
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



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, 2016**

Issued by:
Finance Department

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

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INTRODUCTORY SECTION

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Education Center
3811 North 44th Street
Phoenix, Arizona 85018-5420

Web site: www.susd.org

December 12, 2016

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, 2016.

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

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

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade twelve. Enrollment has been relatively flat in the past four years and is expected to remain steady.

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 281,200.

The District has 31 schools on 30 sites with a 2015-16 average daily membership of 22,684, a decrease of one percent from the previous school year. Over 3,300 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 2011 estimated population of 283,918, an increase of 118 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 Scottsdale Memorial Health systems 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 2,000 businesses thirty-five of which are corporate headquarters like GoDaddy.com, Henkel Corporation, JDA Software, Hypercom and Taser International. 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 Allied Waste, 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 2016. In 2016, 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 of eight 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 will take effect in the fiscal year 2017-2018 budget and will impact the budget for 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 26 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, 2015. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the 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. A. Denise Birdwell
Interim Superintendent



Daniel O'Brien
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Scottsdale Unified School District No. 48

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
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in Financial
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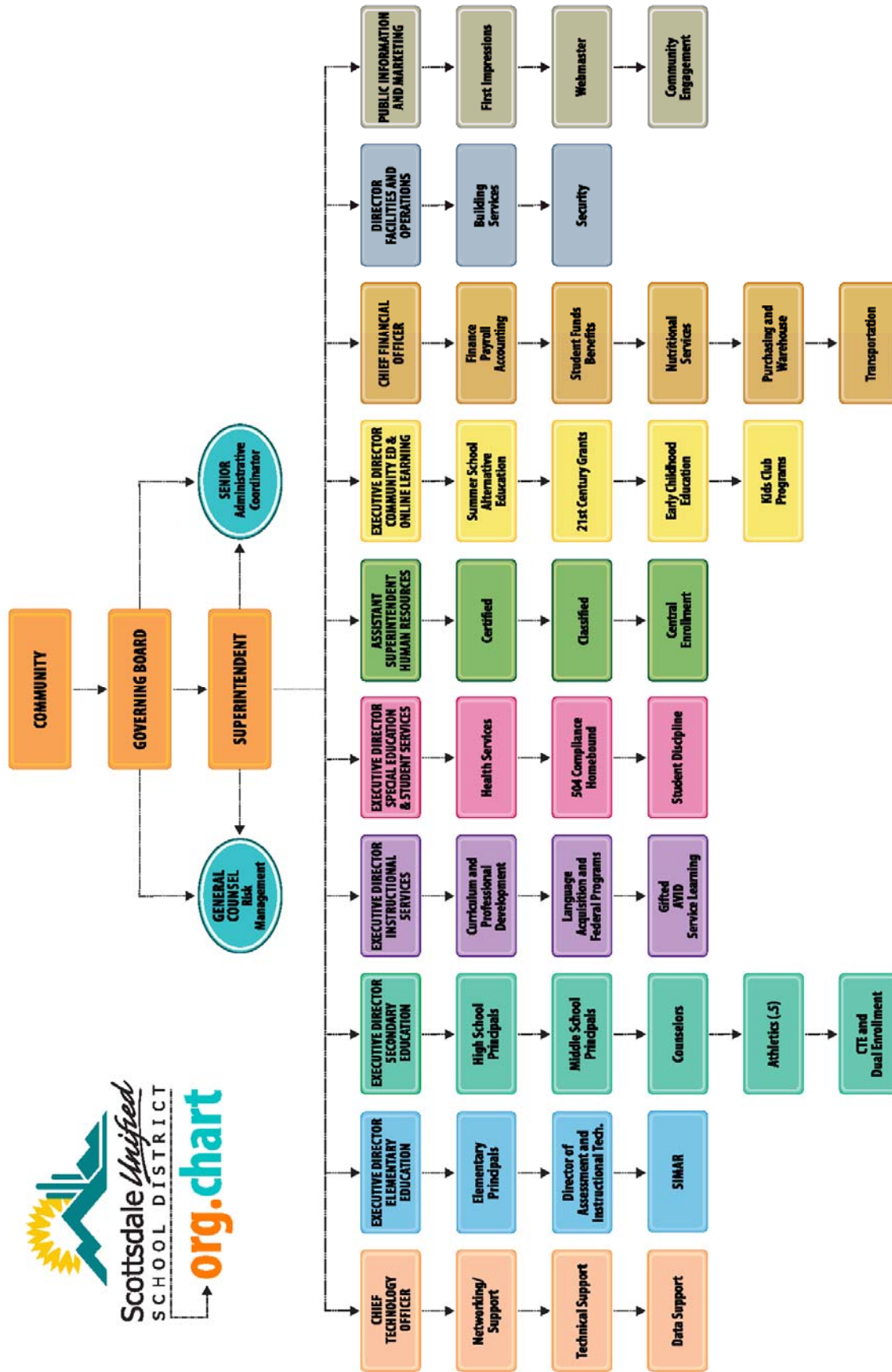
Presented to

**Scottsdale Unified School
District No. 48, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

**LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2016**

GOVERNING BOARD

Bonnie Sneed, President

Barbara Perleberg, Vice President

George Jackson, Member

Pam Kirby, Member

Kim Hartmann, Member

ADMINISTRATIVE STAFF

Dr. A. Denise Birdwell, Interim Superintendent

Terry Worcester, Executive Director of Facilities and Operations

Daniel O'Brien, Chief Financial Officer

Dr. Karen Benson, Director of Instructional Services

Michelle Marshall, General Counsel

Clif McKenzie, Executive Director for K-12 Athletics

Dr. Milissa Sackos, Executive Director for Student Services and CTE

Dr. Pam Sitton, Assistant Superintendent for Human Resources

Dr. Mitch von Gnechten, Executive Director of Secondary Education and Assessment

Dr. David McNeil, Executive Director of Elementary Education and Assessment

Dr. Chris Thuman, Executive Director of Community Education and On-Line Learning

Tom Clark, Chief Technology Officer

Kristine Harrington, Public Information and Marketing 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scottsdale Unified School District No. 48, as of June 30, 2016, 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. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, 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 12, 2016

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, 2016**

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, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$13.1 million, which represents a 16 percent increase from the prior fiscal year, primarily as a result of the changes in deferred inflows and outflows of resources related to pensions.
- General revenues accounted for \$180.7 million in revenue, or 81 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 19 percent of total current fiscal year revenues.
- The District had approximately \$209.3 million in expenses related to governmental activities, a decrease of four percent from the prior fiscal year.
- Among major funds, the General Fund had \$151.5 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$150.7 million in expenditures. The General Fund's fund balance increase from \$16.2 million at the prior fiscal year end to \$20.6 million at the end of the current fiscal year was primarily due to proceeds from the sale of capital assets.
- Net position for the Internal Service Funds increased \$1.2 million from the prior fiscal year. Operating revenues of \$1.8 million exceeded operating expenses of \$1.0 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, 2016

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, 2016

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 decision. 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 and the Debt Service Funds, both 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, 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, 2016**

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 plan have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$96.0 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, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	As of June 30, 2016	As of June 30, 2015
Current assets	\$ 112,039,584	\$ 116,601,775
Capital assets, net	447,106,235	464,582,301
Total assets	<u>559,145,819</u>	<u>581,184,076</u>
Deferred outflows	<u>19,760,183</u>	<u>23,085,157</u>
Current liabilities	8,491,839	10,471,559
Long-term liabilities	443,364,795	465,104,099
Total liabilities	<u>451,856,634</u>	<u>475,575,658</u>
Deferred inflows	<u>31,075,149</u>	<u>45,812,889</u>
Net position:		
Net investment in capital assets	197,944,820	195,006,815
Restricted	34,030,712	33,068,218
Unrestricted	(136,001,313)	(145,194,347)
Total net position	<u>\$ 95,974,219</u>	<u>\$ 82,880,686</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 principal retirement of \$18.7 million of bonds.
- The principal retirement of \$2.4 million of capital leases.
- The decrease of \$1.1 million in pension liabilities.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

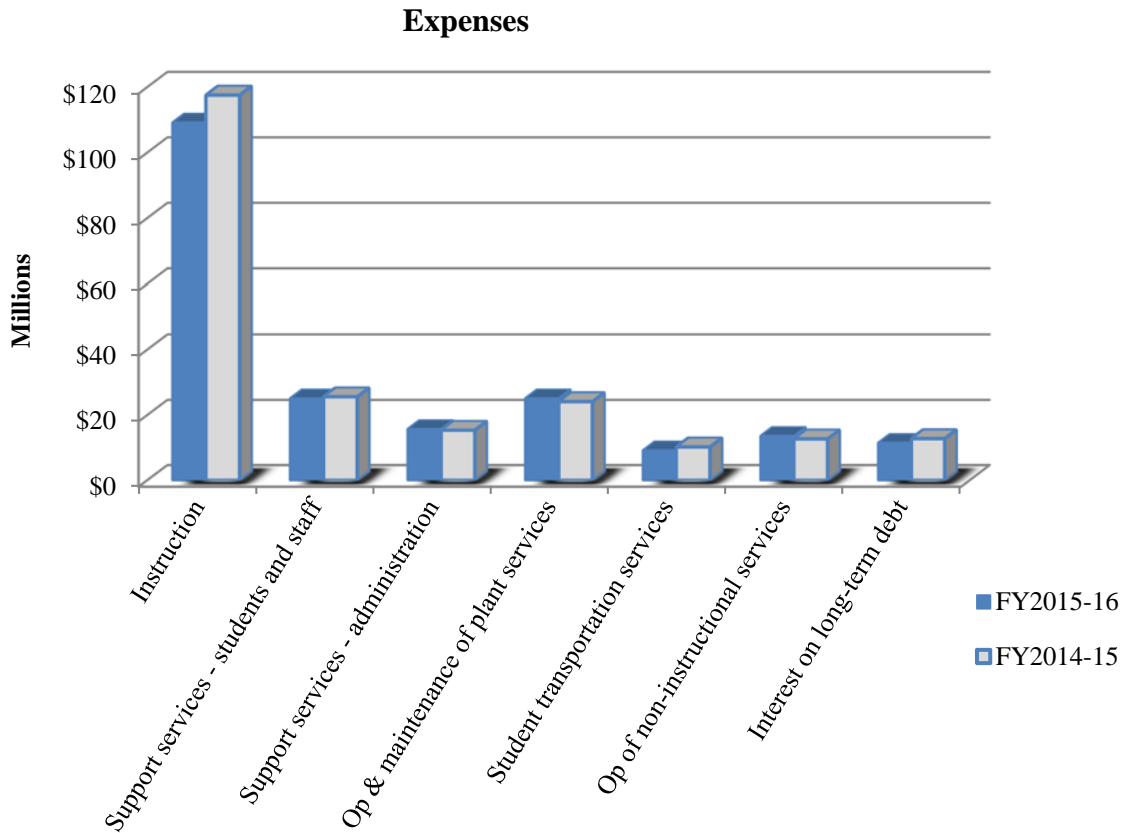
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$222.4 million. The total cost of all programs and services was \$209.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 19,300,722	\$ 19,681,188
Operating grants and contributions	21,841,876	18,437,093
Capital grants and contributions	606,750	455,734
General revenues:		
Property taxes	143,185,550	156,639,720
Investment income	732,065	404,459
Unrestricted state aid	35,297,650	35,007,040
Unrestricted federal aid	1,450,308	1,300,326
Total revenues	<u>222,414,921</u>	<u>231,925,560</u>
Expenses:		
Instruction	109,188,667	117,541,974
Support services – students and staff	25,098,967	25,599,028
Support services – administration	15,709,948	15,332,132
Operation and maintenance of plant services	25,141,793	24,099,572
Student transportation services	9,149,102	10,208,578
Operation of non-instructional services	13,583,555	12,657,613
Interest on long-term debt	11,449,356	12,745,183
Total expenses	<u>209,321,388</u>	<u>218,184,080</u>
Changes in net position	<u>13,093,533</u>	<u>13,741,480</u>
Net position, beginning	<u>82,880,686</u>	<u>69,139,206</u>
Net position, ending	<u>\$ 95,974,219</u>	<u>\$ 82,880,686</u>

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- A decrease of \$13.5 million in property tax revenues primarily due to a decrease in the primary tax rate.
- A decrease of \$8.4 million in instruction expenses primarily due to the change in pension related amounts.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents the cost of the 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.

	<u>Year Ended June 30, 2016</u>		<u>Year Ended June 30, 2015</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 109,188,667	\$ (95,858,089)	\$ 117,541,974	\$ (103,497,588)
Support services – students and staff	25,098,967	(19,320,340)	25,599,028	(21,030,827)
Support services – administration	15,709,948	(15,660,498)	15,332,132	(15,272,195)
Operation and maintenance of plant services	25,141,793	(20,588,365)	24,099,572	(22,298,052)
Student transportation services	9,149,102	(9,121,019)	10,208,578	(9,414,352)
Operation of non-instructional services	13,583,555	2,000,562	12,657,613	1,719,357
Interest on long-term debt	11,449,356	(9,024,291)	12,745,183	(9,816,408)
Total	<u>\$ 209,321,388</u>	<u>\$(167,572,040)</u>	<u>\$ 218,184,080</u>	<u>\$(179,610,065)</u>

- The cost of all governmental activities this year was \$209.3 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 \$167.6 million was financed by general revenues, which are made up of primarily property taxes of \$143.2 million and state aid of \$35.3 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$50.6 million, an increase of \$3.2 million due primarily to the proceeds from sale of capital assets.

The General Fund comprises 41 percent of the total fund balance. Approximately \$17.6 million, or 86 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 \$4.4 to \$20.6 million as of fiscal year end was primarily a result of the proceeds from sale of capital assets. General Fund revenues increased \$3.3 million and General Fund expenditures increased \$4.0 million.

The fund balance in the Debt Service Fund decreased \$362,828. Fund balance in this fund changes as resources needed to service the District's debt fluctuates.

Unrestricted net position of the Internal Service Funds increased \$1.2 million to \$16.5 million. Operating revenues decreased \$1.0 million while operating expenses decreased \$834,075.

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 \$3.9 million increase, or three 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 \$5.9 million in instruction expenditures was due to the passage of Proposition 123.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$700.3 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$2.6 million from the prior fiscal year, primarily due to the acquisition of a new building to house the administration office of the District. Total depreciation expense for the current fiscal year was \$21.3 million.

