
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



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, 2017**

Issued by:
Finance Department

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

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INTRODUCTORY SECTION

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Education Center
7575 E Main Street
Scottsdale, AZ 85251-4522

Telephone: 480-484-6100
Fax: 480-484-6294
Web site: www.susd.org

November 29, 2017

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, 2017.

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, 2017, 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, 2017, 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 281,000.

The District has 30 schools on 30 sites with a 2016-17 average daily membership of 22,502, 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, 2016. 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, 2016. 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, 2017 certificates.

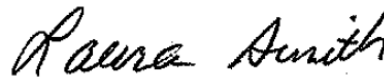
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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
Superintendent



Laura Smith
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Scottsdale Unified School District No. 48

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

2016-17 School Year

Scottsdale Unified School District
GOVERNING BOARD

Superintendent
Dr. Denise Birdwell

District Planning & Design

PIO

District Attorney

Board Secretary

Assistant Superintendent
Personnel & Specialized
Services

Executive Director
of SPED

Executive Director
of Support Services

Director of SPED

Director of SPED-
Compliance

Director of HR

Assistant Superintendent
Educational Services

Executive Director
of Teaching & Learning

Director of
Curriculum

Director of ELL &
Federal Programs

Director of
Instruction &
Professional

Assistant Superintendent
Accountability &
Instruction

Chief Systems
Officer

Director of Data &
Programming

Director of
Assessment

Compliance Officer

Assistant Superintendent
Educational Leadership

K-8 Principals

Elementary
Principals

Director of Gifted

Director of Early
Childhood

Executive Director
of Secondary/
Middle Schools

District Athletics

HS Principals

MS Principals

Chief Financial Officer

Director of Facilities

Director of
Transportation

Director of Payroll

Director of
Purchasing

Director of Nutrition

Guide: Teal boxes wrapped in red are Cabinet positions.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

**LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2017**

GOVERNING BOARD

Barbara Perleberg, President

Pam Kirby, Vice President

Kim Hartmann, Member

Allyson Beckham, Member

Sandy Kravetz, Member

ADMINISTRATIVE STAFF

Dr. A. Denise Birdwell, Superintendent

Dennis Roehler, Director of Facilities and Operations

Laura Smith, Chief Financial Officer

Dr. Anna McCauley, Assistant Superintendent of Accountability and Instruction

Michelle Marshall, General Counsel

Dr. Steve Nance, Assistant Superintendent of Educational Services

Dr. Pam Sitton, Assistant Superintendent for Personnel and Specialized Services

Dr. Cecilia Johnson, Assistant Superintendent of Educational Leadership

Debi Spaulding, Chief Systems Officer

Erin Helm, 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, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, 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
November 29, 2017

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, 2017**

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, 2017. 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 \$21.1 million, which represents a 22 percent increase from the prior fiscal year, primarily as a result of the changes in deferred outflows of resources related to pensions.
- General revenues accounted for \$196.9 million in revenue, or 84 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$38.0 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$213.9 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$158.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$151.1 million in expenditures. The General Fund's fund balance increase from \$20.6 million at the prior fiscal year end to \$27.3 million at the end of the current fiscal year was primarily due to an increase in property tax revenues.
- Net position for the Internal Service Funds decreased \$180,318 from the prior fiscal year. Operating expenses of \$2.4 million exceeded operating revenues of \$2.2 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, 2017

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, 2017

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, Debt Service and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, 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, 2017**

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 \$117.0 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, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Current assets	\$ 180,275,229	\$ 112,039,584
Capital assets, net	435,577,693	447,106,235
Total assets	<u>615,852,922</u>	<u>559,145,819</u>
Deferred outflows	<u>42,324,777</u>	<u>19,760,183</u>
Current liabilities	14,583,936	8,491,839
Long-term liabilities	496,549,911	443,364,795
Total liabilities	<u>511,133,847</u>	<u>451,856,634</u>
Deferred inflows	<u>30,009,785</u>	<u>31,075,149</u>
Net position:		
Net investment in capital assets	185,095,984	197,944,820
Restricted	47,244,196	34,030,712
Unrestricted	(115,306,113)	(136,001,313)
Total net position	<u>\$ 117,034,067</u>	<u>\$ 95,974,219</u>

At the end of the current fiscal year the District reported positive balances in two net position categories. Unrestricted net position was negative due to the District's proportionate share of the state's pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

- The issuance of \$39.6 million in school improvement bonds.
- The issuance of \$15.6 million in capital lease obligations.
- The principal retirement of \$18.7 million of bonds.
- The principal retirement of \$2.2 million of capital leases.
- The increase of \$14.4 million in pension liabilities.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

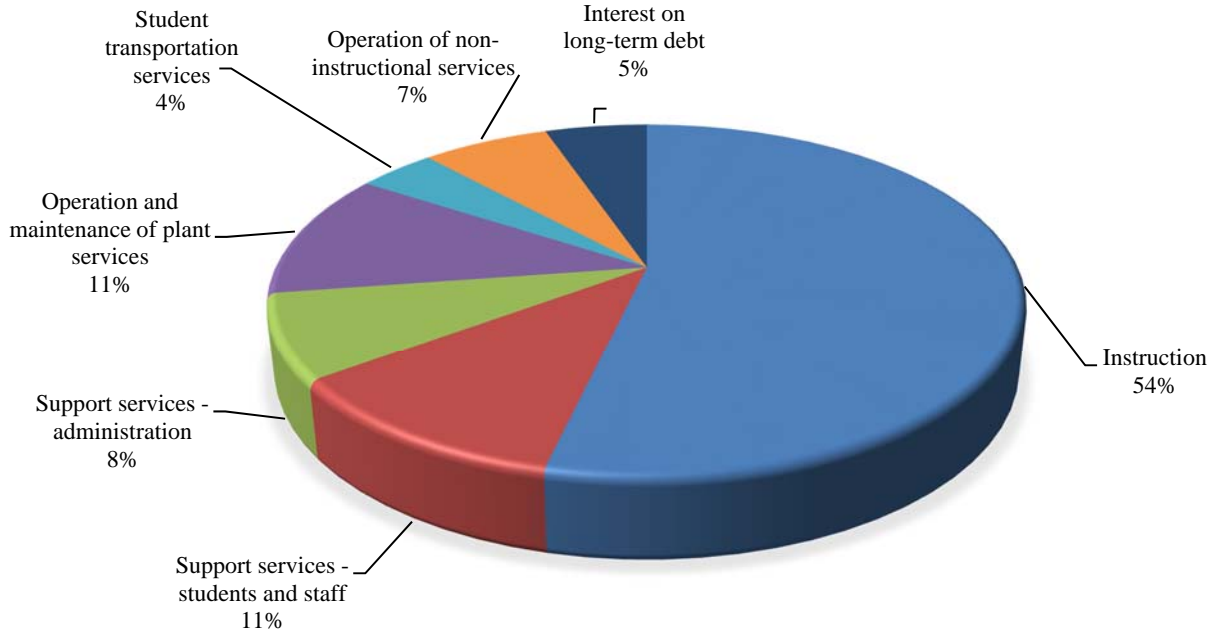
Changes in net position. The District's total revenues for the current fiscal year were \$235.0 million. The total cost of all programs and services was \$213.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 18,730,366	\$ 19,300,722
Operating grants and contributions	19,060,061	21,841,876
Capital grants and contributions	239,802	606,750
General revenues:		
Property taxes	158,846,492	143,185,550
Investment income	574,560	732,065
Unrestricted state aid	36,282,702	35,297,650
Unrestricted federal aid	1,224,573	1,450,308
Total revenues	<u>234,958,556</u>	<u>222,414,921</u>
Expenses:		
Instruction	\$ 114,725,348	109,188,667
Support services – students and staff	23,957,599	25,098,967
Support services – administration	16,718,363	15,709,948
Operation and maintenance of plant services	24,672,485	25,141,793
Student transportation services	8,610,273	9,149,102
Operation of non-instructional services	14,015,044	13,583,555
Interest on long-term debt	11,199,596	11,449,356
Total expenses	<u>213,898,708</u>	<u>209,321,388</u>
Changes in net position	<u>21,059,848</u>	<u>13,093,533</u>
Net position, beginning	<u>95,974,219</u>	<u>82,880,686</u>
Net position, ending	<u>\$ 117,034,067</u>	<u>\$ 95,974,219</u>

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Expenses - Fiscal Year 2017



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

- An increase of \$15.7 million in property tax revenues primarily due to an increase in the net limited assessed valuation of taxable property within the District as well as an increase in the primary property tax rate.
- An increase of \$5.5 million in instruction expenses primarily due to increased salaries in part due to the increase in the minimum wage, as well as an increase in pension expense.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

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, 2017</u>		<u>Year Ended June 30, 2016</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$114,725,348	\$(103,042,689)	\$ 109,188,667	\$ (95,858,089)
Support services – students and staff	23,957,599	(19,429,108)	25,098,967	(19,320,340)
Support services – administration	16,718,363	(16,633,040)	15,709,948	(15,660,498)
Operation and maintenance of plant services	24,672,485	(22,493,141)	25,141,793	(20,588,365)
Student transportation services	8,610,273	(8,001,645)	9,149,102	(9,121,019)
Operation of non-instructional services	14,015,044	2,634,702	13,583,555	2,000,562
Interest on long-term debt	11,199,596	(8,903,558)	11,449,356	(9,024,291)
Total	<u>\$213,898,708</u>	<u>\$(175,868,479)</u>	<u>\$ 209,321,388</u>	<u>\$(167,572,040)</u>

- The cost of all governmental activities this year was \$213.9 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$38.0 million.
- Net cost of governmental activities of \$175.9 million was financed by general revenues, which are made up of primarily property taxes of \$158.8 million and state aid of \$36.3 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, 2017**

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 \$111.4 million, an increase of \$60.8 million due primarily to the issuance of school improvement bonds.

The General Fund comprises 24 percent of the total fund balance. Approximately \$24.3 million, or 89 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 \$6.7 million to \$27.3 million as of fiscal year end was primarily a result of an increase in property taxes. General Fund revenues increased \$7.3 million while General Fund expenditures increased only \$413,870.

The fund balance in the Debt Service Fund increased \$1.7 million due to the receipt of outstanding federal interest subsidies. Fund balance in this fund changes as resources needed to service the District's debt fluctuates.

The fund balance in the Bond Building Fund increased \$39.0 million due to the issuance of school improvement bonds.

Unrestricted net position of the Internal Service Funds decreased \$180,318 to \$16.3 million. Operating revenues increased \$359,846 while operating expenses increased \$1.4 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student counts. The difference between the original budget and the final amended budget was a \$136,297 decrease, or less than one percent.

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

- The favorable variance of \$7.1 million in instruction expenditures was due to budgeting for contingency in this line item.
- The favorable variance of \$1.3 million in operation and maintenance of plant services expenditures was due to estimating the maximum amount that the District would have to cover.
- The favorable variance of \$1.0 million in student transportation services expenditures was due to lower than expected fuel costs.

**SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$709.4 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 \$9.1 million from the prior fiscal year, primarily due to construction of energy upgrades and school improvements. Total depreciation expense for the current fiscal year was \$20.7 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2017 and June 30, 2016.

	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>
Capital assets – non-depreciable	\$ 35,071,991	\$ 26,951,811
Capital assets – depreciable, net	400,505,702	420,154,424
Total	<u>\$ 435,577,693</u>	<u>\$ 447,106,235</u>

The estimated cost to complete current construction projects is \$26.0 million.

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

Debt Administration. At year-end, the District had \$291.6 million in long-term debt outstanding, \$24.1 million due within one year. Long-term debt increased by \$19.1 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 \$1.7 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, 2017**

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 2017-18 budget. Among them:

- Fiscal year 2016-17 budget balance carry forward (\$7,242,557 for Maintenance and Operations)
- District student population (22,225)

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 \$156.5 million in fiscal year 2017-18. No new programs were added to the 2017-18 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, 2017

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 148,752,590
Property taxes receivable	16,281,009
Accounts receivable	751,876
Deposits	200,000
Due from governmental entities	12,003,649
Prepaid items	2,153,417
Inventory	132,688
Total current assets	180,275,229
Noncurrent assets:	
Capital assets not being depreciated	35,071,991
Capital assets, net of accumulated depreciation	400,505,702
Total noncurrent assets	435,577,693
Total assets	615,852,922
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	2,145,459
Pension plan items	40,179,318
Total deferred outflows of resources	42,324,777
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	3,140,811
Construction contracts payable	3,498,843
Accrued payroll and employee benefits	2,267,650
Compensated absences payable	854,837
Accrued interest payable	5,455,844
Unearned revenues	220,788
Obligations under capital leases	3,033,260
Bonds payable	21,076,250
Total current liabilities	39,548,283
Noncurrent liabilities:	
Non-current portion of long-term obligations	471,585,564
Total noncurrent liabilities	471,585,564
Total liabilities	511,133,847
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	30,009,785
 <u>NET POSITION</u>	
Net investment in capital assets	185,095,984
Restricted for:	
Voter approved initiatives	6,211,217
Federal and state projects	612,158
Food service	2,469,607
Civic center	1,099,145
Community school	2,835,026
Extracurricular activities	3,692,885
Other local initiatives	2,047,991
Debt service	6,516,362
Capital outlay	21,759,805
Unrestricted	(115,306,113)
Total net position	\$ 117,034,067

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, 2017

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	\$ 114,725,348	\$ 4,225,553	\$ 7,318,931	\$ 138,175	\$ (103,042,689)
Support services - students and staff	23,957,599	285,212	4,243,279		(19,429,108)
Support services - administration	16,718,363		85,323		(16,633,040)
Operation and maintenance of plant services	24,672,485	1,532,238	545,479	101,627	(22,493,141)
Student transportation services	8,610,273	570,423	38,205		(8,001,645)
Operation of non-instructional services	14,015,044	12,116,940	4,532,806		2,634,702
Interest on long-term debt	11,199,596		2,296,038		(8,903,558)
Total governmental activities	<u>\$ 213,898,708</u>	<u>\$ 18,730,366</u>	<u>\$ 19,060,061</u>	<u>\$ 239,802</u>	<u>(175,868,479)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	127,280,942
Property taxes, levied for debt service	29,192,275
Property taxes, levied for capital outlay	2,373,275
Investment income	574,560
Unrestricted state aid	36,282,702
Unrestricted federal aid	1,224,573
Total general revenues	<u>196,928,327</u>

