

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**TEMPE ELEMENTARY SCHOOL DISTRICT #3
TEMPE, AZ**

For Fiscal Year Ended June 30, 2022

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TEMPE, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2022

Issued by
Business and Finance Department
Tempe Elementary School District No. 3
3205 S Rural Rd
Tempe, AZ 85282

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TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
LIST OF PRINCIPAL OFFICIALS	6
ORGANIZATIONAL CHART	7
ASBO CERTIFICATE OF EXCELLENCE	8
GFOA CERTIFICATE OF ACHIEVEMENT	9

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	10
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	14
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	22
STATEMENT OF ACTIVITIES	23
BALANCE SHEET – GOVERNMENTAL FUNDS	24
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	26
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE GOVERNMENTAL FUNDS	27
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	29
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	30
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION – PROPRIETARY FUNDS	31
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	32
NOTES TO BASIC FINANCIAL STATEMENTS	33
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND PENSION CONTRIBUTIONS	58

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – OTHER POSTEMPLOYMENT BENEFIT PLAN	59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND	60
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND	61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	62
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
COMBINING BALANCE SHEET	63
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE	65
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BOND BUILDING FUND	67
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	68
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – INSTRUCTIONAL IMPROVEMENT FUND	69
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – CLASSROOM SITE FUND	70
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND	71
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND	72
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – STUDENT ACTIVITIES FUND	73
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – ADJACENT WAYS FUND	74
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING RENEWAL FUND	75
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – UNRESTRICTED CAPITAL OUTLAY FUND	76

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

INTERNAL SERVICE FUNDS	
COMBINING STATEMENT OF NET POSITION	77
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	78
COMBINING STATEMENT OF CASH FLOWS	79
STATISTICAL SECTION (UNAUDITED)	
FINANCIAL TRENDS	
NET POSITION BY COMPONENT	80
CHANGE IN NET POSITION	81
FUND BALANCES OF GOVERNMENTAL FUNDS	83
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	84
REVENUE CAPACITY	
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS	86
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS	88
PROPERTY TAX ASSESSMENT RATIOS	90
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	92
PRINCIPAL PROPERTY TAXPAYERS	93
PROPERTY TAX LEVIES AND COLLECTIONS	94
DEBT CAPACITY	
OUTSTANDING DEBT BY TYPE	95
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	96
LEGAL DEBT MARGIN INFORMATION	97
CALCULATION OF LEGAL DEBT MARGIN	98
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHIC AND ECONOMIC STATISTICS	99

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

PRINCIPAL EMPLOYERS	100
OPERATING INFORMATION	
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	101
OPERATING STATISTICS	102
SCHOOL BUILDING INFORMATION	103

INTRODUCTORY SECTION

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January 31, 2023

Governing Board and Citizens
Tempe Elementary School District No. 3
P.O. Box 27708
Tempe, Arizona 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 annual comprehensive financial report of the Tempe Elementary School District No. 3 (the District) for the fiscal year ended June 30, 2022.

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 CliftonLarsonAllen LLP, 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, 2022, 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, 2022, 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

Allison Ewers

Jim Lemmon

Patrick Morales

Monica Trejo

Charlotte Winsor

Dr. James Driscoll, 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 10,000 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 over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The greater Phoenix area, which includes the City of Tempe, has remained one of the most rapidly growing metropolitan areas in the country in terms of population, employment, and retail sales. Tempe's proximity to Arizona State University helps provide a well-educated labor pool that gives the area support for economic growth and investment.

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 opened 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 throughout the COVID-19 pandemic due to long-term planning and voter support. Shortly before COVID emerged, voters in November of 2019 approved 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 have given the District greater flexibility and stability moving forward while dealing with COVID-19.

The District continues to invest in increasing teacher compensation. Over the last five years, the District has increased teacher pay by more than 30% and raised the starting teacher salary to \$50,000. The District will continue to infuse available funds into teacher compensation in order to remain competitive in future years.

Student enrollment continues to be a challenge for the District and similar urban districts. The District's enrollment has dropped about 10% over the last five years. The projected enrollment for the next fiscal year is just under 10,000 students. The District has added new programs such as a dual-language program or E-Sports to try to attract more students to reverse or slow the enrollment decline.

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 with the most recent being McKemy Academy of International Studies. The District is currently rebuilding Mosley (formerly Gililand) Middle School with construction expected to be completed in fall 2023.

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 34th 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, 2021. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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, 2022 certificates.

Acknowledgments. The preparation of the annual comprehensive 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,



Dr. James Driscoll
Superintendent



Eric Thompson, CPA
Chief Financial Officer

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022**

GOVERNING BOARD

Charlotte Winsor
President

Allison Ewers
Vice President

Jim Lemmon
Member

Patrick Morales
Member

Monica Trejo
Member

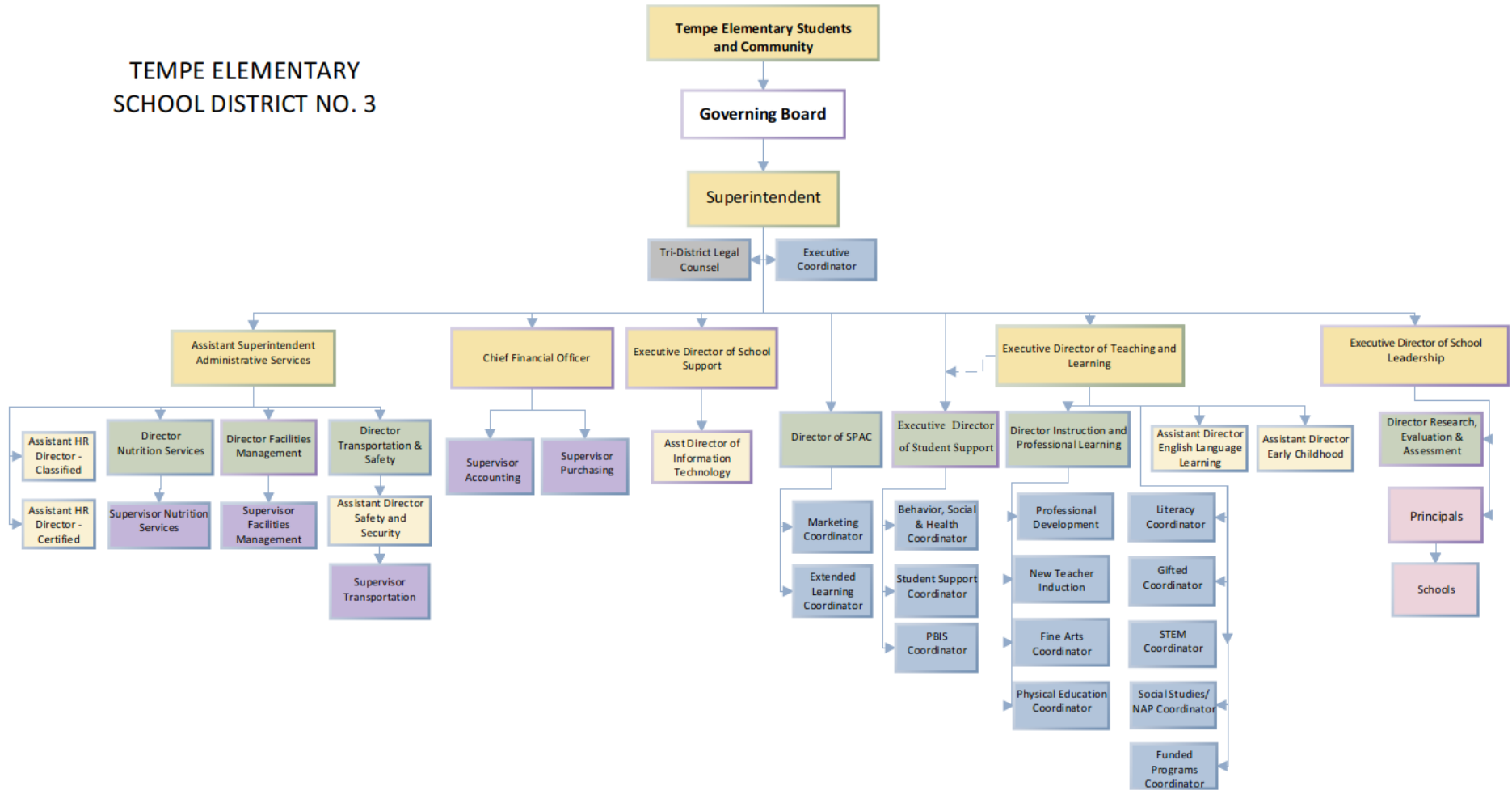
ADMINISTRATIVE STAFF

Dr. James Driscoll
Superintendent

Eric Thompson, CPA
Chief Financial Officer

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
ORGANIZATIONAL CHART
JUNE 30, 2022**

TEMPE ELEMENTARY
SCHOOL DISTRICT NO. 3





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Tempe Elementary School District No. 3

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'. The signature is written in a cursive style.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'. The signature is written in a cursive style.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Tempe Elementary School District No. 3
Tempe, Arizona

Report on the Audit of the Financial Statements

Opinions

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 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedules and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the District'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 District'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 the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

As management of the Tempe Elementary School District No. 3 (the District), we offer the 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, 2022.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,761,113 (net position).
- ◆ The District's total net position increased by \$18,624,376.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$81,400,181, an increase of \$23,941,032 in comparison with the prior year. The most significant factor for the increase was the issuance of school improvement bonds.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,358,583, or 27.9% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$15,670,000 (11%) during the current fiscal year. The increase was due to the issuance of school improvement bonds offset by regularly scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as useful indicators 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 the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and 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 focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Projects Fund, Bond Building Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

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

The basic governmental fund financial statements can be found on pages 24 - 29 of this report.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

- ◆ *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 basic proprietary fund financial statements can be found on pages 30 - 32 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 - 57 of this report.

Required Supplementary Information Other Than MD&A

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension, OPEB and the budgetary schedule of the General Fund and Special Projects Fund. Required supplementary information may be found on pages 58 - 62.

Governments have the option of presenting budgetary comparison schedules for the General Fund and major Special Revenue Funds as part of the basic financial statements or as required supplementary information other than MD&A. The District has presented the General Fund and Special Projects Fund budgetary comparison schedules as required supplementary information.

Other Information

The combining and individual fund financial statements are presented immediately following the note to required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 - 79 of this report.

The statistical section includes selected financial demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 80 – 103 of this report.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$54,761,113 at the close of the most recent fiscal year.

Net Position

A Summary of the District's statement of net position is as follows:

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

	Governmental Activities		
	2022	2021	% Change
Assets:			
Current and Other Assets	\$ 134,071,037	\$ 88,099,990	52.2 %
Capital Assets, Net	228,797,791	224,229,087	2.0
Total Assets	362,868,828	312,329,077	16.2
Deferred Outflows of Resources	30,032,891	32,271,253	(6.9)
Liabilities:			
Current and Other Liabilities	28,957,053	22,801,485	27.0
Long-Term Liabilities	266,553,365	282,599,357	(5.7)
Total Liabilities	295,510,418	305,400,842	(3.2)
Deferred Inflows of Resources	42,630,188	3,062,751	1291.9
Net Position:			
Net Investment in Capital Assets	116,373,534	107,496,396	8.3
Restricted	17,089,997	17,290,732	(1.2)
Unrestricted	(78,702,418)	(88,650,391)	11.2
Total Net Position	\$ 54,761,113	\$ 36,136,737	51.5

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

At the end of the current fiscal year, the District was able to report positive balances in the net investment of capital assets and restricted net position. Unrestricted net position reported a deficit of \$(78,702,418). The deficit is mainly due to the implementation of GASB No. 68 in a prior year which recorded the District's pension liability. The District's net position increased by \$18,624,376 during the current fiscal year.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Net Position

A summary of the District's statement of activities is as follows:

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

	Governmental Activities		
	2022	2021	% Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 537,157	\$ 289,365	85.6 %
Operating Grants and Contributions	42,330,069	27,454,495	54.2
Capital Grants and Contributions	578,007	2,815,445	(79.5)
General Revenues:			
Property Taxes	83,622,343	76,885,315	8.8
Unrestricted State, County and Federal Aid	38,452,151	36,551,529	5.2
Investment Earnings	668,567	703,245	(4.9)
Other	2,289,344	2,272,444	100.0
Total Revenues	<u>168,477,638</u>	<u>146,971,838</u>	14.6
EXPENSES			
Instruction	86,968,612	81,644,576	6.5
Support Services:			
Students and Staff	23,023,744	23,373,001	(1.5)
Administration	13,481,238	12,906,726	4.5
Operation and Maintenance of Plant	11,901,212	12,344,779	(3.6)
Student Transportation	4,753,324	4,602,263	3.3
Operation of Noninstructional Services	6,284,000	5,671,966	10.8
Interest on Long-Term Debt	3,441,132	4,635,783	(25.8)
Total Expenses	<u>149,853,262</u>	<u>145,179,094</u>	3.2
CHANGE IN NET POSITION	18,624,376	1,792,744	938.9
Net Position - Beginning of Year	36,136,737	34,343,993	5.2
NET POSITION - END OF YEAR	<u>\$ 54,761,113</u>	<u>\$ 36,136,737</u>	51.5

Charges for Services increased \$247,792 (85.6%) mainly due to an increase in rental income related to the District's facilities.

Operating Grants and Contributions increased \$14,875,574 (54.2%) due to the District receiving additional grant funding due to the COVID-19 pandemic.

Capital Grants and Contributions decreased \$2,237,438 due to less School Facilities Board grant monies received for roof repair projects in comparison to prior year.

Property tax revenues increased overall by \$6,737,028 (8.8%) mainly due to an increase in property tax assessed values.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Investment Earnings decreased \$34,678 (4.9%) due to decreased investment return rates and the decline of the national market.

The change in Unrestricted State, County, and Federal Aid and Other Revenue of \$1,900,622 (5.2%) was due to increased state aid.

