
UNION ELEMENTARY SCHOOL DISTRICT NO. 62

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

*Achievement
Today
for an
Exceptional
Tomorrow*



UNION ELEMENTARY SCHOOL DISTRICT NO. 62

TOLLESON, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Issued by:
Business and Finance Department

UNION ELEMENTARY SCHOOL DISTRICT NO. 62

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INTRODUCTORY SECTION

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Achievement Today for an Exceptional Tomorrow

December 18, 2017

Citizens and Governing Board
Union Elementary School District No. 62
3834 South 91st Avenue
Tolleson, Arizona 85353-9394

Elementary Schools

Dos Rios
Hurley Ranch
Union

Administration

Lorah J. Neville, M.A. Ed
Superintendent

Melanie Block, M.A. Ed
Director of Academic Services

Carrie Brandon, NBCT
Director of Student Services

Susan O'Rielly
*Executive Director of Business
Services*

Norma Pacheco
Director of Human Resources

Governing Board

Delson Sunn
President

Nubia Briceno
Board Member

Stacy Marchelli
Board Member

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 Union Elementary School District No. 62 (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 8 with a fiscal year 2016-17 average daily membership of 1,824. Enrollment is projected to remain stable for the next school year. The current buildings located within the District are fairly new with the oldest school being 19 years old.

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

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

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. The District is located in the southwestern portion of the metropolitan Phoenix area and is included in the City of Phoenix's strategic planning. Historically agriculture has played a major role in the District's economy. Over the last ten years commerce, light manufacturing, warehousing, and residential development began to dominate the local economy. The District did see a significant average of student growth from 2002 until 2015. Student growth is projected to remain flat until 2020, at which time additional subdivisions are scheduled to begin.

Long-term Financial Planning. The District underwent several changes in its strategic planning after leaving receivership. The District currently has reserves that have been able to sustain the District without making personnel decreases or affecting school programs. The District is constantly reviewing their curriculum and continues to add educational programs that are affordable and sustaining.

Long term financial planning is incorporated into the District's strategic planning. The District continues to review its goals and philosophies. An example would be the commitment to service all students who were previously outsourced for special programs. These types of cost cutting measures have assisted in building reserves. The District believes that due to affordable housing and the addition of student programs new families will continue to be attracted into the area.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (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. This was the sixth consecutive year that the District has received this prestigious award. 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 business and 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,

A handwritten signature in dark ink, appearing to read 'Lorah J. Neville', with a long horizontal flourish extending to the right.

Mrs. Lorah J. Neville
Superintendent

A handwritten signature in dark ink, appearing to read 'Susan O'Rielly', with a stylized, cursive script.

Susan O'Rielly
Executive Director of Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Union Elementary School District No. 62

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.



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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

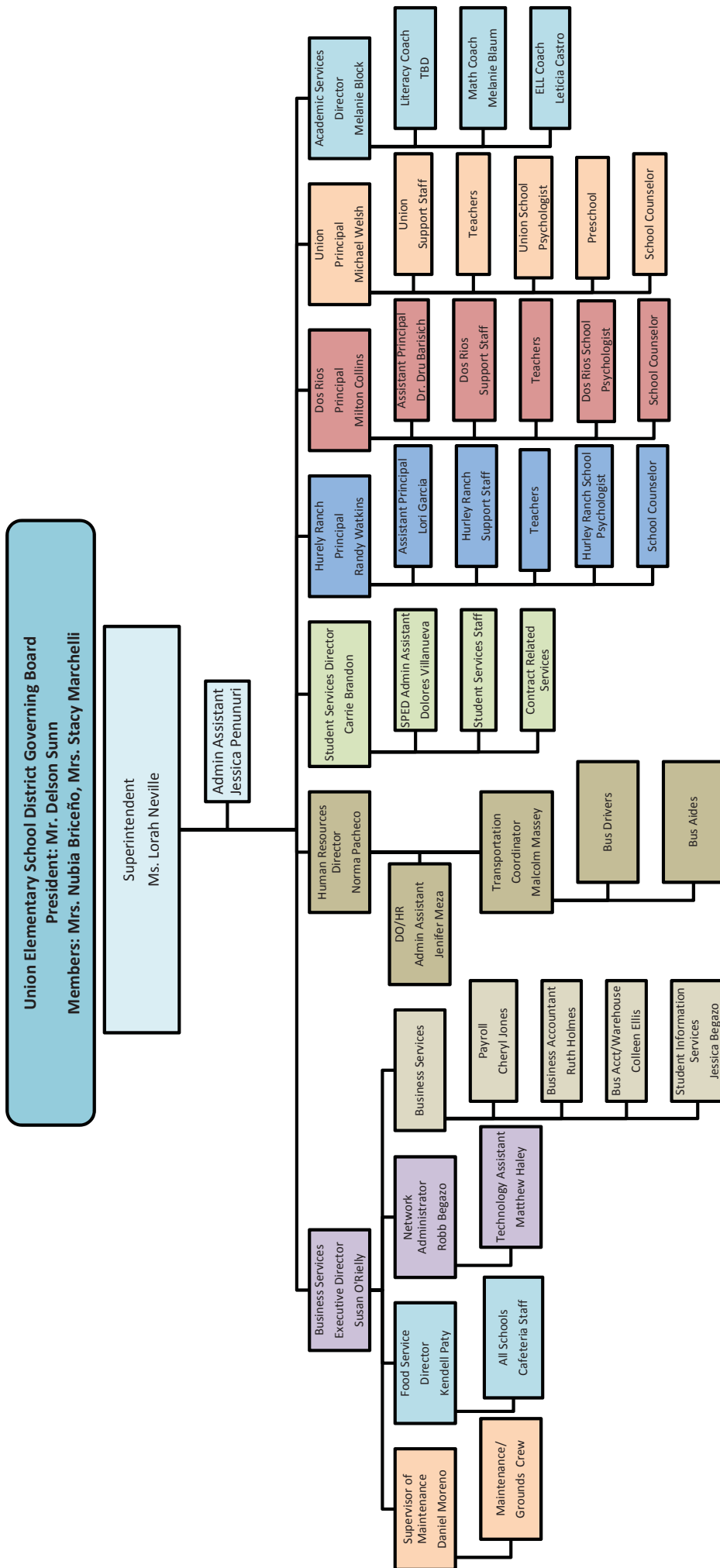
**Union Elementary School
District No. 62, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



Union Elementary School District Organization Chart 2016-17



**List of Principal Officials
Fiscal Year 2016-2017**

Governing Board

Delson Sunn, President
Nubia Briceno, Member
Stacy Marchelli, Member

District Administration

Mrs. Lorah J Neville, Superintendent
Norma Pacheco, Human Resources Director
Susan O’Rielly, Executive Director of Business Services
Melanie Block, Director of Academic Services
Carrie Brandon, Director of Student Support Services
Kendell Paty, Director of Food Service
Robert Begazo, Network Administrator
Daniel Moreno, Supervisor of Maintenance
Malcolm Massey, Transportation Supervisor

Dos Rios Administration

Milton Collins, Principal
Dr. Dru Barisich, Assistant Principal

Hurley Ranch Administration

Dr. Randy Watkins, Principal
Lori Garcia, Assistant Principal

Union Elementary Administration

Michael Welsh, Principal

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Union Elementary School District No. 62

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 Union Elementary School District No. 62 (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 Union Elementary School District No. 62, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of Union Elementary School District No. 62'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 Union Elementary School District No. 62's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 18, 2017

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

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UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017

As management of the Union Elementary School District No. 62 (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 decreased \$751,870, which represents a four percent decrease from the prior fiscal year.
- General revenues accounted for \$12.6 million in revenue, or 80 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3.2 million, or 20 percent of total current fiscal year revenues.
- The District had approximately \$16.6 million in expenses related to governmental activities, an increase of 13 percent from the prior fiscal year primarily due to an increase in instructional salaries and related benefits.
- Among major funds, the General Fund had \$11.2 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$10.7 million in expenditures. The General Fund's fund balance decreased \$404,077, or 14 percent, due to the increase in instructional salaries and benefits.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Classroom Site, Food Service, 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.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances - budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. In addition, 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 exceeded liabilities by \$16.3 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, furniture and equipment and construction 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.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 and other assets	\$ 11,081,760	\$ 12,299,182
Capital assets, net	23,063,704	22,559,821
Total assets	<u>34,145,464</u>	<u>34,859,003</u>
Deferred outflows	<u>2,694,664</u>	<u>1,403,273</u>
Current and other liabilities	681,866	498,725
Long-term liabilities	18,416,875	17,775,149
Total liabilities	<u>19,098,741</u>	<u>18,273,874</u>
Deferred inflows	<u>1,405,311</u>	<u>900,456</u>
Net position:		
Net investment in capital assets	19,609,272	20,473,758
Restricted	3,915,843	3,638,714
Unrestricted	(7,189,039)	(7,024,526)
Total net position	<u>\$ 16,336,076</u>	<u>\$ 17,087,946</u>

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

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

- Increase in pension liabilities of \$884,528.
- The addition of \$1.4 million in capital assets primarily due to building improvements for school renovations.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

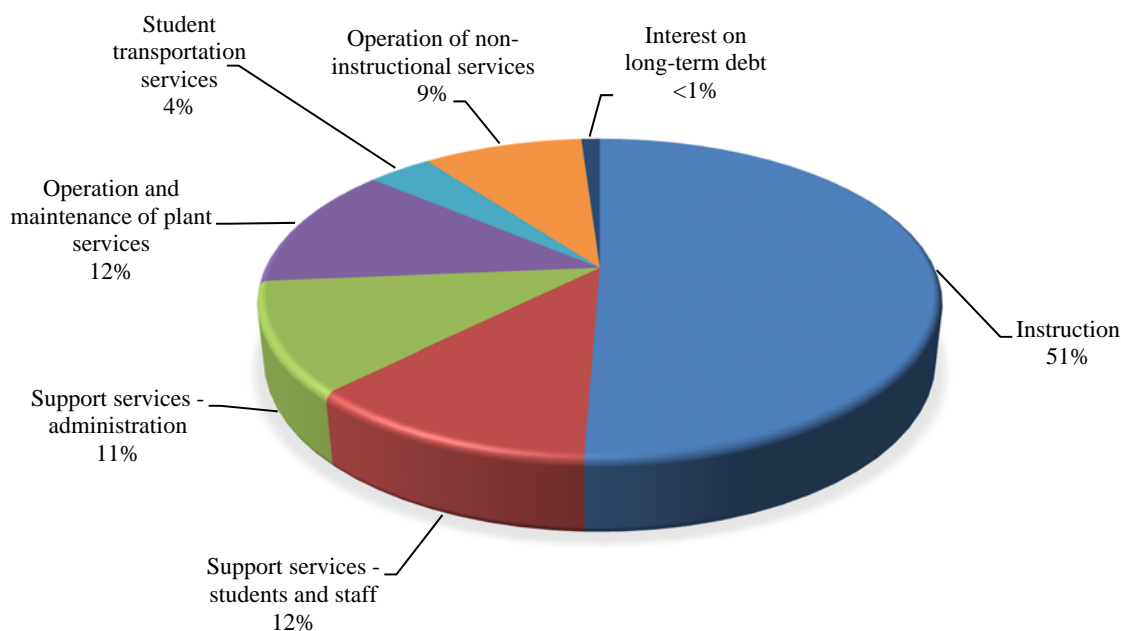
Changes in net position. The District's total revenues for the current fiscal year were \$15.8 million. The total cost of all programs and services was \$16.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 87,358	\$ 137,300
Operating grants and contributions	3,057,979	3,307,798
Capital grants and contributions	60,376	120,675
General revenues:		
Property taxes	2,950,837	2,525,943
Investment income	51,568	20,964
Unrestricted county aid	861,888	845,536
Unrestricted state aid	8,741,176	8,636,505
Total revenues	<u>15,811,182</u>	<u>15,594,721</u>
Expenses:		
Instruction	8,382,550	7,218,429
Support services – students and staff	1,972,305	1,677,474
Support services – administration	1,842,809	1,648,518
Operation and maintenance of plant services	2,071,351	2,217,448
Student transportation services	606,908	514,947
Operation of non-instructional services	1,512,500	1,275,445
Interest on long-term debt	174,629	52,175
Total expenses	<u>16,563,052</u>	<u>14,604,436</u>
Changes in net position	<u>(751,870)</u>	<u>990,285</u>
Net position, beginning	<u>17,087,946</u>	<u>16,097,661</u>
Net position, ending	<u><u>\$ 16,336,076</u></u>	<u><u>\$ 17,087,946</u></u>

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 have had an impact on the change in net position.