Changes in net position

21,059,848

Net position, beginning of year

95,974,219

Net position, end of year

\$ 117,034,067

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, 2017

	General	Debt Service	Bond Building
<u>ASSETS</u>			
Cash and investments	\$ 19,296,405	\$ 31,039,010	\$ 41,950,080
Property taxes receivable	15,469,235	478,684	
Accounts receivable	66,902		
Deposits			
Due from governmental entities	8,678,589	1,530,762	
Due from other funds	727,948		
Prepaid items	2,153,417		
Inventory			
Total assets	\$ 46,392,496	\$ 33,048,456	\$ 41,950,080
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,454,746	\$	\$
Construction contracts payable			2,927,800
Due to other funds			
Accrued payroll and employee benefits	1,867,309		
Unearned revenues			
Bonds payable		21,076,250	
Bond interest payable		5,455,844	
Total liabilities	4,322,055	26,532,094	2,927,800
Deferred inflows of resources:			
Unavailable revenues - property taxes	14,802,503	265,513	
Unavailable revenues - intergovernmental		1,530,762	
Total deferred inflows of resources	14,802,503	1,796,275	
Fund balances:			
Nonspendable	2,153,417		
Restricted	856,913	4,720,087	39,022,280
Unassigned	24,257,608		
Total fund balances	27,267,938	4,720,087	39,022,280
 Total liabilities, deferred inflows of resources and fund balances	 \$ 46,392,496	 \$ 33,048,456	 \$ 41,950,080

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 40,456,700	\$ 132,742,195
333,090	16,281,009
383,982	450,884
200,000	200,000
1,794,298	12,003,649
	727,948
	2,153,417
132,688	132,688
<u>\$ 43,300,758</u>	<u>\$ 164,691,790</u>

\$ 652,804	\$ 3,107,550
571,043	3,498,843
727,948	727,948
400,341	2,267,650
220,788	220,788
	21,076,250
	5,455,844
<u>2,572,924</u>	<u>36,354,873</u>

297,213	15,365,229
	1,530,762
<u>297,213</u>	<u>16,895,991</u>

132,688	2,286,105
40,297,933	84,897,213
	24,257,608
<u>40,430,621</u>	<u>111,440,926</u>

<u>\$ 43,300,758</u>	<u>\$ 164,691,790</u>
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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total governmental fund balances **\$ 111,440,926**

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	\$ 709,392,520	
Less accumulated depreciation	<u>(273,814,827)</u>	435,577,693

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

Property taxes	15,365,229	
Intergovernmental	<u>1,530,762</u>	16,895,991

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

Deferred charge on refunding	2,145,459	
Deferred outflows of resources related to pensions	40,179,318	
Deferred inflows of resources related to pensions	<u>(30,009,785)</u>	12,314,992

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

16,278,126

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

Compensated absences payable	(8,548,370)	
Obligations under capital leases	(39,478,195)	
Net pension liability	(196,352,093)	
Bonds and bond premium payable	<u>(231,095,003)</u>	<u>(475,473,661)</u>

Net position of governmental activities **\$ 117,034,067**

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, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 5,239,986	\$ 130,731	\$ 90,218
Property taxes	126,692,106	29,186,077	
State aid and grants	25,651,137		
Federal aid, grants and reimbursements	1,224,573	2,913,066	
Total revenues	<u>158,807,802</u>	<u>32,229,874</u>	<u>90,218</u>
Expenditures:			
Current -			
Instruction	79,784,125		
Support services - students and staff	20,444,506		
Support services - administration	18,304,379		
Operation and maintenance of plant services	24,399,462		
Student transportation services	7,068,900		
Operation of non-instructional services	466,126		
Capital outlay	613,292		5,881,660
Debt service -			
Principal retirement		21,076,250	
Interest and fiscal charges		10,146,357	
Bond issuance costs			310,586
Total expenditures	<u>151,080,790</u>	<u>31,222,607</u>	<u>6,192,246</u>
Excess (deficiency) of revenues over expenditures	<u>7,727,012</u>	<u>1,007,267</u>	<u>(6,102,028)</u>
Other financing sources (uses):			
Transfers in	1,358,328	661,138	
Transfers out	(2,329,861)		(661,138)
Capital lease agreements			
Issuance of school improvement bonds			39,635,000
Premium on sale of bonds			6,150,446
Total other financing sources (uses):	<u>(971,533)</u>	<u>661,138</u>	<u>45,124,308</u>
Changes in fund balances	<u>6,755,479</u>	<u>1,668,405</u>	<u>39,022,280</u>
Fund balances, beginning of year	20,565,064	3,051,682	
Increase (decrease) in reserve for prepaid items	(52,284)		
Increase (decrease) in reserve for inventory	(321)		
Fund balances, end of year	<u>\$ 27,267,938</u>	<u>\$ 4,720,087</u>	<u>\$ 39,022,280</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 17,095,417	\$ 22,556,352
2,441,785	158,319,968
10,753,446	36,404,583
14,341,935	18,479,574
<u>44,632,583</u>	<u>235,760,477</u>
16,872,656	96,656,781
4,738,584	25,183,090
102,167	18,406,546
805,590	25,205,052
565,686	7,634,586
13,770,872	14,236,998
7,461,888	13,956,840
2,159,773	23,236,023
1,163,363	11,309,720
	310,586
<u>47,640,579</u>	<u>236,136,222</u>
<u>(3,007,996)</u>	<u>(375,745)</u>
2,329,861	4,349,327
(1,358,328)	(4,349,327)
15,558,275	15,558,275
	39,635,000
	6,150,446
<u>16,529,808</u>	<u>61,343,721</u>
<u>13,521,812</u>	<u>60,967,976</u>
26,995,057	50,611,803
(94,299)	(146,583)
8,051	7,730
<u>\$ 40,430,621</u>	<u>\$ 111,440,926</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Changes in fund balances - total governmental funds **\$ 60,967,976**

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	\$ 9,280,224	
Less current year depreciation	<u>(20,723,380)</u>	(11,443,156)

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

Issuance of school improvement bonds	(39,635,000)	
Obligations under capital leases	<u>(15,558,275)</u>	(55,193,275)

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

Property taxes	526,524	
Intergovernmental	<u>(1,376,781)</u>	(850,257)

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	2,159,773	
Bond principal retirement	<u>21,076,250</u>	23,236,023

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	12,252,312	
Pension expense	<u>(2,690,911)</u>	9,561,401

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	(146,583)	
Inventory	7,730	
Deferred charges on issuance of debt	(306,494)	
Loss on disposal of assets	(85,386)	
Amortization of deferred bond items	(5,733,828)	
Compensated absences	<u>1,226,015</u>	(5,038,546)

The Internal Service Fund is 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 Fund is reported with governmental activities in the Statement of Activities.

(180,318)

Changes in net position in governmental activities **\$ 21,059,848**

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, 2017

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 16,010,395
Accounts receivable	300,992
Total current assets	16,311,387
Total assets	16,311,387
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	33,261
Total current liabilities	33,261
Total liabilities	33,261
 <u>NET POSITION</u>	
Unrestricted	16,278,126
Total net position	\$ 16,278,126

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, 2017

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 1,367,001
Other	802,635
Total operating revenues	<u>2,169,636</u>
Operating expenses:	
Other	1,072,310
Claims	107,495
Premiums	1,107,615
Administrative fees	110,870
Total operating expenses	<u>2,398,290</u>
Operating income (loss)	<u>(228,654)</u>
Nonoperating revenues (expenses):	
Investment income	48,336
Total nonoperating revenues (expenses)	<u>48,336</u>
Changes in net position	<u>(180,318)</u>
Total net position, beginning of year	16,458,444
Total net position, end of year	<u><u>\$ 16,278,126</u></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, 2017

	<u>Governmental Activities: Internal Service Funds</u>
<u>Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 1,066,009
Cash received from other sources	802,635
Cash payments to suppliers for goods and services	(1,913,504)
Cash payments for claims	(107,495)
Net cash used for operating activities	<u>(152,355)</u>
Cash flows from investing activities:	
Purchase of investments	(1,515,936)
Investment income	48,336
Proceeds from sales and maturities of investment	1,129,000
Net cash used for investing activities	<u>(338,600)</u>
Net decrease in cash and cash equivalents	<u>(490,955)</u>
Cash and cash equivalents, beginning of year	<u>4,222,347</u>
Cash and cash equivalents, end of year	<u>\$ 3,731,392</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 16,010,395
Less investments not maturing in less than three months	12,279,003
Total cash and cash equivalents	<u>\$ 3,731,392</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Used for Operating Activities</u>	
Operating loss	\$ (228,654)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(300,992)
Decrease in prepaid items	399,462
Decrease in accounts payable	(22,171)
Total adjustments	<u>76,299</u>
Net cash used for operating activities	<u>\$ (152,355)</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, 2017

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 18,313,404
Total assets	\$ 18,313,404
 <u>LIABILITIES</u>	
Accounts payable	\$ 5,438
Deposits held for others	16,678,642
Due to student groups	1,629,324
Total liabilities	\$ 18,313,404

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, 2017

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.

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The component unit does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

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

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

H. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

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

I. Prepaid Items

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Bond Building Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$	\$	\$	\$ 132,688
Prepaid items	2,153,417			
Restricted:				
Debt service		4,720,087		
Capital projects	856,913			21,462,592
Bond building projects			39,022,280	
Voter approved initiatives				6,211,217
E-rate				612,158
Food service				2,336,919
Civic center				1,099,145
Community school				2,835,026
Extracurricular activities				3,692,885
Joint technical education				1,347,763
Textbooks				533,082
Other purposes				167,146
Unassigned	24,257,608			
Total fund balances	<u>\$ 27,267,938</u>	<u>\$ 4,720,087</u>	<u>\$ 39,022,280</u>	<u>\$ 40,430,621</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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, 2017

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 \$21,000,845 and the bank balance was \$21,137,946. At year end, \$7,626,683 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 \$13,261,263 of cash held with trustee and \$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

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CASH AND INVESTMENTS

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

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
Taxable Municipal Bonds	Level 1	\$ 104,323	\$	\$ 104,323
U.S. Agencies	Level 1	1,654,859		1,654,859
Corporate Bonds	Level 1	10,519,821	2,857,429	7,662,392
			<u>\$ 2,857,429</u>	<u>\$ 9,421,574</u>
County Treasurer's investment pool	Not applicable	<u>120,524,293</u>	457 days average maturities	
Total		<u>\$ 132,803,296</u>		

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

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency. The District's investments in Corporate Bonds were rated from Baa1 to A1 by Moody's Investors Service and from BBB+ to AA+ by Standard and Poor's. The District's investments in Taxable Municipal were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The District's investments in U.S. Agencies were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Due from governmental entities:			
Due from federal government	\$ 30,707	\$ 1,530,762	\$ 1,010,646
Due from state government	8,647,882		291,434
Due from other districts			492,218
Net due from governmental entities	<u>\$ 8,678,589</u>	<u>\$ 1,530,762</u>	<u>\$ 1,794,298</u>

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 26,951,811	\$	\$	\$ 26,951,811
Construction in progress		8,120,180		8,120,180
Total capital assets, not being depreciated	<u>26,951,811</u>	<u>8,120,180</u>		<u>35,071,991</u>
Capital assets, being depreciated:				
Land improvements	19,781,015	377,647		20,158,662
Buildings and improvements	621,777,889	340,223		622,118,112
Vehicles, furniture and equipment	31,762,751	442,174	161,170	32,043,755
Total capital assets being depreciated	<u>673,321,655</u>	<u>1,160,044</u>	<u>161,170</u>	<u>674,320,529</u>
Less accumulated depreciation for:				
Land improvements	(9,291,225)	(918,427)		(10,209,652)
Buildings and improvements	(218,494,397)	(18,254,712)		(236,749,109)
Vehicles, furniture and equipment	(25,381,609)	(1,550,241)	(75,784)	(26,856,066)
Total accumulated depreciation	<u>(253,167,231)</u>	<u>(20,723,380)</u>	<u>(75,784)</u>	<u>(273,814,827)</u>
Total capital assets, being depreciated, net	<u>420,154,424</u>	<u>(19,563,336)</u>	85,386	400,505,702
Governmental activities capital assets, net	<u>\$ 447,106,235</u>	<u>\$ (11,443,156)</u>	<u>\$ 85,386</u>	<u>\$ 435,577,693</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 19,494,684
Support services – students and staff	6,183
Support services – administration	114,148
Operation and maintenance of plant services	184,525
Student transportation services	775,642
Operation of non-instructional services	148,198
Total depreciation expense – governmental activities	<u>\$ 20,723,380</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the construction of energy upgrades, school renovations and track and field improvements at several schools. At year end, the District had spent \$8.1 million on the projects and had estimated remaining contractual commitments of \$26.0 million. These projects are being funded with bond and lease proceeds.

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	<u>\$</u>	<u>\$ 15,464,000</u>	<u>\$ 15,464,000</u>	<u>\$</u>

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired solar equipment and energy saving building improvements under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Energy and Water Savings Fund are used to pay the capital lease obligations. The District also receives a federal interest subsidy to fund the interest payments for the District-wide energy project. Depreciation of assets held under capital leases is included with depreciation expense.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

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

	Governmental Activities
Asset:	
Construction in progress	\$ 2,850,351
Building improvements	35,857,389
Less: Accumulated depreciation	9,234,076
Total	\$ 29,473,664

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

		Governmental Activities
Year Ending June 30:		
	2018	\$ 4,458,993
	2019	4,430,808
	2020	4,128,645
	2021	4,102,367
	2022	4,077,084
	2023-27	17,753,581
	2028-32	9,869,638
Total minimum lease payments		48,821,116
Less: amount representing interest		9,342,921
Present value of minimum lease payments		39,478,195
Due within one year		\$ 3,033,260

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$184,000,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvement bonds are Qualified Build America Bonds and Qualified School Construction Bonds, as such the District will receive direct subsidy payments from the United States of America for a portion of the interest due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 2007	\$100,600,000	5.0%	7/1/17-23	\$ 66,105,000	\$ 9,145,000
Refunding Bonds, Series 2010	31,000,000	5.0%	7/1/23-24	10,000,000	
School Improvement Bonds, Project 2010, Series A-2 (2010)	25,000,000	6.21%	7/1/17-28	17,775,000	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%	7/1/17-31	56,950,000	950,000
Refunding bonds, Series 2016	28,050,000	1.75-3.0%	7/1/17-24	27,600,000	9,500,000
School Improvement Bonds, Project 2016, Series A (2017)	39,635,000	2.50-5%	7/1/18-31	39,635,000	
Total				<u>\$ 242,065,000</u>	<u>\$21,076,250</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$ 21,076,250	\$ 10,937,068
2019	17,851,250	10,636,929
2020	17,891,250	9,969,410
2021	15,206,250	9,309,035
2022	15,971,250	8,656,285
2023-27	77,406,250	33,818,705
2028-32	76,662,500	11,492,930
Total	<u>\$ 242,065,000</u>	<u>\$ 94,820,362</u>

In prior years, the District defeased certain general obligation 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, \$28,050,000 of defeased bonds are outstanding.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	\$ 221,161,250	\$ 39,635,000	\$ 18,731,250	\$ 242,065,000	\$ 21,076,250
Premium payable	4,372,425	6,150,446	416,618	10,106,253	
Total bonds payable	<u>225,533,675</u>	<u>45,785,446</u>	<u>19,147,868</u>	<u>252,171,253</u>	<u>21,076,250</u>
Obligations under capital leases	26,079,693	15,558,275	2,159,773	39,478,195	3,033,260
Net pension liability	181,977,042	14,375,051		196,352,093	
Compensated absences payable	<u>9,774,385</u>	<u>3,260,509</u>	<u>4,486,524</u>	<u>8,548,370</u>	<u>854,837</u>
Governmental activity long-term liabilities	<u>\$ 443,364,795</u>	<u>\$ 78,979,281</u>	<u>\$ 25,794,165</u>	<u>\$ 496,549,911</u>	<u>\$ 24,964,347</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

At year end, several non-major governmental funds had negative cash balances of \$727,948 in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
Transfers out				
General Fund	\$	\$	\$ 2,329,861	\$ 2,329,861
Bond Building Fund		661,138		661,138
Non-Major Governmental Funds	1,358,328			1,358,328
Total	<u>\$ 1,358,328</u>	<u>\$ 661,138</u>	<u>\$ 2,329,861</u>	<u>\$ 4,349,327</u>

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – CONTINGENT LIABILITIES

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

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

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

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 – RISK MANAGEMENT

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.

