place.

Operating Budget

The District operates under an annual budget, with fiscal years beginning July 1 and ending June 30. Budget development is a year-round process that involves the Legislature, community, employees and the Governing Board. The budget development process begins in the fall, right after the school year begins.

During this time, the District reviews its long-term strategic plan and sets goals and objectives for the upcoming fiscal year. This includes working closely with directors and school leaders to identify and prioritize any strategic priorities that will have an impact on the annual budget. For any new programs impacting the budget, a cost-benefit analysis is performed to ensure measurable goals are in place to evaluate the effectiveness of these programs in the future.

In January, the Governor’s office presents a statewide budget proposal. Although this proposal ultimately does not become the final state budget, this is typically when the District has the first opportunity to see any proposed changes that could occur in state funding. Ultimately, both the House and Senate of the Arizona Legislature must agree and approve the elements of the state’s budget, and this activity typically occurs in late spring or early summer. The state budget becomes law and is finalized once signed by the Governor. The District does not know its final funding until the state ultimately passes and approves a statewide budget for the coming year.

From January through May, ongoing work takes place with directors, principals, and department leaders to develop a detailed operating budget for the upcoming fiscal year. This involves the areas of organizational staffing, departmental spending, capital planning and estimating revenue projections. Employee compensation is also determined through a collaborative process with various employee groups. Because the state ultimately determines the District’s funding level, and available resources are often



not adequate to address all the needs of the District, all spending requests are reviewed and prioritized before anything becomes finalized in the budget. This process ensures that any funding decisions are sustainable for the long-term.

Public budget presentations take place during board meetings throughout the spring as information becomes known and decisions are finalized. In late June the proposed budget is presented to the Governing Board, and the Board votes to adopt the budget at a public hearing held in early July. Per Arizona statute, the expenditure budget must be adopted by July 15.

Capital Budget

The development of the capital budget occurs concurrently with the creation of the District's operating budget. Capital budgets typically involve areas such as facilities, technology and curriculum. Each of these areas develops a long-range plan that identifies both short-term and long-term needs. Like the operating budget, the capital budget is aligned with and incorporates the priorities identified in the District's strategic plan. Development of the capital budget involves collaboration among directors, school leaders and project managers to ensure resources are allocated optimally to support student achievement. Once developed, the capital budget is also presented to the Governing Board and community as part of the spring budget presentations.

Budget Timeline and Calendar

Date	Budget Type	Activity	Authority
By July 5	Proposed Expenditure Budget	An electronic copy of the proposed expenditure budget must be prepared and furnished to the Superintendent of Public Instruction and the county school superintendent, unless waived by the county school superintendent. Districts that maintain a website must provide a link on their website to the proposed budget summary on ADE's website.	A.R.S. §15-905(A)
By July 5	Proposed Expenditure Budget	Not later than July 5, but at least 10 days prior to the governing board meeting to adopt the proposed expenditure budget, a copy of the proposed expenditure budget or budget summary, and a notice of the public hearing and governing board meeting must be published in a newspaper of general circulation within the district, posted on the Arizona Department of Education's (ADE) website, or mailed to each household in the district.	A.R.S. §15-905(C)
By July 15	Proposed Expenditure Budget	The proposed expenditure budget must be presented at a public hearing immediately followed by a governing board meeting to adopt the budget.	A.R.S. §15-905(B), (D), and (E)
By July 18	Adopted Expenditure Budget	The adopted expenditure budget must be submitted to the county school superintendent and the Superintendent of Public Instruction and posted on ADE's website. Districts that maintain a website must provide a link on their website to the adopted budget on ADE's website.	A.R.S. §15-905(E)
By Dec. 5	Revised Expenditure Budget	If the Governing Board received notification from the Superintendent of Public Instruction that the adopted expenditure budget is in excess of the general budget limit or the unrestricted capital budget limit by 1 percent or more of the general budget limit, by December 5 or at least 10 days prior to the governing board meeting, publication and notice of a public hearing of the revised expenditure budget is needed.	A.R.S. §15-905(E)
By Dec. 15	Revised Expenditure Budget	If the Governing Board receives notification from the Superintendent of Public Instruction that the adopted expenditure budget is in excess of the general budget limit or the unrestricted capital budget limit by 1 percent or more of the general budget limit, it shall adopt a revised budget for the current year.	A.R.S. §15-905(E)
By May 15	Revised Expenditure Budget	Before May 15, expenditure budget revisions must be made and the revised budget approved at a governing board meeting. These include: revisions for certain overestimated or underestimated tuition revenues, revisions for overestimated or underestimated joint career and technical education and vocational education center average daily membership, and revisions for overestimated or underestimated allowable budget balance carryforward in the M&O fund.	A.R.S. §15-905(I) and (J) A.R.S. §15-910.01 (C) A.R.S. §15-943.01 (B)

Budget Management

The District has mechanisms in place to ensure compliance with the adopted budget and has a strong focus on transparency and accountability with regard to budget management. An automated online control system is in place to provide real-time financial information as prescribed by the Uniform System of Financial Records (USFR). Budget control groups are also created and assigned to individuals who have budget ownership. This provides another layer of control over expenditures and how they are recorded in the District's financial records.

Additionally, reports can be run in real time and contain expense details, account information and remaining balances to ensure budget administrators have adequate visibility regarding their budgets. Requisitions, purchase orders and employee positions are also recorded as encumbrances against available budget appropriations at the time they are originated. This assists budget administrators with seeing a full year picture of their respective budget as well as any anticipated expenditures in the coming year.

Other Local Revenue Sources

Arizona school districts are allowed to generate additional funding through voter-approved budget overrides for three possible areas: Maintenance and Operations (M&O), District Additional Assistance (DAA/capital) and bond. Thanks to the support of our Kyrene community, a DAA/capital override and bond were approved by voters in November 2017 and an M&O override was approved in November 2021. These areas provide the District with additional funding that is greatly needed to support our schools as Kyrene could not provide the same level of student or facility support by relying purely on state funding.

For M&O overrides, A.R.S. §15-481 allows a school district in Arizona to increase its budget up to 15% of its Revenue Control Level (using prior year average daily membership figures) if the voters in the district approve the measure during an election. The voter authorization is valid for a period of up to seven years. However, the full funding amount for an M&O override is only provided through the first five years. If the override is not reviewed and approved by voters before the end of year five, the funding amount drops by $\frac{1}{3}$ in year six, another $\frac{1}{3}$ in year seven, then finally drops to zero in the following year. A school district is allowed to renew its M&O override prior to the phase out period, which would reset the seven year cycle.

Kyrene's M&O override funding is used to hire additional teacher positions that reduce class size, support elementary and middle school instructional programs such as art, music, band, chorus, languages, and physical education, and also provide student support services such as occupational and physical therapy services, academic and behavioral support services, speech, vision and hearing services. This funding also allows the District to hire additional staff to provide a variety of resources and support services to students beyond what would be possible if relying solely on state funding.

For DAA/capital override funding, A.R.S. §15-481 allows a school district to receive up to 10% of its Revenue Control Limit to be used for capital purposes. The voter authorization is valid for a period of up to seven years, but there is no phase down of funding for DAA/capital overrides. The override calculation is based on the Revenue Control Limit amount using the prior year average daily membership figures, and no state equalization assistance is provided for override amounts. A school district is allowed to renew its DAA/capital override at any time prior to the end of the seventh year, which would reset the seven year cycle. Kyrene's DAA/capital override funding is used to provide instructional materials and technology for students, software and licensing, technology equipment, network equipment and vehicles needed to support students.

Bond funding is used to maintain the school buildings and grounds, repair school buildings, purchase transportation vehicles or address other administrative capital needs. Because the average age of Kyrene schools is over 35 years old, without the support of our Kyrene community through these initiatives, there is not enough state funding to provide this level of capital support for our students and school facilities.

Outside of the state educational funding formula, districts also receive funding through additional statutory funding mechanisms, such as funds generated from local sources, the Classroom Site fund, Instructional Improvement funds or from grant funding.

Kyrene also generates local revenues from the operation of robust and award-winning Community Educational programming throughout the District. This revenue is generated by serving more than 3,000 children through a variety of academic classes, programs, and recreation activities offered throughout the school year as well as during school breaks. Programs are designed to develop the whole child and support student achievement. The District also generates smaller sources of local funding from other sources such as use of facility rentals, or leases from areas such as small cell tower locations.

Arizona also provides funding to school districts through the Classroom Site fund and Instructional Improvement fund. The Classroom Site fund was created as a result of Proposition 301 and is defined in A.R.S. §15-977. Funding for the Classroom Site fund is based on a 0.6% sales tax with the proceeds to be used for public education in the form of class size reduction, teacher compensation, teacher performance pay, intervention programs, teacher development, dropout prevention programs, teacher insurance premiums and student support services.

The Instructional Improvement fund receives money from state gaming revenue and is defined by A.R.S. §15-977. Up to 50% of the monies received in the Instructional Improvement fund may be used for teacher compensation and class size reduction, and the remaining money must be used for dropout prevention and instructional improvement programs, including programs to develop minimum reading skills for students by the end of third grade.

State and federal grants are another source of revenue for school Districts. These state and federal grants relate to additional funding provided to supplement educational programs provided by the District. These areas include Title, IDEA, or other specific areas as designated by the state of Arizona or federal government.





FINANCIAL SECTION



Financial Overview

The financial section contains detailed information about Kyrene's revenues and expenditures for the 2023-24 budget. Revenue amounts are presented by the various sources, and expenditures are presented by object as well as by function. All financial schedules contain the 2023-24 adopted budget information, the current year budget, three years of prior year data for comparative purposes and three years of forecasted data.

Budget information is presented using a pyramid approach, which first presents the financial information in a summarized format. For Kyrene, this summary view represents all governmental funds. The remaining sections provide budget information for the next level, which would be represented by each fund type: general, special revenue, capital projects and debt service. Within each fund type section, budgets for each individual fund are also presented and would represent the lowest level of information available.

Fund Categories

The District uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds utilized across the District can be divided and summarized into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds account for most of a district's financial resources based on the purposes for which these resources may or must be used. Governmental funds are classified into four fund types: general, special revenue, capital projects and debt service.

- **General Fund:** The General Fund accounts for and reports all financial resources of a district except those required to be accounted for and reported in another fund. This is the largest fund type and contains a district's maintenance and operations fund.
- **Special Revenue Funds:** Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- **Capital Projects Funds:** Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays.
- **Debt Service Funds:** Debt service funds account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest. These funds would only be applicable when school districts have issued bonds.

Proprietary Funds

Proprietary funds account for a district's ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds are generally self-sustaining with user charges as the primary source of revenues. The District has one proprietary fund type: internal service funds.

- **Internal service funds:** Internal service funds account for activities that provide goods or services to other funds, departments, component units or to other governmental entities on a cost-reimbursement basis.

Proprietary funds will not be shown or displayed in the financial schedules because the principal operating revenues of the internal service funds are charges for health benefits and other charges to district departments for goods and services. This means that the revenue and expenditures related to internal service funds have already been accounted for in other sections of governmental funds. Therefore, only governmental funds are accounted for and shown in the schedules displayed in the financial section of this report. This practice mirrors the methodology used in developing the financial statements for the District's Annual Comprehensive Financial Report (ACFR) and prevents the duplication of revenues and expenditures in the financial statements.

Fiduciary Funds

Fiduciary funds account for assets a district holds in a trustee capacity or as an agent for individuals, private organizations and other governmental entities and which therefore may not be used to support the district's own programs. For the 2023-24 budget, the District does not utilize any fiduciary fund types. This is related to a change in Governmental Accounting Standards Board (GASB) No. 84 that revised the definition of Student Activities funds and also changed its classification from a fiduciary fund to a special revenue fund effective in fiscal year 2020-21. Prior to GASB No. 84, the District reported Student Activities funds as part of the fiduciary funds category. For reporting and comparative purposes, any historical Student Activities fund activity will be included and shown as a special revenue fund type.

Major Revenue Sources

Arizona school district revenues may be derived from local, county, state and federal sources, and may be received directly by the district, by the county school superintendent, or county treasurer on the district's behalf. School districts receive local and state revenues based on an equalization formula set by state law. This "equalization formula funding" in Arizona provides the state funding for Revenue Control Limits (RCL) and capital funding (known as District Additional Assistance or DAA) for districts through locally levied property taxes and state-appropriated monies.

The RCL is primarily based on a calculation that incorporates student enrollment counts and weights, base level per student funding amounts determined annually by the state, and transportation funding as dictated by the state. The RCL provides the majority of funding for school districts to support ongoing maintenance and operations expenditures.

Primary tax levies are established by the state of Arizona to provide funding for RCL and DAA capital funding. These levies are determined by applying tax rates against the net limited assessed valuation across all commercial and residential properties within the school district. This tax calculation is based on a limited value determination as specified in the Arizona constitution, which limits the value of the property used for tax purposes each year to five percent growth, up to the full cash value of the property. Property taxes are collected and distributed in November and April of each year. Regardless of the collection of taxes or the timeliness of being received in a district, the district can spend up to the budget capacity authorized by the funding formula.

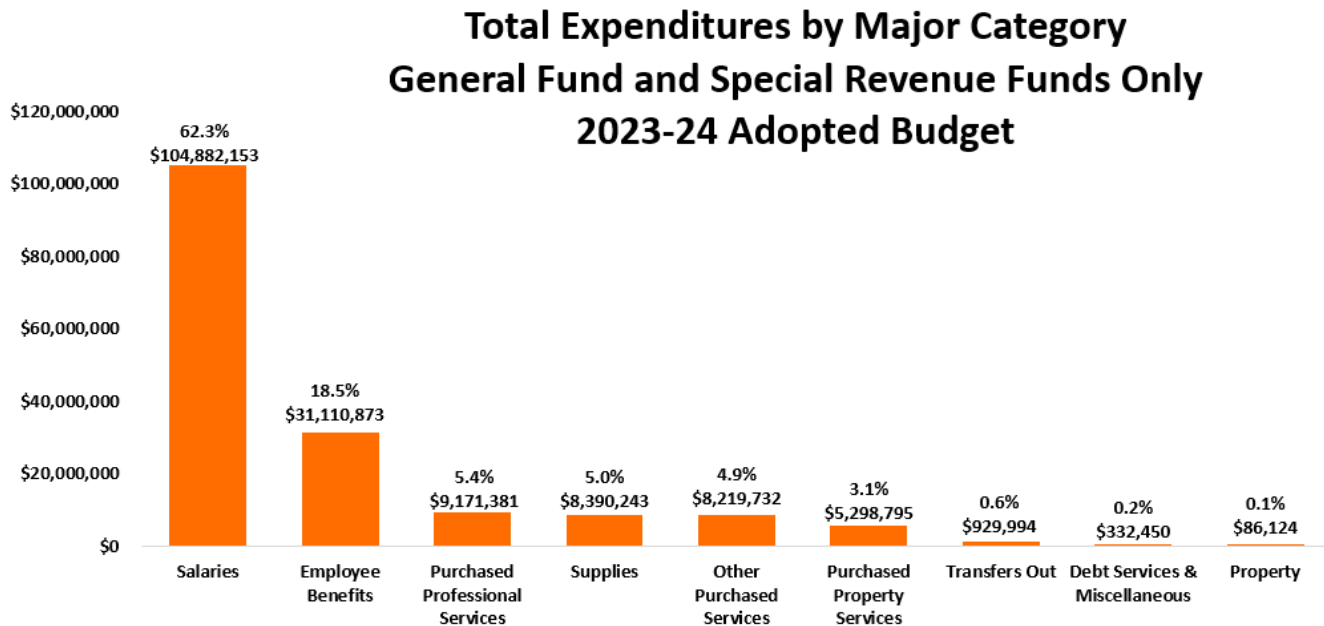
Equalization assistance is the amount of money that the state provides to school districts over and above the amounts raised with a state-wide primary tax rate, known as the uniform Qualifying Tax Rate (QTR). If the tax collected from the QTR is sufficient to fund the RCL and DAA amounts, no equalization assistance from the state is required. However, if the tax rate necessary to fund the state-established funding levels is not sufficient, this difference is provided by the state through equalization assistance. For Kyrene, the amount of property tax collected under the QTR is not sufficient to cover the state-established funding levels for RCL and DAA amounts, so state equalization is needed to provide the proper levels of state funding.

Prior to the 2022-23 school year, each county board of supervisors was required to annually levy a state equalization assistance property tax rate, which was subtracted from the state equalization provided to a school district. As part of S.B. 1733, which was enacted in June 2022, the requirement to levy a state equalization assistance property tax rate was repealed to remove the county tax, and this revenue source will now be funded from the state general fund. Due to this change, the revenue previously recorded as an “Intermediate” source will be shifted to a “State” revenue source and this change is reflected in the financial schedules for all years and revenue projections beginning with the 2022-23 fiscal year.

Major Expenditure Categories

Arizona school district expenditures are tracked and reported by fund, program, function, object and unit codes according to the criteria as defined in the Uniform System of Financial Records (USFR). This common system of accounting allows consistent financial reporting and aggregation of revenues and expenditures. Governmental fund expenditures include salaries and benefits, supplies, purchased professional and technical services, purchased property services, other purchased services, other miscellaneous charges, and principal and interest payments on long-term debt. Expenditures may also include acquisition or construction costs for land, buildings, vehicles, furniture and equipment, land and building improvements, and capital lease payments, but those expenditures are primarily contained in capital projects funds.

The General Fund and special revenue funds comprise the majority of the District’s day-to-day operating funds and 80.7% of total expenditures within those two fund categories are related to salaries and employee benefits.



Revenue and Expenditure Assumptions

In Arizona, revenue for public education is controlled through state funding formulas, whether sourced from property taxes or from the state budget in the form of “equalization assistance”. The state frequently does not allocate funding across fiscal years, which makes it difficult to project revenues or expenditures for future years. Therefore, the District has attempted to make conservative future estimates based on reasonable assumptions, but the annual legislative sessions will ultimately determine the future funding amounts allocated for all public schools.

Projected Revenue Assumptions:

- As defined by A.R.S. §15-901, the state of Arizona is required to increase the per pupil funding amount on an annual basis. Per state law, school districts receive an annual inflation increase based on the lesser of 2% or the annual change in the Gross Domestic Price deflator index, whichever is less. For future year projections, a 1.5% annual increase in state funding has been assumed for the M&O fund.
- The state of Arizona is providing additional one-time M&O funding for public schools in 2023-24. This amount equates to \$3.6M for Kyrene and is included in the 2023-24 M&O revenue budget.
- The projections for future student enrollment have been used to calculate the projected state level of funding for M&O and capital (District Additional Assistance) in future years.
- Revenues for the School Plant fund are based on land lease contractual amounts.
- Projected revenue amounts for the District Additional Assistance/Capital Override fund assume a successful election in November 2023 and are based on those proposed amounts.
- Bond revenues are estimated for 2023-24 based on \$19.45M of remaining proceeds authorized in November 2017 but not exercised, and \$42.8M in new bond issuances in 2025-26, which assumes a successful bond election in November 2023.
- All other revenue amounts from recurring sources are assumed to be consistent with the 2023-24 adopted budget.

Projected Expenditure Assumptions:

- A reduction in operational expenditures is assumed in the years where student enrollment is declining. The expenditure reduction is assumed to be equivalent to the enrollment funding loss, and reflects a commitment by the District to make structural budget reductions in order to maintain a balanced budget. Expenditure reductions for projected years have been assumed proportionally across the following functions:
 - **1000—Instruction**
 - **2100—Support Services, Students**
 - **2200—Support Services, Instruction**
 - **2300—Support Services, General Administration**
 - **2400—Support Services, School Administration**
 - **2500—Central Services**
 - **2600—Plant Operations**
 - **2700—Student Transportation**
- Beginning in 2024-25, a 1% increase to salaries & benefits has been assumed for annual employee compensation increases. This amount is assumed to be sufficient to address any future increases to minimum wage increases per state law.
- The District has received several one-time federal grants in relation to the COVID-19 pandemic and does not expect those funds to continue into future years. However, all other grants are assumed to continue at the same rate as the 2023-24 adopted budget.
- The state of Arizona is providing one-time additional M&O funding for the 2023-24 fiscal year. This funding is expected to be spent during the 2023-24 year.
- Approximately \$4.9M of additional one-time expenditures have been budgeted during the 2023-24 fiscal year. Those expenditures relate mostly to costs for supporting special educational programs and

operational costs specifically related to the upcoming year. Also included in these one-time expenditures are amounts to support the implementation of Kyrene’s new strategic plan, and although those costs could wind up spanning multiple years, they have been entirely budgeted for in the 2023-24 year.

- Projected expenditure amounts for the District Additional Assistance/Capital Override fund assume a successful election in November 2023.
- All other expenditures are assumed to remain consistent with the 2023-24 adopted budget and should not exceed future projected revenue assumptions.

Fund Balances:

School districts in Arizona are allowed to carry forward any unused cash or budget balances from year to year. A fund balance is the difference between total fund assets and deferred outflows of resources and total fund liabilities and deferred inflows of resources of governmental funds. For certain funds, the ending cash balance is the best way to illustrate the amount of funding that will be carried forward into the next year. However, for some funds, the budget balance is a more accurate indicator of the carry forward amount because it reflects the budgeted capacity that school districts are allowed to spend, regardless of when the actual cash proceeds are received.

The financial schedules in this report calculate the ending fund balance based on the following methodology: beginning fund balance plus current year revenue less current year expenditures. This approach is appropriate when calculating ending cash fund balances. However, an “adjusted” ending fund balance is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance will be used as the beginning fund balance for the next fiscal year. The change in fund balances is calculated as the difference between current year revenues and expenditures.

Changes in fund balances are mainly influenced by the following factors:

1. **Difference between total revenue vs. expenditures:** In situations where revenues exceed expenditures, this results in a surplus for the year. Likewise, if expenditures exceed revenues this will result in a deficit.
2. **Timing issues:** This situation occurs when the period in which revenues are received is different from the period when expenditures actually take place. This is fairly common with state and federal grants, debt service or when bond sales occur.
3. **Managing cash balances:** Because of the multitude of funds and individual state laws that prescribe specific uses for individual funds in the state of Arizona, it is very common for school districts to manage expenditures and cash activities between multiple funds on an ongoing basis. Because cash funds can not have negative balances, ongoing management and monitoring of funds and fund balances must occur throughout the year. Often, there are multiple funds that can meet the eligibility requirements to pay for expenditures according to the USFR and state laws, so this cash management activity can cause balances to fluctuate between multiple funds or fund types throughout the year or over multiple years.

2023-24 Budget Summary

Revenue

The 2023-24 budget assumes \$218.5M in total governmental fund revenue, which is \$14.8M higher (a 7.3% increase) from the prior year. Most of the revenue increase is driven by increased capital project funds as \$19.5M of bonds are expected to be sold during the 2023-24 fiscal year. Also in the 2023-24 fiscal year, the state of Arizona is providing additional one-time M&O funding for public schools. This amount equates to \$3.6M for Kyrene and is included in the 2023-24 M&O revenue budget.

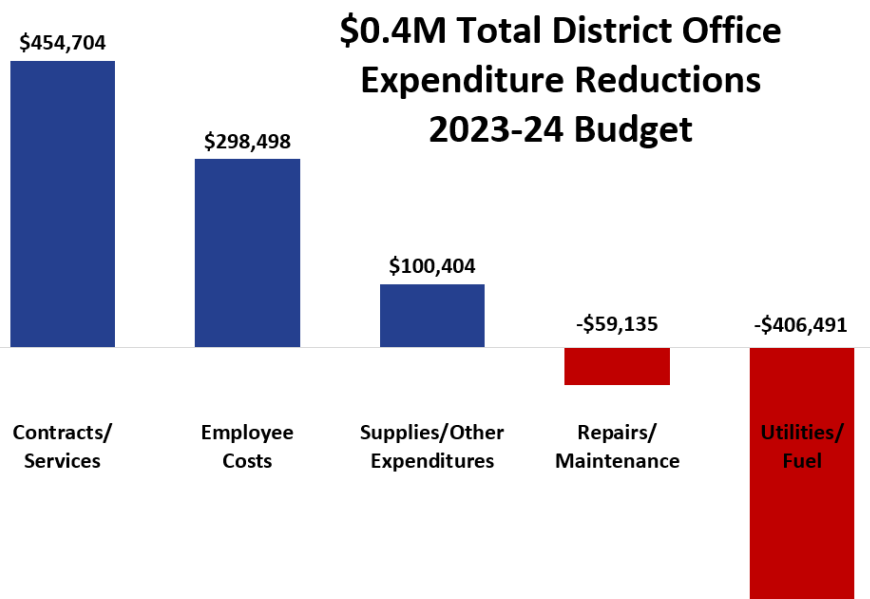
Kyrene's 2023-24 revenue budget also assumes a reduction of \$3.2M in ongoing M&O operational revenue from expected enrollment declines. Kyrene works with an outside firm that specializes in providing demographic information for our district. After consultation with our demographer, the 2023-24 budget assumes a reduction of 523 students. Kyrene's opportunity for student enrollment growth is limited due to several reasons. The District boundaries are landlocked with minimal room for growth or new housing, which restricts the opportunity to increase the overall population residing within Kyrene's boundaries. In addition, the community is aging in place with limited turnover in neighborhoods, creating reduced opportunity for families with school-age children to move into the District. The impact of past economic recessions has also resulted in a declining birth rate across Maricopa county, resulting in fewer new incoming kindergarten students.

Expenditures

The 2023-24 budget assumes \$240.0M in total government fund expenditures, which is \$19.7M higher (an 8.9% increase) from the prior year. That increase is driven mainly by \$16.1M in additional capital expenditures as outlined in the District's capital spending plans and also includes \$8.6M of operational expenditures that would be considered one-time in nature and would only be incurred during the 2023-24 fiscal year.

When state funding decreases as a result of enrollment changes, the District undertakes significant efforts to reduce expenditures in order to right size spending against the expected revenue reductions. The goal is to reduce expenditures by an amount equal to the funding decreases in order to maintain a sustainable and balanced budget. In order to accomplish this, Kyrene has developed a timeless spending model. The concept of a timeless model involves looking at how expenditures should ideally be spent in future years across all operational functions to ensure that maximum resources continue to be allocated to the classroom. This model also provides safeguards so that one particular group or area is not disproportionately overburdened with potential budget reductions. Kyrene developed this model in conjunction with the Auditor General's independent Annual School District Spending Report, because it provides expenditure ratios and categories that give a good accounting for how spending has historically taken place across the District.

As a result of the \$3.2M reduction in M&O operational revenue due to enrollment declines, the 2023-24 budget includes a net reduction of \$0.4M in district office expenditures across a variety of areas. However, in next year's budget the District expects to see almost \$0.5M of increased costs in the areas of repairs/maintenance and utilities/fuel due to price increases and inflationary impacts. Most expenditure reductions for 2023-24 will take place in the area of contracts and services. Any reduction amounts listed for employee costs will occur without any need to implement a reduction in force and is achieved through employee retirements and closing unfilled positions.



In addition to the reduction in district office budgets, ongoing medical expenses are expected to be \$1.0M lower than previous years. This is due to medical and pharmaceutical plan design and carrier changes that were implemented during the 2022-23 fiscal year. These expenditure reductions have impacted the 2022-23 fiscal year in a positive way and should be sustainable going forward into future years.

Overall budgets related to school sites in 2023-24 decreased by \$1.5M as a result of the decline in M&O operational revenue due to enrollment, and most of the reductions will take place in employee costs. However, school staffing allocations and budgeted resources naturally adjust up or down based on changes in enrollment. This automatic and variable adjustment to school budgets is important because it means that classroom resources will always be in line with supporting student needs while still keeping dollars spent in the classroom at the highest level. The reduction in employee costs will occur without any need to implement a reduction in force and is achieved through employee retirements and closing unfilled positions.

One-Time Federal Funding

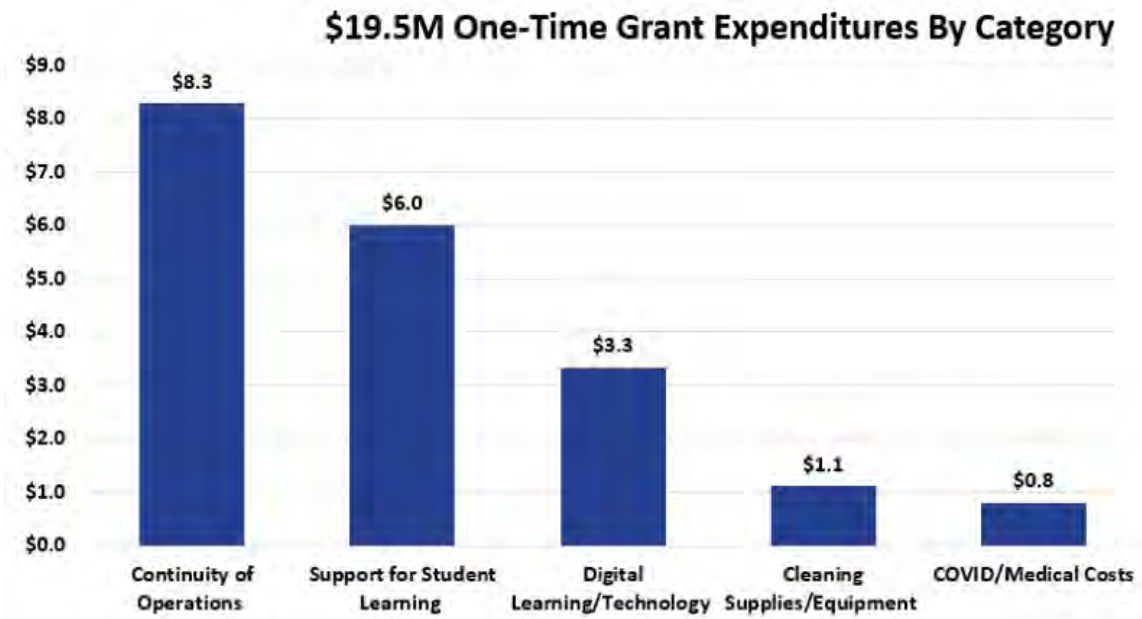
Beginning in March 2020, one-time federal grants were issued to address local recovery efforts in response to the COVID-19 pandemic. Kyrene is eligible for \$14.3M in total federal Elementary and Secondary School Emergency Relief (ESSER) grants, but also received \$5.2M in additional federal grant money from an Education Plus Up grant, which was allocated for additional COVID-19 recovery efforts. Out of the total \$19.5 total amount of these federal grants, \$17.2M is expected to be expended by the end of the 2022-23 fiscal year, leaving almost \$2.4M to be expended during the 2023-24 fiscal year. Funding for these federal grants is reimbursed only after all eligible expenses are incurred, submitted and approved.

ESSER funds relate to federal one-time grant funding for local areas to address recovery efforts in response to the COVID-19 pandemic or to aid in the mitigation of the economic impacts caused by COVID-19. Funding was generated from the passage of three federal stimulus bills: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act) passed in December 2020, and the American Rescue Plan (ARP) passed in March 2021. The ESSER I, ESSER II and ESSER III amounts listed below correspond to these three federal stimulus bills. All ESSER funding is one-time in nature, meaning that it will not recur in the future.

Allocations of federal ESSER funds were based on Title I student populations within each school district across the state of Arizona, which generally is a reflection of students living in poverty or in economically depressed areas. This means there was a wide variation in the size of the grants awarded to public schools across the state. Because Kyrene has a very low Title I population compared to other school districts across Arizona, Kyrene only received a small proportion of ESSER funds when compared to other school districts on a per pupil level. Kyrene’s ESSER allocations were the 9th lowest amount in the state of Arizona when looking at the ESSER funding amounts on a per student basis.

Below is a summary of the \$19.5M federal stimulus grants that Kyrene received along with a summary of where that money will be spent over the five year period from 2019-20 through 2023-24.

