

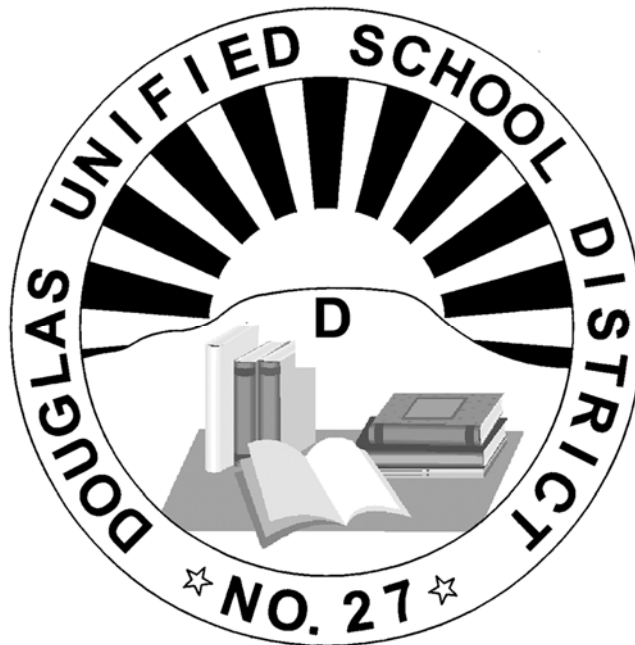
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# **DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

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## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2017



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**DOUGLAS, ARIZONA**

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

Issued by:  
Business and Finance Department

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

## **TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1
ASBO Certificate of Excellence	6
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Principal Officials	9
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	13
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	40

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

## **TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b><u>Page</u></b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Assets and Liabilities – Fiduciary Funds	41
Notes to Financial Statements	42
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	66
Title I Grants Fund	67
Joint Technical Education Fund	68
Schedule of Proportionate Share of the Net Pension Liability	69
Schedule of Contributions	69
Notes to Required Supplementary Information	70
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	75
Special Revenue Funds:	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	88

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

## **TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	110
Capital Projects Funds:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	116
Agency Funds:	
Combining Statement of Assets and Liabilities	122
Combining Statement of Changes in Assets and Liabilities	123
 <b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	127
Expenses, Program Revenues, and Net (Expense)/Revenue	128
General Revenues and Total Changes in Net Position	130
Fund Balances – Governmental Funds	132
Governmental Funds Revenues	134
Governmental Funds Expenditures and Debt Service Ratio	136
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	138

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

### **TABLE OF CONTENTS**

<b><u>STATISTICAL SECTION</u></b>	<b><u>Page</u></b>
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	139
Net Full Cash Assessed Value of Taxable Property by Class	140
Property Tax Assessment Ratios	141
Direct and Overlapping Property Tax Rates	142
Principal Property Taxpayers	143
Property Tax Levies and Collections	144
Debt Capacity:	
Outstanding Debt by Type	145
Direct and Overlapping Governmental Activities Debt	146
Direct and Overlapping General Bonded Debt Ratios	146
Legal Debt Margin Information	147
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	148
Principal Employers	149
Operating Information:	
Full-Time Equivalent District Employees by Type	150
Operating Statistics	152
Capital Assets Information	153

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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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**Ronald V. Aguallo**  
**Superintendent**

December 18, 2017

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, 2017.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement.

***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, religi3n, sexo, edad, discapacidad u origen nacional en sus centros de ense1anza y las pr1cticas 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, 2017, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (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 3,900 students for fiscal year 2017-18.

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 88%, 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 70 years.

By benefiting from an 89 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, 2016. This was the twelfth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs’ requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2017 certificates.

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

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R Aguallo', written in a cursive style.

Ron Aguallo  
Superintendent

A handwritten signature in black ink, appearing to read 'C Soto', written in a cursive style.

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, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

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

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

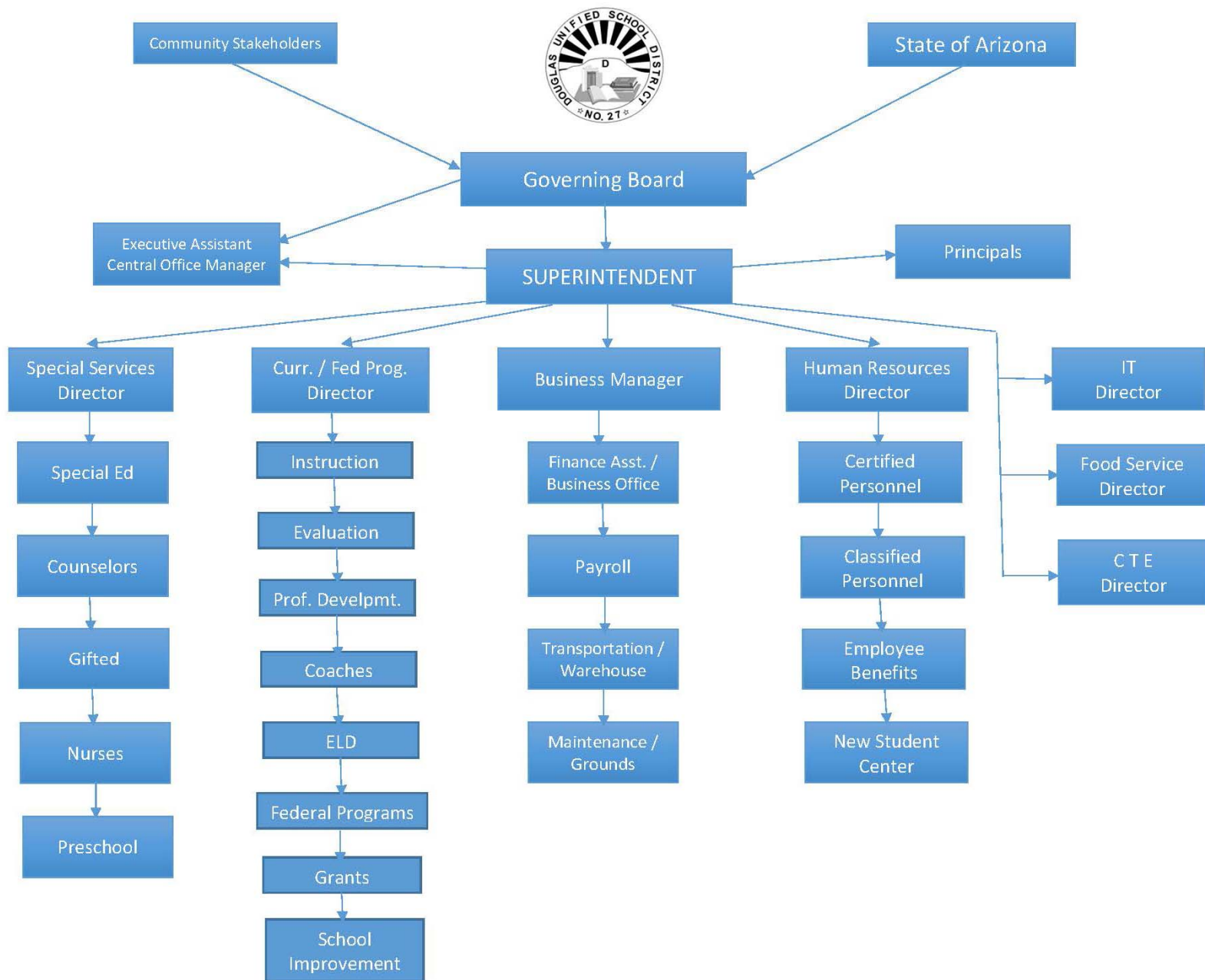
**June 30, 2016**

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

Executive Director/CEO



# Douglas Unified School District No. 27 Organizational Chart 2016-17



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Natalio Sabal, President

Ray Borane, Member

Mitch Lindemann, Member

Dr. Ed Gomez, Member

Mario Ramos, Sr., Member

**ADMINISTRATIVE STAFF**

Ron Aguallo, Superintendent

Ana Samaniego, Human Resources Director

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Douglas Unified School District No. 27, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of 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 18, 2017

**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, 2017**

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, 2017. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$3.1 million which represents an 63 percent increase from the prior fiscal year as a result of efforts by the District to maximize budget and cash carry forward for future year expenditures.
- General revenues accounted for \$22.8 million in revenue, or 72 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$9.0 million or 28 percent of total current fiscal year revenues.
- The District had approximately \$28.7 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$20.9 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$18.6 million in expenditures. The General Fund's fund balance increase from \$3.0 million at the prior fiscal year end to \$4.2 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 \$1.0 million in current year revenues, which consisted of local revenues, and \$701,730 in expenditures.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**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, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing 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, Title I Grants, Joint Technical Education, and Debt Service 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 major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**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 \$8.2 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, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Current and other assets	\$ 10,827,292	\$ 11,742,516
Capital assets, net	30,682,816	32,169,244
Total assets	<u>41,510,108</u>	<u>43,911,760</u>
Deferred outflows	<u>4,530,922</u>	<u>2,275,228</u>
Current and other liabilities	866,706	4,558,842
Long-term liabilities	32,629,536	33,241,976
Total liabilities	<u>33,496,242</u>	<u>37,800,818</u>
Deferred inflows	<u>4,387,115</u>	<u>3,377,289</u>
Net position:		
Net investment in capital assets	24,339,352	26,079,048
Restricted	4,873,312	3,337,150
Unrestricted	(21,054,991)	(24,407,317)
Total net position	<u>\$ 8,157,673</u>	<u>\$ 5,008,881</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$21.1 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, 2017**

**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.

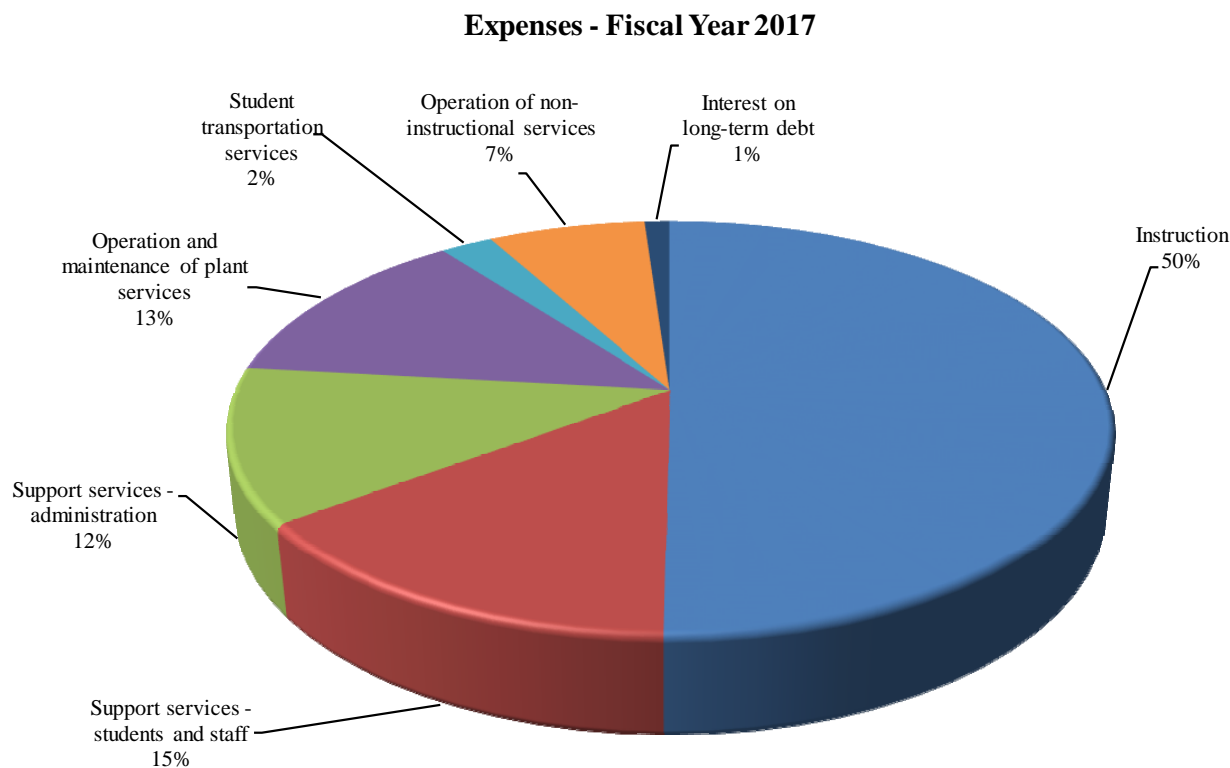
- The decrease of \$113,551 in pension liabilities.
- The addition of \$1.8 million in accumulated depreciation.
- The principal retirement of \$335,000 of bonds.
- The addition of \$367,676 in capital assets through school improvements and equipment.

