



**Saddle Mountain
Unified School District #90**

**38201 W. Indian School Road
Tonopah, AZ 85354
623-474-5110
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2018**

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**SADDLE MOUNTAIN UNIFIED SCHOOL
DISTRICT NO. 90**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

YEAR ENDED JUNE 30, 2018

PREPARED BY THE BUSINESS DEPARTMENT

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INTRODUCTORY SECTION

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Saddle Mountain
Unified School District #90

January 30, 2019

Governing Board and Citizens of the
Saddle Mountain Unified School District No. 90
38201 W. Indian School Road
Tonopah, Arizona

The Comprehensive Annual Financial Report of Saddle Mountain Unified School District No. 90 (District) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of District officials and administrative staff and the District's organizational chart. The financial section includes the independent auditors' report on the financial statements and schedules, Management's Discussion and Analysis (MD&A), the basic financial statements and the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The District is required to undergo an annual single audit in conformity with 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). Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report. The single audit report is available for viewing at the District Administration Office.

Accounting principles generally accepted in the United States of America requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. 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.

The financial reporting entity of the District includes all the funds of the primary government. The District's major operations include education, pupil transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from pre-kindergarten through grade twelve, with an estimated current enrollment of approximately 1655 students.

ECONOMIC CONDITION AND OUTLOOK

The Saddle Mountain Unified School District (SMUSD) is located in Tonopah and Buckeye, both rural areas in far west Maricopa County. With a population at 10,500, there is certainly room for growth, and growing, with an average population increase of about 36 percent. We encompass more than 500 square miles of land and have acquired land neighboring our current schools to allow for growth. Tonopah rests at an elevation of about 1,100 feet and enjoys the mild winter temperatures for which Arizona is famous. We are located near the White Tank Mountain Park as well as Estrella Mountain Regional Park, both perfect for hiking. SMUSD serves students from both Tonopah and neighboring Buckeye. We strive to hire and retain the best teachers possible. We encourage our teachers to become lifelong learners, with nearly half holding a master's degree or beyond. The District's mission statement is "Educate all students to become responsible, college-and-career-ready community members".

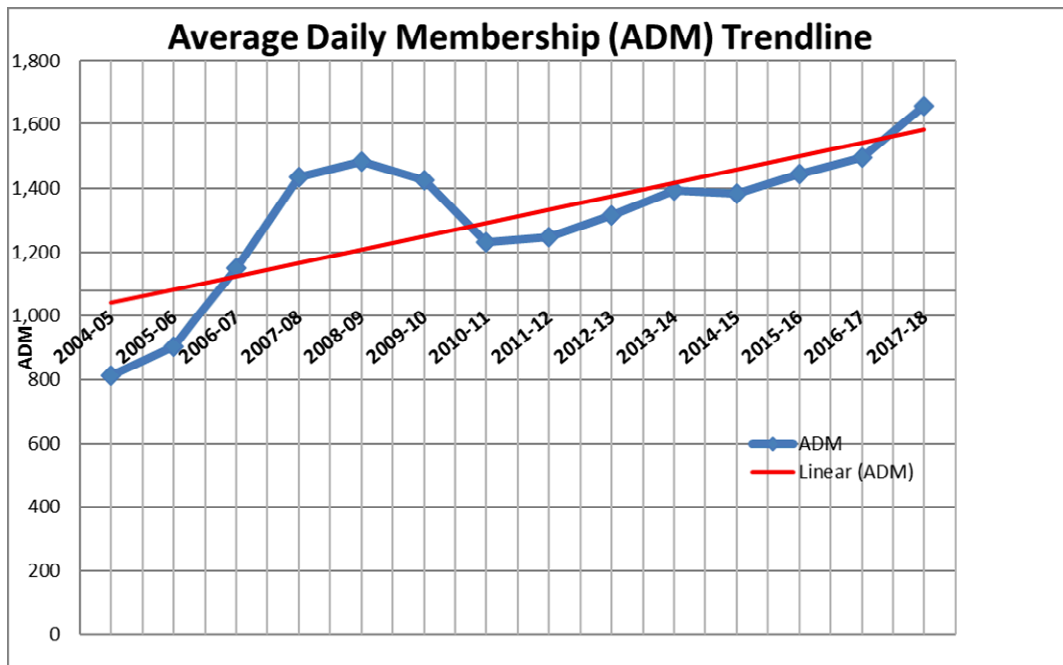
Saddle Mountain students demonstrate the highest levels of educational gains in Arizona and one of the highest in the country. Recent research done by Stanford University looking at student growth by cohort through elementary school grade levels from 2009 to 2015 shows that using this metric, [Saddle Mountain Unified School District](#) students demonstrated among the highest levels of educational gains in the country. The research was highlighted in December in [an article in The New York Times](#), "How Effective Is Your School District? A New Measure Shows Where Students Learn the Most." Saddle Mountain Unified students' academic achievement increased by 1.3+ grade levels above expectations. "This is really quite an accomplishment and really validates the hard work and processes/initiatives that we went through over these years," said Kevin Kilborn, assessment and data coordinator for Saddle Mountain Unified School District.

The District currently operates three schools. **Tartesso Elementary School** is located in Buckeye on the east side of our District and serves a kindergarten through eighth grade population. Tartesso Elementary School earned the distinction of an A+ School of Excellence by the Arizona Education Foundation in 2018. **Ruth Fisher Elementary School** is located in Tonopah on the west side of the District and also serves a kindergarten through eighth grade population. Adjacent to the campus of Ruth Fischer Elementary School is **Tonopah Valley High School** which serves the District's ninth through twelfth grade population.

The District's economy is dominated by commerce, industry, utilities and mining. Utilities make up the vast majority of the assessed valuation in the district with Arizona Public Service Company comprising 46.4% of the total assessment due to their ownership of the Palo Verde Nuclear Generating Station. When Southern California Edison and El Paso Electric Companies are considered, the three utilities combine to make up 78.24 percent of the District's assessed valuation. As a result of the high assessed value of APS's nuclear plant combined with the other utility companies in the District, the District's revenue is derived almost entirely from local property taxes with no contributions from the State. Another benefit resulting from the high assessed valuation of these utilities is that the citizens of the District enjoy some of the lowest property tax rates in the State of Arizona.

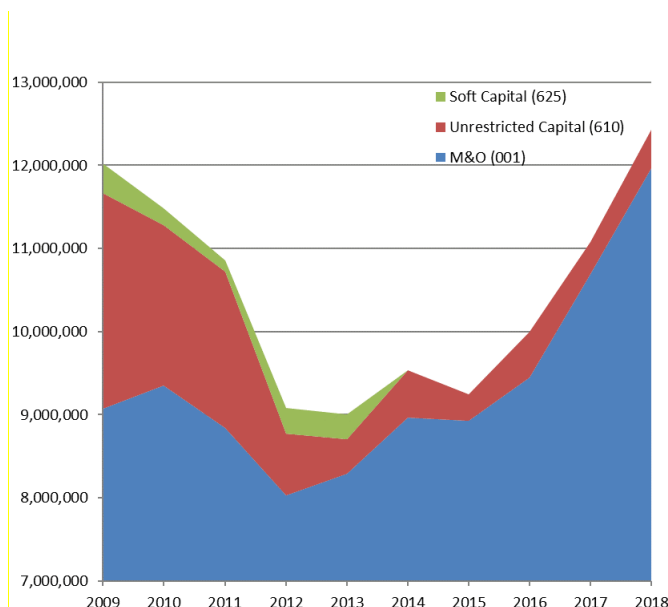
Enrollment in the District decreased during the Great Recession by approximately 17.3% due to the slow-down in the housing market however with the recovery beginning in 2012 enrollment has steadily increased at an average annual growth rate of 4% until fiscal year 2017-18 where the District experienced growth of 10.8%. This increase resulted from the economic recovery which is driving a very strong housing market. This growth in average enrollment can be seen in the graph on the following page.

Governing Board and Citizens of the
Saddle Mountain Unified School District No. 90



Growth in enrollment combined with additional spending on education by the Arizona Legislature has resulted in significant increases in Districts Maintenance and Operations budget as can be seen in the graph below which charts budget over a ten year period ending in June 30, 2018. In 2018 the Legislature approved funding to give teachers a 20 percent pay raise by 2020. The legislation calls for 10% in 2018 followed by 5 percent in both 2019 and 2020 respectively. The District passed the increase along in its entirety to its teachers and staff to ensure retention of its highly qualified staff.

The legislature has begun reinstating capital funding which had been reduced to 15% of the voter approved formula since 2008. This has allowed Districts to begin performing maintenance that has been deferred over the past decade.



MAJOR INITIATIVES

Major initiatives for fiscal year 2018 included managing the District's enrollment growth and continuation of the school improvement program by spending of bond funds from the 2014 \$15,000,000 bond election.

The District had budgeted for 5 percent enrollment growth heading into fiscal year 2018. Actual growth totaled 13.1 percent. Tartesso Elementary School in the eastern side of the District grew by an astounding 25%. The growth district wide and particularly for Tartesso Elementary created challenges for the District to maintain reasonable class sizes. As the budget graph on the previous page demonstrates, the maintenance and operations budget increased significantly as a result of this growth. The additional funds were invested in hiring more teachers and purchasing classroom furniture to reduce class sizes. The District's population of students with disabilities increased by 23 percent and in response the District invested in additional special education staff in order to continue offering high quality educational services to these students.

In 2014 the District's citizens authorized the sale of \$15 million in school improvement bonds for investment into the following six areas of needs:

1. Safety, Security and Energy \$4,800,000
2. Grounds \$3,379,000
3. Equipment \$240,000
4. Technology \$1,581,000
5. Student Transportation \$2,500,000
6. Maintenance, Warehouse, Tech (Admin) \$2,500,000

During fiscal year 2018, the District expended \$1,622,103 which left approximately \$500,000 of the total to roll forward into fiscal year 2019. Highlights of the program were the completion of a maintenance/warehouse facility which allowed for the consolidation of all maintenance and plant operations into one facility. This facility houses the warehousing, maintenance and grounds personnel. Due to the growth in student enrollment, the District purchased three additional buses to ensure adequate capacity in student transportation. Other projects included investments in additional classroom furniture and building weatherization.

FINANCIAL INFORMATION

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit As a recipient of federal, state, and county financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management of the District.

As a part of the District's single audit, described earlier, tests are performed to determine the adequacy of internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2018 provided no instances of material violations of applicable laws and regulation.

Budgeting Controls The District maintains budgetary controls; the objective of which is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing board. Activities of the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds are included in the annual budget. The 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. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are re-appropriated as part of the following year's budget. An annual budget of revenues is not prepared.

The District utilizes an incident review of any health or safety violations to improve awareness of factors contributing to injuries. In addition, employees are reminded of safety practices through District wide trainings, monthly emails, and site posters.

OTHER INFORMATION

Independent Audit State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was selected by the District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the Uniform Guidance. The auditors' report on the basic financial statements and in-relation to opinion on the combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to internal control and compliance with laws and regulations are in a separate report available at the District.

AWARDS AND ACKNOWLEDGEMENTS

We believe our current CAFR meets the program requirements for the Association of School Business Officials and will be submitting it to determine its eligibility for the fiscal year 2017-18 certificate.

Acknowledgements The preparation of the CAFR 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.

