
WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6

GLENDALE, ARIZONA

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

Issued by:
Business and Finance Department

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6

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INTRODUCTORY SECTION

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December 19, 2017

Citizens and Governing Board
Washington Elementary School District No. 6
4650 West Sweetwater Avenue
Glendale, Arizona 85304

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 Washington Elementary School District No. 6 (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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

PROFILE OF THE DISTRICT

The Washington Elementary School District No. 6 was established in 1891 and is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade eight. Other supplemental programs are offered such as Head Start, daycare programs providing services before and after school, and other community-based education programs.

Washington Elementary School District operates 32 school sites and three District administrative sites. The District currently maintains 264 buildings; of which, 36 buildings are less than 20 years old, 41 buildings are 20-30 years old, 92 buildings are 30-40 years old, and 95 buildings exceed 40 years old. The District is consistently evaluating buildings to determine the need for general repair, renovation, or rebuild – based on building system condition and ongoing issues that occur. A plan for scope and funding options for major renovations and/or rebuilds is under continuous review and revision.

The District serves approximately 23,593 students in north central Phoenix and eastern Glendale. Projections indicate that enrollment should remain relatively constant with slight fluctuations up or down each year. Our schools continue to offer a variety of choice to parents related to the education of their children. There are plans to increase the number of signature programs within the District to encourage further growth in the near future. The District continues to expand STEM and robotics programs at several schools and established its first Makers Space classroom last year. The District is evaluating the feasibility of a dual language program within the district based on input received by local parents.

Washington Elementary School District has embarked on a system-wide program that encourages and expects continuous improvement for all aspects of the District. Each school and department develops action plans that reflect what goals they will address in the immediate future related to the four areas of focus for the District. These areas include: Leadership, Instructional Improvement, Climate and Culture, and Family and Community Engagement.

In order to facilitate community outreach and increase transparency, the District will work with several committees moving forward. The Leadership and Budget Committees will provide opportunities for the District to provide a common purpose with our stakeholders and create a better understanding of district educational and business practices. These committees will also provide a platform for stakeholders to provide feedback and suggestions to the District. As the District continues to focus on the whole child, the Climate and Culture Committee will encourage dialogue and action in order to increase positive and productive learning environments for all campuses. The Family and Community Engagement Committee will increase opportunities for family and community to be involved in improving academic and social emotional growth and outcomes for all students.

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

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

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the District for financial statement purposes and the District are not included in any other governmental 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, nutrition services, and extracurricular functions.

For fiscal year 2016-2017 the District experienced a 3.66 percent increase in its primary assessed valuation. The economy of the District is representative of the economies of the cities that overlap the District. Approximately 92 percent of the District lies within the boundaries of the City of Phoenix with only 8 percent falling within the boundaries of the City of Glendale.

BUDGETARY SYSTEMS AND CONTROLS

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

The Washington Elementary School District utilizes a "Student-Based Budget Process", meaning that schools and students are budget priorities. The budget for staffing and other resources is based on the number of students enrolled at each site and funds are allocated for these needs prior to evaluating the needs for departments. These budgets are set each year based on consistent standards and rubrics adopted by the Governing Board. Standards are developed and recommended to the Governing Board after receiving input from committees consisting of staff and other stakeholders involved in each particular area.

The Governing Board annually reviews any budget items that are outside the general state budget limits, e.g. Adjacent Ways, Desegregation. These items are approved individually after consideration of defined needs of the District and evaluation of any proposed impact to taxpayers in the District. The Governing Board has approved a Debt Management and Special Levy Policy to provide guidance for staff to consider when evaluating the need for additional levies or long-term debt such as bonds.

The District's proposed expenditure budget is presented to the Governing Board for review prior to July 15. The Governing Board is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than July 15. The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General and some Capital Project Funds. The level of budgetary control is established at the individual fund level for all funds. The Governing Board has given staff authorization to exceed subsections of a budget, if needed, with the stipulation that expenditures never exceed the total appropriated budget in a particular fund.

In order to ensure compliance with the legal provisions applicable to the annual appropriated budget, Washington Elementary School District maintains several budgetary controls. Budget-controlled funds are monitored consistently to ensure that schools and departments stay within their allocated budgets, and that expenditures are proper for the designated fund. The Finance Director can at any time reallocate budget capacity between accounts within a fund or from the contingency fund designated for emergencies and other needs that were not identified previously. The workflow for approval of purchases, budget transfers and journal entries has several levels for review before being posted. Budgets for cash-controlled funds are updated automatically within the financial system as revenue is received and these funds are reconciled throughout the year to ensure that cash available is sufficient to meet the appropriated budget.

Although not adopted, an annual revenue budget for all sources is prepared. The expenditure budget can be revised annually in accordance with Arizona Revised Statutes; however the revenue budget is not revised. Therefore a deficit budgeted fund balance can occur when the expenditure budget is increased during a revision. Funds that have over expenditures of budgeted funds have revenue earned throughout the year. 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's administration is charged with the responsibility of supervising the protection of the District's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The District carries insurance for general liability, auto liability and workers' compensation. The administration is also responsible for directing the District's benefits program, which includes the administration of health, life and other benefits for all full-time and some part-time employees. These activities are accounted for in the Internal Service Funds.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The City of Phoenix enjoys a highly diversified economic base consisting of manufacturing, agriculture, tourism, construction, education, distribution centers, finance and retailing. Tourism is an important income producer. Many world-class hotels and resorts cater to visitors. The city's light rail system offers a convenient transportation link from the airport to downtown Phoenix, with stops at the convention center and several downtown hotels. The light rail system includes several miles within the District boundaries. The greater Phoenix area serves as a hub for innovation and entrepreneurs by providing international access for aerospace, high-technology, bioscience, advanced business services and sustainable technologies companies.

The City of Phoenix is the Capitol and largest city of Arizona and is the county seat as well. Phoenix is also the fifth largest city in the nation by population, with more than 1.6 million residents and growing. The city encompasses an area approximately 519 square miles. The Phoenix metropolitan area is the population and economic activity center of the entire state. Phoenix is one of the leaders in the economics of the Southwestern area of the United States.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,226 square miles. Its boundaries encompass the cities of Phoenix, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria and Gilbert. The County's population is estimated at 4.2 million or about 60 percent of the total population of the state. Maricopa County has a very wide range of economic sectors supporting its substantial growth. As of June 2017, the unemployment rate in the Phoenix area and Maricopa County was approximately 4.6 percent, just slightly higher than the national average of 4.4 percent.

The State of Arizona was greatly affected by the economic downturn. This resulted in limited growth and declining revenues, but statewide revenues have been performing far above what was projected over the last couple of years. The downturn in the economy presented a challenge to school districts considering that the majority of funding for schools is generated through formulas directed by Arizona law. Legislative decisions over the last several years have led to reduced funding allocations, but public awareness of limited education funding has recently provided an increased focus on developing a sustainable funding system for the future. A voter initiative was approved in May 2016 that provided a consistent factor for an inflation increase to be added to school district budgets each year. Additional funding was also provided with this initiative for a period of ten years.

Long-term Financial Planning. The District incorporates shared-decision making processes into every aspect of District management and planning. The shared-decision making process allows the input of stakeholders (to include parents, employees and community members) into the decision-making and financial planning of the District. From these processes, advisory committees are formed to evaluate and make recommendations to the Superintendent in regard to the needs of the District.

One such committee is the Bond Task Force. The District has recently evaluated all elements in its school buildings and determined the condition of these elements as well as projected replacement date and cost to replace. Future capital plans have been updated to account for this information and changes in projected enrollment, based on demographic studies. The Bond Task Force reviewed recommendations related to building needs throughout the District and recommended a bond authorization election in November 2016. Voters approved this authorization and the District will continue to implement the capital improvement plan moved forward by the task force. Although demographic studies illustrate a slight increase in student enrollment over the next few years, the capital plan continues to address aging facilities to meet the needs of all grade configurations, and is consistent with the vision of the learning environment embraced by the stakeholders of the District.

AWARDS AND ACKNOWLEDGMENTS

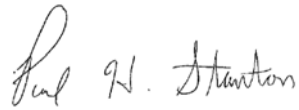
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In addition, the Government Finance Officers Association (GFOA) awarded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

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

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

In closing, we would like to extend our appreciation to the Governing Board for their leadership and support in attaining the highest standards of professionalism regarding the management of the District's finances.

Respectfully submitted,



Dr. Paul Stanton
Superintendent



Cathy Thompson
Director of Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Washington Elementary School District No. 6

**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', written over a horizontal line.

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

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

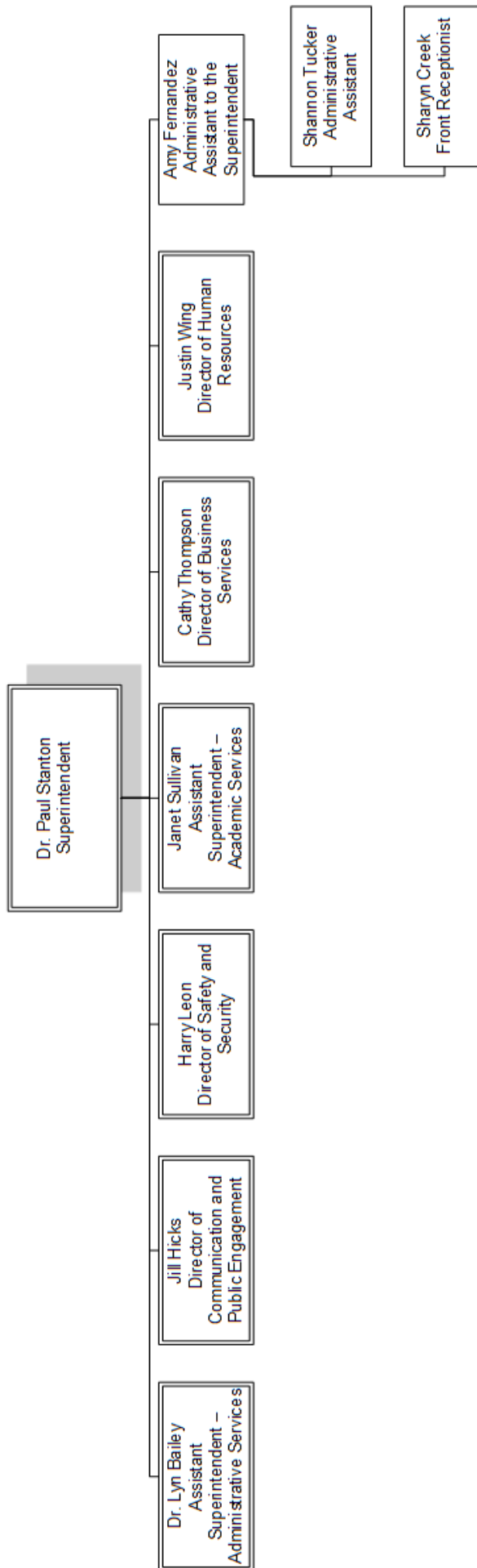
**Washington Elementary School
District No. 6, Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Organizational Chart



WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Bill Adams, President

Larry Herrera, Vice President

Aaron Jahneke, Member

Tee Lambert, Member

Nikkie Whaley, Member

ADMINISTRATIVE STAFF

Paul Stanton, Ed.D., Superintendent

Cathy Thompson, Director of Business Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Washington Elementary School District No. 6

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Elementary School District No. 6 (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, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Elementary School District No. 6, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows 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 Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017 on our consideration of Washington Elementary School District No. 6'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 Washington Elementary School District No. 6's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 19, 2017

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

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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

As management of the Washington Elementary School District No. 6 (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 \$14.8 million to \$48.7 million and the business-type activities decreased \$220,385 to \$1.3 million. The increase in net position for governmental activities is primarily due to an increase in property tax revenue as a result of an increase in assessed values of properties surrounding the District and the completion of various school renovation projects.
- General revenues from governmental activities accounted for \$169.6 million in revenue, or 77 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$49.9 million or 23 percent of total governmental activities revenues. The District had \$872,585 in program revenues and \$5,065 in general revenues related to business-type activities.
- The District had approximately \$204.7 million in expenses related to governmental activities, an increase of four percent from the prior fiscal year. The District had \$1.1 million in expenses related to business-type activities, an increase of \$178,350 from the prior fiscal year.
- Among major funds, the General Fund had \$147.1 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$147.6 million in expenditures. The General Fund's fund balance increase from \$26.7 million at the prior fiscal year end to \$28.2 million at the end of the current fiscal year was due to an increase in the number of vacant positions as well as an increase in allowable budget balance carryforward.
- The Food Service Fund's fund balance increased \$2.2 million to \$13.7 million at the end of the current fiscal year primarily due to increased federal aid.
- The Bond Building Fund's fund balance increased \$24.0 million due to the issuance of \$33.6 million in school improvement bonds.
- Net position for the Internal Service Funds decreased \$343,748 from the prior fiscal year. Operating expenses of \$21.3 million exceeded operating revenues of \$20.9 million at the end of the current year.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

In the government-wide financial statements, the District's activities are presented in the following categories:

- **Governmental activities** – 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. Property taxes and intergovernmental revenues support these activities.
- **Business-type activities** – The business-type activities of the District include Title I services to students attending private schools that are members of the Private School Consortium and public purchases of alternative fuel. These services are supported by user fees and costs of services.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

OVERVIEW OF FINANCIAL STATEMENTS

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.

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, Food Service, Debt Service, and Bond Building 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.

Proprietary funds. The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses separate enterprise funds to account for its private school consortium and alternative fuel services. The internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its Employee Benefit Trust, Workers' Compensation, and Property and Casualty Insurance. Although legally separate component units, they function for all employees of the District and therefore have been included as internal service funds. In addition, the Print Shop Fund accounts for charges to other departments for printing and copying services. Because these activities predominately benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

OVERVIEW OF FINANCIAL STATEMENTS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for both of the enterprise funds, neither of which are considered to be major funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the proprietary funds is provided in the form of combining statements.

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 Food Service Fund 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, governmental activities assets and deferred outflows exceeded liabilities and deferred inflows by \$48.7 million at the current fiscal year end.

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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.

	Governmental Activities		Business-Type Activities		Total	
	As of June 30, 2017	As of June 30, 2016	As of June 30, 2017	As of June 30, 2016	As of June 30, 2017	As of June 30, 2016
Current and other assets	\$ 145,734,788	\$ 131,518,402	\$ 770,218	\$ 867,495	\$ 146,505,006	\$ 132,385,897
Capital assets, net	232,514,484	224,634,331	1,323,160	1,404,559	233,837,644	226,038,890
Total assets	<u>378,249,272</u>	<u>356,152,733</u>	<u>2,093,378</u>	<u>2,272,054</u>	<u>380,342,650</u>	<u>358,424,787</u>
Deferred outflows	33,760,105	16,890,947	144,674	66,836	33,904,779	16,957,783
Current and other liabilities	28,648,740	35,822,383	19,749	30,282	28,668,489	35,852,665
Long-term liabilities	309,451,435	286,782,803	767,871	680,021	310,219,306	287,462,824
Total liabilities	<u>338,100,175</u>	<u>322,605,186</u>	<u>787,620</u>	<u>710,303</u>	<u>338,887,795</u>	<u>323,315,489</u>
Deferred inflows	25,247,786	16,617,180	103,942	61,712	25,351,728	16,678,892
Net position:						
Net investment in capital assets	164,180,762	152,225,774	1,323,160	1,404,559	165,503,922	153,630,333
Restricted	27,324,624	31,413,624			27,324,624	31,413,624
Unrestricted	<u>(142,843,970)</u>	<u>(149,818,084)</u>	<u>23,330</u>	<u>162,316</u>	<u>(142,820,640)</u>	<u>(149,655,768)</u>
Total net position	<u>\$ 48,661,416</u>	<u>\$ 33,821,314</u>	<u>\$ 1,346,490</u>	<u>\$ 1,566,875</u>	<u>\$ 50,007,906</u>	<u>\$ 35,388,189</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position for governmental activities. Governmental activities unrestricted net position, which is normally used to meet the District's mission reported a deficit of \$142.8 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. At the end of the current and prior fiscal year, the District reported positive balances in both categories of net position for business-type activities. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$17.8 million of bonds.
- The issuance of \$33.6 million in school improvement bonds.
- The issuance of \$12.0 million in tax anticipation notes.
- The increase of \$3.4 million in pension liabilities.
- The addition of \$17.7 million in capital assets for governmental activities.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

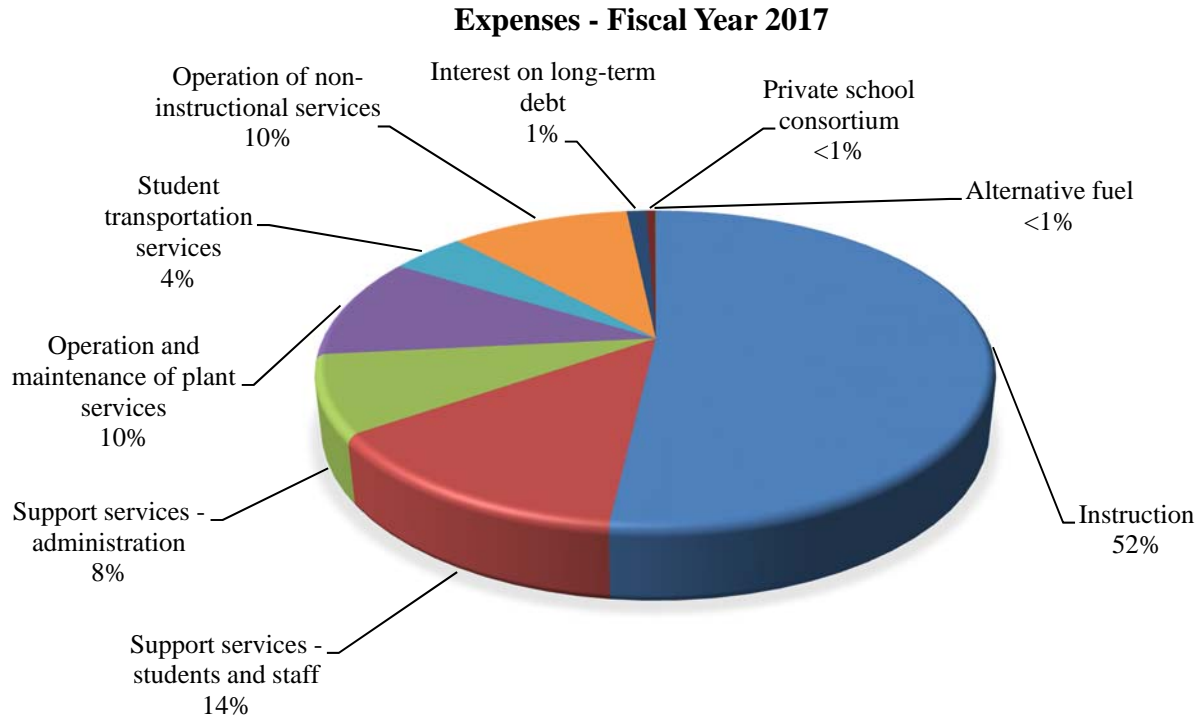
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$220.4 million. The total cost of all programs and services was \$205.8 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.

