

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
SAN TAN VALLEY, ARIZONA  
FOR THE  
YEAR ENDED JUNE 30, 2015

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, 2015**

Prepared by

Karla Slovitsky  
Director of Business Services

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**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2015**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	10
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**REQUIRED SUPPLEMENTARY INFORMATION**

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

**BASIC FINANCIAL STATEMENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND DISTRICT PENSION CONTRIBUTIONS	54
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS	55
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND	56
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND	57

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	58
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
NONMAJOR GOVERNMENTAL FUNDS	
COMBINING BALANCE SHEET	59
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES	61
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	63
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – ADJACENT WAYS FUND	64
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – INSTRUCTIONAL IMPROVEMENT FUND	65
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – CLASSROOM SITE FUND	66
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND	67
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BOND BUILDING FUND	68
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING RENEWAL FUND	69
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – NEW SCHOOL FACILITIES FUND	70
AGENCY FUNDS	
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES	71
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES	72
<b>STATISTICAL SECTION (UNAUDITED)</b>	
<b>FINANCIAL TRENDS</b>	
NET POSITION BY COMPONENT	73
CHANGE IN NET POSITION	74
FUND BALANCES OF GOVERNMENTAL FUNDS	76
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	77
<b>REVENUE CAPACITY</b>	
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	79

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2015**

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	80
PRINCIPAL PROPERTY TAXPAYERS	81
PROPERTY TAX LEVIES AND COLLECTIONS	82
<b>DEBT CAPACITY</b>	
RATIO OF OUTSTANDING DEBT BY TYPE	83
RATIO OF GENERAL BONDED DEBT OUTSTANDING	84
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	85
LEGAL DEBT MARGIN INFORMATION	86
CALCULATION OF LEGAL DEBT MARGIN	87
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
DEMOGRAPHIC AND ECONOMIC STATISTICS	88
PRINCIPAL EMPLOYERS	89
<b>OPERATING INFORMATION</b>	
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	90
OPERATING STATISTICS	91
SCHOOL BUILDING INFORMATION	92

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## **INTRODUCTORY SECTION**

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*"A Community of Empowered Learners for the 21<sup>st</sup> 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 8, 2015

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, 2015.

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 preparations 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, 2015, 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, 2015, 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 Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profits Organizations* 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 2014-15 average daily membership was 4,265 students which are served in 5 elementary schools, 1 middle school, and 1 high school. The average age of the school buildings is 9 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 1,000 babies were born during 2012 and in 2013, indicating future growth for both the school district and the community. J.O. Combs Unified School District has an active partnership with Banner Ironwood through a student of the month program as well as support for Combs High School's Medical Professions program.

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

The District has experienced significant growth over the past ten years, 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**

There was a student decline in 2013-2014 at the K-8 level of (5%), and a gain of 12% at the 9-12 grade level. The District's ADM for 2014-2015 had less of a decline (2%) at the K-8 level, but continued to show a gain of 5% at the 9-12 grade level. 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. In school year 2015-2016 the District is offering a free full day kindergarten program. With this new program the District is anticipating an increase or leveling of enrollment in grades K-8. The opening of a K-6 charter school in the area poses continuing challenges with enrollment.

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. The overall student enrollment was maintained from the year before, primarily as a result of the developing comprehensive high school in the District. In November 2013, the District failed to secure a renewal of the voter-approved tax override for a third time. The fiscal year 2014-2015 includes final phase down of reductions of expenditures.

Capital funding is becoming a growing concern. Bond funding is unavailable as property tax values have declined which resulted in the District exceeding its Class B bond limit. Uses of the remaining bond proceeds are being carefully re-evaluated to ensure that the District maintains its facilities. The property tax values did increase by 19% in 2014-2015. Growth continues to be steady in the east valley Queen Creek area, and several new housing developments are expected to start building in early 2016.

In August of 2012 Standard & Poor's rating service affirmed its "A" unenhanced underlying rating on Pinal County Unified School District No. 44 (J.O. Combs) Arizona's general obligation debt outstanding. The outlook is stable.

## **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 2014. 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 fifth straight year the District has received this award. In addition, it is the second 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, 2014. 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 2014-2015 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,



Gayle A. Blanchard, Ed.D  
Superintendent



Karla Slovisky  
Director of Business Services

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2015**

**GOVERNING BOARD**

Shelly Hargis  
President

Kathy Bourgeois  
Clerk

Gary F. Kemp, Ed.D  
Member

Bob D'Elena  
Member

Patricia J. Pinckard  
Member

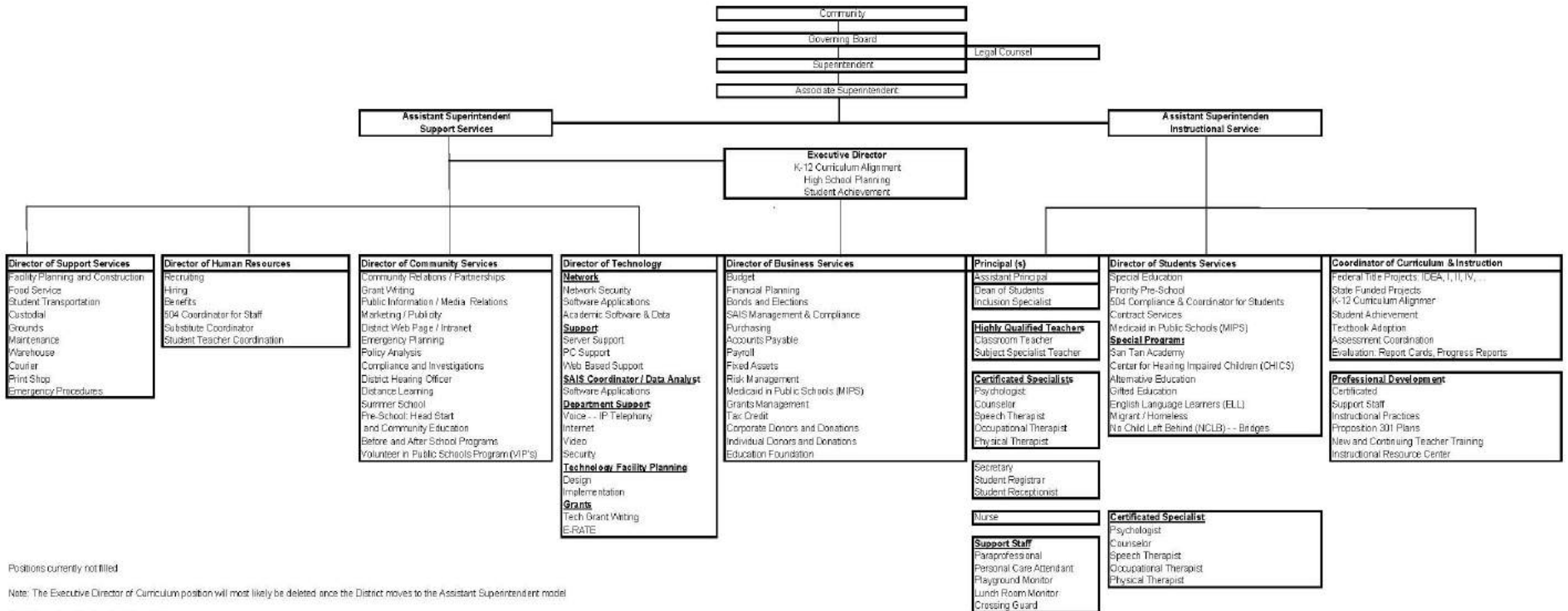
**ADMINISTRATIVE STAFF**

Gayle A. Blanchard, Superintendent

Karla Slovitsky, Director of Business Services



# J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44 ORGANIZATIONAL CHART JUNE 30, 2015



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

2013-2014

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
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, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
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, 2014**

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, 2015, 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, 2015, 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 a Matter**

During fiscal year ended June 30, 2015, J.O. Combs Unified School District No. 44 adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASB Statements No. 68 and No.71, J.O. Combs Unified School District No. 44 reported a restatement for the change in accounting principle (see Note 3.F.) Our auditors' opinion was not modified with respect to the restatement.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-21 and the budgetary information on pages 55-57, 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 8, 2015, 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 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 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.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 8, 2015

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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, 2015**

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, 2015.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$64,401,094 (net position).
- ◆ The District's total net position decreased by \$783,528.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$16,153,161, an increase of \$57,817 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,222,210, or 39.8% of total General Fund expenditures.
- ◆ The District's total bonded debt decreased by \$917,357 (5.6%) during the current fiscal year. This decrease was due to scheduled principal payments on the outstanding bonds.

**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, 2015**

**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 eleven 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 Adjacent Ways Fund all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

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

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

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

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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

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

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 31 – 53 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 54-58 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 59 - 70 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 73 - 93 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 exceeded liabilities by \$64,401,094 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, 2015**

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

**Table A-1  
Condensed Statement of Net Position  
June 30, 2015 and 2014**

	Governmental Activities		
	2015	2014 Restated	% Change
<b>Assets:</b>			
Current and Other Assets	\$ 24,729,977	\$ 25,016,988	(1.1) %
Capital Assets	85,166,473	86,793,829	(1.9)
Total Assets	<u>109,896,450</u>	<u>111,810,817</u>	(1.7)
Deferred Outflows of Resources	3,069,247	1,714,833	79.0
<b>Liabilities:</b>			
Current and Other Liabilities	1,769,019	1,987,747	(11.0)
Noncurrent Liabilities Outstanding	<u>42,183,315</u>	<u>46,353,281</u>	(9.0)
Total Liabilities	<u>43,952,334</u>	<u>48,341,028</u>	(9.1)
Deferred Inflows of Resources	4,612,269	-	N/A
<b>Net Position:</b>			
Net Investment in Capital Assets	69,821,918	70,573,331	(1.1)
Restricted	6,867,348	6,331,527	8.5
Unrestricted	<u>(12,288,172)</u>	<u>(11,720,236)</u>	4.8
Total Net Position	<u><u>\$ 64,401,094</u></u>	<u><u>\$ 65,184,622</u></u>	(1.2)

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 is 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, 2015**

