
NOGALES UNIFIED SCHOOL DISTRICT NO. 1

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



NOGALES UNIFIED SCHOOL DISTRICT NO. 1

NOGALES, ARIZONA

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

Issued by:
Business and Finance Department

NOGALES UNIFIED SCHOOL DISTRICT NO. 1

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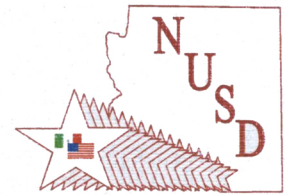
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INTRODUCTORY SECTION

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Nogales Unified School District No. 1



December 22, 2017

Citizens and Governing Board
Nogales Unified School District No. 1
310 W. Plum Street
Nogales, AZ 85621

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 Nogales Unified School District No. 1 (District) for the fiscal year ended June 30, 2017.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

DISTRICT PROFILE 2016-17

Overview:

Nogales Unified School District (NUSD) is one of six public school districts located within Santa Cruz County, Arizona. It provides a program of public education from special education pre-school through grade 12, and as an entity is the largest single employer within the city limits of Nogales.

NUSD has ten campuses: six elementary schools, two middle schools, a comprehensive high school, and an alternative/vocational high school. The District as a whole educated 5,864 on the 100th day in 2017 from per-kinder through high school, with projected enrollment of 7,101 for fiscal year 2018. The migration of students in NUSD is very high from school-to-school and from families entering or returning to Mexico, as well as from families leaving the area due to the high unemployment rate. The students who qualify as homeless based on the determination that the family is "doubling up" and living with another family has also increased about 10 percent over the past three years.

For 2016-17, three positions were added, two elementary education teachers and one additional self-contained special education teacher at the middle-school level. For fiscal year 2017, the District employed 317 certified staff, 23 administrators, and 217 classified personnel.

School Board:

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 budgetary controls.

For 2016-17 the Board President position was filled by Dr. Marcelino Varona, Jr. The Board Clerk was Manuel Ruiz, and the three Board Members included Santiny Orozco, Greg Lucero, and Barbara Mendoza.

Fiscal Reporting:

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, and athletic/extracurricular functions.

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.

Hiring Practices:

As required by state mandates, NUSD makes every effort to employ appropriately certified teachers. There have been numerous changes to the requirements for teacher certification, including expanding the years the certificate covers.

Student profile:

More than 99 percent of all students entering NUSD list Hispanic or another minority as their ethnicity, and the vast majority are not fluent English speakers when entering the system, whether that is at the kindergarten level or later along in their educational years. The majority of students come from high poverty homes and with a double-digit unemployment rate in Santa Cruz County, many rely on social services to meet their basic needs. NUSD has an almost equal number of male and female students ranging in age from three years old (exceptional pre-school) to 21 years old. It is not unusual to have students who are older than traditional students in a particular grade due to the fact that many enter without the ability to speak English and therefore are placed in a lower grade to help them master state standards. While some students who come from Mexico may have had an excellent education there, most, especially at the upper grade levels, a significant portion did not go to school in Mexico beyond the grammar school years. In addition to those from Mexico who have established residency in the District, NUSD has about seven students from Mexico who have student visas and who are paying tuition to attend a NUSD school, although this number fluctuates with changes, up or down, tied to the fluctuation in the economic situation in Mexico.

Meeting state mandates:

The District has implemented English Language Learner (ELL) models to meet a 2008 requirement that students who are not fluent in English be provided with up to four hours of instruction in English each day. The large number of English Language Learners (ELL) remains an academic challenge to the District, as did the fact that the state suspended the need to pass the AIMS exam in order to earn a high-school diploma mid-year. A new state Superintendent of Public Instruction and governor were elected in November 2014 and took office in January 2015. Both made immediate changes to education funding and delivery. The new state assessment AzMerit took effect in fiscal year 2015, and one major change was that the assessments are now primarily taken via computers.

NUSD relies on federal and state grants to supplement personnel, supplies, and professional development beyond that provided by Maintenance and Operation funding. In fiscal year 2017 grant funding overall was down, following a pattern starting six years ago. There were, prior to fiscal year 2017, six physical education positions paid from a pass-through grant from the Santa Cruz County School Superintendent's office. However, that grant expired and the District picked up two P.E. positions. To accommodate cuts in other federal and state grants, reductions were made in supplies as well as training and travel for professional development.

Facilities:

The average age of school buildings is 29.9 years. The District asked for the passage of a bond on November 8, 2011 that would have funded much-needed roofing, electrical, and mechanical repairs as well as the construction of a new four-classroom science building and a small addition to the gymnasium for a wrestling room where the cheerleaders and spirit squad could practice. Unfortunately, the bond measure failed by 669 against to 595 for a difference of 74 votes. However, the State Facilities Board (SFB) conducted its own audit of District facilities four years ago and authorized repairs to several schools' roofs and to a drainage problem at one elementary school. Many of those projects were completed in fiscal year 2015 and others in fiscal year 2016, but an additional roofing project was undertaken in fiscal year 2017.

Factors affecting financial conditions:

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.

NUSD is a significant contributor to the local economy. Whenever possible, NUSD purchases supplies and services locally in order to support the community's economy. A total of approximately \$37.1 million from local, state, and federal monies is spent on salaries and benefits. The District operated under a fiscal year 2017 Maintenance and Operation budget of \$31.41 million compared to \$31.48 million in fiscal year 2016. The overall budget for the District for fiscal year 2017 was \$53.28 million compared to \$51.63 million in fiscal year 2015.

The continuation override passed in fiscal year 2014 has allowed support for athletics, honors programs, the arts, and a bonus for both classified and certified employees for signing their contracts. The continuation override secures funding for five years after passage, meaning that within a year, the District needs to start planning for either a continuation or an increase in its override or risk losing over \$1.0 million in funding that is unlikely to be able to be absorbed by M&O.

Overview of Nogales:

The jobless rate for Santa Cruz County for August 2017 was over 20.4 percent, the second highest in the state and much higher than neighboring Pima County with a six percent jobless rate.

The 2010 federal census (the latest official census) reports 20,878 residents for Nogales with 95 percent of those claiming Hispanic ethnicity. The medium household income from census updates in 2014 was \$29,442 and 29.4 percent of the families are listed as living below the poverty level. The medium age of those living in the city is 29.8, compared to a national average of 35.3. In 2010 there were 1,830 children under the age of five. The average household size, according to the census information, is 3.98, compared to a national average of 2.63. However, due to economic conditions and other factors, it is not uncommon to have more than one family living together and this information was most likely not reported to census workers. Only 63 percent of the residents have a high-school diploma, compared to the current average in Arizona of 85 percent. The census also reported that 10.9 percent had a Bachelor's degree, compared to 26 percent in the state as a whole. The median household income in Nogales was reported to be \$22,308, compared to a median income in Arizona of \$50,448. A new census is scheduled to be conducted within a year, and it is anticipated that these figures will either remain the same or go down even more due to the dwindling local economy and the almost complete-closure of a once thriving downtown area. The number of shoppers from Mexico is down greatly, due in part to the economy in Mexico, the long waits to cross the border even by foot, and the anti-immigration policies/negativity toward Mexico that have blossomed since the election of President Donald Trump who took office in January 2017.

Almost 12 percent of local employees who continue to work, do so for governmental or health organizations. However, like most of the rest of the country, Santa Cruz County and Nogales in particular have suffered a tremendous job loss over the past six years and unlike other areas in the state, have not enjoyed a resurgence in employment. Several major stores, restaurants, and establishments have closed, as have numerous small family-owned businesses. The unemployment rate continues to hold steady despite the opening of a large port-of-entry in Nogales. Unfortunately, the vast majority of employees for U.S. Border Patrol, Customs, and other such entities (the one area that has seen an increase in employees) choose to live outside of Nogales and commute to work, thereby not helping the community itself to thrive despite an increase in employment among these agencies. Also, very few of the federal agents have children who attend District schools since they themselves commute to work rather than live within the District boundaries. The one area of growth has been in the produce and distribution areas, due in part to the opening of an expanded port of entry.

There are other interesting statistics for the City of Nogales that directly impact the school district. These include the following findings from Census Bureau surveys and other official entities:

- More than 41 percent of the residents are foreign born
- Population density is below state averages for cities
- Low-income obesity rate for preschoolers was 15.8 percent compared to a state average of 14.2 percent.

NEW DIRECTION

In January 2017 the District enjoyed its second full year under the leadership of Superintendent Fernando Parra who replaced the former superintendent in January 2015. The Leadership Team for the District remained the same in fiscal year 2017 and consisted of Superintendent Parra, Assistant Superintendent Angelina Canto, Finance Director Adelmo Sandoval, H.R. Director Mayra Zuniga, Student Services Director Judith Mendoza Jimenez, Grants Director Kathy Scott, and Technology Director Alex Lopez. There were also no changes in site administration in fiscal year 2017.

The focus for all schools is on academic achievement for all students. The District has instituted a series of early releases so that faculty members can work on aligning the curriculum to state standards, articulating among and between grade levels, and developing common assessments to chart progress toward mastery of reading, writing, and math. The District has also earmarked grant funding toward training all principals who in turn train teachers, based on the correlatives of Marzano and the new observation program.

As mentioned earlier, the District is constantly looking for ways to attract and retain qualified educators. In an effort to improve recruitment and retention of math, science, and special education teachers, the District offers an incentive bonus of \$5,000 appropriately certified teachers, paid over three years. It is worth mentioning that almost every district in Arizona has started to experience difficulty in attracting and retaining properly certified teachers not only in the hard-to-recruit areas of the past, but even in areas such as English, social studies, physical education, elementary education, and counseling where there used to be sufficient applicants to fill those openings. The District is now competing with urban districts for these candidates, and studies have shown that fewer high-school graduates are entering college seeking education degrees than ever before.

TECHNOLOGY

One area the District is working diligently to enhance is its technology. All teachers have access to Power School, an Internet-based system that allows for recording of attendance and grades. Parents can access the system as often as they like to view the progress of their children throughout a grading quarter rather than waiting until progress or report cards are mailed home. The District now has wireless access at all sites, opening up many more opportunities for Internet use within classrooms. The telephone system is also tied directly to a server, and one feature is that during an emergency, information can be paged to every single person and office with a telephone, which is virtually almost every educator in the District. However, even with all the advances in equipment and training, NUSD – as with most other districts throughout the state finds it difficult to keep up with the need to constantly replace and update what technology is already in place, let alone build capacity. The reduction in E-Rate allocations is already impacting the District negatively and steps are being taken to make sure vital services are maintained.

AWARDS AND ACKNOWLEDGMENT

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

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

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

The preparation of all the financial records, tracking of accounts, and meeting of state and federal financial mandates would not be possible without the cooperation and input from all NUSD departments.

Respectfully submitted,



Fernando Parra
Superintendent



Adelmo Sandoval
Finance Director



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Nogales Unified School District No. 1

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written in a cursive style and is positioned above a horizontal line.

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

A handwritten signature in black ink, appearing to read 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

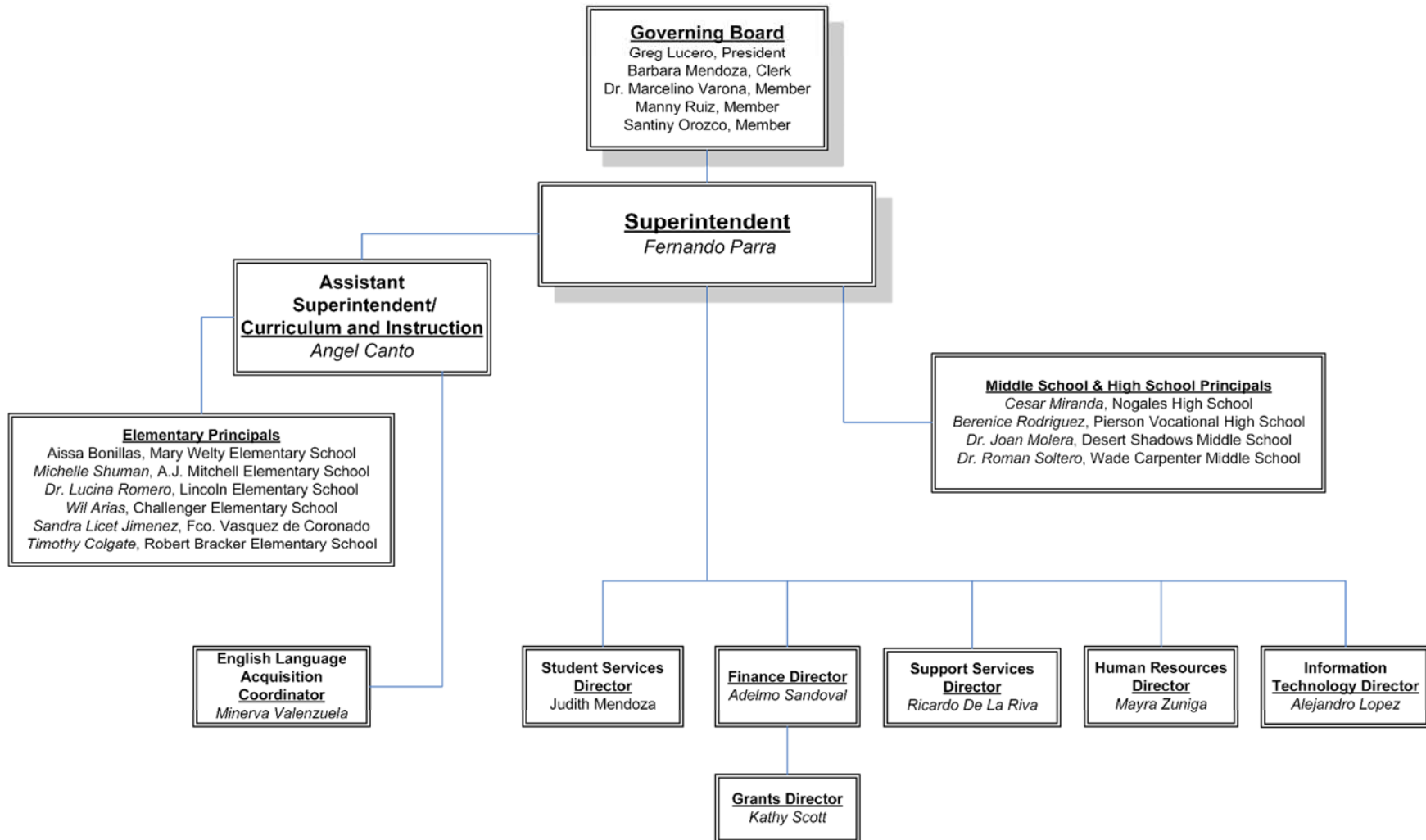
**Nogales Unified School District No. 1
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

