
ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68

PHOENIX, ARIZONA

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

Issued by:
Business Services Department

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68

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INTRODUCTORY SECTION

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November 15, 2016

Citizens and Governing Board
Alhambra Elementary School District No. 68
4510 North 37th Avenue
Phoenix, Arizona 85019

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Alhambra Elementary School District No. 68 (District) for the fiscal year ended June 30, 2016.

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

"Everyone Matters"

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an average daily membership of 13,020.

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

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

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

Mark A. Yslas began his tenure as Superintendent of the Alhambra Elementary School District No. 68 on July 1, 2015. Mr. Yslas has been in education for 24 years. Prior to becoming superintendent, he served the Tempe Union High School District as principal of Tempe High School for 11 years. Mr. Yslas has worked in the Creighton Elementary School District, Phoenix Elementary School District, and Isaac Elementary School District. In addition, he served as an Assistant Superintendent and Interim Superintendent in the Coolidge Unified School District. Mr. Yslas is committed to continuing the educational excellence for which Alhambra Elementary School District is known.

The District is comprised of mostly single family housing, some apartments and multiple family units, retail shopping centers, and a fairly large amount of light industrial and commercial complexes along the Grand Avenue corridor and the I-17 Freeway in an area of 12.75 square miles. No employment figures are available for the District; however, figures provided by the Bureau of Labor Statistics indicated that the average annual unemployment rate for Arizona was 5.5% at June 30, 2016 as compared to 4.9% on a national level.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The economy of the District is based on the economies of the cities of Phoenix and Glendale, both of which overlap the District. Further, the overall economy of the County impacts the District. The economy of the area is showing signs of improvement after the recent recession of 2007-2009, however the improvement is slower than other areas of the country. The housing market crash hit Maricopa County particularly hard, and resulted in a decrease in assessed valuations. The District's assessed valuations began to increase beginning in 2015 after four consecutive years of decreases.

Maricopa County is located in the south-central portion of Arizona. Its 2015 population is 4.0 million, which remained consistent from 2014. This ranks fourth among the nation's counties. It is by far Arizona's most populous county, encompassing more than half of the state's residents. The county seat is Phoenix, which is Arizona's largest city and capital. Major employers in Maricopa County include Wal-Mart Stores, Inc., Banner Health Systems and Wells Fargo Company.

Long-Term Financial Planning. The District continues to be challenged to maintain teaching staff and ancillary services to meet student needs in light of the cuts to education in the ongoing state budget discussions. The District is also involved in aligning the curriculum with the State standards and to providing staff development for teachers.

Thanks to the generous support of our community, the passage of our capital override election has allowed the District to maintain new technology in the classroom, as well as a modern bus fleet and facility upgrades.

AWARDS AND ACKNOWLEDGMENTS

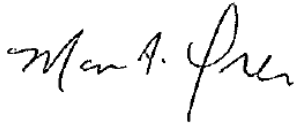
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2016 certificates.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Mark A. Yslas
Superintendent



Jeffrey E. Stratman, Esq.
Assistant Superintendent for Business Services
and Human Resources



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Alhambra Elementary School District No. 68

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

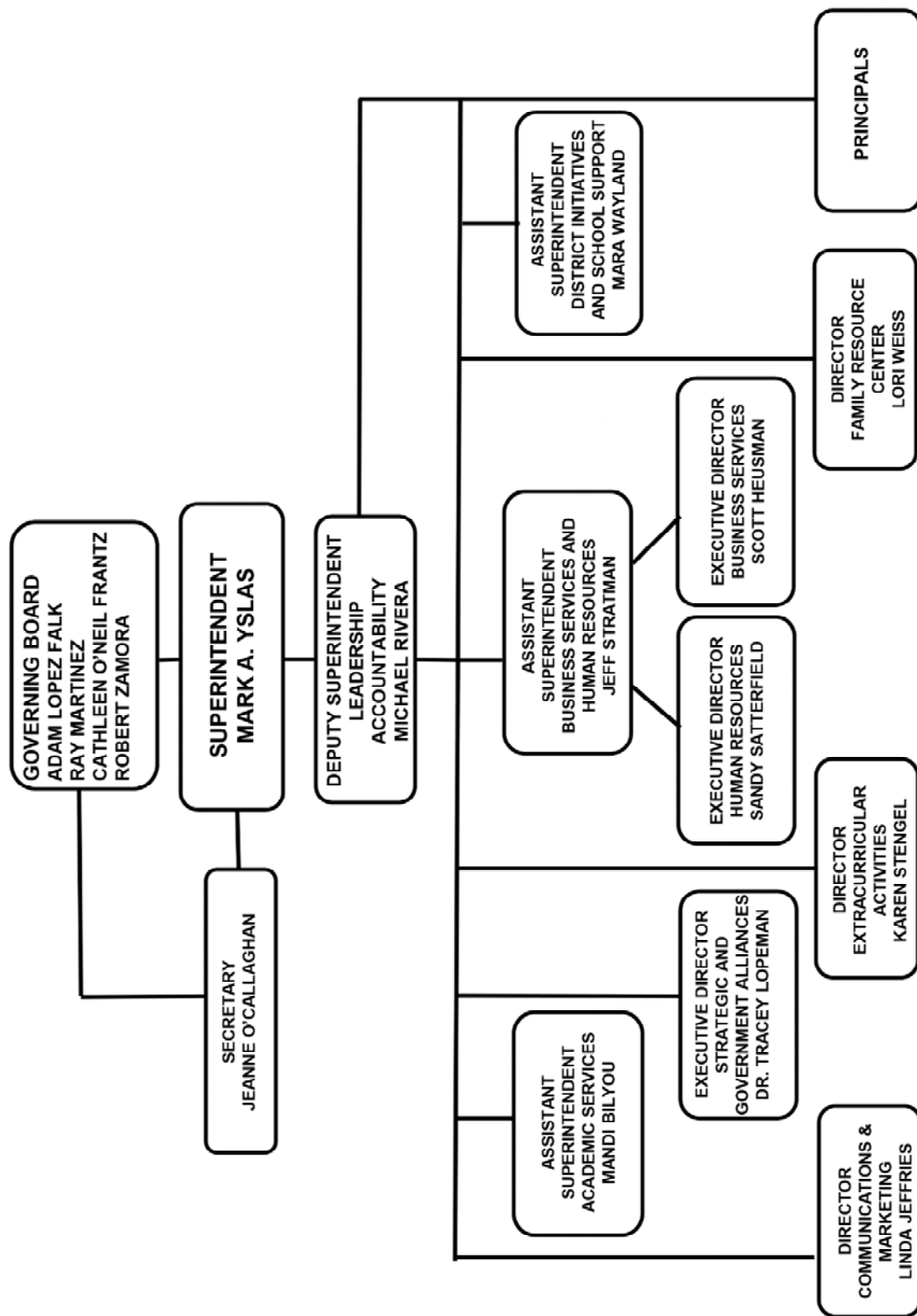
Presented to

**Alhambra Elementary School
District No. 68, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Updated 10/19/16

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Adam Lopez Falk, President

Cathleen O’Neil Frantz, Clerk

Ray Martinez, Sr., Member

Robert Zamora, Member

ADMINISTRATIVE STAFF

Mark A. Yslas, Superintendent

Michael Rivera, Deputy Superintendent for Leadership and Accountability

Jeffrey E. Stratman, Esq., Assistant Superintendent for
Business Services and Human Resources

Mandi Bilyou, Assistant Superintendent for Academic Services

Mara Wayland, Assistant Superintendent for District Initiatives and School Support

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Alhambra Elementary School District No. 68

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 Alhambra Elementary School District No. 68 (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alhambra Elementary School District No. 68, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of Alhambra Elementary School District No. 68's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alhambra Elementary School District No. 68's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
November 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

As management of the Alhambra Elementary School District No. 68 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$4.7 million which represents an 89 percent increase from the prior fiscal year. This increase was primarily due to a reduction in current year expenses due to a significant technology related lease the District entered into the prior year.
- General revenues accounted for \$85.4 million in revenue, or 77 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$26.1 million or 23 percent of total current fiscal year revenues.
- The District had approximately \$106.7 million in expenses related to governmental activities, a decrease of 11 percent from the prior fiscal year. This decrease was primarily due to a reduction in spending on instructional capital items.
- Among major funds, the General Fund had \$72.2 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$70.9 million in expenditures. The General Fund's fund balance increased from \$19.6 million at the prior fiscal year end to \$21.8 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

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

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

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

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site, Title I Grants, Special Education Grants, E-Rate, Other Federal Projects, and Unrestricted Capital Outlay Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances - budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$10.1 million at the current fiscal year end.

A portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining component of the District's net position is unrestricted which is in a deficit position due to the inclusion of the District's proportionate share of the state retirement system's net pension liability in the financial statements.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
Current assets	\$ 52,238,321	\$ 54,955,936
Capital assets, net	69,019,182	71,461,056
Total assets	<u>121,257,503</u>	<u>126,416,992</u>
Deferred outflows	<u>9,535,669</u>	<u>11,522,399</u>
Current liabilities	1,765,001	6,351,285
Long-term liabilities	107,685,018	106,904,709
Total liabilities	<u>109,450,019</u>	<u>113,255,994</u>
Deferred inflows	<u>11,276,516</u>	<u>19,347,724</u>
Net position:		
Net investment in capital assets	69,019,182	71,246,617
Restricted	29,077,343	29,067,052
Unrestricted	(88,029,888)	(94,977,996)
Total net position	<u>\$ 10,066,637</u>	<u>\$ 5,335,673</u>

At the end of the current fiscal year the District reported deficit unrestricted net position as a result of the District's proportionate share of the state's pension plan's unfunded liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, the implementation of new pension reporting standards, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- Increase in accumulated depreciation of \$4.5 million.
- The principal retirement of \$2.3 million of capital leases.
- The increase of \$3.2 million in pension liabilities.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

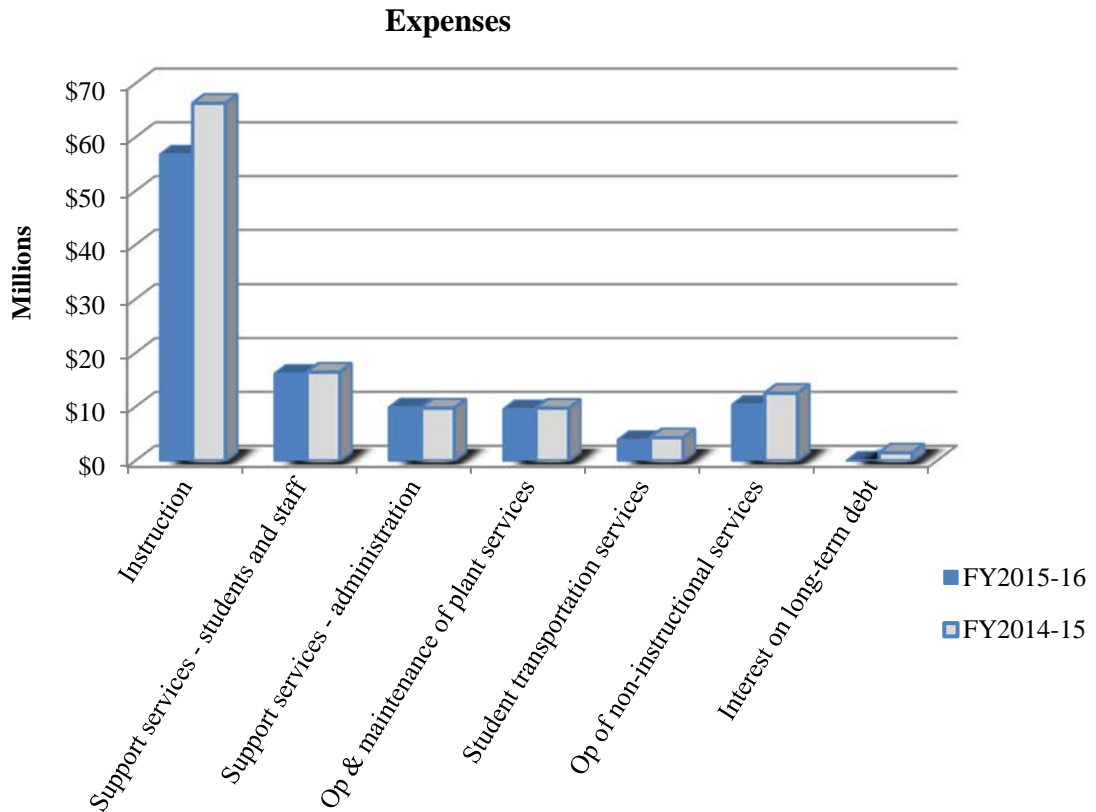
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$111.4 million. The total cost of all programs and services was \$106.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,185,429	\$ 1,307,451
Operating grants and contributions	24,741,733	24,661,052
Capital grants and contributions	130,742	612,375
General revenues:		
Property taxes	19,848,516	18,764,094
Investment income	166,050	152,330
Unrestricted county aid	5,841,181	5,681,066
Unrestricted state aid	59,173,248	56,905,111
Unrestricted federal aid	333,128	189,953
Total revenues	<u>111,420,027</u>	<u>108,273,432</u>
Expenses:		
Instruction	56,795,603	66,305,387
Support services – students and staff	16,153,313	16,429,631
Support services – administration	9,893,187	9,762,229
Operation and maintenance of plant services	9,567,792	9,737,441
Student transportation services	3,866,193	4,258,036
Operation of non-instructional services	10,409,248	12,517,944
Interest on long-term debt	3,727	1,458,218
Total expenses	<u>106,689,063</u>	<u>120,468,886</u>
Changes in net position	<u>4,730,964</u>	<u>(12,195,454)</u>
Net position, beginning	<u>5,335,673</u>	<u>17,531,127</u>
Net position, ending	<u>\$ 10,066,637</u>	<u>\$ 5,335,673</u>

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- Decreases in instruction expenses of \$9.5 million primarily related to the District not acquiring capital items under capital leases as in the prior year.
- Increase in property tax revenue of \$1.1 million primarily due to an increase in assessed valuations.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 56,795,603	\$ (48,743,886)	\$ 66,305,387	\$ (59,453,343)
Support services – students and staff	16,153,313	(9,190,529)	16,429,631	(9,403,801)
Support services – administration	9,893,187	(9,101,787)	9,762,229	(9,334,190)
Operation and maintenance of plant services	9,567,792	(9,236,692)	9,737,441	(9,474,416)
Student transportation services	3,866,193	(3,609,749)	4,258,036	(4,202,854)
Operation of non-instructional services	10,409,248	(744,789)	12,517,944	(561,186)
Interest on long-term debt	3,727	(3,727)	1,458,218	(1,458,218)
Total	\$ 106,689,063	\$ (80,631,159)	\$120,468,886	\$ (93,888,008)

- The cost of all governmental activities this year was \$106.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$26.1 million.
- Net cost of governmental activities of \$80.6 million was financed by general revenues, which are made up of primarily property taxes of \$19.8 million and state aid of \$59.2 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$48.7 million, an increase of \$979,146.