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>
2016-17	\$	\$ 107,495	\$ 107,495	\$
2015-16		80,063	80,063	

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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, 2017 were \$12,252,312.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 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 pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund. 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:				
2017	\$	636,484	\$	159,121
2016		568,778		136,507
2015		633,097		128,765

Pension Liability. At June 30, 2017, the District reported a liability of \$196.4 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. 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, 2016, the District’s proportion was 1.22 percent, which was an increase of .05 percent from its proportion measured as of June 30, 2015.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the District recognized pension expense of \$2,690,911 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,193,219	\$13,507,589
Changes of assumptions or other inputs		10,388,594
Net difference between projected and actual earnings on pension plan investments	21,278,031	
Changes in proportion and differences between contributions and proportionate share of contributions	5,455,756	6,113,602
Contributions subsequent to the measurement date	<u>12,252,312</u>	
Total	<u>\$40,179,318</u>	<u>\$30,009,785</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ (12,153,976)
2019	(5,060,970)
2020	9,165,869
2021	5,966,298

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The actuarial assumptions used in the June 30, 2015 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 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 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.

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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	\$250,363,828	\$196,352,093	\$153,046,487

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

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REQUIRED SUPPLEMENTARY INFORMATION

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Other local	\$	\$	\$ 479,015	\$ 479,015
Property taxes			126,692,106	126,692,106
State aid and grants			25,651,137	25,651,137
Total revenues			<u>152,822,258</u>	<u>152,822,258</u>
Expenditures:				
Current -				
Instruction	86,301,594	83,970,783	76,890,715	7,080,068
Support services - students and staff	20,294,000	20,237,512	19,676,946	560,566
Support services - administration	16,073,633	16,902,019	17,241,779	(339,760)
Operation and maintenance of plant services	23,408,258	24,721,682	23,455,369	1,266,313
Student transportation services	7,844,520	7,886,681	6,882,115	1,004,566
Operation of non-instructional services	354,029	421,060	423,710	(2,650)
Total expenditures	<u>154,276,034</u>	<u>154,139,737</u>	<u>144,570,634</u>	<u>9,569,103</u>
Excess (deficiency) of revenues over expenditures	<u>(154,276,034)</u>	<u>(154,139,737)</u>	<u>8,251,624</u>	<u>162,391,361</u>
Other financing sources (uses):				
Transfers out			(2,329,861)	(2,329,861)
Total other financing sources (uses):			<u>(2,329,861)</u>	<u>(2,329,861)</u>
Changes in fund balances	<u>(154,276,034)</u>	<u>(154,139,737)</u>	<u>5,921,763</u>	<u>160,061,500</u>
Fund balances (deficits), beginning of year			(331,102)	(331,102)
Increase (decrease) in reserve for prepaid items			(52,284)	(52,284)
Increase (decrease) in reserve for inventory			(321)	(321)
Fund balances (deficits), end of year	<u>\$ (154,276,034)</u>	<u>\$ (154,139,737)</u>	<u>\$ 5,538,056</u>	<u>\$ 159,677,793</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 THREE FISCAL YEARS

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

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

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

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	\$ 151,080,790	\$ 27,267,938
Activity budgeted as special revenue funds	(5,075,676)	(20,872,969)
Activity budgeted as capital projects funds	(13,227)	(856,913)
Prior year prepaid items	(1,421,253)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 144,570,634	\$ 5,538,056

NOTE 2 – PENSION PLAN SCHEDULES

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

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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GOVERNMENTAL FUNDS

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 18,556,316	\$ 21,900,384	\$ 40,456,700
Property taxes receivable		333,090	333,090
Accounts receivable	341,169	42,813	383,982
Deposits	200,000		200,000
Due from governmental entities	1,504,967	289,331	1,794,298
Inventory	132,688		132,688
Total assets	<u>\$ 20,735,140</u>	<u>\$ 22,565,618</u>	<u>\$ 43,300,758</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 418,034	\$ 234,770	\$ 652,804
Construction contracts payable		571,043	571,043
Due to other funds	727,948		727,948
Accrued payroll and employee benefits	400,341		400,341
Unearned revenues	220,788		220,788
Total liabilities	<u>1,767,111</u>	<u>805,813</u>	<u>2,572,924</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		<u>297,213</u>	<u>297,213</u>
Fund balances:			
Nonspendable	132,688		132,688
Restricted	18,835,341	21,462,592	40,297,933
Total fund balances	<u>18,968,029</u>	<u>21,462,592</u>	<u>40,430,621</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,735,140</u>	<u>\$ 22,565,618</u>	<u>\$ 43,300,758</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, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 16,442,372	\$ 653,045	\$ 17,095,417
Property taxes		2,441,785	2,441,785
State aid and grants	10,284,547	468,899	10,753,446
Federal aid, grants and reimbursements	<u>13,828,023</u>	<u>513,912</u>	<u>14,341,935</u>
Total revenues	<u>40,554,942</u>	<u>4,077,641</u>	<u>44,632,583</u>
Expenditures:			
Current -			
Instruction	16,872,656		16,872,656
Support services - students and staff	4,738,584		4,738,584
Support services - administration	102,167		102,167
Operation and maintenance of plant services	805,590		805,590
Student transportation services	565,686		565,686
Operation of non-instructional services	13,770,872		13,770,872
Capital outlay	597,365	6,864,523	7,461,888
Debt service -			
Principal retirement		2,159,773	2,159,773
Interest and fiscal charges		<u>1,163,363</u>	<u>1,163,363</u>
Total expenditures	<u>37,452,920</u>	<u>10,187,659</u>	<u>47,640,579</u>
Excess (deficiency) of revenues over expenditures	<u>3,102,022</u>	<u>(6,110,018)</u>	<u>(3,007,996)</u>
Other financing sources (uses):			
Transfers in		2,329,861	2,329,861
Transfers out	(1,358,328)		(1,358,328)
Capital lease agreements		<u>15,558,275</u>	<u>15,558,275</u>
Total other financing sources (uses):	<u>(1,358,328)</u>	<u>17,888,136</u>	<u>16,529,808</u>
Changes in fund balances	<u>1,743,694</u>	<u>11,778,118</u>	<u>13,521,812</u>
Fund balances, beginning of year	17,310,583	9,684,474	26,995,057
Increase (decrease) in reserve for prepaid items	(94,299)		(94,299)
Increase (decrease) in reserve for inventory	8,051		8,051
Fund balances, end of year	<u>\$ 18,968,029</u>	<u>\$ 21,462,592</u>	<u>\$ 40,430,621</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 - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<u>ASSETS</u>			
Cash and investments	\$ 4,523,856	\$ 1,687,361	\$ 14,294
Accounts receivable			
Deposits			
Due from governmental entities			
Inventory			
Total assets	\$ 4,523,856	\$ 1,687,361	\$ 14,294
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			
Fund balances:			
Nonspendable			
Restricted	4,523,856	1,687,361	14,294
Total fund balances	4,523,856	1,687,361	14,294
 Total liabilities and fund balances	\$ 4,523,856	\$ 1,687,361	\$ 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>
\$	\$	\$	\$	\$	\$
190,440	74,836	195,903	5,514	60,499	352,646
<u>\$ 190,440</u>	<u>\$ 74,836</u>	<u>\$ 195,903</u>	<u>\$ 5,514</u>	<u>\$ 60,499</u>	<u>\$ 352,646</u>
\$ 30,336 160,104	\$ 2,800 72,036	\$ 31,948 104,217 59,738	\$ 5,514	\$ 7,822 52,677	\$ 20,100 313,724 18,822
<u>190,440</u>	<u>74,836</u>	<u>195,903</u>	<u>5,514</u>	<u>60,499</u>	<u>352,646</u>
<u>\$ 190,440</u>	<u>\$ 74,836</u>	<u>\$ 195,903</u>	<u>\$ 5,514</u>	<u>\$ 60,499</u>	<u>\$ 352,646</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Johnson O'Malley</u>	<u>Vocational Education</u>	<u>E-Rate</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,888	\$	\$ 682,865
Accounts receivable			
Deposits			
Due from governmental entities		9,369	30,920
Inventory			
Total assets	<u>\$ 2,888</u>	<u>\$ 9,369</u>	<u>\$ 713,785</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,035	\$	\$ 101,627
Due to other funds		9,369	
Accrued payroll and employee benefits			
Unearned revenues	853		
Total liabilities	<u>2,888</u>	<u>9,369</u>	<u>101,627</u>
Fund balances:			
Nonspendable			
Restricted			612,158
Total fund balances			<u>612,158</u>
Total liabilities and fund balances	<u>\$ 2,888</u>	<u>\$ 9,369</u>	<u>\$ 713,785</u>

<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Academic Contests</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>
\$	\$ 1,308	\$ 12,628	\$	\$ 2,171,830	\$ 1,058,645
				300,669	40,500
8,204			2,103	200,000	
				82,315	
				132,688	
<u>\$ 8,204</u>	<u>\$ 1,308</u>	<u>\$ 12,628</u>	<u>\$ 2,103</u>	<u>\$ 2,887,502</u>	<u>\$ 1,099,145</u>
\$	\$	\$	\$	\$ 158,192	\$
8,204			2,103	53,704	
	1,308	12,628		205,999	
<u>8,204</u>	<u>1,308</u>	<u>12,628</u>	<u>2,103</u>	<u>417,895</u>	
				132,688	
				2,336,919	1,099,145
				2,469,607	1,099,145
<u>\$ 8,204</u>	<u>\$ 1,308</u>	<u>\$ 12,628</u>	<u>\$ 2,103</u>	<u>\$ 2,887,502</u>	<u>\$ 1,099,145</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,148,411	\$ 3,710,751	\$ 14,311
Accounts receivable			
Deposits			
Due from governmental entities			
Inventory			
Total assets	<u><u>\$ 3,148,411</u></u>	<u><u>\$ 3,710,751</u></u>	<u><u>\$ 14,311</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 45,308	\$ 17,866	\$
Due to other funds			
Accrued payroll and employee benefits	268,077		
Unearned revenues			
Total liabilities	<u>313,385</u>	<u>17,866</u>	
Fund balances:			
Nonspendable			
Restricted	<u>2,835,026</u>	<u>3,692,885</u>	<u>14,311</u>
Total fund balances	<u><u>2,835,026</u></u>	<u><u>3,692,885</u></u>	<u><u>14,311</u></u>
Total liabilities and fund balances	<u><u>\$ 3,148,411</u></u>	<u><u>\$ 3,710,751</u></u>	<u><u>\$ 14,311</u></u>

<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 533,082	\$ 138,541	\$ 855,545	\$ 18,556,316
			341,169
			200,000
		492,218	1,504,967
			132,688
<u>\$ 533,082</u>	<u>\$ 138,541</u>	<u>\$ 1,347,763</u>	<u>\$ 20,735,140</u>
\$	\$	\$	\$ 418,034
			727,948
			400,341
			220,788
			<u>1,767,111</u>
			132,688
<u>533,082</u>	<u>138,541</u>	<u>1,347,763</u>	<u>18,835,341</u>
<u>533,082</u>	<u>138,541</u>	<u>1,347,763</u>	<u>18,968,029</u>
<u>\$ 533,082</u>	<u>\$ 138,541</u>	<u>\$ 1,347,763</u>	<u>\$ 20,735,140</u>

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 16,539	\$ 8,309	\$
State aid and grants	9,218,992	943,674	
Federal aid, grants and reimbursements			
Total revenues	9,235,531	951,983	
Expenditures:			
Current -			
Instruction	9,532,716	585,118	
Support services - students and staff	262,403	103,863	
Support services - administration		4,641	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	9,795,119	693,622	
Excess (deficiency) of revenues over expenditures	(559,588)	258,361	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(559,588)	258,361	
Fund balances (deficits), beginning of year	5,083,444	1,429,000	14,294
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 4,523,856	\$ 1,687,361	\$ 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>
\$	\$	\$	\$	\$	\$
2,720,185	472,730	840,398	135,415	101,581	3,806,267
<u>2,720,185</u>	<u>472,730</u>	<u>840,398</u>	<u>135,415</u>	<u>101,581</u>	<u>3,806,267</u>
1,371,797		532,559	97,580	92,881	1,611,045
1,145,766	448,482	247,649	21,959	732	1,925,948
45,029		279	1,336	499	19,572
			140	1,262	7,992
3,450		600	14,400	1,021	7,303
		56			
8,529		17,229			42,242
<u>2,574,571</u>	<u>448,482</u>	<u>798,372</u>	<u>135,415</u>	<u>96,395</u>	<u>3,614,102</u>
<u>145,614</u>	<u>24,248</u>	<u>42,026</u>		<u>5,186</u>	<u>192,165</u>
(145,614)	(24,248)	(42,026)		(5,186)	(192,165)
<u>(145,614)</u>	<u>(24,248)</u>	<u>(42,026)</u>		<u>(5,186)</u>	<u>(192,165)</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 -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Johnson O'Malley	Vocational Education	E-Rate
Revenues:			
Other local	\$	\$	\$ 2,222
State aid and grants			
Federal aid, grants and reimbursements	13,724	194,741	876,693
Total revenues	<u>13,724</u>	<u>194,741</u>	<u>878,915</u>
Expenditures:			
Current -			
Instruction	12,866	54,577	50,346
Support services - students and staff		79,863	
Support services - administration			
Operation and maintenance of plant services			696,020
Student transportation services			
Operation of non-instructional services			
Capital outlay		53,135	101,627
Total expenditures	<u>12,866</u>	<u>187,575</u>	<u>847,993</u>
Excess (deficiency) of revenues over expenditures	<u>858</u>	<u>7,166</u>	<u>30,922</u>
Other financing sources (uses):			
Transfers out	(858)	(7,166)	
Total other financing sources (uses):	<u>(858)</u>	<u>(7,166)</u>	
Changes in fund balances			<u>30,922</u>
Fund balances (deficits), beginning of year			581,236
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 612,158</u>

