
SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

SEDONA, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Issued by:
Business and Finance Department

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

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INTRODUCTORY SECTION

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Mr. David Lykins
Superintendent of Schools

Mrs. Lynn Leonard
Director of Finance

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Telephone: (928) 204-6800 • Fax: (928) 282-0232

www.sedona.k12.az.us

December 21, 2016

Citizens and Governing Board
Sedona-Oak Creek Joint Unified School District No. 9
221 Brewer Road, Suite 100
Sedona, Arizona 86336

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Sedona-Oak Creek Joint Unified School District No. 9 (District) for the fiscal year ended June 30, 2016.

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

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

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

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

PROFILE OF THE DISTRICT

Residents of Coconino and Yavapai counties voted to form a new school district. This 93% voter approval resulted in the creation of the Sedona-Oak Creek Joint Unified School District No. 9 in fiscal year 1991-92. The District was formed from a portion of Cottonwood-Oak Creek Elementary School District No. 6 of Yavapai County, Arizona; Mingus Union High School District No. 4 of Yavapai County, Arizona; and Flagstaff Unified School District No. 1 of Coconino County, Arizona. The District is located in both Yavapai and Coconino counties. It provides a program of public education from pre-kindergarten through grade twelve, with total enrollment of 1,051 students. The projected enrollment for fiscal year 2016-17 is 1,075.

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, food services, bookstore, and athletic functions.

Sedona Oak Creek School District

The District ended the year with the maximum allowed 4% carry-forward in the Maintenance and Operation Fund. The District's long range planning includes research and cost analysis into restructuring and reorganization of the current instructional delivery model in preparation for projected enrollment drops over the next four years. In response to this preparation the District has created a Junior High School for 7th and 8th Grade. Located at the High School, in a separate building; the Junior High is able to operate as its own entity while being part of a larger organization. The Junior High students are provided the opportunity to participate in many more extracurricular activities and specials. By providing an exceptional educational experience for middle school aged children the District is optimistic the enrollment will increase at the Junior High.

The facilities at Sedona Oak Creek vary in age, but are in excellent condition. The K-6 at Big Park and the High School were both constructed approximately 23 years ago. The K-6 at West Sedona has some older structures but most were rebuilt in 2008. The District office is new construction, built in 2010. Additionally, the High School has a new Performing Arts Center constructed in 2010. Both the District Office and the Performing Arts Center were constructed using Bond funds (passed in 2006). These funds were also used to upgrade existing facilities.

Sedona Red Rock High School was opened in September 1994 and graduated its first senior class in the 1996-1997 school year. Sedona Red Rock High School is a performance-based school with a high level of personalization and a strong, integrated, core curriculum, where students demonstrate what they know and are able to do. We are a partnership with the mission to acknowledge personal achievement, encourage intellectual growth, foster physical and emotional wellbeing, and instill responsible decision-making. Red Rock High School has received an "Excelling School" label for the past eight years from the Arizona Department of Education, the highest rating given to a school. For fiscal year 2017, we have a projected enrollment of 375 students. We offer a full complement of sports, Student Council, and student clubs including: Theatre, Choir, Newspaper, Yearbook, Key Club, and National Honor Society, as well as many others. In addition, the school offers expanded career and technology courses, made possible by the formation of VACTE (Valley Academy for Career & Technical Education).

Big Park Community School was opened as a state-of-the-art facility in September 1994. The fiscal year 2017 projected enrollment is approximately 223 students in a K-6 configuration. Our greatest challenge is to provide a curriculum that is meaningful, real life, and interesting to our students. We emphasize the emotional intelligences as well as academics. Programs for students include: geography bee, spelling bee, poetry competition, accelerated reading and math. Additionally, most athletic sports are offered. Big Park administration and staff are currently in the first year of research and investigation into becoming an International Baccalaureate school.

West Sedona Elementary School is a K-6 school of approximately 308 students projected for fiscal year 2017. The school staff is dedicated to providing a motivating, challenging, and enriched school program to all students. The school is currently pursuing STEM accreditation through Advanced Ed and when approved would become the first STEM accredited elementary school in the state of Arizona. Enrichment programs in music, writing, and the arts are available to all students. A full sports program and an active Student Council provide students with opportunities to further their extra-curricular activities. The West Sedona PTA is an active organization that supports the goals of the school through fund-raising, parent education programs, and sponsoring of student recognition programs. The school's Site-Based Council represents all segments of the school community in planning and implementing programs. West Sedona School is an exciting, active, motivating learning center.

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 over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District is located in central Arizona approximately 127 miles north of the City of Phoenix, Arizona, and 27 miles south of the City of Flagstaff, Arizona, and is surrounded by the Coconino National Forest. The community is located in both Coconino County and Yavapai County and is situated at the southern entrance to Oak Creek Canyon, a major tourist attraction. Sedona was established in 1902 and became an incorporated city on January 4, 1988.

Sedona has a mild climate due to its elevation, being 3,200 feet higher than the desert area of Phoenix and 2,600 feet lower than the rim country area of Flagstaff.

The Greater Sedona Area (City of Sedona and the Village of Oak Creek) has an estimated population of 19,500.

From a small agricultural community, the City of Sedona has developed into a major tourist and art center. The primary contributors to the City's economy are tourism, services, retirement, and commerce. The two largest employment sectors are service and trade. Activities in these employment sectors are characterized by proprietor owned and operated business establishments.

The National Forest Service estimates that over three million visitors per year visit the "Red Rock Country" of Sedona and Oak Creek Canyon. The City is home to red sandstone geological formations, which have become a tourist attraction for the area. Along with the scenic attractions, the city offers approximately 50 art galleries where local artists display their works. The City of Sedona and the Village of Oak Creek have two nine-hole golf courses, two 18-hole golf courses, and approximately 100 restaurants servicing over 2,000 hotel/motel/resort units.

While Sedona's natural beauty continues to attract visitors from all over the world, the tourist industry in Sedona has been affected by the drop in the regional and national economy. Many of the smaller proprietor owned and operated businesses have closed or been sold to larger companies in the area. One of the major employers in the City recently declared bankruptcy and has re-opened under new ownership. With a recently new highway design when entering Sedona and the City's street improvement projects, the City is expecting an increase in tourism over the next few years.

Long-term Financial Planning. *Overrides Renewal.* The Finance Director and Superintendent made a recommendation to the Board to call for an election for the renewal of the current override in November 2013. The November 2013 election was successful in reinstating the previous override at the full 15% for the FY 15. With successful passage, the District was able to maintain the use of the additional funds for up to five years in those areas identified through the District's needs assessment. Areas include school safety, class sizes, and specials program.

The District has conducted a long-range enrollment trend analysis based on historical data and current cohort projections. The study showed that the District's enrollment has been steadily decreasing over the past 10 years and as several small cohorts move through the system and enter the High School, the District will be faced with reduced funding. This is in large part due to the State of Arizona budget formula and the additional funding weights that are applied to high school students.

In response to the District Governing Board's direction to research alternative delivery models the Superintendent has modified West Sedona Elementary and Big Park Elementary from a K-8 to K-6 model. The 7th and 8th grade are now educated at the High School in the newly formed Junior High. It is anticipated this will increase enrollment at those grade levels which should be sustained through grade 9 to 12.

Study of Maximization of Dollars in the Classroom. The Business Manager, Superintendent, and School Principals perform an annual analysis of staffing needs in preparation of budget development. Examinations of classroom expenditures are continually performed. While some restructuring occurred due to lower enrollment and creation of a Junior High model much of the savings were put back into increased salaries for teaching staff.

Updating of Five-Year Capital Maintenance and Technology Plan. The Business Manager, Facilities Manager, IT Director and Superintendent meet annually to look at the condition of facilities and District technology equipment. At that time, the expenditure of available funds is determined based on urgency of need and requests from site principals. These needs and requests are then placed in a five-year plan. The District has almost completed a two-year plan to provide increased bandwidth to all sites. This was accomplished with E-rate funds in conjunction with Century Link and the will be provided to the District at very minimal cost. After completion of the Metro Optical Ethernet Project (projected early 2017) the District's bandwidth for all sites will increase substantially.

The Governing Board recently approved entering into a Guaranteed Saving Agreement for Energy Saving Improvement with Midstate Energy. This has resulted in a Qualified Zone Academy Bond (QZAB) in the amount of \$1,850,240 for 15 years at 0% interest scheduled to close December, 2016. The QZAB will be paid from the guaranteed net savings resulting from energy conservation. In addition, this project includes lighting upgrades, HVAC replacement at Big Park Elementary, water upgrades along with an energy behavior and data management system.

The District has completed a federally mandated technology plan. In the annual updates to the technology plan, the District looks at software and equipment that align to the District's Science, Technology, Engineering and Math (STEM) goals. Each school site is placed on a rotation for equipment upgrades and software renewals. Both the capital maintenance plan and the technology plan have a contingency line item for emergency items in any given year.

General Fund Balances. The District's budgeting process includes plans to increase the general fund cash balances and prepaid insurance accounts. By so doing, a positive cash balance in the general fund will aide in maintaining the current tax rates. The prepaid account balances will be available to offset or partially offset any future state cuts to District's funding levels.

Projected Enrollments. The Business Manager, Superintendent, and School Principals perform an annual analysis of enrollment trends and long-range projections. At the end of fiscal year 2015 the administrative team projected that within the next 4 years, high school enrollment will be down between 100-125 students. The District conducted community forums and roundtable discussions in 2016 and continues to research instructional delivery models to identify student needs and areas for cost savings to help offset the funding reductions due to this long-range drop in enrollment.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 22nd consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



David D. Lykins
Superintendent



Lynn Leonard
Director of Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

**Sedona-Oak Creek Joint Unified
School District No. 9**

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

Sedona-Oak Creek

Joint Unified School District No. 9

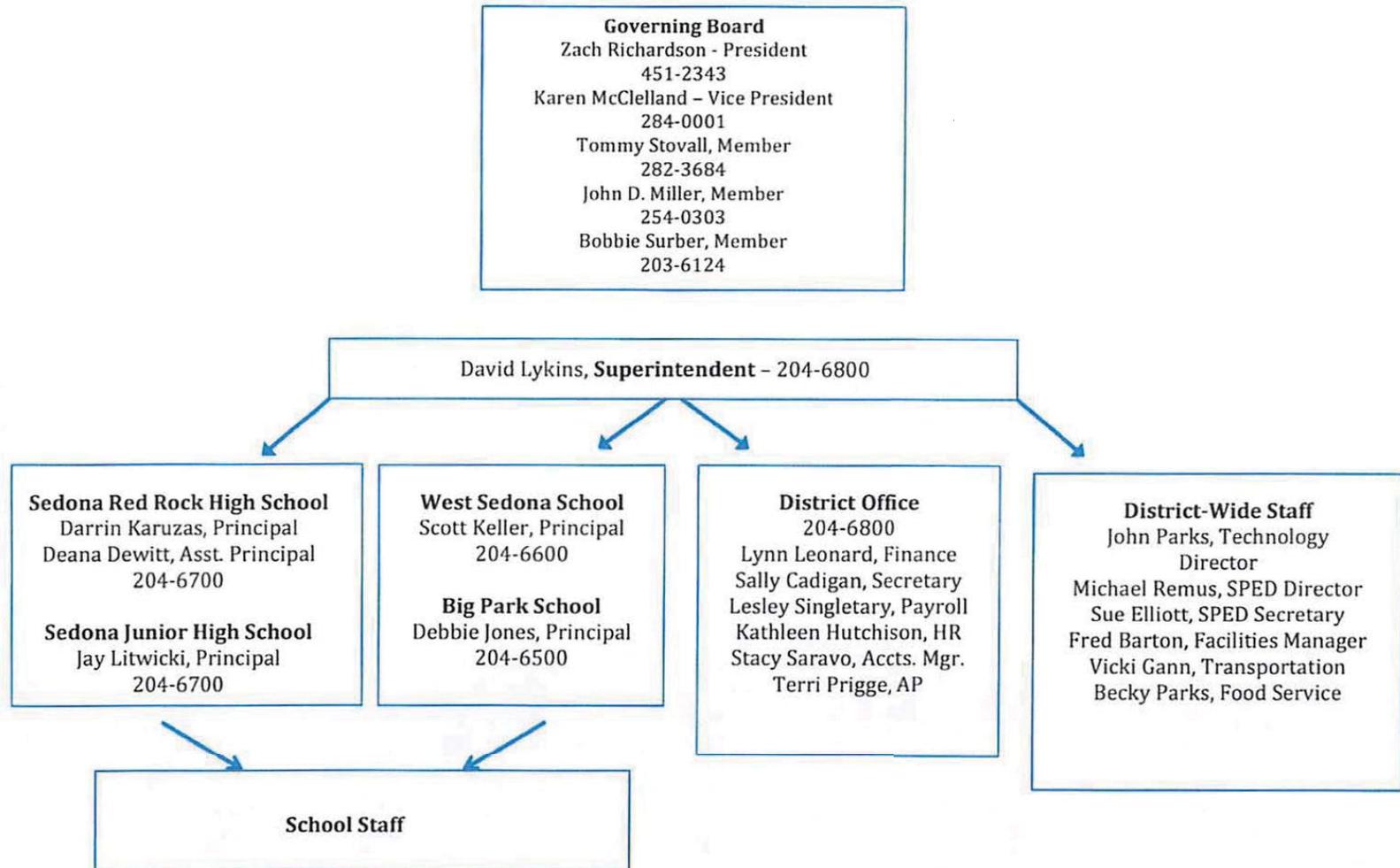
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Sedona-Oak Creek JUSD #9
Organizational Chart 2016/2017



SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Zach Richardson, President

Karen McClelland, Vice President

John D. Miller, Member

Tommy Stovall, Member

Bobbie Surber, Member

ADMINISTRATIVE STAFF

David D. Lykins, Superintendent

Lynn Leonard, Director of Finance

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Sedona-Oak Creek Joint Unified School District No. 9

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 Sedona-Oak Creek Joint Unified School District No. 9 (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sedona-Oak Creek Joint Unified School District No. 9, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of Sedona-Oak Creek Joint Unified School District No. 9'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 Sedona-Oak Creek Joint Unified School District No. 9's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
December 21, 2016

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

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**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

As management of the Sedona-Oak Creek Joint Unified School District No. 9 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$1.4 million which represents a seven percent increase from the prior fiscal year primarily due to efforts by the District to maximize budget and cash carryforward for future year expenditures.
- General revenues accounted for \$13.6 million in revenue, or 85 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$2.4 million or 15 percent of total current fiscal year revenues.
- The District had approximately \$14.6 million in expenses related to governmental activities, a decrease of two percent from the prior fiscal year, primarily due to a decrease in student enrollment.
- Among major funds, the General Fund had \$7.2 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$7.3 million in expenditures. The General Fund's fund balance decreased \$34,646 to \$2.2 million at the end of the current fiscal year, primarily due to a reduction in property tax revenues due to a decrease in tax rates and student enrollment.
- The Debt Service Fund's fund balance decreased from \$862,339 to \$732,910 due to a reduction in property tax revenues due to a decrease in tax rates.