**Changes in net position.** The District's total revenues for the current fiscal year were \$31.9 million. The total cost of all programs and services was \$28.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,917,618	\$ 1,407,122
Operating grants and contributions	6,683,983	6,639,895
Capital grants and contributions	429,285	863,929
General revenues:		
Property taxes	4,764,264	4,772,937
Investment income	20,530	13,935
Unrestricted county aid	1,104,427	1,163,335
Unrestricted state aid	16,807,375	18,328,825
Unrestricted federal aid	150,492	103,403
<b>Total revenues</b>	<u>31,877,974</u>	<u>33,293,381</u>
<b>Expenses:</b>		
Instruction	14,414,084	14,184,255
Support services - students and staff	4,200,858	4,334,854
Support services - administration	3,442,635	3,553,594
Operation and maintenance of plant services	3,724,968	3,711,337
Student transportation services	654,557	624,845
Operation of non-instructional services	1,981,581	1,847,568
Interest on long-term debt	310,499	329,405
<b>Total expenses</b>	<u>28,729,182</u>	<u>28,585,858</u>
<b>Changes in net position</b>	<u>3,148,792</u>	<u>4,707,523</u>
<b>Net position, beginning</b>	<u>5,008,881</u>	<u>301,358</u>
<b>Net position, ending</b>	<u><u>\$ 8,157,673</u></u>	<u><u>\$ 5,008,881</u></u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- Charges for services increased \$510,496 mostly due to an increase in leases of District buildings and property.
- Capital grants and contributions decreased \$434,644 due to decreased School Facilities Board and E-rate funding.
- State aid decreased \$1.5 million due to a state equalization funding payback adjustment received in the prior year.

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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 14,414,084	\$ (9,731,428)	\$ 14,184,255	\$ (9,883,139)
Support services - students and staff	4,200,858	(2,217,074)	4,334,854	(2,235,288)
Support services - administration	3,442,635	(3,358,588)	3,553,594	(3,499,948)
Operation and maintenance of	3,724,968	(3,606,703)	3,711,337	(3,294,315)
Student transportation services	654,557	(639,177)	624,845	(612,154)
Operation of non-instructional	1,981,581	132,143	1,847,568	138,189
Interest on long-term debt	310,499	(277,469)	329,405	(288,257)
Total	\$ 28,729,182	\$ (19,698,296)	\$ 28,585,858	\$ (19,674,912)

- The cost of all governmental activities this year was \$28.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9.0 million.
- Net cost of governmental activities of \$19.7 million was financed by general revenues, which are made up of primarily property taxes of \$4.8 million and state and county aid of \$17.9 million. Investment earnings accounted for \$20,530 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 \$8.9 million, an increase of \$2.7 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, 2017**

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

The General Fund comprises 47 percent of the total fund balance. Approximately \$3.8 million, or 91 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 \$1.3 million to \$4.2 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 decreased \$1.3 million as a result of a decrease in property taxes allocated to maintenance and operation. General Fund expenditures increased \$824,863.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in the Maintenance and Operation Revenue Control Limit transferred to capital by \$475,000 and the carryover was underestimated by \$179,629. The difference between the original budget and the final amended budget was a \$273,691 decrease, or one percent.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. 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 \$597,910 in instruction and \$196,614 in operation and maintenance of plant services 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, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$58.9 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 \$294,389 from the prior fiscal year, primarily due to the acquisition of building improvements and equipment. Total depreciation expense for the current fiscal year was \$1.8 million.

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

	As of June 30, 2017	As of June 30, 2016
Capital assets - non-depreciable	\$ 223,488	\$ 223,488
Capital assets - depreciable, net	30,459,328	31,945,756
Total	<u>\$ 30,682,816</u>	<u>\$ 32,169,244</u>

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

**Debt Administration.** At year end, the District had \$6.3 million in long-term debt outstanding, \$480,612 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 \$20.0 million and the Class B debt limit is \$13.3 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 8 through 10.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2017**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2017-18 budget. Among them:

- Fiscal year 2016-17 budget balance carry forward (estimated \$1,044,880).
- K-3 reading increase (\$2,241).

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 five percent to \$19.7 million in fiscal year 2017-18. Increased payroll and employee benefit costs is 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 2017-18 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the 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, 2017**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 3,796,151
Property taxes receivable	857,923
Due from governmental entities	5,683,867
Prepaid items	347,147
Inventory	82,351
Other assets	59,853
Total current assets	<u>10,827,292</u>
Noncurrent assets:	
Capital assets not being depreciated	223,488
Capital assets, net of accumulated depreciation	<u>30,459,328</u>
Total noncurrent assets	<u>30,682,816</u>
<b>Total assets</b>	<u><u>41,510,108</u></u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	<u>4,530,922</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	65,851
Accrued payroll and employee benefits	664,958
Compensated absences payable	337,662
Accrued interest payable	125,897
Unearned revenues	10,000
Obligations under capital leases	130,612
Bonds payable	350,000
Total current liabilities	<u>1,684,980</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>31,811,262</u>
Total noncurrent liabilities	<u>31,811,262</u>
<b>Total liabilities</b>	<u><u>33,496,242</u></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	<u>4,387,115</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	24,339,352
Restricted for:	
Voter approved initiatives	711,691
Federal and state projects	204,294
Food service	610,438
Joint technical education	1,494,682
Other local initiatives	223,966
Debt service	279,984
Capital outlay	1,348,257
Unrestricted	<u>(21,054,991)</u>
<b>Total net position</b>	<u><u>\$ 8,157,673</u></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, 2017**

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	\$ 14,414,084	\$ 1,771,316	\$ 2,630,301	\$ 281,039	\$ (9,731,428)
Support services - students and staff	4,200,858		1,983,784		(2,217,074)
Support services - administration	3,442,635		84,047		(3,358,588)
Operation and maintenance of plant services	3,724,968	3,049		115,216	(3,606,703)
Student transportation services	654,557		15,380		(639,177)
Operation of non-instructional services	1,981,581	143,253	1,970,471		132,143
Interest on long-term debt	310,499			33,030	(277,469)
<b>Total governmental activities</b>	<u>\$ 28,729,182</u>	<u>\$ 1,917,618</u>	<u>\$ 6,683,983</u>	<u>\$ 429,285</u>	<u>(19,698,296)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	3,410,932
Property taxes, levied for debt service	754,209
Property taxes, levied for capital outlay	599,123
Investment income	20,530
Unrestricted county aid	1,104,427
Unrestricted state aid	16,807,375
Unrestricted federal aid	150,492
<b>Total general revenues</b>	<u>22,847,088</u>

**Changes in net position** 3,148,792

**Net position, beginning of year** 5,008,881

**Net position, end of year** \$ 8,157,673

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, 2017**

	<u>General</u>	<u>Title I Grants</u>	<u>Joint Technical Education</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$	\$ 303,542
Property taxes receivable	635,169		
Due from governmental entities	4,841,695	363,019	144,041
Due from other funds			1,070,191
Prepaid items	347,147		
Inventory	82,351		
Other assets			
<b>Total assets</b>	<u><u>\$ 5,906,362</u></u>	<u><u>\$ 363,019</u></u>	<u><u>\$ 1,517,774</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 39,448	\$ 4,067	\$
Due to other funds	603,169	305,670	
Accrued payroll and employee benefits	526,471	53,282	23,092
Unearned revenues			
Bonds payable			
Bond interest payable			
<b>Total liabilities</b>	<u>1,169,088</u>	<u>363,019</u>	<u>23,092</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	521,441		
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<u>521,441</u>		
Fund balances:			
Nonspendable	429,498		
Restricted			1,494,682
Unassigned	3,786,335		
<b>Total fund balances</b>	<u>4,215,833</u>		<u>1,494,682</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 5,906,362</u></u>	<u><u>\$ 363,019</u></u>	<u><u>\$ 1,517,774</u></u>

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

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 623,119	\$ 2,869,490	\$ 3,796,151
132,762	89,992	857,923
	335,112	5,683,867
		1,070,191
		347,147
		82,351
	59,853	59,853
<u>\$ 755,881</u>	<u>\$ 3,354,447</u>	<u>\$ 11,897,483</u>

\$	\$ 22,336	\$ 65,851
	161,352	1,070,191
	62,113	664,958
	10,000	10,000
350,000		350,000
125,897		125,897
<u>475,897</u>	<u>255,801</u>	<u>2,286,897</u>

108,914	70,507	700,862
	34,080	34,080
<u>108,914</u>	<u>104,587</u>	<u>734,942</u>

		429,498
171,070	2,994,059	4,659,811
		3,786,335
<u>171,070</u>	<u>2,994,059</u>	<u>8,875,644</u>

<u>\$ 755,881</u>	<u>\$ 3,354,447</u>	<u>\$ 11,897,483</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, 2017**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>8,875,644</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	\$ 58,870,549	
Less accumulated depreciation	<u>(28,187,733)</u>	30,682,816

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

Property taxes	700,862	
Intergovernmental	<u>34,080</u>	734,942

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

Deferred outflows of resources related to pensions	4,530,922	
Deferred inflows of resources related to pensions	<u>(4,387,115)</u>	143,807

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

Compensated absences payable	(439,481)	
Obligations under capital leases	(584,823)	
Net pension liability	(25,846,591)	
Bonds payable	<u>(5,408,641)</u>	<u>(32,279,536)</u>

<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>8,157,673</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, 2017**

	General	Title I Grants	Joint Technical Education
<b>Revenues:</b>			
Other local	\$ 2,187,466	\$	\$ 1,016,854
Property taxes	3,449,469		
State aid and grants	15,083,452		
Federal aid, grants and reimbursements	150,492	2,046,580	
<b>Total revenues</b>	<u>20,870,879</u>	<u>2,046,580</u>	<u>1,016,854</u>
<b>Expenditures:</b>			
Current -			
Instruction	9,216,367	867,485	559,592
Support services - students and staff	2,072,038	1,088,097	54,980
Support services - administration	3,496,425	45,196	31,369
Operation and maintenance of plant services	3,116,286		1,001
Student transportation services	502,005	518	
Operation of non-instructional services	53,501		
Capital outlay	169,763	22,011	54,788
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>18,626,385</u>	<u>2,023,307</u>	<u>701,730</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,244,494</u>	<u>23,273</u>	<u>315,124</u>
<b>Other financing sources (uses):</b>			
Transfer in	174,752		
Transfer out	(1,125,000)	(23,273)	
<b>Total other financing sources (uses):</b>	<u>(950,248)</u>	<u>(23,273)</u>	
<b>Changes in fund balances</b>	<u>1,294,246</u>		<u>315,124</u>
<b>Fund balances, beginning of year</b>	2,956,846		1,179,558
Increase (decrease) in reserve for prepaid items	17,192		
Increase (decrease) in reserve for inventory	(52,451)		
<b>Fund balances, end of year</b>	<u>\$ 4,215,833</u>	<u>\$</u>	<u>\$ 1,494,682</u>

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

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,828	\$ 349,599	\$ 3,555,747
746,357	557,123	4,752,949
	2,207,226	17,290,678
	4,036,133	6,233,205
<u>748,185</u>	<u>7,150,081</u>	<u>31,832,579</u>
	3,015,032	13,658,476
	1,073,749	4,288,864
	44,774	3,617,764
	23,946	3,141,233
	16,671	519,194
	1,930,890	1,984,391
	845,846	1,092,408
350,000	121,420	471,420
253,590	53,463	307,053
<u>603,590</u>	<u>7,125,791</u>	<u>29,080,803</u>
<u>144,595</u>	<u>24,290</u>	<u>2,751,776</u>
	1,125,000	1,299,752
	(151,479)	(1,299,752)
	<u>973,521</u>	
<u>144,595</u>	<u>997,811</u>	<u>2,751,776</u>
26,475	1,996,248	6,159,127
		17,192
		(52,451)
<u>\$ 171,070</u>	<u>\$ 2,994,059</u>	<u>\$ 8,875,644</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, 2017**

**Changes in fund balances - total governmental funds** **\$ 2,751,776**

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	\$ 367,676	
Less current year depreciation	<u>(1,829,517)</u>	(1,461,841)

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

Property taxes	11,315	
Intergovernmental	<u>34,080</u>	45,395

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	121,420	
Bond principal retirement	<u>350,000</u>	471,420

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

Current year pension contributions	1,572,944	
Pension expense	<u>(213,525)</u>	1,359,419

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	17,192	
Inventory	(52,451)	
Loss on disposal of assets	(24,587)	
Amortization of deferred bond items	(3,446)	
Compensated absences	<u>45,915</u>	(17,377)

**Changes in net position in governmental activities** **\$ 3,148,792**

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, 2017**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 703,828
<b>Total assets</b>	<u>\$ 703,828</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	\$ 605,336
Due to student groups	98,492
<b>Total liabilities</b>	<u>\$ 703,828</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, 2017**

**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.

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.