Fund	Total Eligible Amount	Estimated Amount Reimbursed Through 2022-23	Revenue Assumed in 2023-24 Budget	Funds Can Be Used Through
ESSER I	\$955,391	\$955,391	\$0	September 30, 2022
ESSER II	\$3,932,983	\$3,932,983	\$0	September 30, 2023
ESSER III	\$9,457,929	\$7,094,193	\$2,363,736	September 30, 2024
Education Plus Up (EPU)	\$5,181,261	\$5,181,261	\$0	May 31, 2023
Total	\$19,527,564	\$17,163,828	\$2,363,736	





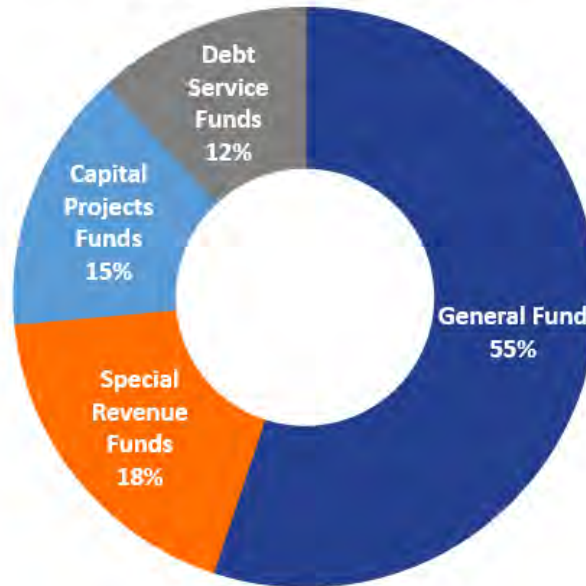
Governmental Funds



Governmental Funds

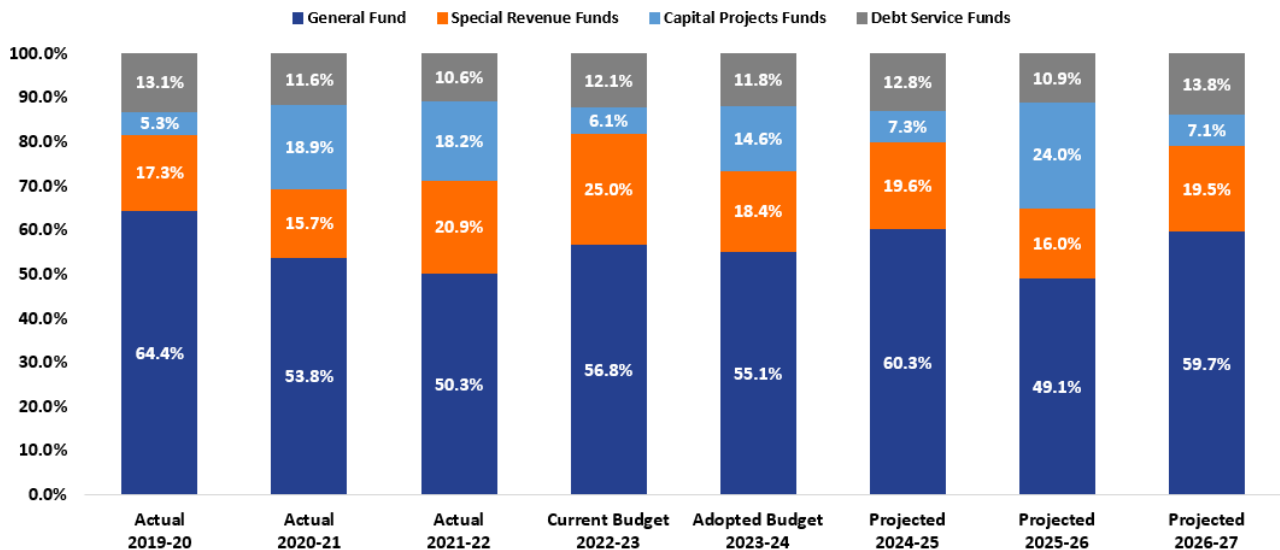
Governmental funds account for most of a district’s financial resources and consist of four fund types: general, special revenue, capital projects and debt service. The General Fund is the largest revenue source within the governmental funds category and comprises 55% of the total \$218.5M revenue budget for 2023-24.

Governmental Funds: % of 2023-24 Budgeted Revenue



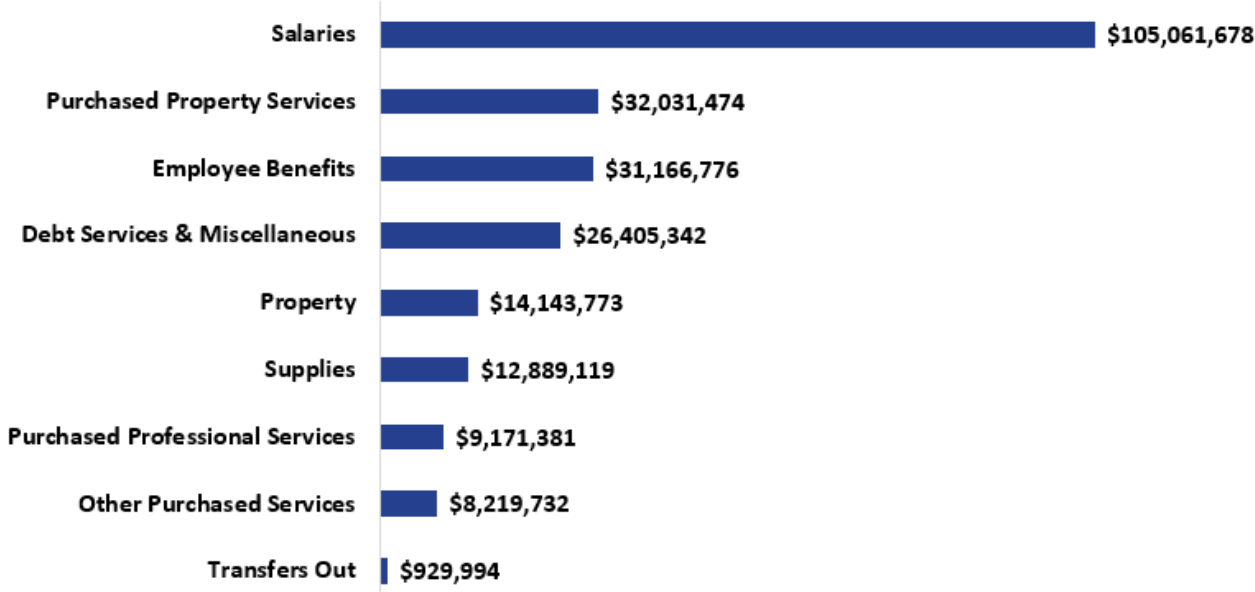
Historically, the General Fund has always been the largest source of revenue, and a breakdown of revenue by the various fund types is displayed below. The large fluctuations in Capital Projects Funds is explained by the timing of when bonds are sold.

Governmental Funds - Revenue Percentage by Fund Type



Of the \$240.0M expenditure budget for 2023-24, salary and benefit costs make up the largest component, at \$136.2M or 57% of the total. Purchased property services, which are primarily capital items, comprise \$32.0M of total expenditures. The primary capital funding source for these expenditures comes from the District’s bond and district additional assistance/capital override, underscoring the importance of the support from our community to provide the additional capital funding needed to support Kyrene’s school sites and provide the technology resources for students. Likewise, the majority of the \$14.1M expenditures within the property category are capital items that are also funded from bond proceeds. A full breakdown of budgeted governmental fund expenditures for 2023-24 is listed below:

Governmental Funds - 2023-24 Budgeted Expenditures



**Governmental Funds
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$80,880,570	\$60,445,502	\$75,235,598	\$103,470,921	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978
Revenue:								
1000-Revenue From Local Sources	\$92,133,053	\$86,758,230	\$92,891,314	\$100,120,591	\$108,925,675	\$107,557,304	\$108,370,841	\$109,379,270
2000-Revenue From Intermediate Sources	\$4,741,273	\$4,397,424	\$4,617,273	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$69,844,624	\$64,956,918	\$68,103,077	\$72,583,929	\$76,126,324	\$74,150,211	\$73,942,698	\$73,970,176
4000-Revenue From Federal Sources	\$8,530,016	\$17,737,824	\$22,577,182	\$25,767,813	\$13,054,120	\$10,721,320	\$10,721,320	\$10,721,320
5000-Other Financing Sources/Transfers In	\$749,189	\$32,166,381	\$34,987,728	\$1,082,819	\$20,429,994	\$929,994	\$43,679,994	\$929,994
Total Revenue	\$175,998,155	\$206,016,777	\$223,176,574	\$203,732,559	\$218,536,114	\$193,358,830	\$236,714,853	\$195,000,761
Expenditures:								
6100-Salaries	\$93,323,602	\$92,041,352	\$92,140,897	\$103,700,323	\$105,061,678	\$98,403,714	\$98,383,776	\$98,739,395
6200-Employee Benefits	\$28,656,111	\$29,975,190	\$28,400,681	\$31,544,426	\$31,166,776	\$30,227,691	\$30,245,124	\$30,352,694
6300-Purchased Professional Services	\$6,619,796	\$3,162,317	\$5,774,738	\$8,665,460	\$9,171,381	\$5,161,033	\$5,102,071	\$5,061,306
6400-Purchased Property Services	\$16,224,020	\$13,961,296	\$16,047,652	\$20,285,552	\$32,031,474	\$23,859,822	\$23,729,119	\$23,593,059
6500-Other Purchased Services	\$6,706,034	\$5,641,546	\$10,271,344	\$7,847,193	\$8,219,732	\$7,127,796	\$7,091,396	\$7,066,230
6600-Supplies	\$9,684,684	\$7,688,390	\$8,651,438	\$14,594,576	\$12,889,119	\$10,605,024	\$10,480,292	\$10,370,739
6700-Property	\$12,807,205	\$9,448,653	\$10,077,154	\$7,705,401	\$14,143,773	\$12,913,294	\$12,909,637	\$12,905,005
6800-Debt Services & Miscellaneous	\$21,489,664	\$27,629,629	\$25,035,844	\$24,902,741	\$26,405,342	\$25,137,233	\$26,166,157	\$27,158,068
6900-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$196,240,794	\$190,140,025	\$198,235,958	\$220,328,491	\$240,019,268	\$214,180,787	\$214,852,751	\$215,991,675
Ending Fund Balance	\$60,637,931	\$76,322,254	\$100,176,213	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978	\$45,441,064
Change In Fund Balances	-\$20,242,639	\$15,876,752	\$24,940,615	-\$16,595,933	-\$21,483,154	-\$20,821,957	\$21,862,101	-\$20,990,914
*Adjusted Ending Fund Balance	\$60,445,502	\$75,235,598	\$103,470,921	NA	NA	NA	NA	NA

Governmental Funds
Expenditures by Function
Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$80,880,570	\$60,445,502	\$75,235,598	\$103,470,921	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978
Revenue:								
1000-Revenue From Local Sources	\$92,133,053	\$86,758,230	\$92,891,314	\$100,120,591	\$108,925,675	\$107,557,304	\$108,370,841	\$109,379,270
2000-Revenue From Intermediate Sources	\$4,741,273	\$4,397,424	\$4,617,273	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$69,844,624	\$64,956,918	\$68,103,077	\$72,583,929	\$76,126,324	\$74,150,211	\$73,942,698	\$73,970,176
4000-Revenue From Federal Sources	\$8,530,016	\$17,737,824	\$22,577,182	\$25,767,813	\$13,054,120	\$10,721,320	\$10,721,320	\$10,721,320
5000-Other Financing Sources/Transfers In	\$749,189	\$32,166,381	\$34,987,728	\$1,082,819	\$20,429,994	\$929,994	\$43,679,994	\$929,994
Total Revenue	\$175,998,155	\$206,016,777	\$223,176,574	\$203,732,559	\$218,536,114	\$193,358,830	\$236,714,853	\$195,000,761
Expenditures:								
1000-Instruction	\$95,636,364	\$90,302,445	\$90,991,942	\$105,674,689	\$107,656,511	\$95,848,936	\$95,650,006	\$95,750,251
2100-Student Support	\$11,672,690	\$12,059,694	\$12,782,552	\$14,008,686	\$15,592,411	\$15,140,675	\$15,146,688	\$15,190,369
2200-Instruction Support	\$6,820,166	\$6,783,796	\$6,823,833	\$10,632,872	\$8,671,676	\$8,175,668	\$8,158,264	\$8,162,924
2300-General Administration	\$1,519,178	\$1,534,954	\$1,209,405	\$1,557,196	\$1,774,382	\$1,680,328	\$1,687,364	\$1,696,324
2400-School Administration	\$7,199,062	\$7,185,554	\$7,118,477	\$7,393,378	\$7,222,722	\$7,251,926	\$7,320,449	\$7,390,157
2500-Central Services	\$7,246,657	\$6,572,795	\$6,433,657	\$7,111,993	\$8,206,380	\$6,694,873	\$6,632,724	\$6,660,932
2600-Plant Operations	\$14,672,716	\$15,182,955	\$15,638,483	\$16,104,986	\$17,558,665	\$16,329,425	\$16,200,503	\$16,126,436
2700-Transportation	\$5,322,110	\$5,022,609	\$5,431,931	\$4,910,920	\$6,531,342	\$5,928,696	\$5,911,019	\$5,912,570
3100-Food Service Operations	\$4,082,692	\$3,902,029	\$7,938,203	\$4,831,043	\$4,456,898	\$4,456,898	\$4,456,898	\$4,456,898
3200-Enterprise Operations	\$0	\$7,306	\$244,225	\$14,638	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$7,228,314	\$4,040,332	\$6,034,165	\$6,898,036	\$8,027,216	\$8,078,909	\$8,138,729	\$8,199,146
4000-Facilities Acquisition & Construction	\$13,202,859	\$9,526,167	\$11,162,537	\$15,478,160	\$27,318,180	\$19,043,299	\$18,968,453	\$18,871,013
5000-Debt Service	\$20,908,310	\$27,427,736	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
6000-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$196,240,794	\$190,140,025	\$198,235,958	\$220,328,491	\$240,019,268	\$214,180,787	\$214,852,751	\$215,991,675
Ending Fund Balance	\$60,637,931	\$76,322,254	\$100,176,213	\$86,874,988	\$65,391,834	\$44,569,877	\$66,431,978	\$45,441,064
Change In Fund Balances	-\$20,242,639	\$15,876,752	\$24,940,615	-\$16,595,933	-\$21,483,154	-\$20,821,957	\$21,862,101	-\$20,990,914
*Adjusted Ending Fund Balance	\$60,445,502	\$75,235,598	\$103,470,921	NA	NA	NA	NA	NA

Explanation/Comments:

For the 2023-24 budget, the District is expecting \$218.5M in total governmental fund revenue, which is \$14.8M higher (a 7.3% increase) from the prior year. Most of the revenue increase is driven by increased capital project funds as \$19.5M of bonds are expected to be sold during the 2023-24 fiscal year. Bond sales of \$42.8 are also projected to take place during the 2025-26 fiscal year.

The District is expecting \$240.0M in total governmental fund expenditures for 2023-24, which is an increase of 8.9% from the prior year. That increase is driven mainly by \$16.1M in additional capital expenditures as outlined in the District's capital spending plans. 2023-24 also includes \$8.6M of expenditures that would be considered one-time in nature and would only be incurred during that fiscal year.

The timing of the bond sales is the main driver for the swings in fund balances throughout the 8-year time period between 2019-20 and 2026-27.

An "adjusted" ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.



General Fund



General Fund

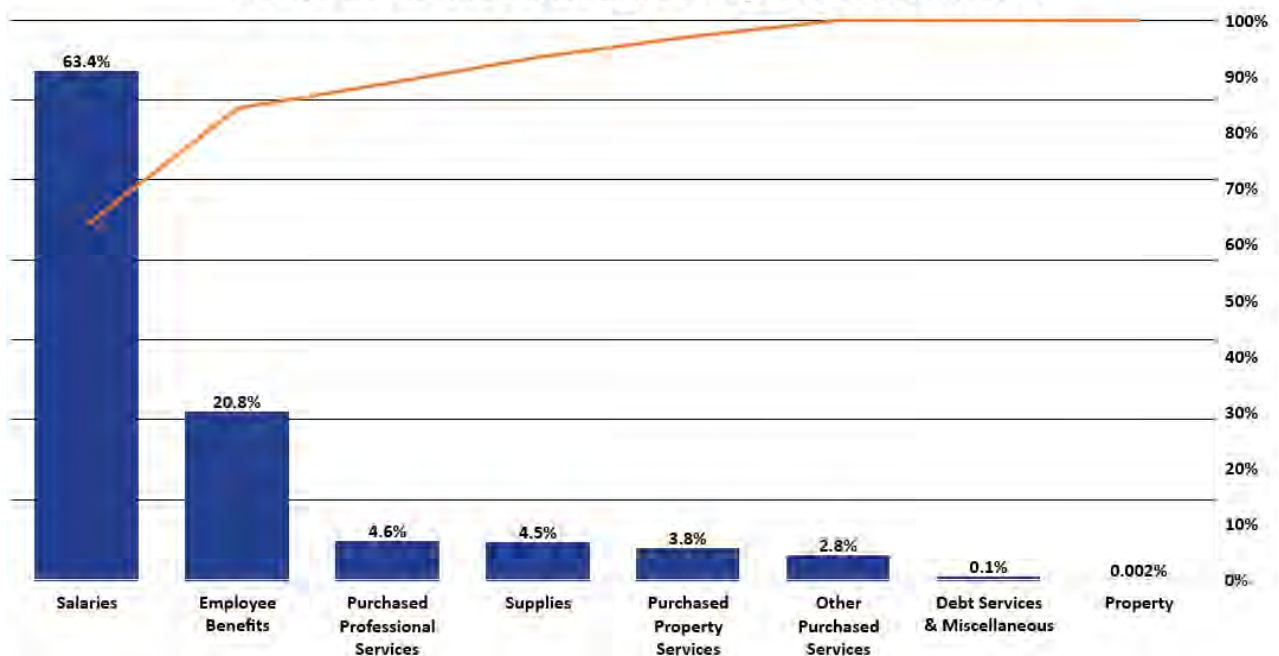
The General Fund accounts for and reports all financial resources of a district except those required to be accounted for and reported in another fund. Although several individual funds comprise the total activity for the General Fund, the M&O fund is by far the largest as it comprises almost 98% of total General Fund revenues for 2023-24.

General Fund: % of 2023-24 Budgeted Revenue



The M&O fund is also where most of the day-to-day expenditures take place for regular education, special education and transportation. Typically, budgeted expenditures include salaries, employee benefits, supplies, utilities, general maintenance and repairs and other expenditures that are not of a capital nature. Salaries and benefits make up the vast majority of expenditures within the General Fund category, at 84% of the total.

General Fund: % of 2023-24 Budgeted Expenditures



The M&O revenue budget is based on a number of formulas as defined by Arizona state law but begins with an estimate of student enrollment which is used to estimate the Average Daily Membership (ADM) for the upcoming budget year. ADM is a key component in the Arizona funding formula for school districts and is a method of counting the number of enrolled students based upon the first 100 school days.

Additional weights are applied to the ADM estimates as defined by A.R.S. §15-943 and are designed to take into consideration the additional cost of educating certain classifications of students. These weighted student counts are then multiplied by a base funding level as determined by the state. Additional funding can also be obtained for school districts that have higher average years of teacher experience vs. the overall state average according to A.R.S. §15-941. However, school districts are not penalized if the average years of experience is lower than the state average. The state of Arizona also provides funding to reimburse school districts for the cost of non-federal audit services. Transportation funding as defined by A.R.S. §15-945 and A.R.S. §15-946 is added to these amounts to determine the Revenue Control Limit (RCL) for the District.

Any funding allocated to M&O from District Additional Assistance (DAA) is also included, plus any funding provided from voter-approved M&O overrides and Prop 123 Funding. Prop 123 funding is related to the lawsuit settlement over inflationary funding that was passed by voters in May 2016 to increase school funding for a ten-year period. All of these amounts determine the total M&O revenue for the upcoming budget year.

In addition to M&O, the following funds are included in the General Fund for Kyrene.

Fund Name	Description
Maintenance & Operations	Supports day-to-day school operations
Medicaid	Money received from Medicaid reimbursement
School Plant	Sale/lease of property
Indirect Costs	Transfers from federal project funds or food service
Insurance Proceeds	Money received from insurance claims
Unemployment Insurance	Unemployment insurance contributions
Advertising	Related to the sale of advertising

**General Fund
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$18,010,402	\$19,355,966	\$20,952,063	\$22,383,605	\$21,926,227	\$16,842,163	\$15,464,400	\$14,038,496
Revenue:								
1000-Revenue From Local Sources	\$50,185,150	\$50,988,187	\$52,474,000	\$54,962,854	\$59,813,255	\$57,835,849	\$57,681,786	\$57,779,105
2000-Revenue From Intermediate Sources	\$4,582,035	\$4,360,398	\$4,015,360	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$56,896,303	\$54,146,914	\$52,609,237	\$54,732,377	\$58,916,394	\$56,940,676	\$56,786,745	\$56,883,982
4000-Revenue From Federal Sources	\$853,768	\$824,068	\$1,254,236	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
5000-Other Financing Sources/Transfers In	\$749,189	\$604,165	\$1,922,046	\$1,082,819	\$929,994	\$929,994	\$929,994	\$929,994
Total Revenue	\$113,266,445	\$110,923,733	\$112,274,879	\$115,780,509	\$120,482,199	\$116,529,075	\$116,221,081	\$116,415,637
Expenditures:								
6100-Salaries	\$74,658,986	\$71,630,300	\$70,838,163	\$73,984,147	\$79,608,871	\$76,596,851	\$76,537,818	\$76,797,937
6200-Employee Benefits	\$23,611,826	\$23,762,392	\$22,603,804	\$25,937,656	\$26,150,550	\$25,536,405	\$25,538,701	\$25,620,912
6300-Purchased Professional Services	\$3,006,144	\$2,163,494	\$2,755,458	\$3,936,059	\$5,736,037	\$2,443,826	\$2,396,186	\$2,363,249
6400-Purchased Property Services	\$4,175,338	\$4,692,574	\$4,885,443	\$4,631,026	\$4,745,736	\$5,504,079	\$5,449,033	\$5,410,975
6500-Other Purchased Services	\$2,203,148	\$1,627,483	\$2,228,220	\$2,500,874	\$3,514,053	\$2,673,170	\$2,638,162	\$2,613,958
6600-Supplies	\$3,884,860	\$4,113,531	\$4,761,757	\$5,076,889	\$5,639,666	\$4,982,365	\$4,918,538	\$4,874,410
6700-Property	\$0	\$2,300	\$37,705	\$3,000	\$3,000	\$2,913	\$2,798	\$2,719
6800-Debt Services & Miscellaneous	\$146,821	\$136,897	\$124,713	\$168,235	\$168,350	\$167,230	\$165,751	\$164,728
Total Expenditures	\$111,687,124	\$108,128,970	\$108,235,265	\$116,237,886	\$125,566,263	\$117,906,838	\$117,646,985	\$117,848,886
Ending Fund Balance	\$19,589,723	\$22,150,729	\$24,991,677	\$21,926,227	\$16,842,163	\$15,464,400	\$14,038,496	\$12,605,247
Change In Fund Balances	\$1,579,321	\$2,794,763	\$4,039,614	-\$457,378	-\$5,084,064	-\$1,377,763	-\$1,425,904	-\$1,433,249
*Adjusted Ending Fund Balance	\$19,355,966	\$20,952,063	\$22,383,605	NA	NA	NA	NA	NA

**General Fund
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$18,010,402	\$19,355,966	\$20,952,063	\$22,383,605	\$21,926,227	\$16,842,163	\$15,464,400	\$14,038,496
Revenue:								
1000-Revenue From Local Sources	\$50,185,150	\$50,988,187	\$52,474,000	\$54,962,854	\$59,813,255	\$57,835,849	\$57,681,786	\$57,779,105
2000-Revenue From Intermediate Sources	\$4,582,035	\$4,360,398	\$4,015,360	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$56,896,303	\$54,146,914	\$52,609,237	\$54,732,377	\$58,916,394	\$56,940,676	\$56,786,745	\$56,883,982
4000-Revenue From Federal Sources	\$853,768	\$824,068	\$1,254,236	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
5000-Other Financing Sources/Transfers In	\$749,189	\$604,165	\$1,922,046	\$1,082,819	\$929,994	\$929,994	\$929,994	\$929,994
Total Revenue	\$113,266,445	\$110,923,733	\$112,274,879	\$115,780,509	\$120,482,199	\$116,529,075	\$116,221,081	\$116,415,637
Expenditures:								
1000-Instruction	\$67,273,255	\$62,544,404	\$63,303,296	\$70,191,118	\$73,376,864	\$67,595,665	\$67,468,778	\$67,592,430
2100-Student Support	\$10,248,644	\$10,610,456	\$10,601,579	\$11,155,296	\$12,531,518	\$12,090,732	\$12,105,849	\$12,151,307
2200-Instruction Support	\$4,651,928	\$4,584,931	\$4,129,336	\$4,389,473	\$5,871,916	\$5,686,445	\$5,677,118	\$5,688,285
2300-General Administration	\$1,506,121	\$1,508,427	\$1,125,880	\$1,330,480	\$1,688,320	\$1,591,177	\$1,597,738	\$1,606,141
2400-School Administration	\$6,929,045	\$6,610,957	\$6,559,216	\$6,463,835	\$6,744,153	\$6,758,125	\$6,822,367	\$6,887,721
2500-Central Services	\$4,363,183	\$4,508,523	\$3,707,674	\$4,409,936	\$5,684,188	\$4,320,968	\$4,254,028	\$4,275,363
2600-Plant Operations	\$12,578,432	\$13,258,589	\$13,887,944	\$13,577,029	\$14,563,052	\$14,377,905	\$14,251,477	\$14,177,420
2700-Transportation	\$3,979,563	\$3,574,704	\$4,357,367	\$4,223,781	\$4,996,803	\$4,576,371	\$4,560,181	\$4,560,768
3100-Food Service Operations	\$155,197	\$172,658	\$168,335	\$212,700	\$109,450	\$109,450	\$109,450	\$109,450
3200-Enterprise Operations	\$0	\$0	\$236,909	\$14,638	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$0	\$755,320	\$155,547	\$269,600	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$1,757	\$0	\$2,182	\$0	\$0	\$800,000	\$800,000	\$800,000
Total Expenditures	\$111,687,124	\$108,128,970	\$108,235,265	\$116,237,886	\$125,566,263	\$117,906,838	\$117,646,985	\$117,848,886
Ending Fund Balance	\$19,589,723	\$22,150,729	\$24,991,677	\$21,926,227	\$16,842,163	\$15,464,400	\$14,038,496	\$12,605,247
Change In Fund Balances	\$1,579,321	\$2,794,763	\$4,039,614	-\$457,378	-\$5,084,064	-\$1,377,763	-\$1,425,904	-\$1,433,249
*Adjusted Ending Fund Balance	\$19,355,966	\$20,952,063	\$22,383,605	NA	NA	NA	NA	NA

Explanation/Comments:

The increase in 2023-24 revenue is mainly a result from \$3.6M in one-time state funding for public schools for the 2023-24 fiscal year. 2023-24 also includes \$8.6M of expenditures that would be considered one-time in nature and would only be incurred during that fiscal year. The decline in funding during the projected years results from decreased state funding due to lower enrollment. Revenues for projected years include a 1.5% annual increase in state funding for inflation increases, and also include the estimated funding impact from anticipated student enrollment changes.

The General Fund shows a declining fund balance in the projected years. However, this does not mean the fund has a structural deficit during those years, but rather is a reflection of how revenue and expenditure projections were accounted for between different fund categories. The entire impact of revenue declines from enrollment changes were included in the M&O fund, but the equivalent dollar reduction in operational expenditures exists in funds other than M&O (such as special revenue funds). When aggregating all fund categories and fund types, the District has a balanced structural budget during these projection years, which reflects the commitment by the District to make operational budget reductions in order to maintain an overall balanced budget.

An "adjusted" ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

**Maintenance & Operations
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$12,585,588	\$12,773,917	\$14,330,518	\$14,651,078	\$14,450,721	\$9,578,986	\$8,528,785	\$7,431,732
Revenue:								
1000-Revenue From Local Sources	\$49,885,109	\$50,859,014	\$52,420,818	\$54,536,354	\$58,966,755	\$56,989,349	\$56,835,286	\$56,932,605
2000-Revenue From Intermediate Sources	\$4,582,035	\$4,360,398	\$4,015,360	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$56,896,303	\$54,146,914	\$52,609,237	\$54,732,377	\$58,916,394	\$56,940,676	\$56,786,745	\$56,883,982
Total Revenue	\$111,363,447	\$109,366,326	\$109,045,414	\$113,446,138	\$117,883,149	\$113,930,025	\$113,622,031	\$113,816,587
Expenditures:								
6100-Salaries	\$73,269,815	\$71,630,300	\$69,643,633	\$72,351,003	\$77,879,901	\$75,159,968	\$75,098,955	\$75,353,252
6200-Employee Benefits	\$22,986,631	\$23,573,455	\$22,192,271	\$25,344,645	\$25,536,137	\$25,019,217	\$25,020,793	\$25,100,903
6300-Purchased Professional Services	\$2,941,482	\$2,100,679	\$2,656,879	\$3,850,003	\$5,628,481	\$2,336,770	\$2,289,790	\$2,257,310
6400-Purchased Property Services	\$4,170,480	\$4,678,959	\$4,833,887	\$4,631,026	\$4,743,236	\$4,701,600	\$4,646,581	\$4,608,542
6500-Other Purchased Services	\$2,202,456	\$1,627,369	\$2,181,060	\$2,281,593	\$3,218,413	\$2,671,924	\$2,636,922	\$2,612,723
6600-Supplies	\$3,855,404	\$4,100,242	\$4,721,229	\$5,021,489	\$5,581,866	\$4,925,013	\$4,861,780	\$4,818,061
6800-Debt Services & Miscellaneous	\$146,821	\$136,097	\$122,943	\$166,735	\$166,850	\$165,736	\$164,263	\$163,245
Total Expenditures	\$109,573,088	\$107,847,101	\$106,351,902	\$113,646,494	\$122,754,884	\$114,980,227	\$114,719,084	\$114,914,035
Ending Fund Balance	\$14,375,947	\$14,293,142	\$17,024,030	\$14,450,721	\$9,578,986	\$8,528,785	\$7,431,732	\$6,334,284
Change In Fund Balances	\$1,790,359	\$1,519,225	\$2,693,512	-\$200,357	-\$4,871,735	-\$1,050,202	-\$1,097,053	-\$1,097,448
*Adjusted Ending Fund Balance	\$12,773,917	\$14,330,518	\$14,651,078	NA	NA	NA	NA	NA

Maintenance & Operations Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$12,585,588	\$12,773,917	\$14,330,518	\$14,651,078	\$14,450,721	\$9,578,986	\$8,528,785	\$7,431,732
Revenue:								
1000-Revenue From Local Sources	\$49,885,109	\$50,859,014	\$52,420,818	\$54,536,354	\$58,966,755	\$56,989,349	\$56,835,286	\$56,932,605
2000-Revenue From Intermediate Sources	\$4,582,035	\$4,360,398	\$4,015,360	\$4,177,407	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$56,896,303	\$54,146,914	\$52,609,237	\$54,732,377	\$58,916,394	\$56,940,676	\$56,786,745	\$56,883,982
Total Revenue	\$111,363,447	\$109,366,326	\$109,045,414	\$113,446,138	\$117,883,149	\$113,930,025	\$113,622,031	\$113,816,587
Expenditures:								
1000-Instruction	\$67,270,543	\$62,542,408	\$63,296,750	\$70,191,118	\$73,376,864	\$67,595,665	\$67,468,778	\$67,592,430
2100-Student Support	\$9,811,383	\$10,585,191	\$10,222,333	\$10,703,796	\$12,031,803	\$11,789,369	\$11,805,765	\$11,851,312
2200-Instruction Support	\$4,639,344	\$4,581,792	\$4,096,694	\$4,353,923	\$5,834,866	\$5,649,702	\$5,640,786	\$5,652,233
2300-General Administration	\$1,351,271	\$1,337,219	\$1,113,377	\$1,018,209	\$1,407,078	\$1,307,944	\$1,312,740	\$1,319,046
2400-School Administration	\$6,923,020	\$6,604,932	\$6,553,662	\$6,458,235	\$6,738,053	\$6,751,965	\$6,816,147	\$6,881,440
2500-Central Services	\$3,301,899	\$4,460,110	\$2,784,614	\$3,206,816	\$4,387,211	\$3,512,749	\$3,443,304	\$3,460,602
2600-Plant Operations	\$12,141,672	\$13,239,791	\$13,417,359	\$12,994,478	\$13,876,056	\$13,690,291	\$13,565,187	\$13,489,990
2700-Transportation	\$3,978,759	\$3,569,690	\$4,336,321	\$4,222,981	\$4,993,503	\$4,573,090	\$4,556,928	\$4,557,532
3100-Food Service Operations	\$155,197	\$170,648	\$168,335	\$212,700	\$109,450	\$109,450	\$109,450	\$109,450
3200-Enterprise Operations	\$0	\$0	\$206,909	\$14,638	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$0	\$755,320	\$155,547	\$269,600	\$0	\$0	\$0	\$0
Total Expenditures	\$109,573,088	\$107,847,101	\$106,351,902	\$113,646,494	\$122,754,884	\$114,980,227	\$114,719,084	\$114,914,035
Ending Fund Balance	\$14,375,947	\$14,293,142	\$17,024,030	\$14,450,721	\$9,578,986	\$8,528,785	\$7,431,732	\$6,334,284
Change In Fund Balances	\$1,790,359	\$1,519,225	\$2,693,512	-\$200,357	-\$4,871,735	-\$1,050,202	-\$1,097,053	-\$1,097,448
*Adjusted Ending Fund Balance	\$12,773,917	\$14,330,518	\$14,651,078	NA	NA	NA	NA	NA

Explanation/Comments:

The increase in 2023-24 revenue is mainly a result from \$3.6M in one-time state funding for public schools for the 2023-24 fiscal year. 2023-24 also includes \$8.6M of expenditures that would be considered one-time in nature and would only be incurred during that fiscal year. The decline in funding during the projected years results from decreased state funding due to lower enrollment. Revenues for projected years include a 1.5% annual increase in state funding for inflation increases, and also include the estimated funding impact from anticipated student enrollment changes. It is possible that a post period adjustment to 2021-22 revenues and ending fund balances could be made between the Maintenance & Operations, Capital Outlay (District Additional Assistance) and District Additional Assistance/Capital Override funds. If that adjustment is necessary, balances would be restated in next year's budget annual report.