Sincerely,



Kirk Waddle
Business Manager
Saddle Mountain Unified School District #90

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2018**

Governing Board

Mr. Dan Blackson
Governing Board President

Ms. Bonnie Hudson
Governing Board Clerk

Ms. Bernadette Delacruz
Governing Board Member

Mr. John Wade
Governing Board Member

Mr. Roetto
Governing Board Member

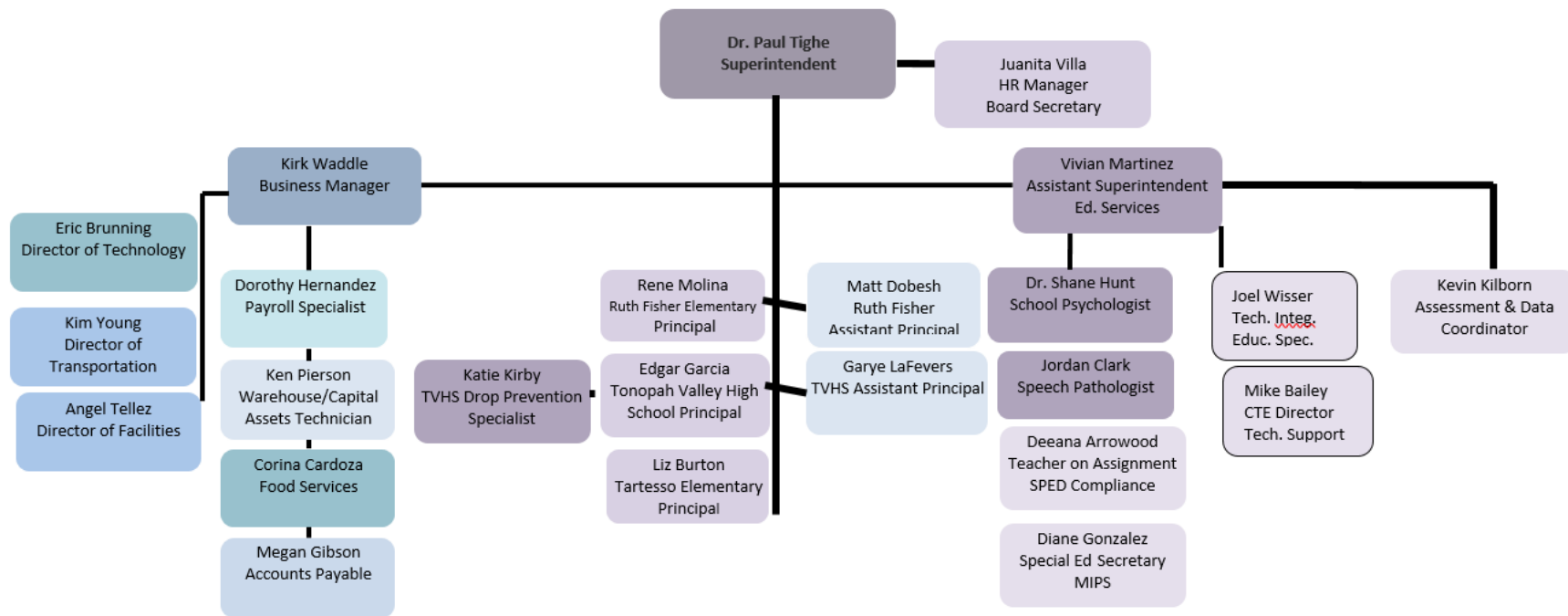
Administrative Staff

Mr. Paul Tighe
Superintendent

Mr. Kirk Waddle
Business Manager

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT #90

ORGANIZATION CHART 2018-2019



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Saddle Mountain Unified School District No. 90
Tonopah, Arizona

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 Saddle Mountain Unified School District No. 90 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 District'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 District'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 Saddle Mountain Unified School District No. 90 as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Saddle Mountain Unified School District No. 90's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Governing Board
Saddle Mountain Unified School District No. 90

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of Saddle Mountain Unified School District No. 90'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of 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 the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2019

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**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

As management of the Saddle Mountain Unified School District No. 90 (District), we offer the readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information we presented in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-18 fiscal year include the following:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 39,470,014 (net position).
- The District's total net position increased \$154,899 in comparison to the prior year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,889,168 a decrease of \$1,456,597 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,196,620 or 28.4% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being 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 government'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 vacation leave).

The government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, like other state and local governments, 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 focus on near-term inflows and outflows 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 a government'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 government'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.

The District maintains eleven individual governmental funds. 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 Fund, Bond Building Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The State of Arizona no longer requires districts to adopt a revenue budget; therefore, a deficit budgeted fund balance is presented in all funds. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 22–27 of this report.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The fiduciary funds are custodial in nature and do not present results of operations or a measurement focus.

The basic Fiduciary Fund financial statement can be found on page 28 of this report.

Notes to the Basic 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 basic financial statements can be found on pages 29–47 of this report.

Required Supplementary Information Other Than MD&A

Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basic financial statements or as required supplementary information other than MD&A. The District has presented the General Fund budgetary comparison schedule as required supplementary information other than the MD&A which can be found on page 49. Additionally, the District is required to disclose certain information about employee pensions as required supplementary information. This information can be found on page 48.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 52 –64 of this report.

The statistical section includes selected financial demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 65 – 92 of this report.

Government-Wide Financial Analysis

As noted earlier, 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 of resources exceeded liabilities and deferred inflows of resources by \$ 39,470,014 at the close of the most recent fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, furniture, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related 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. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to citizens and creditors.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Net Position

A summary of changes in the District's statement of net position is as follows:

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		% Change
	2018	2017	
Assets:			
Current and Other Assets	\$ 11,933,293	\$ 11,234,711	6.2%
Capital Assets	<u>60,228,672</u>	<u>61,406,141</u>	-1.9%
Total Assets	<u>72,161,965</u>	<u>72,640,852</u>	-0.7%
Deferred Outflows of Resources	1,393,969	1,909,289	
Liabilities:			
Noncurrent Liabilities Outstanding	26,437,449	28,997,410	-8.8%
Other Liabilities	<u>6,967,763</u>	<u>4,846,921</u>	43.8%
Total Liabilities	<u>33,405,212</u>	<u>33,844,331</u>	-1.3%
Deferred Inflows of Resources	680,708	1,390,695	
Net Assets:			
Invested in Capital Assets, Net of Related Debt	44,476,320	44,894,188	-0.9%
Restricted	1,017,379	1,179,007	-13.7%
Unrestricted	<u>(6,023,685)</u>	<u>(6,758,080)</u>	-10.9%
Total Net Assets	<u>\$ 39,470,014</u>	<u>\$ 39,315,115</u>	0.4%

At the end of the current fiscal year, the District was able to report positive balances in two of the three categories of net position.

The restricted net position decreased 13.7% in the current year as the District paid out larger amounts from the Classroom Site Fund that had built up over a number of years. The net investment in capital assets reported a decrease over the prior year due a reduction in outstanding debt and capital asset additions of buildings and new school buses, net of current year depreciation expense.

The negative unrestricted net position reported is attributable to the District's recognition of a net pension liability with the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in prior years. The District contributes the actuarially required contributions to its pension obligations and recognizes a liability for its proportionate share of the unfunded pension liability for the Arizona State Retirement System (ASRS) plan to which the District's employees belong. Additional information regarding the District pension plan can be found in Note 3.C.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Changes in Net Position

Overall, net position increased \$154,899. Key elements of this increase are presented on the following table and narratives.

**Table A-2
Change in Net Position**

	Governmental Activities for the Year Ended June 30,		
	2018	2017	% Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 288,973	\$ 231,634	24.8%
Operating Grants and Contributions	2,901,946	2,459,145	18.0%
Capital Grants and Contributions	46,760	73,212	-36.1%
General Revenues:			
Property Taxes	14,120,668	12,706,053	11.1%
Grants and Contributions Not Restricted to Specific Programs:			
Additional State Aid	126,804	137,712	-7.9%
Investment Earnings	80,170	56,737	41.3%
Other	132,249	251,992	-47.5%
Total Revenues	<u>17,697,570</u>	<u>15,916,485</u>	11.2%
EXPENSES			
Instruction	8,808,678	7,360,233	19.7%
Support Services:			
Students	761,648	784,642	-2.9%
Instructional Staff	909,591	831,014	9.5%
General Administration	316,489	309,595	2.2%
School Administration	539,537	600,832	-10.2%
Business and Other Support Services	753,151	901,326	-16.4%
Operation and Maintenance of Plant	2,286,710	2,392,869	-4.4%
Student Transportation	1,472,096	1,152,341	27.7%
Operation of Noninstructional Services	983,757	900,451	9.3%
Interest on Long-term Debt	711,014	809,127	-12.1%
Total Expenses	<u>17,542,671</u>	<u>16,042,430</u>	9.4%
CHANGE IN NET ASSETS	154,899	(125,945)	-223.0%
NET ASSETS - BEGINNING OF YEAR	39,315,115	39,441,060	-0.3%
NET ASSETS - END OF YEAR	<u>\$ 39,470,014</u>	<u>\$ 39,315,115</u>	0.4%

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Program revenues, which consist of charges for services, operating grants and contributions and capital grants and contributions increased from the prior year by \$473,688. The increase was primarily attributable to an 18.0% increase in operating grants and contributions due mostly to an increase in students of roughly 10%. The District additionally saw an increase in charges for services also as a result of the increase in students. Capital grants and contributions had an immaterial decrease.

General revenues increased \$1,307,397 during the fiscal year largely due to an increase in property tax revenues, net of a decrease in other income.

Property tax revenues increased 11.1% or \$ 1,414,615 . The increase was due to an increase in property tax rates and levy in the current year.

Other Revenue decreased 47.5% or \$119,743 due to the District receiving insurance proceeds in the prior year for car accidents and vandalism. There were not similar insurance proceeds in the current year,

Expenses increased 9.4% or \$1,500,341 from the prior year due to the increase in students and the related increases to variable expenses such as payroll.

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,889,168 a decrease of \$1,456,597 in comparison with the prior year. Approximately 65% of this total amount (\$3,196,620) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or nonspendable to indicate that it is restricted by parties outside the District or are not available for new spending.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

At fiscal year-end June 30, 2018, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2016-17
General Fund	\$ 3,413,443	\$ 329,587
Bond Building Fund	489,151	(1,622,103)
Debt Service Fund	124,773	80,382
Nonmajor Governmental Funds	861,801	(244,463)

The General Fund increase was due to higher revenues in the current year over expenditures. The difference was driven by increases in revenue due to an increase in students. Due to many fixed costs, the increase in expenses did not exceed the increase in revenue.

The Bond Building Fund decrease was due to expenditures of previous year's bond proceeds without current year bond proceeds.

The increase in the Debt Service Fund was due to an increase in the property tax levy that resulted in higher revenue.

The decrease in Nonmajor Governmental Funds was largely due to an increase in Classroom Site Fund performance pay. The District had built up a large balance in the performance pay account and elected to pay it out in the current year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$425,517. Budget amendments were as follows:

- \$425,517 increase in special education.

Variances from the original budget to the final amended budget were adjusted according to the needs of the various departments, salary changes, retirement changes, and other needs that came up during the fiscal year in addition to adjustments for declining enrollment.

The most significant variances in the budget to actual amounts during the fiscal year was regular education instruction, operation and maintenance of plant and special education instruction fell below the budget by \$508,493, \$184,944 and \$248,166, respectively. The variances were due to less than budgeted growth during the year.

The General Fund budgetary comparison schedule, included in required supplementary information other than the MD&A, provides a reconciliation of the General Fund budgetary comparison schedule to the statement of revenues, expenditures and changes in fund balances because the General Fund budget is based on an internally maintained separate General Fund. Additionally, the budgetary comparison schedule includes prepaid insurance that is budgeted in the year paid, rather than when incurred.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$60,228,672 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, and furniture, equipment and vehicles. The total net decrease in the District's investment in capital assets for the current fiscal year was 1.9%.

Major capital asset events during the current fiscal year included the following:

- Upgrade of the Maintenance and Warehouse building
- Purchase of three new buses
- Remodel of the Ruth Fisher Elementary cafeteria serving line

**Table A-4
Capital Assets (Net)**

	Governmental Activities	
	2018	2017
Land	\$ 2,097,688	\$ 2,097,688
Construction in Progress	30,271	2,090,000
Land Improvements	4,930,610	5,144,125
Buildings and Improvements	50,140,929	49,017,478
Furniture, Equipment, and Vehicles	3,029,174	3,056,850
Total Capital Assets, Net	\$ 60,228,672	\$ 61,406,141

Additional information on the District's capital assets can be found in Note 2.A.4. of this report.

Debt Administration

At the end of the current fiscal year, the District had total bonded debt outstanding of \$16.2 million. All this debt is backed by the full faith and credit of the District. The following is a summary the District's June 30, 2018 and 2017 outstanding bonded indebtedness.

	Governmental Activities	
	2018	2017
Bonds Payable	\$ 15,585,000	\$ 17,900,000
Premium on Bonds Payable	656,503	723,207
Total Outstanding Debt	\$ 16,241,503	\$ 18,623,207

Additional information on the District's long-term debt can be found in Note 2.D. of this report.

