

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
SAN TAN VALLEY, ARIZONA  
FOR THE  
YEAR ENDED JUNE 30, 2019

Issued By  
Business Services Department

THIS PAGE BLANK

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
SAN TAN VALLEY, ARIZONA  
FOR THE  
YEAR ENDED JUNE 30, 2019**

**PREPARED BY**

**KARLA SLOVITSKY  
DIRECTOR OF BUSINESS SERVICES**

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2019**

**INTRODUCTORY SECTION**

LETTER OF TRANSMITTAL	1
LIST OF PRINCIPAL OFFICIALS	6
ORGANIZATIONAL CHART	7
ASBO CERTIFICATE OF EXCELLENCE	8
GFOA CERTIFICATE OF EXCELLENCE	9

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	10
------------------------------	----

**REQUIRED SUPPLEMENTARY INFORMATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS	13
--------------------------------------	----

**BASIC FINANCIAL STATEMENTS**

STATEMENT OF NET POSITION	22
STATEMENT OF ACTIVITIES	23
BALANCE SHEET	24
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	29
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – FIDUCIARY FUNDS	30
NOTES TO BASIC FINANCIAL STATEMENTS	31

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND DISTRICT PENSION CONTRIBUTIONS	52
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS	53
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND	54
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND	55
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	56

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	57
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES	59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	61
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BOND BUILDING FUND	62
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – INSTRUCTIONAL IMPROVEMENT	63
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – CLASSROOM SITE FUND	64
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND	65
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – ADJACENT WAYS FUND	66
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING RENEWAL FUND	67
AGENCY FUNDS	
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES	68
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES	69

**STATISTICAL SECTION (UNAUDITED)**

**FINANCIAL TRENDS**

NET POSITION BY COMPONENT	70
CHANGE IN NET POSITION	71
FUND BALANCES OF GOVERNMENTAL FUNDS	73
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	74
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	76
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	77
PRINCIPAL PROPERTY TAXPAYERS	78
PROPERTY TAX LEVIES AND COLLECTIONS	79

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**DEBT CAPACITY**

RATIO OF OUTSTANDING DEBT BY TYPE	80
RATIO OF GENERAL BONDED DEBT OUTSTANDING	81
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	82
LEGAL DEBT MARGIN INFORMATION	83
CALCULATION OF LEGAL DEBT MARGIN INFORMATION	84

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

DEMOGRAPHIC AND ECONOMIC STATISTICS	85
PRINCIPAL EMPLOYERS	86

**OPERATING INFORMATION**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	87
OPERATING STATISTICS	88
SCHOOL BUILDING INFORMATION	89

THIS PAGE BLANK



## **INTRODUCTORY SECTION**

THIS PAGE BLANK

December 16, 2019

Governing Board and Citizens  
J.O. Combs Unified School District No. 44  
301 East Combs Road  
San Tan Valley, Arizona 85140

State law requires the J.O. Combs Unified School District No. 44 to undergo an annual audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the state of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the J.O. Combs Unified School District No. 44 for the fiscal year ended June 30, 2019.

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

The District's financial statements have been audited by CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

---

*Governing Board*

*Kathy Bougeois  
Clerk*

*Bob D'Elena  
Member*

*Shelly Hargis  
President*

*Gary F. Kemp, Ed.D.  
Member*

*Patricia J. Pinckard  
Member*

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" as required by the provisions of the Uniform Guidance designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

## **PROFILE OF THE DISTRICT**

The District is one of 19 public school districts located in Pinal County, Arizona. It provides a program of public education from preschool through grade twelve. The 2018-19 average daily membership was 4,254 students which are served in 5 elementary schools, 1 middle school, and 1 high school. The average age of the school buildings is 13 years.

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

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

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

The District is located in the northwest portion of Pinal County in an unincorporated area identified as San Tan Valley. The District is bordered to the west by Queen Creek, north by Apache Junction and to the south is the town of Florence. The District encompasses 68 square miles, but schools are located in a 16-mile square area, and are located approximately 45 miles southeast of the city of Phoenix. The District includes both urban and rural populations.

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

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

### **FACTORS AFFECTING FINANCIAL CONDITION**

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

#### **Local Economy**

Pinal County is located in the southeast portion of Arizona and encompasses an area of approximately 5,374 square miles. Founded in 1875, it is the third most populous county in the state and the county seat is located in Florence. Pinal County is located between Arizona's two largest metropolitan cities, Phoenix and Tucson, and growth has continued to move into the northern parts of the county.

The growth in the unincorporated area of San Tan Valley has included the opening of Banner Ironwood Medical Center, which is the second largest employer, only after J.O. Combs Unified School District. According to Banner, over 650 babies have been born annually since 2013, indicating future growth for both the school district and the community. J.O. Combs Unified School District has an active partnership with Banner Ironwood through a student of the month program as well as support for Combs High School's Medical Professions program.

Additionally, Central Arizona College opened the San Tan Valley Campus during the 2013-2014 school year. The San Tan Campus is a full-service campus, offering an array of academic degrees and certificates, career training, and personal enrichment classes in an environment that is both accessible and economical. Partnership programs for the Combs students and community include: Promise for the Future scholarship, dual-enrollment classes, and early college programs for high school students.

The District experienced significant growth before the recession in 2009, resulting in the decision to transition from an elementary to a unified school district in 2006. The District opened its first high school in August of 2008 and had its first graduating class in May of 2012. In 2010, the District opened Combs Traditional Academy providing a "Back-to-Basics" option for families. The opening of this school site also helped to address the educational needs in the community.

## **Long-Term Financial Planning**

The District's financial performance has been pressured in recent years as a result of state funding and a decline in K-8 student enrollment. Student enrollment over the past several years has increased in the 9-12 grade levels. Although, the District's ADM for 2018-2019 decreased by 5% as a result of another charter school opening in the district boundaries.

This past legislative session, the state appropriated additional funds for teacher salaries over the next two years and reduced the yearly cuts of district additional assistance. Because of this, the District was able to give 11% raises to teachers this year, which has helped with the recruitment and retention of qualified staff. The District will continue to infuse available funds into teacher compensation in order to remain competitive in future years.

The District has developed a comprehensive Capital Master Plan to identify capital-spending requirements over the next 10 years. This long-term capital planning allows the District to identify projects necessary to keep schools and facilities operating at high functioning levels.

In November of 2016, the voters of the District approved a \$36.8 million bond program to renovate facilities, update technology throughout the district and for new construction. The Performing Arts Center at the high school opened in January of 2019. Construction of the Maintenance/Transportation facility along with the District office will open in fall of 2019 and early 2020, respectively.

The District has a balanced budget, maintains cost and budget controls, forecasts future enrollment trends, and aligns spending programs to long-term strategic initiatives. The District currently maintains a bond rating of "AA" from Standard and Poor's.

In August 2018, Dr. Gayle Blanchard announced that she would be retiring in June 2019 after 10 years of service as Superintendent of the District. The Governing Board initiated a national search with the assistance from the Arizona School Boards Association. In December 2018, Dr. Gregory A. Wyman was named as the new Superintendent for the J.O. Combs Unified School District beginning July 1, 2019.

## **Certificates of Excellence**

The Association of School Business Officials (ASBO) offers a Certificate of Excellence in Financial Reporting by School Districts. This award certifies that the annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO.

J.O. Combs Unified School District was recognized for its high-quality Comprehensive Annual Financial Report for the fiscal year ending 2018. The award confirms the school business office's commitment to financial accountability and transparency. Recognition through the Certificate of Excellence can help strengthen their presentation for bond issuance statements and promotes a high level of financial reporting. This is the ninth straight year the District has received this award. In addition, it is the sixth time, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District, for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2018-19 certificates.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the entire Business Services staff. We would like to express our appreciation of all members of the Business Services Department for their continued dedication and hard work. Special thanks to CliftonLarsonAllen LLP, for their assistance and the professional manner in which they have accomplished the audit.

Moreover, we wish to thank and express our appreciation to all the members of the governing board for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Sincerely,



Gregory A. Wyman, Ed.D  
Superintendent



Karla Slovisky  
Director of Business Services

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**LIST OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2019**

**GOVERNING BOARD**

Shelly Hargis  
President

Chad McLeod  
Member

Steven Ray  
Member

Bob D'Elena  
Clerk

Patricia J. Pinckard  
Member

**ADMINISTRATIVE STAFF**

Gregory A. Wyman, Superintendent

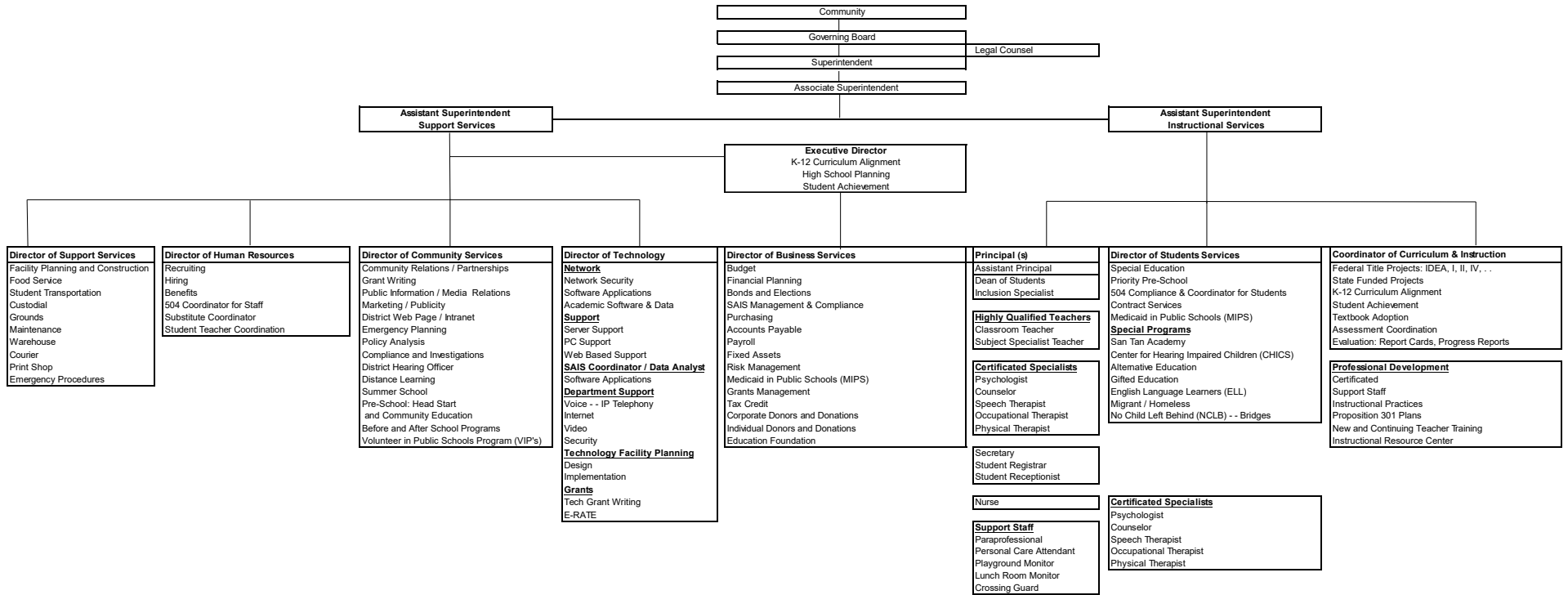
Karla Slovitsky, Director of Business Services



# J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44

## ORGANIZATIONAL CHART

### JUNE 30, 2019



Positions currently not filled

Note: The Executive Director of Curriculum position will most likely be deleted once the District moves to the Assistant Superintendent model

#### K-12 Transition Leadership Team 1-3 years

Instant expertise  
Meet needs on a short term basis  
Meets budget allocation

1) **Transition from K-8 District to K-12 Unified District + Growth**  
Redefine and refine organizational structure

2) **Leadership Development (Team Approach)**  
Training and Coaching for Principals, Directors, and Supervisors

3) **Define and Develop Leadership Roles**  
Assistant Principals, Deans, Aspiring Leaders



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**J.O. Combs Unified  
School District No. 44**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



Tom Wohlleber, CSRM  
President

David J. Lewis  
Executive Director



Government Finance Officers Association

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

Presented to

**J.O. Combs Unified  
School District No. 44  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

THIS PAGE BLANK

## **FINANCIAL SECTION**

THIS PAGE BLANK



## INDEPENDENT AUDITORS' REPORT

Governing Board  
J.O. Combs Unified School District No. 44  
San Tan Valley, Arizona

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of J.O. Combs Unified School District No. 44 (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the J.O. Combs Unified School District No. 44 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the J.O. Combs Unified School District No. 44's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of J.O. Combs Unified School District No. 44's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of J.O. Combs Unified School District No. 44's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering J.O. Combs Unified School District No. 44's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 16, 2019

THIS PAGE BLANK

## **REQUIRED SUPPLEMENTARY INFORMATION**

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

As management of the J.O. Combs Unified School District No. 44 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$61,736,076 (net position).
- ◆ The District's total net position increased by \$1,078,817.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$30,841,215 an increase of \$1,276,554 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,320,317, or 30.4% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$11,020,000 (33.0%) during the current fiscal year. This increase was due to the issuance of new bonds in fiscal year 2019.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2019**

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Projects Fund, Other Special Revenue Fund, Debt Service Fund, and Bond Building Fund all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 24 - 29 of this report.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

- ♦ *Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary fund includes the student activities and insurance funds reported as agency funds. Agency funds are custodial in nature and do not present results of operations or a measurement focus.