Prior to S.B. 1733, school districts that received a portion of their maintenance and operations funding from the state equalization assistance property tax rate would record that revenue as an "Intermediate" revenue source. Beginning with the 2022-23 school year, as part of S.B. 1733 there will no longer be any "2000-Revenue from Intermediate Sources" recorded by school districts.

The M&O fund shows a declining fund balance in the projected years. However, this does not mean the fund has a structural deficit during those years, but rather is a reflection of how revenue and expenditure projections were accounted for between different fund categories. The entire impact of revenue declines from enrollment changes were included in the M&O fund, but the equivalent dollar reduction in operational expenditures exists in funds other than M&O (such as special revenue funds). When aggregating all fund categories and fund types, the District has a balanced structural budget during these projection years, which reflects the commitment by the District to make operational budget reductions in order to maintain an overall balanced budget.

An "adjusted" ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

Medicaid Reimbursement Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$2,646,002	\$2,300,908	\$3,058,518	\$3,136,719	\$2,350,983	\$1,517,549	\$1,076,716	\$634,810
Revenue:								
1000-Revenue From Local Sources	\$71,284	\$21,188	\$24,576	\$0	\$0	\$0	\$0	\$0
4000-Revenue From Federal Sources	\$853,768	\$824,068	\$1,254,236	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
Total Revenue	\$925,052	\$845,256	\$1,278,812	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
Expenditures:								
6100-Salaries	\$894,046	\$0	\$785,981	\$1,104,775	\$1,125,806	\$832,230	\$834,165	\$838,091
6200-Employee Benefits	\$287,775	\$6,945	\$274,571	\$363,907	\$364,078	\$266,080	\$266,575	\$267,743
6300-Purchased Professional Services	\$64,662	\$62,815	\$80,329	\$86,056	\$107,556	\$107,056	\$106,395	\$105,939
6400-Purchased Property Services	\$1,461	\$4,669	\$14,557	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$27	\$0	\$6,200	\$150	\$250	\$249	\$248	\$247
6600-Supplies	\$22,174	\$12,640	\$30,979	\$52,900	\$55,300	\$54,861	\$54,280	\$53,879
6700-Property	\$0	\$0	\$7,705	\$3,000	\$3,000	\$2,913	\$2,798	\$2,719
6800-Debt Services & Miscellaneous	\$0	\$578	\$290	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,270,145	\$87,646	\$1,200,612	\$1,610,788	\$1,655,990	\$1,263,389	\$1,264,462	\$1,268,618
Ending Fund Balance	\$2,300,908	\$3,058,518	\$3,136,719	\$2,350,983	\$1,517,549	\$1,076,716	\$634,810	\$188,749
Change In Fund Balances	-\$345,094	\$757,610	\$78,201	-\$785,736	-\$833,434	-\$440,833	-\$441,906	-\$446,062

Medicaid Reimbursement Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$2,646,002	\$2,300,908	\$3,058,518	\$3,136,719	\$2,350,983	\$1,517,549	\$1,076,716	\$634,810
Revenue:								
1000-General Administration	\$71,284	\$21,188	\$24,576	\$0	\$0	\$0	\$0	\$0
4000-Revenue From Federal Sources	\$853,768	\$824,068	\$1,254,236	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
Total Revenue	\$925,052	\$845,256	\$1,278,812	\$825,052	\$822,556	\$822,556	\$822,556	\$822,556
Expenditures:								
1000-Instruction	\$2,688	\$1,706	\$6,546	\$0	\$0	\$0	\$0	\$0
2100-Student Support	\$435,521	\$23,525	\$379,247	\$451,500	\$488,224	\$289,825	\$288,520	\$288,377
2200-Instruction Support	\$11,781	\$2,336	\$31,631	\$34,500	\$36,000	\$35,691	\$35,282	\$35,000
2300-General Administration	\$0	\$864	\$11,231	\$261,621	\$254,092	\$255,880	\$257,462	\$259,346
2500-Central Services	\$774,449	\$45,595	\$695,613	\$794,206	\$802,580	\$606,996	\$608,511	\$611,247
2600-Plant Operations	\$45,706	\$13,478	\$67,263	\$68,961	\$75,094	\$74,997	\$74,687	\$74,647
2700-Transportation	\$0	\$143	\$6,900	\$0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$0	\$0	\$2,182	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,270,145	\$87,646	\$1,200,612	\$1,610,788	\$1,655,990	\$1,263,389	\$1,264,462	\$1,268,618
Ending Fund Balance	\$2,300,908	\$3,058,518	\$3,136,719	\$2,350,983	\$1,517,549	\$1,076,716	\$634,810	\$188,749
Change In Fund Balances	-\$345,094	\$757,610	\$78,201	-\$785,736	-\$833,434	-\$440,833	-\$441,906	-\$446,062

Explanation/Comments:

Expenditures decreased in 2020-21 in anticipation of lower funding as a result of the COVID-19 pandemic. However, revenue for that time period did not see a dramatic decrease, and this accounts for the increased fund balance. Going forward, a slow depletion of the fund balance is projected from 2022-23 through 2026-27 as the Medicaid fund absorbs a higher level of general administration expenditures across the District.

**School Plant
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,065,580	\$1,105,675	\$1,125,450	\$1,130,840	\$1,292,709	\$1,798,319	\$1,798,319	\$1,798,319
Revenue:								
1000-Revenue From Local Sources	\$20,583	\$7,261	\$3,005	\$380,000	\$800,000	\$800,000	\$800,000	\$800,000
5000-Other Financing Sources/Transfers In	\$19,512	\$12,514	\$85,835	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$40,095	\$19,775	\$88,840	\$380,000	\$800,000	\$800,000	\$800,000	\$800,000
Expenditures:								
6300-Purchased Professional Services	\$0	\$0	\$13,450	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$0	\$0	\$0	\$0	\$0	\$800,000	\$800,000	\$800,000
6500-Other Purchased Services	\$0	\$0	\$40,000	\$218,131	\$294,390	\$0	\$0	\$0
6700-Property	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$83,450	\$218,131	\$294,390	\$800,000	\$800,000	\$800,000
Ending Fund Balance	\$1,105,675	\$1,125,450	\$1,130,840	\$1,292,709	\$1,798,319	\$1,798,319	\$1,798,319	\$1,798,319
Change In Fund Balances	\$40,095	\$19,775	\$5,390	\$161,869	\$505,610	\$0	\$0	\$0

**School Plant
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,065,580	\$1,105,675	\$1,125,450	\$1,130,840	\$1,292,709	\$1,798,319	\$1,798,319	\$1,798,319
Revenue:								
1000-Revenue From Local Sources	\$20,583	\$7,261	\$3,005	\$380,000	\$800,000	\$800,000	\$800,000	\$800,000
5000-Other Financing Sources/Transfers In	\$19,512	\$12,514	\$85,835	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$40,095	\$19,775	\$88,840	\$380,000	\$800,000	\$800,000	\$800,000	\$800,000
Expenditures:								
2500-Central Services	\$0	\$0	\$53,450	\$218,131	\$294,390	\$0	\$0	\$0
3200-Enterprise Operations	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$0	\$0	\$0	\$0	\$0	\$800,000	\$800,000	\$800,000
Total Expenditures	\$0	\$0	\$83,450	\$218,131	\$294,390	\$800,000	\$800,000	\$800,000
Ending Fund Balance	\$1,105,675	\$1,125,450	\$1,130,840	\$1,292,709	\$1,798,319	\$1,798,319	\$1,798,319	\$1,798,319
Change In Fund Balances	\$40,095	\$19,775	\$5,390	\$161,869	\$505,610	\$0	\$0	\$0

Explanation/Comments:

The District entered into a lease agreement in October 2020 to develop a 28-acre parcel of land owned by Kyrene that is located in Phoenix. The increased revenue that is shown from 2023-24 through 2026-27 reflect the contractual lease increases over that time period.

Indirect Costs

Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,189,453	\$1,263,844	\$1,848,516	\$3,137,299	\$3,527,645	\$3,645,639	\$3,761,570	\$3,877,410
Revenue:								
1000-Revenue From Local Sources	\$23,748	\$6,691	\$2,244	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
5000-Other Financing Sources/Transfers In	\$729,677	\$591,074	\$1,836,211	\$1,082,819	\$929,994	\$929,994	\$929,994	\$929,994
Total Revenue	\$753,425	\$597,766	\$1,838,455	\$1,097,819	\$944,994	\$944,994	\$944,994	\$944,994
Expenditures:								
6100-Salaries	\$495,125	\$0	\$408,549	\$528,369	\$603,164	\$604,653	\$604,697	\$606,594
6200-Employee Benefits	\$183,909	\$12,986	\$136,322	\$179,104	\$223,836	\$224,410	\$224,456	\$225,181
6300-Purchased Professional Services	\$0	\$0	\$4,800	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$0	\$108	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$679,034	\$13,094	\$549,671	\$707,473	\$827,000	\$829,064	\$829,153	\$831,775
Ending Fund Balance	\$1,263,844	\$1,848,516	\$3,137,299	\$3,527,645	\$3,645,639	\$3,761,570	\$3,877,410	\$3,990,630
Change In Fund Balances	\$74,391	\$584,672	\$1,288,784	\$390,346	\$117,994	\$115,930	\$115,841	\$113,219

Indirect Costs

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,189,453	\$1,263,844	\$1,848,516	\$3,137,299	\$3,527,645	\$3,645,639	\$3,761,570	\$3,877,410
Revenue:								
1000-Revenue From Local Sources	\$23,748	\$6,691	\$2,244	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
5000-Other Financing Sources/Transfers In	\$729,677	\$591,074	\$1,836,211	\$1,082,819	\$929,994	\$929,994	\$929,994	\$929,994
Total Revenue	\$753,425	\$597,766	\$1,838,455	\$1,097,819	\$944,994	\$944,994	\$944,994	\$944,994
Expenditures:								
2100-Student Support	\$1,740	\$1,740	\$0	\$0	\$11,491	\$11,538	\$11,564	\$11,618
2200-Instruction Support	\$803	\$803	\$1,010	\$1,050	\$1,050	\$1,051	\$1,050	\$1,052
2300-General Administration	\$1,339	\$1,339	\$631	\$650	\$650	\$655	\$659	\$664
2400-School Administration	\$6,025	\$6,025	\$5,555	\$5,600	\$6,100	\$6,160	\$6,220	\$6,281
2500-Central Services	\$279,001	\$1,982	\$170,361	\$185,783	\$195,008	\$196,241	\$197,256	\$198,573
2600-Plant Operations	\$389,323	\$402	\$371,357	\$513,590	\$611,901	\$612,617	\$611,604	\$612,783
2700-Transportation	\$803	\$803	\$757	\$800	\$800	\$801	\$801	\$803
Total Expenditures	\$679,034	\$13,094	\$549,671	\$707,473	\$827,000	\$829,064	\$829,153	\$831,775
Ending Fund Balance	\$1,263,844	\$1,848,516	\$3,137,299	\$3,527,645	\$3,645,639	\$3,761,570	\$3,877,410	\$3,990,630
Change In Fund Balances	\$74,391	\$584,672	\$1,288,784	\$390,346	\$117,994	\$115,930	\$115,841	\$113,219

Explanation/Comments:

Expenditures decreased in 2020-21 in anticipation of lower funding as a result of the COVID-19 pandemic. However, revenue for that time period did not see a dramatic decrease, and this accounts for the increased fund balance. The District projects future expenditures to be closer to pre-pandemic levels.

**Insurance Proceeds
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$178,926	\$205,441	\$215,501	\$193,466	\$195,966	\$195,966	\$195,987	\$196,035
Revenue:								
1000-Revenue From Local Sources	\$30,025	\$21,348	\$23,319	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Revenue	\$30,025	\$21,348	\$23,319	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Expenditures:								
6400-Purchased Property Services	\$3,397	\$8,946	\$37,000	\$0	\$2,500	\$2,479	\$2,452	\$2,433
6600-Supplies	\$114	\$41	\$8,354	\$0	\$0	\$0	\$0	\$0
6700-Property	\$0	\$2,300	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$3,511	\$11,287	\$45,354	\$0	\$2,500	\$2,479	\$2,452	\$2,433
Ending Fund Balance	\$205,441	\$215,501	\$193,466	\$195,966	\$195,966	\$195,987	\$196,035	\$196,102
Change In Fund Balances	\$26,515	\$10,061	-\$22,035	\$2,500	\$0	\$21	\$48	\$67

**Insurance Proceeds
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$178,926	\$205,441	\$215,501	\$193,466	\$195,966	\$195,966	\$195,987	\$196,035
Revenue:								
1000-Revenue From Local Sources	\$30,025	\$21,348	\$23,319	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Revenue	\$30,025	\$21,348	\$23,319	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Expenditures:								
1000-Instruction	\$24	\$290	\$0	0	\$0	\$0	\$0	\$0
2600-Plant Operations	\$1,730	\$4,920	\$31,965	0	\$0	\$0	\$0	\$0
2700-Transportation	\$0	\$4,068	\$13,389	0	\$2,500	\$2,479	\$2,452	\$2,433
3100-Food Service Operations	\$0	\$2,010	\$0	0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$1,757	\$0	\$0	0	\$0	\$0	\$0	\$0
Total Expenditures	\$3,511	\$11,287	\$45,354	\$0	\$2,500	\$2,479	\$2,452	\$2,433
Ending Fund Balance	\$205,441	\$215,501	\$193,466	\$195,966	\$195,966	\$195,987	\$196,035	\$196,102
Change In Fund Balances	\$26,515	\$10,061	-\$22,035	\$2,500	\$0	\$21	\$48	\$67

Explanation/Comments:

The District expects very little activity in this fund and budgeted/projected expenditures are aligned with revenue.

**Unemployment Insurance
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$132,695	\$131,260	\$34,940	\$34,337	\$10,837	\$10,837	\$10,639	\$10,262
Revenue:								
1000-Revenue From Local Sources	\$152,077	\$72,685	\$38	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500
Total Revenue	\$152,077	\$72,685	\$38	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500
Expenditures:								
6200-Employee Benefits	\$153,511	\$169,005	\$640	\$50,000	\$26,500	\$26,698	\$26,877	\$27,085
Total Expenditures	\$153,511	\$169,005	\$640	\$50,000	\$26,500	\$26,698	\$26,877	\$27,085
Ending Fund Balance	\$131,260	\$34,940	\$34,337	\$10,837	\$10,837	\$10,639	\$10,262	\$9,677
Change In Fund Balances	-\$1,435	-\$96,321	-\$602	-\$23,500	\$0	-\$198	-\$377	-\$585

**Unemployment Insurance
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$132,695	\$131,260	\$34,940	\$34,337	\$10,837	\$10,837	\$10,639	\$10,262
Revenue:								
1000-Revenue From Local Sources	\$152,077	\$72,685	\$38	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500
Total Revenue	\$152,077	\$72,685	\$38	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500
Expenditures:								
2300-General Administration	\$153,511	\$169,005	\$640	\$50,000	\$26,500	\$26,698	\$26,877	\$27,085
Total Expenditures	\$153,511	\$169,005	\$640	\$50,000	\$26,500	\$26,698	\$26,877	\$27,085
Ending Fund Balance	\$131,260	\$34,940	\$34,337	\$10,837	\$10,837	\$10,639	\$10,262	\$9,677
Change In Fund Balances	-\$1,435	-\$96,321	-\$602	-\$23,500	\$0	-\$198	-\$377	-\$585

Explanation/Comments:

Revenue and expenditures increased in 2019-20 and 2020-21 due to high rates of unemployment claims filed during the COVID-19 pandemic. The District projects future expenditures to be closer to pre-pandemic levels.

**Advertising
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$23,828	\$18,318	\$16,905	\$13,269	\$10,769	\$8,269	\$5,787	\$3,330
Revenue:								
1000-Revenue From Local Sources	\$2,325	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Revenue	\$2,325	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Expenditures:								
6500-Other Purchased Services	\$666	\$5	\$960	\$1,000	\$1,000	\$996	\$991	\$988
6600-Supplies	\$7,169	\$608	\$1,196	\$2,500	\$2,500	\$2,491	\$2,479	\$2,470
6800-Debt Services & Miscellaneous	\$0	\$800	\$1,480	\$1,500	\$1,500	\$1,494	\$1,487	\$1,482
Total Expenditures	\$7,835	\$1,414	\$3,636	\$5,000	\$5,000	\$4,982	\$4,957	\$4,941
Ending Fund Balance	\$18,318	\$16,905	\$13,269	\$10,769	\$8,269	\$5,787	\$3,330	\$889
Change In Fund Balances	-\$5,510	-\$1,414	-\$3,636	-\$2,500	-\$2,500	-\$2,482	-\$2,457	-\$2,441

**Advertising
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$23,828	\$18,318	\$16,905	\$13,269	\$10,769	\$8,269	\$5,787	\$3,330
Revenue:								
1000-Revenue From Local Sources	\$2,325	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Revenue	\$2,325	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Expenditures:								
2500-Central Services	\$7,835	\$1,414	\$3,636	\$5,000	\$5,000	\$4,982	\$4,957	\$4,941
Total Expenditures	\$7,835	\$1,414	\$3,636	\$5,000	\$5,000	\$4,982	\$4,957	\$4,941
Ending Fund Balance	\$18,318	\$16,905	\$13,269	\$10,769	\$8,269	\$5,787	\$3,330	\$889
Change In Fund Balances	-\$5,510	-\$1,414	-\$3,636	-\$2,500	-\$2,500	-\$2,482	-\$2,457	-\$2,441

Explanation/Comments:

The District expects very little activity in this fund and budgeted/projected expenditures are aligned with revenue.



Special Revenue Funds

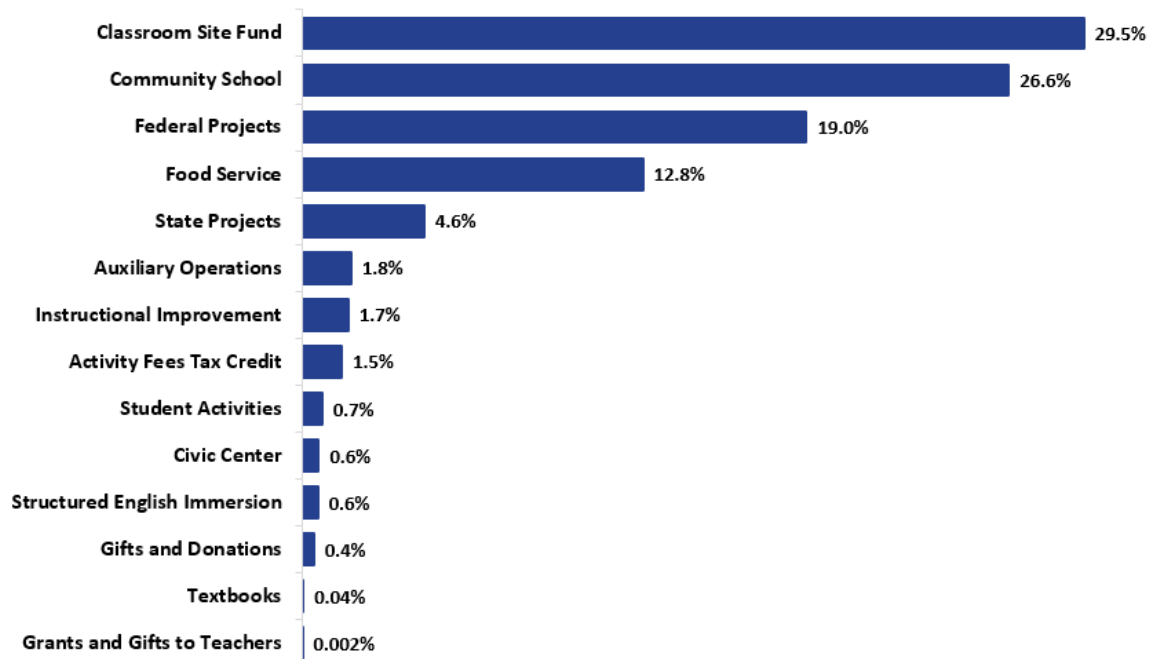


Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. This is the broadest fund type within the governmental funds category, as each of these individual funds is designated to handle very different types of activities.

For the 2023-24 budget, 88% of revenue originates from four individual funds: Classroom Site Fund, Community School, Federal Projects and Food Service.

Special Revenue Funds: % of 2023-24 Budgeted Revenue



The following individual funds listed below comprise the special revenue fund for Kyrene. Governmental Accounting Standards Board No. 84 revised the definition of Student Activities funds and changed the classification from a fiduciary fund to a special revenue fund effective in fiscal year 2020-21. For reporting and comparative purposes, any historical financials for the Student Activities fund are included as a special revenue fund type.

Fund Name	Description
Auxiliary Operations	Bookstore operations, athletics, or extracurricular activities
Civic Center	Rental and use of school facilities
Classroom Site	Portion of state sales tax and State Trust Land revenues as part of Prop 301
Community School	Tuition based preschool, before and after school programs
County, City and Town Grants	Monies received from county, city and town grants
Extracurricular Activities Fees Tax Credit	Related to activities from public school tax credits
Federal Projects	Federally funded projects (includes Title, IDEA Part B, E-Rate, ESSER, etc.)
Fingerprint	Activities associated with fingerprinting employees
Food Service	Revenues generated from school cafeteria operations
Gifts & Donations	Non-capital donations to the District
Grants & Gifts to Teachers	Grants and gifts under \$1,500 designated for instructional purposes
Instructional Improvement	Monies received from gaming revenue
State Projects	State funded projects (includes Results Based Funding, Gifted, State Grants, etc.)
Structured English Immersion	State grant for English Language Learner (ELL) instruction and programs
Student Activities	Student organizations, clubs, activities
Textbooks	Replacement or repair of lost/damaged textbooks or library books

Federal Projects is one of the largest fund types within the special revenue funds and includes all Title funding, IDEA Part B, Elementary and Secondary School Emergency Relief (ESSER) funding, and other federal reimbursement programs such as E-Rate. Title funds are supplemental funds that support the District’s basic educational model and can be used for instructional staffing to support programs, materials, supplies or training. These funds are geared toward supporting low-income students, students who have limited English proficiency and Native American students. IDEA Part B funding provides services to children with disabilities under the Individuals with Disabilities Education Act (IDEA). However, the amount of funding provided by IDEA Part B and the state funding for special education does not come close to funding the overall special education needs of the District. Each year Kyrene has to dedicate M&O dollars or identify other funding sources to bridge this funding gap with special education.

There are no budgeted projections or financial activities planned for County, City, and Town grants and Fingerprint funds due to their limited scope and immaterial balances. Therefore, no financial schedules will be presented for these groupings of funds.

**Special Revenue Funds
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$14,242,489	\$11,859,521	\$11,527,411	\$16,587,331	\$17,513,318	\$14,941,693	\$15,497,430	\$16,035,277
Revenue:								
1000-Revenue From Local Sources	\$13,031,553	\$4,557,468	\$9,797,107	\$10,693,837	\$13,402,461	\$13,402,461	\$13,402,461	\$13,402,461
3000-Revenue From State Sources	\$10,766,984	\$10,810,004	\$15,493,841	\$15,302,235	\$14,649,830	\$14,649,830	\$14,649,830	\$14,649,830
4000-Revenue From Federal Sources	\$7,390,864	\$16,913,755	\$21,322,946	\$24,942,761	\$12,231,564	\$9,898,764	\$9,898,764	\$9,898,764
Total Revenue	\$31,189,402	\$32,281,227	\$46,613,893	\$50,938,833	\$40,283,855	\$37,951,055	\$37,951,055	\$37,951,055
Expenditures:								
6100-Salaries	\$18,243,293	\$20,021,699	\$21,302,734	\$29,328,761	\$25,273,281	\$21,758,780	\$21,797,875	\$21,893,375
6200-Employee Benefits	\$4,921,279	\$6,097,827	\$5,796,876	\$5,487,590	\$4,960,323	\$4,676,546	\$4,691,683	\$4,717,042
6300-Purchased Professional Services	\$2,567,577	\$811,368	\$2,847,251	\$4,729,400	\$3,435,344	\$2,717,207	\$2,705,885	\$2,698,057
6400-Purchased Property Services	\$386,975	\$286,914	\$129,248	\$599,862	\$553,059	\$552,445	\$551,633	\$551,071
6500-Other Purchased Services	\$4,502,884	\$4,014,064	\$8,043,111	\$5,346,319	\$4,705,679	\$4,454,626	\$4,453,234	\$4,452,272
6600-Supplies	\$1,140,018	\$755,169	\$1,395,305	\$3,099,525	\$2,750,577	\$2,243,389	\$2,220,677	\$2,204,974
6700-Property	\$64,968	\$81,658	\$83,597	\$233,139	\$83,124	\$83,118	\$83,110	\$83,105
6800-Debt Services & Miscellaneous	\$434,532	\$64,996	\$320,793	\$105,431	\$164,100	\$164,028	\$163,932	\$163,866
6900-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$32,991,202	\$32,725,347	\$41,755,126	\$50,012,847	\$42,855,480	\$37,395,318	\$37,413,209	\$37,508,942
Ending Fund Balance	\$12,440,689	\$11,415,401	\$16,386,178	\$17,513,318	\$14,941,693	\$15,497,430	\$16,035,277	\$16,477,391
Change In Fund Balances	-\$1,801,800	-\$444,120	\$4,858,767	\$925,987	-\$2,571,625	\$555,737	\$537,847	\$442,114
*Adjusted Ending Fund Balance	\$11,859,521	\$11,527,411	\$16,587,331	NA	NA	NA	NA	NA

Special Revenue Funds
Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$14,242,489	\$11,859,521	\$11,527,411	\$16,587,331	\$17,513,318	\$14,941,693	\$15,497,430	\$16,035,277
Revenue:								
1000-Revenue From Local Sources	\$13,031,553	\$4,557,468	\$9,797,107	\$10,693,837	\$13,402,461	\$13,402,461	\$13,402,461	\$13,402,461
3000-Revenue From State Sources	\$10,766,984	\$10,810,004	\$15,493,841	\$15,302,235	\$14,649,830	\$14,649,830	\$14,649,830	\$14,649,830
4000-Revenue From Federal Sources	\$7,390,864	\$16,913,755	\$21,322,946	\$24,942,761	\$12,231,564	\$9,898,764	\$9,898,764	\$9,898,764
Total Revenue	\$31,189,402	\$32,281,227	\$46,613,893	\$50,938,833	\$40,283,855	\$37,951,055	\$37,951,055	\$37,951,055
Expenditures:								
1000-Instruction	\$15,674,745	\$19,402,158	\$18,326,298	\$28,152,133	\$21,030,683	\$17,049,487	\$17,014,781	\$17,039,926
2100-Student Support	\$1,333,778	\$1,435,075	\$2,156,399	\$2,851,894	\$3,035,893	\$3,032,478	\$3,023,374	\$3,021,596
2200-Instruction Support	\$1,340,301	\$1,491,418	\$1,763,675	\$3,008,152	\$1,258,589	\$827,183	\$823,498	\$822,708
2300-General Administration	\$2,557	\$13,167	\$72,633	\$216,216	\$75,561	\$76,092	\$76,566	\$77,123
2400-School Administration	\$229,762	\$470,416	\$519,174	\$384,543	\$433,569	\$437,831	\$442,112	\$446,465
2500-Central Services	\$812,411	\$682,843	\$1,422,579	\$1,625,105	\$1,629,402	\$1,356,149	\$1,360,940	\$1,367,814
2600-Plant Operations	\$1,085,426	\$912,576	\$1,047,457	\$957,737	\$942,586	\$292,050	\$289,556	\$289,546
2700-Transportation	\$590,969	\$687,039	\$972,258	\$513,195	\$729,539	\$729,977	\$728,491	\$729,455
3100-Food Service Operations	\$3,921,000	\$3,726,344	\$7,768,420	\$4,618,343	\$4,347,448	\$4,347,448	\$4,347,448	\$4,347,448
3200-Enterprise Operations	\$0	\$7,306	\$7,316	\$0	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$7,228,314	\$3,285,012	\$5,855,808	\$6,602,709	\$8,002,216	\$8,061,444	\$8,121,263	\$8,181,681
4000-Facilities Acquisition & Construction	\$42,263	\$20,341	\$6,897	\$0	\$440,000	\$440,000	\$440,000	\$440,000
6000-Transfers Out	\$729,677	\$591,652	\$1,836,211	\$1,082,819	\$929,994	\$745,180	\$745,180	\$745,180
Total Expenditures	\$32,991,202	\$32,725,347	\$41,755,126	\$50,012,847	\$42,855,480	\$37,395,318	\$37,413,209	\$37,508,942
Ending Fund Balance	\$12,440,689	\$11,415,401	\$16,386,178	\$17,513,318	\$14,941,693	\$15,497,430	\$16,035,277	\$16,477,391
Change In Fund Balances	-\$1,801,800	-\$444,120	\$4,858,767	\$925,987	-\$2,571,625	\$555,737	\$537,847	\$442,114
*Adjusted Ending Fund Balance	\$11,859,521	\$11,527,411	\$16,587,331	NA	NA	NA	NA	NA

Explanation/Comments:

The increase in revenue in 2021-22 is mostly related to these funds: Food Service (resulting from free student meals as prescribed by the US Department of Agriculture Food and Nutrition Service), Classroom Site fund (related to sales tax revenue collected) and Community School (increase from 2020-21 levels that were depressed from the COVID-19 pandemic). In 2023-24 revenue is projected to decrease by \$10.7M, which is mostly a result of Federal Projects declining by \$11.0M as one-time federal grant funding that was issued to local areas to address recovery efforts in response to the COVID-19 pandemic is set to expire.