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.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Title I Grants, Special Education Grants, Debt Service, and Unrestricted Capital Outlay 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.

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 by \$22.5 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.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	As of June 30, 2016	As of June 30, 2015
Current and other assets	\$ 5,722,301	\$ 6,504,166
Capital assets, net	72,487,480	75,170,457
Total assets	<u>78,209,781</u>	<u>81,674,623</u>
Deferred outflows	<u>3,465,030</u>	<u>3,885,431</u>
Current and other liabilities	252,015	544,750
Long-term liabilities	57,919,789	62,292,209
Total liabilities	<u>58,171,804</u>	<u>62,836,959</u>
Deferred inflows	<u>1,032,483</u>	<u>1,671,819</u>
Net position:		
Net investment in capital assets	25,408,093	23,913,922
Restricted	2,820,169	2,795,858
Unrestricted	(5,757,738)	(5,658,504)
Total net position	<u>\$ 22,470,524</u>	<u>\$ 21,051,276</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$5.8 million as a result of the District's proportionate share of the state pension plan's unfunded liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$4.1 million of bonds and \$443,768 in bond premium.
- The depreciation of existing assets resulting in the addition of \$2.9 million in accumulated depreciation.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

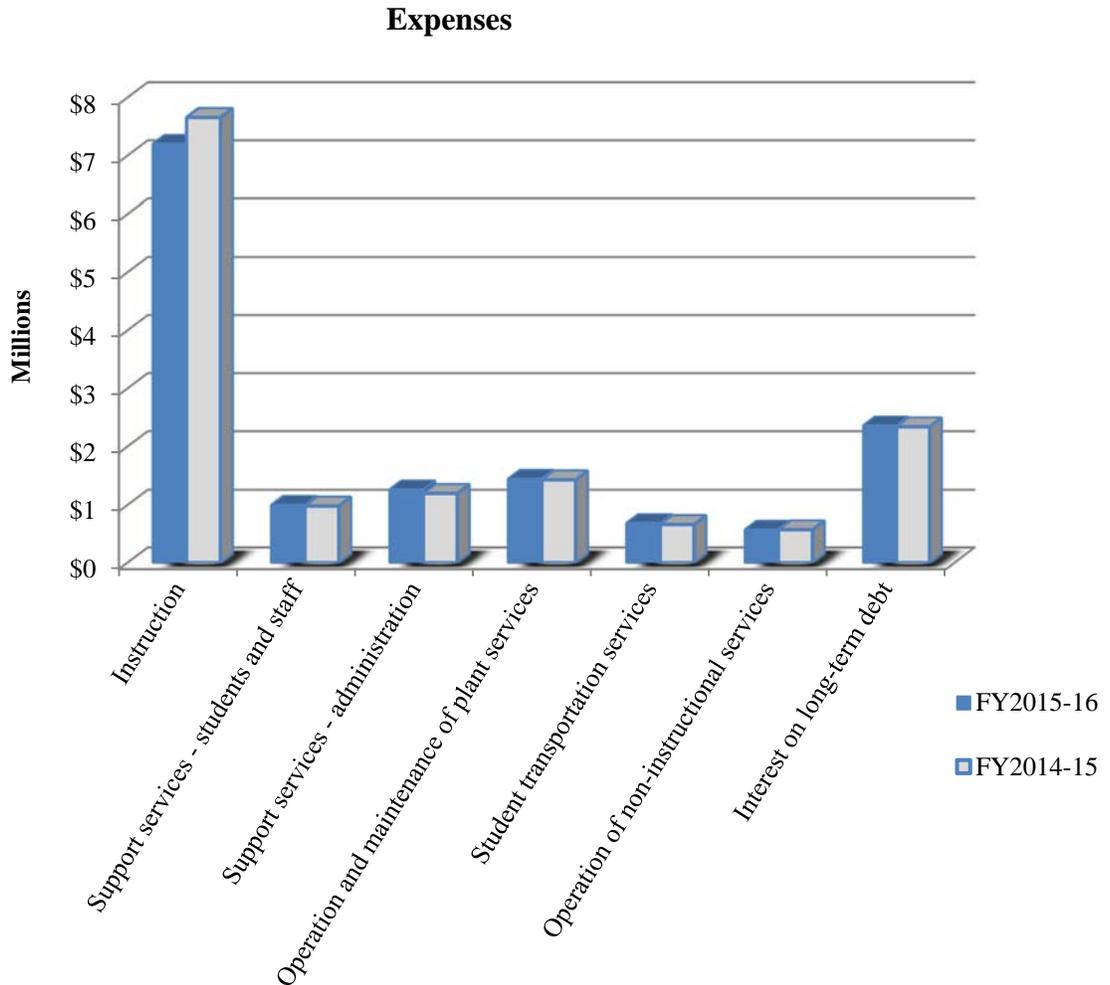
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$16.0 million. The total cost of all programs and services was \$14.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 520,854	\$ 745,813
Operating grants and contributions	1,781,525	1,615,949
Capital grants and contributions	50,641	9,312
General revenues:		
Property taxes	11,696,256	12,225,565
Investment income	27,246	127,899
Unrestricted state aid	1,741,326	1,717,747
Unrestricted federal aid	159,997	113,107
Total revenues	<u>15,977,845</u>	<u>16,555,392</u>
Expenses:		
Instruction	7,205,062	7,656,295
Support services – students and staff	1,002,977	981,460
Support services – administration	1,271,784	1,200,008
Operation and maintenance of plant services	1,454,391	1,435,298
Student transportation services	687,536	661,428
Operation of non-instructional services	573,512	569,894
Interest on long-term debt	2,363,335	2,338,982
Total expenses	<u>14,558,597</u>	<u>14,843,365</u>
Changes in net position	<u>1,419,248</u>	<u>1,712,027</u>
Net position, beginning	<u>21,051,276</u>	<u>19,339,249</u>
Net position, ending	<u>\$ 22,470,524</u>	<u>\$ 21,051,276</u>

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The decrease in property tax revenues of \$529,309 was primarily due to a decrease in tax rates.
- The decrease of \$451,233 in instructional expenses was primarily due to a decreased cost of instruction as a result of a decrease in enrolled students and overall conservative spending.
- The decrease in charges for services of \$224,959 was primarily due to a reduction in rental fees as the result of reduced usage of the District facilities by outside organizations.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

	<u>Year Ended June 30, 2016</u>		<u>Year Ended June 30, 2015</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 7,205,062	\$ (6,004,428)	\$ 7,656,295	\$ (6,492,526)
Support services – students and staff	1,002,977	(934,807)	981,460	(908,387)
Support services – administration	1,271,784	(1,265,466)	1,200,008	(1,199,750)
Operation and maintenance of plant services	1,454,391	(1,279,464)	1,435,298	(1,205,199)
Student transportation services	687,536	(674,864)	661,428	(661,428)
Operation of non-instructional services	573,512	(39,442)	569,894	(35,074)
Interest on long-term debt	2,363,335	(2,007,106)	2,338,982	(1,969,927)
Total	<u>\$14,558,597</u>	<u>\$ (12,205,577)</u>	<u>\$ 14,843,365</u>	<u>\$ (12,472,291)</u>

- The cost of all governmental activities this year was \$14.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$2.4 million.
- Net cost of governmental activities of \$12.2 million was financed by general revenues, which are made up of primarily property taxes of \$11.7 million and state and federal aid of \$1.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5.3 million, a decrease of \$130,054 due primarily to a decrease in property tax revenues due to a decrease in tax rates.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 42 percent of the total fund balance. Approximately \$1.2 million or 53 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance decreased \$34,646 in the General Fund to \$2.2 million as of fiscal year end due primarily to a decrease in property tax revenues due to a decrease in tax rates. General Fund revenues decreased \$381,396 as a result of a decrease in property tax revenues due to a decrease in tax rates. General Fund expenditures increased \$272,504 due to increased costs in student and instructional support as well as losses in the food service program.

Expenditures in the Title I Grants Fund increased \$80,624, or 45 percent, primarily due to increased funding based on an increase in students meeting the need criteria.

The Debt Service Fund fund balance decreased \$129,429 to \$732,910 at fiscal year end due to a reduction in property tax revenues as a result of a decrease in tax rates.

The Unrestricted Capital Outlay Fund fund balance decreased from \$638,183 to \$570,360 at fiscal year end due to the utilization of fund balance for purchase of various instructional aids and technology items.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student counts. The difference between the original budget and the final amended budget was a \$176,038 increase or two percent.

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

- The favorable variance of \$553,300 in instruction was due primarily to reduced costs in school sponsored athletics, supplies, and instructional salaries from the budget amounts.
- The favorable variance of \$316,321 in operation and maintenance of plant services was a result of strong preventative measures and good working condition of the facilities. No major projects or repairs occurred this year and through prior years bond projects, the facilities have been well maintained.
- The unfavorable variance of \$101,534 in operation of non-instructional services was due primarily to unexpected loss in food service operations of approximately \$70,000.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$99.1 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 \$187,010 from the prior fiscal year. Total depreciation expense for the current fiscal year was \$2.9 million.

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

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Capital assets – non-depreciable	\$ 4,974,057	\$ 4,971,462
Capital assets – depreciable, net	<u>67,513,423</u>	<u>70,198,995</u>
Total	<u>\$ 72,487,480</u>	<u>\$ 75,170,457</u>

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

Debt Administration. At year end, the District had \$50.2 million in long-term debt outstanding, \$3.9 million due within one year. Long-term debt decreased by \$4.5 due to the payment of bond principal and amortization of premium.

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 \$150.7 million and the Class B debt limit is \$100.5 million, which are more than the District's outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 and 9.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2015-16 budget balance carry forward (estimated \$223,480).
- District student population (estimated 1,046).
- Employee salaries.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund decreased two percent to \$7.3 million in fiscal year 2016-17. A decrease in enrollment is the primary reason for the decrease. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 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, Sedona-Oak Creek Joint Unified School District No. 9, 221 Brewer Road, Suite 100, Sedona, Arizona 86336.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 3,977,895
Property taxes receivable	212,088
Accounts receivable	15,291
Due from governmental entities	478,199
Prepaid items	1,038,828
Total current assets	5,722,301
Noncurrent assets:	
Capital assets not being depreciated	4,974,057
Capital assets, net of accumulated depreciation	67,513,423
Total noncurrent assets	72,487,480
Total assets	78,209,781
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	2,779,445
Pension plan items	685,585
Total deferred outflows of resources	3,465,030
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	157,105
Accrued payroll and employee benefits	83,929
Compensated absences payable	6,895
Unearned revenues	10,981
Bonds payable	3,930,000
Total current liabilities	4,188,910
Noncurrent liabilities:	
Non-current portion of long-term obligations	53,982,894
Total noncurrent liabilities	53,982,894
Total liabilities	58,171,804
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	1,032,483
 <u>NET POSITION</u>	
Net investment in capital assets	25,408,093
Restricted for:	
Voter approved initiatives	580,401
Federal and state projects	14,518
Food service	20,000
Extracurricular activities	154,689
Civic center activities	393,936
Community school activities	50,926
Gifts and donations	152,067
Other local initiatives	9,595
Debt service	796,421
Capital outlay	647,616
Unrestricted	(5,757,738)
Total net position	\$ 22,470,524

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 7,205,062	\$ 175,271	\$ 974,722	\$ 50,641	\$ (6,004,428)
Support services - students and staff	1,002,977		68,170		(934,807)
Support services - administration	1,271,784		6,318		(1,265,466)
Operation and maintenance of plant services	1,454,391	109,431	65,496		(1,279,464)
Student transportation services	687,536		12,672		(674,864)
Operation of non-instructional services	573,512	236,152	297,918		(39,442)
Interest on long-term debt	2,363,335		356,229		(2,007,106)
Total governmental activities	<u>\$ 14,558,597</u>	<u>\$ 520,854</u>	<u>\$ 1,781,525</u>	<u>\$ 50,641</u>	<u>(12,205,577)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	5,701,895
Property taxes, levied for debt service	5,876,137
Property taxes, levied for capital outlay	118,224
Investment income	27,246
Unrestricted state aid	1,741,326
Unrestricted federal aid	159,997
Total general revenues	<u>13,624,825</u>

Changes in net position

1,419,248

Net position, beginning of year

21,051,276

Net position, end of year

\$ 22,470,524

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

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FUND FINANCIAL STATEMENTS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Title I Grants	Special Education Grants
<u>ASSETS</u>			
Cash and investments	\$ 944,974	\$	\$
Property taxes receivable	103,806		
Accounts receivable			
Due from governmental entities	94,085	68,351	197,693
Due from other funds	336,796		
Prepaid items	1,038,828		
Total assets	\$ 2,518,489	\$ 68,351	\$ 197,693
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 132,004	\$	\$
Due to other funds		63,110	195,075
Accrued payroll and employee benefits	69,606	5,241	2,618
Unearned revenues			
Total liabilities	201,610	68,351	197,693
Deferred inflows of resources:			
Unavailable revenues - property taxes	18,567		
Unavailable revenues - intergovernmental	65,496		
Total deferred inflows of resources	84,063		
Fund balances (deficits):			
Nonspendable	1,038,828		
Restricted			
Assigned	9,287		
Unassigned	1,184,701		
Total fund balances	2,232,816		
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,518,489	 \$ 68,351	 \$ 197,693

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 690,116	\$ 585,582	\$ 1,757,223	\$ 3,977,895
106,305	1,977		212,088
		15,291	15,291
		118,070	478,199
			336,796
			1,038,828
<u>\$ 796,421</u>	<u>\$ 587,559</u>	<u>\$ 1,890,584</u>	<u>\$ 6,059,097</u>
\$	\$ 16,962	\$ 8,139	\$ 157,105
		78,611	336,796
		6,464	83,929
		10,981	10,981
	<u>16,962</u>	<u>104,195</u>	<u>588,811</u>
63,511	237		82,315
			65,496
<u>63,511</u>	<u>237</u>		<u>147,811</u>
732,910	570,360	1,749,051	1,038,828
		54,232	3,052,321
		(16,894)	63,519
		1,786,389	1,167,807
<u>732,910</u>	<u>570,360</u>	<u>1,786,389</u>	<u>5,322,475</u>
<u>\$ 796,421</u>	<u>\$ 587,559</u>	<u>\$ 1,890,584</u>	<u>\$ 6,059,097</u>