	Governmental Activities		Business-Type Activities		Total	
	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,812,444	\$ 4,497,909	\$ 872,585	\$ 908,945	\$ 5,685,029	\$ 5,406,854
Operating grants and contributions	42,887,352	41,811,603			42,887,352	41,811,603
Capital grants and contributions	2,244,306	1,712,149			2,244,306	1,712,149
General revenues:						
Property taxes	60,157,183	58,493,563			60,157,183	58,493,563
Investment income	480,040	333,876	5,065	4,090	485,105	337,966
Unrestricted county aid	9,376,533	9,213,359			9,376,533	9,213,359
Unrestricted state aid	97,832,022	97,860,492			97,832,022	97,860,492
Unrestricted federal aid	1,709,925	1,786,738			1,709,925	1,786,738
Total revenues	219,499,805	215,709,689	877,650	913,035	220,377,455	216,622,724
Expenses:						
Instruction	106,648,242	102,834,169			106,648,242	102,834,169
Support services – students and staff	27,816,395	27,153,837			27,816,395	27,153,837
Support services – administration	16,477,056	16,019,927			16,477,056	16,019,927
Operation and maintenance of plant services	21,380,529	20,967,936			21,380,529	20,967,936
Student transportation services	8,825,125	8,685,581			8,825,125	8,685,581
Operation of non-instructional services	21,168,721	19,204,711			21,168,721	19,204,711
Interest on long-term debt	2,343,635	2,556,097			2,343,635	2,556,097
Private school consortium			1,006,566	825,441	1,006,566	825,441
Alternative fuel			91,469	94,244	91,469	94,244
Total expenses	204,659,703	197,422,258	1,098,035	919,685	205,757,738	198,341,943
Changes in net position	14,840,102	18,287,431	(220,385)	(6,650)	14,619,717	18,280,781
Net position, beginning	33,821,314	15,533,883	1,566,875	1,573,525	35,388,189	17,107,408
Net position, ending	\$ 48,661,416	\$ 33,821,314	\$ 1,346,490	\$ 1,566,875	\$ 50,007,906	\$ 35,388,189

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- Operating grants and contributions increased \$1.1 million due primarily to an increase in revenues received for the National School Lunch Program.
- Property tax revenue increased \$1.7 million due to an increase in assessed values of properties surrounding the District.
- Instructional expenses increased \$3.8 million due primarily due to raises given to employees as a result of the passage of Proposition 123.
- Operation of non-instructional services increased \$2.0 million due primarily to an increase of about \$1.4 million in food service related expenditures.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Year Ended June 30, 2017</u>		<u>Year Ended June 30, 2016</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Governmental Activities				
Instruction	\$ 106,648,242	\$ (89,404,283)	\$ 102,834,169	\$ (86,298,735)
Support services – students and staff	27,816,395	(19,673,217)	27,153,837	(19,273,495)
Support services – administration	16,477,056	(16,225,848)	16,019,927	(15,715,206)
Operation and maintenance of plant services	21,380,529	(20,796,691)	20,967,936	(20,186,319)
Student transportation services	8,825,125	(8,739,953)	8,685,581	(8,566,887)
Operation of non-instructional services	21,168,721	2,468,026	19,204,711	3,196,142
Interest on long-term debt	2,343,635	(2,343,635)	2,556,097	(2,556,097)
Total expenses	<u>204,659,703</u>	<u>(154,715,601)</u>	<u>197,422,258</u>	<u>(149,400,597)</u>
Business-Type Activities				
Private school consortium	1,006,566	(195,648)	825,441	17,038
Alternative fuel	91,469	(29,802)	94,244	(27,778)
Total expenses	<u>1,098,035</u>	<u>(225,450)</u>	<u>919,685</u>	<u>(10,740)</u>
Total	<u>\$ 205,757,738</u>	<u>\$ (154,941,051)</u>	<u>\$ 198,341,943</u>	<u>\$ (149,411,337)</u>

- The cost of all governmental activities this year was \$204.7 million. The cost of all business-type activities this year was \$1.1 million.
- Federal and State governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$50.8 million.
- Net cost of governmental activities of \$154.7 million was financed by general revenues, which are made up of primarily property taxes of \$60.2 million and state and county aid of \$107.2 million.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

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 \$95.5 million, an increase of \$23.0 million due primarily to the issuance of \$33.6 million in school improvement bonds.

The General Fund comprises 30 percent of the total fund balance. Approximately \$21.0 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 increase in fund balance of \$1.6 million to \$28.2 million as of fiscal year end was primarily a result of an increase in property tax revenue due to an increase in assessed values of properties surrounding the District.

The fund balance in the Food Service Fund increased \$2.2 million primarily due to an increase in federal revenue received.

The \$4.4 million decrease in fund balance for the Debt Service Fund is a result of debt service requirements.

Fund balance in the Bond Building Fund increased \$24.0 million due to the issuance of \$33.6 million in school improvement bonds. The proceeds will be used for various school renovation projects.

Proprietary funds. Total net position of the Enterprise Funds and Internal Service Funds at the end of the fiscal year amounted to \$1.3 million and \$4.6 million, respectively. Net position for the Enterprise Funds decreased \$220,385, while net position for the Internal Service Funds decreased \$343,748.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$115,058 decrease.

The revenue budget for the General Fund was not revised. 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 expenditure variance are summarized as follows:

- The favorable variances in instruction, support services-students and staff, support services-administration, and student transportation services was primarily due to an increase in the number of vacant positions and greater than expected FY2016 carryforward.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District's investment in capital assets for its governmental and business-type activities totaled \$389.4 million. The investment in capital assets includes school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$13.4 million from the prior fiscal year, primarily due to the completion of various school renovation projects, wireless infrastructure upgrades, and entering into a capital lease agreement for copiers. Total depreciation expense for the current fiscal year was \$8.8 million.

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

	Governmental Activities		Business-Type Activities		Total	
	As of June 30, 2017	As of June 30, 2016	As of June 30, 2017	As of June 30, 2016	As of June 30, 2017	As of June 30, 2016
Capital assets – non-depreciable	\$ 22,027,042	\$ 11,328,630	\$	\$	\$ 22,027,042	\$ 11,328,630
Capital assets – depreciable, net	210,487,442	213,305,701	1,323,160	1,404,559	211,810,602	214,710,260
Total	\$ 232,514,484	\$ 224,634,331	\$ 1,323,160	\$ 1,404,559	\$ 233,837,644	\$ 226,038,890

The estimated cost to complete current construction projects is \$14.4 million.

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Debt Administration. At year end, the District had \$120.9 million in long-term debt outstanding, \$13.9 million due within one year. Long-term debt increased by \$19.5 million due to the issuance of \$33.6 million in school improvement bonds.

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 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$229.5 million and the Class B debt limit is \$153.0 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 through 10.

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:

- An estimated budget balance carryforward of \$12.1 million in the Maintenance and Operation budget for the 2017-18 fiscal year.
- An increase in assessed values by 3.6 percent for the 2017 tax year due to improved economic conditions in the Phoenix metro area. Projections indicate that the assessed values will continue to slowly increase through fiscal year 2018.
- Employee health insurance costs will increase.
- A 1.25 percent increase to employee salaries.
- A one-time lump sum payment to be awarded to continuing employees with an aggregate cost of approximately \$1.8 million by utilizing unexpended budget balance carryforward and additional funding from the state.
- Continued reductions in capital funding to school districts by the State Legislature. The District continues to seek alternative funding sources to meet capital needs.
- Continued commitment to provide full-day kindergarten. The State Legislature funds for half-day kindergarten. The District funds the remaining half-day with a voter approved override.
- The continuation of a District program for students with emotional disabilities in lieu of outsourcing the program to private schools.
- The utilization of bond funds to renovate facilities in accordance with the Bond Master Plan.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The utilization of the capital equipment replacement plan to prioritize the replacement of capital assets.
- Continuation of a district-wide energy conservation plan to reduce energy costs.
- An increased focus on recruitment and retention strategies due to a shortage of teachers throughout the State of Arizona.
- Utilization of demographic analysis software to address the changes in the school funding formula which is based on estimated current year enrollment instead of actual prior year enrollment.
- Utilization of demographic analysis software to better anticipate the changes in student enrollment from year to year.
- Possible reductions in federal funding for fiscal year 2017-18.

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 \$153.0 million in fiscal year 2017-18. Funding received as a result of an increase in enrollment, an increase in the base support level, and the increase in carryover from fiscal year 2016-17. 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, Washington Elementary School District No. 6, 4650 West Sweetwater Avenue, Glendale, Arizona 85304.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 108,560,082	\$ 770,218	\$ 109,330,300
Property taxes receivable	4,230,378		4,230,378
Accounts receivable	608,282		608,282
Due from governmental entities	31,394,777		31,394,777
Prepaid items	100,506		100,506
Inventory	840,763		840,763
Total current assets	<u>145,734,788</u>	<u>770,218</u>	<u>146,505,006</u>
Noncurrent assets:			
Capital assets not being depreciated	22,027,042		22,027,042
Capital assets, net of accumulated depreciation	210,487,442	1,323,160	211,810,602
Total noncurrent assets	<u>232,514,484</u>	<u>1,323,160</u>	<u>233,837,644</u>
Total assets	<u>378,249,272</u>	<u>2,093,378</u>	<u>380,342,650</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension plan items	<u>33,760,105</u>	<u>144,674</u>	<u>33,904,779</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,585,986	9,128	1,595,114
Construction contracts payable	4,921,052		4,921,052
Credit line payable	4,108,000		4,108,000
Claims payable	4,368,515		4,368,515
Accrued payroll and employee benefits	393,975	10,621	404,596
Compensated absences payable	668,145		668,145
Accrued interest payable	1,266,884		1,266,884
Unearned revenues	4,328		4,328
Obligations under capital leases	819,441		819,441
Bonds payable	13,040,000		13,040,000
Tax anticipation notes payable	12,000,000		12,000,000
Total current liabilities	<u>43,176,326</u>	<u>19,749</u>	<u>43,196,075</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	294,923,849	767,871	295,691,720
Total noncurrent liabilities	<u>294,923,849</u>	<u>767,871</u>	<u>295,691,720</u>
Total liabilities	<u>338,100,175</u>	<u>787,620</u>	<u>338,887,795</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan items	<u>25,247,786</u>	<u>103,942</u>	<u>25,351,728</u>
<u>NET POSITION</u>			
Net investment in capital assets	164,180,762	1,323,160	165,503,922
Restricted for:			
Voter approved initiatives	1,518,712		1,518,712
Federal and state projects	774,604		774,604
Food service	13,732,844		13,732,844
Community school	1,409,561		1,409,561
Extracurricular activities	764,563		764,563
Other local initiatives	681,591		681,591
Debt service	1,130,117		1,130,117
Capital outlay	7,312,632		7,312,632
Unrestricted	(142,843,970)	23,330	(142,820,640)
Total net position	<u>\$ 48,661,416</u>	<u>\$ 1,346,490</u>	<u>\$ 50,007,906</u>

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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
Primary Government					
Governmental activities:					
Instruction	\$ 106,648,242	\$ 818,477	\$ 14,281,301	\$ 2,144,181	\$ (89,404,283)
Support services - students and staff	27,816,395		8,143,178		(19,673,217)
Support services - administration	16,477,056		251,208		(16,225,848)
Operation and maintenance of plant services	21,380,529	356,744	126,969	100,125	(20,796,691)
Student transportation services	8,825,125		85,172		(8,739,953)
Operation of non-instructional services	21,168,721	3,637,223	19,999,524		2,468,026
Interest on long-term debt	2,343,635				(2,343,635)
Total governmental activities	<u>204,659,703</u>	<u>4,812,444</u>	<u>42,887,352</u>	<u>2,244,306</u>	<u>(154,715,601)</u>
Business-type activities:					
Private school consortium	1,006,566	810,918			
Alternative fuel	91,469	61,667			
Total business-type activities	<u>1,098,035</u>	<u>872,585</u>			
Total primary government	<u>\$ 205,757,738</u>	<u>\$ 5,685,029</u>	<u>\$ 42,887,352</u>	<u>\$ 2,244,306</u>	<u>(154,715,601)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					42,324,539
Property taxes, levied for debt service					14,619,586
Property taxes, levied for capital outlay					3,213,058
Investment income					480,040
Unrestricted county aid					9,376,533
Unrestricted state aid					97,832,022
Unrestricted federal aid					1,709,925
Total general revenues					<u>169,555,703</u>
Changes in net position					14,840,102
Net position, beginning of year					<u>33,821,314</u>
Net position, end of year					<u>\$ 48,661,416</u>

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

Net (Expense) Revenue and
Changes in Net Position

Business-type Activities	Totals
\$	\$ (89,404,283)
	(19,673,217)
	(16,225,848)
	(20,796,691)
	(8,739,953)
	2,468,026
	(2,343,635)
	(154,715,601)
	(195,648)
	(195,648)
	(29,802)
	(29,802)
	(225,450)
	(225,450)
	(154,941,051)
	42,324,539
	14,619,586
	3,213,058
5,065	485,105
	9,376,533
	97,832,022
	1,709,925
	169,560,768
5,065	169,560,768
	(220,385)
	14,619,717
	1,566,875
	35,388,189
\$ 1,346,490	\$ 50,007,906

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FUND FINANCIAL STATEMENTS

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Food Service	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 14,193,410	\$ 13,344,772	\$ 15,030,520
Property taxes receivable	3,951,584		278,794
Due from governmental entities	29,104,214	324,058	
Due from other funds	1,364,471		
Inventory	693,334	147,429	
Total assets	\$ 49,307,013	\$ 13,816,259	\$ 15,309,314
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 920,125	\$ 66,442	\$
Construction contracts payable			
Credit line payable	4,108,000		
Due to other funds			
Accrued payroll and employee benefits	302,150	16,973	
Accrued interest payable	127,687		
Unearned revenues			
Bonds payable			13,040,000
Bond interest payable			1,139,197
Tax anticipation notes payable	12,000,000		
Total liabilities	17,457,962	83,415	14,179,197
Deferred inflows of resources:			
Unavailable revenues - property taxes	3,620,090		171,910
Unavailable revenues - intergovernmental			
Total deferred inflows of resources	3,620,090		171,910
Fund balances (deficits):			
Nonspendable	693,334	147,429	
Restricted	6,567,759	13,585,415	958,207
Unassigned	20,967,868		
Total fund balances	28,228,961	13,732,844	958,207
 Total liabilities, deferred inflows of resources and fund balances	 \$ 49,307,013	 \$ 13,816,259	 \$ 15,309,314

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 52,515,733	\$ 5,586,660	\$ 100,671,095
		4,230,378
	1,966,505	31,394,777
		1,364,471
		840,763
<u>\$ 52,515,733</u>	<u>\$ 7,553,165</u>	<u>\$ 138,501,484</u>
\$ 4,891,709	\$ 564,612	\$ 1,551,179
	29,343	4,921,052
		4,108,000
	1,364,471	1,364,471
	74,852	393,975
		127,687
	4,328	4,328
		13,040,000
		1,139,197
		12,000,000
<u>4,891,709</u>	<u>2,037,606</u>	<u>38,649,889</u>
		3,792,000
	554,510	554,510
	<u>554,510</u>	<u>4,346,510</u>
		840,763
47,624,024	5,061,850	73,797,255
	(100,801)	20,867,067
<u>47,624,024</u>	<u>4,961,049</u>	<u>95,505,085</u>
<u>\$ 52,515,733</u>	<u>\$ 7,553,165</u>	<u>\$ 138,501,484</u>

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WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total governmental fund balances **\$ 95,505,085**

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	\$ 386,582,744	
Less accumulated depreciation	<u>(154,466,226)</u>	232,116,518

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

Property taxes	3,792,000	
Intergovernmental	<u>554,510</u>	4,346,510

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	33,760,105	
Deferred inflows of resources related to pensions	<u>(25,247,786)</u>	8,512,319

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.

4,592,419

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

Compensated absences payable	(2,028,597)	
Obligations under capital leases	(6,837,627)	
Net pension liability	(186,517,819)	
Bonds payable	<u>(101,027,392)</u>	<u>(296,411,435)</u>

Net position of governmental activities **\$ 48,661,416**

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Food Service	Debt Service
Revenues:			
Other local	\$ 11,140,145	\$ 356,183	\$ 40,095
Property taxes	45,734,057		14,685,391
State aid and grants	88,507,150		
Federal aid, grants and reimbursements	1,709,925	19,637,878	
Total revenues	147,091,277	19,994,061	14,725,486
Expenditures:			
Current -			
Instruction	81,289,230		
Support services - students and staff	20,214,753		
Support services - administration	15,717,367		
Operation and maintenance of plant services	18,104,432	58,733	
Student transportation services	7,981,090		
Operation of non-instructional services	581,186	16,868,634	
Capital outlay	2,652,482	316,491	
Debt service -			
Principal retirement	980,229		16,960,000
Interest and fiscal charges	36,832		2,346,589
Bond issuance costs			
Total expenditures	147,557,601	17,243,858	19,306,589
Excess (deficiency) of revenues over expenditures	(466,324)	2,750,203	(4,581,103)
Other financing sources (uses):			
Transfers in	1,212,990		187,305
Transfers out	(520,000)	(546,578)	
Capital lease agreements	1,748,064		
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	2,441,054	(546,578)	187,305
Changes in fund balances	1,974,730	2,203,625	(4,393,798)
Fund balances, beginning of year	26,655,690	11,515,196	5,352,005
Increase (decrease) in reserve for inventory	(401,459)	14,023	
Fund balances, end of year	\$ 28,228,961	\$ 13,732,844	\$ 958,207

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 160,525	\$ 3,845,217	\$ 15,542,165
	9,584,996	60,419,448
	24,121,806	98,092,146
<u>160,525</u>	<u>37,552,019</u>	<u>45,469,609</u>
		<u>219,523,368</u>
	22,467,680	103,756,910
	8,360,106	28,574,859
	250,443	15,967,810
	419,100	18,582,265
	168,957	8,150,047
	3,607,400	21,057,220
12,917,149	1,985,473	17,871,595
	316,822	18,257,051
	204,833	2,588,254
278,020		278,020
<u>13,195,169</u>	<u>37,780,814</u>	<u>235,084,031</u>
<u>(13,034,644)</u>	<u>(228,795)</u>	<u>(15,560,663)</u>
	520,000	1,920,295
(187,305)	(666,412)	(1,920,295)
		1,748,064
33,555,000		33,555,000
3,674,792		3,674,792
<u>37,042,487</u>	<u>(146,412)</u>	<u>38,977,856</u>
<u>24,007,843</u>	<u>(375,207)</u>	<u>23,417,193</u>
23,616,181	5,336,256	72,475,328
		(387,436)
<u>\$ 47,624,024</u>	<u>\$ 4,961,049</u>	<u>\$ 95,505,085</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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 **\$ 23,417,193**

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	\$ 17,242,995	
Less current year depreciation	<u>(8,647,368)</u>	8,595,627

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		313,622
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Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.

Issuance of school improvement bonds	(33,555,000)	
Obligations under capital leases	<u>(1,748,064)</u>	(35,303,064)

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

Property taxes	(262,265)	
Intergovernmental	(111,484)	
Other	<u>(9,992)</u>	(383,741)

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

Capital lease principal retirement	1,297,051	
Bond principal retirement	<u>16,960,000</u>	18,257,051

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	12,414,325	
Pension expense	<u>(7,418,188)</u>	4,996,137

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.