An “adjusted” ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

**Auxiliary Operations
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$460,248	\$479,282	\$535,285	\$665,185	\$763,671	\$744,790	\$726,174	\$709,697
Revenue:								
1000-Revenue From Local Sources	\$1,239,972	\$229,722	\$600,361	\$742,000	\$742,000	\$742,000	\$742,000	\$742,000
Total Revenue	\$1,239,972	\$229,722	\$600,361	\$742,000	\$742,000	\$742,000	\$742,000	\$742,000
Expenditures:								
6100-Salaries	\$142,412	\$71,853	\$231,786	\$356,432	\$489,334	\$490,453	\$490,369	\$491,824
6200-Employee Benefits	\$31,417	\$12,146	\$44,794	\$86,523	\$71,406	\$71,589	\$71,603	\$71,833
6300-Purchased Professional Services	\$787,636	\$15,875	\$50,072	\$79,309	\$91,553	\$90,807	\$89,821	\$89,140
6400-Purchased Property Services	\$13,554	\$539	\$7,095	\$3,000	\$2,250	\$2,230	\$2,204	\$2,186
6500-Other Purchased Services	\$32,591	\$3,884	\$8,960	\$1,500	\$2,095	\$2,083	\$2,066	\$2,055
6600-Supplies	\$128,712	\$66,876	\$95,891	\$115,750	\$86,169	\$85,449	\$84,497	\$83,840
6700-Property	\$1,739	\$1,555	\$1,426	\$1,000	\$874	\$869	\$862	\$858
6800-Debt Services & Miscellaneous	\$82,877	\$991	\$30,437	\$0	\$17,200	\$17,137	\$17,053	\$16,995
Total Expenditures	\$1,220,938	\$173,719	\$470,461	\$643,514	\$760,881	\$760,616	\$758,477	\$758,731
Ending Fund Balance	\$479,282	\$535,285	\$665,185	\$763,671	\$744,790	\$726,174	\$709,697	\$692,966
Change In Fund Balances	\$19,034	\$56,003	\$129,900	\$98,486	-\$18,881	-\$18,616	-\$16,477	-\$16,731

**Auxiliary Operations
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$460,248	\$479,282	\$535,285	\$665,185	\$763,671	\$744,790	\$726,174	\$709,697
Revenue:								
1000-Revenue From Local Sources	\$1,239,972	\$229,722	\$600,361	\$742,000	\$742,000	\$742,000	\$742,000	\$742,000
Total Revenue	\$1,239,972	\$229,722	\$600,361	\$742,000	\$742,000	\$742,000	\$742,000	\$742,000
Expenditures:								
1000-Instruction	\$1,109,950	\$161,567	\$393,693	\$541,023	\$633,838	\$633,119	\$630,697	\$630,440
2100-Student Support	\$3,813	\$1,829	\$16,815	\$18,049	\$18,067	\$18,141	\$18,182	\$18,267
2200-Instruction Support	\$12,207	\$3,052	\$7,708	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$3,836	\$823	\$1,136	\$0	\$0	\$0	\$0	\$0
2500-Central Services	\$49,146	\$4,562	\$40,393	\$81,442	\$100,651	\$101,044	\$101,322	\$101,755
2600-Plant Operations	\$13,582	\$1,886	\$3,686	\$3,000	\$8,325	\$8,312	\$8,276	\$8,269
2700-Transportation	\$28,404	\$0	\$7,030	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,220,938	\$173,719	\$470,461	\$643,514	\$760,881	\$760,616	\$758,477	\$758,731
Ending Fund Balance	\$479,282	\$535,285	\$665,185	\$763,671	\$744,790	\$726,174	\$709,697	\$692,966
Change In Fund Balances	\$19,034	\$56,003	\$129,900	\$98,486	-\$18,881	-\$18,616	-\$16,477	-\$16,731

Explanation/Comments:

Budgeted and projected expenditures are forecasted to be in line with revenue projections.

**Civic Center
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$739,551	\$548,913	\$706,340	\$549,836	\$531,157	\$129,545	\$127,417	\$126,592
Revenue:								
1000-Revenue From Local Sources	\$296,746	\$192,808	\$305,130	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Revenue	\$296,746	\$192,808	\$305,130	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Expenditures:								
6100-Salaries	\$328,771	\$25,741	\$302,331	\$98,421	\$471,105	\$171,709	\$170,999	\$171,956
6200-Employee Benefits	\$103,963	\$5,240	\$95,091	\$122,984	\$148,507	\$48,693	\$48,463	\$48,760
6300-Purchased Professional Services	\$0	\$0	\$8,472	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$8,294	\$3,644	\$1,607	\$2,574	\$1,000	\$991	\$980	\$971
6600-Supplies	\$45,600	\$756	\$54,134	\$44,700	\$31,000	\$30,735	\$30,385	\$30,143
6700-Property	\$756	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$487,384	\$35,381	\$461,634	\$268,679	\$651,612	\$252,128	\$250,826	\$251,831
Ending Fund Balance	\$548,913	\$706,340	\$549,836	\$531,157	\$129,545	\$127,417	\$126,592	\$124,760
Change In Fund Balances	-\$190,638	\$157,427	-\$156,504	-\$18,679	-\$401,612	-\$2,128	-\$826	-\$1,831

**Civic Center
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$739,551	\$548,913	\$706,340	\$549,836	\$531,157	\$129,545	\$127,417	\$126,592
Revenue:								
1000-Revenue From Local Sources	\$296,746	\$192,808	\$305,130	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Revenue	\$296,746	\$192,808	\$305,130	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Expenditures:								
1000-Instruction	\$0	\$616	\$0	\$0	\$0	\$0	\$0	\$0
2100-Student Support	\$3,548	\$0	\$1,509	\$0	\$0	\$0	\$0	\$0
2200-Instruction Support	\$0	\$0	\$0	\$15,930	\$12,548	\$12,566	\$12,549	\$12,576
2600-Plant Operations	\$452,254	\$34,625	\$378,199	\$130,937	\$531,471	\$131,783	\$130,592	\$131,306
2700-Transportation	\$30,301	\$0	\$81,683	\$120,189	\$106,593	\$106,780	\$106,685	\$106,949
3300-Community Services Operations	\$1,280	\$140	\$243	\$1,623	\$1,000	\$1,000	\$1,000	\$1,000
Total Expenditures	\$487,384	\$35,381	\$461,634	\$268,679	\$651,612	\$252,128	\$250,826	\$251,831
Ending Fund Balance	\$548,913	\$706,340	\$549,836	\$531,157	\$129,545	\$127,417	\$126,592	\$124,760
Change In Fund Balances	-\$190,638	\$157,427	-\$156,504	-\$18,679	-\$401,612	-\$2,128	-\$826	-\$1,831

Explanation/Comments:

The decrease in 2020-21 revenue and expenditures was a result of lower facility rentals due to the COVID-19 pandemic. Budgeted and projected revenues are forecasted conservatively until the impact from the pandemic fully subsides.

**Classroom Site Fund
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$5,255,912	\$4,511,047	\$4,249,836	\$6,308,557	\$5,495,462	\$5,874,867	\$6,236,599	\$6,611,472
Revenue:								
1000-Revenue From Local Sources	\$112,010	\$49,623	\$49,447	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$8,042,422	\$7,708,347	\$12,519,069	\$11,645,842	\$11,863,677	\$11,863,677	\$11,863,677	\$11,863,677
Total Revenue	\$8,154,432	\$7,757,970	\$12,568,515	\$11,645,842	\$11,863,677	\$11,863,677	\$11,863,677	\$11,863,677
Expenditures:								
6100-Salaries	\$7,330,516	\$6,593,129	\$8,656,942	\$9,579,765	\$10,311,594	\$10,328,121	\$10,316,981	\$10,341,042
6200-Employee Benefits	\$1,694,976	\$1,535,051	\$2,027,865	\$2,879,172	\$1,099,427	\$1,101,189	\$1,100,001	\$1,102,566
6300-Purchased Professional Services	\$15,264	\$549	\$23,374	\$0	\$73,250	\$72,635	\$71,823	\$71,261
6500-Other Purchased Services	\$2,922	\$270	\$919	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$4,128	\$2,192	\$1,847	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$9,047,806	\$8,131,191	\$10,710,947	\$12,458,937	\$11,484,272	\$11,501,945	\$11,488,804	\$11,514,869
Ending Fund Balance	\$4,362,538	\$4,137,826	\$6,107,404	\$5,495,462	\$5,874,867	\$6,236,599	\$6,611,472	\$6,960,279
Change In Fund Balances	-\$893,374	-\$373,221	\$1,857,568	-\$813,095	\$379,405	\$361,732	\$374,873	\$348,808
*Adjusted Ending Fund Balance	\$4,511,047	\$4,249,836	\$6,308,557	NA	NA	NA	NA	NA

**Classroom Site Fund
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$5,255,912	\$4,511,047	\$4,249,836	\$6,308,557	\$5,495,462	\$5,874,867	\$6,236,599	\$6,611,472
Revenue:								
1000-Revenue From Local Sources	\$112,010	\$49,623	\$49,447	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$8,042,422	\$7,708,347	\$12,519,069	\$11,645,842	\$11,863,677	\$11,863,677	\$11,863,677	\$11,863,677
Total Revenue	\$8,154,432	\$7,757,970	\$12,568,515	\$11,645,842	\$11,863,677	\$11,863,677	\$11,863,677	\$11,863,677
Expenditures:								
1000-Instruction	\$8,930,652	\$8,063,367	\$10,617,488	\$12,449,832	\$11,474,849	\$11,492,509	\$11,479,381	\$11,505,426
2200-Instruction Support	\$117,154	\$67,824	\$93,459	\$9,105	\$9,422	\$9,436	\$9,423	\$9,443
Total Expenditures	\$9,047,806	\$8,131,191	\$10,710,947	\$12,458,937	\$11,484,272	\$11,501,945	\$11,488,804	\$11,514,869
Ending Fund Balance	\$4,362,538	\$4,137,826	\$6,107,404	\$5,495,462	\$5,874,867	\$6,236,599	\$6,611,472	\$6,960,279
Change In Fund Balances	-\$893,374	-\$373,221	\$1,857,568	-\$813,095	\$379,405	\$361,732	\$374,873	\$348,808
*Adjusted Ending Fund Balance	\$4,511,047	\$4,249,836	\$6,308,557	NA	NA	NA	NA	NA

Explanation/Comments:

The Classroom Site Fund was created as a result of Prop 301 and is defined in A.R.S. §15-977. Funding for the Classroom Site Fund is based on a 0.6% sales tax with the proceeds to be used for public education in the form of class size reduction, teacher compensation, teacher performance pay, intervention programs, teacher development, dropout prevention programs, teacher insurance premiums and student support services. School districts receive a per pupil amount based on prior year 100th day enrollment figures. Funding for this initiative was originally set to expire in 2021, but legislation was passed to extend Prop 301 funding for an additional 20 years (through June 30, 2041). The 45% increase in total revenue between the 2023-24 Adopted Budget and 2019-20 is reflective of the economic growth in the state of Arizona.

An “adjusted” ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

**Community School
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$476,864	\$241,070	\$466,365	\$1,692,724	-\$353,154	\$102,643	\$489,943	\$810,476
Revenue:								
1000-Revenue From Local Sources	\$7,461,242	\$3,318,179	\$7,701,273	\$8,610,837	\$10,285,650	\$10,285,650	\$10,285,650	\$10,285,650
4000-Revenue From Federal Sources	\$0	\$0	\$1,048,500	\$0	\$440,000	\$440,000	\$440,000	\$440,000
Total Revenue	\$7,461,242	\$3,318,179	\$8,749,773	\$8,610,837	\$10,725,650	\$10,725,650	\$10,725,650	\$10,725,650
Expenditures:								
6100-Salaries	\$4,884,384	\$1,994,707	\$4,575,230	\$7,268,558	\$5,716,705	\$5,768,916	\$5,820,056	\$5,873,729
6200-Employee Benefits	\$1,506,250	\$683,251	\$1,575,511	\$1,701,381	\$1,886,161	\$1,903,127	\$1,919,654	\$1,937,119
6300-Purchased Professional Services	\$847,134	\$216,374	\$980,297	\$1,059,256	\$1,313,913	\$1,313,850	\$1,313,768	\$1,313,711
6400-Purchased Property Services	\$52,809	\$21,458	\$41,197	\$65,028	\$502,549	\$502,369	\$502,132	\$501,968
6500-Other Purchased Services	\$47,243	\$43,007	\$83,610	\$159,173	\$147,836	\$147,447	\$146,934	\$146,579
6600-Supplies	\$282,155	\$104,868	\$193,178	\$320,463	\$569,039	\$568,999	\$568,946	\$568,910
6700-Property	\$6,583	\$786	\$3,926	\$250	\$250	\$249	\$248	\$247
6800-Debt Services & Miscellaneous	\$70,478	\$28,432	\$70,465	\$82,606	\$133,400	\$133,391	\$133,379	\$133,370
Total Expenditures	\$7,697,036	\$3,092,884	\$7,523,414	\$10,656,715	\$10,269,853	\$10,338,350	\$10,405,117	\$10,475,632
Ending Fund Balance	\$241,070	\$466,365	\$1,692,724	-\$353,154	\$102,643	\$489,943	\$810,476	\$1,060,494
Change In Fund Balances	-\$235,794	\$225,295	\$1,226,359	-\$2,045,878	\$455,797	\$387,300	\$320,533	\$250,018

**Community School
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$476,864	\$241,070	\$466,365	\$1,692,724	-\$353,154	\$102,643	\$489,943	\$810,476
Revenue:								
1000-Revenue From Local Sources	\$7,461,242	\$3,318,179	\$7,701,273	\$8,610,837	\$10,285,650	\$10,285,650	\$10,285,650	\$10,285,650
4000-Revenue From Federal Sources	\$0	\$0	\$1,048,500	\$0	\$440,000	\$440,000	\$440,000	\$440,000
Total Revenue	\$7,461,242	\$3,318,179	\$8,749,773	\$8,610,837	\$10,725,650	\$10,725,650	\$10,725,650	\$10,725,650
Expenditures:								
1000-Instruction	\$453,621	\$0	\$635,452	\$2,784,149	\$473,603	\$474,362	\$473,850	\$474,955
2100-Student Support	\$22,943	\$0	\$41,365	\$43,280	\$19,093	\$19,171	\$19,214	\$19,304
2300-General Administration	\$2,557	\$0	\$60,549	\$70,516	\$75,561	\$76,092	\$76,566	\$77,123
2400-School Administration	\$0	\$0	\$372,628	\$381,653	\$433,569	\$437,831	\$442,112	\$446,465
2500-Central Services	\$0	\$59,942	\$684,191	\$763,131	\$799,041	\$802,921	\$805,900	\$810,113
2600-Plant Operations	\$511	\$2,378	\$8,188	\$10,800	\$20,328	\$20,148	\$19,911	\$19,747
2700-Transportation	\$0	\$0	\$0	\$2,100	\$7,442	\$7,381	\$7,299	\$7,243
3300-Community Services Operations	\$7,217,405	\$3,030,564	\$5,721,040	\$6,601,086	\$8,001,216	\$8,060,444	\$8,120,263	\$8,180,681
4000-Facilities Acquisition & Construction	\$0	\$0	\$0	\$0	\$440,000	\$440,000	\$440,000	\$440,000
Total Expenditures	\$7,697,036	\$3,092,884	\$7,523,414	\$10,656,715	\$10,269,853	\$10,338,350	\$10,405,117	\$10,475,632
Ending Fund Balance	\$241,070	\$466,365	\$1,692,724	-\$353,154	\$102,643	\$489,943	\$810,476	\$1,060,494
Change In Fund Balances	-\$235,794	\$225,295	\$1,226,359	-\$2,045,878	\$455,797	\$387,300	\$320,533	\$250,018

Explanation/Comments:

The Community School fund includes the revenues generated from the Kyrene Community Education program. The decrease in 2020-21 revenue and expenditures was a result of lower participation in before and after school programs due to the COVID-19 pandemic. Budgeted and projected revenues are forecasted conservatively until the impact from the pandemic fully subsides. Although a negative ending balance is shown in 2022-23, final expenditures are projected to come in significantly lower than budget.

Activity Fees Tax Credit

Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$929,355	\$1,036,912	\$1,225,594	\$1,202,444	\$1,202,444	\$852,444	\$860,422	\$878,940
Revenue:								
1000-Revenue From Local Sources	\$709,196	\$374,126	\$454,625	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Total Revenue	\$709,196	\$374,126	\$454,625	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Expenditures:								
6100-Salaries	\$152,117	\$89,032	\$149,163	\$0	\$0	\$0	\$0	\$0
6200-Employee Benefits	\$39,973	\$25,152	\$31,093	\$0	\$0	\$0	\$0	\$0
6300-Purchased Professional Services	\$48,823	\$8,880	\$9,192	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$3,000	\$8,794	\$255	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$76,316	\$1,187	\$50,580	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$36,061	\$36,488	\$64,219	\$600,000	\$950,000	\$592,023	\$581,481	\$574,193
6700-Property	\$2,495	\$8,156	\$11,773	\$0	\$0	\$0	\$0	\$0
6800-Debt Services & Miscellaneous	\$242,855	\$7,755	\$161,500	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$601,639	\$185,443	\$477,775	\$600,000	\$950,000	\$592,023	\$581,481	\$574,193
Ending Fund Balance	\$1,036,912	\$1,225,594	\$1,202,444	\$1,202,444	\$852,444	\$860,422	\$878,940	\$904,747
Change In Fund Balances	\$107,557	\$188,682	-\$23,150	\$0	-\$350,000	\$7,977	\$18,519	\$25,807

Activity Fees Tax Credit

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$929,355	\$1,036,912	\$1,225,594	\$1,202,444	\$1,202,444	\$852,444	\$860,422	\$878,940
Revenue:								
1000-Revenue From Local Sources	\$709,196	\$374,126	\$454,625	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Total Revenue	\$709,196	\$374,126	\$454,625	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Expenditures:								
1000-Instruction	\$522,910	\$175,751	\$413,260	\$600,000	\$950,000	\$592,023	\$581,481	\$574,193
2100-Student Support	\$2,292	\$861	\$6,237	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$364	\$38	\$8,741	\$0	\$0	\$0	\$0	\$0
2600-Plant Operations	\$45	\$0	\$239	\$0	\$0	\$0	\$0	\$0
2700-Transportation	\$73,028	\$0	\$49,299	\$0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$3,000	\$8,794	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$601,639	\$185,443	\$477,775	\$600,000	\$950,000	\$592,023	\$581,481	\$574,193
Ending Fund Balance	\$1,036,912	\$1,225,594	\$1,202,444	\$1,202,444	\$852,444	\$860,422	\$878,940	\$904,747
Change In Fund Balances	\$107,557	\$188,682	-\$23,150	\$0	-\$350,000	\$7,977	\$18,519	\$25,807

Explanation/Comments:

The decrease in 2020-21 revenue and expenditures was a result of the COVID-19 pandemic. Budgeted and projected amounts are forecasted conservatively until the impact from the pandemic fully subsides.

**Federal Projects
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$453,926	-\$15,888	-\$1,324,729	-\$1,981,083	\$307,428	\$57,428	\$53,905	\$59,670
Revenue:								
4000-Revenue From Federal Sources	\$4,904,197	\$12,476,545	\$9,052,374	\$18,661,517	\$7,656,320	\$5,323,520	\$5,323,520	\$5,323,520
Total Revenue	\$4,904,197	\$12,476,545	\$9,052,374	\$18,661,517	\$7,656,320	\$5,323,520	\$5,323,520	\$5,323,520
Expenditures:								
6100-Salaries	\$3,266,390	\$9,443,846	\$5,813,175	\$8,891,460	\$4,956,982	\$3,302,081	\$3,300,670	\$3,309,872
6200-Employee Benefits	\$1,014,586	\$3,363,011	\$1,582,498	\$2,127,235	\$1,278,456	\$1,074,085	\$1,073,637	\$1,076,638
6300-Purchased Professional Services	\$147,642	\$134,305	\$1,122,715	\$2,384,203	\$574,911	\$293,760	\$291,669	\$290,223
6400-Purchased Property Services	\$0	\$48,712	\$43,098	\$500,000	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$575,730	\$397,414	\$382,304	\$733,398	\$329,110	\$78,459	\$77,600	\$77,006
6600-Supplies	\$229,324	\$244,122	\$567,982	\$1,311,112	\$436,869	\$433,479	\$429,000	\$425,903
6700-Property	\$0	\$11,906	\$0	\$91,954	\$0	\$0	\$0	\$0
6800-Debt Services & Miscellaneous	\$9,347	\$417	\$1,744	\$10,825	\$0	\$0	\$0	\$0
6900-Transfers Out	\$130,991	\$141,652	\$195,211	\$322,819	\$329,994	\$145,180	\$145,180	\$145,180
Total Expenditures	\$5,374,011	\$13,785,386	\$9,708,727	\$16,373,006	\$7,906,320	\$5,327,044	\$5,317,756	\$5,324,822
Ending Fund Balance	-\$15,888	-\$1,324,729	-\$1,981,083	\$307,428	\$57,428	\$53,905	\$59,670	\$58,368
Change In Fund Balances	-\$469,814	-\$1,308,842	-\$656,353	\$2,288,511	-\$250,000	-\$3,523	\$5,765	-\$1,301

**Federal Projects
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$453,926	-\$15,888	-\$1,324,729	-\$1,981,083	\$307,428	\$57,428	\$53,905	\$59,670
Revenue:								
4000-Revenue From Federal Sources	\$4,904,197	\$12,476,545	\$9,052,374	\$18,661,517	\$7,656,320	\$5,323,520	\$5,323,520	\$5,323,520
Total Revenue	\$4,904,197	\$12,476,545	\$9,052,374	\$18,661,517	\$7,656,320	\$5,323,520	\$5,323,520	\$5,323,520
Expenditures:								
1000-Instruction	\$3,045,219	\$9,365,080	\$5,010,907	\$10,086,182	\$4,517,993	\$2,653,270	\$2,649,856	\$2,655,487
2100-Student Support	\$454,301	\$683,103	\$894,215	\$1,132,809	\$827,422	\$827,368	\$825,766	\$826,163
2200-Instruction Support	\$645,892	\$1,232,760	\$1,381,608	\$2,925,508	\$804,506	\$803,066	\$799,413	\$798,571
2300-General Administration	\$0	\$13,167	\$10,808	\$145,700	\$0	\$0	\$0	\$0
2400-School Administration	\$1,200	\$353,341	\$129,522	\$0	\$0	\$0	\$0	\$0
2500-Central Services	\$290,967	\$389,467	\$490,228	\$619,082	\$560,901	\$282,343	\$283,034	\$284,158
2600-Plant Operations	\$314,697	\$661,629	\$544,760	\$750,000	\$250,000	\$0	\$0	\$0
2700-Transportation	\$456,553	\$687,039	\$834,024	\$390,906	\$615,504	\$615,817	\$614,507	\$615,262
3100-Food Service Operations	\$34,191	\$0	\$76,384	\$0	\$0	\$0	\$0	\$0
3200-Enterprise Operations	\$0	\$7,306	\$7,316	\$0	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$0	\$250,842	\$133,744	\$0	\$0	\$0	\$0	\$0
6000-Transfers Out	\$130,991	\$141,652	\$195,211	\$322,819	\$329,994	\$145,180	\$145,180	\$145,180
Total Expenditures	\$5,374,011	\$13,785,386	\$9,708,727	\$16,373,006	\$7,906,320	\$5,327,044	\$5,317,756	\$5,324,822
Ending Fund Balance	-\$15,888	-\$1,324,729	-\$1,981,083	\$307,428	\$57,428	\$53,905	\$59,670	\$58,368
Change In Fund Balances	-\$469,814	-\$1,308,842	-\$656,353	\$2,288,511	-\$250,000	-\$3,523	\$5,765	-\$1,301

Explanation/Comments:

Federal Projects include all Title funding, IDEA Part B, federal grants issued in response to the COVID-19 pandemic, and other federal reimbursement programs such as E-Rate. Kyrene is eligible for \$14.3M in federal ESSER grants, but also received \$5.2M in other federal grant money that was allocated for additional COVID-19 recovery efforts. This additional federal COVID-19 funding appears in the revenue numbers shown for 2020-21, 2021-22 and 2022-23 but will not continue beyond those time periods. Corresponding expenditures are also included during those same time periods. It is common to see negative ending fund balances or large swings in fund balances for federal grant funds due to the nature of the timing between when expenditures are incurred vs. when revenues are received.

Food Service

Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$972,737	\$499,650	\$498,421	\$2,445,875	\$3,129,871	\$3,052,207	\$2,974,159	\$2,896,289
Revenue:								
1000-Revenue From Local Sources	\$1,978,485	\$84,023	\$337,683	\$0	\$1,033,811	\$1,033,811	\$1,033,811	\$1,033,811
4000-Revenue From Federal Sources	\$2,486,667	\$4,440,265	\$11,232,981	\$6,281,244	\$4,135,244	\$4,135,244	\$4,135,244	\$4,135,244
Total Revenue	\$4,465,152	\$4,524,288	\$11,570,665	\$6,281,244	\$5,169,055	\$5,169,055	\$5,169,055	\$5,169,055
Expenditures:								
6100-Salaries	\$113,311	\$83,393	\$160,972	\$118,911	\$164,409	\$165,260	\$165,866	\$166,800
6200-Employee Benefits	\$32,498	\$25,280	\$47,463	\$35,369	\$52,287	\$52,541	\$52,710	\$52,991
6300-Purchased Professional Services	\$12,896	\$36,018	\$35,313	\$4,525	\$8,125	\$8,121	\$8,115	\$8,112
6400-Purchased Property Services	\$277,212	\$188,478	\$28,810	\$29,260	\$47,260	\$46,854	\$46,317	\$45,946
6500-Other Purchased Services	\$3,740,696	\$3,554,774	\$7,438,367	\$4,452,248	\$4,226,638	\$4,226,636	\$4,226,634	\$4,226,633
6600-Supplies	\$132,911	\$132,442	\$214,624	\$45,000	\$52,500	\$52,191	\$51,783	\$51,500
6700-Property	\$17,264	\$38,583	\$40,642	\$139,935	\$82,000	\$82,000	\$82,000	\$82,000
6800-Debt Services & Miscellaneous	\$12,765	\$16,549	\$16,020	\$12,000	\$13,500	\$13,500	\$13,500	\$13,500
6900-Transfers Out	\$598,687	\$450,000	\$1,641,000	\$760,000	\$600,000	\$600,000	\$600,000	\$600,000
Total Expenditures	\$4,938,239	\$4,525,517	\$9,623,211	\$5,597,248	\$5,246,719	\$5,247,103	\$5,246,925	\$5,247,482
Ending Fund Balance	\$499,650	\$498,421	\$2,445,875	\$3,129,871	\$3,052,207	\$2,974,159	\$2,896,289	\$2,817,862
Change In Fund Balances	-\$473,087	-\$1,229	\$1,947,454	\$683,996	-\$77,664	-\$78,048	-\$77,870	-\$78,427

Food Service

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$972,737	\$499,650	\$498,421	\$2,445,875	\$3,129,871	\$3,052,207	\$2,974,159	\$2,896,289
Revenue:								
1000-Revenue From Local Sources	\$1,978,485	\$84,023	\$337,683	\$0	\$1,033,811	\$1,033,811	\$1,033,811	\$1,033,811
4000-Revenue From Federal Sources	\$2,486,667	\$4,440,265	\$11,232,981	\$6,281,244	\$4,135,244	\$4,135,244	\$4,135,244	\$4,135,244
Total Revenue	\$4,465,152	\$4,524,288	\$11,570,665	\$6,281,244	\$5,169,055	\$5,169,055	\$5,169,055	\$5,169,055
Expenditures:								
2500-Central Services	\$152,134	\$141,861	\$194,554	\$155,905	\$166,809	\$167,848	\$168,700	\$169,811
2600-Plant Operations	\$300,610	\$207,311	\$95,620	\$63,000	\$132,462	\$131,807	\$130,777	\$130,222
3100-Food Service Operations	\$3,886,809	\$3,726,344	\$7,692,037	\$4,618,343	\$4,347,448	\$4,347,448	\$4,347,448	\$4,347,448
6000-Transfers Out	\$598,687	\$450,000	\$1,641,000	\$760,000	\$600,000	\$600,000	\$600,000	\$600,000
Total Expenditures	\$4,938,239	\$4,525,517	\$9,623,211	\$5,597,248	\$5,246,719	\$5,247,103	\$5,246,925	\$5,247,482
Ending Fund Balance	\$499,650	\$498,421	\$2,445,875	\$3,129,871	\$3,052,207	\$2,974,159	\$2,896,289	\$2,817,862
Change In Fund Balances	-\$473,087	-\$1,229	\$1,947,454	\$683,996	-\$77,664	-\$78,048	-\$77,870	-\$78,427

Explanation/Comments:

Food Service is used to record the financial activity of school cafeteria operations which involve the preparation and serving of meals in connection with school functions. This fund includes all activities associated with the District's third-party food service provider as well as any other internal costs associated with the District. Food Service revenue grew 159% between 2019-20 and 2021-22. This growth was driven by the condition that occurred during the end of 2019-20 and throughout the entire 2021-22 school year where all student meals were provided at no charge based on the guidance from the US Department of Agriculture Food and Nutrition Service. The situation where student meals were provided at no charge ended as of June 30, 2022, and the District projects future revenue and expenditures to be closer to pre-pandemic levels.

**Gifts and Donations
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$391,807	\$404,528	\$463,354	\$427,265	\$246,720	\$106,720	\$109,356	\$115,474
Revenue:								
1000-Revenue From Local Sources	\$291,575	\$204,150	\$187,966	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Total Revenue	\$291,575	\$204,150	\$187,966	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Expenditures:								
6100-Salaries	\$16,598	\$20,550	\$27,949	\$0	\$0	\$0	\$0	\$0
6200-Employee Benefits	\$3,210	\$3,522	\$5,876	\$0	\$0	\$0	\$0	\$0
6300-Purchased Professional Services	\$61,958	\$2,740	\$23,801	\$3,545	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$32,105	\$14,615	\$7,036	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$18,315	\$13,154	\$23,353	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$100,552	\$67,419	\$90,151	\$352,000	\$315,000	\$172,364	\$168,882	\$166,474
6700-Property	\$33,845	\$20,671	\$23,195	\$0	\$0	\$0	\$0	\$0
6800-Debt Services & Miscellaneous	\$12,269	\$2,651	\$22,693	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$278,854	\$145,323	\$224,055	\$355,545	\$315,000	\$172,364	\$168,882	\$166,474
Ending Fund Balance	\$404,528	\$463,354	\$427,265	\$246,720	\$106,720	\$109,356	\$115,474	\$124,001
Change In Fund Balances	\$12,721	\$58,826	-\$36,089	-\$180,545	-\$140,000	\$2,636	\$6,118	\$8,526

**Gifts and Donations
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$391,807	\$404,528	\$463,354	\$427,265	\$246,720	\$106,720	\$109,356	\$115,474
Revenue:								
1000-Revenue From Local Sources	\$291,575	\$204,150	\$187,966	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Total Revenue	\$291,575	\$204,150	\$187,966	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Expenditures:								
1000-Instruction	\$119,911	\$88,439	\$144,621	\$350,000	\$313,000	\$170,372	\$166,899	\$164,497
2100-Student Support	\$8,200	\$6,021	\$6,665	\$0	\$0	\$0	\$0	\$0
2200-Instruction Support	\$61,195	\$20,522	\$33,800	\$0	\$0	\$0	\$0	\$0
2300-General Administration	\$0	\$0	\$1,276	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$22,184	\$9,087	\$7,147	\$0	\$0	\$0	\$0	\$0
2500-Central Services	\$12,186	\$2,171	\$5,880	\$5,545	\$2,000	\$1,993	\$1,983	\$1,976
2600-Plant Operations	\$3,727	\$4,070	\$16,765	\$0	\$0	\$0	\$0	\$0
2700-Transportation	\$2,559	\$0	\$222	\$0	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$9,629	\$3,466	\$781	\$0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$39,263	\$11,547	\$6,897	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$278,854	\$145,323	\$224,055	\$355,545	\$315,000	\$172,364	\$168,882	\$166,474
Ending Fund Balance	\$404,528	\$463,354	\$427,265	\$246,720	\$106,720	\$109,356	\$115,474	\$124,001
Change In Fund Balances	\$12,721	\$58,826	-\$36,089	-\$180,545	-\$140,000	\$2,636	\$6,118	\$8,526

Explanation/Comments:

The decrease in 2020-21 expenditures was a result of the COVID-19 pandemic. Budgeted and projected amounts are forecasted conservatively until the impact from the pandemic fully subsides.

