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# **DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

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## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2018



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**DOUGLAS, ARIZONA**

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

Issued by:  
Business and Finance Department

# **DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

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## **INTRODUCTORY SECTION**



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## ***DOUGLAS UNIFIED SCHOOL DISTRICT # 27***

*Administrative Offices ~ 1132 12<sup>th</sup> Street*

*Douglas, Arizona 85607*

*(520) 364-2447 ~ Fax: (520) 224-2470*

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**Ana Samaniego**  
Superintendent

**Cesar Soto**  
Chief Financial & Operations Officer

**Fernando Nuñez**  
Assistant Superintendent

December 14, 2018

Citizens and Governing Board  
Douglas Unified School District No. 27  
1132 12th St.  
Douglas, AZ 85607

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 of America 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 Douglas Unified School District No. 27 (District) for the fiscal year ended June 30, 2018.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement.

***Working together, raising standards, and developing leaders.***

Douglas Unified School District #27 does not discriminate against any individual on the basis of race, color, religion, sex, age, disability or national origin in its educational and employment practices or programs.

El Distrito Escolar #27 de Douglas no discriminara a ninguna persona por motivos de raza, color, religión, sexo, edad, discapacidad u origen nacional en sus centros de enseñanza y las prácticas de empleo o programas.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) 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 24 public school districts located in Cochise County, Arizona. It provides a program of public education from preschool through grade twelve with an estimated current enrollment of 3,921 students for fiscal year 2018-19.

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

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

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

Douglas lies in a southeastern corner of Arizona on the border with Agua Prieta, Sonora, Mexico, at an elevation of nearly 3,990 feet. Its citizens enjoy a quiet, rural lifestyle and one of the best climates in the nation.

The population of Douglas is approximately 17,000 people, and the population of Agua Prieta is over 155,000. The two cities, separated by a chain link fence, share an interdependent economy and culture.

The Douglas area is composed of a population in which approximately 88% of the people are Hispanic. The Douglas Unified School District serves 3,900 students, 15% of whom are considered English Language Learners (ELL). The District has developed a strong English As A Second Language (ESL) program to serve these students. The District also has a Free and Reduced Lunch student population of 85%, which allows for eligibility for Federal grant funding.

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.** Douglas, on the Mexican border, is 118 miles southeast of Tucson, and is reached via Interstate 10 to U.S. 80. Across the border from Douglas is Agua Prieta, Sonora, Mexico. Douglas, at an elevation of 3,990 feet, was founded in 1901 as a site for a copper smelter and was incorporated in 1905. However, the smelter curtailed operations in 1987. Originally, it was an annual round-up spot for ranchers. Agriculture and ranching are still important segments of the area's economy.

Because of its location on the U.S.-Mexico border, international commerce is an important part of the local economy. Douglas has three manufacturing plants; and Agua Prieta has 23, many of the latter operating under the twin-plant concept. The lure of shopping and sight-seeing in “Old Mexico” and the nearness to several outdoor recreation areas have made tourism and retirement significant to Douglas’ economy.

Major private employers include Advance Call Center Technologies, Walmart Stores, Inc., Chiricahua Community Health Center, Bashas’ Inc. Major public employers include Cochise County, Arizona Department of Corrections, Douglas Unified School District No. 27, U.S. Border Patrol, Cochise College, City of Douglas, U.S. Customs, and Homeland Security: Field Operations.

**Long-term Financial Planning.** By planning for long range goals of maintaining facilities, the District is able to optimize the use of building renewal money to upgrade and maintain existing buildings in an ongoing plan. Systematic improvements allow the District to improve sites to minimize utility usage and provide a safe and upgraded environment for student learning. The average age of school buildings is 75 years.

By benefiting from a 90 percent E-Rate funded technology, the District is upgrading technology to students and staff. Communication systems throughout the District are being upgraded to allow for prompt and efficient communications between classrooms, offices and the public.

After seeing stable enrollment of approximately 3,696 during the 2016-17 school year, the District is projecting enrollment to increase to 3,900 for 2017-18.

## **AWARDS AND ACKNOWLEDGMENTS**

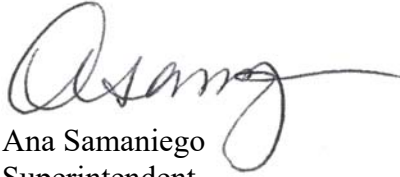
**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the thirteenth consecutive year that the District has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

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

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



Ana Samaniego  
Superintendent



Cesar Soto  
Business Manager



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Douglas Unified School District No. 27**

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

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

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

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE  
Executive Director



Government Finance Officers Association

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

Presented to

**Douglas Unified School District No. 27  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

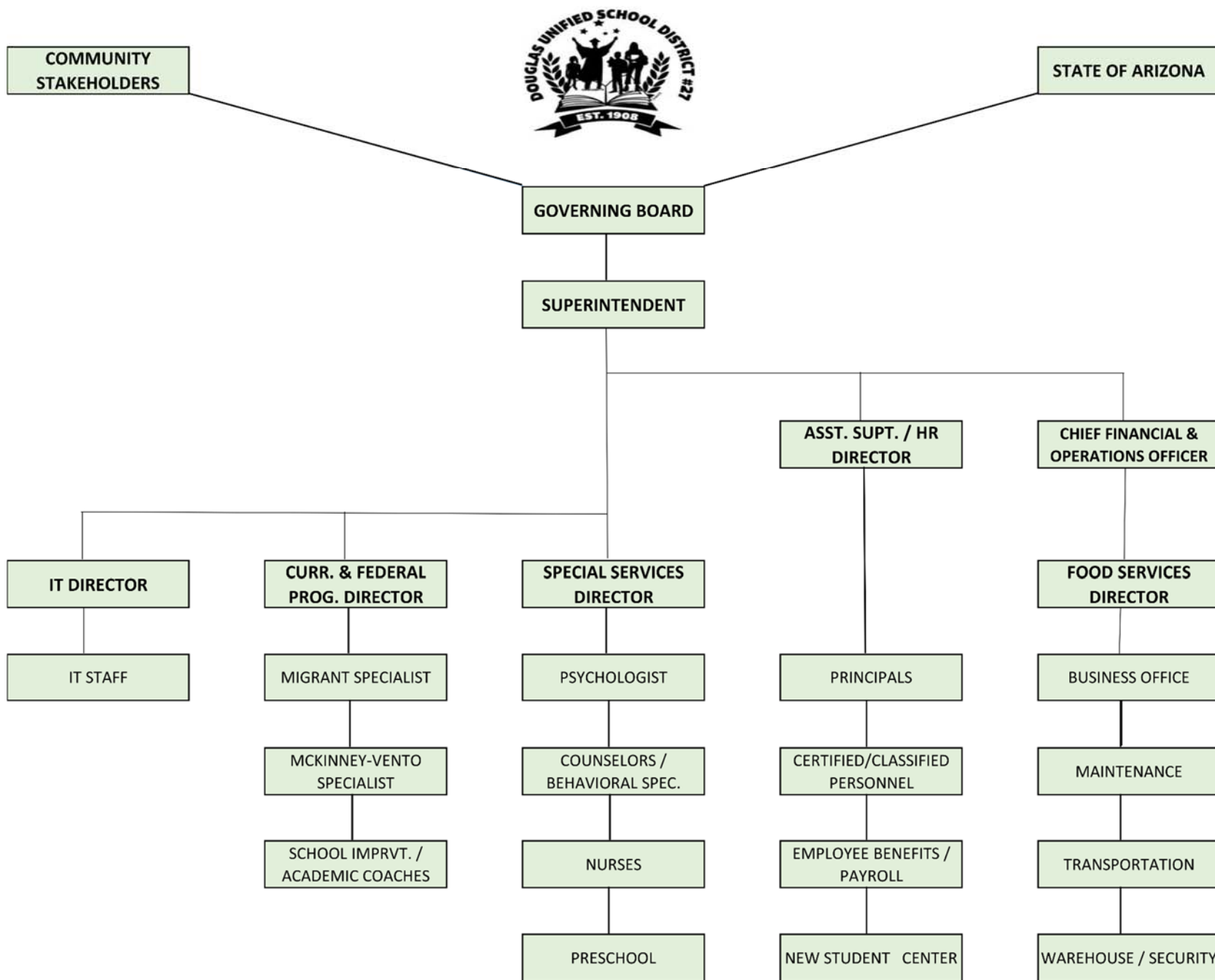
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



Douglas Unified School District No. 27  
Organizational Chart 2017-18



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Mitch Lindemann, President

Ray Borane, Member

Natalio Sabal, Member

Dr. Ed Gomez, Member

Mario Ramos, Sr., Member

**ADMINISTRATIVE STAFF**

Ana Samaniego, Superintendent

Fernando Nuñez, Human Resources Director/Assistant Superintendent

Cesar Soto, Business Manager

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Douglas Unified School District No. 27

### **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 Douglas Unified School District No. 27 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas Unified School District No. 27, as of June 30, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of Douglas Unified School District No. 27'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 Douglas Unified School District No. 27's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
December 14, 2018

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



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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

As management of the Douglas Unified School District No. 27 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$4.0 million which represents an 49 percent increase from the prior fiscal year as a result of efforts by the District to keep costs stable and to build reserves for future years.
- General revenues accounted for \$24.5 million in revenue, or 74 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$8.5 million or 26 percent of total current fiscal year revenues.
- The District had approximately \$29.0 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$21.6 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$19.6 million in expenditures. The General Fund's fund balance increase from \$4.2 million at the prior fiscal year end to \$6.0 million at the end of the current fiscal year was primarily due to efforts by the District to maximize budget and cash carry forward for future year expenditures.
- The Joint Technical Education Fund had \$1.1 million in current year revenues, which consisted of local revenues, and \$780,438 in expenditures.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

## **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.

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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Joint Technical Education, Debt Service, and Building Renewal Grant 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, the fiduciary funds do not have a measurement focus.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and a major Special Revenue Fund as required supplementary information. Schedules for the pension and other postemployment benefit plans have been provided as required supplementary information.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$12.1 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 in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

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

	As of June 30, 2018	As of June 30, 2017
Current and other assets	\$ 13,383,001	\$ 10,827,292
Capital assets, net	29,858,866	30,682,816
Total assets	<u>43,241,867</u>	<u>41,510,108</u>
Deferred outflows	<u>2,929,442</u>	<u>4,530,922</u>
Current and other liabilities	1,179,886	866,706
Long-term liabilities	29,750,890	32,629,536
Total liabilities	<u>30,930,776</u>	<u>33,496,242</u>
Deferred inflows	<u>3,113,099</u>	<u>4,387,115</u>
Net position:		
Net investment in capital assets	24,446,779	24,339,352
Restricted	5,302,349	4,873,312
Unrestricted	(17,621,694)	(21,054,991)
Total net position	<u>\$ 12,127,434</u>	<u>\$ 8,157,673</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$17.6 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

- The decrease of \$2.5 million in pension liabilities.
- The addition of \$1.9 million in accumulated depreciation.
- The principal retirement of \$350,000 of bonds.
- The addition of \$1.1 million in capital assets through land, school improvements, and equipment.

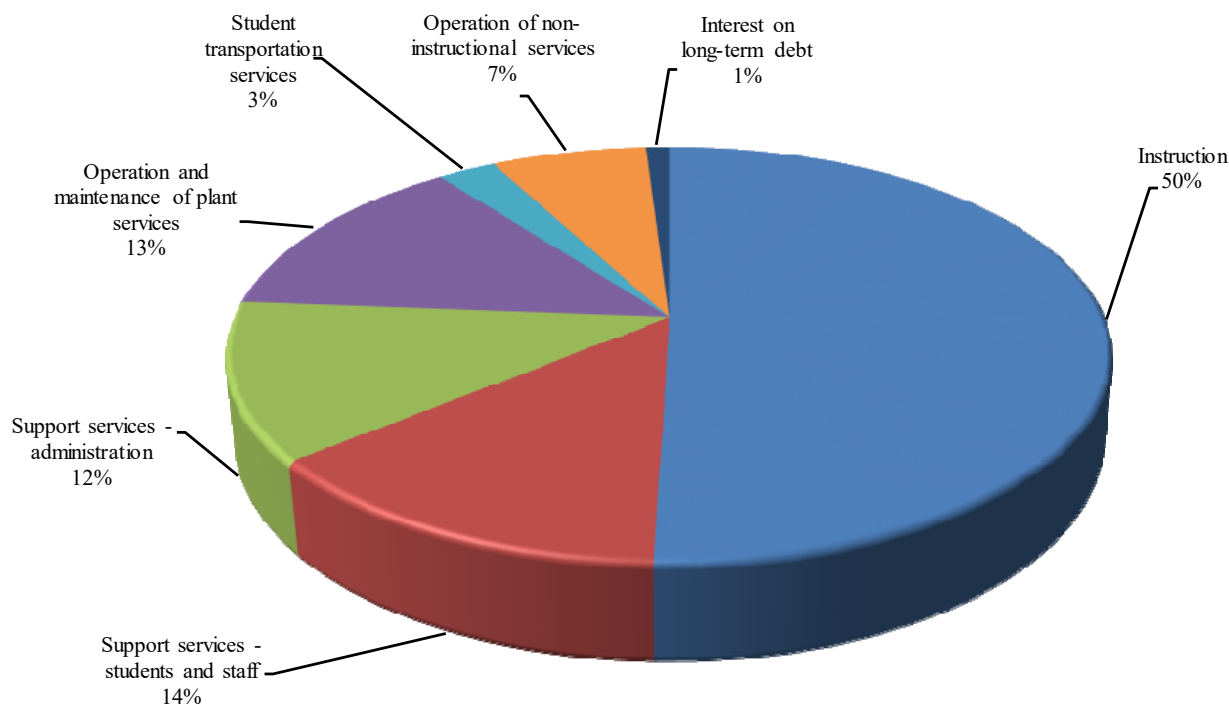
**Changes in net position.** The District's total revenues for the current fiscal year were \$33.0 million. The total cost of all programs and services was \$29.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,724,046	\$ 1,917,618
Operating grants and contributions	5,724,558	6,683,983
Capital grants and contributions	1,031,855	429,285
General revenues:		
Property taxes	4,611,356	4,764,264
Investment income	69,846	20,530
Unrestricted county aid	1,149,733	1,104,427
Unrestricted state aid	18,425,438	16,807,375
Unrestricted federal aid	238,687	150,492
<b>Total revenues</b>	<u>32,975,519</u>	<u>31,877,974</u>
<b>Expenses:</b>		
Instruction	14,636,826	14,414,084
Support services - students and staff	3,936,132	4,200,858
Support services - administration	3,536,346	3,442,635
Operation and maintenance of plant services	3,910,843	3,724,968
Student transportation services	736,796	654,557
Operation of non-instructional services	1,964,082	1,981,581
Interest on long-term debt	288,011	310,499
<b>Total expenses</b>	<u>29,009,036</u>	<u>28,729,182</u>
<b>Changes in net position</b>	<u>3,966,483</u>	<u>3,148,792</u>
<b>Net position, beginning</b>	<u>8,160,951</u>	<u>5,008,881</u>
<b>Net position, ending</b>	<u><u>\$ 12,127,434</u></u>	<u><u>\$ 8,157,673</u></u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Expenses - Fiscal Year 2018**