The General Fund comprises 45 percent of the total fund balance. Approximately \$14.5 million or 67 percent of the General Fund's fund balance is unassigned.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is the principal operating fund of the District. The fund balance of the General Fund increased \$2.2 million to \$21.8 million as of fiscal year end. General Fund revenues increased \$2.1 million primarily as a result of an increase in state equalization funding. General Fund expenditures decreased \$250,438 which is not significant.

The fund balance of the Classroom Site Fund decreased \$113,448 to \$6.6 million as of fiscal year end. Additionally, expenditures increased \$175,482 from prior year primarily due to slight increases in teacher base salary amounts.

Title I Grants Fund revenues and expenditures both increased four percent to \$7.1 million and \$7.0 million, respectively. This is primarily due to an increase in the funding allocation.

Special Education Grants Fund revenues and expenditures/transfers out decreased two percent to \$2.3 million. This is primarily due to a decrease in the funding allocation.

The fund balance of the E-Rate Fund increased \$102,210 to \$(450,341). The deficit can be attributed to a receivable owed from the federal government to offset internet access expenditures.

The fund balance deficit in the Other Federal Projects Fund of \$446,570 is due to a reimbursement owed from the City of Phoenix for program expenditures.

The fund balance of the Unrestricted Capital Outlay Fund increased from \$8.0 million to \$8.5 million due to a planned reduction in capital spending.

BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was a \$796,898 increase, or one percent which is not significant.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant expenditure variances are summarized as follows.

- The favorable variance of \$515,517 in operation and maintenance of plant services was a result of supplies and repair services budgeted for but unfulfilled.
- The favorable variance of \$2.5 million in instruction was a result of goods or services budgeted for but unfulfilled.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$171.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$2.1 million from the prior fiscal year. Total depreciation expense for the current fiscal year was \$5.9 million.

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

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Capital assets – non-depreciable	\$ 3,328,315	\$ 2,918,315
Capital assets – depreciable, net	<u>65,690,867</u>	<u>68,542,741</u>
Total	<u>\$ 69,019,182</u>	<u>\$ 71,461,056</u>

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

Debt Administration. At year-end, the District had \$4.6 million in long-term debt outstanding, \$2.3 million due within one year. Long-term debt decreased by \$2.5 million. Bond and capital lease payments of \$214,439 and \$2.3 million were made, respectively.

The District’s general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$49.1 million and the Class B debt limit is \$32.7 million, which are more than the District’s total outstanding general obligation and Class B debt, respectively.

Additional information on the District’s long-term debt can be found in Notes 8 and 9.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Many factors were considered by the District’s administration during the process of developing the fiscal year 2016-17 budget. Among them:

- Fiscal year 2015-16 budget balance carry forward \$2,871,980).
- District student population (estimated 12,738).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budgeted expenditures in the General Fund increased 2.8 percent to \$76.0 million in fiscal year 2016-17. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business Services Department, Alhambra Elementary School District No. 68, 4510 North 37th Avenue, Phoenix, Arizona 85019.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 21,133,482
Property taxes receivable	1,190,612
Due from governmental entities	23,747,478
Prepaid items	5,899,852
Inventory	266,897
Total current assets	52,238,321
Noncurrent assets:	
Capital assets not being depreciated	3,328,315
Capital assets, net of accumulated depreciation	65,690,867
Total noncurrent assets	69,019,182
Total assets	121,257,503
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	9,535,669
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	980,363
Accrued payroll and employee benefits	771,213
Compensated absences payable	247,993
Unearned revenues	13,425
Obligations under capital leases	2,276,542
Total current liabilities	4,289,536
Noncurrent liabilities:	
Non-current portion of long-term obligations	105,160,483
Total noncurrent liabilities	105,160,483
Total liabilities	109,450,019
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	11,276,516
 <u>NET POSITION</u>	
Net investment in capital assets	69,019,182
Restricted for:	
Voter approved initiatives	10,866,960
Food service	1,767,697
Community school	2,086,829
Insurance	3,461,569
Civic center	687,666
Extracurricular activities	340,741
Other local initiatives	70,606
Capital outlay	9,795,275
Unrestricted	(88,029,888)
Total net position	\$ 10,066,637

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 56,795,603	\$ 324,288	\$ 7,596,687	\$ 130,742	\$ (48,743,886)
Support services - students and staff	16,153,313	9,604	6,953,180		(9,190,529)
Support services - administration	9,893,187		791,400		(9,101,787)
Operation and maintenance of plant services	9,567,792	178,545	152,555		(9,236,692)
Student transportation services	3,866,193		256,444		(3,609,749)
Operation of non-instructional services	10,409,248	672,992	8,991,467		(744,789)
Interest on long-term debt	3,727				(3,727)
Total governmental activities	<u>\$ 106,689,063</u>	<u>\$ 1,185,429</u>	<u>\$ 24,741,733</u>	<u>\$ 130,742</u>	<u>(80,631,159)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	14,860,556
Property taxes, levied for capital outlay	4,987,960
Investment income	166,050
Unrestricted county aid	5,841,181
Unrestricted state aid	59,173,248
Unrestricted federal aid	333,128
Total general revenues	<u>85,362,123</u>

Changes in net position	4,730,964
Net position, beginning of year	<u>5,335,673</u>
Net position, end of year	<u>\$ 10,066,637</u>

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

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FUND FINANCIAL STATEMENTS

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Classroom Site	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 5,000	\$ 6,215,705	\$
Property taxes receivable	1,008,901		
Due from governmental entities	17,659,771	410,941	813,088
Due from other funds	450,341		
Prepaid items	5,899,852		
Inventory	237,837		
Total assets	\$ 25,261,702	\$ 6,626,646	\$ 813,088
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 569,161	\$ 18,544	\$ 29,219
Due to other funds	1,434,666		759,060
Accrued payroll and employee benefits	556,708		24,809
Unearned revenues			
Total liabilities	2,560,535	18,544	813,088
Deferred inflows of resources:			
Unavailable revenues - property taxes	900,496		
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	900,496		
Fund balances (deficits):			
Nonspendable	6,137,689		
Restricted	1,125,682	6,608,102	
Unassigned	14,537,300		
Total fund balances	21,800,671	6,608,102	
 Total liabilities, deferred inflows of resources and fund balances	\$ 25,261,702	\$ 6,626,646	\$ 813,088

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

Special Education Grants	E-Rate	Other Federal Projects	Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$	\$	\$
942,039	450,341	824,619	5,034,832 181,711 2,185,569 1,434,666	9,877,945 461,110 2,602,282 29,060	21,133,482 1,190,612 23,747,478 4,487,289 5,899,852 266,897
<u>942,039</u>	<u>450,341</u>	<u>824,619</u>	<u>8,836,778</u>	<u>12,970,397</u>	<u>56,725,610</u>
\$	\$	\$	\$	\$	\$
12,750 926,078 3,211	450,341	129,813 753,945 137,986	183,990	36,886 163,199 48,499 13,425	980,363 4,487,289 771,213 13,425
<u>942,039</u>	<u>450,341</u>	<u>1,021,744</u>	<u>183,990</u>	<u>262,009</u>	<u>6,252,290</u>
	450,341	249,445	145,867		1,046,363
	<u>450,341</u>	<u>249,445</u>	<u>145,867</u>		<u>699,786</u>
					<u>1,746,149</u>
	(450,341)	(446,570)	8,506,921	29,060 12,690,771 (11,443)	6,166,749 28,931,476 13,628,946
	<u>(450,341)</u>	<u>(446,570)</u>	<u>8,506,921</u>	<u>12,708,388</u>	<u>48,727,171</u>
<u>942,039</u>	<u>450,341</u>	<u>824,619</u>	<u>8,836,778</u>	<u>12,970,397</u>	<u>56,725,610</u>

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ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total governmental fund balances **\$ 48,727,171**

Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 171,750,133	
Less accumulated depreciation	<u>(102,730,951)</u>	69,019,182

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

Property taxes	1,046,363	
Intergovernmental	<u>699,786</u>	1,746,149

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	9,535,669	
Deferred inflows of resources related to pensions	<u>(11,276,516)</u>	(1,740,847)

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

Compensated absences payable	(1,582,072)	
Obligations under capital leases	(4,553,085)	
Net pension liability	<u>(101,549,861)</u>	<u>(107,685,018)</u>

Net position of governmental activities **\$ 10,066,637**

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Classroom Site	Title I Grants
Revenues:			
Other local	\$ 6,298,035	\$ 26,389	\$
Property taxes	14,049,696		
State aid and grants	51,502,437	4,931,291	
Federal aid, grants and reimbursements	333,128		7,099,371
Total revenues	72,183,296	4,957,680	7,099,371
Expenditures:			
Current -			
Instruction	42,409,119	5,000,332	2,019,011
Support services - students and staff	8,053,006	70,796	4,503,041
Support services - administration	8,529,218		312,006
Operation and maintenance of plant services	8,360,533		3,022
Student transportation services	3,240,096		200,417
Operation of non-instructional services	294,804		
Capital outlay	49,221		1,610
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	70,935,997	5,071,128	7,039,107
Excess (deficiency) of revenues over expenditures	1,247,299	(113,448)	60,264
Other financing sources (uses):			
Transfers in	837,777		
Transfers out			(60,264)
Total other financing sources (uses):	837,777		(60,264)
Changes in fund balances	2,085,076	(113,448)	
Fund balances (deficits), beginning of year	19,642,291	6,721,550	
Increase (decrease) in reserve for prepaid items	117,315		
Increase (decrease) in reserve for inventory	(44,011)		
Fund balances (deficits), end of year	\$ 21,800,671	\$ 6,608,102	\$

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

Special Education Grants	E-Rate	Other Federal Projects	Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$	\$	\$
			28,332	1,108,601	7,461,357
			4,842,086	7	18,891,789
			2,185,569	846,935	59,466,232
2,330,938	552,551	3,767,314		10,413,385	24,496,687
<u>2,330,938</u>	<u>552,551</u>	<u>3,767,314</u>	<u>7,055,987</u>	<u>12,368,928</u>	<u>110,316,065</u>
1,627,602	450,341	3,064,382		633,258	55,204,045
628,790		521,050		1,440,205	15,216,888
1,000		328,817		568,656	9,739,697
		138,971		210,484	8,713,010
				46,531	3,487,044
		70,976		9,533,514	9,899,294
15,920		77,927	4,265,928	435,651	4,846,257
			2,276,543		2,276,543
				3,727	3,727
<u>2,273,312</u>	<u>450,341</u>	<u>4,202,123</u>	<u>6,542,471</u>	<u>12,872,026</u>	<u>109,386,505</u>
<u>57,626</u>	<u>102,210</u>	<u>(434,809)</u>	<u>513,516</u>	<u>(503,098)</u>	<u>929,560</u>
					837,777
<u>(57,626)</u>		<u>(11,761)</u>		<u>(708,126)</u>	<u>(837,777)</u>
<u>(57,626)</u>		<u>(11,761)</u>		<u>(708,126)</u>	
	102,210	(446,570)	513,516	(1,211,224)	929,560
	(552,551)		7,993,405	13,943,330	47,748,025
				(23,718)	117,315
					(67,729)
<u>\$</u>	<u>\$ (450,341)</u>	<u>\$ (446,570)</u>	<u>\$ 8,506,921</u>	<u>\$ 12,708,388</u>	<u>\$ 48,727,171</u>

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Changes in fund balances - total governmental funds **\$ 929,560**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 3,477,337	
Less current year depreciation	<u>(5,876,996)</u>	(2,399,659)

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

Property taxes	956,727	
Intergovernmental	<u>147,235</u>	1,103,962

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement		2,276,543
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Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	6,764,594	
Pension expense	<u>(3,847,175)</u>	2,917,419

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

Prepaid items	117,315	
Inventory	(67,729)	
Loss on disposal of assets	(42,215)	
Compensated absences	<u>(104,232)</u>	<u>(96,861)</u>

Changes in net position in governmental activities **\$ 4,730,964**

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 125,091
Total assets	\$ 125,091
 <u>LIABILITIES</u>	
Accounts payable	\$ 7,296
Due to student groups	117,795
Total liabilities	\$ 125,091

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alhambra Elementary School District No. 68 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

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

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

Property taxes, state and county aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as the certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classroom Site Fund – The Classroom Site Fund accounts for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Title I Grants – The Title I Grants Fund accounts for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Special Education Grants – The Special Education Grants Fund accounts for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

E-Rate – The E-Rate Fund accounts for financial assistance received for broadband internet and telecommunication costs.

