
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



Arizona's Most Excelling School District!

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

SCOTTSDALE, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Issued by:
Finance Department

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

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INTRODUCTORY SECTION

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Education Center
7575 E Main Street
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December 20, 2018

Citizens and Governing Board
Scottsdale Unified School District No. 48
7575 E. Main Street
Scottsdale, Arizona 85251-4522

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 Scottsdale Unified School District No. 48 (District) for the fiscal year ended June 30, 2018.

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.

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

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 kindergarten through grade twelve. Enrollment has been steadily declining in the past four years.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/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, the component unit combined with the District for financial statement purposes and the District are not included in any other governmental 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, food services, bookstore and athletic functions.

The Scottsdale Unified School District No. 48 Insurance Trust (Trust) is governed by a five-member board appointed by the District's Governing Board. Although legally separate from the District, the Trust is blended as an Internal Service Fund as if it were part of the District because its sole purpose is to provide self-insurance for losses up to certain limits and to purchase insurance for losses above the limits.

The District was founded in 1896 and encompasses approximately 115 square miles. The District is situated in the central portion of Maricopa County, Arizona in the east sector of the greater Phoenix metropolitan area. The estimated population within the District is 281,000.

The District has 30 schools on 30 sites with a 2017-18 average daily membership of 22,155, a decrease of two percent from the previous school year. Over 3,100 employees work in the District. The District has a sizable tax base of above-average income and housing values.

Sixty-four percent of the District lies in the City of Scottsdale, but does not include the entire City of Scottsdale. Almost all of the Town of Paradise Valley, a section of the City of Phoenix, and a small section of the City of Tempe are also included within the District boundaries. The District's Northeast section includes the fastest growing area in Scottsdale in both population and housing.

The City of Scottsdale was founded in 1888 and incorporated in 1951. It is located in the northeastern portion of the "Valley of the Sun". Scottsdale had a 1990 population of 130,075 and a 2018 estimated population of 242,500, an increase of 86 percent.

The Scottsdale economy today contains, in addition to its resorts, a diverse mix of financial services from banking to insurance and investment; business services from advertising and public relations to software development; computer services, professional services from major health care providers anchored by HonorHealth Scottsdale and the world renowned Mayo Clinic. Scottsdale boasts a highly educated population with 46% of individuals 25 or older having at least a bachelor degree which is significantly higher than State or National percentages. Additionally income levels in Scottsdale are among the highest in the State.

The major business areas in Scottsdale are the Scottsdale Airpark, Downtown Scottsdale, Southern Scottsdale and Midtown Scottsdale.

The Scottsdale Airpark is the 3rd largest employment center in the Valley. The Greater Scottsdale Airpark Area is home to over 30,000 employees and more than 2,900 businesses. Strategically located along the loop 101 freeway, the Airpark is home to the Scottsdale Airport, the busiest single-runway general aviation airport in the country and the largest corporate jet facility in Arizona.

Downtown Scottsdale is considered by many as the Central Business District, featuring a roughly 2 mile square area. An estimated 39,000 people work in downtown and more than 200 times that number take advantage of the four million square feet of retail, restaurants and entertainment venues. It is the corporate headquarters for businesses like Rural/Metro, Nighthawk Radiology and Trapeze Software. Visitors enjoy the close proximity to Scottsdale's Downtown district which is home to world class shopping at Scottsdale Fashion Square, vibrant nightlife, and luxury resorts like the Hotel Valley Ho and the W Hotel.

Southern Scottsdale has experienced a renaissance. As the city's oldest commercial corridor, the southern portion of the city has seen an influx of economic activity and neighborhood revitalization. At the center of this redevelopment is SkySong, ASU Scottsdale Innovation Center, a research, technology and innovation center at the site of the former Los Arcos Mall. At build out, SkySong is anticipated to have approximately 1.2 million square feet of space (about 90% office); 3,000-4,000 parking spaces; open space/public plazas; and could support as many as 4,000 relatively high paying jobs. Only 10 miles from Sky Harbor International Airport, this employment area is also located in close proximity to the Loop 101 freeway and Arizona State University.

The City of Phoenix is the capital and largest city of Arizona and is the county seat as well. The city encompasses an area of over 600 square miles. Phoenix is the sixth most populous city in the United States and according to the 2010 census estimate, the population of the city was 1,445,632. The Phoenix metropolitan area is the population and economic activity center of the entire state. Phoenix is one of the leaders in the economics of the Southwestern area of the United States and is currently home to six Fortune 500 companies: waste management company Republic Services, electronics corporation Avnet, Apollo Group (which operates the University of Phoenix), mining company Freeport-McMoRan (recently merged with Phoenix based Phelps Dodge), retailer PetSmart and energy supplier Pinnacle West. Honeywell's Aerospace division is headquartered in Phoenix, and the valley hosts many of their avionics and mechanical facilities. Intel has one of their largest sites here, employing about 10,000 employees and 7 chip manufacturing fabs. American Express hosts their financial transactions, customer information and their entire website in Phoenix.

As a result of the population boom, the economy of Phoenix has taken on new dimensions in recent decades by moving into technology and service industries. Tourism and business services in particular now account for nearly 77 percent of the area's total employment. Another sector of growth has been financial services and banking, as several significant processing and/or regional headquarters operations call Phoenix home: American Express, Chase Bank, Bank of America, Discover Card Services, and Wells Fargo Bank. High technology and aerospace firms hold a considerable share of the manufacturing jobs throughout the state (56 percent).

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 appropriated 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. Despite the national economic recession and foreclosure crisis, the City of Scottsdale retains fundamental economic strength due to its diversified employment base, attractiveness to new business, retail base, and strong tourism attraction. The City has seen continued growth in the housing and commercial sector in 2017. In 2017, the City has seen increase in the redevelopment of the Southern part of the City. Interest remains high in the community because of its quality of life, value as a business location, its status as a premier tourism destination, and the economic and public infrastructure that have been put in place.

Long-term Financial Planning. The Scottsdale Unified School District has seen student counts remain flat over the past 10 years. The primary assessed value has grown at an average rate of 5.0 percent in the past eleven years. This recognized growth has allowed the District to utilize bond sale proceeds from past voter authorized bond issues. Under Arizona's "Students FIRST" school capital finance system enacted in 1998, the State of Arizona is to provide funding for the school district school capital needs. "Students FIRST" minimizes bonding for school construction, requiring a state school facilities board to approve any new school construction.

In November of 2016, the voters of Scottsdale Unified School District approved a \$229 million bond authorization. The projects that this bond will provide to the District include the rebuilding/remodeling of elementary schools, athletic field upgrades, security upgrades at all school sites, pupil transportation, life cycle improvements at all school sites, and the remodel and additions at school sites. The voters additionally approved an \$8.5 million per year capital override. The override took effect in the current fiscal year budget and will impact the budget for next seven fiscal years. The categories that these monies will be spent on include curriculum materials, school technology, furniture, fixtures, equipment, fine arts, athletics, library programs, playground equipment, and safety code compliance requirements. The average age of school buildings is 27 years.

AWARDS AND ACKNOWLEDGMENT

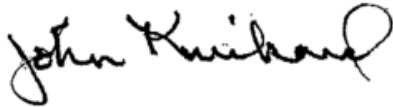
Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2018 certificates.

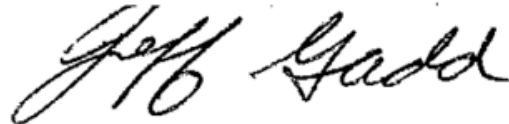
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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,



Dr. John Kriekard
Acting Superintendent



Jeff Gadd
Interim Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Scottsdale Unified School District No. 48

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

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

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

Scottsdale Unified School District No. 48

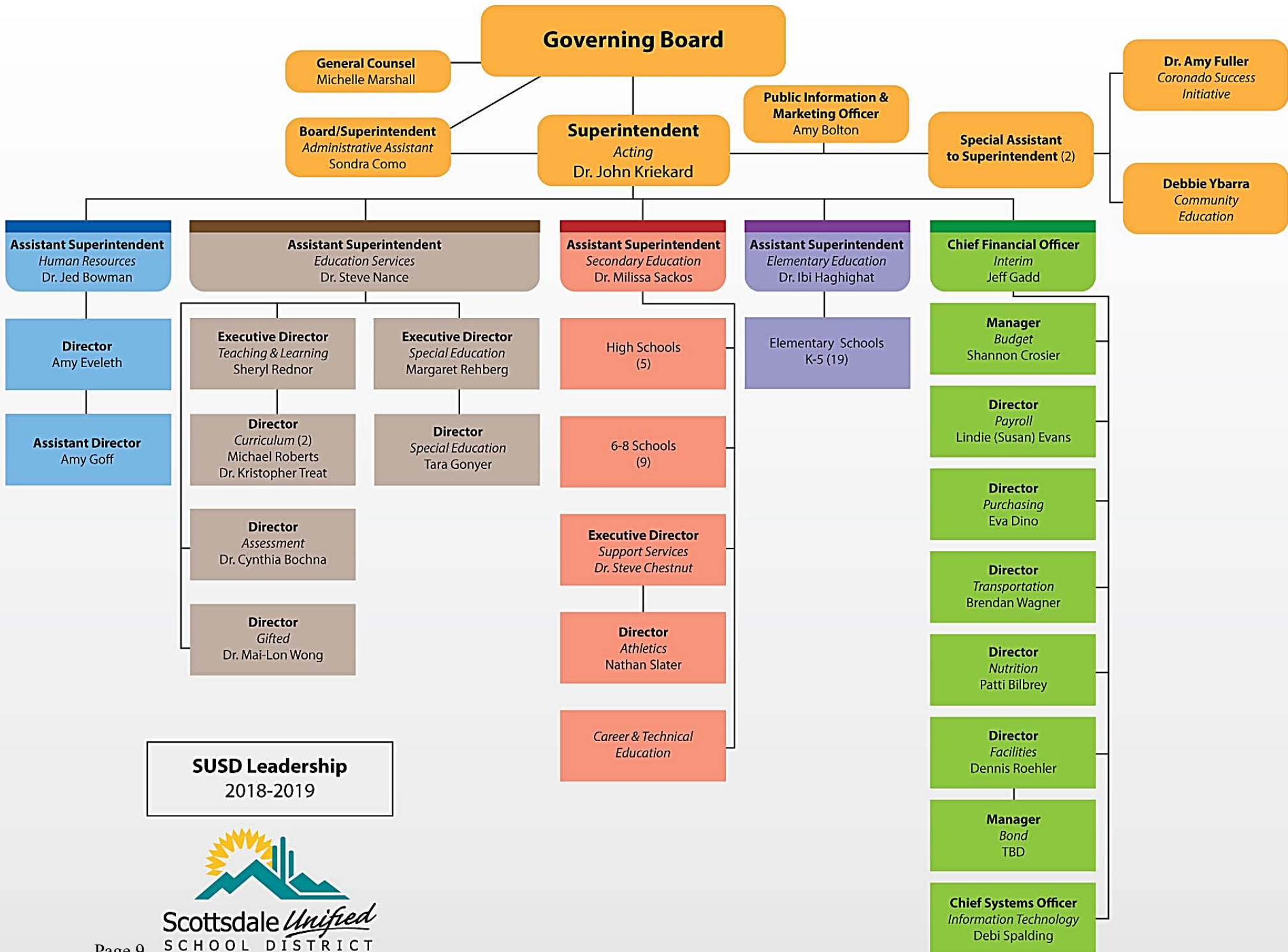
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



SUSD Leadership
2018-2019



SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

**LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2018**

GOVERNING BOARD

Barbara Perleberg, President

Kim Hartmann, Vice President

Allyson Beckham, Member

Pam Kirby, Member

Sandy Kravetz, Member

ADMINISTRATIVE STAFF

Dr. John Kriekard, Acting Superintendent

Dr. Jed Bowman, Assistant Superintendent, Human Resources

Dr. Steve Nance, Assistant Superintendent, Educational Services

Dr. Milissa Sackos, Assistant Superintendent, Secondary Education

Dr. Ibi Haghighat, Assistant Superintendent, Elementary Education

Jeff Gadd, Interim Chief Financial Officer

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Scottsdale Unified School District No. 48

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 Scottsdale Unified School District No. 48 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Scottsdale Unified School District No. 48, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, 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, net pension liability information, and other postemployment benefit plan 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 December 20, 2018, on our consideration of Scottsdale Unified School District No. 48'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 Scottsdale Unified School District No. 48's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 20, 2018

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

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**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

As management of the Scottsdale Unified School District No. 48 (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, 2018. 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 \$32.5 million which represents a 28 percent increase from the prior fiscal year as a result of a decrease in pension liabilities and an increase in capital assets.
- General revenues accounted for \$202.4 million in revenue, or 83 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$41.7 million or 17 percent of total current fiscal year revenues.
- The District had approximately \$211.7 million in expenses related to governmental activities, a decrease of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$164.3 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$143.1 million in expenditures. The General Fund's fund balance increase from \$27.3 million at the prior fiscal year end to \$44.5 million at the end of the current fiscal year was primarily due to an increase in property tax revenues.
- Net position for the Internal Service Funds increased \$931,948 from the prior fiscal year. Operating expenses of \$1.0 million were exceeded by operating revenues of \$1.9 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

OVERVIEW OF FINANCIAL STATEMENTS

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

OVERVIEW OF FINANCIAL STATEMENTS

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.

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, Debt Service and Bond Building 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.

Proprietary funds. The District maintains one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its Insurance Trust activity. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Insurance Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund. Other internal service funds include (1) the Print Shop Fund, which accounts for District charges to other departments for printing and copying services, and (2) the Intergovernmental Agreements Fund, which accounts for financial activities relating to agreements with other governments not required to be accounted for elsewhere. Because these activities predominately benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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, the fiduciary funds do not have a measurement focus.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

OVERVIEW OF FINANCIAL STATEMENTS

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 as required supplementary information. Schedules for the pension and other postemployment benefit plans 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 \$149.5 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, and 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 balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors, however, it is in a deficit position as discussed below.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Current and other assets	\$ 208,726,405	\$ 180,275,229
Capital assets, net	464,120,425	435,577,693
Total assets	<u>672,846,830</u>	<u>615,852,922</u>
Deferred outflows	<u>28,895,599</u>	<u>42,324,777</u>
Current liabilities	23,814,064	14,583,936
Long-term liabilities	510,541,003	496,549,911
Total liabilities	<u>534,355,067</u>	<u>511,133,847</u>
Deferred inflows	<u>17,900,357</u>	<u>30,009,785</u>
Net position:		
Net investment in capital assets	200,147,334	185,095,984
Restricted	39,392,475	47,244,196
Unrestricted	(90,052,804)	(115,306,113)
Total net position	<u>\$ 149,487,005</u>	<u>\$ 117,034,067</u>

At the end of the current fiscal year, the District reported positive balances in two net position categories. Unrestricted net position was negative due to the District's proportionate share of the state's pension plan's unfunded liability. 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 result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The issuance of \$42.7 million in school improvement bonds.
- The increase in \$16.8 million in bond premium, related to the issuance of school improvement and refunding bonds.
- The principal retirement of \$21.1 million of bonds.
- The principal retirement of \$3.0 million of capital leases.
- The decrease of \$14.5 million in pension liabilities.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

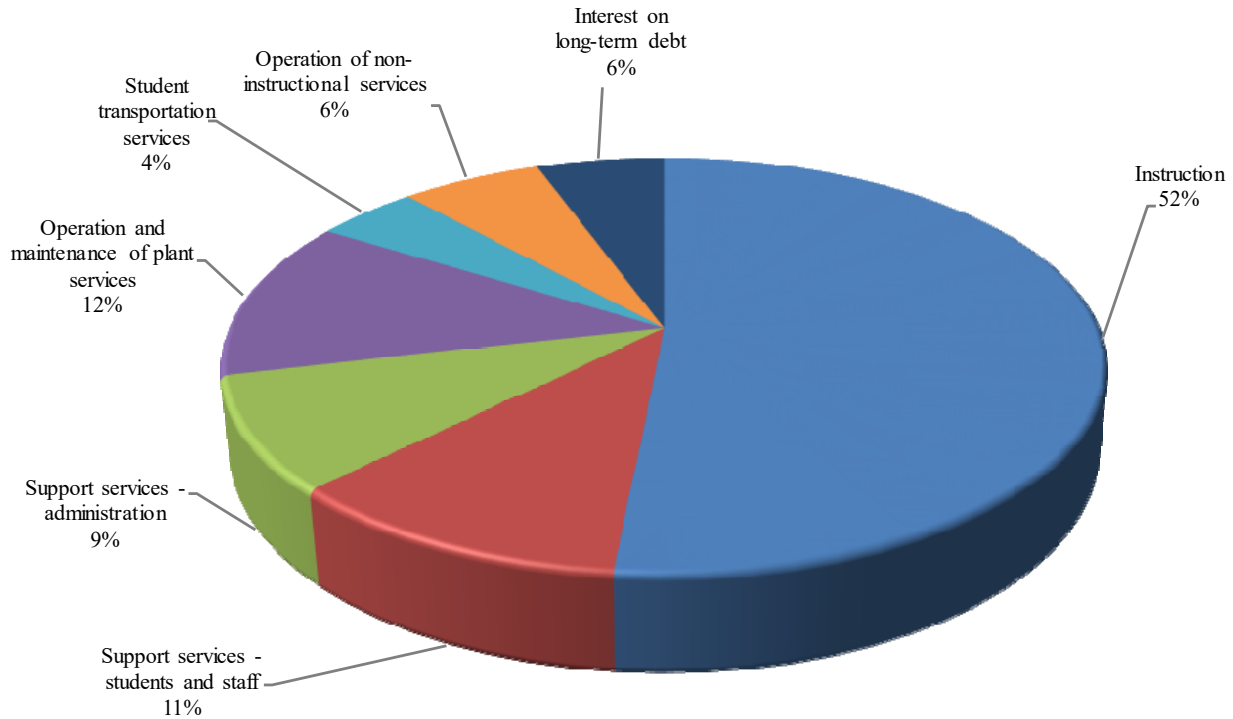
Changes in net position. The District's total revenues for the current fiscal year were \$244.1 million. The total cost of all programs and services was \$211.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues:		
Program revenues:		
Charges for services	\$ 17,304,576	\$ 18,730,366
Operating grants and contributions	23,335,702	19,060,061
Capital grants and contributions	1,072,584	239,802
General revenues:		
Property taxes	161,311,581	158,846,492
Investment income	1,566,478	574,560
Unrestricted state aid	38,140,470	36,282,702
Unrestricted federal aid	1,352,372	1,224,573
Total revenues	244,083,763	234,958,556
Expenses:		
Instruction	109,056,406	114,725,348
Support services - students and staff	23,410,915	23,957,599
Support services - administration	18,747,241	16,718,363
Operation and maintenance of plant services	26,256,972	24,672,485
Student transportation services	9,508,767	8,610,273
Operation of non-instructional services	12,933,229	14,015,044
Interest on long-term debt	11,747,055	11,199,596
Total expenses	211,660,585	213,898,708
Changes in net position	32,423,178	21,059,848
Net position, beginning, as restated	117,063,827	95,974,219
Net position, ending	\$ 149,487,005	\$ 117,034,067

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Expenses - Fiscal Year 2018



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

- An increase of \$2.5 in property tax revenues primarily due to an increase in the net limited assessed valuation of table property within the District.
- An increase in operating grants and contributions of \$4.3 million primarily due to an increase in IRS interest subsidy reimbursements.
- A decrease of \$5.6 million in instruction expenses primarily due to vacant positions.