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

- The decrease of \$959,425 in operating grants and contributions was primarily due to decreased grant funding from different federal grants.
- The increase of \$602,570 in capital grants and contributions was due to increased projects funded by the school facilities board and asset donations received.
- State aid revenues increased \$1.6 million due to an increase in state equalization funding due to an increase in average daily membership.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 14,636,826	\$ (10,801,068)	\$ 14,414,084	\$ (9,731,428)
Support services - students and staff	3,936,132	(2,251,944)	4,200,858	(2,217,074)
Support services - administration	3,536,346	(3,464,212)	3,442,635	(3,358,588)
Operation and maintenance of plant services	3,910,843	(3,158,604)	3,724,968	(3,606,703)
Student transportation services	736,796	(719,754)	654,557	(639,177)
Operation of non-instructional services	1,964,082	125,575	1,981,581	132,143
Interest on long-term debt	288,011	(258,570)	310,499	(277,469)
Total	<u>\$ 29,009,036</u>	<u>\$ (20,528,577)</u>	<u>\$ 28,729,182</u>	<u>\$ (19,698,296)</u>

- The cost of all governmental activities this year was \$29.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8.5 million.
- Net cost of governmental activities of \$20.5 million was financed by general revenues, which are made up of primarily property taxes of \$4.6 million and state and county aid of \$19.6 million. Investment earnings accounted for \$69,846 of funding.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$11.1 million, an increase of \$2.2 million due primarily to efforts by the District to maximize budget and cash carry forward for future year expenditures.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund comprises 54 percent of the total fund balance. Approximately \$5.9 million, or 99 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$1.8 million to \$6.0 million as of fiscal year end was a result of efforts by the District to maximize budget and cash carry forward for future year expenditures. General Fund revenues increased \$733,830 as a result of an increase in state equalization funding due to an increase in average daily membership. General Fund expenditures increased \$923,714 as a result of increased salaries and related expenses.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for increased salaries and related expenses. The difference between the original budget and the final amended budget was a \$537,718 increase, or three percent.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. The favorable variances of \$519,946 in instruction and \$238,623 in support services - administration were both a result of budgeting the maximum budget limit to maximize budget carry forward to provide capacity in future years.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$59.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$915,775 from the prior fiscal year, primarily due to the acquisition of land, building improvements, and equipment. Total depreciation expense for the current fiscal year was \$1.9 million.

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

	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable	\$ 523,503	\$ 223,488
Capital assets - depreciable, net	29,335,363	30,459,328
Total	<u>\$ 29,858,866</u>	<u>\$ 30,682,816</u>

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

**Debt Administration.** At year end, the District had \$5.9 million in long-term debt outstanding, \$500,499 due within one year.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$20.3 million and the Class B debt limit is \$13.5 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2018**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-19 budget. Among them:

- Fiscal year 2017-18 budget balance carry forward (estimated \$900,000).
- K-3 reading increase (\$2,055).

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 nine percent to \$22.2 million in fiscal year 2018-19. Student growth, and increased payroll and employee benefit costs are the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2018-19 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Douglas Unified School District No. 27, 1132 12th Street, Douglas, Arizona 85607.

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 6,568,537
Property taxes receivable	703,223
Due from governmental entities	5,890,451
Prepaid items	28,864
Inventory	52,277
Other assets	59,927
Total current assets	<u>13,303,279</u>
Noncurrent assets:	
Net other postemployment benefit assets	79,722
Capital assets not being depreciated	523,503
Capital assets, net of accumulated depreciation	<u>29,335,363</u>
Total noncurrent assets	<u>29,938,588</u>
<b>Total assets</b>	<u><b>43,241,867</b></u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension and other postemployment benefit plan items	<u>2,929,442</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	283,157
Accrued payroll and employee benefits	766,853
Compensated absences payable	332,166
Accrued interest payable	119,772
Unearned revenues	10,104
Obligations under capital leases	140,499
Bonds payable	<u>360,000</u>
Total current liabilities	<u>2,012,551</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>28,918,225</u>
Total noncurrent liabilities	<u>28,918,225</u>
<b>Total liabilities</b>	<u><b>30,930,776</b></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension and other postemployment benefit plan items	<u>3,113,099</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	24,446,779
Restricted for:	
Voter approved initiatives	769,974
Federal and state projects	45,362
Food service	561,471
Joint technical education	1,785,380
Other local initiatives	209,287
Debt service	428,055
Capital outlay	1,502,820
Unrestricted	<u>(17,621,694)</u>
<b>Total net position</b>	<u><b>\$ 12,127,434</b></u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 14,636,826	\$ 1,409,331	\$ 1,931,637	\$ 494,790	\$ (10,801,068)
Support services - students and staff	3,936,132		1,684,188		(2,251,944)
Support services - administration	3,536,346		72,134		(3,464,212)
Operation and maintenance of plant services	3,910,843	168,935	46,239	537,065	(3,158,604)
Student transportation services	736,796		17,042		(719,754)
Operation of non-instructional services	1,964,082	145,780	1,943,877		125,575
Interest on long-term debt	288,011		29,441		(258,570)
<b>Total governmental activities</b>	<u>\$ 29,009,036</u>	<u>\$ 1,724,046</u>	<u>\$ 5,724,558</u>	<u>\$ 1,031,855</u>	<u>(20,528,577)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	3,083,047
Property taxes, levied for debt service	742,879
Property taxes, levied for capital outlay	785,430
Investment income	69,846
Unrestricted county aid	1,149,733
Unrestricted state aid	18,425,438
Unrestricted federal aid	238,687
<b>Total general revenues</b>	<u>24,495,060</u>

**Changes in net position** 3,966,483

**Net position, beginning of year, as restated** 8,160,951

**Net position, end of year** \$ 12,127,434

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



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## **FUND FINANCIAL STATEMENTS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u>General</u>	<u>Joint Technical Education</u>	<u>Debt Service</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,445,174	\$ 1,517,667	\$ 797,136
Property taxes receivable	495,056		110,691
Due from governmental entities	4,564,514	294,143	
Due from other funds	614,434		
Prepaid items	28,864		
Inventory	52,277		
Other assets			
<b>Total assets</b>	<u>\$ 7,200,319</u>	<u>\$ 1,811,810</u>	<u>\$ 907,827</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 137,178	\$	\$
Due to other funds			
Accrued payroll and employee benefits	602,163	26,430	
Unearned revenues			
Bonds payable			360,000
Bond interest payable			119,772
<b>Total liabilities</b>	<u>739,341</u>	<u>26,430</u>	<u>479,772</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	440,332		97,551
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<u>440,332</u>	<u></u>	<u>97,551</u>
Fund balances (deficits):			
Nonspendable	81,141		
Restricted		1,785,380	330,504
Unassigned	5,939,505		
<b>Total fund balances</b>	<u>6,020,646</u>	<u>1,785,380</u>	<u>330,504</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 7,200,319</u>	<u>\$ 1,811,810</u>	<u>\$ 907,827</u>

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

<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 2,808,560	\$ 6,568,537
	97,476	703,223
320,717	711,077	5,890,451
		614,434
		28,864
		52,277
	59,927	59,927
<u>\$ 320,717</u>	<u>\$ 3,677,040</u>	<u>\$ 13,917,713</u>

\$ 23,388	\$ 122,591	\$ 283,157
270,995	343,439	614,434
	138,260	766,853
	10,104	10,104
		360,000
		119,772
<u>294,383</u>	<u>614,394</u>	<u>2,154,320</u>

	84,432	622,315
	24,075	24,075
	<u>108,507</u>	<u>646,390</u>

		81,141
26,334	2,978,148	5,120,366
	(24,009)	5,915,496
<u>26,334</u>	<u>2,954,139</u>	<u>11,117,003</u>

<u>\$ 320,717</u>	<u>\$ 3,677,040</u>	<u>\$ 13,917,713</u>
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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>11,117,003</b>
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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	\$ 59,786,324	
Less accumulated depreciation	<u>(29,927,458)</u>	29,858,866

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

Property taxes	622,315	
Intergovernmental	<u>24,075</u>	646,390

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

Deferred outflows of resources related to pensions/OPEB	2,929,442	
Deferred inflows of resources related to pensions/OPEB	<u>(3,113,099)</u>	(183,657)

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

79,722

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

Compensated absences payable	(482,313)	
Obligations under capital leases	(454,211)	
Net OPEB liability	(53,897)	
Net pension liability	(23,348,382)	
Bonds payable	<u>(5,052,087)</u>	<u>(29,390,890)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>12,127,434</u></b>
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**The notes to the basic financial statements are an integral part of this statement.**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	General	Joint Technical Education	Debt Service
<b>Revenues:</b>			
Other local	\$ 1,664,606	\$ 1,071,136	\$ 5,486
Property taxes	3,164,156		754,242
State aid and grants	16,537,260		
Federal aid, grants and reimbursements	238,687		
<b>Total revenues</b>	<u>21,604,709</u>	<u>1,071,136</u>	<u>759,728</u>
<b>Expenditures:</b>			
Current -			
Instruction	10,003,741	659,493	
Support services - students and staff	2,236,055	62,456	
Support services - administration	3,236,505	45,202	
Operation and maintenance of plant services	3,313,986	3,040	
Student transportation services	513,219		
Operation of non-instructional services	63,679		
Capital outlay	182,914	10,247	
Debt service -			
Principal retirement			360,000
Interest and fiscal charges			240,294
<b>Total expenditures</b>	<u>19,550,099</u>	<u>780,438</u>	<u>600,294</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,054,610</u>	<u>290,698</u>	<u>159,434</u>
<b>Other financing sources (uses):</b>			
Transfer in	155,533		
Transfer out	(56,973)		
<b>Total other financing sources (uses)</b>	<u>98,560</u>		
<b>Changes in fund balances</b>	<u>2,153,170</u>	<u>290,698</u>	<u>159,434</u>
<b>Fund balances, beginning of year</b>	4,215,833	1,494,682	171,070
Increase (decrease) in reserve for prepaid items	(318,283)		
Increase (decrease) in reserve for inventory	(30,074)		
<b>Fund balances, end of year</b>	<u><u>\$ 6,020,646</u></u>	<u><u>\$ 1,785,380</u></u>	<u><u>\$ 330,504</u></u>

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

<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 230,252	\$ 2,971,480
	771,505	4,689,903
537,065	2,064,009	19,138,334
	5,725,652	5,964,339
<u>537,065</u>	<u>8,791,418</u>	<u>32,764,056</u>
	3,669,596	14,332,830
	1,902,611	4,201,122
	71,901	3,353,608
	70,387	3,387,413
	18,117	531,336
	1,917,760	1,981,439
510,731	907,523	1,611,415
	130,612	490,612
	44,271	284,565
<u>510,731</u>	<u>8,732,778</u>	<u>30,174,340</u>
<u>26,334</u>	<u>58,640</u>	<u>2,589,716</u>
	56,973	212,506
	(155,533)	(212,506)
	(98,560)	
<u>26,334</u>	<u>(39,920)</u>	<u>2,589,716</u>
	2,994,059	8,875,644
		(318,283)
		(30,074)
<u>\$ 26,334</u>	<u>\$ 2,954,139</u>	<u>\$ 11,117,003</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

**Changes in fund balances - total governmental funds** **\$ 2,589,716**

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	\$ 826,773		
Donated assets	300,015		
Less current year depreciation	<u>(1,857,909)</u>		(731,121)

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

Property taxes	(78,547)		
Intergovernmental	<u>(10,005)</u>		(88,552)

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

Capital lease principal retirement	130,612		
Bond principal retirement	<u>360,000</u>		490,612

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

Current year pension/OPEB contributions	1,747,743		
Pension/OPEB expense	<u>445,549</u>		2,193,292

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	(318,283)		
Inventory	(30,074)		
Loss on disposal of assets	(92,829)		
Amortization of deferred bond items	(3,446)		
Compensated absences	<u>(42,832)</u>		<u>(487,464)</u>

**Changes in net position in governmental activities** **\$ 3,966,483**

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,069,056
<b>Total assets</b>	<u>\$ 1,069,056</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	\$ 921,841
Due to student groups	147,215
<b>Total liabilities</b>	<u>\$ 1,069,056</u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Douglas Unified School District No. 27 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

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

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

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 federal, state, and county aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, unrestricted 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

Joint Technical Education Fund – The Joint Technical Education Fund accounts for monies received from Joint Technical Education Districts for vocational education programs.

