
SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

SNOWFLAKE, ARIZONA

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

Issued by:
Business and Finance Department

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1
ASBO Certificate of Excellence	8
GFOA Certificate of Achievement	9
Organizational Chart	10
List of Principal Officials	11
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	15
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	19
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	33
Fund Financial Statements:	
Balance Sheet - Governmental Funds	36
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	42
Statement of Assets and Liabilities – Fiduciary Funds	43

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
Notes to Financial Statements	44
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	70
Title I Grants Fund	71
Pension Schedules	72
OPEB Schedules	73
Notes to Required Supplementary Information	75
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet - All Non-Major Governmental Funds - By Fund Type	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - By Fund Type	82
Special Revenue Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	96
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	118

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
Capital Projects Funds:	
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	122
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	124
Agency Funds:	
Combining Statement of Assets and Liabilities	130
Combining Statement of Changes in Assets and Liabilities	131
 <u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	134
Expenses, Program Revenues, and Net (Expense)/Revenue	135
General Revenues and Total Changes in Net Position	137
Fund Balances - Governmental Funds	139
Governmental Funds Revenues	141
Governmental Funds Expenditures and Debt Service Ratio	143
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds	145

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Page</u>
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	146
Net Full Cash Assessed Value of Taxable Property by Class	147
Property Tax Assessment Ratios	148
Direct and Overlapping Property Tax Rates	149
Principal Property Taxpayers	150
Property Tax Levies and Collections	151
Debt Capacity:	
Outstanding Debt by Type	152
Direct and Overlapping Governmental Activities Debt	153
Direct and Overlapping General Bonded Debt Ratios	153
Legal Debt Margin Information	154
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	155
Principal Employers	156
Operating Information:	
Full-Time Equivalent District Employees by Type	157
Operating Statistics	159
Capital Assets Information	160

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INTRODUCTORY SECTION

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December 20, 2018

Citizens and Governing Board
Snowflake Unified School District No. 5
682 School Bus Lane
Snowflake, Arizona 85937

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Snowflake Unified School District No. 5 for the fiscal year ended June 30, 2018.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE DISTRICT

The District is one of 22 school districts and charter schools located in Navajo County, Arizona. It provides a program of public education from preschool through grade twelve, with an estimated current enrollment of 2,486 students. The projected enrollment for fiscal year 2018-19 is 2,488.

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic functions.

The District lies in the south central portion of Navajo County, approximately 118 miles east of Flagstaff, Arizona, and encompasses approximately 600 square miles. U.S. Interstate 40 is 25 miles north of the district and provides access to scenic areas such as the White Mountains, the Petrified Forest, the Painted Desert, and several outdoor activities such as fishing, camping, water and snow skiing, and hiking to name a few.

The primary communities in the District are the towns of Snowflake, Taylor, Shumway, and Cedar Hills. Snowflake and Taylor are situated immediately adjacent to each other within the Silver Creek Valley. The communities were founded in the 1870's by pioneers of the Church of Jesus Christ of Latter-day Saints and were part of a network of colonies that spread throughout the western United States stretching from Canada to Mexico. Snowflake was a hub for social, cultural, religious and educational activities. An Academy was founded by the Church of Jesus Christ of Latter-day Saints in the 1890's and was the predecessor of today's school district. It drew high school age students from all over the northern and eastern Arizona region that left home to board and attend school in Snowflake.

An element behind steady growth of the communities is the reputation as an exceptional place to raise children. One of the elements contributing to this environment is the school system. The Snowflake Unified School District No. 5 employs a staff that actively seeks for better ways of educating the children they serve. The District stresses creating a safe learning environment that encourages helping every student to learn, use and enjoy the basic skills, achieve academically, and excel in athletics and performing arts. The District has been consistently recognized throughout the region and the State for the high quality of its teachers and educational programs and for the accomplishments of its students in academics, athletics, and the performing arts. The school system is progressive yet reflects the family-orientated values of the community. All of this is accomplished with one of the lowest tax rates in the region for a district without a budget override.

Much of the heritage that founded the communities continues today. In spite of the small size and rural character, the town supports a junior college campus, a symphony orchestra, and an active theatrical and performing arts program. Children, teenagers and adults all field hundreds of athletic intramural teams. Each year the citizens volunteer thousands of hours to sustain their active way of life and rich traditions. It is a vibrant area that continues to attract people moving from urban areas seeking a safe community and a quality family oriented way of life.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund, and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have over-expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue, therefore a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy: Electric power generation, mining, health care, retail, and agriculture business support the local economy. Arizona Public Service has a power generating station 30 miles from the town and all major retail and hospitals are 15 miles away. The Snowflake area is part of a network of communities that make up Northland Pioneer College, a local junior college. The school is in partnership with the college and provides dual enrollment classes. A large part of the vocational curriculum is run through Northland Pioneer College in conjunction with the Northern Arizona Vocational Institute of Technology. Farmer John (PFFJ) has a large farm and distributing center in the local area.

The State of Arizona along with the United States has been working through economic down turn for over seven years now. The housing problems that the State faced have caused funding declines in all aspects of the local economies. In fiscal year 2016-17 the Arizona State Legislature continued to maintain the steep cuts made in previous fiscal years to educational funding. These cuts included a nearly 85 percent decrease in District Additional Assistance (DAA). DAA is one of the few funds that the District can maintain its buildings and capital equipment. Also included was a repeal of the Building Renewal Fund and the Soft Capital Fund. The DAA cuts are the most challenging decreases to the District long-term.

The District has experienced over \$1.2 million dollars in ongoing cuts from the legislature. Consequently, the District is seeing major shifts of financial responsibility from State coffers to local property tax payers. Temporary tax increases have sunset increasing tax burdens onto the local property tax payers. In the 2014 legislative session the State government adjusted the qualifying tax rate from \$2.1265 to \$2.1123. This change had a positive effect on the District's property tax payers. The primary and secondary assessed evaluations would have the potential of negatively affecting the tax rate. However, the potential negative effects of these changes are offset by the decreases in the overall expenditure budgets and the cuts made in the levy funded accounts.

The County unemployment rate has trended down from double digits in 2014 to a rate of 6.3 percent in 2017. The District's free and reduced lunch rates have remained steady at around 48 percent.

Economic growth in the area is increasing in spite of recent manufacturing setbacks. Walmart has added a store in Taylor, Arizona, adding 180 jobs to the workforce. Copperstate Farms has purchased the greenhouses used in the tomato plant manufacturing for the production of medical marijuana. This has currently added 130 jobs to the local economy. The forecasts for student enrollment may be underestimated given the recent growth.

One of the constant benefits to the School District has been the steadiness of its student enrollment. Recently, the District has been challenged by local industry leaving the area. A charter school that is focusing on K-8 students has opened in this area. Competition from this school and neighboring school districts has had a minimal negative impact on the school financial budget. For one of the first times, the District is beginning to experience significant enrollment growth both in its regular education and special education programs. This growth will directly affect the budget capacity and staffing changes and budget priorities such as contingency funds will have to be decided upon. Two major benefits to the community with student growth is the increase in jobs and the increase in spending capacity being poured into the local economy.

The District has been aggressive in prioritizing the budget and having strong contingencies in place. Other schools are cutting major programs that affect the education of the children. Snowflake Unified School District has strived to maintain all of its programs. Staffs at the schools are doing so much more with less.

Recently, schools in Arizona sued the Arizona Government for not following the law as it relates to school funding. The Supreme Court upheld the law that the Government must fund the commitment approved by the voters regarding inflation funding of schools. Voters in Arizona will be given the opportunity to vote in favor of a plan to pay schools the commitment of funding owed. The vote was successful in the school's favor. A one-time settlement was agreed upon as part of this vote and a commitment to future funding for the next ten years. This is mentioned at this point only to bring to light some of the immediate decisions pending that will affect the financial situation of this District.

Long-Term Financial Planning: A significant piece of legislation was passed that established the minimum wage at \$10.00 per hour. It is to increase to \$10.50 in January 2018, \$11.00 in January 2019 and \$12.00 in January 2020. Along with this legislation was mandatory leave granted to employees. The district had leave policies that were close to the legislation. The increase in the minimum wage will be a significant challenge moving forward. The change went from \$8.07 to \$10.00 the first year. The growth in enrollment has helped the district ride this wave of change but it could change in any given moment.

The District is being forced to respond to the actions of the Federal Government. The Affordable Care Act has forced the District to be aggressive with its evaluation of part-time staff. Eligibility for medical benefits is set at 40 hours a week. The Affordable Care Act has penalties in place for employers that do not offer benefits to staff that work at least 30 hours a week. This will be a delicate situation moving forward. The District must weigh the cost/benefit of its benefit structure and what will impact the budget.

The District Governing Board and Administration will be evaluating the future as the environment continues to change. Long-term planning is focusing on maintaining the course, as the funding in the State of Arizona will continue to fall short. In fiscal year 2016-17 the District had to reduce nearly \$1 million of the Unrestricted Capital funds. If a district is funded by State aid its budgets were reduced tremendously. This reduction in funding cost the District nearly \$1.2 million. This affected all capital budgets and the General Maintenance and Operation funds. This is increasingly difficult with an average age of buildings of 40 years. The District is focusing on doing things a different way to facilitate the education of the youth.

The sharing of ideas is critical. The Snowflake Unified School District #5 is not the only district in Arizona facing these problems. Professional development opportunities will not be overlooked. Cooperating with other school districts and their administration is becoming more and more critical. The District cannot survive as an island. The sharing of ideas is a critical part of the long-term strategy. The leadership of the District meets monthly with local leaders both in the city leadership and the educational arena. This creates the ideas that will transform the District. Recently the District led out in seeking for new ways to improve the delivery of education. Through the leadership demonstrated by the administration and staff, other districts in the area realized the potential and followed in the path of the District.

The District continues to lead out in curriculum changes. Recently, the District added a curriculum program called Beyond Textbooks into its teaching methodology. This does not eliminate textbooks entirely, rather, it utilizes the cooperation of educated professionals to collaborate and design lesson plans which create best practices and focused teaching. The methodology has proven successfully where it has been fully implemented. The District will continue to pour resources into staff training and development into these areas. Staff will be rewarded financially for their performance in these areas.

In an effort to reduce high transportation costs, the District is analyzing ways to invest in purchasing its own bus fleet. The District owns four yellow school buses. In fiscal year 2013-2014 The District purchased its first trip bus. Savings can be realized if the District invests in its own fleet and limits the costs that are being incurred by a third party contractor. Looking forward to the long-term, the District will begin to increase its own fleet. This has been significantly hampered by the Legislative cuts to capital resources.

The District will continue to be aggressive in providing salaries and benefits at competitive rates. The District belongs to the Navajo County Schools Employee Benefit Trust, which is a consortium that administrates a health care plan for the District. With the general trend of health care, the District is being forced to look at options that will provide better benefits at lower rates.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This is the 11th consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



Hollis J. Merrell
Superintendent



Mark Ollerton
Business Manager



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Snowflake Unified School District No. 5

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

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



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

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

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Snowflake Unified School District No. 5
Arizona**

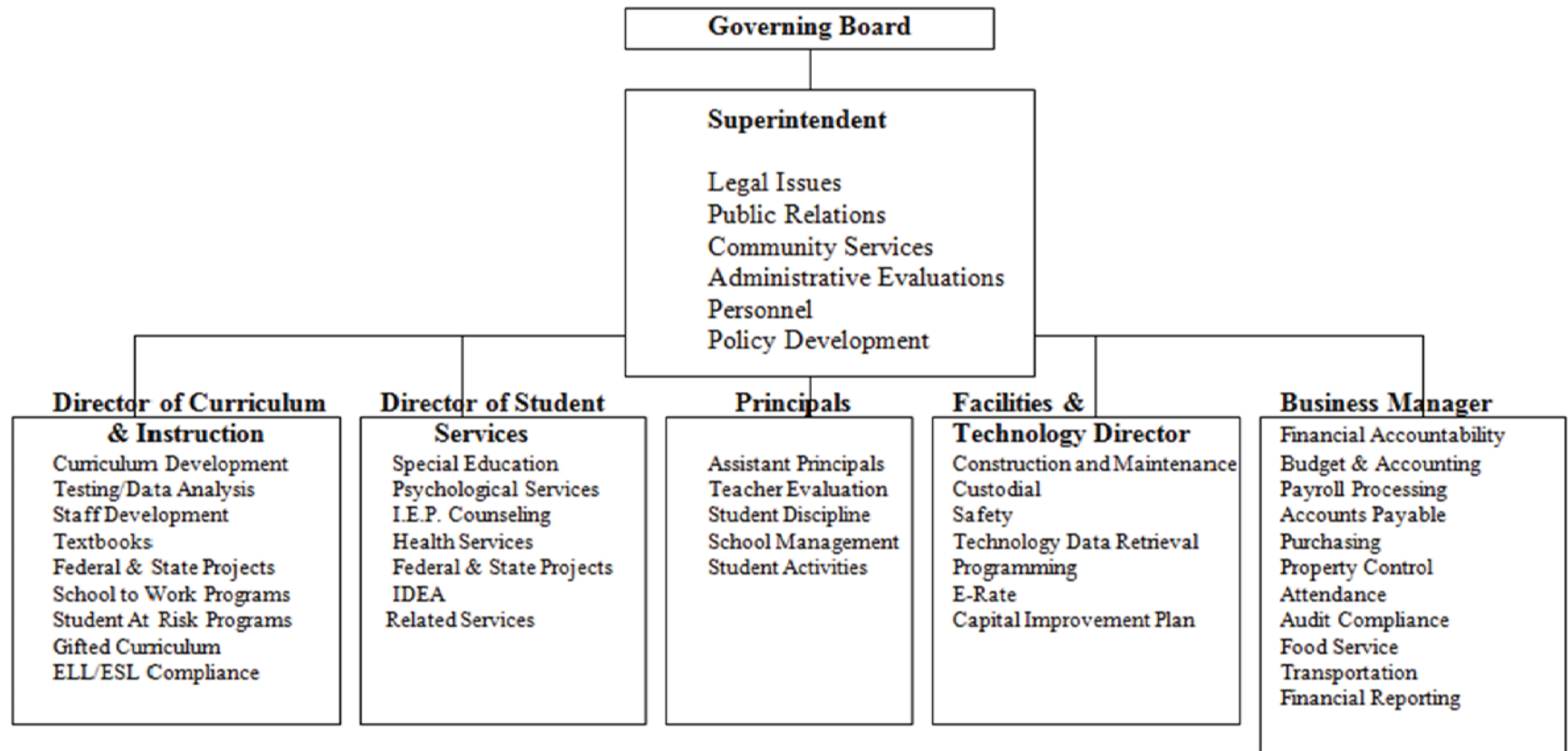
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Organizational Chart
Snowflake Unified School District No. 5



SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Carole Owens, President

Cory Johnson, Vice President

Carol Palmer, Member

Shea Flake, Member

Charles A. Foote, Member

ADMINISTRATIVE STAFF

Hollis J. Merrell, Superintendent

Mark Ollerton, Business Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Snowflake Unified School District No. 5

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 Snowflake Unified School District No. 5 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Snowflake Unified School District No. 5, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of Snowflake Unified School District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Snowflake Unified School District No. 5's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
December 20, 2018

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

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**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

As management of the Snowflake Unified School District No. 5 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$1.2 million which represents a 14 percent increase from the prior fiscal year primarily due to an increase in unrestricted state aid.
- General revenues accounted for \$16.3 million in revenue, or 86 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$2.6 million or 14 percent of total current fiscal year revenues.
- The District had approximately \$17.6 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$13.6 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$13.1 million in expenditures. The General Fund's fund balance increase from \$3.1 million at the prior fiscal year end to \$3.4 million at the end of the current fiscal year was primarily due to an increase in unrestricted state aid.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Title I Grants, and Unrestricted Capital Outlay Funds, all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$10.2 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	As of June 30, 2018	As of June 30, 2017
Current and other assets	\$ 6,624,149	\$ 6,186,602
Capital assets, net	22,323,318	23,299,830
Total assets	<u>28,947,467</u>	<u>29,486,432</u>
Deferred outflows	<u>1,787,836</u>	<u>2,514,057</u>
Current and other liabilities	143,045	351,413
Long-term liabilities	19,076,064	20,174,864
Total liabilities	<u>19,219,109</u>	<u>20,526,277</u>
Deferred inflows	<u>1,319,045</u>	<u>2,562,568</u>
Net position:		
Net investment in capital assets	17,077,598	17,220,166
Restricted	2,826,962	2,545,596
Unrestricted	(9,707,411)	(10,854,118)
Total net position	<u>\$ 10,197,149</u>	<u>\$ 8,911,644</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission reported a deficit of \$9.7 million. Unrestricted net position was negative due to the District's proportionate share of the state's pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$645,000 of bonds and \$156,000 of capital leases.
- The depreciation of capital assets resulting in the \$1.4 million increase in accumulated depreciation.
- The increase of \$437,547 in current and other assets, primarily due to increases in cash and cash equivalents as a result of efforts by the District to maximize budget and carry forward for future year expenditures.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

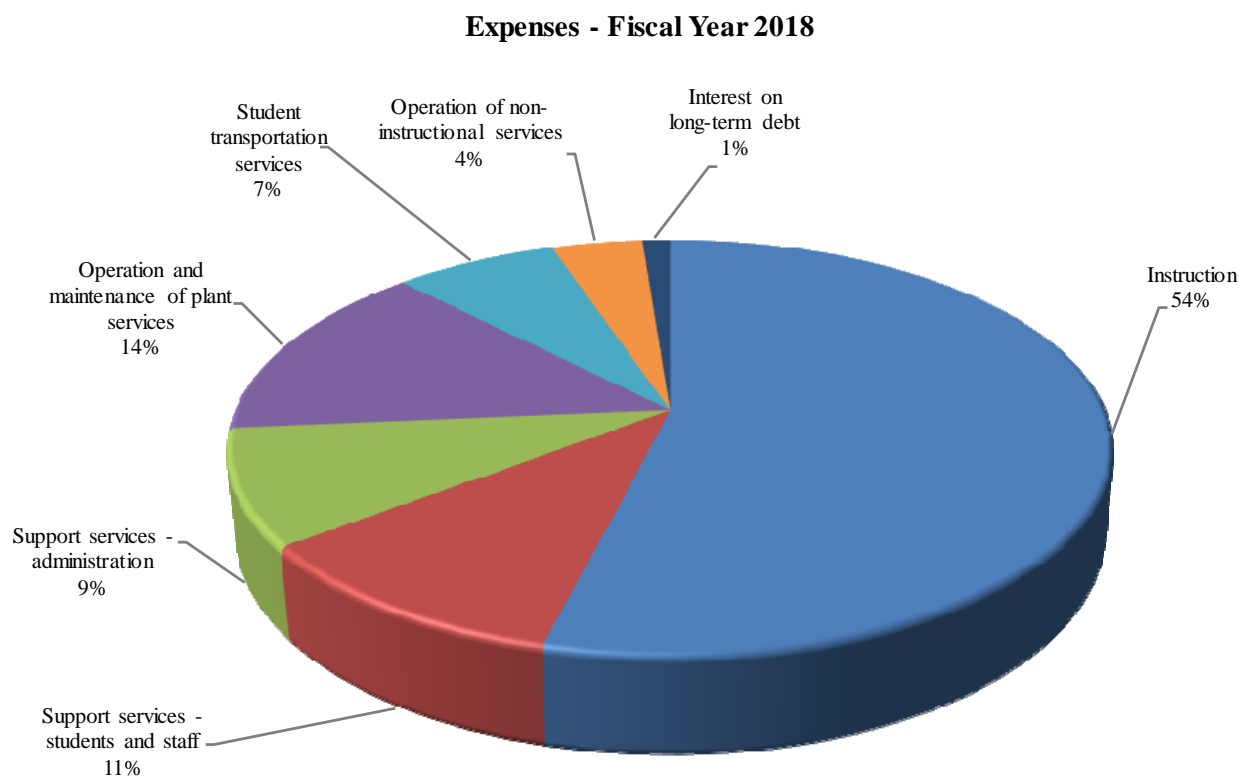
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$18.9 million. The total cost of all programs and services was \$17.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues:		
Program revenues:		
Charges for services	\$ 671,128	\$ 629,556
Operating grants and contributions	1,886,409	1,785,124
Capital grants and contributions	76,312	295,182
General revenues:		
Property taxes	3,897,703	4,233,708
Investment income	28,970	16,644
Unrestricted county aid	538,501	513,567
Unrestricted state aid	11,286,095	10,508,610
Unrestricted federal aid	503,984	273,200
Total revenues	<u>18,889,102</u>	<u>18,255,591</u>
Expenses:		
Instruction	9,511,148	9,711,521
Support services - students and staff	1,895,200	1,948,804
Support services - administration	1,584,473	1,393,478
Operation and maintenance of plant services	2,490,559	2,160,212
Student transportation services	1,253,496	1,152,921
Operation of non-instructional services	700,911	675,389
Interest on long-term debt	209,973	235,622
Total expenses	<u>17,645,760</u>	<u>17,277,947</u>
Changes in net position	1,243,342	977,644
Net position, beginning	8,911,644	7,934,000
Net effect of prior period adjustments	42,163	
Net position, beginning, as restated	8,953,807	
Net position, ending	<u>\$ 10,197,149</u>	<u>\$ 8,911,644</u>

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The increase of \$777,485 of unrestricted state aid due to increased student enrollment.
- The decrease in property tax revenues of \$336,005 due to decreased property tax rates and assessed valuations.
- The increase of \$330,347 in operation and maintenance expenses was primarily due to minimum wage laws changing in the state of Arizona, and continued emphasis on salary increases for all staff.

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

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 9,511,148	\$ (7,949,420)	\$ 9,711,521	\$ (7,951,832)
Support services - students and staff	1,895,200	(1,619,259)	1,948,804	(1,705,415)
Support services - administration	1,584,473	(1,527,250)	1,393,478	(1,352,395)
Operation and maintenance of plant services	2,490,559	(2,450,073)	2,160,212	(2,151,728)
Student transportation services	1,253,496	(1,253,496)	1,152,921	(1,152,921)
Operation of non-instructional services	700,911	(73,318)	675,389	(94,966)
Interest on long-term debt	209,973	(139,095)	235,622	(158,828)
Total	<u>\$ 17,645,760</u>	<u>\$ (15,011,911)</u>	<u>\$ 17,277,947</u>	<u>\$ (14,568,085)</u>

- The cost of all governmental activities this year was \$17.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$2.6 million.
- Net cost of governmental activities of \$15.0 million was financed by general revenues, which are made up of primarily property taxes of \$3.9 million and state and county aid of \$11.8 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6.2 million, an increase of \$547,093.

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 55 percent of the total fund balance. Approximately \$3.4 million, or 100 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$304,406 in the General Fund to \$3.4 million as of fiscal year end. General Fund revenues increased \$496,716 primarily due to an increase in student enrollment. General Fund expenditures increased \$803,433 primarily due to salary increases of over three percent to staff.

Title I Grants Fund revenues decreased \$20,526 and expenditures decreased \$20,088, or three percent.

The Unrestricted Capital Outlay Fund fund balance increased \$196,856 to \$1.3 million. Unrestricted Capital Outlay Fund revenues decreased \$86,553 due to a decrease in property tax revenues. Unrestricted Capital Outlay Fund expenditures increased \$207,795 as a result of the purchases of new software packages and related hardware for a fuel management system, new vehicles, software to account for student fees and bookstore inventory, and new playground equipment.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget primarily as a result of increased student enrollment. The difference between the original budget and the final amended budget was a \$186,018 increase, or one percent.

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

- The favorable variance of \$1.4 million in instruction expenditures was primarily a result of decreased expenditures for employee benefit insurance due to use of prepaid funds.
- The favorable variance of \$236,252 in operation and maintenance of plant services expenditures was a result of reduced utility payments due to a mild winter and the reduction of a prepaid credit for medical insurance.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$42.7 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$378,999 from the prior fiscal year, primarily due to the acquisition of land improvements. Total depreciation expense for the current fiscal year was \$1.4 million.

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

	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable	\$ 271,409	\$ 271,409
Capital assets - depreciable, net	22,051,909	23,028,421
Total	<u>\$ 22,323,318</u>	<u>\$ 23,299,830</u>

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

Debt Administration. At year end, the District had \$5.2 million in long-term debt outstanding, \$863,944 due within one year. Long-term debt decreased by \$833,944 due to current year principle retirement of debt.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$25.3 million and the Class B debt limit is \$16.9 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

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

**SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2017-18 budget balance carry forward (estimated \$1.0 million).
- District student population (estimated 2,488).

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

Budgeted expenditures in the General Fund increased 11 percent to \$15.4 million in fiscal year 2018-19. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2018-19 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Snowflake Unified School District No. 5, 682 School Bus Lane, Snowflake, Arizona 85937.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 2,700,736
Property taxes receivable	373,740
Deposits	20,616
Accounts receivable	4,181
Due from governmental entities	3,440,019
Prepaid items	7,705
Inventory	31,673
Total current assets	<u>6,578,670</u>
Noncurrent assets:	
Net other postemployment benefit assets	45,479
Capital assets not being depreciated	271,409
Capital assets, net of accumulated depreciation	22,051,909
Total noncurrent assets	<u>22,368,797</u>
Total assets	<u>28,947,467</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension and other postemployment benefit plan items	<u>1,787,836</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	108,229
Deposits held for others	8,559
Compensated absences payable	120,000
Unearned revenues	26,257
Obligations under capital leases	156,000
Bonds payable	675,000
Total current liabilities	<u>1,094,045</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	18,125,064
Total noncurrent liabilities	<u>18,125,064</u>
Total liabilities	<u>19,219,109</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension and other postemployment benefit plan items	<u>1,319,045</u>
<u>NET POSITION</u>	
Net investment in capital assets	17,077,598
Restricted for:	
Voter approved initiatives	671,873
Food service	101,131
Joint technical education	97,487
Extracurricular activities	37,540
Civic center	17,583
Other local initiatives	14,340
Debt service	152,507
Capital outlay	1,734,501
Unrestricted	(9,707,411)
Total net position	<u>\$ 10,197,149</u>

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 9,511,148	\$ 524,804	\$ 960,612	\$ 76,312	\$ (7,949,420)
Support services - students and staff	1,895,200		275,941		(1,619,259)
Support services - administration	1,584,473		57,223		(1,527,250)
Operation and maintenance of plant services	2,490,559	16,788	23,698		(2,450,073)
Student transportation services	1,253,496				(1,253,496)
Operation of non-instructional services	700,911	129,536	498,057		(73,318)
Interest on long-term debt	209,973		70,878		(139,095)
Total governmental activities	<u>\$ 17,645,760</u>	<u>\$ 671,128</u>	<u>\$ 1,886,409</u>	<u>\$ 76,312</u>	<u>(15,011,911)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	2,890,942
Property taxes, levied for debt service	863,734
Property taxes, levied for capital outlay	143,027
Investment income	28,970
Unrestricted county aid	538,501
Unrestricted state aid	11,286,095
Unrestricted federal aid	503,984
Total general revenues	<u>16,255,253</u>

Changes in net position 1,243,342

Net position, beginning of year, as restated 8,953,807

Net position, end of year \$ 10,197,149

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

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FUND FINANCIAL STATEMENTS

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Title I Grants</u>	<u>Unrestricted Capital Outlay</u>
<u>ASSETS</u>			
Cash and investments	\$ 812,921	\$	\$ 628,547
Property taxes receivable	282,978		5,186
Deposits			
Accounts receivable	3,410		
Due from governmental entities	2,447,911	83,285	701,651
Due from other funds	104,757		
Prepaid items	7,705		
Inventory			
Total assets	<u><u>\$ 3,659,682</u></u>	<u><u>\$ 83,285</u></u>	<u><u>\$ 1,335,384</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 71,769	\$ 3,859	\$ 4,042
Deposits held for others			
Due to other funds		79,426	
Unearned revenues	7,501		
Total liabilities	<u><u>79,270</u></u>	<u><u>83,285</u></u>	<u><u>4,042</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	196,822		3,604
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	<u><u>196,822</u></u>	<u><u></u></u>	<u><u>3,604</u></u>
Fund balances (deficits):			
Nonspendable	7,705		
Restricted	3,332		1,327,738
Unassigned	3,372,553		
Total fund balances	<u><u>3,383,590</u></u>	<u><u></u></u>	<u><u>1,327,738</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 3,659,682</u></u>	<u><u>\$ 83,285</u></u>	<u><u>\$ 1,335,384</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,259,268	\$ 2,700,736
85,576	373,740
20,616	20,616
771	4,181
207,172	3,440,019
	104,757
	7,705
31,673	31,673
<u>\$ 1,605,076</u>	<u>\$ 6,683,427</u>