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.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 109,056,406	\$ (94,834,958)	\$ 114,725,348	\$(103,042,689)
Support services - students and staff	23,410,915	(17,790,442)	23,957,599	(19,429,108)
Support services - administration	18,747,241	(18,602,671)	16,718,363	(16,633,040)
Operation and maintenance of plant services	26,256,972	(24,372,401)	24,672,485	(22,493,141)
Student transportation services	9,508,767	(8,910,479)	8,610,273	(8,001,645)
Operation of non-instructional services	12,933,229	2,521,900	14,015,044	2,634,702
Interest on long-term debt	11,747,055	(7,958,672)	11,199,596	(8,903,558)
Total	\$ 211,660,585	\$(169,947,723)	\$ 213,898,708	\$(175,868,479)

- The cost of all governmental activities this year was \$211.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$41.7 million.
- Net cost of governmental activities of \$169.9 million was financed by general revenues, which are made up of primarily property taxes of \$161.3 million and state aid of \$38.1 million. Investment earnings accounted for \$1.6 million of funding.

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 \$133.0 million, an increase of \$21.5 million due primarily to the issuance of school improvement bonds.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 33 percent of the total fund balance. Approximately \$44.5 million, or 100 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$17.3 million to \$44.5 million as of fiscal year end was primarily a result of an increase in property tax revenues. General Fund revenues increased \$5.4 million while General Fund expenditures decreased \$7.9 million.

The fund balance in the Debt Service Fund decreased \$2.0 million due to a decrease in property tax revenues. Fund balance in this fund changes as resources needed to service the District's debt fluctuates.

The fund balance in the Bond Building Fund increased \$12.6 million due to the issuance of school improvement bonds.

Unrestricted net position of the Internal Service Funds increased \$931,948 to \$17.2 million. Operating revenues decreased \$239,065 while operating expenses decreased \$1.4 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student counts. The difference between the original budget and the final amended budget was a \$166,303 increase, or less than one percent.

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 variance is summarized as follows:

- The favorable variance of \$6.1 million in instruction expenditures was due to undesignated funds and vacant positions.
- The favorable variance of \$1.1 million in support services – students and staff expenditures was due to vacant positions.
- The favorable variance of \$1.2 million in student transportation services expenditures was due to fuel costs below anticipated budget and vacant positions.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$755.8 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 \$46.4 million from the prior fiscal year, primarily due to construction of energy upgrades and school improvements. Total depreciation expense for the current fiscal year was \$20.8 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable	\$ 68,873,897	\$ 35,071,991
Capital assets - depreciable, net	395,246,528	400,505,702
Total	\$ 464,120,425	\$ 435,577,693

The estimated cost to complete current construction projects is \$22.3 million.

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

Debt Administration. At year-end, the District had \$319.5 million in long-term debt outstanding, \$21.0 million due within one year. Long-term debt increased by \$27.9 million.

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 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$1.8 billion and the Class B debt limit is \$1.2 billion, 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 through 10.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

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 2018-19 budget. Among them:

- Fiscal year 2017-18 budget balance carry forward (\$9.5 million for Maintenance and Operations)
- District student population (21,649)

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

Budgeted expenditures in the General Fund increased four percent to \$162.7 million in fiscal year 2018-19. No new programs were added to the 2018-19 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 Finance Department, Scottsdale Unified School District No. 48, 7575 East Main Street, Scottsdale, Arizona 85251-4522.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 178,338,194
Property taxes receivable	16,085,240
Accounts receivable	615,496
Deposits	200,000
Due from governmental entities	12,707,107
Inventory	148,554
Total current assets	208,094,591
Noncurrent assets:	
Net other postemployment benefit assets	631,814
Capital assets not being depreciated	68,873,897
Capital assets, net of accumulated depreciation	395,246,528
Total noncurrent assets	464,752,239
Total assets	672,846,830
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,977,459
Pension and other postemployment benefit plan items	24,918,140
Total deferred outflows of resources	28,895,599
LIABILITIES	
Current liabilities:	
Accounts payable	4,555,156
Construction contracts payable	8,140,590
Claims payable	2,592,264
Accrued payroll and employee benefits	1,762,901
Compensated absences payable	874,205
Accrued interest payable	6,551,081
Unearned revenues	212,072
Obligations under capital leases	3,126,556
Bonds payable	17,851,250
Total current liabilities	45,666,075
Noncurrent liabilities:	
Non-current portion of long-term obligations	488,688,992
Total noncurrent liabilities	488,688,992
Total liabilities	534,355,067
DEFERRED INFLOWS OF RESOURCES	
Pension and other postemployment benefit plan items	17,900,357
NET POSITION	
Net investment in capital assets	200,147,334
Restricted for:	
Voter approved initiatives	7,258,848
Federal and state projects	1,583,884
Food service	3,114,435
Civic center	1,275,283
Community school	3,711,608
Extracurricular activities	3,748,750
Other local initiatives	2,517,202
Debt service	2,969,923
Capital outlay	13,212,542
Unrestricted	(90,052,804)
Total net position	\$ 149,487,005

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 109,056,406	\$ 4,760,850	\$ 8,937,149	\$ 523,449	\$ (94,834,958)
Support services - students and staff	23,410,915	547,523	5,072,950		(17,790,442)
Support services - administration	18,747,241		144,570		(18,602,671)
Operation and maintenance of plant services	26,256,972	1,297,206	38,230	549,135	(24,372,401)
Student transportation services	9,508,767		598,288		(8,910,479)
Operation of non-instructional services	12,933,229	10,698,997	4,756,132		2,521,900
Interest on long-term debt	11,747,055		3,788,383		(7,958,672)
Total governmental activities	<u>\$ 211,660,585</u>	<u>\$ 17,304,576</u>	<u>\$ 23,335,702</u>	<u>\$ 1,072,584</u>	<u>(169,947,723)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	131,293,105
Property taxes, levied for debt service	21,830,490
Property taxes, levied for capital outlay	8,187,986
Investment income	1,566,478
Unrestricted state aid	38,140,470
Unrestricted federal aid	1,352,372
Total general revenues	<u>202,370,901</u>

Changes in net position

32,423,178

Net position, beginning of year, as restated

117,063,827

Net position, end of year

\$ 149,487,005

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

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FUND FINANCIAL STATEMENTS

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$ 41,476,243	\$ 27,024,873	\$ 58,201,997
Property taxes receivable	15,603,517	347,381	
Accounts receivable	52,043		
Deposits			
Due from governmental entities	8,113,525		
Due from other funds	1,227,972		
Inventory			
Total assets	\$ 66,473,300	\$ 27,372,254	\$ 58,201,997
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,255,172	\$	\$
Construction contracts payable			6,609,408
Claims payable	2,592,264		
Due to other funds			
Accrued payroll and employee benefits	1,303,073		
Unearned revenues			
Bonds payable		17,851,250	
Bond interest payable		6,551,081	
Total liabilities	7,150,509	24,402,331	6,609,408
Deferred inflows of resources:			
Unavailable revenues - property taxes	14,787,156	212,071	
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	14,787,156	212,071	
Fund balances (deficits):			
Nonspendable			
Restricted		2,757,852	51,592,589
Unassigned	44,535,635		
Total fund balances	44,535,635	2,757,852	51,592,589
 Total liabilities, deferred inflows of resources and fund balances	 \$ 66,473,300	 \$ 27,372,254	 \$ 58,201,997

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 34,329,444	\$ 161,032,557
134,342	16,085,240
563,453	615,496
200,000	200,000
4,593,582	12,707,107
	1,227,972
148,554	148,554
<u>\$ 39,969,375</u>	<u>\$ 192,016,926</u>

\$ 1,204,421	\$ 4,459,593
1,531,182	8,140,590
	2,592,264
1,227,972	1,227,972
459,828	1,762,901
212,072	212,072
	17,851,250
	6,551,081
<u>4,635,475</u>	<u>42,797,723</u>

83,930	15,083,157
1,171,791	1,171,791
<u>1,255,721</u>	<u>16,254,948</u>

148,554	148,554
35,314,263	89,664,704
(1,384,638)	43,150,997
<u>34,078,179</u>	<u>132,964,255</u>

<u>\$ 39,969,375</u>	<u>\$ 192,016,926</u>
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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total governmental fund balances

Amounts reported for *governmental activities* in the Statement of Net Position are different because: \$ 132,964,255

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

Governmental capital assets	\$ 755,795,140	
Less accumulated depreciation	<u>(291,674,715)</u>	464,120,425

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

Property taxes	15,083,157	
Intergovernmental	<u>1,171,791</u>	16,254,948

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. 3,977,459

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

Deferred outflows of resources related to pensions/OPEB	24,918,140	
Deferred inflows of resources related to pensions/OPEB	<u>(17,900,357)</u>	7,017,783

The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds. 631,814

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 17,210,074

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

Compensated absences payable	(8,742,050)	
Obligations under capital leases	(36,444,935)	
Net OPEB liability	(421,017)	
Net pension liability	(181,834,797)	
Bonds payable	<u>(265,246,954)</u>	<u>(492,689,753)</u>

Net position of governmental activities **\$ 149,487,005**

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Debt Service	Bond Building
Revenues:			
Other local	\$ 5,229,046	\$ 274,739	\$ 417,220
Property taxes	131,308,452	21,883,932	
State aid and grants	26,360,969		
Federal aid, grants and reimbursements	1,352,372	4,027,402	
Total revenues	164,250,839	26,186,073	417,220
Expenditures:			
Current -			
Instruction	74,116,847		
Support services - students and staff	20,000,011		
Support services - administration	16,923,254		
Operation and maintenance of plant services	24,625,200		
Student transportation services	6,362,671		
Operation of non-instructional services	441,549		
Capital outlay	663,312		37,324,258
Debt service -			
Principal retirement		17,851,250	
Interest and fiscal charges		11,801,201	
Bond issuance costs		363,213	306,377
Total expenditures	143,132,844	30,015,664	37,630,635
Excess (deficiency) of revenues over expenditures	21,117,995	(3,829,591)	(37,213,415)
Other financing sources (uses):			
Transfers in	1,825,095	1,504,143	
Transfers out	(3,549,029)		(1,504,143)
Issuance of school improvement bonds			42,745,000
Issuance of refunding bonds		47,080,000	
Premium on sale of bonds		8,243,544	8,542,867
Payment to refunded bond escrow agent		(54,960,331)	
Proceeds from sale of capital assets	27,053		
Total other financing sources (uses)	(1,696,881)	1,867,356	49,783,724
Changes in fund balances	19,421,114	(1,962,235)	12,570,309
Fund balances, beginning of year	27,267,938	4,720,087	39,022,280
Increase (decrease) in reserve for prepaid items	(2,153,417)		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 44,535,635	\$ 2,757,852	\$ 51,592,589

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 16,937,942	\$ 22,858,947
8,401,269	161,593,653
13,905,739	40,266,708
14,551,194	19,930,968
<u>53,796,144</u>	<u>244,650,276</u>
17,026,954	91,143,801
4,775,829	24,775,840
152,965	17,076,219
98,688	24,723,888
682,471	7,045,142
12,617,533	13,059,082
22,074,953	60,062,523
3,033,260	20,884,510
1,425,733	13,226,934
	669,590
<u>61,888,386</u>	<u>272,667,529</u>
<u>(8,092,242)</u>	<u>(28,017,253)</u>
3,549,029	6,878,267
(1,825,095)	(6,878,267)
	42,745,000
	47,080,000
	16,786,411
	(54,960,331)
	27,053
<u>1,723,934</u>	<u>51,678,133</u>
<u>(6,368,308)</u>	<u>23,660,880</u>
40,430,621	111,440,926
	(2,153,417)
15,866	15,866
<u>\$ 34,078,179</u>	<u>\$ 132,964,255</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Changes in fund balances - total governmental funds **\$ 23,660,880**

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	\$ 49,372,784	
Less current year depreciation	<u>(20,824,616)</u>	28,548,168

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.

Issuance of school improvement bonds		(42,745,000)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(282,072)	
Intergovernmental	<u>(358,971)</u>	(641,043)

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	3,033,260	
Bond principal retirement	<u>17,851,250</u>	20,884,510

Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.

Current year pension/OPEB contributions	12,739,322	
Pension/OPEB expense	<u>(1,192,739)</u>	11,546,583

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	(2,153,417)	
Inventory	15,866	
Deferred charges on issuance of debt	1,832,000	
Loss on disposal of assets	(5,436)	
Amortization of deferred bond items	(9,258,201)	
Compensated absences	<u>(193,680)</u>	(9,762,868)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

		<u>931,948</u>
--	--	----------------

Changes in net position in governmental activities **\$ 32,423,178**

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 17,305,637
Total current assets	17,305,637
Total assets	17,305,637
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	95,563
Total current liabilities	95,563
Total liabilities	95,563
 <u>NET POSITION</u>	
Unrestricted	17,210,074
Total net position	\$ 17,210,074

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 990,266
Other	940,305
Total operating revenues	<u>1,930,571</u>
Operating expenses:	
Other	1,028,479
Premiums	17,621
Total operating expenses	<u>1,046,100</u>
Operating income (loss)	<u>884,471</u>
Nonoperating revenues (expenses):	
Investment income	47,477
Total nonoperating revenues (expenses)	<u>47,477</u>
Changes in net position	<u>931,948</u>
Total net position, beginning of year	16,278,126
Total net position, end of year	<u>\$ 17,210,074</u>

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

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Governmental Activities: Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 1,216,250
Cash received from other sources	1,015,313
Cash payments to suppliers for goods and services	<u>(983,798)</u>
Net cash provided by/used for operating activities	<u>1,247,765</u>
Cash flows from investing activities:	
Purchase of investments	(1,476,398)
Investment income	47,477
Proceeds from sales and maturities of investment	<u>1,454,383</u>
Net cash provided by/used for investing activities	<u>25,462</u>
Net increase/decrease in cash and cash equivalents	<u>1,273,227</u>
Cash and cash equivalents, beginning of year	<u>3,731,392</u>
Cash and cash equivalents, end of year	\$ <u><u>5,004,619</u></u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 17,305,637
Less investments not maturing in less than three months	<u>12,301,018</u>
Total cash and cash equivalents	\$ <u><u>5,004,619</u></u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ 884,471
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	300,992
Increase/decrease in accounts payable	<u>62,302</u>
Total adjustments	<u>363,294</u>
Net cash provided by/used for operating activities	\$ <u><u>1,247,765</u></u>

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 20,576,683
Total assets	\$ 20,576,683
 <u>LIABILITIES</u>	
Accounts payable	\$ 44,244
Deposits held for others	18,852,330
Due to student groups	1,680,109
Total liabilities	\$ 20,576,683

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scottsdale Unified School District No. 48 (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, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. 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, the component unit combined with the District for financial statement presentation purposes, and the District, are 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, food services, bookstore and athletic functions.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District’s operations. The Scottsdale Unified School District No. 48 Insurance Trust is responsible for providing self-insurance losses up to certain limits and to purchase insurance for losses above the limits. The District’s Governing Board appoints the Trust’s Board of Directors. The Scottsdale Unified School District No. 48 Insurance Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

The component unit does not issue separate financial statements.

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 and its component unit. 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, proprietary 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The internal service funds are presented in a single column on the face of the proprietary fund statements. 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 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.

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

Bond Building Fund – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to the District’s self-insurance program, (2) the operation of District functions that provide goods and services to other District departments on a cost reimbursement basis and (3) for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account 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. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

The proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for insurance and other goods and services. Operating expenses for internal service funds include the cost of insurance, claims, other goods and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency funds are custodial in nature and do not have a measurement focus and are reported using the accrual basis of accounting. The agency funds are reported by fund type.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year-end were cash in bank and cash and investments held by the County Treasurer.

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.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and in nonoperating revenues in the proprietary 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.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 at cost using the first-in/first-out (FIFO) 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 and proprietary fund financial statements and as expenditures when purchased on the governmental 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.

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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Land improvements	7 - 40 years
Buildings and improvements	5 - 40 years
Vehicles, furniture and equipment	3 - 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.

M. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit (OPEB) assets and liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund 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 and after nonoperating revenues/ expenses in proprietary funds.