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.

Building Renewal Grant Fund – The Building Renewal Grant Fund accounts 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.

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 on 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 reported at fair value.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

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

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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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. Inventory**

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

**I. Prepaid Items**

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

**J. Capital Assets**

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

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



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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	15 – 50 years
Buildings and improvements	10 – 50 years
Vehicles, furniture and equipment	5 – 20 years

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**L. Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**M. Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefit (OPEB) assets and liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Resources from the General Fund are typically used for the liquidation of pension liabilities. Investments are reported at fair value.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**N. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

**P. 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.

**Q. Estimates**

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

***Unassigned.*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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.

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

	General Fund	Joint Technical Education Fund	Debt Service Fund	Building Renewal Grant Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 52,277	\$	\$	\$	\$
Prepaid items	28,864				
Restricted:					
Debt service			330,504		
Capital projects				26,334	1,392,054
Voter approved initiatives					769,974
Federal and state projects					45,362
Food service					561,471
Civic center					50,872
Community school					45,654
Extracurricular activities					68,469
Joint technical education		1,785,380			
Other purposes					44,292
Unassigned	5,939,505				(24,009)
Total fund balances	<u>\$ 6,020,646</u>	<u>\$ 1,785,380</u>	<u>\$ 330,504</u>	<u>\$ 26,334</u>	<u>\$ 2,954,139</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balance** – At year end, the Special Education Grants and Other Federal Projects Funds, non-major governmental funds, reported deficits of \$987 and \$23,022 in fund balance, respectively.

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$1,318,426 and the bank balance was \$1,374,006. At year end, \$1,124,006 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 is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	2.24 years	<u>\$ 6,319,167</u>

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

*Credit Risk.* The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – RECEIVABLES**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major governmental funds in the aggregate were as follows:

	General Fund	Joint Technical Education Fund	Building Renewal Grant Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$ 12,824	\$	\$	\$ 491,470
Due from state government	4,526,445		320,717	219,607
Due from county government	25,245			
Due from other districts		294,143		
Net due from governmental entities	<u>\$ 4,564,514</u>	<u>\$ 294,143</u>	<u>\$ 320,717</u>	<u>\$ 711,077</u>

**NOTE 6 – CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 223,488	\$ 300,015	\$	\$ 523,503
Total capital assets, not being depreciated	<u>223,488</u>	<u>300,015</u>		<u>523,503</u>
Capital assets, being depreciated:				
Land improvements	2,600,654	43,636		2,644,290
Buildings and improvements	50,078,206	553,839		50,632,045
Vehicles, furniture and equipment	5,968,201	229,298	211,013	5,986,486
Total capital assets being depreciated	<u>58,647,061</u>	<u>826,773</u>	<u>211,013</u>	<u>59,262,821</u>
Less accumulated depreciation for:				
Land improvements	(1,419,178)	(119,877)		(1,539,055)
Buildings and improvements	(22,566,931)	(1,430,298)		(23,997,229)
Vehicles, furniture and equipment	(4,201,624)	(307,734)	(118,184)	(4,391,174)
Total accumulated depreciation	<u>(28,187,733)</u>	<u>(1,857,909)</u>	<u>(118,184)</u>	<u>(29,927,458)</u>
Total capital assets, being depreciated, net	<u>30,459,328</u>	<u>(1,031,136)</u>	<u>92,829</u>	<u>29,335,363</u>
Governmental activities capital assets, net	<u>\$ 30,682,816</u>	<u>\$ (731,121)</u>	<u>\$ 92,829</u>	<u>\$ 29,858,866</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,059,294
Support services – students and staff	39,325
Support services – administration	9,897
Operation and maintenance of plant services	617,307
Student transportation services	103,304
Operation of non-instructional services	28,782
Total depreciation expense – governmental activities	<u>\$1,857,909</u>

**NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES**

The District has acquired utility management equipment under the provisions of a long-term lease agreement classified as a capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, are used to pay the capital lease obligation. Revenues accumulated in the Energy and Water Savings Fund consist of a federal interest subsidy and will be used to pay the utility management equipment lease obligations in future years. No assets acquired through capital leases meet the District's capitalization threshold.

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

Year Ending June 30:	Governmental Activities
2019	\$ 174,883
2020	174,883
2021	174,883
Total minimum lease payments	<u>524,649</u>
Less: amount representing interest	<u>70,438</u>
Present value of minimum lease payments	<u>\$ 454,211</u>
Due within one year	<u>\$ 140,499</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are 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, 2018</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
School Improvement Bonds, Projects of 2009, Series 2010 (Class B)	\$7,648,000	3.5-4.75%	7/1/18-29	<u>\$ 5,450,000</u>	<u>\$ 360,000</u>

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

		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
Year ending June 30:	2019	\$ 360,000	\$ 233,019
	2020	375,000	218,994
	2021	390,000	203,694
	2022	405,000	187,794
	2023	420,000	171,031
	2024-28	2,385,000	554,597
	2029-30	1,115,000	53,557
Total		<u>\$ 5,450,000</u>	<u>\$ 1,622,686</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 – 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
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 5,800,000	\$	\$ 350,000	\$ 5,450,000	\$ 360,000
Discount	(41,359)		(3,446)	(37,913)	
Total bonds payable	<u>5,758,641</u>		<u>346,554</u>	<u>5,412,087</u>	<u>360,000</u>
Obligations under capital leases	584,823		130,612	454,211	140,499
Net OPEB liability	53,434	463		53,897	
Net pension liability	25,846,591		2,498,209	23,348,382	
Compensated absences payable	<u>439,481</u>	<u>394,467</u>	<u>351,635</u>	<u>482,313</u>	<u>332,166</u>
Governmental activity long-term liabilities	<u>\$ 32,682,970</u>	<u>\$ 394,930</u>	<u>\$ 3,327,010</u>	<u>\$ 29,750,890</u>	<u>\$ 832,665</u>

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due to/from other funds** – At year end, the Building Renewal Grant Fund, a major governmental fund, and several non-major governmental funds had negative cash balances of \$270,995 and \$343,439, respectively, in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

**Interfund transfers** – Transfers between funds were used to (1) move federal grant funds and other monies of \$56,973 restricted for indirect costs and (2) to cover capital outlay expenditures of \$155,533 made from gift and donations funds.

**NOTE 11 – 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 12 – 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.

**NOTE 13 – 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](http://www.azasrs.gov).

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Pension	OPEB
Net assets	\$	\$ (79,722)
Net liability	23,348,382	53,897
Deferred outflows of resources	2,838,256	91,186
Deferred inflows of resources	3,015,168	97,931
Expense	(520,933)	75,384
Contributions	1,656,557	91,186

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

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

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

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.50 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The District's contributions for the year ended June 30, 2018 were as follows:

	<u>Contributions</u>
Pension	\$ 1,656,557
Health Insurance Premium	66,870
Long-Term Disability	24,316

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 23,348,382	0.150	(0.010)
Health Insurance Premium	(79,722)	0.146	
Long-Term Disability	53,897	0.149	

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

	Expense
Pension	\$ (520,933)
Health Insurance Premium	46,630
Long-Term Disability	28,754

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$	\$	\$
Changes of assumptions or other inputs	1,014,074		
Net difference between projected and actual earnings on pension investments	167,625		
Changes in proportion and differences between contributions and proportionate share of contributions			
Contributions subsequent to the measurement date	1,656,557	66,870	24,316
Total	<u>\$ 2,838,256</u>	<u>\$ 66,870</u>	<u>\$ 24,316</u>

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$ 700,114	\$	\$
Changes of assumptions or other inputs	698,159		
Net difference between projected and actual earnings on pension investments		89,764	8,062
Changes in proportion and differences between contributions and proportionate share of contributions	1,616,895	98	7
Total	<u>\$ 3,015,168</u>	<u>\$ 89,862</u>	<u>\$ 8,069</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	\$ (1,860,922)	\$ (22,461)	\$ (2,018)
2020	382,747	(22,461)	(2,018)
2021	181,789	(22,461)	(2,018)
2022	(537,082)	(22,461)	(2,017)
2023		(18)	

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

**Discount Rate.** The discount rate used to measure the ASRS total pension and OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	7.0%	8.0%	9.0%
Pension	\$ 29,968,055	\$ 23,348,382	\$ 17,817,080
Health Insurance Premium	132,395	(79,722)	(259,985)
Long-Term Disability	64,447	53,897	44,951

**Pension and OPEB Plan Fiduciary Net Position.** Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

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

	Statement of Activities
Net position, June 30, 2017, as previously reported	\$ 8,157,673
Net OPEB asset	36,490
Net OPEB liability	(33,212)
Net position, July 1, 2017, as restated	\$ 8,160,951

**NOTE 14 – SUBSEQUENT EVENT**

In September 2018, the District acquired buses under the provisions of a long-term lease agreement classified as a capital lease. The total present value of the minimum lease payments of \$332,330 is payable over the next five years. Revenues from the Unrestricted Capital Outlay Fund, a non-major governmental fund, will be used to pay the capital lease obligations.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 1,182,885	\$ 1,182,885
Property taxes			3,164,156	3,164,156
State aid and grants			16,497,541	16,497,541
<b>Total revenues</b>			<u>20,844,582</u>	<u>20,844,582</u>
<b>Expenditures:</b>				
Current -				
Instruction	10,165,118	10,289,744	9,769,798	519,946
Support services - students and staff	2,211,129	2,205,885	2,108,790	97,095
Support services - administration	3,502,027	3,649,491	3,410,868	238,623
Operation and maintenance of plant services	3,230,865	3,477,031	3,299,608	177,423
Student transportation services	574,717	593,548	501,621	91,927
Operation of non-instructional services	53,674	59,549	59,620	(71)
<b>Total expenditures</b>	<u>19,737,530</u>	<u>20,275,248</u>	<u>19,150,305</u>	<u>1,124,943</u>
<b>Changes in fund balances</b>	<u>(19,737,530)</u>	<u>(20,275,248)</u>	<u>1,694,277</u>	<u>21,969,525</u>
<b>Fund balances, beginning of year</b>			2,511,158	2,511,158
Increase (decrease) in reserve for prepaid items			14,525	14,525
Increase (decrease) in reserve for inventory			(30,074)	(30,074)
<b>Fund balances (deficits), end of year</b>	<u>\$ (19,737,530)</u>	<u>\$ (20,275,248)</u>	<u>\$ 4,189,886</u>	<u>\$ 24,465,134</u>

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**JOINT TECHNICAL EDUCATION**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>			
Other local	\$	\$ 1,071,136	\$ 1,071,136
<b>Total revenues</b>		<u>1,071,136</u>	<u>1,071,136</u>
<b>Expenditures:</b>			
Current -			
Instruction	688,320	659,493	28,827
Support services - students and staff	150,000	62,456	87,544
Support services - administration	100,000	45,202	54,798
Operation and maintenance of plant services	10,000	3,040	6,960
Capital outlay	40,000	10,247	29,753
<b>Total expenditures</b>	<u>988,320</u>	<u>780,438</u>	<u>207,882</u>
<b>Changes in fund balances</b>	<u>(988,320)</u>	<u>290,698</u>	<u>1,279,018</u>
<b>Fund balances, beginning of year</b>		1,494,682	1,494,682
<b>Fund balances (deficits), end of year</b>	<u>\$ (988,320)</u>	<u>\$ 1,785,380</u>	<u>\$ 2,773,700</u>

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	0.15%	0.16%	0.17%	0.17%
District's proportionate share of the net pension (assets) liability	\$ 23,348,382	\$ 25,846,591	\$ 25,960,142	\$ 25,597,438
District's covered payroll	\$ 14,591,327	\$ 14,440,848	\$ 14,863,802	\$ 14,957,084
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	160.02%	178.98%	174.65%	171.14%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

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

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Actuarially determined contribution	\$ 1,656,557	\$ 1,572,994	\$ 1,566,832	\$ 1,618,668
Contributions in relation to the actuarially determined contribution	<u>1,656,557</u>	<u>1,572,994</u>	<u>1,566,832</u>	<u>1,618,668</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 15,197,771	\$ 14,591,327	\$ 14,440,848	\$ 14,863,802
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%

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

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM**  
**JUNE 30, 2018**

**2018**

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.15%
District's proportionate share of the net OPEB (assets) liability	\$ (79,722)
District's covered payroll	\$ 14,591,327
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	-0.55%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

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

**2018**

Actuarially determined contribution	\$ 66,870
Contributions in relation to the actuarially determined contribution	<u>66,870</u>
Contribution deficiency (excess)	<u><u>\$</u></u>
District's covered payroll	\$ 15,197,771
Contributions as a percentage of covered payroll	0.44%

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

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY**  
**JUNE 30, 2018**

**2018**

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.15%
District's proportionate share of the net OPEB (assets) liability	\$ 53,897
District's covered payroll	\$ 14,591,327
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

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

**2018**

Actuarially determined contribution	\$ 24,316
Contributions in relation to the actuarially determined contribution	<u>24,316</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered payroll	\$ 15,197,771
Contributions as a percentage of covered payroll	0.16%

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

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 19,550,099	\$ 6,020,646
Activity budgeted as special revenue funds	(717,316)	(1,830,760)
Current-year prepaid items	<u>317,522</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 19,150,305</u>	<u>\$ 4,189,886</u>

**NOTE 2 – PENSION AND OPEB PLAN SCHEDULES**

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

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.