Other postemployment benefit payable	164,924	
Inventory	(387,436)	
Deferred charges on issuance of debt	(165,950)	
Loss on disposal of assets	(1,081,335)	
Amortization of deferred bond items	(3,264,223)	
Compensated absences	<u>25,045</u>	(4,708,975)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

(343,748)

Changes in net position in governmental activities **\$ 14,840,102**

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Enterprise Funds</u>	Governmental Activities:
	Non-Major	Internal Service
	<u>Enterprise Funds</u>	<u>Funds</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 770,218	\$ 7,888,987
Accounts receivable		608,282
Prepaid items		100,506
Total current assets	<u>770,218</u>	<u>8,597,775</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>1,323,160</u>	<u>397,966</u>
Total noncurrent assets	<u>1,323,160</u>	<u>397,966</u>
Total assets	<u>2,093,378</u>	<u>8,995,741</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension plan items	<u>144,674</u>	
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	9,128	34,807
Claims payable		4,368,515
Accrued payroll and employee benefits	<u>10,621</u>	
Total current liabilities	<u>19,749</u>	<u>4,403,322</u>
Noncurrent liabilities:		
Non-current portion of long-term obligations	<u>767,871</u>	
Total noncurrent liabilities	<u>767,871</u>	
Total liabilities	<u>787,620</u>	<u>4,403,322</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension plan items	<u>103,942</u>	
<u>NET POSITION</u>		
Investment in capital assets	1,323,160	397,966
Unrestricted	23,330	4,194,453
Total net position	<u>\$ 1,346,490</u>	<u>\$ 4,592,419</u>

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Enterprise Funds</u>	<u>Governmental Activities: Internal Service Funds</u>
	<u>Non-Major Enterprise Funds</u>	
Operating revenues:		
Contributions	\$	\$ 20,454,019
Charges for services	872,585	431,333
Total operating revenues	872,585	20,885,352
Operating expenses:		
Claims		16,276,682
Premiums		1,910,607
Administrative and other		2,750,257
Cost of services	984,836	249,291
Depreciation	113,199	88,819
Total operating expenses	1,098,035	21,275,656
Operating income (loss)	(225,450)	(390,304)
Nonoperating revenues (expenses):		
Investment income	5,065	46,556
Total nonoperating revenues (expenses)	5,065	46,556
Changes in net position	(220,385)	(343,748)
Total net position, beginning of year	1,566,875	4,936,167
Total net position, end of year	\$ 1,346,490	\$ 4,592,419

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

	Enterprise Funds	Governmental Activities: Internal Service Funds
<u>Decrease in Cash and Cash Equivalents</u>	Non-Major Enterprise Funds	
Cash flows from operating activities:		
Cash received from contributions	\$	\$ 20,277,230
Cash received for services	872,585	431,333
Cash payments to suppliers for goods and services	(285,432)	(4,943,420)
Cash payments to employees for services	(657,695)	
Cash payments for claims		(16,227,654)
	(70,542)	(462,511)
Net cash used for operating activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(31,800)	(177,759)
Disposal of capital assets		36,701
	(31,800)	(141,058)
Net cash used for capital and related financing activities		
Cash flows from investing activities:		
Investment income	5,065	46,556
	5,065	46,556
Net cash provided by investing activities		
Net decrease in cash and cash equivalents	(97,277)	(557,013)
Cash and cash equivalents, beginning of year	867,495	8,446,000
Cash and cash equivalents, end of year	\$ 770,218	\$ 7,888,987
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>		
Operating loss	\$ (225,450)	\$ (390,304)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	113,199	88,819
Changes in assets and liabilities:		
(Increase) in accounts receivable		(176,789)
(Increase) in prepaid items		(14,836)
(Decrease) in accounts payable	(4,458)	(15,839)
Increase in claims payable		49,028
(Decrease) in accrued payroll and employee benefits	(6,075)	(2,590)
Change in pension items	52,242	
	154,908	(72,207)
Total adjustments	154,908	(72,207)
Net cash used for operating activities	\$ (70,542)	\$ (462,511)

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 302,512
Total assets	<u>\$ 302,512</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 146,225
Due to student groups	156,287
Total liabilities	<u>\$ 302,512</u>

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washington Elementary School District No. 6 (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, component units combined with the District for financial statement presentation purposes, and the District, are not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic functions.

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Washington Elementary School District No. 6 Employee Benefit Trust (Employee Benefit Trust), the Washington Elementary School District No. 6 Workers' Compensation Trust (Workers' Compensation Trust), and the Washington Elementary School District No. 6 Property and Casualty Insurance Trust (Casualty Trust) are responsible for providing health, workers' compensation and property and casualty insurance for the District and its employees. The District's Governing Board appoints the Board of Directors for each of the Trusts boards. The Trusts provide services entirely to the District and therefore have been included as Internal Service Funds in accordance with the criteria established by GASB.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements are prepared monthly for each of the component units and may be obtained at the Washington Elementary School District No. 6's administrative offices – 4650 West Sweetwater Avenue, Glendale, Arizona 85304.

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 and its component units. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

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

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

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the Medicaid Reimbursement, School Plant, Auxiliary Operations, Gifts and Donations, Insurance Proceeds, Litigation Recovery, Indirect Costs, Advertisement, and Unrestricted Capital Outlay Funds. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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.

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

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

Additionally, the District reports the following fund types:

Proprietary Funds – The Proprietary Funds are Enterprise and Internal Service Funds. The Enterprise Funds account for activities related to (1) agreements with other districts for providing Title I services to students attending private schools and (2) charges to external users for alternative fuel. The Internal Service Funds account for activities related to (1) the District’s self-insurance program for employee benefits, (2) the District’s self-insurance program to pay for workers’ compensation, (3) the District’s self-insurance program to pay for property and casualty insurance, and (4) charges to other departments for printing and copying services.

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in two columns, one for enterprise activity and one for internal service activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to other districts for Title I services to private school students and charges to external users for alternative fuel.

The principal operating revenues of the District's internal service funds are charges to other funds for health and welfare benefits and for goods and services. Operating expenses for the internal service funds include the cost of claims, insurance premiums, administrative expenses and cost of goods and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank, cash held by trustee and cash and investments held by the County Treasurer.

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

E. Investment Income

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Inventory

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

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

I. Prepaid Items

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

J. Capital Assets

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. 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	20 – 80 years
Buildings and improvements	5 – 80 years
Vehicles, furniture and equipment	5 – 40 years

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Investments are reported at fair value.

N. Long-term Obligations

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

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

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 and after nonoperating revenues/expenses in proprietary funds.

P. Net Position Flow Assumption

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are legally or contractually required to be maintained intact.

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. No committed fund balance amounts are reported.

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

	General Fund	Food Service Fund	Debt Service Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 693,334	\$ 147,429		\$	\$
Restricted:					
Debt service			958,207		
Capital projects	6,098,689				835,766
Bond building projects				47,624,024	
Voter approved initiatives					1,518,712
Federal and state projects					320,727
Food service		13,585,415			
Community school					1,409,561
Extracurricular activities					764,563
Gifts and donations	469,070				
Other purposes					212,521
Unassigned	20,967,868				(100,801)
Total fund balances	\$ 28,228,961	\$ 13,732,844	\$ 958,207	\$ 47,624,024	\$ 4,961,049

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

	<u>Deficit</u>
Non-Major Governmental Funds:	
Other Federal Projects	\$ 30,041
Building Renewal Grant	70,760

The deficits arose because of operations during the year. 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.

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 \$2,311,333 and the bank balance was \$3,779,554. At year end, \$3,529,554 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name. Additionally, the District had \$1,540 of cash on hand at year end.

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

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

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participants’ position in the County Treasurer investment pool approximates the value of the participants’ 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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – CASH AND INVESTMENTS

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

	Average Maturities	Fair Value
County Treasurer’s investment pool	457 days	\$ 107,319,939
Total		\$ 107,319,939

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

	General Fund	Food Service Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$	\$ 324,058	\$ 1,842,024
Due from state government	29,104,214		124,481
Net due from governmental entities	\$ 29,104,214	\$ 324,058	\$ 1,966,505

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 4,411,347	\$	\$	\$ 4,411,347
Construction in progress	6,917,283	13,345,898	2,647,486	17,615,695
Total capital assets, not being depreciated	<u>11,328,630</u>	<u>13,345,898</u>	<u>2,647,486</u>	<u>22,027,042</u>
Capital assets, being depreciated:				
Land improvements	24,347,610	682,492		25,030,102
Buildings and improvements	297,981,883	3,330,445		301,312,328
Vehicles, furniture and equipment	40,359,907	3,023,027	4,398,452	38,984,482
Total capital assets being depreciated	<u>362,689,400</u>	<u>7,035,964</u>	<u>4,398,452</u>	<u>365,326,912</u>
Less accumulated depreciation for:				
Land improvements	(12,340,829)	(1,045,225)		(13,386,054)
Buildings and improvements	(112,026,797)	(5,705,573)		(117,732,370)
Vehicles, furniture and equipment	(25,016,073)	(1,985,389)	(3,280,416)	(23,721,046)
Total accumulated depreciation	<u>(149,383,699)</u>	<u>(8,736,187)</u>	<u>(3,280,416)</u>	<u>(154,839,470)</u>
Total capital assets, being depreciated, net	<u>213,305,701</u>	<u>(1,700,223)</u>	<u>1,118,036</u>	<u>210,487,442</u>
Governmental activities capital assets, net	<u>\$ 224,634,331</u>	<u>\$11,645,675</u>	<u>\$ 3,765,522</u>	<u>\$ 232,514,484</u>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 1,150,765	\$	\$	\$ 1,150,765
Buildings and improvements	60,774			60,774
Vehicles, furniture and equipment	773,000	31,800		804,800
Total capital assets being depreciated	<u>1,984,539</u>	<u>31,800</u>		<u>2,016,339</u>
Less accumulated depreciation for:				
Land improvements	(209,043)	(57,538)		(266,581)
Buildings and improvements	(17,536)	(2,019)		(19,555)
Vehicles, furniture and equipment	(353,401)	(53,642)		(407,043)
Total accumulated depreciation	<u>(579,980)</u>	<u>(113,199)</u>		<u>(693,179)</u>
Total capital assets, being depreciated, net	<u>1,404,559</u>	<u>(81,399)</u>		<u>1,323,160</u>
Business-type activities capital assets, net	<u>\$ 1,404,559</u>	<u>\$ (81,399)</u>	<u>\$</u>	<u>\$ 1,323,160</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 3,624,612
Support services – students and staff	68,610
Support services – administration	923,495
Operation and maintenance of plant services	3,053,164
Student transportation services	800,283
Operation of non-instructional services	266,023
Total depreciation expense	<u>\$ 8,736,187</u>
Business-type activities:	
Private school consortium	\$ 52,515
Alternative fuel	60,684
Total depreciation expense	<u>\$ 113,199</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the renovation of buildings. At year end the District had spent \$17.6 million on the projects and had estimated remaining contractual commitments of \$14.4 million. These projects are being funded with bond proceeds and property taxes levied for capital purposes.

NOTE 7 – SHORT TERM DEBT

Tax Anticipation Notes – In July 2016, the District issued \$12.0 million in tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes are necessary to provide cash flow as most tax revenue is collected in November and May. Property tax revenues of the General Fund will be used to repay these notes in July 2017. Short-term debt activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax anticipation notes	<u>\$12,000,000</u>	<u>\$12,000,000</u>	<u>\$12,000,000</u>	<u>\$12,000,000</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 – SHORT TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$10,468,000	\$17,035,000	\$23,395,000	\$ 4,108,000

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired buses, copiers and energy efficiency upgrades under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay two of the capital lease obligations. Additionally, revenues from the General Fund are transferred to the Energy and Water Savings Fund, a non-major governmental fund, to pay the capital lease obligation for the energy efficiency upgrades. Amortization of assets recorded under capital leases is included with depreciation expense.

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

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 2,477,647
Less: Accumulated depreciation	359,863
Total	\$ 2,117,784

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASES

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

Year Ending June 30:	<u>Governmental Activities</u>
2018	\$ 1,049,706
2019	904,357
2020	904,358
2021	904,358
2022	904,357
2023-27	2,608,277
2028-29	<u>1,043,311</u>
Total minimum lease payments	8,318,724
Less: amount representing interest	<u>1,481,097</u>
Present value of minimum lease payments	<u>6,837,627</u>
Due within one year	<u>\$ 819,441</u>

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$64,445,000 remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Principal requirements at year end, were as follows:

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
Governmental activities:					
School Improvement Bonds, Project 2001, Series B	\$ 18,000,000	5.0%	7/1/17	\$ 6,850,000	\$ 6,850,000
Refunding Bonds, Series 2004	35,030,000	5.0%	7/1/17	1,840,000	1,840,000
School Improvement Bonds, Project 2001, Series C	11,640,000	4.125%	7/1/17	1,575,000	1,575,000
School Improvement Bonds, Project 2010, Series A	10,000,000	3.75-4.125%	7/1/18-22	10,000,000	
School Improvement Bonds, Project 2010, Series B	20,000,000	3.0-4.0%	7/1/18-26	20,000,000	
School Improvement Bonds, Project 2010, Series C	5,000,000	1.22-1.63%	7/1/17-18	5,000,000	2,000,000
School Improvement Bonds, Project 2010, Series D	4,500,000	1.27-1.57%	7/1/18-19	4,500,000	
School Improvement Bonds, Project 2010, Series E	25,500,000	1.0-3.0%	7/1/17-26	25,500,000	775,000
School Improvement Bonds, Project 2016, Series A	33,555,000	3.0-5.0%	7/1/18-29	33,555,000	
Total				<u>\$108,820,000</u>	<u>\$ 13,040,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$ 13,040,000	\$ 2,944,283
2019	11,505,000	3,069,702
2020	12,025,000	2,657,977
2021	8,680,000	2,292,364
2022	8,780,000	2,025,013
2023-27	38,955,000	6,109,600
2028-30	15,835,000	794,900
Total	<u>\$ 108,820,000</u>	<u>\$ 19,893,839</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 93,085,000	\$ 33,555,000	\$ 17,820,000	\$ 108,820,000	\$ 13,040,000
Premium	1,983,169	3,674,792	410,569	5,247,392	
Total bonds payable	<u>95,068,169</u>	<u>37,229,792</u>	<u>18,230,569</u>	<u>114,067,392</u>	<u>13,040,000</u>
Obligations under capital leases	6,386,614	1,748,064	1,297,051	6,837,627	819,441
Other postemployment benefits	164,924		164,924		
Net pension liability	183,109,454	3,408,365		186,517,819	
Compensated absences payable	<u>2,053,642</u>	<u>1,093,863</u>	<u>1,118,908</u>	<u>2,028,597</u>	<u>668,145</u>
Governmental activity long-term liabilities	<u>\$ 286,782,803</u>	<u>\$ 43,480,084</u>	<u>\$ 20,811,452</u>	<u>\$ 309,451,435</u>	<u>\$ 14,527,586</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Net pension liability	\$ 680,021	\$ 87,850	\$	\$ 767,871	\$
Business-type activity long-term liabilities	<u>\$ 680,021</u>	<u>\$ 87,850</u>	<u>\$</u>	<u>\$ 767,871</u>	<u>\$</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

At year end, several non-major governmental funds had negative cash balances in the Treasurer's pooled cash accounts of \$1,364,471. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
<u>Transfers out</u>				
General Fund	\$	\$	\$ 520,000	\$ 520,000
Food Service Fund	546,578			546,578
Bond Building Fund		187,305		187,305
Non-Major Governmental Funds	666,412			666,412
Total	<u>\$ 1,212,990</u>	<u>\$ 187,305</u>	<u>\$ 520,000</u>	<u>\$1,920,295</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, (2) to move federal grant funds restricted for indirect costs, (3) to move monies generated from energy savings from the General Fund to the Energy and Water Savings Fund, a non-major governmental fund, in accordance with A.R.S. §15.910.02(H) and (4) to close out a discontinued community school program in accordance with A.R.S. §15.1143.

NOTE 12 – CONTINGENT LIABILITIES

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

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

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the District established the following self-insurance funds.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 – RISK MANAGEMENT

The District has established an Employee Benefit Trust Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health and accidents. Under this program, the Employee Benefit Trust Fund provides coverage for up to a maximum of \$180,000 for each claim, not to exceed an annual aggregate amount of \$235,000.

The District has established a Workers' Compensation Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to claims for on-the-job injuries to employees. Under this program, the Workers' Compensation Fund provides coverage for up to a maximum of \$400,000 for each claim.

The District has established a Property and Casualty Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to property and liability claims. Under this program, the Property and Casualty Insurance Fund provides coverage for each property claim and general liability claim dependent on the maximum coverage outlined in the insurance policy.

An excess coverage insurance policy covers individual claims in excess of the amounts specified above for the Employee Benefit and Workers' Compensation Funds. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For the Employee Benefit Trust and the Workers' Compensation Trust, liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 – RISK MANAGEMENT

Changes in the balances of claims liabilities for all self-insurance funds during the past two years are as follows:

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Employee Benefit Trust</u>				
2016-17	\$ 2,653,000	\$ 15,347,165	\$ 15,229,165	\$ 2,771,000
2015-16	2,104,000	14,068,056	13,519,056	2,653,000
<u>Workers' Compensation</u>				
2016-17	1,476,339	718,606	865,028	1,329,917
2015-16	1,330,365	819,913	673,939	1,476,339
<u>Property and Casualty Insurance</u>				
2016-17	190,148	210,911	133,461	267,598
2015-16	284,863	44,529	139,244	190,148
<u>Total</u>				
2016-17	4,319,487	16,276,682	16,227,654	4,368,515
2015-16	3,719,228	14,932,498	14,332,239	4,319,487

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

*With actuarially reduced benefits

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

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 \$12,471,121.

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund. 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	\$ 574,706	\$	137,929
	2016	542,701		130,248
	2015	639,605		130,089

Pension Liability. At June 30, 2017, the District reported a liability of \$187.3 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 1.16 percent, which was a decrease of .02 from its proportion measured as of June 30, 2015.