**Grants and Gifts to Teachers
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$3,611	\$3,427	\$3,566	\$3,994	\$3,994	\$3,994	\$4,002	\$4,022
Revenue:								
1000-Revenue From Local Sources	\$1,067	\$3,952	\$2,405	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Revenue	\$1,067	\$3,952	\$2,405	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Expenditures:								
6400-Purchased Property Services	\$0	\$675	\$0	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$1,251	\$3,138	\$1,245	\$1,000	\$1,000	\$992	\$981	\$973
6700-Property	\$0	\$0	\$731	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,251	\$3,813	\$1,977	\$1,000	\$1,000	\$992	\$981	\$973
Ending Fund Balance	\$3,427	\$3,566	\$3,994	\$3,994	\$3,994	\$4,002	\$4,022	\$4,049
Change In Fund Balances	-\$184	\$139	\$428	\$0	\$0	\$8	\$19	\$27

**Grants and Gifts to Teachers
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$3,611	\$3,427	\$3,566	\$3,994	\$3,994	\$3,994	\$4,002	\$4,022
Revenue:								
1000-Revenue From Local Sources	\$1,067	\$3,952	\$2,405	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Revenue	\$1,067	\$3,952	\$2,405	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Expenditures:								
1000-Instruction	\$1,251	\$3,138	\$1,977	\$1,000	\$1,000	\$992	\$981	\$973
2600-Plant Operations	\$0	\$675	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,251	\$3,813	\$1,977	\$1,000	\$1,000	\$992	\$981	\$973
Ending Fund Balance	\$3,427	\$3,566	\$3,994	\$3,994	\$3,994	\$4,002	\$4,022	\$4,049
Change In Fund Balances	-\$184	\$139	\$428	\$0	\$0	\$8	\$19	\$27

Explanation/Comments:

Budgeted and projected expenditures are forecasted to be in line with revenue projections.

**Instructional Improvement
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$2,393,576	\$2,527,728	\$2,921,094	\$3,024,210	\$3,047,364	\$2,937,316	\$2,825,778	\$2,714,860
Revenue:								
1000-Revenue From Local Sources	\$42,614	\$15,472	\$3,152	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$731,643	\$671,806	\$580,574	\$823,210	\$700,000	\$700,000	\$700,000	\$700,000
Total Revenue	\$774,258	\$687,278	\$583,725	\$823,210	\$700,000	\$700,000	\$700,000	\$700,000
Expenditures:								
6100-Salaries	\$513,895	\$244,583	\$388,090	\$650,052	\$656,700	\$657,900	\$657,387	\$659,058
6200-Employee Benefits	\$125,780	\$49,330	\$91,947	\$150,004	\$153,348	\$153,638	\$153,531	\$153,930
6500-Other Purchased Services	\$180	\$0	\$353	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$251	\$0	\$219	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$640,105	\$293,912	\$480,609	\$800,056	\$810,048	\$811,538	\$810,918	\$812,988
Ending Fund Balance	\$2,527,728	\$2,921,094	\$3,024,210	\$3,047,364	\$2,937,316	\$2,825,778	\$2,714,860	\$2,601,871
Change In Fund Balances	\$134,152	\$393,366	\$103,116	\$23,154	-\$110,048	-\$111,538	-\$110,918	-\$112,988

**Instructional Improvement
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$2,393,576	\$2,527,728	\$2,921,094	\$3,024,210	\$3,047,364	\$2,937,316	\$2,825,778	\$2,714,860
Revenue:								
1000-Revenue From Local Sources	\$42,614	\$15,472	\$3,152	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$731,643	\$671,806	\$580,574	\$823,210	\$700,000	\$700,000	\$700,000	\$700,000
Total Revenue	\$774,258	\$687,278	\$583,725	\$823,210	\$700,000	\$700,000	\$700,000	\$700,000
Expenditures:								
1000-Instruction	\$565,299	\$292,969	\$446,607	\$725,446	\$731,293	\$732,465	\$731,675	\$733,382
2100-Student Support	\$73,630	\$0	\$32,992	\$72,501	\$76,643	\$76,958	\$77,131	\$77,490
2200-Instruction Support	\$1,177	\$944	\$1,010	\$2,109	\$2,112	\$2,115	\$2,112	\$2,117
Total Expenditures	\$640,105	\$293,912	\$480,609	\$800,056	\$810,048	\$811,538	\$810,918	\$812,988
Ending Fund Balance	\$2,527,728	\$2,921,094	\$3,024,210	\$3,047,364	\$2,937,316	\$2,825,778	\$2,714,860	\$2,601,871
Change In Fund Balances	\$134,152	\$393,366	\$103,116	\$23,154	-\$110,048	-\$111,538	-\$110,918	-\$112,988

Explanation/Comments:

As defined by A.R.S. §15-977, up to 50% of the monies received in the Instructional Improvement fund may be used for teacher compensation and class size reduction, and the remaining money must be used for dropout prevention and instructional improvement programs, including programs to develop minimum reading skills for students by the end of third grade. In 2020-21, expenditures were artificially low as there was uncertainty from the impact of the COVID-19 pandemic on the gaming industry in the state of Arizona. As it became clear that revenues would not be severely negatively impacted, expenditures were funded from the Instructional Improvement fund at incrementally higher levels beginning in 2021-22, and are expected to continue near pre-pandemic levels going forward.

**State Projects
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,849,998	\$1,305,847	\$1,470,117	\$1,890,465	\$2,774,502	\$709,880	\$711,851	\$719,306
Revenue:								
3000-Revenue From State Sources	\$1,992,919	\$1,959,036	\$2,068,373	\$2,630,400	\$1,851,153	\$1,851,153	\$1,851,153	\$1,851,153
Total Revenue	\$1,992,919	\$1,959,036	\$2,068,373	\$2,630,400	\$1,851,153	\$1,851,153	\$1,851,153	\$1,851,153
Expenditures:								
6100-Salaries	\$1,494,900	\$1,087,605	\$747,749	\$2,211,586	\$2,322,911	\$691,005	\$692,410	\$695,528
6200-Employee Benefits	\$368,625	\$292,287	\$218,260	(\$1,664,285)	\$219,272	\$220,143	\$220,598	\$221,597
6300-Purchased Professional Services	\$642,168	\$396,626	\$593,614	\$1,198,562	\$1,373,592	\$938,034	\$930,689	\$925,611
6500-Other Purchased Services	\$7,836	\$0	\$54,596	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$17,313	\$12,819	\$24,684	\$500	\$0	\$0	\$0	\$0
6700-Property	\$2,286	\$0	\$1,836	\$0	\$0	\$0	\$0	\$0
6800-Debt Services & Miscellaneous	\$3,942	\$5,430	\$7,286	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$2,537,069	\$1,794,766	\$1,648,025	\$1,746,363	\$3,915,775	\$1,849,182	\$1,843,698	\$1,842,736
Ending Fund Balance	\$1,305,847	\$1,470,117	\$1,890,465	\$2,774,502	\$709,880	\$711,851	\$719,306	\$727,723
Change In Fund Balances	-\$544,151	\$164,269	\$420,348	\$884,037	-\$2,064,622	\$1,971	\$7,455	\$8,417

**State Projects
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,849,998	\$1,305,847	\$1,470,117	\$1,890,465	\$2,774,502	\$709,880	\$711,851	\$719,306
Revenue:								
3000-Revenue From State Sources	\$1,992,919	\$1,959,036	\$2,068,373	\$2,630,400	\$1,851,153	\$1,851,153	\$1,851,153	\$1,851,153
Total Revenue	\$1,992,919	\$1,959,036	\$2,068,373	\$2,630,400	\$1,851,153	\$1,851,153	\$1,851,153	\$1,851,153
Expenditures:								
1000-Instruction	\$925,238	\$775,105	\$336,468	\$402,718	\$1,691,107	\$56,575	\$56,514	\$56,646
2100-Student Support	\$607,984	\$665,987	\$1,062,076	\$1,285,255	\$1,794,668	\$1,792,607	\$1,787,183	\$1,786,090
2200-Instruction Support	\$497,706	\$161,706	\$242,147	\$55,500	\$430,000	\$0	\$0	\$0
2400-School Administration	\$202,178	\$107,128	\$0	\$2,890	\$0	\$0	\$0	\$0
2500-Central Services	\$303,923	\$84,840	\$7,333	\$0	\$0	\$0	\$0	\$0
2700-Transportation	\$41	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$2,537,069	\$1,794,766	\$1,648,025	\$1,746,363	\$3,915,775	\$1,849,182	\$1,843,698	\$1,842,736
Ending Fund Balance	\$1,305,847	\$1,470,117	\$1,890,465	\$2,774,502	\$709,880	\$711,851	\$719,306	\$727,723
Change In Fund Balances	-\$544,151	\$164,269	\$420,348	\$884,037	-\$2,064,622	\$1,971	\$7,455	\$8,417

Explanation/Comments:

It is common to see large swings in fund balances for state projects and related grants due to the nature of the timing between when expenditures are incurred vs. when revenues are received. No additional revenue from Arizona's Results Based Funding Grant is included after the 2022-23 fiscal year as that money is now included in the state's base level funding formula beginning with the 2023-24 fiscal year. Projected expenditures are forecasted to be in line with revenue projections.

**Structured English Immersion
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$123	\$501
Revenue:								
3000-Revenue From State Sources	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$235,000	\$235,000	\$235,000
Total Revenue	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$235,000	\$235,000	\$235,000
Expenditures:								
6100-Salaries	\$0	\$367,259	\$249,347	\$153,576	\$183,541	\$183,335	\$183,137	\$183,565
6200-Employee Benefits	\$0	\$103,556	\$76,478	\$49,207	\$51,459	\$51,541	\$51,486	\$51,606
Total Expenditures	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$234,877	\$234,623	\$235,171
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0	\$123	\$501	\$329
Change In Fund Balances	\$0	\$0	\$0	\$0	\$0	\$123	\$377	-\$171

**Structured English Immersion
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$123	\$501
Revenue:								
3000-Revenue From State Sources	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$235,000	\$235,000	\$235,000
Total Revenue	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$235,000	\$235,000	\$235,000
Expenditures:								
1000-Instruction	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$234,877	\$234,623	\$235,171
Total Expenditures	\$0	\$470,815	\$325,826	\$202,783	\$235,000	\$234,877	\$234,623	\$235,171
Ending Fund Balance	\$0	\$0	\$0	\$0	\$0	\$123	\$501	\$329
Change In Fund Balances	\$0	\$0	\$0	\$0	\$0	\$123	\$377	-\$171

Explanation/Comments:

Expenditures are expected to be in line with revenue projections and are aligned with the amount received from this grant on an annual basis.

**Student Activities
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$227,900	\$229,576	\$226,973	\$258,815	\$258,815	\$258,815	\$260,582	\$264,685
Revenue:								
1000-Revenue From Local Sources	\$158,536	\$74,671	\$126,367	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Revenue	\$158,536	\$74,671	\$126,367	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Expenditures:								
6300-Purchased Professional Services	\$0	\$0	\$400	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$0	\$0	\$150	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$974	\$374	\$68	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$155,885	\$74,128	\$83,258	\$300,000	\$300,000	\$298,233	\$295,898	\$294,283
6800-Debt Services & Miscellaneous	\$0	\$2,772	\$10,648	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$156,859	\$77,274	\$94,524	\$300,000	\$300,000	\$298,233	\$295,898	\$294,283
Ending Fund Balance	<u>\$229,576</u>	<u>\$226,973</u>	<u>\$258,815</u>	<u>\$258,815</u>	<u>\$258,815</u>	<u>\$260,582</u>	<u>\$264,685</u>	<u>\$270,402</u>
Change In Fund Balances	\$1,676	-\$2,603	\$31,842	\$0	\$0	\$1,767	\$4,102	\$5,717

**Student Activities
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$227,900	\$229,576	\$226,973	\$258,815	\$258,815	\$258,815	\$260,582	\$264,685
Revenue:								
1000-Revenue From Local Sources	\$158,536	\$74,671	\$126,367	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Revenue	\$158,536	\$74,671	\$126,367	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Expenditures:								
2100-Student Support	\$156,859	\$77,274	\$94,524	\$300,000	\$300,000	\$298,233	\$295,898	\$294,283
Total Expenditures	\$156,859	\$77,274	\$94,524	\$300,000	\$300,000	\$298,233	\$295,898	\$294,283
Ending Fund Balance	<u>\$229,576</u>	<u>\$226,973</u>	<u>\$258,815</u>	<u>\$258,815</u>	<u>\$258,815</u>	<u>\$260,582</u>	<u>\$264,685</u>	<u>\$270,402</u>
Change In Fund Balances	\$1,676	-\$2,603	\$31,842	\$0	\$0	\$1,767	\$4,102	\$5,717

Explanation/Comments:

Governmental Accounting Standards Board No. 84 revised the definition of Student Activities funds and changed the classification from a fiduciary fund to a special revenue fund effective in fiscal year 2020-21. For reporting and comparative purposes, any historical financials for the Student Activities fund are included as a special revenue fund type. The decrease in 2020-21 revenue and expenditures was a result of the COVID-19 pandemic, but the District projects future revenue and expenditures to be closer to pre-pandemic levels.

**Textbooks
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$72,414	\$73,898	\$76,897	\$90,736	\$96,736	\$102,736	\$108,811	\$114,987
Revenue:								
1000-Revenue From Local Sources	\$6,455	\$7,610	\$17,781	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Total Revenue	\$6,455	\$7,610	\$17,781	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Expenditures:								
6600-Supplies	\$4,971	\$4,611	\$3,874	\$9,000	\$9,000	\$8,924	\$8,825	\$8,756
6700-Property	\$0	\$0	\$68	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$4,971	\$4,611	\$3,942	\$9,000	\$9,000	\$8,924	\$8,825	\$8,756
Ending Fund Balance	\$73,898	\$76,897	\$90,736	\$96,736	\$102,736	\$108,811	\$114,987	\$121,231
Change In Fund Balances	\$1,484	\$2,999	\$13,839	\$6,000	\$6,000	\$6,076	\$6,175	\$6,244

**Textbooks
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$72,414	\$73,898	\$76,897	\$90,736	\$96,736	\$102,736	\$108,811	\$114,987
Revenue:								
1000-Revenue From Local Sources	\$6,455	\$7,610	\$17,781	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Total Revenue	\$6,455	\$7,610	\$17,781	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Expenditures:								
1000-Instruction	\$0	\$0	\$0	\$9,000	\$9,000	\$8,924	\$8,825	\$8,756
2200-Instruction Support	\$4,971	\$4,611	\$3,942	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$4,971	\$4,611	\$3,942	\$9,000	\$9,000	\$8,924	\$8,825	\$8,756
Ending Fund Balance	\$73,898	\$76,897	\$90,736	\$96,736	\$102,736	\$108,811	\$114,987	\$121,231
Change In Fund Balances	\$1,484	\$2,999	\$13,839	\$6,000	\$6,000	\$6,076	\$6,175	\$6,244

Explanation/Comments:

The District expects very little activity in this fund and budgeted/projected expenditures are aligned with revenue.



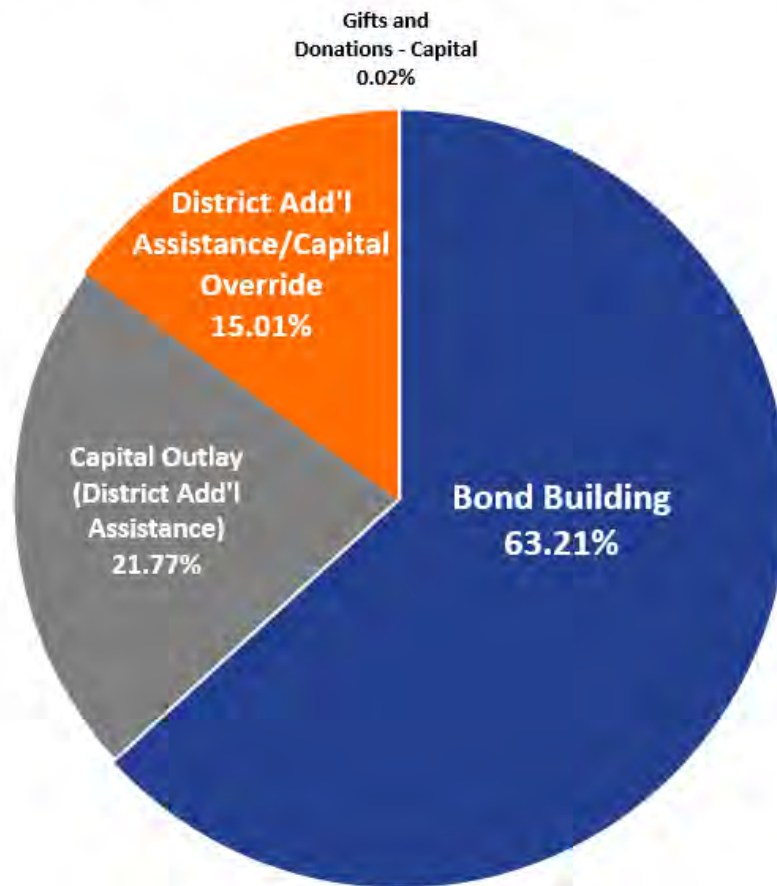
Capital Projects Funds



Capital Projects Funds

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Most of the District expenditures for capital projects funds originate from bond proceeds, which represent 63% of the total 2023-24 budgeted expenditures within the capital projects funds.

Capital Projects Funds: % of 2023-24 Budgeted Expenditures



Bonds and District Additional Assistance (DAA)/capital overrides are opportunities for school districts to raise additional capital funding beyond the amounts provided by the state. However, these funds are only available if approved by voters within the district's boundaries. The specific usage of bonds and DAA override funds are designated by state statute and can only be spent on the areas identified and listed on the voter pamphlet. These funds have a limited scope on how the money can be spent and cannot be mixed with other funds or be used to cover other expenditure categories.

For Kyrene, the DAA override funding is used to provide instructional materials and technology for students, software and licensing, technology equipment, network equipment or vehicles needed to provide technology support for students. Bond funding is used to maintain the school buildings and grounds, repair school buildings, purchase transportation vehicles or address other administrative capital needs. Without the support of our Kyrene community through these initiatives, there is not enough state funding to provide this level of capital support for our students and school facilities.

Per A.R.S. §15-481 and A.R.S. §15-491, Arizona state statute requires any public school district that has approved an override or has unspent bond proceeds to provide an annual expenditure update at a public meeting between September 1 and October 31. During this meeting information is shared about how that money is spent and how it integrates within the District budget.

The following individual funds comprise the capital projects fund:

Fund Name	Description
Adjacent Ways	Improvement of public ways adjacent to school property
Bond Building	Proceeds from district bond issued for capital related purchases or construction
Building Renewal Grant	Funding received from the School Facilities Board for qualifying capital items
Capital Outlay (District Additional Assistance)	State funding used to purchase or lease capital items
District Add'l Assistance/Capital Override	Voter approved funding used to purchase approved capital items
Condemnation	Proceeds from right-of-way settlements or sales by condemnation
Energy and Water Savings	Related to energy-related capital investments or rebates/grant funding
Gifts & Donations - Capital	Accounts for any capital items that have been donated to the District
Litigation Recovery	From expected settlements or proceeds as a result of legal action to repair/replace buildings or property

There are no budgeted projections or projected financial activities planned for Condemnation, Energy and Water Savings or Litigation Recovery funds due to their limited scope and immaterial balances. Therefore, no financial schedules will be presented for these groupings of funds.

**Capital Projects Funds
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	<u>\$45,289,312</u>	<u>\$23,777,960</u>	<u>\$40,886,374</u>	<u>\$63,531,375</u>	<u>\$46,466,833</u>	<u>\$32,849,785</u>	<u>\$12,849,854</u>	<u>\$35,600,013</u>
Revenue:								
1000-Revenue From Local Sources	\$6,905,813	\$7,364,245	\$6,931,008	\$9,834,825	\$9,847,484	\$11,513,020	\$11,450,119	\$11,368,229
2000-Revenue From Intermediate Sources	\$159,238	\$37,027	\$601,913	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$2,181,337	\$0	\$0	\$2,549,317	\$2,560,100	\$2,559,705	\$2,506,122	\$2,436,364
5000-Other Financing Sources/Transfers In	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Total Revenue	<u>\$9,246,387</u>	<u>\$38,963,487</u>	<u>\$40,598,603</u>	<u>\$12,384,142</u>	<u>\$31,907,585</u>	<u>\$14,072,724</u>	<u>\$56,706,241</u>	<u>\$13,804,593</u>
Expenditures:								
6100-Salaries	\$421,323	\$389,353	\$0	\$387,415	\$179,526	\$48,083	\$48,083	\$48,083
6200-Employee Benefits	\$123,006	\$114,971	\$0	\$119,181	\$55,903	\$14,741	\$14,741	\$14,741
6300-Purchased Professional Services	\$1,042,476	\$184,555	\$172,029	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$11,661,708	\$8,981,808	\$11,032,962	\$15,054,664	\$26,732,679	\$17,803,299	\$17,728,453	\$17,631,013
6500-Other Purchased Services	\$2	\$0	\$12	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$4,659,806	\$2,819,689	\$2,494,376	\$6,418,162	\$4,498,876	\$3,379,270	\$3,341,077	\$3,291,354
6700-Property	\$12,742,237	\$9,364,695	\$9,955,851	\$7,469,262	\$14,057,649	\$12,827,263	\$12,823,728	\$12,819,182
Total Expenditures	<u>\$30,650,558</u>	<u>\$21,855,072</u>	<u>\$23,655,230</u>	<u>\$29,448,684</u>	<u>\$45,524,633</u>	<u>\$34,072,656</u>	<u>\$33,956,082</u>	<u>\$33,804,372</u>
Ending Fund Balance	<u>\$23,885,141</u>	<u>\$40,886,375</u>	<u>\$57,829,747</u>	<u>\$46,466,833</u>	<u>\$32,849,785</u>	<u>\$12,849,854</u>	<u>\$35,600,013</u>	<u>\$15,600,234</u>
Change In Fund Balances	-\$21,404,171	\$17,108,415	\$16,943,373	-\$17,064,542	-\$13,617,048	-\$19,999,932	\$22,750,159	-\$19,999,779
*Adjusted Ending Fund Balance	\$23,777,960	\$40,886,374	\$63,531,375	NA	NA	NA	NA	NA

Capital Projects Funds

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$45,289,312	\$23,777,960	\$40,886,374	\$63,531,375	\$46,466,833	\$32,849,785	\$12,849,854	\$35,600,013
Revenue:								
1000-Revenue From Local Sources	\$6,905,813	\$7,364,245	\$6,931,008	\$9,834,825	\$9,847,484	\$11,513,020	\$11,450,119	\$11,368,229
2000-Revenue From Intermediate Sources	\$159,238	\$37,027	\$601,913	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$2,181,337	\$0	\$0	\$2,549,317	\$2,560,100	\$2,559,705	\$2,506,122	\$2,436,364
5000-Other Financing Sources/Transfers In	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Total Revenue	\$9,246,387	\$38,963,487	\$40,598,603	\$12,384,142	\$31,907,585	\$14,072,724	\$56,706,241	\$13,804,593
Expenditures:								
1000-Instruction	\$12,688,364	\$8,355,883	\$9,362,348	\$7,331,437	\$13,248,964	\$11,203,784	\$11,166,447	\$11,117,895
2100-Student Support	\$90,268	\$14,163	\$24,573	\$1,496	\$25,000	\$17,465	\$17,465	\$17,465
2200-Instruction Support	\$827,936	\$707,447	\$930,823	\$3,235,248	\$1,541,171	\$1,662,040	\$1,657,649	\$1,651,931
2300-General Administration	\$10,500	\$13,360	\$10,892	\$10,500	\$10,500	\$13,060	\$13,060	\$13,060
2400-School Administration	\$40,255	\$104,181	\$40,086	\$545,000	\$45,000	\$55,970	\$55,970	\$55,970
2500-Central Services	\$2,067,462	\$1,378,528	\$1,303,404	\$1,076,952	\$892,790	\$1,017,756	\$1,017,756	\$1,017,756
2600-Plant Operations	\$1,008,858	\$1,011,790	\$703,082	\$1,570,220	\$2,053,027	\$1,659,470	\$1,659,470	\$1,659,470
2700-Transportation	\$751,579	\$760,867	\$102,306	\$173,944	\$805,000	\$622,348	\$622,348	\$622,348
3100-Food Service Operations	\$6,495	\$3,026	\$1,448	\$0	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$0	\$0	\$22,810	\$25,727	\$25,000	\$17,465	\$17,465	\$17,465
4000-Facilities Acquisition & Construction	\$13,158,840	\$9,505,826	\$11,153,459	\$15,478,160	\$26,878,180	\$17,803,299	\$17,728,453	\$17,631,013
Total Expenditures	\$30,650,558	\$21,855,072	\$23,655,230	\$29,448,684	\$45,524,633	\$34,072,656	\$33,956,082	\$33,804,372
Ending Fund Balance	\$23,885,141	\$40,886,375	\$57,829,747	\$46,466,833	\$32,849,785	\$12,849,854	\$35,600,013	\$15,600,234
Change In Fund Balances	-\$21,404,171	\$17,108,415	\$16,943,373	-\$17,064,542	-\$13,617,048	-\$19,999,932	\$22,750,159	-\$19,999,779
*Adjusted Ending Fund Balance	\$23,777,960	\$40,886,374	\$63,531,375	NA	NA	NA	NA	NA

Explanation/Comments:

The \$28.2M decrease in revenue for the 2022-23 current budget is a result of having \$30M of bonds sold during 2021-22, but no bond sales will take place during the 2022-23 fiscal year. A \$19.5M bond sale is expected to take place during the 2023-24 fiscal year, which accounts for the revenue increase during that time period. Capital projects funds often experience timing issues between when proceeds are received vs. when the actual expenditures take place which can cause large swings in fund balances from year-to-year. Projected bond revenue in 2025-26 is dependent on a new voter authorization during the next bond election cycle. Revenue projections for the District Additional Assistance/Capital Override fund for the 2025-26 fiscal year is also dependent on a new voter authorization during the next election cycle as Kyrene's voter-approved funding would expire after the 2024-25 fiscal year.

Expenditures are based on the overall budgeted capital plans for facilities, curriculum, technology and other school-based capital expenditure needs. Capital expenditures are expected to increase during the 2023-24 fiscal year due to a high number of technology replacement/upgrade projects taking place at schools.

An "adjusted" ending fund balance* is provided in situations where the budget balance more accurately reflects the ending fund balance, or when certain fund groupings blend cash and budgeted funds. In these cases the adjusted ending fund balance is used as the beginning fund balance for the next fiscal year.

**Adjacent Ways
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$619,386	\$631,158	\$636,246	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473
Revenue:								
1000-Revenue From Local Sources	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0
Expenditures:								
NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$631,158	\$636,246	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473
Change In Fund Balances	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0

**Adjacent Ways
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$619,386	\$631,158	\$636,246	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473
Revenue:								
1000-Revenue From Local Sources	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0
Expenditures:								
NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$631,158	\$636,246	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473	\$641,473
Change In Fund Balances	\$11,772	\$5,087	\$5,228	\$0	\$0	\$0	\$0	\$0

Explanation/Comments:

The amounts shown for revenue represent interest on existing fund balances. There are no plans to levy taxes for additional Adjacent Ways funding in the budgeted or projected years.

**Bond Building
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$38,258,701	\$18,431,239	\$34,259,575	\$48,711,300	\$31,420,201	\$22,146,284	\$2,146,284	\$24,896,284
Revenue:								
5000-Other Financing Sources/Transfers In	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Total Revenue	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Expenditures:								
6100-Salaries	\$384,503	\$367,407	\$0	\$387,415	\$179,526	\$48,083	\$48,083	\$48,083
6200-Employee Benefits	\$112,624	\$108,090	\$0	\$119,181	\$55,903	\$14,741	\$14,741	\$14,741
6300-Purchased Professional Services	\$1,042,476	\$184,555	\$172,029	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$10,561,795	\$8,952,942	\$11,012,788	\$14,432,795	\$20,365,988	\$14,227,814	\$14,227,814	\$14,227,814
6600-Supplies	\$16,379	\$3,032	\$24,869	\$0	\$0	\$0	\$0	\$0
6700-Property	\$7,709,685	\$6,117,853	\$7,404,270	\$2,351,708	\$8,172,500	\$5,709,362	\$5,709,362	\$5,709,362
Total Expenditures	\$19,827,462	\$15,733,880	\$18,613,957	\$17,291,099	\$28,773,917	\$20,000,000	\$20,000,000	\$20,000,000
Ending Fund Balance	\$18,431,239	\$34,259,575	\$48,711,300	\$31,420,201	\$22,146,284	\$2,146,284	\$24,896,284	\$4,896,284
Change In Fund Balances	-\$19,827,462	\$15,828,336	\$14,451,725	-\$17,291,099	-\$9,273,917	-\$20,000,000	\$22,750,000	-\$20,000,000

**Bond Building
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$38,258,701	\$18,431,239	\$34,259,575	\$48,711,300	\$31,420,201	\$22,146,284	\$2,146,284	\$24,896,284
Revenue:								
5000-Other Financing Sources/Transfers In	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Total Revenue	\$0	\$31,562,215	\$33,065,682	\$0	\$19,500,000	\$0	\$42,750,000	\$0
Expenditures:								
1000-Instruction	\$5,456,432	\$4,616,687	\$6,469,723	\$2,239,486	\$5,707,500	\$3,987,297	\$3,987,297	\$3,987,297
2100-Student Support	\$75,904	\$12,025	\$22,619	\$1,496	\$25,000	\$17,465	\$17,465	\$17,465
2200-Instruction Support	\$71,716	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$10,526	\$2,944	\$0	\$0	\$0	\$0	\$0	\$0
2500-Central Services	\$785,212	\$389,308	\$501,800	\$30,000	\$170,000	\$118,763	\$118,763	\$118,763
2600-Plant Operations	\$711,240	\$572,682	\$462,272	\$131,105	\$1,639,927	\$1,145,664	\$1,145,664	\$1,145,664
2700-Transportation	\$657,918	\$660,246	\$0	\$6,995	\$695,000	\$485,532	\$485,532	\$485,532
3100-Food Service Operations	\$0	\$3,026	\$1,448	\$0	\$0	\$0	\$0	\$0
3300-Community Services Operations	\$0	\$0	\$22,810	\$25,727	\$25,000	\$17,465	\$17,465	\$17,465
4000-Facilities Acquisition & Construction	\$12,058,514	\$9,476,961	\$11,133,285	\$14,856,291	\$20,511,489	\$14,227,814	\$14,227,814	\$14,227,814
Total Expenditures	\$19,827,462	\$15,733,880	\$18,613,957	\$17,291,099	\$28,773,917	\$20,000,000	\$20,000,000	\$20,000,000
Ending Fund Balance	\$18,431,239	\$34,259,575	\$48,711,300	\$31,420,201	\$22,146,284	\$2,146,284	\$24,896,284	\$4,896,284
Change In Fund Balances	-\$19,827,462	\$15,828,336	\$14,451,725	-\$17,291,099	-\$9,273,917	-\$20,000,000	\$22,750,000	-\$20,000,000

Explanation/Comments:

Bond Building revenue is recorded whenever proceeds are received from bond sales. This often creates a timing issue between when proceeds are received vs. when the actual expenditures take place, and causes large swings in fund balances from year-to-year. Capital expenditures are expected to increase during the 2023-24 fiscal year due to a high number of technology replacement/upgrade projects taking place at schools. Bond revenues are estimated for 2023-24 based on \$19.5M of remaining proceeds authorized but not exercised, and \$42.8M in 2025-26. Projected bond revenue in 2025-26 is dependent on a new voter authorization during the next bond election cycle.