Expenses increased \$4,674,168 or 3.2% mainly from increases in personnel costs for employee compensation increases.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$81,400,181, an increase of \$23,941,032 in comparison with the prior year. Approximately 26.0% of this total amount (\$21,124,176) constitutes unassigned fund balance, which is available for spending at the government's discretion. Additionally, 53.7% (\$43,741,695) of fund balance is restricted in the Bond Building Fund from bond proceeds received. The remainder is either in nonspendable form or restricted to indicate that is not available for new spending.

At June 30, 2022, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2020-21
General Fund	\$ 25,399,219	\$ 8,138,604
Special Projects Fund	(4,204,647)	(4,385,692)
Bond Building Fund	43,741,695	20,510,699
Debt Service Fund	942,187	(1,288,397)
Nonmajor Governmental Funds	15,521,727	965,818

The General Fund increase of \$8,138,604 was primarily due to increases in property tax revenue and a decline in spending.

The Special Projects Fund decrease of \$4,385,692 was mainly due to the District having a large unavailable revenue balance at year-end due to grant reimbursements not yet received.

The Bond Building Fund increase of \$20,510,699 was primarily due to the issuance of new school improvement bonds in the current year.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

The Debt Service Fund decrease of \$1,288,397 was a result of increased debt service requirements due to the issuance of new bonds.

The Nonmajor Governmental Funds increase of \$965,818 was mostly due to increased COVID-19 grant funding received for food service operations.

Proprietary Funds – Unrestricted net position of the Internal Service Funds as the end of the fiscal year amounted to \$5,308,838, which is a decrease of \$733,184 from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$1,056,841. In Arizona, school districts build their original "adopted" budget based on the previous year's 100th day average daily attendance. The District is allowed to increase or decrease its budget. The most significant factors for the decrease in budgeted expenditures were decreases in Regular Education and Pupil Transportation.

Actual expenditures of the General Fund were \$7,355,629 less than the final budget amounts due to the District reserving funds for future purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$228,797,791 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and furniture, equipment and vehicles. The net increase in the District's net investment in capital assets for the current fiscal year was 2.0%.

The following schedule presents a summary of capital asset balances for the fiscal years ending June 30, 2022, and June 30, 2021:

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

	Governmental Activities	
	2022	2021
Land	\$ 1,748,080	\$ 1,748,080
Construction in Progress	9,914,111	17,537,024
Land Improvements	19,577,663	17,026,054
Buildings and Improvements	183,951,014	175,491,671
Furniture, Equipment, and Vehicles	13,606,923	12,426,258
Total Capital Assets, Net	\$ 228,797,791	\$ 224,229,087

Additional information on the District's capital assets can be found in Note 3.A.4. of this report.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$154,515,000. This debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Obligations**

	Governmental Activities	
	2022	2021
Bonds Payable	\$ 154,515,000	\$ 138,845,000
Premium on Bonds Payable	18,342,702	15,810,498
Total Outstanding Debt	\$ 172,857,702	\$ 154,655,498

The District's bonded debt increased by \$15,670,000 (11.3 %) during the current fiscal year. This change was due to the issuance of new bonds offset by regularly scheduled principal payments.

The District's general obligation bonds are subject to a Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15% of the net full cash value). The current total debt limitation for the District is \$407,269,781 which is more than the District's total outstanding general obligation bonded debt. At June 30, 2022 the District's net Class B bonded debt outstanding was \$154,515,000 which was below the Class B debt limit. Additional information on the legal debt limit can be found on page 97.

Additional information on the District's long-term debt can be found in Note 3.E. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-23 budget. Among them:

- Challenges related to declining enrollment
- Rising health care costs
- Sunsetting of federal COVID-19 grants
- Arizona Aggregate Expenditure Limit reductions
- Increasing salaries to stay competitive

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tempe Elementary School District No. 3 Business and Finance Department, 3205 S. Rural Road, Tempe, Arizona, 85282.

BASIC FINANCIAL STATEMENTS

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 46,057,110
Restricted Assets	49,104,295
Receivables:	
Accounts Receivable	582,003
Property Taxes	1,406,402
Intergovernmental	23,782,627
Leases	9,623,577
Inventory, at Cost	123,429
Other Assets	100,552
OPEB Assets	3,291,042
Capital Assets:	
Nondepreciable	11,662,191
Depreciable, Net	217,135,600
Total Assets	362,868,828
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from Pensions	23,131,663
Deferred Outflows of Resources from Pension OPEB	593,107
Deferred Outflows of Resources from OPEB	5,196,371
Deferred Outflows of Resources from Refunding	1,111,750
Total Deferred Outflows of Resources	30,032,891
LIABILITIES	
Accounts Payable	6,907,167
Accrued Wages and Benefits	766,107
Accrued Interest	3,704,188
Claims Payable	1,999,591
Matured Debt Principal Payable	15,580,000
Long-Term Liabilities:	
Due Within One Year	1,775,017
Due in More Than One Year	264,778,348
Total Liabilities	295,510,418
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources from Leases	9,623,577
Deferred Inflows of Resources from Pensions	29,079,326
Deferred Inflows of Resources from Pension OPEB	2,785,457
Deferred Inflows of Resources from OPEB	1,141,828
Total Deferred Inflows of Resources	42,630,188
NET POSITION	
Net Investment in Capital Assets	116,373,534
Restricted for:	
Instructional Improvement	615,202
Classroom Site	1,624,058
Special Projects	156,192
Food Service	2,639,148
Debt Service	1,189,641
Adjacent Ways	9,144,942
Community Education	236,127
Noninstructional Programs	843,355
Civic Center	479,426
Other Special Revenue	161,906
Unrestricted	(78,702,418)
Total Net Position	\$ 54,761,113

See accompanying Notes to Basic Financial Statements.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 86,968,612	\$ 471,072	\$ 27,122,643	\$ 578,007	\$ (58,796,890)
Support Services:					
Students	12,300,240	-	1,144,301	-	(11,155,939)
Instructional Staff	10,723,503	-	2,954,047	-	(7,769,456)
General Administration	999,357	-	6,126	-	(993,231)
School Administration	5,487,563	-	299,858	-	(5,187,705)
Business and Other Support Services	6,994,318	-	202,242	-	(6,792,076)
Operation and Maintenance of Plant	11,901,212	-	1,205,971	-	(10,695,241)
Student Transportation	4,753,324	-	271,060	-	(4,482,264)
Operation of Noninstructional Services	6,284,000	66,085	9,123,821	-	2,905,906
Interest on Long-Term Debt	3,441,132	-	-	-	(3,441,132)
Total	\$ 149,853,262	\$ 537,157	\$ 42,330,069	\$ 578,007	(106,408,029)
General Revenues:					
Property Taxes					83,622,343
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization and Additional State Aid					33,419,039
County Equalization					3,061,444
Federal Aid, Not Restricted					1,971,668
Investment Earnings					668,567
Other					2,289,344
Total General Revenues					125,032,405
Change in Net Position					18,624,376
Net Position - Beginning of Year					36,136,737
Net Position - End of Year					\$ 54,761,113

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Projects	Bond Building
Assets			
Cash and Investments	\$ 3,279,257	\$ -	\$ -
Restricted Assets	-	-	49,104,295
Receivables:			
Accounts Receivable	462,131	-	-
Property Taxes	961,305	-	-
Intergovernmental	9,038,422	13,796,845	-
Lease Receivable	9,269,045	-	-
Inventory, at Cost	40,636	-	-
Due from Other Funds	13,271,494	-	-
Other Assets	-	-	-
Total Assets	\$ 36,322,290	\$ 13,796,845	\$ 49,104,295
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts Payable	\$ 579,460	\$ 55,045	\$ 5,362,600
Accrued Wages and Benefits	414,950	314,114	-
Accrued Interest	-	-	-
Due to Other Funds	-	13,271,494	-
Matured Debt Principal Payable	-	-	-
Total Liabilities	994,410	13,640,653	5,362,600
Deferred Inflows of Resources:			
Unavailable Revenue	659,616	4,360,839	-
Lease Related	9,269,045	-	-
Total Deferred Inflows of Resources	9,928,661	4,360,839	-
Fund Balance:			
Nonspendable:			
Inventory	40,636	-	-
Restricted	-	-	43,741,695
Unassigned	25,358,583	(4,204,647)	-
Total Fund Balance	25,399,219	(4,204,647)	43,741,695
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 36,322,290	\$ 13,796,845	\$ 49,104,295

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

Debt Service	Nonmajor Governmental Funds	Totals
\$ 20,128,362	\$ 15,432,889	\$ 38,840,508
-	-	49,104,295
-	-	462,131
345,467	99,630	1,406,402
-	947,360	23,782,627
-	354,532	9,623,577
-	82,793	123,429
-	-	13,271,494
-	100,552	100,552
<u>\$ 20,473,829</u>	<u>\$ 17,017,756</u>	<u>\$ 136,715,015</u>
\$ -	\$ 901,145	\$ 6,898,250
-	17,915	746,979
3,704,188	-	3,704,188
-	-	13,271,494
<u>15,580,000</u>	<u>-</u>	<u>15,580,000</u>
19,284,188	919,060	40,200,911
247,454	222,437	5,490,346
-	354,532	9,623,577
<u>247,454</u>	<u>576,969</u>	<u>15,113,923</u>
-	82,793	123,429
942,187	15,468,694	60,152,576
-	(29,760)	21,124,176
<u>942,187</u>	<u>15,521,727</u>	<u>81,400,181</u>
<u>\$ 20,473,829</u>	<u>\$ 17,017,756</u>	<u>\$ 136,715,015</u>

See accompanying Notes to Basic Financial Statements.

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balances for Governmental Funds	\$ 81,400,181
Amounts reported for governmental activities in the statement of activities are different because:	
Property taxes and intergovernmental revenues not collected within 60 days subsequent to fiscal year-end are unavailable in the governmental funds.	5,490,346
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	349,312,897
Less: Accumulated Depreciation	<u>(120,515,106)</u>
Capital Assets Used in Governmental Activities	228,797,791
Net OPEB assets are not current resources and therefore are not reported in the governmental funds.	3,291,042
Deferred outflows relating to issuance of long term liabilities are not financial resources and therefore are not reported in the governmental funds.	1,111,750
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	23,131,663
Deferred Outflows of Resources from Pension OPEB	593,107
Deferred Outflows of Resources from OPEB	5,196,371
Deferred Inflows of Resources from Pensions	(29,079,326)
Deferred Inflows of Resources from Pension OPEB	(2,785,457)
Deferred Inflows of Resources from OPEB	(1,141,828)
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds Payable	(138,935,000)
Premium on Bonds Payable	(18,342,702)
Net OPEB Liability	(16,755,211)
Net Pension OPEB Liability	(139,235)
Net Pension Liability	(88,615,794)
Compensated Absences Payable	(3,765,423)
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.	<u>5,308,838</u>
Total Net Position of Governmental Activities	<u><u>\$ 54,761,113</u></u>

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE
IN FUND BALANCE GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Projects</u>	<u>Bond Building</u>
Revenues:			
Property Taxes	\$ 57,519,847	\$ -	\$ -
Intergovernmental	38,036,143	19,558,638	-
Food Service Sales	-	-	-
Charges for Services	-	-	-
Contributions and Donations	88,761	-	-
Investment Earnings	125,488	3,159	-
Other	2,112,980	-	-
Total Revenues	<u>97,883,219</u>	<u>19,561,797</u>	<u>-</u>
Expenditures:			
Current:			
Instruction	49,014,302	16,182,921	-
Support Services:			
Students	10,351,954	1,262,687	-
Instructional Staff	7,020,137	2,801,822	-
General Administration	846,551	7,253	-
School Administration	5,110,692	355,014	-
Business and Other Support Services	4,873,562	239,443	-
Operation and Maintenance of Plant	10,000,577	1,427,798	159,131
Student Transportation	3,551,189	320,919	1,858,679
Operation of Noninstructional Services	170,082	558,411	-
Debt Service:			
Principal Retirement	-	-	-
Interest on Long-Term Debt	-	-	-
Issuance Costs	-	-	281,532
Capital Outlay:			
Facilities Acquisition	12,807	113,369	12,428,162
Total Expenditures	<u>90,951,853</u>	<u>23,269,637</u>	<u>14,727,504</u>
Excess (Deficiency) of Revenue Over Expenditures	6,931,366	(3,707,840)	(14,727,504)
Other Financing Sources (Uses):			
Transfers In	1,277,852	-	-
Transfers Out	-	(677,852)	-
Issuance of Long-Term Debt	-	-	28,950,000
Premium on Issuance of Long-Term Debt	-	-	6,288,203
Total Other Financing Sources (Uses)	<u>1,277,852</u>	<u>(677,852)</u>	<u>35,238,203</u>
Net Change in Fund Balance	8,209,218	(4,385,692)	20,510,699
Fund Balance:			
Beginning of Year	17,260,615	181,045	23,230,996
Decrease in Inventories	(70,614)	-	-
End of Year	<u>\$ 25,399,219</u>	<u>\$ (4,204,647)</u>	<u>\$ 43,741,695</u>

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE
IN FUND BALANCE GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Debt Service	Nonmajor Governmental Funds	Totals
\$ 20,495,298	\$ 5,938,085	\$ 83,953,230
-	18,740,230	76,335,011
-	66,085	66,085
-	471,072	471,072
-	424,980	513,741
411,843	128,077	668,567
-	176,364	2,289,344
<u>20,907,141</u>	<u>25,944,893</u>	<u>164,297,050</u>
-	12,036,584	77,233,807
-	192,892	11,807,533
-	995,397	10,817,356
-	37,882	891,686
-	9,005	5,474,711
-	2,629,451	7,742,456
-	504,415	12,091,921
-	109,200	5,839,987
-	6,871,158	7,599,651
15,580,000	-	15,580,000
6,615,538	-	6,615,538
-	-	281,532
-	881,187	13,435,525
<u>22,195,538</u>	<u>24,267,171</u>	<u>175,411,703</u>
(1,288,397)	1,677,722	(11,114,653)
-	-	1,277,852
-	(600,000)	(1,277,852)
-	-	28,950,000
-	-	6,288,203
<u>-</u>	<u>(600,000)</u>	<u>35,238,203</u>
(1,288,397)	1,077,722	24,123,550
2,230,584	14,555,909	57,459,149
-	(111,904)	(182,518)
<u>\$ 942,187</u>	<u>\$ 15,521,727</u>	<u>\$ 81,400,181</u>

