

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## TEMPE ELEMENTARY SCHOOL DISTRICT #3

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TEMPE, ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2020



**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**

**TEMPE, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Issued by:  
Business and Finance Department

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## **INTRODUCTORY SECTION**

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December 16, 2020

Citizens and Governing Board  
Tempe Elementary School District No. 3  
P.O. Box 27708  
Tempe, AZ 85285-7708

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 Tempe Elementary School District No. 3 (District) for the fiscal year ended June 30, 2020.

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, 2020, 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, 2020 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.

**Governing Board**

Teresa Devine

Patrick Morales

Monica Trejo

Rochelle L. Wells

Charlotte Winsor

Christine Busch, Superintendent

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 & Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

## **PROFILE OF THE DISTRICT**

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an estimated current enrollment of 10,923 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, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, and food services.

The District encompasses an area of 36 square miles in the city of Tempe, an urban hub of the greater Phoenix metropolitan area. Tempe is the eighth largest city in the state of Arizona and is the home of one of the largest public university in the country, Arizona State University. The city of Tempe's central location makes it an ideal destination with easy access to work, restaurants, entertainment and recreation.

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** The greater Phoenix area, which includes the City of Tempe, has been one of the most rapidly growing metropolitan areas in the country in terms of population, employment, and retail sales. However, like every other community, Tempe has been impacted by COVID-19. Although the local economy has faced new challenges due to COVID-19, the structural supports that made Tempe supportive of economic growth and investment, such as a substantial well-educated labor pool, a wide range of industries, and business-friendly government climate, remain in place.

The City of Tempe itself is an attractive employment location with its proximity to Sky Harbor International airport, its central location to freeways to the metropolitan Phoenix area and its access to the light rail system. The City of Tempe has seen substantial growth from several major commercial developments over the last few years including Marina Heights at Tempe Town Lake and Liberty Center at Rio Salado. Financial, insurance, and technology companies now occupy approximately 19 million square feet of office space in the City. Companies like State Farm, Wells Fargo, LifeLock, First Solar, and Go Daddy all have a major presence in Tempe.

Advanced manufacturing continues to be the backbone of Tempe's economy. Other industries such as information technology, advanced business systems and aerospace also have a strong presence in Tempe. Biomedical is a newly emerging sector in the City. IDEA Tempe broke ground last year on an international biomedical and technology campus along Rio Salado just west of the Tempe Center for the Arts. This will bring high quality jobs and significant investment opportunities to the area.

Tempe Town Lake continues to be not only an economic centerpiece of Tempe, with more than 40,000 people working within a mile of the lake, but a recreational one as well. It is the second most visited tourist attraction behind the Grand Canyon and hosts many local events such as the P.F. Chang's Rock 'n' Roll Marathon and the annual New Year's Eve Block Party. Residents and visitors can enjoy many socially distanced recreational activities such as rowing, sailing and biking along the lake or enjoy arts and entertainment at the Tempe Center for the Arts.

**Long-term Financial Planning.** The District has remained financially stable as COVID-19 has created new challenges and uncertainties. Shortly before COVID emerged, the District received voter support in November of 2019 for budget overrides for District Additional Assistance (DAA) and Maintenance and Operations (M&O). The DAA override will provide \$5 million annually for seven years for musical instruments, school-based educational technology, school furniture and equipment, and information, management and security technology systems district wide. The M&O override will provide approximately \$9.7 million annually to maintain smaller class sizes in kindergarten through fifth grades, provide general and instrumental music in preschool through 8th grades, physical education classes, gifted education programs, counseling services in every school and additional support for students to increase academic achievement. The overrides will give the District greater flexibility and stability moving forward while dealing with COVID-19.

In March 2020, all school districts in Arizona switched to online learning to slow the spread of COVID-19. The District was able to smoothly transition because in previous years the District had used money from DAA overrides to purchase computers and tablets for every student in the district. Already having devices for every student allowed the District to quickly move to distance learning for the remainder of the school year and to plan for distance learning in the next year.

The District continued to receive its normal funding from the state for the remainder of the year and continued to pay all its employees. There were additional expenses due to COVID but the District received federal grants to pay for the extra COVID-related expenses.

The District continues to invest in increasing teacher compensation. In recent years, the state appropriated additional funds for districts to increase teacher salaries over three years and reduced the yearly cuts of district additional assistance. Because of this, the District was able to give 11% raises to teachers in the first year, 5% raises in the second year, and 3.5% raises last year, which has helped with the recruitment and retention of qualified staff. The District will continue to infuse available funds into teacher compensation in order to remain competitive in future years.

Renovation and replacement of outdated schools with funds from a \$165 million voter approved bond program remain a priority of the District. The District's schools were built in the 1950s, 1960s and 1970s. In 2003-2004, the District approved a Long-Range Facility Plan to make school sites more operationally efficient and designed to meet 21st century learning. Since 2005, the District has systematically renovated 13 of the 22 school sites and is currently renovating McKemy Academy of International Studies. The District is scheduled to begin the design process in 2020-2021 for the remodel of Gililand Middle School.

**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, 2019. This was the 32nd consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. 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, 2020 certificates.

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

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

Respectfully submitted,



Christine Busch  
Superintendent



Eric Thompson, CPA  
Chief Financial Officer



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

## **Tempe Elementary School District No. 3**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

**David J. Lewis**  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Tempe Elementary School District No. 3  
Arizona**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

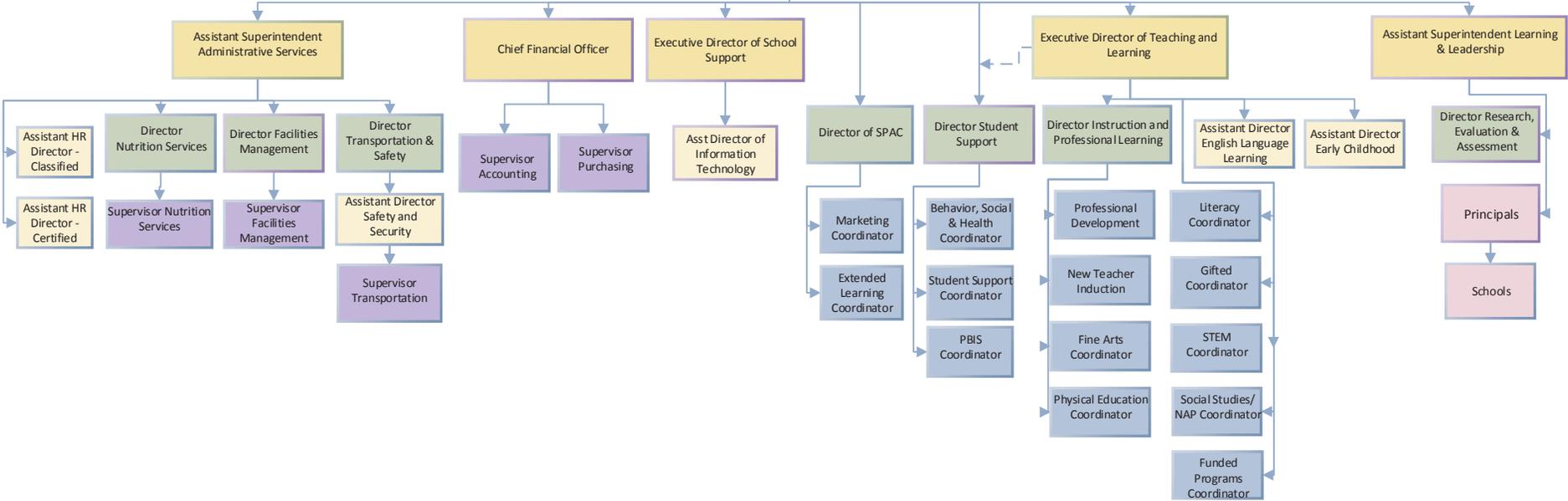
# TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3

Tempe Elementary Students and Community

Governing Board

Superintendent

Tri-District Legal Counsel      Executive Coordinator



**TEMPE ELEMETARY SCHOOL DISTRICT NO. 3**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Monica Trejo, President

Patrick Morales, Vice President

Rochelle L. Wells, Member

Teresa Devine, Member

Charlotte Winsor, Member

**ADMINISTRATIVE STAFF**

Christine Busch, Superintendent

Eric Thompson, CPA, Chief Financial Officer

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Tempe Elementary School District No. 3

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tempe Elementary School District No. 3 (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tempe Elementary School District No. 3, as of June 30, 2020, 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.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of Tempe Elementary School District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tempe Elementary School District No. 3's 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 Tempe Elementary School District No. 3's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
December 16, 2020

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

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

As management of the Tempe Elementary School District No. 3 (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, 2020. 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 \$2.6 million which represents an eight percent increase from the prior fiscal year primarily as a result of an increase in unrestricted state aid.
- General revenues accounted for \$121.4 million in revenue, or 84 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$23.6 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$142.4 million in expenses related to governmental activities, an increase of 12 percent from the prior fiscal year.
- Among major funds, the General Fund had \$94.4 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$91.0 million in expenditures. The General Fund's fund balance increase from \$11.5 million at the prior fiscal year end to \$15.4 million at the end of the current fiscal year was primarily due to an increase in state aid and grants.
- The Bond Building Fund's fund balance decreased \$27.2 million as a result of the utilization of school improvement bond proceeds for the construction, renovation and rebuilding of schools.
- Net position for the Internal Service Funds increased \$153,809 from the prior fiscal year. Operating revenues and operating expenses were \$12.7 million for the current fiscal year.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**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).

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

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF FINANCIAL STATEMENTS**

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, Debt Service, Unrestricted Capital Outlay 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 one type of proprietary fund. The internal service funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its self insurance and transportation activities. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Insurance Benefit Fund functions for all employees of the District, and therefore has been included as an internal service fund. The other internal service fund includes the Transportation Services Fund which accounts for the operation of District functions that provide goods or services to other District departments on a cost reimbursement basis. Because this activity predominately benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF FINANCIAL STATEMENTS**

**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 as required supplementary information. Schedules for the pension and other postemployment benefit plans have also been provided as required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$34.3 million at the current fiscal year end.

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Current assets	\$ 107,740,084	\$ 136,279,392
Capital assets, net	215,465,676	200,305,158
Total assets	<u>323,205,760</u>	<u>336,584,550</u>
 Deferred outflows	 <u>16,175,661</u>	 <u>17,344,470</u>
 Current and other liabilities	 10,824,525	 13,044,973
Long-term liabilities	284,911,595	293,383,381
Total liabilities	<u>295,736,120</u>	<u>306,428,354</u>
 Deferred inflows	 <u>9,301,308</u>	 <u>15,872,340</u>
 Net position:		
Net investment in capital assets	87,520,131	84,835,044
Restricted	19,658,619	19,596,927
Unrestricted	(72,834,757)	(72,803,645)
Total net position	<u>\$ 34,343,993</u>	<u>\$ 31,628,326</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission reported a deficit of \$72.8 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability as well as the stand alone single employer benefit plan liability. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net 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 \$13.5 million of bonds and \$1.9 million of bond premium.
- The addition of \$28.9 million in capital assets through the construction and renovation of schools and other school improvements and purchases of vehicles, furniture and equipment.
- Depreciation expense of \$10.0 million.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

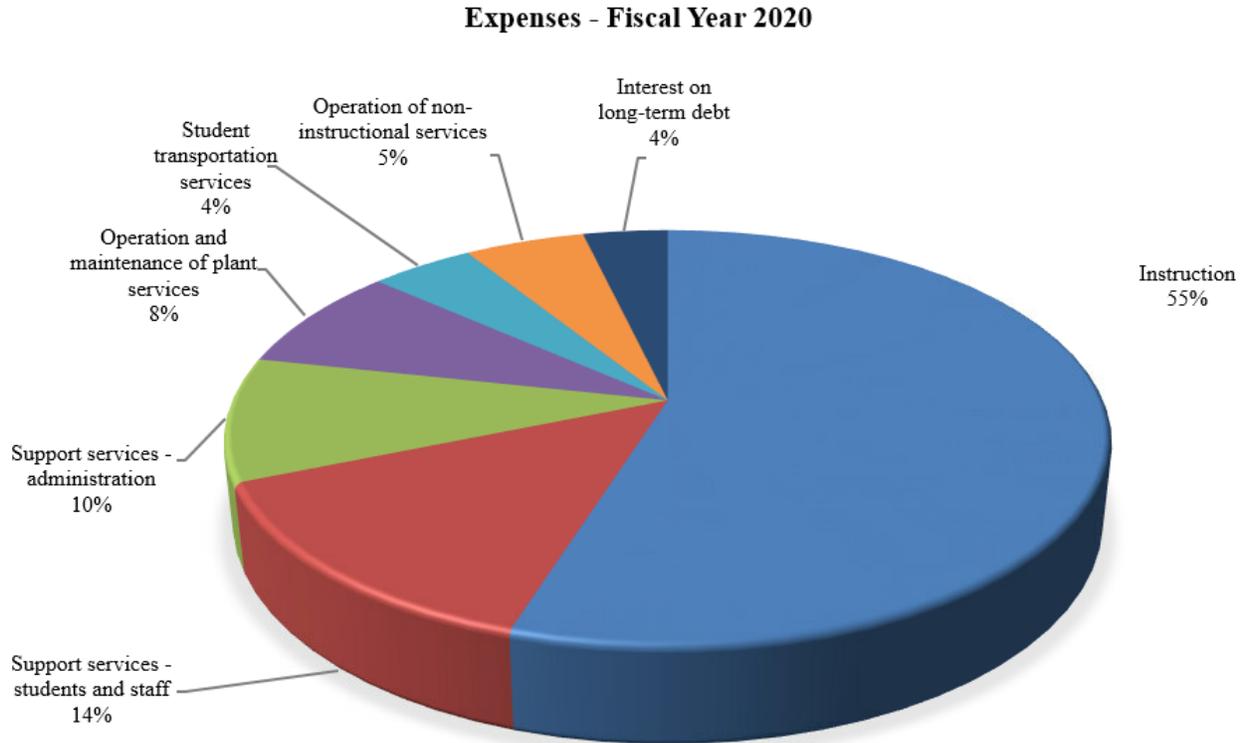
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in net position.** The District's total revenues for the current fiscal year were \$145.0 million. The total cost of all programs and services was \$142.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 3,368,610	\$ 3,574,089
Operating grants and contributions	18,024,180	18,391,417
Capital grants and contributions	2,189,807	1,351,053
General revenues:		
Property taxes	74,185,738	73,643,207
Investment income	2,101,479	1,975,737
Unrestricted county aid	3,115,998	3,047,158
Unrestricted state aid	40,783,587	37,425,240
Unrestricted federal aid	1,237,356	1,289,533
<b>Total revenues</b>	145,006,755	140,697,434
<b>Expenses:</b>		
Instruction	78,144,575	71,322,023
Support services - students and staff	19,734,189	18,041,464
Support services - administration	13,753,415	10,064,378
Operation and maintenance of plant services	11,608,596	10,613,764
Student transportation services	6,442,744	4,723,021
Operation of non-instructional services	7,450,710	7,362,800
Interest on long-term debt	5,247,156	4,552,261
<b>Total expenses</b>	142,381,385	126,679,711
<b>Changes in net position</b>	2,625,370	14,017,723
<b>Net position, beginning, as restated</b>	31,718,623	17,610,603
<b>Net position, ending</b>	\$ 34,343,993	\$ 31,628,326

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- Unrestricted state aid increased \$3.4 million primarily due to funding formula increases.
- Instructional expenses increased \$6.8 million primarily due to an increase in instructional salaries and benefits.
- Support services – administration expenses increased \$3.7 million primarily due to a combination of increases in election costs, salaries and benefits, and payouts for unused leave from retirements of long tenured employees.
- Student transportation services expenses increased \$3.7 million primarily due to an increase in depreciation expense related to the purchase of vehicles.

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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2020		Year Ended June 30, 2019	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 78,144,575	\$ (65,627,992)	\$ 71,322,023	\$ (59,769,050)
Support services - students and staff	19,734,189	(17,695,275)	18,041,464	(15,284,413)
Support services - administration	13,753,415	(13,464,999)	10,064,378	(9,867,400)
Operation and maintenance of plant services	11,608,596	(9,760,564)	10,613,764	(9,859,460)
Student transportation services	6,442,744	(6,425,518)	4,723,021	(4,592,730)
Operation of non-instructional services	7,450,710	(877,638)	7,362,800	261,374
Interest on long-term debt	5,247,156	(4,946,802)	4,552,261	(4,251,473)
<b>Total</b>	<b>\$ 142,381,385</b>	<b>\$(118,798,788)</b>	<b>\$ 126,679,711</b>	<b>\$(103,363,152)</b>

- The cost of all governmental activities this year was \$142.4 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$23.6 million.
- Net cost of governmental activities of \$118.8 million was financed by general revenues, which are made up of primarily property taxes of \$74.2 million and state and county aid of \$43.9 million. Investment earnings accounted for \$2.1 million of funding.