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 \$7,527,226 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	\$ 1,138,123	\$12,883,887
Changes in assumptions		9,908,909
Net difference between projected and actual earnings on pension plan investments	20,295,535	
Changes in proportion and differences between contributions and proportionate share of contributions		2,558,932
Contributions subsequent to the measurement date	12,471,121	
Total	<u>\$33,904,779</u>	<u>\$25,351,728</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 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	\$(10,139,842)
	2019	(7,536,747)
	2020	8,067,711
	2021	5,690,809

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

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

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 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	\$238,803,477	\$187,285,690	\$145,979,687

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$ 9,738,479	\$ 9,738,479	\$ 9,489,076	\$ (249,403)
Property taxes	39,490,689	39,490,689	42,662,541	3,171,852
State aid and grants	87,904,145	87,904,145	88,032,740	128,595
Total revenues	<u>137,133,313</u>	<u>137,133,313</u>	<u>140,184,357</u>	<u>3,051,044</u>
Expenditures:				
Current -				
Instruction	83,885,234	83,877,433	77,366,533	6,510,900
Support services - students and staff	21,035,300	21,039,554	18,992,757	2,046,797
Support services - administration	14,794,611	14,754,100	13,590,447	1,163,653
Operation and maintenance of plant services	18,933,000	18,766,400	17,958,800	807,600
Student transportation services	9,337,000	9,400,600	7,898,241	1,502,359
Operation of non-instructional services	555,000	587,000	576,307	10,693
Total expenditures	<u>148,540,145</u>	<u>148,425,087</u>	<u>136,383,085</u>	<u>12,042,002</u>
Excess (deficiency) of revenues over expenditures	<u>(11,406,832)</u>	<u>(11,291,774)</u>	<u>3,801,272</u>	<u>15,093,046</u>
Other financing sources (uses):				
Transfers in	12,000,000	12,000,000	8,980	(11,991,020)
Transfers out	(12,520,000)	(12,520,000)	(520,000)	12,000,000
Total other financing sources (uses):	<u>(520,000)</u>	<u>(520,000)</u>	<u>(511,020)</u>	<u>8,980</u>
Changes in fund balances	<u>(11,926,832)</u>	<u>(11,811,774)</u>	<u>3,290,252</u>	<u>15,102,026</u>
Fund balances, beginning of year	11,926,833	11,926,833	13,303,756	1,376,923
Increase (decrease) in reserve for inventory			(401,459)	(401,459)
Fund balances, end of year	<u>\$ 1</u>	<u>\$ 115,059</u>	<u>\$ 16,192,549</u>	<u>\$ 16,077,490</u>

See accompanying notes to this schedule.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 263,674	\$ 263,674	\$ 356,183	\$ 92,509
Federal aid, grants and reimbursements	18,996,026	18,996,026	19,637,878	641,852
Total revenues	<u>19,259,700</u>	<u>19,259,700</u>	<u>19,994,061</u>	<u>734,361</u>
Expenditures:				
Current -				
Operation and maintenance of plant services	60,000	60,000	58,733	1,267
Operation of non-instructional services	23,015,276	32,000,000	16,868,634	15,131,366
Capital outlay	577,000	577,000	316,491	260,509
Total expenditures	<u>23,652,276</u>	<u>32,637,000</u>	<u>17,243,858</u>	<u>15,393,142</u>
Excess (deficiency) of revenues over expenditures	<u>(4,392,576)</u>	<u>(13,377,300)</u>	<u>2,750,203</u>	<u>16,127,503</u>
Other financing sources (uses):				
Transfers out	(1,000,000)	(1,000,000)	(546,578)	453,422
Total other financing sources (uses):	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(546,578)</u>	<u>453,422</u>
Changes in fund balances	<u>(5,392,576)</u>	<u>(14,377,300)</u>	<u>2,203,625</u>	<u>16,580,925</u>
Fund balances, beginning of year	11,420,348	11,420,348	11,515,196	94,848
Increase (decrease) in reserve for inventory			14,023	14,023
Fund balances (deficits), end of year	<u>\$ 6,027,772</u>	<u>\$ (2,956,952)</u>	<u>\$ 13,732,844</u>	<u>\$ 16,689,796</u>

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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)	1.16%	1.18%	1.18%
District's proportionate share of the net pension liability (asset)	\$ 187,285,690	\$ 183,789,475	\$ 174,862,945
District's covered payroll	\$ 108,540,249	\$ 108,407,585	\$ 106,490,897
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	172.55%	169.54%	164.20%
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	\$ 12,471,121	\$ 11,776,617	\$ 11,805,586
Contributions in relation to the actuarially determined contribution	<u>12,471,121</u>	<u>11,776,617</u>	<u>11,805,586</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 115,687,579	\$ 108,540,249	\$ 108,407,585
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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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 item.

- 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	\$ 147,557,601	\$ 28,228,961
Activity budgeted as special revenue funds	(4,220,201)	(5,937,723)
Activity budgeted as capital projects funds	(6,954,315)	(6,098,689)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 136,383,085	\$ 16,192,549

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.

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

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GOVERNMENTAL FUNDS

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 4,750,894	\$ 835,766	\$ 5,586,660
Due from governmental entities	1,895,913	70,592	1,966,505
Total assets	<u>\$ 6,646,807</u>	<u>\$ 906,358</u>	<u>\$ 7,553,165</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 564,612	\$	\$ 564,612
Construction contracts payable		29,343	29,343
Due to other funds	1,323,054	41,417	1,364,471
Accrued payroll and employee benefits	74,852		74,852
Unearned revenues	4,328		4,328
Total liabilities	<u>1,966,846</u>	<u>70,760</u>	<u>2,037,606</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>483,918</u>	<u>70,592</u>	<u>554,510</u>
Fund balances (deficits):			
Restricted	4,226,084	835,766	5,061,850
Unassigned	(30,041)	(70,760)	(100,801)
Total fund balances	<u>4,196,043</u>	<u>765,006</u>	<u>4,961,049</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,646,807</u>	<u>\$ 906,358</u>	<u>\$ 7,553,165</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 3,841,825	\$ 3,392	\$ 3,845,217
State aid and grants	9,484,871	100,125	9,584,996
Federal aid, grants and reimbursements	24,110,260	11,546	24,121,806
Total revenues	<u>37,436,956</u>	<u>115,063</u>	<u>37,552,019</u>
Expenditures:			
Current -			
Instruction	22,467,680		22,467,680
Support services - students and staff	8,360,106		8,360,106
Support services - administration	250,443		250,443
Operation and maintenance of plant services	367,976	51,124	419,100
Student transportation services	168,957		168,957
Operation of non-instructional services	3,607,400		3,607,400
Capital outlay	1,865,712	119,761	1,985,473
Debt service -			
Principal retirement		316,822	316,822
Interest and fiscal charges		204,833	204,833
Total expenditures	<u>37,088,274</u>	<u>692,540</u>	<u>37,780,814</u>
Excess (deficiency) of revenues over expenditures	<u>348,682</u>	<u>(577,477)</u>	<u>(228,795)</u>
Other financing sources (uses):			
Transfers in		520,000	520,000
Transfers out	(666,412)		(666,412)
Total other financing sources (uses):	<u>(666,412)</u>	<u>520,000</u>	<u>(146,412)</u>
Changes in fund balances	<u>(317,730)</u>	<u>(57,477)</u>	<u>(375,207)</u>
Fund balances, beginning of year	4,513,773	822,483	5,336,256
Fund balances, end of year	<u>\$ 4,196,043</u>	<u>\$ 765,006</u>	<u>\$ 4,961,049</u>

SPECIAL REVENUE FUNDS

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

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

County, City and Town Grants - to account for monies received from county, city and town grants.

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.

Title IV Grants - to account for financial assistance received for 21st Century after school educational programs.

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

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

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

Homeless Education - to account for financial assistance received for the education of homeless students.

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

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

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

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.

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

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

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

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

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

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 89,468	\$ 1,429,244	\$ 356
Due from governmental entities			
Total assets	<u>\$ 89,468</u>	<u>\$ 1,429,244</u>	<u>\$ 356</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u> </u>	<u> </u>	<u> </u>
Fund balances (deficits):			
Restricted	89,468	1,429,244	356
Unassigned			
Total fund balances	<u>89,468</u>	<u>1,429,244</u>	<u>356</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 89,468</u>	 <u>\$ 1,429,244</u>	 <u>\$ 356</u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$ 43,988	\$	\$	\$	\$ 3,217	\$
583,916	24,857	392,723	17,381		42,618
<u>\$ 627,904</u>	<u>\$ 24,857</u>	<u>\$ 392,723</u>	<u>\$ 17,381</u>	<u>\$ 3,217</u>	<u>\$ 42,618</u>
\$ 52,888	\$	\$ 25,349	\$	\$	\$ 37,842
529,236	24,857	367,374	17,381		4,776
45,780				3,217	
<u>627,904</u>	<u>24,857</u>	<u>392,723</u>	<u>17,381</u>	<u>3,217</u>	<u>42,618</u>
<u>\$ 627,904</u>	<u>\$ 24,857</u>	<u>\$ 392,723</u>	<u>\$ 17,381</u>	<u>\$ 3,217</u>	<u>\$ 42,618</u>

(Continued)

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	<u>Homeless Education</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 749,680	\$
Due from governmental entities	8,605	354,630	417,294
Total assets	<u>\$ 8,605</u>	<u>\$ 1,104,310</u>	<u>\$ 417,294</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 428,953	\$
Due to other funds	8,605		318,047
Accrued payroll and employee benefits			
Unearned revenues			
Total liabilities	<u>8,605</u>	<u>428,953</u>	<u>318,047</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		<u>354,630</u>	<u>129,288</u>
Fund balances (deficits):			
Restricted		320,727	
Unassigned			(30,041)
Total fund balances		<u>320,727</u>	<u>(30,041)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,605</u>	<u>\$ 1,104,310</u>	<u>\$ 417,294</u>

<u>Other State Projects</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Textbooks</u>	<u>Grants and Gifts to Teachers</u>
\$ 53,889	\$ 154,417	\$ 1,458,213	\$ 764,563	\$ 49,522	\$ 8,226
<u>\$ 53,889</u>	<u>\$ 154,417</u>	<u>\$ 1,458,213</u>	<u>\$ 764,563</u>	<u>\$ 49,522</u>	<u>\$ 8,226</u>
\$ 52,778	\$	\$ 19,580	\$	\$	\$
1,111		29,072			
<u>53,889</u>		<u>48,652</u>			
	154,417	1,409,561	764,563	49,522	8,226
	<u>154,417</u>	<u>1,409,561</u>	<u>764,563</u>	<u>49,522</u>	<u>8,226</u>
<u>\$ 53,889</u>	<u>\$ 154,417</u>	<u>\$ 1,458,213</u>	<u>\$ 764,563</u>	<u>\$ 49,522</u>	<u>\$ 8,226</u>

(Continued)

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 4,750,894
Due from governmental entities	1,895,913
Total assets	\$ 6,646,807
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 564,612
Due to other funds	1,323,054
Accrued payroll and employee benefits	74,852
Unearned revenues	4,328
Total liabilities	1,966,846
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	483,918
Fund balances (deficits):	
Restricted	4,226,084
Unassigned	(30,041)
Total fund balances	4,196,043
 Total liabilities, deferred inflows of resources and fund balances	 \$ 6,646,807

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WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	\$ 19,655	\$ 6,858	\$ 30,500
State aid and grants	8,431,083	893,789	
Federal aid, grants and reimbursements			
Total revenues	8,450,738	900,647	30,500
Expenditures:			
Current -			
Instruction	8,061,369	1,032,532	13,875
Support services - students and staff	384,709	66,667	14,130
Support services - administration			
Operation and maintenance of plant services			2,311
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	8,446,078	1,099,199	30,316
Excess (deficiency) of revenues over expenditures	4,660	(198,552)	184
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	4,660	(198,552)	184
Fund balances (deficits), beginning of year	84,808	1,627,796	172
Fund balances, end of year	\$ 89,468	\$ 1,429,244	\$ 356

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$	\$	\$	\$	\$	\$
9,573,194	893,656	2,572,840	653,841	140,853	4,921,160
<u>9,573,194</u>	<u>893,656</u>	<u>2,572,840</u>	<u>653,841</u>	<u>140,853</u>	<u>4,921,160</u>
4,565,122		1,411,384	38,363	135,872	4,363,646
4,619,392	861,937	622,288	604,295	62	384,069
43,512		199,316			
		17,018			
8,873		42,241		204	
		189,543			
<u>9,236,899</u>	<u>861,937</u>	<u>2,481,790</u>	<u>642,658</u>	<u>136,138</u>	<u>4,747,715</u>
<u>336,295</u>	<u>31,719</u>	<u>91,050</u>	<u>11,183</u>	<u>4,715</u>	<u>173,445</u>
<u>(336,295)</u>	<u>(31,719)</u>	<u>(91,050)</u>	<u>(11,183)</u>	<u>(4,715)</u>	<u>(173,445)</u>
<u>(336,295)</u>	<u>(31,719)</u>	<u>(91,050)</u>	<u>(11,183)</u>	<u>(4,715)</u>	<u>(173,445)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Homeless Education	E-Rate	Other Federal Projects
Revenues:			
Other local	\$	\$ 1,948	\$
State aid and grants			
Federal aid, grants and reimbursements	87,625	1,690,678	3,576,413
Total revenues	87,625	1,692,626	3,576,413
Expenditures:			
Current -			
Instruction	976		2,566,811
Support services - students and staff	53,501		725,993
Support services - administration			
Operation and maintenance of plant services		260,000	45,683
Student transportation services	30,178		835
Operation of non-instructional services			40
Capital outlay		1,725,831	139,881
Total expenditures	84,655	1,985,831	3,479,243
Excess (deficiency) of revenues over expenditures	2,970	(293,205)	97,170
Other financing sources (uses):			
Transfers out	(2,970)		(6,055)
Total other financing sources (uses):	(2,970)		(6,055)
Changes in fund balances		(293,205)	91,115
Fund balances (deficits), beginning of year		613,932	(121,156)
Fund balances (deficits), end of year	\$	\$ 320,727	\$ (30,041)

<u>Other State Projects</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>
\$ 159,999	\$ 103,874	\$ 3,269,928	\$ 378,337	\$ 14	\$ 13,394
<u>159,999</u>	<u>103,874</u>	<u>3,269,928</u>	<u>378,337</u>	<u>14</u>	<u>13,394</u>
			262,666		496
			5,063		15,095
	42,964			7,615	
159,999	67,772	3,190,046	86,181	220	
<u>159,999</u>	<u>110,736</u>	<u>3,190,046</u>	<u>353,910</u>	<u>7,835</u>	<u>15,591</u>
	<u>(6,862)</u>	<u>79,882</u>	<u>24,427</u>	<u>(7,821)</u>	<u>(2,197)</u>
		<u>(8,980)</u>			
		<u>(8,980)</u>			
	<u>(6,862)</u>	<u>70,902</u>	<u>24,427</u>	<u>(7,821)</u>	<u>(2,197)</u>
	161,279	1,338,659	740,136	7,821	51,719
<u>\$</u>	<u>\$ 154,417</u>	<u>\$ 1,409,561</u>	<u>\$ 764,563</u>	<u>\$</u>	<u>\$ 49,522</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 17,317	\$ 3,841,825
State aid and grants		9,484,871
Federal aid, grants and reimbursements		24,110,260
Total revenues	17,317	37,436,956
Expenditures:		
Current -		
Instruction	14,568	22,467,680
Support services - students and staff	2,905	8,360,106
Support services - administration		250,443
Operation and maintenance of plant services		367,976
Student transportation services	225	168,957
Operation of non-instructional services		3,607,400
Capital outlay		1,865,712
Total expenditures	17,698	37,088,274
Excess (deficiency) of revenues over expenditures	(381)	348,682
Other financing sources (uses):		
Transfers out		(666,412)
Total other financing sources (uses):		(666,412)
Changes in fund balances	(381)	(317,730)
Fund balances (deficits), beginning of year	8,607	4,513,773
Fund balances, end of year	\$ 8,226	\$ 4,196,043

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WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$	\$ 19,655	\$ 19,655
State aid and grants	8,443,800	8,431,083	(12,717)
Federal aid, grants and reimbursements			
Total revenues	<u>8,443,800</u>	<u>8,450,738</u>	<u>6,938</u>
Expenditures:			
Current -			
Instruction	8,170,666	8,061,369	109,297
Support services - students and staff	435,440	384,709	50,731
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>8,606,106</u>	<u>8,446,078</u>	<u>160,028</u>
Excess (deficiency) of revenues over expenditures	<u>(162,306)</u>	<u>4,660</u>	<u>166,966</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(162,306)</u>	<u>4,660</u>	<u>166,966</u>
Fund balances (deficits), beginning of year	84,808	84,808	
Fund balances (deficits), end of year	<u>\$ (77,498)</u>	<u>\$ 89,468</u>	<u>\$ 166,966</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 932,900	\$ 6,858 893,789	\$ 6,858 (39,111)	\$	\$ 30,500	\$ 30,500
<u>932,900</u>	<u>900,647</u>	<u>(32,253)</u>		<u>30,500</u>	<u>30,500</u>
2,000,000	1,032,532	967,468	15,000	13,875	1,125
915,000	66,667	848,333	15,000	14,130	870
			3,000	2,311	689
<u>2,915,000</u>	<u>1,099,199</u>	<u>1,815,801</u>	<u>33,000</u>	<u>30,316</u>	<u>2,684</u>
<u>(1,982,100)</u>	<u>(198,552)</u>	<u>1,783,548</u>	<u>(33,000)</u>	<u>184</u>	<u>33,184</u>
<u>(1,982,100)</u>	<u>(198,552)</u>	<u>1,783,548</u>	<u>(33,000)</u>	<u>184</u>	<u>33,184</u>
1,627,796	1,627,796			172	172
<u>\$ (354,304)</u>	<u>\$ 1,429,244</u>	<u>\$ 1,783,548</u>	<u>\$ (33,000)</u>	<u>\$ 356</u>	<u>\$ 33,356</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	10,770,015	9,573,194	(1,196,821)
Total revenues	<u>10,770,015</u>	<u>9,573,194</u>	<u>(1,196,821)</u>
Expenditures:			
Current -			
Instruction	5,057,855	4,565,122	492,733
Support services - students and staff	5,300,000	4,619,392	680,608
Support services - administration	59,200	43,512	15,688
Operation and maintenance of plant services			
Student transportation services	13,664	8,873	4,791
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>10,430,719</u>	<u>9,236,899</u>	<u>1,193,820</u>
Excess (deficiency) of revenues over expenditures	<u>339,296</u>	<u>336,295</u>	<u>(3,001)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(396,336)	(336,295)	60,041
Total other financing sources (uses):	<u>(396,336)</u>	<u>(336,295)</u>	<u>60,041</u>
Changes in fund balances	<u>(57,040)</u>		<u>57,040</u>
Fund balances (deficits), beginning of year	(397,115)		397,115
Fund balances (deficits), end of year	<u>\$ (454,155)</u>	<u>\$</u>	<u>\$ 454,155</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,234,782	893,656	(341,126)	3,710,224	2,572,840	(1,137,384)
<u>1,234,782</u>	<u>893,656</u>	<u>(341,126)</u>	<u>3,710,224</u>	<u>2,572,840</u>	<u>(1,137,384)</u>
1,034,108	861,937	172,171	2,184,670	1,411,384	773,286
			630,000	622,288	7,712
			200,000	199,316	684
			20,000	17,018	2,982
			46,000	42,241	3,759
			192,000	189,543	2,457
<u>1,034,108</u>	<u>861,937</u>	<u>172,171</u>	<u>3,272,670</u>	<u>2,481,790</u>	<u>790,880</u>
<u>200,674</u>	<u>31,719</u>	<u>(168,955)</u>	<u>437,554</u>	<u>91,050</u>	<u>(346,504)</u>
<u>(45,440)</u>	<u>(31,719)</u>	<u>13,721</u>	<u>(135,682)</u>	<u>(91,050)</u>	<u>44,632</u>
<u>(45,440)</u>	<u>(31,719)</u>	<u>13,721</u>	<u>(135,682)</u>	<u>(91,050)</u>	<u>44,632</u>
<u>155,234</u>		<u>(155,234)</u>	<u>301,872</u>		<u>(301,872)</u>
<u>(35,882)</u>		<u>35,882</u>	<u>(437,315)</u>		<u>437,315</u>
<u>\$ 119,352</u>	<u>\$</u>	<u>\$ (119,352)</u>	<u>\$ (135,443)</u>	<u>\$</u>	<u>\$ 135,443</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	702,077	653,841	(48,236)
Total revenues	702,077	653,841	(48,236)
Expenditures:			
Current -			
Instruction	40,000	38,363	1,637
Support services - students and staff	645,165	604,295	40,870
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	685,165	642,658	42,507
Excess (deficiency) of revenues over expenditures	16,912	11,183	(5,729)
Other financing sources (uses):			
Transfers in			
Transfers out	(25,836)	(11,183)	14,653
Total other financing sources (uses):	(25,836)	(11,183)	14,653
Changes in fund balances	(8,924)		8,924
Fund balances (deficits), beginning of year	(18,977)		18,977
Fund balances (deficits), end of year	\$ (27,901)	\$	\$ 27,901