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances-Total Governmental Funds \$ 24,123,550

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

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

Expenditures for Capital Assets	16,874,107
Less: Current Year Depreciation	<u>(10,979,231)</u>
Excess Capital Expenditures Over Depreciation	5,894,876

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (1,326,172)

Property tax and intergovernmental revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,180,588

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

Principal Payments on Bonds	15,580,000
Issuance of Long-Term Debt	(28,950,000)
Premium on Issuance of Bonds	(6,288,203)
Deferred Amount on Refunding	(300,061)
Amortization of Premium	3,755,999

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

OPEB Contributions	1,579,136
OPEB Expense	66,541
Pension Contributions	9,962,662
Pension Expense	(8,913,020)

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

Net Decrease in Compensated Absences	174,182
Change in Inventory Balances	(182,518)

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. (733,184)

Change in Net Position of Governmental Activities	<u><u>\$ 18,624,376</u></u>
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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2022**

	<u>Governmental Activities: Internal Service Funds</u>
ASSETS	
Current:	
Cash and Cash Equivalents	\$ 7,216,602
Receivables, Net:	119,872
Total Assets	<u>7,336,474</u>
LIABILITIES	
Current:	
Accounts Payable	8,917
Accrued Wages	19,128
Claims Payable	1,999,591
Total Liabilities	<u>2,027,636</u>
NET POSITION	
Unrestricted	<u><u>\$ 5,308,838</u></u>

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Governmental Activities: Internal Service Funds
OPERATING REVENUES	
Contributions	\$ 13,389,746
Charges for services	133,328
Other	153,235
Total Operating Revenue	13,676,309
OPERATING EXPENSES	
Claims	11,255,027
Premiums	1,194,672
Administrative fees	1,924,518
Cost of Services	90,113
Total Operating Expenses	14,464,330
OPERATING INCOME (LOSS)	(788,021)
NONOPERATING REVENUES	
Investment Income	54,837
CHANGE IN NET POSITION	(733,184)
Total Net Position - Beginning of Year	6,042,022
TOTAL NET POSITION - END OF YEAR	\$ 5,308,838

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Governmental Activities: Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Contributions	\$ 13,360,612
Cash Received from Other Sources	286,563
Cash Payments for Claims and Administrative Fees	(12,921,592)
Cash Payments for Premiums	(1,345,646)
Cash Payments for Supplies for Goods and Services/Employees	(81,755)
Net Cash Used by Operating Activities	<u>(701,818)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	54,837
Net Cash Provided by Investing Activities	<u>54,837</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(646,981)
Cash and Cash Equivalents - Beginning of Year	<u>7,863,583</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 7,216,602</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (788,021)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Change in Accounts Receivable	(29,134)
Change in Accounts Payable	(149,675)
Change in Accrued Liabilities	7,059
Change in Claims Payable	257,953
Total Adjustments	<u>86,203</u>
Net Cash Used by Operating Activities	<u><u>\$ (701,818)</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Tempe Elementary School District No. 3 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2022, the District implemented provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

A summary of the District's more significant accounting policies follows.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports the following major governmental funds:

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. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within five subsections titled regular education programs, special education programs, pupil transportation, desegregation, and special K-3 reading program.

Special Projects Fund

The Special Projects Fund, a Special Revenue Fund accounts for the revenues and expenditures of state and federally funded educational grants.

Bond Building Fund

The Bond Building Fund, a Capital Projects Fund, accounts for monies received from District bond issues that are used to acquire sites, construct school buildings, supply school buildings with furniture and apparatus, improve school grounds, and purchase pupil transportation vehicles.

Debt Service Fund

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

Additionally, the District reports the following fund type:

Proprietary Funds

The Proprietary Fund is an Internal Service Fund that accounts for activities related to the District's transportation services and insurance benefits.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Funds (Continued)

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 and other governments for transportation 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

1. Deposits and Investments

The District's cash and investments include cash on hand, demand deposits, and cash and investments held by the County Treasurer.

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

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Continued)

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

2. Receivables

Maricopa County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

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

3. Short-Term Interfund Receivables/Payables

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

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. In addition, certain payments to vendors reflect costs applicable to future accounting periods. Inventories of governmental funds are recorded as expenses when consumed rather than when purchased in the government-wide statements and are recorded as an expenditure at the time of purchase in the fund financial statements.

5. Restricted Assets

Proceeds of the District's bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Leases

As the lessor, the District recognizes lease receivables with an initial, individual value of \$5,000 or more. If there is no stated interest rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is based on the state of Arizona lease rates.

7. Capital Assets

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

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

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

Land Improvements	15 to 50 Years
Buildings and Improvements	15 to 80 Years
Furniture, Equipment, and Vehicles	5 to 15 Years

8. Deferred Outflows of Resources

The District recognizes the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions, OPEB and deferred outflows from the refunding of bonds.

9. 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.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

11. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Deferred Inflows of Resources

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2022 or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

The District also recognizes the acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for leases, pensions and OPEB.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Net Position

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

14. 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, committed, assigned, and unassigned fund balance classifications.

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Governing Board has authorized the Assistant Superintendent of Administrative Services to make assignments of resources for a specific purpose.

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

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Balance Classifications (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District adopts an annual operating budget for expenditures for all governmental fund types, on essentially the same modified accrual basis of accounting used to record actual expenditures. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end. An annual budget of revenue from all sources is not prepared.

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

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Debt Service Fund by \$1,445,538 and in the Food Services Fund by \$340,071.

Cash or receivables were available to cover the overexpenditures.

C. Deficit Fund Balances

The District had a deficit fund balance of \$4,204,647 in its Special Projects Fund and \$29,760 in its Building Renewal Fund due to the District not receiving grant reimbursements within the District's period of availability.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2022 consist of the following:

Deposits:	
Cash in Bank	\$ 713,861
Cash on Deposit with County Treasurer	94,447,544
Total Deposits	95,161,405
Less: Restricted Assets	(49,104,295)
Total Cash and Investments	\$ 46,057,110

Deposits

The carrying amount on the District's deposits at June 30, 2022, was \$713,861 and the bank balance was \$730,387. Of the bank balance, \$250,000 was insured by federal depository insurance and the remainder (\$480,387) was insured by the statewide pooled collateral program.

Investments

At June 30, 2022, the District's investments were reported at fair value. The District's investments consisted of cash on deposit with the County Treasurer.

Custodial Credit Risk – The District does not have a formal policy for custodial credit risk. The District's investment in the County Treasurer's investment pools represents a proportionate interest in those pools' portfolios; however, the District's portion is not identified with specific investment and is not subject to custodial credit risk.

Interest Rate Risk – The District does not have a formal investment policy regarding interest rate risk, however, the District manages its exposure to declines in fair value by limiting the average maturity of its investment portfolio to one year or less.

Credit Risk – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by State law from investing in investments other than State and County Treasurer's investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

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

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Assets

Restricted assets at June 30, 2022, consisted of the following:

	Bond Building Fund
Future Construction	\$ 49,104,295

3. Receivables

The Maricopa County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies the property taxes due to the District in August. Two equal installments, payable in October and March, become delinquent after the first business days in November and May. During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later. A lien assessed against real and personal property attaches on the first day of January preceding the assessment levy.

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

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent Property Taxes Receivable:	
General Fund	\$ 659,616
Debt Service Fund	247,454
Nonmajor Governmental Funds	71,801
Intergovernmental Revenue:	
Special Projects Fund	4,360,839
Nonmajor Governmental Funds	150,636
Total	\$ 5,490,346

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,748,080	\$ -	\$ -	\$ 1,748,080
Construction in Progress	17,537,024	9,565,910	(17,188,823)	9,914,111
Total Capital Assets, Not Being Depreciated	19,285,104	9,565,910	(17,188,823)	11,662,191
Capital Assets, Being Depreciated:				
Land Improvements	26,595,320	3,930,432	(67,059)	30,458,693
Buildings and Improvements	260,741,947	15,973,068	(216,143)	276,498,872
Vehicles, Furniture, and Equipment	29,846,208	4,593,520	(3,746,587)	30,693,141
Total Capital Assets, Being Depreciated	317,183,475	24,497,020	(4,029,789)	337,650,706
Accumulated Depreciation for:				
Land Improvements	(9,569,266)	(1,368,554)	56,790	(10,881,030)
Buildings and Improvements	(85,250,276)	(7,498,243)	200,661	(92,547,858)
Vehicles, Furniture, and Equipment	(17,419,950)	(2,112,434)	2,446,166	(17,086,218)
Total Accumulated Depreciation	(112,239,492)	(10,979,231)	2,703,617	(120,515,106)
Total Capital Assets, Being Depreciated, Net	204,943,983	13,517,789	(1,326,172)	217,135,600
Governmental Activities Capital Assets, Net	\$ 224,229,087	\$ 23,083,699	\$ (18,514,995)	\$ 228,797,791

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 8,426,045
Support Services:	
Students and Staff	420,380
General Administration	103,132
Business and Other Support Services	312,677
Operation and Maintenance of Plant	162,191
Student Transportation	1,352,862
Operation of Noninstructional Services	201,944
Total Depreciation Expense	<u>\$ 10,979,231</u>

5. 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 \$9.9 million on the projects and had estimated remaining contract commitments of \$50.6 million. These projects are being funded with adjacent ways funds, bond proceeds, and School Facilities Board grants.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers

Interfund receivables and payables for the year ended June 30, 2022, were made to eliminate deficit cash balances at year end and consisted of the following:

Due To	Due From Special Projects Fund
General Fund	\$ 13,271,494

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Transfers In	Transfers Out		Total
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 677,852	\$ 600,000	\$ 1,277,852

The transfers from the Special Projects Fund and Nonmajor Governmental Funds to the General Fund were made to record the District's indirect costs on grants passed through the Arizona Department of Education. The District did not exceed the approved indirect cost rate on any grants.

C. Lease Receivable

The District, acting as a lessor, leases land and building space under long-term, noncancelable lease agreements. The leases expire at various dates through June 30, 2040 and provide for renewal options up to 20 years. During the year ended June 30, 2022, the District recognized \$256,477 and \$144,182 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Governmental Activities

Land lease. Annual installments totaling \$149,051 plus interest at an interest rate of 1.50%, due dates ranging from 2023 to 2060.

Building space leases. Annual installments totaling \$108,212 plus interest at rates ranging from 0.73% to 1.50%, due dates ranging from 2023 to 2060.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Short-Term Debt

The District did not have any short-term debt during the year.

E. Long-Term Obligations

The District had long-term bonds payable to provide funds for the acquisition and construction of major capital facilities. The District issued debt to refund earlier obligations with higher interest rates. The bonds are both callable and noncallable with interest payable semiannually. The principal and interest paid on the bonds are recorded in the Debt Service Fund. All bonds refunded in previous years have been redeemed. Compensated absences, pensions and OPEB are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Maturity Dates	Original Issue Amounts	Amount Outstanding	Due Within One Year
Refunding Bonds, Series 2007	4.00-5.00%	7/1/21-25	\$ 16,550,000	\$ 9,025,000	\$ 120,000
School Improvement Bonds, Project of 2009, Series 2015C	2.00-3.00%	7/1/21-23	37,560,000	3,585,000	1,960,000
Refunding Bonds, Series 2015	3.00-4.00%	7/1/21-25	27,500,000	20,505,000	6,990,000
School Improvement Bonds, Project of 2016, Series 2017A	3.5-5.00%	7/1/21-30	47,875,000	35,775,000	2,850,000
School Improvement Bonds, Project of 2016, Series 2019B	3.00-5.00%	7/1/21-32	47,980,000	47,445,000	1,635,000
School Improvement Bonds, Project of 2016, Series 2021	4.00-5.00%	7/1/22-34	28,950,000	28,950,000	1,190,000
Refunding Bonds, Series 2020	4.00-5.00%	7/1/21-27	10,030,000	9,230,000	835,000
Total General Obligation Bonds Payable			<u>\$ 187,495,000</u>	<u>\$ 154,515,000</u>	<u>\$ 15,580,000</u>

Changes in long-term obligations for the year ended June 30, 2022 are as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 138,845,000	\$ 28,950,000	\$ (13,280,000)	\$ 154,515,000	\$ 15,580,000
Premium on Bonds Payable	15,810,498	6,288,203	(3,755,999)	18,342,702	-
Total Bonds Payable	<u>154,655,498</u>	<u>35,238,203</u>	<u>(17,035,999)</u>	<u>172,857,702</u>	<u>15,580,000</u>
Other Liabilities:					
Compensated Absences	3,939,605	1,688,300	(1,862,482)	3,765,423	1,775,017
Net OPEB Liability	18,212,180	-	(1,456,969)	16,755,211	-
Net Pension OPEB Liability	520,559	-	(381,324)	139,235	-
Net Pension Liability	118,551,515	-	(29,935,721)	88,615,794	-
Total Other Liabilities	<u>141,223,859</u>	<u>1,688,300</u>	<u>(33,636,496)</u>	<u>109,275,663</u>	<u>1,775,017</u>
Governmental Activities Long-Term Debt	<u>\$ 295,879,357</u>	<u>\$ 36,926,503</u>	<u>\$ (50,672,495)</u>	<u>\$ 282,133,365</u>	<u>\$ 17,355,017</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2022.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 15,580,000	\$ 6,980,138
2024	13,700,000	6,297,650
2025	15,085,000	5,698,550
2026	13,635,000	5,033,425
2027	13,780,000	4,368,650
2028-2032	68,645,000	11,642,875
2033-2034	14,090,000	736,750
Totals	\$ 154,515,000	\$ 40,758,038

F. Fund Balance Classifications of Governmental Funds

The District has classified its fund balances as follows:

	<u>General Fund</u>	<u>Special Projects Fund</u>	<u>Bond Building Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Fund Balances:						
Nonspendable:						
Inventory	\$ 40,636	\$ -	\$ -	\$ -	\$ 82,793	\$ 123,429
Restricted:						
Classroom Site	-	-	-	-	1,624,058	1,624,058
Instructional Improvement	-	-	-	-	615,202	615,202
Food Service	-	-	-	-	2,556,355	2,556,355
Community Education	-	-	-	-	236,127	236,127
Noninstructional Programs	-	-	-	-	843,355	843,355
Civic Center	-	-	-	-	479,426	479,426
Other Special Revenues	-	-	-	-	161,906	161,906
Capital Projects	-	-	43,741,695	-	7,956,305	51,698,000
Adjacent Ways	-	-	-	-	995,960	995,960
Debt Service	-	-	-	942,187	-	942,187
Total Restricted	-	-	43,741,695	942,187	15,468,694	60,152,576
Unassigned	25,358,583	(4,204,647)	-	-	(29,760)	21,124,176
Total Fund Balance	\$ 25,399,219	\$ (4,204,647)	\$ 43,741,695	\$ 942,187	\$ 15,521,727	\$ 81,400,181

NOTE 4 OTHER INFORMATION

A. 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.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

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 \$200,000 for each claim, not to exceed an annual aggregate percentage of 125%. 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.

