

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
SAN TAN VALLEY, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2018

Issued By
Business Services Department

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
SAN TAN VALLEY, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2018**

PREPARED BY

**KARLA SLOVITSKY
DIRECTOR OF BUSINESS SERVICES**

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INTRODUCTORY SECTION

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"A Community of Empowered Learners for the 21st Century"

301 E. Combs Rd., San Tan Valley, AZ 85140 • Phone 480-987-5300 • Fax 480-987-3487 • www.jocombs.org

Gayle A. Blanchard, Ed.D., Superintendent

Karla Slovitsky, Director of Business Services

December 11, 2018

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, 2018.

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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. 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, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Governing Board

*Kathy Bourgeois
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 2017-18 average daily membership was 4,395 students which are served in 5 elementary schools, 1 middle school, and 1 high school. The average age of the school buildings is 12 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 600 babies have been born annually since 2012, 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 has 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. In school year 2016, the passage of proposition 123 provided an additional \$1.2 million to the District's budget. This provides for the annual inflation funding and will help with increases of employee and benefit costs. Student enrollment over the past several years has started to increase. The District's ADM for 2017-2018 has increased 2%. The increase is with 9-12 grade levels. As the high school programs continue to expand and residential development begins to take place, the 9-12 ADM is expected to continue to grow. The enrollment for kindergarten should increase with the additional residential developments in the area.

Growth continues to be steady in the east valley Queen Creek/San Tan Valley area, with several new housing developments starting to build in late 2017 early 2018. When completed these master planned community will have over 1,400 houses.

During the spring 2017 Arizona legislative session, Governor Ducey approved a salary increase of 1.06% for classroom teachers. The criteria for who qualifies was very specific. Teachers must have taught at an Arizona district or charter school during the 2016-2017 school year and continue to teach at an Arizona district or charter school during the 2017-2018 school year in order to qualify. For the 2017-2018 school year, this was a onetime stipend.

In April 2018, the #RedforEd supporters conducted a six-day walkout. Due to the number of staff that participated, all seven schools were closed during this time. Students were not required to make-up the days missed; however, six additional workdays were required for teachers. As a result of the teacher walkout Governor Ducey created the 20X2020 plan, which was passed into law for 2018. This plan provides teachers with a 20% salary increase by 2020.

Capital funding has become a growing concern. The state continues to fund capital dollars to school districts at 20% of the actual amount. The District successfully passed a \$38.6 million dollar bond in November of 2016. The first bond sale was in May 2017, allowing the District to update technology, replace buses, maintain facilities and expand several programs at the high school. Construction for the Performing Arts facility at the high school began in December of 2017 with the completion scheduled for December of 2018.

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 2017. 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 eighth straight year the District has received this award. In addition, it is the fifth 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, 2017. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2017-18 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,

A handwritten signature in blue ink, reading "Gayle A. Blanchard".

Gayle A. Blanchard, Ed.D
Superintendent

A handwritten signature in blue ink, reading "Karla Slovisky".

Karla Slovisky
Director of Business Services

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2018

GOVERNING BOARD

Shelly Hargis
President

Kathy Bourgeois
Member

Gary F. Kemp, Ed.D.
Member

Bob D'Elena
Clerk

Patricia J. Pinckard
Member

ADMINISTRATIVE STAFF

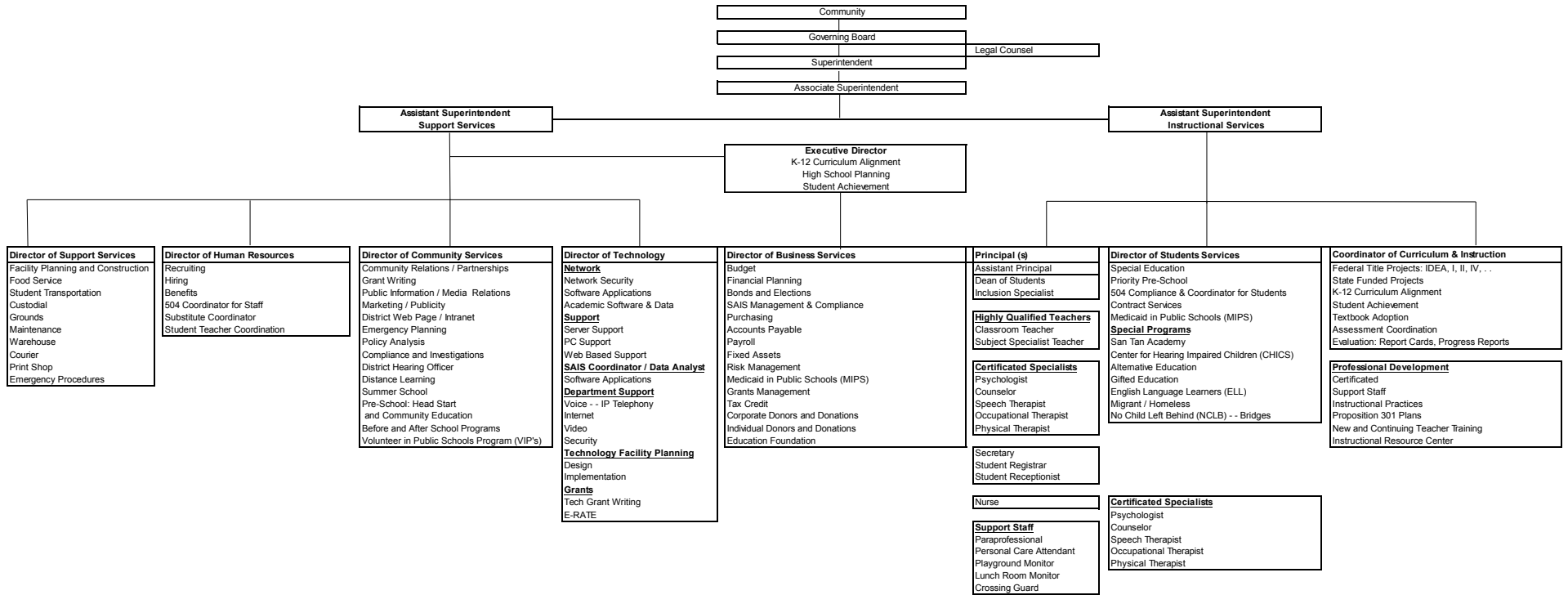
Gayle A. Blanchard, Superintendent

Karla Slovitsky, Director of Business Services

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44

ORGANIZATIONAL CHART

JUNE 30, 2018



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, 2017.

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



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

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

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2018, 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.

Emphasis of Matter

As described in Note 3.F. to the financial statements, the District restated beginning fund balances of its financial statements for the year ended June 30, 2018, to correct misstatements in its previously issued financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 11, 2018, 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 11, 2018

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REQUIRED SUPPLEMENTARY INFORMATION

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**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018.

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 \$60,657,259 (net position).
- ◆ The District's total net position decreased by \$1,041,930.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$29,564,661 an increase of \$6,645,180 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,917,649, or 29.5% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$12,025,000 (56.2%) during the current fiscal year. This increase was due to the issuance of new bonds in fiscal year 2018.