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

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Capital assets – non-depreciable	\$ 26,951,811	\$ 26,971,489
Capital assets – depreciable, net	420,154,424	437,610,812
Total	<u>\$ 447,106,235</u>	<u>\$ 464,582,301</u>

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

Debt Administration. At year-end, the District had \$251.6 million in long-term debt outstanding, \$20.9 million due within one year. Long-term debt decreased by \$20.6 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 \$1.6 billion and the Class B debt limit is \$1.1 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, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2015-16 budget balance carry forward (\$5,624,671 for Maintenance and Operations)
- District student population (24,300)

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 two percent to \$154.3 million in fiscal year 2016-17. No new programs were added to the 2016-17 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the 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, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 84,286,463
Property taxes receivable	15,850,104
Accounts receivable	552,221
Deposits	200,000
Due from governmental entities	8,326,376
Prepaid items	2,699,462
Inventory	124,958
Total current assets	112,039,584
Noncurrent assets:	
Capital assets not being depreciated	26,951,811
Capital assets, net of accumulated depreciation	420,154,424
Total noncurrent assets	447,106,235
Total assets	559,145,819
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	2,451,953
Pension plan items	17,308,230
Total deferred outflows of resources	19,760,183
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	1,689,638
Accrued payroll and employee benefits	1,553,247
Compensated absences payable	977,439
Accrued interest payable	5,029,815
Unearned revenues	219,139
Obligations under capital leases	2,159,773
Bonds payable	18,731,250
Total current liabilities	30,360,301
Noncurrent liabilities:	
Non-current portion of long-term obligations	421,496,333
Total noncurrent liabilities	421,496,333
Total liabilities	451,856,634
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	31,075,149
<u>NET POSITION</u>	
Net investment in capital assets	197,944,820
Restricted for:	
Voter approved initiatives	6,512,444
Federal and state projects	827,077
Food service	2,023,297
Civic center	1,005,053
Community school	1,879,514
Extracurricular activities	3,553,818
Other local initiatives	1,544,385
Debt service	5,972,699
Capital outlay	10,712,425
Unrestricted	(136,001,313)
Total net position	\$ 95,974,219

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

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	\$ 109,188,667	\$ 4,491,538	\$ 8,232,290	\$ 606,750	\$ (95,858,089)
Support services - students and staff	25,098,967		5,778,627		(19,320,340)
Support services - administration	15,709,948		49,450		(15,660,498)
Operation and maintenance of plant services	25,141,793	3,524,872	1,028,556		(20,588,365)
Student transportation services	9,149,102		28,083		(9,121,019)
Operation of non-instructional services	13,583,555	11,284,312	4,299,805		2,000,562
Interest on long-term debt	11,449,356		2,425,065		(9,024,291)
Total governmental activities	<u>\$ 209,321,388</u>	<u>\$ 19,300,722</u>	<u>\$ 21,841,876</u>	<u>\$ 606,750</u>	<u>(167,572,040)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	111,673,823
Property taxes, levied for debt service	28,451,762
Property taxes, levied for capital outlay	3,059,965
Investment income	732,065
Unrestricted state aid	35,297,650
Unrestricted federal aid	1,450,308
Total general revenues	<u>180,665,573</u>

Changes in net position

13,093,533

Net position, beginning of year

82,880,686

Net position, end of year

\$ 95,974,219

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, 2016

	General	Debt Service	Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 16,940,442	\$ 26,622,606	\$ 24,609,001
Property taxes receivable	15,017,082	449,456	383,566
Accounts receivable	164,291		387,930
Deposits			200,000
Due from governmental entities	604,283	2,661,702	5,060,391
Due from other funds	2,215,110		
Prepaid items	2,205,701		94,299
Inventory	321		124,637
Total assets	\$ 37,147,230	\$ 29,733,764	\$ 30,859,824
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,259,238	\$	\$ 374,968
Due to other funds			2,215,110
Accrued payroll and employee benefits	1,109,261		443,986
Unearned revenues			219,139
Bonds payable		18,731,250	
Bond interest payable		5,029,815	
Total liabilities	2,368,499	23,761,065	3,253,203
Deferred inflows of resources:			
Unavailable revenues - property taxes	14,213,667	259,315	365,723
Unavailable revenues - intergovernmental		2,661,702	245,841
Total deferred inflows of resources	14,213,667	2,921,017	611,564
Fund balances (deficits):			
Nonspendable	2,206,022		218,936
Restricted	722,228	3,051,682	26,784,221
Unassigned	17,636,814		(8,100)
Total fund balances	20,565,064	3,051,682	26,995,057
 Total liabilities, deferred inflows of resources and fund balances	 \$ 37,147,230	 \$ 29,733,764	 \$ 30,859,824

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

Total
Governmental
Funds

\$ 68,172,049
15,850,104
552,221
200,000
8,326,376
2,215,110
2,300,000
124,958
\$ 97,740,818

\$ 1,634,206
2,215,110
1,553,247
219,139
18,731,250
5,029,815
29,382,767

14,838,705
2,907,543
17,746,248

2,424,958
30,558,131
17,628,714
50,611,803

\$ 97,740,818

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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, 2016

Total governmental fund balances **\$ 50,611,803**

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

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

Governmental capital assets	\$ 700,273,466	
Less accumulated depreciation	<u>(253,167,231)</u>	447,106,235

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

Property taxes	14,838,705	
Intergovernmental	<u>2,907,543</u>	17,746,248

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.

2,451,953

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

Deferred outflows of resources related to pensions	17,308,230	
Deferred inflows of resources related to pensions	<u>(31,075,149)</u>	(13,766,919)

The Internal Service Funds are used by management to charge the cost of insurance and other items to the individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position.

16,458,444

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

Compensated absences payable	(9,774,385)	
Obligations under capital leases	(26,079,693)	
Net pension liability	(181,977,042)	
Bonds payable	<u>(206,802,425)</u>	<u>(424,633,545)</u>

Net position of governmental activities **\$ 95,974,219**

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, 2016

	General	Debt Service	Non-Major Governmental Funds
Revenues:			
Other local	\$ 5,591,611	\$ 86,166	\$ 16,553,377
Property taxes	120,131,150	28,447,656	2,959,328
State aid and grants	24,339,902		11,106,616
Federal aid, grants and reimbursements	1,450,308		16,273,129
Total revenues	151,512,971	28,533,822	46,892,450
Expenditures:			
Current -			
Instruction	78,732,737		15,348,951
Support services - students and staff	20,666,364		5,434,105
Support services - administration	16,299,255		141,518
Operation and maintenance of plant services	25,300,198		953,156
Student transportation services	7,404,159		744,332
Operation of non-instructional services	487,925		13,504,086
Capital outlay	1,533,981		8,763,879
Debt service -			
Principal retirement	231,712	18,731,250	2,155,294
Interest and fiscal charges	10,589	10,455,010	1,264,436
Bond issuance costs		243,100	
Total expenditures	150,666,920	29,429,360	48,309,757
Excess (deficiency) of revenues over expenditures	846,051	(895,538)	(1,417,307)
Other financing sources (uses):			
Transfers in	1,732,254		2,344,600
Transfers out	(2,344,600)		(1,732,254)
Issuance of refunding bonds		28,050,000	
Premium on sale of bonds		1,122,540	
Payment to refunded bond escrow agent		(28,639,830)	
Proceeds from sale of capital assets	2,019,053		
Total other financing sources (uses):	1,406,707	532,710	612,346
Changes in fund balances	2,252,758	(362,828)	(804,961)
Fund balances, beginning of year	16,193,162	3,414,510	27,777,102
Increase (decrease) in reserve for prepaid items	2,205,701		94,299
Increase (decrease) in reserve for inventory	(86,557)		(71,383)
Fund balances, end of year	\$ 20,565,064	\$ 3,051,682	\$ 26,995,057

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

Total
Governmental
Funds

\$ 22,231,154
151,538,134
35,446,518
17,723,437
226,939,243

94,081,688
26,100,469
16,440,773
26,253,354
8,148,491
13,992,011
10,297,860

21,118,256
11,730,035
243,100
228,406,037

(1,466,794)

4,076,854
(4,076,854)
28,050,000
1,122,540
(28,639,830)
2,019,053
2,551,763

1,084,969

47,384,774

2,300,000
(157,940)

\$ 50,611,803

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, 2016

Changes in fund balances - total governmental funds **\$ 1,084,969**

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

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

Expenditures for capitalized assets	\$ 3,919,439	
Less current year depreciation	<u>(21,265,586)</u>	(17,346,147)

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

Property taxes	(8,352,584)	
Intergovernmental	<u>1,423,575</u>	(6,929,009)

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

Capital lease principal retirement	2,387,006	
Bond principal retirement	<u>18,731,250</u>	21,118,256

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

Current year pension contributions	12,342,471	
Pension expense	<u>(180,972)</u>	12,161,499

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

Prepaid items	2,300,000	
Inventory	(157,940)	
Deferred charges on issuance of debt	357,065	
Loss on disposal of assets	(129,919)	
Amortization of deferred bond items	(609,096)	
Compensated absences	<u>54,346</u>	1,814,456

The Internal Service Funds are used by management to charge the cost of insurance and other items to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities.

1,189,509

Changes in net position in governmental activities **\$ 13,093,533**

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, 2016

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 16,114,414
Prepaid items	399,462
Total current assets	16,513,876
Total assets	16,513,876
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	55,432
Total current liabilities	55,432
Total liabilities	55,432
 <u>NET POSITION</u>	
Unrestricted	16,458,444
Total net position	\$ 16,458,444

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 FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 1,003,883
Other	805,907
Total operating revenues	<u>1,809,790</u>
Operating expenses:	
Other	766,891
Claims	80,063
Premiums	1,672
Administrative fees	157,289
Total operating expenses	<u>1,005,915</u>
Operating income (loss)	<u>803,875</u>
Nonoperating revenues (expenses):	
Investment income	385,634
Total nonoperating revenues (expenses)	<u>385,634</u>
Changes in net position	<u>1,189,509</u>
Total net position, beginning of year	15,268,935
Total net position, end of year	<u>\$ 16,458,444</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, 2016

	<u>Governmental Activities: Internal Service Funds</u>
<u>Increase in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 1,003,883
Cash received from charges for services	876,193
Cash payments to suppliers for goods and services	(1,269,882)
Cash payments for claims	<u>(80,063)</u>
Net cash provided by operating activities	<u>530,131</u>
Cash flows from investing activities:	
Proceeds from sale of investments	4,392,235
Purchase of investments	(5,509,570)
Investment income	<u>385,634</u>
Net cash used for investing activities	<u>(731,701)</u>
Net decrease in cash and cash equivalents	<u>(201,570)</u>
Cash and cash equivalents, beginning of year	<u>4,423,917</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,222,347</u></u>
 <u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 16,114,414
Less investments not maturing in less than three months	<u>11,892,067</u>
Total cash and cash equivalents	<u><u>\$ 4,222,347</u></u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating income	\$ 803,875
Adjustments to reconcile operating income to net cash used for operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	70,286
Increase in prepaid items	(399,462)
Increase in accounts payable	<u>55,432</u>
Total adjustments	<u>(273,744)</u>
Net cash provided by operating activities	<u><u>\$ 530,131</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, 2016

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 17,860,013
Total assets	\$ 17,860,013
 <u>LIABILITIES</u>	
Accounts payable	\$ 10,905
Deposits held for others	16,355,586
Due to student groups	1,493,522
Total liabilities	\$ 17,860,013

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, 2016

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

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, 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, 2016

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 is an internal service fund and 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, 2016

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, 2016

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.

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, 2016

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, 2016

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, 2016

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. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Debt Service Fund	Non-Major Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	\$ 321		\$ 124,637
Prepaid items	2,205,701		94,299
Restricted:			
Debt service		3,051,682	
Capital projects	722,228		9,684,474
Voter approved initiatives			6,512,444
E-rate			581,236
Food service			2,023,297
Civic center			1,005,053
Community school			1,879,514
Extracurricular activities			3,553,818
Joint technical education			870,786
Other purposes			673,599
Unassigned	17,636,814		(8,100)
Total fund balances	\$ 20,565,064	\$ 3,051,682	\$ 26,995,057

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the Other Federal Projects Fund, a non-major governmental fund, reported a deficit fund balance of \$8,100.

The deficit arose because of operations during prior years. Additional revenues received in fiscal year 2016-17 are expected to eliminate the deficit in the Other Federal Projects Fund.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$21,747,019 and the bank balance was \$22,590,842. At year end, \$21,715,666 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 \$590 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

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.

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	6-10
Corporate Bonds	Level 2	\$ 7,427,835	\$ 1,670,394	\$ 4,833,827	\$ 923,614
Certificates of Deposit	Level 2	3,677,849	827,174	2,850,675	
U.S. Agencies	Level 2	678,588		678,588	
Taxable Municipal Bonds	Level 2	107,795		107,795	
			<u>\$ 2,497,568</u>	<u>\$ 8,470,885</u>	<u>\$ 923,614</u>
County Treasurer’s investment pool	Not Applicable	<u>68,506,800</u>	342 days average maturities		
Total		<u>\$ 80,398,867</u>			

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

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 Baa1 to Aaa by Moody's Investors Service and from BBB+ to AA+ by Standard and Poor's. The District's investments in Government Bonds were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's. The District's investments in Taxable Municipal Bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The District's investments in Certificates of Deposits were unrated by both Moody's Investors Service and Standard & Poor's.

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

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in corporate bonds with Apple Inc. These investments are 6 percent of the District's total investments. 59

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	Debt Service Fund	Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Due from governmental entities:			
Due from federal government	\$ 19,222	\$ 2,661,702	\$ 2,599,481
Due from state government	585,061		1,511,274
Due from other districts			949,636
Net due from governmental entities	<u>\$ 604,283</u>	<u>\$ 2,661,702</u>	<u>\$ 5,060,391</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 26,951,811	\$	\$	\$ 26,951,811
Construction in progress	19,678	624,745	644,423	
Total capital assets, not being depreciated	<u>26,971,489</u>	<u>624,745</u>	<u>644,423</u>	<u>26,951,811</u>
Capital assets, being depreciated:				
Land improvements	19,618,492	162,523		19,781,015
Buildings and improvements	618,278,578	3,499,311		621,777,889
Vehicles, furniture and equipment	32,802,781	277,283	1,317,313	31,762,751
Total capital assets being depreciated	<u>670,699,851</u>	<u>3,939,117</u>	<u>1,317,313</u>	<u>673,321,655</u>
Less accumulated depreciation for:				
Land improvements	(8,387,465)	(903,760)		(9,291,225)
Buildings and improvements	(200,030,269)	(18,464,128)		(218,494,397)
Vehicles, furniture and equipment	(24,671,305)	(1,897,698)	(1,187,394)	(25,381,609)
Total accumulated depreciation	<u>(233,089,039)</u>	<u>(21,265,586)</u>	<u>(1,187,394)</u>	<u>(253,167,231)</u>
Total capital assets, being depreciated, net	<u>437,610,812</u>	<u>(17,326,469)</u>	<u>129,919</u>	<u>420,154,424</u>
Governmental activities capital assets, net	<u>\$ 464,582,301</u>	<u>\$ (16,701,724)</u>	<u>\$ 774,342</u>	<u>\$ 447,106,235</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 19,773,227
Support services – students and staff	7,125
Support services – administration	105,933
Operation and maintenance of plant services	185,182
Student transportation services	1,040,318
Operation of non-instructional services	153,801
Total depreciation expense – governmental activities	<u>\$ 21,265,586</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$ _____	\$ 1,877,000	\$ 1,877,000	\$ _____

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired copiers, 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 School Plant Fund and Energy and Water Savings Fund are used to pay the capital lease obligations. The District 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.