The basic fiduciary fund financial statement can be found on page 30 of this report.

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 31 – 51 of this report.

**Required Supplementary Information Other Than MD&A**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and the budgetary schedules of the General, Special Projects, and Other Special Revenue Funds. Required supplementary information may be found on pages 52 - 56 of this report.

Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basic financial statements or as required supplementary information other than MD&A. The District has presented the General Fund budgetary comparison schedule and major special revenue funds as required supplementary information.

**Other Information**

The combining and individual fund statements and schedules are presented immediately following the notes to basic financial statements. Combining and individual fund statements and schedules can be found on pages 57 - 69 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 70 - 90 of this report.

**Government-Wide Financial Analysis**

**Net Position**

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,736,076 at the close of the most recent fiscal year.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

A summary of the District's Statement of Net Position is as follows:

**Table A-1  
Condensed Statement of Net Position  
June 30, 2019 and 2018**

	Governmental Activities		
	2019	2018	% Change
Assets:			
Current and Other Assets	\$ 43,342,973	\$ 41,553,083	4.3 %
Capital Assets	97,555,811	85,831,500	13.7
Total Assets	140,898,784	127,384,583	10.6
Deferred Outflows of Resources	5,255,748	5,340,125	(1.6)
Liabilities:			
Current and Other Liabilities	5,980,735	5,347,292	11.8
Noncurrent Liabilities Outstanding	75,107,199	64,843,020	15.8
Total Liabilities	81,087,934	70,190,312	15.5
Deferred Inflows of Resources	3,330,522	1,877,137	77.4
Net Position:			
Net Investment in Capital Assets	64,900,047	65,320,933	(0.6)
Restricted	8,211,580	8,073,624	1.7
Unrestricted	(11,375,551)	(12,737,298)	(10.7)
Total Net Position	\$ 61,736,076	\$ 60,657,259	1.8

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



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Changes in Net Position**

Overall, net position increased \$1,078,817 or 1.8%. Key elements of this decrease are as follows:

**Table A-2  
Changes in Net Position  
Years Ended June 30, 2019 and 2018**

	Governmental Activities		
	2019	2018	% Change
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 788,028	\$ 757,955	4.0 %
Operating Grants and Contributions	7,002,054	6,790,642	3.1
Capital Grants and Contributions	1,103,958	259,030	326.2
General Revenues:			
Property Taxes	9,192,265	8,256,244	11.3
Grants and Contributions Not Restricted to Specific Programs			
State Equalization and Additional State Aid	19,280,707	18,648,774	3.4
County Equalization	1,329,633	1,285,428	3.4
Federal Aid Not Restricted	286,598	291,495	(1.7)
Investment Earnings	402,141	225,449	78.4
Other	1,023,450	887,197	15.4
Total Revenues	40,408,834	37,402,214	8.0
<b>EXPENSES</b>			
Instruction	20,769,716	19,896,001	4.4
Support Services:			
Students	3,554,421	3,585,236	(0.9)
Instructional Staff	1,570,774	1,327,830	18.3
General Administration	478,728	458,087	4.5
School Administration	1,394,366	1,337,916	4.2
Business and Other Support Services	1,887,746	2,271,395	(16.9)
Operation and Maintenance of Plant	3,976,742	4,406,973	(9.8)
Student Transportation	2,173,202	2,233,477	(2.7)
Operation of Noninstructional Services	2,090,522	1,906,820	9.6
Interest on Long-Term Debt	1,433,800	1,020,409	40.5
Total Expenses	39,330,017	38,444,144	2.3
<b>CHANGE IN NET POSITION</b>	1,078,817	(1,041,930)	203.5
Net Position - Beginning of Year	60,657,259	61,699,189	(1.7)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 61,736,076</u>	<u>\$ 60,657,259</u>	1.8 %

Program revenues made up of charges for services, operating grants and contributions and capital grants and contributions increased from the prior year by \$1,086,413. This increase was mainly due to large E-Rate and Building Renewal projects during the year.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

General revenues made up of property taxes, equalization, interest, and other revenue increased from the prior year by \$1,920,207 due to an increase in the tax rates related to debt and an increase in state funding.

Expenses of the District increased overall during the fiscal year due to increased personnel costs and the E-rate project.

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

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$30,841,215, an increase of \$1,276,554 in comparison with the prior year. Of this amount \$8,320,317 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that is not available for new spending.

At June 30, 2019, fund balances were as follows:

**Table A-3  
Fund Balances**

Fund	Balance	Increase (Decrease) From 2017-18
General Fund	\$ 8,320,317	\$ 402,668
Special Projects Fund	117,682	10,564
Other Special Revenue Fund	2,734,028	83,816
Debt Service Fund	617,610	280,561
Bond Building	14,408,562	706,132
Nonmajor Governmental Funds	4,643,016	(207,187)

The General Fund increase of \$402,668 was due to the District having increased property taxes and state aid.

The Special Projects Fund increase of \$10,564 was due to the District receiving state grant funding for new programs that were not expended by year-end.

The Other Special Revenue Fund increase of \$83,816 was due to fewer costs related to its Civic Center function.

The Debt Service Fund increase of \$280,561 was due to an increase in property taxes.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

The Bond Building Fund increase of \$706,132 was due to the District issuing new bonds near year-end.

The Nonmajor Governmental Funds decrease of \$207,187 was mainly due to the District expending carryover funds from Adjacent Ways Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget totaled \$1,432,817. In Arizona, school districts build their original "adopted" budget based on the previous year's 100th day average daily attendance. The District is allowed to increase or decrease its budget. The District also moved budget capacity between line items due to changes in operations during the year. Actual General Fund expenditures were \$983,491 less than budget during the fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$97,555,811 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, land improvements, buildings and improvements, and furniture, equipment and vehicles. The net increase in the District's investment in capital assets for the current fiscal year was 13.7%.

Major capital asset events during the fiscal year included completing construction of an auditorium and field house, construction of the Transportation/Warehouse and District Service Center, purchases of several buses and purchases of various furniture and equipment items.

**Table A-4  
Capital Assets (Net)  
June 30, 2019 and 2018**

	Governmental Activities	
	2019	2018
Land	\$ 1,956,112	\$ 1,956,112
Construction in Progress	8,000,088	5,000,354
Land Improvements	2,168,514	1,049,590
Buildings and Improvements	82,889,297	76,107,977
Furniture, Equipment, and Vehicles	2,541,800	1,717,467
Total Capital Assets, Net	<u>\$ 97,555,811</u>	<u>\$ 85,831,500</u>

Additional information on the District's capital assets can be found in Note 3.A.4. of this report.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$44,435,000. This debt is backed by the full faith and credit of the District.

**Table A-5  
Outstanding Bonded Debt  
June 30, 2019 and 2018**

	Governmental Activities	
	2019	2018
General Obligation Bonds	<u>\$ 44,435,000</u>	<u>\$ 33,415,000</u>

The District's bonded debt increased by \$11,020,000 (33.0%) during the current fiscal year. This increase was due to the District issuing new bonds in fiscal year 2019.

State statutes limit the amount of total bonded debt a unified school district may issue to 30% of its net full cash assessed value and Class B bonded debt (bonds authorized subsequent to December 31, 1999) to the greater of 20% of the net full cash assessed value or \$1,500 per student. The legal debt margin for the District are \$24,310,661 and \$459,871, respectively. Net bonded debt outstanding (par value of bonds outstanding less funds available in the Debt Service Fund) at June 30, 2019 is \$47,241,707.

Additional information on the District's long-term debt can be found in Notes 3.C. and 3.D. of this report.

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

- ◆ The passing of Proposition 123 increased funding from the state, but capital funding still continues to be reduced by 35% at the state. Legislation was passed to add back the capital funding by 2023.
- ◆ Approximate 11% increase in assessed values in the area.
- ◆ Several new housing developments began construction.
- ◆ \$36.8 million bond election passed in November 2016 to maintain facilities, update technology, purchase buses, and build a performing arts facility at the high school. The performing arts facility at the high school opened for student classes starting in January 2019. The district Transportation/Warehouse opened in October 2019 and the District Service Center is to open in January 2020.
- ◆ Legislation passed in April 2018 and the Governor signed the 20X2020 plan. The 20X2020 plan states all teachers will receive a 20% increase in salary by the year 2020. The Governing Board approve an 11% increase to all teachers for 2018-2019 fiscal year. They will continue to provide increases to meet the 20% by 2020-2021 fiscal year.

All of these factors were considered in preparing the District's budget for the 2020 fiscal year.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the J.O. Combs Unified School District No. 44 District Office, Director of Business Services, 43371 N. Kenworthy Road, San Tan Valley, Arizona, 85140.

THIS PAGE BLANK

## **BASIC FINANCIAL STATEMENTS**

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 10,285,162
Cash with Paying Agent	2,499,878
Restricted Assets	17,331,119
Receivables:	
Property Taxes	122,214
Intergovernmental	6,676,282
Prepays	6,360,826
Net OPEB Asset	67,492
Capital Assets:	
Non-Depreciable	9,956,200
Depreciable, Net	87,599,611
Total Assets	<u>140,898,784</u>
Deferred Outflows of Resources	
Related to OPEB	281,522
Related to Pensions	4,179,235
Debt Refunding	794,991
Total Deferred Outflows of Resources	<u>5,255,748</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts Payable	552,184
Construction Contracts Payable	2,922,557
Accrued Interest	590,994
Matured Debt Principal Payable	1,915,000
Long-Term Liabilities:	
Due Within One Year	2,394,180
Due in More Than One Year	46,192,376
Net Pension Liability	26,421,608
Net OPEB Liability	99,035
Total Liabilities	<u>81,087,934</u>
Deferred Inflows of Resources	
Related to OPEB	206,849
Related to Pensions	3,123,673
Total Deferred Inflows of Resources	<u>3,330,522</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	64,900,047
Restricted	
Instructional Improvement	541,934
Teacher Compensation Programs	1,866,699
Federal and State Instructional Programs	117,682
OPEB Benefits	67,492
Food Service	671,544
Debt Service	649,362
Capital Projects	1,562,839
Community Programs	1,000,266
Instructional Aides	17,821
Vocational Education Programs	1,521,606
Noninstructional Programs	194,335
Unrestricted	(11,375,551)
Total Net Position	<u><u>\$ 61,736,076</u></u>

See accompanying Notes to Financial Statements.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 20,769,716	\$ -	\$ 4,076,611	\$ 1,103,958	\$ (15,589,147)
Support Services:					
Students	3,554,421	-	519,178	-	(3,035,243)
Instructional Staff	1,570,774	-	843,120	-	(727,654)
General Administration	478,728	-	-	-	(478,728)
School Administration	1,394,366	-	1,288	-	(1,393,078)
Business and Other Support Services	1,887,746	-	363,392	-	(1,524,354)
Operation and Maintenance of Plant	3,976,742	-	-	-	(3,976,742)
Student Transportation	2,173,202	-	2,989	-	(2,170,213)
Operation of Noninstructional Services	2,090,522	788,028	1,195,476	-	(107,018)
Interest on Long-Term Debt	1,433,800	-	-	-	(1,433,800)
Total	<u>\$ 39,330,017</u>	<u>\$ 788,028</u>	<u>\$ 7,002,054</u>	<u>\$ 1,103,958</u>	<u>(30,435,977)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					9,192,265
Grants and Contributions Not Restricted to Specific Programs					
State Equalization and Additional State Aid					19,280,707
County Equalization					1,329,633
Federal Aid not Restricted					286,598
Investment Earnings					402,141
Other					1,023,450
Total General Revenues					<u>31,514,794</u>
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					<u>60,657,259</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 61,736,076</u>

See accompanying Notes to Financial Statements.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	General	Special Projects	Other Special Revenue
<b>ASSETS</b>			
Cash and Investments	\$ 2,958,331	\$ -	\$ 2,466,882
Cash with Paying Agent	-	-	-
Restricted Assets	-	-	-
Receivables:			
Property Taxes	80,134	-	-
Intergovernmental	5,570,846	367,570	271,711
Due from Other Funds	163,096	-	-
Total Assets	<u>\$ 8,772,407</u>	<u>\$ 367,570</u>	<u>\$ 2,738,593</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 391,137	\$ 86,792	\$ 4,565
Construction Contracts Payable	-	-	-
Accrued Interest	-	-	-
Due to Other Funds	-	163,096	-
Matured Debt Principal Payable	-	-	-
Total Liabilities	<u>391,137</u>	<u>249,888</u>	<u>4,565</u>
Deferred Inflows of Resources			
Unavailable Revenue	60,953	-	-
<b>FUND BALANCES</b>			
Restricted	-	117,682	2,734,028
Unassigned	8,320,317	-	-
Total Fund Balance	<u>8,320,317</u>	<u>117,682</u>	<u>2,734,028</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 8,772,407</u>	<u>\$ 367,570</u>	<u>\$ 2,738,593</u>

See accompanying Notes to Financial Statements.