NUSD #1 ADMINISTRATION 2016-2017



NOGALES UNIFIED SCHOOL DISTRICT NO. 1

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Dr. Marcelino Varona Jr., President

Manny Ruiz, Clerk

Greg Lucero, Member

Barbara Mendoza, Member

Santiny Orozco, Member

ADMINISTRATIVE STAFF

Fernando Parra, Superintendent

Angel Canto, Assistant Superintendent for Operations/Curriculum and Instruction

Adelmo Sandoval, Finance Director

Kathy Scott, Grants Director

Mayra Zuñiga, Human Resources Director

Judith Mendoza-Jimenez, Student Services Director

Ricardo De La Riva, Support Services Director

Alex Lopez, Technology Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Nogales Unified School District No. 1

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 Nogales Unified School District No. 1 (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nogales Unified School District No. 1, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of Nogales Unified School District No. 1'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 Nogales Unified School District No. 1's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 22, 2017

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

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**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

As management of the Nogales Unified School District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$1.5 million which represents an 15 percent increase from the prior fiscal year due to revenues exceeding expenses during the year through maximizing budgeted carryforward.
- General revenues accounted for \$34.0 million in revenue, or 76 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$10.9 million or 24 percent of total current fiscal year revenues.
- The District had approximately \$43.4 million in expenses related to governmental activities, a decrease of five percent from the prior fiscal year primarily due to the completion of energy conservation projects in the prior year.
- Among major funds, the General Fund had \$31.8 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$30.0 million in expenditures. The General Fund's fund balance increased from \$9.9 million at the prior fiscal year end, to \$10.3 million at the end of the current fiscal year.

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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

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, Other Federal Projects, Food Service, and Unrestricted capital Outlay Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$11.7 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The District had no related debt. 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, however as discussed below, this balance is in a deficit position.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	As of June 30, 2017	As of June 30, 2016
Current assets	\$ 16,620,057	\$ 14,966,014
Capital assets, net	38,529,030	40,119,052
Total assets	<u>55,149,087</u>	<u>55,085,066</u>
Deferred outflows	<u>6,808,664</u>	<u>3,416,465</u>
Current and other liabilities	882,379	670,420
Long-term liabilities	44,149,716	43,246,856
Total liabilities	<u>45,032,095</u>	<u>43,917,276</u>
Deferred inflows	<u>5,264,930</u>	<u>4,451,606</u>
Net position:		
Net investment in capital assets	38,529,030	40,119,052
Restricted	4,883,871	3,693,321
Unrestricted	(31,752,175)	(33,679,724)
Total net position	<u>\$ 11,660,726</u>	<u>\$ 10,132,649</u>

At the end of the current fiscal year the District reported a negative unrestricted net position of \$31.8 million as a result of unfunded pension liability. Positive net position was reported in the other two categories.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following are significant current year transactions that had an impact on the Statement of Net Position.

- The increase of \$1.4 million in pension liabilities was significant current year transaction that had an impact on the Statement of Net Position.
- The increase of \$1.7 million in current 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.
- The principal retirement of \$374,319 of capital lease obligations.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

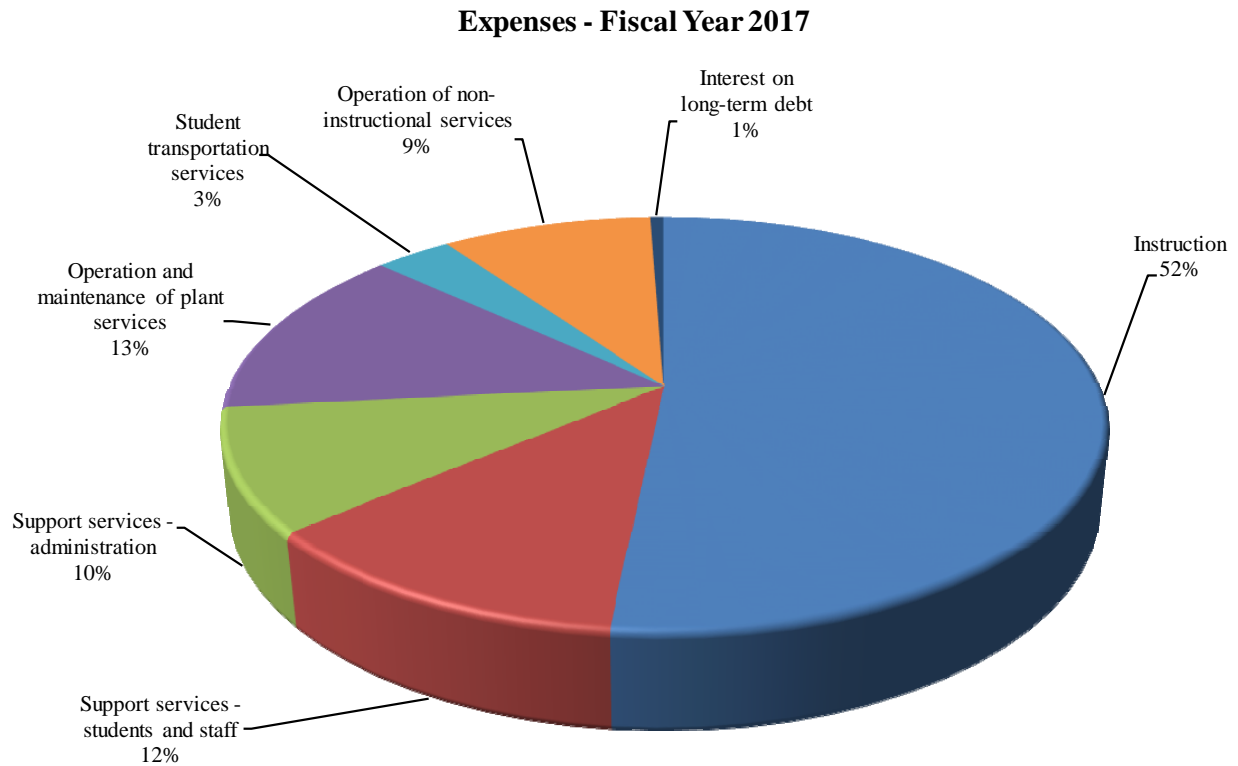
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$44.9 million. The total cost of all programs and services was \$43.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,139,551	\$ 1,569,993
Operating grants and contributions	9,069,827	8,931,060
Capital grants and contributions	684,547	430,224
General revenues:		
Property taxes	7,097,785	6,998,257
Investment income	5,960	1,771
Unrestricted county aid	960,056	1,024,971
Unrestricted state aid	25,852,900	25,948,981
Unrestricted federal aid	127,657	339,244
Total revenues	<u>44,938,283</u>	<u>45,244,501</u>
Expenses:		
Instruction	22,408,932	23,525,935
Support services - students and staff	5,276,967	5,483,484
Support services - administration	4,162,846	4,478,669
Operation and maintenance of plant services	5,867,444	6,604,096
Student transportation services	1,450,864	1,695,230
Operation of non-instructional services	3,996,101	3,766,708
Interest on long-term debt	247,052	247,052
Total expenses	<u>43,410,206</u>	<u>45,801,174</u>
Changes in net position	1,528,077	(556,673)
Net position, beginning	<u>10,132,649</u>	<u>10,689,322</u>
Net position, ending	<u>\$ 11,660,726</u>	<u>\$ 10,132,649</u>

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The overall decrease in expenses was primarily due to decreased in operation and maintenance expenses due to the completion of energy conservation projects in the prior year.
- The increase of \$254,323 in capital grants and contributions was primarily due to increased grant funding from the School Facilities Board.
- The decrease of \$211,587 in unrestricted federal aid was primarily due to a reduction in forest fees revenues.

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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 22,408,932	\$ (19,084,513)	\$ 23,525,935	\$ (20,035,964)
Support services - students and staff	5,276,967	(2,922,784)	5,483,484	(3,271,671)
Support services - administration	4,162,846	(3,993,252)	4,478,669	(4,324,460)
Operation and maintenance of	5,867,444	(5,328,508)	6,604,096	(5,696,077)
Student transportation services	1,450,864	(1,428,805)	1,695,230	(1,661,007)
Operation of non-instructional	3,996,101	241,581	3,766,708	119,282
Interest on long-term debt	247,052		247,052	
Total	\$ 43,410,206	\$ (32,516,281)	\$ 45,801,174	\$ (34,869,897)

- The cost of all governmental activities this year was \$43.4 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$10.9 million.
- Net cost of governmental activities of \$32.5 million was financed by general revenues, which are made up of primarily property taxes of \$7.1 million and federal, state and county aid of \$26.8 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 \$15.1 million, an increase of \$1.5 million due to revenues exceeding expenses during the year through maximizing budgeted carryforward.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 68 percent of the total fund balance. Approximately \$7.6 million, or 74 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 \$392,580 in the General Fund to \$10.3 million as of fiscal year end. General Fund revenues decreased \$481,410 as a result of decreased property tax levies. General Fund expenditures increased \$246,415.

The Food Service Fund's fund balance increased \$141,152 to \$1.1 million.

The Unrestricted Capital Outlay Fund's fund balance increased \$854,193 due to increased transfers from the General Fund.

BUDGETARY HIGHLIGHTS

The District did not revise the General Fund annual expenditure budget over the course of the year. 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 favorable variance of \$2.3 million in instruction was a result of budgeting to the maximum general budget limit to maximize the budget carryforward to provide capacity in future years.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$82.2 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 \$332,758 from the prior fiscal year. Total depreciation expense for the current fiscal year was \$1.9 million.

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

	As of June 30, 2017	As of June 30, 2016
Capital assets - non-depreciable	\$ 4,767,462	\$ 4,673,723
Capital assets - depreciable, net	33,761,568	35,445,329
Total	\$ 38,529,030	\$ 40,119,052

The estimated cost to complete current construction projects is \$34,404.

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

Debt Administration. 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 \$37.0 million and the Class B debt limit is \$24.7 million. At fiscal year end, the District had no outstanding general obligation debt.

The District has \$4.9 million of obligations under leases outstanding at year end, \$374,319 due within one year. Additional information on the District's long-term debt can be found in Notes 7 and 8.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Fiscal year 2016-17 budget balance carry forward (estimated \$2.0 million)
- District student population (estimated 7,101).
- Salaries and increased benefit costs

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 three percent to \$32.5 million in fiscal year 2017-18. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2017-18 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Nogales Unified School District No. 1, 310 West Plum Street, Nogales, Arizona 85621.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 5,078,408
Property taxes receivable	691,870
Due from governmental entities	8,147,004
Prepaid items	2,353,111
Inventory	349,664
Total current assets	16,620,057
Noncurrent assets:	
Capital assets not being depreciated	4,767,462
Capital assets, net of accumulated depreciation	33,761,568
Total noncurrent assets	38,529,030
Total assets	55,149,087
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	6,808,664
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	570,378
Construction contracts payable	18,744
Accrued payroll and employee benefits	291,625
Compensated absences payable	594,000
Unearned revenues	1,632
Obligations under capital leases	374,319
Total current liabilities	1,850,698
Noncurrent liabilities:	
Non-current portion of long-term obligations	43,181,397
Total noncurrent liabilities	43,181,397
Total liabilities	45,032,095
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	5,264,930
 <u>NET POSITION</u>	
Net investment in capital assets	38,529,030
Restricted for:	
Instructional purposes	1,050,898
Federal and state projects	221,023
Food service	1,086,738
Non-instructional purposes	379,960
Capital outlay	2,145,252
Unrestricted	(31,752,175)
Total net position	\$ 11,660,726

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 22,408,932	\$ 524,312	\$ 2,362,612	\$ 437,495	\$ (19,084,513)
Support services - students and staff	5,276,967		2,354,183		(2,922,784)
Support services - administration	4,162,846	4,250	165,344		(3,993,252)
Operation and maintenance of plant services	5,867,444	68,018	470,918		(5,328,508)
Student transportation services	1,450,864		22,059		(1,428,805)
Operation of non-instructional services	3,996,101	542,971	3,694,711		241,581
Interest on long-term debt	247,052			247,052	
Total governmental activities	<u>\$ 43,410,206</u>	<u>\$ 1,139,551</u>	<u>\$ 9,069,827</u>	<u>\$ 684,547</u>	<u>(32,516,281)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	6,396,266
Property taxes, levied for capital outlay	701,519
Investment income	5,960
Unrestricted county aid	960,056
Unrestricted state aid	25,852,900
Unrestricted federal aid	127,657
Total general revenues	<u>34,044,358</u>

Changes in net position	1,528,077
Net position, beginning of year	<u>10,132,649</u>
Net position, end of year	<u>\$ 11,660,726</u>