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

	Governmental Activities
Asset:	
Building improvements	\$ 35,857,389
Vehicles, furniture and equipment	810,019
Less: Accumulated depreciation	8,433,406
Total	\$ 28,234,002

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

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

Year Ending June 30:	<u>Governmental Activities</u>
2017	\$ 3,323,136
2018	3,226,397
2019	3,165,710
2020	3,104,860
2021	3,043,838
2022-26	12,747,360
2027-29	<u>4,755,164</u>
Total minimum lease payments	33,366,465
Less: amount representing interest	<u>7,286,772</u>
Present value of minimum lease payments	<u>26,079,693</u>
Due within one year	<u>\$ 2,159,773</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. 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, 2016	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project 2004, Series A (2005)	\$100,000,000	5.0%	7/1/16	\$ 2,000,000	\$ 2,000,000
School Improvement Bonds, Project 2004, Series B (2006)	117,000,000	4.0%	7/1/16	10,000,000	10,000,000
Refunding Bonds, Series 2007	100,600,000	4.0-5.0%	7/1/16-23	67,205,000	1,100,000
Refunding Bonds, Series 2010	31,000,000	5.0%	7/1/23-24	10,000,000	
School Improvement Bonds, Project 2010, Series A-1 (2010)	10,000,000	4.0%	7/1/16	3,000,000	3,000,000
School Improvement Bonds, Project 2010, Series A-2 (2010)	25,000,000	6.21%	7/1/16-28	19,256,250	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%	7/1/16-31	57,650,000	700,000
Refunding bonds, Series 2016	28,050,000	1.0-3.0%	7/1/16-24	28,050,000	450,000
Total				<u>\$ 221,161,250</u>	<u>\$18,731,250</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

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

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 18,731,250	\$ 9,914,739
2018	21,076,250	9,448,598
2019	15,001,250	8,858,829
2020	15,541,250	8,307,060
2021	14,206,250	7,730,435
2022-26	72,436,250	29,548,520
2027-31	54,343,750	12,378,500
2032	9,825,000	196,500
Total	<u>\$ 221,161,250</u>	<u>\$ 86,383,181</u>

During the year ended June 30, 2016, the District issued \$28,050,000 in refunding bonds with an effective interest rate of 1.58 percent, to advance refund \$28,050,000 of outstanding general obligation bonds, with an average interest rate of 4.25 percent. The net proceeds of \$28,639,830, which includes \$1,122,540 of bond premium, (after payment of \$243,100 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 \$589,030. 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 eight years by \$3,273,552 and resulted in an economic gain of \$3,077,549.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$74,100,000 of defeased bonds are still outstanding.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 239,962,500	\$ 28,050,000	\$ 46,851,250	\$ 221,161,250	\$ 18,731,250
Premium payable	3,763,329	1,122,540	513,444	4,372,425	
Total bonds payable	<u>243,725,829</u>	<u>29,172,540</u>	<u>47,364,694</u>	<u>225,533,675</u>	<u>18,731,250</u>
Obligations under capital leases	28,466,699		2,387,006	26,079,693	2,159,773
Net pension liability	183,082,840		1,105,798	181,977,042	
Compensated absences payable	<u>9,828,731</u>	<u>3,885,054</u>	<u>3,939,400</u>	<u>9,774,385</u>	<u>977,439</u>
Governmental activity long-term liabilities	<u>\$ 465,104,099</u>	<u>\$ 33,057,594</u>	<u>\$ 54,796,898</u>	<u>\$ 443,364,795</u>	<u>\$ 21,868,462</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

General Fund	Non-Major Governmental Funds
Total	<u>\$ 2,215,110</u>
	<u>\$ 2,215,110</u>

At year end several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

		Transfers in Non-Major Governmental	
Transfers out	General Fund	Funds	Total
General Fund	\$	\$ 2,344,600	\$ 2,344,600
Non-Major Governmental Funds	1,732,254		1,732,254
Total	\$ 1,732,254	\$ 2,344,600	\$ 4,076,854

Transfers between funds were used to (1) charge indirect costs to the applicable federal programs fund, and (2) transfer savings from companies providing utility, energy and water services as required by statute.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 joined the Valley Schools Employee Benefit Trust (VSEBT) for risks of loss related to employee health and accident claims. VSEBT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the state. The District pays a monthly premium to VSEBT for its employees' health and accident insurance coverage. The agreement provides that VSEBT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

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

The District 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – RISK MANAGEMENT

Liabilities of the fund 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:

<u>Insurance Trust</u>	<u>Claims Payable Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claims Payable at End of Year</u>
2015-16	\$	\$ 80,063	\$ 80,063	\$
2014-15		105,711	105,711	

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, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$12,342,471.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2016	\$	568,778	\$	136,507
2015		633,097		128,765
2014		671,401		268,561

Pension Liability. At June 30, 2016, the District reported a liability of \$182.0 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 1.17 percent, which was a decrease of .07 percent from its proportion measured as of June 30, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$180,972 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,965,759	\$ 9,535,781
Net difference between projected and actual earnings on pension plan investments		5,831,961
Changes in proportion and differences between contributions and proportionate share of contributions		15,707,407
Contributions subsequent to the measurement date	12,342,471	
Total	\$17,308,230	\$31,075,149

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Year Ending June 30:		
2017	\$	(13,455,738)
2018		(11,930,414)
2019		(4,933,182)
2020		4,209,944

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

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

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$238,452,113	\$181,977,042	\$143,273,112

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 – SUBSEQUENT EVENT

On November 8, 2016, voters authorized the District to issue \$229,000,000 of school improvement bonds. The purpose of the bonds is primarily for renovation, improvement and construction of school facilities, school site safety measures, and purchase pupil transportation and campus support vehicles.

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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, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Other local	\$	\$	\$ 400,320	\$ 400,320
Property taxes			120,131,150	120,131,150
State aid and grants			24,339,902	24,339,902
Total revenues			<u>144,871,372</u>	<u>144,871,372</u>
Expenditures:				
Current -				
Instruction	83,668,343	83,896,701	78,042,886	5,853,815
Support services - students and staff	18,609,146	20,475,418	20,224,391	251,027
Support services - administration	15,046,459	15,885,101	16,023,622	(138,521)
Operation and maintenance of plant services	21,144,150	22,203,248	22,780,162	(576,914)
Student transportation services	7,923,045	7,819,749	7,186,743	633,006
Operation of non-instructional services	349,659	367,750	453,168	(85,418)
Total expenditures	<u>146,740,802</u>	<u>150,647,967</u>	<u>144,710,972</u>	<u>5,936,995</u>
Excess (deficiency) of revenues over expenditures	<u>(146,740,802)</u>	<u>(150,647,967)</u>	<u>160,400</u>	<u>150,808,367</u>
Other financing sources (uses):				
Transfers out			(2,344,600)	(2,344,600)
Total other financing sources (uses):			<u>(2,344,600)</u>	<u>(2,344,600)</u>
Changes in fund balances	<u>(146,740,802)</u>	<u>(150,647,967)</u>	<u>(2,184,200)</u>	<u>148,463,767</u>
Fund balances (deficits), beginning of year			(266,046)	(266,046)
Increase (decrease) in reserve for prepaid items			3,626,954	3,626,954
Increase (decrease) in reserve for inventory			(86,557)	(86,557)
Fund balances (deficits), end of year	<u>\$ (146,740,802)</u>	<u>\$ (150,647,967)</u>	<u>\$ 1,090,151</u>	<u>\$ 151,738,118</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 TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	1.17%	1.24%
District's proportionate share of the net pension liability (asset)	\$ 181,977,042	\$ 183,082,840
District's covered payroll	\$ 107,304,527	\$ 111,900,215
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.59%	163.61%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 12,342,471	\$ 11,685,463
Contributions in relation to the actuarially determined contribution	<u>12,342,471</u>	<u>11,685,463</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 113,755,493	\$ 107,304,527
Contributions as a percentage of covered payroll	10.85%	10.89%

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

See accompanying notes to this schedule.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 150,666,920	\$ 20,565,064
Activity budgeted as special revenue funds	(5,306,123)	(18,752,685)
Activity budgeted as capital projects funds		(722,228)
Current-year prepaid items	1,421,253	
Prior year prepaid items	(2,071,078)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 144,710,972	\$ 1,090,151

NOTE 2 – PENSION PLAN SCHEDULES

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

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

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

**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, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 15,377,944	\$ 9,231,057	\$ 24,609,001
Property taxes receivable		383,566	383,566
Accounts receivable	138,357	249,573	387,930
Deposits	200,000		200,000
Due from governmental entities	4,569,630	490,761	5,060,391
Prepaid items	94,299		94,299
Inventory	124,637		124,637
Total assets	<u>\$ 20,504,867</u>	<u>\$ 10,354,957</u>	<u>\$ 30,859,824</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 260,699	\$ 114,269	\$ 374,968
Due to other funds	2,024,619	190,491	2,215,110
Accrued payroll and employee benefits	443,986		443,986
Unearned revenues	219,139		219,139
Total liabilities	<u>2,948,443</u>	<u>304,760</u>	<u>3,253,203</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		365,723	365,723
Unavailable revenues - intergovernmental	245,841		245,841
Total deferred inflows of resources	<u>245,841</u>	<u>365,723</u>	<u>611,564</u>
Fund balances (deficits):			
Nonspendable	218,936		218,936
Restricted	17,099,747	9,684,474	26,784,221
Unassigned	(8,100)		(8,100)
Total fund balances	<u>17,310,583</u>	<u>9,684,474</u>	<u>26,995,057</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 20,504,867</u>	 <u>\$ 10,354,957</u>	 <u>\$ 30,859,824</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, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 15,719,318	\$ 834,059	\$ 16,553,377
Property taxes		2,959,328	2,959,328
State aid and grants	10,325,593	781,023	11,106,616
Federal aid, grants and reimbursements	<u>15,105,301</u>	<u>1,167,828</u>	<u>16,273,129</u>
Total revenues	<u>41,150,212</u>	<u>5,742,238</u>	<u>46,892,450</u>
Expenditures:			
Current -			
Instruction	15,348,951		15,348,951
Support services - students and staff	5,434,105		5,434,105
Support services - administration	141,518		141,518
Operation and maintenance of plant services	953,156		953,156
Student transportation services	744,332		744,332
Operation of non-instructional services	13,504,086		13,504,086
Capital outlay	751,969	8,011,910	8,763,879
Debt service -			
Principal retirement		2,155,294	2,155,294
Interest and fiscal charges		<u>1,264,436</u>	<u>1,264,436</u>
Total expenditures	<u>36,878,117</u>	<u>11,431,640</u>	<u>48,309,757</u>
Excess (deficiency) of revenues over expenditures	<u>4,272,095</u>	<u>(5,689,402)</u>	<u>(1,417,307)</u>
Other financing sources (uses):			
Transfers in		2,344,600	2,344,600
Transfers out	<u>(1,732,254)</u>		<u>(1,732,254)</u>
Total other financing sources (uses):	<u>(1,732,254)</u>	<u>2,344,600</u>	<u>612,346</u>
Changes in fund balances	<u>2,539,841</u>	<u>(3,344,802)</u>	<u>(804,961)</u>
Fund balances, beginning of year	14,747,826	13,029,276	27,777,102
Increase (decrease) in reserve for prepaid items	94,299		94,299
Increase (decrease) in reserve for inventory	(71,383)		(71,383)
Fund balances, end of year	<u>\$ 17,310,583</u>	<u>\$ 9,684,474</u>	<u>\$ 26,995,057</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.

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

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 - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 4,318,276	\$ 1,173,655	\$ 14,294
Accounts receivable			
Deposits			
Due from governmental entities	765,168	255,345	
Prepaid items			
Inventory			
Total assets	\$ 5,083,444	\$ 1,429,000	\$ 14,294
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	5,083,444	1,429,000	14,294
Unassigned			
Total fund balances	5,083,444	1,429,000	14,294
 Total liabilities, deferred inflows of resources and fund balances	\$ 5,083,444	\$ 1,429,000	\$ 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>
\$	\$	\$	\$	\$	\$
552,602	128,254	395,261	23,746	52,563	887,026
<u>\$ 552,602</u>	<u>\$ 128,254</u>	<u>\$ 395,261</u>	<u>\$ 23,746</u>	<u>\$ 52,563</u>	<u>\$ 887,026</u>
\$ 14,111 538,491	\$ 128,254	\$ 46,230 285,662 63,369	\$ 13,350 10,396	\$ 12,726 39,837	\$ 20,476 850,212 16,338
<u>552,602</u>	<u>128,254</u>	<u>395,261</u>	<u>23,746</u>	<u>52,563</u>	<u>887,026</u>
<u>\$ 552,602</u>	<u>\$ 128,254</u>	<u>\$ 395,261</u>	<u>\$ 23,746</u>	<u>\$ 52,563</u>	<u>\$ 887,026</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Vocational Education</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 493,801	\$
Accounts receivable			
Deposits			
Due from governmental entities	91,968	333,276	11,890
Prepaid items			
Inventory			
Total assets	<u>\$ 91,968</u>	<u>\$ 827,077</u>	<u>\$ 11,890</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 17,370	\$	\$
Due to other funds	74,598		12,791
Accrued payroll and employee benefits			7,199
Unearned revenues			
Total liabilities	<u>91,968</u>		<u>19,990</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		<u>245,841</u>	
Fund balances (deficits):			
Nonspendable			
Restricted		581,236	
Unassigned			(8,100)
Total fund balances		<u>581,236</u>	<u>(8,100)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 91,968</u>	<u>\$ 827,077</u>	<u>\$ 11,890</u>