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

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## **GOVERNMENTAL FUNDS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,338,843	\$ 1,469,717	\$ 2,808,560
Property taxes receivable		97,476	97,476
Due from governmental entities	708,295	2,782	711,077
Other assets	59,927		59,927
<b>Total assets</b>	<u><u>\$ 2,107,065</u></u>	<u><u>\$ 1,569,975</u></u>	<u><u>\$ 3,677,040</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 29,102	\$ 93,489	\$ 122,591
Due to other funds	343,439		343,439
Accrued payroll and employee benefits	138,260		138,260
Unearned revenues	10,104		10,104
<b>Total liabilities</b>	<u>520,905</u>	<u>93,489</u>	<u>614,394</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		84,432	84,432
Unavailable revenues - intergovernmental	24,075		24,075
<b>Total deferred inflows of resources</b>	<u>24,075</u>	<u>84,432</u>	<u>108,507</u>
Fund balances (deficits):			
Restricted	1,586,094	1,392,054	2,978,148
Unassigned	(24,009)		(24,009)
<b>Total fund balances</b>	<u>1,562,085</u>	<u>1,392,054</u>	<u>2,954,139</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 2,107,065</u></u>	<u><u>\$ 1,569,975</u></u>	<u><u>\$ 3,677,040</u></u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 215,238	\$ 15,014	\$ 230,252
Property taxes		771,505	771,505
State aid and grants	2,055,226	8,783	2,064,009
Federal aid, grants and reimbursements	<u>5,696,211</u>	<u>29,441</u>	<u>5,725,652</u>
<b>Total revenues</b>	<u>7,966,675</u>	<u>824,743</u>	<u>8,791,418</u>
<b>Expenditures:</b>			
Current -			
Instruction	3,669,596		3,669,596
Support services - students and staff	1,902,611		1,902,611
Support services - administration	71,901		71,901
Operation and maintenance of plant services	70,387		70,387
Student transportation services	18,117		18,117
Operation of non-instructional services	1,917,760		1,917,760
Capital outlay	314,994	592,529	907,523
Debt service -			
Principal retirement		130,612	130,612
Interest and fiscal charges		44,271	44,271
<b>Total expenditures</b>	<u>7,965,366</u>	<u>767,412</u>	<u>8,732,778</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,309</u>	<u>57,331</u>	<u>58,640</u>
<b>Other financing sources (uses):</b>			
Transfer in		56,973	56,973
Transfer out	<u>(155,533)</u>		<u>(155,533)</u>
<b>Total other financing sources (uses)</b>	<u>(155,533)</u>	<u>56,973</u>	<u>(98,560)</u>
<b>Changes in fund balances</b>	<u>(154,224)</u>	<u>114,304</u>	<u>(39,920)</u>
<b>Fund balances, beginning of year</b>	1,716,309	1,277,750	2,994,059
<b>Fund balances, end of year</b>	<u>\$ 1,562,085</u>	<u>\$ 1,392,054</u>	<u>\$ 2,954,139</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.

**Structured English Immersion** - to account for monies received to provide for the incremental cost of instruction to English language learners.

**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.

**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.

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

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

**National Forest Fees** - to account for monies allocated for the purposes of benefiting public schools and public roads in counties where national forests are situated.

**Taylor Grazing Fees** - to account for financial assistance received for the purpose of protecting public lands by preventing over-grazing and soil deterioration and to provide for orderly use, improvement and development, and stabilization of the livestock industry.

**E-Rate** - to account for monies received to reimburse the District for broadband internet and telecommunications costs.

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

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

**Rural Assistance** - to account for state assistance received to assist homeless or special needs pupils.

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

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

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

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

**Community School** - to account for activity related to academic and skill development for all citizens.

**Auxiliary Operations** - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

**Extracurricular Activities Fees Tax Credit** - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

**Gifts and Donations** - to account for activity related to gifts, donations, bequests and private grants made to the District.

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

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

**Litigation Recovery** - to account for monies received for and derived from litigation.

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

**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.

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



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 556,691	\$ 5,446	\$ 315
Due from governmental entities	143,202	69,286	
Other assets			
<b>Total assets</b>	<u>\$ 699,893</u>	<u>\$ 74,732</u>	<u>\$ 315</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits		4,651	
Unearned revenues			
<b>Total liabilities</b>	<u></u>	<u>4,651</u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	699,893	70,081	315
Unassigned			
<b>Total fund balances</b>	<u>699,893</u>	<u>70,081</u>	<u>315</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 699,893</u>	<u>\$ 74,732</u>	<u>\$ 315</u>

Structured English Immersion	Title I Grants	Professional Development and Technology Grants	Limited English & Immigrant Students	Special Education Grants	Vocational Education
\$ 4,337	\$ 220,340	\$ 45,681	\$ 19,150	\$ 70,990	\$ 46,309
<u>\$ 4,337</u>	<u>\$ 220,340</u>	<u>\$ 45,681</u>	<u>\$ 19,150</u>	<u>\$ 70,990</u>	<u>\$ 46,309</u>
\$ 1,294	\$ 158,813	\$ 39,015	\$ 14,850	\$ 36,542	\$ 26,232
3,043	61,527	6,666	4,300	34,448	20,077
<u>4,337</u>	<u>220,340</u>	<u>45,681</u>	<u>19,150</u>	<u>70,990</u>	<u>46,309</u>
				987	
				(987)	
				<u>(987)</u>	
<u>\$ 4,337</u>	<u>\$ 220,340</u>	<u>\$ 45,681</u>	<u>\$ 19,150</u>	<u>\$ 70,990</u>	<u>\$ 46,309</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>State Vocational Education</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 45,362	\$ 24,059	\$ 330
Due from governmental entities		59,194	
Other assets			
<b>Total assets</b>	<u>\$ 45,362</u>	<u>\$ 83,253</u>	<u>\$ 330</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds		72,848	
Accrued payroll and employee benefits		10,339	
Unearned revenues			330
<b>Total liabilities</b>		<u>83,187</u>	<u>330</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		<u>23,088</u>	
Fund balances (deficits):			
Restricted	45,362		
Unassigned		(23,022)	
<b>Total fund balances</b>	<u>45,362</u>	<u>(23,022)</u>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 45,362</u>	<u>\$ 83,253</u>	<u>\$ 330</u>

Other State Projects	Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Textbooks
\$ 9,774	\$ 487,894 29,806 59,927	\$ 50,872	\$ 45,654	\$ 68,469	\$ 41,937
<u>\$ 9,774</u>	<u>\$ 577,627</u>	<u>\$ 50,872</u>	<u>\$ 45,654</u>	<u>\$ 68,469</u>	<u>\$ 41,937</u>
\$	\$ 2,870	\$	\$	\$	\$
	13,286				
<u>9,774</u>	<u>16,156</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>9,774</u>					
	561,471	50,872	45,654	68,469	41,937
	<u>561,471</u>	<u>50,872</u>	<u>45,654</u>	<u>68,469</u>	<u>41,937</u>
<u>\$ 9,774</u>	<u>\$ 577,627</u>	<u>\$ 50,872</u>	<u>\$ 45,654</u>	<u>\$ 68,469</u>	<u>\$ 41,937</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**

	Grants and Gifts to Teachers	Totals
<b><u>ASSETS</u></b>		
Cash and investments	\$ 2,040	\$ 1,338,843
Due from governmental entities		708,295
Other assets		59,927
<b>Total assets</b>	<u>\$ 2,040</u>	<u>\$ 2,107,065</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts payable	\$	\$ 29,102
Due to other funds		343,439
Accrued payroll and employee benefits		138,260
Unearned revenues		10,104
<b>Total liabilities</b>		<u>520,905</u>
Deferred inflows of resources:		
Unavailable revenues - intergovernmental		<u>24,075</u>
Fund balances (deficits):		
Restricted	2,040	1,586,094
Unassigned		(24,009)
<b>Total fund balances</b>	<u>2,040</u>	<u>1,562,085</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,040</u>	<u>\$ 2,107,065</u>

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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b>Revenues:</b>			
Other local	\$ 9,878	\$ 606	\$ 1
State aid and grants	1,718,425	160,970	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>1,728,303</u>	<u>161,576</u>	<u>1</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,598,429	132,220	
Support services - students and staff	63,557	13,944	
Support services - administration			
Operation and maintenance of plant services		23,446	
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>1,661,986</u>	<u>169,610</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	<u>66,317</u>	<u>(8,034)</u>	<u>1</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>66,317</u>	<u>(8,034)</u>	<u>1</u>
<b>Fund balances, beginning of year</b>	633,576	78,115	314
<b>Fund balances (deficits), end of year</b>	<u>\$ 699,893</u>	<u>\$ 70,081</u>	<u>\$ 315</u>

Structured English Immersion	Title I Grants	Professional Development and Technology Grants	Limited English & Immigrant Students	Special Education Grants	Vocational Education
\$	\$	\$	\$	\$	\$
110,056					
	1,865,946	227,192	78,274	683,994	82,869
110,056	1,865,946	227,192	78,274	683,994	82,869
79,497	838,320	52,376	3,051	492,214	3,824
28,613	947,875	138,788	73,713	178,766	18,063
1,946	43,580	12,713	1,041		
	86				
				11,791	
	16,745	11,976			60,760
110,056	1,846,606	215,853	77,805	682,771	82,647
	19,340	11,339	469	1,223	222
	(19,340)	(11,339)	(469)	(2,210)	(222)
	(19,340)	(11,339)	(469)	(2,210)	(222)
				(987)	
\$	\$	\$	\$	\$ (987)	\$

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	E-Rate	Other Federal Projects	State Vocational Education
<b>Revenues:</b>			
Other local	\$ 964	\$	\$
State aid and grants			65,775
Federal aid, grants and reimbursements	7,329	772,650	
<b>Total revenues</b>	<u>8,293</u>	<u>772,650</u>	<u>65,775</u>
<b>Expenditures:</b>			
Current -			
Instruction		405,826	5,394
Support services - students and staff	164,529	270,537	
Support services - administration	250	11,972	
Operation and maintenance of plant services		45,588	
Student transportation services		5,043	
Operation of non-instructional services			
Capital outlay		44,913	60,381
<b>Total expenditures</b>	<u>164,779</u>	<u>783,879</u>	<u>65,775</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(156,486)</u>	<u>(11,229)</u>	
<b>Other financing sources (uses):</b>			
Transfer out		(14,239)	
<b>Total other financing sources (uses)</b>		<u>(14,239)</u>	
<b>Changes in fund balances</b>	<u>(156,486)</u>	<u>(25,468)</u>	
<b>Fund balances, beginning of year</b>	201,848	2,446	
<b>Fund balances (deficits), end of year</b>	<u>\$ 45,362</u>	<u>\$ (23,022)</u>	<u>\$</u>

Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Textbooks	Grants and Gifts to Teachers
\$ 150,553	\$ 8,836	\$ 28,801	\$ 14,883	\$ 698	\$ 18
1,977,957					
<u>2,128,510</u>	<u>8,836</u>	<u>28,801</u>	<u>14,883</u>	<u>698</u>	<u>18</u>
		25,944	3,170	29,331	
		1,753	2,473		
	399				
	1,267				
			1,283		
1,917,760					
117,923	2,296				
<u>2,035,683</u>	<u>3,962</u>	<u>27,697</u>	<u>6,926</u>	<u>29,331</u>	
92,827	4,874	1,104	7,957	(28,633)	18
(107,714)					
<u>(107,714)</u>					
(14,887)	4,874	1,104	7,957	(28,633)	18
576,358	45,998	44,550	60,512	70,570	2,022
<u>\$ 561,471</u>	<u>\$ 50,872</u>	<u>\$ 45,654</u>	<u>\$ 68,469</u>	<u>\$ 41,937</u>	<u>\$ 2,040</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Totals
<b>Revenues:</b>	
Other local	\$ 215,238
State aid and grants	2,055,226
Federal aid, grants and reimbursements	5,696,211
<b>Total revenues</b>	<u>7,966,675</u>
<b>Expenditures:</b>	
Current -	
Instruction	3,669,596
Support services - students and staff	1,902,611
Support services - administration	71,901
Operation and maintenance of plant services	70,387
Student transportation services	18,117
Operation of non-instructional services	1,917,760
Capital outlay	314,994
<b>Total expenditures</b>	<u>7,965,366</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,309</u>
<b>Other financing sources (uses):</b>	
Transfer out	(155,533)
<b>Total other financing sources (uses)</b>	<u>(155,533)</u>
<b>Changes in fund balances</b>	<u>(154,224)</u>
<b>Fund balances, beginning of year</b>	1,716,309
<b>Fund balances, end of year</b>	<u><u>\$ 1,562,085</u></u>

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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9,878	\$ 9,878
State aid and grants		1,718,425	1,718,425
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>1,728,303</u>	<u>1,728,303</u>
<b>Expenditures:</b>			
Current -			
Instruction	2,396,248	1,598,429	797,819
Support services - students and staff	116,386	63,557	52,829
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>2,512,634</u>	<u>1,661,986</u>	<u>850,648</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,512,634)</u>	<u>66,317</u>	<u>2,578,951</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(2,512,634)</u>	<u>66,317</u>	<u>2,578,951</u>
<b>Fund balances, beginning of year</b>		633,576	633,576
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,512,634)</u>	<u>\$ 699,893</u>	<u>\$ 3,212,527</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 606 160,970	\$ 606 160,970	\$	\$ 1	\$ 1
	161,576	161,576		1	1
202,000	132,220	69,780			
50,000	13,944	36,056			
100,000	23,446	76,554			
352,000	169,610	182,390			
(352,000)	(8,034)	343,966		1	1
(352,000)	(8,034)	343,966		1	1
	78,115	78,115		314	314
\$ (352,000)	\$ 70,081	\$ 422,081	\$	\$ 315	\$ 315