Other Federal Projects	State Vocational Education	Other State Projects	Food Service	Civic Center	Community School
\$	\$	\$	\$	\$	\$
	115,643	6,238	4,580,558	94,092	7,113,737
133,551			4,532,738		
<u>133,551</u>	<u>115,643</u>	<u>6,238</u>	<u>9,113,296</u>	<u>94,092</u>	<u>7,113,737</u>
	53,060	5,043			12,473
122,302	37,119	1,195			3,940
3,149					23,093
	3,915				1,372
	4,509				375
			7,648,042		6,057,238
	17,040		210,567		59,734
<u>125,451</u>	<u>115,643</u>	<u>6,238</u>	<u>7,858,609</u>		<u>6,158,225</u>
<u>8,100</u>			<u>1,254,687</u>	<u>94,092</u>	<u>955,512</u>
			(941,065)		
			<u>(941,065)</u>		
<u>8,100</u>			<u>313,622</u>	<u>94,092</u>	<u>955,512</u>
(8,100)			2,199,256	1,005,053	1,922,491
			(51,322)		(42,977)
			8,051		
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
			<u>2,469,607</u>	<u>1,099,145</u>	<u>2,835,026</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
Revenues:			
Other local	\$ 2,852,135	\$ 6,188	\$ 46,473
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>2,852,135</u>	<u>6,188</u>	<u>46,473</u>
Expenditures:			
Current -			
Instruction	1,841,635		9,567
Support services - students and staff	213,381		11,874
Support services - administration		4,379	
Operation and maintenance of plant services	90,624		996
Student transportation services	462,500		
Operation of non-instructional services	65,536		
Capital outlay	39,392		
Total expenditures	<u>2,713,068</u>	<u>4,379</u>	<u>22,437</u>
Excess (deficiency) of revenues over expenditures	<u>139,067</u>	<u>1,809</u>	<u>24,036</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>139,067</u>	<u>1,809</u>	<u>24,036</u>
Fund balances (deficits), beginning of year	3,553,818	12,502	509,046
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u>\$ 3,692,885</u>	<u>\$ 14,311</u>	<u>\$ 533,082</u>

<u>Insurance Refund</u>	<u>Joint Technical Education</u>	<u>Totals</u>
\$ 784	\$ 1,721,335	\$ 16,442,372
		10,284,547
		13,828,023
<u>784</u>	<u>1,721,335</u>	<u>40,554,942</u>
	1,009,393	16,872,656
	112,108	4,738,584
	190	102,167
	3,269	805,590
	71,528	565,686
		13,770,872
	47,870	597,365
	<u>1,244,358</u>	<u>37,452,920</u>
<u>784</u>	<u>476,977</u>	<u>3,102,022</u>
		(1,358,328)
		<u>(1,358,328)</u>
<u>784</u>	<u>476,977</u>	<u>1,743,694</u>
137,757	870,786	17,310,583
		(94,299)
		8,051
<u>\$ 138,541</u>	<u>\$ 1,347,763</u>	<u>\$ 18,968,029</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, 2017

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 16,539	\$ 16,539
State aid and grants		9,218,992	9,218,992
Federal aid, grants and reimbursements			
Total revenues		<u>9,235,531</u>	<u>9,235,531</u>
Expenditures:			
Current -			
Instruction	13,997,334	9,532,716	4,464,618
Support services - students and staff	436,808	262,403	174,405
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>14,434,142</u>	<u>9,795,119</u>	<u>4,639,023</u>
Excess (deficiency) of revenues over expenditures	<u>(14,434,142)</u>	<u>(559,588)</u>	<u>13,874,554</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(14,434,142)</u>	<u>(559,588)</u>	<u>13,874,554</u>
Fund balances (deficits), beginning of year		5,083,444	5,083,444
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (14,434,142)</u>	<u>\$ 4,523,856</u>	<u>\$ 18,957,998</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 8,309	\$ 8,309	\$	\$	\$
	943,674	943,674			
	<u>951,983</u>	<u>951,983</u>			
2,029,000	585,118	1,443,882			
400,000	103,863	296,137			
	4,641	(4,641)			
<u>2,429,000</u>	<u>693,622</u>	<u>1,735,378</u>			
<u>(2,429,000)</u>	<u>258,361</u>	<u>2,687,361</u>			
<u>(2,429,000)</u>	<u>258,361</u>	<u>2,687,361</u>			
	1,429,000	1,429,000		14,294	14,294
<u>\$ (2,429,000)</u>	<u>\$ 1,687,361</u>	<u>\$ 4,116,361</u>	<u>\$</u>	<u>\$ 14,294</u>	<u>\$ 14,294</u>

(Continued)

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		2,720,185	2,720,185
Total revenues		<u>2,720,185</u>	<u>2,720,185</u>
Expenditures:			
Current -			
Instruction	2,011,140	1,371,797	639,343
Support services - students and staff	1,700,000	1,145,766	554,234
Support services - administration		45,029	(45,029)
Operation and maintenance of plant services			
Student transportation services		3,450	(3,450)
Operation of non-instructional services			
Capital outlay		8,529	(8,529)
Total expenditures	<u>3,711,140</u>	<u>2,574,571</u>	<u>1,136,569</u>
Excess (deficiency) of revenues over expenditures	<u>(3,711,140)</u>	<u>145,614</u>	<u>3,856,754</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(145,614)	(145,614)
Total other financing sources (uses):		<u>(145,614)</u>	<u>(145,614)</u>
Changes in fund balances	<u>(3,711,140)</u>		<u>3,711,140</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>\$ (3,711,140)</u>	<u>\$</u>	<u>\$ 3,711,140</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	472,730	472,730		840,398	840,398
	472,730	472,730		840,398	840,398
605,674	448,482	157,192	580,000	532,559	47,441
			300,000	247,649	52,351
				279	(279)
				600	(600)
				56	(56)
				17,229	(17,229)
605,674	448,482	157,192	880,000	798,372	81,628
(605,674)	24,248	629,922	(880,000)	42,026	922,026
	(24,248)	(24,248)		(42,026)	(42,026)
	(24,248)	(24,248)		(42,026)	(42,026)
(605,674)		605,674	(880,000)		880,000
\$ (605,674)	\$	\$ 605,674	\$ (880,000)	\$	\$ 880,000

(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, 2017

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		135,415	135,415
Total revenues		135,415	135,415
Expenditures:			
Current -			
Instruction	157,122	97,580	59,542
Support services - students and staff	50,000	21,959	28,041
Support services - administration		1,336	(1,336)
Operation and maintenance of plant services		140	(140)
Student transportation services	50,000	14,400	35,600
Operation of non-instructional services			
Capital outlay			
Total expenditures	257,122	135,415	121,707
Excess (deficiency) of revenues over expenditures	(257,122)		257,122
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(257,122)		257,122
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	\$ (257,122)	\$	\$ 257,122

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	101,581	101,581		3,806,267	3,806,267
	101,581	101,581		3,806,267	3,806,267
106,847	92,881	13,966	2,324,314	1,611,045	713,269
	732	(732)	2,300,000	1,925,948	374,052
	499	(499)		19,572	(19,572)
	1,262	(1,262)		7,992	(7,992)
	1,021	(1,021)		7,303	(7,303)
				42,242	(42,242)
106,847	96,395	10,452	4,624,314	3,614,102	1,010,212
(106,847)	5,186	112,033	(4,624,314)	192,165	4,816,479
	(5,186)	(5,186)		(192,165)	(192,165)
	(5,186)	(5,186)		(192,165)	(192,165)
(106,847)		106,847	(4,624,314)		4,624,314
\$ (106,847)	\$	\$ 106,847	\$ (4,624,314)	\$	\$ 4,624,314

(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, 2017

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		13,724	13,724
Total revenues		<u>13,724</u>	<u>13,724</u>
Expenditures:			
Current -			
Instruction	16,003	12,866	3,137
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>16,003</u>	<u>12,866</u>	<u>3,137</u>
Excess (deficiency) of revenues over expenditures	<u>(16,003)</u>	<u>858</u>	<u>16,861</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(858)	(858)
Total other financing sources (uses):		<u>(858)</u>	<u>(858)</u>
Changes in fund balances	<u>(16,003)</u>		<u>16,003</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>\$ (16,003)</u>	<u>\$</u>	<u>\$ 16,003</u>

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 10,772	\$ 10,772
	194,741	194,741		1,224,573	1,224,573
	194,741	194,741		1,235,345	1,235,345
224,320	54,577	169,743			
150,000	79,863	70,137	1,353,760	229,146	1,124,614
			100,000	63,919	36,081
			100,000	94,503	5,497
	53,135	(53,135)			
374,320	187,575	186,745	1,553,760	387,568	1,166,192
(374,320)	7,166	381,486	(1,553,760)	847,777	2,401,537
	(7,166)	(7,166)			
	(7,166)	(7,166)			
(374,320)		374,320	(1,553,760)	847,777	2,401,537
				2,975,359	2,975,359
\$ (374,320)	\$	\$ 374,320	\$ (1,553,760)	\$ 3,823,136	\$ 5,376,896

(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, 2017

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 2,222	\$ 2,222
State aid and grants			
Federal aid, grants and reimbursements		876,693	876,693
Total revenues		<u>878,915</u>	<u>878,915</u>
Expenditures:			
Current -			
Instruction		50,346	(50,346)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		696,020	(696,020)
Student transportation services			
Operation of non-instructional services			
Capital outlay		101,627	(101,627)
Total expenditures		<u>847,993</u>	<u>(847,993)</u>
Excess (deficiency) of revenues over expenditures		<u>30,922</u>	<u>30,922</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>30,922</u>	<u>30,922</u>
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>\$ 612,158</u>	<u>\$ 612,158</u>

Other Federal Projects			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	133,551	133,551		115,643	115,643
	<u>133,551</u>	<u>133,551</u>		<u>115,643</u>	<u>115,643</u>
184,190	122,302	61,888	51,998	53,060	(1,062)
	3,149	(3,149)	38,000	37,119	881
			4,000	3,915	85
			5,000	4,509	491
			<u>18,000</u>	<u>17,040</u>	<u>960</u>
<u>184,190</u>	<u>125,451</u>	<u>58,739</u>	<u>116,998</u>	<u>115,643</u>	<u>1,355</u>
<u>(184,190)</u>	<u>8,100</u>	<u>192,290</u>	<u>(116,998)</u>		<u>116,998</u>
<u>(184,190)</u>	<u>8,100</u>	<u>192,290</u>	<u>(116,998)</u>		<u>116,998</u>
	(8,100)	(8,100)			
<u>\$ (184,190)</u>	<u>\$</u>	<u>\$ 184,190</u>	<u>\$ (116,998)</u>	<u>\$</u>	<u>\$ 116,998</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, 2017

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		6,238	6,238
Federal aid, grants and reimbursements			
Total revenues		<u>6,238</u>	<u>6,238</u>
Expenditures:			
Current -			
Instruction	20,500	5,043	15,457
Support services - students and staff		1,195	(1,195)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>20,500</u>	<u>6,238</u>	<u>14,262</u>
Excess (deficiency) of revenues over expenditures	<u>(20,500)</u>		<u>20,500</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(20,500)</u>		<u>20,500</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>\$ (20,500)</u>	<u>\$</u>	<u>\$ 20,500</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,477,798	\$ 1,477,798	\$	\$ 4,580,558	\$ 4,580,558
				4,532,738	4,532,738
	<u>1,477,798</u>	<u>1,477,798</u>		<u>9,113,296</u>	<u>9,113,296</u>
	24,022	(24,022)			
	5,164	(5,164)			
	5,178	(5,178)			
5,298,257	392,931	4,905,326			
	1,000	(1,000)			
	41,422	(41,422)	11,665,853	7,648,042	4,017,811
	<u>469,717</u>	<u>4,828,540</u>	<u>300,000</u>	<u>210,567</u>	<u>89,433</u>
<u>5,298,257</u>			<u>11,965,853</u>	<u>7,858,609</u>	<u>4,107,244</u>
<u>(5,298,257)</u>	<u>1,008,081</u>	<u>6,306,338</u>	<u>(11,965,853)</u>	<u>1,254,687</u>	<u>13,220,540</u>
				(941,065)	(941,065)
				<u>(941,065)</u>	<u>(941,065)</u>
<u>(5,298,257)</u>	<u>1,008,081</u>	<u>6,306,338</u>	<u>(11,965,853)</u>	<u>313,622</u>	<u>12,279,475</u>
	5,507,723	5,507,723		2,199,256	2,199,256
				(51,322)	(51,322)
				8,051	8,051
<u>\$ (5,298,257)</u>	<u>\$ 6,515,804</u>	<u>\$ 11,814,061</u>	<u>\$ (11,965,853)</u>	<u>\$ 2,469,607</u>	<u>\$ 14,435,460</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, 2017