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

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FUND FINANCIAL STATEMENTS

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Other Federal Projects	Food Service
<u>ASSETS</u>			
Cash and investments	\$ 379,694	\$	\$ 1,249,547
Property taxes receivable	628,491		
Due from governmental entities	7,613,333	219,984	69,777
Due from other funds			
Prepaid items	2,353,111		
Inventory	324,460		25,204
Total assets	\$ 11,299,089	\$ 219,984	\$ 1,344,528
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 220,786	\$	\$ 257,790
Construction contracts payable			
Due to other funds		219,984	
Accrued payroll and employee benefits	222,641		
Unearned revenues			
Total liabilities	443,427	219,984	257,790
Deferred inflows of resources:			
Unavailable revenues - property taxes	572,076		
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	572,076		
Fund balances (deficits):			
Nonspendable	2,677,571		25,204
Restricted			1,061,534
Unassigned	7,606,015		
Total fund balances	10,283,586		1,086,738
 Total liabilities, deferred inflows of resources and fund balances	 \$ 11,299,089	 \$ 219,984	 \$ 1,344,528

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

Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,605,978	\$ 1,843,189	\$ 5,078,408
63,379		691,870
1,498	242,412	8,147,004
312,903		312,903
		2,353,111
		349,664
<u>\$ 1,983,758</u>	<u>\$ 2,085,601</u>	<u>\$ 16,932,960</u>
\$ 83,881	\$ 7,921	\$ 570,378
	18,744	18,744
	92,919	312,903
	68,984	291,625
	1,632	1,632
<u>83,881</u>	<u>190,200</u>	<u>1,195,282</u>
58,054		630,130
	49,661	49,661
<u>58,054</u>	<u>49,661</u>	<u>679,791</u>
1,841,823	1,847,595	2,702,775
	(1,855)	4,750,952
<u>1,841,823</u>	<u>1,845,740</u>	<u>7,604,160</u>
		<u>15,057,887</u>
<u>\$ 1,983,758</u>	<u>\$ 2,085,601</u>	<u>\$ 16,932,960</u>

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NOGALES UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total governmental fund balances **\$ 15,057,887**

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	\$ 82,172,406	
Less accumulated depreciation	<u>(43,643,376)</u>	38,529,030

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

Property taxes	630,130	
Intergovernmental	<u>49,661</u>	679,791

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

Deferred outflows of resources related to pensions	6,808,664	
Deferred inflows of resources related to pensions	<u>(5,264,930)</u>	1,543,734

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

Compensated absences payable	(1,173,039)	
Obligations under capital leases	(4,866,151)	
Net pension liability	<u>(38,110,526)</u>	<u>(44,149,716)</u>

Net position of governmental activities **\$ 11,660,726**

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Other Federal Projects	Food Service
Revenues:			
Other local	\$ 1,723,644	\$	\$ 265,375
Property taxes	6,542,765		
State aid and grants	23,429,977		
Federal aid, grants and reimbursements	127,657	221,231	3,694,711
Total revenues	31,824,043	221,231	3,960,086
Expenditures:			
Current -			
Instruction	15,865,883	32,202	
Support services - students and staff	2,930,469	171,726	
Support services - administration	3,978,906		
Operation and maintenance of plant services	5,549,633		
Student transportation services	1,307,561		
Operation of non-instructional services	314,223		3,602,392
Capital outlay	39,325	17,303	96,542
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	29,986,000	221,231	3,698,934
Excess (deficiency) of revenues over expenditures	1,838,043		261,152
Other financing sources (uses):			
Transfers in	256,293		
Transfers out	(1,701,756)		(120,000)
Total other financing sources (uses):	(1,445,463)		(120,000)
Changes in fund balances	392,580		141,152
Fund balances, beginning of year	9,895,674		959,870
Increase (decrease) in reserve for prepaid items	4,620		
Increase (decrease) in reserve for inventory	(9,288)		(14,284)
Fund balances, end of year	\$ 10,283,586	\$	\$ 1,086,738

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

Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$ 7,653	\$ 473,309	\$ 2,469,981
653,467		7,196,232
4,637	2,900,341	26,334,955
	4,942,302	8,985,901
<u>665,757</u>	<u>8,315,952</u>	<u>44,987,069</u>
	4,635,892	20,533,977
	2,241,657	5,343,852
	193,033	4,171,939
	308,254	5,857,887
	22,491	1,330,052
	563	3,917,178
1,139,001	408,820	1,700,991
	374,319	374,319
	247,052	247,052
<u>1,139,001</u>	<u>8,432,081</u>	<u>43,477,247</u>
<u>(473,244)</u>	<u>(116,129)</u>	<u>1,509,822</u>
1,327,437	374,319	1,958,049
	(136,293)	(1,958,049)
<u>1,327,437</u>	<u>238,026</u>	
854,193	121,897	1,509,822
987,630	1,723,843	13,567,017
		4,620
		(23,572)
<u>\$ 1,841,823</u>	<u>\$ 1,845,740</u>	<u>\$ 15,057,887</u>

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Changes in fund balances - total governmental funds **\$ 1,509,822**

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	\$ 332,758	
Less current year depreciation	<u>(1,922,780)</u>	(1,590,022)

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

Property taxes	(98,447)	
Intergovernmental	<u>49,661</u>	(48,786)

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

374,319

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

Current year pension contributions	2,407,355	
Pension expense	<u>(1,216,341)</u>	1,191,014

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	4,620	
Inventory	(23,572)	
Compensated absences	<u>110,682</u>	<u>91,730</u>

Changes in net position in governmental activities **\$ 1,528,077**

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 2,973,161
Total assets	\$ 2,973,161
 <u>LIABILITIES</u>	
Deposits held for others	\$ 2,751,338
Due to student groups	221,823
Total liabilities	\$ 2,973,161

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Nogales Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

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

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted 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 amount approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and considers all other revenues to be available if they are collected within 90 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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property taxes, 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.

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

Food Service Fund – The Food Service Fund accounts 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.

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 and include monies raised by students to finance student clubs and organizations and voluntary employee deductions and payroll temporarily held by the District until distributed.

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

E. Investment Income

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Inventory

Inventories of the General Fund are valued at cost using the weighted average method and inventories of the Food Service Fund 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; vehicles, furniture, equipment; and construction in progress, 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	5 – 50 years
Buildings and improvements	20 – 50 years
Vehicles, furniture and equipment	3 – 15 years

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Deferred Outflows/Inflows of Resources

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

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

L. Compensated Absences

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

M. Pensions

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

N. Long-term Obligations

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

O. Interfund Activity

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

P. Net Position Flow Assumption

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

Q. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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. Restricted fund balance reported as “other purposes” includes various activities such as civic center, community schools, extracurricular activities fees tax credit, and gifts and donations which are externally restricted as to use by Arizona Revised Statutes and donors, generally for non-instructional purposes.

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 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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Food Service Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Inventory	\$ 324,460	\$ 25,204	\$	\$
Prepaid items	2,353,111			
Restricted:				
Capital projects			1,841,823	195,714
Voter approved initiatives				1,050,898
Federal and state projects				221,023
Food service		1,061,534		
Civic center				24,791
Community school				130,451
Extracurricular activities				121,279
Gifts and donations				97,698
Non-instructional purposes				5,741
Unassigned	7,606,015			(1,855)
Total fund balances	\$ 10,283,586	\$ 1,086,738	\$ 1,841,823	\$ 1,845,740

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Grants and Gifts Fund, a non-major governmental fund, reported a deficit of \$1,855 in fund balance.

The deficit arose because of operations during the year and prior years. Additional revenues received in fiscal year 2017-18 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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$504,491 and the bank balance was \$643,149. At year end, all of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department but not in the District’s name.

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

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

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools as an investment company and are not registered with the Securities and Exchange Commission. The fair value of each participant’s position in the State Treasurer investment pools 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.

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

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool		\$ 7,547,088
Total		\$ 7,547,088

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CASH AND INVESTMENTS

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

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

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment 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.

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 and non-major governmental funds in the aggregate were as follows:

	<u>General Fund</u>	<u>Other Federal Projects</u>	<u>Food Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:					
Due from federal government	\$	\$ 219,984	\$ 69,777	\$	\$ 108,444
Due from state government	<u>7,613,333</u>			<u>1,498</u>	<u>133,968</u>
Net due from governmental entities	<u>\$7,613,333</u>	<u>\$ 219,984</u>	<u>\$ 69,777</u>	<u>\$ 1,498</u>	<u>\$ 242,412</u>

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,673,723	\$	\$	\$ 4,673,723
Construction in progress		93,739		93,739
Total capital assets, not being depreciated	<u>4,673,723</u>	<u>93,739</u>		<u>4,767,462</u>
Capital assets, being depreciated:				
Land improvements	1,793,203	41,037		1,834,240
Buildings and improvements	70,667,376	19,700		70,687,076
Vehicles, furniture and equipment	4,705,346	178,282		4,883,628
Total capital assets being depreciated	<u>77,165,925</u>	<u>239,019</u>		<u>77,404,944</u>
Less accumulated depreciation for:				
Land improvements	(977,335)	(66,319)		(1,043,654)
Buildings and improvements	(37,503,675)	(1,660,107)		(39,163,782)
Vehicles, furniture and equipment	(3,239,586)	(196,354)		(3,435,940)
Total accumulated depreciation	<u>(41,720,596)</u>	<u>(1,922,780)</u>		<u>(43,643,376)</u>
Total capital assets, being depreciated, net	35,445,329	(1,683,761)		33,761,568
Governmental activities capital assets, net	<u>\$ 40,119,052</u>	<u>\$(1,590,022)</u>	<u>\$</u>	<u>\$ 38,529,030</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,783,569
Support services – administration	66,414
Operation and maintenance of plant services	28,916
Student transportation services	2,254
Operation of non-instructional services	41,627
Total depreciation expense – governmental activities	<u>\$1,922,780</u>

Construction Commitments – At year end, the District had contractual commitments related to field renovations. At year end the District had spent \$93,739 on the projects and had estimated remaining contractual commitments of \$34,404. These projects are being funded by the School Facilities Board.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 – OBLIGATIONS UNDER LEASES

Capital Leases – The District entered into a long-term lease agreement for the purchase of energy conservation upgrades. 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 General Fund will be transferred to the Energy and Water Savings Fund to pay the capital lease obligation when due.

The assets acquired through capital leases for construction did not meet the District’s capitalization threshold.

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

Year Ending June 30:	<u>Governmental Activities</u>
2018	\$ 621,371
2019	621,371
2020	621,371
2021	621,371
2022	621,371
2023-27	3,106,855
2028-30	<u>1,678,808</u>
Total minimum lease payments	7,892,518
Less: amount representing interest	<u>3,026,367</u>
Present value of minimum lease payments	<u>\$ 4,866,151</u>
Due within one year	<u><u>\$ 374,319</u></u>

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under capital leases	\$ 5,240,470	\$	\$ 374,319	\$ 4,866,151	\$ 374,319
Net pension liability	36,722,665	1,387,861		38,110,526	
Compensated absences payable	1,283,721	343,546	454,228	1,173,039	594,000
Governmental activity long-term liabilities	<u>\$ 43,246,856</u>	<u>\$ 1,731,407</u>	<u>\$ 828,547</u>	<u>\$ 44,149,716</u>	<u>\$ 968,319</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other fund – At year end, the Other Federal Projects Fund and several non-major governmental funds had negative cash balances of \$219,984 and \$92,919, respectively in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other the Unrestricted Capital Outlay Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds	
Transfers out				
General Fund	\$	\$ 1,327,437	\$ 374,319	\$ 1,701,756
Food Service Fund	120,000			120,000
Non-Major Governmental Funds	136,293			136,293
Total	<u>\$ 256,293</u>	<u>\$ 1,327,437</u>	<u>\$ 374,319</u>	<u>\$ 1,958,049</u>

Transfers from non-major governmental funds to the General Fund were used to move federal grant funds restricted for indirect costs, transfers from the General Fund to the Unrestricted Fund were used to move cash balances, and transfers from the General Fund to non-major governmental funds were used for the repayment of capital lease principal.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – 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.

NOTE 11 – RISK MANAGEMENT

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

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

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District continues to carry commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – 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.

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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2017 were \$2,407,355.

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The District’s contributions to the pension plan for retired members for the year ended June 30, 2017 were \$93,398.