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:

	<u>2022</u>	<u>2021</u>
Beginning Unpaid Claims	\$ 1,741,638	\$ 874,227
Claims Incurred and Changes in Estimate	(11,255,027)	(11,578,775)
Claims Paid	<u>9,513,389</u>	<u>8,962,910</u>
Ending Unpaid Claims	<u>\$ 1,999,591</u>	<u>\$ 1,741,638</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans

Cost Sharing Employer Plans

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

At June 30, 2022, the District reported the following amounts related to ASRS:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net Pension Liability	\$ 88,615,794
Deferred Outflows of Resources	23,131,663
Deferred Inflows of Resources	(29,079,326)
Pension Expense	8,913,020

The District's financial statements present an OPEB asset and liability as it relates to the District's health insurance premium benefit plan and long-term disability plan. These balances are not significant to the District's financial statements and are therefore omitted in this note.

Arizona State Retirement System

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

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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 Consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22% of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.01% of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.13% of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The District's contributions to the pension plan for the year ended June 30, 2022, were \$9,962,662.

During the fiscal year ended June 30, 2022 the District paid for ASRS pension contributions as follows: 69% from the General Fund, 18% for the Special Projects Fund and 13% from the other governmental funds.

Pension Liability – The net liabilities were measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020.

The District's reported liability of \$88,615,794 at June 30, 2022, decreased by \$29,935,721 from the District's prior year liability of \$118,551,515 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's FY 2021 contributions. The District's proportion measured as of June 30, 2021, was 0.67442%, which was an decrease of 0.0098% from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2022, the District recognized pension expense for ASRS of \$8,913,020. At June 30, 2022, 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	\$ 1,350,866	\$ -
Changes of Assumptions or Other Inputs	11,534,054	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	28,076,601
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	284,081	1,002,725
Contributions Subsequent to the Measurement Date	9,962,662	-
Total	\$ 23,131,663	\$ 29,079,326

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The \$9,962,662 reported as deferred outflows of resources related to ASRS pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 111,292
2024	(156,757)
2025	(6,189,452)
2026	(9,675,408)

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

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%
Projected Salary Increases	2.9 - 8.4%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.00% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	4.90 %
Fixed Income - Credit	20	5.20
Fixed Income - Interest Rate Sensitive	10	0.70
Real Estate	20	5.70
Total	<u>100%</u>	

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.00%, which was a decrease of 0.5% from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 139,385,221	\$ 88,615,794	\$ 46,288,138

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits

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.

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. The number of participants as of the effective date of the biannual OPEB valuation, follows.

Retirees Receiving Benefits	105
Active Employees	302
Total	407

Benefits Provided – The District provides postretirement insurance (medical and dental) benefits (OPEB), in accordance with the District’s Post Employment Benefit Plan, to eligible employees. Currently, 105 retirees meet those eligibility requirements.

Funding Policy – 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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 \$1,247,324 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.

Total OPEB Liability – The District’s total OPEB liability of \$16,755,211 had a measurement date of June 30, 2021, based on an actuarial valuation dated June 30, 2020.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Actuarially determined amounts are subject of continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability as of June 30, 2022, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, level percent of pay
Salary Increases	2.90%
Discount Rate	2.16%
Health Care Trend Rates	19.50% to 2022 and 5.75% to 2023, graded down to 4.50% over 12 years.

Mortality rates were based on the PubG-2010 Employee Mortality Table, Projected to 2017 using the Ultimate MP 2020 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 2020 Unisex scales for retired employees. Disabled Mortality Rates were based on PubNS-2010 disabled retiree mortality table.

Changes in Total OPEB Liability – The following table shows the changes in OPEB liability as of June 30, 2022.

Balances at June 30, 2021	\$ 18,212,180
Changes for the Year:	
Service Cost	351,348
Interest	396,945
Current-Period Benefit Changes	(894,470)
Change in Assumptions	(99,706)
Benefit Payments	(1,211,086)
Net Changes	<u>(1,456,969)</u>
Balances at June 30, 2022	<u>\$ 16,755,211</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Discount Rate – The discount rate used to measure the OPEB liability was 2.16%. The discount rate decreased from 2.21% to 2.16% based on changes to the Bond Buyer 20 index municipal bond rate from June 30, 2020 to June 30, 2021. The discount rate was determined by using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021.

Sensitivity Results – 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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability	\$ 17,890,915	\$ 16,755,211	\$ 15,696,680

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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Health Care Cost Trend Rates	Healthcare Cost Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability	\$ 15,568,115	\$ 16,755,211	\$ 18,074,039

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of \$198,696. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 2,634,814	\$ 387,742
Differences Between Expected and Actual Experience	1,314,233	754,086
Employer Benefits Paid Subsequent to the Measurement Date	1,247,324	-
Total	\$ 5,196,371	\$ 1,141,828

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

The \$1,247,324 reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30.</u>	<u>Future Recognition</u>
2023	\$ 632,675
2024	915,862
2025	1,228,172
2026	30,510

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REQUIRED SUPPLEMENTARY INFORMATION

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TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND PENSION CONTRIBUTIONS
JUNE 30, 2022

Schedule of the District's Proportionate Share of the Net Pension Liability	Reporting Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's Proportion of the Net Pension Liability	0.67%	0.68%	0.68%	0.66%	0.65%	0.66%	0.66%	0.66%
District's Proportionate Share of the Net Pension Liability	\$ 88,615,794	\$ 118,551,515	\$ 98,661,254	\$ 91,550,278	\$ 101,816,582	\$ 105,813,970	\$ 102,914,086	\$ 97,280,165
District's Covered Payroll	\$ 75,890,318	\$ 74,540,969	\$ 71,028,587	\$ 64,913,000	\$ 63,711,364	\$ 60,236,276	\$ 60,841,120	\$ 55,339,167
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.77%	159.04%	138.90%	141.04%	159.81%	175.66%	169.15%	175.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
Schedule of District Pension Contributions								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 9,962,662	\$ 8,841,222	\$ 8,534,941	\$ 7,940,996	\$ 7,075,517	\$ 6,868,085	\$ 6,535,636	\$ 6,625,598
Contributions in Relation to the Contractually Required Contribution	<u>9,962,662</u>	<u>8,841,222</u>	<u>8,534,941</u>	<u>7,940,996</u>	<u>7,075,517</u>	<u>6,868,085</u>	<u>6,535,636</u>	<u>6,625,598</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 82,953,056	\$ 75,890,318	\$ 74,540,969	\$ 71,028,587	\$ 64,913,000	\$ 63,711,364	\$ 60,236,276	\$ 60,841,120
Contributions as a Percentage of Covered Payroll	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%

Note: Information prior to the measurement date (June 30, 2014) was not available. Additional years' information will be displayed as it becomes available.

See accompanying Notes to Required Supplementary Information.

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

	Reporting Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability					
Service Cost	\$ 351,348	\$ 208,743	\$ 203,938	\$ 302,810	\$ 428,845
Interest	396,945	421,254	467,503	582,440	521,599
Change of Benefit Terms	(894,470)	-	-	-	-
Differences Between Expected and Actual Experience	-	1,981,259	299,196	(2,663,170)	302,593
Changes of Assumptions	(99,706)	4,300,819	109,181	(1,099,131)	(1,765,095)
Benefit Payments	(1,211,086)	(1,044,992)	(1,210,431)	(1,227,432)	(1,561,262)
Net Change in Total OPEB Liability	(1,456,969)	5,867,083	(130,613)	(4,104,483)	(2,073,320)
Total OPEB Liability - Beginning	18,212,180	12,345,097	12,475,710	16,580,193	18,653,513
Total OPEB Liability - Ending (a)	<u>\$ 16,755,211</u>	<u>\$ 18,212,180</u>	<u>\$ 12,345,097</u>	<u>\$ 12,475,710</u>	<u>\$ 16,580,193</u>
 Covered-Employee Payroll	 \$ 14,154,352	 \$ 16,597,470	 \$ 17,305,551	 \$ 16,971,045	 \$ 18,715,107
 District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	 118.37%	 109.73%	 71.34%	 73.51%	 88.59%

Note: Information prior to the measurement date (June 30, 2017) was not available.
Additional years' information will be displayed as it becomes available.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property Taxes	\$ -	\$ -	\$ 56,408,436	\$ 56,408,436
Intergovernmental	-	-	36,064,475	36,064,475
Investment Earnings	-	-	100,516	100,516
Other	-	-	1,161,547	1,161,547
Total Revenue	-	-	93,734,974	93,734,974
Expenditures:				
Current:				
Regular Education:				
Instruction	36,899,058	35,189,739	31,885,059	3,304,680
Support Services - Students	2,802,108	2,501,988	2,519,201	(17,213)
Support Services - Instructional Staff	3,714,407	3,689,008	3,370,894	318,114
Support Services - General Administration	422,672	523,263	558,888	(35,625)
Support Services - School Administration	3,983,775	4,366,311	4,044,916	321,395
Support Services - Business and Other	3,680,477	4,009,908	3,771,645	238,263
Operation and Maintenance of Plant	9,354,613	9,024,480	9,262,062	(237,582)
Operation of Noninstructional Services	133,509	144,037	137,043	6,994
School-Sponsored Cocurricular Activities	11,620	11,620	10,163	1,457
School-Sponsored Athletics	157,576	186,845	157,959	28,886
Total Regular Education	61,159,815	59,647,199	55,717,830	3,929,369
Special Education:				
Instruction	11,975,774	11,509,632	10,295,991	1,213,641
Support Services - Students	4,362,295	4,781,389	4,369,132	412,257
Support Services - Instructional Staff	929,999	1,462,736	1,098,468	364,268
Support Services - School Administration	176,071	174,244	153,752	20,492
Operation and Maintenance of Plant	165,541	173,116	165,763	7,353
Total Special Education	17,609,680	18,101,117	16,083,106	2,018,011
Pupil Transportation:				
Student Transportation Services	2,877,660	2,918,998	2,521,073	397,925
Desegregation	13,178,248	13,101,248	12,132,858	968,390
Special K-3 Reading Program				
Instruction	912,777	912,777	870,843	41,934
Total Expenditures	95,738,180	94,681,339	87,325,710	7,355,629
Net Change in Fund Balance	(95,738,180)	(94,681,339)	6,409,264	101,090,603
Fund Balance - Beginning of Year	-	-	14,317,112	14,317,112
Decrease in Inventories	-	-	(70,614)	(70,614)
Fund Balance - End of Year	\$ (95,738,180)	\$ (94,681,339)	\$ 20,655,762	\$ 115,337,101

See accompanying Notes to Required Supplementary Information.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 19,558,638	\$ 19,558,638
Investment Earnings	-	-	3,159	3,159
Total Revenue	-	-	19,561,797	19,561,797
Expenditures				
Instruction	20,942,153	21,178,607	16,182,921	4,995,686
Support Services				
Students	1,634,030	1,652,480	1,262,687	389,793
Instructional Staff	3,625,809	3,666,748	2,801,822	864,926
General Administration	9,386	9,492	7,253	2,239
School Administration	459,420	464,607	355,014	109,593
Business and Other Support Services	309,861	313,359	239,443	73,916
Operation and Maintenance of Plant	1,847,699	1,868,561	1,427,798	440,763
Student Transportation	415,298	419,987	320,919	99,068
Operation of Noninstructional Services	722,634	730,793	558,411	172,382
Facilities Acquisition	146,710	148,366	113,369	34,997
Total Expenditures	30,113,000	30,453,000	23,269,637	7,183,363
Excess (Deficiency) of Revenue Over Expenditures	(30,113,000)	(30,453,000)	(3,707,840)	26,745,160
Other Financing Sources (Uses)				
Transfers Out	-	-	(677,852)	(677,852)
Net Change in Fund Balance	(30,113,000)	(30,453,000)	(4,385,692)	26,067,308
Fund Balance				
Beginning of Year	-	-	181,045	181,045
End of Year	\$ (30,113,000)	\$ (30,453,000)	\$ (4,204,647)	\$ 26,248,353

See accompanying Notes to Required Supplementary Information.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 COST SHARING PENSION PLAN

Information prior to the measurement date (June 30, 2014) was not available. Additional years' information will be displayed as it becomes available.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exceptions: the General Fund as reported in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. However, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget. Therefore, the following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources/Uses</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 97,883,219	\$ 90,951,853	\$ 1,277,852	\$ 17,260,615	\$ 25,399,219
Less: Non Maintenance and Operation Funds included in General Fund for GASB Statement No. 54 Purposes	<u>(4,148,245)</u>	<u>(3,626,143)</u>	<u>(1,277,852)</u>	<u>(2,943,503)</u>	<u>(4,743,457)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Budgetary Basis	<u>\$ 93,734,974</u>	<u>\$ 87,325,710</u>	<u>\$ -</u>	<u>\$ 14,317,112</u>	<u>\$ 20,655,762</u>

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned education sales tax monies.

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

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

Student Activities Fund – accounts for monies raised by students to finance student clubs and organizations.

CAPITAL PROJECTS FUND

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

Building Renewal Fund – accounts for monies received from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovation to areas, systems, or buildings that will maintain or extend their useful life.