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 94,092	\$ 94,092
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>94,092</u>	<u>94,092</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	950,000		950,000
Capital outlay			
Total expenditures	<u>950,000</u>		<u>950,000</u>
Excess (deficiency) of revenues over expenditures	<u>(950,000)</u>	<u>94,092</u>	<u>1,044,092</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(950,000)</u>	<u>94,092</u>	<u>1,044,092</u>
Fund balances (deficits), beginning of year		1,005,053	1,005,053
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (950,000)</u>	<u>\$ 1,099,145</u>	<u>\$ 2,049,145</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 7,113,737	\$ 7,113,737	\$	\$ 1,822,882	\$ 1,822,882
	<u>7,113,737</u>	<u>7,113,737</u>		<u>1,822,882</u>	<u>1,822,882</u>
	12,473	(12,473)	974,807	841,006	133,801
	3,940	(3,940)	260,000	257,730	2,270
	23,093	(23,093)	100,000	96,627	3,373
	1,372	(1,372)	260,000	256,080	3,920
	375	(375)	80,000	77,778	2,222
6,539,797	6,057,238	482,559	40,000	39,253	747
	59,734	(59,734)	70,000	68,554	1,446
<u>6,539,797</u>	<u>6,158,225</u>	<u>381,572</u>	<u>1,784,807</u>	<u>1,637,028</u>	<u>147,779</u>
<u>(6,539,797)</u>	<u>955,512</u>	<u>7,495,309</u>	<u>(1,784,807)</u>	<u>185,854</u>	<u>1,970,661</u>
<u>(6,539,797)</u>	<u>955,512</u>	<u>7,495,309</u>	<u>(1,784,807)</u>	<u>185,854</u>	<u>1,970,661</u>
	1,922,491	1,922,491		2,516,842	2,516,842
	(42,977)	(42,977)			
<u>\$ (6,539,797)</u>	<u>\$ 2,835,026</u>	<u>\$ 9,374,823</u>	<u>\$ (1,784,807)</u>	<u>\$ 2,702,696</u>	<u>\$ 4,487,503</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, 2017

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 2,852,135	\$ 2,852,135
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		2,852,135	2,852,135
Expenditures:			
Current -			
Instruction	1,957,522	1,841,635	115,887
Support services - students and staff	220,000	213,381	6,619
Support services - administration			
Operation and maintenance of plant services	100,000	90,624	9,376
Student transportation services	470,000	462,500	7,500
Operation of non-instructional services	70,000	65,536	4,464
Capital outlay	40,000	39,392	608
Total expenditures	2,857,522	2,713,068	144,454
Excess (deficiency) of revenues over expenditures	(2,857,522)	139,067	2,996,589
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(2,857,522)	139,067	2,996,589
Fund balances (deficits), beginning of year		3,553,818	3,553,818
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (2,857,522)	\$ 3,692,885	\$ 6,550,407

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,260,884	\$ 1,260,884	\$	\$ 6,188	\$ 6,188
	<u>1,260,884</u>	<u>1,260,884</u>		<u>6,188</u>	<u>6,188</u>
980,000	883,683	96,317			
130,000	131,691	(1,691)			
150,000	150,095	(95)	9,000	4,379	4,621
20,000	15,213	4,787			
20,000	13,359	6,641			
<u>300,000</u>	<u>278,958</u>	<u>21,042</u>			
<u>1,600,000</u>	<u>1,472,999</u>	<u>127,001</u>	<u>9,000</u>	<u>4,379</u>	<u>4,621</u>
<u>(1,600,000)</u>	<u>(212,115)</u>	<u>1,387,885</u>	<u>(9,000)</u>	<u>1,809</u>	<u>10,809</u>
<u>(1,600,000)</u>	<u>(212,115)</u>	<u>1,387,885</u>	<u>(9,000)</u>	<u>1,809</u>	<u>10,809</u>
	1,560,013	1,560,013		12,502	12,502
<u>\$ (1,600,000)</u>	<u>\$ 1,347,898</u>	<u>\$ 2,947,898</u>	<u>\$ (9,000)</u>	<u>\$ 14,311</u>	<u>\$ 23,311</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, 2017

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 46,473	\$ 46,473
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>46,473</u>	<u>46,473</u>
Expenditures:			
Current -			
Instruction	477,000	9,567	467,433
Support services - students and staff		11,874	(11,874)
Support services - administration			
Operation and maintenance of plant services		996	(996)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>477,000</u>	<u>22,437</u>	<u>454,563</u>
Excess (deficiency) of revenues over expenditures	<u>(477,000)</u>	<u>24,036</u>	<u>501,036</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(477,000)</u>	<u>24,036</u>	<u>501,036</u>
Fund balances (deficits), beginning of year		509,046	509,046
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (477,000)</u>	<u>\$ 533,082</u>	<u>\$ 1,010,082</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 657	\$ 657	\$	\$ 33,330	\$ 33,330
	<u>657</u>	<u>657</u>		<u>33,330</u>	<u>33,330</u>
90,000		90,000		4,439	(4,439)
			3,803,594	658,007	3,145,587
			1,000,000	202,245	797,755
			<u>1,000,000</u>	<u>224,358</u>	<u>775,642</u>
<u>90,000</u>		<u>90,000</u>	<u>5,803,594</u>	<u>1,089,049</u>	<u>4,714,545</u>
<u>(90,000)</u>	<u>657</u>	<u>90,657</u>	<u>(5,803,594)</u>	<u>(1,055,719)</u>	<u>4,747,875</u>
				1,358,328	1,358,328
				<u>1,358,328</u>	<u>1,358,328</u>
<u>(90,000)</u>	<u>657</u>	<u>90,657</u>	<u>(5,803,594)</u>	<u>302,609</u>	<u>6,106,203</u>
	98,064	98,064		6,060,963	6,060,963
<u>\$ (90,000)</u>	<u>\$ 98,721</u>	<u>\$ 188,721</u>	<u>\$ (5,803,594)</u>	<u>\$ 6,363,572</u>	<u>\$ 12,167,166</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, 2017

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 784	\$ 784
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		784	784
Expenditures:			
Current -			
Instruction	130,000		130,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	130,000		130,000
Excess (deficiency) of revenues over expenditures	(130,000)	784	130,784
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(130,000)	784	130,784
Fund balances (deficits), beginning of year		137,757	137,757
Increase (decrease) in reserve for prepaid items			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (130,000)	\$ 138,541	\$ 268,541

Advertisement			Joint Technical Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 6,736	\$ 6,736	\$	\$ 1,721,335	\$ 1,721,335
	<u>6,736</u>	<u>6,736</u>		<u>1,721,335</u>	<u>1,721,335</u>
55,000	19,170	35,830	2,589,819	1,009,393	1,580,426
	145	(145)		112,108	(112,108)
				190	(190)
				3,269	(3,269)
				71,528	(71,528)
				<u>47,870</u>	<u>(47,870)</u>
<u>55,000</u>	<u>19,315</u>	<u>35,685</u>	<u>2,589,819</u>	<u>1,244,358</u>	<u>1,345,461</u>
<u>(55,000)</u>	<u>(12,579)</u>	<u>42,421</u>	<u>(2,589,819)</u>	<u>476,977</u>	<u>3,066,796</u>
<u>(55,000)</u>	<u>(12,579)</u>	<u>42,421</u>	<u>(2,589,819)</u>	<u>476,977</u>	<u>3,066,796</u>
	33,721	33,721		870,786	870,786
<u>\$ (55,000)</u>	<u>\$ 21,142</u>	<u>\$ 76,142</u>	<u>\$ (2,589,819)</u>	<u>\$ 1,347,763</u>	<u>\$ 3,937,582</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, 2017

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 21,055,431	\$ 21,055,431
State aid and grants		10,284,547	10,284,547
Federal aid, grants and reimbursements		15,052,596	15,052,596
Total revenues		<u>46,392,574</u>	<u>46,392,574</u>
Expenditures:			
Current -			
Instruction	28,717,726	18,621,367	10,096,359
Support services - students and staff	8,128,432	5,366,754	2,761,678
Support services - administration	4,217,594	1,095,163	3,122,431
Operation and maintenance of plant services	6,682,257	1,672,059	5,010,198
Student transportation services	725,000	752,471	(27,471)
Operation of non-instructional services	19,265,650	13,810,125	5,455,525
Capital outlay	1,728,000	1,210,657	517,343
Total expenditures	<u>69,464,659</u>	<u>42,528,596</u>	<u>26,936,063</u>
Excess (deficiency) of revenues over expenditures	<u>(69,464,659)</u>	<u>3,863,978</u>	<u>73,328,637</u>
Other financing sources (uses):			
Transfers in		1,358,328	1,358,328
Transfers out		(1,358,328)	(1,358,328)
Total other financing sources (uses):			
Changes in fund balances	<u>(69,464,659)</u>	<u>3,863,978</u>	<u>73,328,637</u>
Fund balances (deficits), beginning of year		36,063,268	36,063,268
Increase (decrease) in reserve for prepaid items		(94,299)	(94,299)
Increase (decrease) in reserve for inventory		8,051	8,051
Fund balances (deficits), end of year	<u>\$ (69,464,659)</u>	<u>\$ 39,840,998</u>	<u>\$ 109,305,657</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, 2017

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 130,731	\$ 130,731
Property taxes		29,186,077	29,186,077
Federal aid, grants and reimbursements		2,913,066	2,913,066
Total revenues		<u>32,229,874</u>	<u>32,229,874</u>
Expenditures:			
Debt service -			
Principal retirement	21,076,250	21,076,250	
Interest and fiscal charges	7,985,750	10,146,357	(2,160,607)
Total expenditures	<u>29,062,000</u>	<u>31,222,607</u>	<u>(2,160,607)</u>
Excess (deficiency) of revenues over expenditures	<u>(29,062,000)</u>	<u>1,007,267</u>	<u>30,069,267</u>
Other financing sources (uses):			
Transfers in		661,138	661,138
Total other financing sources (uses):		<u>661,138</u>	<u>661,138</u>
Changes in fund balances	<u>(29,062,000)</u>	<u>1,668,405</u>	<u>30,730,405</u>
Fund balances, beginning of year		3,051,682	3,051,682
Fund balances (deficits), end of year	<u>\$ (29,062,000)</u>	<u>\$ 4,720,087</u>	<u>\$ 33,782,087</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<u>ASSETS</u>			
Cash and investments	\$ 3,671,399	\$ 3,768,813	\$ 48,770
Property taxes receivable	192,317	140,773	
Accounts receivable			
Due from governmental entities	93,782		
Total assets	\$ 3,957,498	\$ 3,909,586	\$ 48,770
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 225,810	\$	\$
Construction contracts payable			
Total liabilities	225,810		
Deferred inflows of resources:			
Unavailable revenues - property taxes	162,571	134,642	
Fund balances:			
Restricted	3,569,117	3,774,944	48,770
Total fund balances	3,569,117	3,774,944	48,770
Total liabilities, deferred inflows of resources and fund balances	\$ 3,957,498	\$ 3,909,586	\$ 48,770

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 14,292,867	\$ 118,535	\$ 21,900,384
		333,090
42,813		42,813
	195,549	289,331
<u>\$ 14,335,680</u>	<u>\$ 314,084</u>	<u>\$ 22,565,618</u>

\$ 8,960	\$	\$ 234,770
<u>571,043</u>	<u></u>	<u>571,043</u>
<u>580,003</u>	<u></u>	<u>805,813</u>

<u></u>	<u></u>	<u>297,213</u>
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<u>13,755,677</u>	<u>314,084</u>	<u>21,462,592</u>
<u>13,755,677</u>	<u>314,084</u>	<u>21,462,592</u>

<u>\$ 14,335,680</u>	<u>\$ 314,084</u>	<u>\$ 22,565,618</u>
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SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
Revenues:			
Other local	\$ 26,607	\$ 20,159	\$ 48,770
Property taxes	1,265,185	1,176,600	
State aid and grants	283,965		
Federal aid, grants and reimbursements			
Total revenues	<u>1,575,757</u>	<u>1,196,759</u>	<u>48,770</u>
Expenditures:			
Capital outlay	3,405,683	236,407	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>3,405,683</u>	<u>236,407</u>	
Excess (deficiency) of revenues over expenditures	<u>(1,829,926)</u>	<u>960,352</u>	<u>48,770</u>
Other financing sources (uses):			
Transfers in			
Capital lease agreements			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,829,926)</u>	<u>960,352</u>	<u>48,770</u>
Fund balances, beginning of year	5,399,043	2,814,592	
Fund balances, end of year	<u>\$ 3,569,117</u>	<u>\$ 3,774,944</u>	<u>\$ 48,770</u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 557,509	\$	\$ 653,045
	184,934	2,441,785
513,912		468,899
<u>1,071,421</u>	<u>184,934</u>	<u>513,912</u>
		<u>4,077,641</u>
3,074,040	148,393	6,864,523
2,159,773		2,159,773
1,163,363		1,163,363
<u>6,397,176</u>	<u>148,393</u>	<u>10,187,659</u>
<u>(5,325,755)</u>	<u>36,541</u>	<u>(6,110,018)</u>
2,329,861		2,329,861
15,558,275		15,558,275
<u>17,888,136</u>		<u>17,888,136</u>
12,562,381	36,541	11,778,118
1,193,296	277,543	9,684,474
<u>\$ 13,755,677</u>	<u>\$ 314,084</u>	<u>\$ 21,462,592</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, 2017

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 147,912	\$ 147,912
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>147,912</u>	<u>147,912</u>
Expenditures:			
Current -			
Operation and maintenance of plant services	500,000	13,227	486,773
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures	<u>500,000</u>	<u>13,227</u>	<u>486,773</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>134,685</u>	<u>634,685</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(500,000)</u>	<u>134,685</u>	<u>634,685</u>
Fund balances, beginning of year		722,228	722,228
Fund balances (deficits), end of year	<u>\$ (500,000)</u>	<u>\$ 856,913</u>	<u>\$ 1,356,913</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 26,607	\$ 26,607	\$	\$ 20,159	\$ 20,159
	1,265,185	1,265,185		1,176,600	1,176,600
	283,965	283,965			
	<u>1,575,757</u>	<u>1,575,757</u>		<u>1,196,759</u>	<u>1,196,759</u>
6,824,469	3,405,683	3,418,786	4,000,000	236,407	3,763,593
<u>6,824,469</u>	<u>3,405,683</u>	<u>3,418,786</u>	<u>4,000,000</u>	<u>236,407</u>	<u>3,763,593</u>
<u>(6,824,469)</u>	<u>(1,829,926)</u>	<u>4,994,543</u>	<u>(4,000,000)</u>	<u>960,352</u>	<u>4,960,352</u>
<u>(6,824,469)</u>	<u>(1,829,926)</u>	<u>4,994,543</u>	<u>(4,000,000)</u>	<u>960,352</u>	<u>4,960,352</u>
	5,399,043	5,399,043		2,814,592	2,814,592
<u>\$ (6,824,469)</u>	<u>\$ 3,569,117</u>	<u>\$ 10,393,586</u>	<u>\$ (4,000,000)</u>	<u>\$ 3,774,944</u>	<u>\$ 7,774,944</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, 2017