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
126,922	140,853	13,931	5,993,460	4,921,160	(1,072,300)
<u>126,922</u>	<u>140,853</u>	<u>13,931</u>	<u>5,993,460</u>	<u>4,921,160</u>	<u>(1,072,300)</u>
142,559	135,872	6,687	5,341,407	4,363,646	977,761
1,000	62	938	620,996	384,069	236,927
1,000	204	796			
<u>144,559</u>	<u>136,138</u>	<u>8,421</u>	<u>5,962,403</u>	<u>4,747,715</u>	<u>1,214,688</u>
<u>(17,637)</u>	<u>4,715</u>	<u>22,352</u>	<u>31,057</u>	<u>173,445</u>	<u>142,388</u>
<u>(4,671)</u>	<u>(4,715)</u>	<u>(44)</u>	<u>(220,559)</u>	<u>(173,445)</u>	<u>47,114</u>
<u>(4,671)</u>	<u>(4,715)</u>	<u>(44)</u>	<u>(220,559)</u>	<u>(173,445)</u>	<u>47,114</u>
<u>(22,308)</u>		<u>22,308</u>	<u>(189,502)</u>		<u>189,502</u>
(14,622)		14,622	(31,060)		31,060
<u>\$ (36,930)</u>	<u>\$</u>	<u>\$ 36,930</u>	<u>\$ (220,562)</u>	<u>\$</u>	<u>\$ 220,562</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Homeless Education		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	92,311	87,625	(4,686)
Total revenues	<u>92,311</u>	<u>87,625</u>	<u>(4,686)</u>
Expenditures:			
Current -			
Instruction	980	976	4
Support services - students and staff	56,685	53,501	3,184
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	31,002	30,178	824
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>88,667</u>	<u>84,655</u>	<u>4,012</u>
Excess (deficiency) of revenues over expenditures	<u>3,644</u>	<u>2,970</u>	<u>(674)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(3,397)	(2,970)	427
Total other financing sources (uses):	<u>(3,397)</u>	<u>(2,970)</u>	<u>427</u>
Changes in fund balances	<u>247</u>		<u>(247)</u>
Fund balances (deficits), beginning of year	(3,611)		3,611
Fund balances (deficits), end of year	<u>\$ (3,364)</u>	<u>\$</u>	<u>\$ 3,364</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 8,248	\$ 8,248	\$	\$ 1,948	\$ 1,948
1,003,100	1,709,925	706,825	1,624,664	1,690,678	66,014
<u>1,003,100</u>	<u>1,718,173</u>	<u>715,073</u>	<u>1,624,664</u>	<u>1,692,626</u>	<u>67,962</u>
697,000	58,372	638,628			
3,610,750	888,988	2,721,762			
188,000	50,458	137,542			
			1,000,000	260,000	740,000
750	349	401			
53,500	7,780	45,720	2,143,950	1,725,831	418,119
<u>4,550,000</u>	<u>1,005,947</u>	<u>3,544,053</u>	<u>3,143,950</u>	<u>1,985,831</u>	<u>1,158,119</u>
<u>(3,546,900)</u>	<u>712,226</u>	<u>4,259,126</u>	<u>(1,519,286)</u>	<u>(293,205)</u>	<u>1,226,081</u>
<u>(3,546,900)</u>	<u>712,226</u>	<u>4,259,126</u>	<u>(1,519,286)</u>	<u>(293,205)</u>	<u>1,226,081</u>
2,747,993	2,747,993		613,932	613,932	
<u>\$ (798,907)</u>	<u>\$ 3,460,219</u>	<u>\$ 4,259,126</u>	<u>\$ (905,354)</u>	<u>\$ 320,727</u>	<u>\$ 1,226,081</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	3,850,510	3,576,413	(274,097)
Total revenues	<u>3,850,510</u>	<u>3,576,413</u>	<u>(274,097)</u>
Expenditures:			
Current -			
Instruction	2,558,124	2,566,811	(8,687)
Support services - students and staff	725,000	725,993	(993)
Support services - administration			
Operation and maintenance of plant services	45,000	45,683	(683)
Student transportation services	500	835	(335)
Operation of non-instructional services		40	(40)
Capital outlay	130,000	139,881	(9,881)
Total expenditures	<u>3,458,624</u>	<u>3,479,243</u>	<u>(20,619)</u>
Excess (deficiency) of revenues over expenditures	<u>391,886</u>	<u>97,170</u>	<u>(294,716)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(13,854)	(6,055)	7,799
Total other financing sources (uses):	<u>(13,854)</u>	<u>(6,055)</u>	<u>7,799</u>
Changes in fund balances	<u>378,032</u>	<u>91,115</u>	<u>(286,917)</u>
Fund balances (deficits), beginning of year	(494,817)	(121,156)	373,661
Fund balances (deficits), end of year	<u>\$ (116,785)</u>	<u>\$ (30,041)</u>	<u>\$ 86,744</u>

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 258,526	\$ 159,999	\$ (98,527)	\$ 79,500	\$ 323,372	\$ 243,872
<u>258,526</u>	<u>159,999</u>	<u>(98,527)</u>	<u>79,500</u>	<u>323,372</u>	<u>243,872</u>
			2,000	1,791	209
			8,000	7,591	409
161,112	159,999	1,113			
<u>161,112</u>	<u>159,999</u>	<u>1,113</u>	<u>349,000</u>	<u>60,107</u>	<u>288,893</u>
			<u>359,000</u>	<u>69,489</u>	<u>289,511</u>
97,414		(97,414)	(279,500)	253,883	533,383
<u>97,414</u>		<u>(97,414)</u>	<u>(279,500)</u>	<u>253,883</u>	<u>533,383</u>
(63,126)		63,126	255,167	255,167	
<u>\$ 34,288</u>	<u>\$</u>	<u>\$ (34,288)</u>	<u>\$ (24,333)</u>	<u>\$ 509,050</u>	<u>\$ 533,383</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 154,000	\$ 103,874	\$ (50,126)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>154,000</u>	<u>103,874</u>	<u>(50,126)</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	60,000	42,964	17,036
Student transportation services			
Operation of non-instructional services	200,000	67,772	132,228
Capital outlay			
Total expenditures	<u>260,000</u>	<u>110,736</u>	<u>149,264</u>
Excess (deficiency) of revenues over expenditures	<u>(106,000)</u>	<u>(6,862)</u>	<u>99,138</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(106,000)</u>	<u>(6,862)</u>	<u>99,138</u>
Fund balances (deficits), beginning of year	161,279	161,279	
Fund balances (deficits), end of year	<u>\$ 55,279</u>	<u>\$ 154,417</u>	<u>\$ 99,138</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 2,934,500	\$ 3,269,928	\$ 335,428	\$ 638,200	\$ 716,637	\$ 78,437
<u>2,934,500</u>	<u>3,269,928</u>	<u>335,428</u>	<u>638,200</u>	<u>716,637</u>	<u>78,437</u>
			1,000,000	564,698	435,302
			66,000	9,342	56,658
			50,000	38,987	11,013
			29,000	21,322	7,678
			155,000	49,211	105,789
4,400,000	3,190,046	1,209,954			
<u>4,400,000</u>	<u>3,190,046</u>	<u>1,209,954</u>	<u>1,300,000</u>	<u>683,560</u>	<u>616,440</u>
(1,465,500)	79,882	1,545,382	(661,800)	33,077	694,877
	(8,980)	(8,980)			
	<u>(8,980)</u>	<u>(8,980)</u>			
(1,465,500)	70,902	1,536,402	(661,800)	33,077	694,877
1,388,659	1,338,659	(50,000)	608,818	608,818	
<u>\$ (76,841)</u>	<u>\$ 1,409,561</u>	<u>\$ 1,486,402</u>	<u>\$ (52,982)</u>	<u>\$ 641,895</u>	<u>\$ 694,877</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 353,700	\$ 378,337	\$ 24,637
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	353,700	378,337	24,637
Expenditures:			
Current -			
Instruction	1,023,000	262,666	760,334
Support services - students and staff	7,000	5,063	1,937
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	100,000	86,181	13,819
Operation of non-instructional services			
Capital outlay			
Total expenditures	1,130,000	353,910	776,090
Excess (deficiency) of revenues over expenditures	(776,300)	24,427	800,727
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(776,300)	24,427	800,727
Fund balances (deficits), beginning of year	740,136	740,136	
Fund balances (deficits), end of year	\$ (36,164)	\$ 764,563	\$ 800,727

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 391,900	\$ 535,557	\$ 143,657	\$ 100	\$ 14	\$ (86)
<u>391,900</u>	<u>535,557</u>	<u>143,657</u>	<u>100</u>	<u>14</u>	<u>(86)</u>
859,800	307,396	552,404			
160,000	146,728	13,272			
10,200	7,632	2,568	7,615	7,615	
10,000	8,019	1,981			
10,000	9,149	851	285	220	65
5,000	4,530	470			
35,000	34,834	166			
<u>1,090,000</u>	<u>518,288</u>	<u>571,712</u>	<u>7,900</u>	<u>7,835</u>	<u>65</u>
<u>(698,100)</u>	<u>17,269</u>	<u>715,369</u>	<u>(7,800)</u>	<u>(7,821)</u>	<u>(21)</u>
<u>(698,100)</u>	<u>17,269</u>	<u>715,369</u>	<u>(7,800)</u>	<u>(7,821)</u>	<u>(21)</u>
604,122	604,122		7,821	7,821	
<u>\$ (93,978)</u>	<u>\$ 621,391</u>	<u>\$ 715,369</u>	<u>\$ 21</u>	<u>\$</u>	<u>\$ (21)</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 11,070	\$ 11,070
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>11,070</u>	<u>11,070</u>
Expenditures:			
Current -			
Instruction	2,000		2,000
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>2,000</u>		<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>11,070</u>	<u>13,070</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,000)</u>	<u>11,070</u>	<u>13,070</u>
Fund balances (deficits), beginning of year	1,887	1,887	
Fund balances (deficits), end of year	<u>\$ (113)</u>	<u>\$ 12,957</u>	<u>\$ 13,070</u>

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 11,400	\$ 13,394	\$ 1,994	\$	\$ 7,037	\$ 7,037
<u>11,400</u>	<u>13,394</u>	<u>1,994</u>	<u></u>	<u>7,037</u>	<u>7,037</u>
1,000	496	504	2,400		2,400
60,000	15,095	44,905			
<u>61,000</u>	<u>15,591</u>	<u>45,409</u>	<u>2,400</u>	<u></u>	<u>2,400</u>
<u>(49,600)</u>	<u>(2,197)</u>	<u>47,403</u>	<u>(2,400)</u>	<u>7,037</u>	<u>9,437</u>
<u>(49,600)</u>	<u>(2,197)</u>	<u>47,403</u>	<u>(2,400)</u>	<u>7,037</u>	<u>9,437</u>
51,719	51,719		2,054	2,054	
<u>\$ 2,119</u>	<u>\$ 49,522</u>	<u>\$ 47,403</u>	<u>\$ (346)</u>	<u>\$ 9,091</u>	<u>\$ 9,437</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Indirect Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 6,325	\$ 6,222	\$ (103)
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>6,325</u>	<u>6,222</u>	<u>(103)</u>
Expenditures:			
Current -			
Instruction	200,000	170,559	29,441
Support services - students and staff	200,000	144,774	55,226
Support services - administration	2,070,000	1,600,609	469,391
Operation and maintenance of plant services	30,000	26,975	3,025
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>2,500,000</u>	<u>1,942,917</u>	<u>557,083</u>
Excess (deficiency) of revenues over expenditures	<u>(2,493,675)</u>	<u>(1,936,695)</u>	<u>556,980</u>
Other financing sources (uses):			
Transfers in	1,845,775	1,204,010	(641,765)
Transfers out			
Total other financing sources (uses):	<u>1,845,775</u>	<u>1,204,010</u>	<u>(641,765)</u>
Changes in fund balances	<u>(647,900)</u>	<u>(732,685)</u>	<u>(84,785)</u>
Fund balances (deficits), beginning of year	1,390,669	1,390,669	
Fund balances, end of year	<u>\$ 742,769</u>	<u>\$ 657,984</u>	<u>\$ (84,785)</u>

Grants and Gifts to Teachers			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 12,000	\$ 17,317	\$ 5,317	\$ 12,000	\$ 1,177	\$ (10,823)
<u>12,000</u>	<u>17,317</u>	<u>5,317</u>	<u>12,000</u>	<u>1,177</u>	<u>(10,823)</u>
14,700	14,568	132	25,000		25,000
3,000	2,905	95			
300	225	75			
<u>18,000</u>	<u>17,698</u>	<u>302</u>	<u>25,000</u>		<u>25,000</u>
<u>(6,000)</u>	<u>(381)</u>	<u>5,619</u>	<u>(13,000)</u>	<u>1,177</u>	<u>14,177</u>
<u>(6,000)</u>	<u>(381)</u>	<u>5,619</u>	<u>(13,000)</u>	<u>1,177</u>	<u>14,177</u>
8,607	8,607		23,959	23,959	
<u>\$ 2,607</u>	<u>\$ 8,226</u>	<u>\$ 5,619</u>	<u>\$ 10,959</u>	<u>\$ 25,136</u>	<u>\$ 14,177</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 4,593,625	\$ 5,451,145	\$ 857,520
State aid and grants	9,635,226	9,484,871	(150,355)
Federal aid, grants and reimbursements	29,108,065	25,820,185	(3,287,880)
Total revenues	<u>43,336,916</u>	<u>40,756,201</u>	<u>(2,580,715)</u>
Expenditures:			
Current -			
Instruction	29,338,161	23,570,496	5,767,665
Support services - students and staff	14,485,144	9,549,938	4,935,206
Support services - administration	2,585,015	1,948,129	636,886
Operation and maintenance of plant services	1,205,000	431,883	773,117
Student transportation services	357,751	227,317	130,434
Operation of non-instructional services	4,958,862	3,612,279	1,346,583
Capital outlay	2,711,450	1,968,433	743,017
Total expenditures	<u>55,641,383</u>	<u>41,308,475</u>	<u>14,332,908</u>
Excess (deficiency) of revenues over expenditures	<u>(12,304,467)</u>	<u>(552,274)</u>	<u>11,752,193</u>
Other financing sources (uses):			
Transfers in	1,845,775	1,204,010	(641,765)
Transfers out	(845,775)	(666,412)	179,363
Total other financing sources (uses):	<u>1,000,000</u>	<u>537,598</u>	<u>(462,402)</u>
Changes in fund balances	<u>(11,304,467)</u>	<u>(14,676)</u>	<u>11,289,791</u>
Fund balances (deficits), beginning of year	8,822,901	10,148,442	1,325,541
Fund balances (deficits), end of year	<u>\$ (2,481,566)</u>	<u>\$ 10,133,766</u>	<u>\$ 12,615,332</u>

DEBT SERVICE FUND

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2017**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$ 68,204	\$ 40,095	\$ (28,109)
Property taxes	16,084,941	14,685,391	(1,399,550)
Total revenues	<u>16,153,145</u>	<u>14,725,486</u>	<u>(1,427,659)</u>
Expenditures:			
Debt service -			
Principal retirement	16,960,000	16,960,000	
Interest and fiscal charges	178,000	2,346,589	(2,168,589)
Total expenditures	<u>17,138,000</u>	<u>19,306,589</u>	<u>(2,168,589)</u>
Excess (deficiency) of revenues over expenditures	<u>(984,855)</u>	<u>(4,581,103)</u>	<u>(3,596,248)</u>
Other financing sources (uses):			
Transfers in		187,305	187,305
Total other financing sources (uses):		<u>187,305</u>	<u>187,305</u>
Changes in fund balances	<u>(984,855)</u>	<u>(4,393,798)</u>	<u>(3,408,943)</u>
Fund balances, beginning of year	1,365,984	5,352,005	3,986,021
Fund balances, end of year	<u>\$ 381,129</u>	<u>\$ 958,207</u>	<u>\$ 577,078</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Adjacent Ways	Energy and Water Savings	Building Renewal Grant
<u>ASSETS</u>			
Cash and investments	\$ 15,776	\$ 819,990	\$
Due from governmental entities			70,592
Total assets	\$ 15,776	\$ 819,990	\$ 70,592
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Construction contracts payable	\$	\$	\$ 29,343
Due to other funds			41,417
Total liabilities			70,760
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			70,592
Fund balances (deficits):			
Restricted	15,776	819,990	
Unassigned			(70,760)
Total fund balances	15,776	819,990	(70,760)
 Total liabilities, deferred inflows of resources and fund balances	\$ 15,776	\$ 819,990	\$ 70,592

Totals

\$	835,766
	<u>70,592</u>
\$	<u><u>906,358</u></u>

\$	29,343
	<u>41,417</u>
	<u><u>70,760</u></u>

70,592

	835,766
	<u>(70,760)</u>
	<u><u>765,006</u></u>

\$	<u><u>906,358</u></u>
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**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON-MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017**

	Adjacent Ways	Energy and Water Savings	Building Renewal Grant
Revenues:			
Other local	\$ 107	\$ 3,285	\$
State aid and grants			100,125
Federal aid, grants and reimbursements		11,546	
Total revenues	107	14,831	100,125
Expenditures:			
Current -			
Operation and maintenance of plant services			51,124
Capital outlay			119,761
Debt service -			
Principal retirement		316,822	
Interest and fiscal charges		204,833	
Total expenditures		521,655	170,885
Excess (deficiency) of revenues over expenditures	107	(506,824)	(70,760)
Other financing sources (uses):			
Transfers in		520,000	
Total other financing sources (uses):		520,000	
Changes in fund balances	107	13,176	(70,760)
Fund balances, beginning of year	15,669	806,814	
Fund balances (deficits), end of year	\$ 15,776	\$ 819,990	\$ (70,760)

Totals

\$ 3,392
100,125
11,546
115,063

51,124
119,761

316,822
204,833
692,540

(577,477)

520,000
520,000

(57,477)