- Decrease of \$266,411 of a decrease in federal revenues.
- Increase of \$1,164,121 of instruction expenses due to an increase in salary and benefits.

The following table presents the cost of the District's 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.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 8,382,550	\$ (7,557,723)	\$ 7,218,429	\$ (6,252,624)
Support services – students and staff	1,972,305	(1,620,346)	1,677,474	(1,359,946)
Support services – administration	1,842,809	(1,808,748)	1,648,518	(1,596,852)
Operation and maintenance of plant services	2,071,351	(1,751,259)	2,217,448	(1,420,012)
Student transportation services	606,908	(550,140)	514,947	(484,517)
Operation of non-instructional services	1,512,500	105,506	1,275,445	127,463
Interest on long-term debt	174,629	(174,629)	52,175	(52,175)
Total	<u>\$ 16,563,052</u>	<u>\$ (13,357,339)</u>	<u>\$ 14,604,436</u>	<u>\$ (11,038,663)</u>

- The cost of all governmental activities this year was \$16.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$3.2 million.
- Net cost of governmental activities of \$13.4 million was financed by general revenues, which are made up of primarily property taxes of \$3.0 million and state and county aid of \$9.6 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9.6 million, a decrease of \$1.8 million primarily due to capital expenditures for school renovations.

The General Fund comprises 25 percent of the total fund balance, 99 percent of which is unassigned.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is the principal operating fund of the District. The fund balance decreased \$404,077 as of fiscal year end. General Fund revenues decreased \$370,586 as a result of a decrease in E-Rate revenues. General Fund expenditures decreased \$588,426 as a result of a decrease in telecommunications projects.

The Debt Service Fund's fund balance decreased \$71,944 to \$38,958 at year end due to an increase in principal and interest retirement payments.

The fund balance in the Classroom Site Fund increased \$104,417 which is lower than the prior year fund balance change by \$121,741 due to an increase in instructional salary expenditures.

The Food Service Fund's fund balance increased by \$35,081 due to conservative measures to keep expenditures in line with revenues.

The fund balance in the Bond Building Fund decreased \$1.6 million due to the utilization of bond proceeds for school renovations.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$150,129 increase, or one percent.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant expenditure variances are summarized as follows.

- The favorable variance of \$190,744 in instruction was a result of a planned budget balance carryforward.
- The favorable variance of \$271,575 in operation and maintenance of plant services is the result of janitorial service expenditures being less than expected.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 \$30.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$1.4 million from the prior fiscal year due to school renovations. Total depreciation expense for the current fiscal year was \$872,316.

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

	As of June 30, 2017	As of June 30, 2016
Capital assets - non-depreciable	\$ 2,149,510	\$ 2,062,147
Capital assets - depreciable, net	20,914,194	20,497,674
Total	<u>\$ 23,063,704</u>	<u>\$ 22,559,821</u>

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

Debt Administration. At year end, the District had \$6.8 million in long-term debt outstanding, \$620,000 due within one year. Long-term debt decreased by \$240,000 due to the principal retirement of school improvement bonds.

The District's general obligation bonds are subject to two debt limits: the Constitutional or total debt limit (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$11.0 and the Class B debt limitation is \$7.3 million, which are more than the District's outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 and 8.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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:

- District student population (estimated 1,824).
- Estimated budget balance carry forward (\$571,170).

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 by \$62,468, or less than one percent to \$11.1 million in fiscal year 2017-18. State aid and property taxes are expected to be the primary funding sources. 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, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Union Elementary School District No. 62, 3834 South 91st Avenue, Tolleson, Arizona 85353-9394.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 7,977,930
Deposits	28,996
Property taxes receivable	227,660
Due from governmental entities	2,847,174
Total current assets	<u>11,081,760</u>
Noncurrent assets:	
Capital assets not being depreciated	2,149,510
Capital assets, net of accumulated depreciation	20,914,194
Total noncurrent assets	<u>23,063,704</u>
Total assets	<u><u>34,145,464</u></u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	<u>2,694,664</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	100,481
Construction contracts payable	356,978
Accrued payroll and employee benefits	140,119
Compensated absences payable	20,500
Accrued interest payable	84,288
Bonds payable	620,000
Total current liabilities	<u>1,322,366</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	17,776,375
Total noncurrent liabilities	<u>17,776,375</u>
Total liabilities	<u><u>19,098,741</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	<u>1,405,311</u>
<u>NET POSITION</u>	
Net investment in capital assets	19,609,272
Restricted for:	
Voter approved initiatives	1,752,037
Food service	717,716
Gifts and donations	19,960
Extracurricular activities	49,089
Insurance	43,759
Other local initiatives	34,987
Debt service	46,558
Capital outlay	1,251,737
Unrestricted	(7,189,039)
Total net position	<u><u>\$ 16,336,076</u></u>

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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:					
Instruction	\$ 8,382,550	\$ 67,096	\$ 697,355	\$ 60,376	\$ (7,557,723)
Support services - students and staff	1,972,305		351,959		(1,620,346)
Support services - administration	1,842,809		34,061		(1,808,748)
Operation and maintenance of plant services	2,071,351		320,092		(1,751,259)
Student transportation services	606,908		56,768		(550,140)
Operation of non-instructional services	1,512,500	20,262	1,597,744		105,506
Interest on long-term debt	174,629				(174,629)
Total governmental activities	<u>\$ 16,563,052</u>	<u>\$ 87,358</u>	<u>\$ 3,057,979</u>	<u>\$ 60,376</u>	<u>(13,357,339)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	2,009,657
Property taxes, levied for debt service	702,171
Property taxes, levied for capital outlay	239,009
Investment income	51,568
Unrestricted county aid	861,888
Unrestricted state aid	8,741,176
Total general revenues	<u>12,605,469</u>

Changes in net position (751,870)

Net position, beginning of year 17,087,946

Net position, end of year \$ 16,336,076

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

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FUND FINANCIAL STATEMENTS

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Classroom Site</u>	<u>Food Service</u>
<u>ASSETS</u>			
Cash and investments	\$ 411,569	\$ 1,433,737	\$ 710,383
Deposits			28,996
Property taxes receivable	172,741		
Due from governmental entities	2,596,967		12,041
Due from other funds			
Total assets	<u><u>\$ 3,181,277</u></u>	<u><u>\$ 1,433,737</u></u>	<u><u>\$ 751,420</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 49,197	\$	\$ 29,788
Construction contracts payable			
Due to other funds	514,060		
Accrued payroll and employee benefits	66,495	4,900	3,916
Bonds payable			
Bond interest payable			
Total liabilities	<u>629,752</u>	<u>4,900</u>	<u>33,704</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>166,970</u>		
Fund balances:			
Restricted	12,354	1,428,837	717,716
Unassigned	2,372,201		
Total fund balances	<u>2,384,555</u>	<u>1,428,837</u>	<u>717,716</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 3,181,277</u></u>	<u><u>\$ 1,433,737</u></u>	<u><u>\$ 751,420</u></u>

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

<u>Debt Service</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 743,246	\$ 3,687,546	\$ 991,449	\$ 7,977,930
7,600		47,319	28,996
		238,166	227,660
		673,233	2,847,174
			673,233
<u>\$ 750,846</u>	<u>\$ 3,687,546</u>	<u>\$ 1,950,167</u>	<u>\$ 11,754,993</u>
\$	\$	\$	\$
	356,978	21,496	100,481
		159,173	356,978
		64,808	673,233
620,000			140,119
84,288			620,000
<u>704,288</u>	<u>356,978</u>	<u>245,477</u>	<u>84,288</u>
			<u>1,975,099</u>
<u>7,600</u>	<u></u>	<u>46,774</u>	<u>221,344</u>
38,958	3,330,568	1,657,916	7,186,349
			2,372,201
<u>38,958</u>	<u>3,330,568</u>	<u>1,657,916</u>	<u>9,558,550</u>
<u>\$ 750,846</u>	<u>\$ 3,687,546</u>	<u>\$ 1,950,167</u>	<u>\$ 11,754,993</u>

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UNION ELEMENTARY SCHOOL DISTRICT NO. 62
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total governmental fund balances	\$	9,558,550
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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	\$ 30,841,891	
Less accumulated depreciation	<u>(7,778,187)</u>	23,063,704

Some property taxes receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	221,344
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,694,664	
Deferred inflows of resources related to pensions	<u>(1,405,311)</u>	1,289,353

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

Compensated absences payable	(84,600)	
Net pension liability	(11,547,275)	
Bonds payable	<u>(6,165,000)</u>	<u>(17,796,875)</u>

Net position of governmental activities	\$	<u>16,336,076</u>
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The notes to the basic financial statements are an integral part of this statement.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Classroom Site</u>	<u>Food Service</u>
Revenues:			
Other local	\$ 903,474	\$ 7,946	\$ 24,352
Property taxes	2,035,523		
State aid and grants	7,919,579	719,370	
Federal aid, grants and reimbursements	321,430		1,597,744
Total revenues	<u>11,180,006</u>	<u>727,316</u>	<u>1,622,096</u>
Expenditures:			
Current -			
Instruction	5,763,211	572,248	
Support services - students and staff	1,364,897	50,651	
Support services - administration	1,547,484		1,170
Operation and maintenance of plant services	1,578,730		
Student transportation services	420,391		
Operation of non-instructional services			1,451,343
Capital outlay	16,633		34,928
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>10,691,346</u>	<u>622,899</u>	<u>1,487,441</u>
Excess (deficiency) of revenues over expenditures	<u>488,660</u>	<u>104,417</u>	<u>134,655</u>
Other financing sources (uses):			
Transfers in	157,208		
Transfers out			(99,574)
Total other financing sources (uses):	<u>157,208</u>	<u></u>	<u>(99,574)</u>
Changes in fund balances	<u>645,868</u>	<u>104,417</u>	<u>35,081</u>
Fund balances, beginning of year	2,788,632	1,324,420	682,635
Increase (decrease) in reserve for prepaid items	(1,049,945)		
Fund balances, end of year	<u>\$ 2,384,555</u>	<u>\$ 1,428,837</u>	<u>\$ 717,716</u>

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

<u>Debt Service</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,143	\$ 23,216	\$ 43,473	\$ 1,005,604
696,326		216,098	2,947,947
		172,073	8,811,022
		1,125,883	3,045,057
<u>699,469</u>	<u>23,216</u>	<u>1,557,527</u>	<u>15,809,630</u>
		718,441	7,053,900
		348,223	1,763,771
		35,640	1,584,294
			1,578,730
		51,130	471,521
		3,626	1,454,969
	1,608,369	180,056	1,839,986
620,000			620,000
174,629			174,629
<u>794,629</u>	<u>1,608,369</u>	<u>1,337,116</u>	<u>16,541,800</u>
<u>(95,160)</u>	<u>(1,585,153)</u>	<u>220,411</u>	<u>(732,170)</u>
23,216			180,424
	(23,216)	(57,634)	(180,424)
<u>23,216</u>	<u>(23,216)</u>	<u>(57,634)</u>	
<u>(71,944)</u>	<u>(1,608,369)</u>	<u>162,777</u>	<u>(732,170)</u>
110,902	4,938,937	1,495,139	11,340,665
			(1,049,945)
<u>\$ 38,958</u>	<u>\$ 3,330,568</u>	<u>\$ 1,657,916</u>	<u>\$ 9,558,550</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 **\$ (732,170)**

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	\$ 1,376,199	
Less current year depreciation	<u>(872,316)</u>	503,883

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

Property taxes	2,890	
Intergovernmental	<u>(1,338)</u>	1,552

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		620,000
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Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	796,660	
Pension expense	<u>(894,652)</u>	(97,992)

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	(1,049,945)	
Compensated absences	<u>2,802</u>	<u>(1,047,143)</u>

Changes in net position in governmental activities **\$ (751,870)**

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 1,436,458
Total assets	<u>\$ 1,436,458</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 1,426,534
Due to student groups	9,924
Total liabilities	<u>\$ 1,436,458</u>

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Union Elementary School District No. 62 (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 three members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as 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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Food Service Fund – The Food Service Fund accounts 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.