**Building Renewal
Expenditures by Object**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,165	\$0	\$6,440	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764
Revenue:								
1000-Revenue From Local Sources	\$10,754	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$1,080,829	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$1,091,584	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0
Expenditures:								
6400-Purchased Property Services	\$1,092,749	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,092,749	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$0	\$6,440	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764
Change In Fund Balances	-\$1,165	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0

**Building Renewal
Expenditures by Function**

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,165	\$0	\$6,440	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764
Revenue:								
1000-Revenue From Local Sources	\$10,754	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$1,080,829	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$1,091,584	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0
Expenditures:								
4000-Facilities Acquisition & Construction	\$1,092,749	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,092,749	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$0	\$6,440	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764	\$6,764
Change In Fund Balances	-\$1,165	\$6,440	\$324	\$0	\$0	\$0	\$0	\$0

Explanation/Comments:

The receipt of any Building Renewal grants from the Arizona School Facilities Board (SFB) have not been included in the budgeted or projected years. Although there are grant funds distributed annually by the SFB, those funds are often limited, vary year-to-year based on state funding and are not enough to address the growing list of statewide capital needs. The 2019-20 year was the only time period where Kyrene received a material amount of SFB funding. Nothing is included in the budgeted and projected years due to the uncertainty of funding and lack of future state funding commitments to address the needs of all school districts across the state.

Capital Outlay (District Add'l Assistance)

Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,111,072	\$749,435	\$1,168,387	\$7,385,688	\$8,195,946	\$3,852,815	\$3,852,815	\$3,852,815
Revenue:								
1000-Revenue From Local Sources	\$47,564	\$518,095	\$42,392	\$2,992,676	\$3,005,335	\$3,004,871	\$2,941,970	\$2,860,080
2000-Revenue From Intermediate Sources	\$159,238	\$37,027	\$601,913	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$1,100,508	\$0	\$0	\$2,549,317	\$2,560,100	\$2,559,705	\$2,506,122	\$2,436,364
Total Revenue	\$1,307,309	\$555,122	\$644,305	\$5,541,993	\$5,565,436	\$5,564,575	\$5,448,092	\$5,296,444
Expenditures:								
6400-Purchased Property Services	\$0	\$0	\$0	\$0	\$6,366,691	\$3,575,485	\$3,500,639	\$3,403,199
6600-Supplies	\$1,410,604	\$97,485	\$122,778	\$3,744,616	\$3,248,876	\$1,824,544	\$1,786,351	\$1,736,628
6700-Property	\$151,161	\$38,684	\$45,385	\$987,119	\$293,000	\$164,547	\$161,102	\$156,618
Total Expenditures	\$1,561,765	\$136,170	\$168,164	\$4,731,735	\$9,908,567	\$5,564,575	\$5,448,092	\$5,296,444
Ending Fund Balance	\$856,615	\$1,168,387	\$1,644,528	\$8,195,946	\$3,852,815	\$3,852,815	\$3,852,815	\$3,852,815
Change In Fund Balances	-\$254,457	\$418,952	\$476,141	\$810,258	-\$4,343,131	\$0	\$0	\$0
*Adjusted Ending Fund Balance	\$749,435	\$1,168,387	\$7,385,688	NA	NA	NA	NA	NA

Capital Outlay (District Add'l Assistance)

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$1,111,072	\$749,435	\$1,168,387	\$7,385,688	\$8,195,946	\$3,852,815	\$3,852,815	\$3,852,815
Revenue:								
1000-Revenue From Local Sources	\$47,564	\$518,095	\$42,392	\$2,992,676	\$3,005,335	\$3,004,871	\$2,941,970	\$2,860,080
2000-Revenue From Intermediate Sources	\$159,238	\$37,027	\$601,913	\$0	\$0	\$0	\$0	\$0
3000-Revenue From State Sources	\$1,100,508	\$0	\$0	\$2,549,317	\$2,560,100	\$2,559,705	\$2,506,122	\$2,436,364
Total Revenue	\$1,307,309	\$555,122	\$644,305	\$5,541,993	\$5,565,436	\$5,564,575	\$5,448,092	\$5,296,444
Expenditures:								
1000-Instruction	\$1,363,736	\$56,650	\$46,123	\$4,021,030	\$3,168,315	\$1,779,301	\$1,742,055	\$1,693,565
2100-Student Support	\$9,452	\$2,138	\$1,854	\$0	\$0	\$0	\$0	\$0
2200-Instruction Support	\$100,051	\$58,624	\$92,865	\$706,865	\$373,561	\$209,789	\$205,397	\$199,680
2300-General Administration	\$0	\$2,860	\$392	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$14,098	\$13,028	\$23,208	\$0	\$0	\$0	\$0	\$0
2500-Central Services	\$72,281	\$2,757	\$388	\$0	\$0	\$0	\$0	\$0
2600-Plant Operations	\$1,733	\$113	\$3,334	\$3,840	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$413	\$0	\$0	\$0	\$6,366,691	\$3,575,485	\$3,500,639	\$3,403,199
Total Expenditures	\$1,561,765	\$136,170	\$168,164	\$4,731,735	\$9,908,567	\$5,564,575	\$5,448,092	\$5,296,444
Ending Fund Balance	\$856,615	\$1,168,387	\$1,644,528	\$8,195,946	\$3,852,815	\$3,852,815	\$3,852,815	\$3,852,815
Change In Fund Balances	-\$254,457	\$418,952	\$476,141	\$810,258	-\$4,343,131	\$0	\$0	\$0
*Adjusted Ending Fund Balance	\$749,435	\$1,168,387	\$7,385,688	NA	NA	NA	NA	NA

Explanation/Comments:

The increased revenue for Capital Outlay—District Additional Assistance (DAA) funding reflects the restoration of the state capital funding formulas back to 100% levels beginning in the 2021-22 fiscal year. The decrease in revenue in the adopted budget and projected years reflects the funding impact from anticipated changes in enrollment. 2023-24 expenditures reflect higher expected capital projects during that fiscal year. It is possible that a post period adjustment to 2021-22 revenues and ending fund balances could be made between the Maintenance & Operations, Capital Outlay (District Additional Assistance) and District Additional Assistance/Capital Override funds. If that adjustment is necessary, balances would be restated in next year's budget annual report.

District Add'l Assistance/Capital Override

Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget	Adopted Budget	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$5,184,507	\$3,860,909	\$4,711,183	\$6,695,599	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899
Revenue:								
1000-Revenue From Local Sources	\$6,834,000	\$6,834,000	\$6,835,033	\$6,834,000	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Total Revenue	\$6,834,000	\$6,834,000	\$6,835,033	\$6,834,000	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Expenditures:								
6100-Salaries	\$36,820	\$21,946	\$0	\$0	\$0	\$0	\$0	\$0
6200-Employee Benefits	\$10,383	\$6,882	\$0	\$0	\$0	\$0	\$0	\$0
6400-Purchased Property Services	\$5,066	\$28,866	\$4,811	\$621,869	\$0	\$0	\$0	\$0
6600-Supplies	\$3,231,524	\$2,719,170	\$2,346,728	\$2,673,546	\$1,250,000	\$1,554,726	\$1,554,726	\$1,554,726
6700-Property	\$4,873,806	\$3,206,862	\$2,499,078	\$4,122,286	\$5,584,000	\$6,945,274	\$6,945,274	\$6,945,274
Total Expenditures	\$8,157,598	\$5,983,726	\$4,850,617	\$7,417,701	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Ending Fund Balance	\$3,860,909	\$4,711,183	\$6,695,599	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899
Change In Fund Balances	-\$1,323,598	\$850,274	\$1,984,416	-\$583,701	\$0	\$0	\$0	\$0

District Add'l Assistance/Capital Override

Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$5,184,507	\$3,860,909	\$4,711,183	\$6,695,599	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899
Revenue:								
1000-Revenue From Local Sources	\$6,834,000	\$6,834,000	\$6,835,033	\$6,834,000	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Total Revenue	\$6,834,000	\$6,834,000	\$6,835,033	\$6,834,000	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Expenditures:								
1000-Instruction	\$5,866,208	\$3,682,117	\$2,846,490	\$1,062,773	\$4,365,000	\$5,429,104	\$5,429,104	\$5,429,104
2100-Student Support	\$4,509	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2200-Instruction Support	\$656,170	\$648,823	\$837,959	\$2,528,383	\$1,167,610	\$1,452,251	\$1,452,251	\$1,452,251
2300-General Administration	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$13,060	\$13,060	\$13,060
2400-School Administration	\$15,630	\$87,340	\$16,009	\$545,000	\$45,000	\$55,970	\$55,970	\$55,970
2500-Central Services	\$1,209,969	\$986,464	\$801,215	\$1,046,952	\$722,790	\$898,993	\$898,993	\$898,993
2600-Plant Operations	\$295,886	\$438,995	\$231,328	\$1,435,275	\$413,100	\$513,806	\$513,806	\$513,806
2700-Transportation	\$93,661	\$100,621	\$102,306	\$166,949	\$110,000	\$136,816	\$136,816	\$136,816
4000-Facilities Acquisition & Construction	\$5,066	\$28,866	\$4,811	\$621,869	\$0	\$0	\$0	\$0
Total Expenditures	\$8,157,598	\$5,983,726	\$4,850,617	\$7,417,701	\$6,834,000	\$8,500,000	\$8,500,000	\$8,500,000
Ending Fund Balance	\$3,860,909	\$4,711,183	\$6,695,599	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899	\$6,111,899
Change In Fund Balances	-\$1,323,598	\$850,274	\$1,984,416	-\$583,701	\$0	\$0	\$0	\$0

Explanation/Comments:

Budgeted and projected expenditures are forecasted to be equal to revenue projections. Revenue projections for the District Additional Assistance/Capital Override fund for the 2025-26 fiscal year is also dependent on a new voter authorization during the next election cycle as Kyrene's voter-approved funding would expire after the 2024-25 fiscal year. It is possible that a post period adjustment to 2021-22 revenues and ending fund balances could be made between the Maintenance & Operations, Capital Outlay (District Additional Assistance) and District Additional Assistance/Capital Override funds. If that adjustment is necessary, balances would be restated in next year's budget annual report.

Gifts and Donations - Capital Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$23,988	\$13,182	\$11,968	\$37,282	\$37,282	\$37,282	\$37,350	\$37,509
Revenue:								
1000-Revenue From Local Sources	\$178	\$83	\$47,807	\$8,149	\$8,149	\$8,149	\$8,149	\$8,149
Total Revenue	\$178	\$83	\$47,807	\$8,149	\$8,149	\$8,149	\$8,149	\$8,149
Expenditures:								
6400-Purchased Property Services	\$2,098	\$0	\$15,363	\$0	\$0	\$0	\$0	\$0
6500-Other Purchased Services	\$2	\$0	\$12	\$0	\$0	\$0	\$0	\$0
6600-Supplies	\$1,299	\$2	\$0	\$0	\$0	\$0	\$0	\$0
6700-Property	\$7,585	\$1,295	\$7,118	\$8,149	\$8,149	\$8,081	\$7,990	\$7,928
Total Expenditures	\$10,984	\$1,297	\$22,493	\$8,149	\$8,149	\$8,081	\$7,990	\$7,928
Ending Fund Balance	<u>\$13,182</u>	<u>\$11,968</u>	<u>\$37,282</u>	<u>\$37,282</u>	<u>\$37,282</u>	<u>\$37,350</u>	<u>\$37,509</u>	<u>\$37,731</u>
Change In Fund Balances	-\$10,806	-\$1,214	\$25,314	\$0	\$0	\$68	\$159	\$221

Gifts and Donations - Capital Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$23,988	\$13,182	\$11,968	\$37,282	\$37,282	\$37,282	\$37,350	\$37,509
Revenue:								
1000-Revenue From Local Sources	\$178	\$83	\$47,807	\$8,149	\$8,149	\$8,149	\$8,149	\$8,149
Total Revenue	\$178	\$83	\$47,807	\$8,149	\$8,149	\$8,149	\$8,149	\$8,149
Expenditures:								
1000-Instruction	\$1,988	\$429	\$12	\$8,149	\$8,149	\$8,081	\$7,990	\$7,928
2100-Student Support	\$402	\$0	\$101	\$0	\$0	\$0	\$0	\$0
2400-School Administration	\$0	\$868	\$869	\$0	\$0	\$0	\$0	\$0
2600-Plant Operations	\$0	\$0	\$6,148	\$0	\$0	\$0	\$0	\$0
3100-Food Service Operations	\$6,495	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4000-Facilities Acquisition & Construction	\$2,098	\$0	\$15,363	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$10,984	\$1,297	\$22,493	\$8,149	\$8,149	\$8,081	\$7,990	\$7,928
Ending Fund Balance	<u>\$13,182</u>	<u>\$11,968</u>	<u>\$37,282</u>	<u>\$37,282</u>	<u>\$37,282</u>	<u>\$37,350</u>	<u>\$37,509</u>	<u>\$37,731</u>
Change In Fund Balances	-\$10,806	-\$1,214	\$25,314	\$0	\$0	\$68	\$159	\$221

Explanation/Comments:

The District expects very little activity in this fund and budgeted/projected expenditures are aligned closely with revenue.



Debt Service Funds



Debt Service Funds

Debt service funds account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest. These funds cannot be used for any purpose other than to pay principal and interest on bonds. Debt service is the only individual fund within the debt service fund type. Any revenue or expenditure activity in the debt service fund is solely based on Maricopa County collecting property taxes or making principal and interest payments on outstanding bonds.

Revenues are collected and deposited by the County in October and May, and any bond principal and interest payments are made in January and July. A financial summary of debt service activity is listed below. Amounts listed in debt service funds are used to fund the bond-eligible projects identified in Kyrene's Capital Master Plan.



Debt Service Funds
Expenditures by Object

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$3,338,367	\$5,452,055	\$1,869,749	\$968,611	\$968,611	\$758,194	\$758,194	\$758,194
Revenue:								
1000-Revenue From Local Sources	\$22,740,214	\$23,848,331	\$23,689,199	\$24,629,075	\$25,862,475	\$24,805,975	\$25,836,475	\$26,829,475
4000-Revenue From Federal Sources	\$285,384	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$23,025,598	\$23,848,331	\$23,689,199	\$24,629,075	\$25,862,475	\$24,805,975	\$25,836,475	\$26,829,475
Expenditures:								
6300-Purchased Professional Services	\$3,600	\$2,900	\$0	\$0	\$0	\$0	\$0	\$0
6800-Debt Services & Miscellaneous	\$20,908,310	\$27,427,736	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
Total Expenditures	\$20,911,910	\$27,430,636	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
Ending Fund Balance	\$5,452,055	\$1,869,749	\$968,611	\$968,611	\$758,194	\$758,194	\$758,194	\$758,194
Change In Fund Balances	\$2,113,688	-\$3,582,306	-\$901,139	\$0	-\$210,417	\$0	\$0	\$0

Debt Service Funds
Expenditures by Function

Fiscal Years 2019-20 Through 2026-27

	Actual 2019-20	Actual 2020-21	Actual 2021-22	Current Budget 2022-23	Adopted Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Beginning Fund Balance	\$3,338,367	\$5,452,055	\$1,869,749	\$968,611	\$968,611	\$758,194	\$758,194	\$758,194
Revenue:								
1000-Revenue From Local Sources	\$22,740,214	\$23,848,331	\$23,689,199	\$24,629,075	\$25,862,475	\$24,805,975	\$25,836,475	\$26,829,475
4000-Revenue From Federal Sources	\$285,384	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$23,025,598	\$23,848,331	\$23,689,199	\$24,629,075	\$25,862,475	\$24,805,975	\$25,836,475	\$26,829,475
Expenditures:								
2500-Central Services	\$3,600	\$2,900	\$0	\$0	\$0	\$0	\$0	\$0
5000-Debt Service	\$20,908,310	\$27,427,736	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
Total Expenditures	\$20,911,910	\$27,430,636	\$24,590,337	\$24,629,075	\$26,072,892	\$24,805,975	\$25,836,475	\$26,829,475
Ending Fund Balance	\$5,452,055	\$1,869,749	\$968,611	\$968,611	\$758,194	\$758,194	\$758,194	\$758,194
Change In Fund Balances	\$2,113,688	-\$3,582,306	-\$901,139	\$0	-\$210,417	\$0	\$0	\$0

Explanation/Comments:

The revenue listed from federal sources in 2019-20 was related to Build America Bond subsidies. These bonds were refinanced and paid off in 2020-21. Projected debt service revenue and expenditures are estimated based on a \$19.45M sale of remaining bond proceeds in 2023-24 and a \$42.75M bond sale in the 2025-26 fiscal year. The bond sale in 2025-26 is dependent on a new voter authorization during the November 2023 bond election.

Debt Limits

Arizona school district general obligation bonds are subject to two limits: the constitutional debt limit on all general obligation bonds and the statutory debt limit on Class B Bonds. The Net Full Cash Assessed Value is used as the basis for determining the debt limits of the District. Class B designates, for the purposes of this statutory limit, those bonds authorized at elections held after December 31, 1998. The security and source of payment of Class B bonds is the same as Class A bonds (those authorized at elections held prior to December 31, 1998). The tables below show the unused or available bonding capacity for Kyrene based on the constitutional debt limit capacity and statutory debt limit capacity. Kyrene's current outstanding debt is significantly below either of these debt limits, so there is adequate debt capacity to provide future funding for the capital projects identified on Kyrene's Capital Master Plan.

Unused Borrowing Capacity—Arizona Constitutional Debt Limit

2022-23 Kyrene Net Full Cash Assessed Value	\$4,014,353,505
15% Constitutional Debt Limit	15%
2022-23 Arizona Constitutional Debt Limitation	<u>\$602,153,026</u>
Less Total Bonds Outstanding *	<u>\$190,518,568</u>
Unused Constitutional Borrowing Capacity	\$411,634,458

* Includes outstanding bonds and premium

Unused Borrowing Capacity—Class B Statutory Debt Limit

2022-23 Kyrene Net Full Cash Assessed Value	\$4,014,353,505
10% Threshold	10%
2022-23 Statutory Limitation on Bonds	<u>\$401,435,351</u>
Less Class B Bonds Outstanding *	<u>\$182,043,568</u>
Unused Statutory Borrowing Capacity	\$219,391,783

* Includes outstanding bonds and premium

Capital Planning and Projects

In addition to the state funding formula for capital (District Additional Assistance), Arizona also has a funding structure in place for school facilities. That structure began in 1994, after Arizona's system of school capital finance was declared unconstitutional because it failed to conform to the state constitution's "general and uniform" clause. That system relied on the secondary property tax, driven by the property wealth of a school district, and general obligation bonding. In 1996, the Arizona Superior Court imposed on the state to develop a constitutional system of school capital financing. On July 9, 1998 legislation was signed and is known as Students FIRST (Fair and Immediate Resources for Students Today). Students FIRST is a capital finance program funded by appropriations from the state General Fund. The program is administered by the School Facilities Board (SFB) and is charged with administration of three capital funds: building renewal, deficiencies corrections and new school facilities.

The Students FIRST law established a deficiencies correction fund for the purpose of correcting deficiencies in existing school facilities. The SFB was charged with adopting rules establishing minimum school facility guidelines, assessing school buildings against these guidelines, and providing monies to bring the buildings up to the guidelines. In 1999, building adequacy guidelines were adopted and now serve as the minimum standards for existing and new school facilities in Arizona.

Although there are grant funds distributed annually by the SFB for school facilities, those funds are often limited, vary year-to-year based on state funding, and are not enough to address the growing list of statewide capital needs. Therefore, Kyrene can not rely on SFB grants to address its facility needs and relies heavily on bond proceeds to provide the District with additional funding that is greatly needed to support our schools. Without the support from our community in the form of bonds and overrides, Kyrene could not provide the same level of student or facility support by relying purely on state funding or SFB grants.

The vast majority of funding for facility needs comes from bond funding. Voters in Kyrene approved a bond in 2017 which allows the District to fund projects identified in the Capital Master Plan. Without bond funding, there would be insufficient funding to maintain and improve the District's schools and facilities, meet transportation needs, provide adequate technology and supply necessary equipment. A district additional assistance/capital override was also approved by voters in November 2017 and this funding primarily focuses on software, instructional technology, curriculum, and other technology-related areas. Without this district additional assistance/capital override additional funding, there is not enough state capital funding to provide for these technology needs across the District.

Kyrene has developed a comprehensive Capital Master Plan to manage capital spending that is funded by bond proceeds. This Capital Master Plan encompasses a ten-year period and provides a detailed listing of all bond eligible projects across the district. Projects are eligible for bond funding based on the criteria approved by voters within the district boundaries as specified in the voter election pamphlet. These bond funds have a limited scope on how the money can be spent, and funds cannot be mixed with other funds or used to cover other expenditure categories.

Capital Master Plan: District Overview

Schools: The Kyrene School District has a large footprint, encompassing 26 schools in three separate municipalities that include Phoenix, Tempe, and Chandler. The Kyrene School District has a total of 2,467,816 square feet of instructional space across 68 buildings. School sites cover approximately 337 acres of land consisting of playfields, ballfields, playgrounds, common areas, parking lots and school facilities. The average age of Kyrene schools is over 35 years, so a comprehensive Capital Master Plan is necessary to ensure all school facilities are safely maintained and provide the proper spaces for student learning.

District Office Complex: The 18-acre District Office complex consists of 12 buildings with a total of 133,696 square feet of space. The largest building is the 58,196 district office administrative building. Other buildings on the complex include workspace for departments such as facilities, transportation, warehouse, grounds and technology and also contains several storage buildings. The site also includes a transportation storage yard holding 117 buses and other support vehicles.

Capital Master Plan: Development Process

Development of the Capital Master Plan involves collaboration among directors, school leaders and project managers to ensure resources are allocated optimally to support student achievement. Once developed, the Capital Master Plan is presented to the Governing Board and community as part of the spring budget presentations. Projects identified in the Capital Master Plan encompass a variety of areas and are reviewed and prioritized multiple times throughout the year before any money is authorized to be spent. An ongoing analysis is performed for district school buildings, grounds and facilities to determine how and when projects are scheduled to be completed. This process incorporates criteria used to determine short-term and long-term facility and maintenance needs, and is based on three areas: life cycle analysis, preventative maintenance and independent structural analysis.

Life Cycle Analysis: The District has worked with an outside construction vendor to conduct an audit of major replaceable systems, determine existing building conditions and determine an appropriate useful life. Replaceable systems are major components within the school and facility buildings such as air conditioning, roofs, plumbing, electrical systems, carpeting/flooring, playground equipment, etc. Establishing a useful life for each system allows the district to predict, maintain and schedule replacement expenditures accurately for future years. As with any replaceable system, it is possible that an asset may exceed its useful life with proper maintenance. With safety being the highest priority, the District always attempts to maximize and possibly extend the life of its facilities and replaceable systems in a responsible manner. However, at times systems may fail before the anticipated useful life. For these reasons, each year these replaceable systems on the Capital Master Plan are evaluated and prioritized as necessary. A general contingency is also budgeted as part of the Capital Master Plan in the event that an unplanned replaceable system fails during the course of the school year.

Preventative Maintenance: The District performs periodic maintenance throughout the year on its facilities, grounds and replaceable systems. Inspections are performed during these maintenance periods to determine when certain systems may need to be replaced or repaired.

Independent Structural Analysis: The District utilizes an independent third-party structural engineering firm to inspect schools for structural issues. Each school is inspected every five years on a rotating basis to determine whether any structural related areas require attention.

Annual Budgeting Process: Projects are prioritized during the annual budget process so that funding occurs in a fiscally responsible manner while ensuring the most important projects receive appropriate funding. Projects are prioritized based on the following criteria:

- Safety and security
- Preventing/eliminating the possible loss of instructional time

- Compliance with regulatory requirements
- Alignment with and connection to the District’s strategic plan or other goals

Because Kyrene is a landlocked district and does not have future facility expansion needs, most of the capital activities and projects relate to ongoing facility maintenance. The components and types of projects within the Capital Master Plan are consistent with the criteria contained in the voter-approved authorization pamphlet and contains three main categories:

- **Maintain Schools:** Includes construction projects, classroom related capital (such as equipment and furniture) and technology.
- **Transportation:** Includes school buses, other vehicles to transport students and transportation related systems.
- **Administrative:** Relates to construction projects, equipment, furniture and technology at the district office complex.

Useful Life of Replaceable Systems

The table below lists the estimated useful life of replaceable systems throughout the district. To determine these useful lives, the District incorporated guidance from the state School Facilities Board, manufacturer information and data from internal inspections. This information is the foundation of the Capital Master Plan and allows the District to accurately plan for potential future capital needs.

Useful Life of Replaceable Systems	Estimated Useful Life (Years)
Basketball/tennis court replace	20
Basketball/tennis court resurface	5
Bathroom renovation	15
Carpet replacement	15
Central plant replacement	20
Classroom renovation	10
Corridor renovation	10
Exhaust fan replacement	15
Exterior weatherization	10
Gym bleacher replacement	20
Gym floor replacement	20
Marquee replacement	15
Package unit replacement	15
Parking lot replace	20
Parking lot reseal	5
Partition replacement (bathrooms)	15
Playcourts replace	20
Playcourts resurface	5
Playfield renovation	20
Playground equipment replacement (pre-K)	15
Playground equipment replacement (primary)	15
Roof recondition	15
Roof replacement	20-30
Shade structure replacement	12
Water Heater replacement	7
Wrought iron recondition	5
Wrought iron replace	15

2023-24 Expenditure Budget

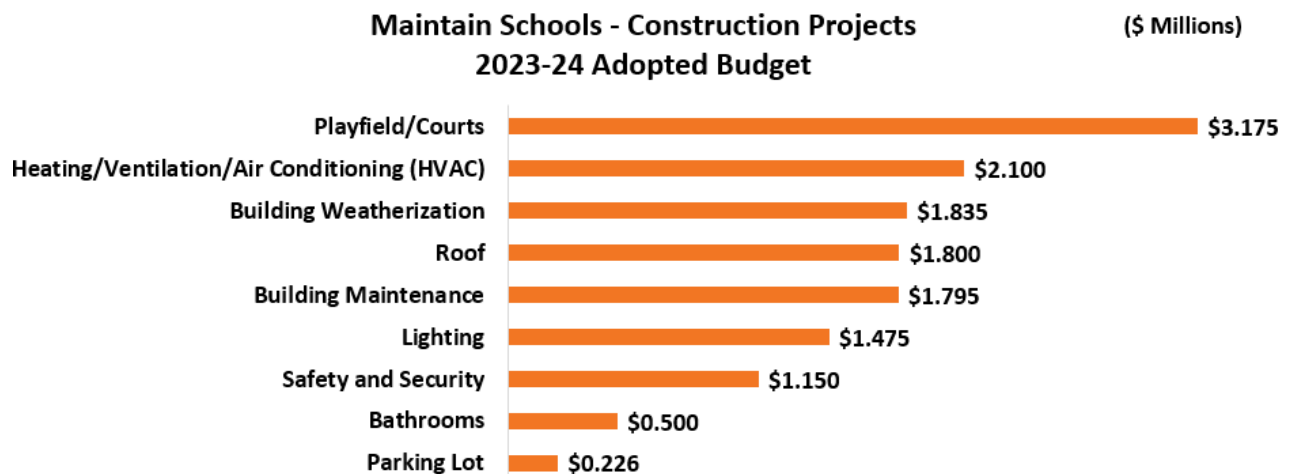
Information for the 2023-24 Capital Master Plan expenditure budget is provided below for each major category. During the 2022-23 school year, supply chain issues from the COVID-19 pandemic were still causing delays with delivery of HVAC and electrical equipment and materials. Other events have created upward pricing pressure on capital related labor and materials such as increased fuel surcharges in regards to transportation of materials, inflationary pressures on construction materials and labor shortages in the local Phoenix metro area.

Total Capital Master Plan Expenditures (\$ Millions)		
Category	2022-23 Estimate	2023-24 Budget
Maintain Schools	\$15.7	\$27.9
Transportation	\$1.1	\$0.6
Administrative	\$1.9	\$0.0
Total	\$18.7	\$28.5

The following table provides more detail for the Maintain Schools category. This category encompasses a wide variety of projects across all 25 school locations.

2023-24 Budget—Maintain Schools (\$ Millions)		
Area	2022-23 Estimate	2023-24 Budget
Construction Projects	\$10.5	\$14.1
Instruments, Equipment, Furniture	\$1.5	\$2.0
Technology	\$3.7	\$11.8
Total	\$15.7	\$27.9

The following information provides additional details for specific projects to be completed in 2023-24 as part of the Maintain Schools—Construction Projects category.



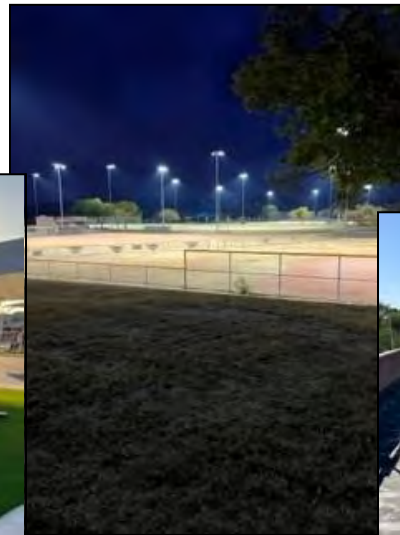
Polished Concrete Floors



**New Turf at
Kyrene de la
Sierra**



**Field Lights at Akimel A-al
Middle School**



**Pueblo Middle
School Roof**



Long-Term Reductions in Energy Usage

As part of its capital planning strategy, the District has a history of implementing solutions to reduce energy consumption in schools and district support buildings. Reducing energy consumption through changes in staff behavior and conservation related projects allows the District to reduce overall utility expenditures and direct these savings for use in educational related activities.

Energy Conservation Initiatives

- Kyrene has installed and utilizes an Energy Management System (EMS) for central control of lighting and HVAC across the entire district. The facilities maintenance team maintains cooling and heating set-points and run-time for district-wide lighting and cooling/heating systems which helps drive major reductions in kWh usage. This helps to ensure that the maximum electrical consumption for these activities occurs during off-peak hours.
- The district upgrades HVAC mechanical systems on an ongoing basis at the end of their useful life at all schools. This lifecycle approach allows the facilities team to get the maximum useful life out of existing HVAC systems in a safe and responsible manner and replace them with new, more efficient systems whenever system upgrades are needed.

- The Facilities department is currently in the process of upgrading its lighting from T-8 fluorescent bulbs to LED bulbs in classrooms and offices. In addition to converting to more energy efficient LED light bulbs, a lighting control system is also being implemented to control light intensity and ensure proper lighting levels in the classroom at significantly reduced costs.
- Another energy reduction approach involves installing occupancy sensors district-wide in over 1,000 classrooms and offices to control lighting in unoccupied rooms. When students or staff are present in a room the sensors turn on lights automatically. The sensors turn lights off when they do not detect anyone present in the room.
- Energy conservation projects for the upcoming 2023-24 school year include the conversion of both Kyrene de la Paloma Elementary and Pueblo Middle School from fluorescent lighting to LED lighting. This project also involves the installation of a lighting control system that can modulate lighting intensity and classroom occupancy.