\$ 28,559	\$ 108,229
8,559	8,559
25,331	104,757
18,756	26,257
<u>81,205</u>	<u>247,802</u>

59,438	259,864
25,009	25,009
<u>84,447</u>	<u>284,873</u>

31,673	39,378
1,432,760	2,763,830
(25,009)	3,347,544
<u>1,439,424</u>	<u>6,150,752</u>

<u>\$ 1,605,076</u>	<u>\$ 6,683,427</u>
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SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total governmental fund balances	\$	6,150,752
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 42,738,299	
Less accumulated depreciation	<u>(20,414,981)</u>	22,323,318

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

Property taxes	259,864	
Intergovernmental	<u>25,009</u>	284,873

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

Deferred outflows of resources related to pensions/OPEB	1,787,836	
Deferred inflows of resources related to pensions/OPEB	<u>(1,319,045)</u>	468,791

The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.	45,479
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(241,836)	
Obligations under capital leases	(1,716,000)	
Net OPEB liability	(30,930)	
Net pension liability	(13,557,578)	
Bonds payable	(3,365,000)	
Unamortized premium	<u>(164,720)</u>	<u>(19,076,064)</u>

Net position of governmental activities	\$	<u>10,197,149</u>
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The notes to the basic financial statements are an integral part of this statement.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Title I Grants</u>	<u>Unrestricted Capital Outlay</u>
Revenues:			
Other local	\$ 906,469	\$	\$ 17,483
Property taxes	2,867,183		61,545
State aid and grants	9,233,944		795,650
Federal aid, grants and reimbursements	<u>558,942</u>	<u>616,609</u>	
Total revenues	<u>13,566,538</u>	<u>616,609</u>	<u>874,678</u>
Expenditures:			
Current -			
Instruction	6,825,818	429,558	
Support services - students and staff	1,694,932	66,325	
Support services - administration	1,485,548	49,961	
Operation and maintenance of plant services	1,910,554		
Student transportation services	1,097,486		
Operation of non-instructional services	13,742		
Capital outlay	113,285	42,237	677,822
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>13,141,365</u>	<u>588,081</u>	<u>677,822</u>
Excess (deficiency) of revenues over expenditures	<u>425,173</u>	<u>28,528</u>	<u>196,856</u>
Other financing sources (uses):			
Transfers in	28,528		
Transfers out	<u>(156,000)</u>	<u>(28,528)</u>	
Total other financing sources (uses)	<u>(127,472)</u>	<u>(28,528)</u>	
Changes in fund balances	<u>297,701</u>		<u>196,856</u>
Fund balances, beginning of year, as restated	3,078,184		1,130,882
Increase (decrease) in reserve for prepaid items	7,705		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	<u><u>\$ 3,383,590</u></u>	<u><u>\$</u></u>	<u><u>\$ 1,327,738</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 381,604	\$ 1,305,556
949,788	3,878,516
1,296,556	11,326,150
1,190,393	2,365,944
<u>3,818,341</u>	<u>18,876,166</u>
1,964,725	9,220,101
201,299	1,962,556
6,781	1,542,290
9,850	1,920,404
	1,097,486
637,820	651,562
49,298	882,642
801,000	801,000
242,917	242,917
<u>3,913,690</u>	<u>18,320,958</u>
<u>(95,349)</u>	<u>555,208</u>
156,000	184,528
<u>156,000</u>	<u>(184,528)</u>
60,651	555,208
1,394,593	5,603,659
	7,705
(15,820)	(15,820)
<u>\$ 1,439,424</u>	<u>\$ 6,150,752</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Changes in fund balances - total governmental funds **\$ 555,208**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures.

However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 378,999	
Less current year depreciation	<u>(1,355,511)</u>	(976,512)

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

Property taxes	19,187	
Intergovernmental	<u>(6,251)</u>	12,936

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

Capital lease principal retirement	156,000	
Bond principal retirement	<u>645,000</u>	801,000

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

Current year pension/OPEB contributions	1,020,004	
Pension/OPEB expense	<u>(119,414)</u>	900,590

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Prepaid items	7,705	
Inventory	(15,820)	
Amortization of deferred bond items	32,944	
Compensated absences	<u>(74,709)</u>	(49,880)

Changes in net position in governmental activities **\$ 1,243,342**

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 89,630
Total assets	<u>\$ 89,630</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 13,000
Due to student groups	76,630
Total liabilities	<u>\$ 89,630</u>

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Snowflake Unified School District No. 5 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

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

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal, state and county aid, and other items not included among program revenues are reported instead as general revenues.

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Title I Grants Fund – The Title I Grants Fund accounts for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Additionally, the District reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes the Student Activities Fund which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

The agency funds are custodial in nature and do not have a measurement focus and are reported on the accrual basis of accounting. The agency funds are reported by fund type.

D. Cash and Investments

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

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

E. Investment Income

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

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Inventory

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

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

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

J. Capital Assets

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

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

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

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

Land improvements	7 – 25 years
Buildings and improvements	10 – 50 years
Vehicles, furniture and equipment	5 – 20 years

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

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

M. Pensions and Other Postemployment Benefits

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

N. Long-term Obligations

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

O. Interfund Activity

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

P. Net Position Flow Assumption

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

Q. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – FUND BALANCE CLASSIFICATIONS

The table below provides detail of the major components of the District's fund balance classifications at year end. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement funds.

	<u>General Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	\$	\$	\$ 31,673
Prepaid items	7,705		
Restricted:			
Debt service			99,472
Capital projects		1,327,738	396,756
Voter approved initiatives			671,783
Food service			101,131
Civic center			17,583
Extracurricular activities			37,540
Joint technical education			97,487
Other purposes	3,332		11,008
Unassigned	3,372,553		(25,009)
Total fund balances	<u>\$ 3,383,590</u>	<u>\$ 1,327,738</u>	<u>\$ 1,439,424</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	<u>Deficit</u>
Non-Major Governmental Funds:	
Special Education Grants	\$ 3,059
Vocational Education	20,561
State Vocational Education	1,389

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$412,728 and the bank balance was \$434,289. At year end, \$140,885 of the District's deposits was covered by collateral held by the pledging financial institution's trust department or agent in the District's name.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

	Average Maturities	Fair Value
County Treasurer's investment pool	1.20 years	\$ 2,377,638
Total		<u>\$ 2,377,638</u>

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – RECEIVABLES

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

	General Fund	Title I Grants Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$ 47,911	\$ 83,285	\$	\$ 29,927
Due from state government	2,400,000		701,651	143,683
Due from other districts				33,562
Net due from governmental entities	<u>\$ 2,447,911</u>	<u>\$ 83,285</u>	<u>\$ 701,651</u>	<u>\$ 207,172</u>

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	<u>\$ 271,409</u>	<u>\$</u>	<u>\$</u>	<u>\$ 271,409</u>
Total capital assets, not being depreciated	<u>271,409</u>			<u>271,409</u>
Capital assets, being depreciated:				
Land improvements	3,207,111	184,871		3,391,982
Buildings and improvements	35,338,863	40,918		35,379,781
Vehicles, furniture and equipment	<u>3,541,917</u>	<u>153,210</u>		<u>3,695,127</u>
Total capital assets being depreciated	<u>42,087,891</u>	<u>378,999</u>		<u>42,466,890</u>
Less accumulated depreciation for:				
Land improvements	(1,811,066)	(169,718)		(1,980,784)
Buildings and improvements	(15,271,166)	(963,259)		(16,234,425)
Vehicles, furniture and equipment	<u>(1,977,238)</u>	<u>(222,534)</u>		<u>(2,199,772)</u>
Total accumulated depreciation	<u>(19,059,470)</u>	<u>(1,355,511)</u>		<u>(20,414,981)</u>
Total capital assets, being depreciated, net	<u>23,028,421</u>	<u>(976,512)</u>		<u>22,051,909</u>
Governmental activities capital assets, net	<u>\$ 23,299,830</u>	<u>\$ (976,512)</u>	<u>\$</u>	<u>\$ 22,323,318</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 679,933
Support services – students and staff	19,477
Support services – administration	3,787
Operation and maintenance of plant services	577,415
Student transportation services	60,318
Operation of non-instructional services	14,581
Total depreciation expense – governmental activities	<u>\$ 1,355,511</u>

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired energy retrofits and other energy savings items under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Energy and Water Savings Fund, a non-major governmental fund are used to pay the capital lease obligation. This lease, in the amount of \$2,500,500, qualifies as a Qualified Zone Academy Bond (QZAB). The District receives a federal interest subsidy to fund the interest payments for the District-wide energy project. Amortization of assets recorded under capital leases is included with depreciation expense.

The assets acquired through capital leases that meet the District's capitalization threshold are as follows:

	<u>Governmental Activities</u>
Asset:	
Building improvements	\$ 2,112,878
Vehicles, furniture and equipment	167,469
Less: Accumulated depreciation	<u>(709,975)</u>
Total	<u>\$ 1,570,372</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

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

Year Ending June 30:	Governmental Activities
2019	\$ 225,287
2020	218,689
2021	211,990
2022	205,491
2023	198,892
2024-28	895,479
2029	159,299
Total minimum lease payments	<u>2,115,127</u>
Less: amount representing interest	<u>399,127</u>
Present value of minimum lease payments	<u><u>1,716,000</u></u>
Due within one year	<u>\$ 156,000</u>

NOTE 8 – GENERAL OBLIGATIONS BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2018	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project of 2008, Series A (2009) (Class B)	\$ 3,900,000	4.875-5.00%	7/1/19-23	\$ 1,265,000	\$ 285,000
Bonds, Refunding Series 2014	3,290,000	3.00-4.00%	7/1/19-23	<u>2,100,000</u>	<u>390,000</u>
Total				<u>\$ 3,365,000</u>	<u>\$ 675,000</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – GENERAL OBLIGATIONS BONDS PAYABLE

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2019	\$ 675,000	\$ 129,907
2020	695,000	101,557
2021	730,000	70,032
2022	760,000	53,225
2023	505,000	27,503
2024		1,219
Total	<u>\$ 3,365,000</u>	<u>\$ 383,443</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The bonds were fully defeased during the fiscal year.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 4,010,000	\$	\$ 645,000	\$ 3,365,000	\$ 675,000
Premium	197,664		32,944	164,720	
Total bonds payable	<u>4,207,664</u>		<u>677,944</u>	<u>3,529,720</u>	<u>675,000</u>
Obligations under capital leases	1,872,000		156,000	1,716,000	156,000
Net OPEB liability	19,059	11,871		30,930	
Net pension liability	13,928,073		370,495	13,557,578	
Compensated absences payable	167,127	259,317	184,608	241,836	120,000
Governmental activity long-term liabilities	<u>\$20,193,923</u>	<u>\$ 271,188</u>	<u>\$ 1,389,047</u>	<u>\$ 19,076,064</u>	<u>\$ 951,000</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	General Fund
Title I Grants Fund	\$ 79,426
Non-Major Governmental Funds	25,331
Total Due from Other Funds	<u>\$ 104,757</u>

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

Interfund transfers:

	General Fund	Transfers in Non-Major Governmental Funds	Total
Transfers out			
General Fund	\$	\$ 156,000	\$ 156,000
Title I Grants Fund	28,528		28,528
Total	<u>\$ 28,528</u>	<u>\$ 156,000</u>	<u>\$ 184,528</u>

Transfers between funds were used to (1) move energy rebate savings from the General Fund to the Energy Water Savings Fund, a non-major governmental fund and (2) to move federal grant funds restricted for indirect costs.

NOTE 11 – CONTINGENT LIABILITIES

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2017, government-wide net position and the fund balance of the General Fund do not agree to the prior year financial statements due to a correction of an error. In the prior year, cash in bank was not appropriately recorded on the financial statements. Additionally, the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, represents a change in accounting principle. Net position as of July 1, 2017, has been restated for this change in accounting principle.

	Statement of Activities	Governmental Funds General Fund
Net position/fund balance, June 30, 2017, as previously reported	\$ 8,911,644	\$ 3,037,777
Cash not recorded in the prior year	40,407	40,407
Net OPEB asset	20,815	
Net OPEB liability	(19,059)	
Net position/fund balance, July 1, 2017, as restated	<u>\$ 8,953,807</u>	<u>\$ 3,078,184</u>

NOTE 13 – RISK MANAGEMENT

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

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District was unable to obtain health coverage at a cost it considered to be economically justifiable. Therefore, the District joined the Mountain Public Employee Benefit Trust (MPEBT) for risks of loss related to employee health and accident claims. MPEBT is a public entity risk pool currently operating as a common risk management and insurance program for several school districts. The District pays a monthly premium to MPEBT for employee health and accident insurance coverage. The agreement provides that MPEBT will be self-sustaining through member premiums and will reimburse through commercial companies for claims in excess of specified amounts.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – RISK MANAGEMENT

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

	<u>Pension</u>	<u>OPEB</u>
Net assets	\$	\$ (45,479)
Net liability	13,557,578	30,930
Deferred outflows of resources	1,734,619	53,212
Deferred inflows of resources	1,263,150	55,895
Expense	76,312	43,102
Contributions	966,787	53,218

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

*With actuarially reduced benefits

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

	<u>Contributions</u>
Pension	\$ 966,787
Health Insurance Premium	39,026
Long-Term Disability	14,191

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 13,557,578	0.087	0.001
Health Insurance Premium	(45,479)	0.084	
Long-Term Disability	30,930	0.085	

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

	Expense
Pension	\$ 76,312
Health Insurance Premium	26,600
Long-Term Disability	16,502

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Deferred Outflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Changes of assumptions or other inputs	\$ 588,837	\$	\$
Net difference between projected and actual earnings on pension investments	97,334		
Changes in proportion and differences between contributions and proportionate share of contributions	81,661		
Contributions subsequent to the measurement date	966,787	39,026	14,191
Total	<u>\$ 1,734,619</u>	<u>\$ 39,026</u>	<u>\$ 14,191</u>
Deferred Inflows of Resources			
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	\$ 406,531	\$	\$
Changes of assumptions or other inputs	405,396		
Net difference between projected and actual earnings on pension investments		51,208	4,627
Changes in proportion and differences between contributions and proportionate share of contributions	451,223	56	4
Total	<u>\$ 1,263,150</u>	<u>\$ 51,264</u>	<u>\$ 4,631</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	\$ (884,681)	\$ (12,814)	\$ (1,158)
2020	527,675	(12,814)	(1,158)
2021	173,552	(12,814)	(1,158)
2022	(311,865)	(12,814)	(1,158)
2023		(8)	