Unrestricted Capital Outlay Fund – accounts for transactions relating to the acquisition of items by purchase, lease-purchase, or lease as prescribed by A.R.S. §15-903(C).

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue				
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities
Assets					
Cash and Investments	\$ 423,344	\$ 1,624,058	\$ 1,633,342	\$ 2,269,864	\$ 110,764
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental	191,858	-	-	476,433	-
Lease Receivable	-	-	354,532	-	-
Inventory, at Cost	-	-	-	82,793	-
Other Assets	-	-	-	100,552	-
Total Assets	<u>\$ 615,202</u>	<u>\$ 1,624,058</u>	<u>\$ 1,987,874</u>	<u>\$ 2,929,642</u>	<u>\$ 110,764</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 21,298	\$ 274,573	\$ -
Accrued Wages and Benefits	-	-	1,994	15,921	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>23,292</u>	<u>290,494</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	-
Lease Related	-	-	354,532	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>354,532</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	82,793	-
Restricted	615,202	1,624,058	1,610,050	2,556,355	110,764
Unassigned	-	-	-	-	-
Total Fund Balance	<u>615,202</u>	<u>1,624,058</u>	<u>1,610,050</u>	<u>2,639,148</u>	<u>110,764</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 615,202</u>	<u>\$ 1,624,058</u>	<u>\$ 1,987,874</u>	<u>\$ 2,929,642</u>	<u>\$ 110,764</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2022**

Capital Projects					
Total Special Revenue Funds	Adjacent Ways	Building Renewal	Unrestricted Capital Outlay	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 6,061,372	\$ 1,028,184	\$ 27,931	\$ 8,315,402	\$ 9,371,517	\$ 15,432,889
-	12,147	-	87,483	99,630	99,630
668,291	-	279,069	-	279,069	947,360
354,532	-	-	-	-	354,532
82,793	-	-	-	-	82,793
100,552	-	-	-	-	100,552
<u>\$ 7,267,540</u>	<u>\$ 1,040,331</u>	<u>\$ 307,000</u>	<u>\$ 8,402,885</u>	<u>\$ 9,750,216</u>	<u>\$ 17,017,756</u>
\$ 295,871	\$ 32,224	\$ 186,124	\$ 386,926	\$ 605,274	\$ 901,145
17,915	-	-	-	-	17,915
313,786	32,224	186,124	386,926	605,274	919,060
-	12,147	150,636	59,654	222,437	222,437
354,532	-	-	-	-	354,532
354,532	12,147	150,636	59,654	222,437	576,969
82,793	-	-	-	-	82,793
6,516,429	995,960	-	7,956,305	8,952,265	15,468,694
-	-	(29,760)	-	(29,760)	(29,760)
6,599,222	995,960	(29,760)	7,956,305	8,922,505	15,521,727
<u>\$ 7,267,540</u>	<u>\$ 1,040,331</u>	<u>\$ 307,000</u>	<u>\$ 8,402,885</u>	<u>\$ 9,750,216</u>	<u>\$ 17,017,756</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2022**

	Special Revenue				
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities
Revenue:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	600,928	8,823,733	-	8,321,554	-
Food Service Sales	-	-	-	66,085	-
Charges for Services	-	-	471,072	-	-
Contributions and Donations	-	-	288,326	-	136,654
Investment Earnings	4,524	19,855	10,486	9,487	-
Other	-	-	168,397	7,967	-
Total Revenue	<u>605,452</u>	<u>8,843,588</u>	<u>938,281</u>	<u>8,405,093</u>	<u>136,654</u>
Expenditures:					
Current:					
Instruction	144,896	6,967,869	517,847	-	-
Support Services:					
Students	-	64,968	2,066	-	112,373
Instructional Staff	311,672	336,575	42,703	-	-
General Administration	-	-	2,020	-	-
School Administration	-	-	-	-	-
Business and Other Support Services	-	-	18,682	-	-
Operations and Maintenance of Plant	-	-	117,189	-	-
Student Transportation	-	-	55,154	-	165
Operation of Noninstructional Services	-	-	6,383	6,440,071	-
Capital Outlay:					
Facilities Acquisition	-	-	-	-	-
Total Expenditures	<u>456,568</u>	<u>7,369,412</u>	<u>762,044</u>	<u>6,440,071</u>	<u>112,538</u>
Excess (Deficiency) of Revenue Over Expenditures	148,884	1,474,176	176,237	1,965,022	24,116
Other Financing Sources (Uses):					
Transfers Out	-	-	-	(600,000)	-
Net Change in Fund Balance	148,884	1,474,176	176,237	1,365,022	24,116
Fund Balance:					
Beginning of Year	466,318	149,882	1,433,813	1,386,030	86,648
Decrease in Inventories	-	-	-	(111,904)	-
End of Year	<u>\$ 615,202</u>	<u>\$ 1,624,058</u>	<u>\$ 1,610,050</u>	<u>\$ 2,639,148</u>	<u>\$ 110,764</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Total Special Revenue Funds	Capital Projects			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Adjacent Ways	Building Renewal	Unrestricted Capital Outlay		
\$ -	\$ 900,033	\$ -	\$ 5,038,052	\$ 5,938,085	\$ 5,938,085
17,746,215	-	578,007	416,008	994,015	18,740,230
66,085	-	-	-	-	66,085
471,072	-	-	-	-	471,072
424,980	-	-	-	-	424,980
44,352	2,003	408	81,314	83,725	128,077
176,364	-	-	-	-	176,364
<u>18,929,068</u>	<u>902,036</u>	<u>578,415</u>	<u>5,535,374</u>	<u>7,015,825</u>	<u>25,944,893</u>
7,630,612	-	-	4,405,972	4,405,972	12,036,584
179,407	-	-	13,485	13,485	192,892
690,950	-	-	304,447	304,447	995,397
2,020	-	-	35,862	35,862	37,882
-	-	-	9,005	9,005	9,005
18,682	-	-	2,610,769	2,610,769	2,629,451
117,189	-	-	387,226	387,226	504,415
55,319	-	-	53,881	53,881	109,200
6,446,454	-	-	424,704	424,704	6,871,158
-	80,404	732,900	67,883	881,187	881,187
<u>15,140,633</u>	<u>80,404</u>	<u>732,900</u>	<u>8,313,234</u>	<u>9,126,538</u>	<u>24,267,171</u>
3,788,435	821,632	(154,485)	(2,777,860)	(2,110,713)	1,677,722
(600,000)	-	-	-	-	(600,000)
3,188,435	821,632	(154,485)	(2,777,860)	(2,110,713)	1,077,722
3,522,691	174,328	124,725	10,734,165	11,033,218	14,555,909
(111,904)	-	-	-	-	(111,904)
<u>\$ 6,599,222</u>	<u>\$ 995,960</u>	<u>\$ (29,760)</u>	<u>\$ 7,956,305</u>	<u>\$ 8,922,505</u>	<u>\$ 15,521,727</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – BOND BUILDING FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Instruction	\$ 407,989	\$ 407,989	\$ -	\$ 407,989
Support Services				
Operation and Maintenance of Plant	-	-	159,131	(159,131)
Student Transportation	-	-	1,858,679	(1,858,679)
Debt Service				
Issuance Costs	-	-	281,532	(281,532)
Facilities Acquisition	60,607,589	60,607,589	12,428,162	48,179,427
Total Expenditures	<u>61,015,578</u>	<u>61,015,578</u>	<u>14,727,504</u>	<u>46,288,074</u>
Excess (Deficiency) of Revenue Over Expenditures	(61,015,578)	(61,015,578)	(14,727,504)	46,288,074
Other Financing Sources (Uses)				
Proceeds of Issuance of Long-Term Debt	-	-	28,950,000	28,950,000
Premium on Issuance of Long-Term Debt	-	-	6,288,203	6,288,203
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,238,203</u>	<u>35,238,203</u>
Net Change in Fund Balance	(61,015,578)	(61,015,578)	20,510,699	81,526,277
Fund Balance				
Beginning of Year	-	-	23,230,996	23,230,996
End of Year	<u>\$ (61,015,578)</u>	<u>\$ (61,015,578)</u>	<u>\$ 43,741,695</u>	<u>\$ 104,757,273</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Property Taxes	\$ -	\$ 20,495,298	\$ 20,495,298
Investment Earnings	-	411,843	411,843
Total Revenue	<u>-</u>	<u>20,907,141</u>	<u>20,907,141</u>
Expenditures			
Debt Service			
Principal Retirement	20,750,000	15,580,000	5,170,000
Interest on Long-Term Debt	-	6,615,538	(6,615,538)
Total Expenditures	<u>20,750,000</u>	<u>22,195,538</u>	<u>(1,445,538)</u>
Net Change in Fund Balance	(20,750,000)	(1,288,397)	19,461,603
Fund Balance			
Beginning of Year	-	2,230,584	2,230,584
End of Year	<u>\$ (20,750,000)</u>	<u>\$ 942,187</u>	<u>\$ 21,692,187</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL – INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 600,928	\$ 600,928
Investment Earnings	-	-	4,524	4,524
Total Revenue	-	-	605,452	605,452
Expenditures				
Instruction	500,000	500,000	144,896	355,104
Support Services				
Instructional Staff	-	-	311,672	(311,672)
Total Expenditures	500,000	500,000	456,568	43,432
Net Change in Fund Balance	(500,000)	(500,000)	148,884	648,884
Fund Balance				
Beginning of Year	-	-	466,318	466,318
End of Year	\$ (500,000)	\$ (500,000)	\$ 615,202	\$ 1,115,202

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 8,823,733	\$ 8,823,733
Investment Earnings	-	-	19,855	19,855
Total Revenue	-	-	8,843,588	8,843,588
Expenditures				
Instruction	8,531,332	8,519,088	6,967,869	1,551,219
Support Services				
Students	32,670	32,670	64,968	(32,298)
Instructional Staff	423,500	416,750	336,575	80,175
Total Expenditures	8,987,502	8,968,508	7,369,412	1,599,096
Net Change in Fund Balance	(8,987,502)	(8,968,508)	1,474,176	10,442,684
Fund Balance				
Beginning of Year	-	-	149,882	149,882
End of Year	\$ (8,987,502)	\$ (8,968,508)	\$ 1,624,058	\$ 10,592,566

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Charges for Services	\$ -	\$ 471,072	\$ 471,072
Contributions and Donations	-	288,326	288,326
Investment Earnings	-	10,486	10,486
Other	-	168,397	168,397
Total Revenue	<u>-</u>	<u>938,281</u>	<u>938,281</u>
Expenditures			
Instruction	1,318,327	517,847	800,480
Support Services:			
Students	5,260	2,066	3,194
Instructional Staff	108,713	42,703	66,010
General Administration	5,142	2,020	3,122
Business and Other Support Services	47,560	18,682	28,878
Operations and Maintenance of Plant	298,338	117,189	181,149
Student Transportation	140,410	55,154	85,256
Operation of Noninstructional Services	16,250	6,383	9,867
Total Expenditures	<u>1,940,000</u>	<u>762,044</u>	<u>1,177,956</u>
Net Change in Fund Balance	(1,940,000)	176,237	2,116,237
Fund Balance			
Beginning of Year	-	1,433,813	1,433,813
End of Year	<u>\$ (1,940,000)</u>	<u>\$ 1,610,050</u>	<u>\$ 3,550,050</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final Budget		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 8,321,554	\$ 8,321,554
Food Service Sales	-	-	66,085	66,085
Investment Earnings (Loss)	-	-	9,487	9,487
Other	-	-	7,967	7,967
Total Revenue	-	-	8,405,093	8,405,093
Expenditures				
Operation of Noninstructional Services	6,100,000	6,100,000	6,440,071	(340,071)
Excess (Deficiency) of Revenue Over Expenditures	(6,100,000)	(6,100,000)	1,965,022	8,065,022
Other Financing Sources (Uses)				
Transfers Out	-	-	(600,000)	(600,000)
Net Change in Fund Balance	(6,100,000)	(6,100,000)	1,365,022	7,465,022
Fund Balance				
Beginning of Year	-	-	1,386,030	1,386,030
Decrease in Inventories	-	-	(111,904)	(111,904)
End of Year	<u>\$ (6,100,000)</u>	<u>\$ (6,100,000)</u>	<u>\$ 2,639,148</u>	<u>\$ 8,739,148</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – STUDENT ACTIVITIES FUND
YEAR ENDED JUNE 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Contributions and Donations	\$ -	\$ 136,654	\$ 136,654
Total Revenue	<u>-</u>	<u>136,654</u>	<u>136,654</u>
Expenditures			
Support Services:			
Students	199,707	112,373	87,334
Student Transportation	293	165	128
Total Expenditures	<u>200,000</u>	<u>112,538</u>	<u>87,462</u>
Net Change in Fund Balance	(200,000)	24,116	224,116
Fund Balance			
Beginning of Year	-	86,648	86,648
End of Year	<u>\$ (200,000)</u>	<u>\$ 110,764</u>	<u>\$ 310,764</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – ADJACENT WAYS FUND
YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Property Taxes	\$ -	\$ 900,033	\$ 900,033
Investment Earnings	-	2,003	2,003
Total Revenue	-	902,036	902,036
 Expenditures			
Facilities Acquisition	1,400,000	80,404	1,319,596
 Net Change in Fund Balance	(1,400,000)	821,632	2,221,632
 Fund Balance			
Beginning of Year	-	174,328	174,328
End of Year	\$ (1,400,000)	\$ 995,960	\$ 2,395,960

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – BUILDING RENEWAL FUND
YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Intergovernmental	\$ -	\$ 578,007	\$ 578,007
Investment Earnings	-	408	408
Total Revenue	-	578,415	578,415
Expenditures			
Facilities Acquisition	3,500,000	732,900	2,767,100
Net Change in Fund Balance	(3,500,000)	(154,485)	3,345,515
Fund Balance			
Beginning of Year	-	124,725	124,725
End of Year	\$ (3,500,000)	\$ (29,760)	\$ 3,470,240

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND
BALANCE – BUDGET AND ACTUAL – UNRESTRICTED CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Property Taxes	\$ -	\$ -	\$ 5,038,052	\$ 5,038,052
Intergovernmental	-	-	416,008	416,008
Investment Earnings	-	-	81,314	81,314
Total Revenue	<u>-</u>	<u>-</u>	<u>5,535,374</u>	<u>5,535,374</u>
Expenditures				
Instruction	\$ 9,305,671	\$ 10,995,230	\$ 4,405,972	\$ 6,589,258
Support Services				
Students	2,639,123	3,162,056	13,485	3,148,571
Instructional Staff	-	-	304,447	(304,447)
General Administration	2,468,747	3,336,000	35,862	3,300,138
School Administration	-	-	9,005	(9,005)
Business and Other Support Services	-	-	2,610,769	(2,610,769)
Operations and Maintenance of Plant	650,000	635,000	387,226	247,774
Student Transportation	760,000	370,000	53,881	316,119
Operation of Noninstructional Services	200,000	500,000	424,704	75,296
Debt Service				
Facilities Acquisition	3,820,311	1,368,000	67,883	1,300,117
Total Expenditures	<u>19,843,852</u>	<u>20,366,286</u>	<u>8,313,234</u>	<u>12,053,052</u>
Excess (Deficiency) of Revenue Over Expenditures	(19,843,852)	(20,366,286)	(2,777,860)	17,588,426
Fund Balance				
Beginning of Year	-	-	10,734,165	10,734,165
End of Year	<u>\$ (19,843,852)</u>	<u>\$ (20,366,286)</u>	<u>\$ 7,956,305</u>	<u>\$ 28,322,591</u>

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INTERNAL SERVICE FUNDS

Transportation Services – accounts for charges to other departments for transportation services.