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

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2017	\$	125,057	\$	31,264
2016		111,262		26,703
2015		127,867		26,007

Pension Liability. At June 30, 2017, the District reported a liability of \$38.1 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District’s proportion was 0.236 percent, which did not change from its proportion measured as of June 30, 2015.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the District recognized pension expense of \$1.2 million and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,595	\$ 2,621,726
Changes of assumptions or other inputs		2,016,351
Net difference between projected and actual earnings on pension plan investments	4,129,912	
Changes in proportion and differences between contributions and proportionate share of contributions	39,802	626,853
Contributions subsequent to the measurement date	2,407,355	
Total	\$ 6,808,664	\$ 5,264,930

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

Year Ending June 30:	
2018	\$ (2,310,971)
2019	(1,397,044)
2020	1,686,380
2021	1,158,015

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

<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>	

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$48,593,814	\$38,110,526	\$29,705,220

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

REQUIRED SUPPLEMENTARY INFORMATION

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original & Final</u>		
Revenues:			
Other local	\$	\$ 1,340,637	\$ 1,340,637
Property taxes		6,542,765	6,542,765
State aid and grants		23,429,977	23,429,977
Total revenues		<u>31,313,379</u>	<u>31,313,379</u>
Expenditures:			
Current -			
Instruction	17,835,574	15,551,296	2,284,278
Support services - students and staff	2,659,208	2,813,929	(154,721)
Support services - administration	3,660,455	3,730,964	(70,509)
Operation and maintenance of plant services	5,737,303	5,465,442	271,861
Student transportation services	1,278,613	1,239,598	39,015
Operation of non-instructional services	244,433	291,376	(46,943)
Total expenditures	<u>31,415,586</u>	<u>29,092,605</u>	<u>2,322,981</u>
Excess (deficiency) of revenues over expenditures	<u>(31,415,586)</u>	<u>2,220,774</u>	<u>33,636,360</u>
Other financing sources (uses):			
Transfers out		(1,701,756)	(1,701,756)
Total other financing sources (uses):		<u>(1,701,756)</u>	<u>(1,701,756)</u>
Changes in fund balances	<u>(31,415,586)</u>	<u>519,018</u>	<u>31,934,604</u>
Fund balances, beginning of year		9,059,886	9,059,886
Increase (decrease) in reserve for prepaid items		4,620	4,620
Increase (decrease) in reserve for inventory		(9,288)	(9,288)
Fund balances (deficits), end of year	<u>\$ (31,415,586)</u>	<u>\$ 9,574,236</u>	<u>\$ 40,989,822</u>

See accompanying notes to this schedule.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER FEDERAL PROJECTS
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 221,231	\$ 221,231
Total revenues			221,231	221,231
Expenditures:				
Current -				
Instruction	50,000	94,328	32,202	62,126
Support services - students and staff	210,000	250,000	171,726	78,274
Capital outlay	40,000	50,000	17,303	32,697
Total expenditures	300,000	394,328	221,231	173,097
Changes in fund balances	(300,000)	(394,328)		394,328
Fund balances, beginning of year				
Fund balances (deficits), end of year	\$ (300,000)	\$ (394,328)	\$	\$ 394,328

See accompanying notes to this schedule.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOOD SERVICE
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 265,375	\$ 265,375
Federal aid, grants and reimbursements			3,694,711	3,694,711
Total revenues			<u>3,960,086</u>	<u>3,960,086</u>
Expenditures:				
Current -				
Operation of non-instructional services	3,250,000	3,450,000	3,602,392	(152,392)
Capital outlay	50,000	50,000	96,542	(46,542)
Total expenditures	<u>3,300,000</u>	<u>3,500,000</u>	<u>3,698,934</u>	<u>(198,934)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,300,000)</u>	<u>(3,500,000)</u>	261,152	3,761,152
Other financing sources (uses):				
Transfers out			(120,000)	(120,000)
Total other financing sources (uses):			<u>(120,000)</u>	<u>(120,000)</u>
Changes in fund balances	<u>(3,300,000)</u>	<u>(3,500,000)</u>	141,152	3,641,152
Fund balances, beginning of year			959,870	959,870
Increase (decrease) in reserve for inventory			(14,284)	(14,284)
Fund balances (deficits), end of year	<u>\$ (3,300,000)</u>	<u>\$ (3,500,000)</u>	<u>\$ 1,086,738</u>	<u>\$ 4,586,738</u>

See accompanying notes to this schedule.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.236%	0.236%	0.244%
District's proportionate share of the net pension liability (asset)	\$ 38,110,526	\$ 36,722,665	\$ 36,176,767
District's covered payroll	\$ 22,252,378	\$ 21,672,332	\$ 22,007,561
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	171.26%	169.44%	164.38%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,407,355	\$ 2,414,383	\$ 2,360,117
Contributions in relation to the actuarially determined contribution	<u>2,407,355</u>	<u>2,414,383</u>	<u>2,360,117</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 22,331,679	\$ 22,252,378	\$ 21,672,332
Contributions as a percentage of covered payroll	10.78%	10.85%	10.89%

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

See accompanying notes to this schedule.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 29,986,000	\$ 10,283,586
Activity budgeted as special revenue funds	(893,395)	(709,350)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 29,092,605	\$ 9,574,236

NOTE 2 – PENSION PLAN SCHEDULES

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

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

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

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GOVERNMENTAL FUNDS

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,687,784	\$ 155,405	\$ 1,843,189
Due from governmental entities	133,698	108,714	242,412
Total assets	\$ 1,821,482	\$ 264,119	\$ 2,085,601
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 7,921	\$ 18,744	\$ 7,921
Construction contracts payable		18,744	18,744
Due to other funds	92,919		92,919
Accrued payroll and employee benefits	68,984		68,984
Unearned revenues	1,632		1,632
Total liabilities	171,456	18,744	190,200
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		49,661	49,661
Fund balances (deficits):			
Restricted	1,651,881	195,714	1,847,595
Unassigned	(1,855)		(1,855)
Total fund balances	1,650,026	195,714	1,845,740
 Total liabilities, deferred inflows of resources and fund balances	\$ 1,821,482	\$ 264,119	\$ 2,085,601

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 300,343	\$ 172,966	\$ 473,309
State aid and grants	2,629,735	270,606	2,900,341
Federal aid, grants and reimbursements	4,695,250	247,052	4,942,302
Total revenues	<u>7,625,328</u>	<u>690,624</u>	<u>8,315,952</u>
Expenditures:			
Current -			
Instruction	4,635,892		4,635,892
Support services - students and staff	2,241,657		2,241,657
Support services - administration	193,033		193,033
Operation and maintenance of plant services	308,254		308,254
Student transportation services	22,491		22,491
Operation of non-instructional services	563		563
Capital outlay	156,623	252,197	408,820
Debt service -			
Principal retirement		374,319	374,319
Interest and fiscal charges		247,052	247,052
Total expenditures	<u>7,558,513</u>	<u>873,568</u>	<u>8,432,081</u>
Excess (deficiency) of revenues over expenditures	<u>66,815</u>	<u>(182,944)</u>	<u>(116,129)</u>
Other financing sources (uses):			
Transfers in		374,319	374,319
Transfers out	(136,293)		(136,293)
Total other financing sources (uses):	<u>(136,293)</u>	<u>374,319</u>	<u>238,026</u>
Changes in fund balances	<u>(69,478)</u>	<u>191,375</u>	<u>121,897</u>
Fund balances, beginning of year	1,719,504	4,339	1,723,843
Fund balances, end of year	<u>\$ 1,650,026</u>	<u>\$ 195,714</u>	<u>\$ 1,845,740</u>

SPECIAL REVENUE FUNDS

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

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

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

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

Promote Informed Parent Choice - to account for financial assistance received to promote parent choices in the education of their students.

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

Grants and Gifts to Teachers - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

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

District Services - to account for the operation of District functions that provide goods or services to other District departments on a cost-reimbursement basis.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Classroom Site	Instructional Improvement	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 791,113	\$ 259,785	\$
Due from governmental entities			28,118
Total assets	\$ 791,113	\$ 259,785	\$ 28,118
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			9,402
Accrued payroll and employee benefits			18,716
Unearned revenues			
Total liabilities			28,118
Fund balances (deficits):			
Restricted	791,113	259,785	
Unassigned			
Total fund balances	791,113	259,785	
 Total liabilities and fund balances	\$ 791,113	\$ 259,785	\$ 28,118

Promote Informed Parent Choice	Limited English & Immigrant Students	Special Education Grants	Vocational Education	E-Rate	State Vocational Education
\$ 9,077	\$ 3,526	\$ 22,933	\$ 35,092	\$ 211,325	\$ 1,632
\$ 9,077	\$ 3,526	\$ 22,933	\$ 35,092	9,698	\$ 1,632
				\$ 221,023	\$ 1,632
\$ 9,077	\$ 3,526	\$ 7,921 15,012	\$ 32,339 2,753		\$ 1,632
\$ 9,077	\$ 3,526	\$ 22,933	\$ 35,092		\$ 1,632
				221,023	
				221,023	
\$ 9,077	\$ 3,526	\$ 22,933	\$ 35,092	\$ 221,023	\$ 1,632

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Other State Projects	Civic Center	Community School
<u>ASSETS</u>			
Cash and investments	\$	\$ 24,791	\$ 174,420
Due from governmental entities	25,254		
Total assets	\$ 25,254	\$ 24,791	\$ 174,420
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	21,708		
Accrued payroll and employee benefits	3,546		43,969
Unearned revenues			
Total liabilities	25,254		43,969
Fund balances (deficits):			
Restricted		24,791	130,451
Unassigned			
Total fund balances		24,791	130,451
 Total liabilities and fund balances	 \$ 25,254	 \$ 24,791	 \$ 174,420

<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Grants and Gifts to Teachers</u>
\$ 121,279	\$ 97,698	\$ 1,360	\$ 100	\$ 4,281	\$
<u>\$ 121,279</u>	<u>\$ 97,698</u>	<u>\$ 1,360</u>	<u>\$ 100</u>	<u>\$ 4,281</u>	<u>\$</u>
\$	\$	\$	\$	\$	\$ 1,855
					<u>1,855</u>
121,279	97,698	1,360	100	4,281	(1,855)
<u>121,279</u>	<u>97,698</u>	<u>1,360</u>	<u>100</u>	<u>4,281</u>	<u>(1,855)</u>
<u>\$ 121,279</u>	<u>\$ 97,698</u>	<u>\$ 1,360</u>	<u>\$ 100</u>	<u>\$ 4,281</u>	<u>\$</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 1,687,784
Due from governmental entities	133,698
Total assets	\$ 1,821,482
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 7,921
Due to other funds	92,919
Accrued payroll and employee benefits	68,984
Unearned revenues	1,632
Total liabilities	171,456
Fund balances (deficits):	
Restricted	1,651,881
Unassigned	(1,855)
Total fund balances	1,650,026
 Total liabilities and fund balances	 \$ 1,821,482

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NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Title I Grants</u>
Revenues:			
Other local	\$ 818	\$ 178	\$
State aid and grants	2,192,596	225,690	
Federal aid, grants and reimbursements			2,323,127
Total revenues	<u>2,193,414</u>	<u>225,868</u>	<u>2,323,127</u>
Expenditures:			
Current -			
Instruction	2,159,868	202,835	1,392,135
Support services - students and staff	84,186	2,491	697,557
Support services - administration			124,892
Operation and maintenance of plant services			
Student transportation services			5,000
Operation of non-instructional services			
Capital outlay			31,044
Total expenditures	<u>2,244,054</u>	<u>205,326</u>	<u>2,250,628</u>
Excess (deficiency) of revenues over expenditures	<u>(50,640)</u>	<u>20,542</u>	<u>72,499</u>
Other financing sources (uses):			
Transfers out			(72,499)
Total other financing sources (uses):			<u>(72,499)</u>
Changes in fund balances	<u>(50,640)</u>	<u>20,542</u>	
Fund balances (deficits), beginning of year	841,753	239,243	
Fund balances, end of year	<u>\$ 791,113</u>	<u>\$ 259,785</u>	<u>\$</u>

Professional Development and Technology Grants	Promote Informed Parent Choice	Limited English & Immigrant Students	Special Education Grants	Vocational Education	E-Rate
\$	\$	\$	\$	\$	\$
307,000	118,466	253,385	1,037,727	357,676	297,869
<u>307,000</u>	<u>118,466</u>	<u>253,385</u>	<u>1,037,727</u>	<u>357,676</u>	<u>297,869</u>
294,965	90,957	99,447	199,187	265,564	
	22,810	145,098	741,862	49,666	
		1,016	19,939	4,685	20,401
			10,671	2,216	300,319
		5,325	24,423	32,629	
<u>294,965</u>	<u>113,767</u>	<u>250,886</u>	<u>996,082</u>	<u>354,760</u>	<u>320,720</u>
12,035	4,699	2,499	41,645	2,916	(22,851)
(12,035)	(4,699)	(2,499)	(41,645)	(2,916)	
<u>(12,035)</u>	<u>(4,699)</u>	<u>(2,499)</u>	<u>(41,645)</u>	<u>(2,916)</u>	
					(22,851)
					243,874
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 221,023</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	State Vocational Education	Other State Projects	Civic Center
Revenues:			
Other local	\$	\$	\$ 15,808
State aid and grants	111,589	99,860	
Federal aid, grants and reimbursements			
Total revenues	111,589	99,860	15,808
Expenditures:			
Current -			
Instruction	28,964		
Support services - students and staff	62,557	99,860	
Support services - administration	10,030		22
Operation and maintenance of plant services			7,935
Student transportation services	3,534		
Operation of non-instructional services			
Capital outlay	6,504		
Total expenditures	111,589	99,860	7,957
Excess (deficiency) of revenues over expenditures			7,851
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			7,851
Fund balances (deficits), beginning of year			16,940
Fund balances, end of year	\$	\$	\$ 24,791

<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Textbooks</u>	<u>Insurance Refund</u>
\$ 87,460	\$ 44,479	\$ 147,347	\$ 1	\$	\$ 4,252
<u>87,460</u>	<u>44,479</u>	<u>147,347</u>	<u>1</u>		<u>4,252</u>
111,317	35,927	49,691			
5,520	150	40,455			1,575
		4,953			
		1,070			
		563			
		56,698			
<u>116,837</u>	<u>36,077</u>	<u>153,430</u>			<u>1,575</u>
<u>(29,377)</u>	<u>8,402</u>	<u>(6,083)</u>	<u>1</u>		<u>2,677</u>
<u>(29,377)</u>	<u>8,402</u>	<u>(6,083)</u>	<u>1</u>		<u>2,677</u>
159,828	112,877	103,781	1,359	100	1,604
<u>\$ 130,451</u>	<u>\$ 121,279</u>	<u>\$ 97,698</u>	<u>\$ 1,360</u>	<u>\$ 100</u>	<u>\$ 4,281</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Grants and Gifts to Teachers	Totals
Revenues:		
Other local	\$	\$ 300,343
State aid and grants		2,629,735
Federal aid, grants and reimbursements		4,695,250
Total revenues		7,625,328
Expenditures:		
Current -		
Instruction		4,635,892
Support services - students and staff		2,241,657
Support services - administration		193,033
Operation and maintenance of plant services		308,254
Student transportation services		22,491
Operation of non-instructional services		563
Capital outlay		156,623
Total expenditures		7,558,513
Excess (deficiency) of revenues over expenditures		66,815
Other financing sources (uses):		
Transfers out		(136,293)
Total other financing sources (uses):		(136,293)
Changes in fund balances		(69,478)
Fund balances (deficits), beginning of year	(1,855)	1,719,504
Fund balances (deficits), end of year	\$ (1,855)	\$ 1,650,026