Other Federal Projects – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

Additionally, the District reports the following fund type:

Fiduciary Fund – The Fiduciary Fund is an Agency Fund, which accounts for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent.

The agency fund is custodial in nature and does not have a measurement focus and is reported on the accrual basis of accounting. The agency fund is reported by fund type.

D. Cash and Investments

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer’s investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

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

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

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

E. Investment Income

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

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

H. Inventory

All inventories are valued using the average cost method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

J. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture and equipment; and construction in progress, are reported in the government-wide financial statements.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Land improvements	3 - 30 years
Buildings and improvements	5 - 50 years
Vehicles, furniture and equipment	5 - 20 years

K. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

O. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

P. Net Position Flow Assumption

In the government-wide fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District’s fund balance classifications at year end.

	<u>General Fund</u>	<u>Classroom Site Fund</u>	<u>E-Rate Fund</u>	<u>Other Federal Projects Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventory	\$ 237,837	\$	\$	\$	\$	\$ 29,060
Prepaid items	5,899,852					
Restricted:						
Capital projects	1,125,682				8,506,921	16,805
Voter approved initiatives		6,608,102				4,258,858
Food service						1,767,697
Civic center						687,666
Community school						2,086,829
Extracurricular activities						340,741
Insurance						3,461,569
Other purposes						70,606
Unassigned	14,537,300		(450,341)	(446,570)		(11,443)
Total fund balances	<u>\$ 21,800,671</u>	<u>\$ 6,608,102</u>	<u>\$ (450,341)</u>	<u>\$ (446,570)</u>	<u>\$ 8,506,921</u>	<u>\$ 12,708,388</u>

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Funds:	
E-Rate	\$ 450,341
Other Federal Projects	446,570
Non-Major Governmental Funds:	
County, City, and Town Grants	11,443

The deficits arose because of operations during the year and prior years. Additional revenues received in fiscal year 2016-17 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in a fund that exceeded the budget, however this does not constitute a violation of any legal provisions.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$5,500 and the bank balance was \$260,118.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer’s investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

At year end, the District’s investments consisted of the following:

Investment Type	Average Maturities	Fair Value
County Treasurer’s investment pool	342 days	\$ 21,253,073
Total		\$ 21,253,073

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s individual major funds and non-major governmental funds in the aggregate, were as follows:

	General Fund	Classroom Site Fund	Title I Grants Fund	Special Education Grant Fund	E-Rate Fund	Other Federal Projects Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Due from other governmental entities:								
Due from federal government	\$	\$	\$ 813,088	\$ 942,039	\$ 450,341	\$ 824,619	\$	\$ 318,910
Due from state government	17,659,771	410,941					2,185,569	142,200
Net due from governmental entities	\$ 17,659,771	\$ 410,941	\$ 813,088	\$ 942,039	\$ 450,341	\$ 824,619	\$ 2,185,569	\$ 461,110

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,918,315	\$	\$	\$ 2,918,315
Construction in progress		410,000		410,000
Total capital assets, not being depreciated	<u>2,918,315</u>	<u>410,000</u>		<u>3,328,315</u>
Capital assets, being depreciated:				
Land improvements	16,900,338	419,486		17,319,824
Buildings and improvements	140,563,754	1,708,322	724,178	141,547,898
Vehicles, furniture and equipment	9,263,601	939,529	649,034	9,554,096
Total capital assets being depreciated	<u>166,727,693</u>	<u>3,067,337</u>	<u>1,373,212</u>	<u>168,421,818</u>
Less: Accumulated depreciation for:				
Land improvements	(10,931,329)	(726,480)		(11,657,809)
Buildings and improvements	(80,142,859)	(4,564,038)	(690,511)	(84,016,386)
Vehicles, furniture and equipment	(7,110,764)	(586,478)	(640,486)	(7,056,756)
Total accumulated depreciation	<u>(98,184,952)</u>	<u>(5,876,996)</u>	<u>(1,330,997)</u>	<u>(102,730,951)</u>
Total capital assets, being depreciated, net	<u>68,542,741</u>	<u>(2,809,659)</u>	<u>42,215</u>	<u>65,690,867</u>
Governmental activities capital assets, net	<u>\$ 71,461,056</u>	<u>\$ (2,399,659)</u>	<u>\$ 42,215</u>	<u>\$ 69,019,182</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,231,691
Support services – students and staff	1,217,012
Support services – administration	350,757
Operation and maintenance of plant services	140,263
Student transportation services	355,823
Operation of non-instructional services	581,450
Total depreciation expense – governmental activities	<u>\$ 5,876,996</u>

Construction Commitments – At year end, the District had contractual commitments related to the replacement of fire alarms at two schools. At year end, the District had spent \$410,000 on the project and had a remaining contractual commitment of \$78,435 to be paid from the Unrestricted Capital Outlay Fund.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

The District has a \$4.0 million revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$ 77,000	\$10,980,000	\$11,057,000	\$

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

Capital Leases – The District has acquired technology and related equipment under the District’s capitalization threshold under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund are used to pay the capital lease obligations.

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows:

	Governmental Activities
Year Ending June 30:	
2017	\$ 2,276,542
2018	2,276,543
Total minimum lease payments	4,553,085
Present value of minimum lease payments	4,553,085
Due within one year	\$ 2,276,542

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 40,000	\$	\$ 40,000	\$	\$
Premium	174,439		174,439		
Total bonds payable	<u>214,439</u>		<u>214,439</u>		
Obligations under capital leases	6,829,628		2,276,543	4,553,085	2,276,542
Net pension liability	98,382,802	3,167,059		101,549,861	
Compensated absences payable	<u>1,477,840</u>	<u>857,207</u>	<u>752,975</u>	<u>1,582,072</u>	<u>247,993</u>
Governmental activity long-term liabilities	<u>\$106,904,709</u>	<u>\$ 4,024,266</u>	<u>\$ 3,243,957</u>	<u>\$107,685,018</u>	<u>\$ 2,524,535</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	General Fund	Title I Grants Fund	Special Education Grant Fund	E-Rate Fund	Other Federal Projects Fund	Non-Major Governmental Funds	Total Due to Other Funds
General Fund	\$	\$	\$	\$ 450,341	\$	\$	\$ 450,341
Unrestricted Capital Outlay	1,434,666						1,434,666
Non-Major Governmental Funds		759,060	926,078		753,945	163,199	2,602,282
Total Due from Other Funds	<u>\$ 1,434,666</u>	<u>\$ 759,060</u>	<u>\$ 926,078</u>	<u>\$ 450,341</u>	<u>\$ 753,945</u>	<u>\$ 163,199</u>	<u>\$ 4,487,289</u>

At year end, several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. Additionally, interfund balances between the General Fund and E-Rate Fund represent activity to record E-Rate transactions in accordance with USFR Memorandum No. 161.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

	Transfers in				Total
	Title I Grants Fund	Special Education Grants Fund	Other Federal Projects Fund	Non-Major Governmental Funds	
Transfers out					
General Fund	\$ 60,264	\$ 57,626	\$ 11,761	\$ 708,126	\$ 837,777
Total	\$ 60,264	\$ 57,626	\$ 11,761	\$ 708,126	\$ 837,777

Transfers between funds were used to (1) move federal grants funds of \$362,391 restricted for indirect costs, and (2) transfer cash balances in a discontinued fund to the General Fund.

NOTE 11 – CONTINGENT LIABILITIES

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

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

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 – RISK MANAGEMENT

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the state. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District carries commercial insurance for all other risks of loss, including dental and vision insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$6,764,594.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 for retirement and 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2016	\$	311,732	\$	74,816
2015		353,366		71,871
2014		359,000		143,600

Pension Liability. At June 30, 2016, the District reported a liability of \$101.5 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 0.65 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2014.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$3,847,175 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,771,075	\$ 5,321,315
Net difference between projected and actual earnings on pension plan investments		3,254,448
Changes in proportion and differences between contributions and proportionate share of contributions		2,700,753
Contributions subsequent to the measurement date	6,764,594	
Total	<u>\$ 9,535,669</u>	<u>\$11,276,516</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		Amount
2017	\$	(3,763,990)
2018		(4,603,704)
2019		(2,487,050)
2020		(2,349,303)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Discount rate	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.79%
Fixed income	25%	3.70
Real estate	10%	4.25
Multi-asset	5%	3.41
Commodities	2%	3.93
Total	<u>100%</u>	

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$133,065,021	\$101,549,861	\$79,951,649

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

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REQUIRED SUPPLEMENTARY INFORMATION

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 5,836,050	\$ 5,836,050
Property taxes			14,049,696	14,049,696
State aid and grants			51,502,437	51,502,437
Total revenues			<u>71,388,183</u>	<u>71,388,183</u>
Expenditures:				
Current -				
Instruction	44,345,144	44,885,287	42,340,239	2,545,048
Support services - students and staff	7,951,829	7,951,829	8,010,972	(59,143)
Support services - administration	8,016,605	8,016,605	8,322,835	(306,230)
Operation and maintenance of plant services	9,362,416	9,619,171	9,103,654	515,517
Student transportation services	3,381,616	3,381,616	3,227,540	154,076
Operation of non-instructional services	383,001	383,001	292,417	90,584
Total expenditures	<u>73,440,611</u>	<u>74,237,509</u>	<u>71,297,657</u>	<u>2,939,852</u>
Changes in fund balances	<u>(73,440,611)</u>	<u>(74,237,509)</u>	<u>90,526</u>	<u>74,328,035</u>
Fund balances, beginning of year			5,498,086	5,498,086
Increase (decrease) in reserve for prepaid items			1,252,540	1,252,540
Increase (decrease) in reserve for inventory			(44,011)	(44,011)
Fund balances (deficits), end of year	<u>\$ (73,440,611)</u>	<u>\$ (74,237,509)</u>	<u>\$ 6,797,141</u>	<u>\$ 81,034,650</u>

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 26,389	\$ 26,389
State aid and grants			4,931,291	4,931,291
Total revenues			<u>4,957,680</u>	<u>4,957,680</u>
Expenditures:				
Current -				
Instruction	11,570,107	11,542,154	5,000,332	6,541,822
Support services - students and staff	155,205	155,205	70,796	84,409
Total expenditures	<u>11,725,312</u>	<u>11,697,359</u>	<u>5,071,128</u>	<u>6,626,231</u>
Changes in fund balances	<u>(11,725,312)</u>	<u>(11,697,359)</u>	<u>(113,448)</u>	<u>11,583,911</u>
Fund balances, beginning of year			6,721,550	6,721,550
Fund balances (deficits), end of year	<u>\$ (11,725,312)</u>	<u>\$ (11,697,359)</u>	<u>\$ 6,608,102</u>	<u>\$ 18,305,461</u>

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TITLE I GRANTS
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Federal aid, grants and reimbursements	\$	\$ 7,099,371	\$ 7,099,371
Total revenues		7,099,371	7,099,371
Expenditures:			
Current -			
Instruction	4,000,000	2,019,011	1,980,989
Support services - students and staff	5,559,139	4,503,041	1,056,098
Support services - administration	320,000	312,006	7,994
Operation and maintenance of plant services	5,000	3,022	1,978
Student transportation services	210,000	200,417	9,583
Capital outlay	5,000	1,610	3,390
Total expenditures	10,099,139	7,039,107	3,060,032
Excess (deficiency) of revenues over expenditures	(10,099,139)	60,264	10,159,403
Other financing sources (uses):			
Transfers out		(60,264)	(60,264)
Total other financing sources (uses):		(60,264)	(60,264)
Changes in fund balances	(10,099,139)		10,099,139
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (10,099,139)	\$	\$ 10,099,139