Insurance Benefit – accounts 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
JUNE 30, 2022

	Transportation Services	Insurance Benefit	Totals
ASSETS			
Current:			
Cash and Investments	\$ 314,598	\$ 6,902,004	\$ 7,216,602
Accounts Receivable	-	119,872	119,872
Total Assets	314,598	7,021,876	7,336,474
 LIABILITIES			
Accounts Payable	1,299	7,618	8,917
Accrued Wages	19,128	-	19,128
Claims Payable	-	1,999,591	1,999,591
Total Liabilities	20,427	2,007,209	2,027,636
 NET POSITION			
Unrestricted	\$ 294,171	\$ 5,014,667	\$ 5,308,838

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Transportation Services</u>	<u>Insurance Benefit</u>	<u>Totals</u>
OPERATING REVENUES			
Contributions	\$ -	\$ 13,389,746	\$ 13,389,746
Charges for services	133,328	-	133,328
Other	-	153,235	153,235
Total Revenues	<u>133,328</u>	<u>13,542,981</u>	<u>13,676,309</u>
OPERATING EXPENSES			
Claims	-	11,255,027	11,255,027
Premiums	-	1,194,672	1,194,672
Administrative fees	-	1,924,518	1,924,518
Cost of Services	90,113	-	90,113
Total Expenditures	<u>90,113</u>	<u>14,374,217</u>	<u>14,464,330</u>
OPERATING INCOME (LOSS)	43,215	(831,236)	(788,021)
NONOPERATING REVENUES			
Investment Income	<u>3,602</u>	<u>51,235</u>	<u>54,837</u>
CHANGE IN NET POSITION	46,817	(780,001)	(733,184)
Net Position - Beginning of Year	<u>247,354</u>	<u>5,794,668</u>	<u>6,042,022</u>
NET POSITION - END OF YEAR	<u>\$ 294,171</u>	<u>\$ 5,014,667</u>	<u>\$ 5,308,838</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Transportation Services	Insurance Benefit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Contributions	\$ -	\$ 13,360,612	\$ 13,360,612
Cash Received from Other Sources	133,328	153,235	286,563
Cash Payments for Claims and Administrative Fees	-	(12,921,592)	(12,921,592)
Cash Payments for Premiums	-	(1,345,646)	(1,345,646)
Cash Payments for Supplies for Goods and Services/Employees	(81,755)	-	(81,755)
Net Cash Used by Operating Activities	<u>51,573</u>	<u>(753,391)</u>	<u>(701,818)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	3,602	51,235	54,837
Net Cash Provided by Investing Activities	<u>3,602</u>	<u>51,235</u>	<u>54,837</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	55,175	(702,156)	(646,981)
Cash and Cash Equivalents - Beginning of Year	<u>259,423</u>	<u>7,604,160</u>	<u>7,863,583</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 314,598</u>	<u>\$ 6,902,004</u>	<u>\$ 7,216,602</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 43,215	\$ (831,236)	\$ (788,021)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Change in Accounts Receivable	-	(29,134)	(29,134)
Change in Accounts Payable	1,299	(150,974)	(149,675)
Change in Accrued Liabilities	7,059	-	7,059
Change in Claims Payable	-	257,953	257,953
Total Adjustments	<u>8,358</u>	<u>77,845</u>	<u>86,203</u>
Net Cash Used by Operating Activities	<u>\$ 51,573</u>	<u>\$ (753,391)</u>	<u>\$ (701,818)</u>

STATISTICAL SECTION (UNAUDITED)

This section of the Tempe Elementary School District No. 3's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Position:										
Net Investment in										
Capital Assets	\$ 68,675,552	\$ 78,019,640	\$ 78,080,726	\$ 68,816,757	\$ 76,458,833	\$ 84,223,924	\$ 84,835,044	\$ 87,520,131	\$ 107,496,396	\$ 116,373,534
Restricted	5,667,460	4,952,352	8,085,327	15,701,861	15,400,743	18,620,858	19,596,927	19,658,619	17,290,732	17,089,997
Unrestricted	8,413,547	(90,967,307)	(86,045,164)	(78,656,580)	(72,713,490)	(85,234,179)	(72,803,645)	(72,834,757)	(88,650,391)	(78,702,418)
Total Net Position	<u>\$ 82,756,559</u>	<u>\$ (7,995,315)</u>	<u>\$ 120,889</u>	<u>\$ 5,862,038</u>	<u>\$ 19,146,086</u>	<u>\$ 17,610,603</u>	<u>\$ 31,628,326</u>	<u>\$ 34,343,993</u>	<u>\$ 36,136,737</u>	<u>\$ 54,761,113</u>

Source: District's Business and Finance Department

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Instruction	\$ 57,664,627	\$ 61,862,648	\$ 62,967,577	\$ 61,995,783	\$ 59,823,134	\$ 61,693,826	\$ 71,322,023	\$ 78,144,575	\$ 81,644,576	\$ 86,968,612
Support Services:										
Students	15,962,390	16,570,731	18,370,386	17,314,563	18,433,190	17,789,405	18,041,464	19,734,189	11,674,523	12,300,240
Instructional Staff	-	-	-	-	-	-	-	-	11,698,478	10,723,503
General Administration	5,268,355	5,630,548	6,208,030	10,337,501	10,436,681	9,777,558	10,064,378	13,753,415	1,093,541	999,357
School Administration	-	-	-	-	-	-	-	-	5,594,161	5,487,563
Business and Other Support Services	-	-	-	-	-	-	-	-	6,219,024	6,994,318
Operation and Maintenance of Plant	15,896,301	15,720,736	15,461,439	10,706,868	10,254,210	10,336,344	10,613,764	11,608,596	12,344,779	11,901,212
Student Transportation	5,024,477	5,034,220	5,279,882	5,237,098	5,296,198	4,696,363	4,723,021	6,442,744	4,602,263	4,753,324
Operation of Noninstructional Services	5,686,639	5,936,758	6,215,872	6,696,722	7,261,845	6,948,276	7,362,800	7,450,710	5,671,966	6,284,000
Interest on Long-Term Debt	5,101,573	4,530,676	4,534,064	4,011,125	3,076,668	4,523,557	4,552,261	5,247,156	4,635,783	3,441,132
Total Governmental Activities	<u>110,604,362</u>	<u>115,286,317</u>	<u>119,037,250</u>	<u>116,299,660</u>	<u>114,581,926</u>	<u>115,765,329</u>	<u>126,679,711</u>	<u>142,381,385</u>	<u>145,179,094</u>	<u>149,853,262</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	729,458	717,343	750,044	1,445,525	1,464,610	3,034,762	2,090,632	2,107,095	268,771	471,072
Operation of Noninstructional services	695,661	670,855	670,927	1,490,924	1,297,180	1,581,192	1,483,457	1,261,515	20,594	66,085
Operating Grants and Contributions	20,151,116	18,731,922	19,660,855	15,050,097	15,954,439	15,548,304	18,391,417	18,024,180	27,454,495	42,330,069
Capital Grants and Contributions	-	-	-	416,099	985,385	559,304	1,351,053	2,189,807	2,815,445	578,007
Total Governmental Activities										
Program Revenues	<u>21,576,235</u>	<u>20,120,120</u>	<u>21,081,826</u>	<u>18,402,645</u>	<u>19,701,614</u>	<u>20,723,562</u>	<u>23,316,559</u>	<u>23,582,597</u>	<u>30,559,305</u>	<u>43,445,233</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

(Concluded)	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	<u>\$ (89,028,127)</u>	<u>\$ (95,166,197)</u>	<u>\$ (97,955,424)</u>	<u>\$ (97,897,015)</u>	<u>\$ (94,880,312)</u>	<u>\$ (95,041,767)</u>	<u>\$ (103,363,152)</u>	<u>\$ (118,798,788)</u>	<u>\$ (114,619,789)</u>	<u>\$ (106,408,029)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	77,664,135	76,222,294	75,063,132	68,974,354	72,426,319	72,489,514	73,643,207	74,185,738	76,885,315	83,622,343
Unrestricted Grants and Contributions	26,049,482	27,768,835	29,559,784	34,338,398	35,331,795	35,893,627	41,761,931	45,136,941	36,551,529	38,452,151
Investment earnings	147,521	137,039	182,748	325,412	406,246	987,543	1,975,737	2,101,479	703,245	668,567
Other	<u>1,480,370</u>	<u>1,279,210</u>	<u>1,265,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,272,444</u>	<u>2,289,344</u>
Total Governmental Activities	<u>105,341,508</u>	<u>105,407,378</u>	<u>106,071,628</u>	<u>103,638,164</u>	<u>108,164,360</u>	<u>109,370,684</u>	<u>117,380,875</u>	<u>121,424,158</u>	<u>116,412,533</u>	<u>125,032,405</u>
Change in Net Position										
Governmental Activities	<u>\$ 16,313,381</u>	<u>\$ 10,241,181</u>	<u>\$ 8,116,204</u>	<u>\$ 5,741,149</u>	<u>\$ 13,284,048</u>	<u>\$ 14,328,917</u>	<u>\$ 14,017,723</u>	<u>\$ 2,625,370</u>	<u>\$ 1,792,744</u>	<u>\$ 18,624,376</u>

Source: District's Business and Finance Department

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 10,065,687	\$ 5,024,218	\$ 30,418	53,104	30,994	67,650	38,954	81,758	111,250	40,636
Assigned	1,678,355	1,635,019	1,648,683	-	-	-	-	-	-	-
Unassigned	788,757	(587,720)	5,917,429	8,622,475	8,223,014	9,663,531	11,450,598	15,334,323	17,149,365	25,358,583
Total General Fund	<u>\$ 12,532,799</u>	<u>\$ 6,071,517</u>	<u>\$ 7,596,530</u>	<u>\$ 8,675,579</u>	<u>\$ 8,254,008</u>	<u>\$ 9,731,181</u>	<u>\$ 11,489,552</u>	<u>\$ 15,416,081</u>	<u>\$ 17,260,615</u>	<u>\$ 25,399,219</u>
All Other Governmental Funds:										
Nonspendable	\$ 229,846	\$ 272,223	\$ 163,394	\$ 80,723	\$ 98,841	\$ 151,175	\$ 124,236	\$ 236,599	\$ 194,697	\$ 82,793
Restricted	16,212,566	13,044,837	50,063,843	38,669,865	79,966,972	66,631,657	87,200,871	59,854,117	40,003,837	60,152,576
Assigned	7,057,416	8,579,362	7,398,023	-	-	-	-	-	-	-
Unassigned	(10,008,224)	(4,491,064)	-	-	-	(1,110,489)	(928,292)	(1,918,979)	-	(4,234,407)
Total All Other Governmental Funds	<u>\$ 13,491,604</u>	<u>\$ 17,405,358</u>	<u>\$ 57,625,260</u>	<u>\$ 38,750,588</u>	<u>\$ 80,065,813</u>	<u>\$ 65,672,343</u>	<u>\$ 86,396,815</u>	<u>\$ 58,171,737</u>	<u>\$ 40,198,534</u>	<u>\$ 56,000,962</u>