P. Net Position Flow Assumption

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

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 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.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Bond Building Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$	\$	\$	\$ 148,554
Restricted:				
Debt service		2,757,852		
Capital projects				12,252,797
Bond building projects			51,592,589	
Voter approved initiatives				7,258,848
Federal and state projects				1,583,884
Food service				2,965,881
Civic center				1,275,283
Community school				3,711,608
Extracurricular activities				3,748,750
Joint technical education				1,779,200
Other purposes				738,012
Unassigned	44,535,635			(1,384,638)
Total fund balances	<u>\$ 44,535,635</u>	<u>\$ 2,757,852</u>	<u>\$ 51,592,589</u>	<u>\$ 34,078,179</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

	<u>Deficit</u>
Non-Major Governmental Funds:	
Title I Grants	\$ 53,352
Professional Development and Technology Grants	18,598
Title IV Grants	330,383
Limited English and Immigrant Students	20,375
Indian Education	57,093
Special Education Grants	606,412
Johnson O’Malley	5,335
E-Rate	212,847
Chemical Abuse Prevention Programs	80,243

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2018-19 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, District had expenditures in several funds that exceeded the budgets, or, in some instances the funds were budgeted for no expenditures. 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 \$25,032,433 and the bank balance was \$24,227,214. At year end, \$19,927,944 of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name. In addition, the District had \$4,299,270 of cash held with trustee and \$290 of cash on hand at year end.

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

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CASH AND INVESTMENTS

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the District’s investments consisted of the following:

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
Taxable Municipal Bonds	Level 1	\$ 101,217	\$	\$ 101,217
U.S. Agencies	Level 1	1,629,007	356,072	1,272,935
Corporate Bonds	Level 1	9,808,176	2,204,550	7,603,626
			<u>\$ 2,560,622</u>	<u>\$ 8,977,778</u>
Kairos Investment Pool	Not applicable	5,970,380	.79 years average maturities	
County Treasurer’s investment pool	Not applicable	152,074,104	502 days average maturities	
Total		<u>\$ 169,582,884</u>		

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. The District’s investments in Corporate Bonds were rated from A2 to Aaa by Moody’s Investors Service and from A to AAA by Standard and Poor’s. The District’s investments in Taxable Municipal were rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s. The District’s investments in U.S. Agencies were rated Aaa by Moody’s Investors Service and AA+ by Standard & Poor’s. Investments held in the Kairos Investment Pool were rated Aaa by Moody’s Investor Service.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pool and the Kairos Investment Pool represent 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.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District’s investments are in corporate bonds with Apple Inc. These investments are six percent of the District’s total investments.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 fund and non-major governmental funds in the aggregate, were as follows:

	General Fund	Non-Major Governmental Funds
Due from governmental entities:		
Due from federal government	\$ 86,280	\$ 1,669,009
Due from state government	8,027,245	1,618,922
Due from other districts		1,305,651
Net due from governmental entities	\$ 8,113,525	\$ 4,593,582

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 26,951,811	\$	\$	\$ 26,951,811
Construction in progress	8,120,180	41,895,873	8,093,967	41,922,086
Total capital assets, not being depreciated	35,071,991	41,895,873	8,093,967	68,873,897
Capital assets, being depreciated:				
Land improvements	20,158,662	10,187,504		30,346,166
Buildings and improvements	622,118,112	3,982,243		626,100,355
Vehicles, furniture and equipment	32,043,755	1,401,131	2,970,164	30,474,722
Total capital assets being depreciated	674,320,529	15,570,878	2,970,164	686,921,243
Less accumulated depreciation for:				
Land improvements	(10,209,652)	(1,096,422)		(11,306,074)
Buildings and improvements	(236,749,109)	(18,568,238)		(255,317,347)
Vehicles, furniture and equipment	(26,856,066)	(1,159,956)	(2,964,728)	(25,051,294)
Total accumulated depreciation	(273,814,827)	(20,824,616)	(2,964,728)	(291,674,715)
Total capital assets, being depreciated, net	400,505,702	(5,253,738)	5,436	395,246,528
Governmental activities capital assets, net	\$ 435,577,693	\$ 36,642,135	\$8,099,403	\$464,120,425

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS

The beginning balances for capital assets being depreciated were reclassified between categories.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 19,459,673
Support services – students and staff	10,605
Support services – administration	133,157
Operation and maintenance of plant services	173,281
Student transportation services	884,615
Operation of non-instructional services	163,285
Total depreciation expense – governmental activities	\$ 20,824,616

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the construction of energy upgrades, school renovations and track and field improvements at several schools. At year end, the District had spent \$41.9 million on the projects and had estimated remaining contractual commitments of \$22.3 million. These projects are being funded with bond and lease proceeds.

NOTE 7 – SHORT TERM DEBT – TAX ANTICIPATION NOTES

In August 2017, the District issued \$15 million in tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes are necessary to provide cash flow as most tax revenue is collected in November and May. Property tax revenues of the General Fund will be used to repay these notes in November 2017. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$	\$15,000,000	\$15,000,000	\$

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired solar equipment and energy saving building improvements 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 Energy and Water Savings Fund are used to pay the capital lease obligations. The District also receives a federal interest subsidy to fund the interest payments for the District-wide energy project. Depreciation of assets held under capital leases is included with depreciation expense.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The assets acquired through capital leases that meet the District’s capitalization threshold are as follows:

	Governmental Activities
Asset:	
Construction in progress	\$ 12,151,336
Building improvements	35,435,308
Less: Accumulated depreciation	10,357,452
Total	\$ 37,229,192

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:		
	2019	\$ 4,430,808
	2020	4,128,645
	2021	4,102,367
	2022	4,077,084
	2023	4,052,822
	2024-28	16,912,013
	2029-33	6,658,384
Total minimum lease payments		44,362,123
Less: amount representing interest		7,917,188
Present value of minimum lease payments		36,444,935
Due within one year		\$ 3,126,556

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$134,000,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvement bonds are Qualified Build America Bonds and Qualified School Construction Bonds, as such the District will receive direct subsidy payments from the United States of America for a portion of the interest due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2018	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 2007	\$100,600,000	5.0%	7/1/18-23	\$ 56,960,000	\$ 9,200,000
Refunding Bonds, Series 2010	31,000,000	5.0%	7/1/23-24	10,000,000	
School Improvement Bonds, Project 2010, Series A-2 (2010)	25,000,000	6.21%	7/1/18-28	16,293,750	1,481,250
School Improvement Bonds, Project 2010, Series A-3 (2010)	24,000,000	5.73-6.41%	7/1/25-30	24,000,000	
School Improvement Bonds, Project 2010, Series B (2012)	59,000,000	2.0-4.75%	7/1/18-21	4,975,000	575,000
Refunding Bonds, Series 2016	28,050,000	1.75-3.0%	7/1/18-24	18,100,000	3,745,000
School Improvement Bonds, Project 2016, Series A (2017)	39,635,000	2.50-5%	7/1/18-31	39,635,000	2,850,000
School Improvement Bonds, Project 2016, Series B (2017)	42,745,000	2.0-5.0%	7/1/20-33	42,745,000	
Refunding Bonds, Series 2017	47,080,000	2.0-4.0%	7/1/22-31	47,080,000	
Total				<u>\$ 259,788,750</u>	<u>\$17,851,250</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2019	\$ 17,851,250	\$ 12,651,886
2020	17,891,250	11,859,610
2021	17,956,250	11,144,235
2022	18,421,250	10,398,735
2023	18,151,250	9,635,810
2024-28	81,461,250	38,048,005
2029-33	79,011,250	11,778,395
2034-38	9,045,000	226,125
Total	<u>\$ 259,788,750</u>	<u>\$105,742,801</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

During the year ended June 30, 2018, the District issued \$47,080,000 in refunding bonds, with an effective interest rate of 3.8 percent, to advance refund \$51,025,000 of outstanding general obligation bonds, with an average interest rate of 4.33 percent. The net proceeds of \$54,960,331, which includes \$8,243,544 of bond premium, (after payment of \$363,213 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$2,376,104. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$5,458,766 and resulted in an economic gain of \$4,565,472.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 242,065,000	\$ 89,825,000	\$ 72,101,250	\$ 259,788,750	\$ 17,851,250
Premium payable	10,106,253	16,786,411	3,583,210	23,309,454	
Total bonds payable	<u>252,171,253</u>	<u>106,611,411</u>	<u>75,684,460</u>	<u>283,098,204</u>	<u>17,851,250</u>
Obligations under capital leases	39,478,195		3,033,260	36,444,935	3,126,556
Net OPEB liability	259,434	161,583		421,017	
Net pension liability	196,352,093		14,517,296	181,834,797	
Compensated absences payable	<u>8,548,370</u>	<u>2,850,520</u>	<u>2,656,840</u>	<u>8,742,050</u>	<u>874,205</u>
Governmental activity long-term liabilities	<u>\$ 496,809,345</u>	<u>\$109,623,514</u>	<u>\$ 95,891,856</u>	<u>\$ 510,541,003</u>	<u>\$ 21,852,011</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds – At year end, several non-major governmental funds had negative cash balances of \$1,227,972 in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
<u>Transfers out</u>				
General Fund	\$	\$	\$ 3,549,029	\$ 3,549,029
Bond Building Fund		1,504,143		1,504,143
Non-Major Governmental Funds	1,825,095			1,825,095
Total	<u>\$ 1,825,095</u>	<u>\$ 1,504,143</u>	<u>\$ 3,549,029</u>	<u>\$ 6,878,267</u>

Transfers between funds were used to (1) charge indirect costs to the applicable federal programs fund, (2) transfer savings from companies providing utility, energy and water services as required by statute, and (3) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund.

NOTE 12 – 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.

Arbitrage – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – 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 became self-insured for property and liability claims up to \$10,000 and for claims in varying amounts, 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.

The District established the Insurance Trust Fund (an Internal Service Fund) to account for risk financing of certain benefits and losses through combinations of cost-reimbursement, self-insurance for losses up to certain limits, and the purchase of insurance for losses above the limits. Under this program, the Fund provides coverage for up to a maximum of \$10,000 for each claim, not to exceed an annual aggregate of \$10,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District established a self-insured health care program and joined the Kairos Health Arizona, Inc. program. Kairos Health 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 from the General Fund to Kairos Health for its employees' health insurance coverage. All claims handling procedures are performed by a third-party claims administrator. The District has reinsurance that limits exposure of any single claim to \$300,000.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – RISK MANAGEMENT

Liabilities of the self insurance activities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
Insurance Trust – Self Insurance Fund				
2017-18	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 0 -
2016-17		107,495	107,495	
Health Insurance in General Fund				
2017-18	- 0 -	13,456,279	10,864,015	2,592,264
2016-17	- 0 -	- 0 -	- 0 -	- 0 -
Total				
2017-18	- 0 -	13,456,279	10,864,015	2,592,264
2016-17	- 0 -	107,495	107,495	- 0 -

NOTE 14 – 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Aggregate Amounts. At June 30, 2018, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	<u>Pension</u>	<u>OPEB</u>
Net assets	\$	\$ (631,814)
Net liability	181,834,797	421,017
Deferred outflows of resources	24,253,480	664,660
Deferred inflows of resources	17,125,146	775,211
Expense	598,565	594,174
Contributions	12,074,662	664,660

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:

	<u>Retirement Initial Membership Date:</u>	
	<u>Before July 1, 2011</u>	<u>On or After July 1, 2011</u>
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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT 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.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

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 11.50 percent (11.34 percent for retirement and 0.16 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 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions for the year ended June 30, 2018 were as follows:

	Contributions
Pension	\$ 12,074,662
Health Insurance Premium	487,418
Long-Term Disability	177,243

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 for retirement, 0.10 percent for health insurance premium benefit, and 0.13 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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

Pension and OPEB Assets/Liability. The net pension and OPEB assets/liability were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The District’s proportion of the net assets/liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2017.

At June 30, 2018, the District reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2017, the District’s percentage proportion for each plan and the related change from its proportion measured as of June 30, 2016 was:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 181,834,797	1.167	(0.049)
Health Insurance Premium	(631,814)	1.161	
Long-Term Disability	421,017	1.162	

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2018, the District recognized pension and OPEB expense as follows:

	Expense
Pension	\$ 598,565
Health Insurance Premium	369,550
Long-Term Disability	224,624

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$	\$	\$
Changes of assumptions or other inputs	7,897,503		
Net difference between projected and actual earnings on pension investments	1,305,449		
Changes in proportion and differences between contributions and proportionate share of contributions	2,975,866		
Contributions subsequent to the measurement date	12,074,662	487,417	177,243
Total	\$ 24,253,480	\$ 487,417	\$ 177,243

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$ 5,452,412	\$	\$
Changes of assumptions or other inputs	5,437,187		
Net difference between projected and actual earnings on pension investments		711,398	62,979
Changes in proportion and differences between contributions and proportionate share of contributions	6,235,547	772	62
Total	\$ 17,125,146	\$ 712,170	\$ 63,041

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	\$ (8,045,054)	\$ (178,007)	\$ (15,754)
2020	5,554,846	(178,007)	(15,754)
2021	1,726,623	(178,007)	(15,754)
2022	(4,182,742)	(178,007)	(15,754)
2023		(140)	(9)
Thereafter			(17)

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

	Pension	OPEB
Actuarial valuation date	June 30, 2016	June 30, 2016
Actuarial roll forward date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.0%	8.0%
Salary increases	3.0-6.75%	Not applicable
Inflation	3.0%	3.0%
Permanent base increases	Included	Not applicable
Mortality rates	1994 GAM Scale BB	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable	Not applicable

The actuarial assumptions used in the June 30, 2016 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 for all ASRS plans are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension and OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.70 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 plans’ 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 investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Proportionate Share of the Net Pension and OPEB Asset/Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension and OPEB assets/liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension and OPEB asset/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:

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
	7.0%	8.0%	9.0%
Rate			
Pension	\$ 233,388,122	\$ 181,834,797	\$ 138,757,580
Health Insurance Premium	1,049,261	(631,814)	(2,060,442)
Long-Term Disability	503,432	421,017	351,141

Pension and OPEB Plan Fiduciary Net Position. Detailed information about the pension and OPEB 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.

Beginning Net Position Restatement. The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, represents a change in accounting principle. Net position as of July 1, 2017, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2017, as previously reported	\$ 117,034,067
Net OPEB asset	289,194
Net OPEB liability	(259,434)
Net position, July 1, 2017, as restated	\$ 117,063,827

REQUIRED SUPPLEMENTARY INFORMATION

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 604,838	\$ 604,838
Property taxes			131,308,452	131,308,452
State aid and grants			26,360,969	26,360,969
Total revenues			<u>158,274,259</u>	<u>158,274,259</u>
Expenditures:				
Current -				
Instruction	86,705,777	85,569,353	79,477,784	6,091,569
Support services - students and staff	19,826,796	20,738,870	19,614,258	1,124,612
Support services - administration	17,152,212	17,534,201	16,755,361	778,840
Operation and maintenance of plant services	24,886,828	24,996,025	24,516,783	479,242
Student transportation services	7,542,726	7,435,510	6,269,163	1,166,347
Operation of non-instructional services	403,984	410,667	415,890	(5,223)
Total expenditures	<u>156,518,323</u>	<u>156,684,626</u>	<u>147,049,239</u>	<u>9,635,387</u>
Excess (deficiency) of revenues over expenditures	<u>(156,518,323)</u>	<u>(156,684,626)</u>	<u>11,225,020</u>	<u>167,909,646</u>
Other financing sources (uses):				
Transfers out			(3,549,029)	(3,549,029)
Total other financing sources (uses)			<u>(3,549,029)</u>	<u>(3,549,029)</u>
Changes in fund balances	<u>(156,518,323)</u>	<u>(156,684,626)</u>	<u>7,675,991</u>	<u>164,360,617</u>
Fund balances, beginning of year			5,538,056	5,538,056
Increase (decrease) in reserve for prepaid items			1,419,517	1,419,517
Fund balances (deficits), end of year	<u>\$ (156,518,323)</u>	<u>\$ (156,684,626)</u>	<u>\$ 14,633,564</u>	<u>\$ 171,318,190</u>

See accompanying notes to this schedule.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	1.17%	1.22%	1.17%	1.24%
District's proportionate share of the net pension (assets) liability	\$ 181,834,797	\$ 196,352,093	\$ 181,977,042	\$ 183,082,840
District's covered payroll	\$ 113,657,811	\$ 113,755,493	\$ 107,304,527	\$ 111,900,215
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	159.98%	172.61%	169.59%	163.61%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 12,074,662	\$ 12,252,312	\$ 12,342,471	\$ 11,685,463
Contributions in relation to the actuarially determined contribution	<u>12,074,662</u>	<u>12,252,312</u>	<u>12,342,471</u>	<u>11,685,463</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 110,776,716	\$ 113,657,811	\$ 113,755,493	\$ 107,304,527
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%

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

See accompanying notes to this schedule.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	1.16%
District's proportionate share of the net OPEB (assets) liability	\$ (631,814)
District's covered payroll	\$ 113,657,811
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	-0.56%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

2018

Actuarially determined contribution	\$ 487,417
Contributions in relation to the actuarially determined contribution	<u>487,417</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered payroll	\$ 110,776,716
Contributions as a percentage of covered payroll	0.44%

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

See accompanying notes to this schedule.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	1.16%
District's proportionate share of the net OPEB (assets) liability	\$ 421,017
District's covered payroll	\$ 113,657,811
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

2018

Actuarially determined contribution	\$ 177,243
Contributions in relation to the actuarially determined contribution	<u>177,243</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered payroll	\$ 110,776,716
Contributions as a percentage of covered payroll	0.16%

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

See accompanying notes to this schedule.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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.
- Self-insurance expenditures are budgeted for regardless of when the claims are paid.
- 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	\$ 143,132,844	\$ 44,535,635
Activity budgeted as special revenue funds	(2,981,183)	(25,607,152)
Activity budgeted as capital projects funds		(970,275)
Current-year self-insurance expenditures	3,324,644	(3,324,644)
Current year prepaid items	3,572,934	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 147,049,239	\$ 14,633,564

NOTE 2 – PENSION AND OPEB PLAN SCHEDULES

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, 2016, 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.