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL EDUCATION GRANTS
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Federal aid, grants and reimbursements	\$	\$ 2,330,938	\$ 2,330,938
Total revenues		2,330,938	2,330,938
Expenditures:			
Current -			
Instruction	2,111,811	1,627,602	484,209
Support services - students and staff	700,000	628,790	71,210
Support services - administration	5,000	1,000	4,000
Capital outlay	20,000	15,920	4,080
Total expenditures	2,836,811	2,273,312	563,499
Excess (deficiency) of revenues over expenditures	(2,836,811)	57,626	2,894,437
Other financing sources (uses):			
Transfers out		(57,626)	(57,626)
Total other financing sources (uses):		(57,626)	(57,626)
Changes in fund balances	(2,836,811)		2,836,811
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (2,836,811)	\$	\$ 2,836,811

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
E-RATE
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Federal aid, grants and reimbursements	\$	\$ 552,551	\$ 552,551
Total revenues		552,551	552,551
Expenditures:			
Current -			
Instruction		450,341	(450,341)
Total expenditures		450,341	(450,341)
Changes in fund balances		102,210	102,210
Fund balances (deficits), beginning of year		(552,551)	(552,551)
Fund balances (deficits), end of year	\$	\$ (450,341)	\$ (450,341)

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER FEDERAL PROJECTS
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Federal aid, grants and reimbursements	\$	\$ 3,767,314	\$ 3,767,314
Total revenues	4,944,000	3,767,314	3,767,314
Expenditures:			
Current -			
Instruction	3,664,000	3,064,382	599,618
Support services - students and staff	560,000	521,050	38,950
Support services - administration	370,000	328,817	41,183
Operation and maintenance of plant services	150,000	138,971	11,029
Operation of non-instructional services	100,000	70,976	29,024
Capital outlay	100,000	77,927	22,073
Total expenditures	4,944,000	4,202,123	741,877
Excess (deficiency) of revenues over expenditures	(4,944,000)	(434,809)	4,509,191
Other financing sources (uses):			
Transfers out		(11,761)	(11,761)
Total other financing sources (uses):		(11,761)	(11,761)
Changes in fund balances	(4,944,000)	(446,570)	4,497,430
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (4,944,000)	\$ (446,570)	\$ 4,497,430

See accompanying notes to this schedule.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.65%	0.66%
District's proportionate share of the net pension liability (asset)	\$ 101,549,861	\$ 98,382,802
District's covered payroll	\$ 59,892,534	\$ 59,833,374
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.55%	164.43%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,764,594	\$ 6,522,297
Contributions in relation to the actuarially determined contribution	<u>6,764,594</u>	<u>6,522,297</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 62,346,488	\$ 59,892,534
Contributions as a percentage of covered payroll	10.85%	10.89%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 70,935,997	\$ 21,800,671
Activity budgeted as special revenue funds	(390,918)	(14,387,841)
Activity budgeted as capital projects funds	(3,744)	(615,689)
Current-year prepaid items	1,135,225	
Prior-year prepaid items	(378,903)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 71,297,657	\$ 6,797,141

NOTE 2 – PENSION PLAN SCHEDULES

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

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2014, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 9,861,140	\$ 16,805	\$ 9,877,945
Due from governmental entities	461,110		461,110
Due from other funds	2,602,282		2,602,282
Inventory	29,060		29,060
Total assets	<u>\$ 12,953,592</u>	<u>\$ 16,805</u>	<u>\$ 12,970,397</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 36,886	\$	\$ 36,886
Due to other funds	163,199		163,199
Accrued payroll and employee benefits	48,499		48,499
Unearned revenues	13,425		13,425
Total liabilities	<u>262,009</u>		<u>262,009</u>
Fund balances (deficits):			
Nonspendable	29,060		29,060
Restricted	12,673,966	16,805	12,690,771
Unassigned	(11,443)		(11,443)
Total fund balances	<u>12,691,583</u>	<u>16,805</u>	<u>12,708,388</u>
 Total liabilities and fund balances	 <u>\$ 12,953,592</u>	 <u>\$ 16,805</u>	 <u>\$ 12,970,397</u>

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ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Other local	\$ 1,105,310	\$ 2,159	\$ 1,132
Property taxes			7
State aid and grants	846,935		
Federal aid, grants and reimbursements	10,413,385		
Total revenues	<u>12,365,630</u>	<u>2,159</u>	<u>1,139</u>
Expenditures:			
Current -			
Instruction	633,258		
Support services - students and staff	1,440,205		
Support services - administration	568,656		
Operation and maintenance of plant services	210,484		
Student transportation services	46,531		
Operation of non-instructional services	9,533,514		
Capital outlay	137,750		297,901
Debt service -			
Interest and fiscal charges		3,727	
Total expenditures	<u>12,570,398</u>	<u>3,727</u>	<u>297,901</u>
Excess (deficiency) of revenues over expenditures	<u>(204,768)</u>	<u>(1,568)</u>	<u>(296,762)</u>
Other financing sources (uses):			
Transfers out	(232,740)	(475,386)	
Total other financing sources (uses):	<u>(232,740)</u>	<u>(475,386)</u>	
Changes in fund balances	<u>(437,508)</u>	<u>(476,954)</u>	<u>(296,762)</u>
Fund balances, beginning of year	13,152,809	476,954	313,567
Increase (decrease) in reserve for inventory	(23,718)		
Fund balances, end of year	<u>\$ 12,691,583</u>	<u>\$</u>	<u>\$ 16,805</u>

Total Non-
Major
Governmental
Funds

\$ 1,108,601
7
846,935
10,413,385
12,368,928

633,258
1,440,205
568,656
210,484
46,531
9,533,514
435,651
3,727
12,872,026

(503,098)

(708,126)
(708,126)

(1,211,224)

13,943,330

(23,718)

\$ 12,708,388

SPECIAL REVENUE FUNDS

Instructional Improvement - to account for the activity of monies received from gaming revenue.

County, City and Town Grants - to account for monies received from county, city and town grants.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Indian Education - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

Johnson-O'Malley - to account for financial assistance received to meet the unique educational needs of eligible Indian children.

Homeless Education - to account for financial assistance received for the education of homeless students.

Medicaid Reimbursement - to account for reimbursements related to specific health services provided to eligible students.

Other State Projects - to account for financial assistance received for other State projects.

School Plant - to account for proceeds from the sale or lease of school property.

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Community School - to account for activity related to academic and skill development for all citizens.

Auxiliary Operations - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Litigation Recovery - to account for monies received for and derived from litigation.

Indirect Costs - to account for monies received from Federal projects for administrative costs.

Insurance Refund - to account for insurance premium payments that are refunded to the District.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Instructional Improvement	County, City, and Town Grants	Professional Development and Technology Grants
<u>ASSETS</u>			
Cash and investments	\$ 4,123,922	\$	\$
Due from governmental entities	142,200		28,805
Due from other funds			
Inventory			
Total assets	\$ 4,266,122	\$	\$ 28,805
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		11,443	28,805
Accrued payroll and employee benefits	7,264		
Unearned revenues			
Total liabilities	7,264	11,443	28,805
Fund balances (deficits):			
Nonspendable			
Restricted	4,258,858		
Unassigned		(11,443)	
Total fund balances	4,258,858	(11,443)	
Total liabilities and fund balances	\$ 4,266,122	\$	\$ 28,805

<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Johnson O'Malley</u>	<u>Homeless Education</u>	<u>Other State Projects</u>
\$ 29,704	\$ 18,995	\$ 41,161	\$ 21,588	\$ 11,503	\$ 32,688
<u>\$ 29,704</u>	<u>\$ 18,995</u>	<u>\$ 41,161</u>	<u>\$ 21,588</u>	<u>\$ 11,503</u>	<u>\$ 32,688</u>
\$ 29,704	\$ 18,995	\$ 41,161	\$ 21,588	\$ 11,503	\$ 19,263
<u>29,704</u>	<u>18,995</u>	<u>41,161</u>	<u>21,588</u>	<u>11,503</u>	<u>13,425</u>
					<u>32,688</u>
<u>\$ 29,704</u>	<u>\$ 18,995</u>	<u>\$ 41,161</u>	<u>\$ 21,588</u>	<u>\$ 11,503</u>	<u>\$ 32,688</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,654,347	\$ 687,666	\$ 2,091,883
Due from governmental entities	167,154		
Due from other funds			
Inventory	29,060		
Total assets	<u><u>\$ 1,850,561</u></u>	<u><u>\$ 687,666</u></u>	<u><u>\$ 2,091,883</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,569	\$	\$ 5,054
Due to other funds			
Accrued payroll and employee benefits	41,235		
Unearned revenues			
Total liabilities	<u>53,804</u>		<u>5,054</u>
Fund balances (deficits):			
Nonspendable	29,060		
Restricted	1,767,697	687,666	2,086,829
Unassigned			
Total fund balances	<u>1,796,757</u>	<u>687,666</u>	<u>2,086,829</u>
Total liabilities and fund balances	<u><u>\$ 1,850,561</u></u>	<u><u>\$ 687,666</u></u>	<u><u>\$ 2,091,883</u></u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Insurance Refund	Totals
\$ 340,741	\$ 7,101	\$ 63,505	\$ 859,287	\$ 9,861,140
			2,602,282	461,110
				2,602,282
				29,060
<u>\$ 340,741</u>	<u>\$ 7,101</u>	<u>\$ 63,505</u>	<u>\$ 3,461,569</u>	<u>\$ 12,953,592</u>
\$	\$	\$	\$	\$ 36,886
				163,199
				48,499
				13,425
				<u>262,009</u>
				29,060
340,741	7,101	63,505	3,461,569	12,673,966
<u>340,741</u>	<u>7,101</u>	<u>63,505</u>	<u>3,461,569</u>	<u>(11,443)</u>
				<u>12,691,583</u>
<u>\$ 340,741</u>	<u>\$ 7,101</u>	<u>\$ 63,505</u>	<u>\$ 3,461,569</u>	<u>\$ 12,953,592</u>

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Instructional Improvement	County, City, and Town Grants	Professional Development and Technology Grants
Revenues:			
Other local	\$ 21,104	\$ 32	\$
State aid and grants	553,951		
Federal aid, grants and reimbursements			838,757
Total revenues	575,055	32	838,757
Expenditures:			
Current -			
Instruction	201,628		
Support services - students and staff	26,031		758,172
Support services - administration	437,845		61,920
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	665,504		820,092
Excess (deficiency) of revenues over expenditures	(90,449)	32	18,665
Other financing sources (uses):			
Transfers out			(18,665)
Total other financing sources (uses):			(18,665)
Changes in fund balances	(90,449)	32	
Fund balances (deficits), beginning of year	4,349,307	(11,475)	
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ 4,258,858	\$ (11,443)	\$

<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Johnson O'Malley</u>	<u>Homeless Education</u>	<u>Other State Projects</u>
\$	\$	\$	\$	\$	\$
76,823	479,473	41,161	23,095	46,532	292,984
<u>76,823</u>	<u>479,473</u>	<u>41,161</u>	<u>23,095</u>	<u>46,532</u>	<u>292,984</u>
49,813	128,631	25,281			66,414
9,083	341,262	14,856	22,528	31,622	211,814
1,469				13,916	13,782
14,548					762
<u>74,913</u>	<u>469,893</u>	<u>40,137</u>	<u>22,528</u>	<u>45,538</u>	<u>212</u>
1,910	9,580	1,024	567	994	<u>292,984</u>
<u>(1,910)</u>	<u>(9,580)</u>	<u>(1,024)</u>	<u>(567)</u>	<u>(994)</u>	
<u>(1,910)</u>	<u>(9,580)</u>	<u>(1,024)</u>	<u>(567)</u>	<u>(994)</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
Revenues:			
Other local	\$ 338,302	\$ 15,973	\$ 500,866
State aid and grants			
Federal aid, grants and reimbursements	8,907,544		
Total revenues	<u>9,245,846</u>	<u>15,973</u>	<u>500,866</u>
Expenditures:			
Current -			
Instruction			95,961
Support services - students and staff			19,205
Support services - administration			43,388
Operation and maintenance of plant services	197,652		7,520
Student transportation services			3,440
Operation of non-instructional services	9,151,408		367,558
Capital outlay	113,671		20,163
Total expenditures	<u>9,462,731</u>	<u>15,973</u>	<u>557,235</u>
Excess (deficiency) of revenues over expenditures	<u>(216,885)</u>	<u>15,973</u>	<u>(56,369)</u>
Other financing sources (uses):			
Transfers out	(200,000)		
Total other financing sources (uses):	<u>(200,000)</u>		
Changes in fund balances	<u>(416,885)</u>	<u>15,973</u>	<u>(56,369)</u>
Fund balances (deficits), beginning of year	2,237,360	671,693	2,143,198
Increase (decrease) in reserve for inventory	(23,718)		
Fund balances, end of year	<u>\$ 1,796,757</u>	<u>\$ 687,666</u>	<u>\$ 2,086,829</u>

Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks	Insurance Refund	Totals
\$ 113,502	\$ 1,739	\$ 7,636	\$ 106,156	\$ 1,105,310
				846,935
				10,413,385
<u>113,502</u>	<u>1,739</u>	<u>7,636</u>	<u>106,156</u>	<u>12,365,630</u>
65,530				633,258
3,899		10,816		1,440,205
130	2,508			568,656
4,550				210,484
27,706				46,531
				9,533,514
3,704				137,750
<u>105,519</u>	<u>2,508</u>	<u>10,816</u>		<u>12,570,398</u>
7,983	(769)	(3,180)	106,156	(204,768)
				(232,740)
				<u>(232,740)</u>
7,983	(769)	(3,180)	106,156	(437,508)
332,758	7,870	66,685	3,355,413	13,152,809
				(23,718)
<u>\$ 340,741</u>	<u>\$ 7,101</u>	<u>\$ 63,505</u>	<u>\$ 3,461,569</u>	<u>\$ 12,691,583</u>