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Changes in state funding due to changes in the state budget and associated legislation.
- Growth in enrollment driving staffing increases and school reconfiguration
- Increase in Medical Insurance Costs

All of these factors were considered in preparing the District's budget for the 2019 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Saddle Mountain Unified School District No. 90, 38201 W. Indian School Road, Tonopah, Arizona 85354 or call (623) 474-5110.

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BASIC FINANCIAL STATEMENTS

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Investments	\$ 9,786,076
Restricted Cash and Investments	1,241,462
Receivables:	
Property Taxes	126,746
Intergovernmental	546,518
Prepays	200,402
Inventory	32,089
Capital Assets:	
Nondepreciable	2,127,959
Depreciable, Net	58,100,713
Total Assets	72,161,965
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	1,393,969
LIABILITIES	
Accounts Payable	1,044,273
Accrued Wages and Benefits	170,894
Accrued Interest	437,596
Tax Anticipation Notes Payable	3,000,000
Matured Debt Principal Payable	2,315,000
Long-Term Liabilities:	
Due Within One Year	2,374,513
Due in More Than One Year	14,080,521
Net Pension Liability	9,982,415
Total Liabilities	33,405,212
DEFERRED INFLOWS OF RESOURCES	
Pension Related	680,708
NET POSITION	
Net Investment in Capital Assets	44,476,320
Restricted for:	
Instructional Improvements	84,795
Classroom Site	311,538
Federal and State Grants	9,952
Food Services	219,282
Debt Service	137,975
Capital Projects	19,648
Noninstructional	19,296
Joint Technological Education Programs	125,620
Other	89,273
Unrestricted	(6,023,685)
Total Net Position	\$ 39,470,014

See accompanying Notes to Basic Financial Statements.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 8,808,678	\$ 31,418	\$ 1,474,037	\$ 46,760	\$ (7,256,463)
Support Services:					
Students	761,648	-	115,679	-	(645,969)
Instructional Staff	909,591	-	425,656	-	(483,935)
General Administration	316,489	-	670	-	(315,819)
School Administration	539,537	-	1,692	-	(537,845)
Business and Other Support Services	753,151	-	27,630	-	(725,521)
Operation and Maintenance of Plant	2,286,710	-	28,543	-	(2,258,167)
Student Transportation	1,472,096	-	27,316	-	(1,444,780)
Operation of Noninstructional Services	983,757	257,555	800,723	-	74,521
Interest on Long-Term Debt	711,014	-	-	-	(711,014)
Total	\$ 17,542,671	\$ 288,973	\$ 2,901,946	\$ 46,760	(14,304,992)
General Revenues:					
Property Taxes					14,120,668
Grants and Contributions Not Restricted to Specific Programs					126,804
Additional State Aid					80,170
Investment Earnings					132,249
Other					132,249
Total General Revenues					14,459,891
Change in Net Position					154,899
Net Position - Beginning					39,315,115
Net Position - Ending					\$ 39,470,014

See accompanying Notes to Basic Financial Statements.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Bond Building	Debt Service
ASSETS			
Cash and Investments	\$ 6,170,953	\$ -	\$ 2,825,919
Restricted Cash and Investments	-	1,241,462	-
Receivables:			
Property Taxes	93,478	-	15,665
Intergovernmental	40,140	-	-
Prepays	200,402	-	-
Inventory	16,421	-	-
Due from Other Funds	309,016	-	-
	<u>\$ 6,830,410</u>	<u>\$ 1,241,462</u>	<u>\$ 2,841,584</u>
 LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 201,846	\$ 752,311	\$ -
Accrued Wages and Benefits	120,577	-	-
Accrued Interest	48,987	-	388,609
Due to Other Funds	-	-	-
Tax Anticipation Notes Payable	3,000,000	-	-
Matured Debt Principal Payable	-	-	2,315,000
Total Liabilities	<u>3,371,410</u>	<u>752,311</u>	<u>2,703,609</u>
 Deferred Inflows of Resources:			
Unavailable Revenues	45,557	-	13,202
 Fund Balances:			
Nonspendable	216,823	-	-
Restricted	-	489,151	124,773
Unassigned	3,196,620	-	-
Total Fund Balances	<u>3,413,443</u>	<u>489,151</u>	<u>124,773</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 6,830,410</u>	<u>\$ 1,241,462</u>	<u>\$ 2,841,584</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ 789,204	\$ 9,786,076
-	1,241,462
17,603	126,746
506,378	546,518
-	200,402
15,668	32,089
-	309,016
<u>\$ 1,328,853</u>	<u>\$ 12,242,309</u>

\$ 90,116	\$ 1,044,273
50,317	170,894
-	437,596
309,016	309,016
-	3,000,000
-	2,315,000
449,449	7,276,779

17,603	76,362
15,668	232,491
846,133	1,460,057
-	3,196,620
861,801	4,889,168

<u>\$ 1,328,853</u>	<u>\$ 12,242,309</u>
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**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances for Governmental Funds \$ 4,889,168

Total net position reported for governmental activities in the statement of net position is different because:

Revenues not collected within 60 days subsequent to fiscal year-end are reported as deferred inflows of resources in the governmental funds.

Property Taxes 76,362

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	85,185,141
Less: Accumulated Depreciation	<u>(24,956,469)</u>
Capital Assets Used in Governmental Activities	60,228,672

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

Deferred Outflows of Resources Related to Pensions	1,393,969
Deferred Inflows of Resources Related to Pensions	<u>(680,708)</u>
	713,261

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

General Obligation Bonds	(15,585,000)
Net Pension Liability	(9,982,415)
Unamortized Premium on Bonds	(656,503)
Compensated Absences	<u>(213,531)</u>

Total Net Position of Governmental Activities \$ 39,470,014

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Bond Building	Debt Service
REVENUES			
Property Taxes	\$ 10,946,955	\$ -	\$ 3,139,171
Intergovernmental	315,786	-	-
Food Service Sales	-	-	-
Auxiliary Operations	156,699	-	-
Contributions and Donations	40,271	-	-
Investment Earnings	38,555	-	33,929
Other	34,577	-	-
Total Revenues	<u>11,532,843</u>	<u>-</u>	<u>3,173,100</u>
EXPENDITURES			
Current:			
Instruction	5,832,624	485,760	-
Support Services:			
Students	638,911	170	-
Instructional Staff	421,877	15,388	-
General Administration	292,836	-	-
School Administration	526,699	-	-
Business and Other Support Services	729,720	-	-
Operations and Maintenance of Plant	1,999,096	49,193	-
Student Transportation	792,820	428,752	-
Operation of Noninstructional Services	2,134	-	-
Debt Service:			
Principal Retirement	-	-	2,315,000
Interest on Long-Term Debt	-	-	777,718
Facilities Acquisition	-	642,840	-
Total Expenditures	<u>11,236,717</u>	<u>1,622,103</u>	<u>3,092,718</u>
Excess (Deficiency) of Revenue Over Expenditures	296,126	(1,622,103)	80,382
OTHER FINANCING SOURCES (USES)			
Transfers In	29,522	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>29,522</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	325,648	(1,622,103)	80,382
FUND BALANCES			
Beginning of Year	3,083,856	2,111,254	44,391
Increase (Decrease) in Nonspendable for Inventories	3,939	-	-
End of Year	<u>\$ 3,413,443</u>	<u>\$ 489,151</u>	<u>\$ 124,773</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental	
Funds	Totals
\$ 205	\$ 14,086,331
2,689,954	3,005,740
100,677	100,677
-	156,699
29,499	69,770
7,686	80,170
129,269	163,846
<u>2,957,290</u>	<u>17,663,233</u>
1,544,079	7,862,463
99,073	738,154
451,758	889,023
1,349	294,185
1,346	528,045
28,456	758,176
122,283	2,170,572
22,889	1,244,461
899,371	901,505
-	2,315,000
-	777,718
-	642,840
<u>3,170,604</u>	<u>19,122,142</u>
(213,314)	(1,458,909)
-	29,522
<u>(29,522)</u>	<u>(29,522)</u>
<u>(29,522)</u>	<u>-</u>
(242,836)	(1,458,909)
1,106,264	6,345,765
<u>(1,627)</u>	<u>2,312</u>
<u>\$ 861,801</u>	<u>\$ 4,889,168</u>

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ (1,458,909)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	1,319,809
Less: Current Year Depreciation	(2,450,790)
Excess Depreciation over Capital Expenditures	(1,130,981)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (46,488)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and, therefore, are not reported as revenues in the statement of activities.

Property Taxes	34,337
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Principal Payments on Bonds	2,315,000
Amortization of Premium on Bonds	66,704

Governmental funds report District pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension Contributions	770,572
Pension Expense	(379,803)

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 the governmental funds.

Net Change in Compensated Absences	(17,845)
Change in Inventory Balances	2,312
	2,312

Change in Net Position of Governmental Activities	\$ 154,899
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See accompanying Notes to Basic Financial Statements.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Student Activities</u>
ASSETS	
Cash and Investments	<u>\$ 49,452</u>
LIABILITIES	
Due to Student Groups	<u>\$ 49,452</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Saddle Mountain Unified School District No. 90 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

A. Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. In evaluating how to define the District, for financial reporting purposes, management has identified no potential component units. The decision to include a potential component unit in the reporting entity would have been made by applying criteria set forth in accounting principles generally accepted in the United States of America. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the District) are financially accountable. The primary government is financially accountable for a potential component unit if it: appoints a voting majority of the potential component unit's governing body; and, either is able to impose its will on the potential component unit or there is a possibility of the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. In addition, a primary government may be financially accountable for a potential component unit even though the potential component unit may have a separately elected governing board, a board appointed by another government, or a jointly appointed board if the potential component unit is fiscally dependent on the primary government (e.g., the primary government must approve the potential component unit's budget, tax rates, etc.). Because no potential component units were identified in defining the District's reporting entity, none have been included in the District's reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

B. Government-Wide and Fund Financial Statements

The government wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. The District had no business type activities during the fiscal year.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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 and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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 provider have been met.

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, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

Major Governmental Funds

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. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within three subsections titled regular education programs, special education programs, and pupil transportation.

The *Bond Building Fund* is a capital projects fund used to account for monies received from District bond issues that are used to acquire sites, construct school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

The *Debt Service Fund* accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs.

Additionally, the District reports the following fund type:

The *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus and is described as follows:

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The District's cash and investments are considered to be cash on hand, demand deposits and cash and investments held by the County Treasurer.

A.R.S. requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Debt Service and Bond Building Funds, which is invested separately. As required by statute, interest earned by the Debt Service and Bond Building Funds is recorded in the Debt Service Fund.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. District deposits in excess of federal depository insurance amounts are required to be collateralized at 102% of the balance.

The State Board of Investments provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

2. Restricted Cash and Investments

Cash and investments recorded in the Bond Building Fund are reported as restricted assets because the cash is restricted for purposes authorized by the voters when the bond issue was approved.

3. Property Taxes Receivable

The Maricopa 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. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

4. Intergovernmental Receivable

Intergovernmental receivables account for additional state aid (\$40,140), federal grants (\$416,447), and state grants and aid (\$89,931) earned, but not yet received at year-end.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

5. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

6. Inventories and Prepays

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental activities are recorded as expenses when consumed and are recorded as an expenditure at the time of purchase in the fund financial statements.

Prepays are reported as an asset and represent a benefit that will be received in a future period. The expense/expenditure is recognized at the time the benefit is received in both the government-wide and fund financial statements.

7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and furniture, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	20-50 Years
Land Improvements	20 Years
Furniture, Equipment and Vehicles	5-25 Years

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

8. Deferred Outflows of Resources

The deferred outflows of resources reported in the government-wide financial statements, represent future outflows related to the difference between expected and actual experience on pension plan investments, changes in the difference between the District's proportion of the pension contribution and actual contributions and contributions subsequent to the measurement date.

9. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated leave balances. The liability was calculated using the vesting method, which includes leave amounts for both employees who currently are eligible to receive termination payments and employees who are expected to become eligible in the future to receive such payments upon termination.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pension Plans

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 fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

12. Deferred Inflows of Resources

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2018 or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

The District also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts in the governmental activities are the net difference between projected and actual earnings on pension plan investments.

13. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The net investment in capital assets is separately reported because the District reports all District assets which make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

The District reports \$1,017,379 of restricted net position, none of which is restricted by enabling legislation.

14. Fund Balances

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, committed, assigned, and unassigned fund balances.

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

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

14. Fund Balances (Continued)

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. Committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances. Commitments must be made prior to the end of the fiscal year through formal board action. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Governing Board has not authorized an individual or a group of individuals to make assignments of fund balances.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted, committed, assigned or unassigned fund balances, it is the District's policy to use restricted fund balance first, then committed, assigned and unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Bond Building Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 16,421	\$ -	\$ -	\$ 15,668	\$ 32,089
Prepaid Items	200,402	-	-	-	200,402
Restricted:					
Classroom Site	-	-	-	311,538	311,538
Instructional Improvement	-	-	-	84,795	84,795
Federal and State Grants	-	-	-	9,952	9,952
Food Service	-	-	-	203,614	203,614
Other Special Revenues:					
Civic Center	-	-	-	19,296	19,296
JTED Programs	-	-	-	125,620	125,620
Other	-	-	-	89,273	89,273
Capital Projects	-	489,151	-	2,045	491,196
Debt Service	-	-	124,773	-	124,773
Unassigned	3,196,620	-	-	-	3,196,620
Total Fund Balance	\$ 3,413,443	\$ 489,151	\$ 124,773	\$ 861,801	\$ 4,889,168

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2018 consist of the following:

Deposits:	
Cash in Bank	\$ 80,182
Investments:	
Cash on Deposit with County Treasurer	10,996,808
Total Deposits and Investments	11,076,990
Less:	
Restricted Assets	(1,241,462)
Fiduciary Funds	(49,452)
Total Cash and Investments	\$ 9,786,076

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District does not have a formal policy regarding custodial credit risk; however the carrying value of the District’s deposits at June 30, 2018 was \$80,182 and the bank balance was \$91,422, all of which was covered by federal depository insurance.

Investments

At June 30, 2018, the District’s investments were reported at fair value. The District’s investment consisted of only cash on deposit with the County Treasurer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy with respect to custodial credit risk. The District’s investment with the County Treasurer represents a proportionate interest in that pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

Interest Rate Risk – The District does not have an investment policy with regard to interest rate risk. The District manages its exposure to declines in fair values by limiting its investments to one year or less.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk – The District does not have an investment policy with respect to credit risk, however, the District is prohibited by State law from investing in investments other than the State or County Treasurer’s investment pools, U.S. treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District’s cash on deposit with the County Treasurer did not receive a quality credit rating from a national credit rating agency.

Concentration of Credit Risk – The District does not have an investment policy with respect to concentration of credit risk. The District’s investments consist only of cash and investments on deposit with the County Treasurer.

2. Restricted Cash and Investments

Cash and investments recorded in the Bond Building Fund in the amount of \$1,241,462 are restricted for voter approved capital projects.

3. Receivables

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2018, the various components of the deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable
Delinquent Property Taxes Receivable:	
General Fund	\$ 45,557
Debt Service Fund	13,202
Nonmajor Governmental Funds	17,603
Total	\$ 76,362

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,097,688	\$ -	\$ -	\$ 2,097,688
Construction in Progress	2,090,000	30,271	(2,090,000)	30,271
Total Capital Assets, Not Being Depreciated	<u>4,187,688</u>	<u>30,271</u>	<u>(2,090,000)</u>	<u>2,127,959</u>
Capital Assets, Being Depreciated:				
Land Improvements	6,694,490	126,916	-	6,821,406
Buildings and Improvements	66,729,801	2,665,246	(48,862)	69,346,185
Furniture, Equipment, and Vehicles	6,790,635	587,376	(488,420)	6,889,591
Total Capital Assets, Being Depreciated	<u>80,214,926</u>	<u>3,379,538</u>	<u>(537,282)</u>	<u>83,057,182</u>
Accumulated Depreciation for:				
Land Improvements	(1,550,365)	(340,431)	-	(1,890,796)
Buildings and Improvements	(17,712,323)	(1,507,184)	14,251	(19,205,256)
Furniture, Equipment, and Vehicles	(3,733,785)	(603,175)	476,543	(3,860,417)
Total Accumulated Depreciation	<u>(22,996,473)</u>	<u>(2,450,790)</u>	<u>490,794</u>	<u>(24,956,469)</u>
Total Capital Assets, Being Depreciated, Net	<u>57,218,453</u>	<u>928,748</u>	<u>(46,488)</u>	<u>58,100,713</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,406,141</u>	<u>\$ 959,019</u>	<u>\$ (2,136,488)</u>	<u>\$ 60,228,672</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 1,269,694
Support Services:	
Students	50,465
Instructional Support Staff	50,465
General Administration	31,349
School Administration	31,349
Business and Other Support Services	31,349
Operations and Maintenance of Plant	520,626
Student Transportation	332,865
Operation of Noninstructional Services	132,628
Total	<u>\$ 2,450,790</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables/Payables and Transfers

As of June 30, 2018 interfund receivable and payables were as follows:

Due To	Due From Nonmajor Governmental Funds
General Fund	<u>\$ 309,016</u>

The above interfund receivables and payables are due to cash shortfalls at June 30, 2018. Cash was received subsequent to June 30, 2018 to repay the short-term borrowings.

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers To	Transfers From Nonmajor Governmental Funds
General Fund	<u>\$ 29,522</u>

Transfers from the Nonmajor Governmental Funds to the General Fund were recorded to allocate indirect costs for various federal grants passed through the Arizona Department of Education.

C. Short-Term Obligations

The District issued tax anticipation notes at the beginning of the fiscal year for cash flow purposes. The tax anticipation notes are short-term in nature and due within one year of issuance. At June 30, 2018, the District had \$3,000,000 outstanding and accrued interest of \$48,987 at a rate of 1.67%. The tax anticipation notes are due July 18, 2018. Activity during the year was as follows:

	July 1, 2017	Additions	Retirements	June 30, 2018
Governmental Activities:				
Tax Anticipation Notes Payable	<u>\$ 1,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ 3,000,000</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The District has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The principal and interest paid on the bonds are recorded in the Debt Service Fund. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Original Issue Amounts	Amount Outstanding
School Improvement Bonds Project of				
2009, Series B	4.50-5.50%	7/1/18-25	\$ 10,000,000	\$ 6,980,000
2013, Series B	2-5%	7/1/18-29	15,000,000	8,605,000
Total General Obligation Bonds Payable			<u>\$ 25,000,000</u>	<u>\$ 15,585,000</u>

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	July 1, 2017	Additions	Retirements	June 30, 2018	Due within One Year
Governmental Activities:					
General Obligation Bonds	\$ 17,900,000	\$ -	\$ (2,315,000)	\$ 15,585,000	\$ 2,280,000
Deferred Amount On:					
Premium	723,207	-	(66,704)	656,503	-
	<u>18,623,207</u>	<u>-</u>	<u>(2,381,704)</u>	<u>16,241,503</u>	<u>2,280,000</u>
Compensated Absences	195,686	129,294	(111,449)	213,531	94,513
Governmental Activities Long-Term Debt	<u>\$ 18,818,893</u>	<u>\$ 129,294</u>	<u>\$ (2,493,153)</u>	<u>\$ 16,455,034</u>	<u>\$ 2,374,513</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2018.

Year Ending June 30,	Principal	Interest
2019	\$ 2,280,000	\$ 661,469
2020	1,900,000	547,469
2021	2,000,000	477,469
2022	2,075,000	403,294
2023	1,640,000	314,581
2024-2028	5,075,000	603,269
2029	615,000	24,600
Totals	<u>\$ 15,585,000</u>	<u>\$ 3,032,151</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION

A. 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's insurance protection is provided by the Arizona School Risk Retention Trust, of which the District is a participating member. The limit for basic coverage is \$10 million per occurrence on a claims made basis. Excess coverage is for an additional \$50 million per occurrence on a follow form, claims made basis.

The Arizona School Risk Retention Trust is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

B. Contingencies

Ground Lease

In October 2005, the District executed a ground lease for the Winter's Well school site. The District granted a leasehold interest in a parcel of property to a bank (Trustee). The Trustee, in turn, leased the property to the Arizona School Facilities Board (SFB) by which the SFB is obligated to make lease payments to the Trustee, subject to receiving legislative appropriations, until the obligation to the Trustee is satisfied. Once the obligation to the Trustee is satisfied, all rights, title, and interest in the property (land and buildings) become the District's. However, if legislative appropriations are not received, the SFB is relieved of any subsequent obligation under the lease and the obligation is considered in default. In the event of default, the leases shall automatically terminate and the District agrees that it shall promptly surrender possession of the property to the Trustee. Due to the closing of Winter's Well School, the value of the land has been removed from the District's capital assets.

C. Retirement Plans

Cost-Sharing Pension Plans

The District contributes to the Arizona State Retirement System (ASRS). The plan is a component unit of the State of Arizona.

At June 30, 2018, the District reported the following related to pensions to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net Pension Liability	\$ 9,982,415
Deferred Outflows of Resources	1,393,969
Deferred Inflows of Resources	680,708
Pension Expense	379,803

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System

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); 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. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

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

	Retirement	
	Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of years and age equals 80 10 years age 62 5 year 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 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit Percentage 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.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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 year ended June 30, 2018, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.34% of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 10.90% of the active members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.26% of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS.

The District's contributions to the pension plan for the year ended June 30, 2018 were \$770,572.

During the fiscal year ended June 30, 2018, the District paid for ASRS contributions as follows: 81% from the General Fund and 19% from nonmajor governmental funds.

Pension Liability – At June 30, 2018, the District reported a liability of \$9,982,415 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017.

The District's reported liability at June 30, 2018, decreased by \$196,102 from the District's prior year liability of \$10,178,517 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's fiscal year 2017 contributions. The District's proportion measured as of June 30, 2017, was 0.06408%, which was an increase of 0.00102 from its proportion measured as of June 30, 2016.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2018, the District recognized pension expense for ASRS of \$379,803. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 299,328
Changes of assumptions or other inputs	433,559	298,492
Net Difference between Projected and Actual Earnings on Pension Plan Investments	71,667	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	118,171	82,888
Contributions Subsequent to the Measurement Date	770,572	-
Total	<u>\$ 1,393,969</u>	<u>\$ 680,708</u>

The \$770,572 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (413,341)
2020	453,041
2021	132,614
2022	(229,625)

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

Actuarial Valuation Date	June 30, 2016
Actuarial Roll Forward Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Discount Rate	8.00%
Projected Salary Increases	3 - 6.75%
Inflation	3.00%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial study for the five-year period ended June 30, 2012.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58.00%	6.73%	3.87%
Fixed Income	25.00%	3.70%	0.91%
Commodities	2.00%	3.84%	0.08%
Real Estate	10.00%	4.25%	0.42%
Multi-Asset Class	5.00%	3.41%	0.17%
Total	<u>100.00%</u>		<u>5.45%</u>
Inflation			<u>3.25%</u>
Expected Arithmetic Nominal Return			<u>8.70%</u>

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.70%. 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 statutes. 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.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7%) or one percentage point higher (9%) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
The District's Proportionate Share of the Net Pension Liability	\$ 12,812,603	\$ 9,982,415	\$ 7,617,550

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Subsequent Event

In August 2018, the District issued \$3,000,000 in tax anticipation notes to cover short-term financing for operations. The tax anticipation notes will be repaid by property taxes and equalization revenues received during fiscal year 2018-19.