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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.

Title I Grants Fund – The Title I Grants Fund accounts 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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.

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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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.

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



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

**L. Compensated Absences**

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

**M. Pensions**

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

**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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

**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, 2017**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 82,351	\$	\$	\$
Prepaid items	347,147			
Restricted:				
Debt service			171,070	
Capital projects				1,277,750
Voter approved initiatives				711,691
Federal and state projects				204,294
Food service				576,358
Civic center				45,998
Community school				44,550
Extracurricular activities				60,512
Joint technical education		1,494,682		
Other purposes				72,906
Unassigned	3,786,335			
Total fund balances	<u>\$ 4,215,833</u>	<u>\$ 1,494,682</u>	<u>\$ 171,070</u>	<u>\$ 2,994,059</u>

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

**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, 2017**

**NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$904,322 and the bank balance was \$1,329,535. At year end, \$1,079,535 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	2.92 years	<u>\$3,595,657</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, 2017**

**NOTE 5 – RECEIVABLES**

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

	General Fund	Title I Grants Fund	Joint Technical Education Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$	\$ 363,019	\$	\$ 298,090
Due from state government	4,809,583			37,022
Due from county government	32,112			
Due from other districts			144,041	
Net due from governmental entities	<u>\$ 4,841,695</u>	<u>\$ 363,019</u>	<u>\$ 144,041</u>	<u>\$ 335,112</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	\$	\$	\$ 223,488
Total capital assets, not being depreciated	<u>223,488</u>			<u>223,488</u>
Capital assets, being depreciated:				
Land improvements	2,592,626	8,028		2,600,654
Buildings and improvements	49,921,168	157,038		50,078,206
Vehicles, furniture and equipment	5,838,878	202,610	73,287	5,968,201
Total capital assets being depreciated	<u>58,352,672</u>	<u>367,676</u>	<u>73,287</u>	<u>58,647,061</u>
Less accumulated depreciation for:				
Land improvements	(1,299,745)	(119,433)		(1,419,178)
Buildings and improvements	(21,145,723)	(1,421,208)		(22,566,931)
Vehicles, furniture and equipment	(3,961,448)	(288,876)	(48,700)	(4,201,624)
Total accumulated depreciation	<u>(26,406,916)</u>	<u>(1,829,517)</u>	<u>(48,700)</u>	<u>(28,187,733)</u>
Total capital assets, being depreciated, net	<u>31,945,756</u>	<u>(1,461,841)</u>	<u>24,587</u>	<u>30,459,328</u>
Governmental activities capital assets, net	<u>\$ 32,169,244</u>	<u>\$ (1,461,841)</u>	<u>\$ 24,587</u>	<u>\$ 30,682,816</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,058,429
Support services – students and staff	34,752
Support services – administration	9,897
Operation and maintenance of plant services	602,719
Student transportation services	93,837
Operation of non-instructional services	29,883
Total depreciation expense – governmental activities	<u>\$1,829,517</u>

**NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT**

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	<u>\$ 3,005,970</u>	<u>\$ 746,210</u>	<u>\$ 3,752,180</u>	<u>\$</u>

**NOTE 8 – 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES**

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

Year Ending June 30:	Governmental Activities
2018	\$ 174,883
2019	174,883
2020	174,883
2021	174,883
Total minimum lease payments	<u>699,532</u>
Less: amount representing interest	<u>114,709</u>
Present value of minimum lease payments	<u>\$ 584,823</u>
Due within one year	<u>\$ 130,612</u>

**NOTE 9 – 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.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
School Improvement Bonds, Projects of 2009, Series 2010 (Class B)	\$7,648,000	3.5-4.75%	7/1/17-29	\$ 5,800,000	\$ 350,000
Total				<u>\$ 5,800,000</u>	<u>\$ 350,000</u>



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE**

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$ 350,000	\$ 245,669
2019	360,000	233,019
2020	375,000	218,994
2021	390,000	203,694
2022	405,000	187,794
2023-27	2,285,000	660,316
2028-30	1,635,000	118,869
Total	<u>\$ 5,800,000</u>	<u>\$ 1,868,355</u>

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,135,000	\$	\$ 335,000	\$ 5,800,000	\$ 350,000
Discount	(44,805)		(3,446)	(41,359)	
Total bonds payable	<u>6,090,195</u>		<u>331,554</u>	<u>5,758,641</u>	<u>350,000</u>
Obligations under capital leases	706,243		121,420	584,823	130,612
Net pension liability	25,960,142		113,551	25,846,591	
Compensated absences payable	485,396	337,030	382,945	439,481	337,662
Governmental activity long-term liabilities	<u>\$33,241,976</u>	<u>\$ 337,030</u>	<u>\$ 949,470</u>	<u>\$32,629,536</u>	<u>\$ 818,274</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due to/from other funds** – At year end, the General and Title I Grants Funds, major governmental funds, and several non-major governmental funds had negative cash balances of \$603,169, \$305,670, and \$161,352, respectively, in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Joint Technical Education Fund. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

	Transfers in		
	General	Non-Major	
Transfers out	Fund	Governmental	Total
General Fund	\$	\$ 1,125,000	\$1,125,000
Title I Grants Fund	23,273		23,273
Non-Major Governmental Funds	151,479		151,479
Total	<u>\$ 174,752</u>	<u>\$ 1,125,000</u>	<u>\$1,299,752</u>

Transfers between funds were used to (1) move federal grant funds and other monies restricted for indirect costs and (2) ensure positive fund balance in the Unrestricted Capital Outlay Fund.

**NOTE 12 – CONTINGENT LIABILITIES**

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 13 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District 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.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description.** District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

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

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

\*With actuarially reduced benefits

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2017 were \$1,572,944.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

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

		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
	2017	\$ 81,711	\$ 20,428
	2016	72,204	17,329
	2015	87,696	17,837

**Pension Liability.** At June 30, 2017, the District reported a liability of \$25.8 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.160 percent, which was a decrease of 0.007 from its proportion measured as of June 30, 2015.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the District recognized pension expense of \$213,525 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,068	\$ 1,778,057
Changes of assumptions or other inputs		1,367,491
Net difference between projected and actual earnings on pension plan investments	2,800,910	
Changes in proportion and differences between contributions and proportionate share of contributions		1,241,567
Contributions subsequent to the measurement date	1,572,944	
Total	<u>\$ 4,530,922</u>	<u>\$ 4,387,115</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	\$ (1,988,327)
2019	(1,300,189)
2020	1,074,013
2021	785,367

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

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

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

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

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Discount Rate.** The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$32,956,366	\$25,846,591	\$20,146,105

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



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## **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, 2017**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 1,152,523	\$ 1,152,523
Property taxes			3,449,469	3,449,469
State aid and grants			15,083,452	15,083,452
<b>Total revenues</b>			<u>19,685,444</u>	<u>19,685,444</u>
<b>Expenditures:</b>				
Current -				
Instruction	9,897,235	9,278,152	8,680,242	597,910
Support services - students and staff	1,969,023	2,045,363	2,033,190	12,173
Support services - administration	3,329,191	3,445,692	3,292,212	153,480
Operation and maintenance of plant services	3,150,157	3,307,039	3,110,624	196,415
Student transportation services	588,956	583,956	499,059	84,897
Operation of non-instructional services	52,188	52,857	52,858	(1)
<b>Total expenditures</b>	<u>18,986,750</u>	<u>18,713,059</u>	<u>17,668,185</u>	<u>1,044,874</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(18,986,750)</u>	<u>(18,713,059)</u>	<u>2,017,259</u>	<u>20,730,318</u>
<b>Other financing sources (uses):</b>				
Transfer out			(1,125,000)	(1,125,000)
<b>Total other financing sources (uses):</b>			<u>(1,125,000)</u>	<u>(1,125,000)</u>
<b>Changes in fund balances</b>	<u>(18,986,750)</u>	<u>(18,713,059)</u>	<u>892,259</u>	<u>19,605,318</u>
<b>Fund balances, beginning of year</b>			1,641,828	1,641,828
Increase (decrease) in reserve for prepaid items			29,522	29,522
Increase (decrease) in reserve for inventory			(52,451)	(52,451)
<b>Fund balances (deficits), end of year</b>	<u>\$ (18,986,750)</u>	<u>\$ (18,713,059)</u>	<u>\$ 2,511,158</u>	<u>\$ 21,224,217</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**  
**TITLE I GRANTS**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 2,046,580	\$ 2,046,580
<b>Total revenues</b>			2,046,580	2,046,580
<b>Expenditures:</b>				
Current -				
Instruction	1,204,119	954,077	867,485	86,592
Support services - students and staff	1,510,340	1,196,711	1,088,097	108,614
Support services - administration	62,735	49,707	45,196	4,511
Student transportation services	719	570	518	52
Capital outlay	30,553	24,208	22,011	2,197
<b>Total expenditures</b>	2,808,466	2,225,273	2,023,307	201,966
<b>Excess (deficiency) of revenues over expenditures</b>	(2,808,466)	(2,225,273)	23,273	2,248,546
<b>Other financing sources (uses):</b>				
Transfer out	(23,273)	(23,273)	(23,273)	
<b>Total other financing sources (uses):</b>	(23,273)	(23,273)	(23,273)	
<b>Changes in fund balances</b>	(2,831,739)	(2,248,546)		2,248,546
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	\$ (2,831,739)	\$ (2,248,546)	\$	\$ 2,248,546

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, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 1,016,854	\$ 1,016,854
<b>Total revenues</b>		<u>1,016,854</u>	<u>1,016,854</u>
<b>Expenditures:</b>			
Current -			
Instruction	788,132	559,592	228,540
Support services - students and staff	77,434	54,980	22,454
Support services - administration	44,180	31,369	12,811
Operation and maintenance of plant services	1,410	1,001	409
Capital outlay	77,164	54,788	22,376
<b>Total expenditures</b>	<u>988,320</u>	<u>701,730</u>	<u>286,590</u>
<b>Changes in fund balances</b>	<u>(988,320)</u>	<u>315,124</u>	<u>1,303,444</u>
<b>Fund balances, beginning of year</b>		1,179,558	1,179,558
<b>Fund balances (deficits), end of year</b>	<u>\$ (988,320)</u>	<u>\$ 1,494,682</u>	<u>\$ 2,483,002</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 THREE FISCAL YEARS**

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

**SCHEDULE OF CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Actuarially determined contribution	\$ 1,572,944	\$ 1,566,832	\$ 1,618,668
Contributions in relation to the actuarially determined contribution	<u>1,572,944</u>	<u>1,566,832</u>	<u>1,618,668</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 14,591,327	\$ 14,440,848	\$ 14,863,802
Contributions as a percentage of covered payroll	10.78%	10.85%	10.89%

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

See accompanying notes to this schedule.