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Instructional Improvement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 21,104	\$ 21,104
State aid and grants		553,951	553,951
Federal aid, grants and reimbursements			
Total revenues		<u>575,055</u>	<u>575,055</u>
Expenditures:			
Current -			
Instruction	210,000	201,628	8,372
Support services - students and staff	30,000	26,031	3,969
Support services - administration	450,000	437,845	12,155
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>690,000</u>	<u>665,504</u>	<u>24,496</u>
Excess (deficiency) of revenues over expenditures	<u>(690,000)</u>	<u>(90,449)</u>	<u>599,551</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(690,000)</u>	<u>(90,449)</u>	<u>599,551</u>
Fund balances (deficits), beginning of year		4,349,307	4,349,307
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (690,000)</u>	<u>\$ 4,258,858</u>	<u>\$ 4,948,858</u>

County, City, and Town Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 32	\$ 32	\$	\$	\$
				838,757	838,757
	32	32		838,757	838,757
2,713,755		2,713,755	909,819	758,172	151,647
			100,000	61,920	38,080
<u>2,713,755</u>	<u></u>	<u>2,713,755</u>	<u>1,009,819</u>	<u>820,092</u>	<u>189,727</u>
<u>(2,713,755)</u>	<u>32</u>	<u>2,713,787</u>	<u>(1,009,819)</u>	<u>18,665</u>	<u>1,028,484</u>
				(18,665)	(18,665)
				(18,665)	(18,665)
<u>(2,713,755)</u>	<u>32</u>	<u>2,713,787</u>	<u>(1,009,819)</u>		<u>1,009,819</u>
	(11,475)	(11,475)			
<u>\$ (2,713,755)</u>	<u>\$ (11,443)</u>	<u>\$ 2,702,312</u>	<u>\$ (1,009,819)</u>	<u>\$</u>	<u>\$ 1,009,819</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		76,823	76,823
Total revenues		<u>76,823</u>	<u>76,823</u>
Expenditures:			
Current -			
Instruction	115,000	49,813	65,187
Support services - students and staff			
Support services - administration	10,000	9,083	917
Operation and maintenance of plant services			
Student transportation services	5,000	1,469	3,531
Operation of non-instructional services	20,000	14,548	5,452
Capital outlay			
Total expenditures	<u>150,000</u>	<u>74,913</u>	<u>75,087</u>
Excess (deficiency) of revenues over expenditures	<u>(150,000)</u>	<u>1,910</u>	<u>151,910</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(1,910)	(1,910)
Total other financing sources (uses):		<u>(1,910)</u>	<u>(1,910)</u>
Changes in fund balances	<u>(150,000)</u>		<u>150,000</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (150,000)</u>	<u>\$</u>	<u>\$ 150,000</u>

Limited English & Immigrant Students			Indian Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	479,473	479,473		41,161	41,161
	479,473	479,473		41,161	41,161
200,000	128,631	71,369	40,185	25,281	14,904
1,109,671	341,262	768,409	15,000	14,856	144
<u>1,309,671</u>	<u>469,893</u>	<u>839,778</u>	<u>55,185</u>	<u>40,137</u>	<u>15,048</u>
<u>(1,309,671)</u>	<u>9,580</u>	<u>1,319,251</u>	<u>(55,185)</u>	<u>1,024</u>	<u>56,209</u>
	<u>(9,580)</u>	<u>(9,580)</u>		<u>(1,024)</u>	<u>(1,024)</u>
	<u>(9,580)</u>	<u>(9,580)</u>		<u>(1,024)</u>	<u>(1,024)</u>
<u>(1,309,671)</u>		<u>1,309,671</u>	<u>(55,185)</u>		<u>55,185</u>
<u>\$ (1,309,671)</u>	<u>\$</u>	<u>\$ 1,309,671</u>	<u>\$ (55,185)</u>	<u>\$</u>	<u>\$ 55,185</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		23,095	23,095
Total revenues		<u>23,095</u>	<u>23,095</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	28,000	22,528	5,472
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>28,000</u>	<u>22,528</u>	<u>5,472</u>
Excess (deficiency) of revenues over expenditures	<u>(28,000)</u>	<u>567</u>	<u>28,567</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(567)	(567)
Total other financing sources (uses):		<u>(567)</u>	<u>(567)</u>
Changes in fund balances	<u>(28,000)</u>		<u>28,000</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (28,000)</u>	<u>\$</u>	<u>\$ 28,000</u>

Homeless Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 1,314	\$ 1,314
	46,532	46,532		333,128	333,128
	46,532	46,532		334,442	334,442
92,429	31,622	60,807			
30,000	13,916	16,084			
122,429	45,538	76,891			
(122,429)	994	123,423		334,442	334,442
	(994)	(994)			
	(994)	(994)			
(122,429)		122,429		334,442	334,442
				4,903,386	4,903,386
\$ (122,429)	\$	\$ 122,429	\$	\$ 5,237,828	\$ 5,237,828

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		292,984	292,984
Federal aid, grants and reimbursements			
Total revenues		<u>292,984</u>	<u>292,984</u>
Expenditures:			
Current -			
Instruction	801,846	66,414	735,432
Support services - students and staff	25,000	211,814	(186,814)
Support services - administration	20,000	13,782	6,218
Operation and maintenance of plant services	1,000	762	238
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,000	212	788
Total expenditures	<u>848,846</u>	<u>292,984</u>	<u>555,862</u>
Excess (deficiency) of revenues over expenditures	<u>(848,846)</u>		<u>848,846</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(848,846)</u>		<u>848,846</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (848,846)</u>	<u>\$</u>	<u>\$ 848,846</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 180,403	\$ 180,403	\$	\$ 338,302	\$ 338,302
				8,907,544	8,907,544
	<u>180,403</u>	<u>180,403</u>		<u>9,245,846</u>	<u>9,245,846</u>
250,000		250,000	200,000	197,652	2,348
			9,638,028	9,149,301	488,727
			150,000	113,671	36,329
<u>250,000</u>		<u>250,000</u>	<u>9,988,028</u>	<u>9,460,624</u>	<u>527,404</u>
<u>(250,000)</u>	<u>180,403</u>	<u>430,403</u>	<u>(9,988,028)</u>	<u>(214,778)</u>	<u>9,773,250</u>
				(200,000)	(200,000)
				(200,000)	(200,000)
<u>(250,000)</u>	<u>180,403</u>	<u>430,403</u>	<u>(9,988,028)</u>	<u>(414,778)</u>	<u>9,573,250</u>
	329,590	329,590		2,168,138	2,168,138
				67,115	67,115
				(23,718)	(23,718)
<u>\$ (250,000)</u>	<u>\$ 509,993</u>	<u>\$ 759,993</u>	<u>\$ (9,988,028)</u>	<u>\$ 1,796,757</u>	<u>\$ 11,784,785</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 15,973	\$ 15,973
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>15,973</u>	<u>15,973</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	600,000		600,000
Capital outlay			
Total expenditures	<u>600,000</u>		<u>600,000</u>
Excess (deficiency) of revenues over expenditures	<u>(600,000)</u>	<u>15,973</u>	<u>615,973</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(600,000)</u>	<u>15,973</u>	<u>615,973</u>
Fund balances (deficits), beginning of year		671,693	671,693
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (600,000)</u>	<u>\$ 687,666</u>	<u>\$ 1,287,666</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 500,866	\$ 500,866	\$	\$ 48,281	\$ 48,281
	<u>500,866</u>	<u>500,866</u>		<u>48,281</u>	<u>48,281</u>
100,000	95,961	4,039	20,000	16,376	3,624
16,000	19,205	(3,205)	5,000	4,011	989
50,000	43,388	6,612			
10,000	7,520	2,480			
5,000	3,440	1,560			
994,000	367,558	626,442			
25,000	20,163	4,837			
<u>1,200,000</u>	<u>557,235</u>	<u>642,765</u>	<u>25,000</u>	<u>20,387</u>	<u>4,613</u>
<u>(1,200,000)</u>	<u>(56,369)</u>	<u>1,143,631</u>	<u>(25,000)</u>	<u>27,894</u>	<u>52,894</u>
<u>(1,200,000)</u>	<u>(56,369)</u>	<u>1,143,631</u>	<u>(25,000)</u>	<u>27,894</u>	<u>52,894</u>
	2,143,198	2,143,198		29,959	29,959
<u>\$ (1,200,000)</u>	<u>\$ 2,086,829</u>	<u>\$ 3,286,829</u>	<u>\$ (25,000)</u>	<u>\$ 57,853</u>	<u>\$ 82,853</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 113,502	\$ 113,502
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		113,502	113,502
Expenditures:			
Current -			
Instruction	153,000	65,530	87,470
Support services - students and staff	6,000	3,899	2,101
Support services - administration	1,000	130	870
Operation and maintenance of plant services	5,000	4,550	450
Student transportation services	30,000	27,706	2,294
Operation of non-instructional services			
Capital outlay	5,000	3,704	1,296
Total expenditures	200,000	105,519	94,481
Excess (deficiency) of revenues over expenditures	(200,000)	7,983	207,983
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(200,000)	7,983	207,983
Fund balances (deficits), beginning of year		332,758	332,758
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (200,000)	\$ 340,741	\$ 540,741

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 168,757	\$ 168,757	\$	\$ 1,739	\$ 1,739
	<u>168,757</u>	<u>168,757</u>		<u>1,739</u>	<u>1,739</u>
62,000	59,041	2,959			
40,000	38,580	1,420			
80,000	75,216	4,784	5,000	2,508	2,492
1,000	358	642			
15,000	11,742	3,258			
2,000	1,286	714			
50,000	49,221	779			
<u>250,000</u>	<u>235,444</u>	<u>14,556</u>	<u>5,000</u>	<u>2,508</u>	<u>2,492</u>
<u>(250,000)</u>	<u>(66,687)</u>	<u>183,313</u>	<u>(5,000)</u>	<u>(769)</u>	<u>4,231</u>
<u>(250,000)</u>	<u>(66,687)</u>	<u>183,313</u>	<u>(5,000)</u>	<u>(769)</u>	<u>4,231</u>
	356,753	356,753		7,870	7,870
<u>\$ (250,000)</u>	<u>\$ 290,066</u>	<u>\$ 540,066</u>	<u>\$ (5,000)</u>	<u>\$ 7,101</u>	<u>\$ 12,101</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 7,636	\$ 7,636
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>7,636</u>	<u>7,636</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	70,000	10,816	59,184
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>70,000</u>	<u>10,816</u>	<u>59,184</u>
Excess (deficiency) of revenues over expenditures	<u>(70,000)</u>	<u>(3,180)</u>	<u>66,820</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(70,000)</u>	<u>(3,180)</u>	<u>66,820</u>
Fund balances (deficits), beginning of year		66,685	66,685
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (70,000)</u>	<u>\$ 63,505</u>	<u>\$ 133,505</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 3,327	\$ 3,327	\$	\$ 36,336	\$ 36,336
	<u>3,327</u>	<u>3,327</u>		<u>36,336</u>	<u>36,336</u>
			5,000	373	4,627
			5,000	721	4,279
			2,480,000	132,668	2,347,332
			5,000	119	4,881
			5,000	1,206	3,794
			<u>2,500,000</u>	<u>135,087</u>	<u>2,364,913</u>
	<u>3,327</u>	<u>3,327</u>	<u>(2,500,000)</u>	<u>(98,751)</u>	<u>2,401,249</u>
				362,391	362,391
				<u>362,391</u>	<u>362,391</u>
	<u>3,327</u>	<u>3,327</u>	<u>(2,500,000)</u>	<u>263,640</u>	<u>2,763,640</u>
	267,912	267,912		7,757,222	7,757,222
<u>\$</u>	<u>\$ 271,239</u>	<u>\$ 271,239</u>	<u>\$ (2,500,000)</u>	<u>\$ 8,020,862</u>	<u>\$ 10,520,862</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 106,156	\$ 106,156
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>106,156</u>	<u>106,156</u>
Expenditures:			
Current -			
Instruction	1,500,000		1,500,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,500,000</u>		<u>1,500,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500,000)</u>	<u>106,156</u>	<u>1,606,156</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,500,000)</u>	<u>106,156</u>	<u>1,606,156</u>
Fund balances (deficits), beginning of year		3,355,413	3,355,413
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,500,000)</u>	<u>\$ 3,461,569</u>	<u>\$ 4,961,569</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,543,728	\$ 1,543,728
	846,935	846,935
	10,746,513	10,746,513
	<u>13,137,176</u>	<u>13,137,176</u>
5,920,786	709,048	5,211,738
2,351,919	1,483,517	868,402
3,196,000	776,540	2,419,460
472,000	210,961	261,039
90,000	59,479	30,521
11,254,028	9,532,693	1,721,335
231,000	186,971	44,029
<u>23,515,733</u>	<u>12,959,209</u>	<u>10,556,524</u>
<u>(23,515,733)</u>	<u>177,967</u>	<u>23,693,700</u>
	362,391	362,391
	<u>(232,740)</u>	<u>(232,740)</u>
	<u>129,651</u>	<u>129,651</u>
<u>(23,515,733)</u>	<u>307,618</u>	<u>23,823,351</u>
	26,728,409	26,728,409
	67,115	67,115
	(23,718)	(23,718)
<u>\$ (23,515,733)</u>	<u>\$ 27,079,424</u>	<u>\$ 50,595,157</u>

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DEBT SERVICE FUND

Debt Service - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	2,159	2,159
Total revenues		<u>2,159</u>	<u>2,159</u>
Expenditures:			
Debt service -			
Principal retirement	300,000		300,000
Interest and fiscal charges	1,590,000	3,727	1,586,273
Total expenditures	<u>1,890,000</u>	<u>3,727</u>	<u>1,886,273</u>
Excess (deficiency) of revenues over expenditures	<u>(1,890,000)</u>	<u>(1,568)</u>	<u>1,888,432</u>
Other financing sources (uses):			
Transfers out		(475,386)	(475,386)
Total other financing sources (uses):		<u>(475,386)</u>	<u>(475,386)</u>
Changes in fund balances	<u>(1,890,000)</u>	<u>(476,954)</u>	<u>1,413,046</u>
Fund balances, beginning of year		476,954	476,954
Fund balances (deficits), end of year	<u>\$ (1,890,000)</u>	<u>\$</u>	<u>\$ 1,890,000</u>

CAPITAL PROJECTS FUNDS

Insurance Proceeds - to account for the monies received from insurance claims.