<u>State Vocational Education</u>	<u>Academic Contests</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
\$ 6,567	\$ 12,589	\$ 6,800	\$ 1,887,301	\$ 986,643	\$ 2,235,319
			93,891	18,410	26,056
			200,000		
			122,895		
			51,322		42,977
			124,637		
<u>\$ 6,567</u>	<u>\$ 12,589</u>	<u>\$ 6,800</u>	<u>\$ 2,480,046</u>	<u>\$ 1,005,053</u>	<u>\$ 2,304,352</u>
\$ 3,387	\$	\$	\$ 21,862	\$	\$ 108,845
		5,166			
			57,192		273,016
3,180	12,589	1,634	201,736		
<u>6,567</u>	<u>12,589</u>	<u>6,800</u>	<u>280,790</u>		<u>381,861</u>
			175,959		42,977
			2,023,297	1,005,053	1,879,514
			<u>2,199,256</u>	<u>1,005,053</u>	<u>1,922,491</u>
<u>\$ 6,567</u>	<u>\$ 12,589</u>	<u>\$ 6,800</u>	<u>\$ 2,480,046</u>	<u>\$ 1,005,053</u>	<u>\$ 2,304,352</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<u>ASSETS</u>			
Cash and investments	\$ 3,583,394	\$ 12,502	\$ 509,046
Accounts receivable			
Deposits			
Due from governmental entities			
Prepaid items			
Inventory			
Total assets	\$ 3,583,394	\$ 12,502	\$ 509,046
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 13,100	\$	\$
Due to other funds			
Accrued payroll and employee benefits	16,476		
Unearned revenues			
Total liabilities	29,576		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	3,553,818	12,502	509,046
Unassigned			
Total fund balances	3,553,818	12,502	509,046
Total liabilities, deferred inflows of resources and fund balances	\$ 3,583,394	\$ 12,502	\$ 509,046

<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 137,757	\$	\$ 15,377,944
		138,357
		200,000
	949,636	4,569,630
		94,299
		124,637
<u>\$ 137,757</u>	<u>\$ 949,636</u>	<u>\$ 20,504,867</u>
\$	\$ 2,592	\$ 260,699
	76,258	2,024,619
		443,986
		219,139
	<u>78,850</u>	<u>2,948,443</u>
		<u>245,841</u>
137,757	870,786	218,936
		17,099,747
		(8,100)
<u>137,757</u>	<u>870,786</u>	<u>17,310,583</u>
<u>\$ 137,757</u>	<u>\$ 949,636</u>	<u>\$ 20,504,867</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
Revenues:			
Other local	\$ 18,110	\$ 5,112	\$
State aid and grants	9,182,007	994,718	
Federal aid, grants and reimbursements			
Total revenues	<u>9,200,117</u>	<u>999,830</u>	
Expenditures:			
Current -			
Instruction	7,812,836	502,099	
Support services - students and staff	198,977	151,821	
Support services - administration	16	8,228	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	3,448		
Capital outlay			
Total expenditures	<u>8,015,277</u>	<u>662,148</u>	
Excess (deficiency) of revenues over expenditures	<u>1,184,840</u>	<u>337,682</u>	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>1,184,840</u>	<u>337,682</u>	
Fund balances (deficits), beginning of year	3,898,604	1,091,318	14,294
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 5,083,444</u>	<u>\$ 1,429,000</u>	<u>\$ 14,294</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>
\$	\$	\$	\$	\$	\$
<u>2,735,967</u>	<u>471,942</u>	<u>1,284,469</u>	<u>259,449</u>	<u>93,351</u>	<u>4,482,266</u>
<u>2,735,967</u>	<u>471,942</u>	<u>1,284,469</u>	<u>259,449</u>	<u>93,351</u>	<u>4,482,266</u>
1,327,731		732,167	105,678	83,354	1,772,081
1,142,171	434,241	378,347	45,115		2,270,137
48,856	2,790	11,034	2,500	174	11,964
3,028		18,542		2,330	596
4,450		16,225	7,200	578	400
8,319		36,058	98,956		104,131
<u>2,534,555</u>	<u>437,031</u>	<u>1,192,373</u>	<u>259,449</u>	<u>86,436</u>	<u>4,159,309</u>
<u>201,412</u>	<u>34,911</u>	<u>92,096</u>		<u>6,915</u>	<u>322,957</u>
<u>(201,412)</u>	<u>(34,911)</u>	<u>(92,096)</u>		<u>(6,915)</u>	<u>(322,957)</u>
<u>(201,412)</u>	<u>(34,911)</u>	<u>(92,096)</u>		<u>(6,915)</u>	<u>(322,957)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Johnson O'Malley	Vocational Education	E-Rate
Revenues:			
Other local	\$	\$	\$ 1,848
State aid and grants			
Federal aid, grants and reimbursements	11,242	249,504	835,343
Total revenues	11,242	249,504	837,191
Expenditures:			
Current -			
Instruction	10,448	69,062	47,082
Support services - students and staff		78,982	
Support services - administration			
Operation and maintenance of plant services			790,109
Student transportation services			
Operation of non-instructional services			
Capital outlay		92,162	
Total expenditures	10,448	240,206	837,191
Excess (deficiency) of revenues over expenditures	794	9,298	
Other financing sources (uses):			
Transfers out	(794)	(9,298)	
Total other financing sources (uses):	(794)	(9,298)	
Changes in fund balances			
Fund balances (deficits), beginning of year			581,236
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$	\$	\$ 581,236

Other Federal Projects	State Vocational Education	Other State Projects	Food Service	Civic Center	Community School
\$	\$	\$	\$	\$	\$
	137,308	11,560	4,673,014	81,382	6,190,736
158,366			4,523,402		
<u>158,366</u>	<u>137,308</u>	<u>11,560</u>	<u>9,196,416</u>	<u>81,382</u>	<u>6,190,736</u>
	74,988	11,361			29,675
100,695	12,644	199			7,452
29,412					21,634
	4,079				944
	2,070				1,150
			7,793,682		5,637,536
	43,527		223,597		105,204
<u>130,107</u>	<u>137,308</u>	<u>11,560</u>	<u>8,017,279</u>		<u>5,803,595</u>
<u>28,259</u>			<u>1,179,137</u>	<u>81,382</u>	<u>387,141</u>
(1,526)			(1,062,345)		
<u>(1,526)</u>			<u>(1,062,345)</u>		
26,733			116,792	81,382	387,141
(34,833)			2,102,525	923,671	1,492,373
			51,322		42,977
			(71,383)		
<u>\$ (8,100)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,199,256</u>	<u>\$ 1,005,053</u>	<u>\$ 1,922,491</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
Revenues:			
Other local	\$ 2,950,547	\$ 6,618	\$ 44,710
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	2,950,547	6,618	44,710
Expenditures:			
Current -			
Instruction	1,636,005		7,219
Support services - students and staff	382,345		4,666
Support services - administration		4,884	
Operation and maintenance of plant services	98,939		2,307
Student transportation services	606,593		
Operation of non-instructional services	69,420		
Capital outlay	31,635		
Total expenditures	2,824,937	4,884	14,192
Excess (deficiency) of revenues over expenditures	125,610	1,734	30,518
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	125,610	1,734	30,518
Fund balances (deficits), beginning of year	3,428,208	10,768	478,528
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 3,553,818	\$ 12,502	\$ 509,046

Insurance Refund	Joint Technical Education	Totals
\$ 698	\$ 1,746,543	\$ 15,719,318
		10,325,593
		15,105,301
<u>698</u>	<u>1,746,543</u>	<u>41,150,212</u>
	1,127,165	15,348,951
	226,313	5,434,105
	26	141,518
	32,282	953,156
	105,666	744,332
		13,504,086
	8,380	751,969
	<u>1,499,832</u>	<u>36,878,117</u>
<u>698</u>	<u>246,711</u>	<u>4,272,095</u>
		(1,732,254)
		<u>(1,732,254)</u>
<u>698</u>	<u>246,711</u>	<u>2,539,841</u>
137,059	624,075	14,747,826
		94,299
		(71,383)
<u>\$ 137,757</u>	<u>\$ 870,786</u>	<u>\$ 17,310,583</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 18,110	\$ 18,110
State aid and grants		9,182,007	9,182,007
Federal aid, grants and reimbursements			
Total revenues		<u>9,200,117</u>	<u>9,200,117</u>
Expenditures:			
Current -			
Instruction	13,202,160	7,812,836	5,389,324
Support services - students and staff	10,156	198,977	(188,821)
Support services - administration		16	(16)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services		3,448	(3,448)
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>13,212,316</u>	<u>8,015,277</u>	<u>5,197,039</u>
Excess (deficiency) of revenues over expenditures	<u>(13,212,316)</u>	<u>1,184,840</u>	<u>14,397,156</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>(13,212,316)</u>	<u>1,184,840</u>	<u>14,397,156</u>
Fund balances (deficits), beginning of year		3,898,604	3,898,604
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (13,212,316)</u>	<u>\$ 5,083,444</u>	<u>\$ 18,295,760</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 5,112 994,718	\$ 5,112 994,718	\$	\$	\$
	<u>999,830</u>	<u>999,830</u>			
1,585,822	502,099	1,083,723	20,000		20,000
479,509	151,821	327,688			
25,987	8,228	17,759			
<u>2,091,318</u>	<u>662,148</u>	<u>1,429,170</u>	<u>20,000</u>		<u>20,000</u>
<u>(2,091,318)</u>	<u>337,682</u>	<u>2,429,000</u>	<u>(20,000)</u>		<u>20,000</u>
<u>(2,091,318)</u>	<u>337,682</u>	<u>2,429,000</u>	<u>(20,000)</u>		<u>20,000</u>
	1,091,318	1,091,318		14,294	14,294
<u>\$ (2,091,318)</u>	<u>\$ 1,429,000</u>	<u>\$ 3,520,318</u>	<u>\$ (20,000)</u>	<u>\$ 14,294</u>	<u>\$ 34,294</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,735,967	2,735,967
Total revenues		<u>2,735,967</u>	<u>2,735,967</u>
Expenditures:			
Current -			
Instruction	1,815,835	1,327,731	488,104
Support services - students and staff	1,563,874	1,142,171	421,703
Support services - administration	71,040	48,856	22,184
Operation and maintenance of plant services	6,093	3,028	3,065
Student transportation services	5,000	4,450	550
Operation of non-instructional services			
Capital outlay	8,500	8,319	181
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>3,470,342</u>	<u>2,534,555</u>	<u>935,787</u>
Excess (deficiency) of revenues over expenditures	<u>(3,470,342)</u>	<u>201,412</u>	<u>3,671,754</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(201,412)	(201,412)
Proceeds from sale of capital assets			
Total other financing sources (uses):		<u>(201,412)</u>	<u>(201,412)</u>
Changes in fund balances	<u>(3,470,342)</u>		<u>3,470,342</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (3,470,342)</u>	<u>\$</u>	<u>\$ 3,470,342</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	471,942	471,942		1,284,469	1,284,469
	471,942	471,942		1,284,469	1,284,469
572,973	434,241	138,732	842,749	732,167	110,582
3,681	2,790	891	454,124	378,347	75,777
			13,244	11,034	2,210
			22,256	18,542	3,714
			19,474	16,225	3,249
			36,058	36,058	
576,654	437,031	139,623	1,387,905	1,192,373	195,532
(576,654)	34,911	611,565	(1,387,905)	92,096	1,480,001
	(34,911)	(34,911)		(92,096)	(92,096)
	(34,911)	(34,911)		(92,096)	(92,096)
(576,654)		576,654	(1,387,905)		1,387,905
\$ (576,654)	\$	\$ 576,654	\$ (1,387,905)	\$	\$ 1,387,905

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		259,449	259,449
Total revenues		259,449	259,449
Expenditures:			
Current -			
Instruction	162,668	105,678	56,990
Support services - students and staff	111,689	45,115	66,574
Support services - administration	6,189	2,500	3,689
Operation and maintenance of plant services			
Student transportation services	17,825	7,200	10,625
Operation of non-instructional services			
Capital outlay	98,956	98,956	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	397,327	259,449	137,878
Excess (deficiency) of revenues over expenditures	(397,327)		397,327
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	(397,327)		397,327
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (397,327)	\$	\$ 397,327

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	93,351	93,351		4,482,266	4,482,266
	93,351	93,351		4,482,266	4,482,266
105,301	83,354	21,947	2,208,822	1,772,081	436,741
221	174	47	2,829,628	2,270,137	559,491
2,943	2,330	613	14,913	11,964	2,949
730	578	152	743	596	147
			498	400	98
			129,795	104,131	25,664
109,195	86,436	22,759	5,184,399	4,159,309	1,025,090
(109,195)	6,915	116,110	(5,184,399)	322,957	5,507,356
	(6,915)	(6,915)		(322,957)	(322,957)
	(6,915)	(6,915)		(322,957)	(322,957)
(109,195)		109,195	(5,184,399)		5,184,399
\$ (109,195)	\$	\$ 109,195	\$ (5,184,399)	\$	\$ 5,184,399

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		11,242	11,242
Total revenues		<u>11,242</u>	<u>11,242</u>
Expenditures:			
Current -			
Instruction	29,913	10,448	19,465
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>29,913</u>	<u>10,448</u>	<u>19,465</u>
Excess (deficiency) of revenues over expenditures	<u>(29,913)</u>	<u>794</u>	<u>30,707</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(794)	(794)
Proceeds from sale of capital assets			
Total other financing sources (uses):		<u>(794)</u>	<u>(794)</u>
Changes in fund balances	<u>(29,913)</u>		<u>29,913</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (29,913)</u>	<u>\$</u>	<u>\$ 29,913</u>

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 5,415	\$ 5,415
	249,504	249,504		1,450,308	1,450,308
	249,504	249,504		1,455,723	1,455,723
112,559	69,062	43,497	8,588	2,058	6,530
128,727	78,982	49,745	921,922	220,918	701,004
			96	23	73
			540,568	129,535	411,033
150,207	92,162	58,045			
391,493	240,206	151,287	1,471,174	352,534	1,118,640
(391,493)	9,298	400,791	(1,471,174)	1,103,189	2,574,363
	(9,298)	(9,298)			
	(9,298)	(9,298)			
(391,493)		391,493	(1,471,174)	1,103,189	2,574,363
				1,872,170	1,872,170
\$ (391,493)	\$	\$ 391,493	\$ (1,471,174)	\$ 2,975,359	\$ 4,446,533

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,848	\$ 1,848
State aid and grants			
Federal aid, grants and reimbursements		835,343	835,343
Total revenues		<u>837,191</u>	<u>837,191</u>
Expenditures:			
Current -			
Instruction		47,082	(47,082)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		790,109	(790,109)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures		<u>837,191</u>	<u>(837,191)</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year		581,236	581,236
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 581,236</u>	<u>\$ 581,236</u>