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 90,218	\$ 90,218
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	45,000,000	90,218	90,218
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay	45,000,000	5,881,660	39,118,340
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs		310,586	(310,586)
Total expenditures	45,000,000	6,192,246	38,807,754
Excess (deficiency) of revenues over expenditures	(45,000,000)	(6,102,028)	38,897,972
Other financing sources (uses):			
Transfers in			
Transfers out		(661,138)	(661,138)
Issuance of school improvement bonds		39,635,000	39,635,000
Premium on sale of bonds		6,150,446	6,150,446
Total other financing sources (uses):		45,124,308	45,124,308
Changes in fund balances	(45,000,000)	39,022,280	84,022,280
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (45,000,000)	\$ 39,022,280	\$ 84,022,280

Gifts and Donations - Capital			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 48,770	\$ 48,770	\$	\$ 549,214	\$ 549,214
				513,912	513,912
	<u>48,770</u>	<u>48,770</u>		<u>1,063,126</u>	<u>1,063,126</u>
				197,690	(197,690)
			2,159,773	2,159,773	
			170,527	1,163,363	(992,836)
			<u>2,330,300</u>	<u>3,520,826</u>	<u>(1,190,526)</u>
	<u>48,770</u>	<u>48,770</u>	<u>(2,330,300)</u>	<u>(2,457,700)</u>	<u>(127,400)</u>
				2,329,861	2,329,861
				<u>2,329,861</u>	<u>2,329,861</u>
	<u>48,770</u>	<u>48,770</u>	<u>(2,330,300)</u>	<u>(127,839)</u>	<u>2,202,461</u>
				1,193,296	1,193,296
<u>\$</u>	<u>\$ 48,770</u>	<u>\$ 48,770</u>	<u>\$ (2,330,300)</u>	<u>\$ 1,065,457</u>	<u>\$ 3,395,757</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, 2017

	Building Renewal Grant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants		184,934	184,934
Federal aid, grants and reimbursements			
Total revenues		184,934	184,934
Expenditures:			
Current -			
Operation and maintenance of plant services			
Capital outlay		148,393	(148,393)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
Total expenditures		148,393	(148,393)
Excess (deficiency) of revenues over expenditures		36,541	36,541
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances		36,541	36,541
Fund balances, beginning of year		277,543	277,543
Fund balances (deficits), end of year	\$	\$ 314,084	\$ 314,084

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 882,880	\$ 882,880
	2,441,785	2,441,785
	468,899	468,899
	513,912	513,912
	<u>4,307,476</u>	<u>4,307,476</u>
500,000	13,227	486,773
55,824,469	9,869,833	45,954,636
2,159,773	2,159,773	
170,527	1,163,363	(992,836)
	310,586	(310,586)
<u>58,654,769</u>	<u>13,516,782</u>	<u>45,137,987</u>
<u>(58,654,769)</u>	<u>(9,209,306)</u>	<u>49,445,463</u>
	2,329,861	2,329,861
	(661,138)	(661,138)
	39,635,000	39,635,000
	6,150,446	6,150,446
	<u>47,454,169</u>	<u>47,454,169</u>
<u>(58,654,769)</u>	<u>38,244,863</u>	<u>96,899,632</u>
	10,406,702	10,406,702
<u>\$ (58,654,769)</u>	<u>\$ 48,651,565</u>	<u>\$ 107,306,334</u>

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INTERNAL SERVICE FUNDS

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

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Print Shop	Intergovernment al Agreements	Insurance Trust
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 188,760	\$ 503,722	\$ 15,317,913
Accounts receivable		75,008	225,984
Total current assets	188,760	578,730	15,543,897
Total assets	188,760	578,730	15,543,897
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable		7,130	26,131
Total current liabilities		7,130	26,131
Total liabilities		7,130	26,131
 <u>NET POSITION</u>			
Unrestricted	188,760	571,600	15,517,766
Total net position	\$ 188,760	\$ 571,600	\$ 15,517,766

Totals

\$ 16,010,395
300,992
16,311,387
16,311,387

33,261

33,261

33,261

16,278,126

\$ 16,278,126

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, 2017

	<u>Print Shop</u>	<u>Intergovernmental Agreements</u>	<u>Insurance Trust</u>
Operating revenues:			
Contributions	\$	\$ 3,987	\$ 1,363,014
Other	104,128	698,507	
Total operating revenues	<u>104,128</u>	<u>702,494</u>	<u>1,363,014</u>
Operating expenses:			
Other	98,244	891,711	82,355
Claims			107,495
Premiums			1,107,615
Administrative fees			110,870
Total operating expenses	<u>98,244</u>	<u>891,711</u>	<u>1,408,335</u>
Operating income (loss)	<u>5,884</u>	<u>(189,217)</u>	<u>(45,321)</u>
Nonoperating revenues (expenses):			
Investment income	1,020	3,785	43,531
Total nonoperating revenues (expenses)	<u>1,020</u>	<u>3,785</u>	<u>43,531</u>
Changes in net position	<u>6,904</u>	<u>(185,432)</u>	<u>(1,790)</u>
Total net position, beginning of year	181,856	757,032	15,519,556
Total net position, end of year	<u>\$ 188,760</u>	<u>\$ 571,600</u>	<u>\$ 15,517,766</u>

Totals

\$ 1,367,001
802,635
2,169,636

1,072,310
107,495
1,107,615
110,870
2,398,290

(228,654)

48,336
48,336

(180,318)

16,458,444

\$ 16,278,126

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Print Shop	Intergovernmental Agreements	Insurance Trust	Totals
<u>Increase/Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from contributions	\$	\$ (71,021)	\$ 1,137,030	\$ 1,066,009
Cash received from other sources	104,128	698,507		802,635
Cash payments to suppliers for goods and services	(98,244)	(940,013)	(875,247)	(1,913,504)
Cash payments for claims			(107,495)	(107,495)
Net cash provided by/used for operating activities	5,884	(312,527)	154,288	(152,355)
Cash flows from investing activities:				
Purchase of investments			(1,515,936)	(1,515,936)
Investment income	1,020	3,785	43,531	48,336
Proceeds from sales and maturities of investments			1,129,000	1,129,000
Net cash provided by/used for investing activities	1,020	3,785	(343,405)	(338,600)
Net increase/decrease in cash and cash equivalents	6,904	(308,742)	(189,117)	(490,955)
Cash and cash equivalents, beginning of year	181,856	812,464	3,228,027	4,222,347
Cash and cash equivalents, end of year	\$ 188,760	\$ 503,722	\$ 3,038,910	\$ 3,731,392
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and investments	\$ 188,760	\$ 503,722	\$ 15,317,913	\$ 16,010,395
Less investments not maturing in less than three months			12,279,003	12,279,003
Total cash and cash equivalents	\$ 188,760	\$ 503,722	\$ 3,038,910	\$ 3,731,392
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>				
Operating income/loss	\$ 5,884	\$ (189,217)	\$ (45,321)	\$ (228,654)
Adjustments to reconcile operating income/loss to net cash used for operating activities:				
Changes in assets and liabilities:				
Increase in accounts receivable		(75,008)	(225,984)	(300,992)
Decrease in prepaid items			399,462	399,462
Increase/decrease in accounts payable		(48,302)	26,131	(22,171)
Total adjustments		(123,310)	199,609	76,299
Net cash provided by/used for operating activities	\$ 5,884	\$ (312,527)	\$ 154,288	\$ (152,355)

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, 2017

	Student Activities	Employee Insurance	Totals
<u>ASSETS</u>			
Cash and investments	\$ 1,634,762	\$ 16,678,642	\$ 18,313,404
Total assets	\$ 1,634,762	\$ 16,678,642	\$ 18,313,404
 <u>LIABILITIES</u>			
Accounts payable	\$ 5,438	\$	\$ 5,438
Deposits held for others		16,678,642	16,678,642
Due to student groups	1,629,324		1,629,324
Total liabilities	\$ 1,634,762	\$ 16,678,642	\$ 18,313,404

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 1,504,427	\$ 2,066,534	\$ 1,936,199	\$ 1,634,762
Total assets	\$ 1,504,427	\$ 2,066,534	\$ 1,936,199	\$ 1,634,762
<u>Liabilities</u>				
Accounts payable	\$ 10,905	\$	\$ 5,467	\$ 5,438
Due to student groups	1,493,522	2,066,534	1,930,732	1,629,324
Total liabilities	\$ 1,504,427	\$ 2,066,534	\$ 1,936,199	\$ 1,634,762
 <u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 16,355,586	\$ 16,943,789	\$ 16,620,733	\$ 16,678,642
Total assets	\$ 16,355,586	\$ 16,943,789	\$ 16,620,733	\$ 16,678,642
<u>Liabilities</u>				
Deposits held for others	\$ 16,355,586	\$ 16,943,789	\$ 16,620,733	\$ 16,678,642
Total liabilities	\$ 16,355,586	\$ 16,943,789	\$ 16,620,733	\$ 16,678,642
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 17,860,013	\$ 19,010,323	\$ 18,556,932	\$ 18,313,404
Total assets	\$ 17,860,013	\$ 19,010,323	\$ 18,556,932	\$ 18,313,404
<u>Liabilities</u>				
Accounts payable	\$ 10,905	\$	\$ 5,467	\$ 5,438
Deposits held for others	16,355,586	16,943,789	16,620,733	16,678,642
Due to student groups	1,493,522	2,066,534	1,930,732	1,629,324
Total liabilities	\$ 17,860,013	\$ 19,010,323	\$ 18,556,932	\$ 18,313,404

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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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Position:					
Net investment in capital assets	\$ 185,095,984	\$ 197,944,820	\$ 195,006,815	\$ 192,343,223	\$ 185,819,660
Restricted	47,244,196	34,030,712	33,068,218	26,778,930	21,654,982
Unrestricted	(115,306,113)	(136,001,313)	(145,194,347)	63,559,012	63,412,299
Total net position	\$ 117,034,067	\$ 95,974,219	\$ 82,880,686	\$ 282,681,165	\$ 270,886,941
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Position:					
Net investment in capital assets	\$ 171,205,695	\$ 132,040,763	\$ 119,641,050	\$ 91,163,244	\$ 48,192,458
Restricted	38,009,432	34,824,511	21,350,236	18,163,103	27,247,992
Unrestricted	49,733,138	98,132,924	85,910,876	78,132,576	89,764,742
Total net position	\$ 258,948,265	\$ 264,998,198	\$ 226,902,162	\$ 187,458,923	\$ 165,205,192

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Instruction	\$ 114,725,348	\$ 109,188,667	\$ 117,541,974	\$ 125,817,758	\$ 131,532,492
Support services - students and staff	23,957,599	25,098,967	25,599,028	21,387,477	20,600,353
Support services - administration	16,718,363	15,709,948	15,332,132	16,360,490	18,881,552
Operation and maintenance of plant services	24,672,485	25,141,793	24,099,572	24,043,217	20,336,972
Student transportation services	8,610,273	9,149,102	10,208,578	10,812,339	10,525,225
Operation of non-instructional services	14,015,044	13,583,555	12,657,613	13,437,529	14,585,168
Interest on long-term debt	11,199,596	11,449,356	12,745,183	13,853,807	16,005,484
Total expenses	<u>213,898,708</u>	<u>209,321,388</u>	<u>218,184,080</u>	<u>225,712,617</u>	<u>232,467,246</u>
Program Revenues					
Charges for services:					
Instruction	4,225,553	4,491,538	7,082,919	7,601,228	8,214,022
Operation of non-instructional services	12,116,940	11,284,312	10,293,195	10,216,320	10,238,797
Other activities	2,387,873	3,524,872	2,305,074	1,117,379	1,111,312
Operating grants and contributions	19,060,061	21,841,876	18,437,093	17,700,029	18,459,174
Capital grants and contributions	239,802	606,750	455,734	482,642	1,134,264
Total program revenues	<u>38,030,229</u>	<u>41,749,348</u>	<u>38,574,015</u>	<u>37,117,598</u>	<u>39,157,569</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Instruction	\$ 145,322,440	\$ 133,239,099	\$ 147,449,327	\$ 150,232,317	\$ 145,496,792
Support services - students and staff	23,705,530	23,699,221	23,564,220	30,423,170	28,109,615
Support services - administration	19,752,995	17,478,195	17,511,969	18,696,791	18,985,110
Operation and maintenance of plant services	23,521,103	24,948,100	23,374,438	19,134,847	17,914,152
Student transportation services	12,543,222	11,353,011	12,897,691	12,352,644	10,392,338
Operation of non-instructional services	15,497,702	13,267,755	14,916,136	14,187,121	12,901,527
Interest on long-term debt	11,911,009	14,928,071	15,545,637	15,314,478	16,893,641
Total expenses	<u>252,254,001</u>	<u>238,913,452</u>	<u>255,259,418</u>	<u>260,341,368</u>	<u>250,693,175</u>
Program Revenues					
Charges for services:					
Instruction	11,142,937	8,416,951	7,450,076	4,397,975	10,664,507
Operation of non-instructional services	7,021,439	9,985,150	11,105,694	11,458,984	7,708,709
Other activities	965,113	39,608	1,166,976	247,509	645,791
Operating grants and contributions	17,597,115	21,362,077	18,447,066	20,397,423	12,724,841
Capital grants and contributions	741,507	998,268	715,787	373,869	319,049
Total program revenues	<u>37,468,111</u>	<u>40,802,054</u>	<u>38,885,599</u>	<u>36,875,760</u>	<u>32,062,897</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net (Expense)/Revenue	\$ (175,868,479)	\$ (167,572,040)	\$ (179,610,065)	\$ (188,595,019)	\$ (193,309,677)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	127,280,942	111,673,823	118,007,744	120,551,271	129,017,671
Property taxes, levied for debt service	29,192,275	28,451,762	28,540,922	29,736,719	33,018,404
Property taxes, levied for capital outlay	2,373,275	3,059,965	10,091,054	16,979,642	9,476,376
Investment income	574,560	732,065	404,459	493,122	530,349
Unrestricted state aid	36,282,702	35,297,650	35,007,040	34,191,280	32,456,652
Unrestricted federal aid	1,224,573	1,450,308	1,300,326	667,006	748,901
Total general revenues	<u>196,928,327</u>	<u>180,665,573</u>	<u>193,351,545</u>	<u>202,619,040</u>	<u>205,248,353</u>
Changes in Net Position	<u>\$ 21,059,848</u>	<u>\$ 13,093,533</u>	<u>\$ 13,741,480</u>	<u>\$ 14,024,021</u>	<u>\$ 11,938,676</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (Expense)/Revenue	\$ (214,785,890)	\$ (198,111,398)	\$ (216,373,819)	\$ (223,465,608)	\$ (218,630,278)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	127,589,580	124,543,508	135,372,331	138,501,230	131,582,423
Property taxes, levied for debt service	35,177,583	58,885,879	69,711,445	50,257,693	62,310,748
Property taxes, levied for capital outlay	11,078,942	15,037,946	16,272,119	17,859,641	17,760,121
Investment income	599,421	1,283,196	1,202,937	2,717,214	6,525,102
Unrestricted county aid			229,750		
Unrestricted state aid	33,672,103	35,244,246	28,969,013	36,383,561	50,117,198
Unrestricted federal aid	618,328	1,212,659	4,059,463		
Total general revenues	<u>208,735,957</u>	<u>236,207,434</u>	<u>255,817,058</u>	<u>245,719,339</u>	<u>268,295,592</u>
Changes in Net Position	<u>\$ (6,049,933)</u>	<u>\$ 38,096,036</u>	<u>\$ 39,443,239</u>	<u>\$ 22,253,731</u>	<u>\$ 49,665,314</u>