Pension and Other Post-Employment Benefits (OPEB)

District employees participate in and are covered by 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 District currently does not offer any OPEB. The District's employees, including their spouses and survivors, may be eligible for certain retiree health care benefits under health care programs provided by the state of Arizona. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the state. Such individuals may obtain the health care benefits offered by the state by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the state. The benefits are available to all retired participants in the state's health care program. The District does not make payments for OPEB costs for such retirees.

The ASRS 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, and the report is available on the ASRS website at www.azasrs.gov.

Benefits Provided

The District withholds employee ASRS contributions and remits employee and District contributions in accordance with the ASRS employer manual. The ASRS provides retirement, health insurance premium supplements, long-term disability and survivor benefits. State statute establishes benefit terms.

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.

Retirement benefits are calculated based on 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*

Contributions

In accordance with Arizona 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.

The District’s ASRS contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.





INFORMATIONAL SECTION



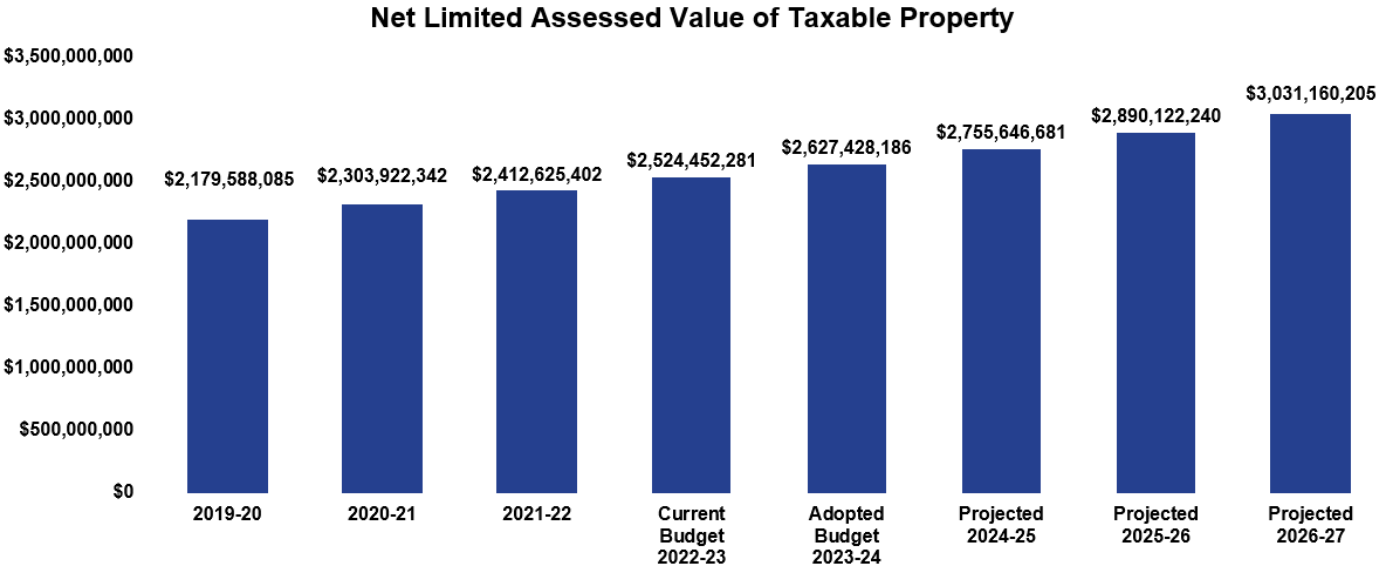
Assessed Value of Taxable Property

A sizable portion of school district funding in Arizona comes from local property taxes on real and personal property, and valuations are conducted by either the County Assessor or the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural, and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as “centrally valued property”, and generally includes large mine and utility entities. Locally assessed property is assigned both a full cash and limited property value, and centrally valued property is only assigned a full cash value.

In the context of a specific property parcel, the full cash value is statutorily defined to mean “the value determined as prescribed by statute”, or if a statutory method is not prescribed it is synonymous with market value, meaning that the estimated value is derived annually by using standard appraisal methods and techniques. Generally, this includes either using a market value approach, a cost approach or an income approach. The full cash value is also the basis for determining constitutional and statutory debt limits for the Kyrene School District.

The limited property value is determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. For locally assessed property in existence in the prior year, the limited property value is limited to the lesser of full cash value or an amount 5% greater than the limited property value determined for the prior year. The limited property value is used as the basis for determining and levying both primary and secondary taxes.

The graph below illustrates the limited assessed values for Kyrene. Fiscal years 2024-25 through 2026-27 assume a 4.88% annual growth rate.



Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue

Property Tax Rates and Amounts

Primary and Secondary Taxes

The Arizona school finance formula attempts to ensure that each district has equitable budget capacity compared to others across the state. The state distributes equalization assistance to school districts over and above the levy amount raised with the uniform Qualifying Tax Rate (QTR) set forth by the Joint Legislative Budget Committee each year. A significant portion of school district financing in Arizona comes from local property taxes on real and personal property. This system results in districts with high taxable property values per pupil paying a higher percentage of the total cost with local taxes. In contrast, school districts with lower taxable property values per pupil pay a lower percentage of the total cost.

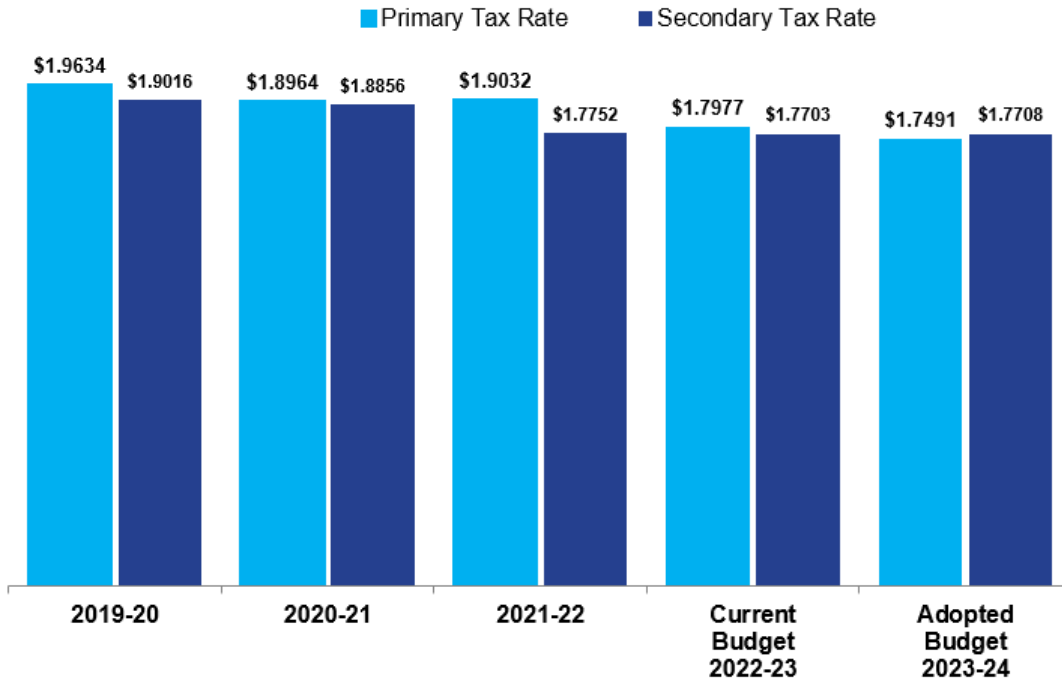
In August, county school superintendents' offices transmit tax levy requirements for each district to the county finance departments which, in turn, inform their county boards of supervisors of the necessary levy by fund for each district. The levy, placed on property in August, applies to the assessed valuation determined for real property and secured personal property in the district through the previous January. Property taxes are collected and distributed in November and April of each year. Generally in Arizona, the delinquency rate on taxes has been averaging approximately 5%, which can account for cash flow problems in some school districts. Kyrene School District experiences less than a 2% delinquency rate. Regardless of the collection of taxes or the timeliness of being received in a district, the district can spend up to the budget capacity authorized by the state's funding formula.

Per state statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the state are classified as "primary taxes". The primary taxes levied by each county, city, town, and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit, plus any taxes on property not subject to taxation in the preceding year. The 2% limitation does not apply to primary taxes levied on behalf of school districts. The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the limited property value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the state compensates the school district by providing additional state equalization assistance.

Also per state statute, taxes levied for payments of voter-approved bonds and voter-approved budget overrides are classified as "secondary taxes". These budget overrides can relate to either maintenance and operations or capital areas. However, unlike primary taxes, there are no constitutional or statutory limitations on annual levies for voter-approved bonds and overrides.

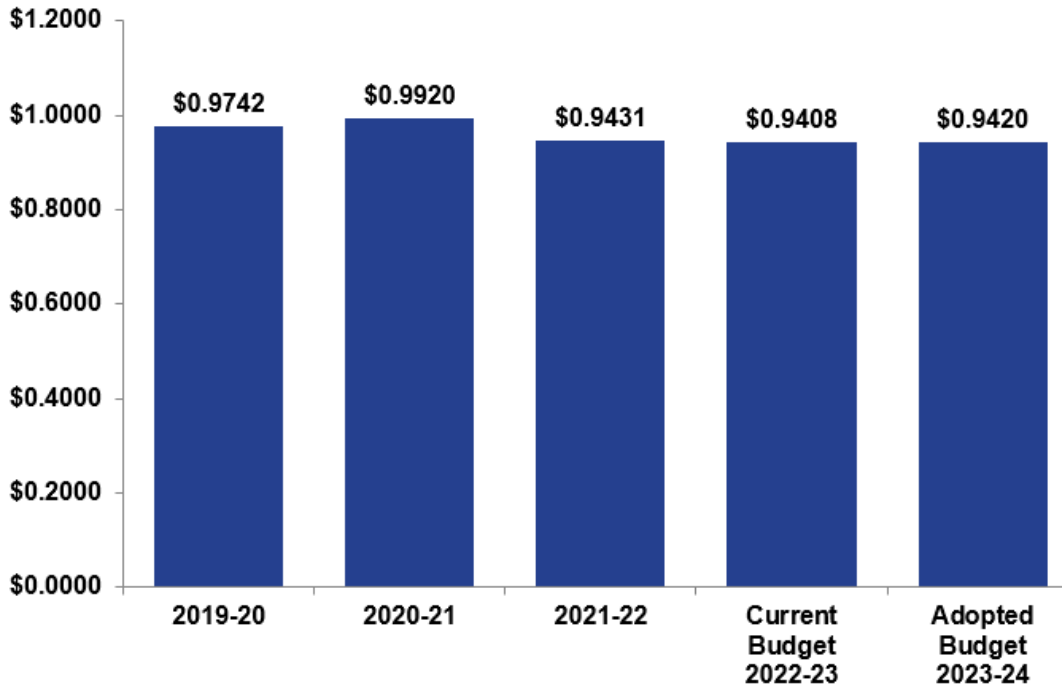
The following chart illustrates the historical trends in primary and total secondary tax rates. The secondary tax rate only relates to bonds or overrides that were approved by voters within the Kyrene School District. Additional charts below provide the individual components of the secondary property taxes that relate to bonds, the maintenance and operations override and the district additional assistance/capital override. The tax rate information is stated in dollars per \$100 of net limited assessed property valuation.

Property Tax Rates Per \$100 of Assessed Valuation



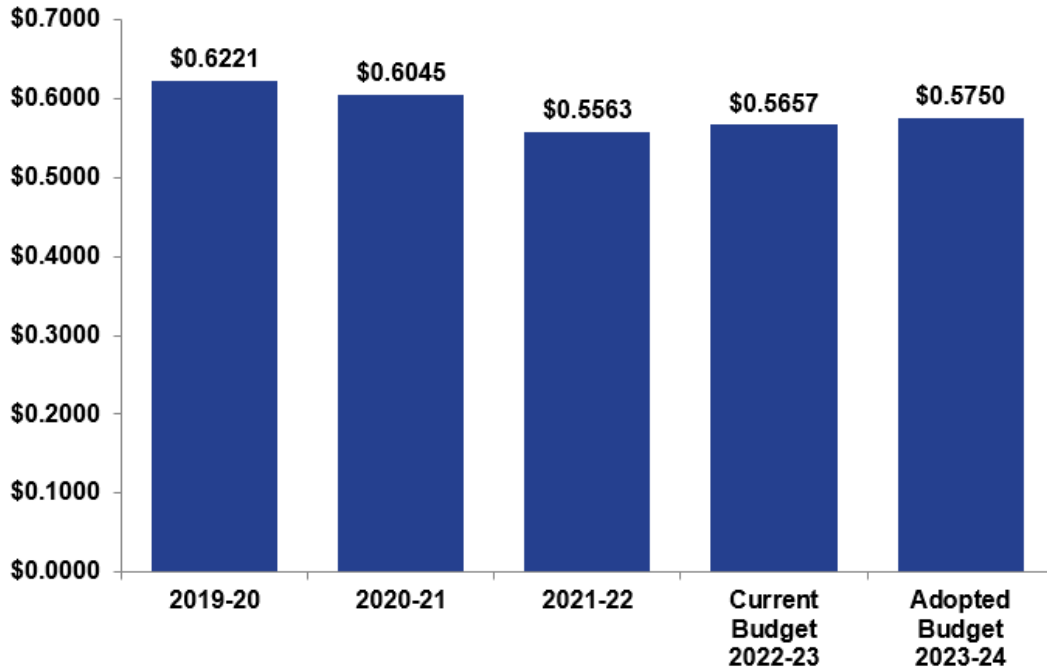
Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

Bond - Secondary Property Tax Rates Per \$100 of Assessed Valuation



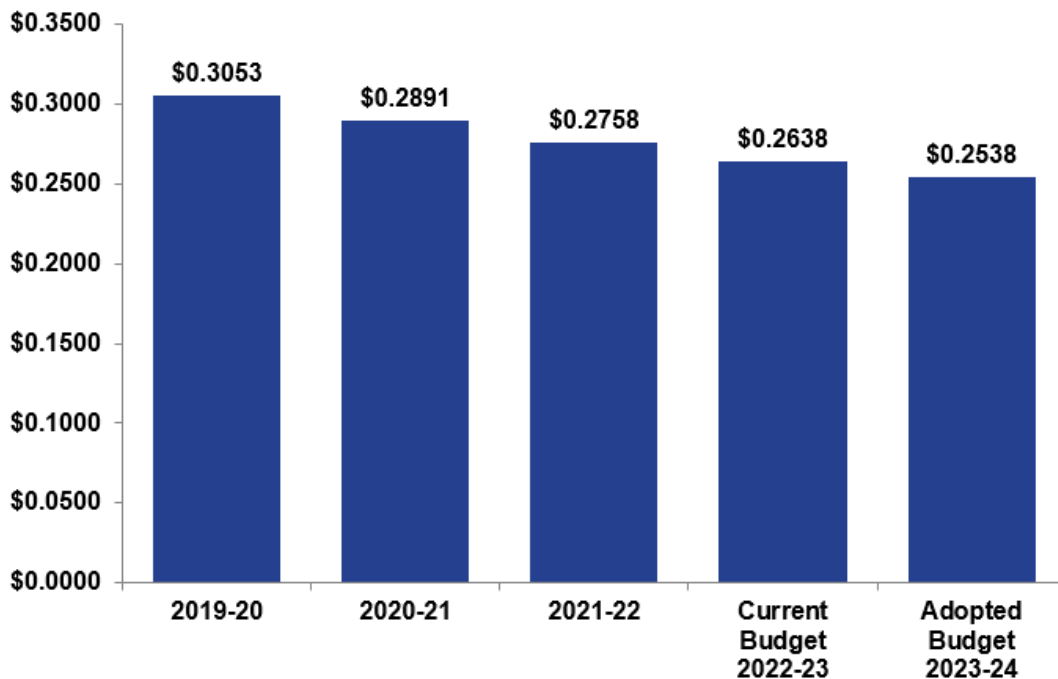
Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

Maintenance & Operations Override - Secondary Property Tax Rates Per \$100 of Assessed Valuation



Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

District Additional Assistance/Capital Override - Secondary Property Tax Rates Per \$100 of Assessed Valuation

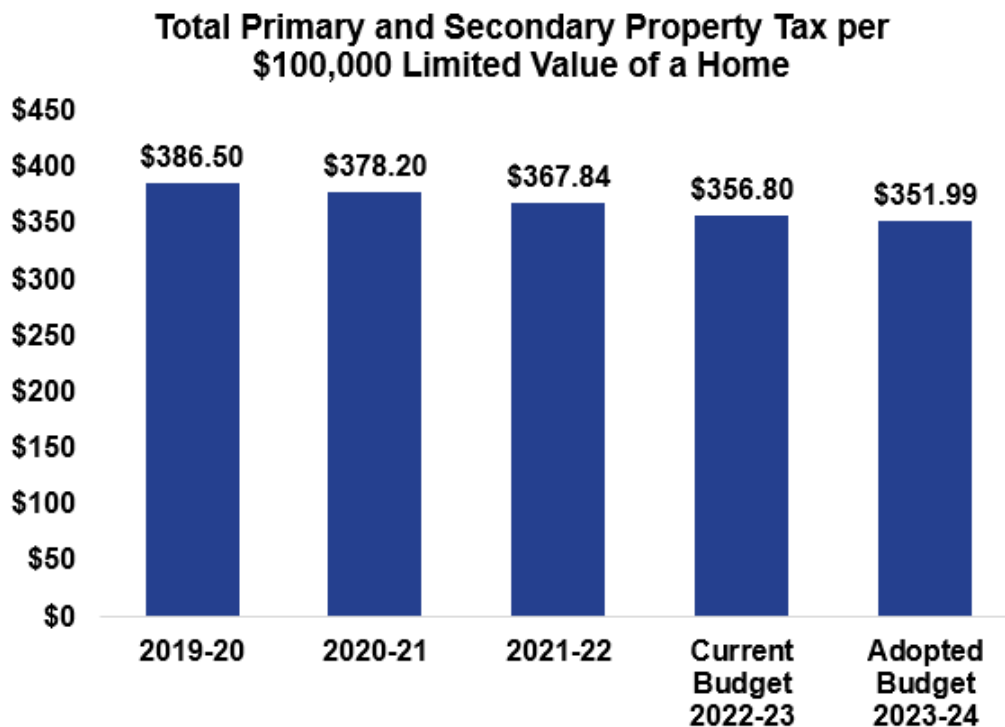


Source: Maricopa County School Superintendent- School Finance, Maricopa County -Tax Levy and Rates Information

Tax Rate Impact

Property tax rates in Arizona are calculated by multiplying the limited assessed value of the home by the overall tax rate. Examples of the property tax rates per \$100,000 of limited value of a home are provided below.

	2019-20	2020-21	2021-22	Current Budget 2022-23	Adopted Budget 2023-24
Limited property value of a home	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Ratio	x 0.10	x 0.10	x 0.10	x 0.10	x 0.10
Limited assessed value	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Primary tax rate	\$0.0196	\$0.0190	\$0.0190	\$0.0180	\$0.0175
Secondary tax rate	\$0.0190	\$0.0189	\$0.0178	\$0.0177	\$0.0177
Total tax rate	\$0.0387	\$0.0378	\$0.0368	\$0.0357	\$0.0352
Primary property tax	\$196.34	\$189.64	\$190.32	\$179.77	\$174.91
Secondary property tax	\$190.16	\$188.56	\$177.52	\$177.03	\$177.08
Total property tax	\$386.50	\$378.20	\$367.84	\$356.80	\$351.99



Bond Issues and Amortization Schedules

A bond is a promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. Bonds are debt securities issued to finance capital related purchases and projects and are the primary funding source for Kyrene’s Capital Master Plan. They are used to maintain the school buildings and grounds, repair school buildings, purchase transportation vehicles and address other administrative capital needs. Without the support of our Kyrene community, there is not enough state capital funding to support the ongoing capital needs for our school facilities.

Bond Credit Rating

When school districts issue bonds, part of that process includes receiving a credit rating from a municipal bond rating agency. Bond ratings are a general reflection of the credit quality of the school district and have a direct impact on the interest rates that school districts pay when selling bonds. Traditionally, Kyrene receives a bond rating from two main agencies: Moody’s Investors Service and Standard & Poor’s. As of July 1, 2023 Moody’s has assigned Kyrene a rating of Aaa and Standard & Poor’s has assigned a rating of AA. Although the rating scales are different for each agency, both of those ratings are the highest credit ratings assigned to school districts in Arizona. Being assigned the highest rating in Arizona is not something new for Kyrene as the District has held the distinction for receiving the highest possible school district credit rating for many years.

A strong local economy and tax base, rising real estate values, a formidable management team and strong fund balances are all reasons listed by Moody’s and Standard & Poor’s as to why they have assigned this high credit rating to Kyrene. This rating reaffirms to our community, employees, and taxpayers that Kyrene is a responsible steward of state, federal and taxpayer dollars.

Bond Issues and Amortization

Kyrene’s last bond sale occurred in April 2022. Out of the \$116,950,000 of bonds authorized by voters in November 2017, only \$19,450,000 have yet to be sold as of the end of the 2022-23 fiscal year and are expected to be sold in the fall of the 2023-24 fiscal year. The table below provides an amortization schedule showing future debt service expenditures based on the total outstanding bond debt after July 1, 2023.

Aggregate Debt Service
Outstanding Debt Service after 7-1-23

<u>Payment Date</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
1/1/2024		\$3,968,737.50	\$3,968,737.50
7/1/2024	\$17,325,000.00	\$3,968,737.50	\$21,293,737.50
1/1/2025		\$3,551,737.50	\$3,551,737.50
7/1/2025	\$12,330,000.00	\$3,551,737.50	\$15,881,737.50
1/1/2026		\$3,288,862.50	\$3,288,862.50
7/1/2026	\$12,555,000.00	\$3,288,862.50	\$15,843,862.50
1/1/2027		\$2,993,987.50	\$2,993,987.50
7/1/2027	\$12,410,000.00	\$2,993,987.50	\$15,403,987.50
1/1/2028		\$2,754,437.50	\$2,754,437.50
7/1/2028	\$12,535,000.00	\$2,754,437.50	\$15,289,437.50
1/1/2029		\$2,480,937.50	\$2,480,937.50
7/1/2029	\$12,710,000.00	\$2,480,937.50	\$15,190,937.50
1/1/2030		\$2,190,212.50	\$2,190,212.50
7/1/2030	\$13,375,000.00	\$2,190,212.50	\$15,565,212.50
1/1/2031		\$1,915,962.50	\$1,915,962.50
7/1/2031	\$12,370,000.00	\$1,915,962.50	\$14,285,962.50
1/1/2032		\$1,664,925.00	\$1,664,925.00
7/1/2032	\$12,985,000.00	\$1,664,925.00	\$14,649,925.00
1/1/2033		\$1,391,725.00	\$1,391,725.00
7/1/2033	\$13,700,000.00	\$1,391,725.00	\$15,091,725.00
1/1/2034		\$1,102,725.00	\$1,102,725.00
7/1/2034	\$9,075,000.00	\$1,102,725.00	\$10,177,725.00
1/1/2035		\$887,475.00	\$887,475.00
7/1/2035	\$7,530,000.00	\$887,475.00	\$8,417,475.00
1/1/2036		\$728,500.00	\$728,500.00
7/1/2036	\$7,325,000.00	\$728,500.00	\$8,053,500.00
1/1/2037		\$564,000.00	\$564,000.00
7/1/2037	\$5,900,000.00	\$564,000.00	\$6,464,000.00
1/1/2038		\$426,500.00	\$426,500.00
7/1/2038	\$6,550,000.00	\$426,500.00	\$6,976,500.00
1/1/2039		\$273,000.00	\$273,000.00
7/1/2039	\$5,375,000.00	\$273,000.00	\$5,648,000.00
1/1/2040		\$149,375.00	\$149,375.00
7/1/2040	\$4,525,000.00	\$149,375.00	\$4,674,375.00
1/1/2041		\$47,500.00	\$47,500.00
7/1/2041	\$1,900,000.00	\$47,500.00	\$1,947,500.00
Total	<u>\$180,475,000.00</u>	<u>\$60,761,200.00</u>	<u>\$241,236,200.00</u>

Student Enrollment History and Projections

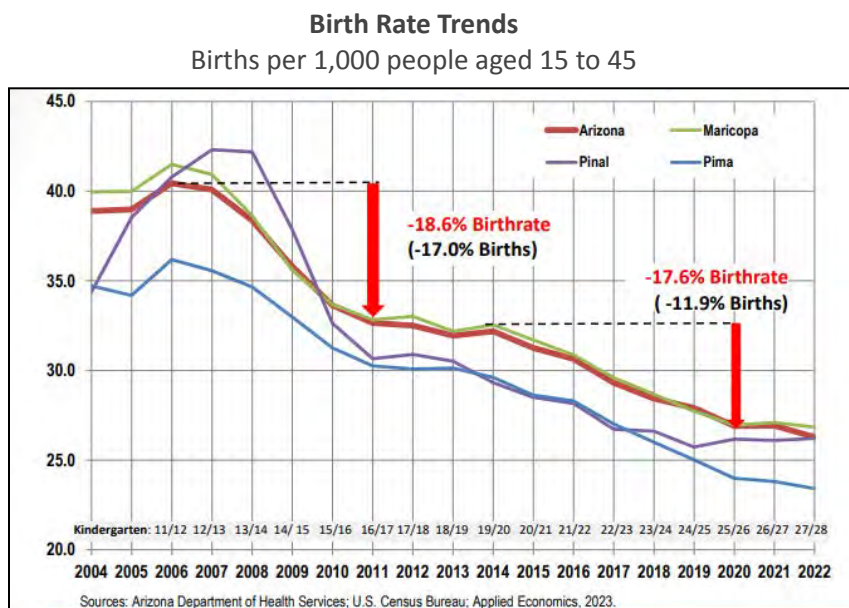
Projecting and monitoring enrollment data is critical in the development of the District’s budget as it helps estimate future year revenue and costs. School funding in Arizona is calculated based on student enrollment in the current school year, and these enrollment projections provide the District with an estimated revenue expectation for the current year budget. Those projections, when analyzed by student characteristics, provide direction on where to target the allocation of resources. Since Kyrene has a long history of analyzing enrollment data, the District is able to identify trends that inform decisions on how to allocate resources district-wide.

The District works with a demographer to help predict future enrollment estimates. This work uses enrollment data based on the 40th day of school and assists with providing school and grade level projections, anticipating staffing resources and budgets for school needs. When analyzing enrollment, variables such as housing and occupancy rates, birth rates and residential development are considered in developing future year projections. The combination of rolling the student population forward in grades kindergarten through seven, using demographic insights, and factoring in housing occupancy and birth rates allows the District to project the best possible enrollment estimates into the future.

There are several factors that limit Kyrene’s opportunity for enrollment growth. The District boundaries are landlocked which restricts the opportunity to increase the overall population residing within Kyrene’s boundaries. In addition, the community is aging and remaining in their homes for longer periods of time, which limits the opportunity for families with school-age children to move into the District. The impact of past economic recessions has also resulted in a declining birth rate across Maricopa county, resulting in fewer new incoming kindergarten students. The illustrations below show the impact of birth rates and housing demographic changes over time.

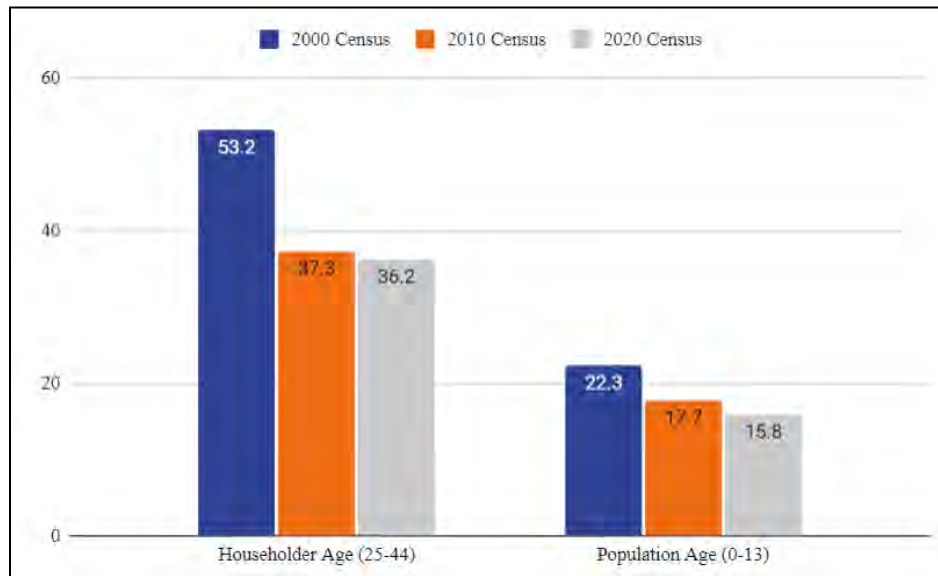
Historical Impact of Birth Rates

Birth rates across Arizona and specifically Maricopa County have been declining over time and are anticipated to continue that trend. The graph below shows historical birth rates across the state of Arizona along with the more populous counties that are close to Kyrene. The kindergarten entrance year is also overlaid with the birth rate year, indicating when the district should expect to see lower enrollment in incoming kindergarten classes.



Housing Demographics

Housing demographics also play a role in decreased enrollment across the District. For this year’s reporting, final numbers were available from the 2020 Census. They showed that the overall percentage of homeowners between the ages of 25-44 has dropped from 53.2% to 36.2% over the last 20 years. Likewise, the overall percentage of children in our boundaries between the ages of 0-13 has dropped from 22.3% to 15.8% over that same time period. This data illustrates that households in our boundaries over the last two decades have typically become older and have fewer elementary aged children.



Source: Applied Economics, Demographic and Enrollment Update to Governing Board—April 11, 2023

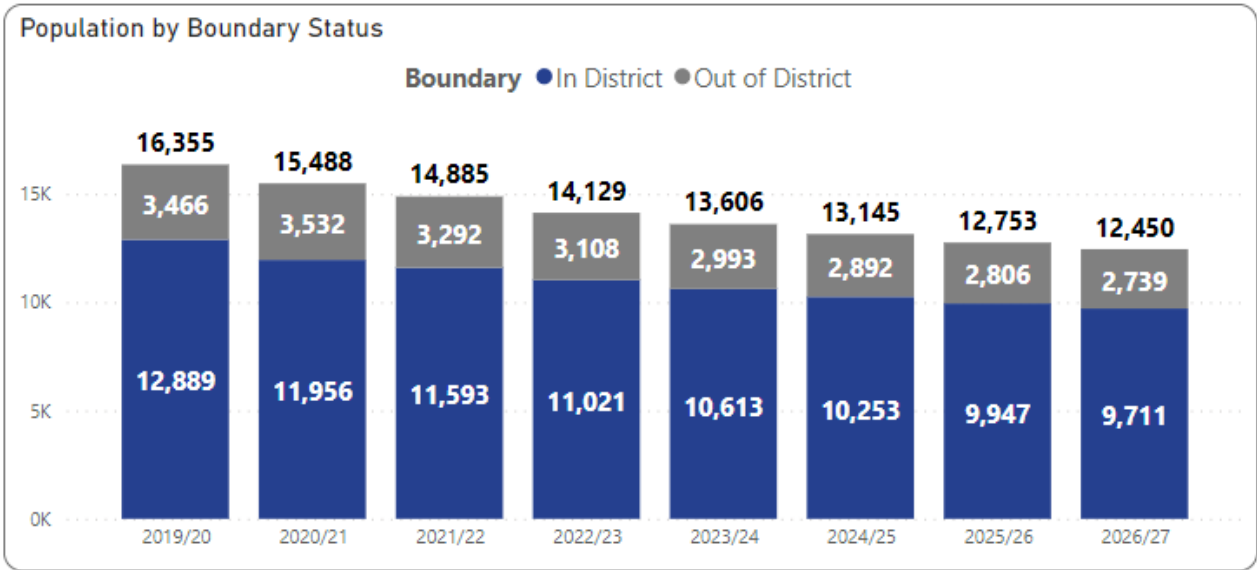
District-wide Enrollment

Public school districts are required to accept all children who live within their boundaries. However, state law allows students to apply for admission to any public school, based on available classroom space (A.R.S. §15-816.01). This means students from outside the district boundaries are able to attend Kyrene where space allows.