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NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 818	\$ 818
State aid and grants		2,192,596	2,192,596
Federal aid, grants and reimbursements			
Total revenues		<u>2,193,414</u>	<u>2,193,414</u>
Expenditures:			
Current -			
Instruction	2,880,039	2,159,868	720,171
Support services - students and staff	109,431	84,186	25,245
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>2,989,470</u>	<u>2,244,054</u>	<u>745,416</u>
Excess (deficiency) of revenues over expenditures	<u>(2,989,470)</u>	<u>(50,640)</u>	<u>2,938,830</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,989,470)</u>	<u>(50,640)</u>	<u>2,938,830</u>
Fund balances (deficits), beginning of year		841,753	841,753
Fund balances (deficits), end of year	<u>\$ (2,989,470)</u>	<u>\$ 791,113</u>	<u>\$ 3,780,583</u>

Instructional Improvement			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 178 225,690	\$ 178 225,690	\$	\$	\$
				2,323,127	2,323,127
	225,868	225,868		2,323,127	2,323,127
236,250	202,835 2,491	33,415 (2,491)	2,558,616	1,392,135 697,557 124,892	1,166,481 (697,557) (124,892)
				5,000	(5,000)
				31,044	(31,044)
236,250	205,326	30,924	2,558,616	2,250,628	307,988
(236,250)	20,542	256,792	(2,558,616)	72,499	2,631,115
				(72,499)	(72,499)
				(72,499)	(72,499)
(236,250)	20,542	256,792	(2,558,616)		2,558,616
	239,243	239,243			
\$ (236,250)	\$ 259,785	\$ 496,035	\$ (2,558,616)	\$	\$ 2,558,616

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		307,000	307,000
Total revenues		307,000	307,000
Expenditures:			
Current -			
Instruction			
Support services - students and staff	331,143	294,965	36,178
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	331,143	294,965	36,178
Excess (deficiency) of revenues over expenditures	(331,143)	12,035	343,178
Other financing sources (uses):			
Transfers in			
Transfers out		(12,035)	(12,035)
Total other financing sources (uses):		(12,035)	(12,035)
Changes in fund balances	(331,143)		331,143
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (331,143)	\$	\$ 331,143

Promote Informed Parent Choice			Limited English & Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	118,466	118,466		253,385	253,385
	118,466	118,466		253,385	253,385
118,466	90,957	27,509		99,447	(99,447)
	22,810	(22,810)	292,860	145,098	147,762
				1,016	(1,016)
				5,325	(5,325)
118,466	113,767	4,699	292,860	250,886	41,974
(118,466)	4,699	123,165	(292,860)	2,499	295,359
	(4,699)	(4,699)		(2,499)	(2,499)
	(4,699)	(4,699)		(2,499)	(2,499)
(118,466)		118,466	(292,860)		292,860
\$ (118,466)	\$	\$ 118,466	\$ (292,860)	\$	\$ 292,860

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,037,727	1,037,727
Total revenues		<u>1,037,727</u>	<u>1,037,727</u>
Expenditures:			
Current -			
Instruction		199,187	(199,187)
Support services - students and staff	1,137,089	741,862	395,227
Support services - administration		19,939	(19,939)
Operation and maintenance of plant services			
Student transportation services		10,671	(10,671)
Operation of non-instructional services			
Capital outlay		24,423	(24,423)
Total expenditures	<u>1,137,089</u>	<u>996,082</u>	<u>141,007</u>
Excess (deficiency) of revenues over expenditures	<u>(1,137,089)</u>	<u>41,645</u>	<u>1,178,734</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(41,645)	(41,645)
Total other financing sources (uses):		<u>(41,645)</u>	<u>(41,645)</u>
Changes in fund balances	<u>(1,137,089)</u>		<u>1,137,089</u>
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	<u>\$ (1,137,089)</u>	<u>\$</u>	<u>\$ 1,137,089</u>

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 225	\$ 225
	357,676	357,676		127,657	127,657
	357,676	357,676		127,882	127,882
273,969	265,564	8,405	60,000	5,017	54,983
	49,666	(49,666)			
	4,685	(4,685)			
	2,216	(2,216)			
	32,629	(32,629)			
273,969	354,760	(80,791)	60,000	5,017	54,983
(273,969)	2,916	276,885	(60,000)	122,865	182,865
	(2,916)	(2,916)			
	(2,916)	(2,916)			
(273,969)		273,969	(60,000)	122,865	182,865
				214,362	214,362
\$ (273,969)	\$	\$ 273,969	\$ (60,000)	\$ 337,227	\$ 397,227

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	National Forest Fees		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction		11,598	(11,598)
Support services - students and staff		114,804	(114,804)
Support services - administration			
Operation and maintenance of plant services		43,902	(43,902)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures		170,304	(170,304)
Excess (deficiency) of revenues over expenditures		(170,304)	(170,304)
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		(170,304)	(170,304)
Fund balances (deficits), beginning of year		410,606	410,606
Fund balances (deficits), end of year	\$	\$ 240,302	\$ 240,302

E-Rate			State Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	297,869	297,869		111,589	111,589
	297,869	297,869		111,589	111,589
	20,401	(20,401)		28,964	(28,964)
200,000	300,319	(100,319)	53,672	62,557	(8,885)
				10,030	(10,030)
				3,534	(3,534)
				6,504	(6,504)
200,000	320,720	(120,720)	53,672	111,589	(57,917)
(200,000)	(22,851)	177,149	(53,672)		53,672
(200,000)	(22,851)	177,149	(53,672)		53,672
	243,874	243,874			
\$ (200,000)	\$ 221,023	\$ 421,023	\$ (53,672)	\$	\$ 53,672

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		99,860	99,860
Federal aid, grants and reimbursements			
Total revenues		<u>99,860</u>	<u>99,860</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	169,374	99,860	69,514
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>169,374</u>	<u>99,860</u>	<u>69,514</u>
Excess (deficiency) of revenues over expenditures	<u>(169,374)</u>		<u>169,374</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(169,374)</u>		<u>169,374</u>
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	<u>\$ (169,374)</u>	<u>\$</u>	<u>\$ 169,374</u>

School Plant			Civic Center		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 15,808	\$ 15,808
				15,808	15,808
10,500		10,500	15,000	22 7,935	(22) 7,065
<u>10,500</u>		<u>10,500</u>	<u>15,000</u>	<u>7,957</u>	<u>7,043</u>
<u>(10,500)</u>		<u>10,500</u>	<u>(15,000)</u>	<u>7,851</u>	<u>22,851</u>
<u>(10,500)</u>		<u>10,500</u>	<u>(15,000)</u>	<u>7,851</u>	<u>22,851</u>
	18,065	18,065		16,940	16,940
<u>\$ (10,500)</u>	<u>\$ 18,065</u>	<u>\$ 28,565</u>	<u>\$ (15,000)</u>	<u>\$ 24,791</u>	<u>\$ 39,791</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Community School		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 87,460	\$ 87,460
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>87,460</u>	<u>87,460</u>
Expenditures:			
Current -			
Instruction	120,000	111,317	8,683
Support services - students and staff			
Support services - administration		5,520	(5,520)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>120,000</u>	<u>116,837</u>	<u>3,163</u>
Excess (deficiency) of revenues over expenditures	<u>(120,000)</u>	<u>(29,377)</u>	<u>90,623</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(120,000)</u>	<u>(29,377)</u>	<u>90,623</u>
Fund balances (deficits), beginning of year		159,828	159,828
Fund balances (deficits), end of year	<u>\$ (120,000)</u>	<u>\$ 130,451</u>	<u>\$ 250,451</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 278,353	\$ 278,353	\$	\$ 44,479	\$ 44,479
	<u>278,353</u>	<u>278,353</u>		<u>44,479</u>	<u>44,479</u>
400,000	292,859 1,736	107,141 (1,736)	100,000	35,927 150	64,073 (150)
<u>400,000</u>	<u>294,595</u>	<u>105,405</u>	<u>100,000</u>	<u>36,077</u>	<u>63,923</u>
<u>(400,000)</u>	<u>(16,242)</u>	<u>383,758</u>	<u>(100,000)</u>	<u>8,402</u>	<u>108,402</u>
<u>(400,000)</u>	<u>(16,242)</u>	<u>383,758</u>	<u>(100,000)</u>	<u>8,402</u>	<u>108,402</u>
	144,926	144,926		112,877	112,877
<u>\$ (400,000)</u>	<u>\$ 128,684</u>	<u>\$ 528,684</u>	<u>\$ (100,000)</u>	<u>\$ 121,279</u>	<u>\$ 221,279</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 147,347	\$ 147,347
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>147,347</u>	<u>147,347</u>
Expenditures:			
Current -			
Instruction		49,691	(49,691)
Support services - students and staff		40,455	(40,455)
Support services - administration		4,953	(4,953)
Operation and maintenance of plant services			
Student transportation services		1,070	(1,070)
Operation of non-instructional services		563	(563)
Capital outlay	150,000	56,698	93,302
Total expenditures	<u>150,000</u>	<u>153,430</u>	<u>(3,430)</u>
Excess (deficiency) of revenues over expenditures	<u>(150,000)</u>	<u>(6,083)</u>	<u>143,917</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(150,000)</u>	<u>(6,083)</u>	<u>143,917</u>
Fund balances (deficits), beginning of year		103,781	103,781
Fund balances (deficits), end of year	<u>\$ (150,000)</u>	<u>\$ 97,698</u>	<u>\$ 247,698</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1	\$ 1	\$	\$	\$
	1	1			
	1	1			
	1	1			
	1,359	1,359		100	100
\$	\$ 1,360	\$ 1,360	\$	\$ 100	\$ 100

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Litigation Recovery		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 3,000	\$ 3,000
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>3,000</u>	<u>3,000</u>
Expenditures:			
Current -			
Instruction	80,000		80,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>80,000</u>		<u>80,000</u>
Excess (deficiency) of revenues over expenditures	<u>(80,000)</u>	<u>3,000</u>	<u>83,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(80,000)</u>	<u>3,000</u>	<u>83,000</u>
Fund balances (deficits), beginning of year		(40,550)	(40,550)
Fund balances (deficits), end of year	<u>\$ (80,000)</u>	<u>\$ (37,550)</u>	<u>\$ 42,450</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 12	\$ 12	\$	\$ 4,252	\$ 4,252
	<u>12</u>	<u>12</u>		<u>4,252</u>	<u>4,252</u>
300,000	201,346	98,654	4,000	1,575	2,425
	40,289	(40,289)			
	22,847	(22,847)			
	36,897	(36,897)			
<u>300,000</u>	<u>301,379</u>	<u>(1,379)</u>	<u>4,000</u>	<u>1,575</u>	<u>2,425</u>
<u>(300,000)</u>	<u>(301,367)</u>	<u>(1,367)</u>	<u>(4,000)</u>	<u>2,677</u>	<u>6,677</u>
	256,293	256,293			
	<u>256,293</u>	<u>256,293</u>			
<u>(300,000)</u>	<u>(45,074)</u>	<u>254,926</u>	<u>(4,000)</u>	<u>2,677</u>	<u>6,677</u>
	50,296	50,296		1,604	1,604
<u>\$ (300,000)</u>	<u>\$ 5,222</u>	<u>\$ 305,222</u>	<u>\$ (4,000)</u>	<u>\$ 4,281</u>	<u>\$ 8,281</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Grants and Gifts to Teachers		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances			
Fund balances (deficits), beginning of year		(1,855)	(1,855)
Fund balances (deficits), end of year	\$	\$ (1,855)	\$ (1,855)

Advertisement			District Services		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 11,254	\$ 11,254	\$	\$ 90,163	\$ 90,163
	<u>11,254</u>	<u>11,254</u>		<u>90,163</u>	<u>90,163</u>
15,000	5,113	9,887			
	1,800	(1,800)		44,796	(44,796)
				67,963	(67,963)
	917	(917)		1,511	(1,511)
<u>15,000</u>	<u>7,830</u>	<u>7,170</u>		<u>114,270</u>	<u>(114,270)</u>
<u>(15,000)</u>	<u>3,424</u>	<u>18,424</u>		<u>(24,107)</u>	<u>(24,107)</u>
<u>(15,000)</u>	<u>3,424</u>	<u>18,424</u>		<u>(24,107)</u>	<u>(24,107)</u>
	1,800	1,800		36,283	36,283
<u>\$ (15,000)</u>	<u>\$ 5,224</u>	<u>\$ 20,224</u>	<u>\$</u>	<u>\$ 12,176</u>	<u>\$ 12,176</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 683,350	\$ 683,350
State aid and grants		2,629,735	2,629,735
Federal aid, grants and reimbursements		4,822,907	4,822,907
Total revenues		<u>8,135,992</u>	<u>8,135,992</u>
Expenditures:			
Current -			
Instruction	6,842,340	4,950,479	1,891,861
Support services - students and staff	2,093,569	2,358,197	(264,628)
Support services - administration	304,000	440,975	(136,975)
Operation and maintenance of plant services	225,500	392,445	(166,945)
Student transportation services		90,454	(90,454)
Operation of non-instructional services		23,410	(23,410)
Capital outlay	150,000	195,948	(45,948)
Total expenditures	<u>9,615,409</u>	<u>8,451,908</u>	<u>1,163,501</u>
Excess (deficiency) of revenues over expenditures	<u>(9,615,409)</u>	<u>(315,916)</u>	<u>9,299,493</u>
Other financing sources (uses):			
Transfers in		256,293	256,293
Transfers out		(136,293)	(136,293)
Total other financing sources (uses):		<u>120,000</u>	<u>120,000</u>
Changes in fund balances	<u>(9,615,409)</u>	<u>(195,916)</u>	<u>9,419,493</u>
Fund balances (deficits), beginning of year		2,555,292	2,555,292
Fund balances (deficits), end of year	<u>\$ (9,615,409)</u>	<u>\$ 2,359,376</u>	<u>\$ 11,974,785</u>

CAPITAL PROJECTS FUNDS

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

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.