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SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total governmental fund balances	\$	5,322,475
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 99,062,327	
Less accumulated depreciation	<u>(26,574,847)</u>	72,487,480
<p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Property taxes	82,315	
Intergovernmental	<u>65,496</u>	147,811
<p>Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.</p>		
		2,779,445
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	685,585	
Deferred inflows of resources related to pensions	<u>(1,032,483)</u>	(346,898)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(68,948)	
Net pension liability	(7,696,109)	
Bonds payable	(46,400,000)	
Unamortized premium	<u>(3,754,732)</u>	<u>(57,919,789)</u>
Net position of governmental activities	\$	<u><u>22,470,524</u></u>

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Title I Grants	Special Education Grants
Revenues:			
Other local	\$ 56,464	\$	\$
Property taxes	5,761,048		
State aid and grants	1,172,727		
Federal aid, grants and reimbursements	247,007	277,591	199,573
Total revenues	7,237,246	277,591	199,573
Expenditures:			
Current -			
Instruction	3,182,048	209,599	141,502
Support services - students and staff	920,903	277	35,379
Support services - administration	1,110,315		5,983
Operation and maintenance of plant services	1,377,818		
Student transportation services	466,005	10,000	1,999
Operation of non-instructional services	132,234		
Capital outlay	146,402	38,515	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	7,335,725	258,391	184,863
Excess (deficiency) of revenues over expenditures	(98,479)	19,200	14,710
Other financing sources (uses):			
Transfers in	38,652		
Transfers out		(19,200)	(14,710)
Total other financing sources (uses):	38,652	(19,200)	(14,710)
Changes in fund balances	(59,827)		
Fund balances, beginning of year	2,267,462		
Increase (decrease) in reserve for prepaid items	25,181		
Fund balances, end of year	\$ 2,232,816	\$	\$

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,138	\$ 2,393	\$ 801,887	\$ 871,882
5,869,670	117,987		11,748,705
	22,776	747,694	1,943,197
356,229		397,737	1,478,137
<u>6,237,037</u>	<u>143,156</u>	<u>1,947,318</u>	<u>16,041,921</u>
		1,116,323	4,649,472
		47,980	1,004,539
		18,971	1,135,269
		40,880	1,418,698
		12,255	490,259
		419,881	552,115
	210,979	180,425	576,321
3,795,000			3,795,000
2,575,483			2,575,483
<u>6,370,483</u>	<u>210,979</u>	<u>1,836,715</u>	<u>16,197,156</u>
<u>(133,446)</u>	<u>(67,823)</u>	<u>110,603</u>	<u>(155,235)</u>
4,017			42,669
		(8,759)	(42,669)
<u>4,017</u>		<u>(8,759)</u>	
<u>(129,429)</u>	<u>(67,823)</u>	<u>101,844</u>	<u>(155,235)</u>
862,339	638,183	1,684,545	5,452,529
			25,181
<u>\$ 732,910</u>	<u>\$ 570,360</u>	<u>\$ 1,786,389</u>	<u>\$ 5,322,475</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Changes in fund balances - total governmental funds **\$ (155,235)**

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	\$ 187,010	
Less current year depreciation	<u>(2,869,987)</u>	(2,682,977)

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

Property taxes	(52,449)	
Intergovernmental	<u>(11,627)</u>	(64,076)

Repayments of long-term bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		3,795,000
--	--	-----------

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	475,575	
Pension expense	<u>(173,474)</u>	302,101

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	25,181	
Deferred charge on refunding	(231,620)	
Amortization of bond premium	443,768	
Compensated absences	<u>(12,894)</u>	<u>224,435</u>

Changes in net position in governmental activities **\$ 1,419,248**

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 54,089
Total assets	<u>\$ 54,089</u>
<u>LIABILITIES</u>	
Due to student groups	\$ 54,089
Total liabilities	<u>\$ 54,089</u>

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sedona-Oak Creek Joint Unified School District No. 9 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

A. Reporting Entity

Residents of Coconino and Yavapai counties voted to form a new school district in fiscal year 1991-92. This 93 percent voter approval resulted in the creation of the Sedona-Oak Creek Joint Unified School District No. 9. The District was formed from a portion of Cottonwood-Oak Creek Elementary School District No. 6 of Yavapai County, Arizona; Mingus Union High School District No. 4 of Yavapai County, Arizona; and Flagstaff Unified School District No. 1 of Coconino County, Arizona. The District is located in both Yavapai and Coconino counties.

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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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 and state 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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Special Education Grants Fund – The Special Education Grants Fund accounts for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

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.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

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.

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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Cash and Investments

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

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

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

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

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

E. Investment Income

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

H. Prepaid Items

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

I. Capital Assets

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Land improvements	15 – 20 years
Buildings and improvements	7 – 50 years
Vehicles, furniture and equipment	3 – 20 years

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Pensions

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

M. Long-term Obligations

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

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

N. Interfund Activity

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

O. Net Position Flow Assumption

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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. 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 the Finance Director, a management official delegated that authority, by the formal Governing Board action in accordance with adopted policy.

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement funds.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,038,828	\$	\$	\$
Restricted:				
Debt service		732,910		
Capital projects			570,360	77,019
Bond building projects				295,900
Voter approved initiatives				580,401
Federal and state projects				14,518
Food service				20,000
Civic center activities				393,936
Community school activities				50,926
Extracurricular activities				154,689
Gifts and donations				152,067
Other local initiatives				9,595
Assigned:				
Auxiliary operations				54,232
Other purposes	9,287			
Unassigned	1,184,701			(16,894)
Total fund balances	<u>\$ 2,232,816</u>	<u>\$ 732,910</u>	<u>\$ 570,360</u>	<u>\$ 1,786,389</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Joint Technical Education Fund, a non-major governmental fund, reported a deficit of \$16,894 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2016-17 are expected to eliminate the deficit.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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 \$184,446 bank balance was \$215,942.

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	1.32 years	\$ 3,847,538
Total		<u>\$ 3,847,538</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CASH AND INVESTMENTS

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 pools 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.

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:

	<u>General Fund</u>	<u>Title I Grants Fund</u>	<u>Special Education Grants Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:				
Due from federal government	\$ 65,496	\$ 68,351	\$ 197,693	\$ 63,035
Due from state government	28,589			55,035
Net due from governmental entities	<u>\$ 94,085</u>	<u>\$ 68,351</u>	<u>\$ 197,693</u>	<u>\$ 118,070</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,971,462	\$	\$	\$ 4,971,462
Construction in progress		2,595		2,595
Total capital assets, not being depreciated	<u>4,971,462</u>	<u>2,595</u>		<u>4,974,057</u>
Capital assets, being depreciated:				
Land improvements	11,564,877	151,038		11,715,915
Buildings and improvements	79,970,859	16,102		79,986,961
Vehicles, furniture and equipment	2,368,119	17,275		2,385,394
Total capital assets being depreciated	<u>93,903,855</u>	<u>184,415</u>		<u>94,088,270</u>
Less accumulated depreciation for:				
Land improvements	(5,207,140)	(597,473)		(5,804,613)
Buildings and improvements	(16,669,690)	(2,066,410)		(18,736,100)
Vehicles, furniture and equipment	(1,828,030)	(206,104)		(2,034,134)
Total accumulated depreciation	<u>(23,704,860)</u>	<u>(2,869,987)</u>		<u>(26,574,847)</u>
Total capital assets, being depreciated, net	<u>70,198,995</u>	<u>(2,685,573)</u>		<u>67,513,423</u>
Governmental activities capital assets, net	<u>\$ 75,170,457</u>	<u>\$ (2,682,978)</u>	\$	<u>\$ 72,487,480</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,534,083
Support services – students and staff	635
Support services – administration	124,385
Operation and maintenance of plant services	34,708
Student transportation services	162,239
Operation of non-instructional services	13,937
Total depreciation expense – governmental activities	<u>\$ 2,869,987</u>

Construction Commitments – At year end, the District had one contractual commitment related to construction of a sidewalk. At year end the District had spent \$2,595 on the projects and had estimated remaining contractual commitments of \$20,207.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – OBLIGATIONS UNDER OPERATING LEASES

The District leases copiers under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$31,014 for the current fiscal year. The operating leases have remaining noncancelable lease terms of three years and provide renewal options. The future minimum rental payments required under the operating leases at year end, were as follows:

Year Ending June 30:		
	2017	\$ 22,864
	2018	22,864
	2019	20,959
	Total minimum payments required	<u>\$ 66,687</u>

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvement bonds are Build America Bonds. As such, the District receives direct subsidy payments from the United States of America for a portion of the interest due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2016	Due Within One Year
Governmental activities:					
School Improvement					
Bonds, Series A (2008)	\$25,000,000	4.00-4.50%	7/1/17-23	\$ 5,310,000	\$ 1,700,000
School Improvement					
Bonds, Series B (2009)	25,000,000	4.00-4.75%	7/1/17-29	4,780,000	1,125,000
Series C-2, Build America					
Bonds (2009)	23,400,000	6.29-7.00%	7/1/17-28	15,755,000	1,105,000
Refunding Bonds, Series					
2015	20,850,000	4.00-5.00%	7/1/20-28	20,555,000	
Total				<u>\$ 46,400,000</u>	<u>\$ 3,930,000</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – 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
2017	\$ 3,930,000	\$ 2,207,021
2018	4,090,000	2,006,506
2019	4,265,000	1,806,424
2020	4,380,000	1,572,381
2021	4,590,000	1,323,587
2022-26	17,880,000	3,583,638
2027-38	7,265,000	142,475
Total	<u>\$ 46,400,000</u>	<u>\$ 12,642,032</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bond. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$20,850,000 of defeased bonds are still outstanding.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 50,490,000	\$	\$ 4,090,000	\$ 46,400,000	\$ 3,930,000
Premium	4,198,500		443,768	3,754,732	
Total bonds payable	<u>54,688,500</u>		<u>4,533,768</u>	<u>50,154,732</u>	<u>3,930,000</u>
Net pension liability	7,547,655	148,454		7,696,109	
Compensated absences payable	56,054	51,626	38,732	68,948	6,895
Governmental activity long-term liabilities	<u>\$ 62,292,209</u>	<u>\$ 200,080</u>	<u>\$ 4,572,500</u>	<u>\$ 57,919,789</u>	<u>\$ 3,936,895</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	Title I Grants Fund	Special Education Grants Fund	Non-Major Governmental Funds	Total Due to Other Funds
General Fund	\$ 63,110	\$ 195,075	\$ 78,611	\$ 336,796

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

Interfund transfers:

	Transfers in		
	General Fund	Debt Service Fund	Total
Transfers out			
Title I Grants Fund	\$ 19,200	\$	\$ 19,200
Special Education Grants Fund	14,710		14,710
Non-Major Governmental Funds	4,742	4,017	8,759
Total	\$ 38,652	\$ 4,017	\$ 42,669

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund, a non-major governmental fund that is required by statute to be expended in the Debt Service Fund, (2) move federal grant funds, restricted for indirect costs to the General Fund, and (3) to move cash balances remaining in discontinued funds to the General Fund.

NOTE 11 – CONTINGENT LIABILITIES

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of damage to, and destruction of assets, errors and omissions; injuries to employees, and natural disasters. The District was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the District joined and is covered by three public entity risk pools: the Arizona School Risk Retention Trust, Inc. (ASRRT), the Arizona Public Employers Health Pool (APEHP), and the Arizona School Alliance (Alliance).

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.

APEHP covers risks of loss related to employee health and accident claims. APEHP is a public entity risk pool currently operating as a common risk management and insurance program for 31 entities including three school districts, eight charter schools, nine towns or cities, ten fire districts and one sanitary district. The District pays monthly premiums to APEHP for its employee health and accident insurance coverage. The agreement provides that APEHP will be self-sustaining through members' premiums.

The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$475,575.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2016	\$	21,916	\$	5,260
2015		26,589		5,408
2014		27,533		11,013

Pension Liability. At June 30, 2016, the District reported a liability of \$7.7 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 0.05 percent, which is the same as the prior year.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the District recognized pension expense of \$173,474 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	\$ 210,010	\$ 403,284
Net difference between projected and actual earnings on pension plan investments		246,643
Changes in proportion and differences between contributions and proportionate share of contributions		382,556
Contributions subsequent to the measurement date	475,575	
Total	\$ 685,585	\$ 1,032,483

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2017	\$ (399,819)
	2018	(405,781)
	2019	(194,918)
	2020	178,045

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Discount rate	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, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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%	6.79%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.93
Total	100%	

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

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	\$10,084,532	\$ 7,696,109	\$6,059,256

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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – SUBSEQUENT EVENT

In November 2016, the District entered into an agreement to acquire energy upgrades under the provisions of a long-term lease agreement classified as a capital lease. The total present value of the minimum lease payments of \$1.9 million is payable over the next 15 years. Revenues from the Energy and Water Savings Fund, a non-major governmental fund, will be used to pay the capital lease obligations.