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 18,626,385	\$ 4,215,833
Activity budgeted as special revenue funds	(658,200)	(1,704,675)
Prior-year prepaid items	<u>(300,000)</u>	<u></u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 17,668,185</u>	<u>\$ 2,511,158</u>

**NOTE 2 – PENSION PLAN SCHEDULES**

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

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

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



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## **GOVERNMENTAL FUNDS**

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,610,445	\$ 1,259,045	\$ 2,869,490
Property taxes receivable		89,992	89,992
Due from governmental entities	322,019	13,093	335,112
Other assets	59,853		59,853
<b>Total assets</b>	<u>\$ 1,992,317</u>	<u>\$ 1,362,130</u>	<u>\$ 3,354,447</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 13,763	\$ 8,573	\$ 22,336
Due to other funds	156,052	5,300	161,352
Accrued payroll and employee benefits	62,113		62,113
Unearned revenues	10,000		10,000
<b>Total liabilities</b>	<u>241,928</u>	<u>13,873</u>	<u>255,801</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		70,507	70,507
Unavailable revenues - intergovernmental	34,080		34,080
<b>Total deferred inflows of resources</b>	<u>34,080</u>	<u>70,507</u>	<u>104,587</u>
Fund balances:			
Restricted	1,716,309	1,277,750	2,994,059
<b>Total fund balances</b>	<u>1,716,309</u>	<u>1,277,750</u>	<u>2,994,059</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,992,317</u>	<u>\$ 1,362,130</u>	<u>\$ 3,354,447</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, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 198,620	\$ 150,979	\$ 349,599
Property taxes		557,123	557,123
State aid and grants	2,155,718	51,508	2,207,226
Federal aid, grants and reimbursements	4,003,103	33,030	4,036,133
<b>Total revenues</b>	<u>6,357,441</u>	<u>792,640</u>	<u>7,150,081</u>
<b>Expenditures:</b>			
Current -			
Instruction	3,015,032		3,015,032
Support services - students and staff	1,073,749		1,073,749
Support services - administration	44,774		44,774
Operation and maintenance of plant services	23,946		23,946
Student transportation services	16,671		16,671
Operation of non-instructional services	1,930,890		1,930,890
Capital outlay	95,760	750,086	845,846
Debt service -			
Principal retirement		121,420	121,420
Interest and fiscal charges		53,463	53,463
<b>Total expenditures</b>	<u>6,200,822</u>	<u>924,969</u>	<u>7,125,791</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>156,619</u>	<u>(132,329)</u>	<u>24,290</u>
<b>Other financing sources (uses):</b>			
Transfer in		1,125,000	1,125,000
Transfer out	(151,479)		(151,479)
<b>Total other financing sources (uses):</b>	<u>(151,479)</u>	<u>1,125,000</u>	<u>973,521</u>
<b>Changes in fund balances</b>	<u>5,140</u>	<u>992,671</u>	<u>997,811</u>
<b>Fund balances, beginning of year</b>	1,711,169	285,079	1,996,248
<b>Fund balances, end of year</b>	<u>\$ 1,716,309</u>	<u>\$ 1,277,750</u>	<u>\$ 2,994,059</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.

**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.

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

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

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

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

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

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

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

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

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

**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, 2017**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 633,576	\$ 78,115	\$ 314
Due from governmental entities			
Other assets			
<b>Total assets</b>	<u><u>\$ 633,576</u></u>	<u><u>\$ 78,115</u></u>	<u><u>\$ 314</u></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			
Unearned revenues			
<b>Total liabilities</b>	<u></u>	<u></u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Restricted	<u>633,576</u>	<u>78,115</u>	<u>314</u>
<b>Total fund balances</b>	<u><u>633,576</u></u>	<u><u>78,115</u></u>	<u><u>314</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 633,576</u></u>	<u><u>\$ 78,115</u></u>	<u><u>\$ 314</u></u>

Structured English Immersion	Professional Development and Technology Grants	Limited English & Immigrant Students	Special Education Grants	Vocational Education	E-Rate
\$ 23,929	\$ 31,593	\$ 27,439	\$ 77,700	\$ 15,966	\$ 129,357 75,405
<u>\$ 23,929</u>	<u>\$ 31,593</u>	<u>\$ 27,439</u>	<u>\$ 77,700</u>	<u>\$ 15,966</u>	<u>\$ 204,762</u>
\$ 13,117 10,812	\$ 31,593	\$ 27,439	\$ 47,015 30,685	\$ 15,966	\$ 2,914
<u>23,929</u>	<u>31,593</u>	<u>27,439</u>	<u>77,700</u>	<u>15,966</u>	<u>2,914</u>
					201,848
					<u>201,848</u>
<u>\$ 23,929</u>	<u>\$ 31,593</u>	<u>\$ 27,439</u>	<u>\$ 77,700</u>	<u>\$ 15,966</u>	<u>\$ 204,762</u>

(Continued)



**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	<u>Other Federal Projects</u>	<u>State Vocational Education</u>	<u>Other State Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 311	\$ 9,689
Due from governmental entities	35,907		
Other assets			
<b>Total assets</b>	<u>\$ 35,907</u>	<u>\$ 311</u>	<u>\$ 9,689</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,050	\$	\$
Due to other funds	20,922		
Accrued payroll and employee benefits	11,489		
Unearned revenues		311	9,689
<b>Total liabilities</b>	<u>33,461</u>	<u>311</u>	<u>9,689</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Restricted	<u>2,446</u>		
<b>Total fund balances</b>	<u>2,446</u>		
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 35,907</u>	<u>\$ 311</u>	<u>\$ 9,689</u>

Food Service	Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Textbooks	Grants and Gifts to Teachers
\$ 535,431	\$ 45,998	\$ 44,550	\$ 60,512	\$ 70,570	\$ 2,022
34,080					
59,853					
<u>\$ 629,364</u>	<u>\$ 45,998</u>	<u>\$ 44,550</u>	<u>\$ 60,512</u>	<u>\$ 70,570</u>	<u>\$ 2,022</u>
\$ 9,799	\$	\$	\$	\$	\$
9,127					
<u>18,926</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>34,080</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>576,358</u>	<u>45,998</u>	<u>44,550</u>	<u>60,512</u>	<u>70,570</u>	<u>2,022</u>
<u>576,358</u>	<u>45,998</u>	<u>44,550</u>	<u>60,512</u>	<u>70,570</u>	<u>2,022</u>
<u>\$ 629,364</u>	<u>\$ 45,998</u>	<u>\$ 44,550</u>	<u>\$ 60,512</u>	<u>\$ 70,570</u>	<u>\$ 2,022</u>

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	<u>Totals</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,610,445
Due from governmental entities	322,019
Other assets	59,853
<b>Total assets</b>	<u><u>\$ 1,992,317</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>	
Liabilities:	
Accounts payable	\$ 13,763
Due to other funds	156,052
Accrued payroll and employee benefits	62,113
Unearned revenues	10,000
<b>Total liabilities</b>	<u>241,928</u>
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	<u>34,080</u>
Fund balances:	
Restricted	<u>1,716,309</u>
<b>Total fund balances</b>	<u>1,716,309</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 1,992,317</u></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, 2017**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<b>Revenues:</b>			
Other local	\$ 3,316	\$ 185	\$
State aid and grants	1,556,560	158,905	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>1,559,876</u>	<u>159,090</u>	
<b>Expenditures:</b>			
Current -			
Instruction	1,483,708	106,640	
Support services - students and staff	84,085	13,403	
Support services - administration			
Operation and maintenance of plant services		22,489	
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>1,567,793</u>	<u>142,532</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(7,917)</u>	<u>16,558</u>	
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(7,917)</u>	<u>16,558</u>	
<b>Fund balances, beginning of year</b>	641,493	61,557	314
<b>Fund balances, end of year</b>	<u>\$ 633,576</u>	<u>\$ 78,115</u>	<u>\$ 314</u>

Structured English Immersion	Professional Development and Technology Grants	Limited English & Immigrant Students	Special Education Grants	Vocational Education	E-Rate
\$	\$	\$	\$	\$	\$
383,708					621
	201,566	115,259	771,553	39,688	92,487
383,708	201,566	115,259	771,553	39,688	93,108
274,284	41,643	3,678	530,157	18,124	
108,916	140,147	109,198	219,647	20,669	97,108
508	16,608	1,411			3,367
			10,511		
383,708	198,398	114,287	760,315	38,793	100,475
	3,168	972	11,238	895	(7,367)
	(3,168)	(972)	(11,238)	(895)	
	(3,168)	(972)	(11,238)	(895)	
					(7,367)
					209,215
\$	\$	\$	\$	\$	\$
					201,848

(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, 2017**

	Other Federal Projects	State Vocational Education	Food Service
<b>Revenues:</b>			
Other local	\$ 11	\$	\$ 145,152
State aid and grants		56,545	
Federal aid, grants and reimbursements	846,159		1,936,391
<b>Total revenues</b>	<u>846,170</u>	<u>56,545</u>	<u>2,081,543</u>
<b>Expenditures:</b>			
Current -			
Instruction	481,952	25,394	
Support services - students and staff	260,280	15,854	
Support services - administration	19,435		
Operation and maintenance of plant services			204
Student transportation services	4,188		
Operation of non-instructional services			1,930,890
Capital outlay	51,127	15,297	29,043
<b>Total expenditures</b>	<u>816,982</u>	<u>56,545</u>	<u>1,960,137</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>29,188</u>		<u>121,406</u>
<b>Other financing sources (uses):</b>			
Transfer out	(29,393)		(105,813)
<b>Total other financing sources (uses):</b>	<u>(29,393)</u>		<u>(105,813)</u>
<b>Changes in fund balances</b>	<u>(205)</u>		<u>15,593</u>
<b>Fund balances, beginning of year</b>	2,651		560,765
<b>Fund balances, end of year</b>	<u>\$ 2,446</u>	<u>\$</u>	<u>\$ 576,358</u>

Civic Center	Community School	Extracurricular Activities Fees Tax Credit	Textbooks	Grants and Gifts to Teachers	Totals
\$ 3,349	\$ 26,056	\$ 19,250	\$ 671	\$ 9	\$ 198,620
					2,155,718
					4,003,103
<u>3,349</u>	<u>26,056</u>	<u>19,250</u>	<u>671</u>	<u>9</u>	<u>6,357,441</u>
	40,630	8,822			3,015,032
	1,388	3,054			1,073,749
1,638	1,807				44,774
1,253					23,946
		1,972			16,671
					1,930,890
		293			95,760
<u>2,891</u>	<u>43,825</u>	<u>14,141</u>			<u>6,200,822</u>
<u>458</u>	<u>(17,769)</u>	<u>5,109</u>	<u>671</u>	<u>9</u>	<u>156,619</u>
					(151,479)
					(151,479)
<u>458</u>	<u>(17,769)</u>	<u>5,109</u>	<u>671</u>	<u>9</u>	<u>5,140</u>
45,540	62,319	55,403	69,899	2,013	1,711,169
<u>\$ 45,998</u>	<u>\$ 44,550</u>	<u>\$ 60,512</u>	<u>\$ 70,570</u>	<u>\$ 2,022</u>	<u>\$ 1,716,309</u>



**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, 2017**

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 3,316	\$ 3,316
State aid and grants		1,556,560	1,556,560
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>1,559,876</u>	<u>1,559,876</u>
<b>Expenditures:</b>			
Current -			
Instruction	2,190,002	1,483,708	706,294
Support services - students and staff	168,687	84,085	84,602
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>2,358,689</u>	<u>1,567,793</u>	<u>790,896</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,358,689)</u>	<u>(7,917)</u>	<u>2,350,772</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>(2,358,689)</u>	<u>(7,917)</u>	<u>2,350,772</u>
<b>Fund balances, beginning of year</b>		641,493	641,493
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,358,689)</u>	<u>\$ 633,576</u>	<u>\$ 2,992,265</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 185 158,905	\$ 185 158,905	\$	\$	\$
	159,090	159,090			
352,000	106,640 13,403 22,489	245,360 (13,403) (22,489)			
352,000	142,532	209,468			
(352,000)	16,558	368,558			
(352,000)	16,558	368,558			
	61,557	61,557		314	314
\$ (352,000)	\$ 78,115	\$ 430,115	\$	\$ 314	\$ 314

