
UNION ELEMENTARY SCHOOL DISTRICT NO. 62

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

*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, 2016**

Issued by:
Business and Finance Department

UNION ELEMENTARY SCHOOL DISTRICT NO. 62

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INTRODUCTORY SECTION

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December 21, 2016

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

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, 2016.

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

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

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade 8 with a fiscal year 2015-16 average daily membership of 1,870. Enrollment is projected to decrease slightly to 1,884 for the next school year. The current buildings located within the District are fairly new with the oldest school being 18 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, 2015. This was the fifth 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, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business 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,



Mrs. Lorah J. Neville
Superintendent



Susan O'Rielly
Executive Director of Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Union Elementary School District No. 62

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

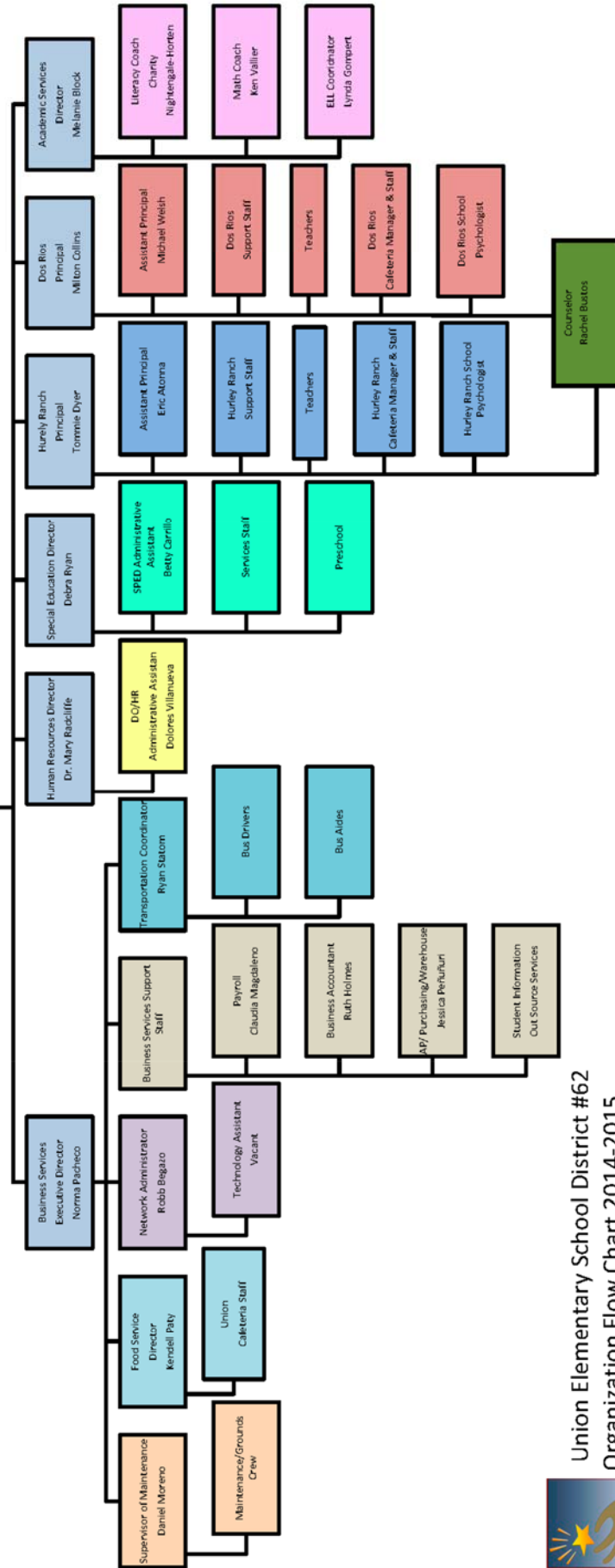
June 30, 2015

Executive Director/CEO

Governing Board
 President: Nelson Sunn
 Members: Nubia Briceño, Stacy Marchelli

Superintendent
 Dr. James Rice

Admin Assistant to Superintendent
 Elyse Moya



Union Elementary School District #62
 Organization Flow Chart 2014-2015



**List of Principal Officials
Fiscal Year 2015-2016**

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
Ryan Statom, Transportation Supervisor

Dos Rios Administration

Milton Collins, Principal
Dr. Dru Barisich, Assistant Principal

Hurley Ranch Administration

Adam Klingelhoets, Principal
Lori Garcia, Assistant Principal

Hurley Ranch Administration

Tommie Dyer, Principal
Eric Atonna, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Union Elementary School District No. 62, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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 21, 2016

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, 2016**

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

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$990,285, which represents a six percent increase from the prior fiscal year.
- General revenues accounted for \$12.0 million in revenue, or 77 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3.6 million, or 23 percent of total current fiscal year revenues.
- The District had approximately \$14.6 million in expenses related to governmental activities, an increase of five percent from the prior fiscal year.
- Among major funds, the General Fund had \$11.6 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$11.3 million in expenditures. The General Fund's fund balance increased \$1.1 million, or a 69 percent increase.
- The Bond Building Fund's fund balance increased \$4.9 million from the prior year due to the issuance of \$5.2 million in school improvement bonds.

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, 2016

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, 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 as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$17.1 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, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	As of June 30, 2016	As of June 30, 2015
Current and other assets	\$ 12,299,182	\$ 6,032,324
Capital assets, net	22,559,821	22,999,172
Total assets	<u>34,859,003</u>	<u>29,031,496</u>
Deferred outflows	<u>1,403,273</u>	<u>1,201,593</u>
Current and other liabilities	498,725	719,766
Long-term liabilities	17,775,149	11,737,364
Total liabilities	<u>18,273,874</u>	<u>12,457,130</u>
Deferred inflows	<u>900,456</u>	<u>1,678,298</u>
Net position:		
Net investment in capital assets	20,473,758	20,666,511
Restricted	3,638,714	3,186,580
Unrestricted	(7,024,526)	(7,755,430)
Total net position	<u>\$ 17,087,946</u>	<u>\$ 16,097,661</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 is a significant current year transaction that had an impact on the Statement of Net Position.

- The issuance of \$5.2 million in school improvement bonds.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016

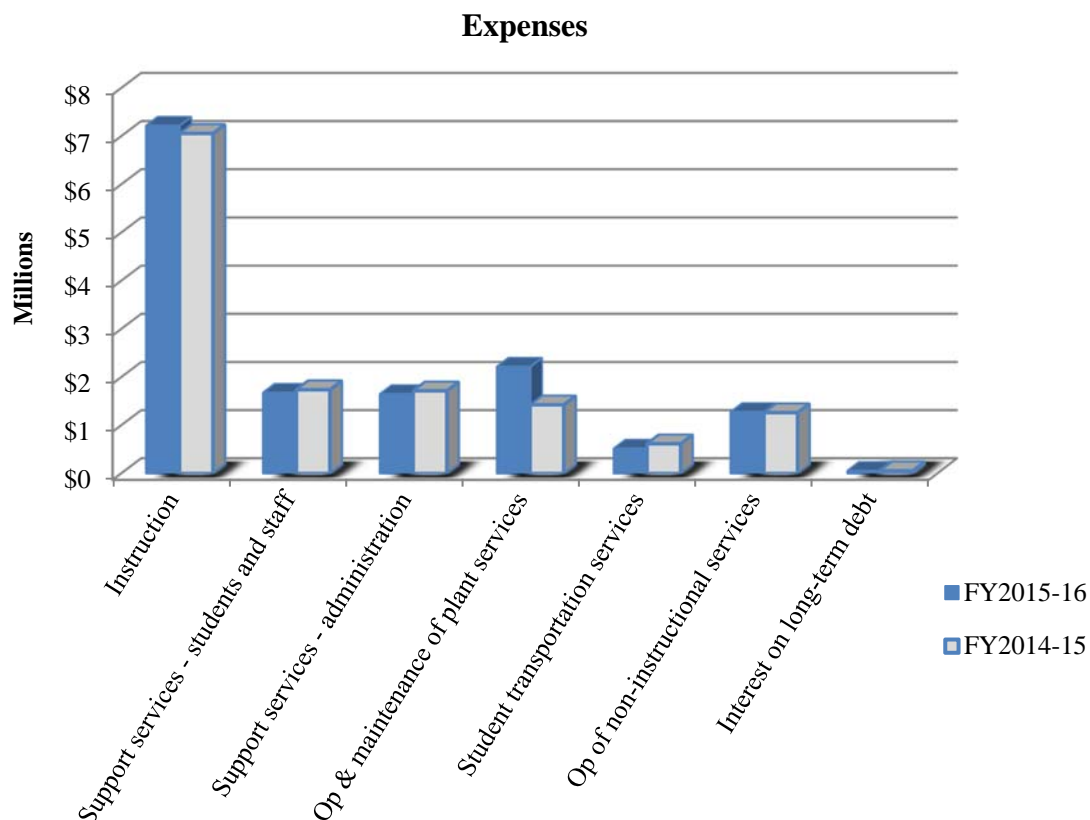
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$15.6 million. The total cost of all programs and services was \$14.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 137,300	\$ 269,092
Operating grants and contributions	3,307,798	2,627,161
Capital grants and contributions	120,675	99,943
General revenues:		
Property taxes	2,525,943	1,722,845
Investment income	20,964	15,022
Unrestricted county aid	845,536	818,209
Unrestricted state aid	8,636,505	7,881,881
Total revenues	<u>15,594,721</u>	<u>13,434,153</u>
Expenses:		
Instruction	7,218,429	7,055,151
Support services – students and staff	1,677,474	1,738,336
Support services – administration	1,648,518	1,713,469
Operation and maintenance of plant services	2,217,448	1,423,546
Student transportation services	514,947	614,671
Operation of non-instructional services	1,275,445	1,260,772
Interest on long-term debt	52,175	54,575
Total expenses	<u>14,604,436</u>	<u>13,860,520</u>
Changes in net position	<u>990,285</u>	<u>(426,367)</u>
Net position, beginning	<u>16,097,661</u>	<u>16,524,028</u>
Net position, ending	<u><u>\$ 17,087,946</u></u>	<u><u>\$ 16,097,661</u></u>

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- Operating grants and contributions revenues increased \$680,637 and operation and maintenance of plant services expenses increased \$793,902 due to an increase in E-Rate funding received for telecommunications.
- Increase property tax revenues of \$803,098 were the result of increased primary tax rates and increases in property assessed values.

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, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 7,218,429	\$ (6,252,624)	\$ 7,055,151	\$ (6,185,202)
Support services – students and staff	1,677,474	(1,359,946)	1,738,336	(1,338,093)
Support services – administration	1,648,518	(1,596,852)	1,713,469	(1,713,469)
Operation and maintenance of plant services	2,217,448	(1,420,012)	1,423,546	(1,223,321)
Student transportation services	514,947	(484,517)	614,671	(614,671)
Operation of non-instructional services	1,275,445	127,463	1,260,772	265,007
Interest on long-term debt	52,175	(52,175)	54,575	(54,575)
Total	<u>\$ 14,604,436</u>	<u>\$ (11,038,663)</u>	<u>\$ 13,860,520</u>	<u>\$ (10,864,324)</u>

- The cost of all governmental activities this year was \$14.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$3.6 million.
- Net cost of governmental activities of \$11.0 million was financed by general revenues, which are made up of primarily property taxes of \$2.5 million and state and county aid of \$9.5 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 \$11.3 million, an increase of \$6.4 million primarily due to the issuance of \$5.2 million in school improvement bonds to be used for classroom technology, building improvements and student transportation vehicles.