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	7.0%	8.0%	9.0%
Pension	\$ 17,401,386	\$ 13,557,578	\$ 10,345,746
Health Insurance Premium	75,528	(45,479)	(148,314)
Long-Term Disability	36,985	30,930	25,797

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

REQUIRED SUPPLEMENTARY INFORMATION

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 539,053	\$ 539,053
Property taxes			2,867,183	2,867,183
State aid and grants			9,233,944	9,233,944
Total revenues			<u>12,640,180</u>	<u>12,640,180</u>
Expenditures:				
Current -				
Instruction	7,403,199	7,653,221	6,229,291	1,423,930
Support services - students and staff	1,513,009	1,524,029	1,396,680	127,349
Support services - administration	1,613,437	1,526,694	1,474,407	52,287
Operation and maintenance of plant services	1,909,098	1,916,067	1,679,815	236,252
Student transportation services	1,221,000	1,226,000	1,097,486	128,514
Operation of non-instructional services	15,470	15,220	13,742	1,478
Total expenditures	<u>13,675,213</u>	<u>13,861,231</u>	<u>11,891,421</u>	<u>1,969,810</u>
Excess (deficiency) of revenues over expenditures	<u>(13,675,213)</u>	<u>(13,861,231)</u>	<u>748,759</u>	<u>14,609,990</u>
Other financing sources (uses):				
Transfers out			(156,000)	(156,000)
Total other financing sources (uses)			<u>(156,000)</u>	<u>(156,000)</u>
Changes in fund balances	<u>(13,675,213)</u>	<u>(13,861,231)</u>	<u>592,759</u>	<u>14,453,990</u>
Fund balances, beginning of year			1,238,684	1,238,684
Increase (decrease) in reserve for prepaid items			491,974	491,974
Fund balances (deficits), end of year	<u>\$ (13,675,213)</u>	<u>\$ (13,861,231)</u>	<u>\$ 2,323,417</u>	<u>\$ 16,184,648</u>

See accompanying notes to this schedule.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TITLE I GRANTS
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 616,609	\$ 616,609
Total revenues			616,609	616,609
Expenditures:				
Current -				
Instruction	649,722	679,112	429,558	249,554
Support services - students and staff			66,325	(66,325)
Support services - administration			49,961	(49,961)
Capital outlay			42,237	(42,237)
Total expenditures	649,722	679,112	588,081	91,031
Excess (deficiency) of revenues over expenditures	(649,722)	(679,112)	28,528	707,640
Other financing sources (uses):				
Transfers out			(28,528)	(28,528)
Total other financing sources (uses)			(28,528)	(28,528)
Changes in fund balances	(649,722)	(679,112)		679,112
Fund balances, beginning of year				
Fund balances (deficits), end of year	\$ (649,722)	\$ (679,112)	\$	\$ 679,112

See accompanying notes to this schedule.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	0.09%	0.09%	0.09%	0.09%
District's proportionate share of the net pension (assets) liability	\$ 13,557,578	\$ 13,928,073	\$ 14,554,734	\$ 13,962,188
District's covered payroll	\$ 8,429,276	\$ 8,027,668	\$ 8,570,478	\$ 8,941,991
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	160.84%	173.50%	169.82%	156.14%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 966,787	\$ 908,676	\$ 871,002	\$ 933,325
Contributions in relation to the actuarially determined contribution	<u>966,787</u>	<u>908,676</u>	<u>871,002</u>	<u>933,325</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 8,869,606	\$ 8,429,276	\$ 8,027,668	\$ 8,570,478
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%

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

See accompanying notes to this schedule.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.08%
District's proportionate share of the net OPEB (assets) liability	\$ (45,479)
District's covered payroll	\$ 8,429,276
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	-0.54%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

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

2018

Actuarially determined contribution	\$ 39,026
Contributions in relation to the actuarially determined contribution	<u>39,026</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered payroll	\$ 8,869,606
Contributions as a percentage of covered payroll	0.44%

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

See accompanying notes to this schedule.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

2018

Measurement date	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.09%
District's proportionate share of the net OPEB (assets) liability	\$ 30,930
District's covered payroll	\$ 8,429,276
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

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

2018

Actuarially determined contribution	\$ 14,191
Contributions in relation to the actuarially determined contribution	<u>14,191</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered payroll	\$ 8,869,606
Contributions as a percentage of covered payroll	0.16%

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

See accompanying notes to this schedule.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 13,141,365	\$ 3,383,590
Activity budgeted as special revenue funds	(983,422)	(1,060,173)
Current-year prepaid items	484,269	
Prior-year prepaid items	<u>(750,791)</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 11,891,421</u>	<u>\$ 2,323,417</u>

NOTE 2 – PENSION AND OPEB PLAN SCHEDULES

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

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

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

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GOVERNMENTAL FUNDS

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2018

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 789,178	\$ 76,136	\$ 393,954
Property taxes receivable		76,371	9,205
Deposits	20,616		
Accounts receivable	771		
Due from governmental entities	207,172		
Inventory	31,673		
Total assets	<u><u>\$ 1,049,410</u></u>	<u><u>\$ 152,507</u></u>	<u><u>\$ 403,159</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 28,559	\$	\$
Deposits held for others	8,559		
Due to other funds	25,331		
Unearned revenues	18,756		
Total liabilities	<u><u>81,205</u></u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes		53,035	6,403
Unavailable revenues - intergovernmental	25,009		
Total deferred inflows of resources	<u><u>25,009</u></u>	<u><u>53,035</u></u>	<u><u>6,403</u></u>
Fund balances (deficits):			
Nonspendable	31,673		
Restricted	936,532	99,472	396,756
Unassigned	(25,009)		
Total fund balances	<u><u>943,196</u></u>	<u><u>99,472</u></u>	<u><u>396,756</u></u>
Total liabilities, deferred inflows of resources			
and fund balances	<u><u>\$ 1,049,410</u></u>	<u><u>\$ 152,507</u></u>	<u><u>\$ 403,159</u></u>

Total Non-Major
Governmental
Funds

\$	1,259,268
	85,576
	20,616
	771
	207,172
	31,673
\$	<u>1,605,076</u>

\$	28,559
	8,559
	25,331
	<u>18,756</u>
	<u>81,205</u>

	59,438
	<u>25,009</u>
	<u>84,447</u>

	31,673
	1,432,760
	<u>(25,009)</u>
	<u>1,439,424</u>

\$	<u>1,605,076</u>
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SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Other local	\$ 376,316	\$ 2,186	\$ 3,102
Property taxes		857,264	92,524
State aid and grants	1,296,556		
Federal aid, grants and reimbursements	1,119,515		70,878
Total revenues	<u>2,792,387</u>	<u>859,450</u>	<u>166,504</u>
Expenditures:			
Current -			
Instruction	1,964,725		
Support services - students and staff	201,299		
Support services - administration	6,781		
Operation and maintenance of plant services	9,850		
Operation of non-instructional services	637,820		
Capital outlay	49,298		
Debt service -			
Principal retirement		645,000	156,000
Interest and fiscal charges		167,031	75,886
Total expenditures	<u>2,869,773</u>	<u>812,031</u>	<u>231,886</u>
Excess (deficiency) of revenues over expenditures	<u>(77,386)</u>	<u>47,419</u>	<u>(65,382)</u>
Other financing sources (uses):			
Transfers in			156,000
Total other financing sources (uses)			<u>156,000</u>
Changes in fund balances	<u>(77,386)</u>	<u>47,419</u>	<u>90,618</u>
Fund balances, beginning of year	1,036,402	52,053	306,138
Increase (decrease) in reserve for inventory	(15,820)		
Fund balances, end of year	<u>\$ 943,196</u>	<u>\$ 99,472</u>	<u>\$ 396,756</u>

Total Non-Major
Governmental
Funds

\$	381,604
	949,788
	1,296,556
	<u>1,190,393</u>
	<u>3,818,341</u>

1,964,725
201,299
6,781
9,850
637,820
49,298

801,000
<u>242,917</u>
<u>3,913,690</u>

(95,349)

<u>156,000</u>
<u>156,000</u>

<u>60,651</u>

1,394,593

(15,820)

<u>\$</u>	<u>1,439,424</u>
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SPECIAL REVENUE FUNDS

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

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

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

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

Indian Education - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Johnson-O'Malley - to account for financial assistance received to meet the unique educational needs of eligible Indian children.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Career, Technical and Vocational Education - to account for activity related to the production and subsequent sale of items produced in an instructional program by career and technical and vocational education pupils.

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

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

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

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Limited English and Immigrant Students</u>
<u>ASSETS</u>			
Cash and investments	\$ 340,266	\$ 189,223	\$
Deposits			
Accounts receivable			
Due from governmental entities	95,685	46,609	6,307
Inventory			
Total assets	<u><u>\$ 435,951</u></u>	<u><u>\$ 235,832</u></u>	<u><u>\$ 6,307</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Deposits held for others			
Due to other funds			6,307
Unearned revenues			
Total liabilities	<u>_____</u>	<u>_____</u>	<u>6,307</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>_____</u>	<u>_____</u>	<u>_____</u>
Fund balances (deficits):			
Nonspendable			
Restricted	435,951	235,832	
Unassigned			
Total fund balances	<u><u>435,951</u></u>	<u><u>235,832</u></u>	<u>_____</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 435,951</u></u>	<u><u>\$ 235,832</u></u>	<u><u>\$ 6,307</u></u>

<u>Special Education Grants</u>	<u>Johnson O'Malley</u>	<u>Vocational Education</u>	<u>State Vocational Education</u>	<u>Gifted</u>	<u>Other State Projects</u>
\$	\$ 6,297	\$	\$	\$ 1,851	\$ 12,187
3,059		20,561	1,389		
<u>\$ 3,059</u>	<u>\$ 6,297</u>	<u>\$ 20,561</u>	<u>\$ 1,389</u>	<u>\$ 1,851</u>	<u>\$ 12,187</u>
\$ 659	\$	\$ 4,728	\$ 598	\$	\$ 1,579
2,400		15,833	791		
	6,297			1,851	10,608
<u>3,059</u>	<u>6,297</u>	<u>20,561</u>	<u>1,389</u>	<u>1,851</u>	<u>12,187</u>
<u>3,059</u>		<u>20,561</u>	<u>1,389</u>		
(3,059)		(20,561)	(1,389)		
<u>(3,059)</u>		<u>(20,561)</u>	<u>(1,389)</u>		
<u>\$ 3,059</u>	<u>\$ 6,297</u>	<u>\$ 20,561</u>	<u>\$ 1,389</u>	<u>\$ 1,851</u>	<u>\$ 12,187</u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
<u>ASSETS</u>			
Cash and investments	\$ 110,069	\$ 16,812	\$ 566
Deposits	20,616		
Accounts receivable		771	
Due from governmental entities			
Inventory	31,673		
Total assets	<u><u>\$ 162,358</u></u>	<u><u>\$ 17,583</u></u>	<u><u>\$ 566</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 20,995	\$	\$
Deposits held for others	8,559		
Due to other funds			
Unearned revenues			
Total liabilities	<u><u>29,554</u></u>		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable	31,673		
Restricted	101,131	17,583	566
Unassigned			
Total fund balances	<u><u>132,804</u></u>	<u><u>17,583</u></u>	<u><u>566</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 162,358</u></u>	<u><u>\$ 17,583</u></u>	<u><u>\$ 566</u></u>

Extracurricular Activities Fees Tax Credit	Career, Technical and Vocational Education	Fingerprint	Textbooks	Joint Technical Education	Totals
\$ 37,540	\$ 4,232	\$ 5,226	\$ 984	\$ 63,925	\$ 789,178
					20,616
					771
				33,562	207,172
					31,673
<u>\$ 37,540</u>	<u>\$ 4,232</u>	<u>\$ 5,226</u>	<u>\$ 984</u>	<u>\$ 97,487</u>	<u>\$ 1,049,410</u>
\$	\$	\$	\$	\$	\$ 28,559
					8,559
					25,331
					18,756
					<u>81,205</u>
					<u>25,009</u>
37,540	4,232	5,226	984	97,487	31,673
					936,532
					(25,009)
<u>37,540</u>	<u>4,232</u>	<u>5,226</u>	<u>984</u>	<u>97,487</u>	<u>943,196</u>
<u>\$ 37,540</u>	<u>\$ 4,232</u>	<u>\$ 5,226</u>	<u>\$ 984</u>	<u>\$ 97,487</u>	<u>\$ 1,049,410</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site	Instructional Improvement	Professional Development and Technology Grants
Revenues:			
Other local	\$ 5,370	\$ 1,886	\$
State aid and grants	1,148,217	108,284	
Federal aid, grants and reimbursements			92,415
Total revenues	<u>1,153,587</u>	<u>110,170</u>	<u>92,415</u>
Expenditures:			
Current -			
Instruction	1,150,682	142,315	
Support services - students and staff	5,983	22,270	78,480
Support services - administration			5,305
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			8,630
Total expenditures	<u>1,156,665</u>	<u>164,585</u>	<u>92,415</u>
Changes in fund balances	<u>(3,078)</u>	<u>(54,415)</u>	
Fund balances, beginning of year	439,029	290,247	
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ 435,951</u>	<u>\$ 235,832</u>	<u>\$</u>

Limited English and Immigrant Students	Indian Education	Special Education Grants	Johnson O'Malley	Vocational Education	State Vocational Education
\$	\$	\$	\$	\$	\$
					21,996
6,308	30,478	459,141	11,497	21,619	
6,308	30,478	459,141	11,497	21,619	21,996
4,702	11,543	400,872	10,193	12,036	23,385
1,524	18,935	61,328	760	11,919	
82			544		
				18,225	
6,308	30,478	462,200	11,497	42,180	23,385
		(3,059)		(20,561)	(1,389)
\$	\$	\$ (3,059)	\$	\$ (20,561)	\$ (1,389)

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Other State Projects	Food Service	Civic Center
Revenues:			
Other local	\$	\$ 130,248	\$ 16,928
State aid and grants	18,059		
Federal aid, grants and reimbursements		498,057	
Total revenues	<u>18,059</u>	<u>628,305</u>	<u>16,928</u>
Expenditures:			
Current -			
Instruction	10,839		768
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			9,850
Operation of non-instructional services		637,820	
Capital outlay	7,220	5,609	6,524
Total expenditures	<u>18,059</u>	<u>643,429</u>	<u>17,142</u>
Changes in fund balances		<u>(15,124)</u>	<u>(214)</u>
Fund balances, beginning of year		163,748	17,797
Increase (decrease) in reserve for inventory		(15,820)	
Fund balances, end of year	<u>\$</u>	<u>\$ 132,804</u>	<u>\$ 17,583</u>