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, 2018**

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 23 - 28 of this report.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

- ◆ *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 29 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 30 – 50 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 51 - 55 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 56 - 68 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 69 - 89 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 \$60,657,259 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, 2018**

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

**Table A-1
Condensed Statement of Net Position
June 30, 2018 and 2017**

	Governmental Activities		
	2018	2017	% Change
Assets:			
Current and Other Assets	\$ 41,553,083	\$ 31,274,075	32.9 %
Capital Assets	85,831,500	81,261,907	5.6
Total Assets	<u>127,384,583</u>	<u>112,535,982</u>	13.2
Deferred Outflows of Resources	5,340,125	7,011,076	(23.8)
Liabilities:			
Current and Other Liabilities	5,347,292	1,726,402	209.7
Noncurrent Liabilities Outstanding	<u>64,843,020</u>	<u>52,509,582</u>	23.5
Total Liabilities	<u>70,190,312</u>	<u>54,235,984</u>	29.4
Deferred Inflows of Resources	<u>1,877,137</u>	<u>3,611,885</u>	(48.0)
Net Position:			
Net Investment in Capital Assets	65,320,933	67,422,629	(3.1)
Restricted	8,073,624	7,087,963	13.9
Unrestricted	<u>(12,737,298)</u>	<u>(12,811,403)</u>	(0.6)
Total Net Position	<u>\$ 60,657,259</u>	<u>\$ 61,699,189</u>	(1.7)

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, 2018**

Changes in Net Position

Overall, net position decreased \$1,041,930 or 1.7%. Key elements of this decrease are as follows:

**Table A-2
Changes in Net Position
Years Ended June 30, 2018 and 2017**

	Governmental Activities		
	2018	2017	% Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 757,955	\$ 697,709	8.6 %
Operating Grants and Contributions	6,790,642	6,077,170	11.7
Capital Grants and Contributions	259,030	63,586	307.4
General Revenues:			
Property Taxes	8,256,244	5,934,590	39.1
Grants and Contributions Not Restricted to Specific Programs			
State Equalization and Additional State Aid	18,648,774	17,722,433	5.2
County Equalization	1,285,428	1,235,190	4.1
Federal Aid Not Restricted	291,495	265,524	9.8
Investment Earnings	225,449	101,470	122.2
Other	887,197	919,270	(3.5)
Total Revenues	37,402,214	33,016,942	13.3
EXPENSES			
Instruction	19,896,001	17,500,802	13.7
Support Services:			
Students	3,585,236	3,481,900	3.0
Instructional Staff	1,327,830	1,159,890	14.5
General Administration	458,087	509,576	(10.1)
School Administration	1,337,916	1,397,801	(4.3)
Business and Other Support Services	2,271,395	1,807,175	25.7
Operation and Maintenance of Plant	4,406,973	4,311,744	2.2
Student Transportation	2,233,477	2,085,647	7.1
Operation of Noninstructional Services	1,906,820	1,923,647	(0.9)
Interest on Long-Term Debt	1,020,409	725,321	40.7
Total Expenses	38,444,144	34,903,503	10.1
CHANGE IN NET POSITION	(1,041,930)	(1,886,561)	44.8
Net Position - Beginning of Year	61,699,189	63,585,750	(3.0)
NET POSITION - END OF YEAR	<u>\$ 60,657,259</u>	<u>\$ 61,699,189</u>	(1.7) %

Program revenues made up of charges for services, operating grants and contributions and capital grants and contributions increased from the prior year by \$969,162. 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, 2018**

General revenues made up of property taxes, equalization, interest, and other revenue increased from the prior year by \$3,416,110 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 \$29,564,661, an increase of \$6,645,180 in comparison with the prior year. Of this amount \$7,917,649 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, 2018, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2016-17
General Fund	\$ 7,917,649	\$ (138,712)
Special Projects Fund	107,118	87,827
Other Special Revenue Fund	2,650,212	106,766
Debt Service Fund	337,049	208,034
Bond Building	13,702,430	6,053,536
Nonmajor Governmental Funds	4,850,203	327,729

The General Fund decrease of \$138,712 was due to the District having increased personnel costs.

The Special Projects Fund increase of \$87,827 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 \$106,766 was due to fewer costs related to its Civic Center function.

The Debt Service Fund increase of \$208,034 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, 2018**

The Bond Building Fund increase of \$6,053,536 was due to the District issuing new bonds near year-end.

The Nonmajor Governmental Funds increase of \$327,729 was mainly due to the District carrying over Classroom Site Fund monies.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$110,341. 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 \$987,573 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, 2018, amounts to \$85,831,500 (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 5.6%.

Major capital asset events during the fiscal year included construction of an auditorium and field house, purchases of several buses and purchases of various furniture and equipment items.

**Table A-4
Capital Assets (Net)
June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
Land	\$ 1,956,112	\$ 1,956,162
Construction in Progress	5,000,354	30,864
Land Improvements	1,049,590	613,002
Buildings and Improvements	76,107,977	77,624,351
Furniture, Equipment, and Vehicles	1,717,467	1,037,528
Total Capital Assets, Net	<u>\$ 85,831,500</u>	<u>\$ 81,261,907</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, 2018**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$33,415,000. This debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Bonded Debt
June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
General Obligation Bonds	<u>\$ 33,415,000</u>	<u>\$ 21,390,000</u>

The District's bonded debt increased by \$12,025,000 (56.2%) during the current fiscal year. This increase was due to the District issuing new bonds in fiscal year 2018.

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 current debt limitations for the District are \$31,423,955 and \$9,362,879, respectively. Net bonded debt outstanding (par value of bonds outstanding less funds available in the Debt Service Fund) at June 30, 2018 is \$34,759,271.

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 85% at the state. Legislation was passed to add back the capital funding over the next 5 years.
- ◆ Approximate 7% 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 will open for student classes starting in January 2019.
- ◆ 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.

All of these factors were considered in preparing the District's budget for the 2019 fiscal year.

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, 301 East Combs Road, San Tan Valley, Arizona, 85140.

BASIC FINANCIAL STATEMENTS

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Investments	\$ 9,961,045
Cash with Paying Agent	2,398,588
Restricted Assets	16,258,854
Receivables:	
Property Taxes	96,291
Intergovernmental	6,275,022
Prepays	6,461,791
Net OPEB Asset	101,492
Capital Assets:	
Non-Depreciable	6,956,466
Depreciable, Net	78,875,034
Total Assets	<u>127,384,583</u>
Deferred Outflows of Resources	
Related to OPEB	112,547
Related to Pensions	4,344,255
Debt Refunding	883,323
Total Deferred Outflows of Resources	<u>5,340,125</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	389,675
Construction Contracts Payable	2,556,424
Accrued Wages and Benefits	2,605
Accrued Interest	353,588
Matured Debt Principal Payable	2,045,000
Long-Term Liabilities:	
Net Pension Liability	29,264,926
Net OPEB Liability	67,703
Due Within One Year	2,139,107
Due in More Than One Year	33,371,284
Total Liabilities	<u>70,190,312</u>
Deferred Inflows of Resources	
Related to OPEB	124,539
Related to Pensions	1,752,598
Total Deferred Inflows of Resources	<u>1,877,137</u>
NET POSITION	
Net Investment in Capital Assets	65,320,933
Restricted	
Instructional Improvement	479,487
Teacher Compensation Programs	1,680,039
Federal and State Instructional Programs	107,118
OPEB Benefits	101,492
Food Service	629,427
Debt Service	364,599
Capital Projects	2,061,250
Community Programs	834,829
Instructional Aides	16,486
Vocational Education Programs	1,406,568
Noninstructional Programs	392,329
Unrestricted	(12,737,298)
Total Net Position	<u><u>\$ 60,657,259</u></u>

See accompanying Notes to Financial Statements.

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

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
Primary Government:					
Governmental Activities:					
Instruction	\$ 19,896,001	\$ -	\$ 3,887,326	\$ 259,030	\$ (15,749,645)
Support Services:					
Students	3,585,236	-	528,239	-	(3,056,997)
Instructional Staff	1,327,830	-	646,727	-	(681,103)
General Administration	458,087	-	31,864	-	(426,223)
School Administration	1,337,916	-	2,349	-	(1,335,567)
Business and Other Support Services	2,271,395	-	633,001	-	(1,638,394)
Operation and Maintenance of Plant	4,406,973	-	1,266	-	(4,405,707)
Student Transportation	2,233,477	-	4,462	-	(2,229,015)
Operation of Noninstructional Services	1,906,820	757,955	1,055,408	-	(93,457)
Interest on Long-Term Debt	1,020,409	-	-	-	(1,020,409)
Total	<u>\$ 38,444,144</u>	<u>\$ 757,955</u>	<u>\$ 6,790,642</u>	<u>\$ 259,030</u>	<u>(30,636,517)</u>
GENERAL REVENUES					
Property Taxes					8,256,244
Grants and Contributions Not Restricted to Specific Programs					
State Equalization and Additional State Aid					18,648,774
County Equalization					1,285,428
Federal Aid not Restricted					291,495
Investment Earnings					225,449
Other					887,197
Total General Revenues					<u>29,594,587</u>
CHANGE IN NET POSITION					(1,041,930)
Net Position - Beginning of Year					<u>61,699,189</u>
NET POSITION - END OF YEAR					<u>\$ 60,657,259</u>

See accompanying Notes to Financial Statements.