Kyrene’s enrollment consists of students that reside both within and outside District boundaries. Out-of-district students are a significant source of enrollment for Kyrene. Historically, they make up approximately 20% of Kyrene’s total enrollment.

A combination of methodologies is used to project future enrollment. The foundation is created by rolling the student population forward in grades kindergarten through seven. Estimates for kindergarten are based on birth rates and additional factors such as housing/occupancy rates, household population characteristics and residential development.

The chart titled *Population by Boundary Status*, provides multiple years of enrollment data for grades kindergarten through eight. This data reflects a downward trend in enrollment due to the factors previously mentioned such as being a landlocked district, declining birth rates and limited housing turnover. These factors influence the size of the incoming kindergarten class, which will continue to be lower than the size of the outgoing 8th grade class.



School Enrollment

The following table illustrates school-level enrollment over time along with projections for future years. In 2020-21, Kyrene launched its 26th school, Kyrene Digital Academy (KDA). It was created as an online school largely in response to the coronavirus pandemic, and serves children in grades kindergarten through eighth grade.



Population by School	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
▢ K-5								
C.I. Waggoner	548	474	459	445	415	395	381	380
Kyrene de la Colina	504	446	458	448	441	426	416	404
Kyrene de la Esperanza	540	454	452	454	446	451	444	410
Kyrene de la Estrella	489	393	410	420	402	377	360	347
Kyrene de la Mariposa	525	449	448	444	419	403	376	364
Kyrene de la Mirada	611	555	526	544	546	514	498	479
Kyrene de la Paloma	482	410	466	491	490	478	466	461
Kyrene de la Sierra	493	437	475	484	485	474	467	462
Kyrene de las Brisas	669	595	582	559	548	536	510	485
Kyrene de las Lomas	533	419	436	439	433	408	382	368
Kyrene de los Cerritos	487	423	378	396	384	387	407	449
Kyrene de los Lagos	526	521	535	498	477	453	432	413
Kyrene de los Niños	483	405	381	404	382	393	380	385
Kyrene del Cielo	681	605	619	616	631	616	600	583
Kyrene del Milenio	547	502	480	504	508	492	483	464
Kyrene del Norte	483	436	468	478	472	465	467	459
Kyrene Monte Vista	673	572	569	515	488	476	456	451
Total	9,274	8,096	8,142	8,139	7,967	7,744	7,525	7,364
▢ K-8								
Kyrene de las Manitas	442	363	339	403	407	367	341	317
Kyrene Digital Academy	0	1,269	714	250	214	186	164	143
Kyrene Traditional Academy	765	620	601	588	573	536	495	486
Total	1,207	2,252	1,654	1,241	1,194	1,089	1,000	946
▢ 6-8								
Akimel A-al Middle School	1,009	911	880	849	788	751	727	702
Altadena Middle School	1,028	943	994	963	912	890	866	839
Aprende Middle School	1,130	1,051	1,018	951	822	859	849	833
Centennial Middle School	915	763	752	652	592	532	500	516
Kyrene Middle School	943	794	782	713	708	683	664	606
Pueblo Middle School	849	678	663	621	623	597	622	644
Total	5,874	5,140	5,089	4,749	4,445	4,312	4,228	4,140
Total	16,355	15,488	14,885	14,129	13,606	13,145	12,753	12,450

¹Kyrene Traditional Academy began serving grade 6 in 2017-18, grade 7 in 2018-19 and grade 8 in 2019-20.

²Kyrene de las Manitas began serving grade 6 in 2021-22, grade 7 in 2022-23 and grade 8 in 2023-24.

Personnel Data

The tables that follow summarize personnel by full-time equivalency (FTE) across five years for the three employee groups across the District: Certified, Education Support Professionals (ESP) and Administrators. The 2032-24 budget assumes 1,796.69 FTE positions, which is 11.84 lower than the prior year. The decrease in the overall number of positions aligns with the declining enrollment and reflects the District’s commitment to realign resources in order to maintain a balanced budget while responding to changes in student needs.

School-based positions are allocated based on staffing formulas and other allocation ratios across the District such as class size and case management assignments. Other positions that are not school-based are reviewed and finalized during the annual budget development process. All employee resources are aligned to student support levels for the coming year.

Certified Employee Category

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Counselor	18.00	21.00	23.50	25.50	23.50
Physical Therapist	1.00	1.00	1.00	1.00	1.00
Regional Nurse/Lead	5.00	6.00	6.00	6.00	5.60
Speech Language Pathologist/Assistant	27.50	29.45	29.75	31.55	32.40
Teacher	998.58	972.61	913.14	874.06	864.40
Total	1,050.08	1,030.06	973.39	938.11	926.90

Education Support Professionals (ESP) Employee Category

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Administrative- Executive Assistant, Coordinator, Assisitant, Technician, Specialist	177.14	174.88	174.23	164.13	162.63
Advertising Sales Coordinator	1.00	1.00	0.00	0.00	0.00
Bus Driver Dispatcher/Trainer/Driver/Monitor/FIT	89.75	88.00	81.25	76.25	72.75
Buyer/Senior	3.00	2.49	2.00	2.00	2.00
Club Leader	84.93	39.53	60.36	45.95	45.13
Crossing Guard/Playground/Lunch Duty	40.65	28.54	32.14	29.94	28.88
Graphic Designer	2.00	1.00	1.00	1.00	1.00
Groundskeeper	6.00	6.00	6.00	0.00	0.00
Health Assistant	26.50	26.55	26.50	26.50	26.50
Instructional Assistant /Senior/MS ISI	357.35	298.22	309.15	312.21	307.86
Instructional Support Communication Specialist	4.00	3.00	3.00	3.00	2.00
Management/Operations Analyst	3.00	5.00	4.00	5.00	8.00
Materials Processor	5.00	5.00	5.00	4.00	4.00
Mechanic/Mechanic Lead/Mechanic Technician	6.00	5.00	5.00	4.00	3.00
Occupational Therapist/Occupational Therapist Assisitant	9.15	9.15	9.40	9.40	9.55
Paralegal	1.00	1.00	1.00	1.00	1.00
Printing Assistant/Specialist/Technician	9.00	5.00	5.00	5.00	5.50
Program Coordinator I,II,III	54.13	39.00	40.75	43.50	45.75
Program Specialist	7.52	4.00	2.00	0.00	2.00
Research Analyst	1.00	1.00	1.00	1.00	1.00
Safety and Security Coordinator	1.00	1.00	1.00	1.00	1.00
Site Support Technician	25.50	25.50	25.50	25.50	26.50
Social Worker/Student and Family Support Associate	7.50	2.00	2.00	4.00	3.00
Warehouse/Garage Supervisor	1.00	1.00	1.00	1.00	1.00
Total	923.11	772.86	798.28	765.37	760.04

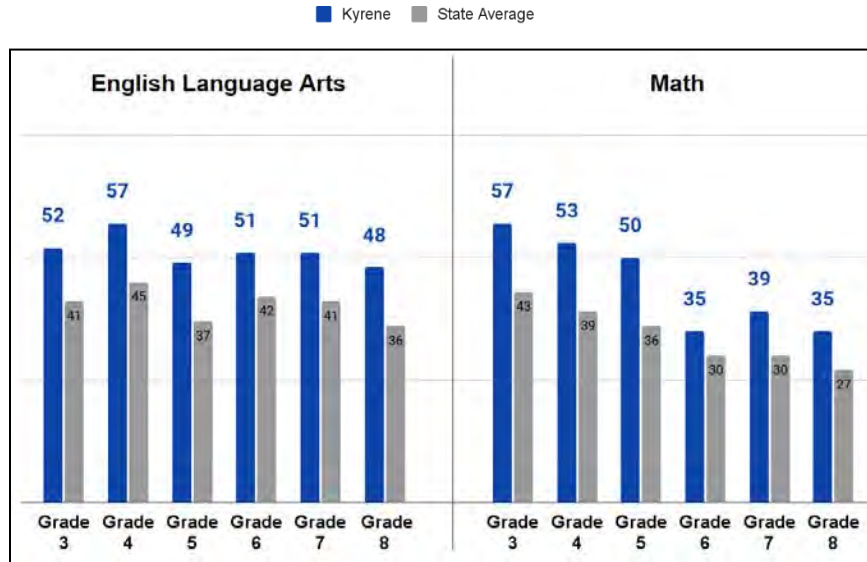
Administrative Employee Category

Position Type	2019-20	2020-21	2021-22	2022-23	2023-24
Assistant Principal/Assistant Director/Program Administrator	31.50	27.60	26.00	25.00	29.00
Assistant Superintendent/Executive Director/Chief Financial Officer	4.00	6.49	8.00	8.00	8.00
Director/Principal/Administrator	39.00	36.00	34.00	35.00	39.75
Legal Counsel	1.00	1.00	1.00	1.00	1.00
Program Manager	11.00	7.00	6.00	7.00	5.00
School Psychologist/Intern	18.50	18.80	19.50	19.00	19.00
Superintendent	1.00	1.00	1.00	1.00	1.00
Supervisor	5.00	5.00	6.05	6.05	4.00
Total	111.00	102.89	101.55	102.05	106.75

Student Achievement

At the time of this report, only preliminary results aligned to the general state assessments, Arizona’s Academic Standards Assessment (AASA), are available. Illustrated in Chart 1, Kyrene students outperformed grade-level peers across the state. These results are consistent with historical performance trends that show Kyrene students perform above peer comparisons.

Chart 1
Percent of Students Passing AASA
Preliminary 2022-23



The tables below include three years of state assessment performance in the subject areas of English language arts and math for each Kyrene school. Previous year results include both general and alternate assessments, Multi-State Alternate Assessment (MSAA) and Arizona’s Academic Standards Assessment (AASA), respectively. These composite results are available after the time of this report, therefore, the Spring 2023 percentages are preliminary. The Spring 2022 results are updated from last year accordingly.

Figure 1
Percent of Students Passing State Assessments by Subject Area

English Language Arts		2020-21	2021-22	2022-23 ¹	Math		2020-21	2021-22	2022-23
		AASA & MSAA	AASA & MSAA	AASA			AASA & MSAA	AASA & MSAA	AASA
Grades 3-5	C.I. Waggoner	52%	55%	53%	Grades 3-5	C.I. Waggoner	46%	49%	56%
	Kyrene de la Colina	45%	48%	44%		Kyrene de la Colina	31%	47%	44%
	Kyrene de la Esperanza	36%	39%	38%		Kyrene de la Esperanza	28%	38%	37%
	Kyrene de la Estrella	53%	46%	44%		Kyrene de la Estrella	47%	48%	48%
	Kyrene de la Mariposa	44%	51%	48%		Kyrene de la Mariposa	39%	53%	48%
	Kyrene de la Mirada	68%	61%	59%		Kyrene de la Mirada	63%	60%	62%
	Kyrene de la Paloma	52%	53%	51%		Kyrene de la Paloma	46%	46%	49%
	Kyrene de la Sierra	81%	76%	67%		Kyrene de la Sierra	68%	79%	72%
	Kyrene de las Brisas	57%	54%	65%		Kyrene de las Brisas	48%	49%	57%
	Kyrene de las Lomas	38%	42%	33%		Kyrene de las Lomas	24%	43%	35%
	Kyrene de los Cerritos	67%	68%	63%		Kyrene de los Cerritos	54%	70%	74%
	Kyrene de los Lagos	61%	66%	68%		Kyrene de los Lagos	52%	64%	65%
	Kyrene de los Ninos	21%	37%	26%		Kyrene de los Ninos	20%	39%	26%
	Kyrene del Cielo	69%	68%	65%		Kyrene del Cielo	63%	68%	70%
	Kyrene del Milenio	45%	39%	38%		Kyrene del Milenio	41%	54%	43%
Kyrene del Norte	55%	59%	58%	Kyrene del Norte	45%	53%	52%		
Kyrene Monte Vista	72%	76%	71%	Kyrene Monte Vista	60%	74%	75%		
Grades 3-8	Kyrene de las Manitas	52%	40%	44%	Grades 3-8	Kyrene de las Manitas	38%	29%	37%
	Kyrene Digital Academy	53%	47%	48%		Kyrene Digital Academy	37%	26%	20%
	Kyrene Traditional Academy	47%	50%	52%		Kyrene Traditional Academy	40%	48%	48%
Grades 6-8	Akimel A-al Middle School	46%	52%	48%	Grades 6-8	Akimel A-al Middle School	33%	32%	34%
	Altadena Middle School	61%	68%	66%		Altadena Middle School	49%	53%	51%
	Aprende Middle School	55%	60%	55%		Aprende Middle School	45%	43%	41%
	Centennial Middle School	34%	35%	32%		Centennial Middle School	19%	21%	25%
	Kyrene Middle School	39%	38%	39%		Kyrene Middle School	30%	25%	26%
	Pueblo Middle School	46%	50%	50%		Pueblo Middle School	28%	36%	36%
All Grades	Kyrene Elementary District	51%	53%	51%	All Grades	Kyrene Elementary District	40%	44%	45%

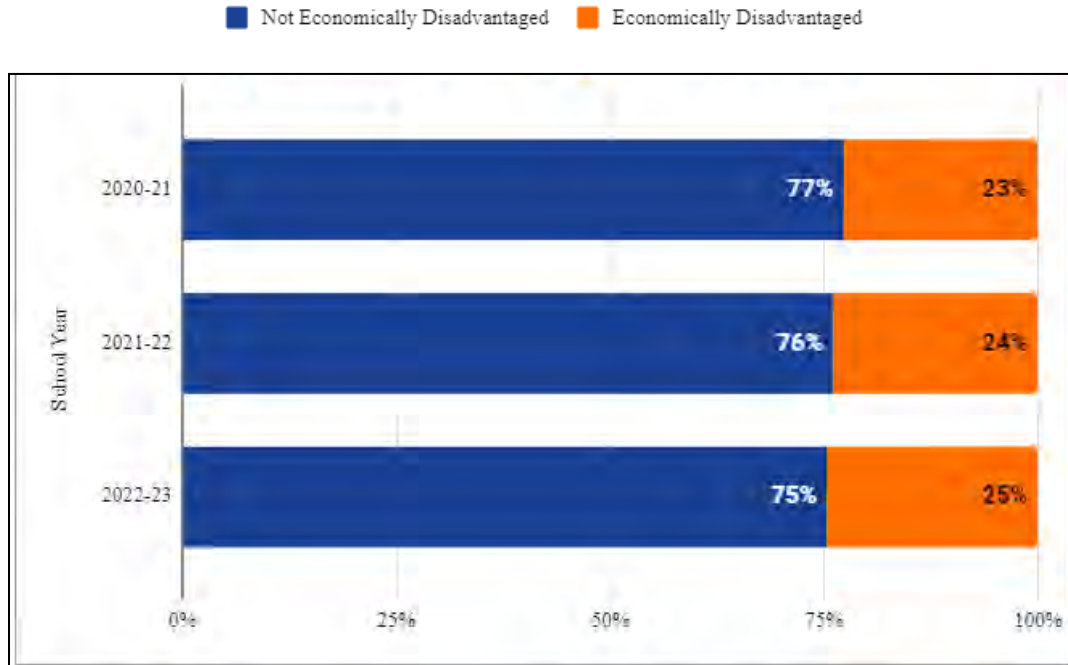
¹ At the time of this report, Spring 2023 results are preliminary. They only include AASA results. Previous year results include general and alternate assessment results combined.

Of interest is that the COVID-19 pandemic impacted most aspects of education for the past two years. As a result, the process for student test-taking and the results look different than previous school years, making annual comparisons challenging. While districts across the state may not be able to use results to compare student achievement pre-pandemic, districts are still able to use them as a temperature check and to address COVID-19 education recovery efforts. The assessment results, when combined with other data, continue to present an opportunity to determine and prioritize the types of resources and student-based supports that are needed to support students, using every piece of information available to promote success.

Free or Reduced-Price Meals

Chart 2 illustrates the percentage of students who are economically disadvantaged, as measured by the percentage of students who receive free or reduced-price meals as of the 100th Day of the school year. During the 2021-22 school year, the federal guidance waived the requirement for families to apply for this support. As a result, overall percentages may not adequately reflect the number of students who were eligible during that time period.

Chart 2: Percent of Students Receiving Free or Reduced Lunch Meals by Year



Operational Spending

As part of the budget process, Kyrene strives to maximize funding allocated to the classroom in order to produce the most direct benefits to students. The results from this activity can be measured and evaluated by reviewing an independent report prepared and published by the Arizona Auditor General’s office. This report is produced annually in the spring and provides information for the previous fiscal year.

A.R.S. §41-1279.03 requires the Auditor General to monitor school districts to determine the percentage of every dollar spent in the classroom and also conduct performance audits of Arizona’s school districts. However, Arizona charter schools, which are also funded with taxpayer and public dollars, and private schools that receive public funding through empowerment scholarship accounts (ESA) are not subject to these requirements. The audit and report produced by the Arizona Auditor General’s office monitors state-wide operational spending trends in instruction and other operational categories such as student support, instructional support, administration, plant operations, food service and transportation. It also identifies spending for peer districts within Arizona as well as overall state results. Peer groups are identified based on districts that have a similar size, type and location. For Kyrene, its peer group includes districts categorized by the Auditor General as very large and large elementary school districts in cities and suburbs.

Classifications

Operational spending includes costs incurred for the District’s day-to-day operations and contains the categories listed below. These categories follow Arizona’s Uniform Chart of Accounts for school districts, which meets the requirements of the U.S. Department of Education’s account classifications. This provides the ability to compare individual school districts’ measures to peer districts’ measures, Arizona’s measures to national averages, and Arizona’s measures over time. Operational spending includes both instructional and non-instructional spending. The definition of instructional spending used in the Auditor General’s report is based on the definition of “instruction” developed by the U.S. Department of Education’s National Center for Education Statistics. Operational spending excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings and equipment), interest and programs that are outside the scope of preschool through grade 12 education, such as adult education and community service programs. Total operational spending includes the instructional and non-instructional expenditures as shown below:

Instructional Spending

Classroom personnel: Salaries and benefits for teachers, teacher’s aides, substitute teachers, graders and guest lecturers.

General instructional supplies: Paper, pencils, crayons, etc.

Instructional aids: Textbooks, workbooks, instructional software, etc.

Activities: Field trips, athletics, and co-curricular activities, such as choir or band.

Tuition: Paid to out-of-State and private institutions.

Non-instructional Spending

Instruction support: Salaries and benefits for curriculum directors, special education directors, teacher trainers, librarians, media specialists and instruction-related IT staff. This category also includes other costs related to assisting instructional staff in delivering instruction.

Student support: Salaries and benefits for attendance clerks, social workers, counselors, nurses, audiologists and speech pathologists. This category also includes other costs related to these support services for students.

Transportation: Salaries, benefits, and other costs related to maintaining buses and transporting students to and from school and school activities.

Plant operations: Salaries, benefits, and other costs related to equipment repair, building maintenance, custodial services, groundskeeping and security. This category also includes costs for heating, cooling, lighting and property insurance.

Food service: Salaries, benefits, food supplies and other costs related to preparing, transporting and serving meals and snacks.

Administration: Salaries and benefits for superintendents, principals, business managers, clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities and administrative technology services. This category also includes other costs related to these services as well as the Governing Board.

Spending by Operational Area

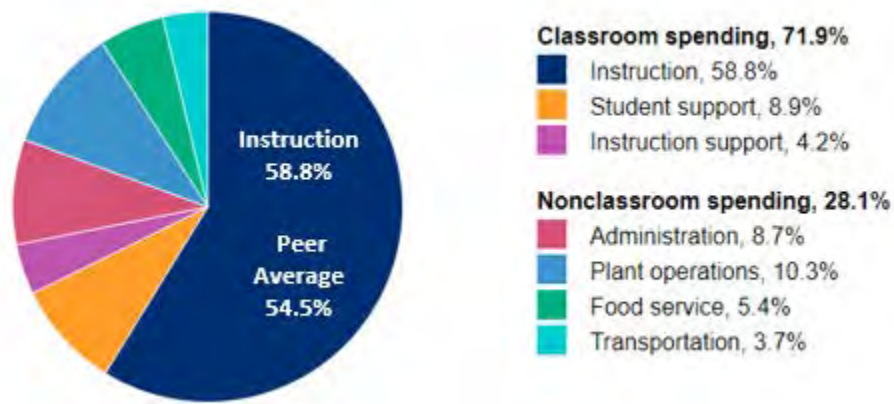
The results from the latest independent Arizona Auditor General report from fiscal year 2021-22 are listed below. This report is produced annually in the spring and provides information for the previous fiscal year. According to the report, Kyrene’s instructional spending was 58.8%. This amount is substantially higher than Kyrene’s peer district average of 54.5% and the overall state average of 54.5%.

The combined spending for instruction, student support, and instruction support is also identified as “classroom spending” by the Auditor General. These amounts represent the total funding spent for overall classroom activities within a school district. For Kyrene, this amount is one of the highest in the state at 71.9% and is higher than both the peer district average of 69.8% and the overall state average of 69.5%. This means that almost three out of every four dollars spent by Kyrene went into the classroom to provide the most direct benefits for students.

Fiscal year 2021-22 saw a dramatic increase in spending related to food service activities, which grew by 106% over the previous year. This happened because the federal government offered free breakfast and lunch for all students during the 2021-22 school year. The large growth in food service expenditures added an additional \$4.0M to the 2021-22 total operating expenditures used in the calculation, which almost doubled the percentage of food service expenditures from the previous year (going from 2.8% in 2020-21 to 5.4% in 2021-22). This situation also had the proportional effect of lowering the expense ratios for all the other categories, including classroom and instructional spending.

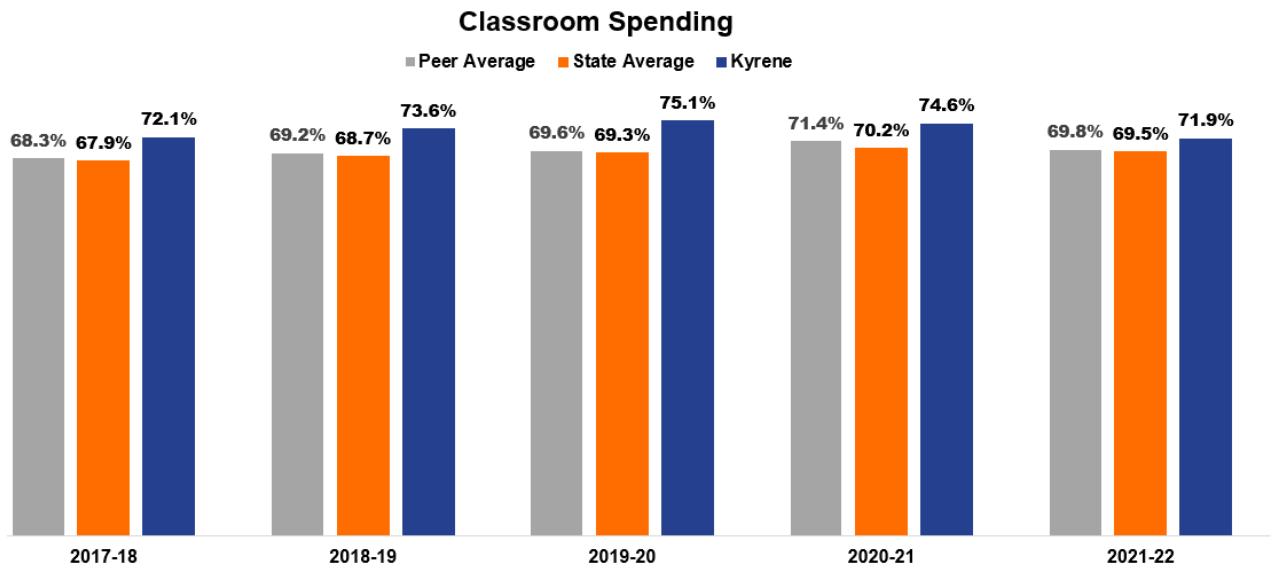
Had food service expenses been at the same level as 2020-21, the instructional spending for Kyrene would have been 60.9% and total classroom spending would have been 74.0%, with both amounts being very comparable vs. previous year amounts. It’s important to mention that the increase in food service activities did not take money away from other areas because Kyrene outsources its food services activities and pays for any expenses according to a structured cost that is variable per meal served. Kyrene also expects this situation to be a one year only event as the federal government ended the free meal program at the end of 2020-21.

These results and distinctions for Kyrene in fiscal year 2021-22 are similar to the Auditor General’s reports in previous years as Kyrene has consistently put more dollars into the classroom than both its peer groups and the overall state average. Information from the most current Auditor General report for Kyrene’s total operational spending is provided below.



Historical Classroom Spending Comparisons

The combined spending for instruction, student support, and instruction support is characterized as “classroom spending” by the Auditor General. These amounts represent the total funding spent for overall classroom activities within a school district. The graph below shows that Kyrene has consistently outperformed the state of Arizona and peer comparison groups as identified by the Auditor General’s office.



Glossary of Commonly Used Terms

Accrual Basis: Governmental accounting method where districts recognize increases and decreases in economic resources as soon as the underlying transaction or event occurs. Revenues are recognized when they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of the related cash inflows and outflows.

American Rescue Plan (ARP): The ARP was passed by the federal government in March 2021 to provide one-time federal funding to address recovery efforts in response to the COVID-19 pandemic.

Arizona Department of Education (ADE): This agency, operating under the direction of the Superintendent of Public Instruction, provides direct services to school districts. The agency executes the policies of the State Board of Education and the State Board of Vocational and Technological Education – implementing state academic standards, administering statewide assessments, disseminating information, administering and allocating federal and state funds and providing program improvement assistance to schools and districts.

Arizona Revised Statutes (A.R.S.): The name given to the statutory laws in the state of Arizona.

Arizona State Retirement System (ASRS): The ASRS is a state agency that administers a pension plan, long term disability plan, retiree health insurance plans and other benefits to qualified government workers.

Average Daily Membership (ADM): A method of counting the number of enrolled students based upon the first 100 school days in session. ADM is a key component in the Arizona school finance funding formula.

Balanced Budget: The budget is considered balanced when total expenditures are equal to or less than total revenues. The District also considers the budget to be balanced in instances when fund balances from previous years are spent on one-time or non-routine expenditures.

Bond: A promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. Bonds are debt securities issued to finance capital related purchases and projects.

Budget: A financial plan for a defined period (often one year) that includes estimates of revenues and expenditures.

Capital Expenditure: An expenditure intended to benefit future periods. Generally, this includes the acquisition of or improvement to land, buildings, or equipment.

Capital Projects Funds: Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays.

CARES Act: The Coronavirus Aid, Relief, and Economic Security Act was passed by the federal government in March 2020 to provide one-time federal funding to address recovery efforts in response to the COVID-19 pandemic.

CRRSA Act: The Coronavirus Response and Relief Supplemental Appropriations Act was passed by the federal government in December 2020 to provide one-time federal funding to address recovery efforts in response to the COVID-19 pandemic.

Debt Service Funds: Debt service funds account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

District Additional Assistance (DAA): The amount of capital funding provided by the state and is calculated by multiplying the state approved funding level by the unweighted actual student count (based on the 100th day from the prior year).

Education Support Professionals (ESP): School district employees who are not included as part of the Certified or Administrative employee categories.

Empowerment Scholarship Account (ESA): Based on approved legislation, an account administered by the Arizona Department of Education and funded by state tax dollars to provide money for students to attend non-public school options, including private schools.

E-Rate: Federal program that reimburses school districts for network infrastructure, broadband, and telecommunications upgrades such as switches, routers, fiber optics, access points and ethernet cabling.

ESSER: Elementary and Secondary School Emergency Relief federal one-time funding for local areas to address recovery efforts in response to the COVID-19 pandemic.

Fiduciary Funds: A group of funds that account for assets a district holds in a trustee capacity or as an agent for individuals, private organizations, and other governmental entities and which therefore may not be used to support the district's own programs.

Full Cash Value: Statutorily defined to mean "the value determined as prescribed by statute", or if a statutory method is not prescribed it is synonymous with market value, meaning that the estimated value is derived annually by using standard appraisal methods and techniques.

Full Time Equivalent (FTE): A number derived by dividing the amount of actual employed time in a position by the amount of time required in a full-time position.

Function: Method of classifying expenditures that describe the activity for which a service is acquired or an expenditure is made.

Fund: A grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Fund Balance: The difference between total fund assets and deferred outflows of resources and total fund liabilities and deferred inflows of resources of governmental funds.

General Fund: The General Fund accounts for and reports all financial resources of a district except those required to be accounted for and reported in another fund.

Governing Board: The governing body of a school district in Arizona, whose members are elected by voters within the school district.

Governmental Fund: A group of funds that account for most of a district's financial resources based on the purposes for which these resources may or must be used. Governmental funds are classified into four fund types for the District: general, special revenue, capital projects and debt service.

IDEA Part B: Federal funding to provide services to children with disabilities under the Individuals with Disabilities Education Act (IDEA).

Limited Property Value: Property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes, which limits the value of the property used for tax purposes each year to 5% growth, up to the full cash value of the property.

Maintenance and Operations (M&O): The largest fund within the General Fund type that is used to fund most of the operational day-to-day activities to run a school district. Typically, this includes costs to support regular education, special education and transportation.

Modified Accrual Basis: Government accounting method where revenue is recognized when it becomes measurable and available to finance expenditures of the current period. Expenditures are typically recognized in the period in which the liability is incurred.

Object: Method of classifying expenditures at the most detailed level and describes the service or material obtained as the result of a specific expenditure.

Primary Taxes: Per state statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the state of Arizona.

Program: Method of classifying expenditures for activities designed to achieve a specific goal or set of objectives.

Prop 123: The lawsuit settlement over Arizona state inflationary funding that was passed by voters in May 2016 to increase school funding for a ten-year period.

Prop 301: The legislative initiative that created the Classroom Site Fund as defined in A.R.S. §15-977. Funding for the Classroom Site Fund is based on a 0.6% sales tax with the proceeds to be used for public education and increasing teacher salaries.

Proprietary Funds: A group of funds that account for the district's ongoing activities that are financed and operated in a manner similar to private business enterprises.

Qualifying Tax Rate (QTR): The annual statewide property tax rate calculated to determine the local tax levy before a district is eligible for equalization assistance.

Revenue Control Limit (RCL): A budgeted spending limit that is based on state determined funding and calculated by adding the base support level plus the transportation revenue control limit.

Secondary Taxes: Per state statute, taxes levied for payments of voter-approved bonds and voter-approved budget overrides.

Special Revenue Funds: The grouping of funds that account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

STEM: The areas of educational coursework that include science, technology, engineering and mathematics.

Students FIRST: Students FIRST (Fair and Immediate Resources for Students Today) is a capital finance program funded by appropriations from the state General Fund. The program is administered by the School Facilities Board and is charged with administration of three capital funds: building renewal, deficiencies corrections and new school facilities.

Title Funding: Federal supplemental funding to support the base educational model. Funds can be used for instructional staffing to support programs, materials, supplies or training.

Title 15: A compilation of selected education laws passed by the Arizona Legislature.

Uniform System of Financial Records (USFR): A publication that is a joint responsibility of the Arizona Auditor General and Arizona Department of Education. This document interprets Arizona Title 15 and contains the guidelines and directions by which Arizona schools must financially comply.

Unit: Method of classifying expenditures by a location or separate level.

Zero-Based Budgeting: A method used in building and developing annual budgets where the expenditures for each operational area begins at zero, and any proposed expenditure must be reviewed, justified and approved each year.