**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 \$73.6 million, a decrease of \$24.5 million due primarily to the utilization of school improvement bond proceeds for the construction, renovation and rebuilding of schools.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund comprises 21 percent of the total fund balance. Approximately \$15.3 million, or 99 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$3.9 million to \$15.4 million as of fiscal year end. General Fund revenues increased \$4.3 million. General Fund expenditures increased \$2.1 million, which is a two percent increase from the prior year.

The Debt Service Fund's fund balance increased \$225,316 to \$4.0 million as of fiscal year end. Debt Service Fund revenues increased \$879,308. Debt Service Fund expenditures increased \$682,703, which is an increase of three percent from the prior year.

The Unrestricted Capital Outlay Fund's fund balance decreased \$154,964 to \$10.1 million as of fiscal year end.

The Bond Building Fund's fund balance decreased \$27.2 million to \$40.9 million as of fiscal year end as a result of the utilization of school improvement bond proceeds for the construction, renovation and rebuild of schools.

**Proprietary funds.** Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$7.8 million, which is an increase of \$153,809 from the prior fiscal year.

**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 \$354,985 increase.

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

- The favorable variance of \$1.1 million in instruction expenditures was a result of vacancy savings and lower supply needs due to the COVID-19 pandemic.
- The favorable variance of \$1.2 million in operation and maintenance of plant service expenditures was a result of lower utility costs in the final quarter of the year due to the COVID-19 pandemic.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$322.3 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$17.9 million from the prior fiscal year, primarily due to the continued renovation and completion of school site construction. Total depreciation expense for the current fiscal year was \$10.0 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Capital assets - non-depreciable	\$ 23,299,587	\$ 28,125,656
Capital assets - depreciable, net	192,166,089	172,179,502
Total	\$ 215,465,676	\$ 200,305,158

The estimated cost to complete current construction projects is \$22.0 million.

Additional information on the District's capital assets can be found in Note 7.

**Debt Administration.** At year end, the District had \$170.1 million in long-term debt outstanding, \$13.5 million due within one year. Long-term debt decreased by \$15.2 million.

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 \$330.9 million and the Class B debt limit is \$220.6 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 10 and 11.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's budgeted expenditures for fiscal year 2020-21 increased four percent to \$94.5 million. However, the original budget was prepared before the extent of the impact of COVID-19 was known. The District expects to revise the budget downward due to lower than expected enrollment and funding. Additionally, the allocation of expenses will likely be different than originally budgeted. Expenses for COVID-19 related items such as PPE, online learning platforms, and additional staff increased significantly. The District has been awarded multiple federal grants to help offset the decrease in General Fund revenue.

Throughout the original budgeting process, one of the key issues has been teacher compensation. The State of Arizona has been facing a teacher shortage due to low pay and low unemployment. With additional funding from the State of Arizona, the District was able to increase teacher pay by 3.5 percent to help attract and retain highly qualified staff. Other employee groups received pay increases as well of 2 percent. The District will continue to invest in employee compensation, as competition for skilled employees escalates.

Student enrollment has remained relatively flat until the pandemic. However, the District has seen a decrease in enrollment of about 4 percent in the first few months of the year due to COVID-19. The District continues to closely monitor shifts in housing and student population as the City of Tempe has had substantial economic development. The City has been experiencing significant growth in commercial development as well as multi-family housing redevelopment. As a result, property values have increased and affordable housing options for families have decreased. In order to maintain stable student enrollment with the changing housing market, the District has placed emphasis on specialty school programs to attract parents and students. The District has also invested in additional teachers to achieve smaller class sizes in grades K-5.

**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, Tempe Elementary School District No. 3, 3205 South Rural Road, Tempe, Arizona 85282-3853.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 93,769,463
Property taxes receivable	1,718,467
Deposits held by others	100,552
Accounts receivable	71,030
Due from governmental entities	11,762,215
Inventory	318,357
Total current assets	107,740,084
Noncurrent assets:	
Capital assets not being depreciated	23,299,587
Capital assets, net of accumulated depreciation	192,166,089
Total noncurrent assets	215,465,676
<b>Total assets</b>	<b>323,205,760</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred charge on refunding	1,711,872
Pension and other postemployment benefit plan items	14,463,789
<b>Total deferred outflows of resources</b>	<b>16,175,661</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	1,511,840
Construction contracts payable	4,561,085
Claims payable	827,400
Accrued payroll and employee benefits	379,631
Compensated absences payable	1,567,357
Accrued interest payable	3,537,274
Unearned revenues	7,295
Bonds payable	13,475,000
Total current liabilities	25,866,882
Noncurrent liabilities:	
Non-current portion of long-term obligations	269,869,238
Total noncurrent liabilities	269,869,238
<b>Total liabilities</b>	<b>295,736,120</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension and other postemployment benefit plan items	9,301,308
<b><u>NET POSITION</u></b>	
Net investment in capital assets	87,520,131
Restricted	19,658,619
Unrestricted	(72,834,757)
<b>Total net position</b>	<b>\$ 34,343,993</b>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

<b>Functions/Programs</b>	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental activities:</b>						
Instruction	\$ 78,144,575	\$ 2,107,095	\$ 8,219,681	\$ 2,189,807		\$ (65,627,992)
Support services - students and staff	19,734,189	296,396	1,742,518			(17,695,275)
Support services - administration	13,753,415	276,477	11,939			(13,464,999)
Operation and maintenance of plant services	11,608,596	55,179	1,792,853			(9,760,564)
Student transportation services	6,442,744		17,226			(6,425,518)
Operation of non-instructional services	7,450,710	633,463	5,939,609			(877,638)
Interest on long-term debt	5,247,156		300,354			(4,946,802)
<b>Total governmental activities</b>	<u>\$ 142,381,385</u>	<u>\$ 3,368,610</u>	<u>\$ 18,024,180</u>	<u>\$ 2,189,807</u>		<u>(118,798,788)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	49,542,176
Property taxes, levied for debt service	18,917,820
Property taxes, levied for capital outlay	5,725,742
Investment income	2,101,479
Unrestricted county aid	3,115,998
Unrestricted state aid	40,783,587
Unrestricted federal aid	1,237,356

**Total general revenues**

121,424,158

**Changes in net position**

2,625,370

**Net position, beginning of year, as restated**

31,718,623

**Net position, end of year**

\$ 34,343,993

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

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**FUND FINANCIAL STATEMENTS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General	Debt Service	Unrestricted Capital Outlay
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,279,319	\$ 20,725,455	\$ 10,686,597
Property taxes receivable	1,237,263	356,264	93,841
Deposits held by others			
Accounts receivable	565		
Due from governmental entities	9,619,146	130,291	
Due from other funds	2,267,076		
Inventory	81,758		
<b>Total assets</b>	<b>\$ 17,485,127</b>	<b>\$ 21,212,010</b>	<b>\$ 10,780,438</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 797,819	\$	\$ 590,672
Construction contracts payable			
Due to other funds			
Accrued payroll and employee benefits	326,277		
Unearned revenues			
Bonds payable		13,475,000	
Bond interest payable		3,537,274	
<b>Total liabilities</b>	<b>1,124,096</b>	<b>17,012,274</b>	<b>590,672</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes	944,950	247,089	66,802
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<b>944,950</b>	<b>247,089</b>	<b>66,802</b>
Fund balances (deficits):			
Nonspendable	81,758		
Restricted		3,952,647	10,122,964
Unassigned	15,334,323		
<b>Total fund balances</b>	<b>15,416,081</b>	<b>3,952,647</b>	<b>10,122,964</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 17,485,127</b>	 <b>\$ 21,212,010</b>	 <b>\$ 10,780,438</b>

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>
\$ 44,986,194	\$ 4,529,016	\$ 85,206,581
	31,099	1,718,467
	100,552	100,552
	2,356	2,921
	2,012,778	11,762,215
		2,267,076
	236,599	318,357
<u>\$ 44,986,194</u>	<u>\$ 6,912,400</u>	<u>\$ 101,376,169</u>
\$ 4,122,348	\$ 76,522	\$ 1,465,013
	438,737	4,561,085
	2,267,076	2,267,076
	48,272	374,549
	7,295	7,295
		13,475,000
		3,537,274
<u>4,122,348</u>	<u>2,837,902</u>	<u>25,687,292</u>
	30,739	1,289,580
	811,479	811,479
	<u>842,218</u>	<u>2,101,059</u>
	236,599	318,357
40,863,846	4,914,660	59,854,117
	(1,918,979)	13,415,344
<u>40,863,846</u>	<u>3,232,280</u>	<u>73,587,818</u>
<u>\$ 44,986,194</u>	<u>\$ 6,912,400</u>	<u>\$ 101,376,169</u>

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Total governmental fund balances** **\$ 73,587,818**

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	\$ 322,310,281	
Less accumulated depreciation	<u>(106,844,605)</u>	215,465,676

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

Property taxes	1,289,580	
Intergovernmental	<u>811,479</u>	2,101,059

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. 1,711,872

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

Deferred outflows of resources related to pensions/OPEB	14,463,789	
Deferred inflows of resources related to pensions/OPEB	<u>(9,301,308)</u>	5,162,481

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. 7,751,682

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

Other postemployment benefits payable	(12,345,097)	
Compensated absences payable	(3,822,718)	
Net pension liability	(98,661,254)	
Bonds payable	<u>(156,607,526)</u>	<u>(271,436,595)</u>

**Net position of governmental activities** **\$ 34,343,993**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	General	Debt Service	Unrestricted Capital Outlay
<b>Revenues:</b>			
Other local	\$ 7,542,783	\$ 50,439	\$ 503,511
Property taxes	51,308,198	18,856,433	4,967,562
State aid and grants	34,324,996		466,456
Federal aid, grants and reimbursements	1,237,356	300,354	
<b>Total revenues</b>	<b>94,413,333</b>	<b>19,207,226</b>	<b>5,937,529</b>
<b>Expenditures:</b>			
Current -			
Instruction	50,457,472		
Support services - students and staff	15,964,508		
Support services - administration	11,624,047		
Operation and maintenance of plant services	9,190,447		
Student transportation services	3,528,051		
Operation of non-instructional services	144,603		
Capital outlay	102,351		6,092,493
Debt service -			
Principal retirement		13,475,000	
Interest and fiscal charges		6,727,717	
Bond issuance costs		152,808	
<b>Total expenditures</b>	<b>91,011,479</b>	<b>20,355,525</b>	<b>6,092,493</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,401,854</b>	<b>(1,148,299)</b>	<b>(154,964)</b>
<b>Other financing sources (uses):</b>			
Transfer in	471,861	1,405,760	
Transfer out			
Issuance of refunding bonds		10,030,000	
Premium on sale of bonds		1,510,572	
Payment to refunded bond escrow agent		(11,572,717)	
<b>Total other financing sources (uses)</b>	<b>471,861</b>	<b>1,373,615</b>	
<b>Changes in fund balances</b>	<b>3,873,715</b>	<b>225,316</b>	<b>(154,964)</b>
<b>Fund balances, beginning of year, as restated</b>	<b>11,499,562</b>	<b>3,727,331</b>	<b>10,277,928</b>
Increase (decrease) in reserve for inventory	42,804		
<b>Fund balances, end of year</b>	<b>\$ 15,416,081</b>	<b>\$ 3,952,647</b>	<b>\$ 10,122,964</b>

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>
\$ 1,405,767	\$ 1,761,958	\$ 11,264,458
	800,003	75,932,196
	10,286,210	45,077,662
	12,812,963	14,350,673
<u>1,405,767</u>	<u>25,661,134</u>	<u>146,624,989</u>
	12,173,021	62,630,493
	2,761,875	18,726,383
	95,559	11,719,606
	1,652,415	10,842,862
	80,457	3,608,508
	6,898,702	7,043,305
27,189,407	2,825,924	36,210,175
		13,475,000
		6,727,717
		152,808
<u>27,189,407</u>	<u>26,487,953</u>	<u>171,136,857</u>
<u>(25,783,640)</u>	<u>(826,819)</u>	<u>(24,511,868)</u>
		1,877,621
(1,405,760)	(471,861)	(1,877,621)
		10,030,000
		1,510,572
<u>(1,405,760)</u>	<u>(471,861)</u>	<u>(11,572,717)</u>
<u>(27,189,400)</u>	<u>(1,298,680)</u>	<u>(24,544,013)</u>
68,053,246	4,418,597	97,976,664
	112,363	155,167
<u>\$ 40,863,846</u>	<u>\$ 3,232,280</u>	<u>\$ 73,587,818</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

**Changes in fund balances - total governmental funds** **\$ (24,544,013)**

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 and reported as depreciation expense.

Expenditures for capitalized assets	\$ 28,860,060	
Less current year depreciation	(9,984,874)	18,875,186

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

Property taxes	(1,746,458)	
Intergovernmental	(25,193)	(1,771,651)

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. 13,475,000

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

Current year pension/OPEB contributions	9,579,933	
Pension/OPEB expense	(10,971,227)	(1,391,294)

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.

Inventory	155,167	
Deferred bond items on issuance of refunding debt	(80,826)	
Loss on disposal of assets	(3,714,668)	
Amortization of deferred bond items	1,593,532	
Compensated absences	(124,872)	(2,171,667)

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.

153,809

**Changes in net position in governmental activities** **\$ 2,625,370**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 8,562,882
Accounts receivable	68,109
Total current assets	8,630,991
<b>Total assets</b>	8,630,991
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	46,827
Claims payable	827,400
Accrued payroll and employee benefits	5,082
Total current liabilities	879,309
<b>Total liabilities</b>	879,309
 <b><u>NET POSITION</u></b>	
Unrestricted	7,751,682
<b>Total net position</b>	\$ 7,751,682

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities: Internal Service Funds
<b>Operating revenues:</b>	
Contributions	\$ 12,634,400
Charges for services	113,966
<b>Total operating revenues</b>	<u>12,748,366</u>
<b>Operating expenses:</b>	
Claims	9,790,161
Premiums	1,225,697
Administrative fees	1,610,498
Cost of services	121,618
<b>Total operating expenses</b>	<u>12,747,974</u>
<b>Operating income (loss)</b>	<u>392</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	153,417
<b>Total nonoperating revenues (expenses)</b>	<u>153,417</u>
<b>Changes in net position</b>	<u>153,809</u>
<b>Total net position, beginning of year</b>	7,597,873
<b>Total net position, end of year</b>	<u><u>\$ 7,751,682</u></u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020**

	<b>Governmental Activities: Internal Service Funds</b>
<b><u>Increase/Decrease in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received from contributions	\$ 12,670,171
Cash received from other sources	130,562
Cash payments to suppliers for goods and services	(2,905,904)
Cash payments for claims	(10,448,003)
	<b>(553,174)</b>
 <b>Cash flows from investing activities:</b>	
Investment income	153,417
	<b>153,417</b>
 <b>Net increase/decrease in cash and cash equivalents</b>	
	<b>(399,757)</b>
 <b>Cash and cash equivalents, beginning of year</b>	
	<b>8,962,639</b>
 <b>Cash and cash equivalents, end of year</b>	
	<b>\$ 8,562,882</b>
 <b><u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u></b>	
<b>Operating income/loss</b>	\$ 392
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	52,367
Increase/decrease in accrued payroll	5,082
Increase/decrease in accounts payable	46,827
Increase/decrease in claims payable	(657,842)
	<b>(553,566)</b>
<b>Total adjustments</b>	<b>(553,566)</b>
 <b>Net cash provided by/used for operating activities</b>	
	<b>\$ (553,174)</b>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Tempe Elementary School District No. 3 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes, and provides guidance as to how those activities should be reported. Student Activities and employee withholding reported in the prior year as fiduciary activities do not meet these new fiduciary activities criteria and have been reclassified as special revenue governmental funds. Beginning balances of the governmental funds and governmental activities have been restated by \$80,287 for Student Activities and \$10,010 for General Fund accordingly.

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

**A. Reporting Entity**

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

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

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

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

The District's major operations include education, student transportation, construction and maintenance of District facilities and food services.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. Government-Wide and Fund Financial Statements**

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

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

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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 internal service funds are presented in a single column on the face of the proprietary fund statements.

The District reports the following major governmental funds:

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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 Internal Service Funds that account for (1) activities related to the District’s insurance programs, and (2) the operation of District functions that provide goods and services to other District departments on a cost reimbursement basis.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

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 internal service funds are charges for health and welfare benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. 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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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**

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.

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

Land improvements	15 – 50 years
Buildings and improvements	15 – 80 years
Vehicles, furniture and equipment	5 – 15 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.

**M. Pensions and Other Postemployment Benefits**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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. No assigned fund balance amounts are reported.