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

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GOVERNMENTAL FUNDS

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 20,671,651	\$ 13,657,793	\$ 34,329,444
Property taxes receivable		134,342	134,342
Accounts receivable	274,831	288,622	563,453
Deposits	200,000		200,000
Due from governmental entities	4,290,057	303,525	4,593,582
Inventory	148,554		148,554
Total assets	<u>\$ 25,585,093</u>	<u>\$ 14,384,282</u>	<u>\$ 39,969,375</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 726,018	\$ 478,403	\$ 1,204,421
Construction contracts payable		1,531,182	1,531,182
Due to other funds	1,190,002	37,970	1,227,972
Accrued payroll and employee benefits	459,828		459,828
Unearned revenues	212,072		212,072
Total liabilities	<u>2,587,920</u>	<u>2,047,555</u>	<u>4,635,475</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		83,930	83,930
Unavailable revenues - intergovernmental	1,171,791		1,171,791
Total deferred inflows of resources	<u>1,171,791</u>	<u>83,930</u>	<u>1,255,721</u>
Fund balances (deficits):			
Nonspendable	148,554		148,554
Restricted	23,061,466	12,252,797	35,314,263
Unassigned	(1,384,638)		(1,384,638)
Total fund balances	<u>21,825,382</u>	<u>12,252,797</u>	<u>34,078,179</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 25,585,093</u>	 <u>\$ 14,384,282</u>	 <u>\$ 39,969,375</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 15,366,723	\$ 1,571,219	\$ 16,937,942
Property taxes		8,401,269	8,401,269
State aid and grants	13,719,695	186,044	13,905,739
Federal aid, grants and reimbursements	<u>13,259,451</u>	<u>1,291,743</u>	<u>14,551,194</u>
Total revenues	<u>42,345,869</u>	<u>11,450,275</u>	<u>53,796,144</u>
Expenditures:			
Current -			
Instruction	17,026,954		17,026,954
Support services - students and staff	4,775,829		4,775,829
Support services - administration	152,965		152,965
Operation and maintenance of plant services	98,688		98,688
Student transportation services	682,471		682,471
Operation of non-instructional services	12,617,533		12,617,533
Capital outlay	2,324,847	19,750,106	22,074,953
Debt service -			
Principal retirement		3,033,260	3,033,260
Interest and fiscal charges		<u>1,425,733</u>	<u>1,425,733</u>
Total expenditures	<u>37,679,287</u>	<u>24,209,099</u>	<u>61,888,386</u>
Excess (deficiency) of revenues over expenditures	<u>4,666,582</u>	<u>(12,758,824)</u>	<u>(8,092,242)</u>
Other financing sources (uses):			
Transfers in		3,549,029	3,549,029
Transfers out	<u>(1,825,095)</u>		<u>(1,825,095)</u>
Total other financing sources (uses)	<u>(1,825,095)</u>	<u>3,549,029</u>	<u>1,723,934</u>
Changes in fund balances	<u>2,841,487</u>	<u>(9,209,795)</u>	<u>(6,368,308)</u>
Fund balances, beginning of year	18,968,029	21,462,592	40,430,621
Increase (decrease) in reserve for inventory	15,866		15,866
Fund balances, end of year	<u>\$ 21,825,382</u>	<u>\$ 12,252,797</u>	<u>\$ 34,078,179</u>

SPECIAL REVENUE FUNDS

Classroom Site - to account 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.

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.

Title I Grants - to account 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.

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.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

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

Vocational Education - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

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

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

Other Federal Projects - to account for financial assistance received for other supplemental federal projects.

State Vocational Education - to account for financial assistance received for the preparation of individuals for employment.

Chemical Abuse Prevention Programs - to account for financial assistance received for chemical abuse awareness programs.

Academic Contests - to account for financial assistance received for participation in academic contests.

College Credit Exam Incentives - to account for financial assistance received for college credit exams.

Results-based Funding - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

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.

Advertisement - to account for monies received from the sale of advertising.

Joint Technical Education - to account for monies received from Joint Technical Education Districts for vocational education programs.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 4,523,536	\$ 1,426,731	\$ 14,294
Accounts receivable			
Deposits			
Due from governmental entities	883,162	428,496	
Inventory			
Total assets	<u><u>\$ 5,406,698</u></u>	<u><u>\$ 1,855,227</u></u>	<u><u>\$ 14,294</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 577	\$
Due to other funds			
Accrued payroll and employee benefits	2,500		
Unearned revenues			
Total liabilities	<u><u>2,500</u></u>	<u><u>577</u></u>	
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	5,404,198	1,854,650	14,294
Unassigned			
Total fund balances	<u><u>5,404,198</u></u>	<u><u>1,854,650</u></u>	<u><u>14,294</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 5,406,698</u></u>	<u><u>\$ 1,855,227</u></u>	<u><u>\$ 14,294</u></u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$	\$	\$	\$	\$	\$
300,402	60,172	330,383	20,375	57,093	606,412
<u>\$ 300,402</u>	<u>\$ 60,172</u>	<u>\$ 330,383</u>	<u>\$ 20,375</u>	<u>\$ 57,093</u>	<u>\$ 606,412</u>
\$ 26,486 273,916	\$ 3,903 56,269	\$ 97,336 152,101 80,946	\$ 20,375	\$ 9,831 47,262	\$ 86,301 492,119 27,992
<u>300,402</u>	<u>60,172</u>	<u>330,383</u>	<u>20,375</u>	<u>57,093</u>	<u>606,412</u>
<u>53,352</u>	<u>18,598</u>	<u>330,383</u>	<u>20,375</u>	<u>57,093</u>	<u>606,412</u>
<u>(53,352)</u>	<u>(18,598)</u>	<u>(330,383)</u>	<u>(20,375)</u>	<u>(57,093)</u>	<u>(606,412)</u>
<u>(53,352)</u>	<u>(18,598)</u>	<u>(330,383)</u>	<u>(20,375)</u>	<u>(57,093)</u>	<u>(606,412)</u>
<u>\$ 300,402</u>	<u>\$ 60,172</u>	<u>\$ 330,383</u>	<u>\$ 20,375</u>	<u>\$ 57,093</u>	<u>\$ 606,412</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Johnson O'Malley</u>	<u>Vocational Education</u>	<u>E-Rate</u>
<u>ASSETS</u>			
Cash and investments	\$	\$	\$ 32,383
Accounts receivable			
Deposits			
Due from governmental entities	5,335	66,124	76,734
Inventory			
Total assets	<u>\$ 5,335</u>	<u>\$ 66,124</u>	<u>\$ 109,117</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 3,540	\$ 321,964
Due to other funds	5,335	62,584	
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities	<u>5,335</u>	<u>66,124</u>	<u>321,964</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>5,335</u>		
Fund balances (deficits):			
Nonspendable			
Restricted			
Unassigned	<u>(5,335)</u>		<u>(212,847)</u>
Total fund balances	<u>(5,335)</u>		<u>(212,847)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,335</u>	<u>\$ 66,124</u>	<u>\$ 109,117</u>

<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Academic Contests</u>	<u>College Credit Exam Incentives</u>	<u>Results-based Funding</u>
\$ 447	\$ 1,991	\$	\$ 12,665	\$ 189,150	\$ 1,378,162
		80,243			
<u>\$ 447</u>	<u>\$ 1,991</u>	<u>\$ 80,243</u>	<u>\$ 12,665</u>	<u>\$ 189,150</u>	<u>\$ 1,378,162</u>
\$	\$ 432	\$ 2,300 77,943	\$	\$	\$ 2,240
	<u>432</u>	<u>80,243</u>			<u>2,240</u>
		<u>80,243</u>			
447	1,559	(80,243)	12,665	189,150	1,375,922
<u>447</u>	<u>1,559</u>	<u>(80,243)</u>	<u>12,665</u>	<u>189,150</u>	<u>1,375,922</u>
<u>\$ 447</u>	<u>\$ 1,991</u>	<u>\$ 80,243</u>	<u>\$ 12,665</u>	<u>\$ 189,150</u>	<u>\$ 1,378,162</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Other State Projects	Food Service	Civic Center
<u>ASSETS</u>			
Cash and investments	\$ 2,500	\$ 2,920,923	\$ 1,150,178
Accounts receivable		149,726	125,105
Deposits		200,000	
Due from governmental entities	3,739	65,736	
Inventory		148,554	
Total assets	\$ 6,239	\$ 3,484,939	\$ 1,275,283
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 68,596	\$
Due to other funds	2,098		
Accrued payroll and employee benefits		89,836	
Unearned revenues		212,072	
Total liabilities	2,098	370,504	
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable		148,554	
Restricted	4,141	2,965,881	1,275,283
Unassigned			
Total fund balances	4,141	3,114,435	1,275,283
 Total liabilities, deferred inflows of resources and fund balances	 \$ 6,239	 \$ 3,484,939	 \$ 1,275,283

<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
\$ 4,064,875	\$ 3,756,195	\$ 16,189	\$ 567,854	\$ 140,029	\$ 473,549
					1,305,651
<u>\$ 4,064,875</u>	<u>\$ 3,756,195</u>	<u>\$ 16,189</u>	<u>\$ 567,854</u>	<u>\$ 140,029</u>	<u>\$ 1,779,200</u>
\$ 94,713	\$ 7,445	\$ 66	\$ 288	\$	\$
258,554					
<u>353,267</u>	<u>7,445</u>	<u>66</u>	<u>288</u>		
3,711,608	3,748,750	16,123	567,566	140,029	1,779,200
<u>3,711,608</u>	<u>3,748,750</u>	<u>16,123</u>	<u>567,566</u>	<u>140,029</u>	<u>1,779,200</u>
<u>\$ 4,064,875</u>	<u>\$ 3,756,195</u>	<u>\$ 16,189</u>	<u>\$ 567,854</u>	<u>\$ 140,029</u>	<u>\$ 1,779,200</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 20,671,651
Accounts receivable	274,831
Deposits	200,000
Due from governmental entities	4,290,057
Inventory	148,554
Total assets	\$ 25,585,093
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>	
<u>AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 726,018
Due to other funds	1,190,002
Accrued payroll and employee benefits	459,828
Unearned revenues	212,072
Total liabilities	2,587,920
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	1,171,791
Fund balances (deficits):	
Nonspendable	148,554
Restricted	23,061,466
Unassigned	(1,384,638)
Total fund balances	21,825,382
 Total liabilities, deferred inflows of resources	
and fund balances	\$ 25,585,093

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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 32,189	\$ 16,447	\$
State aid and grants	10,597,945	995,512	
Federal aid, grants and reimbursements			
Total revenues	10,630,134	1,011,959	
Expenditures:			
Current -			
Instruction	9,362,400	625,596	
Support services - students and staff	387,392	213,987	
Support services - administration		2,687	
Operation and maintenance of plant services			
Student transportation services		2,400	
Operation of non-instructional services			
Capital outlay			
Total expenditures	9,749,792	844,670	
Excess (deficiency) of revenues over expenditures	880,342	167,289	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	880,342	167,289	
Fund balances, beginning of year	4,523,856	1,687,361	14,294
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ 5,404,198	\$ 1,854,650	\$ 14,294

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$	\$	\$	\$	\$	\$
<u>2,937,171</u>	<u>426,929</u>	<u>350,798</u>	<u>215,047</u>	<u>49,300</u>	<u>3,675,753</u>
<u>2,937,171</u>	<u>426,929</u>	<u>350,798</u>	<u>215,047</u>	<u>49,300</u>	<u>3,675,753</u>
1,850,579		443,594	171,997	90,323	1,676,238
626,351	396,368	136,329	48,964	334	2,140,457
74,722	9,166	2,207	395	797	11,690
685		21,815		3,032	4,424
2,750		9,843	9,450	2,407	22,812
		2,750			
188,997		15,713			44,838
<u>2,744,084</u>	<u>405,534</u>	<u>632,251</u>	<u>230,806</u>	<u>96,893</u>	<u>3,900,459</u>
<u>193,087</u>	<u>21,395</u>	<u>(281,453)</u>	<u>(15,759)</u>	<u>(47,593)</u>	<u>(224,706)</u>
<u>(246,439)</u>	<u>(39,993)</u>	<u>(48,930)</u>	<u>(4,616)</u>	<u>(9,500)</u>	<u>(381,706)</u>
<u>(246,439)</u>	<u>(39,993)</u>	<u>(48,930)</u>	<u>(4,616)</u>	<u>(9,500)</u>	<u>(381,706)</u>
<u>(53,352)</u>	<u>(18,598)</u>	<u>(330,383)</u>	<u>(20,375)</u>	<u>(57,093)</u>	<u>(606,412)</u>
<u>\$ (53,352)</u>	<u>\$ (18,598)</u>	<u>\$ (330,383)</u>	<u>\$ (20,375)</u>	<u>\$ (57,093)</u>	<u>\$ (606,412)</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Johnson O'Malley	Vocational Education	E-Rate
Revenues:			
Other local	\$	\$	\$ 381
State aid and grants			
Federal aid, grants and reimbursements	2,042	324,907	549,135
Total revenues	2,042	324,907	549,516
Expenditures:			
Current -			
Instruction	6,712	19,447	
Support services - students and staff		82,912	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		211,163	1,374,521
Total expenditures	6,712	313,522	1,374,521
Excess (deficiency) of revenues over expenditures	(4,670)	11,385	(825,005)
Other financing sources (uses):			
Transfers out	(665)	(11,385)	
Total other financing sources (uses)	(665)	(11,385)	
Changes in fund balances	(5,335)		(825,005)
Fund balances, beginning of year			612,158
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (5,335)	\$	\$ (212,847)

<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Chemical Abuse Prevention Programs</u>	<u>Academic Contests</u>	<u>College Credit Exam Incentives</u>	<u>Results-based Funding</u>
\$	\$	\$	\$	\$	\$
	117,677	171,230	12,665	189,150	1,631,375
<u>2,747</u>	<u>117,677</u>	<u>171,230</u>	<u>12,665</u>	<u>189,150</u>	<u>1,631,375</u>
	44,487	53,791			92,887
	36,332	170,664			126,187
		4,364			9,940
	1,300				
<u>2,300</u>	<u>33,999</u>				<u>26,439</u>
<u>2,300</u>	<u>116,118</u>	<u>228,819</u>			<u>255,453</u>
<u>447</u>	<u>1,559</u>	<u>(57,589)</u>	<u>12,665</u>	<u>189,150</u>	<u>1,375,922</u>
		<u>(22,654)</u>			
		<u>(22,654)</u>			
<u>447</u>	<u>1,559</u>	<u>(80,243)</u>	<u>12,665</u>	<u>189,150</u>	<u>1,375,922</u>
<u>\$ 447</u>	<u>\$ 1,559</u>	<u>\$ (80,243)</u>	<u>\$ 12,665</u>	<u>\$ 189,150</u>	<u>\$ 1,375,922</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Other State Projects	Food Service	Civic Center
Revenues:			
Other local	\$	\$ 4,616,302	\$ 176,138
State aid and grants	4,141		
Federal aid, grants and reimbursements		4,725,622	
Total revenues	4,141	9,341,924	176,138
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		4,500	
Student transportation services			
Operation of non-instructional services		7,381,661	
Capital outlay		267,594	
Total expenditures		7,653,755	
Excess (deficiency) of revenues over expenditures	4,141	1,688,169	176,138
Other financing sources (uses):			
Transfers out		(1,059,207)	
Total other financing sources (uses)		(1,059,207)	
Changes in fund balances	4,141	628,962	176,138
Fund balances, beginning of year		2,469,607	1,099,145
Increase (decrease) in reserve for inventory		15,866	
Fund balances, end of year	\$ 4,141	\$ 3,114,435	\$ 1,275,283

<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>
\$ 6,133,711	\$ 2,681,685	\$ 6,454	\$ 55,187	\$ 1,488	\$ 1,646,741
<u>6,133,711</u>	<u>2,681,685</u>	<u>6,454</u>	<u>55,187</u>	<u>1,488</u>	<u>1,646,741</u>
4,431	1,593,192		12,282		978,998
2,714	281,218		7,062		118,558
30,008		4,642			2,347
944	61,646		1,359		283
	566,702				64,807
5,184,217	48,905				
34,815	74,157				50,311
<u>5,257,129</u>	<u>2,625,820</u>	<u>4,642</u>	<u>20,703</u>		<u>1,215,304</u>
<u>876,582</u>	<u>55,865</u>	<u>1,812</u>	<u>34,484</u>	<u>1,488</u>	<u>431,437</u>
<u>876,582</u>	<u>55,865</u>	<u>1,812</u>	<u>34,484</u>	<u>1,488</u>	<u>431,437</u>
2,835,026	3,692,885	14,311	533,082	138,541	1,347,763
<u>\$ 3,711,608</u>	<u>\$ 3,748,750</u>	<u>\$ 16,123</u>	<u>\$ 567,566</u>	<u>\$ 140,029</u>	<u>\$ 1,779,200</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Totals
Revenues:	
Other local	\$ 15,366,723
State aid and grants	13,719,695
Federal aid, grants and reimbursements	13,259,451
Total revenues	42,345,869
Expenditures:	
Current -	
Instruction	17,026,954
Support services - students and staff	4,775,829
Support services - administration	152,965
Operation and maintenance of plant services	98,688
Student transportation services	682,471
Operation of non-instructional services	12,617,533
Capital outlay	2,324,847
Total expenditures	37,679,287
Excess (deficiency) of revenues over expenditures	4,666,582
Other financing sources (uses):	
Transfers out	(1,825,095)
Total other financing sources (uses)	(1,825,095)
Changes in fund balances	2,841,487
Fund balances, beginning of year	18,968,029
Increase (decrease) in reserve for inventory	15,866
Fund balances, end of year	\$ 21,825,382

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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 32,189	\$ 32,189
State aid and grants		10,597,945	10,597,945
Federal aid, grants and reimbursements			
Total revenues		10,630,134	10,630,134
Expenditures:			
Current -			
Instruction	14,876,358	9,362,400	5,513,958
Support services - students and staff	377,151	387,392	(10,241)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	15,253,509	9,749,792	5,503,717
Excess (deficiency) of revenues over expenditures	(15,253,509)	880,342	16,133,851
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	(15,253,509)	880,342	16,133,851
Fund balances, beginning of year		4,523,856	4,523,856
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (15,253,509)	\$ 5,404,198	\$ 20,657,707