(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, 2017**

	Structured English Immersion		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		383,708	383,708
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>383,708</u>	<u>383,708</u>
<b>Expenditures:</b>			
Current -			
Instruction	488,375	274,284	214,091
Support services - students and staff		108,916	(108,916)
Support services - administration		508	(508)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>488,375</u>	<u>383,708</u>	<u>104,667</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(488,375)</u>		<u>488,375</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>(488,375)</u>		<u>488,375</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (488,375)</u>	<u>\$</u>	<u>\$ 488,375</u>

Professional Development and Technology Grants			Limited English & Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	201,566	201,566		115,259	115,259
	201,566	201,566		115,259	115,259
296,605	41,643	(41,643)		3,678	(3,678)
	140,147	156,458	131,435	109,198	22,237
	16,608	(16,608)		1,411	(1,411)
296,605	198,398	98,207	131,435	114,287	17,148
(296,605)	3,168	299,773	(131,435)	972	132,407
	(3,168)	(3,168)		(972)	(972)
	(3,168)	(3,168)		(972)	(972)
(296,605)		296,605	(131,435)		131,435
\$ (296,605)	\$	\$ 296,605	\$ (131,435)	\$	\$ 131,435

(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, 2017**

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		771,553	771,553
<b>Total revenues</b>		<u>771,553</u>	<u>771,553</u>
<b>Expenditures:</b>			
Current -			
Instruction	816,865	530,157	286,708
Support services - students and staff		219,647	(219,647)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		10,511	(10,511)
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>816,865</u>	<u>760,315</u>	<u>56,550</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(816,865)</u>	<u>11,238</u>	<u>828,103</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(11,238)	(11,238)
<b>Total other financing sources (uses):</b>		<u>(11,238)</u>	<u>(11,238)</u>
<b>Changes in fund balances</b>	<u>(816,865)</u>		<u>816,865</u>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (816,865)</u>	<u>\$</u>	<u>\$ 816,865</u>

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 1,360	\$ 1,360
	39,688	39,688		150,345	150,345
	39,688	39,688		151,705	151,705
210,794	18,124	(18,124)	251,155	40,685	210,470
	20,669	190,125		11,855	(11,855)
				16,088	(16,088)
				878	(878)
				278	(278)
				2,784	(2,784)
210,794	38,793	172,001	251,155	72,568	178,587
(210,794)	895	211,689	(251,155)	79,137	330,292
	(895)	(895)		(2,251)	(2,251)
	(895)	(895)		(2,251)	(2,251)
(210,794)		210,794	(251,155)	76,886	328,041
				132,088	132,088
\$ (210,794)	\$	\$ 210,794	\$ (251,155)	\$ 208,974	\$ 460,129

(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, 2017**

	National Forest Fees		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		127	127
<b>Total revenues</b>		127	127
<b>Expenditures:</b>			
Current -			
Instruction			
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>			
<b>Excess (deficiency) of revenues over expenditures</b>		127	127
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		127	127
<b>Fund balances, beginning of year</b>		29,878	29,878
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$	\$ 30,005	\$ 30,005

Taylor Grazing Fees			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 621	\$ 621
	20	20		92,487	92,487
	20	20		93,108	93,108
	280	(280)	650,000	97,108 3,367	552,892 (3,367)
	280	(280)	650,000	100,475	549,525
	(260)	(260)	(650,000)	(7,367)	642,633
	(260)	(260)	(650,000)	(7,367)	642,633
	4,956	4,956		209,215	209,215
\$	\$ 4,696	\$ 4,696	\$ (650,000)	\$ 201,848	\$ 851,848

(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, 2017**

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 11	\$ 11
State aid and grants			
Federal aid, grants and reimbursements		846,159	846,159
<b>Total revenues</b>		<u>846,170</u>	<u>846,170</u>
<b>Expenditures:</b>			
Current -			
Instruction	1,126,822	481,952	644,870
Support services - students and staff		260,280	(260,280)
Support services - administration		19,435	(19,435)
Operation and maintenance of plant services			
Student transportation services		4,188	(4,188)
Operation of non-instructional services			
Capital outlay		51,127	(51,127)
<b>Total expenditures</b>	<u>1,126,822</u>	<u>816,982</u>	<u>309,840</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,126,822)</u>	<u>29,188</u>	<u>1,156,010</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(29,393)	(29,393)
<b>Total other financing sources (uses):</b>		<u>(29,393)</u>	<u>(29,393)</u>
<b>Changes in fund balances</b>	<u>(1,126,822)</u>	<u>(205)</u>	<u>1,126,617</u>
<b>Fund balances, beginning of year</b>		2,651	2,651
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,126,822)</u>	<u>\$ 2,446</u>	<u>\$ 1,129,268</u>

State Vocational Education			Academic Contests		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	56,545	56,545			
	56,545	56,545			
65,493	25,394 15,854	40,099 (15,854)	24,040		24,040
	15,297	(15,297)			
65,493	56,545	8,948	24,040		24,040
(65,493)		65,493	(24,040)		24,040
(65,493)		65,493	(24,040)		24,040
\$ (65,493)	\$	\$ 65,493	\$ (24,040)	\$	\$ 24,040

(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, 2017**

	Other State Projects		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction	9,734		9,734
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>	9,734		9,734
<b>Excess (deficiency) of revenues over expenditures</b>	(9,734)		9,734
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(9,734)		9,734
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (9,734)	\$	\$ 9,734

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 432,751	\$ 432,751	\$	\$ 145,152	\$ 145,152
				1,936,391	1,936,391
	432,751	432,751		2,081,543	2,081,543
				204	(204)
			2,428,887	1,930,890	497,997
190,040	118,020	72,020		29,043	(29,043)
190,040	118,020	72,020	2,428,887	1,960,137	468,750
(190,040)	314,731	504,771	(2,428,887)	121,406	2,550,293
				(105,813)	(105,813)
				(105,813)	(105,813)
(190,040)	314,731	504,771	(2,428,887)	15,593	2,444,480
	217,419	217,419		560,765	560,765
\$ (190,040)	\$ 532,150	\$ 722,190	\$ (2,428,887)	\$ 576,358	\$ 3,005,245

(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, 2017**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 3,349	\$ 3,349
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>3,349</u>	<u>3,349</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	68,153	1,638	66,515
Operation and maintenance of plant services		1,253	(1,253)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>68,153</u>	<u>2,891</u>	<u>65,262</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(68,153)</u>	<u>458</u>	<u>68,611</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>458</u>	<u>68,611</u>
<b>Fund balances, beginning of year</b>		45,540	45,540
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (68,153)</u>	<u>\$ 45,998</u>	<u>\$ 114,151</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 26,056	\$ 26,056	\$	\$ 234,776	\$ 234,776
	26,056	26,056		234,776	234,776
46,571	40,630	5,941	450,000	177,077	272,923
	1,388	(1,388)		17,872	(17,872)
	1,807	(1,807)		3,788	(3,788)
				2,475	(2,475)
				427	(427)
				643	(643)
				19,457	(19,457)
46,571	43,825	2,746	450,000	221,739	228,261
(46,571)	(17,769)	28,802	(450,000)	13,037	463,037
(46,571)	(17,769)	28,802	(450,000)	13,037	463,037
	62,319	62,319		119,445	119,445
\$ (46,571)	\$ 44,550	\$ 91,121	\$ (450,000)	\$ 132,482	\$ 582,482

(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, 2017**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 19,250	\$ 19,250
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		19,250	19,250
<b>Expenditures:</b>			
Current -			
Instruction	250,000	8,822	241,178
Support services - students and staff		3,054	(3,054)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		1,972	(1,972)
Operation of non-instructional services			
Capital outlay		293	(293)
<b>Total expenditures</b>	250,000	14,141	235,859
<b>Excess (deficiency) of revenues over expenditures</b>	(250,000)	5,109	255,109
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(250,000)	5,109	255,109
<b>Fund balances, beginning of year</b>		55,403	55,403
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (250,000)	\$ 60,512	\$ 310,512

Gifts and Donations			Insurance Proceeds		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 344,368	\$ 344,368	\$	\$ 18,914	\$ 18,914
	344,368	344,368		18,914	18,914
187,570	18,083	169,487	69,390		69,390
	9,121	(9,121)			
	2,685	(2,685)			
	2,309	(2,309)			
	2,241	(2,241)			
	3,465	(3,465)			
187,570	37,904	149,666	69,390		69,390
(187,570)	306,464	494,034	(69,390)	18,914	88,304
(187,570)	306,464	494,034	(69,390)	18,914	88,304
	101,404	101,404		127,440	127,440
				(43,016)	(43,016)
\$ (187,570)	\$ 407,868	\$ 595,438	\$ (69,390)	\$ 103,338	\$ 172,728

(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, 2017**

	Textbooks		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 671	\$ 671
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		671	671
<b>Expenditures:</b>			
Current -			
Instruction	60,929		60,929
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		60,929
<b>Excess (deficiency) of revenues over expenditures</b>	(60,929)	671	61,600
<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)	671	61,600
<b>Fund balances, beginning of year</b>		69,899	69,899
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (60,929)	\$ 70,570	\$ 131,499

Litigation Recovery			Indirect Costs		
<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 2,768	\$ 2,768	\$	\$	\$
	<u>2,768</u>	<u>2,768</u>			
85,317	30,686	54,631	261,791	150,966	110,825
<u>85,317</u>	<u>30,686</u>	<u>54,631</u>	<u>261,791</u>	<u>26,037</u> <u>177,003</u>	<u>(26,037)</u> <u>84,788</u>
<u>(85,317)</u>	<u>(27,918)</u>	<u>57,399</u>	<u>(261,791)</u>	<u>(177,003)</u>	<u>84,788</u>
				177,003	177,003
				<u>177,003</u>	<u>177,003</u>
<u>(85,317)</u>	<u>(27,918)</u>	<u>57,399</u>	<u>(261,791)</u>		<u>261,791</u>
	281,119	281,119			
	30,686	30,686			
<u>\$ (85,317)</u>	<u>\$ 283,887</u>	<u>\$ 369,204</u>	<u>\$ (261,791)</u>	<u>\$</u>	<u>\$ 261,791</u>

(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, 2017**

	Grants and Gifts to Teachers		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 9	\$ 9
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		9	9
<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)	9	2,325
<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)	9	2,325
<b>Fund balances, beginning of year</b>		2,013	2,013
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (2,316)	\$ 2,022	\$ 4,338

Advertisement			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 6	\$ 6	\$	\$ 1,233,563	\$ 1,233,563
				2,155,718	2,155,718
				4,153,595	4,153,595
	6	6		7,542,876	7,542,876
14,039		14,039	6,405,301	3,251,157	3,154,144
			1,457,521	1,112,597	344,924
			415,261	248,987	166,274
				29,608	(29,608)
				19,617	(19,617)
			2,428,887	1,931,533	497,354
			190,040	265,523	(75,483)
14,039		14,039	10,897,010	6,859,022	4,037,988
(14,039)	6	14,045	(10,897,010)	683,854	11,580,864
				177,003	177,003
				(153,730)	(153,730)
				23,273	23,273
(14,039)	6	14,045	(10,897,010)	707,127	11,604,137
	1,269	1,269		2,726,187	2,726,187
				(12,330)	(12,330)
\$ (14,039)	\$ 1,275	\$ 15,314	\$ (10,897,010)	\$ 3,420,984	\$ 14,317,994

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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**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Debt Service		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,828	\$ 1,828
Property taxes		746,357	746,357
<b>Total revenues</b>		748,185	748,185
<b>Expenditures:</b>			
Debt service -			
Principal retirement	350,000	350,000	
Interest and fiscal charges	893,239	253,590	639,649
<b>Total expenditures</b>	1,243,239	603,590	639,649
<b>Changes in fund balances</b>	(1,243,239)	144,595	1,387,834
<b>Fund balances, beginning of year</b>		26,475	26,475
<b>Fund balances (deficits), end of year</b>	\$ (1,243,239)	\$ 171,070	\$ 1,414,309