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 81,758	\$	\$	\$	\$ 236,599
Restricted:					
Debt service		3,952,647			
Capital projects			10,122,964		1,220,599
Bond building projects				40,863,846	
Voter approved initiatives					595,669
Federal and state projects					100,241
Food service					1,490,259
Civic center					445,515
Community school					278,122
Extracurricular activities					626,330
Other purposes					157,925
Unassigned	15,334,323				(1,918,979)
Total fund balances	\$ 15,416,081	\$ 3,952,647	\$ 10,122,964	\$ 40,863,846	\$ 3,232,280

**NOTE 3 – RESTRICTED NET POSITION**

The table below provides detail of the major components of the District’s restricted net position at year end.

	Governmental Activities
Restricted Net Position:	
Debt service	\$ 4,199,736
Capital projects	11,441,104
Voter approved initiatives	595,669
Federal and state projects	187,360
Food service	1,726,858
Civic center	445,515
Community school	278,122
Extracurricular activities	626,330
Other purposes	157,925
Total	\$ 19,658,619

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

	Deficit
Non-Major Governmental Funds:	
Title I Grants	\$ 90,596
Professional Development and Technology Grants	21,190
Title IV Grants	2,086
Limited English and Immigrant Students	84,679
Indian Education	20,202
Special Education Grants	60,505
Other Federal Projects	1,639,721

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2020-21 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 5 – 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 \$189,785 and the bank balance was \$356,069. At year end, \$106,069 of the District’s deposits were covered by collateral held by the pledging financial institution in the District’s name.

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 – CASH AND INVESTMENTS**

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

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

	Average Maturities	Fair Value
County Treasurer’s investment pool	313 days	\$ 93,579,678
		\$ 93,579,678

*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 6 – RECEIVABLES**

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

	General Fund	Debt Service Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$	\$ 130,291	\$ 1,175,704
Due from state government	8,917,943		837,074
Due from city government	701,203		
Net due from governmental entities	\$ 9,619,146	\$ 130,291	\$ 2,012,778

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 7 – 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	\$ 1,748,080	\$	\$	\$ 1,748,080
Construction in progress	<u>26,377,576</u>	<u>21,285,552</u>	<u>26,111,621</u>	<u>21,551,507</u>
Total capital assets, not being depreciated	<u>28,125,656</u>	<u>21,285,552</u>	<u>26,111,621</u>	<u>23,299,587</u>
Capital assets, being depreciated:				
Land improvements	17,795,352	5,944,584	1,222,709	22,517,227
Buildings and improvements	229,263,870	23,888,279	8,247,442	244,904,707
Vehicles, furniture and equipment	<u>29,264,971</u>	<u>3,853,266</u>	<u>1,529,477</u>	<u>31,588,760</u>
Total capital assets being depreciated	<u>276,324,193</u>	<u>33,686,129</u>	<u>10,999,628</u>	<u>299,010,694</u>
Less accumulated depreciation for:				
Land improvements	(8,052,257)	(1,072,219)	(676,230)	(8,448,246)
Buildings and improvements	(79,142,252)	(6,684,485)	(5,286,100)	(80,540,637)
Vehicles, furniture and equipment	<u>(16,950,182)</u>	<u>(2,228,170)</u>	<u>(1,322,630)</u>	<u>(17,855,722)</u>
Total accumulated depreciation	<u>(104,144,691)</u>	<u>(9,984,874)</u>	<u>(7,284,960)</u>	<u>(106,844,605)</u>
Total capital assets, being depreciated, net	<u>172,179,502</u>	<u>23,701,255</u>	<u>3,714,668</u>	<u>192,166,089</u>
Governmental activities capital assets, net	<u>\$ 200,305,158</u>	<u>\$ 44,986,807</u>	<u>\$ 29,826,289</u>	<u>\$ 215,465,676</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 7,377,114
Support services – students and staff	363,690
Support services – administration	472,824
Operation and maintenance of plant services	172,514
Student transportation services	1,409,690
Operation of non-instructional services	189,042
Total depreciation expense – governmental activities	<u>\$ 9,984,874</u>

**Construction Commitments** – At year end, the District had contractual commitments related to the renovation and reconstruction of several schools. At year end, the District had spent \$21.6 million on the projects and had estimated remaining contractual commitments of \$22.0 million. These projects are being funded with adjacent ways funds, bond proceeds, and School Facilities Board grants.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 8 – LEASE OF DISTRICT PROPERTY**

The District leases land to a third party under the provisions of a long-term lease agreement classified as an operating lease. Annual rental revenue from the lease is recognized in the School Plant Fund, a non-major governmental fund. The lease has a remaining noncancellable lease term of 20 years through June 30, 2040. The lease has renewal options to extend the lease through June 30, 2050 and June 30, 2060. As of June 30, 2020, the renewal options have not been exercised.

The future minimum payments required under the lease at June 30, 2020 are as follows:

Year Ending June 30:		
	2021	\$ 286,000
	2022	286,000
	2023	286,000
	2024	286,000
	2025	286,000
	2026-30	1,430,000
	2031-35	1,540,000
	2036-40	<u>1,540,000</u>
Total minimum payments required		<u>\$ 5,940,000</u>

**NOTE 9 – 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. At year end, the District had \$10.0 million in unused line of credit.

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**NOTE 10 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, \$55.0 million remains unissued. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$330.9 million, and the available debt margin is \$163.8 million. In addition, a portion of the District’s school improvements bonds are Qualified Build America Bonds (BABS). The District receives a direct subsidy payment from the United States of America for a portion of the interest payment due on the bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2020	Due Within One Year
<b>Governmental activities:</b>					
Refunding Bonds, Series 2007	\$16,550,000	4.0-5.0%	7/1/20-25	\$ 9,250,000	\$ 110,000
School Improvement Bonds, Project of 2009, Series A-2 (2010)	25,170,000	5.25%	7/1/20-27	2,750,000	2,750,000
School Improvement Bonds, Project of 2009, Series C (2015)	37,560,000	2.0-3.0%	7/1/20-23	11,160,000	5,830,000
Refunding Bonds, Series 2015	27,500,000	3.0-4.0%	7/1/20-25	27,175,000	85,000
School Improvement Bonds, Project of 2016, Series A 2017	47,875,000	3.5-5.0%	7/1/20-30	43,975,000	4,700,000
School Improvement Bonds, Project of 2016, Series B 2019	47,980,000	3.0-5.0%	7/1/21-32	47,980,000	
Refunding Bonds, Series 2020	10,030,000	4.0-5.0%	7/1/21-27	10,030,000	
Total				<u>\$ 152,320,000</u>	<u>\$ 13,475,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2021	\$ 13,475,000	\$ 6,351,237
2022	13,280,000	6,035,975
2023	14,390,000	5,548,100
2024	12,700,000	5,064,750
2025	13,835,000	4,510,650
2026-30	59,115,000	13,760,025
2031-35	25,525,000	1,396,625
Total	<u>\$ 152,320,000</u>	<u>\$ 42,667,362</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – GENERAL OBLIGATION BONDS PAYABLE**

**Refunding Bonds** - During the year ended June 30, 2020, the District issued \$10,030,000 in refunding bonds, with an effective interest rate of 4.53 percent, to advance refund \$11,245,000 of outstanding general obligation bonds, with an average interest rate of 5.84 percent. The net proceeds of \$11,568,413, which includes \$1,150,572 of bond premium, (after payment of \$152,808 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$191,831. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$1,022,867 and resulted in an economic gain of \$978,512.

**NOTE 11 – 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>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 167,175,000	\$ 10,030,000	\$ 24,885,000	\$ 152,320,000	\$ 13,475,000
Premium	18,141,058	1,510,572	1,889,104	17,762,526	
Total bonds payable	<u>185,316,058</u>	<u>11,540,572</u>	<u>26,774,104</u>	<u>170,082,526</u>	<u>13,475,000</u>
Net OPEB liability	12,475,710		130,613	12,345,097	
Net pension liability	91,550,278	7,110,976		98,661,254	
Compensated absences payable	<u>3,697,846</u>	<u>1,794,852</u>	<u>1,669,980</u>	<u>3,822,718</u>	<u>1,567,357</u>
Governmental activity long-term liabilities	<u>\$ 293,039,892</u>	<u>\$ 20,446,400</u>	<u>\$ 28,574,697</u>	<u>\$ 284,911,595</u>	<u>\$ 15,042,357</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 12 – 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 of \$2.3 million in the Treasurer’s pooled cash accounts. 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.

**Interfund transfers:**

	Transfers in		
	General Fund	Debt Service Fund	Total
Transfers out			
Bond Building Fund	\$	\$1,405,760	\$ 1,405,760
Non-Major Governmental Funds	471,861		471,861
Total	\$ 471,861	\$1,405,760	\$ 1,877,621

Transfers between funds were used to (1) move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund and (2) to move federal grant funds restricted for indirect costs.

**NOTE 13 – 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.

**Arbitrage** – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 14 – RISK MANAGEMENT**

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

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

The District continues to carry commercial insurance for other risks of loss, including life, dental and short-term disability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District established the Insurance Benefit Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health. In addition, employee withholdings for other insurance coverages are processed through this fund. Under this program, the Fund provides coverage for up to a maximum of \$150,000 for each claim, not to exceed an annual aggregate amount of \$11,250,684. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – RISK MANAGEMENT**

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. All unpaid claims at year end are expected to be paid within one year. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Unpaid claims, beginning of fiscal year	\$ 1,485,242	\$ 673,050
Incurred claims (including IBNRs)	(10,401,176)	(7,241,877)
Claim payments	9,790,161	8,054,069
Unpaid claims, end of fiscal year	\$ 874,227	\$ 1,485,242

**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Arizona State Retirement System**

**Plan Description.** District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) 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](http://www.azasrs.gov).

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Aggregate Amounts.** At June 30, 2020, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net liability	\$ 98,661,254	\$ 12,345,097	\$ 111,006,351
Deferred outflows of	12,971,301	1,492,488	14,463,789
Deferred inflows of resources	6,185,719	3,115,589	9,301,308
Expense	11,037,028	(215,294)	10,821,734
Contributions	8,534,941	1,044,992	9,579,933

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District's financial statements.

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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, 2020 were \$8,534,941.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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

**Pension Liability.** The net pension liability was measured as of June 30, 2019. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019. The District’s proportion of the net liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2019.

At June 30, 2020, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2019, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2018 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 98,661,254	0.678	0.022

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2020 was \$11,037,028.

The District 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	\$ 1,782,342	\$ 18,549
Changes of assumptions or other inputs	417,044	3,928,885
Net difference between projected and actual earnings on pension investments		2,217,564
Changes in proportion and differences between contributions and proportionate share of contributions	2,236,974	20,721
Contributions subsequent to the measurement date	8,534,941	
Total	\$ 12,971,301	\$ 6,185,719

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2021. 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:		
2021	\$	(279,689)
2022		(1,637,728)
2023		(425,866)
2024		593,924

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Inflation	2.3%
Projected salary increases	2.7-7.2%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	6.09%
Credit	20	5.36
Interest rate sensitive bonds	10	1.62
Real estate	20	5.85
Total	<u>100%</u>	

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 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 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 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 7.5 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	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Net liability	\$ 140,417,817	\$ 98,661,254	\$ 63,763,514

**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](http://www.azasrs.gov).

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**B. Single-Employer OPEB Plan**

**Plan Description.** Under authority of the Governing Board, the District provides postretirement insurance benefits, for certain retirees and their dependents, in accordance with the plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Generally, resources from the General Fund are used to pay for postemployment benefits.

**Eligibility.** A retiree who was an employee of Tempe Elementary School District immediately prior to retirement and who was hired prior to July 1, 2004, is eligible for health benefits.

**Benefits Provided.** Under the authority of the Governing Board, the District provides postretirement insurance (health and dental) benefits for certain retirees and their dependents, in accordance with the plan. The plan is a single-employer defined benefit plan administered by the District. The District contributes health premiums for employees who retire with 10 years of service and retire before July 1, 2009 or 20 years of service and retire on or after July 1, 2009 and has reached age 55. Participation ceases at age 65 or age 70 for administrators who retire prior to July 1, 2009. Benefits cease when the retiree’s benefit ceases. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The District currently pays for postemployment benefits on a pay-as-you-go basis.

**Contributions.** The District contributes \$6,788 for employees who retired with 10 years of service before July 1, 2009 or employees who retire with 20 years of service and retire on or after July 1, 2009 and have reached age 55. For the current fiscal year, the District contributed \$930,656 and included the employee ASRS subsidy of \$114,336, for these benefits. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan.

**Employees covered by benefit terms.** The following employees were covered as of the effective date of the OPEB valuation:

Inactive employees or beneficiaries	126
currently receiving benefit payments	
Active employees	369
Total	495

**Total OPEB Liability.** The District’s total OPEB liability of \$12,345,097 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Actuarial Assumptions and Other Inputs.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2019
Actuarial valuation date	June 30, 2018
Investment rate of return	3.5%
Inflation rate	2.7%
Projected salary increases	2.5%
Actuarial Cost Method	Entry Age Normal
Health care cost trend rate:	
Medical and Prescription Drug	(9.45%) to 2019/20, 7.83% to 2020/2021, and 6.50% to 2021/2022 graded down to 4.50% over 8 years
Retiree contribution increase	Consistent with medical/drug trends
ASRS subsidy increases	The annual ASRS subsidies were assumed as shown below with no future increase assumed
Cost of living adjustments	N/A

The discount rate is based on the estimate of expected long-term plan experience.

Mortality rates were based on the RP-2014 Employee Mortality Table, Projected to 2017 using the Ultimate MP 2017 unisex scales for active employees. Mortality rates for retirees were based on the 2017 State Retirees of Arizona (SRA) Mortality Table, projected to 2017 using the Ultimate MP 2017 Unisex scales for retired employees. Disabled Mortality Rates were based on RP-2014 disabled retiree mortality table.

**Changes in the Total OPEB Liability**

Total OPEB Liability – beginning of year	\$ 12,475,710
Changes for the year:	
Service cost	203,938
Interest	467,503
Differences between expected and actual experience	299,196
Changes in assumptions or other inputs	109,181
Benefit payments	(1,210,431)
Total OPEB Liability – end of year	<u>\$ 12,345,097</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the District, as well as what the District’s total OPEB 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 (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	\$ 13,222,165	\$ 12,345,097	\$ 11,531,169

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 11,427,057	\$ 12,345,097	\$ 13,372,904

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the year ended June 30, 2020, the District recognized OPEB expense of \$(215,294). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 360,021	\$ 1,708,628
Changes of assumptions or other inputs	87,475	1,406,961
Contributions subsequent to the measurement date	1,044,992	
Total	\$ 1,492,488	\$ 3,115,589

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2021	\$	(886,735)
2022		(880,862)
2023		(593,060)
2024		(309,873)
2025		2,437

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other local	\$	\$	\$ 4,453,609	\$ 4,453,609
Property taxes			51,308,198	51,308,198
State aid and grants			34,324,996	34,324,996
<b>Total revenues</b>			<u>90,086,803</u>	<u>90,086,803</u>
<b>Expenditures:</b>				
Current -				
Instruction	49,253,158	48,708,069	47,586,940	1,121,129
Support services - students and staff	16,502,376	16,381,697	15,527,638	854,059
Support services - administration	9,961,935	10,993,025	10,703,844	289,181
Operation and maintenance of plant services	10,038,605	10,371,553	9,176,588	1,194,965
Student transportation services	4,536,384	4,210,962	3,479,013	731,949
Operation of non-instructional services	134,255	116,392	116,357	35
<b>Total expenditures</b>	<u>90,426,713</u>	<u>90,781,698</u>	<u>86,590,380</u>	<u>4,191,318</u>
<b>Changes in fund balances</b>	<u>(90,426,713)</u>	<u>(90,781,698)</u>	<u>3,496,423</u>	<u>94,278,121</u>
<b>Fund balances, beginning of year</b>			9,456,151	9,456,151
Increase (decrease) in reserve for inventory			42,804	42,804
<b>Fund balances (deficits), end of year</b>	<u>\$ (90,426,713)</u>	<u>\$ (90,781,698)</u>	<u>\$ 12,995,378</u>	<u>\$ 103,777,076</u>

See accompanying notes to this schedule.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension (assets) liability	0.68%	0.66%	0.65%	0.66%
District's proportionate share of the net pension (assets) liability	\$ 98,661,254	\$ 91,550,278	\$ 101,816,582	\$ 105,813,970
District's covered payroll	\$ 71,028,587	\$ 64,913,000	\$ 63,711,364	\$ 60,236,276
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	138.90%	141.04%	159.81%	175.66%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%

**SCHEDULE OF PENSION CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 8,534,941	\$ 7,940,996	\$ 7,075,517	\$ 6,868,085
Contributions in relation to the actuarially determined contribution	<u>8,534,941</u>	<u>7,940,996</u>	<u>7,075,517</u>	<u>6,868,085</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 74,540,969	\$ 71,028,587	\$ 64,913,000	\$ 63,711,364
Contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%

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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 ARIZONA STATE RETIREMENT SYSTEM  
 LAST SIX FISCAL YEARS**

<u>2016</u>	<u>2015</u>
June 30, 2015	June 30, 2014
0.66%	0.66%
\$ 102,914,086	\$ 97,280,165
\$ 60,841,120	\$ 55,339,167
169.15%	175.79%
68.35%	69.49%

<u>2016</u>	<u>2015</u>
\$ 6,535,636	\$ 6,625,598
<u>6,535,636</u>	<u>6,625,598</u>
<u>\$</u>	<u>\$</u>
\$ 60,236,276	\$ 60,841,120
10.85%	10.89%

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability</b>			
Service cost	\$ 203,938	\$ 302,810	\$ 428,845
Interest	467,503	582,440	521,599
Changes of benefit terms			
Differences between expected and actual experience	299,196	(2,663,170)	302,593
Changes of assumptions or other inputs	109,181	(1,099,131)	(1,765,095)
Benefit payments	<u>(1,210,431)</u>	<u>(1,227,432)</u>	<u>(1,561,262)</u>
<b>Net change in total OPEB liability</b>	<u>(130,613)</u>	<u>(4,104,483)</u>	<u>(2,073,320)</u>
<b>Total OPEB liability—beginning</b>	<u>12,475,710</u>	<u>16,580,193</u>	<u>18,653,513</u>
<b>Total OPEB liability—ending</b>	<u><u>\$ 12,345,097</u></u>	<u><u>\$ 12,475,710</u></u>	<u><u>\$ 16,580,193</u></u>
<b>Covered-employee payroll</b>	\$ 17,305,551	\$ 16,971,045	\$ 18,715,107
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	71.34%	73.51%	88.59%

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

See accompanying notes to this schedule.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**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.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

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	\$ 91,011,479	\$ 15,416,081
Activity budgeted as special revenue funds	(4,437,521)	(2,394,271)
Employee insurance account	16,422	(26,432)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 86,590,380	\$ 12,995,378

**NOTE 2 – PENSION AND OPEB PLAN SCHEDULES**

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

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The OPEB actuarial assumptions used in the June 30, 2019 valuation were based on the results of the ASRS Actuarial Experience Study ending June 30, 2016. The ASRS salary scale assumption is from the ASRS actuarial valuation funding report as of June 30, 2019, dated December 13, 2019.