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 16,447 995,512	\$ 16,447 995,512	\$	\$	\$
	<u>1,011,959</u>	<u>1,011,959</u>			
2,435,717	625,596 213,987 2,687 2,400	1,810,121 (213,987) (2,687) (2,400)			
<u>2,435,717</u>	<u>844,670</u>	<u>1,591,047</u>			
<u>(2,435,717)</u>	<u>167,289</u>	<u>2,603,006</u>			
<u>(2,435,717)</u>	<u>167,289</u>	<u>2,603,006</u>			
	1,687,361	1,687,361		14,294	14,294
<u>\$ (2,435,717)</u>	<u>\$ 1,854,650</u>	<u>\$ 4,290,367</u>	<u>\$</u>	<u>\$ 14,294</u>	<u>\$ 14,294</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,937,171	2,937,171
Total revenues		<u>2,937,171</u>	<u>2,937,171</u>
Expenditures:			
Current -			
Instruction	4,198,920	1,850,579	2,348,341
Support services - students and staff		626,351	(626,351)
Support services - administration		74,722	(74,722)
Operation and maintenance of plant services		685	(685)
Student transportation services		2,750	(2,750)
Operation of non-instructional services			
Capital outlay		188,997	(188,997)
Total expenditures	<u>4,198,920</u>	<u>2,744,084</u>	<u>1,454,836</u>
Excess (deficiency) of revenues over expenditures	<u>(4,198,920)</u>	<u>193,087</u>	<u>4,392,007</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(246,439)	(246,439)
Proceeds from sale of capital assets			
Total other financing sources (uses)		<u>(246,439)</u>	<u>(246,439)</u>
Changes in fund balances	<u>(4,198,920)</u>	<u>(53,352)</u>	<u>4,145,568</u>
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (4,198,920)</u>	<u>\$ (53,352)</u>	<u>\$ 4,145,568</u>

<u>Professional Development and Technology Grants</u>			<u>Title IV Grants</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$	\$	\$	\$
	426,929	426,929		350,798	350,798
	<u>426,929</u>	<u>426,929</u>		<u>350,798</u>	<u>350,798</u>
530,551	396,368	530,551	742,500	443,594	298,906
	9,166	(396,368)		136,329	(136,329)
		(9,166)		2,207	(2,207)
				21,815	(21,815)
				9,843	(9,843)
				2,750	(2,750)
				15,713	(15,713)
<u>530,551</u>	<u>405,534</u>	<u>125,017</u>	<u>742,500</u>	<u>632,251</u>	<u>110,249</u>
<u>(530,551)</u>	<u>21,395</u>	<u>551,946</u>	<u>(742,500)</u>	<u>(281,453)</u>	<u>461,047</u>
	(39,993)	(39,993)		(48,930)	(48,930)
	<u>(39,993)</u>	<u>(39,993)</u>		<u>(48,930)</u>	<u>(48,930)</u>
<u>(530,551)</u>	<u>(18,598)</u>	<u>511,953</u>	<u>(742,500)</u>	<u>(330,383)</u>	<u>412,117</u>
<u>\$ (530,551)</u>	<u>\$ (18,598)</u>	<u>\$ 511,953</u>	<u>\$ (742,500)</u>	<u>\$ (330,383)</u>	<u>\$ 412,117</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Limited English & Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		215,047	215,047
Total revenues		215,047	215,047
Expenditures:			
Current -			
Instruction	256,953	171,997	84,956
Support services - students and staff		48,964	(48,964)
Support services - administration		395	(395)
Operation and maintenance of plant services			
Student transportation services		9,450	(9,450)
Operation of non-instructional services			
Capital outlay			
Total expenditures	256,953	230,806	26,147
Excess (deficiency) of revenues over expenditures	(256,953)	(15,759)	241,194
Other financing sources (uses):			
Transfers in			
Transfers out		(4,616)	(4,616)
Proceeds from sale of capital assets			
Total other financing sources (uses)		(4,616)	(4,616)
Changes in fund balances	(256,953)	(20,375)	236,578
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (256,953)	\$ (20,375)	\$ 236,578

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	49,300	49,300		3,675,753	3,675,753
	49,300	49,300		3,675,753	3,675,753
106,395	90,323	16,072	4,688,131	1,676,238	3,011,893
	334	(334)		2,140,457	(2,140,457)
	797	(797)		11,690	(11,690)
	3,032	(3,032)		4,424	(4,424)
	2,407	(2,407)		22,812	(22,812)
				44,838	(44,838)
106,395	96,893	9,502	4,688,131	3,900,459	787,672
(106,395)	(47,593)	58,802	(4,688,131)	(224,706)	4,463,425
	(9,500)	(9,500)		(381,706)	(381,706)
	(9,500)	(9,500)		(381,706)	(381,706)
(106,395)	(57,093)	49,302	(4,688,131)	(606,412)	4,081,719
\$ (106,395)	\$ (57,093)	\$ 49,302	\$ (4,688,131)	\$ (606,412)	\$ 4,081,719

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,042	2,042
Total revenues		2,042	2,042
Expenditures:			
Current -			
Instruction	23,116	6,712	16,404
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	23,116	6,712	16,404
Excess (deficiency) of revenues over expenditures	(23,116)	(4,670)	18,446
Other financing sources (uses):			
Transfers in			
Transfers out		(665)	(665)
Proceeds from sale of capital assets			
Total other financing sources (uses)		(665)	(665)
Changes in fund balances	(23,116)	(5,335)	17,781
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (23,116)	\$ (5,335)	\$ 17,781

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 24,656	\$ 24,656
	324,907	324,907		1,352,372	1,352,372
	<u>324,907</u>	<u>324,907</u>		<u>1,377,028</u>	<u>1,377,028</u>
497,498	19,447	478,051	4,835,595	588	4,835,007
	82,912	(82,912)			
	211,163	(211,163)			
<u>497,498</u>	<u>313,522</u>	<u>183,976</u>	<u>4,835,595</u>	<u>588</u>	<u>4,835,007</u>
<u>(497,498)</u>	<u>11,385</u>	<u>508,883</u>	<u>(4,835,595)</u>	<u>1,376,440</u>	<u>6,212,035</u>
	(11,385)	(11,385)			
	<u>(11,385)</u>	<u>(11,385)</u>			
<u>(497,498)</u>		<u>497,498</u>	<u>(4,835,595)</u>	<u>1,376,440</u>	<u>6,212,035</u>
				3,823,136	3,823,136
<u>\$ (497,498)</u>	<u>\$</u>	<u>\$ 497,498</u>	<u>\$ (4,835,595)</u>	<u>\$ 5,199,576</u>	<u>\$ 10,035,171</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 381	\$ 381
State aid and grants			
Federal aid, grants and reimbursements		549,135	549,135
Total revenues		<u>549,516</u>	<u>549,516</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			
Capital outlay		1,374,521	(1,374,521)
Total expenditures		<u>1,374,521</u>	<u>(1,374,521)</u>
Excess (deficiency) of revenues over expenditures		<u>(825,005)</u>	<u>(825,005)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances		<u>(825,005)</u>	<u>(825,005)</u>
Fund balances, beginning of year		612,158	612,158
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ (212,847)</u>	<u>\$ (212,847)</u>

Other Federal Projects			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	2,747	2,747		117,677	117,677
	<u>2,747</u>	<u>2,747</u>		<u>117,677</u>	<u>117,677</u>
1,553,000		1,553,000	117,681	44,487	73,194
				36,332	(36,332)
				1,300	(1,300)
	2,300	(2,300)		33,999	(33,999)
<u>1,553,000</u>	<u>2,300</u>	<u>1,550,700</u>	<u>117,681</u>	<u>116,118</u>	<u>1,563</u>
<u>(1,553,000)</u>	<u>447</u>	<u>1,553,447</u>	<u>(117,681)</u>	<u>1,559</u>	<u>119,240</u>
<u>(1,553,000)</u>	<u>447</u>	<u>1,553,447</u>	<u>(117,681)</u>	<u>1,559</u>	<u>119,240</u>
<u>\$ (1,553,000)</u>	<u>\$ 447</u>	<u>\$ 1,553,447</u>	<u>\$ (117,681)</u>	<u>\$ 1,559</u>	<u>\$ 119,240</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Chemical Abuse Prevention Programs		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		171,230	171,230
Federal aid, grants and reimbursements			
Total revenues	384,857	171,230	171,230
Expenditures:			
Current -			
Instruction	384,857	53,791	331,066
Support services - students and staff		170,664	(170,664)
Support services - administration		4,364	(4,364)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	384,857	228,819	156,038
Excess (deficiency) of revenues over expenditures	(384,857)	(57,589)	327,268
Other financing sources (uses):			
Transfers in			
Transfers out		(22,654)	(22,654)
Proceeds from sale of capital assets			
Total other financing sources (uses)		(22,654)	(22,654)
Changes in fund balances	(384,857)	(80,243)	304,614
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (384,857)	\$ (80,243)	\$ 304,614

<u>Academic Contests</u>			<u>College Credit Exam Incentives</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 12,665	\$ 12,665	\$	\$ 189,150	\$ 189,150
	<u>12,665</u>	<u>12,665</u>		<u>189,150</u>	<u>189,150</u>
	<u>12,665</u>	<u>12,665</u>		<u>189,150</u>	<u>189,150</u>
	<u>12,665</u>	<u>12,665</u>		<u>189,150</u>	<u>189,150</u>
<u>\$</u>	<u>\$ 12,665</u>	<u>\$ 12,665</u>	<u>\$</u>	<u>\$ 189,150</u>	<u>\$ 189,150</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Results-based Funding		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		1,631,375	1,631,375
Federal aid, grants and reimbursements			
Total revenues	1,625,794	1,631,375	1,631,375
Expenditures:			
Current -			
Instruction	1,625,794	92,887	1,532,907
Support services - students and staff		126,187	(126,187)
Support services - administration		9,940	(9,940)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		26,439	(26,439)
Total expenditures	1,625,794	255,453	1,370,341
Excess (deficiency) of revenues over expenditures	(1,625,794)	1,375,922	3,001,716
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)	-	-	-
Changes in fund balances	(1,625,794)	1,375,922	3,001,716
Fund balances, beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (1,625,794)	\$ 1,375,922	\$ 3,001,716

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 4,141	\$ 4,141	\$	\$ 1,177,660	\$ 1,177,660
	<u>4,141</u>	<u>4,141</u>		<u>1,177,660</u>	<u>1,177,660</u>
				13,919	(13,919)
			6,448,623	7,112	6,441,511
				<u>79,723</u>	<u>(79,723)</u>
			<u>6,448,623</u>	<u>100,754</u>	<u>6,347,869</u>
	<u>4,141</u>	<u>4,141</u>	<u>(6,448,623)</u>	<u>1,076,906</u>	<u>7,525,529</u>
				<u>27,053</u>	<u>27,053</u>
				<u>27,053</u>	<u>27,053</u>
	<u>4,141</u>	<u>4,141</u>	<u>(6,448,623)</u>	<u>1,103,959</u>	<u>7,552,582</u>
				6,515,804	6,515,804
<u>\$</u>	<u>\$ 4,141</u>	<u>\$ 4,141</u>	<u>\$ (6,448,623)</u>	<u>\$ 7,619,763</u>	<u>\$ 14,068,386</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Food Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 4,616,302	\$ 4,616,302
State aid and grants			
Federal aid, grants and reimbursements		4,725,622	4,725,622
Total revenues		9,341,924	9,341,924
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		4,500	(4,500)
Student transportation services			
Operation of non-instructional services	12,038,600	7,381,661	4,656,939
Capital outlay		267,594	(267,594)
Total expenditures	12,038,600	7,653,755	4,384,845
Excess (deficiency) of revenues over expenditures	(12,038,600)	1,688,169	13,726,769
Other financing sources (uses):			
Transfers in			
Transfers out		(1,059,207)	(1,059,207)
Proceeds from sale of capital assets			
Total other financing sources (uses)		(1,059,207)	(1,059,207)
Changes in fund balances	(12,038,600)	628,962	12,667,562
Fund balances, beginning of year		2,469,607	2,469,607
Increase (decrease) in reserve for inventory		15,866	15,866
Fund balances (deficits), end of year	\$ (12,038,600)	\$ 3,114,435	\$ 15,153,035

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 176,138	\$ 176,138	\$	\$ 6,133,711	\$ 6,133,711
	<u>176,138</u>	<u>176,138</u>		<u>6,133,711</u>	<u>6,133,711</u>
			6,384,095	4,431	6,379,664
				2,714	(2,714)
				30,008	(30,008)
				944	(944)
1,025,000		1,025,000		5,184,217	(5,184,217)
				34,815	(34,815)
<u>1,025,000</u>		<u>1,025,000</u>	<u>6,384,095</u>	<u>5,257,129</u>	<u>1,126,966</u>
<u>(1,025,000)</u>	<u>176,138</u>	<u>1,201,138</u>	<u>(6,384,095)</u>	<u>876,582</u>	<u>7,260,677</u>
<u>(1,025,000)</u>	<u>176,138</u>	<u>1,201,138</u>	<u>(6,384,095)</u>	<u>876,582</u>	<u>7,260,677</u>
	1,099,145	1,099,145		2,835,026	2,835,026
<u>\$ (1,025,000)</u>	<u>\$ 1,275,283</u>	<u>\$ 2,300,283</u>	<u>\$ (6,384,095)</u>	<u>\$ 3,711,608</u>	<u>\$ 10,095,703</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Auxiliary Operations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,889,965	\$ 1,889,965
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		1,889,965	1,889,965
Expenditures:			
Current -			
Instruction	2,546,685	683,728	1,862,957
Support services - students and staff		264,356	(264,356)
Support services - administration		52,982	(52,982)
Operation and maintenance of plant services		92,653	(92,653)
Student transportation services		72,094	(72,094)
Operation of non-instructional services		25,659	(25,659)
Capital outlay		72,734	(72,734)
Total expenditures	2,546,685	1,264,206	1,282,479
Excess (deficiency) of revenues over expenditures	(2,546,685)	625,759	3,172,444
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	(2,546,685)	625,759	3,172,444
Fund balances, beginning of year		2,702,696	2,702,696
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,546,685)	\$ 3,328,455	\$ 5,875,140

Extracurricular Activities Fees Tax Credit			Gifts and Donations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,681,685	\$ 2,681,685	\$	\$ 1,335,679	\$ 1,335,679
	<u>2,681,685</u>	<u>2,681,685</u>		<u>1,335,679</u>	<u>1,335,679</u>
3,004,396	1,593,192	1,411,204	1,200,000	838,406	361,594
	281,218	(281,218)		121,397	(121,397)
	61,646	(61,646)		105,912	(105,912)
	566,702	(566,702)		8,652	(8,652)
	48,905	(48,905)		17,981	(17,981)
	74,157	(74,157)		99,249	(99,249)
<u>3,004,396</u>	<u>2,625,820</u>	<u>378,576</u>	<u>1,200,000</u>	<u>1,191,597</u>	<u>8,403</u>
<u>(3,004,396)</u>	<u>55,865</u>	<u>3,060,261</u>	<u>(1,200,000)</u>	<u>144,082</u>	<u>1,344,082</u>
<u>(3,004,396)</u>	<u>55,865</u>	<u>3,060,261</u>	<u>(1,200,000)</u>	<u>144,082</u>	<u>1,344,082</u>
	3,692,885	3,692,885		1,347,898	1,347,898
<u>\$ (3,004,396)</u>	<u>\$ 3,748,750</u>	<u>\$ 6,753,146</u>	<u>\$ (1,200,000)</u>	<u>\$ 1,491,980</u>	<u>\$ 2,691,980</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,454	\$ 6,454
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	(9,000)	1,812	10,812
Expenditures:			
Current -			
Instruction	9,000		9,000
Support services - students and staff			
Support services - administration		4,642	(4,642)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	9,000	4,642	4,358
Excess (deficiency) of revenues over expenditures	(9,000)	1,812	10,812
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)	(9,000)	1,812	10,812
Changes in fund balances	(9,000)	1,812	10,812
Fund balances, beginning of year		14,311	14,311
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (9,000)	\$ 16,123	\$ 25,123

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 55,187	\$ 55,187	\$	\$ 3,078	\$ 3,078
	<u>55,187</u>	<u>55,187</u>		<u>3,078</u>	<u>3,078</u>
500,000	12,282	487,718	100,000		100,000
	7,062	(7,062)			
	1,359	(1,359)			
<u>500,000</u>	<u>20,703</u>	<u>479,297</u>	<u>100,000</u>		<u>100,000</u>
<u>(500,000)</u>	<u>34,484</u>	<u>534,484</u>	<u>(100,000)</u>	<u>3,078</u>	<u>103,078</u>
<u>(500,000)</u>	<u>34,484</u>	<u>534,484</u>	<u>(100,000)</u>	<u>3,078</u>	<u>103,078</u>
	533,082	533,082		98,721	98,721
<u>\$ (500,000)</u>	<u>\$ 567,566</u>	<u>\$ 1,067,566</u>	<u>\$ (100,000)</u>	<u>\$ 101,799</u>	<u>\$ 201,799</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 67,060	\$ 67,060
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>67,060</u>	<u>67,060</u>
Expenditures:			
Current -			
Instruction	6,791,576		6,791,576
Support services - students and staff			
Support services - administration		150	(150)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		411,606	(411,606)
Total expenditures	<u>6,791,576</u>	<u>411,756</u>	<u>6,379,820</u>
Excess (deficiency) of revenues over expenditures	<u>(6,791,576)</u>	<u>(344,696)</u>	<u>6,446,880</u>
Other financing sources (uses):			
Transfers in		1,825,095	1,825,095
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)		<u>1,825,095</u>	<u>1,825,095</u>
Changes in fund balances	<u>(6,791,576)</u>	<u>1,480,399</u>	<u>8,271,975</u>
Fund balances, beginning of year		6,363,572	6,363,572
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (6,791,576)</u>	<u>\$ 7,843,971</u>	<u>\$ 14,635,547</u>