**Changes in Net Position**

Overall, net position decreased \$783,528 or 1.20%. Key elements of this decrease are as follows:

**Table A-2  
Changes in Net Position  
Years Ended June 30, 2015 and 2014**

	Governmental Activities		
	2015	2014	% Change
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 677,869	\$ 614,710	10.3 %
Operating Grants and Contributions	5,628,032	5,284,639	6.5
Capital Grants and Contributions	14,354	192,305	(92.5)
General Revenues:			
Property Taxes	5,552,013	6,641,961	(16.4)
Grants and Contributions Not Restricted to Specific Programs			
State Equalization and Additional State Aid	16,593,457	16,643,540	(0.3)
County Equalization	1,167,100	1,178,999	(1.0)
Federal Aid Not Restricted	242,333	65,161	271.9
Investment Earnings	57,383	34,027	68.6
Other	837,699	918,876	(8.8)
Total Revenues	30,770,240	31,574,218	(2.5)
<b>EXPENSES</b>			
Instruction	16,190,177	17,399,040	(6.9)
Support Services:			
Students	2,919,397	2,666,387	9.5
Instructional Staff	840,162	733,168	14.6
General Administration	446,469	437,159	2.1
School Administration	1,336,275	1,299,200	2.9
Business and Other Support Services	1,684,606	1,579,311	6.7
Operation and Maintenance of Plant	3,900,438	3,793,268	2.8
Student Transportation	1,988,433	2,034,080	(2.2)
Operation of Noninstructional Services	1,518,938	1,362,264	11.5
Interest on Long-Term Debt	728,873	782,269	(6.8)
Total Expenses	31,553,768	32,086,146	(1.7)
<b>CHANGE IN NET POSITION</b>	(783,528)	(511,928)	53.1
Net Position - Beginning of Year, as Restated	65,184,622	65,696,550	(0.8)
<b>NET POSITION - END OF YEAR</b>	\$ 64,401,094	\$ 65,184,622	(1.2) %

Program revenues made up of charges for services, operating grants and contributions and capital grants and contributions increased from the prior year by \$228,601. This increase was mainly due to an increase in Title I, Special Education, Classroom Site, and Vocational Education funding.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

General revenues made up of property taxes, equalization, interest and other revenue decreased from the prior year by \$1,032,579 due to a reduction in the tax rates.

Expenses of the District decreased overall during the fiscal year.

**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 \$16,153,161, an increase of \$57,817 in comparison with the prior year. Of this amount \$9,222,210 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, 2015, fund balances were as follows:

**Table A-3  
Fund Balances**

Fund	Balance	Increase (Decrease) From 2013-14
General Fund	\$ 9,222,210	\$ (392,867)
Special Projects Fund	12,624	4,676
Other Special Revenue Fund	2,377,293	416,873
Debt Service Fund	204,687	(34,483)
Adjacent Ways Fund	2,106,601	(72,950)
Nonmajor Governmental Funds	2,229,746	136,568

The General Fund decrease of \$392,867 was due to the District being conservative related to expenditures.

The Special Projects Fund increase of \$4,676 was not significant.

The Other Special Revenue Fund increase of \$416,873 was due to the District carrying over Community Education and Vocational Education funds.

The Debt Service Fund decrease of \$34,483 was not significant.

The Adjacent Ways Fund decrease of \$72,950 was due to the District expending carryover funds.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The Nonmajor Governmental Funds increase of \$136,568 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 \$265,014. 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 \$676,770 less than budget during the fiscal year. Actual expenditures were within 3.0% of budget. The District's regular education and special education instruction line item exceeded budget due to employee insurance costs.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$85,166,473 (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 decrease in the District's investment in capital assets for the current fiscal year was 1.9%.

Major capital asset events during the fiscal year included moving forward with the Maintenance/Transportation facility, various site improvements and a purchase of a bus.

**Table A-4  
Capital Assets (Net)  
June 30, 2015 and 2014**

	Governmental Activities	
	2015	2014
Land	\$ 1,956,162	\$ 1,956,162
Construction in Progress	456,345	-
Land Improvements	553,088	443,182
Buildings and Improvements	80,979,505	83,001,639
Furniture, Equipment, and Vehicles	1,221,373	1,392,846
Total Capital Assets, Net	\$ 85,166,473	\$ 86,793,829

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, 2015**

**Long-Term Debt**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$15,421,156. This debt is backed by the full faith and credit of the District.

**Table A-5  
Outstanding Bonded Debt  
June 30, 2015 and 2014**

	Governmental Activities	
	2015	2014
General Obligation Bonds	\$ 15,421,156	\$ 16,338,513

The District's bonded debt decreased by \$917,357 (5.6%) during the current fiscal year. This decrease was due to scheduled principal payments on the outstanding bonds.

State statutes limit the amount of total bonded debt a unified school district may issue to 30% of its net secondary assessed valuation and Class B bonded debt (bonds authorized subsequent to December 31, 1999) to the greater of 10% of the net secondary assessed valuation or \$1,500 per student. The current debt limitations for the District are \$40,816,357 and \$13,605,452, respectively. Net bonded debt outstanding (par value of bonds outstanding less funds available in the Debt Service Fund) at June 30, 2015 is \$15,005,313.

At June 30, 2015 the District's net Class B bond debt outstanding was \$15,870,830 which exceeded the Class B debt limit of \$13,605,452. This debt in excess of limit was caused by a significant decline (30%) in assessed property values in the District since the bonds were issued. The District may not issue additional Class B bonded debt until it is within the applicable statutory limits.

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**

- ◆ Additional reduction in funding from state.
- ◆ Expected slight increase in assessed values in the area.
- ◆ Unsuccessful renewal of the 10% Maintenance and Operations override election resulting in the final budget reduction.

All of these factors were considered in preparing the District's budget for the 2016 fiscal year.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**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.

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## **BASIC FINANCIAL STATEMENTS**

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 10,149,180
Cash with Paying Agent	1,278,616
Restricted Assets	89,435
Receivables:	
Property Taxes	62,774
Intergovernmental	6,385,286
Prepays	6,764,686
Capital Assets:	
Non-Depreciable	2,412,507
Depreciable, Net	82,753,966
Total Assets	109,896,450
 Deferred Outflows of Resources	 3,069,247
<b>LIABILITIES</b>	
Accounts Payable	490,403
Accrued Interest	378,616
Matured Debt Principal Payable	900,000
 Long-Term Liabilities:	
Net Pension Liability	26,306,803
Due Within One Year	1,074,367
Due in More Than One Year	14,802,145
Total Liabilities	43,952,334
 Deferred Inflows of Resources	 4,612,269
<b>NET POSITION</b>	
Net Investment in Capital Assets	69,821,918
Restricted	
Instructional Improvement	347,751
Classroom Site	1,361,283
Federal and State Instructional Programs	3,945
State Instructional Programs	8,679
Food Service	342,616
Debt Service	217,632
Capital Projects	2,208,149
Community Programs	985,038
Instructional Aides	11,593
Vocational Education Programs	967,566
Noninstructional Programs	413,096
Unrestricted	(12,288,172)
Total Net Position	\$ 64,401,094

See accompanying Notes to Basic Financial Statements.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 16,190,177	\$ -	\$ 3,582,675	\$ 14,354	\$ (12,593,148)
Support Services:					
Students	2,919,397	-	450,325	-	(2,469,072)
Instructional Staff	840,162	-	423,959	-	(416,203)
General Administration	446,469	-	32,828	-	(413,641)
School Administration	1,336,275	-	16,980	-	(1,319,295)
Business and Other Support Services	1,684,606	-	175,481	-	(1,509,125)
Operation and Maintenance of Plant	3,900,438	-	-	-	(3,900,438)
Student Transportation	1,988,433	-	15,334	-	(1,973,099)
Operation of Noninstructional Services	1,518,938	677,869	930,450	-	89,381
Interest on Long-Term Debt	728,873	-	-	-	(728,873)
Total	<u>\$ 31,553,768</u>	<u>\$ 677,869</u>	<u>\$ 5,628,032</u>	<u>\$ 14,354</u>	<u>(25,233,513)</u>
General Revenues:					
Property Taxes					5,552,013
Grants and Contributions Not Restricted to Specific Programs					
State Equalization and Additional State Aid					16,593,457
County Equalization					1,167,100
Federal Aid not Restricted					242,333
Investment Earnings					57,383
Other					837,699
Total General Revenues					<u>24,449,985</u>
Change in Net Position					(783,528)
Net Position - Beginning, as Restated					65,184,622
Net Position - Ending					<u>\$ 64,401,094</u>

See accompanying Notes to Basic Financial Statements.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General	Special Projects	Other Special Revenue	Debt Service
<b>Assets</b>				
Cash and Investments	\$ 3,394,893	\$ -	\$ 2,244,020	\$ 198,950
Cash with Paying Agent	-	-	-	1,278,616
Restricted Assets	-	-	-	-
Receivables:				
Property Taxes	44,039	-	-	18,682
Intergovernmental	5,793,754	215,758	153,796	-
Due from Other Funds	387,992	-	-	-
<b>Total Assets</b>	<b>\$ 9,620,678</b>	<b>\$ 215,758</b>	<b>\$ 2,397,816</b>	<b>\$ 1,496,248</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 368,355	\$ 2,503	\$ 20,523	\$ -
Accrued Interest	-	-	-	378,616
Due to Other Funds	-	200,631	-	-
Matured Debt Principal Payable	-	-	-	900,000
<b>Total Liabilities</b>	<b>368,355</b>	<b>203,134</b>	<b>20,523</b>	<b>1,278,616</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	30,113	-	-	12,945
<b>Fund Balances:</b>				
Restricted	-	12,624	2,377,293	204,687
Unassigned	9,222,210	-	-	-
<b>Total Fund Balance</b>	<b>9,222,210</b>	<b>12,624</b>	<b>2,377,293</b>	<b>204,687</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 9,620,678</b>	<b>\$ 215,758</b>	<b>\$ 2,397,816</b>	<b>\$ 1,496,248</b>

See accompanying Notes to Basic Financial Statements.