822,483

\$ 765,006

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2017

	Unrestricted Capital Outlay		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$ 33,904	\$ 41,749	\$ 7,845
Property taxes	1,420,297	3,071,516	1,651,219
State aid and grants	366,084	474,410	108,326
Federal aid, grants and reimbursements			
Total revenues	<u>1,820,285</u>	<u>3,587,675</u>	<u>1,767,390</u>
Expenditures:			
Current -			
Instruction	3,430,962	2,819,881	611,081
Support services - students and staff	137,000	32,164	104,836
Support services - administration	1,892,000	429,234	1,462,766
Operation and maintenance of plant services	137,000	81,725	55,275
Student transportation services	49,000	24,489	24,511
Capital outlay	3,492,350	1,229,720	2,262,630
Debt service -			
Principal retirement	552,206	552,206	
Interest and fiscal charges	36,832	36,832	
Bond issuance costs			
Total expenditures	<u>9,727,350</u>	<u>5,206,251</u>	<u>4,521,099</u>
Excess (deficiency) of revenues over expenditures	<u>(7,907,065)</u>	<u>(1,618,576)</u>	<u>6,288,489</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):			
Changes in fund balances	<u>(7,907,065)</u>	<u>(1,618,576)</u>	<u>6,288,489</u>
Fund balances, beginning of year	7,703,035	7,717,265	14,230
Fund balances (deficits), end of year	<u>\$ (204,030)</u>	<u>\$ 6,098,689</u>	<u>\$ 6,302,719</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 80	\$ 107	\$ 27	\$	\$ 160,525	\$ 160,525
100		(100)			
<u>180</u>	<u>107</u>	<u>(73)</u>	<u></u>	<u>160,525</u>	<u>160,525</u>
15,700		15,700	60,220,980	12,917,149	47,303,831
<u>15,700</u>	<u></u>	<u>15,700</u>	<u>278,020</u>	<u>278,020</u>	<u>47,303,831</u>
(15,520)	107	15,627	(60,499,000)	(13,034,644)	47,464,356
				(187,305)	(187,305)
			30,000,000	33,555,000	3,555,000
			<u>30,000,000</u>	<u>3,674,792</u>	<u>3,674,792</u>
(15,520)	107	15,627	(30,499,000)	37,042,487	7,042,487
15,669	15,669		23,616,181	24,007,843	54,506,843
<u>\$ 149</u>	<u>\$ 15,776</u>	<u>\$ 15,627</u>	<u>\$ (6,882,819)</u>	<u>\$ 47,624,024</u>	<u>\$ 54,506,843</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 545,900	\$ 3,285	\$ (542,615)
Property taxes			
State aid and grants			
Federal aid, grants and reimbursements		11,546	11,546
Total revenues	545,900	14,831	(531,069)
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
Debt service -			
Principal retirement	316,822	316,822	
Interest and fiscal charges	1,183,178	204,833	978,345
Bond issuance costs			
Total expenditures	1,500,000	521,655	978,345
Excess (deficiency) of revenues over expenditures	(954,100)	(506,824)	447,276
Other financing sources (uses):			
Transfers in	520,000	520,000	
Transfers out			
Issuance of school improvement bonds			
Premium on sale of bonds			
Total other financing sources (uses):	520,000	520,000	
Changes in fund balances	(434,100)	13,176	447,276
Fund balances, beginning of year	806,814	806,814	
Fund balances (deficits), end of year	\$ 372,714	\$ 819,990	\$ 447,276

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
			579,884	205,666	(374,218)
			1,420,397	3,071,516	1,651,119
375,000	100,125	(274,875)	741,084	574,535	(166,549)
				11,546	11,546
<u>375,000</u>	<u>100,125</u>	<u>(274,875)</u>	<u>2,741,365</u>	<u>3,863,263</u>	<u>1,121,898</u>
			3,430,962	2,819,881	611,081
			137,000	32,164	104,836
			1,892,000	429,234	1,462,766
	51,124	(51,124)	137,000	132,849	4,151
			49,000	24,489	24,511
	119,761	(119,761)	63,729,030	14,266,630	49,462,400
			869,028	869,028	
			1,220,010	241,665	978,345
			278,020	278,020	
	<u>170,885</u>	<u>(170,885)</u>	<u>71,742,050</u>	<u>19,093,960</u>	<u>52,648,090</u>
375,000	(70,760)	(445,760)	(69,000,685)	(15,230,697)	53,769,988
			520,000	520,000	
				(187,305)	(187,305)
			30,000,000	33,555,000	3,555,000
				3,674,792	3,674,792
			<u>30,520,000</u>	<u>37,562,487</u>	<u>7,042,487</u>
375,000	(70,760)	(445,760)	(38,480,685)	22,331,790	60,812,475
			32,141,699	32,155,929	14,230
<u>\$ 375,000</u>	<u>\$ (70,760)</u>	<u>\$ (445,760)</u>	<u>\$ (6,338,986)</u>	<u>\$ 54,487,719</u>	<u>\$ 60,826,705</u>

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ENTERPRISE FUNDS

Private School Consortium - to account for charges to other school districts for providing Title I services to students attending private schools.

Alternative Fuel - to account for charges to external users for alternative fuel.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF NET POSITION -
ALL ENTERPRISE FUNDS
JUNE 30, 2017

	Private School Consortium	Alternative Fuel	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 499,250	\$ 270,968	\$ 770,218
Total current assets	499,250	270,968	770,218
Noncurrent assets:			
Capital assets, net of accumulated depreciation	394,043	929,117	1,323,160
Total noncurrent assets	394,043	929,117	1,323,160
Total assets	893,293	1,200,085	2,093,378
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension plan items	144,674		144,674
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	5,839	3,289	9,128
Accrued payroll and employee benefits	10,621		10,621
Total current liabilities	16,460	3,289	19,749
Noncurrent liabilities:			
Non-current portion of long-term obligations	767,871		767,871
Total noncurrent liabilities	767,871		767,871
Total liabilities	784,331	3,289	787,620
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan items	103,942		103,942
<u>NET POSITION</u>			
Investment in capital assets	394,043	929,117	1,323,160
Unrestricted	(244,349)	267,679	23,330
Total net position	\$ 149,694	\$ 1,196,796	\$ 1,346,490

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private School Consortium</u>	<u>Alternative Fuel</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 810,918	\$ 61,667	\$ 872,585
Total operating revenues	<u>810,918</u>	<u>61,667</u>	<u>872,585</u>
Operating expenses:			
Cost of services	954,051	30,785	984,836
Depreciation	52,515	60,684	113,199
Total operating expenses	<u>1,006,566</u>	<u>91,469</u>	<u>1,098,035</u>
Operating income (loss)	<u>(195,648)</u>	<u>(29,802)</u>	<u>(225,450)</u>
Nonoperating revenues (expenses):			
Investment income	3,426	1,639	5,065
Total nonoperating revenues (expenses)	<u>3,426</u>	<u>1,639</u>	<u>5,065</u>
Changes in net position	<u>(192,222)</u>	<u>(28,163)</u>	<u>(220,385)</u>
Total net position, beginning of year	341,916	1,224,959	1,566,875
Total net position, end of year	<u>\$ 149,694</u>	<u>\$ 1,196,796</u>	<u>\$ 1,346,490</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Private School Consortium</u>	<u>Alternative Fuel</u>	<u>Totals</u>
<u>Increase/(Decrease) in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received for services	\$ 810,918	\$ 61,667	\$ 872,585
Cash payments to suppliers for goods and services	(257,936)	(27,496)	(285,432)
Cash payments to employees for services	(657,695)		(657,695)
Net cash provided by/(used for) operating activities	<u>(104,713)</u>	<u>34,171</u>	<u>(70,542)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(31,800)		(31,800)
Net cash used for capital and related financing activities	<u>(31,800)</u>		<u>(31,800)</u>
Cash flows from investing activities:			
Investment income	3,426	1,639	5,065
Net cash provided by investing activities	<u>3,426</u>	<u>1,639</u>	<u>5,065</u>
Net increase/(decrease) in cash and cash equivalents	<u>(133,087)</u>	<u>35,810</u>	<u>(97,277)</u>
Cash and cash equivalents, beginning of year	<u>632,337</u>	<u>235,158</u>	<u>867,495</u>
Cash and cash equivalents, end of year	<u>\$ 499,250</u>	<u>\$ 270,968</u>	<u>\$ 770,218</u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided by/(used for) Operating Activities</u>			
Operating (loss)	\$ (195,648)	\$ (29,802)	\$ (225,450)
Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities:			
Depreciation	52,515	60,684	113,199
Changes in assets and liabilities:			
Increase/(decrease) in accounts payable	(7,747)	3,289	(4,458)
(Decrease) in accrued payroll and employee benefits	(6,075)		(6,075)
Change in pension items	52,242		52,242
Total adjustments	<u>90,935</u>	<u>63,973</u>	<u>154,908</u>
Net cash provided by/(used for) operating activities	<u>\$ (104,713)</u>	<u>\$ 34,171</u>	<u>\$ (70,542)</u>

INTERNAL SERVICE FUNDS

Employee Benefit Trust - to account for the financial activity associated with the District's self-insurance program.

Workers' Compensation - to account for the financial activity associated with the self-insurance program for employee workers' compensation.

Property and Casualty Insurance - to account for the financial activity associated with the self-insurance program for property and casualty losses.

Print Shop - to account for charges to other departments for printing and copying services.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF NET POSITION -
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>Employee Benefit Trust</u>	<u>Workers' Compensation</u>	<u>Property and Casualty Insurance</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 4,822,979	\$ 2,118,919	\$ 756,059
Accounts receivable	608,282		
Prepaid items			100,506
Total current assets	<u>5,431,261</u>	<u>2,118,919</u>	<u>856,565</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation			
Total noncurrent assets			
Total assets	<u>5,431,261</u>	<u>2,118,919</u>	<u>856,565</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable			15,180
Claims payable	2,771,000	1,329,917	267,598
Total current liabilities	<u>2,771,000</u>	<u>1,329,917</u>	<u>282,778</u>
Total liabilities	<u>2,771,000</u>	<u>1,329,917</u>	<u>282,778</u>
<u>NET POSITION</u>			
Investment in capital assets			
Unrestricted	2,660,261	789,002	573,787
Total net position	<u>\$ 2,660,261</u>	<u>\$ 789,002</u>	<u>\$ 573,787</u>

<u>Print Shop</u>	<u>Totals</u>
\$ 191,030	\$ 7,888,987
	608,282
	100,506
<u>191,030</u>	<u>8,597,775</u>
<u>397,966</u>	<u>397,966</u>
<u>397,966</u>	<u>397,966</u>
<u>588,996</u>	<u>8,995,741</u>
19,627	34,807
	4,368,515
<u>19,627</u>	<u>4,403,322</u>
<u>19,627</u>	<u>4,403,322</u>
397,966	397,966
171,403	4,194,453
<u>\$ 569,369</u>	<u>\$ 4,592,419</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance
Operating revenues:			
Contributions	\$ 18,185,200	\$ 1,172,484	\$ 1,096,335
Charges for services			
Total operating revenues	<u>18,185,200</u>	<u>1,172,484</u>	<u>1,096,335</u>
Operating expenses:			
Claims	15,347,165	718,606	210,911
Premiums	926,243	87,401	896,963
Administrative and other	2,489,541	198,714	62,002
Cost of services			
Depreciation			
Total operating expenses	<u>18,762,949</u>	<u>1,004,721</u>	<u>1,169,876</u>
Operating income (loss)	<u>(577,749)</u>	<u>167,763</u>	<u>(73,541)</u>
Nonoperating revenues (expenses):			
Investment income	31,234	12,246	1,913
Total nonoperating revenues (expenses)	<u>31,234</u>	<u>12,246</u>	<u>1,913</u>
Changes in net position	<u>(546,515)</u>	<u>180,009</u>	<u>(71,628)</u>
Total net position, beginning of year	3,206,776	608,993	645,415
Total net position, end of year	<u>\$ 2,660,261</u>	<u>\$ 789,002</u>	<u>\$ 573,787</u>

<u>Print Shop</u>	<u>Totals</u>
\$	\$ 20,454,019
431,333	431,333
<u>431,333</u>	<u>20,885,352</u>
	16,276,682
	1,910,607
	2,750,257
249,291	249,291
88,819	88,819
<u>338,110</u>	<u>21,275,656</u>
<u>93,223</u>	<u>(390,304)</u>
1,163	46,556
<u>1,163</u>	<u>46,556</u>
94,386	(343,748)
474,983	4,936,167
<u>\$ 569,369</u>	<u>\$ 4,592,419</u>

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Employee Benefit Trust	Workers' Compensation	Property and Casualty Insurance
<u>Increase/(Decrease) in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from contributions	\$ 18,008,411	\$ 1,172,484	\$ 1,096,335
Cash received for services			
Cash payments to suppliers for goods and services	(3,415,784)	(294,410)	(985,810)
Cash payments for claims	(15,229,165)	(865,028)	(133,461)
Net cash provided by/(used for) operating activities	(636,538)	13,046	(22,936)
Cash flows from capital and related financing activities:			
Acquisition of capital assets			
Disposal of capital assets			
Net cash used for capital and related financing activities			
Cash flows from investing activities:			
Investment income	31,234	12,246	1,913
Net cash provided by investing activities	31,234	12,246	1,913
Net increase/(decrease) in cash and cash equivalents	(605,304)	25,292	(21,023)
Cash and cash equivalents, beginning of year	5,428,283	2,093,627	777,082
Cash and cash equivalents, end of year	\$ 4,822,979	\$ 2,118,919	\$ 756,059
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities</u>			
Operating income/(loss)	\$ (577,749)	\$ 167,763	\$ (73,541)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used for) operating activities:			
Depreciation			
Changes in assets and liabilities:			
(Increase) in accounts receivable	(176,789)		
(Increase) in prepaid items			(14,836)
Increase/(decrease) in accounts payable		(8,295)	(12,009)
Increase/(decrease) in claims payable	118,000	(146,422)	77,450
(Decrease) in accrued payroll and employee benefits			
Total adjustments	(58,789)	(154,717)	50,605
Net cash provided by/(used for) operating activities	\$ (636,538)	\$ 13,046	\$ (22,936)

<u>Print Shop</u>	<u>Totals</u>
\$	\$
431,333	20,277,230
(247,416)	431,333
	(4,943,420)
	<u>(16,227,654)</u>
<u>183,917</u>	<u>(462,511)</u>
(177,759)	(177,759)
<u>36,701</u>	<u>36,701</u>
<u>(141,058)</u>	<u>(141,058)</u>
<u>1,163</u>	<u>46,556</u>
<u>1,163</u>	<u>46,556</u>
<u>44,022</u>	<u>(557,013)</u>
<u>147,008</u>	<u>8,446,000</u>
<u>\$ 191,030</u>	<u>\$ 7,888,987</u>
\$	\$
93,223	(390,304)
88,819	88,819
	(176,789)
	(14,836)
4,465	(15,839)
	49,028
<u>(2,590)</u>	<u>(2,590)</u>
<u>90,694</u>	<u>(72,207)</u>
<u>\$ 183,917</u>	<u>\$ (462,511)</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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2017**

	Student Activities	Employee Withholding	Totals
<u>ASSETS</u>			
Cash and investments	\$ 156,287	\$ 146,225	\$ 302,512
Total assets	\$ 156,287	\$ 146,225	\$ 302,512
 <u>LIABILITIES</u>			
Deposits held for others	\$	\$ 146,225	\$ 146,225
Due to student groups	156,287		156,287
Total liabilities	\$ 156,287	\$ 146,225	\$ 302,512

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balance</u>
<u>STUDENT ACTIVITIES</u>				
<u>Assets</u>				
Cash and investments	\$ 187,092	\$ 120,480	\$ 151,285	\$ 156,287
Total assets	<u>\$ 187,092</u>	<u>\$ 120,480</u>	<u>\$ 151,285</u>	<u>\$ 156,287</u>
<u>Liabilities</u>				
Accounts payable	\$ 15,267	\$	\$ 15,267	\$
Due to student groups	<u>171,825</u>	<u>120,480</u>	<u>136,018</u>	<u>156,287</u>
Total liabilities	<u>\$ 187,092</u>	<u>\$ 120,480</u>	<u>\$ 151,285</u>	<u>\$ 156,287</u>
<u>EMPLOYEE WITHHOLDING</u>				
<u>Assets</u>				
Cash and investments	\$ 124,109	\$ 278,633	\$ 256,517	\$ 146,225
Total assets	<u>\$ 124,109</u>	<u>\$ 278,633</u>	<u>\$ 256,517</u>	<u>\$ 146,225</u>
<u>Liabilities</u>				
Deposits held for others	\$ 124,109	\$ 278,633	\$ 256,517	\$ 146,225
Total liabilities	<u>\$ 124,109</u>	<u>\$ 278,633</u>	<u>\$ 256,517</u>	<u>\$ 146,225</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 311,201	\$ 399,113	\$ 407,802	\$ 302,512
Total assets	<u>\$ 311,201</u>	<u>\$ 399,113</u>	<u>\$ 407,802</u>	<u>\$ 302,512</u>
<u>Liabilities</u>				
Accounts payable	\$ 15,267	\$	\$ 15,267	\$
Deposits held for others	124,109	278,633	256,517	146,225
Due to student groups	<u>171,825</u>	<u>120,480</u>	<u>136,018</u>	<u>156,287</u>
Total liabilities	<u>\$ 311,201</u>	<u>\$ 399,113</u>	<u>\$ 407,802</u>	<u>\$ 302,512</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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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>
Governmental activities:					
Net investment in capital assets	\$ 164,180,762	\$ 152,225,774	\$ 147,843,966	\$ 140,651,648	\$ 134,338,769
Restricted	27,324,624	31,413,624	25,808,205	23,121,936	16,387,192
Unrestricted	(142,843,970)	(149,818,084)	(158,118,288)	27,173,827	38,585,487
Total governmental activities net position	<u>\$ 48,661,416</u>	<u>\$ 33,821,314</u>	<u>\$ 15,533,883</u>	<u>\$ 190,947,411</u>	<u>\$ 189,311,448</u>
Business-type activities:					
Net investment in capital assets	\$ 1,323,160	\$ 1,404,559	\$ 1,517,228	\$ 1,413,714	\$ 1,422,509
Restricted					
Unrestricted	23,330	162,316	56,297	786,635	913,615
Total business-type activities net position	<u>\$ 1,346,490</u>	<u>\$ 1,566,875</u>	<u>\$ 1,573,525</u>	<u>\$ 2,200,349</u>	<u>\$ 2,336,124</u>
Primary government:					
Net investment in capital assets	\$ 165,503,922	\$ 153,630,333	\$ 149,361,194	\$ 142,065,362	\$ 135,761,278
Restricted	27,324,624	31,413,624	25,808,205	23,121,936	16,387,192
Unrestricted	(142,820,640)	(149,655,768)	(158,061,991)	27,960,462	39,499,102
Total net position	<u>\$ 50,007,906</u>	<u>\$ 35,388,189</u>	<u>\$ 17,107,408</u>	<u>\$ 193,147,760</u>	<u>\$ 191,647,572</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:					
Net investment in capital assets	\$ 131,154,280	\$ 126,084,903	\$ 119,499,966	\$ 113,210,283	\$ 104,904,914
Restricted	15,370,563	15,934,592	32,546,642	28,488,877	30,991,421
Unrestricted	51,127,160	48,705,719	30,721,294	28,729,147	27,944,122
Total governmental activities net position	<u><u>\$ 197,652,003</u></u>	<u><u>\$ 190,725,214</u></u>	<u><u>\$ 182,767,902</u></u>	<u><u>\$ 170,428,307</u></u>	<u><u>\$ 163,840,457</u></u>
Business-type activities:					
Net investment in capital assets	\$	\$	\$	\$	\$
Restricted					
Unrestricted					
Total business-type activities net position	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
Primary government:					
Net investment in capital assets	\$ 131,154,280	\$ 126,084,903	\$ 119,499,966	\$ 113,210,283	\$ 104,904,914
Restricted	15,370,563	15,934,592	32,546,642	28,488,877	30,991,421
Unrestricted	51,127,160	48,705,719	30,721,294	28,729,147	27,944,122
Total net position	<u><u>\$ 197,652,003</u></u>	<u><u>\$ 190,725,214</u></u>	<u><u>\$ 182,767,902</u></u>	<u><u>\$ 170,428,307</u></u>	<u><u>\$ 163,840,457</u></u>

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

Note: Prior to 2013 business-type activities were presented as governmental activities.