Insurance Refund			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,488	\$ 1,488	\$	\$ 12,748	\$ 12,748
	<u>1,488</u>	<u>1,488</u>		<u>12,748</u>	<u>12,748</u>
138,000		138,000	22,000		22,000
				8,849	(8,849)
				3,433	(3,433)
<u>138,000</u>	<u></u>	<u>138,000</u>	<u>22,000</u>	<u>12,282</u>	<u>9,718</u>
<u>(138,000)</u>	<u>1,488</u>	<u>139,488</u>	<u>(22,000)</u>	<u>466</u>	<u>22,466</u>
<u>(138,000)</u>	<u>1,488</u>	<u>139,488</u>	<u>(22,000)</u>	<u>466</u>	<u>22,466</u>
	138,541	138,541		21,142	21,142
<u>\$ (138,000)</u>	<u>\$ 140,029</u>	<u>\$ 278,029</u>	<u>\$ (22,000)</u>	<u>\$ 21,608</u>	<u>\$ 43,608</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Joint Technical Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,646,741	\$ 1,646,741
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		1,646,741	1,646,741
Expenditures:			
Current -			
Instruction	2,034,300	978,998	1,055,302
Support services - students and staff		118,558	(118,558)
Support services - administration		2,347	(2,347)
Operation and maintenance of plant services		283	(283)
Student transportation services		64,807	(64,807)
Operation of non-instructional services			
Capital outlay		50,311	(50,311)
Total expenditures	2,034,300	1,215,304	818,996
Excess (deficiency) of revenues over expenditures	(2,034,300)	431,437	2,465,737
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses)			
Changes in fund balances	(2,034,300)	431,437	2,465,737
Fund balances, beginning of year		1,347,763	1,347,763
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,034,300)	\$ 1,779,200	\$ 3,813,500

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 19,877,569	\$ 19,877,569
	13,719,695	13,719,695
	14,611,823	14,611,823
	<u>48,209,087</u>	<u>48,209,087</u>
59,603,118	18,563,595	41,039,523
377,151	5,161,582	(4,784,431)
	320,858	(320,858)
6,448,623	207,105	6,241,518
	775,979	(775,979)
13,063,600	12,643,192	420,408
	2,988,159	(2,988,159)
<u>79,492,492</u>	<u>40,660,470</u>	<u>38,832,022</u>
<u>(79,492,492)</u>	<u>7,548,617</u>	<u>87,041,109</u>
	1,825,095	1,825,095
	(1,825,095)	(1,825,095)
	27,053	27,053
	<u>27,053</u>	<u>27,053</u>
<u>(79,492,492)</u>	<u>7,575,670</u>	<u>87,068,162</u>
	39,840,998	39,840,998
	15,866	15,866
<u>\$ (79,492,492)</u>	<u>\$ 47,432,534</u>	<u>\$ 126,925,026</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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other local	\$	\$	\$ 274,739	\$ 274,739
Property taxes			21,883,932	21,883,932
Federal aid, grants and reimbursements			4,027,402	4,027,402
Total revenues			<u>26,186,073</u>	<u>26,186,073</u>
Expenditures:				
Debt service -				
Principal retirement	17,851,250	17,851,250	17,851,250	
Interest and fiscal charges	10,962,448	10,962,448	11,801,201	(838,753)
Bond issuance costs			363,213	(363,213)
Total expenditures	<u>28,813,698</u>	<u>28,813,698</u>	<u>30,015,664</u>	<u>(1,201,966)</u>
Excess (deficiency) of revenues over expenditures	<u>(28,813,698)</u>	<u>(28,813,698)</u>	<u>(3,829,591)</u>	<u>24,984,107</u>
Other financing sources (uses):				
Transfers in			1,504,143	1,504,143
Issuance of refunding bonds			47,080,000	47,080,000
Premium on sale of bonds			8,243,544	8,243,544
Payment to refunded bond escrow agent			(54,960,331)	(54,960,331)
Total other financing sources (uses)			<u>1,867,356</u>	<u>1,867,356</u>
Changes in fund balances	<u>(28,813,698)</u>	<u>(28,813,698)</u>	<u>(1,962,235)</u>	<u>26,851,463</u>
Fund balances, beginning of year			4,720,087	4,720,087
Fund balances (deficits), end of year	<u>\$ (28,813,698)</u>	<u>\$ (28,813,698)</u>	<u>\$ 2,757,852</u>	<u>\$ 31,571,550</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.

Bond Building - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

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

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

Building Renewal Grant - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,630,949	\$ 3,317,425	\$ 33,967
Property taxes receivable	134,342		
Accounts receivable			
Due from governmental entities			
Total assets	<u><u>\$ 3,765,291</u></u>	<u><u>\$ 3,317,425</u></u>	<u><u>\$ 33,967</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 282,662	\$ 192,696	\$
Construction contracts payable			
Due to other funds			
Total liabilities	<u>282,662</u>	<u>192,696</u>	
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>83,930</u>		
Fund balances:			
Restricted	<u>3,398,699</u>	<u>3,124,729</u>	<u>33,967</u>
Total fund balances	<u><u>3,398,699</u></u>	<u><u>3,124,729</u></u>	<u><u>33,967</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 3,765,291</u></u>	<u><u>\$ 3,317,425</u></u>	<u><u>\$ 33,967</u></u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 6,675,452	\$	\$ 13,657,793
288,622		134,342
	303,525	288,622
<u>\$ 6,964,074</u>	<u>\$ 303,525</u>	<u>\$ 14,384,282</u>
\$ 125	\$ 2,920	\$ 478,403
1,531,182		1,531,182
	37,970	37,970
<u>1,531,307</u>	<u>40,890</u>	<u>2,047,555</u>
		<u>83,930</u>
5,432,767	262,635	12,252,797
<u>5,432,767</u>	<u>262,635</u>	<u>12,252,797</u>
<u>\$ 6,964,074</u>	<u>\$ 303,525</u>	<u>\$ 14,384,282</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
Revenues:			
Other local	\$ 30,617	\$ 38,815	\$ 71,629
Property taxes	8,394,215	7,054	
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	8,424,832	45,869	71,629
Expenditures:			
Capital outlay	8,595,250	696,084	86,432
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	8,595,250	696,084	86,432
Excess (deficiency) of revenues over expenditures	(170,418)	(650,215)	(14,803)
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)			
Changes in fund balances	(170,418)	(650,215)	(14,803)
Fund balances, beginning of year	3,569,117	3,774,944	48,770
Fund balances, end of year	\$ 3,398,699	\$ 3,124,729	\$ 33,967

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 1,429,846	\$ 312	\$ 1,571,219
	186,044	8,401,269
1,291,743		186,044
<u>2,721,589</u>	<u>186,356</u>	<u>1,291,743</u>
		<u>11,450,275</u>
10,134,535	237,805	19,750,106
3,033,260		3,033,260
1,425,733		1,425,733
<u>14,593,528</u>	<u>237,805</u>	<u>24,209,099</u>
<u>(11,871,939)</u>	<u>(51,449)</u>	<u>(12,758,824)</u>
3,549,029		3,549,029
<u>3,549,029</u>		<u>3,549,029</u>
<u>(8,322,910)</u>	<u>(51,449)</u>	<u>(9,209,795)</u>
13,755,677	314,084	21,462,592
<u>\$ 5,432,767</u>	<u>\$ 262,635</u>	<u>\$ 12,252,797</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 113,362	\$ 113,362
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		113,362	113,362
Expenditures:			
Current -			
Instruction	780,000		780,000
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	780,000		780,000
Excess (deficiency) of revenues over expenditures	(780,000)	113,362	893,362
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses)			
Changes in fund balances	(780,000)	113,362	893,362
Fund balances, beginning of year		856,913	856,913
Fund balances (deficits), end of year	\$ (780,000)	\$ 970,275	\$ 1,750,275

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 30,617 8,394,215	\$ 30,617 8,394,215	\$	\$ 38,815 7,054	\$ 38,815 7,054
	<u>8,424,832</u>	<u>8,424,832</u>		<u>45,869</u>	<u>45,869</u>
13,635,088	8,595,250	5,039,838	4,000,000	696,084	3,303,916
<u>13,635,088</u>	<u>8,595,250</u>	<u>5,039,838</u>	<u>4,000,000</u>	<u>696,084</u>	<u>3,303,916</u>
<u>(13,635,088)</u>	<u>(170,418)</u>	<u>13,464,670</u>	<u>(4,000,000)</u>	<u>(650,215)</u>	<u>3,349,785</u>
<u>(13,635,088)</u>	<u>(170,418)</u>	<u>13,464,670</u>	<u>(4,000,000)</u>	<u>(650,215)</u>	<u>3,349,785</u>
	3,569,117	3,569,117		3,774,944	3,774,944
<u>\$ (13,635,088)</u>	<u>\$ 3,398,699</u>	<u>\$ 17,033,787</u>	<u>\$ (4,000,000)</u>	<u>\$ 3,124,729</u>	<u>\$ 7,124,729</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 417,220	\$ 417,220
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	87,178,967	417,220	417,220
Expenditures:			
Current -			
Instruction			
Capital outlay	87,178,967	37,324,258	49,854,709
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs		306,377	(306,377)
Total expenditures	87,178,967	37,630,635	49,548,332
Excess (deficiency) of revenues over expenditures	(87,178,967)	(37,213,415)	49,965,552
Other financing sources (uses):			
Transfers in			
Transfers out		(1,504,143)	(1,504,143)
Issuance of school improvement bonds		42,745,000	42,745,000
Premium on sale of bonds		8,542,867	8,542,867
Total other financing sources (uses)	(87,178,967)	49,783,724	49,783,724
Changes in fund balances	(87,178,967)	12,570,309	99,749,276
Fund balances, beginning of year		39,022,280	39,022,280
Fund balances (deficits), end of year	\$ (87,178,967)	\$ 51,592,589	\$ 138,771,556

Gifts and Donations - Capital			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 71,629	\$ 71,629	\$	\$ 1,429,846	\$ 1,429,846
				1,291,743	1,291,743
	<u>71,629</u>	<u>71,629</u>		<u>2,721,589</u>	<u>2,721,589</u>
	86,432	(86,432)		10,134,535	(10,134,535)
			3,033,260	3,033,260	
			710,187	1,425,733	(715,546)
	<u>86,432</u>	<u>(86,432)</u>	<u>3,743,447</u>	<u>14,593,528</u>	<u>(10,850,081)</u>
	<u>(14,803)</u>	<u>(14,803)</u>	<u>(3,743,447)</u>	<u>(11,871,939)</u>	<u>(8,128,492)</u>
				3,549,029	3,549,029
				<u>3,549,029</u>	<u>3,549,029</u>
	<u>(14,803)</u>	<u>(14,803)</u>	<u>(3,743,447)</u>	<u>(8,322,910)</u>	<u>(4,579,463)</u>
	48,770	48,770		13,755,677	13,755,677
<u>\$</u>	<u>\$ 33,967</u>	<u>\$ 33,967</u>	<u>\$ (3,743,447)</u>	<u>\$ 5,432,767</u>	<u>\$ 9,176,214</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Building Renewal Grant		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 312	\$ 312
Property taxes			
State aid and grants		186,044	186,044
Federal aid, grants and reimbursements			
Total revenues		186,356	186,356
Expenditures:			
Current -			
Instruction			
Capital outlay		237,805	(237,805)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures		237,805	(237,805)
Excess (deficiency) of revenues over expenditures		(51,449)	(51,449)
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses)			
Changes in fund balances		(51,449)	(51,449)
Fund balances, beginning of year		314,084	314,084
Fund balances (deficits), end of year	\$	\$ 262,635	\$ 262,635

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,101,801	\$ 2,101,801
	8,401,269	8,401,269
	186,044	186,044
	1,291,743	1,291,743
	<u>11,980,857</u>	<u>11,980,857</u>
780,000		780,000
104,814,055	57,074,364	47,739,691
3,033,260	3,033,260	
710,187	1,425,733	(715,546)
	306,377	(306,377)
<u>109,337,502</u>	<u>61,839,734</u>	<u>47,497,768</u>
<u>(109,337,502)</u>	<u>(49,858,877)</u>	<u>59,478,625</u>
	3,549,029	3,549,029
	(1,504,143)	(1,504,143)
	42,745,000	42,745,000
	8,542,867	8,542,867
	<u>53,332,753</u>	<u>53,332,753</u>
<u>(109,337,502)</u>	<u>3,473,876</u>	<u>112,811,378</u>
	61,341,785	61,341,785
<u>\$ (109,337,502)</u>	<u>\$ 64,815,661</u>	<u>\$ 174,153,163</u>

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INTERNAL SERVICE FUNDS

Print Shop - to account for charges to other departments for printing and copying services.

Intergovernmental Agreements - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

Insurance Trust - to account for the financial activity associated with the District's self-insurance program for employee workers' compensation and for property and casualty losses.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Print Shop	Intergovernmental Agreements	Insurance Trust
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 179,265	\$ 640,628	\$ 16,485,744
Total current assets	179,265	640,628	16,485,744
Total assets	179,265	640,628	16,485,744
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	113	22,184	73,266
Total current liabilities	113	22,184	73,266
Total liabilities	113	22,184	73,266
<u>NET POSITION</u>			
Unrestricted	179,152	618,444	16,412,478
Total net position	\$ 179,152	\$ 618,444	\$ 16,412,478

Totals

\$ 17,305,637
17,305,637
17,305,637

95,563
95,563
95,563

17,210,074
\$ 17,210,074
17,210,074

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Print Shop</u>	<u>Intergovernmental Agreements</u>	<u>Insurance Trust</u>
Operating revenues:			
Contributions	\$	\$ 7,200	\$ 983,066
Other	87,482	852,823	
Total operating revenues	<u>87,482</u>	<u>860,023</u>	<u>983,066</u>
Operating expenses:			
Other	98,562	819,530	110,387
Premiums			17,621
Total operating expenses	<u>98,562</u>	<u>819,530</u>	<u>128,008</u>
Operating income (loss)	<u>(11,080)</u>	<u>40,493</u>	<u>855,058</u>
Nonoperating revenues (expenses):			
Investment income	1,472	6,351	39,654
Total nonoperating revenues (expenses)	<u>1,472</u>	<u>6,351</u>	<u>39,654</u>
Changes in net position	<u>(9,608)</u>	<u>46,844</u>	<u>894,712</u>
Total net position, beginning of year	188,760	571,600	15,517,766
Total net position, end of year	<u>\$ 179,152</u>	<u>\$ 618,444</u>	<u>\$ 16,412,478</u>

Totals

\$ 990,266
940,305
1,930,571

1,028,479
17,621
1,046,100

884,471

47,477
47,477

931,948

16,278,126

\$ 17,210,074

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Print Shop</u>	<u>Intergovernmental Agreements</u>	<u>Insurance Trust</u>	<u>Totals</u>
<u>Increase/Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from contributions	\$ 87,482	\$ 7,200	\$ 1,209,050	\$ 1,216,250
Cash received from other sources	(98,449)	927,831	1,015,313	1,015,313
Cash payments to suppliers for goods and services	(10,967)	(804,476)	(80,873)	(983,798)
Net cash provided by/used for operating activities	(10,967)	130,555	1,128,177	1,247,765
Cash flows from investing activities:				
Purchase of investments			(1,476,398)	(1,476,398)
Investment income	1,472	6,351	39,654	47,477
Proceeds from sales and maturities of investments			1,454,383	1,454,383
Net cash provided by/used for investing activities	1,472	6,351	17,639	25,462
Net increase/decrease in cash and cash equivalents	(9,495)	136,906	1,145,816	1,273,227
Cash and cash equivalents, beginning of year	188,760	503,722	3,038,910	3,731,392
Cash and cash equivalents, end of year	\$ 179,265	\$ 640,628	\$ 4,184,726	\$ 5,004,619
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and investments	\$ 179,265	\$ 640,628	\$ 16,485,744	\$ 17,305,637
Less investments not maturing in less than three month:			12,301,018	12,301,018
Total cash and cash equivalents	\$ 179,265	\$ 640,628	\$ 4,184,726	\$ 5,004,619
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>				
Operating income/loss	\$ (11,080)	\$ 40,493	\$ 855,058	\$ 884,471
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities				
Changes in assets and liabilities				
Increase/decrease in accounts receivable		75,008	225,984	300,992
Increase/decrease in accounts payable	113	15,054	47,135	62,302
Total adjustments	113	90,062	273,119	363,294
Net cash provided by/used for operating activities	\$ (10,967)	\$ 130,555	\$ 1,128,177	\$ 1,247,765

AGENCY FUNDS

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

Employee Insurance - to account for voluntary deductions and employee payroll checks temporarily held by the District as an agent.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 1,724,353	\$ 18,852,330	\$ 20,576,683
Total assets	\$ 1,724,353	\$ 18,852,330	\$ 20,576,683
 <u>LIABILITIES</u>			
Accounts payable	\$ 44,244	\$	\$ 44,244
Deposits held for others		18,852,330	18,852,330
Due to student groups	1,680,109		1,680,109
Total liabilities	\$ 1,724,353	\$ 18,852,330	\$ 20,576,683

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 1,634,762	\$ 2,016,568	\$ 1,926,977	\$ 1,724,353
Total assets	\$ 1,634,762	\$ 2,016,568	\$ 1,926,977	\$ 1,724,353
<u>Liabilities</u>				
Accounts payable	\$ 5,438	\$ 38,806	\$	\$ 44,244
Due to student groups	1,629,324	1,977,762	1,926,977	1,680,109
Total liabilities	\$ 1,634,762	\$ 2,016,568	\$ 1,926,977	\$ 1,724,353
 <u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 16,678,642	\$ 22,338,284	\$ 20,164,596	\$ 18,852,330
Total assets	\$ 16,678,642	\$ 22,338,284	\$ 20,164,596	\$ 18,852,330
<u>Liabilities</u>				
Deposits held for others	\$ 16,678,642	\$ 22,338,284	\$ 20,164,596	\$ 18,852,330
Total liabilities	\$ 16,678,642	\$ 22,338,284	\$ 20,164,596	\$ 18,852,330
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 18,313,404	\$ 24,354,852	\$ 22,091,573	\$ 20,576,683
Total assets	\$ 18,313,404	\$ 24,354,852	\$ 22,091,573	\$ 20,576,683
<u>Liabilities</u>				
Accounts payable	\$ 5,438	\$ 38,806	\$	\$ 44,244
Deposits held for others	16,678,642	22,338,284	20,164,596	18,852,330
Due to student groups	1,629,324	1,977,762	1,926,977	1,680,109
Total liabilities	\$ 18,313,404	\$ 24,354,852	\$ 22,091,573	\$ 20,576,683