The General Fund comprises 25 percent of the total fund balance, 62 percent of which is unassigned.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is the principal operating fund of the District. The fund balance increased \$1.1 million as of fiscal year end. General Fund revenues increased \$1.8 million as a result of increases in federal aid and property tax revenue. General Fund expenditures increased \$1.4 million as a result of student growth and re-opening a school.

The Debt Service Fund fund balance increased \$97,801 to \$110,902 at year end due to the transfer in of excess premium generated as the result of the issuance of general obligation bonds.

The fund balance in the Bond Building Fund increased \$4.9 million due to the issuance of school improvement bonds.

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 \$124,661 increase, or one percent. The increase is primarily due to monies received as the result of the passage of Proposition 123.

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

- The favorable variances of \$230,580 in instruction and \$213,069 in support services-students and staff were a result of anticipated carryover.
- The favorable variance of \$172,069 in support services-administration is the result of anticipated carryover.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$29.5 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 \$388,299 from the prior fiscal year. Total depreciation expense for the current fiscal year was \$832,865.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	As of June 30, 2016	As of June 30, 2015
Capital assets - non-depreciable	\$ 2,062,147	\$ 1,917,492
Capital assets - depreciable, net	20,497,674	21,081,680
Total	<u>\$ 22,559,821</u>	<u>\$ 22,999,172</u>

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

Debt Administration. At year end, the District had \$7.0 million in long-term debt outstanding, \$240,000 due within one year. Long-term debt increased by \$5.2 million due to the issuance of school improvement bonds during the year.

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 \$7.9 million which is more than the District's total general obligation debt. The current Class B debt limitation is \$5.3 million. The District was under the limit at the time the bonds were issued, as a more recent assessed valuation figure was used.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- District student population (estimated 1,884).
- Estimated budget balance carry forward (\$629,462).

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 \$273,674 to \$10,903,893 in fiscal year 2016-17. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 budget.

**UNION ELEMENTARY SCHOOL DISTRICT NO. 62
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

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, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 7,811,405
Deposits	28,992
Property taxes receivable	226,271
Due from governmental entities	3,182,569
Prepaid items	1,049,945
Total current assets	<u>12,299,182</u>
Noncurrent assets:	
Capital assets not being depreciated	2,062,147
Capital assets, net of accumulated depreciation	<u>20,497,674</u>
Total noncurrent assets	<u>22,559,821</u>
Total assets	<u>34,859,003</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	<u>1,403,273</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	144,128
Construction contracts payable	164,067
Accrued payroll and employee benefits	164,567
Compensated absences payable	15,570
Accrued interest payable	25,963
Bonds payable	240,000
Total current liabilities	<u>754,295</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>17,519,579</u>
Total noncurrent liabilities	<u>17,519,579</u>
Total liabilities	<u>18,273,874</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	<u>900,456</u>
<u>NET POSITION</u>	
Net investment in capital assets	20,473,758
Restricted for:	
Voter approved initiatives	1,611,433
Food service	682,635
Gifts and donations	27,328
Extracurricular activities	45,610
Insurance	41,968
Other local initiatives	16,353
Debt service	112,657
Capital outlay	1,100,730
Unrestricted	<u>(7,024,526)</u>
Total net position	<u>\$ 17,087,946</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 7,218,429	\$ 137,300	\$ 707,830	\$ 120,675	\$ (6,252,624)
Support services - students and staff	1,677,474		317,528		(1,359,946)
Support services - administration	1,648,518		51,666		(1,596,852)
Operation and maintenance of plant services	2,217,448		797,436		(1,420,012)
Student transportation services	514,947		30,430		(484,517)
Operation of non-instructional services	1,275,445		1,402,908		127,463
Interest on long-term debt	52,175				(52,175)
Total governmental activities	<u>\$ 14,604,436</u>	<u>\$ 137,300</u>	<u>\$ 3,307,798</u>	<u>\$ 120,675</u>	<u>(11,038,663)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	2,094,642
Property taxes, levied for debt service	287,254
Property taxes, levied for capital outlay	144,047
Investment income	20,964
Unrestricted county aid	845,536
Unrestricted state aid	8,636,505
Total general revenues	<u>12,028,948</u>

Changes in net position 990,285

Net position, beginning of year 16,097,661

Net position, end of year \$ 17,087,946

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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$ 409,084	\$ 375,527	\$ 5,103,004
Deposits			
Property taxes receivable	198,838	3,093	
Due from governmental entities	2,840,577		
Due from other funds			
Prepaid items	1,049,945		
Total assets	<u><u>\$ 4,498,444</u></u>	<u><u>\$ 378,620</u></u>	<u><u>\$ 5,103,004</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 69,184	\$	\$
Construction contracts payable			164,067
Due to other funds	1,343,583		
Accrued payroll and employee benefits	102,871		
Bonds payable		240,000	
Bond interest payable		25,963	
Total liabilities	<u><u>1,515,638</u></u>	<u><u>265,963</u></u>	<u><u>164,067</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	192,836	1,755	
Unavailable revenues - intergovernmental	1,338		
Total deferred inflows of resources	<u><u>194,174</u></u>	<u><u>1,755</u></u>	
Fund balances:			
Nonspendable	1,049,945		
Restricted	11,285	110,902	4,938,937
Unassigned	1,727,402		
Total fund balances	<u><u>2,788,632</u></u>	<u><u>110,902</u></u>	<u><u>4,938,937</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 4,498,444</u></u>	<u><u>\$ 378,620</u></u>	<u><u>\$ 5,103,004</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,923,790	\$ 7,811,405
28,992	28,992
24,340	226,271
341,992	3,182,569
1,510,534	1,510,534
	1,049,945
<u>\$ 3,829,648</u>	<u>\$ 13,809,716</u>

\$ 74,944	\$ 144,128
	164,067
166,951	1,510,534
61,696	164,567
	240,000
	25,963
<u>303,591</u>	<u>2,249,259</u>

23,863	218,454
	1,338
<u>23,863</u>	<u>219,792</u>

	1,049,945
3,502,194	8,563,318
	1,727,402
<u>3,502,194</u>	<u>11,340,665</u>

<u>\$ 3,829,648</u>	<u>\$ 13,809,716</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, 2016

Total governmental fund balances	\$	11,340,665
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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	\$ 29,465,692	
Less accumulated depreciation	<u>(6,905,871)</u>	22,559,821

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

Property taxes	218,454	
Intergovernmental	<u>1,338</u>	219,792

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	1,403,273	
Deferred inflows of resources related to pensions	<u>(900,456)</u>	502,817

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

Compensated absences payable	(87,402)	
Bonds payable	(6,785,000)	
Net pension liability	<u>(10,662,747)</u>	<u>(17,535,149)</u>

Net position of governmental activities	\$	<u>17,087,946</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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 952,588	\$ 280	\$ 2,145
Property taxes	1,989,360	288,037	
State aid and grants	7,811,208		
Federal aid, grants and reimbursements	797,436		
Total revenues	<u>11,550,592</u>	<u>288,317</u>	<u>2,145</u>
Expenditures:			
Current -			
Instruction	6,011,859		
Support services - students and staff	1,390,234		
Support services - administration	1,588,921		
Operation and maintenance of plant services	1,863,407		
Student transportation services	410,561		
Operation of non-instructional services	313		
Capital outlay	14,477		231,378
Debt service -			
Principal retirement		240,000	
Interest and fiscal charges		52,175	
Bond issuance costs			130,820
Total expenditures	<u>11,279,772</u>	<u>292,175</u>	<u>362,198</u>
Excess (deficiency) of revenues over expenditures	<u>270,820</u>	<u>(3,858)</u>	<u>(360,053)</u>
Other financing sources (uses):			
Transfers in	76,427	101,659	
Transfers out			(101,659)
Issuance of school improvement bonds			5,200,000
Premium on sale of bonds			200,649
Total other financing sources (uses):	<u>76,427</u>	<u>101,659</u>	<u>5,298,990</u>
Changes in fund balances	<u>347,247</u>	<u>97,801</u>	<u>4,938,937</u>
Fund balances, beginning of year	1,654,334	13,101	
Increase (decrease) in reserve for prepaid items	787,051		
Fund balances, end of year	<u>\$ 2,788,632</u>	<u>\$ 110,902</u>	<u>\$ 4,938,937</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 80,792	\$ 1,035,805
134,937	2,412,334
910,297	8,721,505
2,514,032	3,311,468
<u>3,640,058</u>	<u>15,481,112</u>
1,151,211	7,163,070
347,221	1,737,455
56,287	1,645,208
	1,863,407
29,410	439,971
1,301,225	1,301,538
473,143	718,998
	240,000
	52,175
	130,820
<u>3,358,497</u>	<u>15,292,642</u>
<u>281,561</u>	<u>188,470</u>
	178,086
(76,427)	(178,086)
	5,200,000
	200,649
<u>(76,427)</u>	<u>5,400,649</u>
<u>205,134</u>	<u>5,589,119</u>
3,297,060	4,964,495
	787,051
<u>\$ 3,502,194</u>	<u>\$ 11,340,665</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, 2016

Changes in fund balances - total governmental funds **\$ 5,589,119**

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	\$ 394,148	
Less current year depreciation	<u>(832,865)</u>	(438,717)

Issuance of school improvement bonds debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(5,200,000)
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Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	113,609	
Intergovernmental	<u>(1,880)</u>	111,729

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		240,000
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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	686,713	
Pension expense	<u>(772,486)</u>	(85,773)

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	787,051	
Loss on disposal of assets	(634)	
Compensated absences	<u>(12,490)</u>	<u>773,927</u>

Changes in net position in governmental activities **\$ 990,285**

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, 2016

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 370,063
Total assets	<u>\$ 370,063</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 1,005
Deposits held for others	362,970
Due to student groups	6,088
Total liabilities	<u>\$ 370,063</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, 2016

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.

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

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

A. Reporting Entity

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

The membership of the Governing Board consists of 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Property taxes, state and county aid 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2016

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

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

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

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

Land improvements	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, 2016

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 policies generally provide for granting vacation with pay in varying amounts. The District's Superintendent vests sick leave in addition to vacation. Only benefits considered vested are recognized in the financial statements. The liability for vacation and the Superintendent's 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, 2016

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, 2016

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, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,049,945	\$	\$	\$
Restricted:				
Debt service		110,902		
Capital projects	11,285			1,076,867
Bond building projects			4,938,937	
Voter approved initiatives				1,611,433
Food service				682,635
Insurance				41,968
Extracurricular activities				45,610
Gifts and donations				27,328
Other purposes				16,353
Unassigned	1,727,402			
Total fund balances	<u>\$ 2,788,632</u>	<u>\$ 110,902</u>	<u>\$ 4,938,937</u>	<u>\$ 3,502,194</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, and 2015-16 budgets by 15 percent. The District will reduce the fiscal year 2016-17 budget by 15 percent.

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, 2016

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$362,970 and the bank balance was \$413,210. At year end, \$163,210 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	342 days	\$ 7,409,414
The Trust Investment Pool	628 days	409,084
Total		<u>\$ 7,818,498</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.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

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.

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.