## 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, 2017**

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<b><u>ASSETS</u></b>			
Cash and investments	\$ 931,471	\$ 203,960	\$ 2,566
Property taxes receivable	89,992		
Due from governmental entities	2,793		
<b>Total assets</b>	<u>\$ 1,024,256</u>	<u>\$ 203,960</u>	<u>\$ 2,566</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 3,573	\$	\$
Due to other funds			
<b>Total liabilities</b>	<u>3,573</u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>70,507</u>		
Fund balances:			
Restricted	<u>950,176</u>	<u>203,960</u>	<u>2,566</u>
<b>Total fund balances</b>	<u>950,176</u>	<u>203,960</u>	<u>2,566</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,024,256</u>	<u>\$ 203,960</u>	<u>\$ 2,566</u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 121,048	\$	\$ 1,259,045
		89,992
	10,300	13,093
<u>\$ 121,048</u>	<u>\$ 10,300</u>	<u>\$ 1,362,130</u>

\$	\$ 5,000	\$ 8,573
	5,300	5,300
	<u>10,300</u>	<u>13,873</u>

		<u>70,507</u>
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<u>121,048</u>		<u>1,277,750</u>
<u>121,048</u>		<u>1,277,750</u>

<u>\$ 121,048</u>	<u>\$ 10,300</u>	<u>\$ 1,362,130</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, 2017**

	Unrestricted Capital Outlay	Adjacent Ways	Gifts and Donations - Capital
<b>Revenues:</b>			
Other local	\$ 122,819	\$ 844	\$ 26,895
Property taxes	556,787	336	
State aid and grants	8,458		
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>688,064</u>	<u>1,180</u>	<u>26,895</u>
<b>Expenditures:</b>			
Capital outlay	688,005		24,331
Debt service -			
Principal retirement	121,420		
Interest and fiscal charges	53,463		
<b>Total expenditures</b>	<u>862,888</u>		<u>24,331</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(174,824)</u>	<u>1,180</u>	<u>2,564</u>
<b>Other financing sources (uses):</b>			
Transfer in	1,125,000		
<b>Total other financing sources (uses):</b>	<u>1,125,000</u>		
<b>Changes in fund balances</b>	<u>950,176</u>	<u>1,180</u>	<u>2,564</u>
<b>Fund balances (deficits), beginning of year</b>		202,780	2
<b>Fund balances, end of year</b>	<u><u>\$ 950,176</u></u>	<u><u>\$ 203,960</u></u>	<u><u>\$ 2,566</u></u>

Energy and Water Savings	Building Renewal Grant	Totals
\$ 421	\$	\$ 150,979
		557,123
	43,050	51,508
33,030		33,030
<u>33,451</u>	<u>43,050</u>	<u>792,640</u>
	37,750	750,086
		121,420
		53,463
	<u>37,750</u>	<u>924,969</u>
<u>33,451</u>	<u>5,300</u>	<u>(132,329)</u>
		1,125,000
		<u>1,125,000</u>
<u>33,451</u>	<u>5,300</u>	<u>992,671</u>
87,597	(5,300)	285,079
<u>\$ 121,048</u>	<u>\$</u>	<u>\$ 1,277,750</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 122,819	\$ 122,819
Property taxes		556,787	556,787
State aid and grants		8,458	8,458
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>688,064</u>	<u>688,064</u>
<b>Expenditures:</b>			
Capital outlay	1,163,899	688,005	475,894
Debt service -			
Principal retirement	121,420	121,420	
Interest and fiscal charges	53,463	53,463	
<b>Total expenditures</b>	<u>1,338,782</u>	<u>862,888</u>	<u>475,894</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,338,782)</u>	<u>(174,824)</u>	<u>1,163,958</u>
<b>Other financing sources (uses):</b>			
Transfer in		1,125,000	1,125,000
<b>Total other financing sources (uses):</b>		<u>1,125,000</u>	<u>1,125,000</u>
<b>Changes in fund balances</b>	<u>(1,338,782)</u>	<u>950,176</u>	<u>2,288,958</u>
<b>Fund balances (deficits), beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,338,782)</u>	<u>\$ 950,176</u>	<u>\$ 2,288,958</u>

Adjacent Ways			Gifts and Donations - Capital		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 844 336	\$ 844 336	\$	\$ 26,895	\$ 26,895
	1,180	1,180		26,895	26,895
219,959		219,959	80,500	24,331	56,169
219,959		219,959	80,500	24,331	56,169
(219,959)	1,180	221,139	(80,500)	2,564	83,064
(219,959)	1,180	221,139	(80,500)	2,564	83,064
	202,780	202,780		2	2
\$ (219,959)	\$ 203,960	\$ 423,919	\$ (80,500)	\$ 2,566	\$ 83,066

(Continued)

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Energy and Water Savings		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 421	\$ 421
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements		33,030	33,030
<b>Total revenues</b>		<u>33,451</u>	<u>33,451</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>33,451</u>	<u>382,451</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>33,451</u>	<u>382,451</u>
<b>Fund balances (deficits), beginning of year</b>		87,597	87,597
<b>Fund balances (deficits), end of year</b>	<u>\$ (349,000)</u>	<u>\$ 121,048</u>	<u>\$ 470,048</u>

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	43,050	43,050		150,979	150,979
				557,123	557,123
				51,508	51,508
				33,030	33,030
	43,050	43,050		792,640	792,640
866,463	37,750	828,713	2,679,821	750,086	1,929,735
			121,420	121,420	
			53,463	53,463	
866,463	37,750	828,713	2,854,704	924,969	1,929,735
(866,463)	5,300	871,763	(2,854,704)	(132,329)	2,722,375
				1,125,000	1,125,000
				1,125,000	1,125,000
(866,463)	5,300	871,763	(2,854,704)	992,671	3,847,375
	(5,300)	(5,300)		285,079	285,079
\$ (866,463)	\$	\$ 866,463	\$ (2,854,704)	\$ 1,277,750	\$ 4,132,454



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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, 2017**

	Student Activities	Employee Insurance	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 98,492	\$ 605,336	\$ 703,828
<b>Total assets</b>	<u>\$ 98,492</u>	<u>\$ 605,336</u>	<u>\$ 703,828</u>
<b><u>LIABILITIES</u></b>			
Deposits held for others	\$	\$ 605,336	\$ 605,336
Due to student groups	98,492		98,492
<b>Total liabilities</b>	<u>\$ 98,492</u>	<u>\$ 605,336</u>	<u>\$ 703,828</u>

**DOUGLAS UNIFIED SCHOOL DISTRICT NO. 27**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>90,874</u>	\$ <u>142,004</u>	\$ <u>134,386</u>	\$ <u>98,492</u>
Total assets	\$ <u><u>90,874</u></u>	\$ <u><u>142,004</u></u>	\$ <u><u>134,386</u></u>	\$ <u><u>98,492</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>90,874</u>	\$ <u>142,004</u>	\$ <u>134,386</u>	\$ <u>98,492</u>
Total liabilities	\$ <u><u>90,874</u></u>	\$ <u><u>142,004</u></u>	\$ <u><u>134,386</u></u>	\$ <u><u>98,492</u></u>
<b><u>EMPLOYEE INSURANCE FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>396,874</u>	<u>4,120,989</u>	<u>3,912,527</u>	\$ <u>605,336</u>
Total assets	\$ <u><u>396,874</u></u>	\$ <u><u>4,120,989</u></u>	\$ <u><u>3,912,527</u></u>	\$ <u><u>605,336</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>396,874</u>	\$ <u>4,120,989</u>	\$ <u>3,912,527</u>	\$ <u>605,336</u>
Total liabilities	\$ <u><u>396,874</u></u>	\$ <u><u>4,120,989</u></u>	\$ <u><u>3,912,527</u></u>	\$ <u><u>605,336</u></u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ <u>487,748</u>	\$ <u>4,262,993</u>	\$ <u>4,046,913</u>	\$ <u>703,828</u>
Total assets	\$ <u><u>487,748</u></u>	\$ <u><u>4,262,993</u></u>	\$ <u><u>4,046,913</u></u>	\$ <u><u>703,828</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>396,874</u>	\$ <u>4,120,989</u>	\$ <u>3,912,527</u>	\$ <u>605,336</u>
Due to student groups	<u>90,874</u>	<u>142,004</u>	<u>134,386</u>	<u>98,492</u>
Total liabilities	\$ <u><u>487,748</u></u>	\$ <u><u>4,262,993</u></u>	\$ <u><u>4,046,913</u></u>	\$ <u><u>703,828</u></u>

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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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 24,339,352	\$ 26,079,048	\$ 27,173,428	\$ 28,197,425	\$ 28,343,182
Restricted	4,873,312	3,337,150	3,096,515	3,728,258	2,954,030
Unrestricted	(21,054,991)	(24,407,317)	(29,968,585)	(2,130,930)	3,608,836
Total net position	<u>\$ 8,157,673</u>	<u>\$ 5,008,881</u>	<u>\$ 301,358</u>	<u>\$ 29,794,753</u>	<u>\$ 34,906,048</u>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 29,276,531	\$ 30,572,945	\$ 34,850,360	\$ 30,817,230	\$ 30,074,988
Restricted	3,558,660	3,897,010	2,189,507	1,285,491	2,945,518
Unrestricted	5,980,901	7,528,236	5,936,929	5,491,455	4,498,888
Total net position	<u>\$ 38,816,092</u>	<u>\$ 41,998,191</u>	<u>\$ 42,976,796</u>	<u>\$ 37,594,176</u>	<u>\$ 37,519,394</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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Expenses</b>					
Instruction	\$ 14,414,084	\$ 14,184,255	\$ 14,603,571	\$ 15,416,389	\$ 15,561,057
Support services - students and staff	4,200,858	4,334,854	4,421,951	4,021,817	4,146,037
Support services - administration	3,442,635	3,553,594	3,369,234	3,827,620	3,937,840
Operation and maintenance of plant services	3,724,968	3,711,337	3,803,705	3,737,948	3,809,971
Student transportation services	654,557	624,845	682,905	702,835	685,326
Operation of non-instructional services	1,981,581	1,847,568	1,797,067	1,810,894	1,878,777
Interest on long-term debt	310,499	329,405	349,651	363,294	386,430
Total expenses	<u>28,729,182</u>	<u>28,585,858</u>	<u>29,028,084</u>	<u>29,880,797</u>	<u>30,405,438</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,771,316	1,269,788	998,254	1,211,936	963,143
Operation of non-instructional services	143,253	133,857	374,908	319,818	409,732
Other activities	3,049	3,477	38,451	33,565	38,669
Operating grants and contributions	6,683,983	6,639,895	6,460,157	6,517,034	6,846,685
Capital grants and contributions	429,285	863,929	421,555	124,658	488,268
Total program revenues	<u>9,030,886</u>	<u>8,910,946</u>	<u>8,293,325</u>	<u>8,207,011</u>	<u>8,746,497</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (19,698,296)</u>	<u>\$ (19,674,912)</u>	<u>\$ (20,734,759)</u>	<u>\$ (21,673,786)</u>	<u>\$ (21,658,941)</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenses</b>					
Instruction	\$ 16,260,656	\$ 17,841,561	\$ 17,193,268	\$ 17,343,288	\$ 17,834,162
Support services - students and staff	4,044,306	4,213,389	4,909,283	3,377,009	2,879,445
Support services - administration	3,506,391	3,852,387	4,278,874	4,161,607	3,664,508
Operation and maintenance of plant services	3,835,953	4,113,500	3,781,781	4,413,063	4,311,968
Student transportation services	688,064	1,037,984	696,240	644,805	617,619
Operation of non-instructional services	1,790,705	1,776,853	2,111,085	2,019,035	1,908,757
Interest on long-term debt	408,367	431,757	92,143	123,043	153,544
Total expenses	<u>30,534,442</u>	<u>33,267,431</u>	<u>33,062,674</u>	<u>32,081,850</u>	<u>31,370,003</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,325,996	1,077,451	992,987	1,068,210	1,038,252
Operation of non-instructional services	420,149	161,359	398,342	49,981	281,964
Other activities	29,769	30,000	429,339	384,528	45,114
Operating grants and contributions	7,013,310	7,004,441	9,497,217	6,822,564	6,014,897
Capital grants and contributions	533,701	665,494	4,623,246	1,006,217	430,206
Total program revenues	<u>9,322,925</u>	<u>8,938,745</u>	<u>15,941,131</u>	<u>9,331,500</u>	<u>7,810,433</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (21,211,517)</u>	<u>\$ (24,328,686)</u>	<u>\$ (17,121,543)</u>	<u>\$ (22,750,350)</u>	<u>\$ (23,559,570)</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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net (Expense)/Revenue</b>	\$ (19,698,296)	\$ (19,674,912)	\$ (20,734,759)	\$ (21,673,786)	\$ (21,658,941)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	3,410,932	4,157,202	3,157,083	667,556	1,163,447
Property taxes, levied for debt service	754,209	608,127	585,112	605,881	378,410
Property taxes, levied for capital outlay	599,123	7,608	9,458		370,988
Investment income	20,530	13,935	11,340	7,161	19,895
Unrestricted county aid	1,104,427	1,163,335	1,226,277	1,402,326	1,124,042
Unrestricted state aid	16,807,375	18,328,825	14,343,367	13,822,775	14,638,011
Unrestricted federal aid	150,492	103,403	161,956	56,792	54,104
<b>Total general revenues</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><u>17,748,897</u></b>
<b>Changes in Net Position</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>	<b><u>\$ (3,910,044)</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>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Net (Expense)/Revenue</b>	\$ (21,211,517)	\$ (24,328,686)	\$ (17,121,543)	\$ (22,750,350)	\$ (23,559,570)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	397,877	4,061,894	1,918,514	2,011,783	1,747,944
Property taxes, levied for debt service	585,907	677,328	593,885	1,211,057	1,112,759
Property taxes, levied for capital outlay	1,123,544	664,704	1,215,963		59,363
Investment income	39,679	43,212	63,807	110,593	352,938
Unrestricted county aid	987,121	835,422	722,029	669	4,037
Unrestricted state aid	14,895,290	16,886,641	15,907,279	19,491,030	21,043,314
Unrestricted federal aid		180,880	2,082,686		
<b>Total general revenues</b>	<u>18,029,418</u>	<u>23,350,081</u>	<u>22,504,163</u>	<u>22,825,132</u>	<u>24,320,355</u>
<b>Changes in Net Position</b>	<u>\$ (3,182,099)</u>	<u>\$ (978,605)</u>	<u>\$ 5,382,620</u>	<u>\$ 74,782</u>	<u>\$ 760,785</u>