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Projects	Other Special Revenue
ASSETS			
Cash and Investments	\$ 2,207,740	\$ 8,378	\$ 2,659,840
Cash with Paying Agent	-	-	-
Restricted Assets	-	-	-
Receivables:			
Property Taxes	62,287	-	-
Intergovernmental	5,760,202	203,801	-
Due from Other Funds	215,668	-	-
Total Assets	<u>\$ 8,245,897</u>	<u>\$ 212,179</u>	<u>\$ 2,659,840</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 275,945	\$ 32,497	\$ 9,322
Construction Contracts Payable	-	-	-
Accrued Wages and Benefits	2,006	167	306
Accrued Interest	-	-	-
Due to Other Funds	-	72,397	-
Matured Debt Principal Payable	-	-	-
Total Liabilities	<u>277,951</u>	<u>105,061</u>	<u>9,628</u>
Deferred Inflows of Resources			
Unavailable Revenue	50,297	-	-
FUND BALANCES			
Restricted	-	107,118	2,650,212
Unassigned	7,917,649	-	-
Total Fund Balance	<u>7,917,649</u>	<u>107,118</u>	<u>2,650,212</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 8,245,897</u>	<u>\$ 212,179</u>	<u>\$ 2,659,840</u>

See accompanying Notes to Financial Statements.

Debt Service	Bond Building	Nonmajor Governmental Funds	Totals
\$ 330,595	\$ -	\$ 4,754,492	\$ 9,961,045
2,398,588	-	-	2,398,588
-	16,258,854	-	16,258,854
34,004	-	-	96,291
-	-	311,019	6,275,022
-	-	-	215,668
<u>\$ 2,763,187</u>	<u>\$ 16,258,854</u>	<u>\$ 5,065,511</u>	<u>\$ 35,205,468</u>

\$ -	\$ -	\$ 71,911	\$ 389,675
-	2,556,424	-	2,556,424
-	-	126	2,605
353,588	-	-	353,588
-	-	143,271	215,668
<u>2,045,000</u>	<u>-</u>	<u>-</u>	<u>2,045,000</u>
2,398,588	2,556,424	215,308	5,562,960

27,550	-	-	77,847
337,049	13,702,430	4,850,203	21,647,012
-	-	-	7,917,649
<u>337,049</u>	<u>13,702,430</u>	<u>4,850,203</u>	<u>29,564,661</u>
<u>\$ 2,763,187</u>	<u>\$ 16,258,854</u>	<u>\$ 5,065,511</u>	<u>\$ 35,205,468</u>

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**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances for Governmental Funds	\$ 29,564,661
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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.	77,847
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	112,969,953
Less Accumulated Depreciation	(27,138,453)
Capital Assets Used in Governmental Activities	85,831,500

Prepaid rent is not a financial resource and therefore is not reported in the governmental funds.	6,461,791
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Net OPEB assets are not current resources and therefore are not reported in the governmental funds.	101,492
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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	4,456,802
Deferred Inflows of Resources Related to Pensions and OPEB	(1,877,137)

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	(33,415,000)
Premium on Bonds	(1,681,320)
Deferred Amount on Refunding	883,323
Net Pension Liability	(29,264,926)
Net OPEB Liability	(67,703)
Compensated Absences	(414,071)

Total Net Position of Governmental Activities	\$ 60,657,259
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J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Special Projects	Other Special Revenue
REVENUES			
Property Taxes	\$ 5,355,511	\$ -	\$ -
Intergovernmental	20,225,697	2,499,318	399,427
Food Service Sales	-	-	-
Auxiliary Operations	263,912	-	-
Contributions and Donations	417,806	-	164,842
Investment Earnings	101,588	1,272	9,050
Other	103,389	-	783,559
Total Revenues	<u>26,467,903</u>	<u>2,500,590</u>	<u>1,356,878</u>
EXPENDITURES			
Current:			
Instruction	13,407,235	831,605	576,263
Support Services:			
Students	3,126,174	462,166	4,903
Instructional Staff	672,688	408,133	88,115
General Administration	427,162	29,707	6,497
School Administration	1,363,991	2,190	-
Business and Other Support Services	1,651,609	590,157	3,678
Operations and Maintenance of Plant	4,179,808	1,180	48,222
Student Transportation	1,869,580	4,160	35,240
Operation of Noninstructional Services	111,819	858	487,194
Debt Service:			
Principal Retirement	-	-	-
Interest on Long-Term Debt	-	-	-
Issuance Costs	-	-	-
Capital Outlay:			
Facilities Acquisition	20,479	1,948	-
Total Expenditures	<u>26,830,545</u>	<u>2,332,104</u>	<u>1,250,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(362,642)	168,486	106,766
OTHER FINANCING SOURCES (USES)			
Transfers In	223,930	-	-
Transfers Out	-	(80,659)	-
Issuance of Long-Term Debt	-	-	-
Premium on Issuance of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	<u>223,930</u>	<u>(80,659)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(138,712)	87,827	106,766
Fund Balances - Beginning of Year, as Restated	8,056,361	19,291	2,543,446
FUND BALANCES - END OF YEAR	<u><u>\$ 7,917,649</u></u>	<u><u>\$ 107,118</u></u>	<u><u>\$ 2,650,212</u></u>

See accompanying Notes to Financial Statements.

Bond Building	Nonmajor Governmental Funds	Totals
\$ -	\$ 110	\$ 8,243,833
-	3,568,279	26,692,721
-	494,043	494,043
-	-	263,912
-	-	582,648
-	40,092	225,449
-	249	887,197
-	4,102,773	37,389,803
1,284,808	1,782,348	17,882,259
-	29,243	3,622,486
-	179,153	1,348,089
-	-	463,366
-	-	1,366,181
28,808	-	2,274,252
9,277	107,906	4,346,393
820,483	-	2,729,463
-	1,328,365	1,928,236
-	-	2,045,000
-	-	708,625
300,701	-	300,701
6,261,129	204,758	6,488,314
8,705,206	3,631,773	45,503,365
(8,705,206)	471,000	(8,113,562)
-	-	223,930
-	(143,271)	(223,930)
14,070,000	-	14,070,000
688,742	-	688,742
14,758,742	(143,271)	14,758,742
6,053,536	327,729	6,645,180
7,648,894	4,522,474	22,919,481
\$ 13,702,430	\$ 4,850,203	\$ 29,564,661

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, 2018

Net Change in Fund Balances-Total Governmental Funds **\$ 6,645,180**

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	7,117,312
Less Current Year Depreciation	(2,547,669)
Excess Capital Expenditures over Depreciation	4,569,643

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets.

(50)

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	12,411
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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	2,044,609
Pension Expense	(1,479,861)
OPEB Expense	21,797

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	2,045,000
Amortization of Deferred Amount on Refunding	(88,333)
Proceeds from Issuance of Bonds	(14,070,000)
Proceeds from Premium on Bonds	(688,742)
Amortization of Premium on Bonds	77,250

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	(29,869)
--------------------------------------	----------

Change in Net Position of Governmental Activities	\$ (1,041,930)
--	-----------------------

See accompanying Notes to Financial Statements.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 117,314
Total Current Assets	<u>\$ 117,314</u>
LIABILITIES	
Due to Student Groups	\$ 70,872
Due to Other Entities	46,442
Total Liabilities	<u>\$ 117,314</u>

See accompanying Notes to Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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.

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, 2018

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, 2018

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, 2018, 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, 2018

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, 2018

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, 2018

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	
Pupil Transportation	\$ 92,188
Special Projects Fund	49,911
Bond Building Fund	925,647
Nonmajor Governmental Funds:	
Building Renewal	208,970

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, 2018

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2018 consist of the following:

Deposits:	
Cash in Bank	\$ 461,624
Investments:	
Cash on Deposit with County Treasurer	25,875,589
Cash with Paying Agent	2,398,588
Total Deposits and Investments	<u>28,735,801</u>
Less: Cash with Paying Agent	(2,398,588)
Less: Restricted Assets	(16,258,854)
Less: Fiduciary Funds	<u>(117,314)</u>
Total Cash and Investments	<u>\$ 9,961,045</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, 2018, the District's bank balance was \$468,066. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$218,066 was insured by the statewide pooled collateral program.