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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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 200,147,334	\$ 185,095,984	\$ 197,944,820	\$ 195,006,815	\$ 192,343,223
Restricted	39,392,475	47,244,196	34,030,712	33,068,218	26,778,930
Unrestricted	<u>(90,052,804)</u>	<u>(115,306,113)</u>	<u>(136,001,313)</u>	<u>(145,194,347)</u>	<u>63,559,012</u>
Total net position	<u><u>\$ 149,487,005</u></u>	<u><u>\$ 117,034,067</u></u>	<u><u>\$ 95,974,219</u></u>	<u><u>\$ 82,880,686</u></u>	<u><u>\$ 282,681,165</u></u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position:					
Net investment in capital assets	\$ 185,819,660	\$ 171,205,695	\$ 132,040,763	\$ 119,641,050	\$ 91,163,244
Restricted	21,654,982	38,009,432	34,824,511	21,350,236	18,163,103
Unrestricted	<u>63,412,299</u>	<u>49,733,138</u>	<u>98,132,924</u>	<u>85,910,876</u>	<u>78,132,576</u>
Total net position	<u><u>\$ 270,886,941</u></u>	<u><u>\$ 258,948,265</u></u>	<u><u>\$ 264,998,198</u></u>	<u><u>\$ 226,902,162</u></u>	<u><u>\$ 187,458,923</u></u>

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 109,056,406	\$ 114,725,348	\$ 109,188,667	\$ 117,541,974	\$ 125,817,758
Support services - students and staff	23,410,915	23,957,599	25,098,967	25,599,028	21,387,477
Support services - administration	18,747,241	16,718,363	15,709,948	15,332,132	16,360,490
Operation and maintenance of plant services	26,256,972	24,672,485	25,141,793	24,099,572	24,043,217
Student transportation services	9,508,767	8,610,273	9,149,102	10,208,578	10,812,339
Operation of non-instructional services	12,933,229	14,015,044	13,583,555	12,657,613	13,437,529
Interest on long-term debt	11,747,055	11,199,596	11,449,356	12,745,183	13,853,807
Total expenses	<u>211,660,585</u>	<u>213,898,708</u>	<u>209,321,388</u>	<u>218,184,080</u>	<u>225,712,617</u>
Program Revenues					
Charges for services:					
Instruction	4,760,850	4,225,553	4,491,538	7,082,919	7,601,228
Operation of non-instructional services	10,698,997	12,116,940	11,284,312	10,293,195	10,216,320
Other activities	1,844,729	2,387,873	3,524,872	2,305,074	1,117,379
Operating grants and contributions	23,335,702	19,060,061	21,841,876	18,437,093	17,700,029
Capital grants and contributions	1,072,584	239,802	606,750	455,734	482,642
Total program revenues	<u>41,712,862</u>	<u>38,030,229</u>	<u>41,749,348</u>	<u>38,574,015</u>	<u>37,117,598</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Instruction	\$ 131,532,492	\$ 145,322,440	\$ 133,239,099	\$ 147,449,327	\$ 150,232,317
Support services - students and staff	20,600,353	23,705,530	23,699,221	23,564,220	30,423,170
Support services - administration	18,881,552	19,752,995	17,478,195	17,511,969	18,696,791
Operation and maintenance of plant services	20,336,972	23,521,103	24,948,100	23,374,438	19,134,847
Student transportation services	10,525,225	12,543,222	11,353,011	12,897,691	12,352,644
Operation of non-instructional services	14,585,168	15,497,702	13,267,755	14,916,136	14,187,121
Interest on long-term debt	16,005,484	11,911,009	14,928,071	15,545,637	15,314,478
Total expenses	<u>232,467,246</u>	<u>252,254,001</u>	<u>238,913,452</u>	<u>255,259,418</u>	<u>260,341,368</u>
Program Revenues					
Charges for services:					
Instruction	8,214,022	11,142,937	8,416,951	7,450,076	4,397,975
Operation of non-instructional services	10,238,797	7,021,439	9,985,150	11,105,694	11,458,984
Other activities	1,111,312	965,113	39,608	1,166,976	247,509
Operating grants and contributions	18,459,174	17,597,115	21,362,077	18,447,066	20,397,423
Capital grants and contributions	1,134,264	741,507	998,268	715,787	373,869
Total program revenues	<u>39,157,569</u>	<u>37,468,111</u>	<u>40,802,054</u>	<u>38,885,599</u>	<u>36,875,760</u>

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

(Concluded)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (169,947,723)	\$ (175,868,479)	\$ (167,572,040)	\$ (179,610,065)	\$ (188,595,019)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	131,293,105	127,280,942	111,673,823	118,007,744	120,551,271
Property taxes, levied for debt service	21,830,490	29,192,275	28,451,762	28,540,922	29,736,719
Property taxes, levied for capital outlay	8,187,986	2,373,275	3,059,965	10,091,054	16,979,642
Investment income	1,566,478	574,560	732,065	404,459	493,122
Unrestricted state aid	38,140,470	36,282,702	35,297,650	35,007,040	34,191,280
Unrestricted federal aid	1,352,372	1,224,573	1,450,308	1,300,326	667,006
Total general revenues	<u>202,370,901</u>	<u>196,928,327</u>	<u>180,665,573</u>	<u>193,351,545</u>	<u>202,619,040</u>
Changes in Net Position	<u>\$ 32,423,178</u>	<u>\$ 21,059,848</u>	<u>\$ 13,093,533</u>	<u>\$ 13,741,480</u>	<u>\$ 14,024,021</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense)/Revenue	\$ (193,309,677)	\$ (214,785,890)	\$ (198,111,398)	\$ (216,373,819)	\$ (223,465,608)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	129,017,671	127,589,580	124,543,508	135,372,331	138,501,230
Property taxes, levied for debt service	33,018,404	35,177,583	58,885,879	69,711,445	50,257,693
Property taxes, levied for capital outlay	9,476,376	11,078,942	15,037,946	16,272,119	17,859,641
Investment income	530,349	599,421	1,283,196	1,202,937	2,717,214
Unrestricted county aid				229,750	
Unrestricted state aid	32,456,652	33,672,103	35,244,246	28,969,013	36,383,561
Unrestricted federal aid	748,901	618,328	1,212,659	4,059,463	
Total general revenues	<u>205,248,353</u>	<u>208,735,957</u>	<u>236,207,434</u>	<u>255,817,058</u>	<u>245,719,339</u>
Changes in Net Position	<u>\$ 11,938,676</u>	<u>\$ (6,049,933)</u>	<u>\$ 38,096,036</u>	<u>\$ 39,443,239</u>	<u>\$ 22,253,731</u>

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

Notes: The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2007-08 through 2008-09.

(Concluded)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nonspendable	\$	\$ 2,153,417	\$ 2,206,022	\$ 86,878	\$ 25,774
Restricted		856,913	722,228	555,684	459,656
Unassigned	44,535,635	24,257,608	17,636,814	15,550,600	14,984,466
Total General Fund	<u>\$ 44,535,635</u>	<u>\$ 27,267,938</u>	<u>\$ 20,565,064</u>	<u>\$ 16,193,162</u>	<u>\$ 15,469,896</u>
All Other Governmental Funds:					
Nonspendable	\$ 148,554	\$ 132,688	\$ 218,936	\$ 196,020	\$ 186,147
Restricted	89,664,704	84,040,300	29,835,903	31,030,425	27,216,620
Unassigned	(1,384,638)		(8,100)	(34,833)	(45,894)
Total all other governmental funds	<u>\$ 88,428,620</u>	<u>\$ 84,172,988</u>	<u>\$ 30,046,739</u>	<u>\$ 31,191,612</u>	<u>\$ 27,356,873</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 1,601,786	\$ 39,353	\$ 15,100,900	\$	\$
Unassigned	10,678,050	14,121,100	16,281,917		
Reserved				13,670,922	2,520,492
Unreserved				3,907,668	7,164,705
Total General Fund	<u>\$ 12,691,009</u>	<u>\$ 14,160,453</u>	<u>\$ 31,382,817</u>	<u>\$ 17,578,590</u>	<u>\$ 9,685,197</u>
All Other Governmental Funds:					
Nonspendable	\$ 171,918	\$ 230,174	\$ 168,596	\$	\$
Restricted	26,091,264	72,266,270	78,755,539		
Unassigned	(49,051)	(265,064)	(1,319,162)		
Reserved				194,383	1,319,395
Unreserved, reported in:					
Special revenue funds				13,707,372	20,986,930
Capital projects funds				10,023,791	12,781,771
Debt service fund				8,444,949	3,732,794
Total all other governmental funds	<u>\$ 26,214,131</u>	<u>\$ 72,231,380</u>	<u>\$ 77,604,973</u>	<u>\$ 32,370,495</u>	<u>\$ 38,820,890</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)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 15,205,346	\$ 13,946,836	\$ 13,200,035	\$ 13,335,049	\$ 12,844,506
National School Lunch Program	4,725,622	4,532,738	4,523,402	4,219,458	4,229,244
Total federal sources	<u>19,930,968</u>	<u>18,479,574</u>	<u>17,723,437</u>	<u>17,554,507</u>	<u>17,073,750</u>
State sources:					
State equalization assistance	26,360,969	25,651,137	23,640,801	24,598,190	24,021,433
State grants	2,126,238	121,881	148,868	89,285	132,901
School Facilities Board	186,044	184,934	423,506	820,397	84,509
Other revenues	11,593,457	10,446,631	11,233,343	9,588,453	10,169,847
Total state sources	<u>40,266,708</u>	<u>36,404,583</u>	<u>35,446,518</u>	<u>35,096,325</u>	<u>34,408,690</u>
Local sources:					
Property taxes	161,593,653	158,319,968	151,538,134	156,732,246	167,395,323
Food service sales	4,600,324	4,570,267	4,665,826	4,344,038	4,583,563
Investment income	1,506,837	526,224	346,431	231,665	210,236
Other revenues	16,751,786	17,459,861	17,218,897	16,550,558	15,846,567
Total local sources	<u>184,452,600</u>	<u>180,876,320</u>	<u>173,769,288</u>	<u>177,858,507</u>	<u>188,035,689</u>
Total revenues	<u><u>\$ 244,650,276</u></u>	<u><u>\$ 235,760,477</u></u>	<u><u>\$ 226,939,243</u></u>	<u><u>\$ 230,509,339</u></u>	<u><u>\$ 239,518,129</u></u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal sources:					
Federal grants	\$ 15,938,257	\$ 14,017,649	\$ 13,460,104	\$ 15,437,856	\$ 11,763,005
State Fiscal Stabilization (ARRA)			317,354	4,059,463	
Education Jobs			5,023,508		
National School Lunch Program	4,296,561	4,263,960	4,370,328	4,077,528	3,109,392
Total federal sources	<u>20,234,818</u>	<u>18,281,609</u>	<u>23,171,294</u>	<u>23,574,847</u>	<u>14,872,397</u>
State sources:					
State equalization assistance	24,256,964	25,977,703	28,752,581	21,210,753	28,018,928
State grants	273,037	540,605	467,142	416,900	1,720,544
School Facilities Board					
Other revenues	8,104,875	7,694,400	7,451,345	6,798,580	8,802,149
Total state sources	<u>32,634,876</u>	<u>34,212,708</u>	<u>36,671,068</u>	<u>28,426,233</u>	<u>38,541,621</u>
Local sources:					
Property taxes	169,277,911	172,517,119	200,710,698	212,292,088	198,914,373
County aid				229,750	
Food service sales	4,557,054	5,300,664	5,236,956	5,953,610	6,743,401
Investment income	301,051	278,734	1,004,963	772,592	2,165,185
Other revenues	15,007,077	13,828,760	13,204,753	13,769,136	13,025,569
Total local sources	<u>189,143,093</u>	<u>191,925,277</u>	<u>220,157,370</u>	<u>233,017,176</u>	<u>220,848,528</u>
Total revenues	<u><u>\$ 242,012,787</u></u>	<u><u>\$ 244,419,594</u></u>	<u><u>\$ 279,999,732</u></u>	<u><u>\$ 285,018,256</u></u>	<u><u>\$ 274,262,546</u></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 2007-08 through 2008-09.

(Concluded)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 91,143,801	\$ 96,656,781	\$ 94,081,688	\$ 94,441,929	\$ 101,379,242
Support services - students and staff	24,775,840	25,183,090	26,100,469	25,795,471	20,455,887
Support services - administration	17,076,219	18,406,546	16,440,773	15,081,500	16,017,580
Operation and maintenance of plant services	24,723,888	25,205,052	26,253,354	24,019,553	22,147,180
Student transportation services	7,045,142	7,634,586	8,148,491	8,259,803	8,379,493
Operation of non-instructional services	13,059,082	14,236,998	13,992,011	12,719,706	13,215,555
Capital outlay	60,062,523	13,956,840	10,297,860	11,472,270	13,834,099
Debt service -					
Interest, premium and fiscal charges	13,226,934	11,309,720	11,730,035	13,025,861	14,134,485
Principal retirement	20,884,510	23,236,023	21,118,256	21,206,218	24,471,196
Payment to refunded bond escrow agent					
Bond issuance costs	669,590	310,586	243,100		
Total expenditures	<u>\$ 272,667,529</u>	<u>\$ 236,136,222</u>	<u>\$ 228,406,037</u>	<u>\$ 226,022,311</u>	<u>\$ 234,034,717</u>
Expenditures for capitalized assets	\$ 49,372,784	\$ 9,280,224	\$ 3,919,439	\$ 3,962,060	\$ 6,003,112
Debt service as a percentage of noncapital expenditures	15%	15%	15%	15%	17%

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
Instruction	\$ 108,304,313	\$ 109,461,502	\$ 110,093,348	\$ 122,750,360	\$ 127,153,635
Support services - students and staff	20,278,372	20,375,974	22,167,880	22,795,238	29,827,558
Support services - administration	18,045,680	17,050,586	16,606,333	17,027,190	17,573,126
Operation and maintenance of plant services	21,445,449	21,444,896	24,192,366	23,245,880	18,574,493
Student transportation services	8,781,133	9,262,637	9,019,241	9,147,622	8,781,402
Operation of non-instructional services	14,244,468	14,123,546	13,842,184	14,466,608	13,811,574
Capital outlay	54,158,684	107,919,368	28,711,644	25,897,304	28,265,833
Debt service -					
Interest, premium and fiscal charges	16,005,484	14,486,720	13,026,538	15,545,637	15,314,478
Principal retirement	29,740,074	26,885,889	47,910,137	51,876,240	42,208,349
Payment to refunded bond escrow agent			2,085,933		
Bond issuance costs		369,500	796,980		
Total expenditures	<u>\$ 291,003,657</u>	<u>\$ 341,380,618</u>	<u>\$ 288,452,584</u>	<u>\$ 302,752,079</u>	<u>\$ 301,510,448</u>
 Expenditures for capitalized assets	 \$ 44,650,197	 \$ 94,858,506	 \$ 14,584,385	 \$ 8,322,513	 \$ 15,287,498
 Debt service as a percentage of noncapital expenditures	 19%	 17%	 23%	 23%	 20%

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

(Concluded)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ (28,017,253)	\$ (375,745)	\$ (1,466,794)	\$ 4,487,028	\$ 5,483,412
Other financing sources (uses):					
Proceeds from sale of capital assets	27,053				
General obligation bonds issued		39,635,000			
Refunding bonds issued			28,050,000		
Premium on sale of bonds	16,786,411	6,150,446	1,122,540		
Capital lease agreements		15,558,275			
Transfers in	6,878,267	4,329,327	4,076,854	3,844,475	10,016,556
Transfers out	(6,878,267)	(4,349,327)	(4,076,854)	(3,844,475)	(10,016,556)
Payment to refunded bond escrow agent	(54,960,331)		(28,639,830)		
Issuance of school improvements bonds	42,745,000				
Issuance of refunding bonds	47,080,000				
Total other financing sources (uses)	<u>51,678,133</u>	<u>61,323,721</u>	<u>2,551,763</u>		
Changes in fund balances	<u>\$ 23,660,880</u>	<u>\$ 60,947,976</u>	<u>\$ 1,084,969</u>	<u>\$ 4,487,028</u>	<u>\$ 5,483,412</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ (48,990,870)	\$ (96,961,024)	\$ (8,452,852)	\$ (17,733,823)	\$ (27,247,902)
Other financing sources (uses):					
General obligation bonds issued		59,000,000	59,000,000		
Refunding bonds issued			31,000,000		
Premium on sale of bonds		2,991,292	2,154,160		
Capital lease agreements		27,373,744	6,593,460	9,151,403	1,007,861
Transfers in	4,686,377	4,597,473	2,075,111	6,409,941	3,441,638
Transfers out	(4,686,377)	(4,597,473)	(2,075,111)	(6,409,941)	(3,441,638)
Payment to refunded bond escrow agent			(32,172,780)		
Total other financing sources (uses)		<u>89,365,036</u>	<u>66,574,840</u>	<u>9,151,403</u>	<u>1,007,861</u>
Changes in fund balances	<u>\$ (48,990,870)</u>	<u>\$ (7,595,988)</u>	<u>\$ 58,121,988</u>	<u>\$ (8,582,420)</u>	<u>\$ (26,240,041)</u>

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 1,022,425,765	\$ 983,200,972	\$ 972,696,552	\$ 990,499,452	\$ 1,024,532,175
Agricultural and Vacant	136,672,073	129,084,361	139,211,449	140,688,195	148,742,499
Residential (Owner Occupied)	2,720,008,880	2,587,628,373	2,501,359,331	2,446,660,111	2,423,307,221
Residential (Rental)	1,117,746,555	1,039,863,452	906,403,894	779,123,703	588,050,363
Historical Property	1,200,567	1,144,681	1,087,411	849,921	809,815
Certain Government Property Improvements	42,018	74,307	70,768	67,399	68,646
Total	\$ 4,998,095,858	\$ 4,740,996,146	\$ 4,520,829,405	\$ 4,357,888,781	\$ 4,185,510,719
Gross Full Cash Value	\$ 59,191,385,923	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	9%	10%	11%
Total Direct Rate	3.97	3.86	3.84	4.11	4.58