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 type:

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 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

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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment, 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.

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. 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.

K. 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.

L. 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.

M. Long-term Obligations

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

N. 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.

O. Net Position Flow Assumption

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

P. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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 balances, 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 Board delegated the responsibility to the Executive Director of Business Services via a policy adopted at a public meeting of the Board.

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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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.

	General Fund	Classroom Site Fund	Food Service Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:						
Restricted:						
Debt service	\$	\$	\$	\$ 38,958	\$	\$
Capital projects	12,354					1,204,963
Bond building projects					3,330,568	
Voter approved initiatives		1,428,837				323,200
Food service			717,716			
Insurance						43,759
Extracurricular activities						49,089
Gifts and donations						19,960
Other purposes						16,945
Unassigned	2,372,201					
Total fund balances	<u>\$ 2,384,555</u>	<u>\$ 1,428,837</u>	<u>\$ 717,716</u>	<u>\$ 38,958</u>	<u>\$ 3,330,568</u>	<u>\$ 1,657,916</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures over Budget Limits – Prior audit reports indicate the District overexpended the fiscal year 2004-05 expenditure budget by \$12,202, the 2005-06 expenditure budget by \$712,738, and the 2006-07 expenditure budget by \$1,702,027. House Bill 2469 requires the District to reduce budget capacity in future fiscal years. Accordingly, the District reduced the fiscal year 2008-09 and 2009-10 budgets by five percent, the fiscal year 2010-11, 2011-12 and 2012-13 budgets by 10 percent and the fiscal year 2013-14, 2014-15, 2015-16, and 2016-17 budgets by 15 percent. The fiscal year 2016-17 reduction represents the final year in which budget capacity is required to be reduced.

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 \$1,426,534 and the bank balance was \$1,430,597. At year end, \$1,180,597 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.

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

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

The County Treasurer's pool and the Trust Investment Pool are external investment pools with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The fair value of each participant's position in both of the investment pools 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.

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

	Average Maturities	Fair Value
County Treasurer's investment pool	457 days	\$ 7,576,285
The Trust Investment Pool	1,003 days	411,569
Total		<u>\$ 7,987,854</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. Investments held in the Trust Investment Pool were rated between A- and AA+ by Standard and Poor's and between Aaa to A3 by Moody's Investors Service.

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 funds and non-major governmental funds in the aggregate, were as follows:

	General Fund	Food Service Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$	\$ 12,041	\$ 203,320
Due from state government	2,596,967		34,846
Net due from governmental entities	<u>\$ 2,596,967</u>	<u>\$ 12,041</u>	<u>\$ 238,166</u>

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,917,492	\$	\$	\$ 1,917,492
Construction in progress	144,655	602,621	515,258	232,018
Total capital assets, not being depreciated	<u>2,062,147</u>	<u>602,621</u>	<u>515,258</u>	<u>2,149,510</u>
Capital assets, being depreciated:				
Land improvements	762,279	297,738		1,060,017
Buildings and improvements	23,784,790	886,022		24,670,812
Vehicles, furniture and equipment	2,856,476	105,076		2,961,552
Total capital assets being depreciated	<u>27,403,545</u>	<u>1,288,836</u>		<u>28,692,381</u>
Less accumulated depreciation for:				
Land improvements	(303,923)	(28,588)		(332,511)
Buildings and improvements	(5,150,352)	(656,901)		(5,807,253)
Vehicles, furniture and equipment	(1,451,596)	(186,827)		(1,638,423)
Total accumulated depreciation	<u>(6,905,871)</u>	<u>(872,316)</u>		<u>(7,778,187)</u>
Total capital assets, being depreciated, net	<u>20,497,674</u>	<u>416,520</u>		<u>20,914,194</u>
Governmental activities capital assets, net	<u>\$ 22,559,821</u>	<u>\$ 1,019,141</u>	<u>\$ 515,258</u>	<u>\$23,063,704</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 428,913
Support services – students and staff	758
Support services – administration	88,463
Operation and maintenance of plant services	283,727
Student transportation services	67,304
Operation of non-instructional services	3,151
Total depreciation expense – governmental activities	<u>\$ 872,316</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for school renovations. At year end the District had spent \$232,018 on the projects and had estimated remaining contractual commitments of \$97,092. These projects are being funded with bond proceeds.

NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount authorized \$8,440,000 remains unissued. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2006, Series A	\$ 2,540,000	1.5-4.00%	7/1/17-22	\$ 1,585,000	\$ 250,000
School Improvement Bonds, Project of 2015, Series A	5,200,000	2.00-3.00%	7/1/17-31	5,200,000	370,000
Total				<u>\$ 6,785,000</u>	<u>\$ 620,000</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	\$ 620,000	\$ 163,000
	2019	630,000	150,813
	2020	640,000	137,800
	2021	690,000	121,850
	2022	2,370,000	384,025
	2023-27	1,230,000	210,000
	2028-32	605,000	9,075
Total		<u>\$ 6,785,000</u>	<u>\$ 1,176,563</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,025,000	\$	\$ 240,000	\$ 6,785,000	\$ 620,000
Net pension liability	10,662,747	884,528		11,547,275	
Compensated absences payable	87,402	123,279	126,081	84,600	20,500
Governmental activity long-term liabilities	<u>\$ 17,775,149</u>	<u>\$ 1,007,807</u>	<u>\$ 366,081</u>	<u>\$18,416,875</u>	<u>\$ 640,500</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	<u>Non-Major Governmental Funds</u>
General Fund	\$ 514,060
Non-Major Governmental Funds	159,173
Total Due from Other Funds	<u>\$ 673,233</u>

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

Interfund transfers:

	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfers out			
Bond Building Fund	\$	\$ 23,216	\$ 23,216
Food Service Fund	99,574		99,574
Non-Major Governmental Funds	57,634		57,634
Total	<u>\$ 157,208</u>	<u>\$ 23,216</u>	<u>\$ 180,424</u>

Transfers between funds were used to (1) move federal grant funds restricted for indirect costs, and (2) to move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – CONTINGENT LIABILITIES

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

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

NOTE 11 – RISK MANAGEMENT

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

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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	30 years age 55
	10 years age 62	25 years age 60
	5 years age 50*	10 years age 62
	Any years age 65	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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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 \$796,660.

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 fund 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	\$	41,385	\$ 10,346
2016		31,646	7,595
2015		37,169	7,560

Pension Liability. At June 30, 2017, the District reported a liability of \$11.5 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 .07 percent, which was the same as its proportion measured as of June 30, 2015.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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 \$894,652 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,172	\$ 794,368
Changes of assumptions or other inputs		610,943
Net difference between projected and actual earnings on pension plan investments	1,251,340	
Changes in proportion and differences between contributions and proportionate share of contributions	576,492	
Contributions subsequent to the measurement date	796,660	
Total	<u>\$ 2,694,664</u>	<u>\$ 1,405,311</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	\$ (194,644)
2019	(205,155)
2020	541,620
2021	350,872

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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:

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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	\$14,723,652	\$ 11,547,275	\$9,000,514

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$ 357,499	\$ 357,499	\$ 885,428	\$ 527,929
Property taxes	2,220,824	2,220,824	2,035,523	(185,301)
State aid and grants	8,484,090	8,484,090	7,919,579	(564,511)
Total revenues	<u>11,062,413</u>	<u>11,062,413</u>	<u>10,840,530</u>	<u>(221,883)</u>
Expenditures:				
Current -				
Instruction	6,247,864	5,994,245	5,803,501	190,744
Support services - students and staff	1,382,287	1,541,631	1,374,436	167,195
Support services - administration	1,586,024	1,540,264	1,489,800	50,464
Operation and maintenance of plant services	1,285,619	1,402,030	1,130,455	271,575
Student transportation services	402,099	546,099	444,691	101,408
Operation of non-instructional services		29,753		29,753
Total expenditures	<u>10,903,893</u>	<u>11,054,022</u>	<u>10,242,883</u>	<u>811,139</u>
Changes in fund balances	<u>158,520</u>	<u>8,391</u>	<u>597,647</u>	<u>589,256</u>
Fund balances, beginning of year			2,464,883	2,464,883
Increase (decrease) in reserve for prepaid items			(947,645)	(947,645)
Fund balances, end of year	<u>\$ 158,520</u>	<u>\$ 8,391</u>	<u>\$ 2,114,885</u>	<u>\$ 2,106,494</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CLASSROOM SITE
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other local	\$	\$	\$ 7,946	\$ 7,946
State aid and grants		627,825	719,370	91,545
Total revenues		627,825	727,316	99,491
Expenditures:				
Current -				
Instruction	1,945,350	2,010,766	572,248	1,438,518
Support services - students and staff	52,698	56,987	50,651	6,336
Total expenditures	1,998,048	2,067,753	622,899	1,444,854
Changes in fund balances	(1,998,048)	(1,439,928)	104,417	1,544,345
Fund balances, beginning of year		1,263,930	1,324,420	60,490
Fund balances (deficits), end of year	<u>\$ (1,998,048)</u>	<u>\$ (175,998)</u>	<u>\$ 1,428,837</u>	<u>\$ 1,604,835</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOOD SERVICE
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other local	\$	\$ 1,165,800	\$ 24,352	\$ (1,141,448)
Federal aid, grants and reimbursements		174,200	1,597,744	1,423,544
Total revenues		<u>1,340,000</u>	<u>1,622,096</u>	<u>282,096</u>
Expenditures:				
Current -				
Support services - administration	25,000	25,000	1,170	23,830
Operation of non-instructional services	1,850,000	1,900,000	1,451,343	448,657
Capital outlay	75,000	75,000	34,928	40,072
Total expenditures	<u>1,950,000</u>	<u>2,000,000</u>	<u>1,487,441</u>	<u>512,559</u>
Excess (deficiency) of revenues over expenditures	<u>(1,950,000)</u>	<u>(660,000)</u>	<u>134,655</u>	<u>794,655</u>
Other financing sources (uses):				
Transfers out			(99,574)	(99,574)
Total other financing sources (uses):			<u>(99,574)</u>	<u>(99,574)</u>
Changes in fund balances	<u>(1,950,000)</u>	<u>(660,000)</u>	<u>35,081</u>	<u>695,081</u>
Fund balances, beginning of year		627,936	682,635	54,699
Fund balances (deficits), end of year	<u>\$ (1,950,000)</u>	<u>\$ (32,064)</u>	<u>\$ 717,716</u>	<u>\$ 749,780</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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)	0.07%	0.07%	0.06%
District's proportionate share of the net pension liability (asset)	\$ 11,547,275	\$ 10,662,747	\$ 9,597,452
District's covered payroll	\$ 6,329,152	\$ 6,299,789	\$ 5,857,131
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	182.45%	169.26%	163.86%
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	\$ 796,660	\$ 686,713	\$ 686,047
Contributions in relation to the actuarially determined contribution	<u>796,660</u>	<u>686,713</u>	<u>686,047</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 7,390,167	\$ 6,329,152	\$ 6,299,789
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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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.