Community School	Extracurricular Activities Fees Tax Credit	Career, Technical and Vocational Education	Fingerprint	Textbooks	Joint Technical Education
\$ 5	\$ 35,994	\$ 37	\$ 814	\$ 8	\$ 185,026
<u>5</u>	<u>35,994</u>	<u>37</u>	<u>814</u>	<u>8</u>	<u>185,026</u>
	26,695		30		170,665
	100		850		
	<u>3,090</u>				
	<u>29,885</u>		<u>880</u>		<u>170,665</u>
<u>5</u>	<u>6,109</u>	<u>37</u>	<u>(66)</u>	<u>8</u>	<u>14,361</u>
561	31,431	4,195	5,292	976	83,126
<u>\$ 566</u>	<u>\$ 37,540</u>	<u>\$ 4,232</u>	<u>\$ 5,226</u>	<u>\$ 984</u>	<u>\$ 97,487</u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Totals
Revenues:	
Other local	\$ 376,316
State aid and grants	1,296,556
Federal aid, grants and reimbursements	1,119,515
Total revenues	<u>2,792,387</u>
Expenditures:	
Current -	
Instruction	1,964,725
Support services - students and staff	201,299
Support services - administration	6,781
Operation and maintenance of plant services	9,850
Operation of non-instructional services	637,820
Capital outlay	49,298
Total expenditures	<u>2,869,773</u>
Changes in fund balances	<u>(77,386)</u>
Fund balances, beginning of year	1,036,402
Increase (decrease) in reserve for inventory	(15,820)
Fund balances, end of year	<u><u>\$ 943,196</u></u>

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SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 5,370	\$ 5,370
State aid and grants		1,148,217	1,148,217
Federal aid, grants and reimbursements			
Total revenues		<u>1,153,587</u>	<u>1,153,587</u>
Expenditures:			
Current -			
Instruction	1,710,526	1,150,682	559,844
Support services - students and staff		5,983	(5,983)
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,710,526</u>	<u>1,156,665</u>	<u>553,861</u>
Excess (deficiency) of revenues over expenditures	<u>(1,710,526)</u>	<u>(3,078)</u>	<u>1,707,448</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(1,710,526)</u>	<u>(3,078)</u>	<u>1,707,448</u>
Fund balances, beginning of year, as restated		439,029	439,029
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (1,710,526)</u>	<u>\$ 435,951</u>	<u>\$ 2,146,477</u>

Instructional Improvement			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,886 108,284	\$ 1,886 108,284	\$	\$	\$
				92,415	92,415
	110,170	110,170		92,415	92,415
352,837	142,315 22,270	210,522 (22,270)	88,167	78,480 5,305	9,687 (5,305)
				8,630	(8,630)
352,837	164,585	188,252	88,167	92,415	(4,248)
(352,837)	(54,415)	298,422	(88,167)		88,167
(352,837)	(54,415)	298,422	(88,167)		88,167
	290,247	290,247			
\$ (352,837)	\$ 235,832	\$ 588,669	\$ (88,167)	\$	\$ 88,167

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		6,308	6,308
Total revenues		<u>6,308</u>	<u>6,308</u>
Expenditures:			
Current -			
Instruction	11,813	4,702	7,111
Support services - students and staff		1,524	(1,524)
Support services - administration		82	(82)
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>11,813</u>	<u>6,308</u>	<u>5,505</u>
Excess (deficiency) of revenues over expenditures	<u>(11,813)</u>		<u>11,813</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(11,813)</u>		<u>11,813</u>
Fund balances, beginning of year, as restated			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (11,813)</u>	<u>\$</u>	<u>\$ 11,813</u>

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	30,478	30,478		459,141	459,141
	30,478	30,478		459,141	459,141
37,312	11,543	(11,543)	481,997	400,872	81,125
	18,935	18,377		61,328	(61,328)
37,312	30,478	6,834	481,997	462,200	19,797
(37,312)		37,312	(481,997)	(3,059)	478,938
(37,312)		37,312	(481,997)	(3,059)	478,938
\$ (37,312)	\$	\$ 37,312	\$ (481,997)	\$ (3,059)	\$ 478,938

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Johnson O'Malley		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		11,497	11,497
Total revenues		<u>11,497</u>	<u>11,497</u>
Expenditures:			
Current -			
Instruction	13,448	10,193	3,255
Support services - students and staff		760	(760)
Support services - administration		544	(544)
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>13,448</u>	<u>11,497</u>	<u>1,951</u>
Excess (deficiency) of revenues over expenditures	<u>(13,448)</u>		<u>13,448</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(13,448)</u>		<u>13,448</u>
Fund balances, beginning of year, as restated			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (13,448)</u>	<u>\$</u>	<u>\$ 13,448</u>

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 524	\$ 524
	21,619	21,619		217,731	217,731
	21,619	21,619		218,255	218,255
	12,036	(12,036)		33,803	(33,803)
	11,919	(11,919)	161,575	111,245	50,330
87,219	18,225	68,994			
87,219	42,180	45,039	161,575	145,048	16,527
(87,219)	(20,561)	66,658	(161,575)	73,207	234,782
(87,219)	(20,561)	66,658	(161,575)	73,207	234,782
				42,249	42,249
\$ (87,219)	\$ (20,561)	\$ 66,658	\$ (161,575)	\$ 115,456	\$ 277,031

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	National Forest Fees		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		150,325	150,325
Total revenues		<u>150,325</u>	<u>150,325</u>
Expenditures:			
Current -			
Instruction		17,549	(17,549)
Support services - students and staff		24,487	(24,487)
Support services - administration		11,107	(11,107)
Operation and maintenance of plant services	525,034	211,012	314,022
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>525,034</u>	<u>264,155</u>	<u>260,879</u>
Excess (deficiency) of revenues over expenditures	<u>(525,034)</u>	<u>(113,830)</u>	<u>411,204</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(525,034)</u>	<u>(113,830)</u>	<u>411,204</u>
Fund balances, beginning of year, as restated		522,858	522,858
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (525,034)</u>	<u>\$ 409,028</u>	<u>\$ 934,062</u>

E-Rate			Other Federal Projects		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1,524	\$ 1,524	\$	\$	\$
	54,958	54,958		135,928	135,928
	56,482	56,482		135,928	135,928
	10,642	(10,642)	282,789	71,203	211,586
	19,407	(19,407)		16,972	(16,972)
160,413	20,725	139,688		52,659	(52,659)
160,413	50,774	109,639	282,789	140,834	141,955
(160,413)	5,708	166,121	(282,789)	(4,906)	277,883
				(1,443)	(1,443)
				(1,443)	(1,443)
(160,413)	5,708	166,121	(282,789)	(6,349)	276,440
	172,628	172,628		9,780	9,780
\$ (160,413)	\$ 178,336	\$ 338,749	\$ (282,789)	\$ 3,431	\$ 286,220

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	State Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		21,996	21,996
Federal aid, grants and reimbursements			
Total revenues		<u>21,996</u>	<u>21,996</u>
Expenditures:			
Current -			
Instruction	24,425	23,385	1,040
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>24,425</u>	<u>23,385</u>	<u>1,040</u>
Excess (deficiency) of revenues over expenditures	<u>(24,425)</u>	<u>(1,389)</u>	<u>23,036</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(24,425)</u>	<u>(1,389)</u>	<u>23,036</u>
Fund balances, beginning of year, as restated			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (24,425)</u>	<u>\$ (1,389)</u>	<u>\$ 23,036</u>

Gifted			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				18,059	18,059
				18,059	18,059
1,828		1,828	28,597	10,839	17,758
1,828		1,828	28,597	7,220	(7,220)
				18,059	10,538
(1,828)		1,828	(28,597)		28,597
(1,828)		1,828	(28,597)		28,597
\$ (1,828)	\$	\$ 1,828	\$ (28,597)	\$	\$ 28,597

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	School Plant		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 92	\$ 92
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>92</u>	<u>92</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	6,570		6,570
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>6,570</u>		<u>6,570</u>
Excess (deficiency) of revenues over expenditures	<u>(6,570)</u>	<u>92</u>	<u>6,662</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(6,570)</u>	<u>92</u>	<u>6,662</u>
Fund balances, beginning of year, as restated		3,611	3,611
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (6,570)</u>	<u>\$ 3,703</u>	<u>\$ 10,273</u>

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 130,248	\$ 130,248	\$	\$ 16,928	\$ 16,928
	498,057	498,057			
	628,305	628,305		16,928	16,928
				768	(768)
			24,500	9,850	14,650
736,754	637,820	98,934			
	5,609	(5,609)		6,524	(6,524)
736,754	643,429	93,325	24,500	17,142	7,358
(736,754)	(15,124)	721,630	(24,500)	(214)	24,286
(736,754)	(15,124)	721,630	(24,500)	(214)	24,286
	163,748	163,748		17,797	17,797
	(15,820)	(15,820)			
\$ (736,754)	\$ 132,804	\$ 869,558	\$ (24,500)	\$ 17,583	\$ 42,083

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Community School		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 5	\$ 5
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>5</u>	<u>5</u>
Expenditures:			
Current -			
Instruction	476		476
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>476</u>		<u>476</u>
Excess (deficiency) of revenues over expenditures	<u>(476)</u>	<u>5</u>	<u>481</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(476)</u>	<u>5</u>	<u>481</u>
Fund balances, beginning of year, as restated		561	561
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (476)</u>	<u>\$ 566</u>	<u>\$ 1,042</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 333,659	\$ 333,659	\$	\$ 35,994	\$ 35,994
	<u>333,659</u>	<u>333,659</u>		<u>35,994</u>	<u>35,994</u>
500,000	302,892 1,324	197,108 (1,324)	120,000	26,695 100	93,305 (100)
	31,334	(31,334)		3,090	(3,090)
<u>500,000</u>	<u>335,550</u>	<u>164,450</u>	<u>120,000</u>	<u>29,885</u>	<u>90,115</u>
<u>(500,000)</u>	<u>(1,891)</u>	<u>498,109</u>	<u>(120,000)</u>	<u>6,109</u>	<u>126,109</u>
<u>(500,000)</u>	<u>(1,891)</u>	<u>498,109</u>	<u>(120,000)</u>	<u>6,109</u>	<u>126,109</u>
	246,087	246,087		31,431	31,431
<u>\$ (500,000)</u>	<u>\$ 244,196</u>	<u>\$ 744,196</u>	<u>\$ (120,000)</u>	<u>\$ 37,540</u>	<u>\$ 157,540</u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Gifts and Donations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 30,974	\$ 30,974
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>30,974</u>	<u>30,974</u>
Expenditures:			
Current -			
Instruction		4,740	(4,740)
Support services - students and staff	36,950	9,085	27,865
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay		8,567	(8,567)
Total expenditures	<u>36,950</u>	<u>22,392</u>	<u>14,558</u>
Excess (deficiency) of revenues over expenditures	<u>(36,950)</u>	<u>8,582</u>	<u>45,532</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(36,950)</u>	<u>8,582</u>	<u>45,532</u>
Fund balances, beginning of year, as restated		12,376	12,376
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (36,950)</u>	<u>\$ 20,958</u>	<u>\$ 57,908</u>

Career, Technical and Vocational Education			Fingerprint		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 37	\$ 37	\$	\$ 814	\$ 814
	37	37		814	814
5,000		5,000		30	(30)
			5,000	850	4,150
5,000		5,000	5,000	880	4,120
(5,000)	37	5,037	(5,000)	(66)	4,934
(5,000)	37	5,037	(5,000)	(66)	4,934
	4,195	4,195		5,292	5,292
\$ (5,000)	\$ 4,232	\$ 9,232	\$ (5,000)	\$ 5,226	\$ 10,226

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 28	\$ 28
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		28	28
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	10,320	320	10,000
Operation of non-instructional services			
Capital outlay			
Total expenditures	10,320	320	10,000
Excess (deficiency) of revenues over expenditures	(10,320)	(292)	10,028
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(10,320)	(292)	10,028
Fund balances, beginning of year, as restated		3,624	3,624
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (10,320)	\$ 3,332	\$ 13,652

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 8	\$ 8	\$	\$ 228	\$ 228
	8	8		228	228
2,000		2,000			
			27,000	34	26,966
2,000		2,000	27,000	34	26,966
(2,000)	8	2,008	(27,000)	194	27,194
(2,000)	8	2,008	(27,000)	194	27,194
	976	976		26,978	26,978
\$ (2,000)	\$ 984	\$ 2,984	\$ (27,000)	\$ 27,172	\$ 54,172

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 387	\$ 387
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>387</u>	<u>387</u>
Expenditures:			
Current -			
Instruction		2,502	(2,502)
Support services - students and staff	46,334	21,813	24,521
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>46,334</u>	<u>24,315</u>	<u>22,019</u>
Excess (deficiency) of revenues over expenditures	<u>(46,334)</u>	<u>(23,928)</u>	<u>22,406</u>
Other financing sources (uses):			
Transfers in		29,971	29,971
Transfers out			
Total other financing sources (uses)		<u>29,971</u>	<u>29,971</u>
Changes in fund balances	<u>(46,334)</u>	<u>6,043</u>	<u>52,377</u>
Fund balances, beginning of year, as restated		48,518	48,518
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (46,334)</u>	<u>\$ 54,561</u>	<u>\$ 100,895</u>

Joint Technical Education			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 185,026	\$ 185,026	\$	\$ 743,732	\$ 743,732
				1,296,556	1,296,556
				1,678,457	1,678,457
	<u>185,026</u>	<u>185,026</u>		<u>3,718,745</u>	<u>3,718,745</u>
200,052	170,665	29,387	3,735,788	2,408,056	1,327,732
			370,338	386,225	(15,887)
			32,000	17,922	14,078
			566,424	240,589	325,835
			736,754	637,820	98,934
			247,632	162,583	85,049
<u>200,052</u>	<u>170,665</u>	<u>29,387</u>	<u>5,688,936</u>	<u>3,853,195</u>	<u>1,835,741</u>
<u>(200,052)</u>	<u>14,361</u>	<u>214,413</u>	<u>(5,688,936)</u>	<u>(134,450)</u>	<u>5,554,486</u>
				29,971	29,971
				(1,443)	(1,443)
				<u>28,528</u>	<u>28,528</u>
<u>(200,052)</u>	<u>14,361</u>	<u>214,413</u>	<u>(5,688,936)</u>	<u>(105,922)</u>	<u>5,583,014</u>
	83,126	83,126		2,125,111	2,125,111
				(15,820)	(15,820)
<u>\$ (200,052)</u>	<u>\$ 97,487</u>	<u>\$ 297,539</u>	<u>\$ (5,688,936)</u>	<u>\$ 2,003,369</u>	<u>\$ 7,692,305</u>