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REQUIRED SUPPLEMENTARY INFORMATION

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 54,744	\$ 54,744
Property taxes			5,761,048	5,761,048
State aid and grants			1,172,727	1,172,727
Total revenues			<u>6,988,519</u>	<u>6,988,519</u>
Expenditures:				
Current -				
Instruction	3,509,424	3,537,342	2,984,042	553,300
Support services - students and staff	932,000	960,300	920,903	39,397
Support services - administration	984,100	982,220	1,022,528	(40,308)
Operation and maintenance of plant services	1,367,000	1,478,000	1,161,679	316,321
Student transportation services	481,000	481,000	466,005	14,995
Operation of non-instructional services	20,000	30,700	132,234	(101,534)
Total expenditures	<u>7,293,524</u>	<u>7,469,562</u>	<u>6,687,391</u>	<u>782,171</u>
Excess (deficiency) of revenues over expenditures	<u>(7,293,524)</u>	<u>(7,469,562)</u>	<u>301,128</u>	<u>7,770,690</u>
Other financing sources (uses):				
Transfers in			518	518
Total other financing sources (uses):			<u>518</u>	<u>518</u>
Changes in fund balances	<u>(7,293,524)</u>	<u>(7,469,562)</u>	<u>301,646</u>	<u>7,771,208</u>
Fund balances, beginning of year			1,611,548	1,611,548
Increase (decrease) in reserve for prepaid items			25,181	25,181
Fund balances (deficits), end of year	<u>\$ (7,293,524)</u>	<u>\$ (7,469,562)</u>	<u>\$ 1,938,375</u>	<u>\$ 9,407,937</u>

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TITLE I GRANTS
YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 277,591	\$ 277,591
Total revenues			<u>277,591</u>	<u>277,591</u>
Expenditures:				
Current -				
Instruction	253,000	336,000	209,599	126,401
Support services - students and staff			277	(277)
Student transportation services			10,000	(10,000)
Capital outlay			38,515	(38,515)
Total expenditures	<u>253,000</u>	<u>336,000</u>	<u>258,391</u>	<u>77,609</u>
Excess (deficiency) of revenues over expenditures	<u>(253,000)</u>	<u>(336,000)</u>	<u>19,200</u>	<u>355,200</u>
Other financing sources (uses):				
Transfers out			(19,200)	(19,200)
Total other financing sources (uses):			<u>(19,200)</u>	<u>(19,200)</u>
Changes in fund balances	<u>(253,000)</u>	<u>(336,000)</u>		<u>336,000</u>
Fund balances, beginning of year				
Fund balances (deficits), end of year	<u>\$ (253,000)</u>	<u>\$ (336,000)</u>	<u>\$</u>	<u>\$ 336,000</u>

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL EDUCATION GRANTS
YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 199,573	\$ 199,573
Total revenues			<u>199,573</u>	<u>199,573</u>
Expenditures:				
Current -				
Instruction	267,000	249,000	141,502	107,498
Support services - students and staff			35,379	(35,379)
Support services - administration			5,983	(5,983)
Student transportation services			1,999	(1,999)
Total expenditures	<u>267,000</u>	<u>249,000</u>	<u>184,863</u>	<u>64,137</u>
Excess (deficiency) of revenues over expenditures	<u>(267,000)</u>	<u>(249,000)</u>	<u>14,710</u>	<u>263,710</u>
Other financing sources (uses):				
Transfers out			(14,710)	(14,710)
Total other financing sources (uses):			<u>(14,710)</u>	<u>(14,710)</u>
Changes in fund balances	<u>(267,000)</u>	<u>(249,000)</u>		<u>249,000</u>
Fund balances, beginning of year				
Fund balances (deficits), end of year	<u>\$ (267,000)</u>	<u>\$ (249,000)</u>	<u>\$</u>	<u>\$ 249,000</u>

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.05%	0.05%
District's proportionate share of the net pension liability (asset)	\$ 7,696,109	\$ 7,547,655
District's covered payroll	\$ 4,506,630	\$ 4,588,860
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	170.77%	164.48%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 475,575	\$ 490,772
Contributions in relation to the actuarially determined contribution	<u>475,575</u>	<u>490,772</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 4,383,180	\$ 4,506,630
Contributions as a percentage of covered payroll	10.85%	10.89%

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

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 7,335,725	\$ 2,232,816
Activity budgeted as special revenue funds	(323,312)	(294,441)
Prior-year prepaid items	(325,022)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 6,687,391	\$ 1,938,375

NOTE 2 – PENSION PLAN SCHEDULES

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

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

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

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

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GOVERNMENTAL FUNDS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,384,304	\$ 372,919	\$ 1,757,223
Accounts receivable	15,291		15,291
Due from governmental entities	118,070		118,070
Total assets	<u><u>\$ 1,517,665</u></u>	<u><u>\$ 372,919</u></u>	<u><u>\$ 1,890,584</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 8,139	\$	\$ 8,139
Due to other funds	78,611		78,611
Accrued payroll and employee benefits	6,464		6,464
Unearned revenues	10,981		10,981
Total liabilities	<u><u>104,195</u></u>		<u><u>104,195</u></u>
Fund balances (deficits):			
Restricted	1,376,132	372,919	1,749,051
Assigned	54,232		54,232
Unassigned	(16,894)		(16,894)
Total fund balances	<u><u>1,413,470</u></u>	<u><u>372,919</u></u>	<u><u>1,786,389</u></u>
 Total liabilities and fund balances	 <u><u>\$ 1,517,665</u></u>	 <u><u>\$ 372,919</u></u>	 <u><u>\$ 1,890,584</u></u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 797,560	\$ 4,327	\$ 801,887
State aid and grants	745,473	2,221	747,694
Federal aid, grants and reimbursements	397,737		397,737
Total revenues	<u>1,940,770</u>	<u>6,548</u>	<u>1,947,318</u>
Expenditures:			
Current -			
Instruction	1,116,323		1,116,323
Support services - students and staff	47,980		47,980
Support services - administration	18,971		18,971
Operation and maintenance of plant services	40,880		40,880
Student transportation services	12,255		12,255
Operation of non-instructional services	419,881		419,881
Capital outlay	48,184	132,241	180,425
Total expenditures	<u>1,704,474</u>	<u>132,241</u>	<u>1,836,715</u>
Excess (deficiency) of revenues over expenditures	<u>236,296</u>	<u>(125,693)</u>	<u>110,603</u>
Other financing sources (uses):			
Transfers out	(4,742)	(4,017)	(8,759)
Total other financing sources (uses):	<u>(4,742)</u>	<u>(4,017)</u>	<u>(8,759)</u>
Changes in fund balances	<u>231,554</u>	<u>(129,710)</u>	<u>101,844</u>
Fund balances, beginning of year	1,181,916	502,629	1,684,545
Fund balances, end of year	<u>\$ 1,413,470</u>	<u>\$ 372,919</u>	<u>\$ 1,786,389</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.

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

Compensatory Instruction - to account for monies received for programs in addition to normal classroom instruction to improve the English proficiency of current English language learners.

Student Success - to account for student success monies.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

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 benefitting public schools and public roads in counties where forests are situated.

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

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

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

Early Childhood Block Grant - to account for financial assistance received for preschool education.

Chemical Abuse Prevention Programs - to account for financial assistance received for chemical abuse awareness programs.

Gifted - to account for financial assistance received for programs for gifted students.

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

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

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

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

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

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

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

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

Fingerprint - to account for activity of fingerprinting employees as mandated by the State.

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.

Insurance Refund - to account for insurance premium payments that are refunded to the District.

Joint Technical Education - to account for monies received from Joint Technical Education Districts for vocational education programs.

Intergovernmental Agreements - to account for monies received from other Districts per intergovernmental agreements.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016**

	Classroom Site	Instructional Improvement	Structured English Immersion
<u>ASSETS</u>			
Cash and investments	\$ 186,897	\$ 339,412	\$ 9,211
Accounts receivable			
Due from governmental entities	41,074	13,018	
Total assets	\$ 227,971	\$ 352,430	\$ 9,211
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			9,211
Total liabilities			9,211
Fund balances (deficits):			
Restricted	227,971	352,430	
Assigned			
Unassigned			
Total fund balances	227,971	352,430	
 Total liabilities and fund balances	\$ 227,971	\$ 352,430	\$ 9,211

<u>Compensatory Instruction</u>	<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Vocational Education</u>	<u>Other Federal Projects</u>	<u>State Vocational Education</u>
\$ 14,518	\$	\$	\$	\$	\$ 40
	41,394	818	11,596	9,227	
<u>\$ 14,518</u>	<u>\$ 41,394</u>	<u>\$ 818</u>	<u>\$ 11,596</u>	<u>\$ 9,227</u>	<u>\$ 40</u>
\$	\$	\$	\$	\$	\$
	41,394	818	2,261 9,335	9,227	
					40
	<u>41,394</u>	<u>818</u>	<u>11,596</u>	<u>9,227</u>	<u>40</u>
14,518					
<u>14,518</u>					
<u>\$ 14,518</u>	<u>\$ 41,394</u>	<u>\$ 818</u>	<u>\$ 11,596</u>	<u>\$ 9,227</u>	<u>\$ 40</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Early Childhood Block Grant	Chemical Abuse Prevention Programs	Gifted
<u>ASSETS</u>			
Cash and investments	\$ 607	\$ 1,123	\$
Accounts receivable			
Due from governmental entities			943
Total assets	\$ 607	\$ 1,123	\$ 943
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			943
Accrued payroll and employee benefits			
Unearned revenues	607	1,123	
Total liabilities	607	1,123	943
Fund balances (deficits):			
Restricted			
Assigned			
Unassigned			
Total fund balances			
Total liabilities and fund balances	\$ 607	\$ 1,123	\$ 943

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Auxiliary Operations</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>
\$ 7,409 12,591	\$ 391,236 2,700	\$ 50,926	\$ 57,828	\$ 156,025	\$ 159,477
<u>\$ 20,000</u>	<u>\$ 393,936</u>	<u>\$ 50,926</u>	<u>\$ 57,828</u>	<u>\$ 156,025</u>	<u>\$ 159,477</u>
			\$ 1,894	\$ 1,336	\$ 2,648
			1,702		4,762
			<u>3,596</u>	<u>1,336</u>	<u>7,410</u>
20,000	393,936	50,926	54,232	154,689	152,067
<u>20,000</u>	<u>393,936</u>	<u>50,926</u>	<u>54,232</u>	<u>154,689</u>	<u>152,067</u>
<u>\$ 20,000</u>	<u>\$ 393,936</u>	<u>\$ 50,926</u>	<u>\$ 57,828</u>	<u>\$ 156,025</u>	<u>\$ 159,477</u>

(Continued)

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016**

	Fingerprint	Textbooks	Insurance Refund
<u>ASSETS</u>			
Cash and investments	\$ 1,470	\$ 401	\$ 280
Accounts receivable			
Due from governmental entities			
Total assets	\$ 1,470	\$ 401	\$ 280
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities			
Fund balances (deficits):			
Restricted	1,470	401	280
Assigned			
Unassigned			
Total fund balances	1,470	401	280
 Total liabilities and fund balances	\$ 1,470	\$ 401	\$ 280

<u>Joint Technical Education</u>	<u>Intergovernment al Agreements</u>	<u>Totals</u>
\$	\$ 7,444	\$ 1,384,304
		15,291
		118,070
<u>\$</u>	<u>\$ 7,444</u>	<u>\$ 1,517,665</u>

\$	\$	\$ 8,139
16,894		78,611
		6,464
		10,981
<u>16,894</u>	<u></u>	<u>104,195</u>

	7,444	1,376,132
(16,894)		54,232
<u>(16,894)</u>	<u>7,444</u>	<u>(16,894)</u>
		1,413,470
<u>\$</u>	<u>\$ 7,444</u>	<u>\$ 1,517,665</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Classroom Site	Instructional Improvement	Structured English Immersion
Revenues:			
Other local	\$ 1,169	\$ 1,272	\$
State aid and grants	492,890	50,712	175,977
Federal aid, grants and reimbursements			
Total revenues	494,059	51,984	175,977
Expenditures:			
Current -			
Instruction	419,316		174,897
Support services - students and staff			1,080
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	419,316		175,977
Excess (deficiency) of revenues over expenditures	74,743	51,984	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	74,743	51,984	
Fund balances, beginning of year	153,228	300,446	
Fund balances, end of year	\$ 227,971	\$ 352,430	\$

<u>Compensatory Instruction</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Vocational Education</u>	<u>Other Federal Projects</u>
\$ 60	\$	\$	\$	\$	\$
	49,805	59	30,227	13,695	6,033
<u>60</u>	<u>49,805</u>	<u>59</u>	<u>30,227</u>	<u>13,695</u>	<u>6,033</u>
	25,539		27,977	2,036	
	20,586		1,866	5,364	
				6,135	5,991
	<u>46,125</u>		<u>29,843</u>	<u>13,535</u>	<u>5,991</u>
<u>60</u>	<u>3,680</u>	<u>59</u>	<u>384</u>	<u>160</u>	<u>42</u>
	<u>(3,680)</u>	<u>(59)</u>	<u>(384)</u>	<u>(160)</u>	<u>(42)</u>
	<u>(3,680)</u>	<u>(59)</u>	<u>(384)</u>	<u>(160)</u>	<u>(42)</u>
<u>60</u>					
14,458					
<u>\$ 14,518</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	State Vocational Education	Early Childhood Block Grant	Other State Projects
Revenues:			
Other local	\$	\$	\$
State aid and grants	25,477	393	24
Federal aid, grants and reimbursements			
Total revenues	25,477	393	24
Expenditures:			
Current -			
Instruction	25,477		
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	25,477		
Excess (deficiency) of revenues over expenditures		393	24
Other financing sources (uses):			
Transfers out		(393)	(24)
Total other financing sources (uses):		(393)	(24)
Changes in fund balances			
Fund balances, beginning of year			
Fund balances, end of year	\$	\$	\$

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Auxiliary Operations</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>
\$ 141,944	\$ 110,769	\$ 19,323	\$ 94,673	\$ 186,030	\$ 138,816
297,918					
<u>439,862</u>	<u>110,769</u>	<u>19,323</u>	<u>94,673</u>	<u>186,030</u>	<u>138,816</u>
		23,917	50,136	157,989	94,699
	5,833		2,866	4,339	7,912
	40,880				11,623
419,881			2,802	8,178	1,006
	442		9,990	4,590	21,036
<u>419,881</u>	<u>47,155</u>	<u>23,917</u>	<u>65,794</u>	<u>175,096</u>	<u>136,276</u>
<u>19,981</u>	<u>63,614</u>	<u>(4,594)</u>	<u>28,879</u>	<u>10,934</u>	<u>2,540</u>
<u>19,981</u>	<u>63,614</u>	<u>(4,594)</u>	<u>28,879</u>	<u>10,934</u>	<u>2,540</u>
19	330,322	55,520	25,353	143,755	149,527
<u>\$ 20,000</u>	<u>\$ 393,936</u>	<u>\$ 50,926</u>	<u>\$ 54,232</u>	<u>\$ 154,689</u>	<u>\$ 152,067</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>
Revenues:			
Other local	\$ 248	\$ 704	\$ 1
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>248</u>	<u>704</u>	<u>1</u>
Expenditures:			
Current -			
Instruction	22	726	
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>22</u>	<u>726</u>	
Excess (deficiency) of revenues over expenditures	<u>226</u>	<u>(22)</u>	<u>1</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>226</u>	<u>(22)</u>	<u>1</u>
Fund balances, beginning of year	1,244	423	279
Fund balances (deficits), end of year	<u>\$ 1,470</u>	<u>\$ 401</u>	<u>\$ 280</u>