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	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$ 1,338	\$ 216,815
Due from state government	2,839,239	125,177
Net due from governmental entities	<u>\$ 2,840,577</u>	<u>\$ 341,992</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,917,492	\$	\$	\$ 1,917,492
Construction in progress		144,655		144,655
Total capital assets, not being depreciated	1,917,492	144,655		2,062,147
Capital assets, being depreciated:				
Land improvements	748,750	13,529		762,279
Buildings and improvements	23,684,780	100,010		23,784,790
Vehicles, furniture and equipment	2,726,371	135,954	5,849	2,856,476
Total capital assets being depreciated	27,159,901	249,493	5,849	27,403,545
Less accumulated depreciation for:				
Land improvements	(278,779)	(25,144)		(303,923)
Buildings and improvements	(4,518,885)	(631,467)		(5,150,352)
Vehicles, furniture and equipment	(1,280,557)	(176,254)	(5,215)	(1,451,596)
Total accumulated depreciation	(6,078,221)	(832,865)	(5,215)	(6,905,871)
Total capital assets, being depreciated, net	21,081,680	(583,372)	634	20,497,674
Governmental activities capital assets, net	\$ 22,999,172	\$ (438,717)	\$ 634	\$22,559,821

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 408,347
Support services – students and staff	758
Support services – administration	98,010
Operation and maintenance of plant services	255,727
Student transportation services	66,872
Operation of non-instructional services	3,151
Total depreciation expense – governmental activities	<u>\$ 832,865</u>

Construction Commitments – At year end, the District had a contractual commitment related to the remodel of a restroom at Hurley Ranch Elementary. The project is being funded with bond proceeds and the estimated cost to complete the project is \$130,473.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE

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

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
School Improvement Bonds, Project of 2006, Series A	\$ 2,540,000	1.5-4.00%	7/1/16-22	\$ 1,825,000	\$ 240,000
School Improvement Bonds, Project of 2015, Series A	5,200,000	2.00-3.00%	7/1/17-31	5,200,000	
Total				<u>\$ 7,025,000</u>	<u>\$ 240,000</u>

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

<u>Year ending June 30:</u>		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
	2017	\$ 240,000	\$ 115,754
	2018	620,000	163,000
	2019	630,000	150,813
	2020	640,000	137,800
	2021	690,000	121,850
	2022-26	2,370,000	384,025
	2027-31	1,230,000	210,000
	2032	605,000	9,075
Total		<u>\$ 7,025,000</u>	<u>\$ 1,292,317</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,065,000	\$ 5,200,000	\$ 240,000	\$ 7,025,000	\$ 240,000
Net pension liability	9,597,452	1,065,295		10,662,747	
Compensated absences payable	74,912	78,414	65,924	87,402	15,570
Governmental activity long-term liabilities	<u>\$ 11,737,364</u>	<u>\$ 6,343,709</u>	<u>\$ 305,924</u>	<u>\$17,775,149</u>	<u>\$ 255,570</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	Non-Major Governmental Funds
General Fund	\$ 1,343,583
Non-Major Governmental Funds	166,951
Total Due from Other Funds	<u>\$ 1,510,534</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:

	General Fund	Transfers in Debt Service Fund	Total
Transfers out			
Bond Building Fund	\$	\$ 101,659	\$ 101,659
Non-Major Governmental Funds	76,427		76,427
Total	<u>\$ 76,427</u>	<u>\$ 101,659</u>	<u>\$ 178,086</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, 2016

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, 2016

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, 2016

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 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$686,713.

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

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

		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2016	\$	31,646	\$ 7,595
2015		37,169	7,560
2014		35,143	14,057

Pension Liability. At June 30, 2016, the District reported a liability of \$10.7 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.07 percent, an increase of .01 percent from its proportion measured as of June 30, 2014.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$772,486 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 290,963	\$ 558,739
Net difference between projected and actual earnings on pension plan investments		341,717
Changes in proportion and differences between contributions and proportionate share of contributions	425,597	
Contributions subsequent to the measurement date	686,713	
Total	<u>\$ 1,403,273</u>	<u>\$ 900,456</u>

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

Year Ending June 30:

2017	\$ (27,893)
2018	(193,018)
2019	(209,663)
2020	246,678

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
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, 2016

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$13,971,842	\$10,662,747	\$8,394,932

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.

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, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$ 162,000	\$ 162,000	\$ 928,582	\$ 766,582
Property taxes	948,320	948,320	1,989,360	1,041,040
State aid and grants	7,265,629	7,265,629	7,811,208	545,579
Total revenues	<u>8,375,949</u>	<u>8,375,949</u>	<u>10,729,150</u>	<u>2,353,201</u>
Expenditures:				
Current -				
Instruction	6,147,330	5,753,195	5,522,615	230,580
Support services - students and staff	1,369,232	1,519,648	1,306,057	213,591
Support services - administration	1,432,980	1,683,092	1,511,023	172,069
Operation and maintenance of plant services	1,118,156	1,223,140	1,174,147	48,993
Student transportation services	414,360	429,200	385,809	43,391
Operation of non-instructional services	23,500	21,944		21,944
Total expenditures	<u>10,505,558</u>	<u>10,630,219</u>	<u>9,899,651</u>	<u>730,568</u>
Changes in fund balances	<u>(2,129,609)</u>	<u>(2,254,270)</u>	<u>829,499</u>	<u>3,083,769</u>
Fund balances (deficits), beginning of year	(21,375)	(21,375)	848,333	869,708
Increase (decrease) in reserve for prepaid items			913,777	913,777
Fund balances (deficits), end of year	<u>\$ (2,150,984)</u>	<u>\$ (2,275,645)</u>	<u>\$ 2,591,609</u>	<u>\$ 4,867,254</u>

See accompanying notes to this schedule.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.07%	0.06%
District's proportionate share of the net pension liability (asset)	\$ 10,662,747	\$ 9,597,452
District's covered payroll	\$ 6,299,789	\$ 5,857,131
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.26%	163.86%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 686,713	\$ 686,047
Contributions in relation to the actuarially determined contribution	<u>686,713</u>	<u>686,047</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 6,329,152	\$ 6,299,789
Contributions as a percentage of covered payroll	10.85%	10.89%

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

See accompanying notes to this schedule.

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General Fund	
	Total	Fund
	Expenditures	Balances
		End of Year
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$11,279,772	\$ 2,788,632
Activity budgeted as special revenue funds	(912,288)	(197,023)
Current-year prepaid items	126,726	
Prior-year prepaid items	(594,559)	
Schedule of Revenues, Expenditures and Changes in		
Fund Balances – Budget and Actual – General Fund	<u>\$ 9,899,651</u>	<u>\$ 2,591,609</u>

NOTE 2 – PENSION PLAN SCHEDULES

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

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

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

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

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GOVERNMENTAL FUNDS

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,907,464	\$ 16,326	\$ 1,923,790
Deposits	28,992		28,992
Property taxes receivable		24,340	24,340
Due from governmental entities	339,247	2,745	341,992
Due from other funds	417,629	1,092,905	1,510,534
Total assets	<u><u>\$ 2,693,332</u></u>	<u><u>\$ 1,136,316</u></u>	<u><u>\$ 3,829,648</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 39,358	\$ 35,586	\$ 74,944
Due to other funds	166,951		166,951
Accrued payroll and employee benefits	61,696		61,696
Total liabilities	<u>268,005</u>	<u>35,586</u>	<u>303,591</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		23,863	23,863
Fund balances:			
Restricted	2,425,327	1,076,867	3,502,194
Total fund balances	<u>2,425,327</u>	<u>1,076,867</u>	<u>3,502,194</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,693,332</u></u>	<u><u>\$ 1,136,316</u></u>	<u><u>\$ 3,829,648</u></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, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 74,624	\$ 6,168	\$ 80,792
Property taxes		134,937	134,937
State aid and grants	877,762	32,535	910,297
Federal aid, grants and reimbursements	<u>2,514,032</u>		<u>2,514,032</u>
Total revenues	<u>3,466,418</u>	<u>173,640</u>	<u>3,640,058</u>
Expenditures:			
Current -			
Instruction	1,151,211		1,151,211
Support services - students and staff	347,221		347,221
Support services - administration	55,664	623	56,287
Student transportation services	29,410		29,410
Operation of non-instructional services	1,301,225		1,301,225
Capital outlay	<u>143,043</u>	<u>330,100</u>	<u>473,143</u>
Total expenditures	<u>3,027,774</u>	<u>330,723</u>	<u>3,358,497</u>
Excess (deficiency) of revenues over expenditures	<u>438,644</u>	<u>(157,083)</u>	<u>281,561</u>
Other financing sources (uses):			
Transfers out	<u>(76,427)</u>		<u>(76,427)</u>
Total other financing sources (uses):	<u>(76,427)</u>		<u>(76,427)</u>
Changes in fund balances	<u>362,217</u>	<u>(157,083)</u>	<u>205,134</u>
Fund balances, beginning of year	2,063,110	1,233,950	3,297,060
Fund balances, end of year	<u><u>\$ 2,425,327</u></u>	<u><u>\$ 1,076,867</u></u>	<u><u>\$ 3,502,194</u></u>

SPECIAL REVENUE FUNDS

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

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

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

Student Success - to account for student success monies.

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.

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

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

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, 2016

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,267,294	\$ 266,478	\$ 7,861
Deposits			
Due from governmental entities	59,397	20,535	
Due from other funds			
Total assets	<u><u>\$ 1,326,691</u></u>	<u><u>\$ 287,013</u></u>	<u><u>\$ 7,861</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	<u>2,271</u>	<u></u>	<u></u>
Total liabilities	<u><u>2,271</u></u>	<u></u>	<u></u>
Fund balances:			
Restricted	<u>1,324,420</u>	<u>287,013</u>	<u>7,861</u>
Total fund balances	<u><u>1,324,420</u></u>	<u><u>287,013</u></u>	<u><u>7,861</u></u>
Total liabilities and fund balances	<u><u>\$ 1,326,691</u></u>	<u><u>\$ 287,013</u></u>	<u><u>\$ 7,861</u></u>

<u>Title I Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>Other State Projects</u>	<u>Food Service</u>
\$	\$	\$ 1	\$	\$	\$ 242,432
67,318	43,057	18,917	73,695	42,500	28,992
					13,828
					417,629
<u>\$ 67,318</u>	<u>\$ 43,057</u>	<u>\$ 18,918</u>	<u>\$ 73,695</u>	<u>\$ 42,500</u>	<u>\$ 702,881</u>
\$ 4,323	\$	\$ 18,918	\$	\$	\$ 16,117
16,501	34,255		73,695	42,500	
46,494	8,802				4,129
<u>67,318</u>	<u>43,057</u>	<u>18,918</u>	<u>73,695</u>	<u>42,500</u>	<u>20,246</u>
					682,635
					<u>682,635</u>
<u>\$ 67,318</u>	<u>\$ 43,057</u>	<u>\$ 18,918</u>	<u>\$ 73,695</u>	<u>\$ 42,500</u>	<u>\$ 702,881</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Civic Center</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>
<u>ASSETS</u>			
Cash and investments	\$ 300	\$ 45,610	\$ 27,328
Deposits			
Due from governmental entities			
Due from other funds			
Total assets	<u><u>\$ 300</u></u>	<u><u>\$ 45,610</u></u>	<u><u>\$ 27,328</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Total liabilities	<u></u>	<u></u>	<u></u>
Fund balances:			
Restricted	<u>300</u>	<u>45,610</u>	<u>27,328</u>
Total fund balances	<u><u>300</u></u>	<u><u>45,610</u></u>	<u><u>27,328</u></u>
Total liabilities and fund balances	<u><u>\$ 300</u></u>	<u><u>\$ 45,610</u></u>	<u><u>\$ 27,328</u></u>