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DEBT SERVICE FUND

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 2,186	\$ 2,186
Property taxes		857,264	857,264
Total revenues		<u>859,450</u>	<u>859,450</u>
Expenditures:			
Debt service -			
Principal retirement	811,782	645,000	166,782
Interest and fiscal charges		167,031	(167,031)
Total expenditures	<u>811,782</u>	<u>812,031</u>	<u>(249)</u>
Changes in fund balances	<u>(811,782)</u>	<u>47,419</u>	<u>859,201</u>
Fund balances, beginning of year		52,053	52,053
Fund balances (deficits), end of year	<u>\$ (811,782)</u>	<u>\$ 99,472</u>	<u>\$ 911,254</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	<u>Adjacent Ways</u>	<u>Gifts and Donations - Capital</u>	<u>Energy and Water Savings</u>
<u>ASSETS</u>			
Cash and investments	\$ 286,729	\$ 1,366	\$ 105,573
Property taxes receivable	9,205		
Total assets	<u><u>\$ 295,934</u></u>	<u><u>\$ 1,366</u></u>	<u><u>\$ 105,573</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>\$ 6,403</u>	<u>\$</u>	<u>\$</u>
Fund balances:			
Restricted	<u>289,531</u>	<u>1,366</u>	<u>105,573</u>
Total fund balances	<u><u>289,531</u></u>	<u><u>1,366</u></u>	<u><u>105,573</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 295,934</u></u>	<u><u>\$ 1,366</u></u>	<u><u>\$ 105,573</u></u>

Emergency Deficiencies Correction	Building Renewal Grant	Totals
\$ 222	\$ 64	\$ 393,954
		9,205
<u>\$ 222</u>	<u>\$ 64</u>	<u>\$ 403,159</u>
\$	\$	\$ 6,403
222	64	396,756
<u>222</u>	<u>64</u>	<u>396,756</u>
<u>\$ 222</u>	<u>\$ 64</u>	<u>\$ 403,159</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Adjacent Ways	Gifts and Donations - Capital	Energy and Water Savings
Revenues:			
Other local	\$ 2,058	\$ 11	\$ 1,031
Property taxes	92,524		
Federal aid, grants and reimbursements			70,878
Total revenues	<u>94,582</u>	<u>11</u>	<u>71,909</u>
Expenditures:			
Debt service -			
Principal retirement			156,000
Interest and fiscal charges			75,886
Total expenditures	<u></u>	<u></u>	<u>231,886</u>
Excess (deficiency) of revenues over expenditures	<u>94,582</u>	<u>11</u>	<u>(159,977)</u>
Other financing sources (uses):			
Transfers in			156,000
Total other financing sources (uses)	<u></u>	<u></u>	<u>156,000</u>
Changes in fund balances	<u>94,582</u>	<u>11</u>	<u>(3,977)</u>
Fund balances, beginning of year	194,949	1,355	109,550
Fund balances, end of year	<u>\$ 289,531</u>	<u>\$ 1,366</u>	<u>\$ 105,573</u>

Emergency Deficiencies Correction	Building Renewal Grant	Totals
\$ 2	\$	\$ 3,102
		92,524
		70,878
<u>2</u>		<u>166,504</u>
		156,000
		75,886
		<u>231,886</u>
<u>2</u>		<u>(65,382)</u>
		156,000
		<u>156,000</u>
<u>2</u>		<u>90,618</u>
220	64	306,138
<u>\$ 222</u>	<u>\$ 64</u>	<u>\$ 396,756</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 17,483	\$ 17,483
Property taxes		61,545	61,545
State aid and grants		795,650	795,650
Federal aid, grants and reimbursements			
Total revenues		<u>874,678</u>	<u>874,678</u>
Expenditures:			
Capital outlay	2,142,553	677,822	1,464,731
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>2,142,553</u>	<u>677,822</u>	<u>1,464,731</u>
Excess (deficiency) of revenues over expenditures	<u>(2,142,553)</u>	<u>196,856</u>	<u>2,339,409</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)			
Changes in fund balances	<u>(2,142,553)</u>	<u>196,856</u>	<u>2,339,409</u>
Fund balances, beginning of year		1,130,882	1,130,882
Fund balances (deficits), end of year	<u>\$ (2,142,553)</u>	<u>\$ 1,327,738</u>	<u>\$ 3,470,291</u>

Adjacent Ways			Gifts and Donations - Capital		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,058 92,524	\$ 2,058 92,524	\$	\$ 11	\$ 11
	94,582	94,582		11	11
300,000		300,000	1,500		1,500
300,000		300,000	1,500		1,500
(300,000)	94,582	394,582	(1,500)	11	1,511
(300,000)	94,582	394,582	(1,500)	11	1,511
	194,949	194,949		1,355	1,355
\$ (300,000)	\$ 289,531	\$ 589,531	\$ (1,500)	\$ 1,366	\$ 2,866

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Energy and Water Savings		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 1,031	\$ 1,031
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements		70,878	70,878
Total revenues		<u>71,909</u>	<u>71,909</u>
Expenditures:			
Capital outlay	6,599		6,599
Debt service -			
Principal retirement	156,000	156,000	
Interest and fiscal charges	75,886	75,886	
Total expenditures	<u>238,485</u>	<u>231,886</u>	<u>6,599</u>
Excess (deficiency) of revenues over expenditures	<u>(238,485)</u>	<u>(159,977)</u>	<u>78,508</u>
Other financing sources (uses):			
Transfers in		156,000	156,000
Total other financing sources (uses)		<u>156,000</u>	<u>156,000</u>
Changes in fund balances	<u>(238,485)</u>	<u>(3,977)</u>	<u>234,508</u>
Fund balances, beginning of year		109,550	109,550
Fund balances (deficits), end of year	<u>\$ (238,485)</u>	<u>\$ 105,573</u>	<u>\$ 344,058</u>

Emergency Deficiencies Correction			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2	\$ 2	\$	\$	\$
4,665		4,665			
4,665		4,665			
(4,665)	2	4,667			
(4,665)	2	4,667			
	220	220		64	64
\$ (4,665)	\$ 222	\$ 4,887	\$	\$ 64	\$ 64

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 20,585	\$ 20,585
Property taxes		154,069	154,069
State aid and grants		795,650	795,650
Federal aid, grants and reimbursements		70,878	70,878
Total revenues		<u>1,041,182</u>	<u>1,041,182</u>
Expenditures:			
Capital outlay	2,455,317	677,822	1,777,495
Debt service -			
Principal retirement	156,000	156,000	
Interest and fiscal charges	75,886	75,886	
Total expenditures	<u>2,687,203</u>	<u>909,708</u>	<u>1,777,495</u>
Excess (deficiency) of revenues over expenditures	<u>(2,687,203)</u>	<u>131,474</u>	<u>2,818,677</u>
Other financing sources (uses):			
Transfers in		156,000	156,000
Total other financing sources (uses)		<u>156,000</u>	<u>156,000</u>
Changes in fund balances	<u>(2,687,203)</u>	<u>287,474</u>	<u>2,974,677</u>
Fund balances, beginning of year		1,437,020	1,437,020
Fund balances (deficits), end of year	<u>\$ (2,687,203)</u>	<u>\$ 1,724,494</u>	<u>\$ 4,411,697</u>

AGENCY FUNDS

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

Employee Withholding - to account for voluntary deductions and payroll checks temporarily held by the District as an agent.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

	<u>Student Activities</u>	<u>Employee Withholding</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 76,630	\$ 13,000	\$ 89,630
Total assets	<u>\$ 76,630</u>	<u>\$ 13,000</u>	<u>\$ 89,630</u>
<u>LIABILITIES</u>			
Deposits held for others	\$	\$ 13,000	\$ 13,000
Due to student groups	76,630		76,630
Total liabilities	<u>\$ 76,630</u>	<u>\$ 13,000</u>	<u>\$ 89,630</u>

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 71,733	\$ 195,588	190,691	\$ 76,630
Total assets	<u>\$ 71,733</u>	<u>\$ 195,588</u>	<u>190,691</u>	<u>\$ 76,630</u>
<u>Liabilities</u>				
Due to student groups	\$ 71,733	\$ 195,588	190,691	\$ 76,630
Total liabilities	<u>\$ 71,733</u>	<u>\$ 195,588</u>	<u>190,691</u>	<u>\$ 76,630</u>
<u>EMPLOYEE INSURANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 11,243	\$ 416,417	414,660	\$ 13,000
Total assets	<u>\$ 11,243</u>	<u>\$ 416,417</u>	<u>414,660</u>	<u>\$ 13,000</u>
<u>Liabilities</u>				
Deposits held for others	\$ 11,243	\$ 416,417	414,660	\$ 13,000
Total liabilities	<u>\$ 11,243</u>	<u>\$ 416,417</u>	<u>414,660</u>	<u>\$ 13,000</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 82,976	\$ 612,005	605,351	\$ 89,630
Total assets	<u>\$ 82,976</u>	<u>\$ 612,005</u>	<u>605,351</u>	<u>\$ 89,630</u>
<u>Liabilities</u>				
Deposits held for others	\$ 11,243	\$ 416,417	414,660	\$ 13,000
Due to student groups	\$ 71,733	\$ 195,588	190,691	\$ 76,630
Total liabilities	<u>\$ 82,976</u>	<u>\$ 612,005</u>	<u>605,351</u>	<u>\$ 89,630</u>

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to 5 percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 17,077,598	\$ 17,220,166	\$ 17,520,901	\$ 17,267,251	\$ 17,711,810
Restricted	2,826,962	2,545,596	2,119,383	1,965,408	1,685,274
Unrestricted	(9,707,411)	(10,854,118)	(11,706,284)	(11,870,471)	3,774,666
Total net position	<u>\$ 10,197,149</u>	<u>\$ 8,911,644</u>	<u>\$ 7,934,000</u>	<u>\$ 7,362,188</u>	<u>\$ 23,171,750</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position:					
Net investment in capital assets	\$ 16,900,835	\$ 17,134,550	\$ 17,506,413	\$ 17,521,979	\$ 17,747,904
Restricted	1,805,723	1,719,829	1,717,986	1,546,674	1,429,721
Unrestricted	3,873,117	3,798,380	4,158,216	4,774,582	2,719,093
Total net position	<u>\$ 22,579,675</u>	<u>\$ 22,652,759</u>	<u>\$ 23,382,615</u>	<u>\$ 23,843,235</u>	<u>\$ 21,896,718</u>

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

Note: In fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, which required the District to record a liability for its proportionate share of the state pension plan's unfunded liability. This caused a significant decrease in the District's unrestricted net position.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 9,511,148	\$ 9,711,521	\$ 9,351,792	\$ 10,585,439	\$ 9,595,582
Support services - students and staff	1,895,200	1,948,804	1,857,316	1,852,413	1,871,575
Support services - administration	1,584,473	1,393,478	1,462,251	1,525,349	1,592,888
Operation and maintenance of plant services	2,490,559	2,160,212	2,310,201	2,265,885	2,295,068
Student transportation services	1,253,496	1,152,921	1,145,739	1,015,822	1,075,909
Operation of non-instructional services	700,911	675,389	685,142	619,053	710,881
Interest on long-term debt	209,973	235,622	259,780	354,038	395,573
Total expenses	<u>17,645,760</u>	<u>17,277,947</u>	<u>17,072,221</u>	<u>18,217,999</u>	<u>17,537,476</u>
Program Revenues					
Charges for services:					
Instruction	524,804	533,848	242,568	258,132	241,302
Operation of non-instructional services	129,536	87,224	426,435	448,148	461,771
Other activities	16,788	8,484	15,755	11,920	12,092
Operating grants and contributions	1,886,409	1,785,124	1,955,200	2,056,480	2,240,900
Capital grants and contributions	76,312	295,182	597,524	108,711	253,540
Total program revenues	<u>2,633,849</u>	<u>2,709,862</u>	<u>3,237,482</u>	<u>2,883,391</u>	<u>3,209,605</u>
Net (Expense)/Revenue	<u><u>\$ (15,011,911)</u></u>	<u><u>\$ (14,568,085)</u></u>	<u><u>\$ (13,834,739)</u></u>	<u><u>\$ (15,334,608)</u></u>	<u><u>\$ (14,327,871)</u></u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Instruction	\$ 9,752,250	\$ 9,864,674	\$ 9,853,306	\$ 10,001,207	\$ 10,553,359
Support services - students and staff	1,878,792	1,720,948	1,646,007	1,835,066	2,132,117
Support services - administration	1,683,909	1,709,712	1,605,666	1,420,527	1,290,778
Operation and maintenance of plant services	2,240,346	2,094,661	2,141,159	2,201,291	2,554,566
Student transportation services	1,091,524	1,035,824	1,065,879	986,900	1,097,876
Operation of non-instructional services	694,348	721,276	829,712	969,687	1,310,506
Interest on long-term debt	362,740	518,437	381,805	452,620	257,324
Total expenses	<u>17,703,909</u>	<u>17,665,532</u>	<u>17,523,534</u>	<u>17,867,298</u>	<u>19,196,526</u>
Program Revenues					
Charges for services:					
Instruction	247,403	266,567	509,404	457,722	369,779
Operation of non-instructional services	440,336	561,689	539,933	705,712	667,170
Other activities	8,045	3,484	16,749	5,901	15,961
Operating grants and contributions	1,912,783	1,259,326	2,258,863	1,957,426	2,057,198
Capital grants and contributions	196,476	251,992	195,521	462,906	110,848
Total program revenues	<u>2,805,043</u>	<u>2,343,058</u>	<u>3,520,470</u>	<u>3,589,667</u>	<u>3,220,956</u>
Net (Expense)/Revenue	<u>\$ (14,898,866)</u>	<u>\$ (15,322,474)</u>	<u>\$ (14,003,064)</u>	<u>\$ (14,277,631)</u>	<u>\$ (15,975,570)</u>