<u>Debt Service</u>	<u>Bond Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 613,398	\$ -	\$ 4,246,551	\$ 10,285,162
2,499,878	-	-	2,499,878
-	17,331,119	-	17,331,119
42,080	-	-	122,214
-	-	466,155	6,676,282
-	-	-	163,096
<u>\$ 3,155,356</u>	<u>\$ 17,331,119</u>	<u>\$ 4,712,706</u>	<u>\$ 37,077,751</u>

\$ -	\$ -	\$ 69,690	\$ 552,184
-	2,922,557	-	2,922,557
590,994	-	-	590,994
-	-	-	163,096
1,915,000	-	-	1,915,000
<u>2,505,994</u>	<u>2,922,557</u>	<u>69,690</u>	<u>6,143,831</u>

31,752	-	-	92,705
--------	---	---	--------

617,610	14,408,562	4,643,016	22,520,898
-	-	-	8,320,317
<u>617,610</u>	<u>14,408,562</u>	<u>4,643,016</u>	<u>30,841,215</u>
<u>\$ 3,155,356</u>	<u>\$ 17,331,119</u>	<u>\$ 4,712,706</u>	<u>\$ 37,077,751</u>

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

**Total Fund Balances for Governmental Funds** **\$ 30,841,215**

Amounts reported for governmental activities in the statement of net position are different because:

Property taxes not collected within 60 days subsequent to fiscal year-end are unavailable in the governmental funds. 92,705

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

Governmental Capital Assets	127,456,058
Less Accumulated Depreciation	(29,900,247)
Capital Assets Used in Governmental Activities	97,555,811

Prepaid rent is not a financial resource and therefore is not reported in the governmental funds. 6,360,826

Net OPEB assets are not current resources and therefore are not reported in the governmental funds. 67,492

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

Deferred Outflows of Resources Related to Pensions and OPEB	4,460,757
Deferred Inflows of Resources Related to Pensions and OPEB	(3,330,522)

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

General Obligation Bonds	(44,435,000)
Premium on Bonds	(3,424,317)
Deferred Amount on Refunding	794,991
Net Pension Liability	(26,421,608)
Net OPEB Liability	(99,035)
Compensated Absences	(727,239)

**Total Net Position of Governmental Activities** **\$ 61,736,076**

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	General	Special Projects	Other Special Revenue
<b>REVENUES</b>			
Property Taxes	\$ 5,962,192	\$ -	\$ -
Intergovernmental	20,896,938	2,440,528	543,707
Food Service Sales	-	-	-
Auxiliary Operations	246,596	-	-
Contributions and Donations	231,547	-	122,508
Investment Earnings	142,616	22,803	13,941
Other	82,270	1,117	940,018
Total Revenues	<u>27,562,159</u>	<u>2,464,448</u>	<u>1,620,174</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	13,832,759	881,917	591,224
Support Services:			
Students	3,174,227	513,943	9,243
Instructional Staff	719,666	656,097	93,375
General Administration	498,553	-	-
School Administration	1,465,218	1,275	-
Business and Other Support Services	1,578,991	359,728	2,827
Operations and Maintenance of Plant	3,878,453	-	281,343
Student Transportation	1,919,685	2,959	37,631
Operation of Noninstructional Services	89,158	-	520,715
Debt Service:			
Principal Retirement	-	-	-
Interest on Long-Term Debt	-	-	-
Issuance Costs	-	-	-
Capital Outlay:			
Facilities Acquisition	187,515	-	-
Total Expenditures	<u>27,344,225</u>	<u>2,415,919</u>	<u>1,536,358</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	217,934	48,529	83,816
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	184,734	-	-
Transfers Out	-	(37,965)	-
Issuance of Long-Term Debt	-	-	-
Premium on Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>184,734</u>	<u>(37,965)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	402,668	10,564	83,816
Fund Balances - Beginning of Year	7,917,649	107,118	2,650,212
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 8,320,317</u></u>	<u><u>\$ 117,682</u></u>	<u><u>\$ 2,734,028</u></u>

See accompanying Notes to Financial Statements.

Debt Service	Bond Building	Nonmajor Governmental Funds	Totals
\$ 3,215,132	\$ -	\$ 83	\$ 9,177,407
-	-	4,767,722	28,648,895
-	-	541,432	541,432
-	-	-	246,596
-	-	-	354,055
160,572	-	62,209	402,141
-	-	45	1,023,450
<u>3,375,704</u>	<u>-</u>	<u>5,371,491</u>	<u>40,393,976</u>
-	1,333,427	2,102,733	18,742,060
-	-	-	3,697,413
-	-	157,802	1,626,940
-	-	-	498,553
-	-	-	1,466,493
-	27,350	-	1,968,896
-	200,350	33,836	4,393,982
-	745,679	-	2,705,954
-	-	1,558,003	2,167,876
1,915,000	-	-	1,915,000
1,180,143	-	-	1,180,143
-	278,824	-	278,824
-	11,499,734	1,579,535	13,266,784
<u>3,095,143</u>	<u>14,085,364</u>	<u>5,431,909</u>	<u>53,908,918</u>
280,561	(14,085,364)	(60,418)	(13,514,942)
-	-	-	184,734
-	-	(146,769)	(184,734)
-	12,935,000	-	12,935,000
-	1,856,496	-	1,856,496
<u>-</u>	<u>14,791,496</u>	<u>(146,769)</u>	<u>14,791,496</u>
280,561	706,132	(207,187)	1,276,554
337,049	13,702,430	4,850,203	29,564,661
<u>\$ 617,610</u>	<u>\$ 14,408,562</u>	<u>\$ 4,643,016</u>	<u>\$ 30,841,215</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

**Net Change in Fund Balances-Total Governmental Funds** \$ 1,276,554

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	14,486,105
Less Current Year Depreciation	(2,761,794)
Excess Capital Expenditures over Depreciation	11,724,311

Prepayment of rent was recorded as expenditure in the fiscal year it was prepaid in the governmental funds, however, the prepayment is deferred and allocated over the term of the lease as rental expense in the statement of activities. (100,965)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and, therefore, are not reported as revenues in the statement of activities.

Property Taxes	14,858
----------------	--------

Governmental funds report District pension and OPEB contributions as expenditures when made. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension and OPEB, and the investment experience.

Pension Contributions	2,279,805
Pension Expense	(972,582)
OPEB Contributions	126,429
OPEB Expense	(105,095)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these items are amortized over the term of the long-term debt in the statement of activities.

Principal Payments on Bonds	1,915,000
Amortization of Deferred Amount on Refunding	(88,333)
Proceeds from Issuance of Bonds	(12,935,000)
Proceeds from Premium on Bonds	(1,856,496)
Amortization of Premium on Bonds	113,499

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net Increase in Compensated Absences	(313,168)
--------------------------------------	-----------

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,078,817</b>
--	---------------------

See accompanying Notes to Financial Statements.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 142,545
Total Current Assets	<u>\$ 142,545</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 103,618
Due to Other Entities	38,927
Total Liabilities	<u>\$ 142,545</u>

*See accompanying Notes to Financial Statements.*

THIS PAGE BLANK

## **NOTES TO BASIC FINANCIAL STATEMENTS**

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the J.O. Combs Unified School District No. 44 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

**A. Reporting Entity**

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

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

The government wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. The District had no business type activities during the fiscal year.

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

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

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The fiduciary fund includes only agency funds. Agency funds are custodial in nature and do not present results of operations or a measurement focus. They are reported using the accrual basis of accounting.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

**Major Governmental Funds**

**General Fund**

The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within three subsections titled regular education programs, special education programs, and pupil transportation.

**Special Projects Fund**

The Special Projects Fund is a special revenue fund which accounts for the revenues and expenditures of state and federally funded educational grants.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Major Governmental Funds (Continued)**

**Other Special Revenue Fund**

The Other Special Revenue Fund is a special revenue fund which accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular fee tax credit, fingerprinting, and textbooks.

**Debt Service Fund**

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

**Bond Building Fund**

The Bond Building Fund is a capital projects fund which accounts for monies received from District bond issues that are used to acquire sites, construct school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

Additionally, the District reports the following fund type:

**Agency Fund**

The Agency Funds are custodial in nature and do not present results of operations or a measurement focus and are described as follows:

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

The Insurance Fund accounts for monies held to pay insurance premiums of the District employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

A.R.S. requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Bond Building Fund and Debt Service Fund, which is invested separately. As required by statute, interest earned by the Bond Building Fund and Debt Service Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

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

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

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

**2. Receivables**

Pinal County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

**4. Inventories and Prepaid Rent**

Inventories are recorded as expenditures at the time of purchase, and because the amounts on hand at June 30, 2019, were immaterial, they are not included in the balance sheet.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. In the fund financial statements, these expenditures are recognized using the purchase method in the year the expenditures are made.

**5. Restricted Assets**

Proceeds from the District's bonds are classified as restricted assets on the statement of net position because their use is limited by the applicable bond covenant.

**6. Capital Assets**

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Land Improvements	10-20 Years
Buildings and Improvements	10-50 Years
Furniture, Equipment and Vehicles	5-20 Years

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**7. Deferred Outflows of Resources**

The District recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions, OPEB and debt refundings.

**8. Compensated Absences**

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. For the governmental funds, the liability related to compensated absences is recorded only when payment is due.

**9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**10. Deferred Inflows of Resources**

The District recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and OPEB and in connection with receivables for revenues that are not considered to be measurable and available to liquidate liabilities of the current period.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**11. Net Position**

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

**12. Fund Equity**

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

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's governing board, which is the highest level of decision-making authority within the District. Only the District governing board can remove or change the constraints placed on committed fund balances through formal board action.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The governing board has authorized the Director of Business Services to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the District's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures. (See Notes to the Required Supplementary Information for exceptions) The governing board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The governing board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within three subsections (see preceding description of General Fund), any of which may be overexpended with the prior approval of the governing board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

A budget of revenue from all sources for the fiscal year is not prepared by the District.

No supplementary budgetary appropriations were necessary during the year.

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
Major Governmental Funds	
General Fund	
Special Education	\$ 37,424
Pupil Transportation	5,483
Nonmajor Governmental Funds:	
Food Service	58,003
Building Renewal	603,958

Cash or receivables were available to meet the overexpenditures above.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2019 consist of the following:

Deposits:	
Cash in Bank	\$ 461,624
Investments:	
Cash on Deposit with County Treasurer	27,297,202
Cash with Paying Agent	<u>2,398,588</u>
Total Deposits and Investments	<u>30,157,414</u>
Less: Cash with Paying Agent	(2,398,588)
Less: Restricted Assets	(17,331,119)
Less: Fiduciary Funds	<u>(142,545)</u>
Total Cash and Investments	<u><u>\$ 10,285,162</u></u>

**Deposits**

*Custodial credit risk* - This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District does not have a formal policy regarding custodial credit risk. However, at June 30, 2019, the District's bank balance was \$489,328. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$239,328 was insured by the statewide pooled collateral program.