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

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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Insurance Proceeds	Adjacent Ways	Energy and Water Savings
<u>ASSETS</u>			
Cash and investments	\$ 3,894	\$ 5,831	\$ 141,447
Due from governmental entities			
Total assets	\$ 3,894	\$ 5,831	\$ 141,447
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Construction contracts payable	\$ _____	\$ _____	\$ _____
Total liabilities	_____	_____	_____
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	_____	_____	_____
Fund balances:			
Restricted	3,894	5,831	141,447
Total fund balances	3,894	5,831	141,447
 Total liabilities, deferred inflows of resources and fund balances	\$ 3,894	\$ 5,831	\$ 141,447

<u>Emergency Deficiencies Correction</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 1,349	\$ 35	\$ 2,849	\$ 155,405
		108,714	108,714
<u>\$ 1,349</u>	<u>\$ 35</u>	<u>\$ 111,563</u>	<u>\$ 264,119</u>
<u>\$</u>	<u>\$</u>	<u>\$ 18,744</u>	<u>\$ 18,744</u>
		18,744	18,744
		<u>49,661</u>	<u>49,661</u>
<u>1,349</u>	<u>35</u>	<u>43,158</u>	<u>195,714</u>
<u>1,349</u>	<u>35</u>	<u>43,158</u>	<u>195,714</u>
<u>\$ 1,349</u>	<u>\$ 35</u>	<u>\$ 111,563</u>	<u>\$ 264,119</u>

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Insurance Proceeds</u>	<u>Adjacent Ways</u>	<u>Energy and Water Savings</u>
Revenues:			
Other local	\$ 5	\$ 4	\$ 172,957
State aid and grants			
Federal aid, grants and reimbursements			247,052
Total revenues	<u>5</u>	<u>4</u>	<u>420,009</u>
Expenditures:			
Capital outlay	4,500		13,000
Debt service -			
Principal retirement			374,319
Interest and fiscal charges			247,052
Total expenditures	<u>4,500</u>	<u></u>	<u>634,371</u>
Excess (deficiency) of revenues over expenditures	<u>(4,495)</u>	<u>4</u>	<u>(214,362)</u>
Other financing sources (uses):			
Transfers in			374,319
Total other financing sources (uses):			<u>374,319</u>
Changes in fund balances	<u>(4,495)</u>	<u>4</u>	<u>159,957</u>
Fund balances (deficits), beginning of year	8,389	5,827	(18,510)
Fund balances, end of year	<u>\$ 3,894</u>	<u>\$ 5,831</u>	<u>\$ 141,447</u>

<u>Emergency Deficiencies Correction</u>	<u>Building Renewal</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
\$	\$	\$	\$
		270,606	172,966
			270,606
			247,052
		270,606	690,624
		234,697	252,197
			374,319
			247,052
		234,697	873,568
		35,909	(182,944)
			374,319
			374,319
		35,909	191,375
1,349	35	7,249	4,339
<u>\$ 1,349</u>	<u>\$ 35</u>	<u>\$ 43,158</u>	<u>\$ 195,714</u>

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 5	\$ 5
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 5</u>	<u> 5</u>
Expenditures:			
Capital outlay	15,000	4,500	10,500
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u> 15,000</u>	<u> 4,500</u>	<u> 10,500</u>
Excess (deficiency) of revenues over expenditures	<u> (15,000)</u>	<u> (4,495)</u>	<u> 10,505</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (15,000)</u>	<u> (4,495)</u>	<u> 10,505</u>
Fund balances (deficits), beginning of year		8,389	8,389
Fund balances (deficits), end of year	<u> \$ (15,000)</u>	<u> \$ 3,894</u>	<u> \$ 18,894</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 7,653	\$ 7,653	\$	\$ 4	\$ 4
	653,467	653,467			
	4,637	4,637			
	<u>665,757</u>	<u>665,757</u>		<u>4</u>	<u>4</u>
3,144,602	1,139,001	2,005,601	5,824		5,824
<u>3,144,602</u>	<u>1,139,001</u>	<u>2,005,601</u>	<u>5,824</u>		<u>5,824</u>
<u>(3,144,602)</u>	<u>(473,244)</u>	<u>2,671,358</u>	<u>(5,824)</u>	<u>4</u>	<u>5,828</u>
	1,327,437	1,327,437			
	<u>1,327,437</u>	<u>1,327,437</u>			
<u>(3,144,602)</u>	<u>854,193</u>	<u>3,998,795</u>	<u>(5,824)</u>	<u>4</u>	<u>5,828</u>
	987,630	987,630		5,827	5,827
<u>\$ (3,144,602)</u>	<u>\$ 1,841,823</u>	<u>\$ 4,986,425</u>	<u>\$ (5,824)</u>	<u>\$ 5,831</u>	<u>\$ 11,655</u>

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NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Energy and Water Savings		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 172,957	\$ 172,957
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements		247,052	247,052
Total revenues		420,009	420,009
Expenditures:			
Capital outlay		13,000	(13,000)
Debt service -			
Principal retirement	374,319	374,319	
Interest and fiscal charges		247,052	(247,052)
Total expenditures	374,319	634,371	(260,052)
Excess (deficiency) of revenues over expenditures	(374,319)	(214,362)	159,957
Other financing sources (uses):			
Transfers in		374,319	374,319
Total other financing sources (uses):		374,319	374,319
Changes in fund balances	(374,319)	159,957	534,276
Fund balances (deficits), beginning of year		(18,510)	(18,510)
Fund balances (deficits), end of year	\$ (374,319)	\$ 141,447	\$ 515,766

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Building Renewal Grant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants		270,606	270,606
Federal aid, grants and reimbursements			
Total revenues		<u>270,606</u>	<u>270,606</u>
Expenditures:			
Capital outlay	290,000	234,697	55,303
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>290,000</u>	<u>234,697</u>	<u>55,303</u>
Excess (deficiency) of revenues over expenditures	<u>(290,000)</u>	<u>35,909</u>	<u>325,909</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	<u>(290,000)</u>	<u>35,909</u>	<u>325,909</u>
Fund balances (deficits), beginning of year		7,249	7,249
Fund balances (deficits), end of year	<u>\$ (290,000)</u>	<u>\$ 43,158</u>	<u>\$ 333,158</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 180,619	\$ 180,619
	653,467	653,467
	275,243	275,243
	247,052	247,052
	<u>1,356,381</u>	<u>1,356,381</u>
3,455,426	1,391,198	2,064,228
374,319	374,319	
	247,052	(247,052)
<u>3,829,745</u>	<u>2,012,569</u>	<u>1,817,176</u>
<u>(3,829,745)</u>	<u>(656,188)</u>	<u>3,173,557</u>
	1,701,756	1,701,756
	<u>1,701,756</u>	<u>1,701,756</u>
<u>(3,829,745)</u>	<u>1,045,568</u>	<u>4,875,313</u>
	991,969	991,969
<u>\$ (3,829,745)</u>	<u>\$ 2,037,537</u>	<u>\$ 5,867,282</u>

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AGENCY FUNDS

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

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 221,823	\$ 2,751,338	\$ 2,973,161
Total assets	\$ 221,823	\$ 2,751,338	\$ 2,973,161
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 2,751,338	\$ 2,751,338
Due to student groups	221,823		221,823
Total liabilities	\$ 221,823	\$ 2,751,338	\$ 2,973,161

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>STUDENT ACTIVITIES FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 207,935	\$ 802,750	\$ 788,862	\$ 221,823
Total assets	<u>\$ 207,935</u>	<u>\$ 802,750</u>	<u>\$ 788,862</u>	<u>\$ 221,823</u>
<u>Liabilities</u>				
Due to student groups	\$ 207,935	\$ 802,750	\$ 788,862	\$ 221,823
Total liabilities	<u>\$ 207,935</u>	<u>\$ 802,750</u>	<u>\$ 788,862</u>	<u>\$ 221,823</u>

EMPLOYEE WITHHOLDING FUND

<u>Assets</u>				
Cash and investments	\$ 2,217,360	\$ 3,843,945	\$ 3,309,967	\$ 2,751,338
Total assets	<u>\$ 2,217,360</u>	<u>\$ 3,843,945</u>	<u>\$ 3,309,967</u>	<u>\$ 2,751,338</u>
<u>Liabilities</u>				
Deposits held for others	\$ 2,217,360	\$ 3,843,945	\$ 3,309,967	\$ 2,751,338
Total liabilities	<u>\$ 2,217,360</u>	<u>\$ 3,843,945</u>	<u>\$ 3,309,967</u>	<u>\$ 2,751,338</u>

TOTAL AGENCY FUNDS

<u>Assets</u>				
Cash and investments	\$ 2,425,295	\$ 4,646,695	\$ 4,098,829	\$ 2,973,161
Total assets	<u>\$ 2,425,295</u>	<u>\$ 4,646,695</u>	<u>\$ 4,098,829</u>	<u>\$ 2,973,161</u>
<u>Liabilities</u>				
Deposits held for others	\$ 2,217,360	\$ 3,843,945	\$ 3,309,967	\$ 2,751,338
Due to student groups	207,935	802,750	788,862	221,823
Total liabilities	<u>\$ 2,425,295</u>	<u>\$ 4,646,695</u>	<u>\$ 4,098,829</u>	<u>\$ 2,973,161</u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Position:					
Net investment in capital assets	\$ 38,529,030	\$ 40,119,052	\$ 39,123,617	\$ 43,014,187	\$ 44,433,464
Restricted	4,883,871	3,693,321	3,633,377	3,309,623	2,945,307
Unrestricted	<u>(31,752,175)</u>	<u>(33,679,724)</u>	<u>(29,636,142)</u>	<u>5,357,054</u>	<u>5,978,755</u>
Total net position	<u><u>\$ 11,660,726</u></u>	<u><u>\$ 10,132,649</u></u>	<u><u>\$ 13,120,852</u></u>	<u><u>\$ 51,680,864</u></u>	<u><u>\$ 53,357,526</u></u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Position:					
Net investment in capital assets	\$ 46,424,928	\$ 48,067,811	\$ 50,149,015	\$ 51,598,795	\$ 52,355,035
Restricted	3,291,140	3,634,815	2,561,269	2,428,078	963,994
Unrestricted	<u>6,987,397</u>	<u>7,299,567</u>	<u>4,806,543</u>	<u>5,157,240</u>	<u>8,660,845</u>
Total net position	<u><u>\$ 56,703,465</u></u>	<u><u>\$ 59,002,193</u></u>	<u><u>\$ 57,516,827</u></u>	<u><u>\$ 59,184,113</u></u>	<u><u>\$ 61,979,874</u></u>

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

Note: The decrease in unrestricted net position during fiscal year 2015 is due to the implementation of the pension reporting standards.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Instruction	\$ 22,408,932	\$ 23,525,935	\$ 22,440,680	\$ 22,833,252	\$ 23,435,167
Support services - students and staff	5,276,967	5,483,484	4,905,221	5,011,712	5,563,174
Support services - administration	4,162,846	4,478,669	4,461,827	5,605,931	4,376,413
Operation and maintenance of plant services	5,867,444	6,604,096	5,936,508	5,942,992	7,416,269
Student transportation services	1,450,864	1,695,230	1,429,372	1,448,341	1,045,587
Operation of non-instructional services	3,996,101	3,766,708	3,467,581	3,290,374	3,467,143
Interest on long-term debt	247,052	247,052	185,289		
Total expenses	<u>43,410,206</u>	<u>45,801,174</u>	<u>42,826,478</u>	<u>44,132,602</u>	<u>45,303,753</u>
Program Revenues					
Charges for services:					
Instruction	524,312	898,129	819,582	888,926	1,134,003
Operation of non-instructional services	542,971	645,256	553,264	541,492	377,753
Other activities	72,268	26,608	9,995	11,552	41,880
Operating grants and contributions	9,069,827	8,931,060	8,955,372	8,983,843	10,346,138
Capital grants and contributions	684,547	430,224	663,486	845,392	836,780
Total program revenues	<u>10,893,925</u>	<u>10,931,277</u>	<u>11,001,699</u>	<u>11,271,205</u>	<u>12,736,554</u>
Net (Expense)/Revenue	<u>\$ (32,516,281)</u>	<u>\$ (34,869,897)</u>	<u>\$ (31,824,779)</u>	<u>\$ (32,861,397)</u>	<u>\$ (32,567,199)</u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Instruction	\$ 23,336,434	\$ 23,181,026	\$ 24,213,118	\$ 26,653,269	\$ 27,883,648
Support services - students and staff	5,414,032	5,141,271	5,891,203	6,449,607	6,407,246
Support services - administration	4,651,401	4,194,317	4,853,542	4,696,821	4,655,618
Operation and maintenance of plant services	6,417,548	5,469,394	6,013,804	6,750,628	6,103,336
Student transportation services	1,014,229	955,687	1,478,335	1,533,694	1,606,313
Operation of non-instructional services	3,167,870	3,137,343	3,491,665	3,184,950	3,382,718
Interest on long-term debt				1,225,785	1,160,016
Total expenses	<u>44,001,514</u>	<u>42,079,038</u>	<u>45,941,667</u>	<u>50,494,754</u>	<u>51,198,895</u>
Program Revenues					
Charges for services:					
Instruction	1,076,381	702,344	668,149	772,501	428,762
Operation of non-instructional services	482,218	486,621	831,300	1,058,359	902,854
Other activities	43,684	69,121	357,116	48,010	160,882
Operating grants and contributions	9,289,318	10,861,067	8,884,945	9,087,172	9,512,187
Capital grants and contributions	1,405,375	869,134	435,009	986,987	554,087
Total program revenues	<u>12,296,976</u>	<u>12,988,287</u>	<u>11,176,519</u>	<u>11,953,029</u>	<u>11,558,772</u>
Net (Expense)/Revenue	<u>\$ (31,704,538)</u>	<u>\$ (29,090,751)</u>	<u>\$ (34,765,148)</u>	<u>\$ (38,541,725)</u>	<u>\$ (39,640,123)</u>