Source: District's Business and Finance Department.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property Taxes	\$ 77,446,061	\$ 76,131,981	\$ 75,403,212	\$ 70,251,722	\$ 71,234,640	\$ 72,484,165	\$ 74,018,751	\$ 75,932,196	\$ 76,865,676	\$ 83,953,230
Intergovernmental:										
Federal Aid and Grants	20,899,943	19,015,463	20,250,982	14,952,965	15,597,908	13,668,364	15,883,582	14,350,673	4,752,861	10,293,222
State Aid and Grants	22,713,466	24,467,591	25,940,157	27,999,490	28,653,346	28,875,821	34,252,210	37,475,843	59,287,742	62,980,345
County aid and grants	2,346,167	2,469,097	2,635,800	2,677,945	2,718,749	2,775,814	3,047,158	3,115,998	3,180,409	3,061,444
Food Services Sales	460,658	323,772	318,624	768,191	736,772	789,090	799,386	611,788	20,594	66,085
Charges for Services	268,800	393,571	431,420	-	-	-	-	-	268,771	471,072
Contributions and Donations	491,000	517,725	507,797	-	-	-	-	-	411,936	513,741
Investment Earnings	147,521	137,039	182,748	301,010	376,670	949,357	1,850,852	1,948,062	702,706	668,567
Other	1,114,748	761,485	758,167	7,420,705	7,325,682	9,746,823	11,401,005	13,190,429	2,272,444	2,289,344
Total Revenues	126,584,025	124,888,579	127,099,834	124,372,028	126,643,767	129,289,434	141,252,944	146,624,989	147,763,139	164,297,050
Expenditures										
Current:										
Instruction	51,520,535	56,055,007	54,945,194	50,126,449	51,757,173	53,903,105	59,727,476	62,630,493	68,688,818	77,233,807
Support Services:										
Students	16,208,624	16,575,040	18,129,398	16,643,543	18,061,448	17,936,244	19,106,124	18,726,383	10,828,894	11,807,533
Instructional Staff	-	-	-	-	-	-	-	-	11,278,820	10,817,356
General Administration	5,162,848	5,573,515	6,095,443	9,592,017	10,039,957	9,839,611	10,575,473	11,719,606	492,090	891,686
School Administration	-	-	-	-	-	-	-	-	5,322,096	5,474,711
Business and Other	-	-	-	-	-	-	-	-	5,927,101	7,742,456
Operation/Maintenance of Plant	15,930,949	15,406,689	15,422,661	10,320,378	9,937,379	10,305,604	10,955,449	10,842,862	11,838,277	12,091,921
Student Transportation	4,170,482	4,226,158	4,386,114	4,077,837	3,976,784	3,770,358	3,891,478	3,608,508	3,114,714	5,839,987
Operation of Noninstructional Services	5,535,048	6,120,854	5,928,638	6,378,936	6,990,766	6,896,740	7,260,816	7,043,305	5,444,438	7,599,651
Capital Outlay:										
Facilities										
Acquisition/Construction	3,131,222	3,715,178	3,989,349	25,462,257	19,968,195	21,551,196	44,685,132	36,210,175	21,376,400	13,435,525
Debt Service:										
Principal	16,780,000	10,530,000	11,625,000	12,835,000	15,800,000	12,680,000	13,640,000	13,475,000	13,280,000	15,580,000
Interest and Fiscal Charges	5,100,591	9,178,339	4,134,823	4,154,615	4,172,944	5,411,863	6,032,822	6,727,717	6,287,750	6,615,538
Bond Issuance Costs	-	-	583,911	-	432,013	-	393,981	152,808	-	281,532
Total Expenditures	123,540,299	127,380,780	125,240,531	139,591,032	141,136,659	142,294,721	176,268,751	171,136,857	163,879,398	175,411,703

(continued)

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
(Concluded)										
Excess of Revenues Over (Under) Expenditures	<u>\$ 3,043,726</u>	<u>\$ (2,492,201)</u>	<u>\$ 1,859,303</u>	<u>\$ (15,219,004)</u>	<u>\$ (14,492,892)</u>	<u>\$ (13,005,287)</u>	<u>\$ (35,015,807)</u>	<u>\$ (24,511,868)</u>	<u>\$ (16,116,259)</u>	<u>\$ (11,114,653)</u>
Other Financing Sources (Uses)										
Proceeds of Issuance of Long-Term Debt	-	-	37,560,000	-	47,875,000	-	47,980,000	10,030,000	-	28,950,000
Proceeds of Refunding Debt Issuance	-	-	27,500,000	-	-	-	-	-	-	-
Premium on Issuance of Long-Term Debt	-	-	4,875,508	-	7,515,538	-	9,574,285	1,510,572	-	6,288,203
Payment to Refunded Bond Escrow Agent	-	-	(30,053,852)	-	-	-	-	(11,572,717)	-	-
Transfers In	947,022	3,358,368	761,323	1,078,393	841,410	1,509,082	4,014,326	1,877,621	593,800	1,277,852
Transfers Out	(947,022)	(3,358,368)	(761,323)	(3,595,027)	(841,410)	(1,509,082)	(4,014,326)	(1,877,621)	(593,800)	(1,277,852)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>39,881,656</u>	<u>(2,516,634)</u>	<u>55,390,538</u>	<u>-</u>	<u>57,554,285</u>	<u>(32,145)</u>	<u>-</u>	<u>35,238,203</u>
Net Change in Fund Balance	<u>\$ 3,043,726</u>	<u>\$ (2,492,201)</u>	<u>\$ 41,740,959</u>	<u>\$ (17,735,638)</u>	<u>\$ 40,897,646</u>	<u>\$ (13,005,287)</u>	<u>\$ 22,538,478</u>	<u>\$ (24,544,013)</u>	<u>\$ (16,116,259)</u>	<u>\$ 24,123,550</u>
Debt Service as a Percentage of Noncapital Expenditures	18%	16%	13%	15%	16%	15%	15%	15%	14%	14%

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE
OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS
(UNAUDITED)

Description	Fiscal Year			
	2013	2014	2015	2016
Mining, Utility, Telecommunications, Commercial, and Industrial	\$ 843,246,237	\$ 734,721,015	\$ 718,421,648	\$ 728,372,625
Agricultural and Vacant Land	34,280,734	29,363,034	28,702,080	28,648,961
Residential (Owner Occupied)	282,964,272	227,868,770	238,170,353	242,406,047
Residential (Rental)	180,019,866	193,859,471	228,803,484	243,399,914
Railroad, Private Car Companies and Flight Property	2,774,441	2,505,119	2,654,097	2,480,172
Historic Property	5,625,266	5,453,696	5,657,136	5,487,552
Improvements on Federal, State, County or Municipal Property	23,265	28,495	30,141	34,160
	<u>\$ 1,348,934,081</u>	<u>\$ 1,193,799,600</u>	<u>\$ 1,222,438,939</u>	<u>\$ 1,250,829,431</u>
Gross Full Cash Value	\$ 12,805,976,115	\$ 12,941,693,279	\$ 13,867,445,296	\$ 15,999,520,131
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	9%	9%	8%
Total Direct Rate	5.57	6.16	5.75	5.47

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE
OF TAXABLE PROPERTY BY CLASS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	745,160,300	\$	783,383,606	\$	809,612,473	\$	871,493,556	\$	909,538,270	\$	995,895,142
	25,329,026		25,388,890		27,340,780		29,421,400		27,271,278		26,243,902
	252,589,951		263,571,607		277,023,176		287,108,929		305,418,247		320,638,736
	273,930,023		303,170,419		330,145,037		371,583,426		411,652,213		438,241,053
	2,240,326		2,270,572		2,096,760		2,137,105		2,110,000		2,262,696
	5,316,652		5,391,485		3,218,352		5,449,362		5,524,113		5,665,576
	38,964		39,895		23,942		25,139		26,396		27,716
<u>\$</u>	<u>1,304,605,242</u>	<u>\$</u>	<u>1,383,216,474</u>	<u>\$</u>	<u>1,449,460,520</u>	<u>\$</u>	<u>1,567,218,917</u>	<u>\$</u>	<u>1,661,540,517</u>	<u>\$</u>	<u>1,788,974,821</u>
\$	18,376,484,607	\$	20,077,779,677	\$	21,702,277,454	\$	24,024,741,237	\$	27,068,972,333	\$	30,124,996,206
	7%		7%		7%		7%		6%		6%
	5.29		5.05		4.90		4.71		4.47		4.45

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

Description	Fiscal Year			
	2013	2014	2015	2016
Mining, Utility, Telecommunications, Commercial and Industrial	\$ 847,650,659	\$ 738,213,770	\$ 727,469,438	\$ 798,328,358
Agricultural and Vacant Land	35,317,591	30,123,518	30,215,489	32,999,881
Residential (Owner Occupied)	283,156,861	228,032,466	258,594,273	315,592,574
Residential (Rental)	180,071,284	199,931,466	261,177,465	319,103,325
Railroad, Private Car Companies and Flight Property	2,829,080	2,529,484	2,679,973	2,529,283
Historic Property	7,148,235	7,001,051	7,113,525	6,434,518
Improvements on Federal, State, County or Municipal Property	23,265	28,495	30,141	34,682
	<u>\$ 1,356,196,975</u>	<u>\$ 1,205,860,250</u>	<u>\$ 1,287,280,304</u>	<u>\$ 1,475,022,621</u>
Gross Full Cash Value	\$ 12,805,976,115	\$ 12,941,693,279	\$ 13,867,445,296	\$ 15,999,520,131
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	9%	9%	9%
Estimated Net Full Cash Value	<u>\$ 8,877,589,037</u>	<u>\$ 7,976,756,162</u>	<u>\$ 8,785,210,543</u>	<u>\$ 15,999,520,130</u>
Total Direct Rate	5.57	6.16	5.75	5.47

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

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

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	901,977,115	\$	979,872,909	\$	1,034,794,904	\$	1,143,359,490	\$	1,240,815,516	\$	1,355,673,489
	30,989,118		35,138,313		38,115,320		43,086,115		41,683,753		41,024,162
	347,072,484		358,121,756		389,881,828		414,496,770		457,153,921		497,814,522
	386,872,145		440,405,986		507,707,050		595,960,219		695,209,259		811,168,462
	2,403,955		2,659,239		2,542,905		2,657,076		2,689,670		2,957,208
	6,489,499		5,961,240		3,871,735		6,210,410		6,267,465		6,464,275
	41,531		43,895		28,898		29,413		30,128		29,758
\$	<u>1,675,845,847</u>	\$	<u>1,822,203,338</u>	\$	<u>1,976,942,640</u>	\$	<u>2,205,799,493</u>	\$	<u>2,443,849,712</u>	\$	<u>2,715,131,876</u>
\$	18,376,484,607	\$	20,077,779,677	\$	21,702,277,454	\$	24,024,741,237	\$	27,068,972,333	\$	30,124,996,206
	9%		9%		9%		9%		9%		9%
\$	<u>12,082,397,690</u>	\$	<u>13,138,077,225</u>	\$	<u>14,343,537,296</u>	\$	<u>16,058,764,798</u>	\$	<u>17,890,317,858</u>	\$	<u>19,951,664,970</u>
	5.29		5.05		4.90		4.71		4.47		4.45

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

Class	Fiscal Year			
	2013	2014	2015	2016
Commercial, Industrial, Utilities and Mining	19 %	19 %	19 %	19 %
Agricultural and Vacant Land	16	16	16	16
Residential (Owner Occupied)	10	10	10	10
Residential (Rental)	10	10	10	10
Railroad, Private Cars and Airlines	15	16	16	15

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
18 %	18 %	18 %	18 %	18 %	18 %
15	15	15	15	15	15
10	10	10	10	10	10
10	10	10	10	10	10
14	15	14	15	15	15

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	District Direct Rates			Overlapping Rates					Overlapping Rates						
	Primary	Secondary	Total	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 Mesa	City of Scottsdale
2022	2.61	1.84	4.45	1.77	0.06	0.18	1.23	0.01	0.14	2.37	0.05	2.45	2.12	1.13	1.01
2021	2.62	1.85	4.47	1.35	0.06	0.18	1.23	0.01	0.14	2.37	0.05	2.50	2.12	1.13	1.01
2020	2.70	2.01	4.71	1.40	0.06	0.18	1.33	0.01	0.14	2.40	0.05	2.56	2.13	1.19	1.04
2019	2.05	2.85	4.90	1.40	0.06	0.18	1.38	0.01	0.14	2.42	0.05	2.64	2.14	1.02	1.10
2018	2.96	2.09	5.05	1.10	0.06	0.18	1.41	0.01	0.14	2.49	0.05	2.66	2.16	1.10	1.09
2017	3.09	2.20	5.29	1.40	0.06	0.18	1.47	0.01	0.14	2.52	0.05	2.90	2.17	1.16	1.13
2016	3.22	2.25	5.47	1.36	0.06	0.16	1.49	0.01	0.14	2.44	0.05	2.88	1.82	1.21	1.15
2015	3.30	2.45	5.75	1.32	0.06	0.14	1.52	0.01	0.14	2.44	0.05	3.06	1.82	1.19	1.24
2014	3.22	2.94	6.16	1.28	0.04	0.14	1.53	0.01	0.14	2.49	0.05	2.66	1.82	0.86	1.29
2013	3.18	2.39	5.57	1.24	0.05	0.18	1.38	0.01	0.10	2.14	0.05	2.41	1.82	0.51	1.23

Source: Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2022 AND 2013
(UNAUDITED)

Taxpayer	2022		2013	
	Total Assessed Value	Percentage of District's Assessed Valuation	Total Assessed Value	Percentage of District's Assessed Valuation
Arizona Public Service Company	\$ 79,134,634	4.42 %	\$ 20,071,363	0.88 %
Verizon Wireless	28,840,449	1.61	12,084,314	0.53
Arizona Mills Mall LLC	22,076,872	1.23	39,107,974	1.72
Arizona Grand Resort LLC	16,148,159	0.90	-	-
Cousins Fund II Phoenix IV LLC	10,895,850	0.61	-	-
WPT Land 2 LP	10,809,977	0.60	27,857,204	1.67
JDM II Tempe OC LLC	9,953,418	0.56	-	-
Cousins Fund II Phoenix II LLC	9,881,370	0.55	-	-
University House Tempe LLC	8,869,917	0.50	-	-
JP Morgan Chase Bank NA	8,629,805	0.48	-	-
Point South Mountain Resort LLC	-	-	27,796,206	1.22
Qwest Communications	-	-	17,682,135	0.78
Tempe Fountainhead Corporate LLC	-	-	14,111,013	0.62
State Farm Insurance	-	-	13,655,256	0.60
St. Paul Properties Inc.	-	-	11,420,499	0.50
LBA Realty Fund LLC	-	-	11,077,349	0.49
Fly (Cd) LLC/Awhq LLC	-	-	10,226,585	0.45
Total	\$ 205,240,451	11.46 %	\$ 205,089,898	9.46 %

Source: Maricopa County Assessor's records.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Current Collections			Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected	Collections in Subsequent Fiscal Years	Total to Date	Percentage of Levy
2013	\$ 75,738,125	\$ 73,653,381	97.25 %	\$ 2,068,785	\$ 75,722,166	99.98 %
2014	74,144,209	72,125,687	97.28	1,990,171	74,115,858	99.96
2015	72,270,506	70,609,571	97.70	1,638,090	72,247,661	99.97
2016	69,034,706	68,103,388	98.65	914,317	69,017,705	99.98
2017	69,401,151	67,089,149	96.67	2,303,012	69,392,161	99.99
2018	69,682,185	67,718,197	97.18	1,955,561	69,673,758	99.99
2019	71,611,074	69,865,123	97.56	1,729,894	71,595,017	99.98
2020	73,797,283	71,613,457	97.04	2,149,337	73,762,794	99.95
2021	74,168,345	72,959,359	98.37	1,015,601	73,974,960	99.74
2022	80,109,780	78,993,084	98.61	-	78,993,084	98.61

Source: The Maricopa County Treasurer.