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REQUIRED SUPPLEMENTARY INFORMATION

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**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND DISTRICT PENSION CONTRIBUTIONS
COST SHARING PENSION PLANS
FISCAL YEAR ENDED JUNE 30, 2018 AND FOUR PREVIOUS FISCAL YEARS**

Schedule of the District's Proportionate Share of the Net Pension Liability	Reporting Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's Proportion of the Net Pension Liability	0.064080%	0.063060%	0.064400%	0.063921%	0.061197%
District's Proportionate Share of the Net Pension Liability	\$ 9,982,415	\$ 10,178,517	\$ 10,031,509	\$ 9,458,122	\$ 10,173,554
District's Covered Payroll	6,417,105	5,995,907	6,126,133	6,124,483	5,678,817
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	155.56%	169.76%	163.75%	154.43%	179.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.92%	67.06%	68.35%	69.49%	Not Available
 Schedule of District Pension Contributions					
	2017	2016	2016	2015	2014
Statutorily Required Contribution	\$ 770,572	\$ 673,756	\$ 643,173	\$ 643,591	\$ 616,536
District's Contributions in Relation to the Statutorily Required Contribution	<u>770,572</u>	<u>673,756</u>	<u>643,173</u>	<u>643,591</u>	<u>616,536</u>
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,273,628	\$ 6,417,105	\$ 5,995,907	\$ 6,126,133	\$ 6,124,843
District's Contributions as a Percentage of Covered Payroll	10.59%	10.50%	10.73%	10.51%	10.07%

See accompanying notes to Required Supplementary Information.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ -	\$ -	\$ 10,946,819	\$ 10,946,819
Intergovernmental	-	-	190,583	190,583
Investment Earnings	-	-	6,470	6,470
Other	-	-	11,850	11,850
Total Revenues	-	-	11,155,722	11,155,722
EXPENDITURES				
Regular Education:				
Instruction	5,228,034	5,228,034	4,719,541	508,493
Support Services - Students	280,500	280,500	234,217	46,283
Support Services - Instructional Staff	205,500	205,500	123,957	81,543
Support Services - General Administration	307,500	307,500	280,176	27,324
Support Services - School Administration	577,000	577,000	505,522	71,478
Support Services - Business and Other	635,000	635,000	677,230	(42,230)
Operations and Maintenance of Plant	1,680,848	1,680,848	1,495,904	184,944
Operation of Noninstructional Services	4,500	4,500	2,134	2,366
Total Regular Education	8,918,882	8,918,882	8,038,681	880,201
Special Education:				
Instruction	1,341,000	1,766,517	1,518,351	248,166
Support Services - Students	364,000	364,000	383,943	(19,943)
Support Services - Instructional Staff	120,300	120,300	147,684	(27,384)
Total Special Education	1,825,300	2,250,817	2,049,978	200,839
Pupil Transportation:				
Student Transportation Services	796,000	796,000	736,922	59,078
Total Expenditures	11,540,182	11,965,699	10,825,581	1,140,118
Excess (Deficiency) of Revenues Over Expenditures	(11,540,182)	(11,965,699)	330,141	(1,133,648)
FUND BALANCE				
Beginning of Year	-	-	1,277,904	1,277,904
Increase in Nonspendable for Inventories	-	-	3,939	3,939
End of Year	<u>\$ (11,540,182)</u>	<u>\$ (11,965,699)</u>	<u>\$ 1,611,984</u>	<u>\$ 148,195</u>

See accompanying notes to Required Supplementary Information.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 COST SHARING PENSION PLAN

The District is required to present ten years of data; however, information prior to the measurement date (June 30, 2013) was not available. Ten years of data will be presented as information becomes available.

NOTE 2 BASIS OF ACCOUNTING

The General Fund budgetary comparison schedule is prepared on the budgetary basis of accounting. See Note 4 to the required supplementary information for a reconciliation of the General Fund budgetary comparison schedule to the statement of revenues, expenditures, and changes in fund balances.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District adopts an annual operating budget for expenditures for all governmental fund types (no budget was adopted for the nonmajor Adjacent Ways and Gifts and Donations Capital Projects Funds) on essentially the same modified accrual basis of accounting used to record actual expenditures (see Note 4 for exception). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within three subsections (see Note 1 in the basic financial statements for a description of General Fund), any of which may be over expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

The District did not adopt a revenue budget and no supplementary budgetary appropriations were necessary during the year.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2018

NOTE 4 BUDGETARY COMPARISON SCHEDULE RECONCILIATION

The District's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exceptions: prepaid insurance and software payments were charged against the budget in the year which the payment was made. In addition, the General Fund as reported in the statement of revenues, expenditures, and changes in fund balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. However, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget. Therefore, the following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources and Uses</u>	<u>Fund Balance Beginning of Year</u>	<u>Fund Balance End of Year</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 11,532,843	\$ 11,236,717	\$ 29,522	\$ 3,083,856	\$ 3,413,443
Nonmaintenance and Operation Activity Included in General Fund	(377,121)	(591,983)	(29,522)	(1,786,397)	(1,601,057)
Current Year Prepaid Items	-	200,402	-	-	(200,402)
Items Prepaid in a Prior Fiscal Year That Were Reported as Expenditures in the Current Year	-	(19,555)	-	(19,555)	-
Budgetary Comparison Schedule - General Fund	<u>\$ 11,155,722</u>	<u>\$ 10,825,581</u>	<u>\$ -</u>	<u>\$ 1,277,904</u>	<u>\$ 1,611,984</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Instructional Improvement Fund – accounts for the revenues and expenditures for State apportioned Indian Gaming monies.

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned Proposition 301 monies.

Special Projects Fund – accounts for the revenues and expenditures of federal and state projects.

Food Service Fund – accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

Other Special Revenue Fund – accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular fee tax credit, fingerprinting, insurance proceeds, school opening, and textbooks.

CAPITAL PROJECTS FUNDS

Adjacent Ways Fund – accounts for monies received to finance such improvements as public streets or alleys adjacent to school property.

Gifts and Donations - Accounts for gifts and donations to be used for capital acquisitions. There was no activity in the fund during the year so a Schedule of Revenue, Expenditures, and change in Fund Balance will not be presented.

Building Renewal Grant Fund – accounts for grants received from the Arizona School Facilities Board to fund school improvements.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Special Revenue			
	Instructional Improvement	Classroom Site	Special Projects	Food Service
ASSETS				
Cash and Investments	\$ 56,575	\$ 254,959	\$ -	\$ 221,066
Property Taxes	-	-	-	-
Intergovernmental Receivables	28,336	60,225	408,298	8,149
Inventory	-	-	-	15,668
Total Assets	\$ 84,911	\$ 315,184	\$ 408,298	\$ 244,883
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 49,783	\$ 23,010
Accrued Wages and Benefits	116	3,646	39,547	2,591
Due to Other Funds	-	-	309,016	-
Total Liabilities	116	3,646	398,346	25,601
Deferred Inflows of Resources				
Unavailable Revenues	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	15,668
Restricted	84,795	311,538	9,952	203,614
Total Fund Balances	84,795	311,538	9,952	219,282
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 84,911	\$ 315,184	\$ 408,298	\$ 244,883

Special Revenue Fund		Capital Projects				Total Nonmajor Governmental Funds	
Other Special Revenue	Total Special Revenue Funds	Adjacent Ways	Gifts and Donations	Building Renewal	Total Capital Projects Funds		
\$ 254,324	\$ 786,924	\$ 1,971	\$ 24	\$ 285	\$ 2,280	\$ 789,204	
-	-	17,603	-	-	17,603	17,603	
-	505,008	-	-	1,370	1,370	506,378	
-	15,668	-	-	-	-	15,668	
<u>\$ 254,324</u>	<u>\$ 1,307,600</u>	<u>\$ 19,574</u>	<u>\$ 24</u>	<u>\$ 1,655</u>	<u>\$ 21,253</u>	<u>\$ 1,328,853</u>	
\$ 15,718	\$ 88,511	\$ -	\$ -	\$ 1,605	\$ 1,605	\$ 90,116	
4,417	50,317	-	-	-	-	50,317	
-	309,016	-	-	-	-	309,016	
<u>20,135</u>	<u>447,844</u>	<u>-</u>	<u>-</u>	<u>1,605</u>	<u>1,605</u>	<u>449,449</u>	
-	-	17,603	-	-	17,603	17,603	
-	15,668	-	-	-	-	15,668	
234,189	844,088	1,971	24	50	2,045	846,133	
<u>234,189</u>	<u>859,756</u>	<u>1,971</u>	<u>24</u>	<u>50</u>	<u>2,045</u>	<u>861,801</u>	
<u>\$ 254,324</u>	<u>\$ 1,307,600</u>	<u>\$ 19,574</u>	<u>\$ 24</u>	<u>\$ 1,655</u>	<u>\$ 21,253</u>	<u>\$ 1,328,853</u>	

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018

	Special Revenue			
	Instructional Improvement	Classroom Site	Special Projects	Food Services
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	65,832	722,700	1,057,823	796,839
Food Service Sales	-	-	-	100,677
Contributions and Donations	-	-	-	-
Investment Earnings (Loss)	288	6,378	(1,794)	933
Other	-	-	14,107	-
Total Revenues	<u>66,120</u>	<u>729,078</u>	<u>1,070,136</u>	<u>898,449</u>
EXPENDITURES				
Current				
Instruction	-	746,931	697,856	-
Support Services				
Students	87,123	2,398	9,372	-
Instructional Staff	-	179,567	254,787	-
General Administration	-	-	-	-
School Administration	-	-	1,166	-
Business and Other	-	-	27,218	-
Operations and Maintenance of Plant	-	-	27,820	-
Student Transportation	-	-	22,706	-
Operation of Noninstructional Services	-	-	1,110	898,259
Total Expenditures	<u>87,123</u>	<u>928,896</u>	<u>1,042,035</u>	<u>898,259</u>
Excess (Deficiency) of Revenues Over Expenditures	(21,003)	(199,818)	28,101	190
OTHER FINANCING USES				
Transfers Out	-	-	(29,522)	-
Net Changes in Fund Balances	(21,003)	(199,818)	(1,421)	190
FUND BALANCES				
Beginning of Year	105,798	511,356	11,373	220,719
Decrease in Nonspendable for Inventories	-	-	-	(1,627)
End of Year	<u>\$ 84,795</u>	<u>\$ 311,538</u>	<u>\$ 9,952</u>	<u>\$ 219,282</u>

Special Revenue		Capital Projects				Total Nonmajor Governmental Funds
Other Special Revenue	Total Special Revenue Funds	Adjacent Ways	Gifts and Donations	Building Renewal	Total Capital Projects Funds	
\$ -	\$ -	\$ 205	\$ -	\$ -	\$ 205	\$ 205
-	2,643,194	-	-	46,760	46,760	2,689,954
-	100,677	-	-	-	-	100,677
29,499	29,499	-	-	-	-	29,499
1,786	7,591	19	-	76	95	7,686
115,162	129,269	-	-	-	-	129,269
<u>146,447</u>	<u>2,910,230</u>	<u>224</u>	<u>-</u>	<u>46,836</u>	<u>47,060</u>	<u>2,957,290</u>
99,292	1,544,079	-	-	-	-	1,544,079
180	99,073	-	-	-	-	99,073
17,404	451,758	-	-	-	-	451,758
1,349	1,349	-	-	-	-	1,349
180	1,346	-	-	-	-	1,346
1,238	28,456	-	-	-	-	28,456
46,539	74,359	-	-	47,924	47,924	122,283
183	22,889	-	-	-	-	22,889
2	899,371	-	-	-	-	899,371
<u>166,367</u>	<u>3,122,680</u>	<u>-</u>	<u>-</u>	<u>47,924</u>	<u>47,924</u>	<u>3,170,604</u>
(19,920)	(212,450)	224	-	(1,088)	(864)	(213,314)
-	(29,522)	-	-	-	-	(29,522)
<u>(19,920)</u>	<u>(241,972)</u>	<u>224</u>	<u>-</u>	<u>(1,088)</u>	<u>(864)</u>	<u>(242,836)</u>
254,109	1,103,355	1,747	24	1,138	2,909	1,106,264
-	(1,627)	-	-	-	-	(1,627)
<u>\$ 234,189</u>	<u>\$ 859,756</u>	<u>\$ 1,971</u>	<u>\$ 24</u>	<u>\$ 50</u>	<u>\$ 2,045</u>	<u>\$ 861,801</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
BOND BUILDING FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 485,760	\$ (485,760)
Support Services				
Students	-	-	170	(170)
Instructional Staff	-	-	15,388	(15,388)
Operations and Maintenance of Plant	-	-	49,193	(49,193)
Student Transportation	-	-	428,752	(428,752)
Facilities Acquisition	2,606,105	2,335,000	642,840	1,692,160
Total Expenditures	<u>2,606,105</u>	<u>2,335,000</u>	<u>1,622,103</u>	<u>712,897</u>
Net Change in Fund Balance	(2,606,105)	(2,335,000)	(1,622,103)	712,897
FUND BALANCE				
Beginning of Year	-	-	2,111,254	2,111,254
End of Year	<u>\$ (2,606,105)</u>	<u>\$ (2,335,000)</u>	<u>\$ 489,151</u>	<u>\$ 2,824,151</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ 3,139,171	\$ 3,139,171
Investment Earnings	-	-	33,929	33,929
Total Revenues	-	-	3,173,100	3,173,100
EXPENDITURES				
Debt Service				
Principal Retirement	2,315,000	2,315,000	2,315,000	-
Interest on Long-Term Debt	777,219	832,281	777,718	54,563
Total Expenditures	3,092,219	3,147,281	3,092,718	54,563
Net Change in Fund Balance	(3,092,219)	(3,147,281)	80,382	3,227,663
FUND BALANCE				
Beginning of Year	-	-	44,391	44,391
End of Year	<u>\$ (3,092,219)</u>	<u>\$ (3,147,281)</u>	<u>\$ 124,773</u>	<u>\$ 3,272,054</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 65,832	\$ 65,832
Investment Earnings	-	288	288
Total Revenues	-	66,120	66,120
 EXPENDITURES			
Support Services			
Students	150,300	87,123	63,177
 Net Change in Fund Balance	(150,300)	(21,003)	129,297
 FUND BALANCE			
Beginning of Year	-	105,798	105,798
End of Year	\$ (150,300)	\$ 84,795	\$ 235,095