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

(Concluded)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Net (Expense)/Revenue	\$ (32,516,281)	\$ (34,869,897)	\$ (31,824,779)	\$ (32,861,397)	\$ (32,567,199)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	6,396,266	6,814,673	6,183,049	6,735,592	5,610,350
Property taxes, levied for capital outlay	701,519	183,584	23,704	21,276	724
Investment income	5,960	1,771	2,347	1,882	4,526
Unrestricted county aid	960,056	1,024,971	1,089,235	1,083,233	1,120,660
Unrestricted state aid	25,852,900	25,948,981	24,850,383	23,309,790	22,316,870
Unrestricted federal aid	127,657	339,244	285,002	32,962	168,130
Total general revenues	34,044,358	34,313,224	32,433,720	31,184,735	29,221,260
Changes in Net Position	\$ 1,528,077	\$ (556,673)	\$ 608,941	\$ (1,676,662)	\$ (3,345,939)

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (Expense)/Revenue	\$ (31,704,538)	\$ (29,090,751)	\$ (34,765,148)	\$ (38,541,725)	\$ (39,640,123)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,813,395	4,767,206	5,519,984	6,409,760	6,497,025
Property taxes, levied for debt service				2,364,655	2,094,921
Property taxes, levied for capital outlay	45,052	907,395	250,538	552,916	643,886
Investment income	14,177	14,318	61,672	129,017	198,684
Unrestricted county aid	1,006,745	867,640	692,271		422,114
Unrestricted state aid	22,367,166	23,587,092	23,426,916	26,289,616	31,248,152
Unrestricted federal aid	159,275	432,466	3,146,481		
Total general revenues	<u>29,405,810</u>	<u>30,576,117</u>	<u>33,097,862</u>	<u>35,745,964</u>	<u>41,104,782</u>
Changes in Net Position	<u>\$ (2,298,728)</u>	<u>\$ 1,485,366</u>	<u>\$ (1,667,286)</u>	<u>\$ (2,795,761)</u>	<u>\$ 1,464,659</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)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nondisposable	\$ 2,677,571	\$ 2,682,239	\$ 2,865,844	\$ 2,024,019	\$ 2,607,564
Unassigned	7,606,015	7,221,824	4,302,740	3,807,294	4,451,606
Total General Fund	\$ 10,283,586	\$ 9,904,063	\$ 7,168,584	\$ 5,831,313	\$ 7,059,170
All Other Governmental Funds:					
Nondisposable	\$ 25,204	\$ 39,488	\$ 9,556	\$ 407,991	\$ 419,728
Restricted	4,750,952	3,643,831	6,223,608	2,899,240	2,260,605
Unassigned	(1,855)	(20,365)	(78,437)	(16,262)	
Total all other governmental funds	\$ 4,774,301	\$ 3,662,954	\$ 6,154,727	\$ 3,290,969	\$ 2,680,333

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 2,679,399	\$ 2,785,723	\$	\$	\$
Unassigned	4,586,499	4,932,394			
Reserved			613,832	477,687	583,202
Unreserved			1,939,140	1,586,117	3,639,061
Total General Fund	<u>\$ 7,265,898</u>	<u>\$ 7,718,117</u>	<u>\$ 2,552,972</u>	<u>\$ 2,063,804</u>	<u>\$ 4,222,263</u>
All Other Governmental Funds:					
Nonspendable	\$ 378,731	\$ 379,176	\$	\$	\$
Restricted	2,900,870	3,016,894			
Unassigned	(2,004)	(144,944)			
Reserved			55,421	68,948	124,462
Unreserved, reported in:					
Special revenue funds			2,244,864	2,329,197	4,240,894
Capital projects funds			1,814,760	1,503,224	320,097
Debt service fund			661,645	525,940	401,248
Total all other governmental funds	<u>\$ 3,277,597</u>	<u>\$ 3,251,126</u>	<u>\$ 4,776,690</u>	<u>\$ 4,427,309</u>	<u>\$ 5,086,701</u>

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

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

(Concluded)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Federal sources:					
Federal grants	\$ 5,291,190	\$ 5,848,153	\$ 5,936,588	\$ 5,725,910	\$ 7,947,065
National School Lunch Program	3,694,711	3,240,734	2,916,497	2,990,852	2,744,351
Total federal sources	<u>8,985,901</u>	<u>9,088,887</u>	<u>8,853,085</u>	<u>8,716,762</u>	<u>10,691,416</u>
State sources:					
State equalization assistance	23,434,614	23,522,069	22,521,165	21,000,432	20,475,833
State grants	211,449	191,545	340,421	191,669	389,872
School Facilities Board	270,606	94,372	578,636	734,523	
Other revenues	2,418,286	2,426,912	2,223,246	2,309,367	1,883,703
Total state sources	<u>26,334,955</u>	<u>26,234,898</u>	<u>25,663,468</u>	<u>24,235,991</u>	<u>22,749,408</u>
Local sources:					
Property taxes	7,196,232	7,076,126	6,239,069	6,246,607	6,139,340
County aid	960,056	1,024,971	1,089,235	1,083,233	1,120,660
Food service sales	342,784	366,488	321,490	283,342	377,753
Investment income	5,960	1,771	2,347	2,058	4,526
Other revenues	1,161,181	1,529,229	1,299,041	1,377,686	1,402,977
Total local sources	<u>9,666,213</u>	<u>9,998,585</u>	<u>8,951,182</u>	<u>8,992,926</u>	<u>9,045,256</u>
Total revenues	<u><u>\$ 44,987,069</u></u>	<u><u>\$ 45,322,370</u></u>	<u><u>\$ 43,467,735</u></u>	<u><u>\$ 41,945,679</u></u>	<u><u>\$ 42,486,080</u></u>

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Federal sources:					
Federal grants	\$ 7,688,892	\$ 7,824,514	\$ 6,375,868	\$ 6,909,803	\$ 6,554,274
State Fiscal Stabilization (ARRA)		432,466	3,146,481		
Education Jobs (ARRA)	16,469	1,073,039			
National School Lunch Program	2,455,401	2,426,939	2,752,115	2,048,724	2,183,784
Total federal sources	<u>10,160,762</u>	<u>11,756,958</u>	<u>12,274,464</u>	<u>8,958,527</u>	<u>8,738,058</u>
State sources:					
State equalization assistance	20,669,750	22,165,959	21,669,544	24,359,830	27,622,827
State grants	505,982	64,142	183,072	609,537	860,208
School Facilities Board					360,585
Other revenues	1,472,775	1,421,133	1,757,372	1,999,119	3,195,407
Total state sources	<u>22,648,507</u>	<u>23,651,234</u>	<u>23,609,988</u>	<u>26,968,486</u>	<u>32,039,027</u>
Local sources:					
Property taxes	5,838,045	6,035,404	5,930,160	8,739,577	9,074,087
County aid	1,006,745	867,640	692,271		422,114
Food service sales	482,218	486,621	567,469	584,767	574,100
Investment income	14,177	14,518	61,672	129,017	198,684
Other revenues	1,636,735	1,008,027	1,443,520	1,680,840	1,538,194
Total local sources	<u>8,977,920</u>	<u>8,412,210</u>	<u>8,695,092</u>	<u>11,134,201</u>	<u>11,807,179</u>
Total revenues	<u>\$ 41,787,189</u>	<u>\$ 43,820,402</u>	<u>\$ 44,579,544</u>	<u>\$ 47,061,214</u>	<u>\$ 52,584,264</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)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures:					
Current -					
Instruction	\$ 20,533,977	\$ 20,410,639	\$ 20,508,378	\$ 20,051,550	\$ 19,979,335
Support services - students and staff	5,343,852	5,216,378	4,792,224	4,913,457	5,220,032
Support services - administration	4,171,939	4,162,357	4,369,418	4,913,313	4,532,917
Operation and maintenance of plant services	5,857,887	6,138,384	6,348,486	5,814,636	6,942,476
Student transportation services	1,330,052	1,366,153	1,348,739	1,347,043	830,545
Operation of non-instructional services	3,917,178	3,698,297	3,372,165	3,212,163	3,390,950
Capital outlay	1,700,991	3,847,257	4,400,186	1,715,456	2,362,979
Debt service -					
Interest and fiscal charges	247,052	247,052	185,289		
Principal retirement	374,319	374,319			
Total expenditures	<u>\$ 43,477,247</u>	<u>\$ 45,460,836</u>	<u>\$ 45,324,885</u>	<u>\$ 41,967,618</u>	<u>\$ 43,259,234</u>
Expenditures for capitalized assets	\$ 332,758	\$ 264,750	\$ 3,644,827	\$ 746,563	\$ 229,501
Debt service as a percentage of noncapital expenditures	1%	1%	0%	0%	0%

(Continued)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
Instruction	\$ 20,060,538	\$ 20,875,644	\$ 21,239,567	\$ 23,379,962	\$ 23,703,972
Support services - students and staff	5,101,760	5,447,383	5,736,061	6,567,315	6,338,440
Support services - administration	4,291,553	4,424,062	4,592,638	4,295,785	4,369,686
Operation and maintenance of plant services	6,013,271	6,047,437	6,029,150	6,100,184	6,003,605
Student transportation services	798,821	813,024	849,427	865,796	857,700
Operation of non-instructional services	3,063,647	3,057,415	3,379,676	2,982,683	3,232,948
Capital outlay	2,776,578	2,011,502	2,167,907	3,034,290	4,859,937
Debt service -					
Interest and fiscal charges				20,000	20,000
Principal retirement				2,180,000	2,180,000
Total expenditures	<u>\$ 42,106,168</u>	<u>\$ 42,676,467</u>	<u>\$ 43,994,426</u>	<u>\$ 49,426,015</u>	<u>\$ 51,566,288</u>
Expenditures for capitalized assets	\$ 593,639	\$ 161,979	\$ 295,499	\$ 508,409	\$ 1,397,603
Debt service as a percentage of noncapital expenditures	0%	0%	0%	4%	4%

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

(Concluded)

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Excess (deficiency) of revenues over expenditures	\$ 1,509,822	\$ (138,466)	\$ (1,857,150)	\$ (21,939)	\$ (773,154)
Other financing sources (uses):					
Capital lease agreements			5,614,789		
Transfers in	1,958,049	387,081	296,355	371,284	358,998
Transfers out	(1,958,049)	(387,081)	(296,355)	(371,284)	(358,998)
Total other financing sources (uses)	(1,958,049)	(387,081)	5,614,789	(371,284)	(358,998)
Changes in fund balances	\$ 1,509,822	\$ (138,466)	\$ 3,757,639	\$ (21,939)	\$ (773,154)
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (318,979)	\$ 1,143,935	\$ 585,118	\$ (2,364,801)	\$ 1,017,976
Other financing sources (uses):					
Transfers in	378,009	1,289,709	383,784	333,983	103,919
Transfers out	(378,009)	(1,289,709)	(383,784)	(333,983)	(103,919)
Total other financing sources (uses)	(378,009)	(1,289,709)	(383,784)	(333,983)	(103,919)
Changes in fund balances	\$ (318,979)	\$ 1,143,935	\$ 585,118	\$ (2,364,801)	\$ 1,017,976

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 66,414,514	\$ 67,698,388	\$ 67,274,676	\$ 66,475,415	\$ 72,052,584
Agricultural and Vacant	7,428,020	8,189,154	8,276,709	8,278,123	9,055,481
Residential (Owner Occupied)	28,047,483	27,808,387	28,267,349	32,454,833	37,472,296
Residential (Rental)	11,349,489	11,024,605	10,906,594	12,627,106	14,015,251
Railroad, Private Cars and Airlines	795,164	837,159	878,574	750,161	717,725
Historical Property	248,289	256,823	260,756	277,052	302,603
Certain Government Property Improvements					
Total	\$ 114,282,959	\$ 115,814,516	\$ 115,864,658	\$ 120,862,690	\$ 133,615,940
Gross Full Cash Value	\$ 1,054,465,130	\$ 1,035,334,466	\$ 1,024,131,950	\$ 1,057,679,595	\$ 1,164,547,766
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Total Direct Rate	6.82	6.55	5.88	5.61	5.16

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 72,946,427	\$ 79,448,555	\$ 80,948,281	\$ 79,914,380	\$ 77,470,213
Agricultural and Vacant	8,891,678	8,805,461	8,628,818	8,229,942	8,140,391
Residential (Owner Occupied)	44,495,621	50,665,379	47,486,777	43,330,902	38,672,728
Residential (Rental)	11,086,477	10,913,097	10,041,090	9,007,573	8,075,012
Railroad, Private Cars and Airlines	613,981	585,253	585,214	665,302	709,296
Historical Property	308,149	291,592	283,900	257,270	227,663
Certain Government Property Improvements					
Total	\$ 138,342,333	\$ 150,709,337	\$ 147,974,080	\$ 141,405,369	\$ 133,295,303
Gross Full Cash Value	\$ 1,222,714,962	\$ 1,241,827,641	\$ 1,241,461,962	\$ 1,132,316,212	\$ 1,022,484,304
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	12%	12%	12%	13%
Total Direct Rate	4.68	4.41	4.34	6.49	7.36