Investments

At June 30, 2018, 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, 2018

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, 2018, consisted of the following:

	Bond Building Fund
	<hr/>
General Obligation Bond Proceeds	<u>\$ 16,258,854</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, 2018

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	\$ 50,297
Debt Service Fund	27,550
	<u>\$ 77,847</u>

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,956,162	\$ -	\$ (50)	\$ 1,956,112
Construction in progress	30,864	4,969,490	-	5,000,354
Total Capital Assets, Not Being Depreciated	1,987,026	4,969,490	(50)	6,956,466
Capital Assets, Being Depreciated:				
Land Improvements	1,307,039	519,732	-	1,826,771
Buildings and Improvements	96,804,120	538,242	-	97,342,362
Furniture, Equipment, and Vehicles	5,754,506	1,089,848	-	6,844,354
Total Capital Assets, Being Depreciated	103,865,665	2,147,822	-	106,013,487
Accumulated Depreciation for:				
Land Improvements	(694,037)	(83,144)	-	(777,181)
Buildings and Improvements	(19,179,769)	(2,054,616)	-	(21,234,385)
Furniture, Equipment, and Vehicles	(4,716,978)	(409,909)	-	(5,126,887)
Total Accumulated Depreciation	(24,590,784)	(2,547,669)	-	(27,138,453)
Total Capital Assets, Being Depreciated, Net	79,274,881	(399,847)	-	78,875,034
Governmental Activities Capital Assets, Net	<u>\$ 81,261,907</u>	<u>\$ 4,569,643</u>	<u>\$ (50)</u>	<u>\$ 85,831,500</u>

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ 2,015,036
Support Services:	
Students	30,773
Instructional Staff	4,587
Business and Other Support Services	81,132
Operations and Maintenance of Plant	120,703
Student Transportation	294,902
Operation of Noninstructional Services	536
	<u>\$ 2,547,669</u>

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

Project	Governmental Activities	
	Spent-to-Date	Remaining Commitment
Auditorium	\$ 4,921,047	\$ 4,637,864
Roofing Projects	79,307	1,033,209
Totals	<u>\$ 5,000,354</u>	<u>\$ 5,671,073</u>

B. Interfund Receivables, Payables, and Transfers

As of June 30, 2018, interfund receivables and payables were as follows:

Due To	Due From		Totals
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	<u>\$ 72,397</u>	<u>\$ 143,271</u>	<u>\$ 215,668</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, 2018

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers To	Transfers From		Totals
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 80,659	\$ 143,271	\$ 223,930

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, 2018 is as follows:

	Amount
Prepaid Rent	\$ 7,471,445
Accumulated Amortization	(1,009,654)
Balance at June 30, 2018	\$ 6,461,791

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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:

<u>Purpose</u>	<u>Interest Rates (%)</u>	<u>Maturity Dates</u>	<u>Original Issue Amounts</u>	<u>Amount Outstanding</u>
Refunding Bonds				
Series 2015	2.000-4.000%	07/01/16-28	\$ 14,035,000	\$ 13,040,000
School Improvement Bonds, Project of 2016, Series A (2017)	3.000-4.000%	07/01/18-36	7,380,000	6,305,000
School Improvement Bonds, Project of 2016, Series B (2018)	2.625-5.000%	07/01/19-37	14,070,000	14,070,000
Total General Obligation Bonds Payable			<u>\$ 35,485,000</u>	<u>\$ 33,415,000</u>

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 21,390,000	\$ 14,070,000	\$ (2,045,000)	\$ 33,415,000	\$ 1,915,000
Premium on Bonds	1,069,828	688,742	(77,250)	1,681,320	-
Total Bonds Payable	22,459,828	14,758,742	(2,122,250)	35,096,320	1,915,000
Other Liabilities:					
Compensated Absences	384,202	256,042	(226,173)	414,071	224,107
Total Other Liabilities	384,202	256,042	(226,173)	414,071	224,107
Governmental Activities Long-Term Debt	<u>\$ 22,844,030</u>	<u>\$ 15,014,784</u>	<u>\$ (2,348,423)</u>	<u>\$ 35,510,391</u>	<u>\$ 2,139,107</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2018.

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,915,000	\$ 1,174,167
2020	1,695,000	1,118,706
2021	1,815,000	1,082,206
2022	1,890,000	1,042,406
2023	2,125,000	993,156
2024-2028	9,940,000	3,947,550
2029-2033	7,535,000	2,237,925
2034-2037	6,500,000	618,800
Totals	<u>\$ 33,415,000</u>	<u>\$ 12,214,916</u>

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the amount of defeased debt outstanding but removed from the District's financial statements was \$12,765,000.

E. Fund Balance Classification

The fund balance classifications of the governmental funds as of June 30, 2018, were as follows:

	General Fund	Special Projects Fund	Other Special Revenue Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Totals
Restricted							
Instructional Improvement Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479,487	\$ 479,487
Teacher Compensation Programs	-	-	-	-	-	1,680,039	1,680,039
Federal and State Instructional Programs	-	107,118	-	-	-	-	107,118
Food Services	-	-	-	-	-	629,427	629,427
Community Programs	-	-	834,829	-	-	-	834,829
Instructional Aids	-	-	16,486	-	-	-	16,486
Vocational Education Programs	-	-	1,406,568	-	-	-	1,406,568
Noninstructional Programs	-	-	392,329	-	-	-	392,329
Capital Projects	-	-	-	-	13,702,430	2,061,250	15,763,680
Debt Service	-	-	-	337,049	-	-	337,049
Total Restricted	-	107,118	2,650,212	337,049	13,702,430	4,850,203	21,647,012
Unassigned	7,917,649	-	-	-	-	-	7,917,649
Total Fund Balance	<u>\$ 7,917,649</u>	<u>\$ 107,118</u>	<u>\$ 2,650,212</u>	<u>\$ 337,049</u>	<u>\$ 13,702,430</u>	<u>\$ 4,850,203</u>	<u>\$ 29,564,661</u>

F. Fund Balance Restatement

Fund balances of the General Fund and Food Service Nonmajor Governmental Fund require restatement due to an error in the previously issued financial statements. The District did not properly calculate the indirect cost amount to be transferred from its food service program to its indirect cost fund (reported within the General Fund). As a result, the fund balances at July 1, 2017 were restated as follows:

	General Fund	Special Projects Fund	Other Special Revenue Fund	Debt Service Fund	Bond Building Fund	Nonmajor Governmental Funds	Total
Fund Balance, July 1, 2017 (As Previously Stated)	\$ 8,198,547	\$ 19,291	\$ 2,543,446	\$ 129,015	\$ 7,648,894	\$ 4,380,288	\$ 22,919,481
Correction of an error	(142,186)	-	-	-	-	142,186	-
Fund Balance, July 1, 2017 as Restated	<u>\$ 8,056,361</u>	<u>\$ 19,291</u>	<u>\$ 2,543,446</u>	<u>\$ 129,015</u>	<u>\$ 7,648,894</u>	<u>\$ 4,522,474</u>	<u>\$ 22,919,481</u>

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, 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	\$ 29,264,926
Deferred Outflows of Resources	4,344,255
Deferred Inflows of Resources	1,752,598
Pension Expense	1,479,861

The District had no accrued payroll and benefits for outstanding pension contribution amounts payable for the year ended June 30, 2018. Also, the District reported \$2,044,609 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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, 2018

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, 2018, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.5% (11.34% 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 11.5% (10.9% for retirement, 0.44% 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 9.49% (9.26% for retirement, 0.1% for health insurance premium benefits, and 0.13% 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, 2018, were \$2,044,609.