The stand alone OPEB Plan has no assets accumulated in a Trust that meets the criteria of GASB 75 paragraph four to pay related benefits.

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

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**GOVERNMENTAL FUNDS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2020**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 3,228,234	\$ 1,300,782	\$ 4,529,016
Property taxes receivable		31,099	31,099
Deposits held by others	100,552		100,552
Accounts receivable	2,356		2,356
Due from governmental entities	1,654,584	358,194	2,012,778
Inventory	236,599		236,599
<b>Total assets</b>	<u><u>\$ 5,222,325</u></u>	<u><u>\$ 1,690,075</u></u>	<u><u>\$ 6,912,400</u></u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 76,522	\$	\$ 76,522
Construction contracts payable		438,737	438,737
Due to other funds	2,267,076		2,267,076
Accrued payroll and employee benefits	48,272		48,272
Unearned revenues	7,295		7,295
<b>Total liabilities</b>	<u><u>2,399,165</u></u>	<u><u>438,737</u></u>	<u><u>2,837,902</u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		30,739	30,739
Unavailable revenues - intergovernmental	811,479		811,479
<b>Total deferred inflows of resources</b>	<u><u>811,479</u></u>	<u><u>30,739</u></u>	<u><u>842,218</u></u>
Fund balances (deficits):			
Nonspendable	236,599		236,599
Restricted	3,694,061	1,220,599	4,914,660
Unassigned	(1,918,979)		(1,918,979)
<b>Total fund balances</b>	<u><u>2,011,681</u></u>	<u><u>1,220,599</u></u>	<u><u>3,232,280</u></u>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <u><u>\$ 5,222,325</u></u>	 <u><u>\$ 1,690,075</u></u>	 <u><u>\$ 6,912,400</u></u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 1,743,773	\$ 18,185	\$ 1,761,958
Property taxes		800,003	800,003
State aid and grants	8,983,764	1,302,446	10,286,210
Federal aid, grants and reimbursements	<u>12,812,963</u>		<u>12,812,963</u>
<b>Total revenues</b>	<u>23,540,500</u>	<u>2,120,634</u>	<u>25,661,134</u>
<b>Expenditures:</b>			
Current -			
Instruction	12,173,021		12,173,021
Support services - students and staff	2,761,875		2,761,875
Support services - administration	95,559		95,559
Operation and maintenance of plant services	1,652,415		1,652,415
Student transportation services	80,457		80,457
Operation of non-instructional services	6,898,702		6,898,702
Capital outlay	999,009	1,826,915	2,825,924
<b>Total expenditures</b>	<u>24,661,038</u>	<u>1,826,915</u>	<u>26,487,953</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,120,538)</u>	<u>293,719</u>	<u>(826,819)</u>
<b>Other financing sources (uses):</b>			
Transfer out	<u>(471,861)</u>		<u>(471,861)</u>
<b>Total other financing sources (uses)</b>	<u>(471,861)</u>		<u>(471,861)</u>
<b>Changes in fund balances</b>	<u>(1,592,399)</u>	<u>293,719</u>	<u>(1,298,680)</u>
<b>Fund balances, beginning of year, as restated</b>	3,491,717	926,880	4,418,597
Increase (decrease) in reserve for inventory	112,363		112,363
<b>Fund balances, end of year</b>	<u>\$ 2,011,681</u>	<u>\$ 1,220,599</u>	<u>\$ 3,232,280</u>

## **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

**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.

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

**Results-based Funding** - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

**Failing Schools Tutoring Grant** - to account for monies used to assist high school students to pass the AIMS test or to assist students who are underperforming.

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

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

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

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

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

**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.

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

**Student Activities** - to account for monies raised by students to finance student clubs and organizations.

**Intergovernmental Agreements** - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Title I Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 204,673	\$
Deposits held by others			
Accounts receivable			
Due from governmental entities	457,726	272,665	90,596
Inventory			
<b>Total assets</b>	<b>\$ 457,726</b>	<b>\$ 477,338</b>	<b>\$ 90,596</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 34,408
Due to other funds	339,395		56,188
Accrued payroll and employee benefits			
Unearned revenues			
<b>Total liabilities</b>	<b>339,395</b>		<b>90,596</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			90,596
Fund balances (deficits):			
Nonspendable			
Restricted	118,331	477,338	
Unassigned			(90,596)
<b>Total fund balances</b>	<b>118,331</b>	<b>477,338</b>	<b>(90,596)</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 457,726</b>	<b>\$ 477,338</b>	<b>\$ 90,596</b>

<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>E-Rate</u>
\$	\$	\$	\$	\$	\$
21,190	2,086	84,679	20,202	60,505	67,066
<u>\$ 21,190</u>	<u>\$ 2,086</u>	<u>\$ 84,679</u>	<u>\$ 20,202</u>	<u>\$ 60,505</u>	<u>\$ 67,066</u>
\$ 3,220 17,970	\$ 2,086	\$ 4,205 80,474	\$ 3,833 10,609 5,760	\$ 60,505	\$ 65,779
<u>21,190</u>	<u>2,086</u>	<u>84,679</u>	<u>20,202</u>	<u>60,505</u>	<u>65,779</u>
<u>21,190</u>	<u>2,086</u>	<u>84,679</u>	<u>20,202</u>	<u>60,505</u>	
(21,190)	(2,086)	(84,679)	(20,202)	(60,505)	1,287
<u>(21,190)</u>	<u>(2,086)</u>	<u>(84,679)</u>	<u>(20,202)</u>	<u>(60,505)</u>	<u>1,287</u>
<u>\$ 21,190</u>	<u>\$ 2,086</u>	<u>\$ 84,679</u>	<u>\$ 20,202</u>	<u>\$ 60,505</u>	<u>\$ 67,066</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	Other Federal Projects	Results-based Funding	Other State Projects
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 83,058	\$ 29,345
Deposits held by others			
Accounts receivable			
Due from governmental entities	445,102		87,119
Inventory			
<b>Total assets</b>	<b>\$ 445,102</b>	<b>\$ 83,058</b>	<b>\$ 116,464</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 5,651	\$	\$ 6,154
Due to other funds	1,634,070		
Accrued payroll and employee benefits			
Unearned revenues			7,295
<b>Total liabilities</b>	<b>1,639,721</b>		<b>13,449</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	445,102		87,119
Fund balances (deficits):			
Nonspendable			
Restricted		83,058	15,896
Unassigned	(1,639,721)		
<b>Total fund balances</b>	<b>(1,639,721)</b>	<b>83,058</b>	<b>15,896</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 445,102</b>	 <b>\$ 83,058</b>	 <b>\$ 116,464</b>

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>
\$ 1,394,608	\$ 445,515	\$ 286,780	\$ 626,330	\$ 436	\$ 47,235
100,552					
356		2,000			
45,648					
236,599					
<u>\$ 1,777,763</u>	<u>\$ 445,515</u>	<u>\$ 288,780</u>	<u>\$ 626,330</u>	<u>\$ 436</u>	<u>\$ 47,235</u>
\$ 8,393	\$	\$ 10,658	\$	\$	\$
42,512					
<u>50,905</u>	<u></u>	<u>10,658</u>	<u></u>	<u></u>	<u></u>
236,599					
1,490,259	445,515	278,122	626,330	436	47,235
<u>1,726,858</u>	<u>445,515</u>	<u>278,122</u>	<u>626,330</u>	<u>436</u>	<u>47,235</u>
<u>\$ 1,777,763</u>	<u>\$ 445,515</u>	<u>\$ 288,780</u>	<u>\$ 626,330</u>	<u>\$ 436</u>	<u>\$ 47,235</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2020**

	<u>Student Activities</u>	<u>Totals</u>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 110,254	\$ 3,228,234
Deposits held by others		100,552
Accounts receivable		2,356
Due from governmental entities		1,654,584
Inventory		236,599
<b>Total assets</b>	<b>\$ 110,254</b>	<b>\$ 5,222,325</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>		
<b><u>AND FUND BALANCES</u></b>		
Liabilities:		
Accounts payable	\$	\$ 76,522
Due to other funds		2,267,076
Accrued payroll and employee benefits		48,272
Unearned revenues		7,295
<b>Total liabilities</b>		<b>2,399,165</b>
Deferred inflows of resources:		
Unavailable revenues - intergovernmental		811,479
Fund balances (deficits):		
Nonspendable		236,599
Restricted	110,254	3,694,061
Unassigned		(1,918,979)
<b>Total fund balances</b>	<b>110,254</b>	<b>2,011,681</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 110,254</b>	 <b>\$ 5,222,325</b>

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Classroom Site	Instructional Improvement	Title I Grants
<b>Revenues:</b>			
Other local	\$ 16,553	\$ 6,867	\$
State aid and grants	5,492,707	499,428	
Federal aid, grants and reimbursements			2,881,227
<b>Total revenues</b>	<b>5,509,260</b>	<b>506,295</b>	<b>2,881,227</b>
<b>Expenditures:</b>			
Current -			
Instruction	5,347,679	136,562	1,800,337
Support services - students and staff	243,192	310,574	697,295
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			19,657
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<b>5,590,871</b>	<b>447,136</b>	<b>2,517,289</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(81,611)</b>	<b>59,159</b>	<b>363,938</b>
<b>Other financing sources (uses):</b>			
Transfer out			(91,174)
<b>Total other financing sources (uses)</b>	<b></b>	<b></b>	<b>(91,174)</b>
<b>Changes in fund balances</b>	<b>(81,611)</b>	<b>59,159</b>	<b>272,764</b>
<b>Fund balances (deficits), beginning of year, as restated</b>	199,942	418,179	(363,360)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<b>\$ 118,331</b>	<b>\$ 477,338</b>	<b>\$ (90,596)</b>

<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>Johnson O'Malley</u>
\$	\$	\$	\$	\$	\$
759,858	51,155	210,456	253,659	2,726,187	11,177
<u>759,858</u>	<u>51,155</u>	<u>210,456</u>	<u>253,659</u>	<u>2,726,187</u>	<u>11,177</u>
155,346	15,650	83,081	121,605	2,286,174	
307,540	35,726	166,004	105,642	317,113	
		915		12,709	
2,945			77		
<u>465,831</u>	<u>51,376</u>	<u>250,000</u>	<u>227,324</u>	<u>2,615,996</u>	
<u>294,027</u>	<u>(221)</u>	<u>(39,544)</u>	<u>26,335</u>	<u>110,191</u>	<u>11,177</u>
(17,059)	(1,865)	(5,000)	(8,252)	(94,961)	
<u>(17,059)</u>	<u>(1,865)</u>	<u>(5,000)</u>	<u>(8,252)</u>	<u>(94,961)</u>	
<u>276,968</u>	<u>(2,086)</u>	<u>(44,544)</u>	<u>18,083</u>	<u>15,230</u>	<u>11,177</u>
(298,158)		(40,135)	(38,285)	(75,735)	(11,177)
<u>\$ (21,190)</u>	<u>\$ (2,086)</u>	<u>\$ (84,679)</u>	<u>\$ (20,202)</u>	<u>\$ (60,505)</u>	<u>\$</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	E-Rate	Other Federal Projects	Gifted
<b>Revenues:</b>			
Other local	\$ 699	\$	\$
State aid and grants			10,526
Federal aid, grants and reimbursements	402,395	32,363	
<b>Total revenues</b>	403,094	32,363	10,526
<b>Expenditures:</b>			
Current -			
Instruction		180,407	646
Support services - students and staff		348,806	9,880
Support services - administration			
Operation and maintenance of plant services	402,395	847,426	
Student transportation services			
Operation of non-instructional services		289,997	
Capital outlay		462	
<b>Total expenditures</b>	402,395	1,667,098	10,526
<b>Excess (deficiency) of revenues over expenditures</b>	699	(1,634,735)	
<b>Other financing sources (uses):</b>			
Transfer out		(84)	
<b>Total other financing sources (uses)</b>		(84)	
<b>Changes in fund balances</b>	699	(1,634,819)	
<b>Fund balances (deficits), beginning of year, as restated</b>	588	(4,902)	
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ 1,287	\$ (1,639,721)	\$

<u>Results-based Funding</u>	<u>Failing Schools Tutoring Grant</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
\$ 1,366,499	\$ 4,920	\$ 1,609,684	\$ 663,171	\$ 63,811	\$ 504,683
<u>1,366,499</u>	<u>4,920</u>	<u>1,609,684</u>	<u>5,484,486</u> <u>6,147,657</u>	<u>63,811</u>	<u>504,683</u>
1,370,074		134,855		1,829	398,154
		398		3,538	103,041
		336,844		4,121	71,282
		229,348	6,368,008	65,750	
		883,877	109,257		11,349
<u>1,370,074</u>		<u>1,585,322</u>	<u>6,477,265</u>	<u>75,238</u>	<u>583,856</u>
<u>(3,575)</u>	<u>4,920</u>	<u>24,362</u>	<u>(329,608)</u>	<u>(11,427)</u>	<u>(79,173)</u>
		(8,466)	(245,000)		
		<u>(8,466)</u>	<u>(245,000)</u>		
<u>(3,575)</u>	<u>4,920</u>	<u>15,896</u>	<u>(574,608)</u>	<u>(11,427)</u>	<u>(79,173)</u>
86,633	(4,920)		2,189,103	456,942	357,295
			112,363		
<u>\$ 83,058</u>	<u>\$</u>	<u>\$ 15,896</u>	<u>\$ 1,726,858</u>	<u>\$ 445,515</u>	<u>\$ 278,122</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Extracurricular Activities Fees Tax Credit	Fingerprint	Textbooks
<b>Revenues:</b>			
Other local	\$ 348,296	\$ 581	\$ 1,796
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>348,296</u>	<u>581</u>	<u>1,796</u>
<b>Expenditures:</b>			
Current -			
Instruction	140,622		
Support services - students and staff			5,913
Support services - administration	5,894	638	
Operation and maintenance of plant services			
Student transportation services	60,664		
Operation of non-instructional services			
Capital outlay	2,361		
<b>Total expenditures</b>	<u>209,541</u>	<u>638</u>	<u>5,913</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>138,755</u>	<u>(57)</u>	<u>(4,117)</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>138,755</u>	<u>(57)</u>	<u>(4,117)</u>
<b>Fund balances (deficits), beginning of year, as restated</b>	487,575	493	51,352
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	<u>\$ 626,330</u>	<u>\$ 436</u>	<u>\$ 47,235</u>