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Structured English Immersion		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		110,056	110,056
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>110,056</u>	<u>110,056</u>
<b>Expenditures:</b>			
Current -			
Instruction	93,829	79,497	14,332
Support services - students and staff	30,000	28,613	1,387
Support services - administration	10,000	1,946	8,054
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>133,829</u>	<u>110,056</u>	<u>23,773</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(133,829)</u>		<u>133,829</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(133,829)</u>		<u>133,829</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (133,829)</u>	<u>\$</u>	<u>\$ 133,829</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,865,946	1,865,946		227,192	227,192
	1,865,946	1,865,946		227,192	227,192
886,283	838,320	47,963	64,630	52,376	12,254
980,000	947,875	32,125	155,000	138,788	16,212
70,000	43,580	26,420	45,000	12,713	32,287
	86	(86)			
50,000	16,745	33,255	50,000	11,976	38,024
1,986,283	1,846,606	139,677	314,630	215,853	98,777
(1,986,283)	19,340	2,005,623	(314,630)	11,339	325,969
	(19,340)	(19,340)		(11,339)	(11,339)
	(19,340)	(19,340)		(11,339)	(11,339)
(1,986,283)		1,986,283	(314,630)		314,630
\$ (1,986,283)	\$	\$ 1,986,283	\$ (314,630)	\$	\$ 314,630

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Limited English & Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		78,274	78,274
<b>Total revenues</b>		<u>78,274</u>	<u>78,274</u>
<b>Expenditures:</b>			
Current -			
Instruction	3,551	3,051	500
Support services - students and staff	80,000	73,713	6,287
Support services - administration	10,000	1,041	8,959
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>93,551</u>	<u>77,805</u>	<u>15,746</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(93,551)</u>	<u>469</u>	<u>94,020</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(469)	(469)
<b>Total other financing sources (uses)</b>		<u>(469)</u>	<u>(469)</u>
<b>Changes in fund balances</b>	<u>(93,551)</u>		<u>93,551</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (93,551)</u>	<u>\$</u>	<u>\$ 93,551</u>

Special Education Grants			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	683,994	683,994		82,869	82,869
	683,994	683,994		82,869	82,869
496,562	492,214	4,348		3,824	(3,824)
178,766	178,766		41,811	18,063	23,748
11,791	11,791				
			90,000	60,760	29,240
687,119	682,771	4,348	131,811	82,647	49,164
(687,119)	1,223	688,342	(131,811)	222	132,033
	(2,210)	(2,210)		(222)	(222)
	(2,210)	(2,210)		(222)	(222)
(687,119)	(987)	686,132	(131,811)		131,811
\$ (687,119)	\$ (987)	\$ 686,132	\$ (131,811)	\$	\$ 131,811

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,749	\$ 2,749
State aid and grants			
Federal aid, grants and reimbursements		224,171	224,171
<b>Total revenues</b>		<u>226,920</u>	<u>226,920</u>
<b>Expenditures:</b>			
Current -			
Instruction	56,155	41,087	15,068
Support services - students and staff	80,000	46,497	33,503
Support services - administration	60,000	27,239	32,761
Operation and maintenance of plant services	20,000	3,612	16,388
Student transportation services	5,000	29	4,971
Operation of non-instructional services			
Capital outlay	30,000	14,597	15,403
<b>Total expenditures</b>	<u>251,155</u>	<u>133,061</u>	<u>118,094</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(251,155)</u>	<u>93,859</u>	<u>345,014</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(2,851)	(2,851)
<b>Total other financing sources (uses)</b>		<u>(2,851)</u>	<u>(2,851)</u>
<b>Changes in fund balances</b>	<u>(251,155)</u>	<u>91,008</u>	<u>342,163</u>
<b>Fund balances, beginning of year</b>		208,974	208,974
Increase (decrease) in reserve for prepaid items		15,400	15,400
<b>Fund balances (deficits), end of year</b>	<u>\$ (251,155)</u>	<u>\$ 315,382</u>	<u>\$ 566,537</u>

National Forest Fees			Taylor Grazing Fees		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	10,658	10,658		3,858	3,858
	10,658	10,658		3,858	3,858
	735	(735)		2,180	(2,180)
				50	(50)
	735	(735)		2,230	(2,230)
	9,923	9,923		1,628	1,628
	9,923	9,923		1,628	1,628
	30,005	30,005		4,696	4,696
\$	\$ 39,928	\$ 39,928	\$	\$ 6,324	\$ 6,324

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	E-Rate		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 964	\$ 964
State aid and grants			
Federal aid, grants and reimbursements		7,329	7,329
<b>Total revenues</b>		<u>8,293</u>	<u>8,293</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	640,000	164,529	475,471
Support services - administration	10,000	250	9,750
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>650,000</u>	<u>164,779</u>	<u>485,221</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(650,000)</u>	<u>(156,486)</u>	<u>493,514</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(650,000)</u>	<u>(156,486)</u>	<u>493,514</u>
<b>Fund balances, beginning of year</b>		201,848	201,848
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (650,000)</u>	<u>\$ 45,362</u>	<u>\$ 695,362</u>

Other Federal Projects			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	772,650	772,650		65,775	65,775
	772,650	772,650		65,775	65,775
514,763	405,826	108,937	5,849	5,394	455
300,000	270,537	29,463			
50,000	11,972	38,028			
50,000	45,588	4,412			
50,000	5,043	44,957			
50,000	44,913	5,087	60,381	60,381	
1,014,763	783,879	230,884	66,230	65,775	455
(1,014,763)	(11,229)	1,003,534	(66,230)		66,230
	(14,239)	(14,239)			
	(14,239)	(14,239)			
(1,014,763)	(25,468)	989,295	(66,230)		66,230
	2,446	2,446			
\$ (1,014,763)	\$ (23,022)	\$ 991,741	\$ (66,230)	\$	\$ 66,230

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Rural Assistance		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		39,719	39,719
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>39,719</u>	<u>39,719</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	8,958	1,130	7,828
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	40,000	33,128	6,872
<b>Total expenditures</b>	<u>48,958</u>	<u>34,258</u>	<u>14,700</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(48,958)</u>	<u>5,461</u>	<u>54,419</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(48,958)</u>	<u>5,461</u>	<u>54,419</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (48,958)</u>	<u>\$ 5,461</u>	<u>\$ 54,419</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 166,511	\$ 166,511	\$	\$ 150,553	\$ 150,553
				1,977,957	1,977,957
	166,511	166,511		2,128,510	2,128,510
26,040	5,908	20,132			
10,000	1,177	8,823			
230,000	94,119	135,881	2,228,887	1,917,760	311,127
266,040	101,204	164,836	200,000	117,923	82,077
			2,428,887	2,035,683	393,204
(266,040)	65,307	331,347	(2,428,887)	92,827	2,521,714
				(107,714)	(107,714)
				(107,714)	(107,714)
(266,040)	65,307	331,347	(2,428,887)	(14,887)	2,414,000
	532,150	532,150		576,358	576,358
\$ (266,040)	\$ 597,457	\$ 863,497	\$ (2,428,887)	\$ 561,471	\$ 2,990,358

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 8,836	\$ 8,836
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>8,836</u>	<u>8,836</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	8,153	399	7,754
Operation and maintenance of plant services	10,000	1,267	8,733
Student transportation services			
Operation of non-instructional services			
Capital outlay	<u>50,000</u>	<u>2,296</u>	<u>47,704</u>
<b>Total expenditures</b>	<u>68,153</u>	<u>3,962</u>	<u>64,191</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(68,153)</u>	<u>4,874</u>	<u>73,027</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(68,153)</u>	<u>4,874</u>	<u>73,027</u>
<b>Fund balances, beginning of year</b>		45,998	45,998
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (68,153)</u>	<u>\$ 50,872</u>	<u>\$ 119,025</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 28,801	\$ 28,801	\$	\$ 229,573	\$ 229,573
	28,801	28,801		229,573	229,573
36,571	25,944	10,627	200,000	135,834	64,166
10,000	1,753	8,247	200,000	38,449	161,551
			20,000	1,558	18,442
			10,000	690	9,310
			10,000	4,059	5,941
			10,000	8,064	1,936
46,571	27,697	18,874	450,000	188,654	261,346
(46,571)	1,104	47,675	(450,000)	40,919	490,919
(46,571)	1,104	47,675	(450,000)	40,919	490,919
	44,550	44,550		132,482	132,482
\$ (46,571)	\$ 45,654	\$ 92,225	\$ (450,000)	\$ 173,401	\$ 623,401

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 14,883	\$ 14,883
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>14,883</u>	<u>14,883</u>
<b>Expenditures:</b>			
Current -			
Instruction	200,000	3,170	196,830
Support services - students and staff	25,000	2,473	22,527
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	25,000	1,283	23,717
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>250,000</u>	<u>6,926</u>	<u>243,074</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>7,957</u>	<u>257,957</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>7,957</u>	<u>257,957</u>
<b>Fund balances, beginning of year</b>		60,512	60,512
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ 68,469</u>	<u>\$ 318,469</u>

Gifts and Donations			Insurance Proceeds		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 16,257	\$ 16,257	\$	\$ 918	\$ 918
	16,257	16,257		918	918
89,033	54,107	34,926	69,390		69,390
40,000	5,315	34,685			
10,000	148	9,852			
10,000	8,849	1,151			
10,000	202	9,798			
30,000	18,707	11,293			
189,033	87,328	101,705	69,390		69,390
(189,033)	(71,071)	117,962	(69,390)	918	70,308
	(56,973)	(56,973)			
	(56,973)	(56,973)			
(189,033)	(128,044)	60,989	(69,390)	918	70,308
	407,868	407,868		103,338	103,338
\$ (189,033)	\$ 279,824	\$ 468,857	\$ (69,390)	\$ 104,256	\$ 173,646

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 698	\$ 698
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		698	698
<b>Expenditures:</b>			
Current -			
Instruction	60,929	29,331	31,598
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	60,929	29,331	31,598
<b>Excess (deficiency) of revenues over expenditures</b>	(60,929)	(28,633)	32,296
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(60,929)	(28,633)	32,296
<b>Fund balances, beginning of year</b>		70,570	70,570
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (60,929)	\$ 41,937	\$ 102,866

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 65,607	\$ 65,607	\$	\$ 95	\$ 95
	65,607	65,607		95	95
			61,791	37,004	24,787
			150,000	107,176	42,824
85,317	11,367	73,950			
			50,000	14,299	35,701
85,317	11,367	73,950	261,791	158,479	103,312
(85,317)	54,240	139,557	(261,791)	(158,384)	103,407
				158,384	158,384
				158,384	158,384
(85,317)	54,240	139,557	(261,791)		261,791
	283,887	283,887			
	(30,686)	(30,686)			
\$ (85,317)	\$ 307,441	\$ 392,758	\$ (261,791)	\$	\$ 261,791

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Grants and Gifts to Teachers		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 18	\$ 18
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		18	18
<b>Expenditures:</b>			
Current -			
Instruction	2,316		2,316
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	2,316		2,316
<b>Excess (deficiency) of revenues over expenditures</b>	(2,316)	18	2,334
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(2,316)	18	2,334
<b>Fund balances, beginning of year</b>		2,022	2,022
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (2,316)	\$ 2,040	\$ 4,356

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 11	\$ 11	\$	\$ 696,959	\$ 696,959
				2,094,945	2,094,945
				5,934,898	5,934,898
	11	11		8,726,802	8,726,802
14,039		14,039	5,392,148	3,903,539	1,488,609
			2,988,754	2,029,876	958,878
			478,151	215,060	263,091
			210,000	84,765	125,235
			187,108	29,715	157,393
			2,238,887	1,921,819	317,068
			940,381	497,908	442,473
14,039		14,039	12,435,429	8,682,682	3,752,747
(14,039)	11	14,050	(12,435,429)	44,120	12,479,549
				158,384	158,384
				(215,357)	(215,357)
				(56,973)	(56,973)
(14,039)	11	14,050	(12,435,429)	(12,853)	12,422,576
	1,275	1,275		3,420,984	3,420,984
				(15,286)	(15,286)
\$ (14,039)	\$ 1,286	\$ 15,325	\$ (12,435,429)	\$ 3,392,845	\$ 15,828,274



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## **DEBT SERVICE FUND**

**Debt Service** - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2018**

	Debt Service		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 5,486	\$ 5,486
Property taxes		754,242	754,242
<b>Total revenues</b>		<u>759,728</u>	<u>759,728</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	360,000	360,000	
Interest and fiscal charges	883,239	240,294	642,945
<b>Total expenditures</b>	<u>1,243,239</u>	<u>600,294</u>	<u>642,945</u>
<b>Changes in fund balances</b>	<u>(1,243,239)</u>	<u>159,434</u>	<u>1,402,673</u>
<b>Fund balances, beginning of year</b>		171,070	171,070
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,243,239)</u>	<u>\$ 330,504</u>	<u>\$ 1,573,743</u>

## CAPITAL PROJECTS FUNDS

**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.

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

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,110,975	\$ 206,210	\$ 856
Property taxes receivable	97,476		
Due from governmental entities	2,782		
<b>Total assets</b>	<u>\$ 1,211,233</u>	<u>\$ 206,210</u>	<u>\$ 856</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 93,489	\$	\$
<b>Total liabilities</b>	<u>93,489</u>	<u></u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>84,432</u>	<u></u>	<u></u>
Fund balances:			
Restricted	<u>1,033,312</u>	<u>206,210</u>	<u>856</u>
<b>Total fund balances</b>	<u>1,033,312</u>	<u>206,210</u>	<u>856</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,211,233</u>	<u>\$ 206,210</u>	<u>\$ 856</u>

Energy and Water Savings	Totals
\$ 151,676	\$ 1,469,717
	97,476
	2,782
<u>\$ 151,676</u>	<u>\$ 1,569,975</u>

\$	\$ 93,489
	93,489

	84,432
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151,676	1,392,054
<u>151,676</u>	<u>1,392,054</u>