<u>Adjacent Ways</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 2,191,701	\$ 2,119,616	\$ 10,149,180
-	-	1,278,616
-	89,435	89,435
53	-	62,774
-	221,978	6,385,286
-	-	387,992
<u>\$ 2,191,754</u>	<u>\$ 2,431,029</u>	<u>\$ 18,353,283</u>

\$ 85,100	\$ 13,922	\$ 490,403
-	-	378,616
-	187,361	387,992
-	-	900,000
<u>85,100</u>	<u>201,283</u>	<u>2,157,011</u>

<u>53</u>	<u>-</u>	<u>43,111</u>
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2,106,601	2,229,746	6,930,951
-	-	9,222,210
<u>2,106,601</u>	<u>2,229,746</u>	<u>16,153,161</u>
<u>\$ 2,191,754</u>	<u>\$ 2,431,029</u>	<u>\$ 18,353,283</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, 2015**

Total Fund Balances for Governmental Funds	\$ 16,153,161
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.	43,111
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	104,950,261
Less Accumulated Depreciation	(19,783,788)
Capital Assets Used in Governmental Activities	85,166,473
Prepaid rent is not a financial resource and therefore is not reported in the governmental funds.	6,764,686
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	3,069,247
Deferred Inflows of Resources Related to Pensions	(4,612,269)
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	(15,210,000)
Premium on Bonds	(211,156)
Net Pension Liability	(26,306,803)
Compensated Absences	(455,356)
Total Net Position of Governmental Activities	\$ 64,401,094

See accompanying Notes to Basic Financial Statements.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	General	Special Projects	Other Special Revenue	Debt Service
<b>Revenues:</b>				
Property Taxes	\$ 3,966,696	\$ -	\$ -	\$ 1,599,866
Intergovernmental	18,072,313	2,120,091	486,192	-
Food Service Sales	-	-	-	-
Auxiliary Operations	241,967	-	-	-
Contributions and Donations	106,653	-	102,299	-
Investment Earnings	31,476	243	4,008	9,348
Other	37,468	-	799,475	-
Total Revenues	<u>22,456,573</u>	<u>2,120,334</u>	<u>1,391,974</u>	<u>1,609,214</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	11,077,280	1,014,380	454,919	-
<b>Support Services:</b>				
Students	2,391,343	419,668	16,569	-
Instructional Staff	449,177	327,333	4,369	-
General Administration	414,482	30,593	-	-
School Administration	1,320,191	15,824	-	-
Business and Other Support Services	1,375,896	153,673	104,540	-
Operations and Maintenance of Plant	3,694,168	-	85,555	-
Student Transportation	1,856,894	14,290	43,050	-
Operation of Noninstructional Services	89,368	-	266,099	-
<b>Debt Service:</b>				
Principal Retirement	42,279	-	-	900,000
Interest on Long-Term Debt	2,533	-	-	743,697
<b>Capital Outlay:</b>				
Facilities Acquisition	463,087	-	-	-
Total Expenditures	<u>23,176,698</u>	<u>1,975,761</u>	<u>975,101</u>	<u>1,643,697</u>
Excess (Deficiency) of Revenues Over Expenditures	(720,125)	144,573	416,873	(34,483)
<b>Other Financing Sources (Uses):</b>				
Transfers In	327,258	-	-	-
Transfers Out	-	(139,897)	-	-
Total Other Financing Sources (Uses)	<u>327,258</u>	<u>(139,897)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(392,867)	4,676	416,873	(34,483)
<b>Fund Balances:</b>				
Beginning of Year	9,615,077	7,948	1,960,420	239,170
End of Year	<u>\$ 9,222,210</u>	<u>\$ 12,624</u>	<u>\$ 2,377,293</u>	<u>\$ 204,687</u>

See accompanying Notes to Basic Financial Statements.

Adjacent Ways	Nonmajor Governmental Funds	Totals
\$ 10,586	\$ -	\$ 5,577,148
-	2,757,728	23,436,324
-	435,902	435,902
-	-	241,967
-	-	208,952
2,961	9,347	57,383
-	756	837,699
<u>13,547</u>	<u>3,203,733</u>	<u>30,795,375</u>
-	1,466,128	14,012,707
-	77,460	2,905,040
-	59,032	839,911
-	-	445,075
-	-	1,336,015
-	21,772	1,655,881
-	14,354	3,794,077
-	-	1,914,234
-	1,157,365	1,512,832
-	-	942,279
-	-	746,230
86,497	83,693	633,277
<u>86,497</u>	<u>2,879,804</u>	<u>30,737,558</u>
(72,950)	323,929	57,817
-	-	327,258
-	(187,361)	(327,258)
<u>-</u>	<u>(187,361)</u>	<u>-</u>
(72,950)	136,568	57,817
2,179,551	2,093,178	16,095,344
<u>\$ 2,106,601</u>	<u>\$ 2,229,746</u>	<u>\$ 16,153,161</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances-Total Governmental Funds \$ 57,817

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	852,049
Less Current Year Depreciation	<u>(2,479,405)</u>
Excess Depreciation over Capital Expenditures	(1,627,356)

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	(25,135)
----------------	----------

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

Pension Contributions	1,732,258
Pension Expense	<u>(1,725,900)</u>

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	900,000
Principal Payments on Capital Leases	42,279
Amortization of Premium on Bonds	17,357

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	<u>(53,883)</u>
--------------------------------------	-----------------

Change in Net Position of Governmental Activities	<u><u>\$ (783,528)</u></u>
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**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 JUNE 30, 2015**

	<u>Student Activities</u>
Assets	
Current Assets:	
Cash and Investments	\$ 108,589
Total Current Assets	<u>\$ 108,589</u>
Liabilities	
Due to Student Groups	\$ 77,652
Due to Other Entities	30,937
Total Liabilities	<u>\$ 108,589</u>

*See accompanying Notes to Basic 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, 2015**

**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.

During the year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, both of which provide financial reporting guidance for reporting pension liabilities and expenses.

**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, 2015**

**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 modified 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, 2015**

**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.

Adjacent Ways Fund

The Adjacent Ways Fund is a capital projects fund which accounts for transactions relating to resources restricted to finance the improvement of public ways adjacent to school property.

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 and 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, 2015**

**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. require 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 percent 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, 2015**

**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, 2015, 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 fair market 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, 2015**

**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 under GASB Statement No. 68.

**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 under GASB Statement No. 68 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, 2015**

**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 are 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.

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, 2015**

**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.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2015 consist of the following:

Deposits:	
Cash in Bank	\$ 334,602
Investments:	
Cash on Deposit with County Treasurer	10,012,602
Cash with Paying Agent	1,278,616
Total Deposits and Investments	11,625,820
Less: Restricted Assets	(89,435)
Less: Cash with Paying Agent	(1,278,616)
Less: Fiduciary Funds	(108,589)
Total Cash and Investments	\$ 10,149,180

**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, 2015, the District's bank balance was \$337,565. Of the bank balance, \$291,750 was covered by federal depository insurance or collateralized by securities held with the bank and the remaining \$45,815 was uninsured.

**Investments**

At June 30, 2015, the District's investments were reported at fair value. 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 specific investment and is not subject to custodial credit risk. The cash on deposit with paying agent represents payment of bond principal and interest due July 1 held by the bond trustee at June 30, 2015 and was held by the District's agent in the District's name.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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. The District’s investments consist only of cash and investments on deposit with County Treasurer and cash with paying agent, as previously discussed.

**2. Restricted Assets**

Restricted assets at June 30, 2015 consisted of the following:

General Obligation Bond Proceeds	<u>\$ 89,435</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, 2015**

**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:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable:	
General Fund	\$ 30,113
Debt Service Fund	12,945
Adjacent Ways Fund	53
	\$ 43,111

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,956,162	\$ -	\$ -	\$ 1,956,162
Construction in progress	-	456,345	-	456,345
Total Capital Assets, Not Being Depreciated	1,956,162	456,345	-	2,412,507
Capital Assets, Being Depreciated:				
Land Improvements	951,055	163,316	-	1,114,371
Buildings and Improvements	96,037,541	1,933	-	96,039,474
Furniture, Equipment, and Vehicles	5,161,562	230,455	(8,108)	5,383,909
Total Capital Assets, Being Depreciated	102,150,158	395,704	(8,108)	102,537,754
Accumulated Depreciation for:				
Land Improvements	(507,873)	(53,410)	-	(561,283)
Buildings and Improvements	(13,035,902)	(2,024,067)	-	(15,059,969)
Furniture, Equipment, and Vehicles	(3,768,716)	(401,928)	8,108	(4,162,536)
Total Accumulated Depreciation	(17,312,491)	(2,479,405)	8,108	(19,783,788)
Total Capital Assets, Being Depreciated, Net	84,837,667	(2,083,701)	-	82,753,966
Governmental Activities Capital Assets, Net	\$ 86,793,829	\$ (1,627,356)	\$ -	\$ 85,166,473

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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	\$ 2,008,023
Support Services:	
Students	31,068
Instructional Staff	7,613
School Administration	73
Business and Other Support Services	61,522
Operations and Maintenance of Plant	117,438
Student Transportation	242,609
Operation of Noninstructional Services	11,059
	<u>\$ 2,479,405</u>

The estimated cost to complete construction in progress at June 30, 2015 was \$409,582.



**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

As of June 30, 2015, interfund receivables and payables were as follows:

Due To	Due From		Totals
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 200,631	\$ 187,361	\$ 387,992

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.