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

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

**(Concluded)**

**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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
General Fund:					
Nondisposable	\$ 429,498	\$ 464,757	\$ 465,559	\$ 138,991	\$ 323,988
Unassigned	3,786,335	2,492,089	(1,845,526)	(1,137,939)	3,120,729
Total General Fund	<u>\$ 4,215,833</u>	<u>\$ 2,956,846</u>	<u>\$ (1,379,967)</u>	<u>\$ (998,948)</u>	<u>\$ 3,444,717</u>
All Other Governmental Funds:					
Nondisposable	\$	\$	\$ 10,403	\$ 132,413	\$
Restricted	4,659,811	3,207,581	2,993,990	3,487,452	2,845,152
Unassigned		(5,300)		(139,778)	(46,372)
Total all other governmental funds	<u>\$ 4,659,811</u>	<u>\$ 3,202,281</u>	<u>\$ 3,004,393</u>	<u>\$ 3,480,087</u>	<u>\$ 2,798,780</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nondisposable	\$ 682,028	\$ 503,343	\$	\$	\$
Unassigned	5,069,803	6,594,709			
Reserved			333,882	322,881	480,181
Unreserved			850,466	(158,614)	314,448
Total General Fund	<u>\$ 5,751,831</u>	<u>\$ 7,098,052</u>	<u>\$ 1,184,348</u>	<u>\$ 164,267</u>	<u>\$ 794,629</u>
All Other Governmental Funds:					
Restricted	\$ 3,388,301	\$ 3,272,963	\$	\$	\$
Unassigned	(77,491)				
Reserved				7,526	10,524
Unreserved, reported in:					
Special revenue funds			3,034,201	2,715,339	2,297,125
Capital projects funds			8,101,938	796,388	2,664,402
Debt service fund			144,222	256,958	136,972
Total all other governmental funds	<u>\$ 3,310,810</u>	<u>\$ 3,272,963</u>	<u>\$ 11,280,361</u>	<u>\$ 3,776,211</u>	<u>\$ 5,109,023</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: nondisposable, 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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 4,296,814	\$ 5,135,478	\$ 4,761,213	\$ 4,689,544	\$ 5,584,171
Education Jobs					
National School Lunch Program	1,936,391	1,851,900	1,812,507	1,761,029	1,679,849
Total federal sources	<u>6,233,205</u>	<u>6,987,378</u>	<u>6,573,720</u>	<u>6,450,573</u>	<u>7,264,020</u>
<b>State sources:</b>					
State equalization assistance	15,091,910	16,660,276	12,845,463	12,220,975	13,324,991
State grants	440,253	185,787	95,380	185,160	111,699
School Facilities Board	43,050	369,230			
Other revenues	1,715,465	1,668,549	1,799,445	1,601,800	1,304,650
Total state sources	<u>17,290,678</u>	<u>18,883,842</u>	<u>14,740,288</u>	<u>14,007,935</u>	<u>14,741,340</u>
<b>Local sources:</b>					
Property taxes	4,752,949	4,503,261	3,597,918	1,365,118	1,962,618
County aid	1,104,427	1,163,335	1,226,277	1,402,326	1,124,042
Food service sales	143,253	133,857	146,310	148,002	165,190
Investment income	20,530	13,935	11,340	7,161	19,895
Other revenues	2,287,537	1,338,097	1,338,330	1,480,068	1,268,062
Total local sources	<u>8,308,696</u>	<u>7,152,485</u>	<u>6,320,175</u>	<u>4,402,675</u>	<u>4,539,807</u>
<b>Total revenues</b>	<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>	<u><u>\$ 26,545,167</u></u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Federal sources:</b>					
Federal grants	\$ 5,377,822	\$ 5,320,653	\$ 11,396,212	\$ 5,002,016	\$ 4,620,887
State Fiscal Stabilization (ARRA)		180,880	2,082,686		
Education Jobs	53,151	707,913			
National School Lunch Program	1,768,791	1,669,864	1,773,698	1,646,185	1,510,340
Total federal sources	<u>7,199,764</u>	<u>7,879,310</u>	<u>15,252,596</u>	<u>6,648,201</u>	<u>6,131,227</u>
<b>State sources:</b>					
State equalization assistance	14,148,977	15,751,557	16,097,611	16,553,192	18,442,289
State grants	195,925	90,601	234,667	2,078,367	383,990
School Facilities Board					352,670
Other revenues	1,292,206	1,157,726	1,214,935	32,980	2,248,355
Total state sources	<u>15,637,108</u>	<u>16,999,884</u>	<u>17,547,213</u>	<u>18,664,539</u>	<u>21,427,304</u>
<b>Local sources:</b>					
Property taxes	2,375,743	5,180,392	3,671,680	3,157,114	2,877,938
County aid	987,121	835,422	722,029	669	4,037
Food service sales	185,369	161,359	184,889	202,739	188,051
Investment income	39,679	43,212	63,809	110,593	352,938
Other revenues	1,741,867	1,205,416	1,721,349	1,582,957	1,376,895
Total local sources	<u>5,329,779</u>	<u>7,425,801</u>	<u>6,363,756</u>	<u>5,054,072</u>	<u>4,799,859</u>
<b>Total revenues</b>	<u>\$ 28,166,651</u>	<u>\$ 32,304,995</u>	<u>\$ 39,163,565</u>	<u>\$ 30,366,812</u>	<u>\$ 32,358,390</u>

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

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

(Concluded)



**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 13,658,476	\$ 13,312,125	\$ 13,312,255	\$ 13,762,080	\$ 13,806,716
Support services - students and staff	4,288,864	4,385,165	4,233,189	4,043,262	4,112,269
Support services - administration	3,617,764	3,570,018	3,680,435	3,496,732	3,804,782
Operation and maintenance of plant services	3,141,233	3,123,650	3,232,004	3,213,774	3,194,046
Student transportation services	519,194	507,007	506,557	564,413	551,958
Operation of non-instructional services	1,984,391	1,828,766	1,761,234	1,772,586	1,831,798
Capital outlay	1,092,408	900,477	1,113,539	1,092,574	931,233
Debt service -					
Claims and judgments					
Interest, premium and fiscal charges	307,053	325,959	346,205	359,848	372,786
Principal retirement	471,420	524,632	510,036	495,993	400,683
Bond issuance costs					
<b>Total expenditures</b>	<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>	<u><u>\$ 29,006,271</u></u>
Expenditures for capitalized assets	\$ 367,676	\$ 586,445	\$ 385,977	\$ 559,158	\$ 596,419
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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 14,729,785	\$ 13,523,776	\$ 15,731,136	\$ 15,102,110	\$ 15,898,466
Support services - students and staff	3,912,817	3,613,733	4,858,762	3,295,576	2,759,700
Support services - administration	3,227,155	3,560,419	3,756,522	3,758,653	3,687,157
Operation and maintenance of plant services	3,234,682	3,259,655	3,313,024	3,632,650	3,477,072
Student transportation services	493,999	527,036	605,059	542,207	485,546
Operation of non-instructional services	1,755,419	1,648,569	1,910,702	1,859,046	1,807,614
Capital outlay	1,522,832	8,997,027	7,092,311	2,878,248	3,201,447
Debt service -					
Claims and judgments		29,497		16,248	
Interest, premium and fiscal charges	394,723	350,018	24,050	54,950	85,451
Principal retirement	382,298	248,000	740,000	1,030,000	1,063,842
Bond issuance costs			189,834		
<b>Total expenditures</b>	<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>	<u><u>\$ 32,466,295</u></u>
Expenditures for capitalized assets	\$ 462,044	\$ 4,294,000	\$ 5,983,990	\$ 1,076,419	\$ 417,468
Debt service as a percentage of noncapital expenditures	3%	2%	2%	3%	4%

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 2,751,776	\$ 4,545,906	\$ (1,061,271)	\$ (3,940,079)	\$ (2,461,104)
<b>Other financing sources (uses):</b>					
Capital lease agreements				230,305	
Transfers in	1,299,752	453,794	283,261	1,016,702	271,038
Transfers out	(1,299,752)	(453,794)	(283,261)	(1,016,702)	(271,038)
Total other financing sources (uses)				230,305	
<b>Changes in fund balances</b>	<u>\$ 2,751,776</u>	<u>\$ 4,545,906</u>	<u>\$ (1,061,271)</u>	<u>\$ (3,709,774)</u>	<u>\$ (2,461,104)</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,487,059)	\$ (3,452,735)	\$ 942,165	\$ (1,802,876)	\$ (107,905)
<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	170,085	179,723	203,394	1,471,552	702,599
Transfers out	(170,085)	(179,723)	(203,394)	(1,471,552)	(702,599)
Total other financing sources (uses)		1,189,580	7,578,591		
<b>Changes in fund balances</b>	<u>\$ (1,487,059)</u>	<u>\$ (2,263,155)</u>	<u>\$ 8,520,756</u>	<u>\$ (1,802,876)</u>	<u>\$ (107,905)</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 21,585,065	\$ 22,678,308	\$ 23,144,013	\$ 23,596,186	\$ 24,929,998
Agricultural and Vacant	8,264,511	8,790,296	8,732,829	9,150,657	9,242,515
Residential (Owner Occupied)	23,688,569	23,181,063	23,513,949	25,956,258	26,185,770
Residential (Rental)	12,956,444	12,450,746	12,559,231	13,370,678	13,125,265
Historical Property	60,347	58,866	58,866	68,231	68,231
Certain Government Property Improvements	12,969	12,969	12,969	12,969	11,465
Total	<u>\$ 66,567,905</u>	<u>\$ 67,172,248</u>	<u>\$ 68,021,857</u>	<u>\$ 72,154,979</u>	<u>\$ 73,563,244</u>
Gross Full Cash Value	\$ 654,235,820	\$ 640,811,628	\$ 641,632,122	\$ 679,973,106	\$ 688,509,192
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	10%	11%	11%	11%
Total Direct Rate	8.42	8.18	6.19	2.00	3.01