<u>Student Activities</u>	<u>Totals</u>
\$ 137,316	\$ 1,743,773
	8,983,764
	12,812,963
<u>137,316</u>	<u>23,540,500</u>
	12,173,021
107,213	2,761,875
	95,559
	1,652,415
136	80,457
	6,898,702
	999,009
<u>107,349</u>	<u>24,661,038</u>
<u>29,967</u>	<u>(1,120,538)</u>
	(471,861)
	<u>(471,861)</u>
<u>29,967</u>	<u>(1,592,399)</u>
80,287	3,491,717
	112,363
<u>\$ 110,254</u>	<u>\$ 2,011,681</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 16,553	\$ 16,553
State aid and grants		5,492,707	5,492,707
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<b>5,697,137</b>	<b>5,509,260</b>	<b>5,509,260</b>
<b>Expenditures:</b>			
Current -			
Instruction	5,450,072	5,347,679	102,393
Support services - students and staff	247,065	243,192	3,873
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<b>5,697,137</b>	<b>5,590,871</b>	<b>106,266</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,697,137)</b>	<b>(81,611)</b>	<b>5,615,526</b>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>	<b></b>	<b></b>	<b></b>
<b>Changes in fund balances</b>	<b>(5,697,137)</b>	<b>(81,611)</b>	<b>5,615,526</b>
<b>Fund balances (deficits), beginning of year, as restated</b>		199,942	199,942
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<b>\$ (5,697,137)</b>	<b>\$ 118,331</b>	<b>\$ 5,815,468</b>

Instructional Improvement			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 6,867 499,428	\$ 6,867 499,428	\$	\$	\$
	<u>506,295</u>	<u>506,295</u>		<u>2,881,227</u> <u>2,881,227</u>	<u>2,881,227</u> <u>2,881,227</u>
500,000	136,562 310,574	(136,562) 189,426	3,800,000	1,800,337 697,295	1,999,663 (697,295)
				19,657	(19,657)
<u>500,000</u>	<u>447,136</u>	<u>52,864</u>	<u>3,800,000</u>	<u>2,517,289</u>	<u>1,282,711</u>
<u>(500,000)</u>	<u>59,159</u>	<u>559,159</u>	<u>(3,800,000)</u>	<u>363,938</u>	<u>4,163,938</u>
				<u>(91,174)</u> <u>(91,174)</u>	<u>(91,174)</u> <u>(91,174)</u>
<u>(500,000)</u>	<u>59,159</u>	<u>559,159</u>	<u>(3,800,000)</u>	<u>272,764</u>	<u>4,072,764</u>
	418,179	418,179		(363,360)	(363,360)
<u>\$ (500,000)</u>	<u>\$ 477,338</u>	<u>\$ 977,338</u>	<u>\$ (3,800,000)</u>	<u>\$ (90,596)</u>	<u>\$ 3,709,404</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		759,858	759,858
<b>Total revenues</b>		759,858	759,858
<b>Expenditures:</b>			
Current -			
Instruction		155,346	(155,346)
Support services - students and staff	560,000	307,540	252,460
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		2,945	(2,945)
<b>Total expenditures</b>	560,000	465,831	94,169
<b>Excess (deficiency) of revenues over expenditures</b>	(560,000)	294,027	854,027
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(17,059)	(17,059)
<b>Total other financing sources (uses)</b>		(17,059)	(17,059)
<b>Changes in fund balances</b>	(560,000)	276,968	836,968
<b>Fund balances (deficits), beginning of year, as restated</b>		(298,158)	(298,158)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (560,000)	\$ (21,190)	\$ 538,810

Title IV Grants			Limited English and Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	51,155	51,155		210,456	210,456
	51,155	51,155		210,456	210,456
	15,650	(15,650)		83,081	(83,081)
	35,726	(35,726)	380,000	166,004	213,996
				915	(915)
	51,376	(51,376)	380,000	250,000	130,000
	(221)	(221)	(380,000)	(39,544)	340,456
	(1,865)	(1,865)		(5,000)	(5,000)
	(1,865)	(1,865)		(5,000)	(5,000)
	(2,086)	(2,086)	(380,000)	(44,544)	335,456
				(40,135)	(40,135)
\$	(2,086)	(2,086)	\$ (380,000)	\$ (84,679)	\$ 295,321

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Indian Education		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		253,659	253,659
<b>Total revenues</b>		253,659	253,659
<b>Expenditures:</b>			
Current -			
Instruction	260,000	121,605	138,395
Support services - students and staff		105,642	(105,642)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		77	(77)
<b>Total expenditures</b>	260,000	227,324	32,676
<b>Excess (deficiency) of revenues over expenditures</b>	(260,000)	26,335	286,335
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(8,252)	(8,252)
<b>Total other financing sources (uses)</b>		(8,252)	(8,252)
<b>Changes in fund balances</b>	(260,000)	18,083	278,083
<b>Fund balances (deficits), beginning of year, as restated</b>		(38,285)	(38,285)
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (260,000)	\$ (20,202)	\$ 239,798

Special Education Grants			Johnson O'Malley		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	2,726,187	2,726,187		11,177	11,177
	2,726,187	2,726,187		11,177	11,177
3,000,000	2,286,174	713,826	16,000		16,000
	317,113	(317,113)			
	12,709	(12,709)			
3,000,000	2,615,996	384,004	16,000		16,000
(3,000,000)	110,191	3,110,191	(16,000)	11,177	27,177
	(94,961)	(94,961)			
	(94,961)	(94,961)			
(3,000,000)	15,230	3,015,230	(16,000)	11,177	27,177
	(75,735)	(75,735)		(11,177)	(11,177)
\$ (3,000,000)	\$ (60,505)	\$ 2,939,495	\$ (16,000)	\$	\$ 16,000

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 8,590	\$ 8,590
State aid and grants			
Federal aid, grants and reimbursements		1,237,356	1,237,356
<b>Total revenues</b>		1,245,946	1,245,946
<b>Expenditures:</b>			
Current -			
Instruction	1,500,000	560,315	939,685
Support services - students and staff		238,757	(238,757)
Support services - administration		215,712	(215,712)
Operation and maintenance of plant services			
Student transportation services		30,651	(30,651)
Operation of non-instructional services		2,367	(2,367)
Capital outlay			
<b>Total expenditures</b>	1,500,000	1,047,802	452,198
<b>Excess (deficiency) of revenues over expenditures</b>	(1,500,000)	198,144	1,698,144
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(1,500,000)	198,144	1,698,144
<b>Fund balances (deficits), beginning of year, as restated</b>		106,870	106,870
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (1,500,000)	\$ 305,014	\$ 1,805,014

E-Rate			Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 699	\$ 699	\$	\$	\$
	402,395	402,395		32,363	32,363
	403,094	403,094		32,363	32,363
				180,407	(180,407)
				348,806	(348,806)
1,100,000	402,395	697,605	2,630,000	847,426	1,782,574
				289,997	(289,997)
				462	(462)
<u>1,100,000</u>	<u>402,395</u>	<u>697,605</u>	<u>2,630,000</u>	<u>1,667,098</u>	<u>962,902</u>
<u>(1,100,000)</u>	<u>699</u>	<u>1,100,699</u>	<u>(2,630,000)</u>	<u>(1,634,735)</u>	<u>995,265</u>
				(84)	(84)
				(84)	(84)
<u>(1,100,000)</u>	<u>699</u>	<u>1,100,699</u>	<u>(2,630,000)</u>	<u>(1,634,819)</u>	<u>995,181</u>
	588	588		(4,902)	(4,902)
<u>\$ (1,100,000)</u>	<u>\$ 1,287</u>	<u>\$ 1,101,287</u>	<u>\$ (2,630,000)</u>	<u>\$ (1,639,721)</u>	<u>\$ 990,279</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Gifted		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		10,526	10,526
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>10,526</u>	<u>10,526</u>
<b>Expenditures:</b>			
Current -			
Instruction		646	(646)
Support services - students and staff	12,000	9,880	2,120
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>12,000</u>	<u>10,526</u>	<u>1,474</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(12,000)</u>		<u>12,000</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(12,000)</u>		<u>12,000</u>
<b>Fund balances (deficits), beginning of year, as restated</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (12,000)</u>	<u>\$</u>	<u>\$ 12,000</u>

Results-based Funding			Failing Schools Tutoring Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,366,499	\$ 1,366,499	\$	\$ 4,920	\$ 4,920
	<u>1,366,499</u>	<u>1,366,499</u>		<u>4,920</u>	<u>4,920</u>
1,500,000	1,370,074	129,926			
<u>1,500,000</u>	<u>1,370,074</u>	<u>129,926</u>			
<u>(1,500,000)</u>	<u>(3,575)</u>	<u>1,496,425</u>		<u>4,920</u>	<u>4,920</u>
<u>(1,500,000)</u>	<u>(3,575)</u>	<u>1,496,425</u>		<u>4,920</u>	<u>4,920</u>
	86,633	86,633		(4,920)	(4,920)
<u>\$ (1,500,000)</u>	<u>\$ 83,058</u>	<u>\$ 1,583,058</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Other State Projects		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		1,609,684	1,609,684
Federal aid, grants and reimbursements			
<b>Total revenues</b>		1,609,684	1,609,684
<b>Expenditures:</b>			
Current -			
Instruction	700,000	134,855	565,145
Support services - students and staff		398	(398)
Support services - administration			
Operation and maintenance of plant services		336,844	(336,844)
Student transportation services			
Operation of non-instructional services		229,348	(229,348)
Capital outlay	1,000,000	883,877	116,123
<b>Total expenditures</b>	1,700,000	1,585,322	114,678
<b>Excess (deficiency) of revenues over expenditures</b>	(1,700,000)	24,362	1,724,362
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(8,466)	(8,466)
<b>Total other financing sources (uses)</b>		(8,466)	(8,466)
<b>Changes in fund balances</b>	(1,700,000)	15,896	1,715,896
<b>Fund balances (deficits), beginning of year, as restated</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (1,700,000)	\$ 15,896	\$ 1,715,896

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 556,356	\$ 556,356	\$	\$ 663,171	\$ 663,171
				5,484,486	5,484,486
	<u>556,356</u>	<u>556,356</u>		<u>6,147,657</u>	<u>6,147,657</u>
	42,170	(42,170)			
	69,909	(69,909)			
1,200,000	121,500	1,078,500			
	9,350	(9,350)			
	14,631	(14,631)			
	99,508	(99,508)	7,500,000	6,368,008	1,131,992
<u>1,200,000</u>	<u>357,068</u>	<u>842,932</u>	<u>7,500,000</u>	<u>109,257</u>	<u>(109,257)</u>
				<u>6,477,265</u>	<u>1,022,735</u>
<u>(1,200,000)</u>	<u>199,288</u>	<u>1,399,288</u>	<u>(7,500,000)</u>	<u>(329,608)</u>	<u>7,170,392</u>
				(245,000)	(245,000)
				<u>(245,000)</u>	<u>(245,000)</u>
<u>(1,200,000)</u>	<u>199,288</u>	<u>1,399,288</u>	<u>(7,500,000)</u>	<u>(574,608)</u>	<u>6,925,392</u>
	991,572	991,572		2,189,103	2,189,103
				112,363	112,363
<u>\$ (1,200,000)</u>	<u>\$ 1,190,860</u>	<u>\$ 2,390,860</u>	<u>\$ (7,500,000)</u>	<u>\$ 1,726,858</u>	<u>\$ 9,226,858</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 63,811	\$ 63,811
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	200,000	63,811	63,811
<b>Expenditures:</b>			
Current -			
Instruction		1,829	(1,829)
Support services - students and staff		3,538	(3,538)
Support services - administration		4,121	(4,121)
Operation and maintenance of plant services	200,000	65,750	134,250
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	200,000	75,238	124,762
<b>Excess (deficiency) of revenues over expenditures</b>	(200,000)	(11,427)	188,573
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(200,000)	(11,427)	188,573
<b>Fund balances (deficits), beginning of year, as restated</b>		456,942	456,942
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (200,000)	\$ 445,515	\$ 645,515

Community School			Extracurricular Activities Fees Tax Credit		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 504,683	\$ 504,683	\$	\$ 348,296	\$ 348,296
	<u>504,683</u>	<u>504,683</u>		<u>348,296</u>	<u>348,296</u>
1,200,000	398,154	801,846	500,000	140,622	359,378
	103,041	(103,041)		5,894	(5,894)
	71,282	(71,282)		60,664	(60,664)
	11,349	(11,349)		2,361	(2,361)
	30	(30)		209,541	290,459
<u>1,200,000</u>	<u>583,856</u>	<u>616,144</u>	<u>500,000</u>	<u>138,755</u>	<u>638,755</u>
<u>(1,200,000)</u>	<u>(79,173)</u>	<u>1,120,827</u>	<u>(500,000)</u>	<u>487,575</u>	<u>487,575</u>
<u>(1,200,000)</u>	<u>(79,173)</u>	<u>1,120,827</u>	<u>(500,000)</u>	<u>138,755</u>	<u>638,755</u>
	357,295	357,295		487,575	487,575
<u>\$ (1,200,000)</u>	<u>\$ 278,122</u>	<u>\$ 1,478,122</u>	<u>\$ (500,000)</u>	<u>\$ 626,330</u>	<u>\$ 1,126,330</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Gifts and Donations		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 123,090	\$ 123,090
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		123,090	123,090
<b>Expenditures:</b>			
Current -			
Instruction		22,055	(22,055)
Support services - students and staff	450,000	39,835	410,165
Support services - administration		6,006	(6,006)
Operation and maintenance of plant services		1,363	(1,363)
Student transportation services		3,756	(3,756)
Operation of non-instructional services			
Capital outlay		2,628	(2,628)
<b>Total expenditures</b>	450,000	75,643	374,357
<b>Excess (deficiency) of revenues over expenditures</b>	(450,000)	47,447	497,447
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(450,000)	47,447	497,447
<b>Fund balances (deficits), beginning of year, as restated</b>		422,327	422,327
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (450,000)	\$ 469,774	\$ 919,774

Fingerprint			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 581	\$ 581	\$	\$ 1,874	\$ 1,874
	<u>581</u>	<u>581</u>		<u>1,874</u>	<u>1,874</u>
			50,000		50,000
10,000	638	9,362			
<u>10,000</u>	<u>638</u>	<u>9,362</u>	<u>50,000</u>		<u>50,000</u>
<u>(10,000)</u>	<u>(57)</u>	<u>9,943</u>	<u>(50,000)</u>	<u>1,874</u>	<u>51,874</u>
<u>(10,000)</u>	<u>(57)</u>	<u>9,943</u>	<u>(50,000)</u>	<u>1,874</u>	<u>51,874</u>
	493	493		56,049	56,049
<u>\$ (10,000)</u>	<u>\$ 436</u>	<u>\$ 10,436</u>	<u>\$ (50,000)</u>	<u>\$ 57,923</u>	<u>\$ 107,923</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 1,796	\$ 1,796
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		1,796	1,796
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	10,000	5,913	4,087
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	10,000	5,913	4,087
<b>Excess (deficiency) of revenues over expenditures</b>	(10,000)	(4,117)	5,883
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(10,000)	(4,117)	5,883
<b>Fund balances (deficits), beginning of year, as restated</b>		51,352	51,352
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (10,000)	\$ 47,235	\$ 57,235

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 17,688	\$ 17,688	\$	\$ 1,889	\$ 1,889
	<u>17,688</u>	<u>17,688</u>		<u>1,889</u>	<u>1,889</u>
30,000	15,000	15,000	650,000	576,816	73,184
<u>30,000</u>	<u>15,000</u>	<u>15,000</u>	<u>650,000</u>	<u>576,816</u>	<u>73,184</u>
<u>(30,000)</u>	<u>2,688</u>	<u>32,688</u>	<u>(650,000)</u>	<u>(574,927)</u>	<u>75,073</u>
				471,861	471,861
				<u>471,861</u>	<u>471,861</u>
<u>(30,000)</u>	<u>2,688</u>	<u>32,688</u>	<u>(650,000)</u>	<u>(103,066)</u>	<u>546,934</u>
	21,926	21,926		351,002	351,002
<u>\$ (30,000)</u>	<u>\$ 24,614</u>	<u>\$ 54,614</u>	<u>\$ (650,000)</u>	<u>\$ 247,936</u>	<u>\$ 897,936</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Advertisement		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 416	\$ 416
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		416	416
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>		416	416
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>		416	416
<b>Fund balances (deficits), beginning of year, as restated</b>		21,448	21,448
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$	\$ 21,864	\$ 21,864