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfers To	Transfers From		Totals
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 139,897	\$ 187,361	\$ 327,258

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.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**C. Obligations Under Leases (Continued)**

Prepaid rent as of June 30, 2015 is as follows:

	Amount
Prepaid Rent	\$ 7,471,445
Accumulated Amortization	(706,759)
Balance at June 30, 2015	\$ 6,764,686

**Capital Leases**

The District has entered into a lease agreement as a lessee for financing the purchase of wireless wide-area-network infrastructure. This lease agreement qualifies as a capital lease for accounting purposes as title to the property transfers to the District at the end of the lease term. Accordingly, the principal amount of the assets, totaling \$200,125 is capitalized. Lease amortization expense is included in depreciation expense. The lease was paid off during the fiscal year.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Buildings and Improvements	\$ 200,125
Less: Accumulated Depreciation	(48,364)
Total	\$ 151,761

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**D. Long-Term Obligations**

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

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Original Issue Amounts	Amount Outstanding
School Improvement Bonds, Project of 2006, Series A	4.125-6.00%	07/01/18-26	\$ 3,520,000	\$ 3,190,000
School Improvement Bonds, Project of 2006, Series B (2007)	3.700-4.700%	07/01/20-27	8,580,000	7,800,000
School Improvement Bonds, Project of 2006, Series C (2008)	4.000-5.000%	07/01/15-28	<u>7,530,000</u>	<u>4,220,000</u>
Total General Obligation Bonds Payable			<u>\$ 19,630,000</u>	<u>\$ 15,210,000</u>

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	July 1, 2014	Additions	Retirements	June 30, 2015	Due within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 16,110,000	\$ -	\$ (900,000)	\$ 15,210,000	\$ 850,000
Premium on Bonds	228,513	-	(17,357)	211,156	-
Total Bonds Payable	<u>16,338,513</u>	<u>-</u>	<u>(917,357)</u>	<u>15,421,156</u>	<u>850,000</u>
Other Liabilities:					
Capital Leases	42,279	-	(42,279)	-	-
Compensated Absences	401,473	266,228	(212,345)	455,356	224,367
Total Other Liabilities	<u>443,752</u>	<u>266,228</u>	<u>(254,624)</u>	<u>455,356</u>	<u>224,367</u>
Governmental Activities Long-Term Debt	<u>\$ 16,782,265</u>	<u>\$ 266,228</u>	<u>\$ (1,171,981)</u>	<u>\$ 15,876,512</u>	<u>\$ 1,074,367</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2016	\$ 850,000	\$ 721,231
2017	800,000	682,981
2018	795,000	642,981
2019	475,000	603,231
2020	1,320,000	579,481
2021-2025	7,600,000	1,881,388
2026-2028	3,370,000	245,888
Totals	\$ 15,210,000	\$ 5,357,181

State statutes limit the amount of total bonded debt a unified school district may issue to 30% of its net secondary assessed valuation and Class B bonded debt (bonds authorized subsequent to December 31, 1999) to the greater of 10% of the net secondary assessed valuation or \$1,500 per student. The current debt limitations for the District are \$40,816,357 and \$13,605,452, respectively. Net bonded debt outstanding (par value of bonds outstanding less funds available in the Debt Service Fund) at June 30, 2015 is \$15,005,313.

At June 30, 2015 the District's net Class B bond debt outstanding was \$15,005,313 which exceeded the Class B debt limit of \$13,605,452. This debt in excess of limit was caused by a significant decline in assessed property values in the District since the bonds were issued. The District may not issue additional Class B bonded debt until it is within the applicable statutory limits.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**E. Fund Balance Classification**

The fund balance classifications of the governmental funds as of June 30, 2015, were as follows:

	General Fund	Special Projects Fund	Special Revenue Fund	Debt Service Fund	Adjacent Ways Fund	Nonmajor Governmental Funds	Totals
<b>Restricted</b>							
Instructional Improvement Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,751	\$ 347,751
Teacher Compensation Programs	-	-	-	-	-	1,361,283	1,361,283
Federal and State Instructional Programs	-	12,624	-	-	-	-	12,624
Food Services	-	-	-	-	-	342,616	342,616
Community Programs	-	-	985,038	-	-	-	985,038
Instructional Aids	-	-	11,593	-	-	-	11,593
Vocational Education Programs	-	-	967,566	-	-	-	967,566
Noninstructional Programs	-	-	413,096	-	-	-	413,096
Capital Projects	-	-	-	-	2,106,601	178,096	2,284,697
Debt Service	-	-	-	204,687	-	-	204,687
Total Restricted	-	12,624	2,377,293	204,687	2,106,601	2,229,746	6,930,951
<b>Unassigned</b>							
	9,222,210	-	-	-	-	-	9,222,210
Total Fund Balance	<u>\$ 9,222,210</u>	<u>\$ 12,624</u>	<u>\$ 2,377,293</u>	<u>\$ 204,687</u>	<u>\$ 2,106,601</u>	<u>\$ 2,229,746</u>	<u>\$ 16,153,161</u>

**F. Change in Accounting Principle**

During the year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities as shown below:

	Net Position as Previously Stated	Cumulative Effect of Application of GASB 68 Net Pension Liability	Cumulative Effect of Application of GASB 71 Deferred Outflow of Resources for District Contributions Made During 2013-14	Net Position as Restated
Governmental Activities	<u>\$ 93,040,805</u>	<u>\$ (29,571,016)</u>	<u>\$ 1,714,833</u>	<u>\$ 65,184,622</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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, 2015, 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 Assets	\$ -
Net Pension Liability	26,306,803
Deferred Outflows of Resources	3,069,247
Deferred Inflows of Resources	4,612,269
Pension Expense	1,725,900

The District had no accrued payroll and benefits for outstanding pension contribution amount payable for the year ended June 30, 2015. Also, the District reported \$1,845,197 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, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

**Arizona State Retirement System**

**Plan Descriptions** - 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 Web site at [www.azasrs.gov](http://www.azasrs.gov).

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of years and age equals 80 10 years age 62 5 year 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 month
Benefit Percentage Per Year of Service	2.1% to 2.3 %	2.1% to 2.3 %

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, 2015**

**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, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60% (11.48% for retirement and 0.12 % 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 11.60% (10.89 % for retirement, 0.59% for the health insurance premium benefit, and 0.12% 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 9.57% (9.51% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension plan for the year ended June 30, 2015, were \$1,845,197. The District's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2015	\$ 93,851	\$ 19,088
2014	93,030	37,212
2013	99,481	36,731

During the fiscal year ended June 30, 2015, the District paid ASRS pension and OPEB contributions as follows: 79% from General Fund, 7% from Special Projects, 4% from Other Special Revenue, and 10% from Nonmajor Governmental Funds.

**Pension Liability** - At June 30, 2015, the District reported a liability of \$26,306,803 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014.

The District's reported liability at June 30, 2015, decreased by \$3,264,213 from the District's prior year liability of \$29,571,016 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, 2015**

**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 FY 2014 contributions. The District's proportion measured as of June 30, 2014, was 0.177790%, which was a decrease of 0.0000005 from its proportion measured as of June 30, 2013.

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense for ASRS of \$1,725,900. At June 30, 2015, 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	\$ 1,336,989	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	4,600,248
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	-	12,021
Contributions Subsequent to the Measurement Date	1,732,258	-
Total	\$ 3,069,247	\$ 4,612,269

The \$1,732,258 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, 2016. 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>		
2016	\$	573,989
2017		573,989
2018		977,240
2019		1,150,062

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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, 2013
Actuarial Roll Forward Date	June 30, 2014
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, 2013 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 8.79% 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 Real Rate of Return
Equity	63%	7.03%
Fixed Income	25%	3.20%
Real Estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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 8.79%. 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	\$ 33,250,449	\$ 26,306,803	\$ 22,539,526

**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  
2015 AND ONE YEAR PRIOR**

<b>Schedule of the District's Proportionate Share of the Net Pension Liability</b>	Reporting Year (Measurement Date) 2015 <u>(2014)</u>
District's Proportion of the Net Pension Liability	0.17779%
District's Proportionate Share of the Net Pension Liability	\$ 26,306,803
District's Covered-Employee Payroll	\$ 15,906,887
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%

<b>Schedule of District Pension Contributions</b>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 1,845,199	\$ 1,790,126
District's Contributions in Relation to the Statutorily Required Contribution	<u>1,845,199</u>	<u>1,790,126</u>
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 16,045,209	\$ 15,906,887
District's Contributions as a Percentage of Covered-Employee Payroll	11.50%	11.25%

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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ 3,834,439	\$ 3,834,439
Intergovernmental	-	-	17,248,997	17,248,997
Investment Earnings	-	-	1,408	1,408
Other	-	-	6,647	6,647
Total Revenues	-	-	21,091,491	21,091,491
<b>Expenditures:</b>				
<b>Regular Education:</b>				
Instruction	8,300,753	7,917,307	8,024,641	(107,334)
Support Services - Students	885,813	927,232	902,306	24,926
Support Services - Instructional Staff	458,960	444,960	430,913	14,047
Support Services - General Administration	492,884	492,884	412,085	80,799
Support Services - School Administration	1,317,092	1,323,342	1,320,191	3,151
Support Services - Business and Other	1,208,823	1,203,496	916,145	287,351
Operations and Maintenance of Plant	3,824,953	3,858,015	3,585,159	272,856
Operation of Noninstructional Services	90,572	90,572	81,154	9,418
Total Regular Education	16,579,850	16,257,808	15,672,594	585,214
<b>Special Education:</b>				
Instruction	2,872,788	3,108,700	3,128,001	(19,301)
Support Services - Students	1,309,358	1,487,198	1,414,077	73,121
Support Services - Instructional Staff	5,000	900	528	372
Support Services - Business and Other	-	1,000	943	57
Total Special Education	4,187,146	4,597,798	4,543,549	54,249
<b>Pupil Transportation:</b>				
Student Transportation Services	1,523,596	1,700,000	1,662,693	37,307
Total Pupil Transportation	1,523,596	1,700,000	1,662,693	37,307
Total Expenditures	22,290,592	22,555,606	21,878,836	676,770
Excess (Deficiency) of Revenue Over Expenditures	(22,290,592)	(22,555,606)	(787,345)	21,768,261
<b>Other Financing Sources (Uses):</b>				
Net Change in Fund Balance	(22,290,592)	(22,555,606)	(787,345)	21,768,261
<b>Fund Balance</b>				
Beginning of Year	-	-	2,000,806	2,000,806
End of Year	<u>\$ (22,290,592)</u>	<u>\$ (22,555,606)</u>	<u>\$ 1,213,461</u>	<u>\$ 23,769,067</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 2,120,091	\$ 2,120,091
Investment Earnings	-	-	243	243
Total Revenues	<u>-</u>	<u>-</u>	<u>2,120,334</u>	<u>2,120,334</u>
Expenditures				
Instruction	2,661,946	2,661,946	1,014,380	1,647,566
Support Services				
Students	-	-	419,668	(419,668)
Instructional Staff	-	-	327,333	(327,333)
General Administration	-	-	30,593	(30,593)
School Administration	-	-	15,824	(15,824)
Business and Other Support Services	-	-	153,673	(153,673)
Student Transportation	-	-	14,290	(14,290)
Total Expenditures	<u>2,661,946</u>	<u>2,661,946</u>	<u>1,975,761</u>	<u>686,185</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,661,946)	(2,661,946)	144,573	2,806,519
Other Financing Sources (Uses)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(139,897)</u>	<u>(139,897)</u>
Net Change in Fund Balance	(2,661,946)	(2,661,946)	4,676	2,666,622
Fund Balance				
Beginning of Year	-	-	7,948	7,948
End of Year	<u>\$ (2,661,946)</u>	<u>\$ (2,661,946)</u>	<u>\$ 12,624</u>	<u>\$ 2,674,570</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 486,192	\$ 486,192
Contributions and Donations	-	-	102,299	102,299
Investment Earnings	-	-	4,008	4,008
Other	-	-	799,475	799,475
Total Revenues	-	-	1,391,974	1,391,974
<b>Expenditures</b>				
Instruction	5,365,000	6,175,000	454,919	5,720,081
Support Services:				
Students	-	-	16,569	(16,569)
Instructional Staff	-	-	4,369	(4,369)
Business and Other Support Services	-	-	104,540	(104,540)
Operations and Maintenance of Plant	-	-	85,555	(85,555)
Student Transportation	-	-	43,050	(43,050)
Operation of Noninstructional Services	-	-	266,099	(266,099)
Total Expenditures	5,365,000	6,175,000	975,101	5,199,899
Excess (Deficiency) of Revenues Over Expenditures	(5,365,000)	(6,175,000)	416,873	6,591,873
<b>Fund Balance:</b>				
Beginning of Year	-	-	1,960,420	1,960,420
End of Year	\$ (5,365,000)	\$ (6,175,000)	\$ 2,377,293	\$ 8,552,293