Other Federal Projects			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	158,366	158,366		137,308	137,308
	<u>158,366</u>	<u>158,366</u>		<u>137,308</u>	<u>137,308</u>
172,070	100,695	71,375	100,829	74,988	25,841
50,261	29,412	20,849	17,001	12,644	4,357
			5,485	4,079	1,406
			2,783	2,070	713
			58,526	43,527	14,999
<u>222,331</u>	<u>130,107</u>	<u>92,224</u>	<u>184,624</u>	<u>137,308</u>	<u>47,316</u>
<u>(222,331)</u>	<u>28,259</u>	<u>250,590</u>	<u>(184,624)</u>		<u>184,624</u>
	(1,526)	(1,526)			
	<u>(1,526)</u>	<u>(1,526)</u>			
<u>(222,331)</u>	<u>26,733</u>	<u>249,064</u>	<u>(184,624)</u>		<u>184,624</u>
	(34,833)	(34,833)			
<u>\$ (222,331)</u>	<u>\$ (8,100)</u>	<u>\$ 214,231</u>	<u>\$ (184,624)</u>	<u>\$</u>	<u>\$ 184,624</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		11,560	11,560
Federal aid, grants and reimbursements			
Total revenues		<u>11,560</u>	<u>11,560</u>
Expenditures:			
Current -			
Instruction	11,800	11,361	439
Support services - students and staff	200	199	1
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>12,000</u>	<u>11,560</u>	<u>440</u>
Excess (deficiency) of revenues over expenditures	<u>(12,000)</u>		<u>12,000</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>(12,000)</u>		<u>12,000</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (12,000)</u>	<u>\$</u>	<u>\$ 12,000</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,530,317	\$ 1,530,317	\$	\$ 4,673,014	\$ 4,673,014
	<u>1,530,317</u>	<u>1,530,317</u>		<u>4,523,402</u>	<u>4,523,402</u>
				<u>9,196,416</u>	<u>9,196,416</u>
130,545	31,931	98,614			
27,515	6,730	20,785			
25,581	6,257	19,324			
879,234	215,058	664,176			
5,315	1,300	4,015			
2,832,366	692,788	2,139,578	11,478,827	7,793,682	3,685,145
			329,322	223,597	105,725
947,322	231,712	715,610			
43,292	10,589	32,703			
<u>4,891,170</u>	<u>1,196,365</u>	<u>3,694,805</u>	<u>11,808,149</u>	<u>8,017,279</u>	<u>3,790,870</u>
<u>(4,891,170)</u>	<u>333,952</u>	<u>5,225,122</u>	<u>(11,808,149)</u>	<u>1,179,137</u>	<u>12,987,286</u>
				(1,062,345)	(1,062,345)
	<u>2,019,053</u>	<u>2,019,053</u>		<u>(1,062,345)</u>	<u>(1,062,345)</u>
	<u>2,019,053</u>	<u>2,019,053</u>			
<u>(4,891,170)</u>	<u>2,353,005</u>	<u>7,244,175</u>	<u>(11,808,149)</u>	<u>116,792</u>	<u>11,924,941</u>
	3,154,718	3,154,718		2,102,525	2,102,525
				51,322	51,322
				(71,383)	(71,383)
<u>\$ (4,891,170)</u>	<u>\$ 5,507,723</u>	<u>\$ 10,398,893</u>	<u>\$ (11,808,149)</u>	<u>\$ 2,199,256</u>	<u>\$ 14,007,405</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 81,382	\$ 81,382
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u>81,382</u>	<u>81,382</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	867,500		867,500
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>867,500</u>	<u> </u>	<u>867,500</u>
Excess (deficiency) of revenues over expenditures	<u>(867,500)</u>	<u>81,382</u>	<u>948,882</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>(867,500)</u>	<u>81,382</u>	<u>948,882</u>
Fund balances (deficits), beginning of year		923,671	923,671
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (867,500)</u>	<u>\$ 1,005,053</u>	<u>\$ 1,872,553</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 6,190,736	\$ 6,190,736	\$	\$ 1,783,675	\$ 1,783,675
	<u>6,190,736</u>	<u>6,190,736</u>		<u>1,783,675</u>	<u>1,783,675</u>
31,470	29,675	1,795	959,410	909,410	50,000
7,903	7,452	451	212,443	212,443	
22,942	21,634	1,308	59,519	59,519	
1,001	944	57	326,991	276,991	50,000
1,220	1,150	70	114,813	64,813	50,000
5,978,472	5,637,536	340,936	85,252	37,920	47,332
111,566	105,204	6,362	123,314	123,314	
<u>6,154,574</u>	<u>5,803,595</u>	<u>350,979</u>	<u>1,881,742</u>	<u>1,684,410</u>	<u>197,332</u>
<u>(6,154,574)</u>	<u>387,141</u>	<u>6,541,715</u>	<u>(1,881,742)</u>	<u>99,265</u>	<u>1,981,007</u>
<u>(6,154,574)</u>	<u>387,141</u>	<u>6,541,715</u>	<u>(1,881,742)</u>	<u>99,265</u>	<u>1,981,007</u>
	1,492,373	1,492,373		2,417,577	2,417,577
	42,977	42,977			
<u>\$ (6,154,574)</u>	<u>\$ 1,922,491</u>	<u>\$ 8,077,065</u>	<u>\$ (1,881,742)</u>	<u>\$ 2,516,842</u>	<u>\$ 4,398,584</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 2,950,547	\$ 2,950,547
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		2,950,547	2,950,547
Expenditures:			
Current -			
Instruction	1,586,916	1,636,005	(49,089)
Support services - students and staff	370,873	382,345	(11,472)
Support services - administration			
Operation and maintenance of plant services	95,970	98,939	(2,969)
Student transportation services	588,392	606,593	(18,201)
Operation of non-instructional services	67,337	69,420	(2,083)
Capital outlay	30,686	31,635	(949)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	2,740,174	2,824,937	(84,763)
Excess (deficiency) of revenues over expenditures	(2,740,174)	125,610	2,865,784
Other financing sources (uses):			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	(2,740,174)	125,610	2,865,784
Fund balances (deficits), beginning of year		3,428,208	3,428,208
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,740,174)	\$ 3,553,818	\$ 6,293,992

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,659,216	\$ 1,659,216	\$	\$ 6,618	\$ 6,618
	<u>1,659,216</u>	<u>1,659,216</u>		<u>6,618</u>	<u>6,618</u>
991,715	883,604	108,111			
154,199	137,389	16,810			
124,789	111,185	13,604	10,000	4,884	5,116
23,704	21,120	2,584			
20,730	18,470	2,260			
521,068	464,264	56,804			
<u>1,836,205</u>	<u>1,636,032</u>	<u>200,173</u>	<u>10,000</u>	<u>4,884</u>	<u>5,116</u>
<u>(1,836,205)</u>	<u>23,184</u>	<u>1,859,389</u>	<u>(10,000)</u>	<u>1,734</u>	<u>11,734</u>
<u>(1,836,205)</u>	<u>23,184</u>	<u>1,859,389</u>	<u>(10,000)</u>	<u>1,734</u>	<u>11,734</u>
	1,536,829	1,536,829		10,768	10,768
<u>\$ (1,836,205)</u>	<u>\$ 1,560,013</u>	<u>\$ 3,396,218</u>	<u>\$ (10,000)</u>	<u>\$ 12,502</u>	<u>\$ 22,502</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 44,710	\$ 44,710
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>44,710</u>	<u>44,710</u>
Expenditures:			
Current -			
Instruction	242,634	7,219	235,415
Support services - students and staff	156,827	4,666	152,161
Support services - administration			
Operation and maintenance of plant services	77,539	2,307	75,232
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>477,000</u>	<u>14,192</u>	<u>462,808</u>
Excess (deficiency) of revenues over expenditures	<u>(477,000)</u>	<u>30,518</u>	<u>507,518</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>(477,000)</u>	<u>30,518</u>	<u>507,518</u>
Fund balances (deficits), beginning of year		478,528	478,528
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (477,000)</u>	<u>\$ 509,046</u>	<u>\$ 986,046</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,845	\$ 1,845	\$	\$ 24,677	\$ 24,677
	<u>1,845</u>	<u>1,845</u>		<u>24,677</u>	<u>24,677</u>
90,000		90,000	118,801	7,547	111,254
			61,124	3,883	57,241
			1,785,569	113,431	1,672,138
			2,928	186	2,742
			3,959,983	251,564	3,708,419
<u>90,000</u>		<u>90,000</u>	<u>5,928,405</u>	<u>376,611</u>	<u>5,551,794</u>
<u>(90,000)</u>	<u>1,845</u>	<u>91,845</u>	<u>(5,928,405)</u>	<u>(351,934)</u>	<u>5,576,471</u>
				1,732,254	1,732,254
				<u>1,732,254</u>	<u>1,732,254</u>
<u>(90,000)</u>	<u>1,845</u>	<u>91,845</u>	<u>(5,928,405)</u>	<u>1,380,320</u>	<u>7,308,725</u>
	96,219	96,219		4,680,643	4,680,643
<u>\$ (90,000)</u>	<u>\$ 98,064</u>	<u>\$ 188,064</u>	<u>\$ (5,928,405)</u>	<u>\$ 6,060,963</u>	<u>\$ 11,989,368</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 698	\$ 698
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>698</u>	<u>698</u>
Expenditures:			
Current -			
Instruction	12,000		12,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>12,000</u>		<u>12,000</u>
Excess (deficiency) of revenues over expenditures	<u>(12,000)</u>	<u>698</u>	<u>12,698</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>(12,000)</u>	<u>698</u>	<u>12,698</u>
Fund balances (deficits), beginning of year		137,059	137,059
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (12,000)</u>	<u>\$ 137,757</u>	<u>\$ 149,757</u>

Advertisement			Joint Technical Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 19,602	\$ 19,602	\$	\$ 1,746,543	\$ 1,746,543
	<u>19,602</u>	<u>19,602</u>		<u>1,746,543</u>	<u>1,746,543</u>
			1,663,349	1,127,165	536,184
			333,968	226,313	107,655
45,555	54,822	(9,267)	38	26	12
			47,638	32,282	15,356
2,741	3,298	(557)	155,931	105,666	50,265
1,704	2,051	(347)	12,366	8,380	3,986
<u>50,000</u>	<u>60,171</u>	<u>(10,171)</u>	<u>2,213,290</u>	<u>1,499,832</u>	<u>713,458</u>
<u>(50,000)</u>	<u>(40,569)</u>	<u>9,431</u>	<u>(2,213,290)</u>	<u>246,711</u>	<u>2,460,001</u>
<u>(50,000)</u>	<u>(40,569)</u>	<u>9,431</u>	<u>(2,213,290)</u>	<u>246,711</u>	<u>2,460,001</u>
	74,290	74,290		624,075	624,075
<u>\$ (50,000)</u>	<u>\$ 33,721</u>	<u>\$ 83,721</u>	<u>\$ (2,213,290)</u>	<u>\$ 870,786</u>	<u>\$ 3,084,076</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 20,744,065	\$ 20,744,065
State aid and grants		10,325,593	10,325,593
Federal aid, grants and reimbursements		16,555,609	16,555,609
Total revenues		<u>47,625,267</u>	<u>47,625,267</u>
Expenditures:			
Current -			
Instruction	25,943,886	17,183,501	8,760,385
Support services - students and staff	8,586,725	6,015,468	2,571,257
Support services - administration	2,349,625	486,755	1,862,870
Operation and maintenance of plant services	1,492,525	1,466,511	26,014
Student transportation services	1,476,020	961,748	514,272
Operation of non-instructional services	18,477,388	13,542,006	4,935,382
Capital outlay	8,404,417	2,285,950	6,118,467
Debt service -			
Principal retirement	947,322	231,712	715,610
Interest and fiscal charges	43,292	10,589	32,703
Total expenditures	<u>67,721,200</u>	<u>42,184,240</u>	<u>25,536,960</u>
Excess (deficiency) of revenues over expenditures	<u>(67,721,200)</u>	<u>5,441,027</u>	<u>73,162,227</u>
Other financing sources (uses):			
Transfers in		1,732,254	1,732,254
Transfers out		(1,732,254)	(1,732,254)
Proceeds from sale of capital assets		2,019,053	2,019,053
Total other financing sources (uses):		<u>2,019,053</u>	<u>2,019,053</u>
Changes in fund balances	<u>(67,721,200)</u>	<u>7,460,080</u>	<u>75,181,280</u>
Fund balances (deficits), beginning of year		28,580,272	28,580,272
Increase (decrease) in reserve for prepaid items		94,299	94,299
Increase (decrease) in reserve for inventory		(71,383)	(71,383)
Fund balances (deficits), end of year	<u>\$ (67,721,200)</u>	<u>\$ 36,063,268</u>	<u>\$ 103,784,468</u>

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
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 86,166	\$ 86,166
Property taxes		28,447,656	28,447,656
Total revenues		<u>28,533,822</u>	<u>28,533,822</u>
Expenditures:			
Debt service -			
Principal retirement	18,731,250	18,731,250	
Interest and fiscal charges	11,186,135	10,455,010	731,125
Bond issuance costs	250,000	243,100	6,900
Total expenditures	<u>30,167,385</u>	<u>29,429,360</u>	<u>738,025</u>
Excess (deficiency) of revenues over expenditures	<u>(30,167,385)</u>	<u>(895,538)</u>	<u>29,271,847</u>
Other financing sources (uses):			
Issuance of refunding bonds		28,050,000	28,050,000
Premium on sale of bonds		1,122,540	1,122,540
Payment to refunded bond escrow agent		(28,639,830)	(28,639,830)
Total other financing sources (uses):		<u>532,710</u>	<u>532,710</u>
Changes in fund balances	<u>(30,167,385)</u>	<u>(362,828)</u>	<u>29,804,557</u>
Fund balances, beginning of year		3,414,510	3,414,510
Fund balances (deficits), end of year	<u>\$ (30,167,385)</u>	<u>\$ 3,051,682</u>	<u>\$ 33,219,067</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.