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 722,700	\$ 722,700
Investment Earnings	-	-	6,378	6,378
Total Revenues	-	-	729,078	729,078
EXPENDITURES				
Current				
Instruction	1,190,793	1,192,071	746,931	445,140
Support Services				
Students	48,320	48,320	2,398	45,922
Instructional Staff	-	-	179,567	(179,567)
Total Expenditures	1,239,113	1,240,391	928,896	311,495
Net Change in Fund Balance	(1,239,113)	(1,240,391)	(199,818)	1,040,573
FUND BALANCE				
Beginning of Year	-	-	511,356	511,356
End of Year	<u>\$ (1,239,113)</u>	<u>\$ (1,240,391)</u>	<u>\$ 311,538</u>	<u>\$ 1,551,929</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,057,823	\$ 1,057,823
Investment Earnings (Loss)	-	-	(1,794)	(1,794)
Other	-	-	14,107	14,107
Total Revenues	-	-	1,070,136	1,070,136
EXPENDITURES				
Current:				
Instruction	842,630	1,212,451	697,856	514,595
Support Services:				
Students	-	-	9,372	(9,372)
Instructional Staff	-	-	254,787	(254,787)
School Administration	-	-	1,166	(1,166)
Business and Other Support Services	-	-	27,218	(27,218)
Operations and Maintenance of Plant	-	-	27,820	(27,820)
Student Transportation	-	-	22,706	(22,706)
Operation of Noninstructional Services	-	-	1,110	(1,110)
Total Expenditures	842,630	1,212,451	1,042,035	170,416
Excess (Deficiency) of Revenues Over Expenditures	(842,630)	(1,212,451)	28,101	1,240,552
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(29,522)	(29,522)
Net Change in Fund Balance	(842,630)	(1,212,451)	(1,421)	1,211,030
FUND BALANCE				
Beginning of Year	-	-	11,373	11,373
End of Year	<u>\$ (842,630)</u>	<u>\$ (1,212,451)</u>	<u>\$ 9,952</u>	<u>\$ 1,222,403</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 796,839	\$ 796,839
Food Service Sales	-	-	100,677	100,677
Investment Earnings	-	-	933	933
Total Revenues	-	-	898,449	898,449
EXPENDITURES				
Operation of Noninstructional Services	750,000	903,050	898,259	4,791
Net Change in Fund Balance	(750,000)	(903,050)	190	903,240
FUND BALANCE				
Beginning of Year	-	-	220,719	220,719
Increase (Decrease) in Nonspendable for Inventories	-	-	(1,627)	(1,627)
End of Year	\$ (750,000)	\$ (903,050)	\$ 219,282	\$ 1,122,332

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Contributions and Donations	\$ -	\$ -	\$ 29,499	\$ 29,499
Investment Earnings	-	-	1,786	1,786
Other	-	-	115,162	115,162
Total Revenues	-	-	146,447	146,447
EXPENDITURES				
Current				
Instruction	269,180	374,637	99,292	275,345
Support Services				
Students	-	-	180	(180)
Instructional Staff	-	-	17,404	(17,404)
General Administration	-	-	1,349	(1,349)
School Administration	-	-	180	(180)
Business and Other Support Services	-	-	1,238	(1,238)
Operations and Maintenance of Plant	-	-	46,539	(46,539)
Student Transportation	-	-	183	(183)
Operation of Noninstructional Services	-	-	2	(2)
Total Expenditures	269,180	374,637	166,367	208,270
Net Change in Fund Balance	(269,180)	(374,637)	(19,920)	354,717
FUND BALANCE				
Beginning of Year	-	-	254,109	254,109
End of Year	<u>\$ (269,180)</u>	<u>\$ (374,637)</u>	<u>\$ 234,189</u>	<u>\$ 608,826</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING RENEWAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 46,760	\$ 46,760
Investment Earnings	-	-	76	76
Total Revenues	-	-	46,836	46,836
EXPENDITURES				
Operations and Maintenance of Plant	-	28,725	47,924	(19,199)
Net Change in Fund Balance	-	(28,725)	(1,088)	27,637
FUND BALANCE				
Beginning of Year	-	-	1,138	1,138
End of Year	\$ -	\$ (28,725)	\$ 50	\$ 28,775

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AGENCY FUNDS

Student Activities Fund – accounts for monies raised by students to finance student clubs and organizations but held by the District as an agency.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
STUDENT ACTIVITIES FUND				
ASSETS				
Cash and Investments	<u>\$ 40,761</u>	<u>\$ 128,122</u>	<u>\$ (119,431)</u>	<u>\$ 49,452</u>
LIABILITIES				
Due to Student Groups	<u>\$ 40,761</u>	<u>\$ 128,122</u>	<u>\$ (119,431)</u>	<u>\$ 49,452</u>

STATISTICAL SECTION

This section of the Saddle Mountain Unified School District No. 90's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
NET POSITION BY COMPONENT LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 45,826,629	\$ 46,019,024	\$ 41,519,516	\$ 45,420,849
Restricted	2,383,353	848,633	478,594	1,014,421
Unrestricted	8,919,920	6,798,800	3,859,554	1,461,960
Total Governmental Activities Net Position	<u>\$ 57,129,902</u>	<u>\$ 53,666,457</u>	<u>\$ 45,857,664</u>	<u>\$ 47,897,230</u>

Source: District's Business Department

Note: Information prior to 2011 was not available

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 45,132,415	\$ 44,936,909	\$ 44,894,188	\$ 44,476,320
743,717	877,312	1,179,007	1,017,379
<u>(7,217,039)</u>	<u>(6,373,161)</u>	<u>(6,758,080)</u>	<u>(6,023,685)</u>
<u>\$ 38,659,093</u>	<u>\$ 39,441,060</u>	<u>\$ 39,315,115</u>	<u>\$ 39,470,014</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
Instruction	\$ 6,227,584	\$ 9,382,473	\$ 5,567,743	\$ 6,982,114
Support Services:				
Support Services - Students and Staff	1,119,198	1,905,457	1,557,467	2,063,951
Support Services - Administration	1,451,266	1,570,555	1,777,788	1,594,804
Operation and Maintenance of Plant	2,095,434	2,524,029	2,106,242	2,117,741
Student Transportation	1,063,787	1,356,931	941,110	808,595
Operation of Noninstructional Services	788,511	911,301	792,366	777,380
Interest on Long-Term Debt	810,789	871,774	1,062,982	706,266
Total Governmental Activities	13,556,569	18,522,520	13,805,698	15,050,851
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	17,004	22,344	35,642	37,018
Operation of Noninstructional Services	137,258	158,846	176,711	187,665
Other Activities			5,873	6,263
Operating Grants and Contributions	1,862,447	2,891,067	3,140,591	3,108,926
Capital Grants and Contributions	-	-	24,710	128,358
Total Governmental Activities	2,016,709	3,072,257	3,383,527	3,468,230
Net (Expense)/Revenue				
Governmental Activities	(11,539,860)	(15,450,263)	(10,422,171)	(11,582,621)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	14,509,291	11,689,858	10,182,204	13,282,318
State Equalization and Additional State Aid	102,378	58,168	52,583	66,214
Investment Earnings	96,432	91,356	21,338	26,047
Other	240,073	147,436	225,707	247,608
Total Governmental Activities	14,948,174	11,986,818	10,481,832	13,622,187
Change in Net Position				
Governmental Activities	\$ 3,408,314	\$ (3,463,445)	\$ 59,661	\$ 2,039,566

Note: Information prior to 2011 was not available

Source: District's Business Department.

Fiscal Year			
2015	2016	2017	2018
\$ 7,901,695	\$ 7,502,322	\$ 7,360,233	\$ 8,808,678
1,557,246	1,653,400	1,615,656	1,671,239
1,360,873	1,492,437	1,811,753	1,609,177
2,234,196	2,257,525	2,392,869	2,286,710
996,368	868,260	1,152,341	1,472,096
750,006	618,864	900,451	983,757
960,190	901,949	809,127	711,014
<u>15,760,574</u>	<u>15,294,757</u>	<u>16,042,430</u>	<u>17,542,671</u>
28,669	26,003	26,008	31,418
187,694	167,484	205,626	257,555
148			
3,260,328	2,797,388	2,425,216	2,901,946
44,641	8,412	73,212	46,760
<u>3,521,480</u>	<u>2,999,287</u>	<u>2,730,062</u>	<u>3,237,679</u>
(12,239,094)	(12,295,470)	(13,312,368)	(14,304,992)
12,292,469	12,721,576	12,706,053	14,120,668
77,174	150,163	171,641	126,804
66,207	60,710	56,737	80,170
122,125	144,988	251,992	132,249
<u>12,557,975</u>	<u>13,077,437</u>	<u>13,186,423</u>	<u>14,459,891</u>
<u>\$ 318,881</u>	<u>\$ 781,967</u>	<u>\$ (125,945)</u>	<u>\$ 154,899</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Nonspendable	\$ 6,767.0	\$ 4,597	\$ 4,063	\$ 165,331
Unassigned	5,539,719	3,283,286	1,236,488	1,393,483
Total General Fund	\$ 5,546,486	\$ 3,287,883	\$ 1,240,551	\$ 1,558,814
All Other Governmental Funds				
Nonspendable	\$ 33,103	\$ 22,434	\$ 6,081	\$ 22,215
Restricted	12,744,852	2,963,083	451,397	13,701,957
Unassigned	(18,835)	(13,600)	(599,656)	
Total All Other Governmental Funds	\$ 12,759,120	\$ 2,971,917	\$ (142,178)	\$ 13,724,172

Note: Information prior to 2011 was not available

Source: District's Business Department.