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

Gifts and Donations – Capital - to account for gifts and donations to be expended for capital acquisitions.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Adjacent Ways	Totals
<u>ASSETS</u>		
Cash and investments	\$ 16,805	\$ 16,805
Total assets	\$ 16,805	\$ 16,805
Fund balances:		
Restricted	\$ 16,805	\$ 16,805
Total fund balances	16,805	16,805
 Total liabilities and fund balances	 \$ 16,805	 \$ 16,805

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Adjacent Ways</u>	<u>Totals</u>
Revenues:		
Other local	\$ 1,132	\$ 1,132
Property taxes	7	7
Total revenues	<u>1,139</u>	<u>1,139</u>
Expenditures:		
Capital outlay	<u>297,901</u>	<u>297,901</u>
Total expenditures	<u>297,901</u>	<u>297,901</u>
Changes in fund balances	<u>(296,762)</u>	<u>(296,762)</u>
Fund balances, beginning of year	313,567	313,567
Fund balances, end of year	<u>\$ 16,805</u>	<u>\$ 16,805</u>

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 23,567	\$ 23,567
Property taxes			
State aid and grants			
Total revenues		<u>23,567</u>	<u>23,567</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	800,000	3,744	796,256
Capital outlay			
Debt service -			
Principal retirement			
Total expenditures	<u>800,000</u>	<u>3,744</u>	<u>796,256</u>
Excess (deficiency) of revenues over expenditures	<u>(800,000)</u>	<u>19,823</u>	<u>819,823</u>
Other financing sources (uses):			
Transfers in		475,386	475,386
Total other financing sources (uses):		<u>475,386</u>	<u>475,386</u>
Changes in fund balances	<u>(800,000)</u>	<u>495,209</u>	<u>1,295,209</u>
Fund balances, beginning of year		120,480	120,480
Fund balances (deficits), end of year	<u>\$ (800,000)</u>	<u>\$ 615,689</u>	<u>\$ 1,415,689</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 28,332	\$ 28,332	\$	\$ 1,132	\$ 1,132
	4,842,086	4,842,086		7	7
	2,185,569	2,185,569			
	<u>7,055,987</u>	<u>7,055,987</u>		<u>1,139</u>	<u>1,139</u>
9,130,407	4,265,928	4,864,479	300,000	297,901	2,099
2,500,000	2,276,543	223,457			
<u>11,630,407</u>	<u>6,542,471</u>	<u>5,087,936</u>	<u>300,000</u>	<u>297,901</u>	<u>2,099</u>
(11,630,407)	513,516	12,143,923	(300,000)	(296,762)	3,238
<u>(11,630,407)</u>	<u>513,516</u>	<u>12,143,923</u>	<u>(300,000)</u>	<u>(296,762)</u>	<u>3,238</u>
	7,993,405	7,993,405		313,567	313,567
<u>\$ (11,630,407)</u>	<u>\$ 8,506,921</u>	<u>\$ 20,137,328</u>	<u>\$ (300,000)</u>	<u>\$ 16,805</u>	<u>\$ 316,805</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Gifts and Donations - Capital		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay	50,000		50,000
Debt service -			
Principal retirement			
Total expenditures	50,000		50,000
Excess (deficiency) of revenues over expenditures	(50,000)		50,000
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	(50,000)		50,000
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (50,000)	\$	\$ 50,000

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 53,031	\$ 53,031
	4,842,093	4,842,093
	2,185,569	2,185,569
	<u>7,080,693</u>	<u>7,080,693</u>
800,000	3,744	796,256
9,480,407	4,563,829	4,916,578
<u>2,500,000</u>	<u>2,276,543</u>	<u>223,457</u>
<u>12,780,407</u>	<u>6,844,116</u>	<u>5,936,291</u>
<u>(12,780,407)</u>	<u>236,577</u>	<u>13,016,984</u>
	<u>475,386</u>	<u>475,386</u>
	<u>475,386</u>	<u>475,386</u>
<u>(12,780,407)</u>	<u>711,963</u>	<u>13,492,370</u>
	8,427,452	8,427,452
<u>\$ (12,780,407)</u>	<u>\$ 9,139,415</u>	<u>\$ 21,919,822</u>

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AGENCY FUND

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED JUNE 30, 2016

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balance</u>
<u>STUDENT ACTIVITIES</u>				
<u>Assets</u>				
Cash and investments	\$ <u>102,511</u>	\$ <u>111,122</u>	\$ <u>88,542</u>	\$ <u>125,091</u>
Total assets	\$ <u><u>102,511</u></u>	\$ <u><u>111,122</u></u>	\$ <u><u>88,542</u></u>	\$ <u><u>125,091</u></u>
<u>Liabilities</u>				
Accounts Payable	\$	\$ 7,296	\$	\$ 7,296
Due to student groups	<u>102,511</u>	<u>103,826</u>	<u>88,542</u>	<u>117,795</u>
Total liabilities	\$ <u><u>102,511</u></u>	\$ <u><u>111,122</u></u>	\$ <u><u>88,542</u></u>	\$ <u><u>125,091</u></u>

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to 5 percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 69,019,182	\$ 71,246,617	\$ 68,110,421	\$ 68,443,160	\$ 69,172,678
Restricted	29,077,343	29,067,052	33,118,561	26,618,978	40,750,306
Unrestricted	(88,029,888)	(94,977,996)	23,490,468	26,167,951	11,921,522
Total net position	<u><u>\$ 10,066,637</u></u>	<u><u>\$ 5,335,673</u></u>	<u><u>\$ 124,719,450</u></u>	<u><u>\$ 121,230,089</u></u>	<u><u>\$ 121,844,506</u></u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position:					
Net investment in capital assets	\$ 69,127,641	\$ 64,053,898	\$ 65,940,340	\$ 66,139,823	\$ 62,557,141
Restricted	25,970,063	19,068,335	16,720,912	15,388,999	15,013,167
Unrestricted	29,431,577	47,068,360	34,860,510	42,897,682	46,740,059
Total net position	<u><u>\$ 124,529,281</u></u>	<u><u>\$ 130,190,593</u></u>	<u><u>\$ 117,521,762</u></u>	<u><u>\$ 124,426,504</u></u>	<u><u>\$ 124,310,367</u></u>

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 56,795,603	\$ 66,305,387	\$ 56,388,306	\$ 55,838,719	\$ 57,728,257
Support services - students and staff	16,153,313	16,429,631	16,039,741	15,599,266	15,901,896
Support services - administration	9,893,187	9,762,229	9,158,080	8,677,485	8,922,019
Operation and maintenance of plant services	9,567,792	9,737,441	8,772,806	8,407,300	9,017,361
Student transportation services	3,866,193	4,258,036	4,221,296	4,213,456	4,107,584
Operation of non-instructional services	10,409,248	12,517,944	11,889,769	12,078,864	11,635,553
Interest on long-term debt	3,727	1,458,218	308,166	583,618	843,442
Total expenses	<u>106,689,063</u>	<u>120,468,886</u>	<u>106,778,164</u>	<u>105,398,708</u>	<u>108,156,112</u>
Program Revenues					
Charges for services:					
Instruction	324,288	347,343	340,446	448,815	935,581
Operation of non-instructional services	672,992	777,375	1,017,057	1,056,948	435,955
Other activities	188,149	182,733	189,793	44,117	95,215
Operating grants and contributions	24,741,733	24,661,052	25,021,834	22,344,156	23,225,042
Capital grants and contributions	130,742	612,375	297,047	251,229	1,167,725
Total program revenues	<u>26,057,904</u>	<u>26,580,878</u>	<u>26,866,177</u>	<u>24,145,265</u>	<u>25,859,518</u>
Net (Expense)/Revenue	<u>\$ (80,631,159)</u>	<u>\$ (93,888,008)</u>	<u>\$ (79,911,987)</u>	<u>\$ (81,253,443)</u>	<u>\$ (82,296,594)</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 59,770,047	\$ 57,572,163	\$ 67,976,719	\$ 70,139,122	\$ 68,557,244
Support services - students and staff	16,123,720	17,269,272	18,926,961	17,651,259	15,296,679
Support services - administration	9,223,168	8,329,826	8,876,792	8,221,380	7,441,190
Operation and maintenance of plant services	10,423,233	9,795,560	9,912,659	10,469,043	9,239,406
Student transportation services	3,936,965	3,889,127	4,549,352	4,106,634	3,741,712
Operation of non-instructional services	11,631,022	12,137,390	12,374,669	12,361,727	10,933,686
Interest on long-term debt	1,054,391	2,036,621	2,336,235	2,390,337	1,971,285
Total expenses	<u>112,162,546</u>	<u>111,029,959</u>	<u>124,953,387</u>	<u>125,339,502</u>	<u>117,181,202</u>
Program Revenues					
Charges for services:					
Instruction	831,119	482,629	323,867	1,742,412	1,832,981
Operation of non-instructional services	464,213	1,426,648	1,537,781	526,985	1,543,676
Other activities	261,716	210,003	50,931	32,509	143,868
Operating grants and contributions	28,484,483	25,400,926	24,120,683	25,149,505	23,143,280
Capital grants and contributions	2,842,543	728,488	1,818,361	948,647	1,523,478
Total program revenues	<u>32,884,074</u>	<u>28,248,694</u>	<u>27,851,623</u>	<u>28,400,058</u>	<u>28,187,283</u>
Net (Expense)/Revenue	<u>\$ (79,278,472)</u>	<u>\$ (82,781,265)</u>	<u>\$ (97,101,764)</u>	<u>\$ (96,939,444)</u>	<u>\$ (88,993,919)</u>

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

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (80,631,159)	\$ (93,888,008)	\$ (79,911,987)	\$ (81,253,443)	\$ (82,296,594)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	14,860,556	13,865,907	14,623,869	13,838,782	16,223,235
Property taxes, levied for debt service		132,819	5,383,310	5,862,436	5,710,089
Property taxes, levied for capital outlay	4,987,960	4,765,368	217,411	46,864	
Investment income	166,050	152,330	175,771	181,251	236,309
Unrestricted county aid	5,841,181	5,681,066	5,387,731	5,392,072	5,455,256
Unrestricted state aid	59,173,248	56,905,111	57,449,841	55,205,601	51,793,089
Unrestricted federal aid	333,128	189,953	163,415	112,020	193,841
Total general revenues	<u>85,362,123</u>	<u>81,692,554</u>	<u>83,401,348</u>	<u>80,639,026</u>	<u>79,611,819</u>
Changes in Net Position	<u>\$ 4,730,964</u>	<u>\$ (12,195,454)</u>	<u>\$ 3,489,361</u>	<u>\$ (614,417)</u>	<u>\$ (2,684,775)</u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (79,278,472)	\$ (82,781,265)	\$ (97,101,764)	\$ (96,939,444)	\$ (88,993,919)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	9,259,739	22,508,183	14,180,200	11,413,186	17,471,158
Property taxes, levied for debt service	6,263,935	6,000,777	5,479,073	5,707,147	4,460,249
Property taxes, levied for capital outlay			61,069	2,061,331	2,049,561
Investment income	483,214	533,505	1,413,522	2,193,986	2,223,116
Unrestricted county aid	5,482,348	5,337,574			57,510
Unrestricted state aid	51,227,310	53,786,204	69,063,158	75,679,931	71,964,963
Total general revenues	<u>73,617,160</u>	<u>95,450,096</u>	<u>90,197,022</u>	<u>97,055,581</u>	<u>98,226,557</u>
Changes in Net Position	<u>\$ (5,661,312)</u>	<u>\$ 12,668,831</u>	<u>\$ (6,904,742)</u>	<u>\$ 116,137</u>	<u>\$ 9,232,638</u>