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 - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Energy and Water Savings</u>
<u>ASSETS</u>			
Cash and investments	\$ 5,437,080	\$ 2,832,539	\$ 961,438
Property taxes receivable	226,192	157,374	
Accounts receivable			249,573
Due from governmental entities	8,984		
Total assets	<u><u>\$ 5,672,256</u></u>	<u><u>\$ 2,989,913</u></u>	<u><u>\$ 1,211,011</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 56,601	\$ 26,210	\$ 17,715
Due to other funds			
Total liabilities	<u>56,601</u>	<u>26,210</u>	<u>17,715</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>216,612</u>	<u>149,111</u>	
Fund balances:			
Restricted	<u>5,399,043</u>	<u>2,814,592</u>	<u>1,193,296</u>
Total fund balances	<u><u>5,399,043</u></u>	<u><u>2,814,592</u></u>	<u><u>1,193,296</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 5,672,256</u></u>	<u><u>\$ 2,989,913</u></u>	<u><u>\$ 1,211,011</u></u>

<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$ 9,231,057
	383,566
	249,573
481,777	490,761
<u>\$ 481,777</u>	<u>\$ 10,354,957</u>

\$ 13,743	\$ 114,269
<u>190,491</u>	<u>190,491</u>
<u>204,234</u>	<u>304,760</u>

	365,723
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<u>277,543</u>	<u>9,684,474</u>
<u>277,543</u>	<u>9,684,474</u>

<u>\$ 481,777</u>	<u>\$ 10,354,957</u>
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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 34,724	\$ 13,040	\$
Property taxes	1,625,206	1,334,122	
State aid and grants	357,517		
Federal aid, grants and reimbursements			
Total revenues	<u>2,017,447</u>	<u>1,347,162</u>	<u></u>
Expenditures:			
Capital outlay	5,418,406	1,235,837	522,154
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>5,418,406</u>	<u>1,235,837</u>	<u>522,154</u>
Excess (deficiency) of revenues over expenditures	<u>(3,400,959)</u>	<u>111,325</u>	<u>(522,154)</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	<u>(3,400,959)</u>	<u>111,325</u>	<u>(522,154)</u>
Fund balances, beginning of year	8,800,002	2,703,267	522,154
Fund balances, end of year	<u>\$ 5,399,043</u>	<u>\$ 2,814,592</u>	<u>\$</u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 786,295	\$	\$ 834,059
	423,506	2,959,328
1,167,828		781,023
<u>1,954,123</u>	<u>423,506</u>	<u>1,167,828</u>
		<u>5,742,238</u>
192,283	643,230	8,011,910
2,155,294		2,155,294
1,264,436		1,264,436
<u>3,612,013</u>	<u>643,230</u>	<u>11,431,640</u>
<u>(1,657,890)</u>	<u>(219,724)</u>	<u>(5,689,402)</u>
2,344,600		2,344,600
<u>2,344,600</u>		<u>2,344,600</u>
686,710	(219,724)	(3,344,802)
506,586	497,267	13,029,276
<u>\$ 1,193,296</u>	<u>\$ 277,543</u>	<u>\$ 9,684,474</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, 2016

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 166,544	\$ 166,544
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>166,544</u>	<u>166,544</u>
Expenditures:			
Capital outlay	480,000		480,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>480,000</u>		<u>480,000</u>
Excess (deficiency) of revenues over expenditures	<u>(480,000)</u>	<u>166,544</u>	<u>646,544</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	<u>(480,000)</u>	<u>166,544</u>	<u>646,544</u>
Fund balances, beginning of year		555,684	555,684
Fund balances (deficits), end of year	<u>\$ (480,000)</u>	<u>\$ 722,228</u>	<u>\$ 1,202,228</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 34,724	\$ 34,724	\$	\$ 13,040	\$ 13,040
	1,625,206	1,625,206		1,334,122	1,334,122
	357,517	357,517			
	<u>2,017,447</u>	<u>2,017,447</u>		<u>1,347,162</u>	<u>1,347,162</u>
10,440,662	5,418,406	5,022,256	4,000,000	1,235,837	2,764,163
<u>10,440,662</u>	<u>5,418,406</u>	<u>5,022,256</u>	<u>4,000,000</u>	<u>1,235,837</u>	<u>2,764,163</u>
<u>(10,440,662)</u>	<u>(3,400,959)</u>	<u>7,039,703</u>	<u>(4,000,000)</u>	<u>111,325</u>	<u>4,111,325</u>
<u>(10,440,662)</u>	<u>(3,400,959)</u>	<u>7,039,703</u>	<u>(4,000,000)</u>	<u>111,325</u>	<u>4,111,325</u>
	8,800,002	8,800,002		2,703,267	2,703,267
<u>\$ (10,440,662)</u>	<u>\$ 5,399,043</u>	<u>\$ 15,839,705</u>	<u>\$ (4,000,000)</u>	<u>\$ 2,814,592</u>	<u>\$ 6,814,592</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, 2016

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Capital outlay	522,154	522,154	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	522,154	522,154	
Excess (deficiency) of revenues over expenditures	(522,154)	(522,154)	
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	(522,154)	(522,154)	
Fund balances, beginning of year		522,154	522,154
Fund balances (deficits), end of year	\$ (522,154)	\$	\$ 522,154

Energy and Water Savings			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 786,295	\$ 786,295	\$	\$	\$
	1,167,828	1,167,828		423,506	423,506
	<u>1,954,123</u>	<u>1,954,123</u>		<u>423,506</u>	<u>423,506</u>
26,765	192,283	(165,518)		643,230	(643,230)
2,155,294	2,155,294				
1,264,436	1,264,436				
<u>3,446,495</u>	<u>3,612,013</u>	<u>(165,518)</u>		<u>643,230</u>	<u>(643,230)</u>
<u>(3,446,495)</u>	<u>(1,657,890)</u>	<u>1,788,605</u>		<u>(219,724)</u>	<u>(219,724)</u>
	2,344,600	2,344,600			
	<u>2,344,600</u>	<u>2,344,600</u>			
<u>(3,446,495)</u>	<u>686,710</u>	<u>4,133,205</u>		<u>(219,724)</u>	<u>(219,724)</u>
	506,586	506,586		497,267	497,267
<u>\$ (3,446,495)</u>	<u>\$ 1,193,296</u>	<u>\$ 4,639,791</u>	<u>\$</u>	<u>\$ 277,543</u>	<u>\$ 277,543</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, 2016

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,000,603	\$ 1,000,603
Property taxes		2,959,328	2,959,328
State aid and grants		781,023	781,023
Federal aid, grants and reimbursements		1,167,828	1,167,828
Total revenues		<u>5,908,782</u>	<u>5,908,782</u>
Expenditures:			
Capital outlay	15,469,581	8,011,910	7,457,671
Debt service -			
Principal retirement	2,155,294	2,155,294	
Interest and fiscal charges	1,264,436	1,264,436	
Total expenditures	<u>18,889,311</u>	<u>11,431,640</u>	<u>7,457,671</u>
Excess (deficiency) of revenues over expenditures	<u>(18,889,311)</u>	<u>(5,522,858)</u>	<u>13,366,453</u>
Other financing sources (uses):			
Transfers in		2,344,600	2,344,600
Total other financing sources (uses):		<u>2,344,600</u>	<u>2,344,600</u>
Changes in fund balances	<u>(18,889,311)</u>	<u>(3,178,258)</u>	<u>15,711,053</u>
Fund balances, beginning of year		13,584,960	13,584,960
Fund balances (deficits), end of year	<u>\$ (18,889,311)</u>	<u>\$ 10,406,702</u>	<u>\$ 29,296,013</u>

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, 2016

	Print Shop	Intergovernment al Agreements	Insurance Trust
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 181,856	\$ 812,464	\$ 15,120,094
Prepaid items			399,462
Total current assets	181,856	812,464	15,519,556
Total assets	181,856	812,464	15,519,556
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable		55,432	
Total current liabilities		55,432	
Total liabilities		55,432	
<u>NET POSITION</u>			
Unrestricted	181,856	757,032	15,519,556
Total net position	\$ 181,856	\$ 757,032	\$ 15,519,556

Totals

\$ 16,114,414
399,462
16,513,876
16,513,876

55,432

55,432

55,432

16,458,444

\$ 16,458,444

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Print Shop</u>	<u>Intergovernmental Agreements</u>	<u>Insurance Trust</u>
Operating revenues:			
Contributions	\$	\$	\$ 1,003,883
Other	124,743	681,164	
Total operating revenues	<u>124,743</u>	<u>681,164</u>	<u>1,003,883</u>
Operating expenses:			
Other	123,017	596,238	47,636
Claims			80,063
Premiums			1,672
Administrative fees			157,289
Total operating expenses	<u>123,017</u>	<u>596,238</u>	<u>286,660</u>
Operating income (loss)	<u>1,726</u>	<u>84,926</u>	<u>717,223</u>
Nonoperating revenues (expenses):			
Investment income	910	3,229	381,495
Total nonoperating revenues (expenses)	<u>910</u>	<u>3,229</u>	<u>381,495</u>
Changes in net position	<u>2,636</u>	<u>88,155</u>	<u>1,098,718</u>
Total net position, beginning of year	179,220	668,877	14,420,838
Total net position, end of year	<u>\$ 181,856</u>	<u>\$ 757,032</u>	<u>\$ 15,519,556</u>

Totals

\$ 1,003,883
805,907
1,809,790

766,891
80,063
1,672
157,289
1,005,915

803,875

385,634
385,634

1,189,509

15,268,935

\$ 16,458,444

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Print Shop</u>	<u>Intergovernmental Agreements</u>	<u>Insurance Trust</u>	<u>Totals</u>
<u>Increase in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from contributions	\$	\$	\$ 1,003,883	\$ 1,003,883
Cash received from charges for services	124,743	751,450		876,193
Cash payments to suppliers for goods and services	(123,017)	(540,806)	(606,059)	(1,269,882)
Cash payments for claims			(80,063)	(80,063)
Net cash provided by operating activities	<u>1,726</u>	<u>210,644</u>	<u>317,761</u>	<u>530,131</u>
Cash flows from investing activities:				
Proceeds from sale of investments			4,392,235	4,392,235
Purchase of investments			(5,509,570)	(5,509,570)
Investment income	910	3,229	381,495	385,634
Net cash provided by (used for) investing activities	<u>910</u>	<u>3,229</u>	<u>(735,840)</u>	<u>(731,701)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,636</u>	<u>213,873</u>	<u>(418,079)</u>	<u>(201,570)</u>
Cash and cash equivalents, beginning of year	<u>179,220</u>	<u>598,591</u>	<u>3,646,106</u>	<u>4,423,917</u>
Cash and cash equivalents, end of year	<u>\$ 181,856</u>	<u>\$ 812,464</u>	<u>\$ 3,228,027</u>	<u>\$ 4,222,347</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and investments	\$ 181,856	\$ 812,464	\$ 15,120,094	\$ 16,114,414
Less investments not maturing in less than three months			11,892,067	11,892,067
Total cash and cash equivalents	<u>\$ 181,856</u>	<u>\$ 812,464</u>	<u>\$ 3,228,027</u>	<u>\$ 4,222,347</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>				
Operating income	\$ 1,726	\$ 84,926	\$ 717,223	\$ 803,875
Adjustments to reconcile operating income to net cash provided by operating activities:				
Changes in assets and liabilities:				
Decrease in accounts receivable		70,286		70,286
Increase in prepaid items			(399,462)	(399,462)
Increase in accounts payable		55,432		55,432
Total adjustments		<u>125,718</u>	<u>(399,462)</u>	<u>(273,744)</u>
Net cash provided by operating activities	<u>\$ 1,726</u>	<u>\$ 210,644</u>	<u>\$ 317,761</u>	<u>\$ 530,131</u>

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, 2016

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 1,504,427	\$ 16,355,586	\$ 17,860,013
Total assets	\$ 1,504,427	\$ 16,355,586	\$ 17,860,013
 <u>LIABILITIES</u>			
Accounts payable	\$ 10,905	\$	\$ 10,905
Deposits held for others		16,355,586	16,355,586
Due to student groups	1,493,522		1,493,522
Total liabilities	\$ 1,504,427	\$ 16,355,586	\$ 17,860,013

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 1,393,523	\$ 1,967,148	\$ 1,856,244	\$ 1,504,427
Total assets	\$ 1,393,523	\$ 1,967,148	\$ 1,856,244	\$ 1,504,427
<u>Liabilities</u>				
Accounts payable	\$	\$ 10,905	\$	\$ 10,905
Due to student groups	1,393,523	1,956,243	1,856,244	1,493,522
Total liabilities	\$ 1,393,523	\$ 1,967,148	\$ 1,856,244	\$ 1,504,427
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 19,577,906	\$ 16,136,850	\$ 19,359,170	\$ 16,355,586
Total assets	\$ 19,577,906	\$ 16,136,850	\$ 19,359,170	\$ 16,355,586
<u>Liabilities</u>				
Deposits held for others	\$ 19,577,906	\$ 16,136,850	\$ 19,359,170	\$ 16,355,586
Total liabilities	\$ 19,577,906	\$ 16,136,850	\$ 19,359,170	\$ 16,355,586
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 20,971,429	\$ 18,103,998	\$ 21,215,414	\$ 17,860,013
Total assets	\$ 20,971,429	\$ 18,103,998	\$ 21,215,414	\$ 17,860,013
<u>Liabilities</u>				
Accounts payable	\$	\$ 10,905	\$	\$ 10,905
Deposits held for others	19,577,906	16,136,850	19,359,170	16,355,586
Due to student groups	1,393,523	1,956,243	1,856,244	1,493,522
Total liabilities	\$ 20,971,429	\$ 18,103,998	\$ 21,215,414	\$ 17,860,013

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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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 197,944,820	\$ 195,006,815	\$ 192,343,223	\$ 185,819,660	\$ 171,205,695
Restricted	34,030,712	33,068,218	26,778,930	21,654,982	38,009,432
Unrestricted	(136,001,313)	(145,194,347)	63,559,012	63,412,299	49,733,138
Total net position	\$ 95,974,219	\$ 82,880,686	\$ 282,681,165	\$ 270,886,941	\$ 258,948,265
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position:					
Net investment in capital assets	\$ 132,040,763	\$ 119,641,050	\$ 91,163,244	\$ 48,192,458	\$ 28,216,895
Restricted	34,824,511	21,350,236	18,163,103	27,247,992	18,271,392
Unrestricted	98,132,924	85,910,876	78,132,576	89,764,742	69,051,591
Total net position	\$ 264,998,198	\$ 226,902,162	\$ 187,458,923	\$ 165,205,192	\$ 115,539,878