Note 1: 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
(UNAUDITED)**

Fiscal Year	General Obligation Bonds			Ratio of Net Bonded Debt to the Estimated Actual Value of Taxable Property	Population	Debt Per Capita	Total Outstanding Debt			
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total Primary Government				Total	Ratio of Total Bonded Debt to the Estimated Actual Value of Taxable Property	Debt Per Capita	Percentage of Personal Income
2012	\$ 119,386,865	\$ -	\$ 119,386,865	0.81%	147,734	\$ 808	\$ 119,386,865	0.81%	\$ 808	0.08%
2013	103,583,363	-	103,583,363	0.81%	147,734	701	103,583,363	0.81%	701	0.07%
2014	88,216,801	-	88,216,801	0.68%	147,734	597	88,216,801	0.68%	597	0.05%
2015	130,010,511	(2,840,019)	127,170,492	0.92%	147,734	861	130,010,511	0.94%	880	0.08%
2016	117,969,363	(3,620,807)	114,348,556	0.71%	158,032	724	117,969,363	0.74%	746	0.07%
2017	159,155,954	(1,189,779)	157,966,175	0.86%	176,584	895	159,155,954	0.87%	901	0.06%
2018	142,194,991	(1,821,648)	140,373,343	0.70%	179,794	781	142,194,991	0.71%	791	0.08%
2019	185,316,058	(3,913,033)	181,403,025	0.84%	185,301	979	185,316,058	0.85%	1,000	0.00%
2020	170,082,526	(4,199,736)	165,882,790	0.69%	192,364	862	170,082,526	0.71%	884	0.09%
2021	154,655,498	(2,330,584)	152,324,914	0.56%	180,587	843	154,655,498	0.57%	856	0.03%
2022	172,857,702	(942,187)	171,915,515	0.57%	162,866	1,056	172,857,702	0.57%	1,061	0.03%

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

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable to School District	Estimated Share of Overlapping Debt Applicable to School District
Maricopa Community College District	\$ 184,175,000	3.67%	\$ 6,759,223
Maricopa County Special Health Care District	640,695,000	3.67%	23,513,507
City of Phoenix	920,905,000	1.73%	15,931,657
City of Mesa	334,405,000	0.40%	1,337,620
City of Tempe	360,154,583	65.90%	237,341,870
Tempe Union High School District No. 213	76,755,000	42.58%	32,682,279
Subtotal, Overlapping Debt			<u>317,566,155</u>
Tempe Elementary School District No. 3 Direct Debt			<u>172,857,702</u>
Total Direct and Overlapping Debt			<u><u>\$ 490,423,857</u></u>

Direct and Overlapping General Obligation Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		6.37%
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$	3,011
As a Percentage of Net Limited Assessed Valuation		18.06%
As a Percentage of Gross Full Cash Value		1.63%

Source: District's Business and Finance Department and the State and County Abstract of the Assessment
Arizona Department of Revenue, District's Bond Offering document and the applicable governmental unit.

Note: Percentage of overlap based on assessed property values.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021	2022
Debt Limit	\$ 237,318,319	\$ 203,429,546	\$ 180,879,038	\$ 193,092,046	\$ 193,092,046	\$ 221,253,393	\$ 251,376,877	\$ 273,330,501	\$ 330,869,924	\$ 366,577,457	\$ 407,269,781
Total Applicable to Limit	114,010,000	97,230,000	86,700,000	112,635,000	112,635,000	112,635,000	155,190,538	126,320,000	167,099,582	152,424,914	171,915,515
Legal Debt Margin	<u>\$ 123,308,319</u>	<u>\$ 106,199,546</u>	<u>\$ 94,179,038</u>	<u>\$ 80,457,046</u>	<u>\$ 80,457,046</u>	<u>\$ 108,618,393</u>	<u>\$ 96,186,339</u>	<u>\$ 147,010,501</u>	<u>\$ 163,770,342</u>	<u>\$ 214,152,543</u>	<u>\$ 235,354,266</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	48%	48%	48%	58%	58%	51%	62%	46%	51%	42%	42%
Total Class B Debt Limit	\$ 158,212,213	\$ 135,619,697	\$ 120,586,025	\$ 128,728,030	\$ 128,728,031	\$ 147,502,262	\$ 167,584,585	\$ 182,220,334	\$ 220,579,949	\$ 244,384,971	\$ 271,513,188
Total Applicable to Limit	114,010,000	97,230,000	86,700,000	112,635,000	112,635,000	112,635,000	155,190,538	126,320,000	167,099,582	152,424,914	171,915,515
Class B Legal debt Margin	<u>\$ 44,202,213</u>	<u>\$ 38,389,697</u>	<u>\$ 33,886,025</u>	<u>\$ 16,093,030</u>	<u>\$ 16,093,031</u>	<u>\$ 34,867,262</u>	<u>\$ 12,394,047</u>	<u>\$ 55,900,334</u>	<u>\$ 53,480,367</u>	<u>\$ 91,960,057</u>	<u>\$ 99,597,673</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	72.06%	71.69%	71.90%	87.50%	87.50%	76.36%	92.60%	69.32%	75.75%	62.37%	63.32%

Source: The District's Business and Finance Department

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2022
(UNAUDITED)

Net Assessed Full Cash Value		\$ <u>2,715,131,876</u>
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Legal Debt Margin

Debt Limitation - 15% of Assessed Value		\$ 407,269,781
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Amount of Debt Applicable to Debt Limit:

Class B General Obligation and Refunding Bonds Outstanding	\$ 154,515,000	
Premium	18,342,702	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(942,187)</u>	

Total Amount of Debt Applicable to Debt Limit		<u>171,915,515</u>
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Legal Debt Margin		<u>\$ 235,354,266</u>
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Class B Legal Debt Margin

Debt Limit - the greater of 10% of the net secondary assessed valuation or \$1,500 per student (ADM)

10% of Net Secondary Assessed Valuation		\$ 271,513,188
\$1,500 Per Student (ADM)		15,235,500

Amount of Debt Applicable to Debt Limit:

Class B General Obligation and Refunding Bonds Outstanding	\$ 154,515,000	
Premium	18,342,702	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(942,187)</u>	

Total Amount of Debt Applicable to Debt Limit		<u>171,915,515</u>
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Class B Legal Debt Margin		<u>\$ 99,597,673</u>
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Source: Maricopa County Assessor's Office

Note: State Statutes limit the total amount of bonded debt for a nonunified school district to 15% of the net full cash assessed valuation of the District. In addition, Class B bonded debt is limited to the greater of 10% of the net secondary assessed valuation of the district or \$1,500 per student for a nonunified school district.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (UNAUDITED)**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Estimated District Population
2012	3,884,705	\$ 154,926,697	\$ 39,300	7.10%	147,734
2013	4,009,412	160,497,824	40,030	6.60%	147,734
2014	4,087,191	168,483,421	41,222	5.90%	147,734
2015	4,076,438	168,483,421	41,222	5.50%	158,032
2016	4,137,076	280,120,037	43,628	4.50%	176,584
2017	4,221,684	185,111,698	43,628	4.20%	179,794
2018	4,294,460	196,286,191	45,573	4.10%	185,301
2019	4,367,835	223,097,349	49,663	3.60%	192,364
2020	4,420,568	245,077,753	53,521	5.30%	180,587
2021	4,497,000	268,736,223	59,759	2.60%	162,866

Sources: Bureau of Economic Analysis; US Department of Labor
 This Data is for the County as data for the District is unavailable.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
PRINCIPAL EMPLOYERS
JUNE 30, 2022 AND 2013
(UNAUDITED)

Employer	2022		2013	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Arizona State University	8,330	23.3 %	11,185	26.1 %
State Farm	7,600	21.2	1,149	2.7
JPMorgan Chase Bank	4,100	11.5	-	-
SRP	3,010	8.4	4,374	10.2
Amazon	2,810	7.9	-	-
Wells Fargo	2,380	6.7	3,576	8.3
Freedom Financial Network	2,040	5.7	-	-
ABM Industries	2,000	5.6	-	-
City of Tempe	1,967	5.5	1,600	3.7
Honeywell	1,560	4.4	3,000	7.0
Maricopa County Community Colleges	-	-	4,611	10.8
Safeway Inc.	-	-	3,669	8.6
Motorola	-	-	3,000	7.0
Kyrene School District	-	-	2,401	5.6
Chase Manhattan Corporation	-	-	2,377	5.5
US Airways	-	-	1,898	4.4
Total	35,797	100.0 %	42,840	100.0 %

Source: City of Tempe, Arizona

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administrative:										
District	9	9	9	9	10	11	12	13	8	8
Principals	20	20	21	21	21	22	23	23	23	23
Assistant Principals	13	13	13	13	12	11	9	13	8	8
Total Supervisory	<u>42</u>	<u>42</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>44</u>	<u>44</u>	<u>49</u>	<u>39</u>	<u>39</u>
Specialists:										
Guidance Counselors	20	20	21	21	21	21	30	24	22	25
Librarians	15	16	16	17	17	17	18	16	15	17
Psychologist	17	17	17	18	18	17	19	17	19	20
Other	37	29	29	45	49	49	24	45	41	48
Total Specialist	<u>89</u>	<u>82</u>	<u>83</u>	<u>101</u>	<u>105</u>	<u>104</u>	<u>91</u>	<u>102</u>	<u>97</u>	<u>110</u>
Teachers:										
Regular Education	601	604	604	600	590	592	723	613	614	647
Special Education	104	114	114	112	108	115	126	109	109	117
Total Teachers	<u>705</u>	<u>718</u>	<u>718</u>	<u>712</u>	<u>698</u>	<u>707</u>	<u>849</u>	<u>722</u>	<u>723</u>	<u>764</u>
Support and Administration:										
Instructional Aides	178	191	191	187	172	183	248	196	174	180
Office Staff	100	100	100	102	106	106	139	80	81	90
Managers/Directors	22	22	22	27	24	24	13	22	29	24
Student Support	54	55	55	59	59	65	53	58	55	60
Plant Operations Staff	111	113	113	113	112	112	141	108	107	104
Other	174	187	187	171	170	164	200	194	221	242
Total support and administration	<u>639</u>	<u>668</u>	<u>668</u>	<u>659</u>	<u>643</u>	<u>654</u>	<u>794</u>	<u>658</u>	<u>667</u>	<u>700</u>
Total	<u><u>1,475</u></u>	<u><u>1,510</u></u>	<u><u>1,512</u></u>	<u><u>1,515</u></u>	<u><u>1,489</u></u>	<u><u>1,509</u></u>	<u><u>1,778</u></u>	<u><u>1,531</u></u>	<u><u>1,526</u></u>	<u><u>1,613</u></u>

Source: District information.

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

Fiscal Year	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Total Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
2013	11,035	\$ 105,848,081	\$ 9,592	(0.28)%	\$ 115,458,227	\$ 10,463	(1.6)%	711	15.5	75.0 %
2014	10,960	98,528,486	8,990	(6.3)	110,604,362	10,092	(3.5)	705	15.5	74.6
2015	11,045	103,957,263	9,412	4.70	115,286,317	10,438	3.43	718	15.4	74.2
2016	11,115	104,907,448	9,438	0.28	119,037,250	10,710	2.60	718	15.5	73.8
2017	11,030	97,139,160	8,807	(6.7)	116,299,660	10,544	(1.5)	712	15.5	74.0
2018	10,915	100,763,507	9,232	4.82	114,581,926	10,498	(0.4)	698	15.6	67.0
2019	10,770	102,651,662	9,531	3.25	115,765,329	10,749	2.39	707	15.2	65.0
2020	10,905	111,516,816	10,226	7.29	126,679,711	11,617	8.07	849	12.8	72.4
2021	10,923	114,571,157	10,489	2.57	142,381,385	13,035	12.21	722	15.1	69.0
2021	10,399	122,935,248	11,822	12.71	163,879,398	15,759	20.90	824	12.6	71.0
2022	10,157	139,499,108	13,734	30.94	175,411,703	17,270	32.49	944	10.8	65.2

Source: Data for Operating Expenditures is Total Expenditures less Debt Service and Facilities Acquisition and Construction.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Schools</u>										
Elementary										
Buildings	58	57	57	63	61	63	62	60	60	60
Square Feet	884,047	883,446	883,446	956,962	978,653	978,653	978,653	983,664	983,664	983,664
Capacity	8,755	8,755	8,755	9,521	9,654	9,682	9,682	9,682	9,682	9,682
Enrollment	7,879	8,052	8,052	7,534	7,390	7,265	7,351	7,187	6,780	6,780
Middle										
Buildings	32	35	36	38	38	38	38	38	38	38
Square Feet	455,684	490,485	498,931	519,742	519,742	519,742	519,742	519,742	519,742	519,742
Capacity	3,318	3,693	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Enrollment	3,001	2,931	3,098	3,135	3,081	3,154	3,156	3,244	3,181	3,181
K-8										
Buildings	10	10	10	3	7	7	8	8	8	8
Square Feet	95,960	95,960	95,960	43,991	118,203	118,203	132,996	132,996	132,996	132,996
Capacity	1,079	1,079	1,079	504	1,079	1,079	1,079	1,079	1,079	1,079
Enrollment	981	946	901	905	962	1,030	1,046	974	908	908
<u>Administrative</u>										
Buildings	4	4	4	3	2	2	2	2	2	2
Square Feet	95,301	95,301	95,301	77,348	94,371	94,371	94,371	94,371	94,371	94,371
<u>Maintenance</u>										
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
<u>Other</u>										
Buildings	23	20	15	7	7	6	6	6	6	6
Square Feet	207,219	172,605	120,288	25,961	25,961	23,521	23,521	23,521	23,521	23,521
Capacity	2,050	1,675	1,020	293	293	265	265	265	265	265

Source: The District's facilities records.

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