<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Grants and Gifts to Teachers</u>	<u>Totals</u>
\$ 6,616	\$ 41,968	\$ 1,576	\$ 1,907,464
			28,992
			339,247
			417,629
<u>\$ 6,616</u>	<u>\$ 41,968</u>	<u>\$ 1,576</u>	<u>\$ 2,693,332</u>
\$	\$	\$	\$ 39,358
			166,951
			61,696
			<u>268,005</u>
<u>6,616</u>	<u>41,968</u>	<u>1,576</u>	<u>2,425,327</u>
<u>6,616</u>	<u>41,968</u>	<u>1,576</u>	<u>2,425,327</u>
<u>\$ 6,616</u>	<u>\$ 41,968</u>	<u>\$ 1,576</u>	<u>\$ 2,693,332</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, 2016

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 6,344	\$ 1,118	\$
State aid and grants	712,765	79,997	
Federal aid, grants and reimbursements			
Total revenues	<u>719,109</u>	<u>81,115</u>	<u></u>
Expenditures:			
Current -			
Instruction	454,537		588
Support services - students and staff	38,414		
Support services - administration			159
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>492,951</u>	<u></u>	<u>747</u>
Excess (deficiency) of revenues over expenditures	<u>226,158</u>	<u>81,115</u>	<u>(747)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):	<u></u>	<u></u>	<u></u>
Changes in fund balances	<u>226,158</u>	<u>81,115</u>	<u>(747)</u>
Fund balances, beginning of year	1,098,262	205,898	8,608
Fund balances, end of year	<u>\$ 1,324,420</u>	<u>\$ 287,013</u>	<u>\$ 7,861</u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Special Education Grants</u>	<u>Other State Projects</u>
\$	\$	\$	\$	\$	\$
					85,000
550,505	18,831	195,105	71,549	280,853	
<u>550,505</u>	<u>18,831</u>	<u>195,105</u>	<u>71,549</u>	<u>280,853</u>	<u>85,000</u>
286,899		130,380	42,038	224,785	
158,642	14,800	3,200	7,381	37,861	85,000
7,500	3,334	35,500		3,600	
20,249		4,991		4,170	
		5,527			
58,953		8,575	21,142		
<u>532,243</u>	<u>18,134</u>	<u>188,173</u>	<u>70,561</u>	<u>270,416</u>	<u>85,000</u>
18,262	697	6,932	988	10,437	
(18,262)	(697)	(6,932)	(988)	(10,437)	
<u>(18,262)</u>	<u>(697)</u>	<u>(6,932)</u>	<u>(988)</u>	<u>(10,437)</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(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, 2016

	<u>Food Service</u>	<u>Civic Center</u>	<u>Extracurricular Activities Fees Tax Credit</u>
Revenues:			
Other local	\$ 30,535	\$ 250	\$ 17,884
State aid and grants			
Federal aid, grants and reimbursements	1,397,189		
Total revenues	<u>1,427,724</u>	<u>250</u>	<u>17,884</u>
Expenditures:			
Current -			
Instruction			4,614
Support services - students and staff			
Support services - administration	1,246		
Student transportation services			
Operation of non-instructional services	1,295,698		
Capital outlay	48,390		5,551
Total expenditures	<u>1,345,334</u>	<u></u>	<u>10,165</u>
Excess (deficiency) of revenues over expenditures	<u>82,390</u>	<u>250</u>	<u>7,719</u>
Other financing sources (uses):			
Transfers out	(39,111)		
Total other financing sources (uses):	<u>(39,111)</u>	<u></u>	<u></u>
Changes in fund balances	<u>43,279</u>	<u>250</u>	<u>7,719</u>
Fund balances, beginning of year	639,356	50	37,891
Fund balances, end of year	<u>\$ 682,635</u>	<u>\$ 300</u>	<u>\$ 45,610</u>

<u>Gifts and Donations</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Grants and Gifts to Teachers</u>	<u>Totals</u>
\$ 14,420	\$ 358	\$ 3,329	\$ 386	\$ 74,624
				877,762
				2,514,032
<u>14,420</u>	<u>358</u>	<u>3,329</u>	<u>386</u>	<u>3,466,418</u>
6,353	36		981	1,151,211
60		1,503	360	347,221
1,825		2,500		55,664
				29,410
				1,301,225
			432	143,043
<u>8,238</u>	<u>36</u>	<u>4,003</u>	<u>1,773</u>	<u>3,027,774</u>
<u>6,182</u>	<u>322</u>	<u>(674)</u>	<u>(1,387)</u>	<u>438,644</u>
				(76,427)
				(76,427)
<u>6,182</u>	<u>322</u>	<u>(674)</u>	<u>(1,387)</u>	<u>362,217</u>
21,146	6,294	42,642	2,963	2,063,110
<u>\$ 27,328</u>	<u>\$ 6,616</u>	<u>\$ 41,968</u>	<u>\$ 1,576</u>	<u>\$ 2,425,327</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, 2016

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 6,344	\$ 6,344
State aid and grants	751,545	712,765	(38,780)
Federal aid, grants and reimbursements			
Total revenues	<u>751,545</u>	<u>719,109</u>	<u>(32,436)</u>
Expenditures:			
Current -			
Instruction	1,797,588	454,537	1,343,051
Support services - students and staff	37,400	38,414	(1,014)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,834,988</u>	<u>492,951</u>	<u>1,342,037</u>
Excess (deficiency) of revenues over expenditures	<u>(1,083,443)</u>	<u>226,158</u>	<u>1,309,601</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,083,443)</u>	<u>226,158</u>	<u>1,309,601</u>
Fund balances, beginning of year	1,048,599	1,098,262	49,663
Fund balances (deficits), end of year	<u>\$ (34,844)</u>	<u>\$ 1,324,420</u>	<u>\$ 1,359,264</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 13,913	\$ 1,118 79,997	\$ 1,118 66,084	\$	\$	\$
13,913	81,115	67,202			
190,000		190,000	6,500	588	5,912
			500	159	341
190,000		190,000	7,000	747	6,253
(176,087)	81,115	257,202	(7,000)	(747)	6,253
(176,087)	81,115	257,202	(7,000)	(747)	6,253
176,087	205,898	29,811		8,608	8,608
\$	\$ 287,013	\$ 287,013	\$ (7,000)	\$ 7,861	\$ 14,861

(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, 2016

	Student Success		
	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	19,000		19,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>19,000</u>		<u>19,000</u>
Excess (deficiency) of revenues over expenditures	<u>(19,000)</u>		<u>19,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(19,000)</u>		<u>19,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (19,000)</u>	<u>\$</u>	<u>\$ 19,000</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	550,505	550,505		18,831	18,831
	550,505	550,505		18,831	18,831
340,000	286,899	53,101			
162,000	158,642	3,358	15,000	14,800	200
8,000	7,500	500	4,000	3,334	666
25,000	20,249	4,751			
60,000	58,953	1,047			
595,000	532,243	62,757	19,000	18,134	866
(595,000)	18,262	613,262	(19,000)	697	19,697
(20,000)	(18,262)	1,738	(1,000)	(697)	303
(20,000)	(18,262)	1,738	(1,000)	(697)	303
(615,000)		615,000	(20,000)		20,000
\$ (615,000)	\$	\$ 615,000	\$ (20,000)	\$	\$ 20,000

(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, 2016

	Title IV Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		195,105	195,105
Total revenues		<u>195,105</u>	<u>195,105</u>
Expenditures:			
Current -			
Instruction	133,000	130,380	2,620
Support services - students and staff	4,000	3,200	800
Support services - administration	36,000	35,500	500
Operation and maintenance of plant services			
Student transportation services	5,000	4,991	9
Operation of non-instructional services	6,000	5,527	473
Capital outlay	9,000	8,575	425
Total expenditures	<u>193,000</u>	<u>188,173</u>	<u>4,827</u>
Excess (deficiency) of revenues over expenditures	<u>(193,000)</u>	<u>6,932</u>	<u>199,932</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(7,000)	(6,932)	68
Total other financing sources (uses):	<u>(7,000)</u>	<u>(6,932)</u>	<u>68</u>
Changes in fund balances	<u>(200,000)</u>		<u>200,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (200,000)</u>	<u>\$</u>	<u>\$ 200,000</u>

Limited English & Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	71,549	71,549		280,853	280,853
	71,549	71,549		280,853	280,853
44,000	42,038	1,962	242,000	224,785	17,215
8,000	7,381	619	38,000	37,861	139
			4,000	3,600	400
			5,000	4,170	830
22,000	21,142	858			
74,000	70,561	3,439	289,000	270,416	18,584
(74,000)	988	74,988	(289,000)	10,437	299,437
(1,000)	(988)	12	(11,000)	(10,437)	563
(1,000)	(988)	12	(11,000)	(10,437)	563
(75,000)		75,000	(300,000)		300,000
\$ (75,000)	\$	\$ 75,000	\$ (300,000)	\$	\$ 300,000

(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, 2016

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 12	\$ 12
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		12	12
Expenditures:			
Current -			
Instruction			
Support services - students and staff	7,900	495	7,405
Support services - administration	400	330	70
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	8,300	825	7,475
Excess (deficiency) of revenues over expenditures	(8,300)	(813)	7,487
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(8,300)	(813)	7,487
Fund balances, beginning of year		8,312	8,312
Fund balances (deficits), end of year	\$ (8,300)	\$ 7,499	\$ 15,799

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, 2016

	Food Service		
	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Other local	\$	\$ 30,535	\$ 30,535
State aid and grants			
Federal aid, grants and reimbursements	1,378,689	1,397,189	18,500
Total revenues	<u>1,378,689</u>	<u>1,427,724</u>	<u>49,035</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	2,000	1,246	754
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	1,848,000	1,295,698	552,302
Capital outlay	50,000	48,390	1,610
Total expenditures	<u>1,900,000</u>	<u>1,345,334</u>	<u>554,666</u>
Excess (deficiency) of revenues over expenditures	<u>(521,311)</u>	<u>82,390</u>	<u>603,701</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(39,111)	(39,111)
Total other financing sources (uses):		<u>(39,111)</u>	<u>(39,111)</u>
Changes in fund balances	<u>(521,311)</u>	<u>43,279</u>	<u>564,590</u>
Fund balances, beginning of year	421,311	610,364	189,053
Fund balances (deficits), end of year	<u>\$ (100,000)</u>	<u>\$ 653,643</u>	<u>\$ 753,643</u>

Civic Center			Auxiliary Operations		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
\$ 150,000	\$ 250	\$ (149,750)	\$ 19,289	\$ 15,775	\$ (3,514)
<u>150,000</u>	<u>250</u>	<u>(149,750)</u>	<u>19,289</u>	<u>15,775</u>	<u>(3,514)</u>
			24,500	15,044	9,456
3,000		3,000	500	313	187
<u>3,000</u>		<u>3,000</u>	<u>25,000</u>	<u>15,357</u>	<u>9,643</u>
<u>147,000</u>	<u>250</u>	<u>(146,750)</u>	<u>(5,711)</u>	<u>418</u>	<u>6,129</u>
<u>147,000</u>	<u>250</u>	<u>(146,750)</u>	<u>(5,711)</u>	<u>418</u>	<u>6,129</u>
	50	50	5,711	5,711	
<u>\$ 147,000</u>	<u>\$ 300</u>	<u>\$ (146,700)</u>	<u>\$</u>	<u>\$ 6,129</u>	<u>\$ 6,129</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, 2016