<u>\$ 151,676</u>	<u>\$ 1,569,975</u>
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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<b>Revenues:</b>			
Other local	\$ 11,718	\$ 2,097	\$ 12
Property taxes	771,352	153	
State aid and grants	8,783		
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>791,853</u>	<u>2,250</u>	<u>12</u>
<b>Expenditures:</b>			
Capital outlay	533,834		58,695
Debt service -			
Principal retirement	130,612		
Interest and fiscal charges	44,271		
<b>Total expenditures</b>	<u>708,717</u>	<u></u>	<u>58,695</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>83,136</u>	<u>2,250</u>	<u>(58,683)</u>
<b>Other financing sources (uses):</b>			
Transfer in			56,973
<b>Total other financing sources (uses)</b>			<u>56,973</u>
<b>Changes in fund balances</b>	<u>83,136</u>	<u>2,250</u>	<u>(1,710)</u>
<b>Fund balances, beginning of year</b>	950,176	203,960	2,566
<b>Fund balances, end of year</b>	<u>\$ 1,033,312</u>	<u>\$ 206,210</u>	<u>\$ 856</u>

Energy and Water Savings	Totals
\$ 1,187	\$ 15,014
	771,505
	8,783
29,441	29,441
<u>30,628</u>	<u>824,743</u>
	592,529
	130,612
	44,271
	<u>767,412</u>
<u>30,628</u>	<u>57,331</u>
	56,973
	<u>56,973</u>
<u>30,628</u>	<u>114,304</u>
121,048	1,277,750
<u>\$ 151,676</u>	<u>\$ 1,392,054</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 11,718	\$ 11,718
Property taxes		771,352	771,352
State aid and grants		8,783	8,783
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>791,853</u>	<u>791,853</u>
<b>Expenditures:</b>			
Capital outlay	1,155,061	533,834	621,227
Debt service -			
Principal retirement	130,612	130,612	
Interest and fiscal charges	44,271	44,271	
<b>Total expenditures</b>	<u>1,329,944</u>	<u>708,717</u>	<u>621,227</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,329,944)</u>	<u>83,136</u>	<u>1,413,080</u>
<b>Other financing sources (uses):</b>			
Transfer in			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(1,329,944)</u>	<u>83,136</u>	<u>1,413,080</u>
<b>Fund balances, beginning of year</b>		950,176	950,176
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,329,944)</u>	<u>\$ 1,033,312</u>	<u>\$ 2,363,256</u>

Adjacent Ways			Gifts and Donations - Capital		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,097 153	\$ 2,097 153	\$	\$ 12	\$ 12
	2,250	2,250		12	12
219,959		219,959	78,500	58,695	19,805
219,959		219,959	78,500	58,695	19,805
(219,959)	2,250	222,209	(78,500)	(58,683)	19,817
				56,973	56,973
				56,973	56,973
(219,959)	2,250	222,209	(78,500)	(1,710)	76,790
	203,960	203,960		2,566	2,566
\$ (219,959)	\$ 206,210	\$ 426,169	\$ (78,500)	\$ 856	\$ 79,356

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Energy and Water Savings		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,187	\$ 1,187
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements		29,441	29,441
<b>Total revenues</b>		<u>30,628</u>	<u>30,628</u>
<b>Expenditures:</b>			
Capital outlay	349,000		349,000
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>349,000</u>		<u>349,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(349,000)</u>	<u>30,628</u>	<u>379,628</u>
<b>Other financing sources (uses):</b>			
Transfer in			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(349,000)</u>	<u>30,628</u>	<u>379,628</u>
<b>Fund balances, beginning of year</b>		121,048	121,048
<b>Fund balances (deficits), end of year</b>	<u>\$ (349,000)</u>	<u>\$ 151,676</u>	<u>\$ 500,676</u>

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	537,065	537,065		15,014	15,014
				771,505	771,505
				545,848	545,848
				29,441	29,441
	537,065	537,065		1,361,808	1,361,808
866,463	510,731	355,732	2,668,983	1,103,260	1,565,723
			130,612	130,612	
			44,271	44,271	
866,463	510,731	355,732	2,843,866	1,278,143	1,565,723
(866,463)	26,334	892,797	(2,843,866)	83,665	2,927,531
				56,973	56,973
				56,973	56,973
(866,463)	26,334	892,797	(2,843,866)	140,638	2,984,504
				1,277,750	1,277,750
\$ (866,463)	\$ 26,334	\$ 892,797	\$ (2,843,866)	\$ 1,418,388	\$ 4,262,254

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## **AGENCY FUNDS**

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

**Employee Insurance** - to account for unremitted insurance deductions held by the District as an agent.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2018**

	<u>Student Activities</u>	<u>Employee Insurance</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 147,215	\$ 921,841	\$ 1,069,056
<b>Total assets</b>	<u>\$ 147,215</u>	<u>\$ 921,841</u>	<u>\$ 1,069,056</u>
<b><u>LIABILITIES</u></b>			
Deposits held for others	\$	\$ 921,841	\$ 921,841
Due to student groups	147,215		147,215
<b>Total liabilities</b>	<u>\$ 147,215</u>	<u>\$ 921,841</u>	<u>\$ 1,069,056</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 98,482	\$ 185,871	\$ 137,148	\$ 147,205
Total assets	\$ 98,482	\$ 185,871	\$ 137,148	\$ 147,205
<u>Liabilities</u>				
Due to student groups	\$ 98,482	\$ 185,871	\$ 137,148	\$ 147,205
Total liabilities	\$ 98,482	\$ 185,871	\$ 137,148	\$ 147,205
<b><u>EMPLOYEE INSURANCE FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 605,336	3,894,025	3,577,520	\$ 921,841
Total assets	\$ 605,336	\$ 3,894,025	\$ 3,577,520	\$ 921,841
<u>Liabilities</u>				
Deposits held for others	\$ 605,336	\$ 3,894,025	\$ 3,577,520	\$ 921,841
Total liabilities	\$ 605,336	\$ 3,894,025	\$ 3,577,520	\$ 921,841
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 703,818	\$ 4,079,896	\$ 3,714,668	\$ 1,069,046
Total assets	\$ 703,818	\$ 4,079,896	\$ 3,714,668	\$ 1,069,046
<u>Liabilities</u>				
Deposits held for others	\$ 605,336	\$ 3,894,025	\$ 3,577,520	\$ 921,841
Due to student groups	98,482	185,871	137,148	147,205
Total liabilities	\$ 703,818	\$ 4,079,896	\$ 3,714,668	\$ 1,069,046



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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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**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 24,446,779	\$ 24,339,352	\$ 26,079,048	\$ 27,173,428	\$ 28,197,425
Restricted	5,302,349	4,873,312	3,337,150	3,096,515	3,728,258
Unrestricted	(17,621,694)	(21,054,991)	(24,407,317)	(29,968,585)	(2,130,930)
Total net position	<u>\$ 12,127,434</u>	<u>\$ 8,157,673</u>	<u>\$ 5,008,881</u>	<u>\$ 301,358</u>	<u>\$ 29,794,753</u>
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 28,343,182	\$ 29,276,531	\$ 30,572,945	\$ 34,850,360	\$ 30,817,230
Restricted	2,954,030	3,558,660	3,897,010	2,189,507	1,285,491
Unrestricted	3,608,836	5,980,901	7,528,236	5,936,929	5,491,455
Total net position	<u>\$ 34,906,048</u>	<u>\$ 38,816,092</u>	<u>\$ 41,998,191</u>	<u>\$ 42,976,796</u>	<u>\$ 37,594,176</u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Expenses</b>					
Instruction	\$ 14,636,826	\$ 14,414,084	\$ 14,184,255	\$ 14,603,571	\$ 15,416,389
Support services - students and staff	3,936,132	4,200,858	4,334,854	4,421,951	4,021,817
Support services - administration	3,536,346	3,442,635	3,553,594	3,369,234	3,827,620
Operation and maintenance of plant services	3,910,843	3,724,968	3,711,337	3,803,705	3,737,948
Student transportation services	736,796	654,557	624,845	682,905	702,835
Operation of non-instructional services	1,964,082	1,981,581	1,847,568	1,797,067	1,810,894
Interest on long-term debt	288,011	310,499	329,405	349,651	363,294
Total expenses	<u>29,009,036</u>	<u>28,729,182</u>	<u>28,585,858</u>	<u>29,028,084</u>	<u>29,880,797</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,409,331	1,771,316	1,269,788	998,254	1,211,936
Operation of non-instructional services	145,780	143,253	133,857	374,908	319,818
Other activities	168,935	3,049	3,477	38,451	33,565
Operating grants and contributions	5,724,558	6,683,983	6,639,895	6,460,157	6,517,034
Capital grants and contributions	1,031,855	429,285	863,929	421,555	124,658
Total program revenues	<u>8,480,459</u>	<u>9,030,886</u>	<u>8,910,946</u>	<u>8,293,325</u>	<u>8,207,011</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (20,528,577)</u>	<u>\$ (19,698,296)</u>	<u>\$ (19,674,912)</u>	<u>\$ (20,734,759)</u>	<u>\$ (21,673,786)</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenses</b>					
Instruction	\$ 15,561,057	\$ 16,260,656	\$ 17,841,561	\$ 17,193,268	\$ 17,343,288
Support services - students and staff	4,146,037	4,044,306	4,213,389	4,909,283	3,377,009
Support services - administration	3,937,840	3,506,391	3,852,387	4,278,874	4,161,607
Operation and maintenance of plant services	3,809,971	3,835,953	4,113,500	3,781,781	4,413,063
Student transportation services	685,326	688,064	1,037,984	696,240	644,805
Operation of non-instructional services	1,878,777	1,790,705	1,776,853	2,111,085	2,019,035
Interest on long-term debt	386,430	408,367	431,757	92,143	123,043
Total expenses	<u>30,405,438</u>	<u>30,534,442</u>	<u>33,267,431</u>	<u>33,062,674</u>	<u>32,081,850</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	963,143	1,325,996	1,077,451	992,987	1,068,210
Operation of non-instructional services	409,732	420,149	161,359	398,342	49,981
Other activities	38,669	29,769	30,000	429,339	384,528
Operating grants and contributions	6,846,685	7,013,310	7,004,441	9,497,217	6,822,564
Capital grants and contributions	488,268	533,701	665,494	4,623,246	1,006,217
Total program revenues	<u>8,746,497</u>	<u>9,322,925</u>	<u>8,938,745</u>	<u>15,941,131</u>	<u>9,331,500</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (21,658,941)</u>	<u>\$ (21,211,517)</u>	<u>\$ (24,328,686)</u>	<u>\$ (17,121,543)</u>	<u>\$ (22,750,350)</u>

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Net (Expense)/Revenue</b>	\$ (20,528,577)	\$ (19,698,296)	\$ (19,674,912)	\$ (20,734,759)	\$ (21,673,786)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	3,083,047	3,410,932	4,157,202	3,157,083	667,556
Property taxes, levied for debt service	742,879	754,209	608,127	585,112	605,881
Property taxes, levied for capital outlay	785,430	599,123	7,608	9,458	
Investment income	69,846	20,530	13,935	11,340	7,161
Unrestricted county aid	1,149,733	1,104,427	1,163,335	1,226,277	1,402,326
Unrestricted state aid	18,425,438	16,807,375	18,328,825	14,343,367	13,822,775
Unrestricted federal aid	238,687	150,492	103,403	161,956	56,792
<b>Total general revenues</b>	<b><u>24,495,060</u></b>	<b><u>22,847,088</u></b>	<b><u>24,382,435</u></b>	<b><u>19,494,593</u></b>	<b><u>16,562,491</u></b>
<b>Changes in Net Position</b>	<b><u>\$ 3,966,483</u></b>	<b><u>\$ 3,148,792</u></b>	<b><u>\$ 4,707,523</u></b>	<b><u>\$ (1,240,166)</u></b>	<b><u>\$ (5,111,295)</u></b>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Net (Expense)/Revenue</b>	\$ (21,658,941)	\$ (21,211,517)	\$ (24,328,686)	\$ (17,121,543)	\$ (22,750,350)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	1,163,447	397,877	4,061,894	1,918,514	2,011,783
Property taxes, levied for debt service	378,410	585,907	677,328	593,885	1,211,057
Property taxes, levied for capital outlay	370,988	1,123,544	664,704	1,215,963	
Investment income	19,895	39,679	43,212	63,807	110,593
Unrestricted county aid	1,124,042	987,121	835,422	722,029	669
Unrestricted state aid	14,638,011	14,895,290	16,886,641	15,907,279	19,491,030
Unrestricted federal aid	54,104		180,880	2,082,686	
<b>Total general revenues</b>	<u>17,748,897</u>	<u>18,029,418</u>	<u>23,350,081</u>	<u>22,504,163</u>	<u>22,825,132</u>
<b>Changes in Net Position</b>	<u>\$ (3,910,044)</u>	<u>\$ (3,182,099)</u>	<u>\$ (978,605)</u>	<u>\$ 5,382,620</u>	<u>\$ 74,782</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 year 2008-09.