	<u>General Fund</u>	
	<u>Total</u>	<u>Fund</u>
	<u>Expenditures</u>	<u>Balances</u>
		<u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$10,691,346	\$ 2,384,555
Activity budgeted as special revenue funds	(423,890)	(257,316)
Activity budgeted as capital projects funds	(147)	(12,354)
Current-year prepaid items	102,300	
Prior-year prepaid items	(126,726)	
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$10,242,883</u>	<u>\$ 2,114,885</u>

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 452,953	\$ 538,496	\$ 991,449
Property taxes receivable		47,319	47,319
Due from governmental entities	238,166		238,166
Due from other funds		673,233	673,233
Total assets	<u>\$ 691,119</u>	<u>\$ 1,259,048</u>	<u>\$ 1,950,167</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 14,185	\$ 7,311	\$ 21,496
Due to other funds	159,173		159,173
Accrued payroll and employee benefits	64,808		64,808
Total liabilities	<u>238,166</u>	<u>7,311</u>	<u>245,477</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		46,774	46,774
Fund balances:			
Restricted	452,953	1,204,963	1,657,916
Total fund balances	<u>452,953</u>	<u>1,204,963</u>	<u>1,657,916</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 691,119</u>	<u>\$ 1,259,048</u>	<u>\$ 1,950,167</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 37,630	\$ 5,843	\$ 43,473
Property taxes		216,098	216,098
State aid and grants	146,182	25,891	172,073
Federal aid, grants and reimbursements	<u>1,125,883</u>		<u>1,125,883</u>
Total revenues	<u>1,309,695</u>	<u>247,832</u>	<u>1,557,527</u>
Expenditures:			
Current -			
Instruction	718,441		718,441
Support services - students and staff	348,223		348,223
Support services - administration	34,242	1,398	35,640
Student transportation services	51,130		51,130
Operation of non-instructional services	3,626		3,626
Capital outlay	<u>61,718</u>	<u>118,338</u>	<u>180,056</u>
Total expenditures	<u>1,217,380</u>	<u>119,736</u>	<u>1,337,116</u>
Excess (deficiency) of revenues over expenditures	<u>92,315</u>	<u>128,096</u>	<u>220,411</u>
Other financing sources (uses):			
Transfers out	<u>(57,634)</u>		<u>(57,634)</u>
Total other financing sources (uses):	<u>(57,634)</u>		<u>(57,634)</u>
Changes in fund balances	<u>34,681</u>	<u>128,096</u>	<u>162,777</u>
Fund balances, beginning of year	418,272	1,076,867	1,495,139
Fund balances, end of year	<u>\$ 452,953</u>	<u>\$ 1,204,963</u>	<u>\$ 1,657,916</u>

SPECIAL REVENUE FUNDS

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

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

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.

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

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

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

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.

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

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.

Grants and Gifts to Teachers - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Instructional Improvement	County, City, and Town Grants	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 323,200	\$ 7,861	\$
Due from governmental entities			77,840
Total assets	<u>\$ 323,200</u>	<u>\$ 7,861</u>	<u>\$ 77,840</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			18,410
Accrued payroll and employee benefits			59,430
Total liabilities			<u>77,840</u>
Fund balances:			
Restricted	323,200	7,861	
Total fund balances	<u>323,200</u>	<u>7,861</u>	
Total liabilities and fund balances	<u>\$ 323,200</u>	<u>\$ 7,861</u>	<u>\$ 77,840</u>

Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	Special Education Grants	Other State Projects	Civic Center
\$	\$	\$	\$	\$	\$
1,770	26,481	1,011	96,218	34,846	402
<u>\$ 1,770</u>	<u>\$ 26,481</u>	<u>\$ 1,011</u>	<u>\$ 96,218</u>	<u>\$ 34,846</u>	<u>\$ 402</u>
\$	\$	\$	\$	\$	\$
1,770	1,767	158	12,418	34,846	
	21,314	853	82,675		
	3,400	1,125	1,125		
<u>1,770</u>	<u>26,481</u>	<u>1,011</u>	<u>96,218</u>	<u>34,846</u>	
					402
					<u>402</u>
<u>\$ 1,770</u>	<u>\$ 26,481</u>	<u>\$ 1,011</u>	<u>\$ 96,218</u>	<u>\$ 34,846</u>	<u>\$ 402</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Textbooks
<u>ASSETS</u>			
Cash and investments	\$ 49,089	\$ 19,960	\$ 6,722
Due from governmental entities			
Total assets	<u>\$ 49,089</u>	<u>\$ 19,960</u>	<u>\$ 6,722</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Total liabilities			
Fund balances:			
Restricted	49,089	19,960	6,722
Total fund balances	<u>49,089</u>	<u>19,960</u>	<u>6,722</u>
Total liabilities and fund balances	<u>\$ 49,089</u>	<u>\$ 19,960</u>	<u>\$ 6,722</u>

Insurance Refund	Grants and Gifts to Teachers	Totals
\$ 43,759	\$ 1,960	\$ 452,953
		238,166
<u>\$ 43,759</u>	<u>\$ 1,960</u>	<u>\$ 691,119</u>

\$	\$	\$ 14,185
		159,173
		64,808
		<u>238,166</u>

<u>43,759</u>	<u>1,960</u>	<u>452,953</u>
<u>43,759</u>	<u>1,960</u>	<u>452,953</u>
<u>\$ 43,759</u>	<u>\$ 1,960</u>	<u>\$ 691,119</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Instructional Improvement	County, City, and Town Grants	Title I Grants
Revenues:			
Other local	\$ 1,753	\$	\$
State aid and grants	76,336		
Federal aid, grants and reimbursements			593,449
Total revenues	<u>78,089</u>		<u>593,449</u>
Expenditures:			
Current -			
Instruction	38,494		309,881
Support services - students and staff	2,766		164,151
Support services - administration			19,252
Student transportation services			18,558
Operation of non-instructional services			
Capital outlay	642		46,960
Total expenditures	<u>41,902</u>		<u>558,802</u>
Excess (deficiency) of revenues over expenditures	<u>36,187</u>		<u>34,647</u>
Other financing sources (uses):			
Transfers out			(34,647)
Total other financing sources (uses):			<u>(34,647)</u>
Changes in fund balances	<u>36,187</u>		
Fund balances, beginning of year	287,013	7,861	
Fund balances, end of year	<u>\$ 323,200</u>	<u>\$ 7,861</u>	<u>\$</u>

Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	Special Education Grants	Other State Projects	Civic Center
\$	\$	\$	\$	\$	\$ 102
15,664	146,836	59,919	310,015	69,846	
15,664	146,836	59,919	310,015	69,846	102
	96,609	34,640	218,479		
	33,543	24,104	40,691	69,846	
6,991	356		4,420		
	1,444		31,128		
	3,626				
8,196	4,480		740		
15,187	140,058	58,744	295,458	69,846	
477	6,778	1,175	14,557		102
(477)	(6,778)	(1,175)	(14,557)		
(477)	(6,778)	(1,175)	(14,557)		
					102
					300
\$	\$	\$	\$	\$	\$ 402

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	Gifts and Donations	Textbooks
Revenues:			
Other local	\$ 16,223	\$ 15,132	\$ 106
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>16,223</u>	<u>15,132</u>	<u>106</u>
Expenditures:			
Current -			
Instruction	12,324	8,014	
Support services - students and staff		11,327	
Support services - administration		2,879	
Student transportation services			
Operation of non-instructional services			
Capital outlay	420	280	
Total expenditures	<u>12,744</u>	<u>22,500</u>	
Excess (deficiency) of revenues over expenditures	<u>3,479</u>	<u>(7,368)</u>	<u>106</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>3,479</u>	<u>(7,368)</u>	<u>106</u>
Fund balances, beginning of year	45,610	27,328	6,616
Fund balances, end of year	<u>\$ 49,089</u>	<u>\$ 19,960</u>	<u>\$ 6,722</u>

Insurance Refund	Grants and Gifts to Teachers	Totals
\$ 3,930	\$ 384	\$ 37,630
		146,182
		1,125,883
<u>3,930</u>	<u>384</u>	<u>1,309,695</u>
		718,441
1,795		348,223
344		34,242
		51,130
		3,626
		61,718
<u>2,139</u>	<u></u>	<u>1,217,380</u>
<u>1,791</u>	<u>384</u>	<u>92,315</u>
		(57,634)
		(57,634)
<u>1,791</u>	<u>384</u>	<u>34,681</u>
41,968	1,576	418,272
<u>\$ 43,759</u>	<u>\$ 1,960</u>	<u>\$ 452,953</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Instructional Improvement		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,753	\$ 1,753
State aid and grants	70,000	76,336	6,336
Federal aid, grants and reimbursements			
Total revenues	<u>70,000</u>	<u>78,089</u>	<u>8,089</u>
Expenditures:			
Current -			
Instruction	236,000	38,494	197,506
Support services - students and staff	3,000	2,766	234
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	1,000	642	358
Total expenditures	<u>240,000</u>	<u>41,902</u>	<u>198,098</u>
Excess (deficiency) of revenues over expenditures	<u>(170,000)</u>	<u>36,187</u>	<u>206,187</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(170,000)</u>	<u>36,187</u>	<u>206,187</u>
Fund balances, beginning of year	266,513	287,013	20,500
Fund balances (deficits), end of year	<u>\$ 96,513</u>	<u>\$ 323,200</u>	<u>\$ 226,687</u>

County, City, and Town Grants			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				593,449	593,449
				593,449	593,449
7,000		7,000	375,000	309,881	65,119
			165,000	164,151	849
			20,000	19,252	748
			20,000	18,558	1,442
			50,000	46,960	3,040
7,000		7,000	630,000	558,802	71,198
(7,000)		7,000	(630,000)	34,647	664,647
				(34,647)	(34,647)
				(34,647)	(34,647)
(7,000)		7,000	(630,000)		630,000
	7,861	7,861			
\$ (7,000)	\$ 7,861	\$ 14,861	\$ (630,000)	\$	\$ 630,000

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		15,664	15,664
Total revenues		<u>15,664</u>	<u>15,664</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	9,000	6,991	2,009
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	11,000	8,196	2,804
Total expenditures	<u>20,000</u>	<u>15,187</u>	<u>4,813</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>477</u>	<u>20,477</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(477)	(477)
Total other financing sources (uses):		<u>(477)</u>	<u>(477)</u>
Changes in fund balances	<u>(20,000)</u>		<u>20,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (20,000)</u>	<u>\$</u>	<u>\$ 20,000</u>

Title IV Grants			Limited English & Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	146,836	146,836		59,919	59,919
	146,836	146,836		59,919	59,919
100,000	96,609	3,391	40,000	34,640	5,360
43,000	33,543	9,457	30,000	24,104	5,896
2,000	356	1,644			
5,000	1,444	3,556			
10,000	3,626	6,374			
10,000	4,480	5,520			
170,000	140,058	29,942	70,000	58,744	11,256
(170,000)	6,778	176,778	(70,000)	1,175	71,175
	(6,778)	(6,778)		(1,175)	(1,175)
	(6,778)	(6,778)		(1,175)	(1,175)
(170,000)		170,000	(70,000)		70,000
\$ (170,000)	\$	\$ 170,000	\$ (70,000)	\$	\$ 70,000

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		310,015	310,015
Total revenues		<u>310,015</u>	<u>310,015</u>
Expenditures:			
Current -			
Instruction	300,000	218,479	81,521
Support services - students and staff	139,000	40,691	98,309
Support services - administration	30,000	4,420	25,580
Operation and maintenance of plant services			
Student transportation services	80,000	31,128	48,872
Operation of non-instructional services			
Capital outlay	1,000	740	260
Total expenditures	<u>550,000</u>	<u>295,458</u>	<u>254,542</u>
Excess (deficiency) of revenues over expenditures	<u>(550,000)</u>	<u>14,557</u>	<u>564,557</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(14,557)	(14,557)
Total other financing sources (uses):		<u>(14,557)</u>	<u>(14,557)</u>
Changes in fund balances	<u>(550,000)</u>		<u>550,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (550,000)</u>	<u>\$</u>	<u>\$ 550,000</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	28	28		321,402	321,402
	28	28		321,402	321,402
1,500	5	1,495			
6,000	223	5,777			
			270,000	321,402	(51,402)
7,500	228	7,272	270,000	321,402	(51,402)
(7,500)	(200)	7,300	(270,000)		270,000
(7,500)	(200)	7,300	(270,000)		270,000
	7,499	7,499		99,847	99,847
\$ (7,500)	\$ 7,299	\$ 14,799	\$ (270,000)	\$ 99,847	\$ 369,847