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 11,921	\$ 17,884	\$ 5,963
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>11,921</u>	<u>17,884</u>	<u>5,963</u>
Expenditures:			
Current -			
Instruction	50,000	4,614	45,386
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	6,000	5,551	449
Total expenditures	<u>56,000</u>	<u>10,165</u>	<u>45,835</u>
Excess (deficiency) of revenues over expenditures	<u>(44,079)</u>	<u>7,719</u>	<u>51,798</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(44,079)</u>	<u>7,719</u>	<u>51,798</u>
Fund balances, beginning of year	38,079	37,891	(188)
Fund balances (deficits), end of year	<u>\$ (6,000)</u>	<u>\$ 45,610</u>	<u>\$ 51,610</u>

Gifts and Donations			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 6,000	\$ 14,420	\$ 8,420	\$ 2,006	\$ 358	\$ (1,648)
<u>6,000</u>	<u>14,420</u>	<u>8,420</u>	<u>2,006</u>	<u>358</u>	<u>(1,648)</u>
30,000	6,353	23,647	8,300	36	8,264
1,000	60	940			
4,000	1,825	2,175			
<u>35,000</u>	<u>8,238</u>	<u>26,762</u>	<u>8,300</u>	<u>36</u>	<u>8,264</u>
<u>(29,000)</u>	<u>6,182</u>	<u>35,182</u>	<u>(6,294)</u>	<u>322</u>	<u>6,616</u>
<u>(29,000)</u>	<u>6,182</u>	<u>35,182</u>	<u>(6,294)</u>	<u>322</u>	<u>6,616</u>
21,169	21,146	(23)	6,294	6,294	
<u>\$ (7,831)</u>	<u>\$ 27,328</u>	<u>\$ 35,159</u>	<u>\$</u>	<u>\$ 6,616</u>	<u>\$ 6,616</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, 2016

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,866	\$ 1,866
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,866</u>	<u>1,866</u>
Expenditures:			
Current -			
Instruction	500	195	305
Support services - students and staff			
Support services - administration	73,500	63,510	9,990
Operation and maintenance of plant services	45,000	38,508	6,492
Student transportation services			
Operation of non-instructional services			
Capital outlay	6,000	5,785	215
Total expenditures	<u>125,000</u>	<u>107,998</u>	<u>17,002</u>
Excess (deficiency) of revenues over expenditures	<u>(125,000)</u>	<u>(106,132)</u>	<u>18,868</u>
Other financing sources (uses):			
Transfers in	207,160	76,427	(130,733)
Transfers out			
Total other financing sources (uses):	<u>207,160</u>	<u>76,427</u>	<u>(130,733)</u>
Changes in fund balances	<u>82,160</u>	<u>(29,705)</u>	<u>(111,865)</u>
Fund balances, beginning of year	242,840	101,968	(140,872)
Fund balances, end of year	<u>\$ 325,000</u>	<u>\$ 72,263</u>	<u>\$ (252,737)</u>

Insurance Refund			Grants and Gifts to Teachers		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 7,359	\$ 3,329	\$ (4,030)	\$ 37	\$ 386	\$ 349
<u>7,359</u>	<u>3,329</u>	<u>(4,030)</u>	<u>37</u>	<u>386</u>	<u>349</u>
20,000	1,503	18,497	2,000	981	1,019
30,000	2,500	27,500	500	360	140
<u>50,000</u>	<u>4,003</u>	<u>45,997</u>	<u>500</u>	<u>432</u>	<u>68</u>
<u>(42,641)</u>	<u>(674)</u>	<u>41,967</u>	<u>3,000</u>	<u>1,773</u>	<u>1,227</u>
			<u>(2,963)</u>	<u>(1,387)</u>	<u>1,576</u>
<u>(42,641)</u>	<u>(674)</u>	<u>41,967</u>	<u>(2,963)</u>	<u>(1,387)</u>	<u>1,576</u>
42,641	42,642	1	2,963	2,963	
<u>\$</u>	<u>\$ 41,968</u>	<u>\$ 41,968</u>	<u>\$</u>	<u>\$ 1,576</u>	<u>\$ 1,576</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, 2016

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 196,612	\$ 92,402	\$ (104,210)
State aid and grants	765,458	877,762	112,304
Federal aid, grants and reimbursements	1,378,689	3,311,468	1,932,779
Total revenues	<u>2,340,759</u>	<u>4,281,632</u>	<u>1,940,873</u>
Expenditures:			
Current -			
Instruction	2,887,388	1,166,450	1,720,938
Support services - students and staff	378,800	347,716	31,084
Support services - administration	162,400	133,562	28,838
Operation and maintenance of plant services	315,000	803,866	(488,866)
Student transportation services	35,000	29,410	5,590
Operation of non-instructional services	1,857,500	1,301,538	555,962
Capital outlay	153,500	148,828	4,672
Total expenditures	<u>5,789,588</u>	<u>3,931,370</u>	<u>1,858,218</u>
Excess (deficiency) of revenues over expenditures	<u>(3,448,829)</u>	<u>350,262</u>	<u>3,799,091</u>
Other financing sources (uses):			
Transfers in	207,160	76,427	(130,733)
Transfers out	(40,000)	(76,427)	(36,427)
Total other financing sources (uses):	<u>167,160</u>	<u></u>	<u>(167,160)</u>
Changes in fund balances	<u>(3,281,669)</u>	<u>350,262</u>	<u>3,631,931</u>
Fund balances, beginning of year	2,005,694	2,231,811	226,117
Fund balances (deficits), end of year	<u>\$ (1,275,975)</u>	<u>\$ 2,582,073</u>	<u>\$ 3,858,048</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
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Other local	\$	\$ 280	\$ 280
Property taxes	120,724	288,037	167,313
Total revenues	<u>120,724</u>	<u>288,317</u>	<u>167,593</u>
Expenditures:			
Debt service -			
Principal retirement	240,000	240,000	
Interest and fiscal charges	160,000	52,175	107,825
Total expenditures	<u>400,000</u>	<u>292,175</u>	<u>107,825</u>
Excess (deficiency) of revenues over expenditures	<u>(279,276)</u>	<u>(3,858)</u>	<u>275,418</u>
Other financing sources (uses):			
Transfers in		101,659	101,659
Total other financing sources (uses):		<u>101,659</u>	<u>101,659</u>
Changes in fund balances	<u>(279,276)</u>	<u>97,801</u>	<u>377,077</u>
Fund balances, beginning of year	279,276	13,101	(266,175)
Fund balances, end of year	<u>\$</u>	<u>\$ 110,902</u>	<u>\$ 110,902</u>

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.

Emergency Deficiencies Correction - to account for monies received from the School Facilities Board to correct emergency deficiencies.

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, 2016

	<u>School Plant</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
<u>ASSETS</u>			
Cash and investments	\$ 7,025	\$	\$
Property taxes receivable		24,340	
Due from governmental entities		612	
Due from other funds		190,033	902,872
Total assets	<u>\$ 7,025</u>	<u>\$ 214,985</u>	<u>\$ 902,872</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 32,254	\$
Total liabilities	<u></u>	<u>32,254</u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u></u>	<u>23,863</u>	<u></u>
Fund balances:			
Restricted	<u>7,025</u>	<u>158,868</u>	<u>902,872</u>
Total fund balances	<u>7,025</u>	<u>158,868</u>	<u>902,872</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,025</u>	<u>\$ 214,985</u>	<u>\$ 902,872</u>

<u>Energy and Water Savings</u>	<u>Emergency Deficiencies Correction</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 2,969	\$ 1,199	\$ 8	\$ 5,125	\$ 16,326
	2,133			24,340
				2,745
				1,092,905
<u>\$ 2,969</u>	<u>\$ 3,332</u>	<u>\$ 8</u>	<u>\$ 5,125</u>	<u>\$ 1,136,316</u>
<u>\$</u>	<u>\$ 3,332</u>	<u>\$</u>	<u>\$</u>	<u>\$ 35,586</u>
	3,332			35,586
				23,863
<u>2,969</u>		<u>8</u>	<u>5,125</u>	<u>1,076,867</u>
<u>2,969</u>		<u>8</u>	<u>5,125</u>	<u>1,076,867</u>
<u>\$ 2,969</u>	<u>\$ 3,332</u>	<u>\$ 8</u>	<u>\$ 5,125</u>	<u>\$ 1,136,316</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, 2016

	<u>School Plant</u>	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>
Revenues:			
Other local	\$ 472	\$ 999	\$ 4,666
Property taxes		134,095	842
State aid and grants		24,118	
Total revenues	<u>472</u>	<u>159,212</u>	<u>5,508</u>
Expenditures:			
Current -			
Support services - administration	623		
Capital outlay		278,840	
Total expenditures	<u>623</u>	<u>278,840</u>	
Changes in fund balances	<u>(151)</u>	<u>(119,628)</u>	<u>5,508</u>
Fund balances, beginning of year	7,176	278,496	897,364
Fund balances, end of year	<u><u>\$ 7,025</u></u>	<u><u>\$ 158,868</u></u>	<u><u>\$ 902,872</u></u>

Energy and Water Savings	Emergency Deficiencies Correction	Building Renewal	Building Renewal Grant	Totals
\$	\$	\$	\$ 31	\$ 6,168
	3,332		5,085	134,937
	3,332		5,116	32,535
				173,640
				623
47,928	3,332			330,100
47,928	3,332			330,723
(47,928)			5,116	(157,083)
50,897		8	9	1,233,950
\$ 2,969	\$	\$ 8	\$ 5,125	\$ 1,076,867

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, 2016

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 25	\$ 472	\$ 447
Property taxes			
State aid and grants			
Total revenues	<u>25</u>	<u>472</u>	<u>447</u>
Expenditures:			
Current -			
Support services - administration	6,000	623	5,377
Capital outlay			
Debt service -			
Bond issuance costs			
Total expenditures	<u>6,000</u>	<u>623</u>	<u>5,377</u>
Excess (deficiency) of revenues over expenditures	<u>(5,975)</u>	<u>(151)</u>	<u>5,824</u>
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(5,975)</u>	<u>(151)</u>	<u>5,824</u>
Fund balances, beginning of year	7,175	7,176	1
Fund balances (deficits), end of year	<u>\$ 1,200</u>	<u>\$ 7,025</u>	<u>\$ 5,825</u>