Student Activities			Intergovernmental Agreements		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 137,316	\$ 137,316	\$	\$ 2,379,271	\$ 2,379,271
	<u>137,316</u>	<u>137,316</u>		<u>2,379,271</u>	<u>2,379,271</u>
	107,213	(107,213)	2,750,000	2,245,992	504,008
				88,369	(88,369)
				1,591	(1,591)
	136	(136)		3,146	(3,146)
				25,879	(25,879)
				215	(215)
	<u>107,349</u>	<u>(107,349)</u>	<u>2,750,000</u>	<u>2,365,192</u>	<u>384,808</u>
	<u>29,967</u>	<u>29,967</u>	<u>(2,750,000)</u>	<u>14,079</u>	<u>2,764,079</u>
	<u>29,967</u>	<u>29,967</u>	<u>(2,750,000)</u>	<u>14,079</u>	<u>2,764,079</u>
	80,287	80,287		62,207	62,207
<u>\$</u>	<u>\$ 110,254</u>	<u>\$ 110,254</u>	<u>\$ (2,750,000)</u>	<u>\$ 76,286</u>	<u>\$ 2,826,286</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 4,832,947	\$ 4,832,947
State aid and grants		8,983,764	8,983,764
Federal aid, grants and reimbursements		14,050,319	14,050,319
<b>Total revenues</b>		<u>27,867,030</u>	<u>27,867,030</u>
<b>Expenditures:</b>			
Current -			
Instruction	20,726,072	15,043,553	5,682,519
Support services - students and staff	2,159,065	3,198,745	(1,039,680)
Support services - administration	1,890,000	1,032,184	857,816
Operation and maintenance of plant services	3,930,000	1,666,274	2,263,726
Student transportation services		129,495	(129,495)
Operation of non-instructional services	7,500,000	6,926,948	573,052
Capital outlay	1,000,000	1,101,360	(101,360)
<b>Total expenditures</b>	<u>37,205,137</u>	<u>29,098,559</u>	<u>8,106,578</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(37,205,137)</u>	<u>(1,231,529)</u>	<u>35,973,608</u>
<b>Other financing sources (uses):</b>			
Transfer in		471,861	471,861
Transfer out		(471,861)	(471,861)
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(37,205,137)</u>	<u>(1,231,529)</u>	<u>35,973,608</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		5,525,118	5,525,118
Increase (decrease) in reserve for inventory		112,363	112,363
<b>Fund balances (deficits), end of year</b>	<u>\$ (37,205,137)</u>	<u>\$ 4,405,952</u>	<u>\$ 41,611,089</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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Other local	\$	\$ 50,439	\$ 50,439
Property taxes		18,856,433	18,856,433
Federal aid, grants and reimbursements		300,354	300,354
<b>Total revenues</b>		<u>19,207,226</u>	<u>19,207,226</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	13,475,000	13,475,000	
Interest and fiscal charges	8,525,000	6,727,717	1,797,283
Bond issuance costs		152,808	(152,808)
<b>Total expenditures</b>	<u>22,000,000</u>	<u>20,355,525</u>	<u>1,644,475</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(22,000,000)</u>	<u>(1,148,299)</u>	<u>20,851,701</u>
<b>Other financing sources (uses):</b>			
Transfer in		1,405,760	1,405,760
Issuance of refunding bonds		10,030,000	10,030,000
Premium on sale of bonds		1,510,572	1,510,572
Payment to refunded bond escrow agent		(11,572,717)	(11,572,717)
<b>Total other financing sources (uses)</b>		<u>1,373,615</u>	<u>1,373,615</u>
<b>Changes in fund balances</b>	<u>(22,000,000)</u>	<u>225,316</u>	<u>22,225,316</u>
<b>Fund balances, beginning of year</b>		3,727,331	3,727,331
<b>Fund balances (deficits), end of year</b>	<u>\$ (22,000,000)</u>	<u>\$ 3,952,647</u>	<u>\$ 25,952,647</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.

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2020**

	<u>Adjacent Ways</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,294,535	\$ 6,247	\$ 1,300,782
Property taxes receivable	31,099		31,099
Due from governmental entities		358,194	358,194
<b>Total assets</b>	<u>\$ 1,325,634</u>	<u>\$ 364,441</u>	<u>\$ 1,690,075</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Construction contracts payable	\$ 197,692	\$ 241,045	\$ 438,737
<b>Total liabilities</b>	<u>197,692</u>	<u>241,045</u>	<u>438,737</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>30,739</u>		<u>30,739</u>
Fund balances:			
Restricted	<u>1,097,203</u>	<u>123,396</u>	<u>1,220,599</u>
<b>Total fund balances</b>	<u>1,097,203</u>	<u>123,396</u>	<u>1,220,599</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,325,634</u>	<u>\$ 364,441</u>	<u>\$ 1,690,075</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Adjacent Ways</u>	<u>Building Renewal Grant</u>	<u>Totals</u>
<b>Revenues:</b>			
Other local	\$ 17,831	\$ 354	\$ 18,185
Property taxes	800,003		800,003
State aid and grants		1,302,446	1,302,446
<b>Total revenues</b>	<u>817,834</u>	<u>1,302,800</u>	<u>2,120,634</u>
<b>Expenditures:</b>			
Capital outlay	<u>739,131</u>	<u>1,087,784</u>	<u>1,826,915</u>
<b>Total expenditures</b>	<u>739,131</u>	<u>1,087,784</u>	<u>1,826,915</u>
<b>Changes in fund balances</b>	<u>78,703</u>	<u>215,016</u>	<u>293,719</u>
<b>Fund balances (deficits), beginning of year</b>	1,018,500	(91,620)	926,880
<b>Fund balances, end of year</b>	<u>\$ 1,097,203</u>	<u>\$ 123,396</u>	<u>\$ 1,220,599</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 503,511	\$ 503,511
Property taxes		4,967,562	4,967,562
State aid and grants		466,456	466,456
<b>Total revenues</b>		5,937,529	5,937,529
<b>Expenditures:</b>			
Capital outlay	17,502,904	6,092,493	11,410,411
<b>Total expenditures</b>	17,502,904	6,092,493	11,410,411
<b>Excess (deficiency) of revenues over expenditures</b>	(17,502,904)	(154,964)	17,347,940
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(17,502,904)	(154,964)	17,347,940
<b>Fund balances (deficits), beginning of year</b>		10,277,928	10,277,928
<b>Fund balances (deficits), end of year</b>	\$ (17,502,904)	\$ 10,122,964	\$ 27,625,868

<u>Adjacent Ways</u>			<u>Bond Building</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 17,831 800,003	\$ 17,831 800,003	\$	\$ 1,405,767	\$ 1,405,767
	<u>817,834</u>	<u>817,834</u>		<u>1,405,767</u>	<u>1,405,767</u>
1,818,500	739,131	1,079,369	69,079,296	27,189,407	41,889,889
<u>1,818,500</u>	<u>739,131</u>	<u>1,079,369</u>	<u>69,079,296</u>	<u>27,189,407</u>	<u>41,889,889</u>
(1,818,500)	78,703	1,897,203	(69,079,296)	(25,783,640)	43,295,656
				(1,405,760)	(1,405,760)
				<u>(1,405,760)</u>	<u>(1,405,760)</u>
<u>(1,818,500)</u>	<u>78,703</u>	<u>1,897,203</u>	<u>(69,079,296)</u>	<u>(27,189,400)</u>	<u>41,889,896</u>
	1,018,500	1,018,500		68,053,246	68,053,246
<u>\$ (1,818,500)</u>	<u>\$ 1,097,203</u>	<u>\$ 2,915,703</u>	<u>\$ (69,079,296)</u>	<u>\$ 40,863,846</u>	<u>\$ 109,943,142</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	Building Renewal Grant		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 354	\$ 354
Property taxes			
State aid and grants		1,302,446	1,302,446
<b>Total revenues</b>	(3,500,000)	1,302,800	1,302,800
<b>Expenditures:</b>			
Capital outlay	3,500,000	1,087,784	2,412,216
<b>Total expenditures</b>	3,500,000	1,087,784	2,412,216
<b>Excess (deficiency) of revenues over expenditures</b>	(3,500,000)	215,016	3,715,016
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>	(3,500,000)	215,016	3,715,016
<b>Changes in fund balances</b>	(3,500,000)	215,016	3,715,016
<b>Fund balances (deficits), beginning of year</b>		(91,620)	(91,620)
<b>Fund balances (deficits), end of year</b>	\$ (3,500,000)	\$ 123,396	\$ 3,623,396

Totals

Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,927,463	\$ 1,927,463
	5,767,565	5,767,565
	1,768,902	1,768,902
	<u>9,463,930</u>	<u>9,463,930</u>
91,900,700	35,108,815	56,791,885
<u>91,900,700</u>	<u>35,108,815</u>	<u>56,791,885</u>
<u>(91,900,700)</u>	<u>(25,644,885)</u>	<u>66,255,815</u>
	<u>(1,405,760)</u>	<u>(1,405,760)</u>
	<u>(1,405,760)</u>	<u>(1,405,760)</u>
<u>(91,900,700)</u>	<u>(27,050,645)</u>	<u>64,850,055</u>
	79,258,054	79,258,054
<u>\$ (91,900,700)</u>	<u>\$ 52,207,409</u>	<u>\$ 144,108,109</u>

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## **INTERNAL SERVICE FUNDS**

**Transportation Services** - to account for charges to other departments for transportation services.

**Insurance Benefit** - to account for the financial activity associated with the District's self-insurance program and other insurance related withholdings.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF NET POSITION -**  
**ALL INTERNAL SERVICE FUNDS**  
**JUNE 30, 2020**

	Transportation Services	Insurance Benefit	Totals
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 274,555	\$ 8,288,327	\$ 8,562,882
Accounts receivable	5,700	62,409	68,109
Total current assets	280,255	8,350,736	8,630,991
<b>Total assets</b>	280,255	8,350,736	8,630,991
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable		46,827	46,827
Claims payable		827,400	827,400
Accrued payroll and employee benefits	5,082		5,082
Total current liabilities	5,082	874,227	879,309
<b>Total liabilities</b>	5,082	874,227	879,309
<b><u>NET POSITION</u></b>			
Unrestricted	275,173	7,476,509	7,751,682
<b>Total net position</b>	\$ 275,173	\$ 7,476,509	\$ 7,751,682

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Transportation Services	Insurance Benefit	Totals
<b>Operating revenues:</b>			
Contributions	\$	\$ 12,634,400	\$ 12,634,400
Charges for services	113,966		113,966
<b>Total operating revenues</b>	113,966	12,634,400	12,748,366
<b>Operating expenses:</b>			
Claims		9,790,161	9,790,161
Premiums		1,225,697	1,225,697
Administrative fees		1,610,498	1,610,498
Cost of services	121,618		121,618
<b>Total operating expenses</b>	121,618	12,626,356	12,747,974
<b>Operating income (loss)</b>	(7,652)	8,044	392
<b>Nonoperating revenues (expenses):</b>			
Investment income	4,827	148,590	153,417
<b>Total nonoperating revenues (expenses)</b>	4,827	148,590	153,417
<b>Changes in net position</b>	(2,825)	156,634	153,809
<b>Total net position, beginning of year</b>	277,998	7,319,875	7,597,873
<b>Total net position, end of year</b>	\$ 275,173	\$ 7,476,509	\$ 7,751,682

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Transportation Services</u>	<u>Insurance Benefit</u>	<u>Totals</u>
<b><u>Increase/Decrease in Cash and Cash Equivalents</u></b>			
<b>Cash flows from operating activities:</b>			
Cash received from contributions	\$	\$ 12,670,171	\$ 12,670,171
Cash received from other sources	130,562		130,562
Cash payments to suppliers for goods and services	(116,536)	(2,789,368)	(2,905,904)
Cash payments for claims		(10,448,003)	(10,448,003)
<b>Net cash provided by/used for operating activities</b>	<u>14,026</u>	<u>(567,200)</u>	<u>(553,174)</u>
<b>Cash flows from investing activities:</b>			
Investment income	4,827	148,590	153,417
<b>Net cash provided by/used for investing activities</b>	<u>4,827</u>	<u>148,590</u>	<u>153,417</u>
<b>Net increase/decrease in cash and cash equivalents</b>	<u>18,853</u>	<u>(418,610)</u>	<u>(399,757)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>255,702</u>	<u>8,706,937</u>	<u>8,962,639</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 274,555</u>	<u>\$ 8,288,327</u>	<u>\$ 8,562,882</u>

**Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities**

<b>Operating income/loss</b>	\$ (7,652)	\$ 8,044	\$ 392
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:			
Changes in assets and liabilities:			
Increase/decrease in accounts receivable	16,596	35,771	52,367
Increase/decrease in accrued payroll	5,082		5,082
Increase/decrease in accounts payable		46,827	46,827
Increase/decrease in claims payable		(657,842)	(657,842)
<b>Total adjustments</b>	<u>21,678</u>	<u>(575,244)</u>	<u>(553,566)</u>
<b>Net cash provided by/used for operating activities</b>	<u>\$ 14,026</u>	<u>\$ (567,200)</u>	<u>\$ (553,174)</u>

## 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.

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

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 87,520,131	\$ 84,835,044	\$ 84,223,924	\$ 76,458,833	\$ 68,816,757
Restricted	19,658,619	19,596,927	18,620,858	15,400,743	15,701,861
Unrestricted	<u>(72,834,757)</u>	<u>(72,803,645)</u>	<u>(85,234,179)</u>	<u>(72,713,490)</u>	<u>(78,656,580)</u>
Total net position	<u><u>\$ 34,343,993</u></u>	<u><u>\$ 31,628,326</u></u>	<u><u>\$ 17,610,603</u></u>	<u><u>\$ 19,146,086</u></u>	<u><u>\$ 5,862,038</u></u>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 78,080,726	\$ 78,019,640	\$ 68,675,552	\$ 57,157,119	\$ 45,739,194
Restricted	8,085,327	4,952,352	5,667,460	5,170,348	10,293,717
Unrestricted	<u>(86,045,164)</u>	<u>(90,967,307)</u>	<u>8,413,547</u>	<u>5,027,588</u>	<u>18,726,945</u>
Total net position	<u><u>\$ 120,889</u></u>	<u><u>\$ (7,995,315)</u></u>	<u><u>\$ 82,756,559</u></u>	<u><u>\$ 67,355,055</u></u>	<u><u>\$ 74,759,856</u></u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Expenses</b>					
Instruction	\$ 78,144,575	\$ 71,322,023	\$ 61,693,826	\$ 59,823,134	\$ 61,995,783
Support services - students and staff	19,734,189	18,041,464	17,789,405	18,433,190	17,314,563
Support services - administration	13,753,415	10,064,378	9,777,558	10,436,681	10,337,501
Operation and maintenance of plant services	11,608,596	10,613,764	10,336,344	10,254,210	10,706,868
Student transportation services	6,442,744	4,723,021	4,696,363	5,296,198	5,237,098
Operation of non-instructional services	7,450,710	7,362,800	6,948,276	7,261,845	6,696,722
Interest on long-term debt	5,247,156	4,552,261	4,523,557	3,076,668	4,011,125
Other					
Total expenses	<u>142,381,385</u>	<u>126,679,711</u>	<u>115,765,329</u>	<u>114,581,926</u>	<u>116,299,660</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	2,107,095	2,090,632	3,034,762	1,464,610	1,445,525
Operation of non-instructional services	633,463	900,403	881,847	738,223	768,191
Other activities	628,052	583,054	699,345	558,957	722,733
Operating grants and contributions	18,024,180	18,391,417	15,548,304	15,954,439	15,050,097
Capital grants and contributions	2,189,807	1,351,053	559,304	985,385	416,099
Total program revenues	<u>23,582,597</u>	<u>23,316,559</u>	<u>20,723,562</u>	<u>19,701,614</u>	<u>18,402,645</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (118,798,788)</u>	<u>\$ (103,363,152)</u>	<u>\$ (95,041,767)</u>	<u>\$ (94,880,312)</u>	<u>\$ (97,897,015)</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenses</b>					
Instruction	\$ 62,967,577	\$ 61,862,648	\$ 57,664,627	\$ 57,699,104	\$ 60,774,087
Support services - students and staff	18,370,386	16,570,731	15,962,390	18,352,932	16,088,591
Support services - administration	6,208,030	5,630,548	5,268,355	5,452,650	6,074,838
Operation and maintenance of plant services	15,461,439	15,720,736	15,896,301	17,199,143	16,064,280
Student transportation services	5,279,882	5,034,220	5,024,477	5,369,070	7,803,814
Operation of non-instructional services	6,036,209	5,936,758	5,686,639	5,216,035	5,208,339
Interest on long-term debt	4,534,064	4,530,676	5,101,573	5,825,321	6,513,784
Other	179,663			343,972	
Total expenses	<u>119,037,250</u>	<u>115,286,317</u>	<u>110,604,362</u>	<u>115,458,227</u>	<u>118,527,733</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	750,044	717,343	729,458	676,882	755,835
Operation of non-instructional services	670,927	670,855	695,661	764,867	998,929
Other activities					
Operating grants and contributions	19,660,855	18,731,922	20,151,116	21,072,908	20,941,187
Capital grants and contributions					
Total program revenues	<u>21,081,826</u>	<u>20,120,120</u>	<u>21,576,235</u>	<u>22,514,657</u>	<u>22,695,951</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (97,955,424)</u>	<u>\$ (95,166,197)</u>	<u>\$ (89,028,127)</u>	<u>\$ (92,943,570)</u>	<u>\$ (95,831,782)</u>