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 109,188,667	\$ 117,541,974	\$ 125,817,758	\$ 131,532,492	\$ 145,322,440
Support services - students and staff	25,098,967	25,599,028	21,387,477	20,600,353	23,705,530
Support services - administration	15,709,948	15,332,132	16,360,490	18,881,552	19,752,995
Operation and maintenance of plant services	25,141,793	24,099,572	24,043,217	20,336,972	23,521,103
Student transportation services	9,149,102	10,208,578	10,812,339	10,525,225	12,543,222
Operation of non-instructional services	13,583,555	12,657,613	13,437,529	14,585,168	15,497,702
Interest on long-term debt	11,449,356	12,745,183	13,853,807	16,005,484	11,911,009
Total expenses	<u>209,321,388</u>	<u>218,184,080</u>	<u>225,712,617</u>	<u>232,467,246</u>	<u>252,254,001</u>
Program Revenues					
Charges for services:					
Instruction	4,491,538	7,082,919	7,601,228	8,214,022	11,142,937
Operation of non-instructional services	11,284,312	10,293,195	10,216,320	10,238,797	7,021,439
Other activities	3,524,872	2,305,074	1,117,379	1,111,312	965,113
Operating grants and contributions	21,841,876	18,437,093	17,700,029	18,459,174	17,597,115
Capital grants and contributions	606,750	455,734	482,642	1,134,264	741,507
Total program revenues	<u>41,749,348</u>	<u>38,574,015</u>	<u>37,117,598</u>	<u>39,157,569</u>	<u>37,468,111</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 133,239,099	\$ 147,449,327	\$ 150,232,317	\$ 145,496,792	\$ 143,954,535
Support services - students and staff	23,699,221	23,564,220	30,423,170	28,109,615	24,790,839
Support services - administration	17,478,195	17,511,969	18,696,791	18,985,110	20,461,956
Operation and maintenance of plant services	24,948,100	23,374,438	19,134,847	17,914,152	19,046,976
Student transportation services	11,353,011	12,897,691	12,352,644	10,392,338	9,784,345
Operation of non-instructional services	13,267,755	14,916,136	14,187,121	12,901,527	9,332,698
Interest on long-term debt	14,928,071	15,545,637	15,314,478	16,893,641	14,244,381
Total expenses	<u>238,913,452</u>	<u>255,259,418</u>	<u>260,341,368</u>	<u>250,693,175</u>	<u>241,615,730</u>
Program Revenues					
Charges for services:					
Instruction	8,416,951	7,450,076	4,397,975	10,664,507	2,068,694
Operation of non-instructional services	9,985,150	11,105,694	11,458,984	7,708,709	13,175,203
Other activities	39,608	1,166,976	247,509	645,791	1,674,402
Operating grants and contributions	21,362,077	18,447,066	20,397,423	12,724,841	14,399,291
Capital grants and contributions	998,268	715,787	373,869	319,049	625,655
Total program revenues	<u>40,802,054</u>	<u>38,885,599</u>	<u>36,875,760</u>	<u>32,062,897</u>	<u>31,943,245</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (167,572,040)	\$ (179,610,065)	\$ (188,595,019)	\$ (193,309,677)	\$ (214,785,890)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	111,673,823	118,007,744	120,551,271	129,017,671	127,589,580
Property taxes, levied for debt service	28,451,762	28,540,922	29,736,719	33,018,404	35,177,583
Property taxes, levied for capital outlay	3,059,965	10,091,054	16,979,642	9,476,376	11,078,942
Investment income	732,065	404,459	493,122	530,349	599,421
Unrestricted state aid	35,297,650	35,007,040	34,191,280	32,456,652	33,672,103
Unrestricted federal aid	1,450,308	1,300,326	667,006	748,901	618,328
Total general revenues	<u>180,665,573</u>	<u>193,351,545</u>	<u>202,619,040</u>	<u>205,248,353</u>	<u>208,735,957</u>
Changes in Net Position	<u>\$ 13,093,533</u>	<u>\$ 13,741,480</u>	<u>\$ 14,024,021</u>	<u>\$ 11,938,676</u>	<u>\$ (6,049,933)</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (198,111,398)	\$ (216,373,819)	\$ (223,465,608)	\$ (218,630,278)	\$ (209,672,485)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	124,543,508	135,372,331	138,501,230	131,582,423	117,420,864
Property taxes, levied for debt service	58,885,879	69,711,445	50,257,693	62,310,748	38,793,771
Property taxes, levied for capital outlay	15,037,946	16,272,119	17,859,641	17,760,121	10,697,664
Investment income	1,283,196	1,202,937	2,717,214	6,525,102	8,737,938
Unrestricted county aid		229,750			7,383
Unrestricted state aid	35,244,246	28,969,013	36,383,561	50,117,198	45,116,993
Unrestricted federal aid	1,212,659	4,059,463			
Total general revenues	<u>236,207,434</u>	<u>255,817,058</u>	<u>245,719,339</u>	<u>268,295,592</u>	<u>220,774,613</u>
Changes in Net Position	<u>\$ 38,096,036</u>	<u>\$ 39,443,239</u>	<u>\$ 22,253,731</u>	<u>\$ 49,665,314</u>	<u>\$ 11,102,128</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 2006-07 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 2,206,022	\$ 86,878	\$ 25,774	\$ 1,601,786	\$ 39,353
Restricted	722,228	555,684	459,656	411,173	
Unassigned	17,636,814	15,550,600	14,984,466	10,678,050	14,121,100
Total General Fund	<u>\$ 20,565,064</u>	<u>\$ 16,193,162</u>	<u>\$ 15,469,896</u>	<u>\$ 12,691,009</u>	<u>\$ 14,160,453</u>
All Other Governmental Funds:					
Nonspendable	\$ 218,936	\$ 196,020	\$ 186,147	\$ 171,918	\$ 230,174
Restricted	29,835,903	31,030,425	27,216,620	26,091,264	72,266,270
Unassigned	(8,100)	(34,833)	(45,894)	(49,051)	(265,064)
Total all other governmental funds	<u>\$ 30,046,739</u>	<u>\$ 31,191,612</u>	<u>\$ 27,356,873</u>	<u>\$ 26,214,131</u>	<u>\$ 72,231,380</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 15,100,900	\$	\$	\$	\$
Unassigned	16,281,917				
Reserved		13,670,922	2,520,492	121,451	81,599
Unreserved		3,907,668	7,164,705	12,137,521	7,658,579
Total General Fund	<u>\$ 31,382,817</u>	<u>\$ 17,578,590</u>	<u>\$ 9,685,197</u>	<u>\$ 12,258,972</u>	<u>\$ 7,740,178</u>
All Other Governmental Funds:					
Nonspendable	\$ 168,596	\$	\$	\$	\$
Restricted	78,755,539				
Unassigned	(1,319,162)				
Reserved		194,383	1,319,395	203,641	126,061
Unreserved, reported in:					
Special revenue funds		13,707,372	20,986,930	27,079,146	29,549,369
Capital projects funds		10,023,791	12,781,771	23,252,334	88,135,713
Debt service fund		8,444,949	3,732,794	9,474,851	5,949,241
Total all other governmental funds	<u>\$ 77,604,973</u>	<u>\$ 32,370,495</u>	<u>\$ 38,820,890</u>	<u>\$ 60,009,972</u>	<u>\$ 123,760,384</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 13,200,035	\$ 13,335,049	\$ 12,844,506	\$ 15,938,257	\$ 14,017,649
National School Lunch Program	4,523,402	4,219,458	4,229,244	4,296,561	4,263,960
Total federal sources	<u>17,723,437</u>	<u>17,554,507</u>	<u>17,073,750</u>	<u>20,234,818</u>	<u>18,281,609</u>
State sources:					
State equalization assistance	23,640,801	24,598,190	24,021,433	24,256,964	25,977,703
State grants	148,868	89,285	132,901	273,037	540,605
School Facilities Board	423,506	820,397	84,509		
Other revenues	11,233,343	9,588,453	10,169,847	8,104,875	7,694,400
Total state sources	<u>35,446,518</u>	<u>35,096,325</u>	<u>34,408,690</u>	<u>32,634,876</u>	<u>34,212,708</u>
Local sources:					
Property taxes	151,538,134	156,732,246	167,395,323	169,277,911	172,517,119
Food service sales	4,665,826	4,344,038	4,583,563	4,557,054	5,300,664
Investment income	346,431	231,665	210,236	301,051	278,734
Other revenues	17,218,897	16,550,558	15,846,567	15,007,077	13,828,760
Total local sources	<u>173,769,288</u>	<u>177,858,507</u>	<u>188,035,689</u>	<u>189,143,093</u>	<u>191,925,277</u>
Total revenues	<u><u>\$ 226,939,243</u></u>	<u><u>\$ 230,509,339</u></u>	<u><u>\$ 239,518,129</u></u>	<u><u>\$ 242,012,787</u></u>	<u><u>\$ 244,419,594</u></u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 13,460,104	\$ 15,437,856	\$ 11,763,005	\$ 9,446,124	\$ 10,521,632
State Fiscal Stabilization (ARRA)	317,354	4,059,463			
Education Jobs	5,023,508				
National School Lunch Program	4,370,328	4,077,528	3,109,392	2,829,134	2,568,175
Total federal sources	<u>23,171,294</u>	<u>23,574,847</u>	<u>14,872,397</u>	<u>12,275,258</u>	<u>13,089,807</u>
State sources:					
State equalization assistance	28,752,581	21,210,753	28,018,928	34,419,996	31,909,143
State grants	467,142	416,900	1,720,544	768,632	477,755
School Facilities Board				1,409,087	2,759,082
Other revenues	7,451,345	6,798,580	8,802,149	13,850,599	11,664,869
Total state sources	<u>36,671,068</u>	<u>28,426,233</u>	<u>38,541,621</u>	<u>50,448,314</u>	<u>46,810,849</u>
Local sources:					
Property taxes	200,710,698	212,292,088	198,914,373	211,328,645	168,550,763
County aid		229,750			7,383
Food service sales	5,236,956	5,953,610	6,743,401	6,477,759	5,605,694
Investment income	1,004,963	772,592	2,165,185	5,886,443	8,112,267
Other revenues	13,204,753	13,769,136	13,025,569	12,541,248	11,312,605
Total local sources	<u>220,157,370</u>	<u>233,017,176</u>	<u>220,848,528</u>	<u>236,234,095</u>	<u>193,588,712</u>
Total revenues	<u>\$ 279,999,732</u>	<u>\$ 285,018,256</u>	<u>\$ 274,262,546</u>	<u>\$ 298,957,667</u>	<u>\$ 253,489,368</u>

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

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

(Concluded)

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 94,081,688	\$ 94,441,929	\$ 101,379,242	\$ 108,304,313	\$ 109,461,502
Support services - students and staff	26,100,469	25,795,471	20,455,887	20,278,372	20,375,974
Support services - administration	16,440,773	15,081,500	16,017,580	18,045,680	17,050,586
Operation and maintenance of plant services	26,253,354	24,019,553	22,147,180	21,445,449	21,444,896
Student transportation services	8,148,491	8,259,803	8,379,493	8,781,133	9,262,637
Operation of non-instructional services	13,992,011	12,719,706	13,215,555	14,244,468	14,123,546
Capital outlay	10,297,860	11,472,270	13,834,099	54,158,684	107,919,368
Debt service -					
Interest, premium and fiscal charges	11,730,035	13,025,861	14,134,485	16,005,484	14,486,720
Principal retirement	21,118,256	21,206,218	24,471,196	29,740,074	26,885,889
Payment to refunded bond escrow agent					
Bond issuance costs	243,100				369,500
Total expenditures	<u>\$ 228,406,037</u>	<u>\$ 226,022,311</u>	<u>\$ 234,034,717</u>	<u>\$ 291,003,657</u>	<u>\$ 341,380,618</u>
Expenditures for capitalized assets	\$ 3,919,439	\$ 3,962,060	\$ 6,003,112	\$ 44,650,197	\$ 94,858,506
Debt service as a percentage of noncapital expenditures	15%	15%	17%	19%	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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 110,093,348	\$ 122,750,360	\$ 127,153,635	\$ 120,381,294	\$ 117,678,953
Support services - students and staff	22,167,880	22,795,238	29,827,558	27,990,156	24,025,178
Support services - administration	16,606,333	17,027,190	17,573,126	18,852,748	18,845,652
Operation and maintenance of plant services	24,192,366	23,245,880	18,574,493	17,565,176	18,610,793
Student transportation services	9,019,241	9,147,622	8,781,402	8,821,119	8,325,830
Operation of non-instructional services	13,842,184	14,466,608	13,811,574	12,701,796	10,308,291
Capital outlay	28,711,644	25,897,304	28,265,833	90,509,728	108,363,299
Debt service -					
Interest, premium and fiscal charges	13,026,538	15,545,637	15,314,478	16,893,641	15,630,522
Principal retirement	47,910,137	51,876,240	42,208,349	45,658,288	40,696,264
Payment to refunded bond escrow agent	2,085,933				
Bond issuance costs	796,980				946,477
Total expenditures	<u>\$ 288,452,584</u>	<u>\$ 302,752,079</u>	<u>\$ 301,510,448</u>	<u>\$ 359,373,946</u>	<u>\$ 363,431,259</u>
Expenditures for capitalized assets	\$ 14,584,385	\$ 8,322,513	\$ 15,287,498	\$ 75,919,035	\$ 93,375,356
Debt service as a percentage of noncapital expenditures	23%	23%	20%	22%	21%

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (1,466,794)	\$ 4,487,028	\$ 5,483,412	\$ (48,990,870)	\$ (96,961,024)
Other financing sources (uses):					
Proceeds from sale of capital assets	2,019,053				
General obligation bonds issued					59,000,000
Refunding bonds issued	28,050,000				
Premium on sale of bonds	1,122,540				2,991,292
Capital lease agreements					27,373,744
Transfers in	4,076,854	3,844,475	10,016,556	4,686,377	4,597,473
Transfers out	(4,076,854)	(3,844,475)	(10,016,556)	(4,686,377)	(4,597,473)
Payment to refunded bond escrow agent	(28,639,830)				
Total other financing sources (uses)	<u>2,551,763</u>				<u>89,365,036</u>
Changes in fund balances	<u>\$ 1,084,969</u>	<u>\$ 4,487,028</u>	<u>\$ 5,483,412</u>	<u>\$ (48,990,870)</u>	<u>\$ (7,595,988)</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (8,452,852)	\$ (17,733,823)	\$ (27,247,902)	\$ (60,416,279)	\$ (109,941,891)
Other financing sources (uses):					
General obligation bonds issued	59,000,000				117,000,000
Refunding bonds issued	31,000,000				100,600,000
Premium on sale of bonds	2,154,160				10,140,670
Capital lease agreements	6,593,460	9,151,403	1,007,861	1,067,229	288,337
Transfers in	2,075,111	6,409,941	3,441,638	1,903,033	6,293,185
Transfers out	(2,075,111)	(6,409,941)	(3,441,638)	(1,903,033)	(6,293,185)
Payment to refunded bond escrow agent	(32,172,780)				(108,408,052)
Total other financing sources (uses)	<u>66,574,840</u>	<u>9,151,403</u>	<u>1,007,861</u>	<u>1,067,229</u>	<u>119,620,955</u>
Changes in fund balances	<u>\$ 58,121,988</u>	<u>\$ (8,582,420)</u>	<u>\$ (26,240,041)</u>	<u>\$ (59,349,050)</u>	<u>\$ 9,679,064</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 972,696,552	\$ 990,499,452	\$ 1,024,532,175	\$ 1,169,459,743	\$ 1,303,736,413
Agricultural and Vacant	139,211,449	140,688,195	148,742,499	167,914,822	218,927,564
Residential (Owner Occupied)	2,501,359,331	2,446,660,111	2,423,307,221	2,734,490,682	3,051,154,820
Residential (Rental)	906,403,894	779,123,703	588,050,363	326,706,771	364,010,143
Historical Property	1,087,411	849,921	809,815	812,610	541,040
Certain Government Property Improvements	70,768	67,399	68,646	78,581	50,238
Total	\$ 4,520,829,405	\$ 4,357,888,781	\$ 4,185,510,719	\$ 4,399,463,209	\$ 4,938,420,218
Gross Full Cash Value	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637	\$ 40,960,626,918	\$ 45,973,224,668
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	11%	11%	11%
Total Direct Rate	3.84	4.11	4.58	4.43	4.00