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nonspendable	\$ 2,153,417	\$ 2,206,022	\$ 86,878	\$ 25,774	\$ 1,601,786
Restricted	856,913	722,228	555,684	459,656	411,173
Unassigned	24,257,608	17,636,814	15,550,600	14,984,466	10,678,050
Total General Fund	<u>\$ 27,267,938</u>	<u>\$ 20,565,064</u>	<u>\$ 16,193,162</u>	<u>\$ 15,469,896</u>	<u>\$ 12,691,009</u>
All Other Governmental Funds:					
Nonspendable	\$ 132,688	\$ 218,936	\$ 196,020	\$ 186,147	\$ 171,918
Restricted	84,040,300	29,835,903	31,030,425	27,216,620	26,091,264
Unassigned		(8,100)	(34,833)	(45,894)	(49,051)
Total all other governmental funds	<u>\$ 84,172,988</u>	<u>\$ 30,046,739</u>	<u>\$ 31,191,612</u>	<u>\$ 27,356,873</u>	<u>\$ 26,214,131</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 39,353	\$ 15,100,900	\$	\$	\$
Unassigned	14,121,100	16,281,917			
Reserved			13,670,922	2,520,492	121,451
Unreserved			3,907,668	7,164,705	12,137,521
Total General Fund	<u>\$ 14,160,453</u>	<u>\$ 31,382,817</u>	<u>\$ 17,578,590</u>	<u>\$ 9,685,197</u>	<u>\$ 12,258,972</u>
All Other Governmental Funds:					
Nonspendable	\$ 230,174	\$ 168,596	\$	\$	\$
Restricted	72,266,270	78,755,539			
Unassigned	(265,064)	(1,319,162)			
Reserved			194,383	1,319,395	203,641
Unreserved, reported in:					
Special revenue funds			13,707,372	20,986,930	27,079,146
Capital projects funds			10,023,791	12,781,771	23,252,334
Debt service fund			8,444,949	3,732,794	9,474,851
Total all other governmental funds	<u>\$ 72,231,380</u>	<u>\$ 77,604,973</u>	<u>\$ 32,370,495</u>	<u>\$ 38,820,890</u>	<u>\$ 60,009,972</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Federal sources:					
Federal grants	\$ 13,946,836	\$ 13,200,035	\$ 13,335,049	\$ 12,844,506	\$ 15,938,257
National School Lunch Program	4,532,738	4,523,402	4,219,458	4,229,244	4,296,561
Total federal sources	<u>18,479,574</u>	<u>17,723,437</u>	<u>17,554,507</u>	<u>17,073,750</u>	<u>20,234,818</u>
State sources:					
State equalization assistance	25,651,137	23,640,801	24,598,190	24,021,433	24,256,964
State grants	121,881	148,868	89,285	132,901	273,037
School Facilities Board	184,934	423,506	820,397	84,509	
Other revenues	10,446,631	11,233,343	9,588,453	10,169,847	8,104,875
Total state sources	<u>36,404,583</u>	<u>35,446,518</u>	<u>35,096,325</u>	<u>34,408,690</u>	<u>32,634,876</u>
Local sources:					
Property taxes	158,319,968	151,538,134	156,732,246	167,395,323	169,277,911
Food service sales	4,570,267	4,665,826	4,344,038	4,583,563	4,557,054
Investment income	526,224	346,431	231,665	210,236	301,051
Other revenues	17,459,861	17,218,897	16,550,558	15,846,567	15,007,077
Total local sources	<u>180,876,320</u>	<u>173,769,288</u>	<u>177,858,507</u>	<u>188,035,689</u>	<u>189,143,093</u>
Total revenues	<u><u>\$ 235,760,477</u></u>	<u><u>\$ 226,939,243</u></u>	<u><u>\$ 230,509,339</u></u>	<u><u>\$ 239,518,129</u></u>	<u><u>\$ 242,012,787</u></u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Federal sources:					
Federal grants	\$ 14,017,649	\$ 13,460,104	\$ 15,437,856	\$ 11,763,005	\$ 9,446,124
State Fiscal Stabilization (ARRA)		317,354	4,059,463		
Education Jobs		5,023,508			
National School Lunch Program	4,263,960	4,370,328	4,077,528	3,109,392	2,829,134
Total federal sources	<u>18,281,609</u>	<u>23,171,294</u>	<u>23,574,847</u>	<u>14,872,397</u>	<u>12,275,258</u>
State sources:					
State equalization assistance	25,977,703	28,752,581	21,210,753	28,018,928	34,419,996
State grants	540,605	467,142	416,900	1,720,544	768,632
School Facilities Board					1,409,087
Other revenues	7,694,400	7,451,345	6,798,580	8,802,149	13,850,599
Total state sources	<u>34,212,708</u>	<u>36,671,068</u>	<u>28,426,233</u>	<u>38,541,621</u>	<u>50,448,314</u>
Local sources:					
Property taxes	172,517,119	200,710,698	212,292,088	198,914,373	211,328,645
County aid			229,750		
Food service sales	5,300,664	5,236,956	5,953,610	6,743,401	6,477,759
Investment income	278,734	1,004,963	772,592	2,165,185	5,886,443
Other revenues	13,828,760	13,204,753	13,769,136	13,025,569	12,541,248
Total local sources	<u>191,925,277</u>	<u>220,157,370</u>	<u>233,017,176</u>	<u>220,848,528</u>	<u>236,234,095</u>
Total revenues	<u>\$ 244,419,594</u>	<u>\$ 279,999,732</u>	<u>\$ 285,018,256</u>	<u>\$ 274,262,546</u>	<u>\$ 298,957,667</u>

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

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures:					
Current -					
Instruction	\$ 96,656,781	\$ 94,081,688	\$ 94,441,929	\$ 101,379,242	\$ 108,304,313
Support services - students and staff	25,183,090	26,100,469	25,795,471	20,455,887	20,278,372
Support services - administration	18,406,546	16,440,773	15,081,500	16,017,580	18,045,680
Operation and maintenance of plant services	25,205,052	26,253,354	24,019,553	22,147,180	21,445,449
Student transportation services	7,634,586	8,148,491	8,259,803	8,379,493	8,781,133
Operation of non-instructional services	14,236,998	13,992,011	12,719,706	13,215,555	14,244,468
Capital outlay	13,956,840	10,297,860	11,472,270	13,834,099	54,158,684
Debt service -					
Interest, premium and fiscal charges	11,309,720	11,730,035	13,025,861	14,134,485	16,005,484
Principal retirement	23,236,023	21,118,256	21,206,218	24,471,196	29,740,074
Payment to refunded bond escrow agent					
Bond issuance costs	310,586	243,100			
Total expenditures	<u>\$ 236,136,222</u>	<u>\$ 228,406,037</u>	<u>\$ 226,022,311</u>	<u>\$ 234,034,717</u>	<u>\$ 291,003,657</u>
Expenditures for capitalized assets	\$ 9,280,224	\$ 3,919,439	\$ 3,962,060	\$ 6,003,112	\$ 44,650,197
Debt service as a percentage of noncapital expenditures	15%	15%	15%	17%	19%

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
Instruction	\$ 109,461,502	\$ 110,093,348	\$ 122,750,360	\$ 127,153,635	\$ 120,381,294
Support services - students and staff	20,375,974	22,167,880	22,795,238	29,827,558	27,990,156
Support services - administration	17,050,586	16,606,333	17,027,190	17,573,126	18,852,748
Operation and maintenance of plant services	21,444,896	24,192,366	23,245,880	18,574,493	17,565,176
Student transportation services	9,262,637	9,019,241	9,147,622	8,781,402	8,821,119
Operation of non-instructional services	14,123,546	13,842,184	14,466,608	13,811,574	12,701,796
Capital outlay	107,919,368	28,711,644	25,897,304	28,265,833	90,509,728
Debt service -					
Interest, premium and fiscal charges	14,486,720	13,026,538	15,545,637	15,314,478	16,893,641
Principal retirement	26,885,889	47,910,137	51,876,240	42,208,349	45,658,288
Payment to refunded bond escrow agent		2,085,933			
Bond issuance costs	369,500	796,980			
Total expenditures	<u>\$ 341,380,618</u>	<u>\$ 288,452,584</u>	<u>\$ 302,752,079</u>	<u>\$ 301,510,448</u>	<u>\$ 359,373,946</u>
 Expenditures for capitalized assets	 \$ 94,858,506	 \$ 14,584,385	 \$ 8,322,513	 \$ 15,287,498	 \$ 75,919,035
 Debt service as a percentage of noncapital expenditures	 17%	 23%	 23%	 20%	 22%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Excess (deficiency) of revenues over expenditures	\$ (375,745)	\$ (1,466,794)	\$ 4,487,028	\$ 5,483,412	\$ (48,990,870)
Other financing sources (uses):					
Proceeds from sale of capital assets		2,019,053			
General obligation bonds issued	39,635,000				
Refunding bonds issued		28,050,000			
Premium on sale of bonds	6,150,446	1,122,540			
Capital lease agreements	15,558,275				
Transfers in	4,329,327	4,076,854	3,844,475	10,016,556	4,686,377
Transfers out	(4,349,327)	(4,076,854)	(3,844,475)	(10,016,556)	(4,686,377)
Payment to refunded bond escrow agent		(28,639,830)			
Total other financing sources (uses)	<u>61,323,721</u>	<u>2,551,763</u>			
Changes in fund balances	<u>\$ 60,947,976</u>	<u>\$ 1,084,969</u>	<u>\$ 4,487,028</u>	<u>\$ 5,483,412</u>	<u>\$ (48,990,870)</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (96,961,024)	\$ (8,452,852)	\$ (17,733,823)	\$ (27,247,902)	\$ (60,416,279)
Other financing sources (uses):					
General obligation bonds issued	59,000,000	59,000,000			
Refunding bonds issued		31,000,000			
Premium on sale of bonds	2,991,292	2,154,160			
Capital lease agreements	27,373,744	6,593,460	9,151,403	1,007,861	1,067,229
Transfers in	4,597,473	2,075,111	6,409,941	3,441,638	1,903,033
Transfers out	(4,597,473)	(2,075,111)	(6,409,941)	(3,441,638)	(1,903,033)
Payment to refunded bond escrow agent		(32,172,780)			
Total other financing sources (uses)	<u>89,365,036</u>	<u>66,574,840</u>	<u>9,151,403</u>	<u>1,007,861</u>	<u>1,067,229</u>
Changes in fund balances	<u>\$ (7,595,988)</u>	<u>\$ 58,121,988</u>	<u>\$ (8,582,420)</u>	<u>\$ (26,240,041)</u>	<u>\$ (59,349,050)</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 983,200,972	\$ 972,696,552	\$ 990,499,452	\$ 1,024,532,175	\$ 1,169,459,743
Agricultural and Vacant	129,084,361	139,211,449	140,688,195	148,742,499	167,914,822
Residential (Owner Occupied)	2,587,628,373	2,501,359,331	2,446,660,111	2,423,307,221	2,734,490,682
Residential (Rental)	1,039,863,452	906,403,894	779,123,703	588,050,363	326,706,771
Historical Property	1,144,681	1,087,411	849,921	809,815	812,610
Certain Government Property Improvements	74,307	70,768	67,399	68,646	78,581
Total	\$ 4,740,996,146	\$ 4,520,829,405	\$ 4,357,888,781	\$ 4,185,510,719	\$ 4,399,463,209
Gross Full Cash Value	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637	\$ 40,960,626,918
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	10%	11%	11%
Total Direct Rate	3.86	3.84	4.11	4.58	4.43

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 1,303,736,413	\$ 1,581,451,109	\$ 1,525,654,452	\$ 1,427,529,828	\$ 1,310,952,615
Agricultural and Vacant	218,927,564	280,602,532	291,448,753	247,668,199	198,356,772
Residential (Owner Occupied)	3,051,154,820	3,650,775,515	3,730,397,341	3,326,212,237	2,836,682,413
Residential (Rental)	364,010,143	419,053,354	400,675,506	359,324,304	303,773,760
Historical Property	541,040	436,781	496,451	1,577,460	1,471,903
Total	\$ 4,938,420,218	\$ 5,932,319,291	\$ 5,948,672,503	\$ 5,362,312,028	\$ 4,651,237,463
Gross Full Cash Value	\$ 45,973,224,668	\$ 57,348,835,479	\$ 65,521,183,653	\$ 65,628,952,152	\$ 55,670,082,475
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	10%	9%	8%	8%
Total Direct Rate	4.00	3.75	3.78	3.89	4.68

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 1,143,780,546	\$ 1,048,494,743	\$ 1,002,917,989	\$ 1,028,997,896	\$ 1,171,611,166
Agricultural and Vacant	180,917,658	177,452,588	159,863,729	152,661,736	170,198,253
Residential (Owner Occupied)	3,026,658,003	2,944,151,295	2,550,276,824	2,427,195,332	2,737,541,354
Residential (Rental)	1,288,017,388	1,109,586,552	842,264,959	596,144,005	327,329,732
Historical Property	1,497,862	1,392,146	928,541	851,441	813,028
Certain Government Property Improvements	81,443	72,225	67,399	68,646	78,581
Total	\$ 5,640,952,900	\$ 5,281,149,549	\$ 4,556,319,441	\$ 4,205,919,056	\$ 4,407,572,114
Gross Full Cash Value	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637	\$ 40,960,626,918
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	11%	11%
Estimated Net Full Cash Value	\$ 49,391,906,908	45,981,463,434	39,038,479,809	35,392,685,330	36,472,077,657
Total Direct Rate	3.86	3.84	4.11	4.58	4.43