Insurance Proceeds			Unrestricted Capital Outlay		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 31,251	\$ 6,228	\$ (25,023)	\$ 43,595	\$ 999	\$ 999
				134,095	90,500
				24,118	24,118
<u>31,251</u>	<u>6,228</u>	<u>(25,023)</u>	<u>43,595</u>	<u>159,212</u>	<u>115,617</u>
45,000	8,692	36,308	529,870	278,840	251,030
<u>45,000</u>	<u>8,692</u>	<u>36,308</u>	<u>529,870</u>	<u>278,840</u>	<u>251,030</u>
<u>(13,749)</u>	<u>(2,464)</u>	<u>11,285</u>	<u>(486,275)</u>	<u>(119,628)</u>	<u>366,647</u>
<u>(13,749)</u>	<u>(2,464)</u>	<u>11,285</u>	<u>(486,275)</u>	<u>(119,628)</u>	<u>366,647</u>
13,749	13,749		278,496	278,496	
<u>\$</u>	<u>\$ 11,285</u>	<u>\$ 11,285</u>	<u>\$ (207,779)</u>	<u>\$ 158,868</u>	<u>\$ 366,647</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, 2016

	Adjacent Ways		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 4,666	\$ 4,666
Property taxes		842	842
State aid and grants			
Total revenues		<u>5,508</u>	<u>5,508</u>
Expenditures:			
Current -			
Support services - administration			
Capital outlay	900,000		900,000
Debt service -			
Bond issuance costs			
Total expenditures	<u>900,000</u>		<u>900,000</u>
Excess (deficiency) of revenues over expenditures	<u>(900,000)</u>	<u>5,508</u>	<u>905,508</u>
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(900,000)</u>	<u>5,508</u>	<u>905,508</u>
Fund balances, beginning of year	899,985	897,364	(2,621)
Fund balances (deficits), end of year	<u>\$ (15)</u>	<u>\$ 902,872</u>	<u>\$ 902,887</u>

Bond Building			Energy and Water Savings		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,145	\$ 2,145	\$ 28,028	\$	\$ (28,028)
	2,145	2,145	28,028		(28,028)
2,970,000	231,378	2,738,622	78,925	47,928	30,997
100,000	130,820	(30,820)			
3,070,000	362,198	2,707,802	78,925	47,928	30,997
(3,070,000)	(360,053)	2,709,947	(50,897)	(47,928)	2,969
	(101,659)	(101,659)			
	5,200,000	5,200,000			
	200,649	200,649			
	5,298,990	5,298,990			
(3,070,000)	4,938,937	8,008,937	(50,897)	(47,928)	2,969
			50,897	50,897	
\$ (3,070,000)	\$ 4,938,937	\$ 8,008,937	\$	\$ 2,969	\$ 2,969

(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, 2016

	Emergency Deficiencies Correction		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants		3,332	3,332
Total revenues		<u>3,332</u>	<u>3,332</u>
Expenditures:			
Current -			
Support services - administration			
Capital outlay		3,332	(3,332)
Debt service -			
Bond issuance costs			
Total expenditures		<u>3,332</u>	<u>(3,332)</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Building Renewal			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 31	\$ 31
				5,085	5,085
				5,116	5,116
				5,116	5,116
				5,116	5,116
8	8			9	9
\$ 8	\$ 8	\$	\$	\$ 5,125	\$ 5,125

(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, 2016

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 59,304	\$ 14,541	\$ (44,763)
Property taxes	43,595	134,937	91,342
State aid and grants		32,535	32,535
Total revenues	<u>102,899</u>	<u>182,013</u>	<u>79,114</u>
Expenditures:			
Current -			
Support services - administration	6,000	623	5,377
Capital outlay	4,523,795	570,170	3,953,625
Debt service -			
Bond issuance costs	100,000	130,820	(30,820)
Total expenditures	<u>4,629,795</u>	<u>701,613</u>	<u>3,928,182</u>
Excess (deficiency) of revenues over expenditures	<u>(4,526,896)</u>	<u>(519,600)</u>	<u>4,007,296</u>
Other financing sources (uses):			
Transfers out		(101,659)	(101,659)
Issuance of school improvement bonds		5,200,000	5,200,000
Premium on sale of bonds		200,649	200,649
Total other financing sources (uses):		<u>5,298,990</u>	<u>5,298,990</u>
Changes in fund balances	<u>(4,526,896)</u>	<u>4,779,390</u>	<u>9,306,286</u>
Fund balances, beginning of year	1,250,310	1,247,699	(2,611)
Fund balances (deficits), end of year	<u>\$ (3,276,586)</u>	<u>\$ 6,027,089</u>	<u>\$ 9,303,675</u>

AGENCY FUNDS

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

Employee 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, 2016

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 7,093	\$ 362,970	\$ 370,063
Total assets	<u>\$ 7,093</u>	<u>\$ 362,970</u>	<u>\$ 370,063</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,005	\$	\$ 1,005
Deposits held for others		362,970	362,970
Due to student groups	6,088		6,088
Total liabilities	<u>\$ 7,093</u>	<u>\$ 362,970</u>	<u>\$ 370,063</u>

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	<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	\$ 5,719	\$ 10,375	\$ 9,001	\$ 7,093
Total assets	\$ 5,719	\$ 10,375	\$ 9,001	\$ 7,093
<u>Liabilities</u>				
Accounts payable	\$	\$ 1,005	\$	\$ 1,005
Due to student groups	5,719	9,370	9,001	6,088
Total liabilities	\$ 5,719	\$ 10,375	\$ 9,001	\$ 7,093
<u>EMPLOYEE WITHHOLDING FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 610,823	\$ 1,735,374	\$ 1,983,227	\$ 362,970
Total assets	\$ 610,823	\$ 1,735,374	\$ 1,983,227	\$ 362,970
<u>Liabilities</u>				
Deposits held for others	\$ 610,823	\$ 1,735,374	\$ 1,983,227	\$ 362,970
Total liabilities	\$ 610,823	\$ 1,735,374	\$ 1,983,227	\$ 362,970
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 616,542	\$ 1,745,749	\$ 1,992,228	\$ 370,063
Total assets	\$ 616,542	\$ 1,745,749	\$ 1,992,228	\$ 370,063
<u>Liabilities</u>				
Accounts payable	\$	\$ 1,005	\$	\$ 1,005
Deposits held for others	610,823	1,735,374	1,983,227	362,970
Due to student groups	5,719	9,370	9,001	6,088
Total liabilities	\$ 616,542	\$ 1,745,749	\$ 1,992,228	\$ 370,063