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2015**

**NOTE 1 BASIS OF ACCOUNTING**

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

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

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

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 22,456,573	\$ 23,176,698	\$ 327,258	\$ 9,615,077	\$ 9,222,210
Non Maintenance and Operation Activity Included in General Fund	(1,365,082)	(1,750,668)	(327,258)	(6,136,814)	(6,078,486)
Items Charged to Budget During Prior Year Encumbrance Period	-	-	-	(1,477,457)	(1,477,457)
Items Charged to Budget During Current Year Encumbrance Period	-	452,806	-	-	(452,806)
Budgetary Comparison Schedule - General Fund	<u>\$ 21,091,491</u>	<u>\$ 21,878,836</u>	<u>\$ -</u>	<u>\$ 2,000,806</u>	<u>\$ 1,213,461</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**

*Bond Building Fund* - 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.

*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.

*New School Facilities Fund* - accounts for monies received from the School Facilities Board that are used to purchase land, to construct new school buildings, and to pay related architectural and engineering fees.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2015**

	Special Revenue			
	Instructional Improvement	Classroom Site	Food Service	Total Special Revenue Funds
Assets				
Cash and Investments	\$ 272,628	\$ 1,232,348	\$ 513,145	\$ 2,018,121
Restricted Assets	-	-	-	-
Receivables				
Intergovernmental	75,123	128,935	17,920	221,978
Total Assets	\$ 347,751	\$ 1,361,283	\$ 531,065	\$ 2,240,099
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ 1,088	\$ 1,088
Due to Other Funds	-	-	187,361	187,361
Total Liabilities	-	-	188,449	188,449
Fund Balances				
Restricted	347,751	1,361,283	342,616	2,051,650
Total Fund Balances	347,751	1,361,283	342,616	2,051,650
Total Liabilities and Fund Balances	\$ 347,751	\$ 1,361,283	\$ 531,065	\$ 2,240,099



Capital Projects

<u>Bond Building</u>	<u>Building Renewal</u>	<u>New School Facilities</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 101,495	\$ 101,495	\$ 2,119,616
89,435	-	-	89,435	89,435
-	-	-	-	221,978
<u>\$ 89,435</u>	<u>\$ -</u>	<u>\$ 101,495</u>	<u>\$ 190,930</u>	<u>\$ 2,431,029</u>
\$ 12,834	\$ -	\$ -	\$ 12,834	\$ 13,922
-	-	-	-	187,361
<u>12,834</u>	<u>-</u>	<u>-</u>	<u>12,834</u>	<u>201,283</u>
76,601	-	101,495	178,096	2,229,746
<u>76,601</u>	<u>-</u>	<u>101,495</u>	<u>178,096</u>	<u>2,229,746</u>
<u>\$ 89,435</u>	<u>\$ -</u>	<u>\$ 101,495</u>	<u>\$ 190,930</u>	<u>\$ 2,431,029</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, 2015**

	<u>Special Revenue</u>			
	<u>Instructional Improvement</u>	<u>Classroom Site</u>	<u>Food Service</u>	<u>Total Special Revenue Funds</u>
Revenues				
Intergovernmental	\$ 174,658	\$ 1,638,266	\$ 930,450	\$ 2,743,374
Food Service Sales	-	-	435,902	435,902
Investment Earnings	1,187	5,835	1,517	8,539
Other	-	741	15	756
Total Revenues	<u>175,845</u>	<u>1,644,842</u>	<u>1,367,884</u>	<u>3,188,571</u>
Expenditures				
Current				
Instruction	112,741	1,328,413	-	1,441,154
Support Services				
Students	-	-	-	-
Instructional Staff	21,223	37,809	-	59,032
Business and Other Support Services	-	8,882	-	8,882
Operations and Maintenance of Plant	-	-	-	-
Operation of Noninstructional Services	-	-	1,157,365	1,157,365
Capital Outlay				
Facilities Acquisition	-	-	-	-
Total Expenditures	<u>133,964</u>	<u>1,375,104</u>	<u>1,157,365</u>	<u>2,666,433</u>
Excess (Deficiency) of Revenues Over Expenditures	41,881	269,738	210,519	522,138
Other Financing Sources (Uses)				
Transfers Out	-	-	(187,361)	(187,361)
Net Change in Fund Balances	41,881	269,738	23,158	334,777
Fund Balances				
Beginning of Year	<u>305,870</u>	<u>1,091,545</u>	<u>319,458</u>	<u>1,716,873</u>
End of Year	<u>\$ 347,751</u>	<u>\$ 1,361,283</u>	<u>\$ 342,616</u>	<u>\$ 2,051,650</u>

Capital Projects

<u>Bond Building</u>	<u>Building Renewal</u>	<u>New School Facilities</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 14,354	\$ -	\$ 14,354	\$ 2,757,728
-	-	-	-	435,902
-	-	808	808	9,347
-	-	-	-	756
-	<u>14,354</u>	<u>808</u>	<u>15,162</u>	<u>3,203,733</u>
-	-	24,974	24,974	1,466,128
-	-	77,460	77,460	77,460
-	-	-	-	59,032
-	-	12,890	12,890	21,772
-	14,354	-	14,354	14,354
-	-	-	-	1,157,365
<u>83,693</u>	<u>-</u>	<u>-</u>	<u>83,693</u>	<u>83,693</u>
<u>83,693</u>	<u>14,354</u>	<u>115,324</u>	<u>213,371</u>	<u>2,879,804</u>
(83,693)	-	(114,516)	(198,209)	323,929
-	-	-	-	(187,361)
(83,693)	-	(114,516)	(198,209)	136,568
<u>160,294</u>	<u>-</u>	<u>216,011</u>	<u>376,305</u>	<u>2,093,178</u>
<u>\$ 76,601</u>	<u>\$ -</u>	<u>\$ 101,495</u>	<u>\$ 178,096</u>	<u>\$ 2,229,746</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ -	\$ -	\$ 1,599,866	\$ 1,599,866
Investment Earnings	-	-	9,348	9,348
Total Revenues	<u>-</u>	<u>-</u>	<u>1,609,214</u>	<u>1,609,214</u>
Expenditures				
Debt Service				
Principal Retirement	900,000	900,000	900,000	-
Interest on Long-term Debt	757,231	757,231	743,697	13,534
Total Expenditures	<u>1,657,231</u>	<u>1,657,231</u>	<u>1,643,697</u>	<u>13,534</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,657,231)	(1,657,231)	(34,483)	1,622,748
Fund Balance				
Beginning of Year	-	-	239,170	239,170
End of Year	<u>\$ (1,657,231)</u>	<u>\$ (1,657,231)</u>	<u>\$ 204,687</u>	<u>\$ 1,861,918</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ -	\$ -	\$ 10,586	\$ 10,586
Investment Earnings	-	-	2,961	2,961
Total Revenues	<u>-</u>	<u>-</u>	<u>13,547</u>	<u>13,547</u>
Expenditures				
Capital Outlay				
Facilities Acquisition	<u>2,180,000</u>	<u>2,190,000</u>	<u>86,497</u>	<u>2,103,503</u>
Total Expenditures	<u>2,180,000</u>	<u>2,190,000</u>	<u>86,497</u>	<u>2,103,503</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,180,000)	(2,190,000)	(72,950)	2,117,050
Fund Balance				
Beginning of Year	-	-	2,179,551	2,179,551
End of Year	<u>\$ (2,180,000)</u>	<u>\$ (2,190,000)</u>	<u>\$ 2,106,601</u>	<u>\$ 4,296,601</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 174,658	\$ 174,658
Investment Earnings	-	-	1,187	1,187
Total Revenues	<u>-</u>	<u>-</u>	<u>175,845</u>	<u>175,845</u>
Expenditures				
Instruction	366,000	366,000	112,741	253,259
Support Services				
Instructional Staff	-	-	21,223	(21,223)
Total Expenditures	<u>366,000</u>	<u>366,000</u>	<u>133,964</u>	<u>232,036</u>
Excess (Deficiency) of Revenues Over Expenditures	(366,000)	(366,000)	41,881	407,881
Fund Balance				
Beginning of Year	-	-	305,870	305,870
End of Year	<u>\$ (366,000)</u>	<u>\$ (366,000)</u>	<u>\$ 347,751</u>	<u>\$ 713,751</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,638,266	\$ 1,638,266
Investment Earnings	-	-	5,835	5,835
Other	-	-	741	741
Total Revenues	<u>-</u>	<u>-</u>	<u>1,644,842</u>	<u>1,644,842</u>
Expenditures				
Instruction	2,339,545	2,428,947	1,328,413	1,100,534
Support Services				
Instructional Staff	126,556	164,136	37,809	126,327
Business and Other Support Services	-	-	8,882	(8,882)
Total Expenditures	<u>2,466,101</u>	<u>2,593,083</u>	<u>1,375,104</u>	<u>1,217,979</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,466,101)	(2,593,083)	269,738	2,862,821
Fund Balance				
Beginning of Year	-	-	1,091,545	1,091,545
End of Year	<u>\$ (2,466,101)</u>	<u>\$ (2,593,083)</u>	<u>\$ 1,361,283</u>	<u>\$ 3,954,366</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 930,450	\$ 930,450
Food Service Sales	-	-	435,902	435,902
Investment Earnings	-	-	1,517	1,517
Other	-	-	15	15
Total Revenues	-	-	1,367,884	1,367,884
Expenditures				
Operation of Noninstructional Services	1,500,000	1,500,000	1,157,365	342,635
Total Expenditures	1,500,000	1,500,000	1,157,365	342,635
Excess (Deficiency) of Revenues Over Expenditures	(1,500,000)	(1,500,000)	210,519	1,710,519
Other Financing Sources (Uses):				
Transfers Out	-	-	(187,361)	(187,361)
Net Change in Fund Balance	(1,500,000)	(1,500,000)	23,158	1,523,158
Fund Balance:				
Beginning of Year	-	-	319,458	319,458
End of Year	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ 342,616</u>	<u>\$ 1,842,616</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital Outlay				
Facilities Acquisition	\$ 171,000	\$ 171,000	\$ 83,693	\$ 87,307
Excess (Deficiency) of Revenue Over Expenditures	(171,000)	(171,000)	(83,693)	87,307
Fund Balance				
Beginning of Year	-	-	160,294	160,294
End of Year	<u>\$ (171,000)</u>	<u>\$ (171,000)</u>	<u>\$ 76,601</u>	<u>\$ 247,601</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 14,354	\$ 14,354
Expenditures				
Support Services				
Operations and Maintenance of Plant	-	50,000	14,354	35,646
Excess (Deficiency) of Revenue Over Expenditures	-	(50,000)	-	50,000
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ 50,000</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NEW SCHOOL FACILITIES FUND**  
**YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 808	\$ 808
Expenditures				
Instruction	-	-	24,974	(24,974)
Support Services				
Students	350,000	350,000	77,460	272,540
Business and Other Support Services	-	-	12,890	(12,890)
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>115,324</u>	<u>234,676</u>
Excess (Deficiency) of Revenues Over Expenditures	(350,000)	(350,000)	(114,516)	235,484
Fund Balance				
Beginning of Year	-	-	216,011	216,011
End of Year	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	<u>\$ 101,495</u>	<u>\$ 451,495</u>