**Investments**

At June 30, 2019, the District's investments were reported at amortized cost. The District's investments consisted of cash on deposit with the County Treasurer and cash with paying agent.

*Interest Rate Risk* – The District does not have a formal investment policy regarding interest rate risk, however, the District manages its exposure to declines in fair value by limiting the average maturity of its investment portfolio to one year or less.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy with respect to custodial credit risk. The District's investment in the County Treasurer's investment pools represents a proportionate interest in those pools' portfolios; however, the District's portion is not identified with a specific investment and is not subject to custodial credit risk.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

*Credit Risk* – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by state law from investing in investments other than State and County Treasurer's investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

*Concentration of Credit Risk* – The District does not have an investment policy with respect to concentration credit risk.

**2. Restricted Assets**

The restricted assets at June 30, 2019, consisted of the following:

	Bond Building Fund
	<hr/>
General Obligation Bond Proceeds	<u>\$ 17,331,119</u>

**3. Receivables**

The Pinal County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies the property taxes due to the District in August. Two equal installments, payable in October and March, become delinquent after the first business days in November and May. During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later. A lien assessed against real and personal property attaches on the first day of January preceding the assessment levy.

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as unavailable revenues.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Receivables (Continued)**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent Property Taxes Receivable:	
General Fund	\$ 60,953
Debt Service Fund	31,752
	<u>\$ 92,705</u>

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,956,112	\$ -	\$ -	\$ 1,956,112
Construction in progress	5,000,354	12,822,406	(9,822,672)	8,000,088
Total Capital Assets, Not Being Depreciated	6,956,466	12,822,406	(9,822,672)	9,956,200
Capital Assets, Being Depreciated:				
Site Improvements	1,826,771	1,282,870	-	3,109,641
Buildings and Improvements	97,342,362	8,933,214	-	106,275,576
Furniture, Equipment, and Vehicles	6,844,354	1,270,287	-	8,114,641
Total Capital Assets, Being Depreciated	106,013,487	11,486,371	-	117,499,858
Accumulated Depreciation for:				
Site Improvements	(777,181)	(163,946)	-	(941,127)
Buildings and Improvements	(21,234,385)	(2,151,894)	-	(23,386,279)
Furniture, Equipment, and Vehicles	(5,126,887)	(445,954)	-	(5,572,841)
Total Accumulated Depreciation	(27,138,453)	(2,761,794)	-	(29,900,247)
Total Capital Assets, Being Depreciated, Net	78,875,034	8,724,577	-	87,599,611
Governmental Activities Capital Assets, Net	<u>\$ 85,831,500</u>	<u>\$ 21,546,983</u>	<u>\$ (9,822,672)</u>	<u>\$ 97,555,811</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

Instruction	\$ 2,217,385
Support Services:	
Students	30,773
Instructional Staff	4,587
Business and Other Support Services	88,474
Operations and Maintenance of Plant	119,747
Student Transportation	298,722
Operation of Noninstructional Services	2,106
	<u>\$ 2,761,794</u>

The District had the following construction commitments in connection with its ongoing construction:

Project	Governmental Activities	
	Spent-to-Date	Remaining Commitment
Transportation/Warehouse	\$ 5,478,624	\$ 1,206,467
District Service Center	2,521,464	3,423,433
Totals	<u>\$ 8,000,088</u>	<u>\$ 4,629,900</u>

**B. Interfund Receivables, Payables, and Transfers**

As of June 30, 2019, interfund receivables and payables were as follows:

Due To	Due From Special Projects Fund
General Fund	<u>\$ 163,096</u>

The above interfund receivables and payables are recorded to eliminate deficit cash balances for cash received immediately following the fiscal year-end and for indirect cost transfers made immediately following year-end.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables and Transfers (Continued)**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Transfers To	Transfers From		Totals
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 37,965	\$ 146,769	\$ 184,734

Transfers were made to record indirect costs transferred to the indirect cost pool on various federal grants.

**C. Obligations Under Leases**

**Operating Lease**

The District leases land from the Arizona State Land Department for a school site under the provisions of a long-term lease agreement classified as an operating lease. The lease was funded by appropriations from the Arizona School Facilities Board (SFB). The operating lease has a remaining noncancelable lease term of 70 years and provides renewal options. Since the entire term of the lease was prepaid, there are no future minimum lease payments for the lease. The annual amortization of prepaid rent is recognized on the statement of activities and the balance of the prepaid rent is recognized on the statement of net position.

Prepaid rent as of June 30, 2019 is as follows:

	Amount
Prepaid Rent	\$ 7,471,445
Accumulated Amortization	(1,110,619)
Balance at June 30, 2019	\$ 6,360,826

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations**

The District has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The District also has outstanding compensated absences which are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Original Issue Amounts	Amount Outstanding
Refunding Bonds				
Series 2015	2.000-4.000%	07/01/16-28	\$ 14,035,000	\$ 12,400,000
School Improvement Bonds, Project of 2016, Series A (2017)	3.000-4.000%	07/01/18-36	7,380,000	5,755,000
School Improvement Bonds, Project of 2016, Series B (2018)	2.625-5.000%	07/01/19-37	14,070,000	13,345,000
School Improvement Bonds, Project of 2016, Series C (2019)	2.000-5.000%	07/01/20-38	12,935,000	12,935,000
Total General Obligation Bonds Payable			<u>\$ 48,420,000</u>	<u>\$ 44,435,000</u>

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	July 1, 2018	Additions	Retirements	June 30, 2019	Due within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 33,415,000	\$ 12,935,000	\$ (1,915,000)	\$ 44,435,000	\$ 1,820,000
Premium on Bonds	1,681,320	1,856,496	(113,499)	3,424,317	-
Total Bonds Payable	35,096,320	14,791,496	(2,028,499)	47,859,317	1,820,000
Other Liabilities:					
Compensated Absences	414,071	870,624	(557,456)	727,239	574,180
Total Other Liabilities	414,071	870,624	(557,456)	727,239	574,180
Governmental Activities Long-Term Debt	<u>\$ 35,510,391</u>	<u>\$ 15,662,120</u>	<u>\$ (2,585,955)</u>	<u>\$ 48,586,556</u>	<u>\$ 2,394,180</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2019.

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 1,820,000	\$ 1,675,285
2021	2,115,000	1,630,169
2022	2,540,000	1,584,369
2023	2,825,000	1,522,119
2024	2,790,000	1,437,994
2025-2029	13,120,000	5,376,606
2030-2034	11,220,000	3,009,462
2035-2038	8,005,000	671,912
Totals	<u>\$ 44,435,000</u>	<u>\$ 16,907,916</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

In prior years, the District defeased certain general obligation debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, the amount of defeased debt outstanding but removed from the District's financial statements was \$12,290,000.

**E. Fund Balance Classification**

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Special Projects Fund	Other Special Revenue Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Totals
<b>Restricted</b>							
Instructional Improvement Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 541,934	\$ 541,934
Teacher Compensation Programs	-	-	-	-	-	1,866,699	1,866,699
Federal and State Instructional Programs	-	117,682	-	-	-	-	117,682
Food Services	-	-	-	-	-	671,544	671,544
Community Programs	-	-	1,000,266	-	-	-	1,000,266
Instructional Aids	-	-	17,821	-	-	-	17,821
Vocational Education Programs	-	-	1,521,606	-	-	-	1,521,606
Noninstructional Programs	-	-	194,335	-	-	-	194,335
Capital Projects	-	-	-	-	14,408,562	1,562,839	15,971,401
Debt Service	-	-	-	617,610	-	-	617,610
Total Restricted	-	117,682	2,734,028	617,610	14,408,562	4,643,016	22,520,898
<b>Unassigned</b>	8,320,317	-	-	-	-	-	8,320,317
Total Fund Balance	<u>\$ 8,320,317</u>	<u>\$ 117,682</u>	<u>\$ 2,734,028</u>	<u>\$ 617,610</u>	<u>\$ 14,408,562</u>	<u>\$ 4,643,016</u>	<u>\$ 30,841,215</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's insurance protection is provided by the Arizona School Risk Retention Trust, of which the District is a participating member. The limit for basic coverage is \$10 million per occurrence on a claims made basis. Excess coverage is for an additional \$10 million per occurrence on a follow form, claims made basis.

The Arizona School Risk Retention Trust is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The District is also insured by a commercial insurance carrier for potential worker related accidents. There have been no significant reductions in coverage from the prior year and settled claims for each of the past three fiscal years have not exceeded the insurance coverage amounts.

**B. Retirement Plans**

**Cost Sharing Employer Pension Plans**

The District contributes to the Arizona State Retirement System (ASRS). The plan is a component unit of the state of Arizona.

At June 30, 2019, the District reported the following amounts related to the pension plan to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net Pension Liability	\$ 26,421,608
Deferred Outflows of Resources	4,179,235
Deferred Inflows of Resources	3,123,673
Pension Expense	972,582

The District had no accrued payroll and benefits for outstanding pension contribution amounts payable for the year ended June 30, 2019. Also, the District reported \$2,279,805 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Disclosures related to the OPEB plan for ASRS are not included as the assets, liabilities, deferred inflows of resources, deferred outflows of resources, and OPEB expense are not significant to the District's financial statements.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System**

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

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final Average Salary is Based On	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

\* With actuarially reduced benefits

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

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8% (11.64% for retirement and 0.16% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.8% (11.18% for retirement, 0.46% for the health insurance premium benefit, and 0.16% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.53% (10.41% for retirement, 0.06% for health insurance premium benefits, and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension plan for the year ended June 30, 2019, were \$2,279,805.

During the fiscal year ended June 30, 2019, the District paid ASRS pension and OPEB contributions as follows: 79% from General Fund, 6% from Special Projects, 4% from Other Special Revenue, and 11% from Nonmajor Governmental Funds.

**Pension Liability** - At June 30, 2019, the District reported a liability of \$26,421,608 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8% to 7.5%, changing the projected salary increases from 3-6.75% to 2.7-7.2%, decreasing the inflation rate from 3% to 2.3%, and changing the mortality rates.

The District's reported liability at June 30, 2019, decreased by \$2,843,318 from the District's prior year liability of \$29,264,926 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The District's proportion measured as of June 30, 2018, was 0.18945%, which was an increase of 0.00159 from its proportion measured as of June 30, 2017.

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2019, the District recognized pension expense for ASRS of \$972,582. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 727,894	\$ 145,658
Changes of assumptions or other inputs	699,164	2,342,638
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	635,377
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	472,372	-
Contributions Subsequent to the Measurement Date	2,279,805	-
Total	<u>\$ 4,179,235</u>	<u>\$ 3,123,673</u>

The \$2,279,805 reported as deferred outflows of resources related to ASRS pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 558,203
2021	(533,684)
2022	(963,820)
2021	(284,942)
Thereafter	-

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

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

Actuarial Valuation Date	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	5.50%
Fixed Income	30%	3.83%
Real Estate	20%	5.85%
Total	100%	



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Discount Rate** – At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5%, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The District's proportionate share of the net pension liability	\$ 37,664,610	\$ 26,421,608	\$ 17,028,261

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

THIS PAGE BLANK

## **REQUIRED SUPPLEMENTARY INFORMATION**

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY AND DISTRICT PENSION CONTRIBUTIONS**  
**2019 AND FOUR YEARS PRIOR**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

	Reporting Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's Proportion of the Net Pension Liability	0.18945%	0.18786%	0.18379%	0.17788%	0.17779%
District's Proportionate Share of the Net Pension Liability	\$ 26,421,608	\$ 29,264,926	\$ 29,665,552	\$ 27,706,886	\$ 26,306,803
District's Covered Payroll	\$ 19,421,570	\$ 18,747,195	\$ 17,458,086	\$ 16,769,739	\$ 16,045,209
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	136.04%	156.10%	169.92%	165.22%	163.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.40%	69.92%	67.06%	68.35%	69.49%

**Schedule of District Pension Contributions**

	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 2,279,805	\$ 2,044,609	\$ 1,970,699	\$ 1,806,390	\$ 1,845,199	\$ 1,790,126
District's Contributions in Relation to the Statutorily Required Contribution	<u>2,279,805</u>	<u>2,044,609</u>	<u>1,970,699</u>	<u>1,806,390</u>	<u>1,845,199</u>	<u>\$ 1,790,126</u>
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 19,585,954	\$ 19,421,570	\$ 18,747,195	\$ 17,458,086	\$ 16,769,739	\$ 16,045,209
District's Contributions as a Percentage of Covered Payroll	11.64%	10.53%	10.51%	10.35%	11.00%	11.16%