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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 67,826,278	\$ 68,357,520	\$ 68,652,936	\$ 66,827,731	\$ 73,252,740
Agricultural and Vacant	10,594,148	8,281,629	8,410,864	8,413,798	9,413,432
Residential (Owner Occupied)	31,478,951	28,456,853	28,286,701	32,481,625	37,589,237
Residential (Rental)	12,297,971	11,228,475	10,916,924	12,659,089	14,111,982
Railroad, Private Cars and Airlines	849,064	852,453	886,339	756,856	730,503
Historical Property	260,191	263,094	260,756	273,458	304,839
Certain Government Property Improvements				3,594	
Total	\$ 123,306,603	\$ 117,440,024	\$ 117,414,520	\$ 121,416,151	\$ 135,402,733
Gross Full Cash Value	\$ 1,054,465,130	\$ 1,035,334,466	\$ 1,024,131,950	\$ 1,057,679,595	\$ 1,164,547,766
Ratio of Net Full Cash Value to Gross Full Cash Value	12%	11%	11%	11%	12%
Estimated Net Full Cash Value	883,500,051	811,634,791	801,405,009	839,759,842	935,073,952
Total Direct Rate	6.82	6.55	5.88	5.61	5.16

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 75,382,901	\$ 80,492,271	\$ 83,230,913	\$ 83,128,400	\$ 81,325,387
Agricultural and Vacant	9,587,128	9,742,155	10,159,005	9,365,188	9,514,489
Residential (Owner Occupied)	45,117,397	52,962,019	54,275,058	47,268,860	40,043,731
Residential (Rental)	11,344,063	11,266,885	10,887,462	9,726,163	8,602,483
Railroad, Private Cars and Airlines	680,959	692,215	683,687	744,166	777,602
Historical Property	314,080	313,985	314,408	290,965	257,121
Certain Government Property Improvements	2,354				
Total	\$ 142,428,882	\$ 155,469,530	\$ 159,550,533	\$ 150,523,742	\$ 140,520,813
Gross Full Cash Value	\$ 1,222,714,962	\$ 1,241,827,641	\$ 1,241,461,962	\$ 1,132,316,212	\$ 1,022,484,304
Ratio of Net Full Cash Value to Gross Full Cash Value	12%	13%	13%	13%	14%
Estimated Net Full Cash Value	992,856,504	1,085,334,090	1,094,650,707	994,544,766	895,059,706
Total Direct Rate	4.68	4.41	4.34	6.49	7.36

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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

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

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

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

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								
	State Equalization	County	Nogales Suburban F.D.	Flood Control District	Community College District	Fire District Assistance	District Direct Rates		
							Primary	Secondary	Total
2017	0.50	3.81	3.25	0.76	0.49	0.10	5.24	1.58	6.82
2016	0.51	3.81	3.25	0.76	0.47	0.10	5.07	1.49	6.55
2015	0.51	3.65	3.25	0.73	0.45	0.10	4.47	1.40	5.88
2014	0.51	3.42	3.25	0.68	0.00	0.10	4.25	1.36	5.61
2013	0.47	2.82	3.25	0.56	0.00	0.10	3.92	1.24	5.16
2012	0.00	2.82	3.25	0.56	0.00	0.10	3.50	1.18	4.68
2011	0.00	2.82	3.25	0.56	0.00	0.10	3.29	1.12	4.41
2010	0.00	2.90	3.25	0.58	0.00	0.10	3.22	1.12	4.34
2009	0.00	3.01	3.25	0.60	0.00	0.10	3.83	2.66	6.49
2008	0.00	3.18	3.25	0.61	0.00	0.10	4.51	2.85	7.36

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Valuation</u>
Unisource Energy Corporation	\$ 19,014,000	16.64 %		
Delta Properties LLP	5,619,000	4.92	\$ 3,824,000	2.72 %
Union Pacific Railroad	3,147,000	2.75	5,756,000	4.10
Crisantes Properties LLC	2,158,000	1.89		-
Wal-Mart Stores Inc.	2,152,000	1.88	4,467,000	3.18
SOAC Properties Corporation	2,095,000	1.83		-
Mariposa Shopping Center LP	2,062,000	1.80		-
Qwest Corporation	1,777,000	1.55	15,211,000	10.82
Tubac Management Co. LLC	1,372,000	1.20	3,956,000	2.82
Nogales Plaza Shopping Center	1,234,000	1.08	2,633,000	
Loma Linda Mall LLC			3,143,000	2.24
Newhall Nogales General Printshop			2,938,000	2.09
Edwards/PCF-Nogales LLC			2,827,000	2.01
Vatere LLC			2,182,000	1.55
Total	<u>\$ 40,630,000</u>	<u>35.55 %</u>	<u>\$ 46,937,000</u>	<u>31.53 %</u>

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

- Note:** 1) 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.
- 2) Information for principal property taxpayers is presented county-wide as this is the most accurate information currently available.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
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
2017	\$ 7,215,860	\$ 6,798,942	94.22 %	\$	\$ 6,798,942	94.22 %
2016	7,560,396	7,149,410	94.56	356,477	7,505,887	99.28
2015	6,302,910	5,866,725	93.08	393,555	6,260,280	99.32
2014	6,207,635	5,732,278	92.34	440,923	6,173,201	99.45
2013	6,305,308	5,844,337	92.69	433,573	6,277,910	99.57
2012	5,878,054	5,421,345	92.23	446,186	5,867,531	99.82
2011	5,959,257	5,414,606	90.86	535,390	5,949,996	99.84
2010	5,916,518	5,324,652	90.00	591,866	5,916,518	100.00
2009	9,394,586	8,314,809	88.51	1,079,101	9,393,910	99.99
2008	9,612,366	8,844,876	92.02	767,490	9,612,366	100.00

Source: The source of this information is the 2017 Santa Cruz 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.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2017	\$	\$	\$	%	\$	\$ 4,866,151	\$ 4,866,151	0.46 %	\$ 238	N/A %
2016						5,240,470	5,240,470	0.51	256	0.34
2015						5,614,789	5,614,789	0.55	269	0.40
2014										
2013										
2012										
2011										
2010										
2009	479,908		479,908	0.04	22		479,908	0.04	22	0.04
2008	1,486,584		1,486,584	0.15	68	974,215	2,460,799	0.24	113	0.24

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

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
City of Nogales	\$ 32,965,000	100.00 %	<u>\$ 32,965,000</u>
Subtotal, Overlapping Debt			<u>32,965,000</u>
Direct:			
Nogales Unified School District No. 1			<u>4,866,151</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 37,831,151</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		0 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,612	
As a Percentage of Net Limited Assessed Valuation		28.85 %
As a Percentage of Gross Full Cash Value		3.13 %

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

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

Net full cash assessed valuation	\$ 123,306,603
Debt limit (20% of assessed value)	24,661,321
Debt applicable to limit	
Legal debt margin	<u>\$ 24,661,321</u>

Total Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 123,306,603
Debt limit (30% of assessed value)	36,991,981
Debt applicable to limit	
Legal debt margin	<u>\$ 36,991,981</u>

Fiscal Year Ended June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 36,991,981	\$ 35,232,007	\$ 35,224,356	\$ 36,424,845	\$ 40,620,820
Total net debt applicable to limit					
Legal debt margin	<u>\$ 36,991,981</u>	<u>\$ 35,232,007</u>	<u>\$ 35,224,356</u>	<u>\$ 36,424,845</u>	<u>\$ 40,620,820</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 42,728,665	\$ 46,640,859	\$ 47,865,160	\$ 45,157,123	\$ 37,570,065
Total net debt applicable to limit				479,908	1,486,584
Legal debt margin	<u>\$ 42,728,665</u>	<u>\$ 46,640,859</u>	<u>\$ 47,865,160</u>	<u>\$ 44,677,215</u>	<u>\$ 36,083,481</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	1%	4%

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.

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2016	50,581	\$ N/A	\$ N/A	9.9 %	20,456
2015	50,270	1,563,237	33,646	11.5	20,456
2014	49,554	1,408,494	30,164	13.2	20,837
2013	46,768	1,297,082	27,734	18.2	20,456
2012	47,303	1,322,797	27,964	19.2	20,751
2011	47,676	1,193,646	25,037	18.9	20,948
2010	47,420	1,189,267	25,056	16.2	20,878
2009	47,900	1,137,493	25,987	14.6	21,709
2008	47,471	1,141,556	26,466	10.5	21,633
2007	42,066	1,008,541	23,744	7.3	21,709

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

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

NOGALES UNIFIED SCHOOL DISTRICT NO. 1
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Supervisory					
Consultants/supervisors of instruction	10	10	10	10	10
Principals	10	10	10	10	10
Assistant principals	4	4	4	4	4
Total supervisory	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Instruction					
Teachers	281	281	278	276	276
Other professionals (instructional)	13	13	13	13	14
Aides	77	77	77	77	77
Total instruction	<u>371</u>	<u>371</u>	<u>368</u>	<u>366</u>	<u>367</u>
Student Services					
Librarians	3	3	3	3	3
Other	20	35	35	35	37
Total student services	<u>23</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>40</u>
Support and Administration					
Clerical/secretarial/other workers	53	53	53	53	52
Custodial/maintenance/mechanic workers	62	62	62	62	62
Technicians	6	6	6	7	16
Security guard/truancy officer	18	18	18	18	8
Total support and administration	<u>139</u>	<u>139</u>	<u>139</u>	<u>140</u>	<u>138</u>
Total	<u><u>557</u></u>	<u><u>572</u></u>	<u><u>569</u></u>	<u><u>568</u></u>	<u><u>569</u></u>

(Continued)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Supervisory					
Consultants/supervisors of instruction	10	15	15	15	19
Principals	10	10	10	10	10
Assistant principals	4	5	5	5	4
Total supervisory	<u>24</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>33</u>
Instruction					
Teachers	273	282	296	307	311
Other professionals (instructional)	14	16	16	19	19
Aides	75	78	87	86	89
Total instruction	<u>362</u>	<u>376</u>	<u>399</u>	<u>412</u>	<u>419</u>
Student Services					
Librarians	3	3	3	3	3
Other	37	42	49	49	47
Total student services	<u>40</u>	<u>45</u>	<u>52</u>	<u>52</u>	<u>50</u>
Support and Administration					
Clerical/secretarial/other workers	52	55	55	57	62
Custodial/maintenance/mechanic workers	61	62	63	63	62
Technicians	8	8	8	8	9
Security guard/truancy officer	15	15	15	15	13
Total support and administration	<u>136</u>	<u>140</u>	<u>141</u>	<u>143</u>	<u>146</u>
Total	<u><u>562</u></u>	<u><u>591</u></u>	<u><u>622</u></u>	<u><u>637</u></u>	<u><u>648</u></u>

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

(Concluded)

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
U.S. Border Patrol	623	3.23 %	638	3.49 %
U.S. Customs and Border Protection	616	3.20	425	2.32
Nogales Unified School District	563	2.92	700	3.83
Santa Cruz County	412	2.14	390	2.13
Santa Cruz Valley Unified School District #35	383	1.99	450	2.46
Super Wal-Mart	380	1.97	600	3.28
City of Nogales	294	1.53	309	1.69
Mariposa Community Health Center, Inc.	288	1.49	198	1.08
Tubac Golf Resort	187	0.97	200	1.09
Carondelet Health Network - Holy Cross Hospital	167	0.87	264	1.44
			-	
Total	<u>3,913</u>	<u>20.31 %</u>	<u>4,174</u>	<u>22.81 %</u>
Total employment	<u>19,272</u>		<u>18,300</u>	

Source: The source of this information is the U.S. Census Bureau.

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
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
2017	5,585	\$ 41,154,885	\$ 7,369	(0.70) %	\$ 43,410,206	\$ 7,773	(6.26) %	371	15.1	83.0 %
2016	5,524	40,992,208	7,421	1.57	45,801,174	8,291	7.95	371	14.9	83.1
2015	5,576	40,739,410	7,306	2.68	42,826,478	7,681	(1.55)	368	15.2	83.0
2014	5,657	40,252,162	7,116	(2.15)	44,132,602	7,802	(3.15)	366	15.5	83.0
2013	5,624	40,896,255	7,272	3.17	45,303,753	8,055	2.15	367	15.3	81.5
2012	5,580	39,329,590	7,048	(2.30)	44,001,514	7,886	5.64	362	15.4	82.0
2011	5,637	40,664,965	7,214	(0.09)	42,079,038	7,465	(5.87)	376	15.0	81.0
2010	5,793	41,826,519	7,220	(7.07)	45,941,667	7,931	(10.67)	399	14.5	82.0
2009	5,688	44,191,725	7,769	1.11	50,494,754	8,877	0.43	412	13.8	80.0
2008	5,792	44,506,351	7,684	2.92	51,198,895	8,840	9.78	419	13.8	76.0

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

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

**NOGALES UNIFIED SCHOOL DISTRICT NO. 1
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Schools</u>										
Elementary										
Buildings	56	56	56	56	56	56	56	56	56	56
Square feet	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715	268,715
Enrollment	2,391	2,581	2,678	2,355	2,355	2,545	2,630	2,680	2,650	2,709
Middle										
Buildings	14	14	14	14	14	14	14	14	14	14
Square feet	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113	160,113
Enrollment	1,298	1,282	1,298	1,390	1,390	1,379	1,335	1,393	1,373	1,393
High										
Buildings	36	36	36	36	36	36	36	36	36	36
Square feet	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935	260,935
Enrollment	1,896	1,800	1,810	1,880	1,880	1,807	1,834	1,901	1,874	1,907
<u>Administrative</u>										
Buildings	7	7	7	7	7	7	7	7	7	7
Square feet	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417	47,417
<u>Transportation</u>										
Garages	2	2	2	2	2	2	2	2	2	2
<u>Athletics</u>										
Football fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	9	9	9	9	9	9	9	9	9	9
Running tracks	4	4	4	4	4	4	4	4	4	4
Baseball/softball	11	11	11	11	11	11	11	11	11	11
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	13	13	13	13	13	13	13	13	13	13

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

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