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## **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, 2015**

	<u>Student Activities</u>	<u>Insurance</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and Investments	<u>\$ 77,652</u>	<u>\$ 30,937</u>	<u>\$ 108,589</u>
Liabilities			
Due to Student Groups	\$ 77,652	\$ -	\$ 77,652
Due to Other Entities	-	30,937	30,937
Total Liabilities	<u>\$ 77,652</u>	<u>\$ 30,937</u>	<u>\$ 108,589</u>

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 01, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Student Activities Fund</b>				
Assets				
Cash and Investments	\$ 69,843	\$ 191,901	\$ (184,092)	\$ 77,652
Liabilities				
Combs High School	\$ 36,690	\$ 115,526	\$ (108,400)	\$ 43,816
Elementary/Middle School	33,153	76,375	(75,692)	33,836
Total Liabilities	<u>\$ 69,843</u>	<u>\$ 191,901</u>	<u>\$ (184,092)</u>	<u>\$ 77,652</u>
<b>Insurance</b>				
Assets				
Cash and Investments	\$ 26,100	\$ 2,656,446	\$ (2,651,609)	\$ 30,937
Liabilities				
Due to Other Entities	\$ 26,100	\$ 2,656,446	\$ (2,651,609)	\$ 30,937
<b>Total Agency Funds</b>				
Assets				
Cash and Investments	\$ 95,943	\$ 2,848,347	\$ (2,835,701)	\$ 108,589
Liabilities				
Due to Student Groups	\$ 69,843	\$ 191,901	\$ (184,092)	\$ 77,652
Due to Other Entities	26,100	2,656,446	(2,651,609)	30,937
Total Liabilities	<u>\$ 95,943</u>	<u>\$ 2,848,347</u>	<u>\$ (2,835,701)</u>	<u>\$ 108,589</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net Investment in capital assets	\$ 20,846,659	\$ 39,010,909	\$ 67,674,970	\$ 77,961,158	\$ 77,488,114	\$ 77,230,510	\$ 75,230,510	\$ 73,235,951	\$ 70,573,331	\$ 69,821,918
Restricted	1,545,559	2,695,614	4,518,046	5,526,495	6,530,810	3,974,094	5,269,564	5,503,999	6,331,527	6,867,348
Unrestricted	425,882	1,063,452	10,444,233	9,253,326	10,588,144	13,276,112	13,272,416	14,812,783	16,135,947	(12,288,172)
Total governmental activities net position	<u>\$ 22,818,100</u>	<u>\$ 42,769,975</u>	<u>\$ 82,637,249</u>	<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>

Source: District's Business Services Department.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 10,497,423	\$ 12,937,406	\$ 18,338,885	\$ 21,506,926	\$ 16,918,781	\$ 15,715,448	\$ 15,423,485	\$ 15,908,616	\$ 17,399,040	\$ 16,190,177
Support services:										
Students	347,752	427,428	1,312,991	1,733,782	2,273,983	2,168,281	2,421,165	2,734,548	2,666,387	2,919,397
Instructional staff	429,127	608,162	762,527	1,339,249	562,584	499,416	379,936	780,531	733,168	840,162
General administration	233,102	335,951	403,307	315,208	572,550	445,087	477,250	414,720	437,159	446,469
School administration	590,950	731,864	1,072,669	1,770,223	1,219,769	1,452,019	1,473,185	1,314,880	1,299,200	1,336,275
Business and other support services	586,308	945,630	1,374,743	2,165,397	1,437,209	1,260,660	1,464,055	1,610,292	1,579,311	1,684,606
Operation and maintenance of plant	1,016,175	1,375,082	2,446,755	2,915,969	3,575,154	3,834,051	3,821,093	3,769,561	3,793,268	3,900,438
Student transportation	643,194	1,386,996	1,359,651	1,689,881	1,675,611	1,761,649	1,866,180	1,815,774	2,034,080	1,988,433
Operation of noninstructional services	422,668	594,802	811,969	1,255,318	1,421,921	1,370,068	1,275,820	1,395,785	1,362,264	1,518,938
Interest on long-term debt	973	129,144	650,393	900,598	911,606	845,165	808,070	1,083,820	782,269	728,873
Total governmental activities	<u>14,767,672</u>	<u>19,472,465</u>	<u>28,533,890</u>	<u>35,592,551</u>	<u>30,569,168</u>	<u>29,351,844</u>	<u>29,410,239</u>	<u>30,828,527</u>	<u>32,086,146</u>	<u>31,553,768</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Operation of noninstructional services	257,191	305,676	418,138	529,810	674,388	698,786	690,969	672,104	614,710	677,869
Operating grants and contributions	1,492,659	1,886,473	2,528,344	2,642,372	5,926,578	3,602,854	3,390,765	4,026,374	5,284,639	5,628,032
Capital grants and contributions	4,096,745	19,909,767	31,070,191	15,018,048	607,624	553,738	197,154	382,615	192,305	14,354
Total governmental activities program revenues	<u>\$ 5,846,595</u>	<u>\$ 22,101,916</u>	<u>\$ 34,016,673</u>	<u>\$ 18,190,230</u>	<u>\$ 7,208,590</u>	<u>\$ 4,855,378</u>	<u>\$ 4,278,888</u>	<u>\$ 5,081,093</u>	<u>\$ 6,091,654</u>	<u>\$ 6,320,255</u>

(Continued)