**(Concluded)**



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
General Fund:					
Nondisposable	\$ 81,141	\$ 429,498	\$ 464,757	\$ 465,559	\$ 138,991
Unassigned	5,939,505	3,786,335	2,492,089	(1,845,526)	(1,137,939)
Total General Fund	<u>\$ 6,020,646</u>	<u>\$ 4,215,833</u>	<u>\$ 2,956,846</u>	<u>\$ (1,379,967)</u>	<u>\$ (998,948)</u>
All Other Governmental Funds:					
Nondisposable	\$	\$	\$	\$ 10,403	\$ 132,413
Restricted	5,120,366	4,659,811	3,207,581	2,993,990	3,487,452
Unassigned	(24,009)		(5,300)		(139,778)
Total all other governmental funds	<u>\$ 5,096,357</u>	<u>\$ 4,659,811</u>	<u>\$ 3,202,281</u>	<u>\$ 3,004,393</u>	<u>\$ 3,480,087</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 323,988	\$ 682,028	\$ 503,343	\$	\$
Unassigned	3,120,729	5,069,803	6,594,709		
Reserved				333,882	322,881
Unreserved				850,466	(158,614)
Total General Fund	<u>\$ 3,444,717</u>	<u>\$ 5,751,831</u>	<u>\$ 7,098,052</u>	<u>\$ 1,184,348</u>	<u>\$ 164,267</u>
All Other Governmental Funds:					
Restricted	\$ 2,845,152	\$ 3,388,301	\$ 3,272,963	\$	\$
Unassigned	(46,372)	(77,491)			
Reserved					7,526
Unreserved, reported in:					
Special revenue funds				3,034,201	2,715,339
Capital projects funds				8,101,938	796,388
Debt service fund				144,222	256,958
Total all other governmental funds	<u>\$ 2,798,780</u>	<u>\$ 3,310,810</u>	<u>\$ 3,272,963</u>	<u>\$ 11,280,361</u>	<u>\$ 3,776,211</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)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 3,986,382	\$ 4,296,814	\$ 5,135,478	\$ 4,761,213	\$ 4,689,544
National School Lunch Program	1,977,957	1,936,391	1,851,900	1,812,507	1,761,029
Total federal sources	<u>5,964,339</u>	<u>6,233,205</u>	<u>6,987,378</u>	<u>6,573,720</u>	<u>6,450,573</u>
<b>State sources:</b>					
State equalization assistance	16,506,324	15,091,910	16,660,276	12,845,463	12,220,975
State grants	175,831	440,253	185,787	95,380	185,160
School Facilities Board	537,065	43,050	369,230		
Other revenues	1,919,114	1,715,465	1,668,549	1,799,445	1,601,800
Total state sources	<u>19,138,334</u>	<u>17,290,678</u>	<u>18,883,842</u>	<u>14,740,288</u>	<u>14,007,935</u>
<b>Local sources:</b>					
Property taxes	4,689,903	4,752,949	4,503,261	3,597,918	1,365,118
County aid	1,149,733	1,104,427	1,163,335	1,226,277	1,402,326
Food service sales	145,780	143,253	133,857	146,310	148,002
Investment income	69,846	20,530	13,935	11,340	7,161
Other revenues	1,606,121	2,287,537	1,338,097	1,338,330	1,480,068
Total local sources	<u>7,661,383</u>	<u>8,308,696</u>	<u>7,152,485</u>	<u>6,320,175</u>	<u>4,402,675</u>
<b>Total revenues</b>	<u><u>\$ 32,764,056</u></u>	<u><u>\$ 31,832,579</u></u>	<u><u>\$ 33,023,705</u></u>	<u><u>\$ 27,634,183</u></u>	<u><u>\$ 24,861,183</u></u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Federal sources:</b>					
Federal grants	\$ 5,584,171	\$ 5,377,822	\$ 5,320,653	\$ 11,396,212	\$ 5,002,016
State Fiscal Stabilization (ARRA)			180,880	2,082,686	
Education Jobs		53,151	707,913		
National School Lunch Program	1,679,849	1,768,791	1,669,864	1,773,698	1,646,185
Total federal sources	<u>7,264,020</u>	<u>7,199,764</u>	<u>7,879,310</u>	<u>15,252,596</u>	<u>6,648,201</u>
<b>State sources:</b>					
State equalization assistance	13,324,991	14,148,977	15,751,557	16,097,611	16,553,192
State grants	111,699	195,925	90,601	234,667	2,078,367
Other revenues	1,304,650	1,292,206	1,157,726	1,214,935	32,980
Total state sources	<u>14,741,340</u>	<u>15,637,108</u>	<u>16,999,884</u>	<u>17,547,213</u>	<u>18,664,539</u>
<b>Local sources:</b>					
Property taxes	1,962,618	2,375,743	5,180,392	3,671,680	3,157,114
County aid	1,124,042	987,121	835,422	722,029	669
Food service sales	165,190	185,369	161,359	184,889	202,739
Investment income	19,895	39,679	43,212	63,809	110,593
Other revenues	1,268,062	1,741,867	1,205,416	1,721,349	1,582,957
Total local sources	<u>4,539,807</u>	<u>5,329,779</u>	<u>7,425,801</u>	<u>6,363,756</u>	<u>5,054,072</u>
<b>Total revenues</b>	<u>\$ 26,545,167</u>	<u>\$ 28,166,651</u>	<u>\$ 32,304,995</u>	<u>\$ 39,163,565</u>	<u>\$ 30,366,812</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 year 2008-09.

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 14,332,830	\$ 13,658,476	\$ 13,312,125	\$ 13,312,255	\$ 13,762,080
Support services - students and staff	4,201,122	4,288,864	4,385,165	4,233,189	4,043,262
Support services - administration	3,353,608	3,617,764	3,570,018	3,680,435	3,496,732
Operation and maintenance of plant services	3,387,413	3,141,233	3,123,650	3,232,004	3,213,774
Student transportation services	531,336	519,194	507,007	506,557	564,413
Operation of non-instructional services	1,981,439	1,984,391	1,828,766	1,761,234	1,772,586
Capital outlay	1,611,415	1,092,408	900,477	1,113,539	1,092,574
Debt service -					
Claims and judgments					
Interest, premium and fiscal charges	284,565	307,053	325,959	346,205	359,848
Principal retirement	490,612	471,420	524,632	510,036	495,993
Bond issuance costs					
<b>Total expenditures</b>	<u><u>\$ 30,174,340</u></u>	<u><u>\$ 29,080,803</u></u>	<u><u>\$ 28,477,799</u></u>	<u><u>\$ 28,695,454</u></u>	<u><u>\$ 28,801,262</u></u>
Expenditures for capitalized assets	\$ 826,773	\$ 367,676	\$ 586,445	\$ 385,977	\$ 559,158
Debt service as a percentage of noncapital expenditures	3%	3%	3%	3%	3%

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 13,806,716	\$ 14,729,785	\$ 13,523,776	\$ 15,731,136	\$ 15,102,110
Support services - students and staff	4,112,269	3,912,817	3,613,733	4,858,762	3,295,576
Support services - administration	3,804,782	3,227,155	3,560,419	3,756,522	3,758,653
Operation and maintenance of plant services	3,194,046	3,234,682	3,259,655	3,313,024	3,632,650
Student transportation services	551,958	493,999	527,036	605,059	542,207
Operation of non-instructional services	1,831,798	1,755,419	1,648,569	1,910,702	1,859,046
Capital outlay	931,233	1,522,832	8,997,027	7,092,311	2,878,248
Debt service -					
Claims and judgments			29,497		16,248
Interest, premium and fiscal charges	372,786	394,723	350,018	24,050	54,950
Principal retirement	400,683	382,298	248,000	740,000	1,030,000
Bond issuance costs				189,834	
<b>Total expenditures</b>	<u><u>\$ 29,006,271</u></u>	<u><u>\$ 29,653,710</u></u>	<u><u>\$ 35,757,730</u></u>	<u><u>\$ 38,221,400</u></u>	<u><u>\$ 32,169,688</u></u>
Expenditures for capitalized assets	\$ 596,419	\$ 462,044	\$ 4,294,000	\$ 5,983,990	\$ 1,076,419
Debt service as a percentage of noncapital expenditures	3%	3%	2%	2%	3%

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 2,589,716	\$ 2,751,776	\$ 4,545,906	\$ (1,061,271)	\$ (3,940,079)
<b>Other financing sources (uses):</b>					
Capital lease agreements					230,305
Transfers in	212,506	1,299,752	453,794	283,261	1,016,702
Transfers out	(212,506)	(1,299,752)	(453,794)	(283,261)	(1,016,702)
Total other financing sources (uses)					230,305
<b>Changes in fund balances</b>	<u>\$ 2,589,716</u>	<u>\$ 2,751,776</u>	<u>\$ 4,545,906</u>	<u>\$ (1,061,271)</u>	<u>\$ (3,709,774)</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (2,461,104)	\$ (1,487,059)	\$ (3,452,735)	\$ 942,165	\$ (1,802,876)
<b>Other financing sources (uses):</b>					
School improvement bonds issued				7,648,000	
Discount on sale of bonds				(69,409)	
Capital lease agreements			1,189,580		
Transfers in	271,038	170,085	179,723	203,394	1,471,552
Transfers out	(271,038)	(170,085)	(179,723)	(203,394)	(1,471,552)
Total other financing sources (uses)			1,189,580	7,578,591	
<b>Changes in fund balances</b>	<u>\$ (2,461,104)</u>	<u>\$ (1,487,059)</u>	<u>\$ (2,263,155)</u>	<u>\$ 8,520,756</u>	<u>\$ (1,802,876)</u>

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 22,857,936	\$ 21,585,065	\$ 22,678,308	\$ 23,144,013	\$ 23,596,186
Agricultural and Vacant	8,163,805	8,264,511	8,790,296	8,732,829	9,150,657
Residential (Owner Occupied)	23,399,871	23,688,569	23,181,063	23,513,949	25,956,258
Residential (Rental)	12,972,213	12,956,444	12,450,746	12,559,231	13,370,678
Historical Property	60,347	60,347	58,866	58,866	68,231
Certain Government Property Improvements	12,969	12,969	12,969	12,969	12,969
Total	<u>\$ 67,467,141</u>	<u>\$ 66,567,905</u>	<u>\$ 67,172,248</u>	<u>\$ 68,021,857</u>	<u>\$ 72,154,979</u>
Gross Full Cash Value	\$ 655,315,495	\$ 654,235,820	\$ 640,811,628	\$ 641,632,122	\$ 679,973,106
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	10%	10%	11%	11%
Total Direct Rate	8.43	8.42	8.18	6.19	2.00

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 24,929,998	\$ 25,535,106	\$ 26,415,221	\$ 26,525,258	\$ 26,844,013
Agricultural and Vacant	9,242,515	8,874,977	8,424,590	7,359,880	7,226,800
Residential (Owner Occupied)	26,185,770	33,804,467	33,820,165	32,328,606	30,232,963
Residential (Rental)	13,125,265	6,145,947	6,029,431	5,743,575	5,423,091
Historical Property	68,231	71,120	78,645	63,335	65,370
Certain Government Property Improvements	11,465				
Total	<u>\$ 73,563,244</u>	<u>\$ 74,431,617</u>	<u>\$ 74,768,052</u>	<u>\$ 72,020,654</u>	<u>\$ 69,792,237</u>
Gross Full Cash Value	\$ 688,509,192	\$ 694,974,282	\$ 701,419,679	\$ 647,530,839	\$ 635,863,021
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Total Direct Rate	3.01	3.32	8.74	6.12	5.16

**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.



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 23,092,269	\$ 21,587,934	\$ 22,684,730	\$ 23,156,027	\$ 23,631,939
Agricultural and Vacant	8,184,980	8,301,922	8,851,713	8,832,932	9,474,420
Residential (Owner Occupied)	23,421,194	23,697,093	23,206,679	23,519,372	25,969,064
Residential (Rental)	12,991,976	12,967,910	12,462,057	12,561,184	13,376,856
Historical Property	60,347	60,347	58,866	58,866	68,231
Certain Government Property Improvements	12,969	12,969	12,969	12,969	12,969
Total	<u>\$ 67,763,735</u>	<u>\$ 66,628,175</u>	<u>\$ 67,277,014</u>	<u>\$ 68,141,350</u>	<u>\$ 72,533,479</u>
Gross Full Cash Value	\$ 655,315,495	\$ 654,235,820	\$ 640,811,628	\$ 641,632,122	\$ 679,973,106
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	11%	11%
Estimated Net Full Cash Value	534,460,070	533,760,267	519,775,973	523,247,501	559,467,389
Total Direct Rate	8.43	8.42	8.18	6.19	2.00

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 25,139,136	\$ 25,767,786	\$ 27,073,241	\$ 27,552,654	\$ 28,527,823
Agricultural and Vacant	10,031,488	10,155,891	10,486,873	7,913,565	8,084,191
Residential (Owner Occupied)	26,226,198	33,862,691	34,427,551	32,859,795	32,137,204
Residential (Rental)	13,184,541	6,190,301	6,132,339	5,913,254	5,904,100
Historical Property	68,231	71,186	79,615	66,751	69,538
Certain Government Property Improvements	12,969				
Total	<u>\$ 74,662,563</u>	<u>\$ 76,047,855</u>	<u>\$ 78,199,619</u>	<u>\$ 74,306,019</u>	<u>\$ 74,722,856</u>
Gross Full Cash Value	\$ 688,509,192	\$ 694,974,282	\$ 701,419,679	\$ 647,530,839	\$ 635,863,021
Ratio of Net Full Cash Value to Gross Full Cash Value	11%	11%	11%	11%	12%
Estimated Net Full Cash Value	568,899,591	578,561,541	586,951,973	553,185,426	547,879,028
Total Direct Rate	3.01	3.32	8.74	6.12	5.16

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PROPERTY TAX ASSESSMENT RATIOS**  
**LAST TEN FISCAL YEARS**

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	17	18	20

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County	County Free	Flood Control	Community College	Fire District	Joint Technology	City of Douglas			
	Equalization	County	Library	District	District	Assistance	District		Primary	Secondary	Total
2018	0.49	2.67	0.15	0.26	2.37	0.10	0.05	1.19	7.29	1.14	8.43
2017	0.50	2.63	0.15	0.26	2.29	0.10	0.05	1.19	7.29	1.13	8.42
2016	0.51	2.63	0.15	0.26	2.18	0.10	0.05	1.18	7.29	0.89	8.18
2015	0.51	2.63	0.15	0.26	2.03	0.10	0.05	1.15	5.32	0.87	6.19
2014	0.00	2.63	0.15	0.26	1.85	0.09	0.05	1.08	1.14	0.86	2.00
2013	0.00	2.63	0.15	0.26	1.73	0.09	0.05	1.05	2.48	0.53	3.01
2012	0.00	2.63	0.15	0.26	1.67	0.08	0.05	0.98	2.53	0.79	3.32
2011	0.00	2.63	0.15	0.26	1.60	0.08	0.05	0.98	7.86	0.88	8.74
2010	0.00	2.64	0.15	0.26	1.60	0.09	0.05	1.00	5.30	0.82	6.12
2009	0.00	2.68	0.16	0.26	1.66	0.08	0.05	1.02	3.51	1.65	5.16