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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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 20,473,758	\$ 20,666,511	\$ 21,187,075	\$ 20,988,649	\$ 21,247,073
Restricted	3,638,714	3,186,580	3,362,834	3,511,955	3,452,781
Unrestricted	(7,024,526)	(7,755,430)	2,090,684	1,321,419	1,295,154
Total net position	<u>\$ 17,087,946</u>	<u>\$ 16,097,661</u>	<u>\$ 26,640,593</u>	<u>\$ 25,822,023</u>	<u>\$ 25,995,008</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position:					
Net investment in capital assets	\$ 21,678,165	\$ 21,849,245	\$ 21,944,008	\$ 21,957,677	\$ 22,311,319
Restricted	3,614,681	2,072,070	2,450,794	1,947,986	229,998
Unrestricted	2,030,159	3,756,135	2,999,878	1,401,185	(1,426,797)
Total net position	<u>\$ 27,323,005</u>	<u>\$ 27,677,450</u>	<u>\$ 27,394,680</u>	<u>\$ 25,306,848</u>	<u>\$ 21,114,520</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 7,218,429	\$ 7,055,151	\$ 6,641,945	\$ 6,062,072	\$ 6,467,018
Support services - students and staff	1,677,474	1,738,336	1,435,891	1,318,004	1,199,736
Support services - administration	1,648,518	1,713,469	1,389,653	1,413,897	1,402,128
Operation and maintenance of plant services	2,217,448	1,423,546	1,314,904	1,376,995	1,098,185
Student transportation services	514,947	614,671	536,755	455,716	496,333
Operation of non-instructional services	1,275,445	1,260,772	1,142,431	1,140,272	1,060,057
Interest on long-term debt	52,175	54,575	59,275	90,405	
Total expenses	<u>14,604,436</u>	<u>13,860,520</u>	<u>12,520,854</u>	<u>11,857,361</u>	<u>11,723,457</u>
Program Revenues					
Charges for services:					
Instruction	137,300	33,082	86,034	70,044	97,058
Operation of non-instructional services		35,785	38,192	33,694	32,093
Other activities		200,225	161,388	209,173	176,320
Operating grants and contributions	3,307,798	2,627,161	2,294,170	2,171,776	1,711,215
Capital grants and contributions	120,675	99,943	178,277	148,523	12,971
Total program revenues	<u>3,565,773</u>	<u>2,996,196</u>	<u>2,758,061</u>	<u>2,633,210</u>	<u>2,029,657</u>
Net (Expense)/Revenue	<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>	<u><u>\$ (9,693,800)</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 6,107,170	\$ 6,260,374	\$ 5,946,373	\$ 6,181,039	\$ 8,269,247
Support services - students and staff	1,262,982	1,123,644	1,135,723	987,335	786,009
Support services - administration	1,533,009	1,877,802	1,304,488	1,447,535	1,020,386
Operation and maintenance of plant services	1,070,636	1,246,721	1,223,984	848,440	1,044,288
Student transportation services	509,869	391,495	437,518	552,512	800,316
Operation of non-instructional services	921,265	897,044	914,627	840,054	676,894
Interest on long-term debt		10,725	36,335	83,831	93,334
Total expenses	<u>11,404,931</u>	<u>11,807,805</u>	<u>10,999,048</u>	<u>10,940,746</u>	<u>12,690,474</u>
Program Revenues					
Charges for services:					
Instruction	88,703	29,698	13,994	40,653	9,842
Operation of non-instructional services	62,110	70,959	79,134	80,264	177,529
Other activities	179,790	37,333	42,145	28,155	3,350
Operating grants and contributions	2,007,550	1,762,324	1,838,279	1,504,948	979,988
Capital grants and contributions	454,421	50,155	1,500	58,533	18,124
Total program revenues	<u>2,792,574</u>	<u>1,950,469</u>	<u>1,975,052</u>	<u>1,712,553</u>	<u>1,188,833</u>
Net (Expense)/Revenue	<u>\$ (8,612,357)</u>	<u>\$ (9,857,336)</u>	<u>\$ (9,023,996)</u>	<u>\$ (9,228,193)</u>	<u>\$ (11,501,641)</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (11,038,663)	\$ (10,864,324)	\$ (9,762,793)	\$ (9,224,151)	\$ (9,693,800)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	2,094,642	1,275,262	1,304,505	1,109,609	1,005,444
Property taxes, levied for debt service	287,254	297,419	240,925	310,773	
Property taxes, levied for capital outlay	144,047	150,164	2,922	238,738	455,360
Investment income	20,964	15,022	18,775	21,143	19,152
Unrestricted county aid	845,536	818,209	701,500	667,836	659,977
Unrestricted state aid	8,636,505	7,881,881	7,081,076	6,605,352	6,142,815
Unrestricted federal aid			831,660	97,715	83,055
Total general revenues	<u>12,028,948</u>	<u>10,437,957</u>	<u>10,181,363</u>	<u>9,051,166</u>	<u>8,365,803</u>
Changes in Net Position	<u>\$ 990,285</u>	<u>\$ (426,367)</u>	<u>\$ 418,570</u>	<u>\$ (172,985)</u>	<u>\$ (1,327,997)</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (8,612,357)	\$ (9,857,336)	\$ (9,023,996)	\$ (9,228,193)	\$ (11,501,641)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	1,673,232	1,688,416	1,932,856	2,279,966	1,092,345
Property taxes, levied for debt service	7,177	190,578	132,575	797,922	426,166
Property taxes, levied for capital outlay	50,035	301,998	583,706	1,425,223	2,299,495
Investment income	36,451	41,322	84,999	80,348	43,124
Unrestricted county aid	640,511	613,717			511
Unrestricted state aid	5,780,800	6,389,249	8,377,692	8,837,062	15,178,062
Unrestricted federal aid	69,706	914,826			20,734
Total general revenues	<u>8,257,912</u>	<u>10,140,106</u>	<u>11,111,828</u>	<u>13,420,521</u>	<u>19,060,437</u>
Changes in Net Position	<u>\$ (354,445)</u>	<u>\$ 282,770</u>	<u>\$ 2,087,832</u>	<u>\$ 4,192,328</u>	<u>\$ 7,558,796</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nondisposable	\$ 1,049,945	\$ 262,894	\$	\$ 280,964	\$
Restricted	11,285				
Unassigned	1,727,402	1,391,440	1,434,341	695,371	835,180
Total General Fund	<u>\$ 2,788,632</u>	<u>\$ 1,654,334</u>	<u>\$ 1,434,341</u>	<u>\$ 976,335</u>	<u>\$ 835,180</u>
All Other Governmental Funds:					
Restricted	\$ 8,552,033	\$ 3,310,161	\$ 3,708,462	\$ 3,862,654	\$ 3,335,366
Assigned			6,723	6,394	381,148
Unassigned			(33,562)		
Total all other governmental funds	<u>\$ 8,552,033</u>	<u>\$ 3,310,161</u>	<u>\$ 3,681,623</u>	<u>\$ 3,869,048</u>	<u>\$ 3,716,514</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Unassigned	\$ 1,844,005	\$	\$	\$	\$
Reserved		580,360	854,690	146,406	5,708
Unreserved		304,041	(829,039)	(83,557)	(1,446,825)
Total General Fund	<u>\$ 1,844,005</u>	<u>\$ 884,401</u>	<u>\$ 25,651</u>	<u>\$ 62,849</u>	<u>\$ (1,441,117)</u>
All Other Governmental Funds:					
Restricted	\$ 3,108,763	\$	\$	\$	\$
Assigned	505,918				
Reserved		30,463	35,476	12,180	12,713
Unreserved, reported in:					
Special revenue funds		1,348,235	1,063,736	767,532	331,131
Capital projects funds		1,858,180	2,240,844	1,139,760	(526,476)
Debt service fund		14,430	39,576	349,979	440
Total all other governmental funds	<u>\$ 3,614,681</u>	<u>\$ 3,251,308</u>	<u>\$ 3,379,632</u>	<u>\$ 2,269,451</u>	<u>\$ (182,192)</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 1,914,279	\$ 1,229,476	\$ 1,479,797	\$ 949,022	\$ 583,433
State Fiscal Stabilization (ARRA)					
Education Jobs					4,346
National School Lunch Program	1,397,189	1,528,060	1,421,838	1,231,287	991,717
Total federal sources	<u>3,311,468</u>	<u>2,757,536</u>	<u>2,901,635</u>	<u>2,180,309</u>	<u>1,579,496</u>
State sources:					
State equalization assistance	7,835,326	7,217,267	6,469,286	6,069,928	5,685,297
State grants	85,000	99,719	171,757	183,529	635,610
School Facilities Board	8,417				
Other revenues	792,762	688,894	615,790	536,424	
Total state sources	<u>8,721,505</u>	<u>8,005,880</u>	<u>7,256,833</u>	<u>6,789,881</u>	<u>6,320,907</u>
Local sources:					
Property taxes	2,412,334	1,917,482	1,494,650	1,661,166	1,456,748
County aid	845,536	818,209	701,500	667,836	659,977
Food service sales	25,993	35,785	35,003	27,930	28,247
Investment income	20,964	15,022	18,775	14,797	19,152
Other revenues	143,312	279,776	273,208	344,503	334,544
Total local sources	<u>3,448,139</u>	<u>3,066,274</u>	<u>2,523,136</u>	<u>2,716,232</u>	<u>2,498,668</u>
Total revenues	<u>\$ 15,481,112</u>	<u>\$ 13,829,690</u>	<u>\$ 12,681,604</u>	<u>\$ 11,686,422</u>	<u>\$ 10,399,071</u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 1,080,992	\$ 624,155	\$ 807,589	\$ 615,323	\$ 385,693
State Fiscal Stabilization (ARRA)	69,706	914,826			
Education Jobs	283,155				
National School Lunch Program	1,065,247	1,024,668	839,112	799,867	584,417
Total federal sources	<u>2,499,100</u>	<u>2,563,649</u>	<u>1,646,701</u>	<u>1,415,190</u>	<u>970,110</u>
State sources:					
State equalization assistance	6,524,739	6,190,582	6,871,177	7,193,833	5,974,189
State grants	444,062	586,489	710,273	797,397	471,537
School Facilities Board				488,717	8,763,828
Other revenues			36,383	24,486	25,966
Total state sources	<u>6,968,801</u>	<u>6,777,071</u>	<u>7,617,833</u>	<u>8,504,433</u>	<u>15,235,520</u>
Local sources:					
Property taxes	1,850,850	2,063,420	2,528,235	4,527,009	3,722,417
County aid	640,511	617,218			4,009
Food service sales	58,275	58,889	78,579	75,145	73,463
Investment income	36,451	38,149	82,438	78,994	
Other revenues	283,085	95,553	67,626	101,223	156,884
Total local sources	<u>2,869,172</u>	<u>2,873,229</u>	<u>2,756,878</u>	<u>4,782,371</u>	<u>3,956,773</u>
Total revenues	<u>\$ 12,337,073</u>	<u>\$ 12,213,949</u>	<u>\$ 12,021,412</u>	<u>\$ 14,701,994</u>	<u>\$ 20,162,403</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 7,163,070	\$ 6,188,664	\$ 5,662,678	\$ 5,670,546	\$ 5,660,704
Support services - students and staff	1,737,455	1,685,945	1,381,842	1,316,059	1,128,101
Support services - administration	1,645,208	1,511,001	1,317,615	1,322,034	1,322,944
Operation and maintenance of plant services	1,863,407	1,401,509	1,124,725	1,286,141	1,043,375
Student transportation services	439,971	486,740	434,940	389,489	379,502
Operation of non-instructional services	1,301,538	1,252,360	1,132,992	1,030,742	1,047,975
Capital outlay	718,998	1,423,259	1,180,992	2,868,281	723,462
Debt service -					
Principal retirement	240,000	240,000	235,000	240,000	
Interest and fiscal charges	52,175	54,575	59,275	62,230	
Bond issuance costs	130,820			93,157	
Total expenditures	<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>	<u><u>\$ 11,306,063</u></u>
 Expenditures for capitalized assets	 \$ 394,148	 \$ 940,782	 \$ 739,807	 \$ 2,470,012	 \$ 128,847
 Debt service as a percentage of noncapital expenditures	 3%	 2%	 2%	 3%	 0%

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 4,770,753	\$ 5,492,134	\$ 6,079,505	\$ 5,223,244	\$ 5,051,448
Support services - students and staff	1,106,704	1,120,033	1,129,494	981,937	794,998
Support services - administration	1,320,160	1,526,180	1,346,062	1,418,634	989,400
Operation and maintenance of plant services	994,024	1,004,020	1,078,055	970,867	970,245
Student transportation services	340,666	367,334	375,879	331,282	746,155
Operation of non-instructional services	881,553	858,090	902,791	759,633	650,841
Capital outlay	989,413	625,664	266,577	628,266	12,599,734
Debt service -					
Principal retirement		200,000	461,117	746,604	381,438
Interest and fiscal charges		10,725	36,335	83,831	93,334
Bond issuance costs					
Total expenditures	<u><u>\$ 10,403,273</u></u>	<u><u>\$ 11,204,180</u></u>	<u><u>\$ 11,680,009</u></u>	<u><u>\$ 11,144,298</u></u>	<u><u>\$ 22,277,593</u></u>
Expenditures for capitalized assets	\$ 217,836	\$ 24,501	\$ 137,430	\$ 61,329	\$ 9,548,723
Debt service as a percentage of noncapital expenditures	0%	2%	4%	7%	4%

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ 188,470	\$ (414,363)	\$ 151,545	\$ (2,592,257)	\$ (906,992)
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	178,086	176,441	306,134	558,284	188,258
Transfers out	(178,086)	(176,441)	(306,134)	(558,284)	(188,258)
Total other financing sources (uses)	<u>5,400,649</u>	<u></u>	<u></u>	<u>2,604,982</u>	<u></u>
Changes in fund balances	<u>\$ 5,589,119</u>	<u>\$ (414,363)</u>	<u>\$ 151,545</u>	<u>\$ 5,209,964</u>	<u>\$ (906,992)</u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ 1,933,800	\$ 1,009,769	\$ 341,403	\$ 3,557,696	\$ (2,115,190)
Other financing sources (uses):					
General obligation bonds issued					
Premium on sale of bonds					
Capital lease agreements					326,808
Transfers in	108,796	981,963	107,312	30,153	10,547
Transfers out	(108,796)	(981,963)	(107,312)	(30,153)	(10,547)
Proceeds from sale of capital assets				257,748	
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>	<u>257,748</u>	<u>326,808</u>
Changes in fund balances	<u>\$ 1,933,800</u>	<u>\$ 1,009,769</u>	<u>\$ 341,403</u>	<u>\$ 3,815,444</u>	<u>\$ (1,788,382)</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 16,330,966	\$ 9,915,926	\$ 10,533,927	\$ 11,810,211	\$ 13,680,484
Agricultural and Vacant	2,673,927	2,431,889	2,542,413	2,746,261	3,551,993
Residential (Owner Occupied)	31,588,128	20,750,115	18,012,175	21,429,919	26,661,788
Residential (Rental)	17,276,005	12,085,178	10,254,325	7,996,196	6,816,571
Total	<u>\$ 67,869,026</u>	<u>\$ 45,183,108</u>	<u>\$ 41,342,840</u>	<u>\$ 43,982,587</u>	<u>\$ 50,710,836</u>
Gross Full Cash Value	\$ 1,832,489,988	\$ 1,620,802,464	\$ 1,537,617,204	\$ 1,441,091,332	\$ 736,509,450
Ratio of Net Limited Assessed Value to Gross Full Cash Value	3.70%	2.79%	2.69%	3.05%	6.89%
Total Direct Rate	4.01	4.19	3.72	3.91	3.21

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 12,382,580	\$ 11,196,026	\$ 10,203,717	\$ 8,942,834	\$ 4,432,573
Agricultural and Vacant	5,618,174	5,699,353	6,107,668	7,217,047	7,612,012
Residential (Owner Occupied)	37,230,347	59,580,984	54,779,215	44,594,246	27,618,953
Residential (Rental)	6,937,805	8,772,220	6,648,085	4,803,216	2,738,287
Total	<u>\$ 62,168,906</u>	<u>\$ 85,248,583</u>	<u>\$ 77,738,685</u>	<u>\$ 65,557,343</u>	<u>\$ 42,401,825</u>
Gross Full Cash Value	\$ 906,846,645	\$ 1,200,730,693	\$ 1,221,711,715	\$ 989,086,249	\$ 569,253,798
Ratio of Net Limited Assessed Value to Gross Full Cash Value	6.86%	7.10%	6.36%	6.63%	7.45%
Total Direct Rate	2.87	2.66	3.57	7.10	9.92