During the fiscal year ended June 30, 2018, 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, 2018, the District reported a liability of \$29,264,926 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The District's reported liability at June 30, 2018, decreased by \$400,626 from the District's prior year liability of \$29,665,552 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, 2018

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, 2017. The District's proportion measured as of June 30, 2017, was 0.18786%, which was an increase of 0.00407 from its proportion measured as of June 30, 2016.

The net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District's net liabilities as a result of these changes is not known.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2018, the District recognized pension expense for ASRS of \$1,479,861. At June 30, 2018, 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	\$ -	\$ 877,524
Changes of assumptions or other inputs	1,271,043	875,074
Net Difference between Projected and Actual Earnings on Pension Plan Investments	210,102	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	818,501	-
Contributions Subsequent to the Measurement Date	2,044,609	-
Total	<u>\$ 4,344,255</u>	<u>\$ 1,752,598</u>

The \$2,044,609 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, 2019. 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>
2019	\$ (663,885)
2020	1,484,364
2021	399,750
2021	(673,181)
Thereafter	-

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2016
Actuarial Roll Forward Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8%
Projected Salary Increases	3 - 6.75%
Inflation	3%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Nominal Return
Equity	58%	6.73%	3.87%
Fixed Income	25%	3.70%	0.91%
Real Estate	10%	4.25%	0.42%
Multi-Asset Class	5%	3.41%	0.17%
Commodities	2%	3.84%	0.08%
Total	100%		5.45%
Inflation			3.25%
Expected Arithmetic Nominal Return			8.70%

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.7%. 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 8%, 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 (7%) or 1 percentage point higher (9%) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
The District's proportionate share of the net pension liability	\$ 37,562,041	\$ 29,264,926	\$ 22,331,976

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

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REQUIRED SUPPLEMENTARY INFORMATION

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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
2018 AND THREE YEARS PRIOR

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

	Reporting Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's Proportion of the Net Pension Liability	0.18786%	0.18379%	0.17788%	0.17779%
District's Proportionate Share of the Net Pension Liability	\$ 29,264,926	\$ 29,665,552	\$ 27,706,886	\$ 26,306,803
District's Covered Payroll	\$ 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	156.10%	169.92%	165.22%	163.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.92%	67.06%	68.35%	69.49%

Schedule of District Pension Contributions

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 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>2,044,609</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>
District's Covered Payroll	\$ 19,421,570	\$ 18,747,195	\$ 17,458,086	\$ 16,769,739	\$ 16,045,209
District's Contributions as a Percentage of Covered Payroll	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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ 5,335,376	\$ 5,335,376
Intergovernmental	-	-	19,656,585	19,656,585
Investment Earnings	-	-	14,224	14,224
Other	-	-	5,808	5,808
Total Revenues	-	-	25,011,993	25,011,993
EXPENDITURES				
Regular Education:				
Instruction	9,683,348	9,676,272	8,902,767	773,505
Support Services - Students	987,869	987,869	1,058,537	(70,668)
Support Services - Instructional Staff	467,412	467,412	636,023	(168,611)
Support Services - General Administration	586,362	586,362	422,460	163,902
Support Services - School Administration	1,424,381	1,424,381	1,363,991	60,390
Support Services - Business and Other	1,181,472	1,181,472	1,136,279	45,193
Operations and Maintenance of Plant	4,142,680	4,142,680	4,146,697	(4,017)
Operation of Noninstructional Services	95,566	95,566	105,769	(10,203)
Total Regular Education	18,569,090	18,562,014	17,772,523	789,491
Special Education:				
Instruction	4,190,671	4,186,745	3,848,806	337,939
Support Services - Students	1,828,517	1,949,860	1,997,894	(48,034)
Support Services - Instructional Staff	240	240	535	(295)
Support Services - Business and Other	660	660	-	660
Total Special Education	6,020,088	6,137,505	5,847,235	290,270
Pupil Transportation:				
Student Transportation Services	1,756,075	1,756,075	1,848,263	(92,188)
Total Pupil Transportation	1,756,075	1,756,075	1,848,263	(92,188)
Total Expenditures	26,345,253	26,455,594	25,468,021	987,573
NET CHANGE IN FUND BALANCES	(26,345,253)	(26,455,594)	(456,028)	25,999,566
Fund Balances - Beginning of Year	-	-	1,330,644	1,330,644
FUND BALANCES - END OF YEAR	<u>\$ (26,345,253)</u>	<u>\$ (26,455,594)</u>	<u>\$ 874,616</u>	<u>\$ 27,330,210</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,499,318	\$ 2,499,318
Investment Earnings	-	-	1,272	1,272
Total Revenues	-	-	2,500,590	2,500,590
EXPENDITURES				
Instruction	2,282,193	2,282,193	831,605	1,450,588
Support Services				
Students	-	-	462,166	(462,166)
Instructional Staff	-	-	408,133	(408,133)
General Administration	-	-	29,707	(29,707)
School Administration	-	-	2,190	(2,190)
Business and Other Support Services	-	-	590,157	(590,157)
Operations and Maintenance of Plant	-	-	1,180	(1,180)
Student Transportation	-	-	4,160	(4,160)
Operation of Noninstructional Services	-	-	858	(858)
Facilities Acquisition	-	-	1,948	(1,948)
Total Expenditures	2,282,193	2,282,193	2,332,104	(49,911)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,282,193)	(2,282,193)	168,486	2,450,679
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(80,659)	(80,659)
NET CHANGE IN FUND BALANCES	(2,282,193)	(2,282,193)	87,827	2,370,020
Fund Balances - Beginning of Year	-	-	19,291	19,291
FUND BALANCES - END OF YEAR	<u>\$ (2,282,193)</u>	<u>\$ (2,282,193)</u>	<u>\$ 107,118</u>	<u>\$ 2,389,311</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 399,427	\$ 399,427
Contributions and Donations	-	-	164,842	164,842
Investment Earnings	-	-	9,050	9,050
Other	-	-	783,559	783,559
Total Revenues	-	-	1,356,878	1,356,878
EXPENDITURES				
Instruction	3,515,000	3,515,000	576,263	2,938,737
Support Services:				
Students	-	-	4,903	(4,903)
Instructional Staff	-	-	88,115	(88,115)
General Administration	-	-	6,497	(6,497)
Business and Other Support Services	-	-	3,678	(3,678)
Operations and Maintenance of Plant	-	-	48,222	(48,222)
Student Transportation	-	-	35,240	(35,240)
Operation of Noninstructional Services	-	-	487,194	(487,194)
Total Expenditures	3,515,000	3,515,000	1,250,112	2,264,888
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,515,000)	(3,515,000)	106,766	3,621,766
Fund Balances - Beginning of Year	-	-	2,543,446	2,543,446
FUND BALANCES - END OF YEAR	<u>\$ (3,515,000)</u>	<u>\$ (3,515,000)</u>	<u>\$ 2,650,212</u>	<u>\$ 6,165,212</u>

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

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, As Restated	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 26,467,903	\$ 26,830,545	\$ 223,930	\$ 8,056,361	\$ 7,917,649
Non Maintenance and Operation Activity Included in General Fund	(1,455,910)	(1,179,265)	(223,930)	(5,334,406)	(5,834,981)
Items Charged to Budget During Prior Year Encumbrance Period	-	(183,259)	-	(1,391,311)	(1,208,052)
Budgetary Comparison Schedule - General Fund	<u>\$ 25,011,993</u>	<u>\$ 25,468,021</u>	<u>\$ -</u>	<u>\$ 1,330,644</u>	<u>\$ 874,616</u>

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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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, 2018

	Special Revenue			
	Instructional Improvement	Classroom Site	Food Service	Total Special Revenue Funds
ASSETS				
Cash and Investments	\$ 396,127	\$ 1,508,283	\$ 753,183	\$ 2,657,593
Receivables				
Intergovernmental	83,389	171,853	22,178	277,420
Total Assets	<u>\$ 479,516</u>	<u>\$ 1,680,136</u>	<u>\$ 775,361</u>	<u>\$ 2,935,013</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 2,663	\$ 2,663
Accrued Wages and Benefits	29	97	-	126
Due to Other Funds	-	-	143,271	143,271
Total Liabilities	<u>29</u>	<u>97</u>	<u>145,934</u>	<u>146,060</u>
FUND BALANCES				
Restricted	479,487	1,680,039	629,427	2,788,953
Total Fund Balances	<u>479,487</u>	<u>1,680,039</u>	<u>629,427</u>	<u>2,788,953</u>
Total Liabilities and Fund Balances	<u>\$ 479,516</u>	<u>\$ 1,680,136</u>	<u>\$ 775,361</u>	<u>\$ 2,935,013</u>