<u>Joint Technical Education</u>	<u>Intergovernmental Agreements</u>	<u>Totals</u>
\$ 102,447	\$ 104	\$ 797,560
		745,473
		397,737
<u>102,447</u>	<u>104</u>	<u>1,940,770</u>
113,592		1,116,323
3,967		47,980
1,515		18,971
		40,880
269		12,255
		419,881
		48,184
<u>119,343</u>	<u></u>	<u>1,704,474</u>
<u>(16,896)</u>	<u>104</u>	<u>236,296</u>
		(4,742)
		<u>(4,742)</u>
<u>(16,896)</u>	<u>104</u>	<u>231,554</u>
2	7,340	1,181,916
<u>\$ (16,894)</u>	<u>\$ 7,444</u>	<u>\$ 1,413,470</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,169	\$ 1,169
State aid and grants		492,890	492,890
Federal aid, grants and reimbursements			
Total revenues		<u>494,059</u>	<u>494,059</u>
Expenditures:			
Current -			
Instruction	606,004	419,316	186,688
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>606,004</u>	<u>419,316</u>	<u>186,688</u>
Excess (deficiency) of revenues over expenditures	<u>(606,004)</u>	<u>74,743</u>	<u>680,747</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(606,004)</u>	<u>74,743</u>	<u>680,747</u>
Fund balances, beginning of year		153,228	153,228
Fund balances (deficits), end of year	<u>\$ (606,004)</u>	<u>\$ 227,971</u>	<u>\$ 833,975</u>

Instructional Improvement			Structured English Immersion		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,272 50,712	\$ 1,272 50,712	\$	\$ 175,977	\$ 175,977
	<u>51,984</u>	<u>51,984</u>		<u>175,977</u>	<u>175,977</u>
339,000		339,000	184,904	174,897 1,080	10,007 (1,080)
<u>339,000</u>		<u>339,000</u>	<u>184,904</u>	<u>175,977</u>	<u>8,927</u>
<u>(339,000)</u>	<u>51,984</u>	<u>390,984</u>	<u>(184,904)</u>		<u>184,904</u>
<u>(339,000)</u>	<u>51,984</u>	<u>390,984</u>	<u>(184,904)</u>		<u>184,904</u>
	300,446	300,446			
<u>\$ (339,000)</u>	<u>\$ 352,430</u>	<u>\$ 691,430</u>	<u>\$ (184,904)</u>	<u>\$</u>	<u>\$ 184,904</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Compensatory Instruction		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 60	\$ 60
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		60	60
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		60	60
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		60	60
Fund balances, beginning of year		14,458	14,458
Fund balances (deficits), end of year	\$	\$ 14,518	\$ 14,518

Student Success			Professional Development and Technology Grants		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 12	\$ 12	\$	\$	\$
				49,805	49,805
	12	12		49,805	49,805
			99,000	25,539	73,461
				20,586	(20,586)
			99,000	46,125	52,875
	12	12	(99,000)	3,680	102,680
				(3,680)	(3,680)
				(3,680)	(3,680)
	12	12	(99,000)		99,000
	7,896	7,896			
\$	\$ 7,908	\$ 7,908	\$ (99,000)	\$	\$ 99,000

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		59	59
Total revenues		<u>59</u>	<u>59</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		<u>59</u>	<u>59</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(59)	(59)
Total other financing sources (uses):		<u>(59)</u>	<u>(59)</u>
Changes in fund balances			
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Limited English and Immigrant Students			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	30,227	30,227		13,695	13,695
	30,227	30,227		13,695	13,695
45,000	27,977	17,023		2,036	(2,036)
	1,866	(1,866)		5,364	(5,364)
			21,000	6,135	14,865
45,000	29,843	15,157	21,000	13,535	7,465
(45,000)	384	45,384	(21,000)	160	21,160
	(384)	(384)		(160)	(160)
	(384)	(384)		(160)	(160)
(45,000)		45,000	(21,000)		21,000
\$ (45,000)	\$	\$ 45,000	\$ (21,000)	\$	\$ 21,000

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 94	\$ 94
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 94</u>	<u> 94</u>
Expenditures:			
Current -			
Instruction	9,000		9,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u> 9,000</u>	<u> </u>	<u> 9,000</u>
Excess (deficiency) of revenues over expenditures	<u> (9,000)</u>	<u> 94</u>	<u> 9,094</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (9,000)</u>	<u> 94</u>	<u> 9,094</u>
Fund balances, beginning of year		18,320	18,320
Fund balances (deficits), end of year	<u> \$ (9,000)</u>	<u> \$ 18,414</u>	<u> \$ 27,414</u>

National Forest Fees			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 707	\$ 707	\$	\$ 50	\$ 50
	159,997	159,997		87,010	87,010
	160,704	160,704		87,060	87,060
	2,077	(2,077)	71,000	83,662	(12,662)
	79,895	(79,895)		3,384	(3,384)
346,808	146,402	200,406			
346,808	228,374	118,434	71,000	87,046	(16,046)
(346,808)	(67,670)	279,138	(71,000)	14	71,014
(346,808)	(67,670)	279,138	(71,000)	14	71,014
	203,553	203,553			
\$ (346,808)	\$ 135,883	\$ 482,691	\$ (71,000)	\$ 14	\$ 71,014

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		6,033	6,033
Total revenues		6,033	6,033
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	14,192	5,991	8,201
Total expenditures	14,192	5,991	8,201
Excess (deficiency) of revenues over expenditures	(14,192)	42	14,234
Other financing sources (uses):			
Transfers in			
Transfers out		(42)	(42)
Total other financing sources (uses):		(42)	(42)
Changes in fund balances	(14,192)		14,192
Fund balances, beginning of year			
Fund balances (deficits), end of year	\$ (14,192)	\$	\$ 14,192

State Vocational Education			Early Childhood Block Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 25,477	\$ 25,477	\$	\$ 393	\$ 393
	<u>25,477</u>	<u>25,477</u>		<u>393</u>	<u>393</u>
25,000	25,477	(477)			
<u>25,000</u>	<u>25,477</u>	<u>(477)</u>			
(25,000)		25,000		393	393
				(393)	(393)
				<u>(393)</u>	<u>(393)</u>
(25,000)		25,000			
<u>\$ (25,000)</u>	<u>\$</u>	<u>\$ 25,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		24	24
Federal aid, grants and reimbursements			
Total revenues		<u>24</u>	<u>24</u>
Expenditures:			
Current -			
Instruction	3,000		3,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>3,000</u>		<u>3,000</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>24</u>	<u>3,024</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(24)	(24)
Total other financing sources (uses):		<u>(24)</u>	<u>(24)</u>
Changes in fund balances	<u>(3,000)</u>		<u>3,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (3,000)</u>	<u>\$</u>	<u>\$ 3,000</u>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 38	\$ 38	\$	\$ 141,944	\$ 141,944
				297,918	297,918
	38	38		439,862	439,862
9,300		9,300	500,000	419,881	80,119
9,300		9,300	500,000	419,881	80,119
(9,300)	38	9,338	(500,000)	19,981	519,981
(9,300)	38	9,338	(500,000)	19,981	519,981
	9,249	9,249		19	19
\$ (9,300)	\$ 9,287	\$ 18,587	\$ (500,000)	\$ 20,000	\$ 520,000

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 110,769	\$ 110,769
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>110,769</u>	<u>110,769</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		5,833	(5,833)
Operation and maintenance of plant services	423,000	40,880	382,120
Student transportation services			
Operation of non-instructional services			
Capital outlay		442	(442)
Total expenditures	<u>423,000</u>	<u>47,155</u>	<u>375,845</u>
Excess (deficiency) of revenues over expenditures	<u>(423,000)</u>	<u>63,614</u>	<u>486,614</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(423,000)</u>	<u>63,614</u>	<u>486,614</u>
Fund balances, beginning of year		330,322	330,322
Fund balances (deficits), end of year	<u>\$ (423,000)</u>	<u>\$ 393,936</u>	<u>\$ 816,936</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 19,323	\$ 19,323	\$	\$ 94,673	\$ 94,673
	<u>19,323</u>	<u>19,323</u>		<u>94,673</u>	<u>94,673</u>
54,000	23,917	30,083	80,000	50,136	29,864
				2,866	(2,866)
				2,802	(2,802)
				9,990	(9,990)
<u>54,000</u>	<u>23,917</u>	<u>30,083</u>	<u>80,000</u>	<u>65,794</u>	<u>14,206</u>
<u>(54,000)</u>	<u>(4,594)</u>	<u>49,406</u>	<u>(80,000)</u>	<u>28,879</u>	<u>108,879</u>
<u>(54,000)</u>	<u>(4,594)</u>	<u>49,406</u>	<u>(80,000)</u>	<u>28,879</u>	<u>108,879</u>
	55,520	55,520		25,353	25,353
<u>\$ (54,000)</u>	<u>\$ 50,926</u>	<u>\$ 104,926</u>	<u>\$ (80,000)</u>	<u>\$ 54,232</u>	<u>\$ 134,232</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 186,030	\$ 186,030
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		186,030	186,030
Expenditures:			
Current -			
Instruction	306,000	157,989	148,011
Support services - students and staff		4,339	(4,339)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		8,178	(8,178)
Operation of non-instructional services			
Capital outlay		4,590	(4,590)
Total expenditures	306,000	175,096	130,904
Excess (deficiency) of revenues over expenditures	(306,000)	10,934	316,934
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(306,000)	10,934	316,934
Fund balances, beginning of year		143,755	143,755
Fund balances (deficits), end of year	\$ (306,000)	\$ 154,689	\$ 460,689

Gifts and Donations			Fingerprint		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 138,816	\$ 138,816	\$	\$ 248	\$ 248
	<u>138,816</u>	<u>138,816</u>		<u>248</u>	<u>248</u>
225,000	94,699	130,301	1,500	22	1,478
	7,912	(7,912)			
	11,623	(11,623)			
	1,006	(1,006)			
	<u>21,036</u>	<u>(21,036)</u>			
<u>225,000</u>	<u>136,276</u>	<u>88,724</u>	<u>1,500</u>	<u>22</u>	<u>1,478</u>
<u>(225,000)</u>	<u>2,540</u>	<u>227,540</u>	<u>(1,500)</u>	<u>226</u>	<u>1,726</u>
<u>(225,000)</u>	<u>2,540</u>	<u>227,540</u>	<u>(1,500)</u>	<u>226</u>	<u>1,726</u>
	149,527	149,527		1,244	1,244
<u>\$ (225,000)</u>	<u>\$ 152,067</u>	<u>\$ 377,067</u>	<u>\$ (1,500)</u>	<u>\$ 1,470</u>	<u>\$ 2,970</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances, beginning of year		2	2
Fund balances (deficits), end of year	\$	\$ 2	\$ 2

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 704	\$ 704	\$	\$ 539	\$ 539
	<u>704</u>	<u>704</u>		<u>539</u>	<u>539</u>
1,200	726	474	13,500	4,900	8,600
<u>1,200</u>	<u>726</u>	<u>474</u>	<u>13,500</u>	<u>4,900</u>	<u>8,600</u>
<u>(1,200)</u>	<u>(22)</u>	<u>1,178</u>	<u>(13,500)</u>	<u>(4,361)</u>	<u>9,139</u>
<u>(1,200)</u>	<u>(22)</u>	<u>1,178</u>	<u>(13,500)</u>	<u>(4,361)</u>	<u>9,139</u>
	423	423		13,089	13,089
<u>\$ (1,200)</u>	<u>\$ 401</u>	<u>\$ 1,601</u>	<u>\$ (13,500)</u>	<u>\$ 8,728</u>	<u>\$ 22,228</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 280	\$ 280
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>280</u>	<u>280</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	79,000	2,992	76,008
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>79,000</u>	<u>2,992</u>	<u>76,008</u>
Excess (deficiency) of revenues over expenditures	<u>(79,000)</u>	<u>(2,712)</u>	<u>76,288</u>
Other financing sources (uses):			
Transfers in		38,134	38,134
Transfers out			
Total other financing sources (uses):		<u>38,134</u>	<u>38,134</u>
Changes in fund balances	<u>(79,000)</u>	<u>35,422</u>	<u>114,422</u>
Fund balances, beginning of year		78,783	78,783
Fund balances (deficits), end of year	<u>\$ (79,000)</u>	<u>\$ 114,205</u>	<u>\$ 193,205</u>

Insurance Refund			Joint Technical Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1	\$ 1	\$	\$ 102,447	\$ 102,447
	<u>1</u>	<u>1</u>		<u>102,447</u>	<u>102,447</u>
280		280	106,998	113,592	(6,594)
				3,967	(3,967)
				1,515	(1,515)
				269	(269)
<u>280</u>		<u>280</u>	<u>106,998</u>	<u>119,343</u>	<u>(12,345)</u>
<u>(280)</u>	<u>1</u>	<u>281</u>	<u>(106,998)</u>	<u>(16,896)</u>	<u>90,102</u>
<u>(280)</u>	<u>1</u>	<u>281</u>	<u>(106,998)</u>	<u>(16,896)</u>	<u>90,102</u>
	279	279		2	2
<u>\$ (280)</u>	<u>\$ 280</u>	<u>\$ 560</u>	<u>\$ (106,998)</u>	<u>\$ (16,894)</u>	<u>\$ 90,104</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	Intergovernmental Agreements		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 104	\$ 104
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		104	104
Expenditures:			
Current -			
Instruction	7,400		7,400
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	7,400		7,400
Excess (deficiency) of revenues over expenditures	(7,400)	104	7,504
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(7,400)	104	7,504
Fund balances, beginning of year		7,340	7,340
Fund balances (deficits), end of year	\$ (7,400)	\$ 7,444	\$ 14,844

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 799,280	\$ 799,280
	745,473	745,473
	644,744	644,744
	<u>2,189,497</u>	<u>2,189,497</u>
2,164,286	1,202,062	962,224
	47,980	(47,980)
92,500	106,758	(14,258)
423,000	44,264	378,736
	12,255	(12,255)
509,300	419,881	89,419
382,000	194,586	187,414
<u>3,571,086</u>	<u>2,027,786</u>	<u>1,543,300</u>
<u>(3,571,086)</u>	<u>161,711</u>	<u>3,732,797</u>
	38,134	38,134
	(4,742)	(4,742)
	<u>33,392</u>	<u>33,392</u>
<u>(3,571,086)</u>	<u>195,103</u>	<u>3,766,189</u>
	1,512,808	1,512,808
<u>\$ (3,571,086)</u>	<u>\$ 1,707,911</u>	<u>\$ 5,278,997</u>