Note: Information prior to the measurement date (June 30, 2014) was not available.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND – BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 5,697,195	\$ 5,697,195
Intergovernmental	-	-	19,959,067	19,959,067
Investment Earnings	-	-	19,522	19,522
Other	-	-	20,100	20,100
Total Revenues	-	-	25,695,884	25,695,884
<b>EXPENDITURES</b>				
Regular Education:				
Instruction	10,700,707	9,421,431	9,284,909	136,522
Support Services - Students	1,067,088	1,107,813	1,046,808	61,005
Support Services - Instructional Staff	510,939	527,540	679,978	(152,438)
Support Services - General Administration	629,123	555,588	484,529	71,059
Support Services - School Administration	1,525,108	1,471,979	1,464,340	7,639
Support Services - Business and Other	1,242,706	1,863,896	1,046,613	817,283
Operations and Maintenance of Plant	4,248,205	3,946,093	3,861,407	84,686
Operation of Noninstructional Services	95,449	84,149	83,507	642
Total Regular Education	20,019,325	18,978,489	17,952,091	1,026,398
Special Education:				
Instruction	4,286,266	3,905,430	3,887,907	17,523
Support Services - Students	1,968,306	1,947,867	2,003,008	(55,141)
Support Services - Instructional Staff	240	502	308	194
Support Services - Business and Other	660	-	-	-
Total Special Education	6,255,472	5,853,799	5,891,223	(37,424)
Pupil Transportation:				
Student Transportation Services	1,838,977	1,848,669	1,854,152	(5,483)
Total Pupil Transportation	1,838,977	1,848,669	1,854,152	(5,483)
Total Expenditures	28,113,774	26,680,957	25,697,466	983,491
<b>NET CHANGE IN FUND BALANCES</b>	(28,113,774)	(26,680,957)	(1,582)	26,679,375
Fund Balances - Beginning of Year	-	-	874,616	874,616
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (28,113,774)</u>	<u>\$ (26,680,957)</u>	<u>\$ 873,034</u>	<u>\$ 27,553,991</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 2,440,528	\$ 2,440,528
Investment Earnings	-	-	22,803	22,803
Other	-	-	1,117	1,117
Total Revenues	-	-	2,464,448	2,464,448
<b>EXPENDITURES</b>				
Instruction	2,449,234	2,867,639	881,917	1,985,722
Support Services				
Students	-	-	513,943	(513,943)
Instructional Staff	-	-	656,097	(656,097)
School Administration	-	-	1,275	(1,275)
Business and Other Support Services	-	-	359,728	(359,728)
Student Transportation	-	-	2,959	(2,959)
Total Expenditures	2,449,234	2,867,639	2,415,919	451,720
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,449,234)	(2,867,639)	48,529	2,916,168
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(37,965)	(37,965)
<b>NET CHANGE IN FUND BALANCES</b>	(2,449,234)	(2,867,639)	10,564	2,878,203
Fund Balances - Beginning of Year	-	-	107,118	107,118
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (2,449,234)</u>	<u>\$ (2,867,639)</u>	<u>\$ 117,682</u>	<u>\$ 2,985,321</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**OTHER SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 543,707	\$ 543,707
Contributions and Donations	-	-	122,508	122,508
Investment Earnings	-	-	13,941	13,941
Other	-	-	940,018	940,018
Total Revenues	-	-	1,620,174	1,620,174
<b>EXPENDITURES</b>				
Instruction	3,635,000	3,635,000	591,224	3,043,776
Support Services:				
Students	-	-	9,243	(9,243)
Instructional Staff	-	-	93,375	(93,375)
Business and Other Support Services	-	-	2,827	(2,827)
Operations and Maintenance of Plant	-	-	281,343	(281,343)
Student Transportation	-	-	37,631	(37,631)
Operation of Noninstructional Services	-	-	520,715	(520,715)
Total Expenditures	3,635,000	3,635,000	1,536,358	2,098,642
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,635,000)	(3,635,000)	83,816	3,718,816
Fund Balances - Beginning of Year	-	-	2,650,212	2,650,212
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (3,635,000)</u>	<u>\$ (3,635,000)</u>	<u>\$ 2,734,028</u>	<u>\$ 6,369,028</u>



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 1 BASIS OF ACCOUNTING**

The District's adopted budget is prepared on a basis consistent with U.S. generally accepted accounting principles, with the following exceptions:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget.
- 2) Arizona school districts are allowed to analyze budget capacity at year-end and are able to charge certain allowable expenditures for the subsequent year against the current year budget during the 60-day encumbrance period.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources, and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 27,562,159	\$ 27,344,225	\$ 184,734	\$ 7,917,649	\$ 8,320,317
Non Maintenance and Operation Activity Included in General Fund	(1,866,275)	(1,566,439)	(184,734)	(5,834,981)	(6,319,551)
Items Charged to Budget During Prior Year Encumbrance Period	-	(80,320)	-	(1,208,052)	(1,127,732)
Budgetary Comparison Schedule - General Fund	<u>\$ 25,695,884</u>	<u>\$ 25,697,466</u>	<u>\$ -</u>	<u>\$ 874,616</u>	<u>\$ 873,034</u>

THIS PAGE BLANK

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

THIS PAGE BLANK

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

*Instructional Improvement Fund* - accounts for the revenues and expenditures for state apportioned Indian Gaming monies.

*Classroom Site Fund* - accounts for the revenues and expenditures of state apportioned education sales tax monies.

*Food Service Fund* - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions. This is funded primarily through federal grants and charges for meals served

### **CAPITAL PROJECTS FUNDS**

*Adjacent Ways Fund* - accounts for transactions relating to resources restricted to finance the improvement of public ways adjacent to school property.

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

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	Special Revenue			
	Instructional Improvement	Classroom Site	Food Service	Total Special Revenue Funds
<b>ASSETS</b>				
Cash and Investments	\$ 454,352	\$ 1,488,126	\$ 672,896	\$ 2,615,374
Receivables				
Intergovernmental	87,582	378,573	-	466,155
Total Assets	<u>\$ 541,934</u>	<u>\$ 1,866,699</u>	<u>\$ 672,896</u>	<u>\$ 3,081,529</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 1,352	\$ 1,352
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,352</u>	<u>1,352</u>
<b>FUND BALANCES</b>				
Restricted	541,934	1,866,699	671,544	3,080,177
Total Fund Balances	<u>541,934</u>	<u>1,866,699</u>	<u>671,544</u>	<u>3,080,177</u>
Total Liabilities and Fund Balances	<u>\$ 541,934</u>	<u>\$ 1,866,699</u>	<u>\$ 672,896</u>	<u>\$ 3,081,529</u>

<u>Capital Projects</u>			Total Nonmajor Governmental Funds
<u>Adjacent Ways</u>	<u>Building Renewal</u>	<u>Total Capital Projects Funds</u>	
\$ 1,561,925	\$ 69,252	\$ 1,631,177	\$ 4,246,551
-	-	-	466,155
<u>\$ 1,561,925</u>	<u>\$ 69,252</u>	<u>\$ 1,631,177</u>	<u>\$ 4,712,706</u>
\$ -	\$ 68,338	\$ 68,338	\$ 69,690
-	68,338	68,338	69,690
1,561,925	914	1,562,839	4,643,016
<u>1,561,925</u>	<u>914</u>	<u>1,562,839</u>	<u>4,643,016</u>
<u>\$ 1,561,925</u>	<u>\$ 69,252</u>	<u>\$ 1,631,177</u>	<u>\$ 4,712,706</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCES  
YEAR ENDED JUNE 30, 2019**

	Special Revenue			
	Instructional Improvement	Classroom Site	Food Services	Total Special Revenue Funds
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	196,850	2,271,438	1,195,476	3,663,764
Food Service Sales	-	-	541,432	541,432
Investment Earnings	7,462	33,892	9,936	51,290
Other	-	-	45	45
Total Revenues	204,312	2,305,330	1,746,889	4,256,531
<b>EXPENDITURES</b>				
Current				
Instruction	106,493	1,996,240	-	2,102,733
Support Services				
Instructional Staff	35,372	122,430	-	157,802
Operations and Maintenance of Plant	-	-	-	-
Operation of Noninstructional Services	-	-	1,558,003	1,558,003
Capital Outlay				
Facilities Acquisition	-	-	-	-
Total Expenditures	141,865	2,118,670	1,558,003	3,818,538
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	62,447	186,660	188,886	437,993
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(146,769)	(146,769)
<b>NET CHANGE IN FUND BALANCES</b>	62,447	186,660	42,117	291,224
Fund Balances - Beginning of Year	479,487	1,680,039	629,427	2,788,953
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 541,934</u>	<u>\$ 1,866,699</u>	<u>\$ 671,544</u>	<u>\$ 3,080,177</u>



Capital Projects			
Adjacent Ways	Building Renewal	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 83	\$ -	\$ 83	\$ 83
-	1,103,958	1,103,958	4,767,722
-	-	-	541,432
10,268	651	10,919	62,209
-	-	-	45
10,351	1,104,609	1,114,960	5,371,491
-	-	-	2,102,733
-	-	-	157,802
-	33,836	33,836	33,836
-	-	-	1,558,003
509,413	1,070,122	1,579,535	1,579,535
509,413	1,103,958	1,613,371	5,431,909
(499,062)	651	(498,411)	(60,418)
-	-	-	(146,769)
(499,062)	651	(498,411)	(207,187)
2,060,987	263	2,061,250	4,850,203
\$ 1,561,925	\$ 914	\$ 1,562,839	\$ 4,643,016