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Taxpayer	2018			2009	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Valuation
Arizona Public Service Company	\$ 5,473,504	8.11 %		\$ 1,972,683	2.64 %
Wal-Mart Stores Inc.	2,009,437	2.98		3,855,699	5.16
Phelps Dodge Corporation	950,480	1.41		627,672	0.84
Southwest Gas Corporation	653,379	0.97		851,841	1.14
DHD LLC	558,900	0.83			
Kinder Morgan	543,422	0.81			
Qwest Corporation	509,510	0.76		814,479	1.09
SFP Pool Five Shopping Centers LLC	448,856	0.67			
Hillcrest Apartments LLC	406,800	0.60			
UIRC-GSA V Douglas AZ LLC	359,293	0.53			
Safeway Inc.				851,841	1.14
MT Development LLC				620,200	0.83
FAE Holdings 356216R LLC				560,421	0.75
J.C. Penny Stores				545,477	0.73
Total	<u>\$ 11,913,581</u>	<u>17.67 %</u>		<u>\$ 10,700,313</u>	<u>14.32 %</u>

**Source:** The source of this information is the Cochise 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2018	\$ 4,796,063	\$ 4,336,152	90.41 %	\$	\$ 4,336,152	90.41 %
2017	4,825,089	4,320,860	89.55	421,729	4,742,589	98.29
2016	4,688,928	4,209,359	89.77	414,082	4,623,441	98.60
2015	3,673,948	3,308,359	90.05	321,817	3,630,176	98.81
2014	1,283,355	1,130,385	88.08	140,465	1,270,850	99.03
2013	1,961,938	1,763,680	89.89	185,250	1,948,930	99.34
2012	2,115,717	1,903,366	89.96	199,877	2,103,243	99.41
2011	5,248,055	4,702,230	89.60	508,648	5,210,878	99.29
2010	3,640,145	3,258,319	89.51	362,358	3,620,677	99.47
2009	3,115,816	2,795,410	89.72	298,422	3,093,832	99.29

**Source:** The source of this information is the 2018 Cochise 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**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 Restricted for Principal		Estimated Actual Value (Full Cash Value)				Estimated Actual Value (Full Cash Value)			
2018	\$ 5,412,087	\$ 428,055	\$ 4,984,032	0.76 %	\$ 300	\$ 454,211	\$ 5,866,298	0.90 %	\$ 353	N/A %	
2017	5,758,641	279,984	5,478,657	0.84	322	584,823	6,343,464	0.97	373	0.13	
2016	6,090,195	127,537	5,962,658	0.93	351	706,243	6,796,438	1.06	400	0.14	
2015	6,416,749	114,836	6,301,913	0.98	371	895,875	7,312,624	1.14	430	0.16	
2014	6,733,303	130,819	6,602,484	0.97	389	1,075,911	7,809,214	1.15	461	0.16	
2013	7,039,857	127,451	6,912,406	1.00	384	1,021,599	8,061,456	1.17	448	0.17	
2012	7,400,000	331,441	7,068,559	1.02	393	1,112,282	8,512,282	1.22	473	0.18	
2011	7,600,000	344,413	7,255,587	1.03	403	1,189,580	8,789,580	1.25	488	0.19	
2010	8,388,000	248,030	8,139,970	1.26	452		8,388,000	1.30	466	0.19	
2009	1,770,000	396,409	1,373,591	0.22	76		1,770,000	0.28	98	0.04	

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

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

**Note:** The District had no capital lease obligations from 2008-2010

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
City of Douglas	7,009,091	100.00 %	\$ 7,009,091
Subtotal, Overlapping Debt			<u>7,009,091</u>
Direct:			
Douglas Unified School District No. 27			<u>5,866,298</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 12,875,389</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	7.39 %	
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 722	
As a Percentage of Net Limited Assessed Valuation	17.78 %	
As a Percentage of Gross Full Cash Value	1.83 %	

**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, 2017 is presented for the overlapping governments as this is the most recent available information.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

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

Net full cash assessed valuation	\$ 67,763,735
Debt limit (20% of assessed value)	13,552,747
Debt applicable to limit	<u>5,450,000</u>
Legal debt margin	<u><u>\$ 8,102,747</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2018:**

Net full cash assessed valuation	\$ 67,763,735
Debt limit (30% of assessed value)	20,329,121
Debt applicable to limit	<u>5,450,000</u>
Legal debt margin	<u><u>\$ 14,879,121</u></u>

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Debt Limit	\$ 20,329,121	\$ 19,988,453	\$ 20,183,104	\$ 20,442,405	\$ 21,760,044
Total net debt applicable to limit	<u>5,450,000</u>	<u>5,800,000</u>	<u>6,135,000</u>	<u>6,416,749</u>	<u>6,733,303</u>
Legal debt margin	<u><u>\$ 14,879,121</u></u>	<u><u>\$ 14,188,453</u></u>	<u><u>\$ 14,048,104</u></u>	<u><u>\$ 14,025,656</u></u>	<u><u>\$ 15,026,741</u></u>
Total net debt applicable to the limit as a percentage of debt limit	27%	29%	30%	31%	31%
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Debt Limit	\$ 22,398,736	\$ 22,814,357	\$ 23,459,886	\$ 29,722,408	\$ 22,416,857
Total net debt applicable to limit	<u>7,039,857</u>	<u>7,400,000</u>	<u>7,600,000</u>	<u>8,388,000</u>	<u>1,770,000</u>
Legal debt margin	<u><u>\$ 15,358,879</u></u>	<u><u>\$ 15,414,357</u></u>	<u><u>\$ 15,859,886</u></u>	<u><u>\$ 21,334,408</u></u>	<u><u>\$ 20,646,857</u></u>
Total net debt applicable to the limit as a percentage of debt limit	31%	32%	32%	28%	8%

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

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



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**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>
2017	128,383	\$ N/A	\$ N/A	5.6 %	16,600
2016	128,343	4,900,244	38,962	6.1	17,000
2015	129,112	4,821,097	38,133	7.4	17,000
2014	139,372	4,679,941	36,720	8.4	17,000
2013	130,906	4,740,219	36,612	8.8	16,953
2012	130,752	4,837,759	36,467	8.2	18,000
2011	130,537	4,763,499	35,738	8.8	18,000
2010	142,000	4,688,309	35,592	8.0	18,000
2009	140,263	4,435,021	34,243	7.4	18,000
2008	139,434	4,271,255	33,259	5.6	18,000

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2008 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, the source of the information is the Arizona Office of Employment and Population Statistics.

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**PRINCIPAL EMPLOYERS**  
**CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<b>Employer</b>	<b>2018</b>		<b>2009</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Cochise County	830	2.52 %	1,400	24.08 %
Cochise College	715	2.17	350	6.02
Wal-Mart Stores, Inc.	649	1.97	350	6.02
Safeway	307	0.93	75	1.29
Lawley Automotive Group	228	0.69		
Benson Unified School District	164	0.50		
Arizona's G&T Cooperative	148	0.45		
Benson Hospital	148	0.45		
United States Postal Service	138	0.42		
Southeastern Arizona Behavioral Health Services, Inc	109	0.33		
Arizona Department of Corrections			750	12.90
Douglas Unified School District			534	9.19
City of Douglas			250	4.30
United States Border Patrol			650	11.18
Southeast Arizona Medical Center			180	3.10
United States Customs			130	2.24
Basha's Inc.			90	1.55
Homeland Security: Field Operations			45	0.77
<b>Total</b>	<b>3,436</b>	<b>10.43 %</b>	<b>4,804</b>	<b>82.64 %</b>
 Total employment	 <b>33,000</b>		 <b>5,813</b>	

**Source:** The source of this information is from each individual employer listed and the University of Arizona, Eller College of Management, Economic and Business Research Center for the 2018 table and from the Cochise College Center for Economic Research for the 2009 table.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Assistant superintendents					1
Consultants/supervisors of instruction	1	1	1	1	1
Principals	8	8	8	8	8
Assistant principals	4	4	4	4	4
Total supervisory	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>15</u>
<b>Instruction</b>					
Teachers	192	183	184	184	197
Other professionals (instructional)	13	14	15	15	16
Aides	121	106	107	107	99
Total instruction	<u>326</u>	<u>303</u>	<u>306</u>	<u>306</u>	<u>312</u>
<b>Student Services</b>					
Nurses	4	4	4	4	4
Counselors/Advisors	8	8	8	8	8
Librarians	1	1	1	1	1
Technicians	7	6	6	6	6
Total student services	<u>20</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
<b>Support and Administration</b>					
Clerical workers	45	23	23	23	24
Maintenance workers	16	16	16	16	16
Bus drivers	7	7	7	8	8
Service workers	4	4	4	4	4
Unskilled laborers	61	74	74	74	74
Total support and administration	<u>133</u>	<u>124</u>	<u>124</u>	<u>125</u>	<u>126</u>
<b>Total</b>	<u><u>493</u></u>	<u><u>460</u></u>	<u><u>463</u></u>	<u><u>464</u></u>	<u><u>472</u></u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Supervisory</b>					
Superintendent	1	1			
Assistant superintendents	1	1			
Consultants/supervisors of instruction	1	2			
Principals	8	8	8	7	8
Assistant principals	4	4	4	4	4
Total supervisory	<u>15</u>	<u>16</u>	<u>12</u>	<u>11</u>	<u>12</u>
<b>Instruction</b>					
Teachers	188	180	187	198	203
Other professionals (instructional)	16	16	16	14	14
Aides	115	116	112	96	110
Total instruction	<u>319</u>	<u>312</u>	<u>315</u>	<u>308</u>	<u>327</u>
<b>Student Services</b>					
Nurses	4	4			
Counselors/Advisors	7	7			
Librarians	1	1	1	2	2
Technicians	6	6	6	8	9
Total student services	<u>18</u>	<u>18</u>	<u>7</u>	<u>10</u>	<u>11</u>
<b>Support and Administration</b>					
Clerical workers	24	24			
Maintenance workers	16	16			
Bus drivers	7	7			
Service workers	4	4	34	38	42
Unskilled laborers	75	75	107	80	84
Total support and administration	<u>126</u>	<u>126</u>	<u>141</u>	<u>118</u>	<u>126</u>
<b>Total</b>	<u><u>478</u></u>	<u><u>472</u></u>	<u><u>475</u></u>	<u><u>447</u></u>	<u><u>476</u></u>

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

**(Concluded)**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2018	3,873	\$ 27,787,748	\$ 7,175	(2.57) %	\$ 29,009,036	\$ 7,491	(3.67) %	326	11.9	87.0 %
2017	3,695	27,209,922	7,365	(0.01)	28,729,182	7,776	(1.29)	303	12.2	88.0
2016	3,629	26,726,731	7,365	(0.01)	28,585,858	7,878	(1.54)	306	11.9	88.0
2015	3,628	26,725,674	7,367	(1.43)	29,028,084	8,001	(3.79)	306	11.9	88.0
2014	3,593	26,852,847	7,474	0.77	29,880,797	8,316	0.68	312	11.5	86.7
2013	3,681	27,301,569	7,417	6.26	30,405,438	8,260	6.02	319	11.5	85.4
2012	3,919	27,353,857	6,980	6.33	30,534,442	7,791	(6.76)	312	12.6	85.0
2011	3,981	26,133,188	6,564	(12.79)	33,267,431	8,357	1.33	315	12.6	85.0
2010	4,009	30,175,205	7,527	4.69	33,062,674	8,247	0.80	308	13.0	86.0
2009	3,921	28,190,242	7,190	1.60	32,081,850	8,182	3.63	327	12.0	83.0

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**CAPITAL ASSETS INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	22	22	22	22	22	22	22	22	22	22
Square feet	183,257	180,233	180,233	180,233	180,233	180,233	180,233	180,233	180,233	180,233
Capacity	2,242	2,315	2,315	2,315	2,251	2,251	2,251	2,251	2,251	2,251
Enrollment	1,475	1,546	1,441	1,441	1,591	1,616	1,616	1,698	1,675	1,696
<b>Middle</b>										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	139,636	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538
Capacity	1,409	1,365	1,365	1,365	1,694	1,694	1,694	1,694	1,694	1,694
Enrollment	829	925	884	884	859	940	940	944	919	918
<b>High</b>										
Buildings	24	23	23	23	23	23	23	23	23	23
Square feet	174,052	158,775	158,775	158,775	157,335	157,335	157,335	157,335	157,335	157,335
Capacity	1,507	1,478	1,478	1,478	1,967	1,967	1,967	1,967	1,967	1,967
Enrollment	1,475	1,324	1,310	1,310	1,267	1,353	1,353	1,324	1,269	1,145
<b>Other</b>										
Buildings	3	4	4	4	4	4	4	4	4	4
Square feet	43,703	28,561	28,561	28,561	28,561	28,561	28,561	28,561	28,561	28,561
Capacity		352	352	532	352	352	352	352	352	352
Enrollment		95	90	90	90	147	147	146	146	162
<b><u>Administrative</u></b>										
Buildings	3	3	3	3	3	3	3	3	3	3
Square feet	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400	48,400
<b><u>Transportation</u></b>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	13	13	14	14	14	16	16	17	17	16
<b><u>Athletics</u></b>										
Football fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	7	7	7	7	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	18	18	18	18	18	18	18	18	18	18

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

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