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 1,310,074,799	\$ 1,819,016,886	\$ 1,916,938,893	\$ 1,715,892,138	\$ 1,508,612,264
Agricultural and Vacant	227,044,993	342,770,214	435,895,590	400,386,649	314,361,475
Residential (Owner Occupied)	3,057,814,095	3,715,887,079	4,354,159,135	4,556,663,940	3,949,006,584
Residential (Rental)	364,685,348	441,222,136	494,065,266	484,830,683	409,290,421
Historical Property	541,040	458,123	620,721	2,009,774	1,809,373
Total	\$ 4,960,210,513	\$ 6,319,354,438	\$ 7,201,679,605	\$ 7,159,783,184	\$ 6,183,080,117
Gross Full Cash Value	\$ 4,938,420,218	\$ 5,932,319,291	\$ 5,948,672,503	\$ 5,362,312,028	\$ 4,651,237,463
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	\$ 40,993,984,337	50,946,527,151	58,205,983,010	58,667,651,938	50,562,240,224
Total Direct Rate	4.00	3.75	3.78	3.89	4.68

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	18 %	19 %	19 %	20 %	20 %
Agricultural and Vacant	15	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	16	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	20 %	21 %	22 %	23 %	24 %
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	17	18	20	21

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 Equalization	County	Community College District	Community Facilities Districts	City of Scottsdale	City of Phoenix	City of Tempe	EVIT	Primary	Secondary	Total
2017	0.50	1.40	1.24	1.35	1.13	2.17	2.53	0.05	2.86	1.00	3.86
2016	0.51	1.36	1.49	0.82	1.15	1.82	2.52	0.05	2.83	1.00	3.84
2015	0.51	1.32	1.52	0.76	1.24	1.82	2.44	0.05	3.11	1.00	4.11
2014	0.51	1.28	1.53	0.76	1.29	1.82	2.49	0.05	3.35	1.22	4.58
2013	0.47	1.24	1.38	1.30	1.23	1.82	2.14	0.05	3.09	1.34	4.43
2012	0.43	1.24	1.21	0.78	1.09	1.82	1.79	0.05	2.75	1.25	4.00
2011	0.36	1.05	0.97	0.66	0.90	1.82	1.40	0.05	2.40	1.35	3.75
2010	0.33	0.99	0.88	0.52	0.74	1.82	1.40	0.05	2.44	1.34	3.78
2009		1.03	0.94	0.54	0.79	1.82	1.40	0.05	2.82	1.07	3.89
2008		1.10	0.98	0.57	0.79	1.82	1.40	0.05	3.42	1.26	4.68

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>2017</u>		<u>2008</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	\$ 46,641,904	0.98	\$ 45,025,100	0.97 %
Scottsdale Fashion Square LLC/Etal	26,514,793	0.56		
Starwood Phoenician CMBA LLC	25,489,953	0.54	41,311,426	0.89
Gainey Drive Associates	14,008,824	0.30	21,599,971	0.46
Scottsdale Fashion Square LLC	13,590,349	0.29	54,834,641	1.18
Qwest Corporation	13,327,892	0.28	32,321,723	0.69
Portales Corporation Center LLC	12,992,323	0.27		
W J Small Grandchildren Trust	12,652,749	0.27		
Stockdale Galleria Project Owner LLC	10,601,469	0.22		
Scottsdale Fiesta Retail Center LLC	10,266,244	0.22		
DC Ranch LLC			29,833,611	0.64
Scottsdale Acquisition LLC			20,436,833	0.44
Gainey Ranch Financial Ltd Partnership			18,655,997	0.40
General Dynamics			14,280,844	0.31
Nationwide Realty Investors Ltd			13,573,764	0.29
Total	<u>\$ 186,086,500</u>	<u>3.93</u>	<u>\$ 291,873,910</u>	<u>5.31 %</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
2017	\$ 183,177,675	\$ 172,416,394	94.13 %	\$	\$ 172,416,394	94.13 %
2016	174,672,995	171,784,675	98.35	2,833,217	174,617,892	99.97
2015	180,985,544	170,131,504	94.00	10,824,507	180,956,011	99.98
2014	191,253,984	180,236,461	94.24	11,004,533	191,240,994	99.99
2013	194,571,811	182,955,919	94.03	11,375,994	194,331,913	99.88
2012	197,438,367	185,889,225	94.15	9,257,455	195,146,680	98.84
2011	227,752,165	217,680,125	95.58	10,058,537	227,738,662	99.99
2010	242,359,809	220,594,794	91.02	12,752,019	233,346,813	96.28
2009	227,393,423	212,062,159	93.26	12,959,417	225,021,576	98.96
2008	237,417,646	230,341,958	97.02	7,064,098	237,406,056	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	
2017	\$252,171,253	\$ 6,516,362	\$ 245,654,891	0.45 %	\$ 874	\$ 39,478,195	\$291,649,448	0.53 %	\$ 1,038	N/A %	
2016	225,533,675	5,972,699	219,560,976	0.43	781	26,079,693	251,613,368	0.49	895	0.14	
2015	243,725,829	4,556,953	239,168,876	0.55	852	28,466,699	272,192,528	0.63	970	0.16	
2014	262,078,750	4,340,944	257,737,806	0.65	920	30,871,667	292,950,417	0.74	1,046	0.20	
2013	287,045,000	7,266,459	279,778,541	0.68	985	33,226,613	320,271,613	0.78	1,128	0.22	
2012	311,050,000	11,064,863	299,985,137	0.65	1,057	38,000,437	349,050,437	0.76	1,229	0.24	
2011	252,550,000	8,442,094	244,107,906	0.43	858	13,007,582	265,557,582	0.46	934	0.19	
2010	271,585,000	31,955,000	239,630,000	0.37	911	8,244,259	279,829,259	0.43	1,064	0.19	
2009	321,805,000	32,990,000	288,815,000	0.44	1,097	1,784,096	323,589,096	0.49	1,229	0.23	
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	

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, 2017

<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	\$ 509,430,000	13.12 %	\$ 66,837,216
Maricopa County Special Health Care District	73,000,000	13.12	9,577,600
DC Ranch Communities Facilities District	11,625,000	100.00	11,625,000
McDowell Mountain Ranch Community Facilities District	7,320,000	100.00	7,320,000
Scottsdale Mountain Community Facilities District	6,150,000	100.00	6,150,000
Via Linda Road Community Facilities District	1,355,000	50.29	681,430
Waterfront Community Facilities District	3,210,000	100.00	3,210,000
City of Scottsdale	551,515,000	61.44	338,850,816
City of Phoenix	1,143,343,265	5.91	67,571,587
City of Tempe	376,872,761	0.76	2,864,233
Subtotal, Overlapping Debt			<u>514,687,882</u>
Direct:			
Scottsdale Unified School District No. 48			<u>291,649,448</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 806,337,330</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.39 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,712	
As a Percentage of Net Limited Assessed Valuation		13.51 %
As a Percentage of Gross Full Cash Value		1.39 %

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

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

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

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 5,640,952,900
Debt limit (20% of assessed value)	1,128,190,580
Debt applicable to limit	<u>247,430,000</u>
Legal debt margin	<u><u>\$ 880,760,580</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 5,640,952,900
Debt limit (30% of assessed value)	1,692,285,870
Debt applicable to limit	<u>247,430,000</u>
Legal debt margin	<u><u>\$ 1,444,855,870</u></u>

Fiscal Year Ended June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 1,692,285,870	\$ 1,056,229,910	\$ 1,366,895,832	\$ 1,261,775,717	\$ 1,322,271,634
Total net debt applicable to limit	<u>247,430,000</u>	<u>225,533,675</u>	<u>243,725,829</u>	<u>262,078,750</u>	<u>287,045,000</u>
Legal debt margin	<u><u>\$ 1,444,855,870</u></u>	<u><u>\$ 830,696,235</u></u>	<u><u>\$ 1,123,170,003</u></u>	<u><u>\$ 999,696,967</u></u>	<u><u>\$ 1,035,226,634</u></u>
Total net debt applicable to the limit as a percentage of debt limit	15%	21%	18%	21%	22%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 1,488,063,154	\$ 1,895,806,331	\$ 2,160,503,882	\$ 2,147,934,955	\$ 1,854,924,035
Total net debt applicable to limit	<u>311,050,000</u>	<u>252,550,000</u>	<u>271,585,000</u>	<u>321,805,000</u>	<u>375,460,000</u>
Legal debt margin	<u><u>\$ 1,177,013,154</u></u>	<u><u>\$ 1,643,256,331</u></u>	<u><u>\$ 1,888,918,882</u></u>	<u><u>\$ 1,826,129,955</u></u>	<u><u>\$ 1,479,464,035</u></u>
Total net debt applicable to the limit as a percentage of debt limit	21%	13%	13%	15%	20%

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

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

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST 10 CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2016	4,137,076	\$ N/A	\$ N/A	4.5 %	281,000
2015	4,087,191	175,437,829	42,092	5.5	281,200
2014	4,008,651	168,483,421	41,222	5.1	280,750
2013	4,009,412	147,700,000	27,552	6.2	280,000
2012	3,824,058	147,374,500	38,238	9.1	283,918
2011	3,843,370	142,864,275	37,352	8.4	283,918
2010	4,023,331	142,091,618	35,319	9.1	284,440
2009	3,862,036	147,122,078	37,168	8.7	263,061
2008	3,987,942	139,665,253	36,135	4.9	263,192
2007	3,907,492	132,423,154	35,046	3.2	236,373

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 2007 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, 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>2017</u>		<u>2008</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Supervisory					
Consultants/supervisors of instruction	15	15	15	15	18
Principals	30	29	29	30	30
Assistant principals	42	36	36	36	36
Total supervisory	<u>87</u>	<u>80</u>	<u>80</u>	<u>81</u>	<u>84</u>
Instruction					
Teachers	1,299	1,213	1,256	1,308	1,443
Other professionals (instructional)	45	47	48	51	
Aides	294	306	353	368	329
Total instruction	<u>1,638</u>	<u>1,566</u>	<u>1,657</u>	<u>1,727</u>	<u>1,772</u>
Student Services					
Librarians	30	29	29	28	13
Technicians	59	60	60	60	22
Total student services	<u>89</u>	<u>89</u>	<u>89</u>	<u>88</u>	<u>35</u>
Support and Administration					
Service Workers	414	431	440	442	342
Other Laborers	334	386	384	402	708
Total support and administration	<u>748</u>	<u>817</u>	<u>824</u>	<u>844</u>	<u>1,050</u>
Total	<u><u>2,562</u></u>	<u><u>2,552</u></u>	<u><u>2,650</u></u>	<u><u>2,740</u></u>	<u><u>2,941</u></u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Supervisory					
Consultants/supervisors of instruction	14	15	14	18	17
Principals	30	29	31	31	32
Assistant principals	43	38	38	45	43
Total supervisory	<u>87</u>	<u>82</u>	<u>83</u>	<u>94</u>	<u>92</u>
Instruction					
Teachers	1,437	1,402	1,480	1,590	1,608
Other professionals (instructional)	193	118	113	112	89
Aides	305	353	317	314	282
Total instruction	<u>1,935</u>	<u>1,873</u>	<u>1,910</u>	<u>2,016</u>	<u>1,979</u>
Student Services					
Librarians	2	9	11	11	31
Technicians	43	27	28	28	41
Total student services	<u>45</u>	<u>36</u>	<u>39</u>	<u>39</u>	<u>72</u>
Support and Administration					
Service Workers	524	447	569	613	618
Other Laborers	341	353	255	250	242
Total support and administration	<u>865</u>	<u>800</u>	<u>824</u>	<u>863</u>	<u>860</u>
Total	<u><u>2,932</u></u>	<u><u>2,791</u></u>	<u><u>2,856</u></u>	<u><u>3,012</u></u>	<u><u>3,003</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
2017	22,502	\$ 187,323,053	\$ 8,325	2.06 %	\$ 213,898,708	\$ 9,506	3.01 %	1,638	13.7	26.7 %
2016	22,684	185,016,786	8,156	3.22	209,321,388	9,228	(3.49)	1,566	14.5	26.8
2015	22,820	180,317,962	7,902	3.40	218,184,080	9,561	0.65	1,657	13.8	27.5
2014	23,762	181,594,937	7,642	(3.29)	225,712,617	9,499	(1.18)	1,727	13.8	31.0
2013	24,184	191,099,415	7,902	0.58	232,467,246	9,612	(7.01)	1,772	13.6	27.9
2012	24,402	191,719,141	7,857	(0.54)	252,254,001	10,337	7.31	1,935	12.6	26.3
2011	24,802	195,921,352	7,899	(4.08)	238,913,452	9,633	(4.03)	1,873	13.2	25.7
2010	25,432	209,432,898	8,235	(2.11)	255,259,418	10,037	(1.14)	1,910	13.3	24.7
2009	25,642	215,721,788	8,413	2.10	260,341,368	10,153	1.40	2,016	12.7	22.1
2008	25,038	206,312,289	8,240	5.64	250,693,175	10,013	5.08	1,979	12.7	19.3

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	163	163	163	163	163	163	166	166	166	166
Square feet	1,427,918	1,427,918	1,427,918	1,427,918	1,427,918	1,427,918	1,399,949	1,399,949	1,399,949	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	11,845	11,707	12,816	13,694	13,727	11,734
<u>Middle</u>										
Buildings	62	62	62	62	62	62	78	78	78	78
Square feet	960,988	960,988	960,988	960,988	960,988	852,118	859,360	859,360	859,360	859,360
Capacity	9,608	9,608	9,608	9,608	9,608	8,592	8,592	8,592	8,592	8,592
Enrollment	5,813	5,813	5,813	5,813	5,813	4,277	4,349	4,566	4,640	5,231
<u>High</u>										
Buildings	48	48	48	48	48	48	48	48	48	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	1,729,392	1,665,520
Capacity	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784	12,598
Enrollment	8,551	8,551	8,551	8,551	8,551	8,731	8,724	8,724	8,510	8,858
<u>Other</u>										
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	59	82	98	115	100
<u>Administrative</u>										
Buildings	5	5	4	4	4	4	3	3	3	3
Square feet	49,760	49,760	36,651	36,651	36,651	36,651	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	226	218	211	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	7	7	7	7
Running tracks	5	5	5	5	5	5	5	5	5	5
Baseball/softball	62	62	62	62	62	62	63	63	63	63
Playgrounds	67	67	67	67	67	67	67	22	22	22

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