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 3,215,132	\$ 3,215,132
Investment Earnings	-	-	160,572	160,572
Total Revenues	-	-	3,375,704	3,375,704
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	1,915,000	1,915,000	1,915,000	-
Interest on Long-term Debt	1,258,981	1,258,981	1,180,143	78,838
Total Expenditures	3,173,981	3,173,981	3,095,143	78,838
<b>NET CHANGE IN FUND BALANCE</b>	(3,173,981)	(3,173,981)	280,561	3,454,542
Fund Balances - Beginning of Year	-	-	337,049	337,049
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (3,173,981)</u>	<u>\$ (3,173,981)</u>	<u>\$ 617,610</u>	<u>\$ 3,791,591</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BOND BUILDING FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>EXPENDITURES</b>				
Instruction	\$ -	\$ -	\$ 1,333,427	\$ (1,333,427)
Support Services				
Business and Other Support Services	-	-	27,350	(27,350)
Operations and Maintenance of Plant	-	-	200,350	(200,350)
Student Transportation	-	-	745,679	(745,679)
Debt Service				
Issuance Costs	-	-	278,824	(278,824)
Capital Outlay				
Facilities Acquisition	16,727,251	16,727,251	11,499,734	5,227,517
Total Expenditures	16,727,251	16,727,251	14,085,364	2,641,887
Excess (Deficiency) of Revenue Over Expenditures	(16,727,251)	(16,727,251)	(14,085,364)	2,641,887
<b>Other Financing Sources (Uses)</b>				
Issuance of Long-term Debt	-	-	12,935,000	12,935,000
Premium on Issuance of Long-term Debt	-	-	1,856,496	1,856,496
Total Other Finance Sources (Uses)	-	-	14,791,496	14,791,496
<b>NET CHANGE IN FUND BALANCE</b>	(16,727,251)	(16,727,251)	706,132	17,433,383
Fund Balances - Beginning of Year	-	-	13,702,430	13,702,430
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (16,727,251)</u>	<u>\$ (16,727,251)</u>	<u>\$ 14,408,562</u>	<u>\$ 31,135,813</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**INSTRUCTIONAL IMPROVEMENT FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 196,850	\$ 196,850
Investment Earnings	-	-	7,462	7,462
Total Revenues	-	-	204,312	204,312
<b>EXPENDITURES</b>				
Instruction	365,000	365,000	106,493	258,507
Support Services				
Instructional Staff	-	-	35,372	(35,372)
Total Expenditures	365,000	365,000	141,865	223,135
<b>NET CHANGE IN FUND BALANCE</b>	(365,000)	(365,000)	62,447	427,447
Fund Balances - Beginning of Year	-	-	479,487	479,487
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (365,000)</u>	<u>\$ (365,000)</u>	<u>\$ 541,934</u>	<u>\$ 906,934</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CLASSROOM SITE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 2,271,438	\$ 2,271,438
Investment Earnings	-	-	33,892	33,892
Total Revenues	-	-	2,305,330	2,305,330
<b>EXPENDITURES</b>				
Instruction	3,298,512	3,386,131	1,996,240	1,389,891
Support Services				
Instructional Staff	316,672	286,672	122,430	164,242
Total Expenditures	3,615,184	3,672,803	2,118,670	1,554,133
<b>NET CHANGE IN FUND BALANCE</b>	(3,615,184)	(3,672,803)	186,660	3,859,463
Fund Balance - Beginning of Year	-	-	1,680,039	1,680,039
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (3,615,184)</u>	<u>\$ (3,672,803)</u>	<u>\$ 1,866,699</u>	<u>\$ 5,539,502</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,195,476	\$ 1,195,476
Food Service Sales	-	-	541,432	541,432
Investment Earnings	-	-	9,936	9,936
Other	-	-	45	45
Total Revenues	-	-	1,746,889	1,746,889
<b>EXPENDITURES</b>				
Operation of Noninstructional Services	1,500,000	1,500,000	1,558,003	(58,003)
Total Expenditures	1,500,000	1,500,000	1,558,003	(58,003)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,500,000)	(1,500,000)	188,886	1,688,886
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(146,769)	(146,769)
<b>NET CHANGE IN FUND BALANCE</b>	(1,500,000)	(1,500,000)	42,117	1,542,117
Fund Balances -Beginning of Year	-	-	629,427	629,427
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ 671,544</u>	<u>\$ 2,171,544</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ADJACENT WAYS FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 83	\$ 83
Investment Earnings	-	-	10,268	10,268
Total Revenues	-	-	10,351	10,351
<b>EXPENDITURES</b>				
Facilities Acquisition	2,100,000	2,100,000	509,413	1,590,587
Total Expenditures	2,100,000	2,100,000	509,413	1,590,587
<b>NET CHANGE IN FUND BALANCE</b>	(2,100,000)	(2,100,000)	(499,062)	1,600,938
Fund Balances - Beginning of Year	-	-	2,060,987	2,060,987
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (2,100,000)</u>	<u>\$ (2,100,000)</u>	<u>\$ 1,561,925</u>	<u>\$ 3,661,925</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BUILDING RENEWAL FUND**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,103,958	\$ 1,103,958
Investment Earnings	-	-	651	651
Total Revenue	-	-	1,104,609	1,104,609
<b>EXPENDITURES</b>				
Support Services				
Operations and Maintenance of Plant	500,000	500,000	33,836	466,164
Capital Outlay				
Facilities Acquisition	-	-	1,070,122	(1,070,122)
Total Expenditures	500,000	500,000	1,103,958	(603,958)
<b>NET CHANGE IN FUND BALANCE</b>	(500,000)	(500,000)	651	500,651
Fund Balances - Beginning of Year	-	-	263	263
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ 914</u>	<u>\$ 500,914</u>



## **AGENCY FUNDS**

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

*Insurance Fund* - accounts for monies held to pay insurance premiums of the District and District employees.

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2019**

	<u>Student Activities</u>	<u>Insurance</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Investments	<u>\$      103,618</u>	<u>\$      38,927</u>	<u>\$     142,545</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$      103,618	\$              -	\$      103,618
Due to Other Entities	-	38,927	38,927
Total Liabilities	<u>\$      103,618</u>	<u>\$      38,927</u>	<u>\$     142,545</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FISCAL YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Student Activities Fund</b>				
Assets				
Cash and Investments	\$ 70,872	\$ 264,519	\$ (231,773)	\$ 103,618
Total Assets	<u>\$ 70,872</u>	<u>\$ 264,519</u>	<u>\$ (231,773)</u>	<u>\$ 103,618</u>
Liabilities				
Combs High School	\$ 13,056	\$ 177,910	\$ (138,910)	\$ 52,056
Elementary/Middle School	57,816	86,609	(92,863)	51,562
Total Liabilities	<u>\$ 70,872</u>	<u>\$ 264,519</u>	<u>\$ (231,773)</u>	<u>\$ 103,618</u>
<b>Insurance</b>				
Assets				
Cash and Investments	\$ 46,442	\$ 219,018	\$ (226,533)	\$ 38,927
Total Assets	<u>\$ 46,442</u>	<u>\$ 219,018</u>	<u>\$ (226,533)</u>	<u>\$ 38,927</u>
Liabilities				
Due to Other Entities	\$ 46,442	\$ 219,018	\$ (226,533)	\$ 38,927
Total Liabilities	<u>\$ 46,442</u>	<u>\$ 219,018</u>	<u>\$ (226,533)</u>	<u>\$ 38,927</u>
<b>Total Agency Funds</b>				
Assets				
Cash and Investments	\$ 117,314	\$ 483,537	\$ (458,306)	\$ 142,545
Total Assets	<u>\$ 117,314</u>	<u>\$ 483,537</u>	<u>\$ (458,306)</u>	<u>\$ 142,545</u>
Liabilities				
Due to Student Groups	\$ 70,872	\$ 264,519	\$ (231,773)	\$ 103,618
Due to Other Entities	46,442	219,018	(226,533)	38,927
Total Liabilities	<u>\$ 117,314</u>	<u>\$ 483,537</u>	<u>\$ (458,306)</u>	<u>\$ 142,545</u>

## **STATISTICAL SECTION (UNAUDITED)**

This section of the J.O. Combs Unified School District No. 44's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

*See the table of contents for page numbers of the schedules that encompass the above sections.*

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 77,488,114	\$ 77,230,510	\$ 75,230,510	\$ 73,235,951	\$ 70,573,331	\$ 69,821,918	\$ 67,655,343	\$ 67,422,629	\$ 65,320,933	\$ 64,900,047
Restricted	6,530,810	3,974,094	5,269,564	5,503,999	6,331,527	6,867,348	7,167,908	7,087,963	8,073,624	8,211,580
Unrestricted	10,588,144	13,276,112	13,272,416	14,812,783	16,135,947	(12,288,172)	(11,237,501)	(12,811,403)	(12,737,298)	(11,375,551)
Total governmental activities net position	<u>\$ 94,607,068</u>	<u>\$ 94,480,716</u>	<u>\$ 93,772,490</u>	<u>\$ 93,552,733</u>	<u>\$ 93,040,805</u>	<u>\$ 64,401,094</u>	<u>\$ 63,585,750</u>	<u>\$ 61,699,189</u>	<u>\$ 60,657,259</u>	<u>\$ 61,736,076</u>

Source: District's Business Services Department.

Note: The decrease in unrestricted net position beginning in fiscal year 2015 was due to the implementation of GASB Statement No. 68.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 16,918,781	\$ 15,715,448	\$ 15,423,485	\$ 15,908,616	\$ 17,399,040	\$ 16,190,177	\$ 16,890,936	\$ 17,500,802	\$ 19,896,001	\$ 20,769,716
Support services:										
Students	2,273,983	2,168,281	2,421,165	2,734,548	2,666,387	2,919,397	3,093,068	3,481,900	3,585,236	3,554,421
Instructional staff	562,584	499,416	379,936	780,531	733,168	840,162	967,056	1,159,890	1,327,830	1,570,774
General administration	572,550	445,087	477,250	414,720	437,159	446,469	590,452	509,576	458,087	478,728
School administration	1,219,769	1,452,019	1,473,185	1,314,880	1,299,200	1,336,275	1,327,670	1,397,801	1,337,916	1,394,366
Business and other support services	1,437,209	1,260,660	1,464,055	1,610,292	1,579,311	1,684,606	1,912,858	1,807,175	2,271,395	1,887,746
Operation and maintenance of plant	3,575,154	3,834,051	3,821,093	3,769,561	3,793,268	3,900,438	3,925,009	4,311,744	4,406,973	3,976,742
Student transportation	1,675,611	1,761,649	1,866,180	1,815,774	2,034,080	1,988,433	1,862,508	2,085,647	2,233,477	2,173,202
Operation of noninstructional services	1,421,921	1,370,068	1,275,820	1,395,785	1,362,264	1,518,938	1,874,247	1,923,647	1,906,820	2,090,522
Interest on long-term debt	911,606	845,165	808,070	1,083,820	782,269	728,873	656,003	725,321	1,020,409	1,433,800
Total governmental activities	30,569,168	29,351,844	29,410,239	30,828,527	32,086,146	31,553,768	33,099,807	34,903,503	38,444,144	39,330,017
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Operation of noninstructional services	674,388	698,786	690,969	672,104	614,710	677,869	639,429	697,709	757,955	788,028
Operating grants and contributions	5,926,578	3,602,854	3,390,765	4,026,374	5,284,639	5,628,032	6,188,961	6,077,170	6,790,642	7,002,054
Capital grants and contributions	607,624	553,738	197,154	382,615	192,305	14,354	21,766	63,586	259,030	1,103,958
Total governmental activities										
program revenues	\$ 7,208,590	\$ 4,855,378	\$ 4,278,888	\$ 5,081,093	\$ 6,091,654	\$ 6,320,255	\$ 6,850,156	\$ 6,838,465	\$ 7,807,627	\$ 8,894,040

(Continued)



	Fiscal Year									
(Concluded)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (23,360,578)	\$ (24,496,466)	\$ (25,131,351)	\$ (25,747,434)	\$ (25,994,492)	\$ (25,233,513)	\$ (26,249,651)	\$ (28,065,038)	\$ (30,636,517)	\$ (30,435,977)
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Property taxes	9,937,711	6,180,583	6,846,289	6,874,949	6,641,961	5,552,013	5,834,156	5,934,590	8,256,244	9,192,265
Unrestricted grants and contributions	16,895,493	17,367,979	16,804,490	17,787,156	17,887,700	18,002,890	18,720,022	19,223,147	20,225,697	20,896,938
Investment earnings	343,912	68,478	37,070	27,625	34,027	57,383	90,895	101,470	225,449	402,141
Other	328,935	753,074	735,276	837,947	918,876	837,699	789,234	919,270	887,197	1,023,450
Total governmental activities:	<u>27,506,051</u>	<u>24,370,114</u>	<u>24,423,125</u>	<u>25,527,677</u>	<u>25,482,564</u>	<u>24,449,985</u>	<u>25,434,307</u>	<u>26,178,477</u>	<u>29,594,587</u>	<u>31,514,794</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 4,145,473</u>	<u>\$ (126,352)</u>	<u>\$ (708,226)</u>	<u>\$ (219,757)</u>	<u>\$ (511,928)</u>	<u>\$ (783,528)</u>	<u>\$ (815,344)</u>	<u>\$ (1,886,561)</u>	<u>\$ (1,041,930)</u>	<u>\$ 1,078,817</u>

Source: District's Business Services Department

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,893,647	-	-	-	-	-	-	-	-	-
Unassigned	-	5,843,128	6,059,998	8,071,145	9,615,077	9,222,210	8,915,497	8,198,547	7,917,649	8,320,317
Total General Fund	<u>\$ 1,893,647</u>	<u>\$ 5,843,128</u>	<u>\$ 6,059,998</u>	<u>\$ 8,071,145</u>	<u>\$ 9,615,077</u>	<u>\$ 9,222,210</u>	<u>\$ 8,915,497</u>	<u>\$ 8,198,547</u>	<u>\$ 7,917,649</u>	<u>\$ 8,320,317</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,864,836	-	-	-	-	-	-	-	-	-
Debt service funds	218,720	-	-	-	-	-	-	-	-	-
Capital projects funds	5,166,254	-	-	-	-	-	-	-	-	-
Restricted	-	4,960,767	6,049,778	5,658,339	6,480,267	6,930,951	7,156,644	14,720,934	21,647,012	22,520,898
Total all other										
governmental funds	<u>\$ 8,249,810</u>	<u>\$ 4,960,767</u>	<u>\$ 6,049,778</u>	<u>\$ 5,658,339</u>	<u>\$ 6,480,267</u>	<u>\$ 6,930,951</u>	<u>\$ 7,156,644</u>	<u>\$ 14,720,934</u>	<u>\$ 21,647,012</u>	<u>\$ 22,520,898</u>

Source: District's Business Services Department.