(Concluded)	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (8,921,077)	\$ 2,629,451	\$ 5,482,783	\$ (17,402,321)	\$ (23,360,578)	\$ (24,496,466)	\$ (25,131,351)	\$ (25,747,434)	\$ (25,994,492)	\$ (25,233,513)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	1,454,043	1,454,043	2,789,863	7,288,301	9,937,711	6,180,583	6,846,289	6,874,949	6,641,961	5,552,013
Unrestricted grants and contributions	10,835,667	10,835,667	14,037,098	18,614,547	16,895,493	17,367,979	16,804,490	17,787,156	17,887,700	18,002,890
Investment earnings	91,367	91,367	298,020	642,715	343,912	68,478	37,070	27,625	34,027	57,383
Other	301,700	301,700	197,443	367,483	328,935	753,074	735,276	837,947	918,876	837,699
Extraordinary gain	-	-	-	7,471,445	-	-	-	-	-	-
Total governmental activities:	<u>12,682,777</u>	<u>12,682,777</u>	<u>17,322,424</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 3,761,700</u>	<u>\$ 15,312,228</u>	<u>\$ 22,805,207</u>	<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>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	614,511	1,580,932	2,780,419	(136,372)	1,893,647	-	-	-	-	-
Unassigned	-	-	-	-	-	5,843,128	6,059,998	8,071,145	9,615,077	9,222,210
Total General Fund	<u>\$ 614,511</u>	<u>\$ 1,580,932</u>	<u>\$ 2,780,419</u>	<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>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,188,466	1,959,887	2,921,385	2,577,051	2,864,836	-	-	-	-	-
Debt service funds	-	10,015	357,459	362,792	218,720	-	-	-	-	-
Capital projects funds	2,837,848	3,951,512	2,259,547	5,578,109	5,166,254	-	-	-	-	-
Restricted	-	-	-	-	-	4,960,767	6,049,778	5,658,339	6,480,267	6,930,951
Total all other governmental funds	<u>\$ 4,026,314</u>	<u>\$ 5,921,414</u>	<u>\$ 5,538,391</u>	<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>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Property taxes	\$ 1,438,428	\$ 2,749,508	\$ 7,092,816	\$ 9,867,392	\$ 7,390,644	\$ 6,227,340	\$ 6,978,843	\$ 6,858,097	\$ 6,662,096	\$ 5,577,148
Intergovernmental										
Federal aid and grants	589,986	591,687	901,406	1,164,697	4,636,056	2,648,917	1,877,956	2,372,084	2,802,333	2,292,711
State aid and grants	14,990,417	34,742,158	50,906,844	33,236,379	17,994,725	17,901,715	17,181,786	18,244,848	18,611,410	19,524,400
County aid and grants	384,564	8,968	176	-	969,130	931,224	940,655	1,183,752	1,178,999	1,133,021
Local aid and grants	-	-	-	-	-	-	153,187	194,996	436,968	486,192
Food services sales	257,066	305,676	385,702	476,980	488,360	480,893	430,927	431,682	391,143	435,902
Auxiliary operations	-	-	31,028	52,830	186,028	217,893	260,042	240,422	223,567	241,967
Contributions and donations	460,104	490,525	404,656	154,837	227,519	117,020	195,178	244,112	334,934	208,952
Investment earnings	91,367	298,020	642,715	343,912	138,018	68,478	37,070	27,625	34,027	57,383
Other	301,825	197,443	368,891	328,935	420,614	753,074	735,276	837,947	918,876	837,699
<b>Total revenues</b>	<b>18,513,757</b>	<b>39,383,985</b>	<b>60,734,234</b>	<b>45,625,962</b>	<b>32,451,094</b>	<b>29,346,554</b>	<b>28,790,920</b>	<b>30,635,565</b>	<b>31,594,353</b>	<b>30,795,375</b>
<b>Expenditures</b>										
Current										
Instruction	10,478,013	12,481,858	14,533,708	19,442,348	14,817,586	13,453,479	12,939,877	13,713,258	14,024,151	14,012,707
Support services:										
Students	329,361	410,620	1,294,600	1,713,057	2,227,581	2,121,915	2,383,488	2,700,239	2,632,078	2,905,040
Instructional staff	427,075	601,184	754,914	1,331,636	554,971	491,803	372,323	772,918	725,555	839,911
General administration	195,579	260,241	364,931	270,163	513,673	386,210	435,661	414,720	437,159	445,075
School administration	590,000	732,017	1,070,397	1,767,951	1,217,682	1,450,063	1,471,229	1,307,278	1,299,027	1,336,015
Business and other	583,334	941,721	1,357,502	2,190,623	1,415,818	1,480,576	1,446,633	1,540,858	1,519,441	1,655,881
Operation/maintenance of plant	1,002,865	1,359,338	2,432,175	2,991,339	3,590,649	3,809,232	3,795,429	3,671,483	3,748,891	3,794,077
Student transportation	616,152	1,900,301	1,125,539	2,450,282	1,363,677	1,468,869	1,595,817	1,548,130	1,701,386	1,914,234
Operation of noninstructional services	418,906	588,291	799,269	1,257,093	1,409,122	1,359,536	1,270,336	1,384,718	1,351,196	1,512,832
Capital outlay										
Facilities acquisition/construction	3,608,529	20,756,238	42,832,183	17,867,620	1,158,222	664,285	458,635	713,645	50,095	633,277
Debt service										
Principal	11,691	312,031	1,296,033	2,415,037	1,477,362	1,323,837	476,270	430,211	939,889	942,279
Interest and fiscal charges	973	129,144	661,440	917,954	942,874	876,436	839,341	818,399	799,625	746,230
Bond issuance costs	149,642	86,577	127,422	209,703	-	-	-	-	-	-
<b>Total expenditures</b>	<b>18,412,120</b>	<b>40,559,561</b>	<b>68,650,113</b>	<b>54,824,806</b>	<b>30,689,217</b>	<b>28,886,241</b>	<b>27,485,039</b>	<b>29,015,857</b>	<b>29,228,493</b>	<b>30,737,558</b>

(Continued)



(Concluded)	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess of revenues over (under) expenditures	\$ 101,637	\$ (1,175,576)	\$ (7,915,879)	\$ (9,198,844)	\$ 1,761,877	\$ 460,313	\$ 1,305,881	\$ 1,619,708	\$ 2,365,860	\$ 57,817
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	-	3,520,000	8,580,000	8,880,000	-	-	-	-	-	-
Premium on Issuance of long -term debt	-	65,159	152,343	181,854	-	-	-	-	-	-
Issuance of capital leases	2,945,000	451,938	-	199,760	-	200,125	-	-	-	-
Transfers in	67,155	102,153	85,783	137,500	187,113	218,981	276,283	356,192	309,688	327,258
Transfers out	(67,155)	(102,153)	(85,783)	(137,500)	(187,113)	(218,981)	(276,283)	(356,192)	(309,688)	(327,258)
Total other financing sources (uses)	<u>2,945,000</u>	<u>4,037,097</u>	<u>8,732,343</u>	<u>9,261,614</u>	<u>-</u>	<u>200,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,046,637</u>	<u>\$ 2,861,521</u>	<u>\$ 816,464</u>	<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>
Debt service as a percentage of noncapital expenditures	1.16%	2.84%	7.69%	10.72%	8.97%	7.85%	4.83%	4.41%	6.01%	5.65%

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
2006	\$ 32,019,541	\$ 10,548,138	\$ 42,567,679	\$ 2,554,061	\$ 40,013,618	6.1717	\$ 343,186,623	11.66%
2007	57,866,162	17,072,856	74,939,018	4,524,477	70,414,541	6.0416	675,580,107	10.42%
2008	96,816,602	31,894,113	128,710,715	7,677,154	121,033,561	9.8997	1,153,238,673	10.50%
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%

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
2006	4.6439	1.5278	-	6.1717	4.5863	-
2007	4.6446	1.3970	-	6.0416	4.4366	-
2008	5.4080	2.8516	1.6401	9.8997	4.1442	1.9500
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

Source: Pinal County Assessor's Office

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
PRINCIPAL PROPERTY TAXPAYERS  
2015 AND NINE YEARS PRIOR  
(UNAUDITED)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Trilogy Johnson Farms Construction LLC	\$ 2,152,652	1	1.58 %			
The Club at Encanterra LLC	1,516,507	2	1.11			
Smith's Food & Drug Centers Inc.	1,199,204	3	0.88			
Relo Queen Creek LLC	1,080,455	4	0.79			
Johnson Utilities Inc. LLC (Sewer)	938,458	5	0.69			
Fulton Homes Corporation	919,269	6	0.68	440,857	1	1.10 %
CR Dayton VIII LLC	712,840	7	0.52			
Barclay Holdings XXXIV LLC	575,443	8	0.42			
Banner Health	424,794	9	0.31			
First American Title Ins Co	370,720	10	0.27			
Cemex Construction Materials, I				223,899	2	1.12
Cemex Inc.				209,595	3	1.05
Queen Creek XVIII LLC				173,858	4	0.87
Qwest Corporation				148,850	5	0.74
Donohue Pship II LLP				142,321	6	0.71
Verizon Wireless Inc				123,639	7	0.62
Mkg Properties LLC				115,561	8	0.58
Queen Creek Acres LLC				112,608	9	0.56
Centex Homes				103,014	10	0.52
Totals	<u>\$ 9,890,342</u>		<u>7.25 %</u>	<u>\$ 1,794,202</u>		<u>7.87 %</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 to Date	
		Current Tax Collections	Percent of Current Taxes Collected	Collections in Subsequent Years	Total to Date	Percentage of Levy
2006	\$ 1,305,540	\$ 1,258,113	96.37%	\$ 47,427	\$ 1,305,540	100.00%
2007	2,520,872	2,405,233	95.41%	115,639	2,520,872	100.00%
2008	6,788,293	6,449,728	95.01%	338,554	6,788,282	100.00%
2009	9,474,261	9,048,679	95.51%	425,561	9,474,240	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%	112,994	6,122,121	100.00%
2013	6,149,773	6,026,958	98.00%	122,206	6,149,164	99.99%
2014	5,893,371	5,812,086	98.62%	81,185	5,893,271	100.00%
2015	4,878,558	4,817,680	98.75%	-	4,817,680	98.75%

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					
2006	\$ -	\$ 2,991,126	\$ 2,991,126	3.00 %	\$ 722	4,143	\$ 99,771,726
2007	3,913,046	3,131,033	7,044,079	6.43	1,542	4,569	109,550,913
2008	11,858,309	2,465,000	14,323,309	11.58	2,866	4,997	123,695,738
2009	19,530,953	1,439,723	20,970,676	16.84	1,397	15,014	124,527,788
2010	18,539,682	922,361	19,462,043	2.39	790	24,628	815,700,534
2011	18,068,411	238,649	18,307,060	2.09	681	26,899	876,473,694
2012	17,637,140	162,379	17,799,519	1.99	571	31,162	892,633,296
2013	17,255,869	82,168	17,338,037	1.91	476	35,508	892,633,296
2014	16,338,513	42,279	16,380,792	1.84	456	35,944	892,633,296
2015	15,421,156	-	15,421,156	1.73	429	35,944	* 892,633,296

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 on page 80.