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

**(Concluded)**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net (Expense)/Revenue</b>	\$ (118,798,788)	\$ (103,363,152)	\$ (95,041,767)	\$ (94,880,312)	\$ (97,897,015)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	49,542,176	49,787,545	49,343,130	48,749,083	45,894,664
Property taxes, levied for debt service	18,917,820	17,947,173	17,455,322	17,136,265	16,847,311
Property taxes, levied for capital outlay	5,725,742	5,908,489	5,691,062	6,540,971	6,232,379
Investment income	2,101,479	1,975,737	987,543	406,246	325,412
Unrestricted county aid	3,115,998	3,047,158	2,775,814	2,718,749	2,677,945
Unrestricted state aid	40,783,587	37,425,240	32,152,054	31,745,789	30,952,618
Unrestricted federal aid	1,237,356	1,289,533	965,759	867,257	707,835
Other					
<b>Total general revenues</b>	<u>121,424,158</u>	<u>117,380,875</u>	<u>109,370,684</u>	<u>108,164,360</u>	<u>103,638,164</u>
<b>Changes in Net Position</b>	<u>\$ 2,625,370</u>	<u>\$ 14,017,723</u>	<u>\$ 14,328,917</u>	<u>\$ 13,284,048</u>	<u>\$ 5,741,149</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Net (Expense)/Revenue</b>	\$ (97,955,424)	\$ (95,166,197)	\$ (89,028,127)	\$ (92,943,570)	\$ (95,831,782)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	75,063,132	76,222,294	77,664,135	61,817,645	70,333,636
Property taxes, levied for debt service					
Property taxes, levied for capital outlay					
Investment income	182,748	137,039	147,521	112,122	553,503
Unrestricted county aid	2,635,800	2,469,097	2,346,167	2,197,380	2,497,969
Unrestricted state aid	25,940,157	24,467,591	22,713,466	19,496,611	23,919,752
Unrestricted federal aid	983,827	832,147	989,849	519,680	3,268,034
Other	1,265,964	1,279,210	1,480,370	1,395,331	1,657,939
<b>Total general revenues</b>	<u>106,071,628</u>	<u>105,407,378</u>	<u>105,341,508</u>	<u>85,538,769</u>	<u>102,230,833</u>
<b>Changes in Net Position</b>	<u>\$ 8,116,204</u>	<u>\$ 10,241,181</u>	<u>\$ 16,313,381</u>	<u>\$ (7,404,801)</u>	<u>\$ 6,399,051</u>

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

**Notes:** Property tax revenue detail is not available for fiscal years prior to 2016

(Concluded)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
General Fund:					
Nonspendable	\$ 81,758	\$ 38,954	\$ 67,650	\$ 30,994	\$ 53,104
Restricted					
Committed					
Assigned					
Unassigned	15,334,323	11,450,598	9,663,531	8,223,014	8,622,475
Total General Fund	<u>\$ 15,416,081</u>	<u>\$ 11,489,552</u>	<u>\$ 9,731,181</u>	<u>\$ 8,254,008</u>	<u>\$ 8,675,579</u>
All Other Governmental Funds:					
Nonspendable	\$ 236,599	\$ 124,236	\$ 151,175	\$ 98,841	\$ 80,723
Restricted	59,854,117	87,200,871	66,631,657	79,966,972	38,669,865
Committed					
Assigned					
Unassigned	(1,918,979)	(928,292)	(1,110,489)		
Total all other governmental funds	<u>\$ 58,171,737</u>	<u>\$ 86,396,815</u>	<u>\$ 65,672,343</u>	<u>\$ 80,065,813</u>	<u>\$ 38,750,588</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Nonspendable	\$ 30,418	\$ 5,024,218	\$ 10,065,687	\$ 10,589,564	\$ 136,351
Restricted					
Committed					
Assigned	1,648,683	1,635,019	1,678,355	1,365,972	2,168,287
Unassigned	5,917,429	(587,720)	788,757	(2,017,689)	10,570,052
Total General Fund	<u>\$ 7,596,530</u>	<u>\$ 6,071,517</u>	<u>\$ 12,532,799</u>	<u>\$ 9,937,847</u>	<u>\$ 12,874,690</u>
All Other Governmental Funds:					
Nonspendable	\$ 163,394	\$ 272,223	\$ 229,846	\$ 107,489	\$ 96,096
Restricted	50,063,843	13,044,837	16,212,566	17,388,410	29,543,168
Committed					
Assigned	7,398,023	8,579,362	7,057,416	5,442,438	6,350,485
Unassigned		(4,491,064)	(10,008,224)	(9,921,627)	(591,705)
Total all other governmental funds	<u>\$ 57,625,260</u>	<u>\$ 17,405,358</u>	<u>\$ 13,491,604</u>	<u>\$ 13,016,710</u>	<u>\$ 35,398,044</u>

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

**(Concluded)**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 8,866,187	\$ 9,370,751	\$ 7,663,586	\$ 9,668,425	\$ 9,105,869
National School Lunch Program	5,484,486	6,512,831	6,004,778	5,929,483	5,847,096
Total federal sources	<u>14,350,673</u>	<u>15,883,582</u>	<u>13,668,364</u>	<u>15,597,908</u>	<u>14,952,965</u>
<b>State sources:</b>					
State equalization assistance	34,791,452	31,640,124	26,786,447	27,038,101	27,723,769
State grants	1,381,945	1,266,868	1,654,627	764,479	275,421
School Facilities Board	1,302,446	1,345,218	434,747	850,766	300
Other revenues	7,601,819	5,785,116	5,365,607	4,707,935	4,686,096
Total state sources	<u>45,077,662</u>	<u>40,037,326</u>	<u>34,241,428</u>	<u>33,361,281</u>	<u>32,685,586</u>
<b>Local sources:</b>					
Property taxes	75,932,196	74,018,751	72,484,165	71,234,640	70,251,722
County aid	3,115,998	3,047,158	2,775,814	2,718,749	2,677,945
Food service sales	611,788	799,386	789,090	736,772	768,191
Investment income	1,948,062	1,850,852	949,357	376,670	301,010
Other revenues	5,588,610	5,615,889	4,381,216	2,617,747	2,734,609
Total local sources	<u>87,196,654</u>	<u>85,332,036</u>	<u>81,379,642</u>	<u>77,684,578</u>	<u>76,733,477</u>
<b>Total revenues</b>	<u><u>\$ 146,624,989</u></u>	<u><u>\$ 141,252,944</u></u>	<u><u>\$ 129,289,434</u></u>	<u><u>\$ 126,643,767</u></u>	<u><u>\$ 124,372,028</u></u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Federal sources:</b>					
Federal grants	\$ 14,494,914	\$ 13,612,091	\$ 15,556,724	\$ 12,630,396	\$ 15,535,795
National School Lunch Program	5,756,068	5,403,372	5,343,219	5,157,270	4,941,653
Total federal sources	<u>20,250,982</u>	<u>19,015,463</u>	<u>20,899,943</u>	<u>17,787,666</u>	<u>20,477,448</u>
<b>State sources:</b>					
State equalization assistance	25,940,157	24,467,591	22,713,466	22,991,595	27,644,668
State grants					
School Facilities Board					
Other revenues					
Total state sources	<u>25,940,157</u>	<u>24,467,591</u>	<u>22,713,466</u>	<u>22,991,595</u>	<u>27,644,668</u>
<b>Local sources:</b>					
Property taxes	75,403,212	76,131,981	77,446,061	62,021,415	71,098,996
County aid	2,635,800	2,469,097	2,346,167	2,197,380	2,497,969
Food service sales	670,927	670,855	695,661	764,867	998,929
Investment income	182,748	137,039	147,521	112,122	553,503
Other revenues	2,016,008	1,996,553	2,269,823	2,155,655	2,428,774
Total local sources	<u>80,908,695</u>	<u>81,405,525</u>	<u>82,905,233</u>	<u>67,251,439</u>	<u>77,578,171</u>
<b>Total revenues</b>	<u>\$ 127,099,834</u>	<u>\$ 124,888,579</u>	<u>\$ 126,518,642</u>	<u>\$ 108,030,700</u>	<u>\$ 125,700,287</u>

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

**(Concluded)**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 62,630,493	\$ 59,727,476	\$ 53,903,105	\$ 51,757,173	\$ 50,126,449
Support services - students and staff	18,726,383	19,106,124	17,936,244	18,061,448	16,643,543
Support services - administration	11,719,606	10,575,473	9,839,611	10,039,957	9,592,017
Operation and maintenance of plant services	10,842,862	10,955,449	10,305,604	9,937,379	10,320,378
Student transportation services	3,608,508	3,891,478	3,770,358	3,976,784	4,077,837
Operation of non-instructional services	7,043,305	7,260,816	6,896,740	6,990,766	6,378,936
Capital outlay	36,210,175	44,685,132	21,551,196	19,968,195	25,462,257
Debt service -					
Claims and judgements					
Interest and fiscal charges	6,727,717	6,032,822	5,411,863	4,172,944	4,154,615
Principal retirement	13,475,000	13,640,000	12,680,000	15,800,000	12,835,000
Bond issuance costs	152,808	393,981		432,013	
Payment to refunded bond escrow agent					
<b>Total expenditures</b>	<u><u>\$ 171,136,857</u></u>	<u><u>\$ 176,268,751</u></u>	<u><u>\$ 142,294,721</u></u>	<u><u>\$ 141,136,659</u></u>	<u><u>\$ 139,591,032</u></u>
Expenditures for capitalized assets	\$ 28,860,060	\$ 38,114,310	\$ 18,141,793	\$ 15,905,887	\$ 20,967,190
Debt service as a percentage of noncapital expenditures	14%	15%	15%	16%	14%

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 54,945,194	\$ 56,055,007	\$ 51,520,535	\$ 52,914,460	\$ 51,789,821
Support services - students and staff	18,129,398	16,575,040	16,208,624	18,478,613	16,277,924
Support services - administration	6,095,443	5,573,515	5,162,848	5,684,127	5,936,344
Operation and maintenance of plant services	15,422,661	15,406,689	15,930,949	16,911,597	15,222,306
Student transportation services	4,386,114	4,226,158	4,170,482	6,779,883	7,055,416
Operation of non-instructional services	5,928,638	6,120,854	5,535,048	5,079,401	5,054,413
Capital outlay	3,989,349	3,715,178	3,131,222	6,673,987	20,577,401
Debt service -					
Claims and judgements					
Interest and fiscal charges	4,134,823	9,178,339	5,100,591	5,678,455	6,305,204
Principal retirement	11,625,000	10,530,000	16,780,000	15,190,000	9,920,000
Bond issuance costs	583,911				110,145
Payment to refunded bond escrow agent					
<b>Total expenditures</b>	<u>\$ 125,240,531</u>	<u>\$ 127,380,780</u>	<u>\$ 123,540,299</u>	<u>\$ 133,390,523</u>	<u>\$ 138,248,974</u>
Expenditures for capitalized assets	\$ 4,836,612	\$ 4,423,938	\$ 4,301,983	\$ 11,739,867	\$ 20,464,545
Debt service as a percentage of noncapital expenditures	14%	16%	18%	17%	14%

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

**(Concluded)**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (24,511,868)	\$ (35,015,807)	\$ (13,005,287)	\$ (14,492,892)	\$ (15,219,004)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds	10,030,000	47,980,000		47,875,000	
Refunding bonds issued					
Premium on sale of bonds	1,510,572	9,574,285		7,515,538	
Transfers in	1,877,621	4,014,326	1,509,082	841,410	1,078,393
Transfers out	(1,877,621)	(4,014,326)	(1,509,082)	(841,410)	(3,595,027)
Payment to refunded bond escrow agent	(11,572,717)				
Proceeds from sale of capital assets					
Total other financing sources (uses)	<u>(32,145)</u>	<u>57,554,285</u>		<u>55,390,538</u>	<u>(2,516,634)</u>
<b>Changes in fund balances</b>	<u>\$ (24,544,013)</u>	<u>\$ 22,538,478</u>	<u>\$ (13,005,287)</u>	<u>\$ 40,897,646</u>	<u>\$ (17,735,638)</u>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 1,859,303	\$ (2,492,201)	\$ 2,978,343	\$ (25,359,823)	\$ (12,548,687)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds	37,560,000				14,270,000
Refunding bonds issued	27,500,000				
Premium on sale of bonds	4,875,508				644,332
Transfers in	761,323	3,358,368	947,022	2,373,008	1,022,025
Transfers out	(761,323)	(3,358,368)	(947,022)	(2,373,008)	(1,022,025)
Payment to refunded bond escrow agent	(30,053,852)				
Proceeds from sale of capital assets			65,383	117,966	
Total other financing sources (uses)	<u>39,881,656</u>		<u>65,383</u>	<u>117,966</u>	<u>14,914,332</u>
<b>Changes in fund balances</b>	<u>\$ 41,740,959</u>	<u>\$ (2,492,201)</u>	<u>\$ 3,043,726</u>	<u>\$ (25,241,857)</u>	<u>\$ 2,365,645</u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 871,493,556	\$ 809,612,473	\$ 783,383,606	\$ 745,160,300	\$ 728,372,625
Agricultural and Vacant	29,421,400	27,340,780	25,388,890	25,329,026	28,648,961
Residential (Owner Occupied)	287,108,929	277,023,176	263,571,607	252,589,951	242,406,047
Residential (Rental)	371,583,426	330,145,037	303,170,419	273,930,023	243,399,914
Railroad, Private Cars and Airlines	2,137,105	2,096,760	2,270,572	2,240,326	2,480,172
Historical Property	5,449,362	3,218,352	5,391,485	5,316,652	5,487,552
Certain Government Property Improvements	25,139	23,942	39,895	38,964	34,160
<b>Total</b>	<b>\$ 1,567,218,917</b>	<b>\$ 1,449,460,520</b>	<b>\$ 1,383,216,474</b>	<b>\$ 1,304,605,242</b>	<b>\$ 1,250,829,431</b>
Gross Full Cash Value	\$ 24,024,741,237	\$ 21,702,277,454	\$ 20,077,779,677	\$ 18,376,484,607	\$ 15,999,520,131
Ratio of Net Limited Assessed Value to Gross Full Cash Value	7%	7%	7%	7%	8%
Total Direct Rate	4.71	4.90	5.05	5.29	5.47

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 718,421,648	\$ 734,721,015	\$ 843,246,237	\$ 926,146,378	\$ 1,191,614,489
Agricultural and Vacant	28,702,080	29,363,034	34,280,734	50,559,704	44,562,202
Residential (Owner Occupied)	238,170,353	227,868,770	282,964,272	363,840,816	451,138,198
Residential (Rental)	228,803,484	193,859,471	180,019,866	216,411,501	251,328,984
Railroad, Private Cars and Airlines	2,654,097	2,505,119	2,774,441	2,439,358	2,507,266
Historical Property	5,657,136	5,453,696	5,625,266	5,865,162	6,310,817
Certain Government Property Improvements	30,141	28,495	23,265	25,627	13,320
<b>Total</b>	<b>\$ 1,222,438,939</b>	<b>\$ 1,193,799,600</b>	<b>\$ 1,348,934,081</b>	<b>\$ 1,565,288,546</b>	<b>\$ 1,947,475,276</b>
Gross Full Cash Value	\$ 13,867,445,296	\$ 12,941,693,279	\$ 12,805,976,115	\$ 14,750,511,727	\$ 18,048,236,187
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	11%	11%	11%
Total Direct Rate	5.75	6.16	5.57	3.99	3.60

**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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	\$ 1,143,359,490	\$ 1,034,794,904	\$ 979,872,909	\$ 901,977,115	\$ 798,328,358
Agricultural and Vacant	43,086,115	38,115,320	35,138,313	30,989,118	32,999,881
Residential (Owner Occupied)	414,496,770	389,881,828	358,121,756	347,072,484	315,592,574
Residential (Rental)	595,960,219	507,707,050	440,405,986	386,872,145	319,103,325
Railroad, Private Cars and Airlines	2,657,076	2,542,905	2,659,239	2,403,955	2,529,283
Historical Property	6,210,410	3,871,735	5,961,240	6,489,499	6,434,518
Certain Government Property Improvements	29,413	28,898	43,895	41,531	34,682
<b>Total</b>	<b>\$ 2,205,799,493</b>	<b>\$ 1,976,942,640</b>	<b>\$ 1,822,203,338</b>	<b>\$ 1,675,845,847</b>	<b>\$ 1,475,022,621</b>
Gross Full Cash Value	\$ 24,024,741,237	\$ 21,702,277,454	\$ 20,077,779,677	\$ 18,376,484,607	\$ 15,999,520,131
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	9%	9%	9%	9%	9%
Estimated Net Full Cash Value	\$ 16,058,764,798	\$ 14,343,537,296	\$ 13,138,077,225	\$ 12,082,397,690	\$ 15,999,520,130
Total Direct Rate	4.71	4.90	5.05	5.29	5.47