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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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Other local	\$	\$ 11,138	\$ 11,138
Property taxes		5,869,670	5,869,670
Federal aid, grants and reimbursements		356,229	356,229
Total revenues		<u>6,237,037</u>	<u>6,237,037</u>
Expenditures:			
Debt service -			
Principal retirement	3,795,000	3,795,000	
Interest and fiscal charges	2,573,282	2,575,483	(2,201)
Total expenditures	<u>6,368,282</u>	<u>6,370,483</u>	<u>(2,201)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,368,282)</u>	<u>(133,446)</u>	<u>6,234,836</u>
Other financing sources (uses):			
Transfers in		4,017	4,017
Total other financing sources (uses):		<u>4,017</u>	<u>4,017</u>
Changes in fund balances	<u>(6,368,282)</u>	<u>(129,429)</u>	<u>6,238,853</u>
Fund balances, beginning of year		862,339	862,339
Fund balances (deficits), end of year	<u>\$ (6,368,282)</u>	<u>\$ 732,910</u>	<u>\$ 7,101,192</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Gifts and Donations - Capital</u>
<u>ASSETS</u>			
Cash and investments	\$ 75,273	\$ 295,900	\$ 956
Total assets	<u>\$ 75,273</u>	<u>\$ 295,900</u>	<u>\$ 956</u>
Fund balances:			
Restricted	\$ 75,273	\$ 295,900	\$ 956
Total fund balances	<u>75,273</u>	<u>295,900</u>	<u>956</u>
Total liabilities and fund balances	<u>\$ 75,273</u>	<u>\$ 295,900</u>	<u>\$ 956</u>

Emergency Deficiencies Correction	Building Renewal	Totals
\$ 450	\$ 340	\$ 372,919
<u>\$ 450</u>	<u>\$ 340</u>	<u>\$ 372,919</u>
\$ 450	\$ 340	\$ 372,919
<u>450</u>	<u>340</u>	<u>372,919</u>
<u>\$ 450</u>	<u>\$ 340</u>	<u>\$ 372,919</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Gifts and Donations - Capital</u>
Revenues:			
Other local	\$ 298	\$ 4,017	\$ 12
State aid and grants			
Total revenues	<u>298</u>	<u>4,017</u>	<u>12</u>
Expenditures:			
Capital outlay		125,000	5,020
Total expenditures		<u>125,000</u>	<u>5,020</u>
Excess (deficiency) of revenues over expenditures	<u>298</u>	<u>(120,983)</u>	<u>(5,008)</u>
Other financing sources (uses):			
Transfers out		(4,017)	
Total other financing sources (uses):		<u>(4,017)</u>	
Changes in fund balances	<u>298</u>	<u>(125,000)</u>	<u>(5,008)</u>
Fund balances, beginning of year	74,975	420,900	5,964
Fund balances, end of year	<u>\$ 75,273</u>	<u>\$ 295,900</u>	<u>\$ 956</u>

Emergency Deficiencies Correction	Building Renewal	Totals
\$	\$	\$
2,221		4,327
<u>2,221</u>		<u>2,221</u>
		<u>6,548</u>
2,221		132,241
<u>2,221</u>		<u>132,241</u>
		<u>(125,693)</u>
		(4,017)
		<u>(4,017)</u>
		(129,710)
450	340	502,629
<u>\$ 450</u>	<u>\$ 340</u>	<u>\$ 372,919</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 2,393	\$ 2,393
Property taxes		117,987	117,987
State aid and grants		22,776	22,776
Total revenues		<u>143,156</u>	<u>143,156</u>
Expenditures:			
Capital outlay	755,064	210,979	544,085
Total expenditures	<u>755,064</u>	<u>210,979</u>	<u>544,085</u>
Excess (deficiency) of revenues over expenditures	<u>(755,064)</u>	<u>(67,823)</u>	<u>687,241</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(755,064)</u>	<u>(67,823)</u>	<u>687,241</u>
Fund balances, beginning of year		638,183	638,183
Fund balances (deficits), end of year	<u>\$ (755,064)</u>	<u>\$ 570,360</u>	<u>\$ 1,325,424</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 298	\$ 298	\$	\$ 4,017	\$ 4,017
	<u>298</u>	<u>298</u>		<u>4,017</u>	<u>4,017</u>
75,201		75,201	421,000	125,000	296,000
<u>75,201</u>		<u>75,201</u>	<u>421,000</u>	<u>125,000</u>	<u>296,000</u>
(75,201)	298	75,499	(421,000)	(120,983)	300,017
				(4,017)	(4,017)
				<u>(4,017)</u>	<u>(4,017)</u>
(75,201)	298	75,499	(421,000)	(125,000)	296,000
	74,975	74,975		420,900	420,900
<u>\$ (75,201)</u>	<u>\$ 75,273</u>	<u>\$ 150,474</u>	<u>\$ (421,000)</u>	<u>\$ 295,900</u>	<u>\$ 716,900</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 12	\$ 12
Property taxes			
State aid and grants			
Total revenues	(6,000)	(5,008)	992
Expenditures:			
Capital outlay	6,000	5,020	980
Total expenditures	6,000	5,020	980
Excess (deficiency) of revenues over expenditures	(6,000)	(5,008)	992
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(6,000)	(5,008)	992
Fund balances, beginning of year		5,964	5,964
Fund balances (deficits), end of year	\$ (6,000)	\$ 956	\$ 6,956

Emergency Deficiencies Correction			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	2,221	2,221			
	2,221	2,221			
	2,221	(2,221)	320		320
	2,221	(2,221)	320		320
			(320)		320
			(320)		320
	450	450		340	340
\$	\$ 450	\$ 450	\$ (320)	\$ 340	\$ 660

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2016

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,720	\$ 6,720
Property taxes		117,987	117,987
State aid and grants		24,997	24,997
Total revenues		<u>149,704</u>	<u>149,704</u>
Expenditures:			
Capital outlay	1,257,585	343,220	914,365
Total expenditures	<u>1,257,585</u>	<u>343,220</u>	<u>914,365</u>
Excess (deficiency) of revenues over expenditures	<u>(1,257,585)</u>	<u>(193,516)</u>	<u>1,064,069</u>
Other financing sources (uses):			
Transfers out		(4,017)	(4,017)
Total other financing sources (uses):		<u>(4,017)</u>	<u>(4,017)</u>
Changes in fund balances	<u>(1,257,585)</u>	<u>(197,533)</u>	<u>1,060,052</u>
Fund balances, beginning of year		1,140,812	1,140,812
Fund balances (deficits), end of year	<u>\$ (1,257,585)</u>	<u>\$ 943,279</u>	<u>\$ 2,200,864</u>

AGENCY FUNDS

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2016

	Student Activities	Totals
<u>ASSETS</u>		
Cash and investments	\$ 54,089	\$ 54,089
Total assets	\$ 54,089	\$ 54,089
 <u>LIABILITIES</u>		
Due to student groups	\$ 54,089	\$ 54,089
Total liabilities	\$ 54,089	\$ 54,089

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ <u>68,132</u>	\$ <u>55,772</u>	\$ <u>69,815</u>	\$ <u>54,089</u>
Total assets	\$ <u><u>68,132</u></u>	\$ <u><u>55,772</u></u>	\$ <u><u>69,815</u></u>	\$ <u><u>54,089</u></u>
<u>Liabilities</u>				
Due to student groups	\$ <u>68,132</u>	\$ <u>55,772</u>	\$ <u>69,815</u>	\$ <u>54,089</u>
Total liabilities	\$ <u><u>68,132</u></u>	\$ <u><u>55,772</u></u>	\$ <u><u>69,815</u></u>	\$ <u><u>54,089</u></u>
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ <u>68,132</u>	\$ <u>55,772</u>	\$ <u>69,815</u>	\$ <u>54,089</u>
Total assets	\$ <u><u>68,132</u></u>	\$ <u><u>55,772</u></u>	\$ <u><u>69,815</u></u>	\$ <u><u>54,089</u></u>
<u>Liabilities</u>				
Due to student groups	<u>68,132</u>	<u>55,772</u>	<u>69,815</u>	<u>54,089</u>
Total liabilities	\$ <u><u>68,132</u></u>	\$ <u><u>55,772</u></u>	\$ <u><u>69,815</u></u>	\$ <u><u>54,089</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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 25,408,093	\$ 23,913,922	\$ 23,348,151	\$ 19,493,473	\$ 19,327,175
Restricted	2,820,169	2,795,858	2,794,318	2,529,102	2,395,429
Unrestricted	(5,757,738)	(5,658,504)	1,689,013	5,787,750	6,066,848
Total net position	\$ 22,470,524	\$ 21,051,276	\$ 27,831,482	\$ 27,810,325	\$ 27,789,452
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Position:					
Net investment in capital assets	\$ 19,251,832	\$ 24,024,645	\$ 21,212,924	\$ 22,416,901	\$ 19,928,000
Restricted	2,296,883	2,432,051	2,303,723	4,036,076	4,992,948
Unrestricted	6,034,046	5,057,465	5,596,288	1,325,600	2,186,049
Total net position	\$ 27,582,761	\$ 31,514,161	\$ 29,112,935	\$ 27,778,577	\$ 27,106,997

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 7,205,062	\$ 7,656,295	\$ 7,654,278	\$ 8,059,989	\$ 7,307,559
Support services - students and staff	1,002,977	981,460	1,006,469	1,126,897	1,059,592
Support services - administration	1,271,784	1,200,008	1,463,559	1,055,667	1,154,780
Operation and maintenance of plant services	1,454,391	1,435,298	1,210,914	1,463,387	1,427,384
Student transportation services	687,536	661,428	651,201	668,650	636,967
Operation of non-instructional services	573,512	569,894	476,531	513,160	529,185
Interest on long-term debt	2,363,335	2,338,982	2,801,123	2,934,460	3,125,842
Total expenses	<u>14,558,597</u>	<u>14,843,365</u>	<u>15,264,075</u>	<u>15,822,210</u>	<u>15,241,309</u>
Program Revenues					
Charges for services:					
Instruction	175,271	357,286	437,887	622,258	421,046
Operation of non-instructional services	236,152	235,551	205,994	242,356	255,131
Other activities	109,431	152,976	116,454	93,527	123,333
Operating grants and contributions	1,781,525	1,615,949	1,330,918	1,451,306	1,453,236
Capital grants and contributions	50,641	9,312	11,588	76,101	60,166
Total program revenues	<u>2,353,020</u>	<u>2,371,074</u>	<u>2,102,841</u>	<u>2,485,548</u>	<u>2,312,912</u>
Net (Expense)/Revenue	<u>\$ (12,205,577)</u>	<u>\$ (12,472,291)</u>	<u>\$ (13,161,234)</u>	<u>\$ (13,336,662)</u>	<u>\$ (12,928,397)</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Instruction	\$ 6,980,532	\$ 7,018,536	\$ 7,507,598	\$ 8,024,990	\$ 7,226,149
Support services - students and staff	1,218,556	1,385,060	1,373,785	1,273,265	1,214,169
Support services - administration	1,147,102	1,199,500	1,181,795	1,341,134	1,321,902
Operation and maintenance of plant services	1,383,941	1,477,477	1,745,587	1,777,591	1,817,979
Student transportation services	709,257	471,588	792,875	570,545	565,237
Operation of non-instructional services	504,940	590,574	728,463	723,497	492,169
Interest on long-term debt	3,339,423	3,836,959	1,125,332	12,617	279,884
Total expenses	<u>15,283,751</u>	<u>15,979,694</u>	<u>14,455,435</u>	<u>13,723,639</u>	<u>12,917,489</u>
Program Revenues					
Charges for services:					
Instruction	676,216	30,696	23,865	38,528	739,668
Operation of non-instructional services	257,031	309,243	383,631	414,881	357,918
Other activities	46,374	26,024	47,306	44,254	124,941
Operating grants and contributions	1,568,372	2,096,598	1,481,900	2,124,511	952,586
Capital grants and contributions	32,338				
Total program revenues	<u>2,580,331</u>	<u>2,462,561</u>	<u>1,936,702</u>	<u>2,622,174</u>	<u>2,175,113</u>
Net (Expense)/Revenue	<u>\$ (12,703,420)</u>	<u>\$ (13,517,133)</u>	<u>\$ (12,518,733)</u>	<u>\$ (11,101,465)</u>	<u>\$ (10,742,376)</u>

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

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (12,205,577)	\$ (12,472,291)	\$ (13,161,234)	\$ (13,336,662)	\$ (12,928,397)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,701,895	6,225,774	5,476,430	6,338,424	5,433,028
Property taxes, levied for debt service	5,876,137	5,999,791	5,937,428	5,965,459	5,628,470
Property taxes, levied for capital outlay	118,224			273,019	369,450
Investment income	27,246	127,899	25,197	17,311	14,862
Unrestricted state aid	1,741,326	1,717,747	1,626,124	1,653,051	1,596,703
Unrestricted federal aid	159,997	113,107	117,212	122,330	92,575
Loss on disposal of assets					
Other					
Total general revenues	<u>13,624,825</u>	<u>14,184,318</u>	<u>13,182,391</u>	<u>14,369,594</u>	<u>13,135,088</u>
Changes in Net Position	<u>\$ 1,419,248</u>	<u>\$ 1,712,027</u>	<u>\$ 21,157</u>	<u>\$ 1,032,932</u>	<u>\$ 206,691</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue	\$ (12,703,420)	\$ (13,517,133)	\$ (12,518,733)	\$ (11,101,465)	\$ (10,742,376)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,647,841	7,208,845	8,211,565	7,138,659	7,150,514
Property taxes, levied for debt service	6,339,473	6,147,755	2,757,359	1,793,427	4,254,575
Property taxes, levied for capital outlay	343,865	551,927	407,928	369,112	385,253
Investment income	43,242	97,988	325,035	283,727	192,950
Unrestricted state aid	1,771,038	1,477,524	1,495,029	1,537,628	2,303,029
Unrestricted federal aid	158,145				
Loss on disposal of assets	(5,531,584)				
State building renewal assistance				74,774	50,754
Other		434,320	656,175	494,007	
Total general revenues	<u>8,772,020</u>	<u>15,918,359</u>	<u>13,853,091</u>	<u>11,691,334</u>	<u>14,337,075</u>
Changes in Net Position	<u>\$ (3,931,400)</u>	<u>\$ 2,401,226</u>	<u>\$ 1,334,358</u>	<u>\$ 589,869</u>	<u>\$ 3,594,699</u>