\* 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
2006	\$ -	\$ -	\$ -	\$ 722	\$ 40,013,618	0.00%
2007	3,913,046	(10,015)	3,903,031	1,542	70,414,541	5.54%
2008	11,858,309	(357,459)	11,500,850	2,866	121,033,561	9.50%
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	476	116,830,264	14.36%
2014	16,338,513	(239,170)	16,099,343	456	114,243,350	14.09%
2015	15,421,156	(204,687)	15,216,469	429	136,054,524	11.18%

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

Note 1: The District did not have any general obligation bonded debt in fiscal year 2005-06.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2015**  
**(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
State of Arizona	\$ -	21.00%	\$ -
Pinal County	-	5.30%	-
Pinal County Community College District	88,680,000	5.30%	4,703,833
Town of Queen Creek	-	4.00%	-
Subtotal, Overlapping Debt			4,703,833
J.O. Combs Unified School District No. 44 Direct Debt			15,421,156
Total Direct and Overlapping Debt			<u>\$ 20,124,989</u>

(1) Proportion applicable to the J.O. Combs Unified School District is computed on the ratio of secondary assessed valuation for 2014-15.

Source: Office of the Pinal County Assessor.



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total debt limit	\$ 12,004,085	\$ 21,124,362	\$ 36,310,068	\$ 56,938,088	\$ 54,813,242	\$ 40,414,908	\$ 36,118,181	\$ 35,049,079	\$ 34,273,005	\$ 40,816,357
Total applicable to limit	-	3,509,985	11,112,541	18,797,208	17,981,280	17,506,371	17,304,113	16,779,794	15,870,830	15,005,313
Legal debt margin	<u>\$ 12,004,085</u>	<u>\$ 17,614,377</u>	<u>\$ 25,197,527</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	16.62%	30.60%	33.01%	32.80%	43.32%	47.91%	47.88%	46.31%	36.76%
Class B debt limit	\$ 4,001,362	\$ 7,041,454	\$ 12,103,356	\$ 18,979,363	\$ 18,271,081	\$ 13,471,636	\$ 12,039,394	\$ 11,683,026	\$ 11,424,335	\$ 13,605,452
Total applicable to limit	-	3,509,985	11,112,541	18,797,208	17,981,280	17,506,371	17,304,113	16,779,794	15,870,830	15,005,313
Legal debt margin	<u>\$ 4,001,362</u>	<u>\$ 3,531,469</u>	<u>\$ 990,815</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	49.85%	91.81%	99.04%	98.41%	129.95%	143.73%	143.63%	138.92%	110.29%

Source: The District's Business Services Department

Note 1: The District's assessed value has decreased, which caused it exceed the Class B Debt Limit.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2015**  
**(UNAUDITED)**

Net secondary assessed value		\$ 136,054,524
<hr/>		
Legal debt margin:		
Debt limitation - 30% of assessed value		\$ 40,816,357
Amount of debt applicable to debt limit:		
Class A General Obligation and Refunding Bonds Outstanding	\$ -	
Class B General Obligation and Refunding Bonds Outstanding	15,210,000	
Less: Assets in Debt Service Fund available for payment of principal	<u>(204,687)</u>	
Total amount of debt applicable to debt limit		<u>15,005,313</u>
Legal debt margin		<u>\$ 25,811,044</u>
<hr/>		
Class B legal debt margin		
Debt limit - the greater of 10% of the net secondary assessed valuation or \$1,500 per student (ADM)		
10% of net secondary assessed valuation		\$ 13,605,452
\$1,500 per student (ADM)		6,397,500
Amount of debt applicable to debt limit:		
Class B General Obligation and Refunding Bonds Outstanding	15,210,000	
Less: Assets in Debt Service Fund available for payment of principal	<u>(204,687)</u>	
Total amount of debt applicable to debt limit		<u>15,005,313</u>
Class B legal debt margin		<u>\$ (1,399,861)</u>

Source: Pinal County Assessor's Office

Note 1: State statutes limit the total amount of bonded debt for a unified school district to 30% of the net secondary assessed valuation of the District. In addition, Class B bonded debt is limited to the greater of 10% of the net secondary assessed valuation of the District or \$1,500 per student for a unified school district.

Note 2: The District's assessed value has decreased, which caused it to exceed the Class B Debt Limit.

**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
2006	4,143	\$ 99,771,726	\$ 24,082	5.00%
2007	4,569	109,550,913	23,977	4.60%
2008	4,997	123,695,738	24,754	7.40%
2009	5,236	124,527,788	23,783	12.30%
2010	24,628	815,700,534	33,121	10.70%
2011	26,899	876,473,694	32,584	9.80%
2012	31,162	892,633,296	28,645	8.80%
2013	35,508	892,633,296 *	25,139	8.30%
2014	35,944	892,633,296 *	24,834	7.20%
2015	35,944	* 892,633,296 *	24,834 *	6.35%

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.

Note 1: More accurate information was received in the 2010 U.S. Census.

\* Information for 2015 was not available so previous year's data was used.

**J.O. COMBS UNIFIED SCHOOL DISTRICT NO. 44  
PRINCIPAL EMPLOYERS  
2015 AND NINE YEARS PRIOR  
(UNAUDITED)**

Employer	2015			2006		
	Employees	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Pinal County	2,700	1.84%	1	2,254	2.31%	2
Corrections Corporation of America	2,430	1.65%	2	960	0.98%	6
Department of Corrections	2,311	1.57%	3			
Gila River Indian Community	2,049	1.39%	4			
Pinal County Community College District	850	0.58%	5			
Ray Mines Plant	827	0.56%	6			
Hu Hu Kam Memorial Hospital	823	0.56%	7			
Banner Casa Grande Medical Center	750	0.51%	8	788	0.81%	9
Apache Junction Unified School District	718	0.49%	9	800	0.82%	8
Wal-Mart Distribution Center	682	0.46%	10	1,748	1.79%	3
State of Arizona				3,006	3.07%	1
TRW Inc.				1,700	1.74%	4
ASARCO (Groupo Mexico)				1,240	1.27%	5
Central Arizona College				913	0.93%	7
Casa Grande Elementary School District				625	0.64%	10
<b>Total</b>	<b>14,140</b>	<b>9.61%</b>		<b>14,034</b>	<b>14.36%</b>	

Source: Pinal County, Arizona Comprehensive Annual Financial Report for the fiscal year ending June 30, 2006. Hoovers, a D&B Company, Arizona, U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Commerce, Research Administration, ES/LAUS Unit.

\* Latest available information.

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

Function	Full-Time Equivalent Employees									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Supervisory</b>										
Instructional administrators	1	1	1	1	-	-	-	-	-	-
Noninstructional administrators	3	5	5	8	8	8	8	8	8	8
Consultants/supervisors of instruction	3	2	6	7	6	6	1	1	1	1
Principals	3	5	5	5	6	7	7	7	7	7
Assistant principals	3	3	5	6	7	5	7	3	3	3
<b>Total Supervisory</b>	<b>13</b>	<b>16</b>	<b>22</b>	<b>27</b>	<b>27</b>	<b>26</b>	<b>23</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Instruction</b>										
Classroom teachers	102	129	159	209	214	224	211	217	213	214
Aids	29	25	44	45	50	64	76	77	72	72
<b>Total instruction</b>	<b>131</b>	<b>154</b>	<b>203</b>	<b>254</b>	<b>264</b>	<b>288</b>	<b>287</b>	<b>294</b>	<b>285</b>	<b>286</b>
<b>Student Services</b>										
Guidance counselors	-	1	2	3	7	7	8	6	8	8
Psychologist	-	-	2	2	3	3	7	5	8	8
Librarians	7	5	10	10	7	7	8	7	7	7
Other professionals (noninstructional)	4	4	5	6	7	7	7	9	9	9
Technicians	2	3	4	4	5	6	6	6	6	6
<b>Total student services</b>	<b>13</b>	<b>13</b>	<b>23</b>	<b>25</b>	<b>29</b>	<b>30</b>	<b>36</b>	<b>33</b>	<b>38</b>	<b>38</b>
<b>Support and Administration</b>										
Supervisors	1	1	2	3	3	3	4	3	4	4
Clerical/secretarial	17	18	35	25	29	26	27	30	30	30
Service workers	66	77	132	122	126	128	118	124	124	124
<b>Total support and administration</b>	<b>84</b>	<b>96</b>	<b>169</b>	<b>150</b>	<b>158</b>	<b>157</b>	<b>149</b>	<b>157</b>	<b>158</b>	<b>158</b>
<b>Total</b>	<b>241</b>	<b>279</b>	<b>417</b>	<b>456</b>	<b>478</b>	<b>501</b>	<b>495</b>	<b>503</b>	<b>500</b>	<b>501</b>

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)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Total Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Meals</u>
2006	2,232	\$ 14,641,285	\$ 6,560	Note %	\$ 18,412,120	\$ 8,249	Note %	102.00	21.88	33.45 %
2007	2,899	19,275,571	6,649	1.36	40,559,561	13,991	69.60	129.00	22.47	33.87
2008	3,681	23,733,035	6,447	(3.03)	68,650,113	18,650	33.30	159.00	23.15	37.17
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	6.84	30,737,558	7,207	8.11	213.00	20.02	40.03

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									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Elementary Schools</b>											
Name:	Combs Traditional Academy										
Yr. Built	2000										
	Sq. Feet	N/A	N/A	N/A	N/A	N/A	26,000	26,000	26,000	26,000	26,000
	Enrollment	N/A	N/A	N/A	N/A	N/A	141	134	183	231	271
Name:	Ellsworth Elementary										
Yr. Built	2007										
	Sq. Feet	N/A	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
	Enrollment	N/A	865	856	873	715	631	643	739	674	652
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	866	1050	830	823	726	614	616	700	586	544
Name:	Ranch Elementary										
Yr. Built	2008										
	Sq. Feet	N/A	N/A	N/A	67,500	67,500	67,500	67,500	67,500	67,500	67,500
	Enrollment	N/A	N/A	N/A	605	491	500	522	617	599	630
Name:	Kathryn Sue Simonton Elementary										
Yr. Built	2003										
	Sq. Feet	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234	69,234
	Enrollment	782	945	691	677	603	502	506	581	571	506

(continued)



(concluded)

Fiscal Year

**Middle Schools**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	399	622	1000	705	1059	1078	1069	703	666	689

**High School**

Name:	J.O. Combs High School									
Yr. Built	2009									
Sq. Feet	N/A	N/A	N/A	235,312	235,312	235,312	235,312	235,312	235,312	235,312
Enrollment	N/A	N/A	N/A	260	542	992	936	1,089	1,240	1,253

Source: The District's Records

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