(Concluded)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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					
Governmental activities:					
Instruction	\$ 106,648,242	\$ 102,834,169	\$ 99,473,480	\$ 99,497,671	\$ 96,287,120
Support services - students and staff	27,816,395	27,153,837	25,259,949	25,400,733	24,437,353
Support services - administration	16,477,056	16,019,927	16,863,927	19,545,606	16,847,819
Operation and maintenance of plant services	21,380,529	20,967,936	20,573,400	21,755,307	21,464,307
Student transportation services	8,825,125	8,685,581	8,931,677	8,921,262	10,322,705
Operation of non-instructional services	21,168,721	19,204,711	20,757,679	20,672,728	19,580,110
Interest on long-term debt	2,343,635	2,556,097	3,184,743	3,527,782	4,451,926
Total governmental activities	<u>204,659,703</u>	<u>197,422,258</u>	<u>195,044,855</u>	<u>199,321,089</u>	<u>193,391,340</u>
Business-type activities:					
Private school consortium	1,006,566	825,441	760,335	813,384	971,139
Alternative fuel	91,469	94,244	107,874	146,965	81,577
Total business-type activities	<u>1,098,035</u>	<u>919,685</u>	<u>868,209</u>	<u>960,349</u>	<u>1,052,716</u>
Total expenses	<u>205,757,738</u>	<u>198,341,943</u>	<u>195,913,064</u>	<u>200,281,438</u>	<u>194,444,056</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	818,477	834,514	857,280	755,459	860,809
Operation of non-instructional services	3,637,223	3,556,652	3,640,577	3,986,380	3,294,615
Other activities	356,744	106,743	64,020	103,159	164,133
Operating grants and contributions	42,887,352	41,811,603	39,616,244	37,619,978	38,718,810
Capital grants and contributions	2,244,306	1,712,149	95,728	106,271	
Total governmental activities	<u>49,944,102</u>	<u>48,021,661</u>	<u>44,273,849</u>	<u>42,571,247</u>	<u>43,038,367</u>
Business-type activities:					
Charges for services					
Private school consortium	810,918	842,479	854,194	670,617	778,214
Alternative fuel	61,667	66,466	81,532	150,775	164,943
Total business-type activities	<u>872,585</u>	<u>908,945</u>	<u>935,726</u>	<u>821,392</u>	<u>943,157</u>
Total program revenues	<u>50,816,687</u>	<u>48,930,606</u>	<u>45,209,575</u>	<u>43,392,639</u>	<u>43,981,524</u>
Net (Expense)/Revenue	<u>\$ (154,941,051)</u>	<u>\$ (149,411,337)</u>	<u>\$ (150,703,489)</u>	<u>\$ (156,888,799)</u>	<u>\$ (150,462,532)</u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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					
Governmental activities:					
Instruction	\$ 95,655,933	\$ 96,302,960	\$ 98,377,469	\$ 117,265,653	\$ 109,805,178
Support services - students and staff	22,683,312	23,438,972	24,283,027	25,761,443	25,374,863
Support services - administration	15,851,740	15,161,986	16,586,101	17,017,140	17,348,813
Operation and maintenance of plant services	20,505,294	20,006,076	20,421,447	21,856,335	21,404,866
Student transportation services	8,352,478	8,219,151	8,720,012	8,960,848	8,665,577
Operation of non-instructional services	17,777,812	17,216,475	16,360,922	15,158,592	17,421,449
Interest on long-term debt	4,065,351	4,319,857	4,498,547	4,768,597	5,671,847
Total governmental activities	<u>184,891,920</u>	<u>184,665,477</u>	<u>189,247,525</u>	<u>210,788,608</u>	<u>205,692,593</u>
Business-type activities:					
Private school consortium					
Alternative fuel					
Total business-type activities					
Total expenses	<u>184,891,920</u>	<u>184,665,477</u>	<u>189,247,525</u>	<u>210,788,608</u>	<u>205,692,593</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	837,596	600,792	393,270	758,398	1,692,438
Operation of non-instructional services	3,876,383	3,851,113	2,914,250	3,159,713	4,148,923
Other activities	117,199	207,273	875,928	2,356,020	303,455
Operating grants and contributions	48,386,041	50,249,772	55,573,950	41,423,780	44,947,412
Capital grants and contributions					
Total governmental activities	<u>53,217,219</u>	<u>54,908,950</u>	<u>59,757,398</u>	<u>47,697,911</u>	<u>51,092,228</u>
Business-type activities:					
Charges for services					
Private school consortium					
Alternative fuel					
Total business-type activities					
Total program revenues	<u>53,217,219</u>	<u>54,908,950</u>	<u>59,757,398</u>	<u>47,697,911</u>	<u>51,092,228</u>
Net (Expense)/Revenue	<u>\$ (131,674,701)</u>	<u>\$ (129,756,527)</u>	<u>\$ (129,490,127)</u>	<u>\$ (163,090,697)</u>	<u>\$ (154,600,365)</u>

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

Note: Prior to 2013 business-type activities were presented as governmental activities.

(Concluded)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
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 (Expense)/Revenue	\$ (154,941,051)	\$ (149,411,337)	\$ (150,703,489)	\$ (156,888,799)	\$ (150,462,532)
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	42,324,539	40,734,144	40,529,370	41,086,061	51,976,289 *
Property taxes, levied for debt service	14,619,586	16,204,896	15,992,162	16,105,036	
Property taxes, levied for capital outlay	3,213,058	1,554,523	2,911,214	2,569,357	
Investment income	480,040	333,876	208,981	360,314	250,924
Other					
Gain (loss) on disposal of capital assets					
Special items					
Unrestricted county aid	9,376,533	9,213,359	8,780,891	8,061,126	7,786,874
Unrestricted state aid	97,832,022	97,860,492	93,009,088	89,230,772	83,833,717
Unrestricted federal aid	1,709,925	1,786,738	640,647	973,139	606,560
Total governmental activities	<u>169,555,703</u>	<u>167,688,028</u>	<u>162,072,353</u>	<u>158,385,805</u>	<u>144,454,364</u>
General Revenues:					
Business-type activities:					
Investment income	<u>5,065</u>	<u>4,090</u>	<u>3,073</u>	<u>3,182</u>	<u>3,737</u>
Total business-type activities	<u>5,065</u>	<u>4,090</u>	<u>3,073</u>	<u>3,182</u>	<u>3,737</u>
Changes in Net Position	<u>\$ 14,619,717</u>	<u>\$ 18,280,781</u>	<u>\$ 11,371,937</u>	<u>\$ 1,500,188</u>	<u>\$ (6,004,431)</u>

(Continued)

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ (131,674,701)	\$ (129,756,527)	\$ (129,490,127)	\$ (163,090,697)	\$ (154,600,365)
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	57,336,243 *	52,881,727 *	57,360,259 *	68,672,108 *	61,748,198 *
Property taxes, levied for debt service					
Property taxes, levied for capital outlay					
Investment income	611,471	564,347	866,943	1,882,516	3,294,576
Other	814,480	957,518	1,842,065	1,914,375	1,516,688
Gain (loss) on disposal of capital assets				1,006,564	
Special items				(797,653)	
Unrestricted county aid					
Unrestricted state aid	79,839,296	83,310,247	81,760,455	97,000,637	102,280,030
Unrestricted federal aid					
Total general revenues	<u>138,601,490</u>	<u>137,713,839</u>	<u>141,829,722</u>	<u>169,678,547</u>	<u>168,839,492</u>
Net (Expense)/Revenue					
Business-type activities:					
Investment income	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total business-type activities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Changes in Net Position	<u>\$ 6,926,789</u>	<u>\$ 7,957,312</u>	<u>\$ 12,339,595</u>	<u>\$ 6,587,850</u>	<u>\$ 14,239,127</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.

* Prior to fiscal year 2014 property tax revenue detail is not available.

(Concluded)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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:					
Nonspendable	\$ 693,334	\$ 1,094,793	\$ 704,702	\$ 672,748	\$ 606,151
Restricted	6,567,759	8,202,561	4,566,212	4,142,611	259,946
Committed					
Assigned					695,977
Unassigned	20,967,868	17,358,336	10,439,133	9,747,586	15,450,753
Reserved					
Unreserved					
Total General Fund	\$ 28,228,961	\$ 26,655,690	\$ 15,710,047	\$ 14,562,945	\$ 17,012,827
All Other Governmental Funds:					
Nonspendable	\$ 147,429	\$ 133,406	\$ 138,187	\$ 120,475	\$ 123,416
Restricted	67,229,496	45,807,388	26,002,278	23,118,195	21,794,618
Committed					
Assigned					
Unassigned	(100,801)	(121,156)	(40,728)		
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	\$ 67,276,124	\$ 45,819,638	\$ 26,099,737	\$ 23,238,670	\$ 21,918,034

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 648,293	\$ 598,955	\$	\$	\$
Restricted	249,987	239,976			
Committed					
Assigned	2,200,000	1,000,000			
Unassigned	23,777,607	22,280,697			
Reserved			580,116	684,173	809,097
Unreserved			6,255,374	1,251,979	7,792,683
Total General Fund	<u>\$ 26,875,887</u>	<u>\$ 24,119,628</u>	<u>\$ 6,835,490</u>	<u>\$ 1,936,152</u>	<u>\$ 8,601,780</u>
All Other Governmental Funds:					
Nonspendable	\$ 99,789	\$ 95,444	\$	\$	\$
Restricted	17,349,012	25,305,337			
Committed					
Assigned					
Unassigned					
Reserved			102,138	75,845	70,062
Unreserved, reported in:					
Special revenue funds			12,981,586	10,576,112	16,739,272
Capital projects funds			9,213,790	12,471,973	28,745,360
Debt service fund			11,281,870	9,415,245	5,813,898
Total all other governmental funds	<u>\$ 17,448,801</u>	<u>\$ 25,400,781</u>	<u>\$ 33,579,384</u>	<u>\$ 32,539,175</u>	<u>\$ 51,368,592</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)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 26,546,492	\$ 24,952,307	\$ 22,715,570	\$ 21,117,016	\$ 21,427,638
National School Lunch Program	18,923,117	18,714,302	16,967,915	15,118,150	14,550,077
Total federal sources	<u>45,469,609</u>	<u>43,666,609</u>	<u>39,683,485</u>	<u>36,235,166</u>	<u>35,977,715</u>
State sources:					
State equalization assistance	88,507,150	88,642,833	84,341,877	80,526,567	86,982,842
State grants	159,999	188,186	174,932	804,741	7,368,386
School Facilities Board	100,125	138,378			
Other revenues	9,324,872	9,217,659	8,667,211	8,704,205	
Total state sources	<u>98,092,146</u>	<u>98,187,056</u>	<u>93,184,020</u>	<u>90,035,513</u>	<u>94,351,228</u>
Local sources:					
Property taxes	60,419,448	59,774,527	59,342,671	59,004,911	52,278,031
County aid	9,376,533	9,213,359	8,780,891	8,061,126	
Food service sales	307,393	510,560	725,566	883,187	982,965
Investment income	433,484	299,089	212,054	330,333	219,265
Other revenues	5,424,755	4,914,355	4,880,569	4,812,307	4,936,669
Total local sources	<u>75,961,613</u>	<u>74,711,890</u>	<u>73,941,751</u>	<u>73,091,864</u>	<u>58,416,930</u>
Total revenues	<u><u>\$ 219,523,368</u></u>	<u><u>\$ 216,565,555</u></u>	<u><u>\$ 206,809,256</u></u>	<u><u>\$ 199,362,543</u></u>	<u><u>\$ 188,745,873</u></u>

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Federal sources:					
Federal grants	\$ 25,586,389	\$ 27,480,698	\$	\$	\$
National School Lunch Program	13,416,071	12,550,100			
Total federal sources	<u>39,002,460</u>	<u>40,030,798</u>			
State sources:					
State equalization assistance	83,096,833	87,861,045			
State grants	6,126,044	5,668,177			
Other revenues					
Total state sources	<u>89,222,877</u>	<u>93,529,222</u>			
Intergovernmental			<u>145,504,533</u>	<u>130,373,366</u>	<u>148,280,643</u>
Local sources:					
Property taxes	57,063,913	52,940,965	55,938,271	66,881,917	61,310,275
County aid					
Food service sales	1,081,538	1,095,450	1,234,802	1,522,731	1,680,844
Investment income	553,258	483,209	772,985	1,608,295	2,925,698
Other revenues	4,466,985	4,521,246	4,790,711	6,546,751	4,927,459
Total local sources	<u>63,165,694</u>	<u>59,040,870</u>	<u>62,736,769</u>	<u>76,559,694</u>	<u>70,844,276</u>
Total revenues	<u><u>\$ 191,391,031</u></u>	<u><u>\$ 192,600,890</u></u>	<u><u>\$ 208,241,302</u></u>	<u><u>\$ 206,933,060</u></u>	<u><u>\$ 219,124,919</u></u>

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

Notes: 1) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2007-08 through 2008-09.

2) Detailed information for intergovernmental revenues prior to fiscal year 2011 is not available.

(Concluded)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 103,756,910	\$ 96,624,633	\$ 96,153,216	\$ 93,717,118	\$ 93,736,675
Support services - students and staff	28,574,859	27,339,907	25,232,512	24,034,750	24,748,411
Support services - administration	15,967,810	15,341,259	16,057,968	15,536,516	15,300,720
Operation and maintenance of plant services	18,582,265	17,661,743	17,133,331	18,381,447	18,880,306
Student transportation services	8,150,047	7,870,766	8,161,998	7,601,273	9,066,412
Operation of non-instructional services	21,057,220	19,027,664	20,573,969	19,809,292	19,401,013
Capital outlay	17,871,595	11,662,549	6,555,118	14,422,452	18,384,635
Debt service -					
Judgements against the district					
Interest and fiscal charges	2,588,254	2,708,821	3,337,467	3,680,506	4,192,759
Principal retirement	18,257,051	14,748,350	14,121,124	13,299,276	13,437,039
Bond issuance costs	278,020	145,492	24,050	24,100	319,439
Total expenditures	<u>\$ 235,084,031</u>	<u>\$ 213,131,184</u>	<u>\$ 207,350,753</u>	<u>\$ 210,506,730</u>	<u>\$ 217,467,409</u>
Expenditures for capitalized assets	\$ 17,242,995	\$ 11,504,989	\$ 6,389,320	\$ 8,117,800	\$ 22,394,368
Debt service as a percentage of noncapital expenditures	10%	9%	9%	8%	9%

(Continued)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 91,410,445	\$ 93,436,783	\$ 95,382,583	\$ 110,896,410	\$ 107,957,523
Support services - students and staff	22,509,492	23,522,232	24,445,641	25,441,760	25,020,739
Support services - administration	14,366,216	14,553,115	15,576,253	15,765,520	15,970,947
Operation and maintenance of plant services	17,918,737	18,183,028	18,299,725	19,410,991	19,620,473
Student transportation services	9,093,523	7,964,428	9,045,909	8,274,958	8,758,791
Operation of non-instructional services	17,582,358	17,164,310	17,539,169	17,435,562	17,541,403
Capital outlay	7,197,451	2,452,543	6,206,156	20,529,424	6,055,263
Debt service -					
Judgements against the district				797,653	
Interest and fiscal charges	4,151,391	4,391,286	4,559,541	5,015,522	5,732,841
Principal retirement	12,410,822	11,927,791	11,613,857	11,211,725	11,323,934
Bond issuance costs		212,540			95,114
Total expenditures	<u>\$ 196,640,435</u>	<u>\$ 193,808,056</u>	<u>\$ 202,668,834</u>	<u>\$ 234,779,525</u>	<u>\$ 218,077,028</u>
Expenditures for capitalized assets	\$ 8,933,690	\$ 4,800,749	\$ 7,884,467	\$ 23,224,044	\$ 7,320,814
Debt service as a percentage of noncapital expenditures	9%	9%	8%	8%	8%

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

(Concluded)

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ (15,560,663)	\$ 3,434,371	\$ (541,497)	\$ (11,144,187)	\$ (28,721,536)
Other financing sources (uses):					
General obligation bonds issued	33,555,000	25,500,000	4,500,000	5,000,000	20,000,000
Refunding bonds issued					933,589
Premium on sale of bonds	3,674,792	918,929			2,412,635
Capital lease agreements	1,748,064	426,934		5,864,900	1,753,837
Transfers in	1,920,295	3,177,753	1,895,772	1,622,419	(1,753,837)
Transfers out	(1,920,295)	(3,177,753)	(1,895,772)	(1,622,419)	(1,753,837)
Total other financing sources (uses)	<u>38,977,856</u>	<u>26,845,863</u>	<u>4,500,000</u>	<u>10,864,900</u>	<u>23,346,224</u>
Changes in fund balances	<u>\$ 23,417,193</u>	<u>\$ 30,280,234</u>	<u>\$ 3,958,503</u>	<u>\$ (279,287)</u>	<u>\$ (5,375,312)</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (5,249,404)	\$ (1,207,166)	\$ 5,572,468	\$ (27,846,465)	\$ 1,047,891
Other financing sources (uses):					
General obligation bonds issued		10,000,000			
Refunding bonds issued					11,640,000
Premium on sale of bonds		300,556			104,982
Capital lease agreements			357,180	2,558,224	
Transfers in	1,183,613	1,596,391	4,851,589	1,425,865	784,683
Transfers out	(1,183,613)	(1,596,391)	(4,851,589)	(1,425,865)	(784,683)
Total other financing sources (uses)	<u> </u>	<u>10,300,556</u>	<u>357,180</u>	<u>2,558,224</u>	<u>11,744,982</u>
Changes in fund balances	<u>\$ (5,249,404)</u>	<u>\$ 9,093,390</u>	<u>\$ 5,929,648</u>	<u>\$ (25,288,241)</u>	<u>\$ 12,792,873</u>

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

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 477,227,516	\$ 464,736,999	\$ 472,181,411	\$ 485,838,284	\$ 536,566,162
Agricultural and Vacant	12,881,777	18,838,328	17,842,349	23,067,497	27,014,320
Residential (Owner Occupied)	456,022,508	433,480,548	417,896,904	395,683,367	467,196,013
Residential (Rental)	196,732,743	185,389,793	170,725,842	151,279,607	140,976,564
Historical Property	42,142	40,341	108,115	107,971	121,435
Certain Government Property Improvements	79,022	101,399	101,963	71,136	79,365
Total	\$ 1,142,985,708	\$ 1,102,587,408	\$ 1,078,856,584	\$ 1,056,047,862	\$ 1,171,953,859
Gross Full Cash Value	\$ 14,509,954,943	\$ 13,228,634,436	\$ 10,484,096,797	\$ 9,467,272,155	\$ 10,327,375,233
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	8%	10%	11%	11%
Total Direct Rate	5.63	5.78	5.70	6.02	4.71

<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	\$ 579,720,714	\$ 725,098,667	\$ 735,720,516	\$ 694,191,956	\$ 653,757,072
Agricultural and Vacant	29,116,900	35,428,644	30,234,334	30,782,822	25,544,873
Residential (Owner Occupied)	552,197,999	723,837,868	915,060,239	835,901,644	726,531,107
Residential (Rental)	161,371,870	221,975,671	231,105,357	202,087,114	176,088,448
Historical Property	74,699	251,582	188,200	70,415	58,225
Certain Government Property Improvements	93,427				
Total	\$ 1,322,575,609	\$ 1,706,592,432	\$ 1,912,308,646	\$ 1,763,033,951	\$ 1,581,979,725
Gross Full Cash Value	\$ 11,732,224,759	\$ 15,406,725,213	\$ 19,155,917,245	\$ 19,576,459,825	\$ 16,346,463,462
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	11%	10%	9%	10%
Total Direct Rate	4.61	3.38	3.08	3.69	3.84

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.

WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 540,833,512	\$ 482,548,361	\$ 477,395,349	\$ 486,699,613	\$ 537,112,888
Agricultural and Vacant	17,044,596	21,105,862	18,691,974	23,256,358	27,227,906
Residential (Owner Occupied)	677,123,813	635,669,446	453,825,849	396,879,515	468,675,857
Residential (Rental)	294,898,987	264,011,064	191,757,548	154,128,545	141,505,000
Historical Property	67,775	63,665	314,954	320,400	349,360
Certain Government Property Improvements	95,055	107,594	103,652	71,136	79,365
Total	\$ 1,530,063,738	\$ 1,403,505,992	\$ 1,142,089,326	\$ 1,061,355,567	\$ 1,174,950,376
Gross Full Cash Value	\$ 14,509,954,943	\$ 13,228,634,436	\$ 10,484,096,797	\$ 9,467,272,155	\$ 10,327,375,233
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	\$ 12,489,262,212	\$ 11,338,332,132	\$ 8,791,063,652	\$ 7,912,752,725	\$ 8,716,991,986
Total Direct Rate	5.63	5.78	5.70	6.02	4.71

<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	\$ 580,807,450	\$ 775,772,528	\$ 855,894,214	\$ 794,168,072	\$ 715,689,913
Agricultural and Vacant	29,735,357	43,207,330	42,232,397	45,505,270	34,082,237
Residential (Owner Occupied)	553,225,987	724,641,151	1,025,049,246	1,146,323,316	958,271,014
Residential (Rental)	161,519,148	230,778,080	279,860,694	268,960,914	217,086,615
Historical Property	263,469	1,018,959	828,080	323,900	279,475
Certain Government Property Improvements	93,427				
Total	\$ 1,325,644,838	\$ 1,775,418,048	\$ 2,203,864,631	\$ 2,255,281,472	\$ 1,925,409,254
Gross Full Cash Value	\$ 11,732,224,759	\$ 15,406,725,213	\$ 19,155,917,245	\$ 19,576,459,825	\$ 16,346,463,462
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	12%	12%	12%	12%
Estimated Net Full Cash Value	\$ 9,946,112,208	\$ 13,171,240,475	\$ 16,783,587,477	\$ 17,481,375,746	\$ 14,637,748,019
Total Direct Rate	4.61	3.38	3.08	3.69	3.84

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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State	County	Flood Control District	Community College District	Central Arizona Water	City of Phoenix	City of Glendale	Primary	Secondary	Total
	Equalization									
2017	0.50	1.40	0.18	1.47	0.14	2.17	2.15	2.83	2.80	5.63
2016	0.51	1.36	0.16	1.49	0.14	1.82	2.19	2.82	2.96	5.78
2015	0.51	1.32	0.14	1.52	0.14	1.82	2.15	2.92	2.78	5.70
2014	0.51	1.28	0.14	1.53	0.14	1.82	2.29	3.05	2.97	6.02
2013	0.47	1.24	0.18	1.38	0.10	1.82	1.90	2.04	2.67	4.71
2012	0.43	1.24	0.18	1.21	0.10	1.82	1.60	2.43	2.18	4.61
2011	0.36	1.05	0.15	0.97	0.10	1.82	1.60	1.94	1.44	3.38
2010	0.33	0.99	0.14	0.88	0.10	1.82	1.60	1.66	1.42	3.08
2009		1.03	0.14	0.94	0.10	1.82	1.60	2.14	1.55	3.69
2008		1.10	0.15	0.98	0.10	1.82	1.62	2.19	1.65	3.84

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

Note: Prior to 2010 there was no state equalization tax rate overlap.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Taxpayer	2017		2008	
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation	Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation
Arizona Public Service Company	\$ 112,206,056	9.82 %	\$ 85,240,890	4.43 %
Qwest Corporation	10,027,569	0.88	28,709,988	1.49
VHS of Phoenix Inc	7,243,609	0.63	7,973,634	0.41
Canyon Corporate Plaza Properties LLC	6,300,000	0.55	10,172,400	0.53
PDG America Properties LLC	6,096,489	0.53	9,171,701	0.48
M2 Phoenix 1222 LLC	5,879,085	0.51		
Bay Pacific Phoenix Corporate Center	4,579,390	0.40	6,830,455	0.35
Arizona Public Service Company (CWIP)	4,022,299	0.35		
Bell Towne Centre Associates LLC	3,202,949	0.28		
Carly le ER Metro LLC	3,202,560	0.28		
Metrorising Ams Owner LLC			8,734,247	0.45
Karsten Manufacturing Corporation			7,416,741	0.39
TP Racing LLP			7,359,171	0.39
AB Associates Investors LLC			6,887,409	0.36
Total	<u>\$ 162,760,006</u>	<u>14.23 %</u>	<u>\$ 178,496,636</u>	<u>9.28 %</u>

Source: The source of this information is the Maricopa County Treasurer.

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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Adopted Taxes Levied for the Fiscal Year	Adjusted Tax Levy 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	\$ 64,598,260	\$ 64,302,573	\$ 61,845,672	95.74 %	\$	\$ 61,845,672	95.74 %
2016	63,865,622	63,598,846	62,526,782	97.90	1,041,269	63,568,051	99.53
2015	63,385,373	62,817,245	60,878,648	96.05	1,904,320	62,782,968	99.05
2014	63,427,847	62,801,530	60,695,060	95.69	2,085,194	62,780,254	98.98
2013	55,507,371	54,669,376	53,174,793	95.80	1,488,984	54,663,777	98.48
2012	60,907,130	60,380,469	58,011,623	95.25	1,917,830	59,929,453	98.39
2011	58,521,650	57,819,027	56,065,697	95.80	1,748,466	57,814,163	98.79
2010	63,161,121	62,357,763	57,874,718	91.63	2,428,538	60,303,256	95.48
2009	72,821,698	72,353,090	68,433,791	93.97	3,280,829	71,714,620	98.48
2008	66,510,368	66,229,024	65,175,437	97.99	1,049,478	66,224,915	99.57

Source: The source of this information is the Maricopa 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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	\$ 114,067,392	\$ 1,130,117	\$ 112,937,275	0.78 %	\$ 493	\$ 6,837,627	\$ 120,905,019	0.83 %	\$ 527	0.07 %	
2016	95,068,169	5,589,720	89,478,449	0.68	363	6,386,614	101,454,783	0.77	412	0.06	
2015	82,277,915	4,761,843	77,516,072	0.74	332	6,808,030	89,085,945	0.85	382	0.05	
2014	90,871,590	4,810,140	86,061,450	0.91	368	7,619,154	98,490,744	1.04	421	0.06	
2013	86,190,265	4,852,770	81,337,495	0.79	366	2,278,530	88,468,795	0.86	398	0.06	
2012	76,965,041	4,420,720	72,544,321	0.62	311	1,077,934	78,042,975	0.67	335	0.05	
2011	88,841,081	6,319,771	82,521,310	0.54	365	1,698,756	90,539,837	0.59	401	0.06	
2010	89,946,954	11,281,870	78,665,084	0.41	313	2,291,547	92,238,501	0.48	366	0.07	
2009	100,997,948	9,415,245	91,582,703	0.47	358	2,558,224	103,556,172	0.53	405	0.07	
2008	111,989,873	5,813,898	106,175,975	0.65	414	1,473,289	113,463,162	0.69	443	0.08	

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

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017**

Governmental Unit	Debt Outstanding	Net Full Cash Assessed Value	Net Limited Assessed Value	Estimated Percentage Applicable to School District	Estimated Amount Applicable to School District
Overlapping:					
State of Arizona	\$ None	\$ 67,978,256,946	\$ 56,589,592,481	2.02 %	\$ None
Maricopa County	None	44,850,741,762	36,135,494,474	3.16	None
Maricopa Community College District	509,430,000	44,850,741,762	36,135,494,474	3.16	16,097,988
Maricopa County Fire District Assistance Tax	N/A	44,850,741,762	36,135,494,474	N/A	N/A
Maricopa County Special Healthcare District	73,000,000	44,850,741,762	36,135,494,474	3.16	2,306,800
Maricopa County Library District	N/A	44,850,741,762	36,135,494,474	N/A	N/A
Maricopa County Flood Control District	N/A	N/A	32,624,765,419	N/A	N/A
Central Arizona Water Conservation District	N/A	44,850,741,762	36,135,494,474	N/A	N/A
City of Glendale	135,130,000	1,519,664,662	1,173,091,035	2.52	3,405,276
City of Phoenix	1,286,795,000	14,008,918,676	10,982,150,871	10.16	130,738,372
Glendale Union High School District No. 205	116,850,000	1,897,996,770	1,400,607,317	81.61	95,361,285
Western Maricopa Education Center District	141,255,000	16,503,866,823	13,286,755,160	8.60	12,147,930
Subtotal, Overlapping Debt					<u>260,057,651</u>
Direct:					
Washington Elementary School District No. 6					<u>120,905,019</u>
Total Direct and Overlapping Governmental Activities Debt					<u>\$ 380,962,670</u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation	9.42	%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,604	
As a Percentage of Net Limited Assessed Valuation	32.17	%
As a Percentage of Gross Full Cash Value	2.53	%

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, the Maricopa County Treasurer 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.
3) N/A indicates that the information is not available.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

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

Net full cash assessed valuation	\$ 1,530,063,738
Debt limit (10% of assessed value)	153,006,374
Debt applicable to limit	<u>110,425,000</u>
Legal debt margin	<u><u>\$ 42,581,374</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2017:

Net full cash assessed valuation	\$ 1,530,063,738
Debt limit (15% of assessed value)	229,509,561
Debt applicable to limit	<u>112,265,000</u>
Legal debt margin	<u><u>\$ 117,244,561</u></u>

Fiscal Year Ended June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 229,509,561	\$ 210,525,899	\$ 171,313,399	\$ 159,203,335	\$ 176,242,556
Total net debt applicable to limit	<u>112,265,000</u>	<u>89,165,000</u>	<u>80,895,000</u>	<u>89,170,000</u>	<u>44,859,378</u>
Legal debt margin	<u><u>\$ 117,244,561</u></u>	<u><u>\$ 121,360,899</u></u>	<u><u>\$ 90,418,399</u></u>	<u><u>\$ 70,033,335</u></u>	<u><u>\$ 131,383,178</u></u>
Total net debt applicable to the limit as a percentage of debt limit	49%	42%	47%	56%	25%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 198,846,726	\$ 266,312,707	\$ 330,579,695	\$ 338,292,221	\$ 288,811,388
Total net debt applicable to limit	<u>56,465,217</u>	<u>80,158,243</u>	<u>72,678,130</u>	<u>91,835,965</u>	<u>102,722,446</u>
Legal debt margin	<u><u>\$ 142,381,509</u></u>	<u><u>\$ 186,154,464</u></u>	<u><u>\$ 257,901,565</u></u>	<u><u>\$ 246,456,256</u></u>	<u><u>\$ 186,088,942</u></u>
Total net debt applicable to the limit as a percentage of debt limit	28%	30%	22%	27%	36%

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.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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	4,137,076	\$ 185,111,698	\$ 43,628	4.6 %	229,248
2015	4,076,438	175,437,829	42,092	5.3	246,256
2014	4,087,191	168,483,421	41,222	5.9	233,511
2013	4,013,164	160,537,029	40,003	6.0	234,177
2012	3,942,868	159,384,756	40,424	7.1	222,464
2011	3,870,076	151,026,789	39,024	8.4	233,166
2010	3,823,609	142,690,740	37,318	9.6	225,909
2009	3,803,779	140,611,698	36,966	9.0	251,689
2008	3,771,061	148,601,191	39,406	5.2	255,695
2007	3,711,954	147,748,365	39,803	3.1	256,299

Sources: The source of the estimated District population is the City of Phoenix and the Maricopa Association of Government.
The source of personal income, per capita and population information is the US Department of Commerce, Bureau of Economic Analysis, Regional Income Division.
The source of the unemployment rate is the Bureau of Labor Statistics.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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>
State of Arizona	50,816	2.21 %	50,079	2.39 %
Banner Health Systems	35,406	1.54	17,020	0.81
Wal-Mart Stores Inc.	32,373	1.41	30,174	1.44
Fry's Food and Drug Stores	17,286	0.75	11,780	0.56
City of Phoenix	14,585	0.64	14,453	0.69
Wells Fargo Company	14,480	0.63	14,000	0.67
Maricopa County	13,567	0.59	14,057	0.67
Arizona State University	12,676	0.55	12,727	0.61
Dignity Health	12,100	0.53		
Intel Corp	11,300	0.49		
US Postal Service			11,000	0.53
Honeywell Aerospace			10,700	0.51
Total	<u>214,589</u>	<u>9.34 %</u>	<u>185,990</u>	<u>8.88 %</u>
 Total employment	 <u>2,295,092</u>		 <u>2,093,054</u>	

Source: This information is for Metropolitan Phoenix. The source of this information is the Business Journal Book of Lists 2016-17.
Note: Information was not available at the District level and is therefore presented for the Phoenix Metro Area. Percentage of Total Employment is the percent of Phoenix Metro Area not seasonally adjusted employment for the appropriate calendar year.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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					
Instructional administrators	12	11	11	11	10
Noninstructional administrators	12	18	17	15	13
Consultants/supervisors of instruction	5	12	7	11	5
Principals	32	32	32	32	32
Assistant principals	18	18	17	15	13
Total supervisory	<u>79</u>	<u>91</u>	<u>84</u>	<u>84</u>	<u>73</u>
Instruction					
Elementary classroom teachers	657	675	682	683	655
Secondary classroom teachers	181	176	174	175	175
Other teachers	479	480	473	448	449
Other professionals	185	178	176	119	113
Aides	541	561	554	560	546
Total instruction	<u>2,043</u>	<u>2,070</u>	<u>2,059</u>	<u>1,985</u>	<u>1,938</u>
Student Services					
Visiting teachers/social workers	30	28	28	28	26
Psychologist	26	25	24	24	23
Librarians	10	10	10	10	11
Other professionals (noninstructional)				49	51
Technicians	30	31	31	31	29
Total student services	<u>96</u>	<u>94</u>	<u>93</u>	<u>142</u>	<u>140</u>
Support and Administration					
Clerical/secretarial	346	331	328	314	299
Service workers	172	163	160	160	254
Skilled crafts	104	98	100	98	98
Unskilled laborers	342	324	308	314	309
Total support and administration	<u>964</u>	<u>916</u>	<u>896</u>	<u>886</u>	<u>960</u>
Total	<u><u>3,182</u></u>	<u><u>3,171</u></u>	<u><u>3,132</u></u>	<u><u>3,097</u></u>	<u><u>3,111</u></u>

(Continued)

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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					
Instructional administrators	10	10	11	13	13
Noninstructional administrators	13	13	13	15	17
Consultants/supervisors of instruction	5	5	4	4	5
Principals	32	32	34	33	34
Assistant principals	12	10	10	9	12
Total supervisory	<u>72</u>	<u>70</u>	<u>72</u>	<u>74</u>	<u>81</u>
Instruction					
Elementary classroom teachers	647	653	674	713	790
Secondary classroom teachers	176	191	195	202	207
Other teachers	423	431	439	421	466
Other professionals	110	110	118	120	133
Aides	507	501	502	509	558
Total instruction	<u>1,863</u>	<u>1,886</u>	<u>1,928</u>	<u>1,965</u>	<u>2,154</u>
Student Services					
Visiting teachers/social workers	20	19	19	17	14
Psychologist	26	26	28	24	28
Librarians	11	13	14	15	15
Other professionals (noninstructional)	72	69	78	77	72
Technicians	28	24	24	24	26
Total student services	<u>157</u>	<u>151</u>	<u>163</u>	<u>157</u>	<u>155</u>
Support and Administration					
Clerical/secretarial	290	293	296	284	304
Service workers	151	153	157	161	183
Skilled crafts	99	98	106	103	100
Unskilled laborers	295	295	301	303	320
Total support and administration	<u>835</u>	<u>839</u>	<u>860</u>	<u>851</u>	<u>907</u>
Total	<u>2,927</u>	<u>2,946</u>	<u>3,023</u>	<u>3,047</u>	<u>3,297</u>

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

- Notes:**
- 1) No Description or guidelines were provided to determine how to classify positions into each of the categories or sub-categories listed above.
 - 2) The sub-categories are very broad and do not fully represent every position.
 - 3) This data is representative of PCS as of June 30th for each year provided and includes both vacant and filled positions.
 - 4) Although the categorization file has been completed and is expected to be used in future years there are still many unanswered categorization questions. Answers to these questions may effect the categorization process for future years and as a result may create percentage increases and decreases in certain categories strictly due to the change in categorization concepts/methodologies.
 - 5) Coding of positions may differ based on interpretation.

(Concluded)

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Governmental Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2017	21,944	\$ 196,089,111	\$ 8,936	6.36 %	\$ 204,659,703	\$ 9,326	3.39 %	1,440	15.2	92.8 %
2016	21,885	183,865,972	8,401	(0.36)	197,422,258	9,021	0.55	1,468	14.9	84.4
2015	21,741	183,312,994	8,432	1.80	195,044,855	8,971	(2.69)	1,418	15.3	81.7
2014	21,621	179,080,396	8,283	(3.20)	199,321,089	9,219	0.91	1,420	15.2	74.9
2013	21,168	181,133,537	8,557	3.68	193,391,340	9,136	3.51	1,403	15.1	76.9
2012	20,948	172,880,771	8,253	(1.23)	184,891,920	8,826	(0.00)	1,367	15.3	75.7
2011	20,922	174,823,896	8,356	(0.06)	184,665,477	8,826	0.57	1,390	15.1	73.8
2010	21,564	180,289,280	8,361	(6.41)	189,247,525	8,776	(8.08)	1,425	15.1	72.0
2009	22,078	197,225,201	8,933	10.70	210,788,608	9,547	12.09	1,468	15.0	66.3
2008	24,148	194,869,876	8,070	4.51	205,692,593	8,518	3.97	1,569	15.4	63.8

Source: The District's Business and Finance Department.

- Notes:** 1) Operating expenditures includes expenditures of all funds except Debt Service and Capital Outlay.
2) Teaching staff includes all teaching positions filled and vacant.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT NO. 6
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>										
<u>Elementary</u>										
Sites	27	27	27	27	27	27	27	27	27	27
Square feet	2,186,097	2,181,703	2,177,492	2,177,492	2,171,201	2,166,893	2,166,893	2,174,688	2,168,388	2,168,388
Capacity	22,266	22,306	23,785	23,785	23,711	23,660	23,660	23,660	23,660	23,660
Enrollment	19,663	19,677	19,710	19,864	19,330	18,749	18,713	19,118	19,266	19,812
<u>Middle</u>										
Sites	5	5	5	5	5	5	5	5	5	5
Square feet	539,717	539,717	539,717	539,717	539,717	548,784	548,784	548,784	546,990	527,588
Capacity	5,523	5,556	5,601	5,601	5,494	5,601	5,601	5,601	5,601	5,601
Enrollment	3,930	3,886	3,749	3,716	3,797	3,846	3,815	3,996	4,070	4,336
<u>Administrative</u>										
Sites	4	4	4	4	4	3	3	3	4	4
Square feet	213,348	213,348	215,212	215,212	215,212	206,145	206,145	206,145	210,339	242,794
<u>Transportation</u>										
Garages	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	6 bus/1 car	5 bus/1 car
Buses	106	111	111	111	113	130	133	133	128	132

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

Note: Enrollment is based on 100th day figures.

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