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

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 1,038,828	\$ 1,013,647	\$ 1,021,681	\$ 727,831	\$ 623,869
Restricted				34,453	39,079
Assigned	9,287	9,249	9,218	9,181	9,103
Unassigned	1,184,701	1,244,566	658,114	1,525,224	1,061,318
Unreserved					
Total General Fund	<u>\$ 2,232,816</u>	<u>\$ 2,267,462</u>	<u>\$ 1,689,013</u>	<u>\$ 2,296,689</u>	<u>\$ 1,733,369</u>
All Other Governmental Funds:					
Restricted	\$ 3,052,321	\$ 3,159,714	\$ 3,261,372	\$ 2,956,055	\$ 2,922,361
Assigned	54,232	25,353	28,625	38,502	52,157
Unassigned	(16,894)				
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 3,089,659</u>	<u>\$ 3,185,067</u>	<u>\$ 3,289,997</u>	<u>\$ 2,994,557</u>	<u>\$ 2,974,518</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Restricted	\$ 38,974	\$	\$	\$	\$
Assigned	7,663				
Unassigned	1,838,051				
Reserved					239,470
Unreserved		1,279,565	427,274	302,681	504,765
Total General Fund	<u>\$ 1,884,688</u>	<u>\$ 1,279,565</u>	<u>\$ 427,274</u>	<u>\$ 302,681</u>	<u>\$ 744,235</u>
All Other Governmental Funds:					
Restricted	\$ 4,192,349	\$	\$	\$	\$
Assigned	44,055				
Reserved		8,826	9,378	10,072	14,976
Unreserved, reported in:					
Special revenue funds		950,092	811,558	1,305,167	1,259,256
Capital projects funds		372,364	432,795	1,667,316	4,001,447
Debt service fund		14,800,929	43,166,736	23,832,956	909,062
Total all other governmental funds	<u>\$ 4,236,404</u>	<u>\$ 16,132,211</u>	<u>\$ 44,420,467</u>	<u>\$ 26,815,511</u>	<u>\$ 6,184,741</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 1,188,895	\$ 1,013,362	\$ 1,088,117	\$ 1,147,334	\$ 1,000,269
State Fiscal Stabilization (ARRA)					
Education Jobs				126,747	114,221
National School Lunch Program	289,242	299,269	262,127	272,992	299,096
Total federal sources	<u>1,478,137</u>	<u>1,312,631</u>	<u>1,350,244</u>	<u>1,547,073</u>	<u>1,413,586</u>
State sources:					
State equalization assistance	1,197,724	1,201,001	1,075,115	1,176,079	1,233,692
State grants	201,871	215,584	59,945	85,913	43,776
Other revenues	543,602	516,746	551,009	476,972	413,085
Total state sources	<u>1,943,197</u>	<u>1,933,331</u>	<u>1,686,069</u>	<u>1,738,964</u>	<u>1,690,553</u>
Local sources:					
Property taxes	11,748,705	12,190,695	11,535,717	12,615,765	11,510,291
Food service sales	141,574	158,719	151,042	191,880	201,311
Investment income	27,246	127,597	25,197	17,311	16,132
Other revenues	703,062	720,426	726,461	766,261	698,027
Total local sources	<u>12,620,587</u>	<u>13,197,437</u>	<u>12,438,417</u>	<u>13,591,217</u>	<u>12,425,761</u>
Total revenues	<u><u>\$ 16,041,921</u></u>	<u><u>\$ 16,443,399</u></u>	<u><u>\$ 15,474,730</u></u>	<u><u>\$ 16,877,254</u></u>	<u><u>\$ 15,529,900</u></u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 1,314,531	\$ 1,240,312	\$ 506,697	\$ 579,447	\$ 636,765
State Fiscal Stabilization (ARRA)	18,404				
Education Jobs	25,336				
National School Lunch Program	256,120	283,051	233,695	231,388	185,607
Total federal sources	<u>1,614,391</u>	<u>1,523,363</u>	<u>740,392</u>	<u>810,835</u>	<u>822,372</u>
State sources:					
State equalization assistance	1,427,053	1,417,689	1,495,029	1,537,628	1,455,034
State grants	94,390	156,448	209,212	222,133	224,544
School Facilities Board				74,774	137,878
Other revenues	403,820	416,787	532,296	847,823	763,060
Total state sources	<u>1,925,263</u>	<u>1,990,924</u>	<u>2,236,537</u>	<u>2,682,358</u>	<u>2,580,516</u>
Local sources:					
Property taxes	12,372,471	13,736,603	11,300,737	9,417,892	11,778,776
Food service sales	208,175	206,409	267,154	306,740	261,484
Investment income	14,777	97,988	325,035	283,727	192,950
Other revenues	799,911	593,874	843,823	930,103	961,043
Total local sources	<u>13,395,334</u>	<u>14,634,874</u>	<u>12,736,749</u>	<u>10,938,462</u>	<u>13,194,253</u>
Total revenues	<u>\$ 16,934,988</u>	<u>\$ 18,149,161</u>	<u>\$ 15,713,678</u>	<u>\$ 14,431,655</u>	<u>\$ 16,597,141</u>

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

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 4,649,472	\$ 4,778,171	\$ 4,945,124	\$ 5,221,237	\$ 5,277,343
Support services - students and staff	1,004,539	970,524	1,002,969	1,085,165	1,043,112
Support services - administration	1,135,269	1,106,798	1,323,147	907,335	1,082,342
Operation and maintenance of plant services	1,418,698	1,396,840	1,168,106	1,407,816	1,384,945
Student transportation services	490,259	472,126	457,046	461,736	450,805
Operation of non-instructional services	552,115	551,876	459,752	492,938	513,605
Capital outlay	576,321	298,464	281,928	438,149	1,481,091
Debt service -					
Principal retirement	3,795,000	3,965,000	3,565,000	3,375,000	3,200,000
Interest and fiscal charges	2,575,483	2,422,047	2,877,744	3,008,481	3,133,731
Bond issuance costs		311,425			
Total expenditures	<u>\$ 16,197,156</u>	<u>\$ 16,273,271</u>	<u>\$ 16,080,816</u>	<u>\$ 16,397,857</u>	<u>\$ 17,566,974</u>
Expenditures for capitalized assets	\$ 187,010	\$ 102,996	\$ 45,955	\$ 139,068	\$ 1,412,589
Debt service as a percentage of noncapital expenditures	40%	40%	40%	39%	39%

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
Instruction	\$ 4,900,196	\$ 5,796,321	\$ 6,487,845	\$ 7,093,897	\$ 6,052,887
Support services - students and staff	1,141,649	1,384,473	1,369,172	1,270,733	1,183,150
Support services - administration	1,073,452	1,279,424	1,230,054	1,328,866	1,304,342
Operation and maintenance of plant services	1,335,540	1,478,993	1,741,155	1,763,150	1,668,829
Student transportation services	470,578	747,474	1,615,849	550,171	556,716
Operation of non-instructional services	482,081	583,745	724,430	715,253	477,188
Capital outlay	12,584,944	28,069,527	28,233,628	2,224,902	974,647
Debt service -					
Principal retirement	2,900,000	2,400,000	3,800,000	623,700	4,007,250
Interest and fiscal charges	3,328,406	3,844,617	1,135,008	15,982	279,884
Bond issuance costs			953,043	314,121	
Total expenditures	<u>\$ 28,216,846</u>	<u>\$ 45,584,574</u>	<u>\$ 47,290,184</u>	<u>\$ 15,900,775</u>	<u>\$ 16,504,893</u>
Expenditures for capitalized assets	\$ 11,932,919	\$ 28,440,915	\$ 29,163,193	\$	\$ 371,676
Debt service as a percentage of noncapital expenditures	38%	36%	32%	6%	27%

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

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (155,235)	\$ 170,128	\$ (606,086)	\$ 479,397	\$ (2,037,074)
Other financing sources (uses):					
Issuance of refunding bonds		20,850,000			
Premium on sale of bonds		3,609,256			
Payment to refunded bond escrow agent		(24,147,831)			
Transfers in	42,669	76,191	476,912	47,431	22,133
Transfers out	(42,669)	(76,191)	(476,912)	(47,431)	(22,133)
Total other financing sources (uses)		311,425			
Changes in fund balances	<u>\$ (155,235)</u>	<u>\$ 481,553</u>	<u>\$ (606,086)</u>	<u>\$ 479,397</u>	<u>\$ (2,037,074)</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ (11,281,858)	\$ (27,435,413)	\$ (31,576,506)	\$ (1,469,120)	\$ 92,248
Other financing sources (uses):					
Issuance of refunding bonds					
Issuance of long-term debt			48,400,000	25,000,000	
Premium on sale of bonds			906,749	475,644	
Payment to refunded bond escrow agent					
Transfers in	36,949	30,185	34,063	19,383	26,492
Transfers out	(36,949)	(30,185)	(34,063)	(19,383)	(26,492)
Total other financing sources (uses)			49,306,749	25,475,644	
Changes in fund balances	<u>\$ (11,281,858)</u>	<u>\$ (27,435,413)</u>	<u>\$ 17,730,243</u>	<u>\$ 24,006,524</u>	<u>\$ 92,248</u>

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 91,063,249	\$ 90,861,941	\$ 90,017,590	\$ 106,980,513	\$ 115,290,997
Agricultural and Vacant	58,404,950	60,663,363	61,131,097	66,280,085	105,793,208
Residential (Owner Occupied)	217,592,151	208,021,557	200,029,543	230,639,894	289,981,096
Residential (Rental)	123,150,086	113,517,352	104,701,036	90,176,740	61,101,945
Historical Property	16,594	15,804			
Certain Government Property Improvements	6,688	6,369	5,324	5,324	5,324
Total	\$ 490,233,718	\$ 473,086,386	\$ 455,884,590	\$ 494,082,556	\$ 572,172,570
Gross Full Cash Value	\$ 4,875,855,110	\$ 4,214,994,727	\$ 3,999,938,822	\$ 4,243,462,068	\$ 4,873,573,352
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	11%	11%	12%	12%
Total Direct Rate	3.52	3.67	3.54	2.78	2.89

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 124,355,223	\$ 124,379,058	\$ 123,539,818	\$ 117,907,826	\$ 113,899,296
Agricultural and Vacant	122,081,710	119,040,777	106,145,137	87,203,657	72,408,832
Residential (Owner Occupied)	373,445,501	362,543,369	324,950,116	278,340,881	244,595,309
Residential (Rental)	57,083,684	67,372,187	59,717,941	54,396,525	45,828,885
Certain Government Property Improvements	5,424	5,507	5,249	5,191	4,818
Total	\$ 676,971,542	\$ 673,340,898	\$ 614,358,261	\$ 537,854,080	\$ 476,737,140
Gross Full Cash Value	\$ 6,165,140,981	\$ 6,770,897,714	\$ 6,698,841,891	\$ 5,641,514,251	\$ 4,433,184,470
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	10%	9%	10%	11%
Total Direct Rate	1.96	2.15	2.15	1.74	1.92

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

Note: 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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 92,538,323	\$ 91,957,723	\$ 93,049,111	\$ 107,350,626	\$ 116,888,021
Agricultural and Vacant	59,533,114	61,119,544	61,550,442	66,737,615	108,355,285
Residential (Owner Occupied)	222,833,947	211,008,805	200,930,184	230,904,093	290,828,050
Residential (Rental)	127,452,326	115,900,457	105,219,314	90,362,706	61,547,602
Historical Property	16,594	15,804			
Certain Government Property Improvements	6,688	9,540	5,324	5,324	5,324
Total	\$ 502,380,992	\$ 480,011,873	\$ 460,754,375	\$ 495,360,364	\$ 577,624,282
Gross Full Cash Value	\$ 4,875,855,110	\$ 4,214,994,727	\$ 3,999,938,822	\$ 4,243,462,068	\$ 4,873,573,352
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	11%	12%	12%	12%
Total Direct Rate	3.52	3.67	3.54	2.78	2.89

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 128,784,101	\$ 132,662,251	\$ 135,699,783	\$ 127,355,938	\$ 123,184,674
Agricultural and Vacant	137,376,812	167,623,108	165,798,823	133,143,494	92,549,127
Residential (Owner Occupied)	382,621,951	418,838,767	417,481,387	349,460,483	275,841,459
Residential (Rental)	74,809,490	80,325,867	77,101,424	67,918,937	51,757,108
Certain Government Property Improvements	5,424	5,507	5,249	5,191	4,916
Total	\$ 723,597,778	\$ 799,455,500	\$ 796,086,666	\$ 677,884,043	\$ 543,337,284
Gross Full Cash Value	\$ 6,165,140,981	\$ 6,770,897,714	\$ 6,698,841,891	\$ 5,641,514,251	\$ 4,433,184,470
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	12%	12%
Total Direct Rate	1.96	2.15	2.15	1.74	1.92

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

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

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

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

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES - COCONINO COUNTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	<u>Overlapping Rates</u>								<u>District Direct Rates</u>		
	State	Coconino	Coconino County	Coconino	Coconino	Coconino	Sedona-Oak				
	Equalization	County	Library District	County Flood Control District	Community College District	County Fire District	Creek Fire District	Primary	Secondary	Total	
2016	0.51	0.57	0.26	0.40	0.61	0.10	2.43	2.13	1.39	3.52	
2015	0.51	0.56	0.26	0.10	0.61	0.10	2.13	2.23	1.44	3.67	
2014	0.51	0.55	0.26	0.10	0.59	0.10	2.02	2.13	1.41	3.54	
2013	0.47	0.47	0.24	0.10	0.49	0.10	1.63	1.41	1.37	2.78	
2012	0.43	0.43	0.24	0.09	0.47	0.09	1.40	1.77	1.12	2.89	
2011	0.36	0.40	0.24	0.09	0.43	0.09	1.40	0.97	0.99	1.96	
2010	0.33	0.40	0.24	0.09	0.43	0.09	1.40	1.26	0.89	2.15	
2009		0.40	0.24	0.20	0.43	0.09	1.55	1.26	0.89	2.15	
2008		0.44	0.19	0.20	0.51	0.10	1.75	1.54	0.20	1.74	
2007		0.46	0.19	0.20	0.53	0.10	1.75	1.73	0.19	1.92	

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

Note: Beginning in fiscal year 2009-10, an overlapping rate for state equalization was established.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES - YAVAPAI COUNTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	<u>Overlapping Rates</u>								<u>District Direct Rates</u>		
	State	Yavapai	Yavapai County	Yavapai County	Yavapai	Yavapai	Yavapai	Sedona-Red	Primary	Secondary	Total
	Equalization	County	Library District	Flood Control District	Community College District	County Fire District	County Fire District	Rock Fire District			
2016	0.51	1.93	0.17	0.21	2.09	0.10	2.43	2.13	1.39	3.52	
2015	0.51	1.96	0.15	0.21	2.08	0.10	2.11	2.23	1.44	3.67	
2014	0.51	1.93	0.15	0.22	2.05	0.10	2.02	2.13	1.41	3.54	
2013	0.47	1.64	0.17	0.30	1.89	0.10	1.63	1.41	1.37	2.78	
2012	0.43	1.43	0.15	0.25	1.58	0.09	1.40	1.77	1.12	2.89	
2011	0.36	1.35	0.12	0.20	1.36	0.08	1.40	0.97	0.99	1.96	
2010	0.33	1.28	0.10	0.17	1.26	0.07	1.55	1.26	0.89	2.15	
2009		1.64	0.10	0.17	1.26	0.07	1.55	1.26	0.89	2.15	
2008		1.64	0.10	0.20	1.64	0.10	1.75	1.54	0.20	1.74	
2007		1.66	0.10	0.20	1.66	0.10	1.75	1.73	0.19	1.92	