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 1,169,459,743	\$ 1,303,736,413	\$ 1,581,451,109	\$ 1,525,654,452	\$ 1,427,529,828
Agricultural and Vacant	167,914,822	218,927,564	280,602,532	291,448,753	247,668,199
Residential (Owner Occupied)	2,734,490,682	3,051,154,820	3,650,775,515	3,730,397,341	3,326,212,237
Residential (Rental)	326,706,771	364,010,143	419,053,354	400,675,506	359,324,304
Historical Property	812,610	541,040	436,781	496,451	1,577,460
Total	\$ 4,399,463,209	\$ 4,938,420,218	\$ 5,932,319,291	\$ 5,948,672,503	\$ 5,362,312,028
Gross Full Cash Value	\$ 40,960,626,918	\$ 45,973,224,668	\$ 57,348,835,479	\$ 65,521,183,653	\$ 65,628,952,152
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	10%	9%	8%
Total Direct Rate	4.43	4.00	3.75	3.78	3.89

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 requirements and other voter-approved overrides.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 1,290,333,619	\$ 1,143,780,546	\$ 1,048,494,743	\$ 1,002,917,989	\$ 1,028,997,896
Agricultural and Vacant	207,424,819	180,917,658	177,452,588	159,863,729	152,661,736
Residential (Owner Occupied)	3,180,784,049	3,026,658,003	2,944,151,295	2,550,276,824	2,427,195,332
Residential (Rental)	1,408,905,237	1,288,017,388	1,109,586,552	842,264,959	596,144,005
Historical Property	1,657,055	1,497,862	1,392,146	928,541	851,441
Certain Government Property Improvements	95,055	81,443	72,225	67,399	68,646
Total	\$ 6,089,199,834	\$ 5,640,952,900	\$ 5,281,149,549	\$ 4,556,319,441	\$ 4,205,919,056
Gross Full Cash Value	\$ 59,191,385,923	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	11%
Estimated Net Full Cash Value	\$ 52,987,393,741	49,391,906,908	45,981,463,434	39,038,479,809	35,392,685,330
Total Direct Rate	3.97	3.86	3.84	4.11	4.58

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 1,171,611,166	\$ 1,310,074,799	\$ 1,819,016,886	\$ 1,916,938,893	\$ 1,715,892,138
Agricultural and Vacant	170,198,253	227,044,993	342,770,214	435,895,590	400,386,649
Residential (Owner Occupied)	2,737,541,354	3,057,814,095	3,715,887,079	4,354,159,135	4,556,663,940
Residential (Rental)	327,329,732	364,685,348	441,222,136	494,065,266	484,830,683
Historical Property	813,028	541,040	458,123	620,721	2,009,774
Total	\$ 4,407,572,114	\$ 4,960,210,513	\$ 6,319,354,438	\$ 7,201,679,605	\$ 7,159,783,184
Gross Full Cash Value	\$ 40,960,626,918	\$ 45,973,224,668	\$ 57,348,835,479	\$ 65,521,183,653	\$ 65,628,952,152
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	\$ 36,472,077,657	40,993,984,337	50,946,527,151	58,205,983,010	58,667,651,938
Total Direct Rate	4.43	4.00	3.75	3.78	3.89

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
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	15	17	18	20

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates									District Direct Rates		
	State	County	Community College District	Community Facilities Districts	City of Scottsdale	City of Phoenix	City of Tempe	EVIT	Primary	Secondary	Total	
	Equalization											
2018	0.49	1.40	1.20	0.38	1.08	2.16	2.49	0.05	3.08	0.89	3.97	
2017	0.50	1.40	1.24	1.35	1.13	2.17	2.53	0.05	2.86	1.00	3.86	
2016	0.51	1.36	1.49	0.82	1.15	1.82	2.52	0.05	2.83	1.00	3.84	
2015	0.51	1.32	1.52	0.76	1.24	1.82	2.44	0.05	3.11	1.00	4.11	
2014	0.51	1.28	1.53	0.76	1.29	1.82	2.49	0.05	3.35	1.22	4.58	
2013	0.47	1.24	1.38	1.30	1.23	1.82	2.14	0.05	3.09	1.34	4.43	
2012	0.43	1.24	1.21	0.78	1.09	1.82	1.79	0.05	2.75	1.25	4.00	
2011	0.36	1.05	0.97	0.66	0.90	1.82	1.40	0.05	2.40	1.35	3.75	
2010	0.33	0.99	0.88	0.52	0.74	1.82	1.40	0.05	2.44	1.34	3.78	
2009		1.03	0.94	0.54	0.79	1.82	1.40	0.05	2.82	1.07	3.89	

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

Notes: 1) There was no state equalization tax rate overlap prior to 2010.

2) The Community Facilities District's rates represent a weighted average of the combined tax rates of all five community facilities districts located inside the District.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2018</u>		<u>2009</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>
Arizona Public Service Company	\$ 47,171,036	0.94 %	\$ 76,609,680	1.07 %
Scottsdale Fashion Square LLC/Etal	24,493,479	0.49		
Host Camelback	22,290,669	0.45		
Gainey Drive Associates	14,709,265	0.29	35,798,916	0.50
Portales Corporation Center LLC	13,641,940	0.27		
Scottsdale Fashion Square LLC	13,020,609	0.26	89,497,290	1.25
Qwest Corporation	12,716,747	0.25	53,698,374	0.75
Stockdale Galleria Project Owner LLC	10,874,188	0.22		
Omn Montelucia, LLC	10,738,577	0.21		
Optima Sonoran Village, LLC	10,357,339	0.21		
MLH Investors Corporation Lease			60,858,157	0.85
DC Ranch LLC			56,562,287	0.79
Gainey Ranch Financial Ltd Partnership			35,082,938	0.49
Nationwide Realty Investors Ltd			34,366,959	0.48
Scottsdale Acquisition LLC			33,650,981	0.47
Blackwell Robert et.al.			27,923,154	0.39
Total	<u><u>\$ 180,013,849</u></u>	<u><u>3.59</u></u>	<u><u>\$ 504,048,736</u></u>	<u><u>7.04 %</u></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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
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
2018	\$ 187,082,999	\$ 176,777,893	94.49 %	\$	\$ 176,777,893	94.49 %
2017	183,177,675	172,416,394	94.13	10,705,902	183,122,296	99.97
2016	174,672,995	171,784,675	98.35	2,846,113	174,630,788	99.98
2015	180,985,544	170,131,504	94.00	10,834,069	180,965,573	99.99
2014	191,253,984	180,236,461	94.24	11,005,154	191,241,615	99.99
2013	194,571,811	182,955,919	94.03	11,609,749	194,565,668	100.00
2012	197,438,367	185,889,225	94.15	9,258,965	195,148,190	98.84
2011	227,752,165	217,680,125	95.58	10,059,718	227,739,843	99.99
2010	242,359,809	220,594,794	91.02	12,760,916	233,355,710	96.28
2009	227,393,423	212,062,159	93.26	12,966,551	225,028,710	98.96

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
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	
2018	\$283,098,204	\$ 2,969,923	\$ 280,128,281	0.47 %	\$ 997	\$ 36,444,935	\$319,543,139	0.54 %	\$ 1,137	N/A %	
2017	252,171,253	6,516,362	245,654,891	0.45	874	39,478,195	291,649,448	0.53	1,038	0.16	
2016	225,533,675	5,972,699	219,560,976	0.43	781	26,079,693	251,613,368	0.49	895	0.14	
2015	243,725,829	4,556,953	239,168,876	0.55	852	28,466,699	272,192,528	0.63	970	0.16	
2014	262,078,750	4,340,944	257,737,806	0.65	920	30,871,667	292,950,417	0.74	1,046	0.20	
2013	287,045,000	7,266,459	279,778,541	0.68	985	33,226,613	320,271,613	0.78	1,128	0.22	
2012	311,050,000	11,064,863	299,985,137	0.65	1,057	38,000,437	349,050,437	0.76	1,229	0.24	
2011	252,550,000	8,442,094	244,107,906	0.43	858	13,007,582	265,557,582	0.46	934	0.19	
2010	271,585,000	31,955,000	239,630,000	0.37	911	8,244,259	279,829,259	0.43	1,064	0.19	
2009	321,805,000	32,990,000	288,815,000	0.44	1,097	1,784,096	323,589,096	0.49	1,229	0.23	

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

<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	\$ 445,570,000	13.08 %	\$ 58,280,556
Maricopa County Special Health Care District	112,000,000	13.08	14,649,600
DC Ranch Communities Facilities District	10,740,000	100.00	10,740,000
McDowell Mountain Ranch Community Facilities District	6,195,000	100.00	6,195,000
Scottsdale Mountain Community Facilities District	160,000	100.00	160,000
Via Linda Road Community Facilities District	1,175,000	50.29	590,908
Waterfront Community Facilities District	3,085,000	100.00	3,085,000
City of Scottsdale	573,295,000	61.65	353,436,368
City of Phoenix	1,201,405,000	5.87	70,522,474
City of Tempe	178,555,000	0.77	1,374,874
Subtotal, Overlapping Debt			<u>519,034,780</u>
Direct:			
Scottsdale Unified School District No. 48			<u>319,543,139</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 838,577,919</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.54 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,826	
As a Percentage of Net Limited Assessed Valuation		13.06 %
As a Percentage of Gross Full Cash Value		1.34 %

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2018:

Net full cash assessed valuation	\$ 6,089,199,834
Debt limit (20% of assessed value)	1,217,839,967
Debt applicable to limit	<u>276,353,750</u>
Legal debt margin	<u><u>\$ 941,486,217</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2018:

Net full cash assessed valuation	\$ 6,089,199,834
Debt limit (30% of assessed value)	1,826,759,950
Debt applicable to limit	<u>276,353,750</u>
Legal debt margin	<u><u>\$ 1,550,406,200</u></u>

Fiscal Year Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 1,826,759,950	\$ 1,692,285,870	\$ 1,056,229,910	\$ 1,366,895,832	\$ 1,261,775,717
Total net debt applicable to limit	<u>276,353,750</u>	<u>247,430,000</u>	<u>225,533,675</u>	<u>243,725,829</u>	<u>262,078,750</u>
Legal debt margin	<u><u>\$ 1,550,406,200</u></u>	<u><u>\$ 1,444,855,870</u></u>	<u><u>\$ 830,696,235</u></u>	<u><u>\$ 1,123,170,003</u></u>	<u><u>\$ 999,696,967</u></u>

Total net debt applicable to the limit as a percentage of debt limit	15%	15%	21%	18%	21%
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	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 1,322,271,634	\$ 1,488,063,154	\$ 1,895,806,331	\$ 2,160,503,882	\$ 2,147,934,955
Total net debt applicable to limit	<u>287,045,000</u>	<u>311,050,000</u>	<u>252,550,000</u>	<u>271,585,000</u>	<u>321,805,000</u>
Legal debt margin	<u><u>\$ 1,035,226,634</u></u>	<u><u>\$ 1,177,013,154</u></u>	<u><u>\$ 1,643,256,331</u></u>	<u><u>\$ 1,888,918,882</u></u>	<u><u>\$ 1,826,129,955</u></u>

Total net debt applicable to the limit as a percentage of debt limit	22%	21%	13%	13%	15%
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Source: The source of this information is the District's financial records.

- Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST 10 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>
2017	4,221,684	\$ N/A	\$ N/A	4.4 %	281,500
2016	4,137,076	185,111,698	43,628	4.5	281,000
2015	4,087,191	175,437,829	42,092	5.5	281,200
2014	4,008,651	168,483,421	41,222	5.1	280,750
2013	4,009,412	147,700,000	27,552	6.2	280,000
2012	3,824,058	147,374,500	38,238	9.1	283,918
2011	3,843,370	142,864,275	37,352	8.4	283,918
2010	4,023,331	142,091,618	35,319	9.1	284,440
2009	3,862,036	147,122,078	37,168	8.7	263,061
2008	3,987,942	139,665,253	36,135	4.9	263,192

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 2008 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, the source of the information is the Arizona Office of Employment and Population Statistics.

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

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2018</u>		<u>2009</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	11,780	0.64
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	11,533	0.63
Dignity Health	12,100	0.64		
University of Arizona	11,440	0.60		
U.S. Postal Service			11,700	0.64
Honeywell			10,700	0.58
Total	<u>220,870</u>	<u>11.61 %</u>	<u>157,058</u>	<u>9.76 %</u>
Total employment	<u>1,902,687</u>		<u>1,838,500</u>	

Sources: The source of this county-wide information is the Business Journal Book of Lists.
The source of the "Total employment" for 2018 is the U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Consultants/supervisors of instruction	16	15	15	15	15
Principals	30	30	29	29	30
Assistant principals	39	42	36	36	36
Total supervisory	<u>85</u>	<u>87</u>	<u>80</u>	<u>80</u>	<u>81</u>
Instruction					
Teachers	1,276	1,299	1,213	1,256	1,308
Other professionals (instructional)	42	45	47	48	51
Aides	341	294	306	353	368
Total instruction	<u>1,659</u>	<u>1,638</u>	<u>1,566</u>	<u>1,657</u>	<u>1,727</u>
Student Services					
Librarians	9	30	29	29	28
Technicians	54	59	60	60	60
Total student services	<u>63</u>	<u>89</u>	<u>89</u>	<u>89</u>	<u>88</u>
Support and Administration					
Service Workers	441	414	431	440	442
Other Laborers	316	334	386	384	402
Total support and administration	<u>757</u>	<u>748</u>	<u>817</u>	<u>824</u>	<u>844</u>
Total	<u><u>2,564</u></u>	<u><u>2,562</u></u>	<u><u>2,552</u></u>	<u><u>2,650</u></u>	<u><u>2,740</u></u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Supervisory					
Consultants/supervisors of instruction	18	14	15	14	18
Principals	30	30	29	31	31
Assistant principals	36	43	38	38	45
Total supervisory	<u>84</u>	<u>87</u>	<u>82</u>	<u>83</u>	<u>94</u>
Instruction					
Teachers	1,443	1,437	1,402	1,480	1,590
Other professionals (instructional)		193	118	113	112
Aides	329	305	353	317	314
Total instruction	<u>1,772</u>	<u>1,935</u>	<u>1,873</u>	<u>1,910</u>	<u>2,016</u>
Student Services					
Librarians	13	2	9	11	11
Technicians	22	43	27	28	28
Total student services	<u>35</u>	<u>45</u>	<u>36</u>	<u>39</u>	<u>39</u>
Support and Administration					
Service Workers	342	524	447	569	613
Other Laborers	708	341	353	255	250
Total support and administration	<u>1,050</u>	<u>865</u>	<u>800</u>	<u>824</u>	<u>863</u>
Total	<u><u>2,941</u></u>	<u><u>2,932</u></u>	<u><u>2,791</u></u>	<u><u>2,856</u></u>	<u><u>3,012</u></u>

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

(Concluded)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
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
2018	22,155	\$ 177,823,972	\$ 8,026	(3.58) %	\$ 211,660,585	\$ 9,554	0.51 %	1,659	13.4	24.7 %
2017	22,502	187,323,053	8,325	2.06	213,898,708	9,506	3.01	1,638	13.7	26.7
2016	22,684	185,016,786	8,156	3.22	209,321,388	9,228	(3.49)	1,566	14.5	26.8
2015	22,820	180,317,962	7,902	3.40	218,184,080	9,561	0.65	1,657	13.8	27.5
2014	23,762	181,594,937	7,642	(3.29)	225,712,617	9,499	(1.18)	1,727	13.8	31.0
2013	24,184	191,099,415	7,902	0.58	232,467,246	9,612	(7.01)	1,772	13.6	27.9
2012	24,402	191,719,141	7,857	(0.54)	252,254,001	10,337	7.31	1,935	12.6	26.3
2011	24,802	195,921,352	7,899	(4.08)	238,913,452	9,633	(4.03)	1,873	13.2	25.7
2010	25,432	209,432,898	8,235	(2.11)	255,259,418	10,037	(1.14)	1,910	13.3	24.7
2009	25,642	215,721,788	8,413	2.10	260,341,368	10,153	1.40	2,016	12.7	22.1

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2018</u>	<u>2017</u>	<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>Schools</u>										
Elementary										
Buildings	154	163	163	163	163	163	163	166	166	166
Square feet	1,383,237	1,427,918	1,427,918	1,427,918	1,427,918	1,427,918	1,427,918	1,399,949	1,399,949	1,399,949
Capacity	14,692	15,336	15,336	15,336	15,336	15,336	15,336	15,336	15,336	15,336
Enrollment	9,241	11,845	11,845	11,845	11,845	11,845	11,707	12,816	13,694	13,727
Middle										
Buildings	62	62	62	62	62	62	62	78	78	78
Square feet	960,988	960,988	960,988	960,988	960,988	960,988	852,118	859,360	859,360	859,360
Capacity	9,608	9,608	9,608	9,608	9,608	9,608	8,592	8,592	8,592	8,592
Enrollment	5,336	5,813	5,813	5,813	5,813	5,813	4,277	4,349	4,566	4,640
High										
Buildings	48	48	48	48	48	48	48	48	48	48
Square feet	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392
Capacity	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784
Enrollment	8,202	8,551	8,551	8,551	8,551	8,551	8,731	8,724	8,724	8,510
Other										
Buildings	4	4	4	4	4	4	4	4	4	4
Square feet	33,998	33,998	33,998	33,998	33,998	33,998	33,998	33,998	33,998	33,998
Capacity	250	250	250	250	250	250	250	250	250	250
Enrollment	52	59	59	59	59	59	59	82	98	115
<u>Administrative</u>										
Buildings	5	5	5	4	4	4	4	3	3	3
Square feet	49,760	49,760	49,760	36,651	36,651	36,651	36,651	35,000	35,000	35,000
<u>Transportation</u>										
Garages	2	2	2	2	2	2	2	2	2	2
Buses	217	226	226	226	226	226	218	211	202	202
<u>Athletics</u>										
Football fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	7	7	7	7	7	7	7	7	7	7
Running tracks	5	5	5	5	5	5	5	5	5	5
Baseball/softball	62	62	62	62	62	62	62	63	63	63
Playgrounds	67	67	67	67	67	67	67	67	22	22

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