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Other State Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		69,846	69,846
Federal aid, grants and reimbursements			
Total revenues		69,846	69,846
Expenditures:			
Current -			
Instruction			
Support services - students and staff		69,846	(69,846)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures		69,846	(69,846)
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$	\$	\$

Civic Center			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 200	\$ 102	\$ (98)	\$ 16,000	\$ 16,414	\$ 414
<u>200</u>	<u>102</u>	<u>(98)</u>	<u>16,000</u>	<u>16,414</u>	<u>414</u>
			25,000	13,005	11,995
			5,000	2,938	2,062
1,000		1,000			
<u>1,000</u>		<u>1,000</u>	<u>30,000</u>	<u>15,943</u>	<u>14,057</u>
<u>(800)</u>	<u>102</u>	<u>902</u>	<u>(14,000)</u>	<u>471</u>	<u>14,471</u>
<u>(800)</u>	<u>102</u>	<u>902</u>	<u>(14,000)</u>	<u>471</u>	<u>14,471</u>
2,170	300	(1,870)	6,120	6,129	9
<u>\$ 1,370</u>	<u>\$ 402</u>	<u>\$ (968)</u>	<u>\$ (7,880)</u>	<u>\$ 6,600</u>	<u>\$ 14,480</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 20,000	\$ 16,223	\$ (3,777)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>20,000</u>	<u>16,223</u>	<u>(3,777)</u>
Expenditures:			
Current -			
Instruction	50,000	12,324	37,676
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	10,000	420	9,580
Total expenditures	<u>60,000</u>	<u>12,744</u>	<u>47,256</u>
Excess (deficiency) of revenues over expenditures	<u>(40,000)</u>	<u>3,479</u>	<u>43,479</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(40,000)</u>	<u>3,479</u>	<u>43,479</u>
Fund balances, beginning of year	45,610	45,610	
Fund balances (deficits), end of year	<u>\$ 5,610</u>	<u>\$ 49,089</u>	<u>\$ 43,479</u>

Gifts and Donations			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 9,000	\$ 15,132	\$ 6,132	\$ 200	\$ 106	\$ (94)
<u>9,000</u>	<u>15,132</u>	<u>6,132</u>	<u>200</u>	<u>106</u>	<u>(94)</u>
10,000	8,014	1,986	8,000		8,000
25,000	11,327	13,673			
4,500	2,879	1,621			
500	280	220			
<u>40,000</u>	<u>22,500</u>	<u>17,500</u>	<u>8,000</u>		<u>8,000</u>
<u>(31,000)</u>	<u>(7,368)</u>	<u>23,632</u>	<u>(7,800)</u>	<u>106</u>	<u>7,906</u>
<u>(31,000)</u>	<u>(7,368)</u>	<u>23,632</u>	<u>(7,800)</u>	<u>106</u>	<u>7,906</u>
27,325	27,328	3	6,616	6,616	
<u>\$ (3,675)</u>	<u>\$ 19,960</u>	<u>\$ 23,635</u>	<u>\$ (1,184)</u>	<u>\$ 6,722</u>	<u>\$ 7,906</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 416	\$ 416
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		416	416
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	100,000	69,684	30,316
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	50,000	16,633	33,367
Total expenditures	150,000	86,317	63,683
Excess (deficiency) of revenues over expenditures	(150,000)	(85,901)	64,099
Other financing sources (uses):			
Transfers in	100,000	157,208	57,208
Transfers out			
Total other financing sources (uses):	100,000	157,208	57,208
Changes in fund balances	(50,000)	71,307	121,307
Fund balances, beginning of year	76,008	72,263	(3,745)
Fund balances (deficits), end of year	\$ 26,008	\$ 143,570	\$ 117,562

Insurance Refund			Grants and Gifts to Teachers		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 3,000	\$ 3,930	\$ 930	\$ 400	\$ 384	\$ (16)
<u>3,000</u>	<u>3,930</u>	<u>930</u>	<u>400</u>	<u>384</u>	<u>(16)</u>
35,000	1,795	33,205	3,500		3,500
15,000	344	14,656			
<u>50,000</u>	<u>2,139</u>	<u>47,861</u>	<u>3,500</u>		<u>3,500</u>
<u>(47,000)</u>	<u>1,791</u>	<u>48,791</u>	<u>(3,100)</u>	<u>384</u>	<u>3,484</u>
<u>(47,000)</u>	<u>1,791</u>	<u>48,791</u>	<u>(3,100)</u>	<u>384</u>	<u>3,484</u>
41,600	41,968	368	1,575	1,576	1
<u>\$ (5,400)</u>	<u>\$ 43,759</u>	<u>\$ 49,159</u>	<u>\$ (1,525)</u>	<u>\$ 1,960</u>	<u>\$ 3,485</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 48,800	\$ 54,460	\$ 5,660
State aid and grants	70,000	146,182	76,182
Federal aid, grants and reimbursements		1,447,313	1,447,313
Total revenues	<u>118,800</u>	<u>1,647,955</u>	<u>1,529,155</u>
Expenditures:			
Current -			
Instruction	1,156,000	731,451	424,549
Support services - students and staff	451,000	351,384	99,616
Support services - administration	180,500	103,926	76,574
Operation and maintenance of plant services	270,000	321,402	(51,402)
Student transportation services	105,000	51,130	53,870
Operation of non-instructional services	11,000	3,626	7,374
Capital outlay	133,500	78,351	55,149
Total expenditures	<u>2,307,000</u>	<u>1,641,270</u>	<u>665,730</u>
Excess (deficiency) of revenues over expenditures	<u>(2,188,200)</u>	<u>6,685</u>	<u>2,194,885</u>
Other financing sources (uses):			
Transfers in	100,000	157,208	57,208
Transfers out		(57,634)	(57,634)
Total other financing sources (uses):	<u>100,000</u>	<u>99,574</u>	<u>(426)</u>
Changes in fund balances	<u>(2,088,200)</u>	<u>106,259</u>	<u>2,194,459</u>
Fund balances, beginning of year	473,537	604,010	130,473
Fund balances (deficits), end of year	<u>\$ (1,614,663)</u>	<u>\$ 710,269</u>	<u>\$ 2,324,932</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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$ 3,143	\$ 3,143
Property taxes		696,326	696,326
Total revenues		699,469	699,469
Expenditures:			
Debt service -			
Principal retirement	600,000	620,000	(20,000)
Interest and fiscal charges		174,629	(174,629)
Total expenditures	600,000	794,629	(194,629)
Excess (deficiency) of revenues over expenditures	(600,000)	(95,160)	504,840
Other financing sources (uses):			
Transfers in		23,216	23,216
Total other financing sources (uses):		23,216	23,216
Changes in fund balances	(600,000)	(71,944)	528,056
Fund balances, beginning of year		110,902	110,902
Fund balances (deficits), end of year	\$ (600,000)	\$ 38,958	\$ 638,958

CAPITAL PROJECTS FUNDS

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

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, improving school grounds, or purchasing pupil transportation vehicles.

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

Building Renewal - to account for monies received 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.

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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	<u>School Plant</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
<u>ASSETS</u>			
Cash and investments	\$ 5,688	\$ 290,456	\$ 234,220
Property taxes receivable		47,319	
Due from other funds			673,233
Total assets	<u>\$ 5,688</u>	<u>\$ 337,775</u>	<u>\$ 907,453</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 7,311	\$
Total liabilities	<u></u>	<u>7,311</u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		46,774	
Fund balances:			
Restricted	5,688	283,690	907,453
Total fund balances	<u>5,688</u>	<u>283,690</u>	<u>907,453</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,688</u>	<u>\$ 337,775</u>	<u>\$ 907,453</u>

<u>Energy and Water Savings</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 2,969	\$ 8	\$ 5,155	\$ 538,496
			47,319
			673,233
<u>\$ 2,969</u>	<u>\$ 8</u>	<u>\$ 5,155</u>	<u>\$ 1,259,048</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,311</u>
			7,311
			46,774
<u>2,969</u>	<u>8</u>	<u>5,155</u>	<u>1,204,963</u>
<u>2,969</u>	<u>8</u>	<u>5,155</u>	<u>1,204,963</u>
<u>\$ 2,969</u>	<u>\$ 8</u>	<u>\$ 5,155</u>	<u>\$ 1,259,048</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	<u>School Plant</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
Revenues:			
Other local	\$ 61	\$ 1,171	\$ 4,581
Property taxes		216,098	
State aid and grants		25,891	
Total revenues	<u>61</u>	<u>243,160</u>	<u>4,581</u>
Expenditures:			
Current -			
Support services - administration	1,398		
Capital outlay		118,338	
Total expenditures	<u>1,398</u>	<u>118,338</u>	
Changes in fund balances	<u>(1,337)</u>	<u>124,822</u>	<u>4,581</u>
Fund balances, beginning of year	7,025	158,868	902,872
Fund balances, end of year	<u>\$ 5,688</u>	<u>\$ 283,690</u>	<u>\$ 907,453</u>

<u>Energy and Water Savings</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$	\$ 30	\$ 5,843
			216,098
			25,891
		30	247,832
			1,398
			118,338
			119,736
		30	128,096
2,969	8	5,125	1,076,867
<u>\$ 2,969</u>	<u>\$ 8</u>	<u>\$ 5,155</u>	<u>\$ 1,204,963</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	School Plant		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$ 200	\$ 61	\$ (139)
Property taxes			
State aid and grants			
Total revenues	<u>200</u>	<u>61</u>	<u>(139)</u>
Expenditures:			
Current -			
Support services - administration	6,500	1,398	5,102
Operation and maintenance of plant services			
Capital outlay			
Total expenditures	<u>6,500</u>	<u>1,398</u>	<u>5,102</u>
Excess (deficiency) of revenues over expenditures	<u>(6,300)</u>	<u>(1,337)</u>	<u>4,963</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(6,300)</u>	<u>(1,337)</u>	<u>4,963</u>
Fund balances, beginning of year	2,206	7,025	4,819
Fund balances (deficits), end of year	<u>\$ (4,094)</u>	<u>\$ 5,688</u>	<u>\$ 9,782</u>

Insurance Proceeds			Unrestricted Capital Outlay		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 30,000	\$ 1,216	\$ (28,784)	\$	\$ 1,171	\$ 1,171
				216,098	216,098
				25,891	25,891
<u>30,000</u>	<u>1,216</u>	<u>(28,784)</u>		<u>243,160</u>	<u>243,160</u>
40,000	147	39,853			
<u>40,000</u>	<u>147</u>	<u>39,853</u>	<u>363,822</u>	<u>118,338</u>	<u>245,484</u>
			<u>363,822</u>	<u>118,338</u>	<u>245,484</u>
<u>(10,000)</u>	<u>1,069</u>	<u>11,069</u>	<u>(363,822)</u>	<u>124,822</u>	<u>488,644</u>
<u>(10,000)</u>	<u>1,069</u>	<u>11,069</u>	<u>(363,822)</u>	<u>124,822</u>	<u>488,644</u>
11,285	11,285			158,868	158,868
<u>\$ 1,285</u>	<u>\$ 12,354</u>	<u>\$ 11,069</u>	<u>\$ (363,822)</u>	<u>\$ 283,690</u>	<u>\$ 647,512</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Adjacent Ways		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,581	\$ 4,581
Property taxes			
State aid and grants			
Total revenues		4,581	4,581
Expenditures:			
Current -			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay	900,000		900,000
Total expenditures	900,000		900,000
Excess (deficiency) of revenues over expenditures	(900,000)	4,581	904,581
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(900,000)	4,581	904,581
Fund balances, beginning of year		902,872	902,872
Fund balances (deficits), end of year	\$ (900,000)	\$ 907,453	\$ 1,807,453

