

ANNUAL COMPREHENSIVE FINANCIAL REPORT



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

For Fiscal Year Ended June 30, 2023

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
TEMPE, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2023

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

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INTRODUCTORY SECTION

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February 29, 2024

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, 2023.

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, 2023, 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, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles & 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 9,500 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.

The economic engines of Tempe focus on higher education, manufacturing, tourism, and commercial and retail trade. The presence of Arizona State University gives the city financial stability due to the regular influx of students, faculty, and visitors.

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 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 been very fortunate to have received the support of voters in the passage of bonds and overrides. The additional funding that those ballot measures have given the District have allowed Tempe Elementary to have more financial stability and flexibility. 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 District continues to invest in increasing teacher compensation. The District has increased starting teacher pay to more than \$50,000. Additionally, in the last year, the District has significantly increased the starting wages of many support staff positions. 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 13% over the last five years. The projected enrollment for the next fiscal year is about 9,500 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.

The District is well positioned to move forward with improving the buildings and learning environments for all its students. The voters approved a \$196.5 million bond program in 2022. This bond program will build on the District's 2004 Long-range Facility Plan to build modern schools throughout the District. Since 2005, the District has systematically renovated 13 of the 22 school sites. The District opened the newly rebuilt Mosley Middle School in July 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, 2022. This was the 35th 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 annual financial comprehensive report for the fiscal year ended June 30, 2022. 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, 2023 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, 2023**