Capital Projects			Total Nonmajor Governmental Funds
Adjacent Ways	Building Renewal	Total Capital Projects Funds	
\$ 2,096,636	\$ 263	\$ 2,096,899	\$ 4,754,492
-	33,599	33,599	311,019
<u>\$ 2,096,636</u>	<u>\$ 33,862</u>	<u>\$ 2,130,498</u>	<u>\$ 5,065,511</u>
\$ 35,649	\$ 33,599	\$ 69,248	\$ 71,911
-	-	-	126
-	-	-	143,271
<u>35,649</u>	<u>33,599</u>	<u>69,248</u>	<u>215,308</u>
2,060,987	263	2,061,250	4,850,203
<u>2,060,987</u>	<u>263</u>	<u>2,061,250</u>	<u>4,850,203</u>
<u>\$ 2,096,636</u>	<u>\$ 33,862</u>	<u>\$ 2,130,498</u>	<u>\$ 5,065,511</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, 2018**

	Special Revenue			
	Instructional Improvement	Classroom Site	Food Services	Total Special Revenue Funds
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	193,735	2,062,238	1,053,276	3,309,249
Food Service Sales	-	-	494,043	494,043
Investment Earnings	4,884	22,006	6,661	33,551
Other	13	101	135	249
Total Revenues	198,632	2,084,345	1,554,115	3,837,092
EXPENDITURES				
Current				
Instruction	103,901	1,678,447	-	1,782,348
Support Services				
Students	-	29,243	-	29,243
Instructional Staff	32,469	146,684	-	179,153
Operations and Maintenance of Plant	-	-	-	-
Operation of Noninstructional Services	-	-	1,328,365	1,328,365
Capital Outlay				
Facilities Acquisition	-	-	-	-
Total Expenditures	136,370	1,854,374	1,328,365	3,319,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	62,262	229,971	225,750	517,983
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(143,271)	(143,271)
NET CHANGE IN FUND BALANCES	62,262	229,971	82,479	374,712
Fund Balances - Beginning of Year, as Restated	417,225	1,450,068	546,948	2,414,241
FUND BALANCES - END OF YEAR	<u>\$ 479,487</u>	<u>\$ 1,680,039</u>	<u>\$ 629,427</u>	<u>\$ 2,788,953</u>

Capital Projects			
Adjacent Ways	Building Renewal	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 110	\$ -	\$ 110	\$ 110
-	259,030	259,030	3,568,279
-	-	-	494,043
6,405	136	6,541	40,092
-	-	-	249
<u>6,515</u>	<u>259,166</u>	<u>265,681</u>	<u>4,102,773</u>
-	-	-	1,782,348
-	-	-	29,243
-	-	-	179,153
-	107,906	107,906	107,906
-	-	-	1,328,365
<u>53,694</u>	<u>151,064</u>	<u>204,758</u>	<u>204,758</u>
<u>53,694</u>	<u>258,970</u>	<u>312,664</u>	<u>3,631,773</u>
(47,179)	196	(46,983)	471,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,271)</u>
(47,179)	196	(46,983)	327,729
2,108,166	67	2,108,233	4,522,474
<u>\$ 2,060,987</u>	<u>\$ 263</u>	<u>\$ 2,061,250</u>	<u>\$ 4,850,203</u>

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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ 2,888,212	\$ 2,888,212
Investment Earnings	-	-	73,447	73,447
Total Revenues	-	-	2,961,659	2,961,659
EXPENDITURES				
Debt Service				
Principal Retirement	2,045,000	2,045,000	2,045,000	-
Interest on Long-term Debt	731,196	731,196	708,625	22,571
Total Expenditures	2,776,196	2,776,196	2,753,625	22,571
NET CHANGE IN FUND BALANCE	(2,776,196)	(2,776,196)	208,034	2,984,230
Fund Balances - Beginning of Year	-	-	129,015	129,015
FUND BALANCES - END OF YEAR	<u>\$ (2,776,196)</u>	<u>\$ (2,776,196)</u>	<u>\$ 337,049</u>	<u>\$ 3,113,245</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
Instruction	\$ -	\$ -	\$ 1,284,808	\$ (1,284,808)
Support Services				
Business and Other Support Services	-	-	28,808	(28,808)
Operations and Maintenance of Plant	-	-	9,277	(9,277)
Student Transportation	-	-	820,483	(820,483)
Debt Service				
Issuance Costs	-	-	300,701	(300,701)
Capital Outlay				
Facilities Acquisition	7,779,559	7,779,559	6,261,129	1,518,430
Total Expenditures	<u>7,779,559</u>	<u>7,779,559</u>	<u>8,705,206</u>	<u>(925,647)</u>
Excess (Deficiency) of Revenue Over Expenditures	(7,779,559)	(7,779,559)	(8,705,206)	(925,647)
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	14,070,000	14,070,000
Premium on Issuance of Long-term Debt	-	-	688,742	688,742
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>14,758,742</u>	<u>14,758,742</u>
NET CHANGE IN FUND BALANCE	(7,779,559)	(7,779,559)	6,053,536	13,833,095
Fund Balances - Beginning of Year	-	-	7,648,894	7,648,894
FUND BALANCES - END OF YEAR	<u>\$ (7,779,559)</u>	<u>\$ (7,779,559)</u>	<u>\$ 13,702,430</u>	<u>\$ 21,481,989</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 193,735	\$ 193,735
Investment Earnings	-	-	4,884	4,884
Other	-	-	13	13
Total Revenues	-	-	198,632	198,632
EXPENDITURES				
Instruction	365,000	365,000	103,901	261,099
Support Services				
Instructional Staff	-	-	32,469	(32,469)
Total Expenditures	365,000	365,000	136,370	228,630
NET CHANGE IN FUND BALANCE	(365,000)	(365,000)	62,262	427,262
Fund Balances - Beginning of Year	-	-	417,225	417,225
FUND BALANCES - END OF YEAR	<u>\$ (365,000)</u>	<u>\$ (365,000)</u>	<u>\$ 479,487</u>	<u>\$ 844,487</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,062,238	\$ 2,062,238
Investment Earnings	-	-	22,006	22,006
Other	-	-	101	101
Total Revenues	-	-	2,084,345	2,084,345
EXPENDITURES				
Instruction	2,931,870	2,978,310	1,678,447	1,299,863
Support Services				
Students	-	-	29,243	(29,243)
Instructional Staff	187,422	255,422	146,684	108,738
Total Expenditures	3,119,292	3,233,732	1,854,374	1,379,358
NET CHANGE IN FUND BALANCE	(3,119,292)	(3,233,732)	229,971	3,463,703
Fund Balance - Beginning of Year	-	-	1,450,068	1,450,068
FUND BALANCE - END OF YEAR	<u>\$ (3,119,292)</u>	<u>\$ (3,233,732)</u>	<u>\$ 1,680,039</u>	<u>\$ 4,913,771</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,053,276	\$ 1,053,276
Food Service Sales	-	-	494,043	494,043
Investment Earnings	-	-	6,661	6,661
Other	-	-	135	135
Total Revenues	-	-	1,554,115	1,554,115
EXPENDITURES				
Operation of Noninstructional Services	1,500,000	1,500,000	1,328,365	171,635
Total Expenditures	1,500,000	1,500,000	1,328,365	171,635
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,500,000)	(1,500,000)	225,750	1,725,750
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(143,271)	(143,271)
NET CHANGE IN FUND BALANCE	(1,500,000)	(1,500,000)	82,479	1,582,479
Fund Balances -Beginning of Year, as Restated	-	-	546,948	546,948
FUND BALANCES - END OF YEAR	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ 629,427</u>	<u>\$ 2,129,427</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ 110	\$ 110
Investment Earnings	-	-	6,405	6,405
Total Revenues	-	-	6,515	6,515
EXPENDITURES				
Facilities Acquisition	2,100,000	2,100,000	53,694	2,046,306
Total Expenditures	2,100,000	2,100,000	53,694	2,046,306
NET CHANGE IN FUND BALANCE	(2,100,000)	(2,100,000)	(47,179)	2,052,821
Fund Balances - Beginning of Year	-	-	2,108,166	2,108,166
FUND BALANCES - END OF YEAR	<u><u>\$ (2,100,000)</u></u>	<u><u>\$ (2,100,000)</u></u>	<u><u>\$ 2,060,987</u></u>	<u><u>\$ 4,160,987</u></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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 259,030	\$ 259,030
Investment Earnings	-	-	136	136
Total Revenue	-	-	259,166	259,166
EXPENDITURES				
Support Services				
Operations and Maintenance of Plant	50,000	50,000	107,906	(57,906)
Capital Outlay				
Facilities Acquisition	-	-	151,064	(151,064)
Total Expenditures	50,000	50,000	258,970	(208,970)
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	196	50,196
Fund Balances - Beginning of Year	-	-	67	67
FUND BALANCES - END OF YEAR	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 263</u>	<u>\$ 50,263</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.