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

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 6,137,689	\$ 6,064,385	\$ 5,556,387	\$ 175,994	\$ 323,096
Restricted	1,125,682	450,070	106,997	650,049	600,832
Unassigned	14,537,300	13,127,836	13,610,093	21,610,269	22,089,487
Total General Fund	\$ 21,800,671	\$ 19,642,291	\$ 19,273,477	\$ 22,436,312	\$ 23,013,415
All Other Governmental Funds:					
Nonspendable	\$ 29,060	\$ 52,778	\$ 37,807	\$	\$ 64,795
Restricted	27,805,794	28,616,982	32,947,476	25,877,063	24,505,471
Unassigned	(908,354)	(564,026)	(844,810)	(332,710)	
Total all other governmental funds	\$ 26,926,500	\$ 28,105,734	\$ 32,140,473	\$ 25,544,353	\$ 24,570,266

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 537,524	\$	\$	\$	\$
Restricted	951,474				
Unassigned	24,605,787				
Reserved	\$	\$ 258,249	\$ 358,748	\$ 313,364	\$ 918,211
Unreserved		12,828,757	1,037,730	11,686,286	15,994,713
Total General Fund	<u>\$ 26,094,785</u>	<u>\$ 13,087,006</u>	<u>\$ 1,396,478</u>	<u>\$ 11,999,650</u>	<u>\$ 16,912,924</u>
All Other Governmental Funds:					
Nonspendable	\$ 66,510	\$	\$	\$	\$
Restricted	24,024,620				
Unassigned	(1,415,531)				
Reserved	\$	\$ 56,206	\$ 118,909	\$ 6,084	\$ 107,422
Unreserved, reported in:					
Special revenue funds		29,590,312	26,990,207	27,179,868	22,857,178
Capital projects funds		18,425,792	15,834,051	14,482,897	14,238,369
Debt service fund		195,497	165,152	529,761	507,603
Total all other governmental funds	<u>\$ 22,675,599</u>	<u>\$ 48,267,807</u>	<u>\$ 43,108,319</u>	<u>\$ 42,198,610</u>	<u>\$ 37,710,572</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 15,589,143	\$ 16,946,082	\$ 15,826,796	\$ 13,212,295	\$ 16,355,067
Education Jobs					1,213,608
National School Lunch Program	8,907,544	8,197,951	8,444,382	8,076,620	7,891,936
Total federal sources	<u>24,496,687</u>	<u>25,144,033</u>	<u>24,271,178</u>	<u>21,288,915</u>	<u>25,460,611</u>
State sources:					
State equalization assistance	53,688,006	51,664,830	52,183,004	50,764,114	47,936,614
State grants	292,984	238,353	599,679	227,691	427,363
Other revenues	5,485,242	5,240,281	5,334,943	4,373,381	3,856,475
Total state sources	<u>59,466,232</u>	<u>57,143,464</u>	<u>58,117,626</u>	<u>55,365,186</u>	<u>52,220,452</u>
Local sources:					
Property taxes	18,891,789	19,086,780	20,525,594	20,641,039	22,018,609
County aid	5,841,181	5,681,066	5,387,731	5,392,072	5,455,256
Food service sales	330,282	383,533	376,453	405,986	425,485
Investment income	166,050	152,330	175,771	181,251	236,309
Other revenues	1,123,844	1,108,320	1,460,019	2,000,997	1,344,328
Total local sources	<u>26,353,146</u>	<u>26,412,029</u>	<u>27,925,568</u>	<u>28,621,345</u>	<u>29,479,987</u>
Total revenues	<u><u>\$ 110,316,065</u></u>	<u><u>\$ 108,699,526</u></u>	<u><u>\$ 110,314,372</u></u>	<u><u>\$ 105,275,446</u></u>	<u><u>\$ 107,161,050</u></u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 19,071,453	\$ 25,423,332	\$ 16,143,450	\$ 15,818,388	\$ 15,729,292
State Fiscal Stabilization (ARRA)	610,111				
Education Jobs	1,226,948				
National School Lunch Program	7,759,474	7,813,343	7,636,904	7,442,199	7,148,060
Total federal sources	<u>28,667,986</u>	<u>33,236,675</u>	<u>23,780,354</u>	<u>23,260,587</u>	<u>22,877,352</u>
State sources:					
State equalization assistance	47,989,669	54,246,997	60,022,038	67,690,890	64,776,395
State grants	74,427	681,054	1,445,970	2,114,378	1,197,244
School Facilities Board				434,068	830,342
Other revenues	3,528,502	3,851,724	4,728,603	7,554,973	6,533,686
Total state sources	<u>51,592,598</u>	<u>58,779,775</u>	<u>66,196,611</u>	<u>77,794,309</u>	<u>73,337,667</u>
Local sources:					
Property taxes	16,693,378	27,174,243	19,082,902	19,296,659	23,979,510
County aid	5,482,348	5,337,574			57,510
Food service sales	447,857	537,300	514,874	543,881	549,680
Investment income	483,214	531,356	1,406,111	2,188,082	2,217,827
Other revenues	2,699,129	1,833,061	2,349,488	3,163,830	2,970,845
Total local sources	<u>25,805,926</u>	<u>35,413,534</u>	<u>23,353,375</u>	<u>25,192,452</u>	<u>29,775,372</u>
Total revenues	<u>\$ 106,066,510</u>	<u>\$ 127,429,984</u>	<u>\$ 113,330,340</u>	<u>\$ 126,247,348</u>	<u>\$ 125,990,391</u>

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

Note: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 55,204,045	\$ 52,991,571	\$ 56,685,611	\$ 51,552,558	\$ 53,321,750
Support services - students and staff	15,216,888	14,892,002	14,648,511	14,188,032	14,527,821
Support services - administration	9,739,697	9,168,371	8,686,971	8,205,230	8,433,331
Operation and maintenance of plant services	8,713,010	9,513,387	9,257,050	8,161,022	8,824,730
Student transportation services	3,487,044	3,670,920	3,832,326	3,748,922	3,652,467
Operation of non-instructional services	9,899,294	11,941,646	11,364,010	11,317,593	10,987,135
Capital outlay	4,846,257	15,645,173	1,921,642	1,589,590	2,046,940
Debt service -					
Judgments against the district					
Interest and fiscal charges	3,727	1,458,218	308,166	583,618	843,442
Principal retirement	2,276,543	2,547,477	5,595,000	5,320,000	5,493,994
Total expenditures	<u>\$ 109,386,505</u>	<u>\$ 121,828,765</u>	<u>\$ 112,299,287</u>	<u>\$ 104,666,565</u>	<u>\$ 108,131,610</u>
Expenditures for capitalized assets	\$ 3,477,337	\$ 3,347,957	\$ 523,801	\$ 706,958	\$ 1,433,135
Debt service as a percentage of noncapital expenditures	2%	3%	5%	6%	6%

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 55,922,784	\$ 53,166,515	\$ 63,183,330	\$ 62,675,314	\$ 59,162,709
Support services - students and staff	14,742,103	15,648,436	16,215,217	15,870,191	13,232,324
Support services - administration	8,693,644	7,824,513	8,274,617	7,400,058	6,873,060
Operation and maintenance of plant services	10,145,316	9,543,416	9,007,376	9,416,638	8,803,759
Student transportation services	3,420,345	3,496,521	3,303,972	3,328,751	3,027,903
Operation of non-instructional services	11,033,153	11,157,454	11,593,620	11,271,406	10,356,955
Capital outlay	9,256,949	3,235,880	6,953,796	10,265,681	20,394,169
Debt service -					
Judgments against the district			214,104		
Interest and fiscal charges	1,054,391	2,036,621	2,837,962	2,953,360	2,217,412
Principal retirement	5,293,994	4,307,410	3,393,994	2,785,000	3,575,508
Total expenditures	<u>\$ 119,562,679</u>	<u>\$ 110,416,766</u>	<u>\$ 124,977,988</u>	<u>\$ 125,966,399</u>	<u>\$ 127,643,799</u>
Expenditures for capitalized assets	\$ 7,925,680	\$ 685,484	\$ 1,796,246	\$ 4,044,170	\$ 13,102,102
Debt service as a percentage of noncapital expenditures	6%	6%	5%	5%	5%

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

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ 929,560	\$ (13,129,239)	\$ (1,984,915)	\$ 608,881	\$ (970,560)
Other financing sources (uses):					
Capital lease agreements		8,940,345			
Transfers in	837,777	950,617	5,007,052	452,753	484,350
Transfers out	(837,777)	(950,617)	(5,007,052)	(452,753)	(484,350)
Total other financing sources (uses)	8,940,345	8,940,345	(5,007,052)	(452,753)	(484,350)
Changes in fund balances	\$ 929,560	\$ (4,188,894)	\$ (1,984,915)	\$ 608,881	\$ (970,560)
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (13,496,169)	\$ 17,013,218	\$ (11,647,648)	\$ 280,949	\$ (1,653,408)
Other financing sources (uses):					
Premium on sale of bonds					
Capital lease agreements			1,795,976		
Transfers in	1,116,858	611,971	517,859	351,185	1,113,419
Transfers out	(1,116,858)	(611,971)	(517,859)	(351,185)	(1,113,419)
Refunding bonds issued					
Payment to refunded bond escrow agent					
Total other financing sources (uses)	1,795,976	1,795,976	1,795,976	1,795,976	1,795,976
Changes in fund balances	\$ (13,496,169)	\$ 17,013,218	\$ (9,851,672)	\$ 280,949	\$ (1,653,408)

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

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 164,700,217	\$ 169,321,294	\$ 167,359,202	\$ 197,455,138	\$ 237,296,828
Agricultural and Vacant	5,729,170	5,004,736	5,224,600	6,506,720	9,803,580
Residential (Owner Occupied)	39,512,637	38,437,898	36,635,529	45,405,337	51,496,293
Residential (Rental)	50,125,652	40,423,107	35,891,751	35,834,435	43,191,208
Railroad, Private Cars and Airlines	3,774,722	4,054,360	3,742,249	4,485,648	4,098,203
Historical Property	109,430	162,185	233,585	205,834	194,359
Certain Government Property Improvements	30,645	36,356	34,729	36,165	38,848
Total	\$ 263,982,473	\$ 257,439,936	\$ 249,121,645	\$ 289,929,277	\$ 346,119,319
Gross Full Cash Value	\$ 2,852,557,761	\$ 2,299,465,664	\$ 2,089,133,974	\$ 2,309,680,503	\$ 2,682,638,363
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	11%	12%	13%	13%
Total Direct Rate	7.53	7.00	8.02	7.02	6.43

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 286,587,265	\$ 281,198,706	\$ 263,781,182	\$ 251,423,187	\$ 235,777,425
Agricultural and Vacant	9,297,970	8,877,133	8,140,882	6,784,804	6,038,770
Residential (Owner Occupied)	93,768,764	159,458,839	145,395,903	125,917,032	113,160,024
Residential (Rental)	57,329,796	66,594,348	58,395,217	51,238,871	46,624,709
Railroad, Private Cars and Airlines	4,146,658	4,344,155	5,022,825	4,483,230	3,904,676
Historical Property	244,902	124,695	35,335	141,129	107,985
Certain Government Property Improvements	-	-	-	-	-
Total	\$ 451,375,355	\$ 520,597,876	\$ 480,771,344	\$ 439,988,253	\$ 405,613,589
Gross Full Cash Value	\$ 3,675,520,197	\$ 4,786,823,386	\$ 4,688,583,761	\$ 3,894,829,641	\$ 3,108,159,004
Ratio of Net Limited Assessed Value to Gross Full Cash Value	12%	11%	10%	11%	13%
Total Direct Rate	3.21	5.19	3.51	3.89	5.96

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirement and other voter-approved overrides.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 179,152,550	\$ 171,996,491	\$ 168,365,982	\$ 198,652,109	\$ 240,373,348
Agricultural and Vacant	6,363,562	5,113,576	5,245,366	6,528,715	9,958,953
Residential (Owner Occupied)	66,224,825	44,482,896	36,685,594	45,426,648	51,534,370
Residential (Rental)	71,039,079	46,570,742	36,194,807	35,868,994	43,225,286
Railroad, Private Cars and Airlines	3,844,570	4,092,465	3,777,587	4,572,465	4,577,572
Historical Property	437,720	616,303	910,974	651,596	681,367
Certain Government Property Improvements	34,939	36,368			
Total	\$ 327,097,245	\$ 272,908,841	\$ 251,215,039	\$ 291,737,211	\$ 350,389,744
Gross Full Cash Value					
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	12%	12%	13%	13%
Total Direct Rate	7.53	7.00	8.02	7.02	6.43