Note 1: The District implemented GASB statement 54 in fiscal year 2010-11 which amended the fund balance classifications.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property taxes	\$ 7,390,644	\$ 6,227,340	\$ 6,978,843	\$ 6,858,097	\$ 6,662,096	\$ 5,577,148	\$ 5,833,725	\$ 5,912,696	\$ 8,243,833	\$ 9,177,407
Intergovernmental										
Federal aid and grants	4,636,056	2,648,917	1,877,956	2,372,084	2,802,333	2,292,711	3,691,346	3,380,642	3,696,645	3,879,815
State aid and grants	17,994,725	17,901,715	17,181,786	18,244,848	18,611,410	19,524,400	19,242,428	19,690,014	21,311,221	22,895,740
County aid and grants	969,130	931,224	940,655	1,183,752	1,178,999	1,133,021	1,158,998	1,235,190	1,285,428	1,329,633
Local aid and grants	-	-	153,187	194,996	436,968	486,192	513,456	554,859	399,427	543,707
Food services sales	488,360	480,893	430,927	431,682	391,143	435,902	439,414	461,891	494,043	541,432
Auxiliary operations	186,028	217,893	260,042	240,422	223,567	241,967	200,015	235,818	263,912	246,596
Contributions and donations	227,519	117,020	195,178	244,112	334,934	208,952	309,986	503,198	582,648	354,055
Investment earnings	138,018	68,478	37,070	27,625	34,027	57,383	90,895	101,470	225,449	402,141
Other	420,614	753,074	735,276	837,947	918,876	837,699	789,234	919,270	887,197	1,023,450
Total revenues	32,451,094	29,346,554	28,790,920	30,635,565	31,594,353	30,795,375	32,269,497	32,995,048	37,389,803	40,393,976
<b>Expenditures</b>										
Current										
Instruction	14,817,586	13,453,479	12,939,877	13,713,258	14,024,151	14,012,707	15,106,481	15,559,829	17,882,259	18,742,060
Support services:										
Students	2,227,581	2,121,915	2,383,488	2,700,239	2,632,078	2,905,040	3,087,064	3,503,203	3,622,486	3,697,413
Instructional staff	554,971	491,803	372,323	772,918	725,555	839,911	978,807	1,201,423	1,348,089	1,626,940
General administration	513,673	386,210	435,661	414,720	437,159	445,075	587,122	517,917	463,366	498,553
School administration	1,217,682	1,450,063	1,471,229	1,307,278	1,299,027	1,336,015	1,338,308	1,422,283	1,366,181	1,466,493
Business and other	1,415,818	1,480,576	1,446,633	1,540,858	1,519,441	1,655,881	1,944,435	1,751,626	2,274,252	1,968,896
Operation/maintenance of plant	3,590,649	3,809,232	3,795,429	3,671,483	3,748,891	3,794,077	3,843,816	4,208,563	4,346,393	4,393,982
Student transportation	1,363,677	1,468,869	1,595,817	1,548,130	1,701,386	1,914,234	1,701,641	2,163,052	2,729,463	2,705,954
Operation of noninstructional services	1,409,122	1,359,536	1,270,336	1,384,718	1,351,196	1,512,832	1,892,031	1,916,241	1,928,236	2,167,876
Capital outlay										
Facilities acquisition/construction	1,158,222	664,285	458,635	713,645	50,095	633,277	325,536	134,539	6,488,314	13,266,784
Debt service										
Principal	1,477,362	1,323,837	476,270	430,211	939,889	942,279	1,030,000	985,000	2,045,000	1,915,000
Interest and fiscal charges	942,874	876,436	839,341	818,399	799,625	746,230	515,276	499,441	708,625	1,180,143
Bond issuance costs	-	-	-	-	-	262,134	-	187,287	300,701	278,824
Total expenditures	\$ 30,689,217	\$ 28,886,241	\$ 27,485,039	\$ 29,015,857	\$ 29,228,493	\$ 30,999,692	\$ 32,350,517	\$ 34,050,404	\$ 45,503,365	\$ 53,908,918

(Continued)

	Fiscal Year									
(Concluded)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess of revenues over (under) expenditures	\$ 1,761,877	\$ 460,313	\$ 1,305,881	\$ 1,619,708	\$ 2,365,860	\$ (204,317)	\$ (81,020)	\$ (1,055,356)	\$ (8,113,562)	\$ (13,514,942)
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	-	-	-	-	-	-	-	7,380,000	14,070,000	12,935,000
Premium on Issuance of long-term debt	-	-	-	-	-	-	-	522,696	688,742	1,856,496
Issuance of capital leases	-	200,125	-	-	-	-	-	-	-	-
Proceeds of refunding debt issuance	-	-	-	-	-	14,681,610	-	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	(14,419,476)	-	-	-	-
Transfers in	187,113	218,981	276,283	356,192	309,688	327,258	312,368	419,678	223,930	184,734
Transfers out	(187,113)	(218,981)	(276,283)	(356,192)	(309,688)	(327,258)	(312,368)	(419,678)	(223,930)	(184,734)
Total other financing sources (uses)	-	200,125	-	-	-	262,134	-	7,902,696	14,758,742	14,791,496
Net change in fund balances	\$ 1,761,877	\$ 660,438	\$ 1,305,881	\$ 1,619,708	\$ 2,365,860	\$ 57,817	\$ (81,020)	\$ 6,847,340	\$ 6,645,180	\$ 1,276,554
Debt service as a percentage of noncapital expenditures	8.97%	7.85%	4.83%	4.41%	6.01%	5.65%	4.85%	4.42%	7.17%	7.85%

Source: District's Business Services Department.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Residential Property Value	Agricultural and Commercial Property Value	Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2010	\$ 150,507,619	\$ 45,411,921	\$ 195,919,540	\$ 13,208,732	\$ 182,710,808	5.1272	\$ 1,761,499,864	10.37 %
2011	108,686,692	40,015,194	148,701,886	13,985,526	134,716,360	4.2745	1,305,055,088	10.32
2012	91,190,341	42,798,616	133,988,957	13,595,022	120,393,935	6.7471	1,143,244,184	10.53
2013	93,550,396	42,175,804	135,726,200	18,895,936	116,830,264	6.6672	1,169,170,912	9.99
2014	92,772,080	41,319,154	134,091,234	19,847,884	114,243,350	6.5027	1,165,924,256	9.80
2015	112,222,212	44,342,717	156,564,929	20,510,405	136,054,524	4.8834	1,383,935,485	9.83
2016	119,734,193	44,748,367	164,482,560	21,912,635	142,569,925	4.8877	1,464,350,505	9.74
2017	131,471,422	48,194,876	179,666,298	24,096,707	155,569,591	4.7132	1,617,008,495	9.62
2018	145,848,571	48,548,209	194,396,780	25,433,834	168,962,946	5.7143	1,778,633,134	9.50
2019	165,319,693	49,585,641	214,905,334	26,237,893	188,667,441	5.6432	1,980,863,071	9.52

Source: Arizona Department of Revenue.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	District Direct Rates				Overlapping Rates	
	General Purposes	Capital Purposes	Debt Purposes	Total	Pinal County	Town of Queen Creek
2010	3.5106	0.4551	1.1615	5.1272	3.3575	1.9500
2011	2.8649	0.5064	0.9032	4.2745	3.9999	1.9500
2012	5.1495	0.7792	0.8184	6.7471	3.9990	1.9500
2013	4.9545	0.6388	1.0739	6.6672	3.7999	1.9500
2014	4.5707	0.5657	1.3663	6.5027	3.7999	1.9500
2015	3.6977	0.0983	1.0874	4.8834	3.7999	1.9500
2016	3.8594	-	1.0283	4.8877	3.9999	1.9500
2017	3.8381	-	0.8751	4.7132	3.8699	1.9500
2018	4.0481	0.0579	1.6083	5.7143	3.8699	1.9500
2019	3.8408	0.1787	1.6237	5.6432	3.8300	1.9500

Source: Pinal County Assessor's Office

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**2019 AND TEN YEARS PRIOR**  
**(UNAUDITED)**

Taxpayer	2019			2009*		
	Taxable Assessed Value		Percentage Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Taxable Assessed Value
Trilogy Johnson Farms Construction LLC	\$ 2,659,202	1	1.41 %	\$ 4,514,102	1	2.38 %
The Club at Encanterra LLC	1,668,934	2	0.88			
Johnson Utilities LLC	1,396,431	3	0.74	645,989	6	0.34
Relo Queen Creek LLC	1,274,498	4	0.68			
Smith's Food and Drug Centers	1,205,715	5	0.64			
Banner Ironwood Medical Center	1,006,655	6	0.53			
CR Dayton VIII LLC	769,038	7	0.41	649,747	8	0.34
38300 N Gantzel Road LLC	570,576	8	0.30			
Barclay Holdings XXXIV LLC	539,147	9	0.29			
Mound Solar Owner VLLC	514,643	10	0.27			
Fulton Homes				2,262,598	2	1.19
Southwest Rock Products LLC				1,171,430	4	0.62
H2O Inc.				1,189,840	3	0.63
Queen Creek Acres LLC				992,737	5	0.52
Maracay Parks LLC				903,672	7	0.48
Westcor/Queen Creek Commercial LLC				615,744	9	0.32
Metor Parks-1 LLC				653,328	10	0.34
Totals	<u>\$ 11,604,839</u>		<u>6.15 %</u>	<u>\$ 13,599,187</u>		<u>7.16 %</u>

Source: The Pinal County Treasurer.

\* Information for 2010 was not available.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Current Collections		Collections in Subsequent Years	Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected		Total to Date	Percentage of Levy
2010	\$ 6,944,856	\$ 6,722,356	96.80 %	\$ 222,500	\$ 6,944,856	100.00 %
2011	5,657,188	5,422,166	95.85	235,022	5,657,188	100.00
2012	6,122,367	6,009,127	98.15	113,240	6,122,367	100.00
2013	6,149,773	6,026,958	98.00	122,815	6,149,773	100.00
2014	5,893,371	5,812,086	98.62	81,285	5,893,371	100.00
2015	4,878,558	4,817,680	98.75	60,878	4,878,558	100.00
2016	5,238,024	5,179,790	98.89	58,234	5,238,024	100.00
2017	5,365,724	5,285,032	98.50	80,692	5,365,724	100.00
2018	7,580,434	7,483,563	98.72	96,871	7,580,434	100.00
2019	8,282,543	8,160,328	98.52	-	8,160,328	98.52

Source: The Pinal County Treasurer.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita	Population	Personal Income
	General Obligation Bonds	Capital Leases					
2010	\$ 18,539,682	\$ 922,361	\$ 19,462,043	221.69	\$ 790	24,628	\$ 8,779,030
2011	18,068,411	238,649	18,307,060	199.08	681	26,899	9,196,042
2012	17,637,140	162,379	17,799,519	187.83	571	31,162	9,476,500
2013	17,255,869	82,168	17,338,037	174.15	488	35,508	9,955,592
2014	16,338,513	42,279	16,380,792	154.17	439	37,294	10,625,116
2015	15,421,156	-	15,421,156	137.01	413	37,371	11,255,255
2016	15,591,871	-	15,591,871	131.83	401	38,840	11,827,274
2017	22,459,828	-	22,459,828	178.12	578	38,840	* 12,609,714
2018	35,096,320	-	35,096,320	278.33	904	38,840	12,609,714
2019	47,859,317	-	47,859,317	379.54	1,199	39,926	* 12,609,714

Sources: The District's Business Services Department for long-term debt. Population and personal income prepared in cooperation with the U.S. Department of Labor and Bureau of Labor Statistics.

Note 1: More accurate information received in the 2010 U.S. Census, which updated the demographic data

\* Information was not available so the previous year's data was used.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonded Debt	Per Capita	Total Taxable Assessed Value	Percentage of Total Taxable Assessed Value
2009	\$ 19,530,953	\$ (362,792)	\$ 19,168,161	\$ 1,397	\$ 189,793,626	10.10
2010	18,539,682	(218,720)	18,320,962	790	182,710,808	10.03
2011	18,068,411	(253,629)	17,814,782	681	134,716,360	13.22
2012	17,637,140	(162,379)	17,474,761	571	120,393,935	14.51
2013	17,255,869	(230,206)	17,025,663	488	116,830,264	14.57
2014	16,338,513	(239,170)	16,099,343	439	114,243,350	14.09
2015	15,421,156	(204,687)	15,216,469	413	136,054,524	11.18
2016	15,591,871	(170,873)	15,420,998	401	142,569,925	10.82
2017	22,459,828	(129,015)	22,330,813	578	155,569,591	14.35
2018	35,096,320	(337,049)	34,759,271	904	168,962,946	20.57
2019	47,859,317	(617,610)	47,241,707	1,199	188,667,441	25.04

Sources: The District's Business Services Department and Arizona Department of Revenue.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Overlapping Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
State of Arizona	\$ -	0.30 %	\$ -
Pinal County	-	8.01	-
Pinal County Community College District	76,730,000	8.01	6,146,073
Town of Queen Creek	-	19.72	-
Subtotal, Overlapping Debt			6,146,073
J.O. Combs Unified School District No. 44 Direct Debt			47,859,317
Total Direct and Overlapping Debt			<u>\$ 54,005,390</u>

(1) Proportion applicable to the J.O. Combs Unified School District is computed on the ratio of secondary assessed valuation for 2018-19.