Fiscal Year

2015	2016	2017	2018
\$ 195,634	\$ 16,556	\$ 32,037	\$ 216,823
2,406,767	3,458,961	3,051,819	3,196,620
<u>\$ 2,602,401</u>	<u>\$ 3,475,517</u>	<u>\$ 3,083,856</u>	<u>\$ 3,413,443</u>
\$ 13,135	\$ 13,864	\$ 17,295	\$ 15,668
8,083,257	5,239,573	3,244,614	1,460,057
<u>\$ 8,096,392</u>	<u>\$ 5,253,437</u>	<u>\$ 3,261,909</u>	<u>\$ 1,475,725</u>

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Revenue Sources				
Property Taxes	\$ 14,566,597	\$ 11,832,493	\$ 10,234,504	\$ 13,297,126
Intergovernmental	1,900,303	2,924,864	3,194,703	3,260,976
Food Service Sales	137,079	109,445	122,146	118,708
Auxiliary Operations		49,222	54,374	68,764
Contributions and Donations	68,226	24,371	23,181	42,522
Investment Earnings	96,432	91,356	21,338	26,047
Other	257,256	169,959	267,413	291,082
Total Revenues	17,025,893	15,201,710	13,917,659	17,105,225
Expenditures				
Instruction	4,966,830	5,182,047	5,211,416	5,574,410
Support Services				
Students and Staff	1,110,886	1,476,105	1,587,511	2,552,674
Administration	1,805,117	1,427,553	1,802,884	1,525,734
Operation and Maintenance of Plant	1,792,551	1,730,614	1,661,750	1,911,922
Student Transportation	1,090,774	906,762	690,478	1,628,885
Operation of Noninstructional Services	724,907	671,110	646,412	716,413
Debt Service				
Principal Retirement	2,987,633	3,153,156	3,350,334	3,390,000
Interest on Long-Term Debt	802,264	864,168	663,493	720,704
Issuance Costs	300,371	101,650	-	283,191
Facilities Acquisition	1,841,247	11,686,674	3,447,921	359,139
Total Expenditures	17,422,580	27,199,839	19,062,199	18,663,072
Other Financing Sources (Uses)				
Issuance of Long-Term Debt	10,000,000	5,650,000	-	15,000,000
Payment to Refunded Debt Escrow Agent	-	(5,791,250)	-	-
Proceeds from Capital Leases	121,123	-	-	-
Premium on Sale of Bonds	270,319	106,412	-	722,777
Transfers In	97,730	66,635	137,709	139,751
Transfers Out	(97,730)	(66,635)	(137,709)	(139,751)
Total Other Financing Sources (Uses)	10,391,442	(34,838)	-	15,722,777
Net Change in Fund Balance	\$ 9,994,755	\$ (12,032,967)	\$ (5,144,540)	\$ 14,164,930
Debt Service as a Percentage of Noncapital Expenditures	24%	26%	26%	22%

Note: Information prior to 2011 was not available

Source: District's Business Department.

Fiscal Year

	2015	2016	2017	2018
\$	12,307,624	\$ 12,705,115	\$ 12,733,234	\$ 14,086,331
	2,790,099	2,905,435	2,607,946	3,005,740
	110,696	96,866	106,097	100,677
	76,819	70,439	99,350	156,699
	592,044	50,528	62,123	69,770
	66,207	60,710	56,737	80,170
	151,121	171,170	278,179	163,846
	<u>16,094,610</u>	<u>16,060,263</u>	<u>15,943,666</u>	<u>17,663,233</u>
	6,256,020	6,125,253	6,222,259	7,862,463
	1,511,458	1,524,995	1,472,111	1,627,177
	1,249,809	1,403,960	1,755,324	1,580,406
	2,577,952	1,956,412	2,063,219	2,170,572
	1,842,085	1,348,668	798,871	1,244,461
	671,022	705,017	777,520	901,505
	2,540,000	2,235,000	2,325,000	2,315,000
	1,026,894	968,653	875,831	777,718
	-	-	-	-
	3,031,358	1,734,942	2,036,077	642,840
	<u>20,706,598</u>	<u>18,002,900</u>	<u>18,326,212</u>	<u>19,122,142</u>
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	91,406	122,050	85,386	29,522
	(91,406)	(122,050)	(85,386)	(29,522)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(4,611,988)</u>	<u>(1,942,637)</u>	<u>(2,382,546)</u>	<u>(1,458,909)</u>
	20%	20%	20%	17%

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2018	2017	2016	2015
Secondary Assessed Valuation				
Saddle Mountain Unified				
School District No. 90	\$ 742,127,564	\$ 752,761,355	\$ 781,996,778	\$ 812,844,836
Town of Buckeye	375,076,410	455,998,962	408,074,462	324,277,466
Maricopa County	38,251,891,249	44,850,741,762	41,125,604,014	35,075,714,985
State of Arizona	59,406,279,473	67,264,430,756	62,635,586,917	55,349,948,120
Full-Cash Value				
Saddle Mountain Unified				
School District No. 90	\$ 5,707,869,783	\$ 4,562,710,061	\$ 4,495,996,512	\$ 4,458,304,296
District Total DirectTax Rate	1.6307	1.4654	1.4221	1.3469
Assessed Value as a Percentage of Actual	13.00%	16.50%	17.39%	18.23%

Note: Information prior to 2010 was not available

Source: Maricopa County Assessor's Office.

Fiscal Year				
2014	2013	2012	2011	2010
\$ 799,940,002	\$ 836,599,631	\$ 864,058,460	\$ 960,699,090	\$ 1,084,770,993
287,873,371	300,289,266	402,403,658	425,009,460	595,778,177
32,229,006,810	34,400,455,716	38,760,296,714	49,707,952,123	57,984,051,418
52,598,341,678	56,283,023,907	61,700,292,915	75,643,290,856	86,538,111,171
\$ 4,272,327,855	\$ 4,384,700,627	\$ 4,578,318,518	\$ 4,984,853,935	\$ 5,590,495,591
1.467	1.0758	1.2112	1.3648	1.1152
18.72%	19.08%	18.87%	19.27%	19.40%

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SECONDARY ASSESSED VALUE BY PROPERTY CLASSIFICATION
LAST NINE FISCAL YEARS
(UNAUDITED)

Legal Class	Description	2017-18 Net Limited Assessed Valuation	2016-17 Net Limited Assessed Valuation	2015-16 Net Limited Assessed Valuation	2014-15 Net Secondary Assessed Valuation
1	Commercial, Industrial, Utilities, Mines	\$ 693,308,808	\$ 699,835,393	\$ 727,662,076	\$ 754,897,649
2	Agriculture and Vacant	49,019,532	37,955,812	30,354,417	25,891,124
3	Residential (owner occupied)	31,111,787	28,551,586	26,052,728	22,006,996
4	Residential (rental occupied)	14,381,663	13,538,970	12,459,616	10,049,067
	Total	<u>\$ 787,821,790</u>	<u>\$ 779,881,761</u>	<u>\$ 796,528,837</u>	<u>\$ 812,844,836</u>

Note: Information prior to 2010 was not available

Source: Maricopa County Assessor's Office.

2013-14 Net Secondary Assessed Valuation	2012-13 Net Secondary Assessed Valuation	2011-12 Net Secondary Assessed Valuation	2010-11 Net Secondary Assessed Valuation	2009-10 Net Secondary Assessed Valuation
\$ 742,049,188	\$ 769,341,410	\$ 780,938,310	\$ 811,914,559	\$ 819,295,448
31,101,176	36,184,834	48,990,499	102,668,526	211,970,839
19,360,302	26,956,766	30,215,755	41,505,172	49,546,889
7,429,336	4,116,621	3,913,896	4,610,833	3,957,817
<u>\$ 799,940,002</u>	<u>\$ 836,599,631</u>	<u>\$ 864,058,460</u>	<u>\$ 960,699,090</u>	<u>\$ 1,084,770,993</u>

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SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
DIRECT AND OVERLAPPING ASSESSED VALUATIONS
JUNE 30, 2018
(UNAUDITED)

<u>Overlapping Jurisdiction</u>	2017/18 Net Limited Assessed Valuation	2017/18 Total Tax Rate Per \$100 Assessed Valuation
State of Arizona	\$ 59,406,279,473	None
Maricopa County	38,251,891,249	1.8884
Maricopa County Community College District	38,251,891,249	1.4096
Maricopa County Special Health Care District	38,251,891,249	0.2851
Maricopa County Fire District Assistance Tax	38,251,891,249	0.0102
Maricopa County Library District	38,251,891,249	0.0556
Maricopa County Flood Control District	34,709,158,781	0.1792
Central Arizona Water Conservation District	38,251,891,249	0.1400
Town of Buckeye	375,076,410	1.8000
Anthem Sun Valley Community Facilities District	36,563	0.3000
Elianto Community Facilities District	46,047	0.3000
Mirielle Community Facilities District	63,494	0.3000
Tartesso West Community Facilities District	13,747,394	4.9937
Trillium Community Facilities District	32,439	0.3000
Verrado Community Facilities District	83,959,273	4.2805
Verrado Western Overlay Community Facilities District	15,678,849	4.4583
Buckeye Valley Fire District	127,064,128	3.2500
Harquahala Valley Fire District	47,390,584	2.9029
Tonopah Valley Fire District	20,245,911	3.5000
Western Maricopa Education Center	14,005,834,321	0.1780
Saddle Mountain Unified School District No. 90	752,761,355	1.6307

* Includes state education equalization tax rate.

Source: The Maricopa County Treasurer Assessment Roll.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	District Direct Rates			Overlapping Rates	
	District's Primary Tax Rate per \$100 Assessed	District's Secondary Tax Rate per \$100	District's Total Tax Rate per \$100 Assessed	Maricopa County	Maricopa County Community College District
2017-18	\$ 1.1601	\$ 0.4706	\$ 1.6307	\$ 1.6357	\$ 1.1956
2016-17	1.0094	0.4560	1.4654	1.6357	1.4651
2015-16	1.0071	0.4150	1.4221	1.5757	1.4940
2014-15	0.9160	0.4309	1.3469	1.5157	1.5187
2013-14	0.9492	0.5178	1.4670	1.4637	1.5340
2012-13	0.5988	0.4770	1.0758	1.4679	1.3778
2011-12	0.7666	0.4446	1.2112	1.4679	1.2082
2010-11	0.7529	0.6119	1.3648	1.2409	0.9728
2009-10	0.6430	0.4722	1.1152	1.1629	0.8844
2008-09	1.3587	0.4636	1.8223	1.2047	0.9386

Source: Maricopa County Assessor's Office.

N/A – Information not available.

Overlapping Rates

Central Arizona Water Conservation District		City of Buckeye	Fire Districts	Western Maricopa Education Center
\$	0.1400	\$ 1.8000	\$ 0.0102	\$ 0.1780
	0.1400	1.8000	0.0112	0.0840
	0.1400	1.8000	0.0116	0.0698
	0.1400	1.8011	0.0113	0.0810
	0.1400	1.8011	0.0121	0.0592
	0.1000	1.8046	0.0110	-
	0.1000	1.6061	0.0084	-
	0.1000	1.1883	0.0066	-
	0.1000	0.8851	0.0057	-
	0.1000	N/A	N/A	-

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SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2017 AND 2011
(UNAUDITED)

<u>Taxpayer (a)</u>	2016-17 Net Limited Assessed Valuation		2016-17 Percent of Total	2010-11 Net Limited Assessed Valuation		2010-11 Percent of Total
		Rank			Rank	
Arizona Public Service Company	\$ 324,575,393	1	46.40%	\$ 361,725,591	1	37.70%
Southern California Edison Co (T&D)	118,403,203	2	16.93%	154,086,577	2	16.00%
El Paso Electric Co (T&D)	104,262,941	3	14.91%	132,833,832	3	13.80%
Public Service Company of New Mexico (T&D)	64,370,070	4	9.20%	77,271,278	4	8.00%
Southern California Public Power Authority (Palo Verde)	39,915,390	5	5.71%	55,176,597	5	5.70%
City of Los Angeles Department of Water and Power (T&D)	25,019,162	6	3.58%	30,695,598	6	3.20%
Arizona Public Service Company (CWIP)	7,026,291	7	1.00%	-	-	-
Fidelity National Title Company TRB176	3,138,746	8	0.45%	7,014,845	8	0.70%
Transwestern Pipeline Company LLC	2,103,772	9	0.30%	-	-	-
Hickman's Egg Ranch, Inc.	1,838,261	10	0.26%	-	-	-
Tartesso Partners, LLC	-	-	-	8,693,920	7	0.90%
Bayview Financial Property Trust	-	-	-	4,324,827	9	0.50%
Pulte Home Corporation	-	-	-	3,907,106	10	0.40%
	<u>\$ 690,653,229</u>		<u>98.73%</u>	<u>\$ 835,730,171</u>		<u>86.90%</u>