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 15,630,536	\$ 10,122,736	\$ 10,540,039	\$ 11,812,567	\$ 13,689,182
Agricultural and Vacant	2,339,582	2,715,331	2,616,111	2,855,111	3,727,275
Residential (Owner Occupied)	22,328,808	22,551,354	18,043,487	21,431,690	26,662,151
Residential (Rental)	12,278,749	13,081,067	10,255,736	7,996,232	6,816,885
Total	<u>\$ 52,577,675</u>	<u>\$ 48,470,488</u>	<u>\$ 41,455,373</u>	<u>\$ 44,095,600</u>	<u>\$ 50,895,493</u>
Gross Full Cash Value					
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	2.87%	2.99%	2.70%	3.06%	6.91%
Total Direct Rate	4.01	4.19	3.72	3.91	3.21

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 13,689,372	\$ 13,196,714	\$ 12,105,919	\$ 10,427,651	\$ 4,809,418
Agricultural and Vacant	6,463,923	7,883,116	9,422,857	10,807,991	10,742,913
Residential (Owner Occupied)	37,249,802	64,387,928	74,721,247	59,484,080	27,960,677
Residential (Rental)	6,953,804	9,403,807	9,123,351	6,444,600	2,779,255
Total	<u>\$ 64,356,901</u>	<u>\$ 94,871,565</u>	<u>\$ 105,373,374</u>	<u>\$ 87,164,322</u>	<u>\$ 46,292,263</u>
Gross Full Cash Value					
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	7.10%	7.90%	8.63%	8.81%	8.13%
Total Direct Rate	2.87	2.66	3.57	7.10	9.92

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	21 %	22 %	23 %	24 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	2,084	10	10	10
Railroad, Private Cars and Airlines	17	18	20	21	22

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

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

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		
			Flood	Community	Central				Tolleson Union			
	State		Control	College	Arizona	City of	City of	City of	High School			
	Equalization	County	District	District	Water	Phoenix	Tolleson	Avondale	District No.			
									214	Primary	Secondary	Total
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
2007		1.18	0.20	1.06	0.12	1.82	2.97	1.17	4.26	8.08	1.84	9.92

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 NINE YEARS PRIOR

Taxpayer	2016			2007	
	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
Pecan Holdings LLC	\$ 3,081,271	6.36 %		\$	%
Target Corporation	1,696,605	3.50			
Kroger's - Fry's - Smith's Food & Drug Centers Inc.	1,158,321	2.39		1,623,010	1.86
Freo Arizona LLC	520,030	1.07			
Arizona Public Service Company	497,244	1.03		564,707	0.65
83 Dg LLC/83 SGLLC/ 83 MBLLC/ 83 JPLLC	423,795	0.87			
Southern California Edison Co. (T&D)				748,388	0.86
American Residential Leasing Co LLC	374,630	0.77			
Accomazzo Jacquelynn CTR	303,457	0.63			
Gbc Properties LLC	293,250	0.61			
Bank of America NA	275,751	0.57			
DR Horton In. - Dietz Crane				752,391	0.86
Oak Realty Partners Inc.				734,119	0.84
Gerben Boschma - Family Dairies				687,304	0.79
Van Hofwegan Dairies				601,043	0.69
Tivoli Holdings LLC				515,869	0.59
Security Title Agency				440,812	0.51
EDW C Levy Company				374,830	0.43
Total	<u>\$ 8,624,354</u>	<u>17.80 %</u>		<u>\$ 7,042,474</u>	<u>8.08 %</u>

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

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

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
2016	\$ 2,540,206	\$ 2,499,269	98.39 %	\$	\$ 2,499,269	98.39 %
2015	1,974,921	1,918,768	97.16	50,859	1,969,627	99.73
2014	1,504,625	1,449,880	96.36	54,511	1,504,391	99.98
2013	1,711,921	1,630,763	95.26	81,001	1,711,764	99.99
2012	1,579,059	1,497,791	94.85	81,108	1,578,899	99.99
2011	1,857,852	1,781,124	95.87	76,512	1,857,636	99.99
2010	2,381,159	2,053,079	86.22	189,336	2,242,415	94.17
2009	3,035,623	2,759,886	90.92	237,923	2,997,809	98.75
2008	5,025,620	4,749,731	94.51	275,608	5,025,339	99.99
2007	4,271,222	4,026,217	94.26	1,046,858	4,270,800	99.99

Source: The source of this information is the 2015 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)			
2016	\$ 7,025,000	\$ 112,657	\$ 6,912,343	0.38 %	\$ 991	\$	\$ 7,025,000	0.38 %	\$ 1,008	N/A %	
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	114	21,117	1,061,117	0.11	189	0.00	
2007	1,385,000	345,000	1,040,000	0.18	186	367,721	1,752,721	0.31	313	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, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 593,820,000	0.15 %	\$ 890,730
Maricopa County Special Health Care District	106,000,000	0.15	159,000
City of Phoenix	1,428,097,000	0.48	6,854,866
Tolleson Union High School District No. 214	35,800,000	5.61	2,008,380
Subtotal, Overlapping Debt			<u>9,912,976</u>
Direct:			
Union Elementary School District No. 62			<u>7,025,000</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 16,937,976</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	13.15	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,413	
As a Percentage of Net Limited Assessed Valuation	32.00	%
As a Percentage of Gross Full Cash Value	0.92	%

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

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

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

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

Net full cash assessed valuation	\$ 52,577,675
Debt limit (10% of assessed value)	5,257,768
Debt applicable to limit	7,025,000
Legal debt margin	<u>\$ (1,767,232)</u>

Total Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 52,577,675
Debt limit (15% of assessed value)	7,886,651
Debt applicable to limit	7,025,000
Legal debt margin	<u>\$ 861,651</u>

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 7,886,651	\$ 7,270,573	\$ 6,218,306	\$ 6,614,340	\$ 7,634,324
Total net debt applicable to limit	<u>7,025,000</u>	<u>2,065,000</u>	<u>2,300,000</u>	<u>2,540,000</u>	<u></u>
Legal debt margin	<u>\$ 861,651</u>	<u>\$ 5,205,573</u>	<u>\$ 3,918,306</u>	<u>\$ 4,074,340</u>	<u>\$ 7,634,324</u>

Total net debt applicable to the limit as a percentage of debt limit	89%	28%	37%	38%	0%
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	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 9,653,535	\$ 14,230,735	\$ 15,806,006	\$ 87,164,349	\$ 46,292,263
Total net debt applicable to limit	<u></u>	<u></u>	<u>200,000</u>	<u>640,000</u>	<u>1,040,000</u>
Legal debt margin	<u>\$ 9,653,535</u>	<u>\$ 14,230,735</u>	<u>\$ 15,606,006</u>	<u>\$ 86,524,349</u>	<u>\$ 45,252,263</u>

Total net debt applicable to the limit as a percentage of debt limit	0%	0%	1%	1%	2%
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Source: The source of this information is the District's financial records.

Notes: 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

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>
2015	4,076,438	\$ 184,784,917	\$ 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	33,178	3.5	5,600
2006	3,648,545	111,103,576	31,757	4.1	5,415

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

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

<u>Employer</u>	<u>2016</u>			<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>		<u>Employees</u>	<u>Percentage of Total Employment</u>
State of Arizona	49,800	2.71 %		49,305	2.68 %
Wal-Mart Stores Inc.	30,634	1.67		28,800	1.57
Banner Health Systems	24,825	1.35		16,400	0.89
City of Phoenix	15,100	0.82		14,166	0.77
Wells Fargo Company	13,308	0.72		11,800	0.64
Bank of America	13,300	0.72			
Maricopa County	12,792	0.70		13,274	0.72
Raytheon Co.	11,500	0.63			
Arizona State University	11,185	0.61		11,533	0.63
Apollo Group Inc.	11,000	0.60		8,095	0.44
U.S. Postal Service				11,700	0.64
Total	<u>193,444</u>	<u>10.53 %</u>		<u>165,073</u>	<u>8.98 %</u>
Total employment	<u>1,836,600</u>			<u>1,838,500</u>	

Source: The source of this information is the School Improvement Bond Statement dated May 2016.

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Superintendent	1	1	1	1	1
Consultants/supervisors of instruction	3	3	3	3	3
Principals	3	2	2	2	2
Assistant principals	2	2	2	2	2
Total supervisory	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Instruction					
Teachers	83	81	80	80	80
Other professionals (instructional)	2	2	2	2	2
Aides	17	17	16	14	13
Total instruction	<u>102</u>	<u>100</u>	<u>98</u>	<u>96</u>	<u>95</u>
Student Services					
Nurses	3	3	3	2	2
Counselors/Advisors	1	1	1	1	1
Librarians					
Total student services	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>
Support and Administration					
Clerical workers	10	10	10	10	10
Maintenance workers	6	6	6	6	5
Bus Drivers	5	5	5	5	5
Food Service workers	13	13	13	12	13
Other classified	11	11	11	11	11
Total support and administration	<u>45</u>	<u>45</u>	<u>45</u>	<u>44</u>	<u>44</u>
Total	<u><u>160</u></u>	<u><u>157</u></u>	<u><u>155</u></u>	<u><u>151</u></u>	<u><u>150</u></u>

(Continued)

UNION ELEMENTARY SCHOOL DISTRICT NO. 62
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Superintendent	1	1	1	1	1
Consultants/supervisors of instruction	2	2	2		4
Principals	2	2	2	3	2
Assistant principals	2	2	2	1	
Total supervisory	<u>7</u>	<u>7</u>	<u>7</u>	<u>5</u>	<u>7</u>
Instruction					
Teachers	75	75	91	83	52
Other professionals (instructional)	2	3	4	4	1
Aides	13	13	13	10	7
Total instruction	<u>90</u>	<u>91</u>	<u>108</u>	<u>97</u>	<u>60</u>
Student Services					
Nurses	2	3	3	3	4
Counselors/Advisors	1	1	1	1	
Librarians			1	2	2
Total student services	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>6</u>
Support and Administration					
Clerical workers	10	11	9	8	6
Maintenance workers	5	5	5	5	1
Bus Drivers	5	5	5	5	5
Food Service workers	13	10	12	8	8
Other classified	11	8	7	6	10
Total support and administration	<u>44</u>	<u>39</u>	<u>38</u>	<u>32</u>	<u>30</u>
Total	<u>144</u>	<u>141</u>	<u>158</u>	<u>140</u>	<u>103</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
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	91	18.1	84.6
2008	1,683	9,685,597	5,755	(15.08)	10,940,746	6,501	(30.44)	97	17.4	81.9
2007	1,358	9,203,087	6,777	14.76	12,690,474	9,345	20.56	60	22.6	79.6

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Schools</u>										
<u>Elementary</u>										
Buildings	3	3	3	3	3	3	3	3	2	2
Square feet	202,597	202,597	202,597	202,597	202,597	202,597	202,597	202,597	148,809	148,809
Capacity	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	1,600	1,600
Enrollment	1,870	1,891	1,751	1,550	1,550	1,550	1,559	1,632	1,667	1,326
<u>Middle</u>										
Buildings									1	1
Square feet									53,788	53,788
Capacity									600	600
Enrollment									450	420
<u>Administrative</u>										
Buildings	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		
<u>Transportation</u>										
Buses	12	12	12	12	12	12	12	12	14	16
<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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