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (15,011,911)	\$ (14,568,085)	\$ (13,834,739)	\$ (15,334,608)	\$ (14,327,871)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	2,890,942	3,006,405	2,422,629	2,427,447	3,274,388
Property taxes, levied for debt service	863,734	855,529	770,044	888,547	850,739
Property taxes, levied for capital outlay	143,027	371,774	578,502	590,728	523,940
Investment income	28,970	16,644	13,141	18,807	19,162
Unrestricted county aid	538,501	513,567	477,835	534,103	602,700
Unrestricted state aid	11,286,095	10,508,610	9,817,441	9,376,069	9,347,592
Unrestricted federal aid	503,984	273,200	326,959	339,281	301,425
Total general revenues	<u>16,255,253</u>	<u>15,545,729</u>	<u>14,406,551</u>	<u>14,174,982</u>	<u>14,919,946</u>
Changes in Net Position	<u>\$ 1,243,342</u>	<u>\$ 977,644</u>	<u>\$ 571,812</u>	<u>\$ (1,159,626)</u>	<u>\$ 592,075</u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense)/Revenue	\$ (14,898,866)	\$ (15,322,474)	\$ (14,003,064)	\$ (14,277,631)	\$ (15,975,570)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	4,586,971	2,753,998	2,054,810	2,946,860	2,239,503
Property taxes, levied for debt service	758,327	833,736	798,525	923,895	577,320
Property taxes, levied for capital outlay	3,427	491,994	34,114	234,556	224,662
Investment income	16,695	12,725	23,329	30,175	113,960
Unrestricted county aid	551,444	570,892	463,322	396,983	
Unrestricted state aid	8,700,109	9,362,849	9,855,322	10,110,555	12,110,191
Unrestricted federal aid	208,809	566,424	313,022	1,581,124	
Total general revenues	<u>14,825,782</u>	<u>14,592,618</u>	<u>13,542,444</u>	<u>16,224,148</u>	<u>15,265,636</u>
Changes in Net Position	<u>\$ (73,084)</u>	<u>\$ (729,856)</u>	<u>\$ (460,620)</u>	<u>\$ 1,946,517</u>	<u>\$ (709,934)</u>

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

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

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nonspendable	\$ 7,705	\$	\$ 392,864	\$ 559,845	\$ 935,498
Restricted	3,332	3,624	6,037	6,253	
Unassigned	3,372,553	3,034,153	2,404,891	2,400,259	2,880,725
Total General Fund	<u>\$ 3,383,590</u>	<u>\$ 3,037,777</u>	<u>\$ 2,803,792</u>	<u>\$ 2,966,357</u>	<u>\$ 3,816,223</u>
All Other Governmental Funds:					
Nonspendable	\$ 31,673	\$ 47,493	\$ 95,879	\$	\$
Restricted	2,760,498	2,477,982	2,057,525	1,899,918	1,621,501
Unassigned	(25,009)		(2,288)	(17,593)	
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 2,767,162</u>	<u>\$ 2,525,475</u>	<u>\$ 2,151,116</u>	<u>\$ 1,882,325</u>	<u>\$ 1,621,501</u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nondspendable	\$ 827,791	\$ 974,475	\$ 840,203	\$	\$
Restricted					
Unassigned	2,605,113	2,509,770	3,026,734		
Unreserved				2,706,771	408,504
Total General Fund	<u>\$ 3,432,904</u>	<u>\$ 3,484,245</u>	<u>\$ 3,866,937</u>	<u>\$ 2,706,771</u>	<u>\$ 408,504</u>
All Other Governmental Funds:					
Nondspendable	\$	\$	\$	\$	\$
Restricted	1,746,131	1,658,431	2,474,682		
Unassigned	(2,982)				
Reserved					
Unreserved, reported in:					
Special revenue funds				1,785,197	1,555,735
Capital projects funds				3,140,332	1,252,448
Debt service fund				138,534	
Total all other governmental funds	<u>\$ 1,743,149</u>	<u>\$ 1,658,431</u>	<u>\$ 2,474,682</u>	<u>\$ 5,064,063</u>	<u>\$ 2,808,183</u>

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

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 1,867,887	\$ 1,782,644	\$ 1,833,976	\$ 1,960,788	\$ 1,740,687
State Fiscal Stabilization (ARRA)					
Education Jobs					
National School Lunch Program	498,057	493,199	609,686	450,708	497,010
Total federal sources	<u>2,365,944</u>	<u>2,275,843</u>	<u>2,443,662</u>	<u>2,411,496</u>	<u>2,237,697</u>
State sources:					
State equalization assistance	10,029,594	9,464,289	8,801,850	8,486,356	8,301,560
State grants	40,055	20,232	33,305	22,395	69,757
School Facilities Board		17,612	325,482	22,988	105,352
Other revenues	1,256,501	1,040,490	1,004,684	979,637	1,010,967
Total state sources	<u>11,326,150</u>	<u>10,542,623</u>	<u>10,165,321</u>	<u>9,511,376</u>	<u>9,487,636</u>
Local sources:					
Property taxes	3,878,516	4,191,789	3,716,707	3,965,774	4,655,542
County aid	538,501	513,567	477,835	534,103	602,700
Food service sales	129,536	85,855	100,805	125,883	100,338
Investment income	28,970	16,644	13,141	18,807	19,162
Other revenues	608,549	613,111	642,758	608,882	962,199
Total local sources	<u>5,184,072</u>	<u>5,420,966</u>	<u>4,951,246</u>	<u>5,253,449</u>	<u>6,339,941</u>
Total revenues	<u><u>\$ 18,876,166</u></u>	<u><u>\$ 18,239,432</u></u>	<u><u>\$ 17,560,229</u></u>	<u><u>\$ 17,176,321</u></u>	<u><u>\$ 18,065,274</u></u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal sources:					
Federal grants	\$ 1,800,355	\$ 1,275,896	\$ 1,816,726	\$ 3,189,464	\$ 1,491,072
State Fiscal Stabilization (ARRA)			115,933		
Education Jobs		250,795	243,453		
National School Lunch Program	470,385	502,075	489,392	606,362	461,520
Total federal sources	<u>2,270,740</u>	<u>2,028,766</u>	<u>2,665,504</u>	<u>3,795,826</u>	<u>1,952,592</u>
State sources:					
State equalization assistance	7,899,663	8,570,762	9,153,131	10,068,689	10,444,333
State grants	47,328	63,730	101,902	205,630	256,065
School Facilities Board	5,130				89,231
Other revenues	795,316	777,333	702,191	733,417	885,076
Total state sources	<u>8,747,437</u>	<u>9,411,825</u>	<u>9,957,224</u>	<u>11,007,736</u>	<u>11,674,705</u>
Local sources:					
Property taxes	5,312,032	4,032,517	2,963,782	4,005,574	3,028,626
County aid	551,444	570,208	463,322	396,983	
Food service sales	114,709	192,236	150,600	316,701	231,624
Investment income	16,695	12,680	21,124	30,700	94,078
Other revenues	581,075	640,233	917,691	852,109	841,168
Total local sources	<u>6,575,955</u>	<u>5,447,874</u>	<u>4,516,519</u>	<u>5,602,067</u>	<u>4,195,496</u>
Total revenues	<u><u>\$ 17,594,132</u></u>	<u><u>\$ 16,888,465</u></u>	<u><u>\$ 17,139,247</u></u>	<u><u>\$ 20,405,629</u></u>	<u><u>\$ 17,822,793</u></u>

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

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 9,220,101	\$ 8,648,024	\$ 8,295,606	\$ 9,134,738	\$ 8,667,388
Support services - students and staff	1,962,556	1,960,351	1,800,880	1,785,841	1,777,094
Support services - administration	1,542,290	1,407,140	1,435,907	1,471,007	1,499,735
Operation and maintenance of plant services	1,920,404	1,629,485	1,706,398	1,655,412	1,703,495
Student transportation services	1,097,486	1,030,629	1,036,185	909,758	960,219
Operation of non-instructional services	651,562	599,480	758,268	596,186	686,389
Capital outlay	882,642	880,890	1,281,933	735,548	1,499,917
Debt service -					
Interest and fiscal charges	242,917	268,566	292,724	349,547	395,573
Principal retirement	801,000	786,000	775,000	826,000	721,500
Bond issuance costs				114,734	
Total expenditures	<u>\$ 18,320,958</u>	<u>\$ 17,210,565</u>	<u>\$ 17,382,901</u>	<u>\$ 17,578,771</u>	<u>\$ 17,911,310</u>
Expenditures for capitalized assets	\$ 378,999	\$ 209,784	\$ 787,979	\$ 247,201	\$ 831,996
Debt service as a percentage of noncapital expenditures	6%	6%	6%	7%	7%

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
Instruction	\$ 8,646,415	\$ 8,938,594	\$ 9,341,080	\$ 9,058,662	\$ 9,620,777
Support services - students and staff	1,759,370	1,623,972	1,591,428	1,776,833	2,109,815
Support services - administration	1,616,434	1,595,248	1,598,123	1,374,801	1,278,659
Operation and maintenance of plant services	1,808,818	1,668,116	1,758,791	1,830,821	2,023,874
Student transportation services	999,290	962,144	967,672	928,756	1,075,705
Operation of non-instructional services	673,303	700,082	801,698	889,002	1,228,331
Capital outlay	3,518,201	1,075,087	2,483,068	2,995,488	1,056,304
Debt service -					
Interest and fiscal charges	362,740	518,437	381,805	452,620	235,518
Principal retirement	530,000	1,140,000	485,000	445,000	275,000
Bond issuance costs					116,075
Total expenditures	<u>\$ 19,914,571</u>	<u>\$ 18,221,680</u>	<u>\$ 19,408,665</u>	<u>\$ 19,751,983</u>	<u>\$ 19,020,058</u>
Expenditures for capitalized assets	\$ 2,856,277	\$ 499,627	\$ 1,561,764	\$ 2,514,827	\$ 352,327
Debt service as a percentage of noncapital expenditures	5%	9%	5%	5%	3%

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ 555,208	\$ 1,028,867	\$ 177,328	\$ (402,450)	\$ 153,964
Other financing sources (uses):					
Refunding bonds issued				3,290,000	
Premium on sale of bonds				263,552	
Proceeds from sale of capital assets					
Transfers in	184,528	186,232	163,939	188,051	30,407
Transfers out	(184,528)	(186,232)	(163,939)	(188,051)	(30,407)
Capital lease agreements					
Payment to Refunding bonds escrow agent				(3,364,491)	
Insurance Recoveries		20,727			
Total other financing sources (uses)		20,727		189,061	
Changes in fund balances	\$ 555,208	\$ 1,049,594	\$ 177,328	\$ (213,389)	\$ 153,964
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ (2,320,439)	\$ (1,333,215)	\$ (2,269,418)	\$ 653,646	\$ (1,197,265)
Other financing sources (uses):					
Premium on sale of bonds					94,269
Proceeds from sale of capital assets					
Transfers in	18,172	850,716	2,502	31,227	23,326
Transfers out	(18,172)	(850,716)	(2,502)	(31,227)	(23,326)
Capital lease agreements	2,500,500				
Payment to Refunding bonds escrow agent					
Insurance Recoveries					
Total other financing sources (uses)	2,500,500				3,994,269
Changes in fund balances	\$ 180,061	\$ (1,333,215)	\$ (2,269,418)	\$ 653,646	\$ 2,797,004

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 25,410,868	\$ 24,873,868	\$ 27,031,356	\$ 30,517,765	\$ 34,322,097
Agricultural and Vacant	15,785,897	16,731,538	18,781,270	24,352,530	22,436,227
Residential (Owner Occupied)	27,880,375	26,887,901	25,679,916	25,521,843	27,072,696
Residential (Rental)	8,610,836	7,475,889	7,241,799	6,686,222	7,345,977
Railroad, Private Cars and Airlines	410,605	447,614	475,437	494,304	470,160
Historical Property	44,828	35,900	27,823	32,904	1,648,638
Certain Government Property Improvements	2,376	2,505	2,268	2,266	2,317
Total	<u>\$ 78,145,785</u>	<u>\$ 76,455,215</u>	<u>\$ 79,239,869</u>	<u>\$ 87,607,834</u>	<u>\$ 93,298,112</u>
Gross Full Cash Value	\$ 719,437,470	\$ 685,652,476	\$ 650,576,726	\$ 638,873,794	\$ 739,946,315
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	12%	14%	13%
Total Direct Rate	5.60	6.27	5.57	5.43	5.78

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 36,525,326	\$ 33,498,902	\$ 29,175,678	\$ 25,311,723	\$ 24,180,037
Agricultural and Vacant	24,506,326	24,277,536	23,018,400	23,300,808	21,618,174
Residential (Owner Occupied)	33,282,591	43,545,926	49,937,326	44,468,637	38,245,426
Residential (Rental)	7,316,741	2,879,932	3,108,917	2,747,914	2,076,915
Railroad, Private Cars and Airlines	527,489	499,859	533,341	613,075	741,670
Historical Property	1,742,476	1,750,036	795,090	294,101	1,645,740
Certain Government Property Improvements	2,759	1,312			
Total	<u>\$ 103,903,708</u>	<u>\$ 106,453,503</u>	<u>\$ 106,568,752</u>	<u>\$ 96,736,258</u>	<u>\$ 88,507,962</u>
Gross Full Cash Value	\$ 951,792,569	\$ 991,855,148	\$ 988,469,533	\$ 894,662,572	\$ 832,656,836
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Total Direct Rate	5.73	4.35	3.08	4.70	3.87

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 25,529,138	\$ 25,078,302	\$ 27,102,571	\$ 28,556,805	\$ 34,325,442
Agricultural and Vacant	16,615,030	17,388,883	19,118,874	19,928,459	22,563,056
Residential (Owner Occupied)	31,879,814	29,887,548	26,240,532	25,048,169	27,089,871
Residential (Rental)	9,921,663	8,450,146	7,371,281	6,656,905	7,355,864
Railroad, Private Cars and Airlines	442,749	463,246	480,070	494,304	472,442
Historical Property	47,050	38,559	28,020	27,855	1,648,644
Certain Government Property Improvements	2,539	2,510	2,310	2,266	3,231
Total	<u>\$ 84,437,983</u>	<u>\$ 81,309,194</u>	<u>\$ 80,343,658</u>	<u>\$ 80,714,763</u>	<u>\$ 93,458,550</u>
Gross Full Cash Value	719,437,470	685,652,476	650,576,726	638,873,794	739,946,315
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	13%	13%
Estimated Net Full Cash Value	666,629,468	635,501,029	598,011,805	588,606,572	689,661,300
Total Direct Rate	5.60	6.27	5.57	5.43	5.78