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 321,357,251	\$ 334,493,625	\$ 307,261,115	\$ 282,920,604	\$ 257,139,288
Agricultural and Vacant	12,108,750	12,425,761	11,821,691	8,857,830	7,786,648
Residential (Owner Occupied)	93,910,439	185,977,493	203,068,580	161,643,251	116,484,719
Residential (Rental)	59,191,815	81,627,436	79,438,350	64,116,545	49,268,707
Railroad, Private Cars and Airlines	4,958,069	5,132,988	5,676,258	4,958,652	4,134,071
Historical Property	1,028,590	548,655	162,535	141,129	539,915
Certain Government Property Improvements					
Total	\$ 492,554,914	\$ 620,205,958	\$ 607,428,529	\$ 522,638,011	\$ 435,353,348
Gross Full Cash Value					
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	13%	13%	13%	13%	14%
Total Direct Rate	3.21	5.19	3.51	3.89	5.96

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	16	15	15	15

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

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates						District Direct Rates		
	State Equalization	County	Phoenix Union High School District No. 210	Maricopa Community College	City of Phoenix	City of Glendale	Primary	Secondary	Total
	2016	0.51	1.36	4.96	1.49	1.82	2.20	2.26	5.26
2015	0.51	1.32	4.62	1.52	1.82	2.15	1.96	5.04	7.00
2014	0.51	1.28	4.82	1.53	1.82	2.29	2.31	5.71	8.02
2013	0.47	1.24	4.27	1.38	1.82	1.90	1.83	5.19	7.02
2012	0.43	1.24	3.76	1.21	1.82	1.60	2.23	4.20	6.43
2011	0.36	1.05	3.25	0.97	1.82	1.59	0.07	3.14	3.21
2010	0.33	0.99	2.95	0.88	1.82	1.59	2.61	2.58	5.19
2009		1.03	3.06	0.94	1.82	1.60	0.96	2.55	3.51
2008		1.10	3.42	0.98	1.82	1.62	0.86	3.03	3.89
2007		1.18	3.79	1.06	1.82	1.72	2.76	3.20	5.96

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Grand Canyon Education, Inc.	\$ 20,778,663	7.87 %	\$	
BNSF Railway Company	3,757,513	1.42		
CenturyLink	3,186,338	1.21	6,923,860	1.59 %
Luke Camelback LLC	2,922,184	1.11		
McClelland Family Partnership	2,785,431	1.06	9,795,450	2.25
1128 Valencia Associates LLC	2,338,505	0.89		
McClelland Property Company	2,103,530	0.80		
AGNL Hops LLC	2,087,691	0.79		
United Parcel Service, Inc.	2,040,878	0.77		
Plaza Del Sol 557 LLC	1,600,037	0.61		
Corning Gilbert, Inc.			4,563,809	1.05
ICG-ORE			4,006,557	0.92
Koll Bren Schreiber Realty Advisors			3,856,360	0.89
Hensley and Co.			3,469,766	0.80
Presson Equity Partners LLP			3,345,255	0.77
Burlington Northern Santa Fe			2,967,368	0.68
Oak Park Medical Building LTD			2,600,801	0.60
RGR Family Limited Partnership			2,478,467	0.57
Total	<u>\$ 43,600,770</u>	<u>16.53 %</u>	<u>\$ 44,007,693</u>	<u>10.12 %</u>

Source: The source of this information is the Maricopa County Assessor's records.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 20,006,688	\$ 19,308,576	96.51 %	\$	\$ 19,308,576	96.51 %
2015	18,883,916	17,974,861	95.19	881,470	18,856,331	99.85
2014	20,201,848	19,097,637	94.53	1,081,015	20,178,652	99.89
2013	20,514,235	19,038,323	92.81	1,455,382	20,493,705	99.90
2012	22,355,659	20,750,187	92.82	1,582,902	22,333,089	99.90
2011	15,856,850	14,614,022	92.16	1,228,724	15,842,746	99.91
2010	29,755,973	26,656,530	89.58	2,742,166	29,398,696	98.80
2009	20,109,586	18,456,777	91.78	1,586,752	20,043,529	99.67
2008	19,563,863	18,460,376	94.36	1,038,482	19,498,858	99.67
2007	25,195,663	23,949,990	95.06	1,241,418	25,191,408	99.98

Source: The source of this information is the Maricopa County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2016	\$	\$	\$ -	0.00 %	\$ -	\$ 4,553,085	\$ 4,553,085	0.16 %	\$ 55	N/A %
2015	40,000	40,000	-	0.00	-	6,829,628	6,869,628	0.30	82	0.00
2014	5,675,000	2,231,318	3,443,682	0.16	41		5,675,000	0.27	68	0.00
2013	11,351,760	793,960	10,557,800	0.46	127		11,351,760	0.49	136	0.01
2012	16,396,760	603,417	15,793,343	0.59	190		16,396,760	0.61	197	0.01
2011	21,241,760	4,845,000	16,396,760	0.45	197	448,994	21,690,754	0.59	260	0.02
2010	24,884,751	3,642,991	21,241,760	0.44	274	897,988	25,782,739	0.54	332	0.02
2009	28,239,173	3,138,997	25,100,176	0.54	323	1,346,982	29,586,155	0.63	381	0.02
2008	31,548,542	3,001,639	28,546,903	0.73	368		31,548,542	0.81	406	0.02
2007	35,506,479	3,611,553	31,894,926	1.03	411		35,506,479	1.14	457	0.03

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

Note: N/A indicates that the information is not available.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa Community College District	\$ 712,760,000	1.13 %	\$ 8,054,188
City of Glendale	126,305,000	0.02	25,261
City of Phoenix	2,126,137,000	3.12	66,335,474
Phoenix Union High School District No. 210	329,808,012	6.50	21,437,521
Subtotal, Overlapping Debt			<u>95,852,444</u>
Direct:			
Alhambra Elementary School District No. 68			<u>4,553,085</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 100,405,529</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		0.00 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,151	
As a Percentage of Net Limited Assessed Valuation		29.30 %
As a Percentage of Estimated Gross Full Cash Value		3.36 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
- 2) Outstanding debt as of June 30, 2015 is presented for the overlapping governments as this is the most recent available information.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 327,097,245
Debt limit (10% of assessed value)	32,709,725
Debt applicable to limit	-
Legal debt margin	<u>\$ 32,709,725</u>

Total Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 327,097,245
Debt limit (15% of assessed value)	49,064,587
Debt applicable to limit	
Legal debt margin	<u>\$ 49,064,587</u>

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 49,064,587	\$ 40,936,326	\$ 37,682,256	\$ 43,910,582	\$ 52,558,462
Total net debt applicable to limit		<u>40,000</u>	<u>5,675,000</u>	<u>10,557,800</u>	<u>15,793,343</u>
Legal debt margin	<u>\$ 49,064,587</u>	<u>\$ 40,896,326</u>	<u>\$ 32,007,256</u>	<u>\$ 33,352,782</u>	<u>\$ 36,765,119</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	15%	24%	30%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 73,883,237	\$ 93,030,894	\$ 91,114,279	\$ 78,395,702	\$ 65,303,002
Total net debt applicable to limit	<u>16,396,760</u>	<u>21,241,760</u>	<u>25,100,176</u>	<u>28,546,903</u>	<u>31,894,926</u>
Legal debt margin	<u>\$ 57,486,477</u>	<u>\$ 71,789,134</u>	<u>\$ 66,014,103</u>	<u>\$ 49,848,799</u>	<u>\$ 33,408,076</u>
Total net debt applicable to the limit as a percentage of debt limit	22%	23%	28%	36%	49%

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

- Notes:** 1) The District's general obligation bonds are subject to three limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limits on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Bond premium is not subject to the statutory debt limit.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2015	4,076,438	\$ N/A	\$ N/A	5.5 %	83,303
2014	4,008,651	168,483,421	41,222	5.9	83,303
2013	4,009,412	147,700,000	27,552	6.2	83,303
2012	3,824,058	147,374,500	38,238	9.1	83,303
2011	3,843,370	142,864,275	37,352	8.4	83,303
2010	3,817,117	142,091,618	35,319	8.5	83,303
2009	4,023,331	147,122,078	37,168	10.3	77,648
2008	3,987,942	139,665,253	36,135	4.9	77,648
2007	3,907,492	132,423,154	35,046	3.2	77,648
2006	3,792,675	120,716,738	33,178	3.5	77,648

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2015, the source of the information is the Arizona Office of Employment and Population Statistics.

Note: N/A indicates that the information is not available.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	50,820	2.67 %	49,305	2.68 %
Banner Health Systems	41,530	2.18	16,400	0.89
Wal-Mart Stores Inc.	32,370	1.70	28,800	1.57
Fry's Food and Drug Stores	17,290	0.91		
City of Phoenix	14,590	0.77	14,166	0.77
Wells Fargo Company	14,480	0.76	11,800	0.64
Maricopa County	13,570	0.71	13,274	0.72
Arizona State University	12,680	0.67	12,083	0.66
Dignity Health	12,100	0.64		
University of Arizona	11,440	0.60		
U.S. Postal Service			11,000	0.60
Honeywell			10,700	0.58
Intel Corp			10,100	0.55
Total	<u>220,870</u>	<u>11.61 %</u>	<u>177,628</u>	<u>9.66 %</u>
Total employment	<u>1,902,687</u>		<u>1,838,500</u>	

Source: The source of this county-wide information is the Business Journal Book of Lists.

Note: The source of the "Total employment" for 2016 is the U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Principals	15	15	15	15	15
Assistant principals	4	4	4	4	4
Other	12	13	12	11	11
Total supervisory	<u>31</u>	<u>32</u>	<u>31</u>	<u>30</u>	<u>30</u>
Instruction					
Teachers	621	614	622	658	666
Aides	114	112	112	121	100
Total instruction	<u>735</u>	<u>726</u>	<u>734</u>	<u>779</u>	<u>766</u>
Student Services					
Guidance Counselors	1	1	1	1	1
Librarians					
Other student services	15	15	16	16	15
Total student services	<u>16</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>16</u>
Support and Administration					
Food Service workers	115	113	113	130	116
Custodial/maintenance workers	101	100	101	111	90
Other classified	349	331	320	378	314
Total support and administration	<u>565</u>	<u>544</u>	<u>534</u>	<u>619</u>	<u>520</u>
Total	<u><u>1,347</u></u>	<u><u>1,318</u></u>	<u><u>1,316</u></u>	<u><u>1,445</u></u>	<u><u>1,332</u></u>

(Continued)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Principals	15	15	15	15	15
Assistant principals	4	4	4	4	4
Other	10	10	10	10	9
Total supervisory	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>28</u>
Instruction					
Teachers	716	716	784	786	793
Aides	109	124	181	171	197
Total instruction	<u>825</u>	<u>840</u>	<u>965</u>	<u>957</u>	<u>990</u>
Student Services					
Guidance Counselors	1	1	9	9	12
Librarians			12	13	9
Other student services	17	15	16	15	15
Total student services	<u>18</u>	<u>16</u>	<u>37</u>	<u>37</u>	<u>36</u>
Support and Administration					
Food Service workers	126	132	137	139	124
Custodial/maintenance workers	95	97	99	101	98
Other classified	342	372	341	370	348
Total support and administration	<u>563</u>	<u>601</u>	<u>577</u>	<u>610</u>	<u>570</u>
Total	<u><u>1,435</u></u>	<u><u>1,486</u></u>	<u><u>1,608</u></u>	<u><u>1,633</u></u>	<u><u>1,624</u></u>

Source: The source of this information is District personnel records.

(Concluded)

ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2016	13,020	\$ 102,259,978	\$ 7,854	0.28 %	\$ 106,689,063	\$ 8,194	(11.26) %	735	17.7	92.0 %
2015	13,046	102,177,897	7,832	(1.19)	120,468,886	9,234	13.98	726	18.0	94.5
2014	13,180	104,474,479	7,927	8.94	106,778,164	8,102	2.65	734	18.0	94.3
2013	13,355	97,173,357	7,276	(2.62)	105,398,708	7,892	(2.59)	779	17.1	93.9
2012	13,350	99,747,234	7,472	(5.77)	108,156,112	8,102	(5.30)	766	17.4	93.4
2011	13,111	103,957,345	7,929	6.31	112,162,546	8,555	4.17	825	15.9	92.7
2010	13,520	100,836,855	7,458	(7.46)	111,029,959	8,212	(9.01)	840	16.1	92.1
2009	13,844	111,578,132	8,060	7.75	124,953,387	9,026	5.86	965	14.3	90.8
2008	14,701	109,962,358	7,480	7.93	125,339,502	8,526	6.52	957	15.4	88.4
2007	14,640	101,456,710	6,930	5.51	117,181,202	8,004	9.22	990	14.8	88.4

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

Note: Operating expenditures are total expenditures less debt service and capital outlay.

**ALHAMBRA ELEMENTARY SCHOOL DISTRICT NO. 68
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Schools</u>										
Elementary										
Buildings	210	210	210	210	210	210	210	210	210	210
Square feet	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309	1,363,309
Other										
Buildings	7	7	7	7	7	7	7	7	7	7
Square feet	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156
<u>Administrative</u>										
Buildings	8	8	8	8	8	8	8	8	8	8
Square feet	87,175	87,175	87,175	87,175	87,175	87,175	87,175	87,175	87,175	87,175
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	57	57	57	57	57	57	57	57	57	54
Playgrounds	15	15	15	15	15	15	15	15	15	15

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

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