Bond Building			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 23,216	\$ 23,216	\$	\$	\$
	23,216	23,216			
4,938,937	1,608,369	3,330,568	2,800		2,800
4,938,937	1,608,369	3,330,568	2,800		2,800
(4,938,937)	(1,585,153)	3,353,784	(2,800)		2,800
	(23,216)	(23,216)			
	(23,216)	(23,216)			
(4,938,937)	(1,608,369)	3,330,568	(2,800)		2,800
4,938,937	4,938,937			2,969	2,969
\$	\$ 3,330,568	\$ 3,330,568	\$ (2,800)	\$ 2,969	\$ 5,769

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UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Building Renewal		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Current -			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year		8	8
Fund balances (deficits), end of year	\$	\$ 8	\$ 8

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 30	\$ 30	\$ 30,200	\$ 30,275	\$ 75
				216,098	216,098
				25,891	25,891
	30	30	30,200	272,264	242,064
			6,500	1,398	5,102
			40,000	147	39,853
			6,205,559	1,726,707	4,478,852
			6,252,059	1,728,252	4,523,807
	30	30	(6,221,859)	(1,455,988)	4,765,871
				(23,216)	(23,216)
				(23,216)	(23,216)
	30	30	(6,221,859)	(1,479,204)	4,742,655
	5,125	5,125	4,952,428	6,027,089	1,074,661
\$	\$ 5,155	\$ 5,155	\$ (1,269,431)	\$ 4,547,885	\$ 5,817,316

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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 Withholding - to account for deductions temporarily held by the District as an agent.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 9,924	\$ 1,426,534	\$ 1,436,458
Total assets	<u>\$ 9,924</u>	<u>\$ 1,426,534</u>	<u>\$ 1,436,458</u>
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 1,426,534	\$ 1,426,534
Due to student groups	9,924		9,924
Total liabilities	<u>\$ 9,924</u>	<u>\$ 1,426,534</u>	<u>\$ 1,436,458</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 7,093	\$ 15,291	\$ 12,460	\$ 9,924
Total assets	\$ 7,093	\$ 15,291	\$ 12,460	\$ 9,924
<u>Liabilities</u>				
Accounts payable	\$ 1,005	\$	\$ 1,005	\$
Due to student groups	6,088	15,291	11,455	9,924
Total liabilities	\$ 7,093	\$ 15,291	\$ 12,460	\$ 9,924
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 362,970	\$ 1,235,347	\$ 171,783	\$ 1,426,534
Total assets	\$ 362,970	\$ 1,235,347	\$ 171,783	\$ 1,426,534
<u>Liabilities</u>				
Deposits held for others	\$ 362,970	\$ 1,235,347	\$ 171,783	\$ 1,426,534
Total liabilities	\$ 362,970	\$ 1,235,347	\$ 171,783	\$ 1,426,534
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 370,063	\$ 1,250,638	\$ 184,243	\$ 1,436,458
Total assets	\$ 370,063	\$ 1,250,638	\$ 184,243	\$ 1,436,458
<u>Liabilities</u>				
Accounts payable	\$ 1,005	\$	\$ 1,005	\$
Deposits held for others	362,970	1,235,347	171,783	1,426,534
Due to student groups	6,088	15,291	11,455	9,924
Total liabilities	\$ 370,063	\$ 1,250,638	\$ 184,243	\$ 1,436,458

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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 five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 19,609,272	\$ 20,473,758	\$ 20,666,511	\$ 21,187,075	\$ 20,988,649
Restricted	3,915,843	3,638,714	3,186,580	3,362,834	3,511,955
Unrestricted	(7,189,039)	(7,024,526)	(7,755,430)	2,090,684	1,321,419
Total net position	<u>\$ 16,336,076</u>	<u>\$ 17,087,946</u>	<u>\$ 16,097,661</u>	<u>\$ 26,640,593</u>	<u>\$ 25,822,023</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Position:					
Net investment in capital assets	\$ 21,247,073	\$ 21,678,165	\$ 21,849,245	\$ 21,944,008	\$ 21,957,677
Restricted	3,452,781	3,614,681	2,072,070	2,450,794	1,947,986
Unrestricted	1,295,154	2,030,159	3,756,135	2,999,878	1,401,185
Total net position	<u>\$ 25,995,008</u>	<u>\$ 27,323,005</u>	<u>\$ 27,677,450</u>	<u>\$ 27,394,680</u>	<u>\$ 25,306,848</u>

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 8,382,550	\$ 7,218,429	\$ 7,055,151	\$ 6,641,945	\$ 6,062,072
Support services - students and staff	1,972,305	1,677,474	1,738,336	1,435,891	1,318,004
Support services - administration	1,842,809	1,648,518	1,713,469	1,389,653	1,413,897
Operation and maintenance of plant services	2,071,351	2,217,448	1,423,546	1,314,904	1,376,995
Student transportation services	606,908	514,947	614,671	536,755	455,716
Operation of non-instructional services	1,512,500	1,275,445	1,260,772	1,142,431	1,140,272
Interest on long-term debt	174,629	52,175	54,575	59,275	90,405
Total expenses	<u>16,563,052</u>	<u>14,604,436</u>	<u>13,860,520</u>	<u>12,520,854</u>	<u>11,857,361</u>
Program Revenues					
Charges for services:					
Instruction	67,096	137,300	33,082	86,034	70,044
Operation of non-instructional services	20,262		35,785	38,192	33,694
Other activities			200,225	161,388	209,173
Operating grants and contributions	3,057,979	3,307,798	2,627,161	2,294,170	2,171,776
Capital grants and contributions	60,376	120,675	99,943	178,277	148,523
Total program revenues	<u>3,205,713</u>	<u>3,565,773</u>	<u>2,996,196</u>	<u>2,758,061</u>	<u>2,633,210</u>
Net (Expense)/Revenue	<u><u>\$ (13,357,339)</u></u>	<u><u>\$ (11,038,663)</u></u>	<u><u>\$ (10,864,324)</u></u>	<u><u>\$ (9,762,793)</u></u>	<u><u>\$ (9,224,151)</u></u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 6,467,018	\$ 6,107,170	\$ 6,260,374	\$ 5,946,373	\$ 6,181,039
Support services - students and staff	1,199,736	1,262,982	1,123,644	1,135,723	987,335
Support services - administration	1,402,128	1,533,009	1,877,802	1,304,488	1,447,535
Operation and maintenance of plant services	1,098,185	1,070,636	1,246,721	1,223,984	848,440
Student transportation services	496,333	509,869	391,495	437,518	552,512
Operation of non-instructional services	1,060,057	921,265	897,044	914,627	840,054
Interest on long-term debt			10,725	36,335	83,831
Total expenses	<u>11,723,457</u>	<u>11,404,931</u>	<u>11,807,805</u>	<u>10,999,048</u>	<u>10,940,746</u>
Program Revenues					
Charges for services:					
Instruction	97,058	88,703	29,698	13,994	40,653
Operation of non-instructional services	32,093	62,110	70,959	79,134	80,264
Other activities	176,320	179,790	37,333	42,145	28,155
Operating grants and contributions	1,711,215	2,007,550	1,762,324	1,838,279	1,504,948
Capital grants and contributions	12,971	454,421	50,155	1,500	58,533
Total program revenues	<u>2,029,657</u>	<u>2,792,574</u>	<u>1,950,469</u>	<u>1,975,052</u>	<u>1,712,553</u>
Net (Expense)/Revenue	<u>\$ (9,693,800)</u>	<u>\$ (8,612,357)</u>	<u>\$ (9,857,336)</u>	<u>\$ (9,023,996)</u>	<u>\$ (9,228,193)</u>

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

(Concluded)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ (13,357,339)	\$ (11,038,663)	\$ (10,864,324)	\$ (9,762,793)	\$ (9,224,151)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	2,009,657	2,094,642	1,275,262	1,304,505	1,109,609
Property taxes, levied for debt service	702,171	287,254	297,419	240,925	310,773
Property taxes, levied for capital outlay	239,009	144,047	150,164	2,922	238,738
Investment income	51,568	20,964	15,022	18,775	21,143
Unrestricted county aid	861,888	845,536	818,209	701,500	667,836
Unrestricted state aid	8,741,176	8,636,505	7,881,881	7,081,076	6,605,352
Unrestricted federal aid				831,660	97,715
Total general revenues	<u>12,605,469</u>	<u>12,028,948</u>	<u>10,437,957</u>	<u>10,181,363</u>	<u>9,051,166</u>
Changes in Net Position	<u>\$ (751,870)</u>	<u>\$ 990,285</u>	<u>\$ (426,367)</u>	<u>\$ 418,570</u>	<u>\$ (172,985)</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ (9,693,800)	\$ (8,612,357)	\$ (9,857,336)	\$ (9,023,996)	\$ (9,228,193)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	1,005,444	1,673,232	1,688,416	1,932,856	2,279,966
Property taxes, levied for debt service		7,177	190,578	132,575	797,922
Property taxes, levied for capital outlay	455,360	50,035	301,998	583,706	1,425,223
Investment income	19,152	36,451	41,322	84,999	80,348
Unrestricted county aid	659,977	640,511	613,717		
Unrestricted state aid	6,142,815	5,780,800	6,389,249	8,377,692	8,837,062
Unrestricted federal aid	83,055	69,706	914,826		
Total general revenues	<u>8,365,803</u>	<u>8,257,912</u>	<u>10,140,106</u>	<u>11,111,828</u>	<u>13,420,521</u>
Changes in Net Position	<u>\$ (1,327,997)</u>	<u>\$ (354,445)</u>	<u>\$ 282,770</u>	<u>\$ 2,087,832</u>	<u>\$ 4,192,328</u>

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

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

(Concluded)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$	\$	\$	\$	\$
Restricted	12,354	1,049,945	262,894		280,964
Unassigned	2,372,201	11,285	1,391,440	1,434,341	695,371
Total General Fund	<u>\$ 2,384,555</u>	<u>\$ 2,788,632</u>	<u>\$ 1,654,334</u>	<u>\$ 1,434,341</u>	<u>\$ 976,335</u>
All Other Governmental Funds:					
Restricted	\$ 7,173,995	\$ 8,552,033	\$ 3,310,161	\$ 3,708,462	\$ 3,862,654
Assigned				6,723	6,394
Unassigned				(33,562)	
Total all other governmental funds	<u>\$ 7,173,995</u>	<u>\$ 8,552,033</u>	<u>\$ 3,310,161</u>	<u>\$ 3,681,623</u>	<u>\$ 3,869,048</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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:					
Unassigned	\$ 835,180	\$ 1,844,005	\$	\$	\$
Reserved			580,360	854,690	146,406
Unreserved			304,041	(829,039)	(83,557)
Total General Fund	<u>\$ 835,180</u>	<u>\$ 1,844,005</u>	<u>\$ 884,401</u>	<u>\$ 25,651</u>	<u>\$ 62,849</u>
All Other Governmental Funds:					
Restricted	\$ 3,335,366	\$ 3,108,763	\$	\$	\$
Assigned	381,148	505,918			
Reserved			30,463	35,476	12,180
Unreserved, reported in:					
Special revenue funds			1,348,235	1,063,736	767,532
Capital projects funds			1,858,180	2,240,844	1,139,760
Debt service fund			14,430	39,576	349,979
Total all other governmental funds	<u>\$ 3,716,514</u>	<u>\$ 3,614,681</u>	<u>\$ 3,251,308</u>	<u>\$ 3,379,632</u>	<u>\$ 2,269,451</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)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 1,447,313	\$ 1,914,279	\$ 1,229,476	\$ 1,479,797	\$ 949,022
National School Lunch Program	1,597,744	1,397,189	1,528,060	1,421,838	1,231,287
Total federal sources	<u>3,045,057</u>	<u>3,311,468</u>	<u>2,757,536</u>	<u>2,901,635</u>	<u>2,180,309</u>
State sources:					
State equalization assistance	7,945,470	7,835,326	7,217,267	6,469,286	6,069,928
State grants	69,846	85,000	99,719	171,757	183,529
School Facilities Board		8,417			
Other revenues	<u>795,706</u>	<u>792,762</u>	<u>688,894</u>	<u>615,790</u>	<u>536,424</u>
Total state sources	<u>8,811,022</u>	<u>8,721,505</u>	<u>8,005,880</u>	<u>7,256,833</u>	<u>6,789,881</u>
Local sources:					
Property taxes	2,947,947	2,412,334	1,917,482	1,494,650	1,661,166
County aid	861,888	845,536	818,209	701,500	667,836
Food service sales	20,262	25,993	35,785	35,003	27,930
Investment income	51,568	20,964	15,022	18,775	14,797
Other revenues	<u>71,886</u>	<u>143,312</u>	<u>279,776</u>	<u>273,208</u>	<u>344,503</u>
Total local sources	<u>3,953,551</u>	<u>3,448,139</u>	<u>3,066,274</u>	<u>2,523,136</u>	<u>2,716,232</u>
Total revenues	<u><u>\$ 15,809,630</u></u>	<u><u>\$ 15,481,112</u></u>	<u><u>\$ 13,829,690</u></u>	<u><u>\$ 12,681,604</u></u>	<u><u>\$ 11,686,422</u></u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 583,433	\$ 1,080,992	\$ 624,155	\$ 807,589	\$ 615,323
State Fiscal Stabilization (ARRA)		69,706	914,826		
Education Jobs	4,346	283,155			
National School Lunch Program	991,717	1,065,247	1,024,668	839,112	799,867
Total federal sources	<u>1,579,496</u>	<u>2,499,100</u>	<u>2,563,649</u>	<u>1,646,701</u>	<u>1,415,190</u>
State sources:					
State equalization assistance	5,685,297	6,524,739	6,190,582	6,871,177	7,193,833
State grants	635,610	444,062	586,489	710,273	797,397
School Facilities Board					488,717
Other revenues				36,383	24,486
Total state sources	<u>6,320,907</u>	<u>6,968,801</u>	<u>6,777,071</u>	<u>7,617,833</u>	<u>8,504,433</u>
Local sources:					
Property taxes	1,456,748	1,850,850	2,063,420	2,528,235	4,527,009
County aid	659,977	640,511	617,218		
Food service sales	28,247	58,275	58,889	78,579	75,145
Investment income	19,152	36,451	38,149	82,438	78,994
Other revenues	334,544	283,085	95,553	67,626	101,223
Total local sources	<u>2,498,668</u>	<u>2,869,172</u>	<u>2,873,229</u>	<u>2,756,878</u>	<u>4,782,371</u>
Total revenues	<u>\$ 10,399,071</u>	<u>\$ 12,337,073</u>	<u>\$ 12,213,949</u>	<u>\$ 12,021,412</u>	<u>\$ 14,701,994</u>