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J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	<u>Student Activities</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Investments	<u>\$ 70,872</u>	<u>\$ 46,442</u>	<u>\$ 117,314</u>
LIABILITIES			
Due to Student Groups	\$ 70,872	\$ -	\$ 70,872
Due to Other Entities	-	46,442	46,442
Total Liabilities	<u>\$ 70,872</u>	<u>\$ 46,442</u>	<u>\$ 117,314</u>

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Student Activities Fund				
Assets				
Cash and Investments	\$ 75,708	\$ 226,674	\$ (231,510)	\$ 70,872
Total Assets	<u>\$ 75,708</u>	<u>\$ 226,674</u>	<u>\$ (231,510)</u>	<u>\$ 70,872</u>
Liabilities				
Combs High School	\$ 19,350	\$ 140,322	\$ (146,616)	\$ 13,056
Elementary/Middle School	56,358	86,352	(84,894)	57,816
Total Liabilities	<u>\$ 75,708</u>	<u>\$ 226,674</u>	<u>\$ (231,510)</u>	<u>\$ 70,872</u>
Insurance				
Assets				
Cash and Investments	\$ 40,131	\$ 174,261	\$ (167,950)	\$ 46,442
Total Assets	<u>\$ 40,131</u>	<u>\$ 174,261</u>	<u>\$ (167,950)</u>	<u>\$ 46,442</u>
Liabilities				
Due to Other Entities	\$ 40,131	\$ 174,261	\$ (167,950)	\$ 46,442
Total Liabilities	<u>\$ 40,131</u>	<u>\$ 174,261</u>	<u>\$ (167,950)</u>	<u>\$ 46,442</u>
Total Agency Funds				
Assets				
Cash and Investments	\$ 115,839	\$ 400,935	\$ (399,460)	\$ 117,314
Total Assets	<u>\$ 115,839</u>	<u>\$ 400,935</u>	<u>\$ (399,460)</u>	<u>\$ 117,314</u>
Liabilities				
Due to Student Groups	\$ 75,708	\$ 226,674	\$ (231,510)	\$ 70,872
Due to Other Entities	40,131	174,261	(167,950)	46,442
Total Liabilities	<u>\$ 115,839</u>	<u>\$ 400,935</u>	<u>\$ (399,460)</u>	<u>\$ 117,314</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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 77,961,158	\$ 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
Restricted	5,526,495	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
Unrestricted	9,253,326	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)
Total governmental activities net position	<u>\$ 92,740,979</u>	<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>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Instruction	\$ 21,506,926	\$ 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
Support services:										
Students	1,733,782	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
Instructional staff	1,339,249	562,584	499,416	379,936	780,531	733,168	840,162	967,056	1,159,890	1,327,830
General administration	315,208	572,550	445,087	477,250	414,720	437,159	446,469	590,452	509,576	458,087
School administration	1,770,223	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
Business and other support services	2,165,397	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
Operation and maintenance of plant	2,915,969	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
Student transportation	1,689,881	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
Operation of noninstructional services	1,255,318	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
Interest on long-term debt	900,598	911,606	845,165	808,070	1,083,820	782,269	728,873	656,003	725,321	1,020,409
Total governmental activities	35,592,551	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
Program Revenues										
Governmental activities:										
Charges for services:										
Operation of noninstructional services	529,810	674,388	698,786	690,969	672,104	614,710	677,869	639,429	697,709	757,955
Operating grants and contributions	2,642,372	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
Capital grants and contributions	15,018,048	607,624	553,738	197,154	382,615	192,305	14,354	21,766	63,586	259,030
Total governmental activities										
program revenues	\$ 18,190,230	\$ 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

(Continued)

	Fiscal Year									
(Concluded)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (17,402,321)	\$ (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)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Property taxes	7,288,301	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
Unrestricted grants and contributions	18,614,547	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
Investment earnings	642,715	343,912	68,478	37,070	27,625	34,027	57,383	90,895	101,470	225,449
Other	367,483	328,935	753,074	735,276	837,947	918,876	837,699	789,234	919,270	887,197
Extraordinary gain	7,471,445	-	-	-	-	-	-	-	-	-
Total governmental activities:	<u>34,384,491</u>	<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>
Change in Net Position										
Governmental activities	<u>\$ 16,982,170</u>	<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>

Source: District's Business Services Department

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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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(136,372)	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
Total General Fund	<u>\$ (136,372)</u>	<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>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,577,051	2,864,836	-	-	-	-	-	-	-	-
Debt service funds	362,792	218,720	-	-	-	-	-	-	-	-
Capital projects funds	5,578,109	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
Total all other governmental funds	<u>\$ 8,517,952</u>	<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>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$ 9,867,392	\$ 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
Intergovernmental										
Federal aid and grants	1,164,697	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
State aid and grants	33,236,379	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
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
Local aid and grants	-	-	-	153,187	194,996	436,968	486,192	513,456	554,859	399,427
Food services sales	476,980	488,360	480,893	430,927	431,682	391,143	435,902	439,414	461,891	494,043
Auxiliary operations	52,830	186,028	217,893	260,042	240,422	223,567	241,967	200,015	235,818	263,912
Contributions and donations	154,837	227,519	117,020	195,178	244,112	334,934	208,952	309,986	503,198	582,648
Investment earnings	343,912	138,018	68,478	37,070	27,625	34,027	57,383	90,895	101,470	225,449
Other	328,935	420,614	753,074	735,276	837,947	918,876	837,699	789,234	919,270	887,197
Total revenues	45,625,962	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
Expenditures										
Current										
Instruction	19,442,348	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
Support services:										
Students	1,713,057	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
Instructional staff	1,331,636	554,971	491,803	372,323	772,918	725,555	839,911	978,807	1,201,423	1,348,089
General administration	270,163	513,673	386,210	435,661	414,720	437,159	445,075	587,122	517,917	463,366
School administration	1,767,951	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
Business and other	2,190,623	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
Operation/maintenance of plant	2,991,339	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
Student transportation	2,450,282	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
Operation of noninstructional services	1,257,093	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
Capital outlay										
Facilities acquisition/construction	17,867,620	1,158,222	664,285	458,635	713,645	50,095	633,277	325,536	134,539	6,488,314
Debt service										
Principal	2,415,037	1,477,362	1,323,837	476,270	430,211	939,889	942,279	1,030,000	985,000	2,045,000
Interest and fiscal charges	917,954	942,874	876,436	839,341	818,399	799,625	746,230	515,276	499,441	708,625
Bond issuance costs	209,703	-	-	-	-	-	262,134	-	187,287	300,701
Total expenditures	\$ 54,824,806	\$ 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

(Continued)