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 25,535,106	\$ 26,415,221	\$ 26,525,258	\$ 26,844,013	\$ 26,783,763
Agricultural and Vacant	8,874,977	8,424,590	7,359,880	7,226,800	7,468,002
Residential (Owner Occupied)	33,804,467	33,820,165	32,328,606	30,232,963	27,193,359
Residential (Rental)	6,145,947	6,029,431	5,743,575	5,423,091	4,542,108
Railroad, Private Cars and Airlines					
Historical Property	71,120	78,645	63,335	65,370	59,589
Total	<u>\$ 74,431,617</u>	<u>\$ 74,768,052</u>	<u>\$ 72,020,654</u>	<u>\$ 69,792,237</u>	<u>\$ 66,046,821</u>
Gross Full Cash Value	\$ 694,974,282	\$ 701,419,679	\$ 647,530,839	\$ 635,863,021	\$ 572,506,151
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	12%
Total Direct Rate	3.32	8.74	6.12	5.16	4.68

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 21,587,934	\$ 22,684,730	\$ 23,156,027	\$ 23,631,939	\$ 25,139,136
Agricultural and Vacant	8,301,922	8,851,713	8,832,932	9,474,420	10,031,488
Residential (Owner Occupied)	23,697,093	23,206,679	23,519,372	25,969,064	26,226,198
Residential (Rental)	12,967,910	12,462,057	12,561,184	13,376,856	13,184,541
Historical Property	60,347	58,866	58,866	68,231	68,231
Certain Government Property Improvements	12,969	12,969	12,969	12,969	12,969
Total	<u>\$ 66,628,175</u>	<u>\$ 67,277,014</u>	<u>\$ 68,141,350</u>	<u>\$ 72,533,479</u>	<u>\$ 74,662,563</u>
Gross Full Cash Value	\$ 654,235,820	\$ 640,811,628	\$ 641,632,122	\$ 679,973,106	\$ 688,509,192
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	11%	11%	11%
Estimated Net Full Cash Value	533,760,267	519,775,973	523,247,501	559,467,389	568,899,591
Total Direct Rate	8.42	8.18	6.19	2.00	3.01

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 25,767,786	\$ 27,073,241	\$ 27,552,654	\$ 28,527,823	\$ 27,735,980
Agricultural and Vacant	10,155,891	10,486,873	7,913,565	8,084,191	8,658,478
Residential (Owner Occupied)	33,862,691	34,427,551	32,859,795	32,137,204	27,968,296
Residential (Rental)	6,190,301	6,132,339	5,913,254	5,904,100	4,687,886
Railroad, Private Cars and Airlines					
Historical Property	71,186	79,615	66,751	69,538	62,686
Total	<u>\$ 76,047,855</u>	<u>\$ 78,199,619</u>	<u>\$ 74,306,019</u>	<u>\$ 74,722,856</u>	<u>\$ 69,113,326</u>
Gross Full Cash Value	\$ 694,974,282	\$ 701,419,679	\$ 647,530,839	\$ 635,863,021	\$ 572,506,151
Ratio of Net Full Cash Value to Gross Full Cash Value	11%	11%	11%	12%	12%
Estimated Net Full Cash Value	578,561,541	586,951,973	553,185,426	547,879,028	491,871,992
Total Direct Rate	3.32	8.74	6.12	5.16	4.68

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	20 %	21 %	22 %	23 %	24 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	17	18	20	21

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

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

**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	Flood	Community	Fire	Joint	City			
	Equalization	County	Free Library	Control District	College District	District Assistance	Technology District	of Douglas	Primary	Secondary	Total
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	0.51	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
2008	0.00	2.87	0.16	0.26	1.74	0.09	0.05	0.99	3.10	1.58	4.68

**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	2017			2008	
	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	\$ 4,276,140	6.42 %		\$ 3,506,537	5.07 %
Wal-Mart Stores Inc.	2,009,437	3.02		2,937,819	4.25
Phelps Dodge Corporation	1,081,504	1.62		1,165,010	1.69
Southwest Gas Corporation	612,601	0.92		1,174,834	1.70
DHD LLC	571,247	0.86			
Kinder Morgan	524,979	0.79			
BH Properties LLC	517,192	0.78			
Qwest Corporation	508,966	0.76		1,218,049	1.76
SFP Pool Five Shopping Centers LLC	427,482	0.64			
UIRC-GSA V Douglas AZ LLC	359,293	0.54			
Safeway Inc.				790,100	1.14
MT Development LLC				921,089	1.33
FAE Holdings 356216R LLC				625,670	0.91
Douglas Customs LLC				480,000	0.69
J.C. Penny Stores				531,075	0.77
. Total	<u>\$ 10,888,841</u>	<u>16.35 %</u>		<u>\$ 13,350,183</u>	<u>19.31 %</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>
2017	\$ 4,825,089	\$ 4,320,860	89.55 %	\$	\$ 4,320,860	89.55 %
2016	4,688,928	4,209,359	89.77	401,569	4,610,928	98.34
2015	3,673,948	3,308,359	90.05	316,234	3,624,593	98.66
2014	1,283,355	1,130,385	88.08	139,098	1,269,483	98.92
2013	1,961,938	1,763,680	89.89	184,276	1,947,956	99.29
2012	2,115,717	1,903,366	89.96	199,088	2,102,454	99.37
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
2008	2,668,469	2,400,827	89.97	267,642	2,668,469	100.00

**Source:** The source of this information is the 2017 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		Estimated				Estimated			
		Restricted for Principal		Actual Value (Full Cash Value)				Actual Value (Full Cash Value)			
2017	\$ 5,758,641	\$ 279,984	\$ 5,478,657	0.84 %	\$ 322	\$ 584,823	\$ 6,343,464	0.97 %	\$ 373	N/A %	
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	
2008	2,770,000	253,787	2,516,213	0.44	140		2,770,000	0.48	154	0.07	

**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, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Cochise County	\$ 1,292,713	7.32 %	\$ 94,673
City of Douglas	7,782,606	100.00	7,782,606
Subtotal, Overlapping Debt			<u>7,877,279</u>
Direct:			
Douglas Unified School District No. 27			<u>6,343,464</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 14,220,743</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	8.23	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 786	
As a Percentage of Net Limited Assessed Valuation	20.06	%
As a Percentage of Gross Full Cash Value	2.04	%

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

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

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

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

Net full cash assessed valuation	\$ 66,628,175
Debt limit (20% of assessed value)	13,325,635
Debt applicable to limit	<u>5,800,000</u>
Legal debt margin	<u><u>\$ 7,525,635</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2017:**

Net full cash assessed valuation	\$ 66,628,175
Debt limit (30% of assessed value)	19,988,453
Debt applicable to limit	<u>5,800,000</u>
Legal debt margin	<u><u>\$ 14,188,453</u></u>

**Fiscal Year Ended June 30**

	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
Debt Limit	\$ 19,988,453	\$ 20,183,104	\$ 20,442,405	\$ 21,760,044	\$ 22,398,736
Total net debt applicable to limit	<u>5,800,000</u>	<u>6,135,000</u>	<u>6,416,749</u>	<u>6,733,303</u>	<u>7,039,857</u>
Legal debt margin	<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>	<u><u>\$ 15,358,879</u></u>
Total net debt applicable to the limit as a percentage of debt limit	29%	30%	31%	31%	31%

	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>
Debt Limit	\$ 22,814,357	\$ 23,459,886	\$ 29,722,408	\$ 22,416,857	\$ 20,733,998
Total net debt applicable to limit	<u>7,400,000</u>	<u>7,600,000</u>	<u>8,388,000</u>	<u>1,770,000</u>	<u>2,770,000</u>
Legal debt margin	<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>	<u><u>\$ 17,963,998</u></u>
Total net debt applicable to the limit as a percentage of debt limit	32%	32%	28%	8%	13%

**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>
2016	128,343	\$ N/A	\$ N/A	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
2007	137,200	3,823,812	29,890	4.0	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 2007 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, the source of the information is the Arizona Office of Employment and Population Statistics.

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

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

Employer	2017			2008		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Arizona Department of Corrections	570	13.72	%	760	13.07	%
Douglas Unified School District	460	11.07		534	9.19	
Wal-Mart Stores, Inc.	288	6.93		350	6.02	
Advanced Call Center Technologies, L.L.C.	260	6.26				
City of Douglas	227	5.46		250	4.30	
Homeland Security	168	4.04		30	0.52	
Cochise College	165	3.97		348	5.99	
Chiricahua Community Health Center	116	2.79				
Cochise Private Industry Council	48	1.15				
Cochise County	37	0.89		1,411	24.27	
Copper Queen Community Hospital	37	0.89				
United States Border Patrol				500	8.60	
Southeast Arizona Medical Center				175	3.01	
United States Customs				115	1.98	
Safeway				75	1.29	
Basha's Inc.				87	1.50	
Total	2,376	57.17	%	4,635	79.74	%
Total employment	4,156			5,813		

**Source:** The source of this information is the Business Journal Book of Lists.

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Assistant superintendents				1	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>15</u>	<u>15</u>
<b>Instruction</b>					
Teachers	183	184	184	197	188
Other professionals (instructional)	14	15	15	16	16
Aides	106	107	107	99	115
Total instruction	<u>303</u>	<u>306</u>	<u>306</u>	<u>312</u>	<u>319</u>
<b>Student Services</b>					
Nurses	4	4	4	4	4
Counselors/Advisors	8	8	8	8	7
Librarians	1	1	1	1	1
Technicians	6	6	6	6	6
Total student services	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>18</u>
<b>Support and Administration</b>					
Clerical workers	23	23	23	24	24
Maintenance workers	16	16	16	16	16
Bus drivers	7	7	8	8	7
Service workers	4	4	4	4	4
Unskilled laborers	74	74	74	74	75
Total support and administration	<u>124</u>	<u>124</u>	<u>125</u>	<u>126</u>	<u>126</u>
<b>Total</b>	<u><u>460</u></u>	<u><u>463</u></u>	<u><u>464</u></u>	<u><u>472</u></u>	<u><u>478</u></u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Supervisory</b>					
Superintendent	1				
Assistant superintendents	1				
Consultants/supervisors of instruction	2				3
Principals	8	8	7	8	8
Assistant principals	4	4	4	4	2
Total supervisory	<u>16</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>13</u>
<b>Instruction</b>					
Teachers	180	187	198	203	189
Other professionals (instructional)	16	16	14	14	14
Aides	116	112	96	110	118
Total instruction	<u>312</u>	<u>315</u>	<u>308</u>	<u>327</u>	<u>321</u>
<b>Student Services</b>					
Nurses	4				
Counselors/Advisors	7				
Librarians	1	1	2	2	2
Technicians	6	6	8	9	8
Total student services	<u>18</u>	<u>7</u>	<u>10</u>	<u>11</u>	<u>10</u>
<b>Support and Administration</b>					
Clerical workers	24				
Maintenance workers	16				
Bus drivers	7				
Service workers	4	34	38	42	42
Unskilled laborers	75	107	80	84	87
Total support and administration	<u>126</u>	<u>141</u>	<u>118</u>	<u>126</u>	<u>129</u>
<b>Total</b>	<u><u>472</u></u>	<u><u>475</u></u>	<u><u>447</u></u>	<u><u>476</u></u>	<u><u>473</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>
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
2008	3,973	28,115,555	7,077	1.74	31,370,003	7,896	(0.59)	321	12.4	79.0

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	22	22	22	22	22	22	22	22	22	22
Square feet	180,233	180,233	180,233	180,233	180,233	180,233	180,233	180,233	180,233	180,233
Capacity	2,315	2,315	2,315	2,251	2,251	2,251	2,251	2,251	2,251	2,251
Enrollment	1,546	1,441	1,441	1,591	1,616	1,616	1,698	1,675	1,696	1,803
<b>Middle</b>										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538	135,538
Capacity	1,365	1,365	1,365	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Enrollment	925	884	884	859	940	940	944	919	918	976
<b>High</b>										
Buildings	23	23	23	23	23	23	23	23	23	23
Square feet	158,775	158,775	158,775	157,335	157,335	157,335	157,335	157,335	157,335	157,335
Capacity	1,478	1,478	1,478	1,967	1,967	1,967	1,967	1,967	1,967	1,967
Enrollment	1,324	1,310	1,310	1,267	1,353	1,353	1,324	1,269	1,145	1,217
<b>Other</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Square feet	28,561	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	352
Enrollment	95	90	90	90	147	147	146	146	162	172
<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	14	14	14	16	16	17	17	16	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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