Source: The various entities, Property Tax Rates and Assessed Values, Arizona Tax Research Association, State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the Assessor of the County.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total debt limit	\$ 54,813,242	\$ 40,414,908	\$ 36,118,181	\$ 35,049,079	\$ 34,273,005	\$ 40,816,357	\$ 42,770,978	\$ 46,670,877	\$ 66,183,226	\$ 71,552,368
Total applicable to limit	<u>17,981,280</u>	<u>17,506,371</u>	<u>17,304,113</u>	<u>16,779,794</u>	<u>15,870,830</u>	<u>15,005,313</u>	<u>14,824,127</u>	<u>21,260,985</u>	<u>34,759,271</u>	<u>47,241,707</u>
Legal debt margin	<u>\$ 36,831,962</u>	<u>\$ 22,908,537</u>	<u>\$ 18,814,068</u>	<u>\$ 18,269,285</u>	<u>\$ 18,402,175</u>	<u>\$ 25,811,044</u>	<u>\$ 27,946,851</u>	<u>\$ 25,409,892</u>	<u>\$ 31,423,955</u>	<u>\$ 24,310,661</u>
Total net debt applicable to the limit as a percentage of the debt limit	32.80%	43.32%	47.91%	47.88%	46.31%	36.76%	34.66%	45.56%	52.52%	66.02%
Class B debt limit	\$ 18,271,081	\$ 13,471,636	\$ 12,039,394	\$ 11,683,026	\$ 11,424,335	\$ 13,605,452	\$ 28,513,985	\$ 31,113,918	\$ 44,122,150	\$ 47,701,578
Total applicable to limit	<u>17,981,280</u>	<u>17,506,371</u>	<u>17,304,113</u>	<u>16,779,794</u>	<u>15,870,830</u>	<u>15,005,313</u>	<u>14,824,127</u>	<u>21,260,985</u>	<u>34,759,271</u>	<u>47,241,707</u>
Legal debt margin	<u>\$ 289,801</u>	<u>\$ (4,034,735)</u>	<u>\$ (5,264,719)</u>	<u>\$ (5,096,768)</u>	<u>\$ (4,446,495)</u>	<u>\$ (1,399,861)</u>	<u>\$ 13,689,858</u>	<u>\$ 9,852,933</u>	<u>\$ 9,362,879</u>	<u>\$ 459,871</u>
Total net debt applicable to the limit as a percentage of the debt limit	98.41%	129.95%	143.73%	143.63%	138.92%	110.29%	51.99%	68.33%	78.78%	99.04%

Source: The District's Business Services Department

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Net Full Cash Assessed Value	\$ 238,507,892
------------------------------	----------------

Legal debt margin:

Debt limitation - 30% of assessed value	\$ 71,552,368
---	---------------

Amount of debt applicable to debt limit:

Class A General Obligation and Refunding Bonds Outstanding	\$	-
Class B General Obligation and Refunding Bonds Outstanding		47,859,317
Less: Assets in Debt Service Fund available for payment of principal		<u>(617,610)</u>

Total amount of debt applicable to debt limit	<u>47,241,707</u>
---	-------------------

Legal debt margin	<u>\$ 24,310,661</u>
-------------------	----------------------

Class B legal debt margin

Debt limit - the greater of 20% of the net full cash assessed value or  
\$1,500 per student (ADM)

20% of net full cash assessed value	\$ 47,701,578
\$1,500 per student (ADM)	6,381,000

Amount of debt applicable to debt limit:

Class B General Obligation and Refunding Bonds Outstanding	47,859,317
Less: Assets in Debt Service Fund available for payment of principal	<u>(617,610)</u>

Total amount of debt applicable to debt limit	<u>47,241,707</u>
---	-------------------

Class B legal debt margin	<u>\$ 459,871</u>
---------------------------	-------------------

Source: Pinal County Assessor's Office

Note 1: State statutes limit the total amount of bonded debt for a unified school district to 30% of the net full cash assessed value of the District. In addition, Class B bonded debt is limited to the greater of 20% of the net full cash assessed value of the District or \$1,500 per student for a unified school district.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Pinal County Unemployment Rate
2010	24,628	\$ 8,779,030	\$ 23,140	10.90 %
2011	26,899	9,196,042	24,325	10.90
2012	31,162	9,476,500	24,785	9.10
2013	35,508	9,955,592	25,835	8.60
2014	37,294	10,625,116	26,796	7.30
2015	37,371	11,255,255	27,682	6.60
2016	38,840	11,827,274	28,492	6.30
2017	38,840 *	12,609,714	29,309	5.30 (1)
2018	38,840 *	12,609,714 *	29,309 *	4.90 (1)
2019	39,926	12,609,714 *	29,309 *	5.00 (1)

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates, Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce and U.S. Department of Labor, Bureau of Labor Statistics and State of Arizona, Department of Commerce, Research Administration, CES/LAUS Unit.

\* Data not available for the respective year. The prior years values were used.

[http://factfinder.census.gov/servlet/ADPGeoSearchByListServlet?ds\\_name=ACS\\_2009\\_5YR\\_G00\\_&\\_lang=en&\\_ts=340302604200](http://factfinder.census.gov/servlet/ADPGeoSearchByListServlet?ds_name=ACS_2009_5YR_G00_&_lang=en&_ts=340302604200)

(1) Unemployment Rate Average is from July 1 through June 30 of the respective year.

Note: Personal Income and Per Capita Personal Income are Countywide information for Pinal County

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**PRINCIPAL EMPLOYERS**  
**2019 AND TEN YEARS PRIOR**  
**(UNAUDITED)**

Employer	2019			2009*		
	Employees	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Queen Creek Unified School District No. 95	835	10.84 %	1	600	0.54 %	1
Banner Ironwood Medical Center	400	5.19	2			
Wal-Mart Distribution Center	380	4.94	3			
Canyon State Academy	305	3.96	4	215	0.19	7
Town of Queen Creek	239	3.10	5	260	0.23	4
Chandler Unified School District	200	2.60	6			
Home Depot	194	2.52	7	160	0.14	9
Target	190	2.47	8	250	0.22	5
Benjamin Franklin Charter Schools	162	2.10	9			
V & P Nurseries	140	1.82	10			
American Leadership Academy	140	1.82	10			
J.O. Combs Unified School District No. 44				445	0.40	2
Fuji Photo Film USA Inc.				400	0.36	3
Wal-Mart Inc.				225	0.20	6
TRW Automotive Systems				170	0.15	8
Safeway				105	0.09	10
Total	<u>3,185</u>	<u>41.36 %</u>		<u>2,830</u>	<u>2.52 %</u>	

2018 Source: Town of Queen Creek Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

2009 Source: Arizona Industrial Directory and Arizona Services Directory, publications of Harris InfoSource and the Town

Total Employment Source: U.S. Department of labor, Bureau of Labor Statistics and Arizona Department of Commerce, Research Administration, ES/LAUS Unit.

\* Information for 2010 was not available.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function	Full-Time Equivalent Employees									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Supervisory										
Noninstructional administrators	8	8	8	8	8	8	9	9	10	10
Consultants/supervisors of instruction	6	6	1	1	1	1	1	1	1	1
Principals	6	7	7	7	7	7	7	7	7	7
Assistant principals	7	5	7	3	3	3	2	2	2	2
Total Supervisory	<u>27</u>	<u>26</u>	<u>23</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>20</u>
Instruction										
Classroom teachers	214	224	211	217	213	214	214	208	207	208
Aids	50	64	76	77	72	72	70	71	78	75
Total instruction	<u>264</u>	<u>288</u>	<u>287</u>	<u>294</u>	<u>285</u>	<u>286</u>	<u>284</u>	<u>279</u>	<u>285</u>	<u>283</u>
Student Services										
Guidance counselors	7	7	8	6	8	8	10	7	7	7
Psychologist	3	3	7	5	8	8	5	5	5	5
Librarians	7	7	8	7	7	7	7	7	6	7
Other professionals (noninstructional)	7	7	7	9	9	9	9	9	10	11
Technicians	5	6	6	6	6	6	5	2	2	2
Total student services	<u>29</u>	<u>30</u>	<u>36</u>	<u>33</u>	<u>38</u>	<u>38</u>	<u>36</u>	<u>30</u>	<u>30</u>	<u>32</u>
Support and Administration										
Supervisors	3	3	4	3	4	4	4	4	4	5
Clerical/secretarial	29	26	27	30	30	30	32	31	31	31
Service workers	126	128	118	124	124	124	132	139	139	143
Total support and administration	<u>158</u>	<u>157</u>	<u>149</u>	<u>157</u>	<u>158</u>	<u>158</u>	<u>168</u>	<u>174</u>	<u>174</u>	<u>179</u>
Total	<u>478</u>	<u>501</u>	<u>495</u>	<u>503</u>	<u>500</u>	<u>501</u>	<u>507</u>	<u>502</u>	<u>509</u>	<u>514</u>

Source: Arizona Department of Education SDER Report.

THIS PAGE BLANK

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Total Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
2010	4,214	\$ 27,110,759	6,433	(20.23)	\$ 30,689,217	7,283	(44.97)	214.00	19.69	44.81
2011	4,027	26,021,683	6,462	0.44	28,886,241	7,173	(1.50)	199.00	20.24	47.81
2012	4,123	25,710,793	6,236	(3.50)	27,485,039	6,666	(7.07)	211.00	19.54	43.49
2013	4,290	27,053,602	6,306	1.13	29,015,857	6,764	1.46	217.00	19.77	43.49
2014	4,274	27,438,884	6,420	2.95	29,228,493	6,839	2.59	213.00	20.07	43.60
2015	4,265	28,415,772	6,663	2.95	30,737,558	7,207	8.11	213.00	20.02	40.03
2016	4,111	30,479,705	7,414	11.28	32,350,517	7,869	18.05	213.00	19.30	45.62
2017	4,321	32,244,137	7,462	0.65	34,050,404	7,880	16.51	206.00	20.98	45.57
2018	4,400	35,960,725	8,173	9.52	45,503,365	10,342	51.22	207.00	21.26	44.57
2019	4,254	37,268,167	8,761	17.40	53,908,918	12,673	85.31	208.00	20.45	41.00

Source: Data for Operating Expenditures is Total Expenditures less Debt Service and Facilities Acquisition and Construction.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Elementary Schools</b>											
Name:	Combs Traditional Academy										
Yr. Built	2000										
	Sq. Feet	N/A	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
	Enrollment	N/A	141	134	183	231	271	284	274	263	298
Name:	Ellsworth Elementary										
Yr. Built	2007										
	Sq. Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
	Enrollment	715	631	643	739	674	652	607	638	632	666
Name:	Jack W. Harmon Elementary										
Yr. Built	2005										
	Sq. Feet	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
	Enrollment	726	614	616	700	586	544	592	586	619	561
Name:	Ranch Elementary										
Yr. Built	2008										
	Sq. Feet	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
	Enrollment	491	500	522	617	599	630	576	565	513	510
Name:	Kathryn Sue Simonton										
Yr. Built	Elementary 2003										
	Sq. Feet	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234
	Enrollment	603	502	506	581	571	506	518	658	573	504

(continued)

(concluded)

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Middle Schools</b>											
Name:	J.O. Combs Middle School										
Yr. Built	2007										
Sq. Feet		96,670	96,670	96,670	96,670	96,670	96,670	96,670	96,670	96,670	96,670
Enrollment		1059	1078	1069	703	666	689	689	685	754	709
<b>High School</b>											
Name:	J.O. Combs High School										
Yr. Built	2009										
Sq. Feet		235,312	235,312	235,312	235,312	235,312	235,312	235,312	235,312	238,312	267,855
Enrollment		542	992	936	1089	1240	1253	1253	1355	1334	1366

Source: The District's Records

THIS PAGE BLANK