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

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

(Concluded)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 7,053,900	\$ 7,163,070	\$ 6,188,664	\$ 5,662,678	\$ 5,670,546
Support services - students and staff	1,763,771	1,737,455	1,685,945	1,381,842	1,316,059
Support services - administration	1,584,294	1,645,208	1,511,001	1,317,615	1,322,034
Operation and maintenance of plant services	1,578,730	1,863,407	1,401,509	1,124,725	1,286,141
Student transportation services	471,521	439,971	486,740	434,940	389,489
Operation of non-instructional services	1,454,969	1,301,538	1,252,360	1,132,992	1,030,742
Capital outlay	1,839,986	718,998	1,423,259	1,180,992	2,868,281
Debt service -					
Principal retirement	620,000	240,000	240,000	235,000	240,000
Interest and fiscal charges	174,629	52,175	54,575	59,275	62,230
Bond issuance costs		130,820			93,157
Total expenditures	<u><u>\$ 16,541,800</u></u>	<u><u>\$ 15,292,642</u></u>	<u><u>\$ 14,244,053</u></u>	<u><u>\$ 12,530,059</u></u>	<u><u>\$ 14,278,679</u></u>
 Expenditures for capitalized assets	 \$ 1,376,199	 \$ 394,148	 \$ 940,782	 \$ 739,807	 \$ 2,470,012
 Debt service as a percentage of noncapital expenditures	 5%	 2%	 2%	 2%	 3%

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 5,660,704	\$ 4,770,753	\$ 5,492,134	\$ 6,079,505	\$ 5,223,244
Support services - students and staff	1,128,101	1,106,704	1,120,033	1,129,494	981,937
Support services - administration	1,322,944	1,320,160	1,526,180	1,346,062	1,418,634
Operation and maintenance of plant services	1,043,375	994,024	1,004,020	1,078,055	970,867
Student transportation services	379,502	340,666	367,334	375,879	331,282
Operation of non-instructional services	1,047,975	881,553	858,090	902,791	759,633
Capital outlay	723,462	989,413	625,664	266,577	628,266
Debt service -					
Principal retirement			200,000	461,117	746,604
Interest and fiscal charges			10,725	36,335	83,831
Bond issuance costs					
Total expenditures	<u>\$ 11,306,063</u>	<u>\$ 10,403,273</u>	<u>\$ 11,204,180</u>	<u>\$ 11,680,009</u>	<u>\$ 11,144,298</u>
Expenditures for capitalized assets	\$ 128,847	\$ 217,836	\$ 24,501	\$ 137,430	\$ 61,329
Debt service as a percentage of noncapital expenditures	0%	0%	2%	4%	7%

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

(Concluded)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ (732,170)	\$ 188,470	\$ (414,363)	\$ 151,545	\$ (2,592,257)
Other financing sources (uses):					
General obligation bonds issued		5,200,000			2,540,000
Premium on sale of bonds		200,649			64,982
Transfers in	180,424	178,086	176,441	306,134	558,284
Transfers out	<u>(180,424)</u>	<u>(178,086)</u>	<u>(176,441)</u>	<u>(306,134)</u>	<u>(558,284)</u>
Total other financing sources (uses)		<u>5,400,649</u>			<u>2,604,982</u>
Changes in fund balances	<u>\$ (732,170)</u>	<u>\$ 5,589,119</u>	<u>\$ (414,363)</u>	<u>\$ 151,545</u>	<u>\$ 12,725</u>

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (906,992)	\$ 1,933,800	\$ 1,009,769	\$ 341,403	\$ 3,557,696
Other financing sources (uses):					
Transfers in	188,258	108,796	981,963	107,312	30,153
Transfers out	<u>(188,258)</u>	<u>(108,796)</u>	<u>(981,963)</u>	<u>(107,312)</u>	<u>(30,153)</u>
Proceeds from sale of capital assets					<u>257,748</u>
Total other financing sources (uses)					<u>257,748</u>
Changes in fund balances	<u>\$ (906,992)</u>	<u>\$ 1,933,800</u>	<u>\$ 1,009,769</u>	<u>\$ 341,403</u>	<u>\$ 3,815,444</u>

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 16,481,614	\$ 15,630,536	\$ 9,915,926	\$ 10,533,927	\$ 11,810,211
Agricultural and Vacant	2,211,080	2,339,582	2,431,889	2,542,413	2,746,261
Residential (Owner Occupied)	23,989,664	22,328,808	20,750,115	18,012,175	21,429,919
Residential (Rental)	12,465,142	12,278,749	12,085,178	10,254,325	7,996,196
Total	<u>\$ 55,147,500</u>	<u>\$ 52,577,675</u>	<u>\$ 45,183,108</u>	<u>\$ 41,342,840</u>	<u>\$ 43,982,587</u>
Gross Full Cash Value	\$ 1,898,423,993	\$ 1,832,489,988	\$ 1,620,802,464	\$ 1,537,617,204	\$ 1,441,091,332
Ratio of Net Limited Assessed Value to Gross Full Cash Value	2.90%	2.87%	2.79%	2.69%	3.05%
Total Direct Rate	5.62	4.01	4.19	3.72	3.91

<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	\$ 13,680,484	\$ 12,382,580	\$ 11,196,026	\$ 10,203,717	\$ 8,942,834
Agricultural and Vacant	3,551,993	5,618,174	5,699,353	6,107,668	7,217,047
Residential (Owner Occupied)	26,661,788	37,230,347	59,580,984	54,779,215	44,594,246
Residential (Rental)	6,816,571	6,937,805	8,772,220	6,648,085	4,803,216
Total	<u>\$ 50,710,836</u>	<u>\$ 62,168,906</u>	<u>\$ 85,248,583</u>	<u>\$ 77,738,685</u>	<u>\$ 65,557,343</u>
Gross Full Cash Value	\$ 736,509,450	\$ 906,846,645	\$ 1,200,730,693	\$ 1,221,711,715	\$ 989,086,249
Ratio of Net Limited Assessed Value to Gross Full Cash Value	6.89%	6.86%	7.10%	6.36%	6.63%
Total Direct Rate	3.21	2.87	2.66	3.57	7.10

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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 18,093,801	\$ 16,330,966	\$ 10,122,736	\$ 10,540,039	\$ 11,812,567
Agricultural and Vacant	2,661,852	2,673,927	2,715,331	2,616,111	2,855,111
Residential (Owner Occupied)	34,606,838	31,588,128	22,551,354	18,043,487	21,431,690
Residential (Rental)	18,024,319	17,276,005	13,081,067	10,255,736	7,996,232
Total	<u>\$ 73,386,810</u>	<u>\$ 67,869,026</u>	<u>\$ 48,470,488</u>	<u>\$ 41,455,373</u>	<u>\$ 44,095,600</u>
Gross Full Cash Value	\$ 1,898,423,993	\$ 1,832,489,988	\$ 1,620,802,464	\$ 1,537,617,204	\$ 1,441,091,332
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	3.87%	3.70%	2.99%	2.70%	3.06%
Estimated Net Full Cash Value	\$ 531,960,902	\$ 466,862,848	\$ 327,440,376	\$ 275,521,040	\$ 294,511,166
Total Direct Rate	5.62	4.01	4.19	3.72	3.91
<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	\$ 13,689,182	\$ 13,689,372	\$ 13,196,714	\$ 12,105,919	\$ 10,427,651
Agricultural and Vacant	3,727,275	6,463,923	7,883,116	9,422,857	10,807,991
Residential (Owner Occupied)	26,662,151	37,249,802	64,387,928	74,721,247	59,484,080
Residential (Rental)	<u>6,816,885</u>	<u>6,953,804</u>	<u>9,403,807</u>	<u>9,123,351</u>	<u>6,444,600</u>
Total	<u>\$ 50,895,493</u>	<u>\$ 64,356,901</u>	<u>\$ 94,871,565</u>	<u>\$ 105,373,374</u>	<u>\$ 87,164,322</u>
Gross Full Cash Value	\$ 736,509,450	\$ 906,846,645	\$ 1,200,730,693	\$ 1,221,711,715	\$ 989,086,249
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	6.91%	7.10%	7.90%	8.63%	8.81%
Estimated Net Full Cash Value	\$ 369,211,692	\$ 473,456,707	\$ 743,970,849	\$ 853,962,920	\$ 62,815,673
Total Direct Rate	3.21	2.87	2.66	3.57	7.10

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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates									District Direct Rates		
	State		Flood	Community	Central	City of	City of	City of	Tolleson Union			
	Equalization	County	Control District	College District	Arizona Water	Phoenix	Tolleson	Avondale	High School District No. 214	Primary	Secondary	Total
2017	0.50	1.40	0.18	1.47	0.14	2.17	3.97	1.70	3.57	2.72	2.90	5.62
2016	0.51	1.36	0.16	1.39	0.14	1.82	3.97	1.75	4.01	2.40	1.61	4.01
2015	0.51	1.32	0.14	1.52	0.14	1.82	3.75	1.75	4.53	1.85	2.34	4.19
2014	0.51	1.28	0.14	1.53	0.14	1.82	3.76	1.81	5.49	1.26	2.45	3.72
2013	0.47	1.24	0.18	1.38	0.10	1.82	3.42	1.33	4.85	1.54	2.37	3.91
2012	0.43	1.24	0.16	1.21	0.10	1.82	2.91	1.33	4.07	1.76	1.45	3.21
2011	0.36	1.05	0.15	0.97	0.10	1.82	2.44	1.11	2.72	1.72	1.15	2.87
2010	0.33	0.99	0.14	0.88	0.10	1.82	2.51	1.11	2.10	1.64	1.02	2.66
2009		1.03	0.14	0.94	0.10	1.82	2.30	1.11	2.61	2.70	0.87	3.57
2008		1.10	0.15	0.98	0.10	1.82	2.67	1.11	2.86	5.49	1.61	7.10