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 1,581,451,109	\$ 1,525,654,452	\$ 1,427,529,828	\$ 1,310,952,615	\$ 1,213,926,599
Agricultural and Vacant	280,602,532	291,448,753	247,668,199	198,356,772	193,371,805
Residential (Owner Occupied)	3,650,775,515	3,730,397,341	3,326,212,237	2,836,682,413	2,388,639,166
Residential (Rental)	419,053,354	400,675,506	359,324,304	303,773,760	264,276,730
Historical Property	436,781	496,451	1,577,460	1,471,903	1,622,543
Total	\$ 5,932,319,291	\$ 5,948,672,503	\$ 5,362,312,028	\$ 4,651,237,463	\$ 4,061,836,843
Gross Full Cash Value	\$ 57,348,835,479	\$ 65,521,183,653	\$ 65,628,952,152	\$ 55,670,082,475	\$ 37,133,132,154
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	9%	8%	8%	11%
Total Direct Rate	3.75	3.78	3.89	4.68	4.71

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 1,048,494,743	\$ 1,002,917,989	\$ 1,028,997,896	\$ 1,171,611,166	\$ 1,310,074,799
Agricultural and Vacant	177,452,588	159,863,729	152,661,736	170,198,253	227,044,993
Residential (Owner Occupied)	2,944,151,295	2,550,276,824	2,427,195,332	2,737,541,354	3,057,814,095
Residential (Rental)	1,109,586,552	842,264,959	596,144,005	327,329,732	364,685,348
Historical Property	1,392,146	928,541	851,441	813,028	541,040
Certain Government Property Improvements	72,225	67,399	68,646	78,581	50,238
Total	\$ 5,281,149,549	\$ 4,556,319,441	\$ 4,205,919,056	\$ 4,407,572,114	\$ 4,960,210,513
Gross Full Cash Value	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637	\$ 40,960,626,918	\$ 45,973,224,668
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	11%	11%	11%
Total Direct Rate	3.84	4.11	4.58	4.43	4.00

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 1,819,016,886	\$ 1,916,938,893	\$ 1,715,892,138	\$ 1,508,612,264	\$ 1,341,862,915
Agricultural and Vacant	342,770,214	435,895,590	400,386,649	314,361,475	275,693,837
Residential (Owner Occupied)	3,715,887,079	4,354,159,135	4,556,663,940	3,949,006,584	2,466,739,850
Residential (Rental)	441,222,136	494,065,266	484,830,683	409,290,421	276,878,715
Historical Property	458,123	620,721	2,009,774	1,809,373	1,970,312
Total	\$ 6,319,354,438	\$ 7,201,679,605	\$ 7,159,783,184	\$ 6,183,080,117	\$ 4,363,145,629
Gross Full Cash Value	\$ 5,932,319,291	\$ 5,948,672,503	\$ 5,362,312,028	\$ 4,651,237,463	\$ 4,061,836,843
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	12%
Total Direct Rate	3.75	3.78	3.89	4.68	4.71

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

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

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

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

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										
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
2008		1.10	0.98	0.57	0.79	1.82	1.40	0.05	3.42	1.26	4.68
2007		1.18	1.06	0.89	0.97	1.82	1.40	0.05	3.45	1.26	4.71

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>2016</u>		<u>2007</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Arizona Public Service Company	47,640,245	1.05	45,092,726	1.11 %
Scottsdale Fashion Square LLC/Etal	29,879,290	0.66		
Starwood Phoenician CMBA LLC	20,140,228	0.44		
Qwest Corporation	13,528,562	0.30		
Gainey Drive Associates	13,412,328	0.29		
Scottsdale Fashion Square LLC	13,353,846	0.29	51,186,338	1.26
Portales Corporation Center LLC	13,291,184	0.29		
W J Small Grandchildren Trust	12,573,916	0.28		
Omni Montelucia LLC	10,968,748	0.24		
Scottsdale Healthcare Realty Corp	11,090,655	0.24		
Airtouch Cellular			45,498,967	1.12
Southwest Gas Co.			41,842,800	1.03
Branch Brook Garden LLC			31,686,781	0.78
Gilbert/Arizona Development			22,343,243	0.55
America Leasing Inc			21,937,002	0.54
Zimmerman Trust			21,124,520	0.52
Earnhardt Leasing Inc			19,093,316	0.47
Paramount JV			18,280,835	0.45
Total	<u><u>\$ 185,879,002</u></u>	<u><u>4.08</u></u>	<u><u>\$ 272,993,802</u></u>	<u><u>6.72 %</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
2016	\$ 174,672,995	\$ 171,784,675	98.35 %	\$	\$ 171,784,675	98.35 %
2015	180,985,544	170,131,504	94.00	10,820,791	180,952,295	99.98
2014	191,253,984	180,236,461	94.24	10,997,606	191,234,067	99.99
2013	194,571,811	182,955,919	94.03	11,608,749	194,564,668	100.00
2012	197,438,367	185,889,225	94.15	9,256,072	195,145,297	98.84
2011	227,752,165	217,680,125	95.58	10,057,460	227,737,585	99.99
2010	242,359,809	220,594,794	91.02	12,751,177	233,345,971	96.28
2009	227,393,423	212,062,159	93.26	12,958,695	225,020,854	98.96
2008	237,417,646	230,341,958	97.02	7,064,098	237,406,056	100.00
2007	193,926,037	188,685,468	97.30	5,233,362	193,918,830	100.00

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	
2016	\$225,533,675	\$ 5,972,699	\$ 219,560,976	0.43 %	\$ 781	\$ 26,079,693	\$251,613,368	0.49 %	\$ 895	N/A %	
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	
2008	375,460,000	45,155,000	330,305,000	0.59	1,397	1,494,584	376,954,584	0.68	1,595	0.28	
2007	402,600,000	27,140,000	375,460,000	1.01	1,235	930,643	403,530,643	1.09	1,327	0.33	

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, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa Community College District	\$ 593,820,000	13.06 %	\$ 77,552,892
Maricopa County Special Health Care District	106,000,000	13.06	13,843,600
DC Ranch Communities Facilities District	12,485,000	100.00	12,485,000
McDowell Mountain Ranch Community Facilities District	8,405,000	100.00	8,405,000
Scottsdale Mountain Community Facilities District	1,055,000	100.00	1,055,000
Via Linda Road Community Facilities District	1,530,000	50.29	769,437
Waterfront Community Facilities District	3,330,000	100.00	3,330,000
City of Scottsdale	586,910,000	61.35	360,069,285
City of Phoenix	1,428,097,000	5.83	83,258,055
City of Tempe	398,707,000	0.70	2,790,949
Subtotal, Overlapping Debt			<u>563,559,218</u>
Direct:			
Scottsdale Unified School District No. 48			<u>251,613,368</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 815,172,586</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.19 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,791	
As a Percentage of Net Limited Assessed Valuation		14.86 %
As a Percentage of Gross Full Cash Value		1.54 %

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

Notes: 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

2) Outstanding debt as of June 30, 2015 is presented for the overlapping governments as this is the most recent available information.

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

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

Net full cash assessed valuation	\$ 5,281,149,549
Debt limit (20% of assessed value)	1,056,229,910
Debt applicable to limit	<u>221,161,250</u>
Legal debt margin	<u><u>\$ 835,068,660</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 5,281,149,549
Debt limit (30% of assessed value)	1,584,344,865
Debt applicable to limit	<u>221,161,250</u>
Legal debt margin	<u><u>\$ 1,363,183,615</u></u>

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 1,584,344,865	\$ 1,366,895,832	\$ 1,261,775,717	\$ 1,322,271,634	\$ 1,488,063,154
Total net debt applicable to limit	<u>221,161,250</u>	<u>243,725,829</u>	<u>262,078,750</u>	<u>287,045,000</u>	<u>311,050,000</u>
Legal debt margin	<u><u>\$ 1,363,183,615</u></u>	<u><u>\$ 1,123,170,003</u></u>	<u><u>\$ 999,696,967</u></u>	<u><u>\$ 1,035,226,634</u></u>	<u><u>\$ 1,177,013,154</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14%	18%	21%	22%	21%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 1,895,806,331	\$ 2,160,503,882	\$ 2,147,934,955	\$ 1,854,924,035	\$ 1,308,943,689
Total net debt applicable to limit	<u>252,550,000</u>	<u>271,585,000</u>	<u>321,805,000</u>	<u>375,460,000</u>	<u>402,600,000</u>
Legal debt margin	<u><u>\$ 1,643,256,331</u></u>	<u><u>\$ 1,888,918,882</u></u>	<u><u>\$ 1,826,129,955</u></u>	<u><u>\$ 1,479,464,035</u></u>	<u><u>\$ 906,343,689</u></u>
Total net debt applicable to the limit as a percentage of debt limit	13%	13%	15%	20%	31%

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 and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
2) Bond premium is not subject to the statutory debt limit.

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>
2015	4,087,191	\$ N/A	\$ N/A	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
2007	3,907,492	132,423,154	35,046	3.2	236,373
2006	3,792,675	120,716,738	33,178	3.5	304,000

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 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, 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>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	50,820	2.67 %	49,305	2.68 %
Banner Health Systems	41,530	2.18	16,400	0.89
Wal-Mart Stores Inc.	32,370	1.70	28,800	1.57
Fry's Food and Drug Stores	17,290	0.91	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 2016 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Consultants/supervisors of instruction	15	15	15	18	14
Principals	29	29	30	30	30
Assistant principals	36	36	36	36	43
Total supervisory	<u>80</u>	<u>80</u>	<u>81</u>	<u>84</u>	<u>87</u>
Instruction					
Teachers	1,213	1,256	1,308	1,443	1,437
Other professionals (instructional)	47	48	51		193
Aides	306	353	368	329	305
Total instruction	<u>1,566</u>	<u>1,657</u>	<u>1,727</u>	<u>1,772</u>	<u>1,935</u>
Student Services					
Librarians	29	29	28	13	2
Technicians	60	60	60	22	43
Total student services	<u>89</u>	<u>89</u>	<u>88</u>	<u>35</u>	<u>45</u>
Support and Administration					
Service Workers	431	440	442	342	524
Other Laborers	386	384	402	708	341
Total support and administration	<u>817</u>	<u>824</u>	<u>844</u>	<u>1,050</u>	<u>865</u>
Total	<u><u>2,552</u></u>	<u><u>2,650</u></u>	<u><u>2,740</u></u>	<u><u>2,941</u></u>	<u><u>2,932</u></u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Consultants/supervisors of instruction	15	14	18	17	16
Principals	29	31	31	32	27
Assistant principals	38	38	45	43	35
Total supervisory	<u>82</u>	<u>83</u>	<u>94</u>	<u>92</u>	<u>78</u>
Instruction					
Teachers	1,402	1,480	1,590	1,608	1,580
Other professionals (instructional)	118	113	112	89	65
Aides	353	317	314	282	166
Total instruction	<u>1,873</u>	<u>1,910</u>	<u>2,016</u>	<u>1,979</u>	<u>1,811</u>
Student Services					
Librarians	9	11	11	31	37
Technicians	27	28	28	41	3
Total student services	<u>36</u>	<u>39</u>	<u>39</u>	<u>72</u>	<u>40</u>
Support and Administration					
Service Workers	447	569	613	618	595
Other Laborers	353	255	250	242	240
Total support and administration	<u>800</u>	<u>824</u>	<u>863</u>	<u>860</u>	<u>835</u>
Total	<u><u>2,791</u></u>	<u><u>2,856</u></u>	<u><u>3,012</u></u>	<u><u>3,003</u></u>	<u><u>2,764</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
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
2008	25,038	206,312,289	8,240	5.64	250,693,175	10,013	5.08	1,979	12.7	19.3
2007	25,358	197,794,697	7,800	13.31	241,615,730	9,528	11.44	1,811	14.0	19.9

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Schools</u>										
Elementary										
Buildings	163	163	163	163	163	166	166	166	166	166
Square feet	1,427,918	1,427,918	1,427,918	1,427,918	1,427,918	1,399,949	1,399,949	1,399,949	1,399,949	1,399,949
Capacity	15,336	15,336	15,336	15,336	15,336	15,336	15,336	15,336	15,336	15,336
Enrollment	11,845	11,845	11,845	11,845	11,707	12,816	13,694	13,727	11,734	11,674
Middle										
Buildings	62	62	62	62	62	78	78	78	78	78
Square feet	960,988	960,988	960,988	960,988	852,118	859,360	859,360	859,360	859,360	859,360
Capacity	9,608	9,608	9,608	9,608	8,592	8,592	8,592	8,592	8,592	8,592
Enrollment	5,813	5,813	5,813	5,813	4,277	4,349	4,566	4,640	5,231	5,091
High										
Buildings	48	48	48	48	48	48	48	48	42	42
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	1,665,520	1,405,247
Capacity	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	12,598	10,630
Enrollment	8,551	8,551	8,551	8,551	8,731	8,724	8,724	8,510	8,858	8,498
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	59	59	59	59	59	82	98	115	100	100
<u>Administrative</u>										
Buildings	5	4	4	4	4	3	3	3	3	3
Square feet	49,760	36,651	36,651	36,651	36,651	35,000	35,000	35,000	35,000	35,000
<u>Transportation</u>										
Garages	2	2	2	2	2	2	2	2	2	2
Buses	226	226	226	226	218	211	202	202	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				
Running tracks	5	5	5	5	5	5	5	5	5	5
Baseball/softball	62	62	62	62	62	63	63	63	63	63
Playgrounds	67	67	67	67	67	67	22	22	22	22

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