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	\$ 36,578,390	\$ 33,529,358	\$ 29,291,085	\$ 25,391,492	\$ 24,231,365
Agricultural and Vacant	25,395,111	26,161,133	26,884,980	28,437,488	24,024,340
Residential (Owner Occupied)	33,361,552	43,714,432	51,984,162	49,266,210	42,017,417
Residential (Rental)	7,343,202	2,885,806	3,173,170	2,914,698	2,195,351
Railroad, Private Cars and Airlines	532,613	527,790	580,896	664,124	789,441
Historical Property	1,742,476	1,750,036	796,433	297,175	1,647,754
Certain Government Property Improvements	3,657	1,345			
Total	<u>\$ 104,957,001</u>	<u>\$ 108,569,900</u>	<u>\$ 112,710,726</u>	<u>\$ 106,971,187</u>	<u>\$ 94,905,668</u>
Gross Full Cash Value	951,792,569	991,855,148	988,469,533	894,662,572	832,656,836
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	12%	11%
Estimated Net Full Cash Value	759,723,416	803,361,567	844,639,989	794,455,973	704,023,311
Total Direct Rate	5.73	4.35	3.08	4.70	3.87

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS

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

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

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County	County	Flood	Community	Fire	Heber-	White Mt.	Primary	Secondary	Total
	Equalization		Free	Control	College	District	Overgaard	FD			
			Library	District	District	Assistance	FD				
2018	0.49	0.89	0.10	0.28	1.81	0.10	1.86	3.25	4.51	1.09	5.60
2017	0.50	0.85	0.10	0.29	1.79	0.10	1.85	3.25	5.14	1.13	6.27
2016	0.51		0.10	0.30	1.74	0.10	1.84	3.12	4.56	1.01	5.57
2015	0.51		0.10	0.30	1.66	0.10	1.81	3.12	4.32	1.11	5.43
2014	0.51		0.07	0.30	1.48	0.10	1.60	3.12	4.82	0.96	5.78
2013	0.47		0.05	0.30	1.35	0.10	1.59	2.97	4.99	0.74	5.73
2012	0.43		0.05	0.30	1.24	0.10	1.57	2.72	3.59	0.76	4.35
2011	0.36		0.05	0.30	1.13	0.10	1.42	2.43	2.38	0.70	3.08
2010	0.33		0.05	0.30	1.14	0.10	1.80	2.68	3.85	0.85	4.70
2009	0.60		0.05	0.30	1.34	0.10	1.81	2.63	3.27	0.60	3.87

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Taxpayer	2018			2009		
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation	
Arizona Public Service Company	\$ 9,705,136	12.42	%	\$ 3,965,706	4.80	%
Unisource Energy Corporation	1,808,957	2.31		624,285	0.80	
Dry Lake Wind Project II, LLC	1,667,876	2.13				
Dry Lake Wind Project, LLC	1,462,057	1.87				
Copperstate Farms Properties, LLC	1,454,242	1.86				
Wal-Mart Stores, Inc	1,399,123	1.79				
NOVO Power, LLC	1,250,460	1.60				
Citizens Telecomm of White Mtns	715,549	0.92		1,407,657	1.70	
Snowflake Industrial Park, LLC	364,858	0.47				
Taylor Park Meadows Associates	360,550	0.46				
Apache Railway Co.				706,180	0.80	
Catalyst Paper Inc.				5,396,701	6.50	
Abitibi Consolidated				2,444,023	2.90	
Private Industrial				586,365	0.70	
Cortez Land and Development LLC				396,177	0.50	
Prema Sai Hotels				396,539	0.50	
Eurofresh Inc.				2,795,727	3.40	
Total	<u>\$ 20,188,808</u>	<u>25.83</u>	%	<u>\$ 18,719,360</u>	<u>22.60</u>	%

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 3,873,083	\$ 3,578,921	92.40 %	\$	\$ 3,578,921	92.40 %
2017	4,182,738	3,961,916	94.72	175,815	4,137,731	98.92
2016	3,924,210	3,663,383	93.35	198,487	3,861,870	98.41
2015	3,872,705	3,664,321	94.62	197,549	3,861,870	99.72
2014	4,644,596	4,604,669	99.14	31,860	4,636,529	99.83
2013	4,624,264	4,402,906	95.21	215,164	4,618,070	99.87
2012	4,047,760	3,857,886	95.31	185,847	4,043,733	99.90
2011	2,862,815	2,678,469	93.56	182,024	2,860,493	99.92
2010	4,078,148	3,818,101	93.62	258,034	4,076,135	99.95
2009	3,029,342	2,867,873	94.67	161,032	3,028,905	99.99

Source: The source of this information is the 2018 Navajo County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

- 2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less:	Percentage of				Percentage of				Percentage of Personal Income
		Amounts	Estimated				Estimated				
		Restricted for Principal	Total	Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Actual Value (Full Cash Value)	Per Capita		
2018	\$ 3,529,720	152,507	\$ 3,377,213	0.47 %	\$ 301	\$ 1,716,000	\$ 5,245,720	0.73 %	\$ 468	0.16 %	
2017	4,207,664	98,618	4,109,046	0.60	412	1,872,000	6,079,664	0.89	609	0.19	
2016	4,640,000	57,466	4,582,534	0.70	467	2,028,000	6,668,000	1.02	679	0.22	
2015	5,255,000	69,879	5,185,121	0.81	496	2,188,000	7,443,000	1.17	712	0.39	
2014	5,995,000	18,180	5,976,820	0.81	490	2,344,000	8,339,000	1.13	684	0.29	
2013	7,090,000	29,105	7,060,895	0.74	577	2,500,500	9,590,500	1.01	783	0.53	
2012	7,575,000	106,977	7,468,023	0.75	657		7,575,000	0.76	666	0.47	
2011	8,715,000	87,740	8,627,260	0.87	822		8,715,000	0.88	830	0.48	
2010	9,160,000	138,534	9,021,466	1.01	820		9,160,000	1.02	833	0.57	
2009	9,435,000	118,743	9,316,257	1.12	930		9,435,000	1.13	942	0.42	

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Navajo County	\$ 15,556,238	9.76 %	\$ 1,518,406
Subtotal, Overlapping Debt			<u>1,518,406</u>
Direct:			
Snowflake Unified School District No. 5			<u>5,245,720</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 6,764,126</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.32 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 437	
As a Percentage of Net Limited Assessed Valuation		6.26 %
As a Percentage of Gross Full Cash Value		0.68 %

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2017 is presented for the overlapping governments as this is the most recent available information.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

Net full cash assessed valuation	\$ 84,437,983
Debt limit (20% of assessed value)	16,887,597
Debt applicable to limit	<u>3,365,000</u>
Legal debt margin	<u><u>\$ 13,522,597</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2018:

Net full cash assessed valuation	\$ 84,437,983
Debt limit (30% of assessed value)	25,331,395
Debt applicable to limit	<u>3,365,000</u>
Legal debt margin	<u><u>\$ 21,966,395</u></u>

	Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 25,331,395	\$ 24,392,758	\$ 24,103,097	\$ 24,214,429	\$ 28,037,565
Total net debt applicable to limit	<u>3,365,000</u>	<u>4,010,000</u>	<u>4,640,000</u>	<u>5,255,000</u>	<u>5,995,000</u>
Legal debt margin	<u><u>\$ 21,966,395</u></u>	<u><u>\$ 20,382,758</u></u>	<u><u>\$ 19,463,097</u></u>	<u><u>\$ 18,959,429</u></u>	<u><u>\$ 22,042,565</u></u>
Total net debt applicable to the limit as a percentage of debt limit	13%	16%	19%	22%	21%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$ 31,487,100	\$ 32,570,970	\$ 33,813,218	\$ 32,113,493	\$ 28,471,700
Total net debt applicable to limit	<u>7,090,000</u>	<u>7,575,000</u>	<u>8,715,000</u>	<u>9,160,000</u>	<u>9,435,000</u>
Legal debt margin	<u><u>\$ 24,397,100</u></u>	<u><u>\$ 24,995,970</u></u>	<u><u>\$ 25,098,218</u></u>	<u><u>\$ 22,953,493</u></u>	<u><u>\$ 19,036,700</u></u>
Total net debt applicable to the limit as a percentage of debt limit	23%	23%	26%	29%	33%

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

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

2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>		<u>Personal Income (thousands)</u>		<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2017	111,266	\$	3,235,693	\$	29,408	7.6 %	11,207
2016	110,413		3,121,041		16,486	8.1	9,981
2015	109,671		2,965,679		27,434	10.2	9,817
2014	109,185		1,904,077		17,439	11.3	10,450
2013	107,322		2,869,655		26,739	13.1	12,200
2012	107,094		1,821,026		17,004	15.2	12,244
2011	107,398		1,602,700		14,923	13.9	11,371
2010	107,449		1,806,282		15,749	15.6	10,500
2009	112,975		1,600,610		14,551	15.4	11,000
2008	114,780		2,262,529		20,369	9.2	10,018

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2007 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, the source of the information is the Arizona Office of Employment and Population Statistics.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

Employer	2018			2009		
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment	
Summit Regional Healthcare	1,500	4.69	%	540	2.01	%
Navajo County	651	2.04		690	2.56	
Northland Pioneer College	443	1.39		-	-	
Indian Health Services	517	1.62		445	1.65	
Hon-Dah Casino	408	1.28		400	1.49	
Peabody Energy	300	0.94		1,035	3.84	
APS (Cholla Power Plant)	260	0.81		270	1.00	
Snowflake Unified School District	238	0.74		-	-	
Wal-Mart	220	0.69		800	2.97	
Copperstate Farms	210	0.66		-	-	
Smithfield (formerly PFFJ)	105	0.33		-	-	
Brimhall Sand and Rock	115	0.36		-	-	
Town of Snowflake	60	0.19		-	-	
Town of Taylor	51	0.16		-	-	
NOVO Power	38	0.12		-	-	
BNSF Railway	-	-		525	1.95	
Waste Management	-	-		140	0.52	
Total	5,116	16.02	%	4,845	17.99	%
Total employment	31,955			26,925		

Source: The primary source of this information is Navajo County.

Note: The information presented above is County-wide.

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Consultants/supervisors of instruction	1	1	1	1	1
Principals	6	6	6	6	6
Assistant principals	3	3	2	2	3
Total supervisory	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>10</u>
Instruction					
Teachers	121	115	113	118	119
Other professionals (instructional)	39	40	32	30	36
Total instruction	<u>160</u>	<u>155</u>	<u>145</u>	<u>148</u>	<u>155</u>
Student Services					
Librarians					
Technicians	5	5	5	5	5
Other professionals (student service)	13	13	13	13	13
Total student services	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>
Support and Administration					
Other classified	57	57	64	59	49
Total support and administration	<u>57</u>	<u>57</u>	<u>64</u>	<u>59</u>	<u>49</u>
Total	<u><u>245</u></u>	<u><u>240</u></u>	<u><u>236</u></u>	<u><u>234</u></u>	<u><u>232</u></u>

(Continued)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Supervisory					
Consultants/supervisors of instruction	1	1	1	1	1
Principals	6	6	6	6	6
Assistant principals	3	3	3	3	3
Total supervisory	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Instruction					
Teachers	115	113	119	122	124
Other professionals (instructional)	38	41	39	35	51
Total instruction	<u>153</u>	<u>154</u>	<u>158</u>	<u>157</u>	<u>175</u>
Student Services					
Librarians	1	2	2	3	3
Technicians	5	4	4	2	3
Other professionals (student service)	13	14	13	17	11
Total student services	<u>19</u>	<u>20</u>	<u>19</u>	<u>22</u>	<u>17</u>
Support and Administration					
Other classified	51	48	47	47	61
Total support and administration	<u>51</u>	<u>48</u>	<u>47</u>	<u>47</u>	<u>61</u>
Total	<u><u>233</u></u>	<u><u>232</u></u>	<u><u>234</u></u>	<u><u>236</u></u>	<u><u>263</u></u>

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

(Concluded)

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2018	2,486	\$ 16,394,399	\$ 6,595	4.87 %	\$ 17,645,760	\$ 7,098	(0.21) %	121	20.5	47.0 %
2017	2,429	15,275,109	6,289	(3.24)	17,277,947	7,113	(3.63)	115	21.1	46.3
2016	2,313	15,033,244	6,499	(5.56)	17,072,221	7,381	(8.44)	113	20.5	47.0
2015	2,260	15,552,942	6,882	5.52	18,217,999	8,061	7.79	118	19.2	47.2
2014	2,345	15,294,320	6,522	1.68	17,537,476	7,479	2.10	119	19.7	50.3
2013	2,417	15,503,630	6,414	0.89	17,703,909	7,325	1.01	115	21.0	50.4
2012	2,436	15,488,156	6,358	(1.26)	17,665,532	7,252	3.21	113	21.6	49.2
2011	2,494	16,058,792	6,439	1.26	17,523,534	7,026	(1.92)	119	21.0	49.6
2010	2,494	15,858,875	6,359	(9.37)	17,867,298	7,164	(7.78)	122	20.4	51.3
2009	2,471	17,337,161	7,016	5.29	19,196,526	7,769	3.02	124	19.9	46.2

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

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

SNOWFLAKE UNIFIED SCHOOL DISTRICT NO. 5
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Schools</u>										
Elementary										
Buildings	19	19	19	19	19	19	19	19	15	15
Square feet	166,395	166,395	166,395	166,395	166,395	166,395	166,395	166,395	152,917	152,917
Enrollment	1,082	1,246	1,225	1,163	1,500	1,500	1,500	1,500	1,505	1,446
Middle										
Buildings	8	8	8	8	8	8	8	8	7	7
Square feet	51,723	51,723	51,723	51,723	51,723	51,723	51,723	51,723	34,068	34,068
Enrollment	631	441	406	584	402	402	402	402	382	387
High										
Buildings	15	15	15	15	15	15	15	15	15	15
Square feet	181,434	181,434	181,434	181,434	181,434	181,434	181,434	181,434	184,434	181,434
Enrollment	773	743	688	655	721	721	721	721	696	676
Other										
Buildings	4	4	4	4	4	4	4	4	3	3
Square feet	10,266	10,266	10,266	10,266	10,266	10,266	10,266	10,266	9,116	9,116
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	15,515	15,515	15,515	15,515	15,515	15,515	15,515	15,515	15,515	15,515
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	5	5	5	5	5	4	1	1	1	1
<u>Athletics</u>										
Football fields	2	2	2	2	2	2	2	2	2	2
Soccer fields	2	2	2	2	2	2	2	2	3	3
Running tracks	2	2	4	4	4	4	4	4	4	4
Baseball/softball	4	4	4	4	4	4	4	4	4	4

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