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

Note: There was no state equalization tax rate overlap prior to 2010.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR FIVE YEARS PRIOR

Taxpayer	2017		2012	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
F-Star 67th Ave LLC/F-Star Buckeye Rd LLC	\$ 5,547,839	10.06 %		
Pecan Retail LLC	3,137,893	5.69	\$ 3,162,545	6.21 %
Target Corporation	1,670,969	3.03	1,964,497	3.86
Smith's Food & Drug Centers Inc.	1,185,671	2.15	1,092,160	2.15
Arizona Public Service Company	794,124	1.44	363,205	0.71
Freo Arizona LLC	424,636	0.77		
El Paso Electric Co (T&D)	352,944	0.64		
Accomazzo Jacquelynn CTR	303,311	0.55		
Gbc Properties LLC	297,797	0.54		
Arp 2014-1 Borrower LLC	259,193	0.47		
Bank of America			1,093,760	2.15
83 DG LLC/83 SG LLC/ 83 MB LLC/83 JP LLC			384,220	0.75
Southern California Edison Co. (T&D)			366,632	0.72
Empire Residential Opportunity Fund LLC			335,930	0.66
Broden Country Corners LLC			320,970	0.63
GBC Properties LLC			308,367	0.61
Total	<u>\$ 13,974,377</u>	<u>25.34 %</u>	<u>\$ 9,392,286</u>	<u>18.45 %</u>

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

- Notes:** 1) 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.
2) Fiscal Year 2012 is the earliest principal property taxpayer information readily available.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	\$ 3,117,841	\$ 2,988,965	95.87 %	\$	\$ 2,988,965	95.87 %
2016	2,540,206	2,499,269	98.39	50,859	2,550,128	100.39
2015	1,974,921	1,918,768	97.16	55,825	1,974,593	99.98
2014	1,504,625	1,449,880	96.36	54,500	1,504,380	99.98
2013	1,711,921	1,630,763	95.26	80,927	1,711,690	99.99
2012	1,579,059	1,497,791	94.85	81,111	1,578,902	99.99
2011	1,857,852	1,781,124	95.87	55,933	1,837,057	98.88
2010	2,381,159	2,053,079	86.22	327,898	2,380,977	99.99
2009	3,035,623	2,759,886	90.92	137,062	2,896,948	95.43
2008	5,025,620	4,749,731	94.51	844,115	4,987,894	99.25

Source: The source of this information is the 2016 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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt			
	General Obligation Bonds	Less:	Total	Percentage of	Per Capita	Capital Leases	Total	Percentage of	Per Capita	Percentage of Personal Income
		Amounts		Estimated				Estimated		
		Restricted for Principal		Actual Value (Full Cash Value)				Actual Value (Full Cash Value)		
2017	\$ 6,785,000	\$ 46,558	\$ 6,738,442	0.35 %	\$ 964	\$	\$ 6,785,000	0.36 %	\$ 971	N/A %
2016	7,025,000	112,657	6,912,343	0.38	991		7,025,000	0.38	1,008	0.00
2015	2,065,000	15,639	2,049,361	0.13	294		2,065,000	0.13	296	0.00
2014	2,300,000		2,300,000	0.15	333		2,300,000	0.15	333	0.00
2013	2,540,000	16,138	2,523,862	0.18	382		2,540,000	0.18	385	0.00
2012										
2011										
2010	200,000	200,000					200,000	0.02	31	0.00
2009	640,000	440,000	200,000	0.02	30		640,000	0.05	96	0.00
2008	1,040,000	400,000	640,000	0.06	96	21,117	1,061,117	0.11	159	0.00

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

Note: The District had no outstanding debt in 2011-2012.

N/A: Information is not available.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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 County Community College District	\$ 534,225,000	0.15 %	\$ 801,338
Maricopa County Special Health Care District	108,822,255	0.15	163,233
City of Phoenix	6,113,549,976	0.48	29,345,040
Tolleson Union High School District No. 214	28,839,239	5.61	1,617,881
Subtotal, Overlapping Debt			<u>31,927,492</u>
Direct:			
Union Elementary School District No. 62			<u>6,785,000</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 38,712,492</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	9.18	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 5,533	
As a Percentage of Net Limited Assessed Valuation	52.69	%
As a Percentage of Gross Full Cash Value	2.04	%

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

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
- 2) Outstanding debt as of June 30, 2016 is presented for the overlapping governments as this is the most recent available information.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

Net full cash assessed valuation	\$ 73,386,810
Debt limit (10% of assessed value)	7,338,681
Debt applicable to limit	6,785,000
Legal debt margin	<u>\$ 553,681</u>

Total Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 73,386,810
Debt limit (15% of assessed value)	11,008,022
Debt applicable to limit	6,785,000
Legal debt margin	<u>\$ 4,223,022</u>

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 11,008,022	\$ 10,180,354	\$ 7,270,573	\$ 6,218,306	\$ 6,614,340
Total net debt applicable to limit	<u>6,785,000</u>	<u>7,025,000</u>	<u>2,065,000</u>	<u>2,300,000</u>	<u>2,540,000</u>
Legal debt margin	<u>\$ 4,223,022</u>	<u>\$ 3,155,354</u>	<u>\$ 5,205,573</u>	<u>\$ 3,918,306</u>	<u>\$ 4,074,340</u>
Total net debt applicable to the limit as a percentage of debt limit	62%	69%	28%	37%	38%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 7,634,324	\$ 9,653,535	\$ 14,230,735	\$ 15,806,006	\$ 13,074,652
Total net debt applicable to limit	<u>200,000</u>	<u>640,000</u>	<u>1,040,000</u>		
Legal debt margin	<u>\$ 7,634,324</u>	<u>\$ 9,653,535</u>	<u>\$ 14,030,735</u>	<u>\$ 15,166,006</u>	<u>\$ 12,034,652</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	1%	4%	8%

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 premiums 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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2016	4,137,076	\$ 185,112,000	\$ 40,415	5.5 %	6,988
2015	4,076,438	178,170,000	38,030	5.5	6,972
2014	4,008,651	168,483,421	27,256	5.9	6,972
2013	3,824,058	147,374,500	38,238	9.1	6,900
2012	3,843,370	142,864,275	37,352	8.4	6,600
2011	3,817,117	142,091,618	35,319	8.5	6,500
2010	4,023,331	147,122,078	37,168	8.7	6,480
2009	3,987,942	139,665,253	36,135	4.9	6,520
2008	3,907,492	132,423,154	35,046	3.2	6,680
2007	3,792,675	120,716,738	31,757	3.5	5,600

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, the source of the information is the Arizona Office of Employment and Population Statistics.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Employer	2017			2008		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
State of Arizona	36,310	1.65	%	32,600	1.63	%
Banner Health Systems	34,776	1.58		11,100	0.56	
Wal-Mart Stores Inc.	34,090	1.55		19,600	0.98	
Wells Fargo & Co.	14,818	0.67				
City of Phoenix	13,776	0.63		16,006	0.80	
Maricopa County	12,939	0.59		14,100	0.71	
Arizona State University	12,715	0.58		12,700	0.64	
HonorHealth	11,296	0.51				
Dignity Health	11,182	0.51				
Intel Corp.	11,000	0.50				
PayTech, Inc				11,000	0.55	
Consolidated Personnel Service, Inc.				21,000	1.05	
National PEO LLC				22,100	1.11	
Diversified Human Resources, Inc				39,600	1.98	
Total	192,902	8.77	%	199,806	10.01	%
Total employment	2,196,000			1,995,000		

Source: The source of this information is Elliot D. Pollack & CO., the Greater Phoenix Economic Council and the Arizona Department of Economic Security for 2008 and the Phoenix Business Journal for 2017.

Note: The principal employer data is presented for Maricopa County.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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					
Superintendent	1	1	1	1	1
Consultants/supervisors of instruction	3	3	3	3	3
Principals	3	3	2	2	2
Assistant principals	2	2	2	2	2
Total supervisory	<u>9</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>
Instruction					
Teachers	84	83	81	80	80
Other professionals (instructional)	2	2	2	2	2
Aides	17	17	17	16	14
Total instruction	<u>103</u>	<u>102</u>	<u>100</u>	<u>98</u>	<u>96</u>
Student Services					
Nurses	3	3	3	3	2
Counselors/Advisors	1	1	1	1	1
Librarians					
Total student services	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>
Support and Administration					
Clerical workers	11	10	10	10	10
Maintenance workers	4	6	6	6	6
Bus Drivers	5	5	5	5	5
Food Service workers	13	13	13	13	12
Other classified	11	11	11	11	11
Total support and administration	<u>44</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>44</u>
Total	<u>160</u>	<u>160</u>	<u>157</u>	<u>155</u>	<u>151</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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					
Superintendent	1	1	1	1	1
Consultants/supervisors of instruction	3	2	2	2	
Principals	2	2	2	2	3
Assistant principals	2	2	2	2	1
Total supervisory	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>5</u>
Instruction					
Teachers	80	75	75	91	83
Other professionals (instructional)	2	2	3	4	4
Aides	13	13	13	13	10
Total instruction	<u>95</u>	<u>90</u>	<u>91</u>	<u>108</u>	<u>97</u>
Student Services					
Nurses	2	2	3	3	3
Counselors/Advisors	1	1	1	1	1
Librarians				1	2
Total student services	<u>3</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Support and Administration					
Clerical workers	10	10	11	9	8
Maintenance workers	5	5	5	5	5
Bus Drivers	5	5	5	5	5
Food Service workers	13	13	10	12	8
Other classified	11	11	8	7	6
Total support and administration	<u>44</u>	<u>44</u>	<u>39</u>	<u>38</u>	<u>32</u>
Total	<u>150</u>	<u>144</u>	<u>141</u>	<u>158</u>	<u>140</u>

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

(Concluded)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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	1,824	\$ 13,907,185	\$ 7,625	0.76 %	\$ 16,563,052	\$ 9,081	16.27 %	84	21.7	83.7 %
2016	1,870	14,150,649	7,567	14.24	14,604,436	7,810	6.55	83	22.5	83.8
2015	1,891	12,526,219	6,624	4.38	13,860,520	7,330	1.98	81	23.3	86.0
2014	1,742	11,054,792	6,346	(4.08)	12,520,854	7,188	0.93	80	21.8	84.2
2013	1,665	11,015,011	6,616	1.09	11,857,361	7,122	(1.77)	80	20.8	84.2
2012	1,617	10,582,601	6,545	8.45	11,723,457	7,250	(0.83)	80	20.2	84.0
2011	1,560	9,413,860	6,035	(8.56)	11,404,931	7,311	(2.73)	75	20.8	87.6
2010	1,571	10,367,791	6,599	(0.63)	11,807,805	7,516	12.27	75	20.9	89.1
2009	1,643	10,911,786	6,641	15.40	10,999,048	6,694	2.98	108	15.2	84.6
2008	1,683	9,685,597	5,755	(15.08)	10,940,746	6,501	(30.44)	97	17.4	81.9

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
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>										
Elementary										
Buildings	3	3	3	3	3	3	3	3	3	2
Square feet	202,597	202,597	202,597	202,597	202,597	202,597	202,597	202,597	202,597	148,809
Capacity	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	1,600
Enrollment	1,826	1,870	1,891	1,751	1,550	1,550	1,550	1,559	1,632	1,667
Middle										
Buildings										1
Square feet										53,788
Capacity										600
Enrollment										450
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	
Square feet	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	
<u>Transportation</u>										
Buses	12	12	12	12	12	12	12	12	12	14
<u>Athletics</u>										
Baseball/softball	3	3	3	3	3	3	3	3	3	3
Playgrounds	3	3	3	3	3	3	3	3	3	3

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

Note: In fiscal year 2008-09, the District combined the middle schools with the elementary schools to make K-8 schools.

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