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 727,469,438	\$ 738,213,770	\$ 847,650,659	\$ 936,163,779	\$ 1,285,752,889
Agricultural and Vacant	30,215,489	30,123,518	35,317,591	53,804,313	53,341,019
Residential (Owner Occupied)	258,594,273	228,032,466	283,156,861	364,199,081	454,708,597
Residential (Rental)	261,177,465	199,931,466	180,071,284	217,196,383	270,972,472
Railroad, Private Cars and Airlines	2,679,973	2,529,484	2,829,080	2,731,403	3,007,466
Historical Property	7,113,525	7,001,051	7,148,235	8,001,541	9,188,578
Certain Government Property Improvements	30,141	28,495	23,265	25,627	13,320
<b>Total</b>	<b>\$ 1,287,280,304</b>	<b>\$ 1,205,860,250</b>	<b>\$ 1,356,196,975</b>	<b>\$ 1,582,122,127</b>	<b>\$ 2,076,984,341</b>
Gross Full Cash Value	\$ 13,867,445,296	\$ 12,941,693,279	\$ 12,805,976,115	\$ 14,750,511,727	\$ 18,048,236,187
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	9%	9%	11%	11%	12%
Estimated Net Full Cash Value	\$ 8,785,210,543	\$ 7,976,756,162	\$ 8,877,589,037	\$ 10,547,781,771	\$ 13,483,510,020
Total Direct Rate	5.75	6.16	5.57	3.99	3.60

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
PROPERTY TAX ASSESSMENT RATIOS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	19 %
Agricultural and Vacant	15	15	15	15	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	14	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
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	16	15	15	15	17

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates												District Direct Rates			
	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tempe	East Valley Inst. Of Technology	Tempe Union High School District No. 213	City of Phoenix	City of Scottsdale	City of Mesa	Primary	Secondary	Total
2020	0.46	1.40	0.06	0.18	1.33	0.01	0.14	2.40	0.05	2.56	2.13	1.04	1.19	2.70	2.01	4.71
2019	0.47	1.40	0.06	0.18	1.38	0.01	0.14	2.42	0.05	2.64	2.14	1.10	1.02	2.05	2.85	4.90
2018	0.49	1.10	0.06	0.18	1.41	0.01	0.14	2.49	0.05	2.66	2.16	1.09	1.10	2.96	2.09	5.05
2017	0.50	1.40	0.06	0.18	1.47	0.01	0.14	2.52	0.05	2.90	2.17	1.13	1.16	3.09	2.20	5.29
2016	0.51	1.36	0.06	0.16	1.49	0.01	0.14	2.52	0.05	2.88	1.82	1.15	1.21	3.22	2.25	5.47
2015	0.51	1.32	0.06	0.14	1.52	0.01	0.14	2.44	0.05	3.06	1.82	1.24	1.19	3.30	2.45	5.75
2014	0.51	1.28	0.04	0.14	1.53	0.01	0.14	2.49	0.05	2.66	1.82	1.29	0.86	3.22	2.94	6.16
2013	0.47	1.24	0.05	0.18	1.21	0.01	0.10	1.79	0.05	2.57	1.82	1.09	0.51	3.18	2.39	5.57
2012	0.43	1.24	0.05	0.18	1.21	0.01	0.10	1.79	0.05	2.57	1.82	1.09	0.45	2.65	1.34	3.99
2011	0.36	1.05	0.04	0.15	0.97	0.01	0.10	1.40	0.05	2.30	1.82	0.75	0.35	2.31	1.29	3.60

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2020</u>		<u>2011</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Verizon Wireless	\$ 40,623,529	2.80 %	\$	
Arizona Public Service Company	25,688,319	1.77	22,201,218	1.14 %
Arizona Mills Mall LLC	20,262,837	1.40	41,675,971	2.14
Arizona Grand Resort LLC	14,882,228	1.03		
Cousins Fund II Phx IV LLC	11,374,772	0.78		
WPT Land 2 LP	9,804,967	0.68		
JDM II Tempe OC LLC	9,028,043	0.62		
Qwest Corporation	8,948,817	0.62	25,511,926	1.31
JP Morgan Chase Bank NA	7,933,565	0.55		
PKW W Rio Salado LLC	7,684,855	0.53		
Honeywell International Inc.			14,021,822	0.72
Tempe Fountainhead Corporate LLC			17,916,773	0.92
Fly (Cd) LLC/ Awhq LLC			17,916,773	0.92
State Farm Mutual Auto Insurance			16,164,045	0.83
SRPAI&PD			12,269,094	0.63
Breof BNK 2 Southwest LLC			11,879,599	0.61
Target			11,295,357	0.58
Total	<u>\$ 156,231,932</u>	<u>10.78 %</u>	<u>\$ 190,852,578</u>	<u>9.80 %</u>

**Source:** The source of this information is RBC Capital Markets.

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 73,797,283	\$ 71,613,457	97.04 %	\$	\$ 71,613,457	97.04 %
2019	71,611,074	69,865,123	97.56	1,714,599	71,579,722	99.96
2018	69,682,185	67,718,197	97.18	1,949,334	69,667,531	99.98
2017	69,401,151	67,089,149	96.67	2,279,269	69,368,418	99.95
2016	69,034,706	68,103,388	98.65	914,317	69,017,705	99.98
2015	72,270,506	70,609,571	97.70	1,638,090	72,247,661	99.97
2014	74,144,209	72,125,687	97.28	1,990,171	74,115,858	99.96
2013	75,738,125	73,653,381	97.25	2,068,785	75,722,166	99.98
2012	62,608,613	60,348,216	96.39	1,910,256	62,258,472	99.44
2011	71,851,994	69,254,353	96.38	2,586,915	71,841,268	99.99

**Source:** The source of this information is the 2019 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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
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	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income	
2020	\$ 152,320,000	\$ 4,199,736	\$ 148,120,264	0.62 %	\$ 893	\$ 152,320,000	0.63 %	\$ 919	N/A %	
2019	185,316,058	3,913,033	181,403,025	0.84	979	185,316,058	0.85	1,000	0.09	
2018	142,194,991	1,821,648	140,373,343	0.70	781	142,194,991	0.71	791	0.08	
2017	159,155,954	1,189,779	157,966,175	0.86	895	159,155,954	0.87	901	0.06	
2016	117,969,363	3,620,807	114,348,556	0.71	724	117,969,363	0.74	746	0.07	
2015	130,010,511	2,840,019	127,170,492	0.92	861	130,010,511	0.94	880	0.08	
2014	88,216,801		88,216,801	0.68	597	88,216,801	0.68	597	0.05	
2013	103,583,363		103,583,363	0.81	701	103,583,363	0.81	701	0.07	
2012	119,386,865		119,386,865	0.81	808	119,386,865	0.81	808	0.08	
2011	131,907,655	2,168,287	129,739,368	0.72	878	131,907,655	0.73	893	0.09	

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa Community College District	\$ 312,450,000	3.63 %	\$ 11,341,935
Maricopa Special Health Care District	459,125,000	3.63	16,666,238
City of Phoenix	1,085,050,000	1.67	18,120,335
City of Mesa	370,670,000	0.34	1,260,278
City of Tempe	390,489,363	65.42	255,458,141
Tempe Union High School District No. 213	82,925,000	41.83	34,687,528
Subtotal, Overlapping Debt			<u>337,534,455</u>
Direct:			
Tempe Elementary School District No. 3			<u>152,320,000</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 489,854,455</u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		9.45 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 2,929	
As a Percentage of Net Limited Assessed Valuation		30.99 %
As a Percentage of Gross Full Cash Value		2.02 %

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
  - 2) Outstanding debt as of June 30, 2019 is presented for the overlapping governments as this is the most recent available information.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2020:**

Net full cash assessed valuation	\$ 2,205,799,493
Debt limit (10% of assessed value)	220,579,949
Debt applicable to limit	<u>167,099,582</u>
Legal debt margin	<u><u>\$ 53,480,367</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2020:**

Net full cash assessed valuation	\$ 2,205,799,493
Debt limit (15% of assessed value)	330,869,924
Debt applicable to limit	<u>167,099,582</u>
Legal debt margin	<u><u>\$ 163,770,342</u></u>

**Fiscal Year Ended June 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$ 330,869,924	\$ 273,330,501	\$ 251,376,877	\$ 221,253,393	\$ 193,092,046
Total net debt applicable to limit	<u>167,099,582</u>	<u>126,320,000</u>	<u>155,190,538</u>	<u>112,635,000</u>	<u>112,635,000</u>
Legal debt margin	<u><u>\$ 163,770,342</u></u>	<u><u>\$ 147,010,501</u></u>	<u><u>\$ 96,186,339</u></u>	<u><u>\$ 108,618,393</u></u>	<u><u>\$ 80,457,046</u></u>
Total net debt applicable to the limit as a percentage of debt limit	51%	46%	62%	51%	58%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 180,879,038	\$ 203,429,546	\$ 237,318,319	\$ 311,547,651	\$ 341,528,745
Total net debt applicable to limit	<u>86,700,000</u>	<u>97,230,000</u>	<u>114,010,000</u>	<u>114,010,000</u>	<u>126,003,610</u>
Legal debt margin	<u><u>\$ 94,179,038</u></u>	<u><u>\$ 106,199,546</u></u>	<u><u>\$ 123,308,319</u></u>	<u><u>\$ 197,537,651</u></u>	<u><u>\$ 215,525,135</u></u>
Total net debt applicable to the limit as a percentage of debt limit	48%	48%	48%	37%	37%

**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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
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>
2019	4,367,835	\$ N/A	\$ N/A	3.6 %	192,364
2018	4,294,460	196,286,191	45,573	4.1	185,301
2017	4,221,684	185,111,698	43,628	4.2	179,794
2016	4,137,076	280,120,037	43,628	4.5	176,584
2015	4,076,438	168,483,421	41,222	5.5	158,032
2014	4,087,191	168,483,421	41,222	5.9	147,734
2013 *	4,009,412	160,497,824	40,030	6.6	147,734
2012	3,884,705	154,926,697	39,300	7.1	147,734
2011	3,880,244	147,724,392	38,071	8.4	147,734
2010	3,817,117	140,351,646	36,695	9.1	147,734

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information for 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2019, the source of the information is the Arizona Office of Employment and Population Statistics.

**Note:** \*This information is from the State of Arizona Department of Administration

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<b>Employer</b>	<b>2020</b>		<b>2011</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Arizona State University	8,010	10.37 %	10,089	8.48 %
State Farm Insurance	6,550	8.48		
Freedom Financial Network	2,300	2.98		
JPMorgan Chase Bank National	2,220	2.87	2,377	2.00
ABM Industries Inc	2,000	2.59		
City of Tempe	1,983	2.57	1,565	1.32
Honeywell	1,540	1.99	3,000	2.52
Tempe Elementary School District 3	1,520	1.97		
Total Events Management LLC	1,040	1.35		
Wells Fargo	1,030	1.33	3,636	3.06
SRP		-	3,331	2.80
Freescale Semiconductor (Motorola)			4,779	4.02
Kyrene School District			2,559	2.15
US Airways			1,898	1.60
Bank One Telephone Banking Division			2,000	1.68
<b>Total</b>	<b>28,193</b>	<b>36.50 %</b>	<b>35,234</b>	<b>29.63 %</b>
<b>Total employment</b>	<b>77,236</b>		<b>118,902</b>	

**Source:** The source of this information is City of Tempe Department of Economic Development.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Supervisory</b>					
District	13	12	11	10	9
Principals	23	23	22	21	21
Assistant principals	13	9	11	12	13
Total supervisory	<u>49</u>	<u>44</u>	<u>44</u>	<u>43</u>	<u>43</u>
<b>Student services</b>					
Guidance Counselors	24	30	21	21	21
Librarians	16	18	17	17	17
Psychologists	17	19	17	18	18
Other	45	24	49	49	45
Total student services	<u>102</u>	<u>91</u>	<u>104</u>	<u>105</u>	<u>101</u>
<b>Instruction</b>					
Regular education	613	723	592	590	600
Special education	109	126	115	108	112
Total instruction	<u>722</u>	<u>849</u>	<u>707</u>	<u>698</u>	<u>712</u>
<b>Support &amp; administration</b>					
Instructional aides	196	248	183	172	187
Office staff	80	139	106	106	102
Managers/directors	22	13	24	24	27
Student support	58	53	65	59	59
Plant operations staff	108	141	112	112	113
Other	194	200	164	170	171
Total support and administration	<u>658</u>	<u>794</u>	<u>654</u>	<u>643</u>	<u>659</u>
<b>Total</b>	<u><u>1,531</u></u>	<u><u>1,778</u></u>	<u><u>1,509</u></u>	<u><u>1,489</u></u>	<u><u>1,515</u></u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Supervisory</b>					
District	9	9	9	7	8
Principals	21	20	20	19	22
Assistant principals	13	13	13	12	11
Total supervisory	<u>43</u>	<u>42</u>	<u>42</u>	<u>38</u>	<u>41</u>
<b>Student services</b>					
Guidance Counselors	21	20	20	20	24
Librarians	16	16	15	16	17
Psychologists	17	17	17	16	18
Other	29	29	37	23	27
Total student services	<u>83</u>	<u>82</u>	<u>89</u>	<u>75</u>	<u>86</u>
<b>Instruction</b>					
Regular education	604	604	601	599	677
Special education	114	114	104	112	109
Total instruction	<u>718</u>	<u>718</u>	<u>705</u>	<u>711</u>	<u>786</u>
<b>Support &amp; administration</b>					
Instructional aides	191	191	178	199	220
Office staff	100	100	100	101	112
Managers/directors	22	22	22	24	19
Student support	55	55	54	54	58
Plant operations staff	113	113	111	108	126
Other	187	187	174	172	195
Total support and administration	<u>668</u>	<u>668</u>	<u>639</u>	<u>658</u>	<u>730</u>
<b>Total</b>	<u><u>1,512</u></u>	<u><u>1,510</u></u>	<u><u>1,475</u></u>	<u><u>1,482</u></u>	<u><u>1,643</u></u>

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

(Concluded)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2020	10,923	\$ 114,571,157	\$ 10,489	2.57 %	\$ 142,381,385	\$ 13,035	12.21 %	722	15.1	69.0 %
2019	10,905	111,516,816	10,226	7.29	126,679,711	11,617	8.07	849	12.8	72.4
2018	10,770	102,651,662	9,531	3.25	115,765,329	10,749	2.39	707	15.2	65.0
2017	10,915	100,763,507	9,232	4.82	114,581,926	10,498	(0.44)	698	15.6	67.0
2016	11,030	97,139,160	8,807	(6.69)	116,299,660	10,544	(1.55)	712	15.5	74.0
2015	11,115	104,907,448	9,438	0.28	119,037,250	10,710	2.60	718	15.5	73.8
2014	11,045	103,957,263	9,412	4.70	115,286,317	10,438	3.43	718	15.4	74.2
2013	10,960	98,528,486	8,990	(6.28)	110,604,362	10,092	(3.55)	705	15.5	74.6
2012	11,035	105,848,081	9,592	6.54	115,458,227	10,463	(0.64)	711	15.5	75.0
2011	11,256	101,336,224	9,003	2.47	118,527,733	10,530	0.68	786	14.3	72.2

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
CAPITAL ASSETS INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended June 30</b>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>Schools</u></b>										
<b><u>Elementary</u></b>										
Buildings	60	62	63	61	63	57	57	58	58	74
Square feet	983,664	1,048,134	976,053	978,653	956,962	883,446	883,446	884,047	884,047	884,047
Capacity	9,682	9,682	9,682	9,654	9,521	8,755	8,755	8,755	8,755	8,755
Enrollment	7,187	7,351	7,265	7,390	7,534	8,052	8,052	7,879	7,912	7,912
<b><u>Middle</u></b>										
Buildings	38	38	38	38	38	36	35	32	30	30
Square feet	519,742	519,742	519,742	519,742	519,742	498,931	490,485	455,684	556,388	556,388
Capacity	4,100	4,100	4,100	4,100	4,100	4,100	3,693	3,318	4,288	4,288
Enrollment	3,244	3,156	3,154	3,081	3,135	3,098	2,931	3,001	2,994	2,994
<b><u>K-8</u></b>										
Buildings		8	7	7	3	10	10	10	10	10
Square feet		132,996	118,203	118,203	43,991	95,960	9,560	95,960	95,960	95,960
Capacity		1,079	1,079	1,079	504	1,079	1,079	1,079	1,079	1,079
Enrollment	974	1,046	1,030	962	905	901	946	981	991	991
<b><u>Administrative</u></b>										
Buildings	2	2	2	2	3	4	4	4	1	1
Square feet	94,371	94,371	94,371	94,371	77,348	95,301	95,301	95,301	57,194	57,194
<b><u>Maintenance</u></b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	77,348	77,348	77,348	77,348	77,348	77,348	77,348	77,348	77,348	77,348
<b><u>Other</u></b>										
Buildings	6	6	6	7	7	15	20	23	28	9
Square feet	23,521	23,521	23,521	25,961	25,961	120,288	172,605	207,219	255,385	60,181
Capacity	265	265	265	293	293	1,020	1,675	2,050	2,436	610

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

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