	Fiscal Year									
(Concluded)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of revenues over (under) expenditures	\$ (9,198,844)	\$ 1,761,877	\$ 460,313	\$ 1,305,881	\$ 1,619,708	\$ 2,365,860	\$ (204,317)	\$ (81,020)	\$ (1,055,356)	\$ (8,113,562)
Other financing sources (uses)										
Issuance of long-term debt	8,880,000	-	-	-	-	-	-	-	7,380,000	14,070,000
Premium on Issuance of long-term debt	181,854	-	-	-	-	-	-	-	522,696	688,742
Issuance of capital leases	199,760	-	200,125	-	-	-	-	-	-	-
Proceeds of refunding debt issuance	-	-	-	-	-	-	14,681,610	-	-	-
Payment to refunded bond escrow	-	-	-	-	-	-	(14,419,476)	-	-	-
Transfers in	137,500	187,113	218,981	276,283	356,192	309,688	327,258	312,368	419,678	223,930
Transfers out	(137,500)	(187,113)	(218,981)	(276,283)	(356,192)	(309,688)	(327,258)	(312,368)	(419,678)	(223,930)
Total other financing sources (uses)	9,261,614	-	200,125	-	-	-	262,134	-	7,902,696	14,758,742
Net change in fund balances	<u>\$ 62,770</u>	<u>\$ 1,761,877</u>	<u>\$ 660,438</u>	<u>\$ 1,305,881</u>	<u>\$ 1,619,708</u>	<u>\$ 2,365,860</u>	<u>\$ 57,817</u>	<u>\$ (81,020)</u>	<u>\$ 6,847,340</u>	<u>\$ 6,645,180</u>
Debt service as a percentage of noncapital expenditures	10.72%	8.97%	7.85%	4.83%	4.41%	6.01%	5.65%	4.85%	4.42%	7.17%

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
2009	\$ 155,801,260	\$ 44,216,592	\$ 200,017,852	\$ 10,224,226	\$ 189,793,626	7.4977	\$ 1,816,760,451	10.45 %
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	6.6670	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

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
2009	4.1495	1.9112	1.4370	7.4977	3.5614	1.9500
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

Source: Pinal County Assessor's Office

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
PRINCIPAL PROPERTY TAXPAYERS
2018 AND NINE YEARS PRIOR
(UNAUDITED)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Trilogy Johnson Farms Construction LLC	\$ 2,265,402	1	1.34 %	\$ 4,514,102	1	2.38 %
The Club at Encanterra LLC	1,622,605	2	0.96			
Relo Queen Creek LLC	1,215,358	3	0.72			
Smith's Food and Drug Centers	1,205,715	4	0.71			
Johnson Utilities Inc. LLC (H20 Inc.)	1,182,490	5	0.70	645,989	6	0.34
CR Dayton VIII LLC	775,792	6	0.46	649,747	8	0.34
Barclay Holdings XXXIV LLC	559,117	7	0.33			
Banner Health	551,282	8	0.33			
Omni Gantzel Self Storage	543,405	9	0.32			
Fulton Homes Corporation	425,206	10	0.25	2,262,598	2	1.19
Southwest Rock Products LLC				1,171,430	4	0.62
H20 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>\$ 10,346,372</u>		<u>6.12 %</u>	<u>\$ 13,599,187</u>		<u>7.16 %</u>

Source: The Pinal County Treasurer.

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
2009	\$ 9,474,261	\$ 9,048,679	95.51 %	\$ 425,582	\$ 9,474,261	100.00 %
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	-	7,483,563	98.72

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					
2009	\$ 19,530,953	\$ 1,439,723	\$ 20,970,676	247.59	\$ 1,397	15,014	\$ 8,469,923
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

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

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, 2018
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Overlapping Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	\$ -	0.27 %	\$ -
Pinal County	-	7.34	-
Pinal County Community College District	76,730,000	7.34	5,631,982
Town of Queen Creek	-	3.74	-
Subtotal, Overlapping Debt			5,631,982
J.O. Combs Unified School District No. 44 Direct Debt			35,096,320
Total Direct and Overlapping Debt			<u>\$ 40,728,302</u>

(1) Proportion applicable to the J.O. Combs Unified School District is computed on the ratio of secondary assessed valuation for 2017-18.

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total debt limit	\$ 56,938,088	\$ 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
Total applicable to limit	<u>18,797,208</u>	<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>
Legal debt margin	<u>\$ 38,140,880</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	33.01%	32.80%	43.32%	47.91%	47.88%	46.31%	36.76%	34.66%	45.56%	52.52%
Class B debt limit	\$ 18,979,363	\$ 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
Total applicable to limit	<u>18,797,208</u>	<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>
Legal debt margin	<u>\$ 182,155</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	99.04%	98.41%	129.95%	143.73%	143.63%	138.92%	110.29%	51.99%	68.33%	78.78%

Source: The District's Business Services Department

J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2018
(UNAUDITED)

Net Full Cash Assessed Value	\$ 220,610,752
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Legal debt margin:

Debt limitation - 30% of assessed value	\$ 66,183,226
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Amount of debt applicable to debt limit:

Class A General Obligation and Refunding Bonds Outstanding	\$	-
Class B General Obligation and Refunding Bonds Outstanding		35,096,320
Less: Assets in Debt Service Fund available for payment of principal		(337,049)

Total amount of debt applicable to debt limit	34,759,271
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Legal debt margin	\$ 31,423,955
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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	\$ 44,122,150
\$1,500 per student (ADM)	6,481,500

Amount of debt applicable to debt limit:

Class B General Obligation and Refunding Bonds Outstanding	35,096,320
Less: Assets in Debt Service Fund available for payment of principal	(337,049)

Total amount of debt applicable to debt limit	34,759,271
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Class B legal debt margin	\$ 9,362,879
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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
2009	15,014	\$ 8,469,923	\$ 24,212	12.60 %
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)

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

(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
2018 AND NINE YEARS PRIOR
(UNAUDITED)

Employer	2018			2009		
	Percentage of Total			Percentage of Total		
	Employees	Employment	Rank	Employees	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.

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

Function	Full-Time Equivalent Employees									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Supervisory										
Instructional administrators	1	-	-	-	-	-	-	-	-	-
Noninstructional administrators	8	8	8	8	8	8	8	9	9	10
Consultants/supervisors of instruction	7	6	6	1	1	1	1	1	1	1
Principals	5	6	7	7	7	7	7	7	7	7
Assistant principals	6	7	5	7	3	3	3	2	2	2
Total Supervisory	27	27	26	23	19	19	19	19	19	20
Instruction										
Classroom teachers	209	214	224	211	217	213	214	214	208	207
Aids	45	50	64	76	77	72	72	70	71	78
Total instruction	254	264	288	287	294	285	286	284	279	285
Student Services										
Guidance counselors	3	7	7	8	6	8	8	10	7	7
Psychologist	2	3	3	7	5	8	8	5	5	5
Librarians	10	7	7	8	7	7	7	7	7	6
Other professionals (noninstructional)	6	7	7	7	9	9	9	9	9	10
Technicians	4	5	6	6	6	6	6	5	2	2
Total student services	25	29	30	36	33	38	38	36	30	30
Support and Administration										
Supervisors	3	3	3	4	3	4	4	4	4	4
Clerical/secretarial	25	29	26	27	30	30	30	32	31	31
Service workers	122	126	128	118	124	124	124	132	139	139
Total support and administration	150	158	157	149	157	158	158	168	174	174
Total	456	478	501	495	503	500	501	507	502	509

Source: Arizona Department of Education SDER Report.

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J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44
OPERATING STATISTICS
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
2009	4,143	\$ 33,414,492	8,065	25.09	\$ 54,824,806	13,233	(29.04)	209.00	19.82	44.27
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

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									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary Schools											
Name:	Combs Traditional Academy										
Yr. Built	2000										
	Sq. Feet	N/A	N/A	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
	Enrollment	N/A	N/A	141	134	183	231	271	284	274	263
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	873	715	631	643	739	674	652	607	638	632
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	823	726	614	616	700	586	544	592	586	619
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	605	491	500	522	617	599	630	576	565	513
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	677	603	502	506	581	571	506	518	658	573

(continued)

(concluded)

		Fiscal Year									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Middle Schools											
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		705	1059	1078	1069	703	666	689	689	685	754
High School											
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	235,312	238,312
Enrollment		260	542	992	936	1089	1240	1253	1253	1355	1334

Source: The District's Records

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