Source: Maricopa County Assessor's Office.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	District Total Tax Rate	Real and Secured Personal Property Tax Levy	Collected to June 30 of Initial Fiscal Year (a)		Cumulative Collection to 6/30/18	
			Amount	Percent of Levy	Amount	Percent of Levy
2017-18	1.6307	\$ 12,196,961	\$ 12,184,538	99.90%	\$ 12,184,538	99.90%
2016-17	1.4654	10,983,109	10,968,451	99.87%	10,967,472	99.86%
2015-16	1.4221	11,030,648	11,018,735	99.89%	11,029,879	99.99%
2014-15	1.3469	10,812,192	10,797,587	99.86%	10,811,528	99.99%
2013-14	1.4670	11,617,499	11,574,358	99.63%	11,616,871	99.99%
2012-13	1.0758	8,965,396	8,923,728	99.54%	8,964,793	99.99%
2011-12	1.2112	10,416,919	10,329,287	99.16%	10,416,076	99.99%
2010-11	1.3648	13,129,042	12,901,063	98.26%	13,127,561	99.99%
2009-10	1.1152	11,443,863	11,201,700	97.88%	11,400,049	99.62%
2008-09	1.8223	17,400,101	17,123,010	98.41%	17,398,557	99.99%

Source: Maricopa County Treasurer.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Total Primary Government	Debt Per Capita	Percentage of Personal Income	Population
	General Obligation Bonds	Tax Anticipation Notes	Capital Leases				
2010	\$ 12,760,000	\$ -	\$ -	\$ 12,760,000	\$ 2,049	4.35%	6,226
2011	20,085,319	-	78,490	20,163,809	3,086	6.28	6,533
2012	17,053,166	-	40,334	17,093,500	2,257	5.76	7,573
2013	13,672,780	500,000	-	14,172,780	1,686	4.31	8,408
2014	25,923,319	2,500,000	-	28,423,319	3,416	9.39	8,320
2015	23,316,615	2,500,000	-	25,816,615	2,926	7.54	8,824
2016	21,014,911	2,000,000	-	23,014,911	2,374	5.94	9,694
2017	18,623,207	1,000,000	-	19,623,207	2,059	4.98	9,530
2018	16,241,503	3,000,000	-	19,241,503	1,835	4.31	10,483

Source: The District Business and Finance Department for long-term debt. The source of the estimated district population is the U.S. Census Bureau, 2010 Census, as reported by the National Center for Education Statistics, School District Demographics System.

Note: Information prior to 2010 was not available.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2018
(UNAUDITED)

Overlapping Jurisdiction	General Obligation Bonded Debt	Portion Applicable To the District	
		Approximate Percent	Net Debt Amount
State of Arizona	None	1.27%	None
Maricopa County	None	1.97%	None
Maricopa County Community College District	\$380,740,000	1.97%	\$7,500,578
Maricopa County Special Health Care District	75,000,000	1.97%	1,477,500
Maricopa County Fire District Assistance Tax	None	1.97%	None
Maricopa County Library District	None	1.97%	None
Maricopa County Flood Control District	None	2.17%	None
Central Arizona Water Conservation District	None	1.97%	None
City of Buckeye	None	8.99%	None
Anthem Sun Valley Community Facilities District	None	100.00%	None
Elianto Community Facilities District	None	77.22%	None
Mirielle Community Facilities District	None	100.00%	None
Tartesso West Community Facilities District	6,221,000	58.09%	3,613,779
Trillium Community Facilities District	None	98.66%	None
Verrado Community Facilities District No. 1	34,290,000	20.62%	7,070,598
Verrado Western Overlay Community Facilities District	8,000,000	100.00%	8,000,000
Buckeye Valley Fire District	None	0.86%	None
Harquahala Valley Fire District	None	1.65%	None
Tonopah Valley Fire District	None	61.33%	None
Western Maricopa Education Center	126,600,000	4.21%	5,329,860
Saddle Mountain Unified School District No. 90	15,585,000	100.00%	<u>15,585,000</u>
Net Direct and Overlapping General Obligation Bonded Debt			<u><u>\$ 48,577,315</u></u>

Source: Maricopa County Treasurer and individual overlapping entities.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year				
	2014	2015	2016	2017	2018
Total Legal Debt Margin Debt Limit	\$ 239,982,001	\$ 243,853,451	\$ 238,958,651	\$ 233,964,528	\$ 222,638,269
Total Applicable to Limit	<u>25,000,000</u>	<u>22,460,000</u>	<u>20,225,000</u>	<u>17,900,000</u>	<u>15,585,000</u>
Legal Debt Margin	<u>\$ 214,982,001</u>	<u>\$ 221,393,451</u>	<u>\$ 218,733,651</u>	<u>\$ 216,064,528</u>	<u>\$ 207,053,269</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	10.4 %	9.2 %	8.5 %	7.7 %	7.0 %
Class B Bonds Debt Limit	\$ 159,988,000	\$ 162,568,967	\$ 159,305,767	\$ 155,976,352	\$ 148,425,513
Total Applicable to Limit	<u>25,000,000</u>	<u>22,460,000</u>	<u>20,225,000</u>	<u>17,900,000</u>	<u>15,585,000</u>
Legal Debt Margin	<u>\$ 134,988,000</u>	<u>\$ 140,108,967</u>	<u>\$ 139,080,767</u>	<u>\$ 138,076,352</u>	<u>\$ 132,840,513</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	15.6 %	13.8 %	12.7 %	11.5 %	10.5 %

Note: Information prior to 2014 was not available
Source: The District's Business and Finance Department

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2018
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 742,127,564</u>
<u>Legal Debt Margin:</u>		
Debt Limitation - 30% of Assessed Value		\$ 222,638,269
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 15,585,000	
Total Amount of Debt Applicable to Debt Limit		<u>15,585,000</u>
Total Legal Debt Margin		<u>\$ 207,053,269</u>
<u>Class B Legal Debt Margin</u>		
Debt Limit - the Greater of 20% of the Net Secondary Assessed Valuation or \$1,500 Per Student (ADM)		
20% of Net Secondary Assessed Valuation		\$ 148,425,513
\$1,500 Per Student (ADM)		2,483,468
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 15,585,000	
Total Amount of Debt Applicable to Debt Limit		<u>15,585,000</u>
Class B Legal Debt Margin		<u>\$ 132,840,513</u>

Source: The District's Business and Finance Department

Note: State statutes limit the total amount of bonded debt for a unified school district to 30% of the net secondary assessed valuation of the District. In addition Class B bonded debt is limited to the greater of 10% of the net secondary assessed valuation of the District or \$1,500 per student for a unified school district.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST NINE FISCAL YARS
(UNAUDITED)

Fiscal Year	Estimated District Population (1)	State Personal Income (thousand) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)	County Population (5)
2010	6,226	\$ 293,519	\$ 47,144	11.50%	\$ 3,824,058
2011	6,533	320,881	49,117	9.80	3,843,370
2012	7,573	296,816	39,194	10.20	3,884,705
2013	8,408	328,652	39,088	8.90	3,944,859
2014	8,320	302,748	36,388	8.50	4,008,651
2015	8,824	342,354	38,798	7.40	4,076,438
2016	9,694	387,363	39,959	5.00	4,137,076
2017	9,530	393,970	41,340	5.20	4,221,684
2018	10,483	446,324	42,576	4.70	4,294,460

(1) National Center for Education Statistics, School District Demographic System and District Estimates

(2) Estimated using per Capita State averages from the Arizona Economics Estimates Commission.

(3) Arizona Economics Estimates Commission

(4) Arizona Office of Employment Statistics

(5) Arizona Office of Economic Opportunity

Note: Information prior to 2010 was not available.

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SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
PRINCIPAL EMPLOYERS
JUNE 30, 2018 AND NINE YEARS PRIOR
(UNAUDITED)

Employer *	2018			2009		
	Employees	Percent of Total	Rank	Employees	Percent of Total	Rank
Pinnacle West Capital (APS)	2,230	34.1%	1	2,500	45.3%	1
State of Arizona	1,220	16.6%	2	1,100	19.9%	2
Walmart	1,120	15.3%	3	745	13.5%	3
Buckeye Union High School District	500	6.8%	4	325	5.9%	4
City of Buckeye	472	6.4%	5	455	8.2%	5
Litchfield Elementary School District	470	6.4%	6	N/A		6
Buckeye Elementary School District	320	4.4%	7	N/A		7
Clayton Homes Incorporated	300	4.1%	8	215	3.9%	8
Liberty Elementary School District	230	3.1%	9	N/A		9
Saddle Mountain Unified School District	198	2.7%	10	183	3.3%	10
	<u>7,330</u>	<u>100.0%</u>		<u>5,523</u>	<u>100.0%</u>	

* Source - City of Buckeye's CAFR - Because Saddle Mountain Unified is located in a very rural area, many jobs overlap with the City of Buckeye's employment basis updated with APS and Saddle Mountain Unified.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Full-Time Equivalent Employees			
	2009	2010	2011	2012
Instruction	111	110	92	83
Support Services - Students and Staff	-	11	9	10
Support Services - Administration	26	25	20	25
Operation and Maintenance of Plant Services	14	17	15	11
Student Transportation Services	23	24	24	23
Operation of Non-Instructional Services	1	1	1	1
Total	<u>175</u>	<u>188</u>	<u>161</u>	<u>153</u>

Source: The District's Human Resources Department and Business and Finance Department.

Note 1: This data includes both vacant and filled positions.

Full-Time Equivalent Employees

2013	2014	2015	2016	2017	2018
70	92	94	102	107	117
10	7	13	11	9	11
21	26	22	26	23	25
10	12	12	13	20	16
15	26	24	21	30	27
1	1	1	2	1	2
<u>127</u>	<u>164</u>	<u>166</u>	<u>175</u>	<u>189</u>	<u>198</u>

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SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment (3)</u>	<u>Maintenance and Operating Expenditures (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (1)</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Free/Reduced Students</u>
2009	1,481	\$ 12,897,353	\$ 8,709	(0.01)%	92	16.10	65.00 %
2010	1,425	12,264,702	8,607	(1.17)	91	15.66	65.00
2011	1,231	12,207,642	9,917	15.22	78	15.78	65.00
2012	1,248	11,128,705	8,917	(10.08)	74	16.86	65.00
2013	1,316	11,559,174	8,784	(1.50)	76	17.32	65.00
2014	1,393	12,045,057	8,647	(1.56)	77	18.09	65.00
2015	1,383	11,635,535	8,413	(2.70)	80	17.29	65.00
2016	1,443	11,646,126	8,071	(4.07)	82	17.60	65.00
2017	1,494	12,922,043	8,649	7.17	83	18.00	65.00
2018	1,656	14,405,276	8,699	0.57	87	19.03	65.00

Source: The District's Business and Finance Department.

- (1) Teacher Staff (FTE) includes all teaching positions filled and vacant.
- (2) Includes expenditures of all funds except Debt Service and Capital Outlay.
- (3) Enrollment is based on 100th day figures.

SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT NO. 90
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Schools	Fiscal Year				
	2009	2010	2011	2012	2013
Elementary/ Middle					
Buildings	10	10	10	10	10
Square Feet	202,381	202,381	202,381	202,381	202,381
Capacity	2,412	2,412	2,412	2,412	2,412
Enrollment	1,071	1,014	865	1,014	941
High					
Buildings	8	8	8	8	8
Square Feet	126,224	126,224	126,224	126,224	126,224
Capacity	1,027	1,027	1,027	1,027	1,027
Enrollment	406	406	359	405	375
Administrative					
Buildings	2	2	2	2	2
Square Feet	24,363	24,363	24,363	24,363	24,363
Transportation					
Garages	1	1	1	1	1
Buses	21	21	21	21	21
Athletics					
Multi-purpose Fields	0	0	0	0	0
Football Fields	2	2	2	2	2
Running Tracks	2	2	2	2	2
Baseball/softball Fields	2	2	2	2	2
Swimming Pools	1	1	1	1	1

Source: District's Business Department.

Fiscal Year				
2014	2015	2016	2017	2018
10	10	10	10	10
202,381	202,381	202,381	202,381	202,381
2,412	2,412	2,412	2,412	2,412
1,010	1,006	995	1,046	1,141
8	8	8	8	8
126,224	126,224	126,224	126,224	126,224
1,027	1,027	1,027	1,027	1,027
383	377	449	446	501
2	2	2	2	2
24,363	24,363	24,363	24,363	24,363
1	1	1	1	1
21	21	21	21	21
0	0	0	0	0
2	2	2	2	2
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1

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