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

Note: Beginning in fiscal year 2009-10, an overlapping rate for state equalization was established.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Taxpayer	2016		2007	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Arizona Public Service Co.	\$ 5,275,000	1.05 %	\$ 2,136,078	1.20 %
Massachusetts Mutual Life	3,516,667	0.70	5,123,201	2.89
New Enchantment, LLC	3,365,953	0.67		
New Enchantment, LP	3,365,953	0.67	8,248,622	4.65
Ram's Shopping Center	1,708,095	0.34		
Northern Arizona Healthcare	1,406,667	0.28		
HTS-CHC (Sedona) LLC	4,873,096	0.97	5,331,011	3.01
Sedona Vacation Club, Inc.			4,340,577	2.45
Signature Resorts, LLC	1,858,810	0.37		
Poco Diablo Resort, LLC			3,309,160	1.87
Stewart Title & Trust of Phoenix, Inc. #2399	1,507,143	0.30		
First American Trust FSB	1,406,667	0.28		
Unisource Energy Corporation	1,306,191	0.26	795,676	0.45
Seven Canyons Lot Holdings, LLC			3,349,802	1.89
Qwest Corporation			2,295,241	1.29
TLAQ Partners LLC			2,282,234	1.29
Total	\$ 29,590,242	5.89 %	\$ 37,211,602	20.99 %

Source: The source of this information is the Yavapai 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.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
			Amount	Percentage of Levy		Amount	Percentage of Levy
Coconino County	2016	\$ 3,074,560	\$ 3,006,083	97.77 %	\$	\$ 3,006,083	97.77 %
	2015	3,232,644	3,181,287	98.41	50,380	3,231,667	99.97
	2014	3,159,554	3,093,295	97.90	65,766	3,159,061	99.98
	2013	3,715,105	3,630,145	97.71	84,757	3,714,902	99.99
	2012	4,012,988	3,075,515	76.64	937,293	4,012,808	100.00
	2011	3,174,087	3,043,397	95.88	130,537	3,173,934	100.00
	2010	3,399,176	3,281,594	96.54	117,582	3,399,176	100.00
	2009	2,706,107	2,633,789	97.33	72,318	2,706,107	100.00
	2008	1,965,242	1,927,101	98.06	38,141	1,965,242	100.00
	2007	2,921,305	2,846,819	97.45	74,483	2,921,302	100.00
Yavapai County	2016	\$ 8,679,444	\$ 8,546,611	98.47 %	\$	\$ 8,546,611	98.47 %
	2015	8,982,617	8,822,648	98.22	147,426	8,970,074	99.86
	2014	8,393,291	8,230,737	98.06	158,665	8,389,402	99.95
	2013	8,824,540	8,615,062	97.63	208,022	8,823,084	99.98
	2012	8,352,541	8,037,026	96.22	314,983	8,352,009	99.99
	2011	9,295,744	8,952,911	96.31	341,118	9,294,029	99.98
	2010	10,377,836	9,845,872	94.87	530,030	10,375,902	99.98
	2009	7,974,239	7,761,891	97.34	212,339	7,974,230	100.00
	2008	7,378,771	7,169,811	97.17	208,952	7,378,763	100.00
	2007	8,326,478	8,114,173	97.45	212,305	8,326,478	100.00

Source: The source of this information is the Coconino & Yavapai County Treasurers' 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.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value	Per Capita	Total	Percentage of Estimated Actual Value	Per Capita	Percentage of Personal Income	
2016	\$ 50,154,732	\$ 796,421	\$ 49,358,311	1.01 %	\$ 3,291	\$ 50,154,732	1.03 %	\$ 3,344	0.86 %	
2015	54,688,500	919,383	53,769,117	1.28	3,654	54,688,500	1.30	3,716	1.07	
2014	55,119,075	818,091	54,300,984	1.36	2,858	55,119,075	1.38	2,901	1.78	
2013	62,135,696	798,690	61,337,006	1.45	6,115	62,135,696	1.46	6,195	1.34	
2012	65,409,717	849,345	64,560,372	1.32	3,398	65,409,717	1.34	3,443	1.38	
2011	68,383,738	1,100,935	67,282,803	1.09	4,858	68,383,738	1.11	4,937	2.84	
2010	68,453,627	372,364	68,081,263	1.01	4,863	68,453,627	1.01	4,890	2.16	
2009	70,931,078	432,795	70,498,283	1.05	5,036	70,931,078	1.06	5,067	1.89	
2008	25,000,000	1,667,316	23,332,684	0.41	1,609	25,000,000	0.44	1,724	0.69	
2007	4,558,200	4,001,447	556,753	0.01	37	4,558,200	0.10	304	0.13	

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

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

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Yavapai County Community College District	\$ 20,676,993	15.70 %	\$ 3,246,288
Subtotal, Overlapping Debt			<u>3,246,288</u>
Direct:			
Sedona-Oak Creek Joint Unified School District No. 9			<u>50,154,732</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 53,401,020</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		10.07 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,507	
As a Percentage of Net Limited Assessed Valuation		10.73 %
As a Percentage of Gross Full Cash Value		1.08 %

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

Net full cash assessed valuation	\$ 502,380,992
Debt limit (20% of assessed value)	100,476,198
Debt applicable to limit	<u>46,400,000</u>
Legal debt margin	<u><u>\$ 54,076,198</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2016:

Net full cash assessed valuation	\$ 502,380,992
Debt limit (30% of assessed value)	150,714,298
Debt applicable to limit	<u>46,400,000</u>
Legal debt margin	<u><u>\$ 104,314,298</u></u>

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 150,714,298	\$ 144,003,562	\$ 123,131,661	\$ 148,608,109	\$ 173,287,285
Total net debt applicable to limit	<u>46,400,000</u>	<u>50,195,000</u>	<u>54,160,000</u>	<u>61,100,000</u>	<u>64,300,000</u>
Legal debt margin	<u><u>\$ 104,314,298</u></u>	<u><u>\$ 93,808,562</u></u>	<u><u>\$ 68,971,661</u></u>	<u><u>\$ 87,508,109</u></u>	<u><u>\$ 108,987,285</u></u>
Total net debt applicable to the limit as a percentage of debt limit	31%	35%	44%	41%	37%
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 217,079,333	\$ 239,836,650	\$ 239,826,908	\$ 203,365,213	\$ 163,001,185
Total net debt applicable to limit	<u>67,200,000</u>	<u>67,200,000</u>	<u>69,600,000</u>	<u>25,000,000</u>	<u>4,558,200</u>
Legal debt margin	<u><u>\$ 149,879,333</u></u>	<u><u>\$ 172,636,650</u></u>	<u><u>\$ 170,226,908</u></u>	<u><u>\$ 178,365,213</u></u>	<u><u>\$ 158,442,985</u></u>
Total net debt applicable to the limit as a percentage of debt limit	31%	28%	29%	12%	3%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Bond premium is not subject to the statutory debt limit.
- 3) The District's Class B bonds outstanding are greater than the debt limit due to a sharp decline in the secondary assessed valuation. As a result, the District will not be able to issue debt until sufficient capacity is attained.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COCONINO COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2015	141,602	\$ 5,808,231	\$ 41,018	7.0 %	15,000
2014	139,372	5,102,688	36,612	7.1	14,716
2013	136,539	3,094,520	22,664	8.1	19,000
2012	134,313	4,620,811	34,353	8.1	10,030
2011	134,162	4,725,407	35,105	9.2	19,000
2010	129,849	2,405,214	19,381	5.5	13,850
2009	126,407	3,167,259	25,056	4.9	14,000
2008	127,866	3,758,971	29,398	4.4	14,000
2007	134,595	3,614,395	26,854	4.3	14,500
2006	132,270	3,472,652	26,254	4.4	15,000

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 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, the source of the information is the Arizona Office of Employment and Population Statistics.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
YAVAPAI COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2015	217,778	\$ 7,740,919	\$ 35,545	5.9 %	15,000
2014	215,357	6,999,749	32,503	6.3	14,716
2013	215,133	5,665,528	26,335	8.6	19,000
2012	211,583	6,248,490	29,490	8.6	10,030
2011	211,247	6,246,876	29,586	10.0	19,000
2010	215,686	4,004,875	19,000	5.5	13,850
2009	214,703	4,372,342	20,365	1.3	14,000
2008	212,635	4,435,712	20,861	4.0	14,000
2007	208,014	4,643,752	22,324	4.0	14,500
2006	213,285	7,875,841	22,861	4.0	15,000

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 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 and 2012, the source of the information is the Arizona Office of Employment and Population Statistics.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
New Enchantment LLC	530	5.10 %		
Los Abrigados Resort	123	1.18	500	4.00
L'Auberge de Sedona	323	3.11	200	1.60
Hilton Sedona Resort	176	1.69		
Sedona Oak Creek JUSD #9	184	1.77	180	1.44
Radisson Poco Diablo Resort			100	0.80
Sedona Rouge, LLC	128	1.23		
City of Sedona	102	0.98	120	0.96
Pink Jeep Tours	175	1.68	100	0.80
Club at Seven Canyons			275	2.20
Kindred Health Care			140	1.12
Doubletree Corporation			100	0.80
Sedona Pines, LLC			100	0.80
Amara Resort	107	1.03		
Sunterra Resorts	99	0.95	400	3.20
Total	<u>1,947</u>	<u>18.72 %</u>	<u>2,215</u>	<u>17.72 %</u>
Total employment	<u>10,388</u>		<u>12,500</u>	

Source: The source of this information is Arizona Department of Commerce Records and employer surveys.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Superintendent	1	1	1	1	1
Principals	3	3	3	3	3
Assistant principals	1	1	1	1	1
Spec Ed Director	1	1	1	1	1
Curriculum Coord	1				
Total supervisory	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Instruction					
Teachers	61	68	68	68	68
Other professionals (instructional)	9	5	5	5	5
Aides	14	13	13	13	14
Nurse/Health Aides	2	3	3	3	3
Total instruction	<u>86</u>	<u>89</u>	<u>89</u>	<u>89</u>	<u>90</u>
Student Services					
Librarians	2	2	2	2	2
Technicians	2	2	2	2	2
Total student services	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Support and Administration					
Clerical/Other	13	15	15	15	15
Technical/Maint Support	10	5	5	5	3
Bus Drivers	23				15
Total support and administration	<u>46</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>33</u>
Total	<u><u>143</u></u>	<u><u>119</u></u>	<u><u>119</u></u>	<u><u>119</u></u>	<u><u>133</u></u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Supervisory					
Superintendent	1	1	1	1	1
Principals	3	3	3	3	3
Assistant principals	1	1	1		2
Spec Ed Director	1	1	1	1	1
Curriculum Coord					1
Total supervisory	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>8</u>
Instruction					
Teachers	68	75	84	88	93
Other professionals (instructional)	5	5	5	5	7
Aides	14	12	16	12	14
Nurse/Health Aides	3	3	3	3	3
Total instruction	<u>90</u>	<u>95</u>	<u>108</u>	<u>108</u>	<u>117</u>
Student Services					
Librarians	2	2	2	3	3
Technicians	2	2	2	3	3
Total student services	<u>4</u>	<u>4</u>	<u>4</u>	<u>6</u>	<u>6</u>
Support and Administration					
Clerical/Other	15	18	18	18	18
Technical/Maint Support	3	12	2	2	2
Bus Drivers	15	18	18	18	18
Total support and administration	<u>33</u>	<u>48</u>	<u>38</u>	<u>38</u>	<u>38</u>
Total	<u><u>133</u></u>	<u><u>153</u></u>	<u><u>156</u></u>	<u><u>157</u></u>	<u><u>169</u></u>

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

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2016	1,051	\$ 9,250,352	\$ 8,801	7.59 %	\$ 14,558,597	\$ 13,852	5.83 %	75	14.0	42.3 %
2015	1,134	9,276,335	8,180	1.33	14,843,365	13,089	(0.62)	73	15.5	46.0
2014	1,159	9,356,144	8,073	2.76	15,264,075	13,170	1.46	73	15.9	47.5
2013	1,219	9,576,227	7,856	1.09	15,822,210	12,980	6.88	73	16.7	48.4
2012	1,255	9,752,152	7,771	1.07	15,241,309	12,144	(2.82)	73	17.2	49.1
2011	1,223	9,403,496	7,689	(13.35)	15,283,751	12,497	(0.68)	73	16.8	45.7
2010	1,270	11,270,430	8,874	(11.72)	15,979,694	12,582	14.02	80	15.9	44.5
2009	1,310	13,168,505	10,052	13.38	14,455,435	11,035	15.38	89	14.7	37.0
2008	1,435	12,722,070	8,866	13.39	13,723,639	9,564	6.47	93	15.4	36.4
2007	1,438	11,243,112	7,819	19.07	12,917,489	8,983	15.52	100	14.4	49.5

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

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

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Schools</u>										
<u>K-8 Schools</u>										
Buildings	11	11	11	11	11	11	13	13	13	13
Square feet	178,564	178,564	178,564	178,564	178,564	178,564	143,690	143,690	143,690	143,690
Capacity	2,062	2,062	2,062	2,062	2,062	2,062	1,000	1,000	1,000	1,000
Enrollment	660	762	762	762	762	757	820	907	907	966
<u>High</u>										
Buildings	6	6	6	6	6	6	5	4	4	4
Square feet	157,068	157,068	157,068	157,068	157,068	157,068	130,600	111,620	111,620	111,620
Capacity	791	791	791	791	791	791	600	600	600	600
Enrollment	437	492	492	492	492	473	475	526	526	495
<u>Other</u>										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245
Capacity	100	100	100	100	100	100	100	100	100	100
Enrollment							14	14	14	14
<u>Administrative</u>										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	13,093	13,093	13,093	13,093	13,093	4,803	4,803	4,803	4,803	4,803
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	13	13	13	13	13	13				
<u>Athletics</u>										
Football/Soccer fields	2	2	2	2	2	2	2	2	2	2
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	2	2	2	2	2	2	2	2	2	2

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