GOVERNING BOARD

Eric Miller
President

Charlotte Winsor
Vice President

Jim Lemmon
Member

Allison Ewers
Member

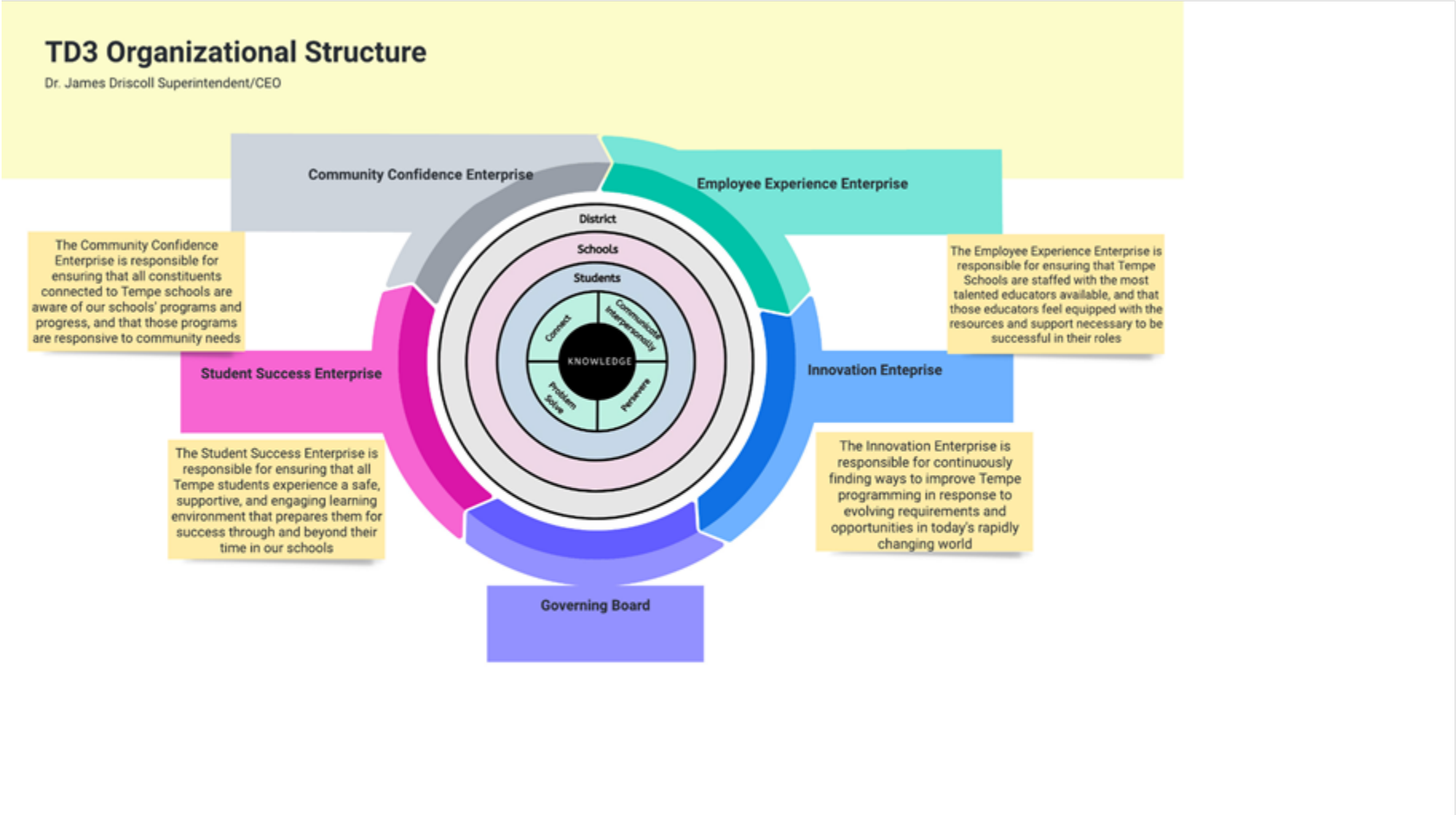
Monica Trejo
Member

ADMINISTRATIVE STAFF

Dr. James Driscoll
Superintendent

Eric Thompson, CPA
Chief Financial Officer

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
ORGANIZATIONAL CHART
JUNE 30, 2023**





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, 2022.

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, 2022

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, 2023, 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, 2023, 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

As discussed in Note 1 to the financial statements, the District has adopted the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. After adoption, the reported amounts are concluded not significant to the financial statements as a whole. However, the SBITA right-to-use subscription asset is a significant balance and included in Note 3, A.4. Our opinion is not modified with respect to that 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 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 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.

Governing Board
Tempe Elementary School District No. 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
February 29, 2024

REQUIRED SUPPLEMENTARY INFORMATION

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023.

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 \$64,382,682 (net position).
- ◆ The District's total net position increased by \$9,621,569.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$72,272,928, a decrease of \$9,127,253 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 \$32,055,728, or 32.6% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$4,420,000 (2.9%) 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, 2023**

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 22 – 32 of this report.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

- ◆ *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, 2023**

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 \$64,382,682 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		
	2023	2022	% Change
Assets:			
Current and Other Assets	\$ 122,354,486	\$ 134,071,037	(8.7)%
Capital Assets, Net	<u>257,296,242</u>	<u>228,797,791</u>	12.5
Total Assets	379,650,728	362,868,828	4.6
Deferred Outflows of Resources	23,511,445	30,032,891	(21.7)
Liabilities:			
Current and Other Liabilities	30,865,350	28,957,053	6.6
Long-Term Liabilities	<u>291,820,875</u>	<u>266,553,365</u>	9.5
Total Liabilities	<u>322,686,225</u>	<u>295,510,418</u>	9.2
Deferred Inflows of Resources	16,093,266	42,630,188	(62.2)
Net Position:			
Net Investment in Capital Assets	105,537,854	116,373,534	(9.3)
Restricted	22,825,886	17,089,997	33.6
Unrestricted	<u>(63,981,058)</u>	<u>(78,702,418)</u>	18.7
Total Net Position	<u>\$ 64,382,682</u>	<u>\$ 54,761,113</u>	17.6

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 \$(63,981,058). 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 \$9,621,569 during the current fiscal year.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

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		
	2023	2022	% Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,149,264	\$ 537,157	114.0 %
Operating Grants and Contributions	34,822,667	42,330,069	(17.7)
Capital Grants and Contributions	2,475,816	578,007	328.3
General Revenues:			
Property Taxes	87,127,574	83,622,343	4.2
Unrestricted State, County and Federal Aid	44,466,888	38,452,151	15.6
Investment Earnings	2,017,021	668,567	201.7
Other	2,481,653	2,289,344	100.0
Total Revenues	<u>174,540,883</u>	<u>168,477,638</u>	3.6
EXPENSES			
Instruction	93,465,008	86,968,612	7.5
Support Services:			
Students and Staff	28,222,159	23,023,744	22.6
Administration	13,009,369	13,481,238	(3.5)
Operation and Maintenance of Plant	12,841,586	11,901,212	7.9
Student Transportation	5,418,114	4,753,324	14.0
Operation of Noninstructional Services	8,035,887	6,284,000	27.9
Interest on Long-Term Debt	3,927,191	3,441,132	14.1
Total Expenses	<u>164,919,314</u>	<u>149,853,262</u>	10.1
CHANGE IN NET POSITION	9,621,569	18,624,376	(48.3)
Net Position - Beginning of Year	54,761,113	36,136,737	51.5
NET POSITION - END OF YEAR	<u>\$ 64,382,682</u>	<u>\$ 54,761,113</u>	17.6

Charges for Services increased \$612,107 (114.0%) mainly due to an increase in food service sales as the COVID free meals program ended in prior year.

Operating Grants and Contributions decreased \$7,507,402 (17.7%) due to the District receiving less grant funding due to the COVID-19 pandemic awards being spent down.

Capital Grants and Contributions increased \$1,897,809 (328.3%) due to more School Facilities Board grant monies received for roof repair projects in comparison to prior year.

Property tax revenues increased overall by \$3,505,231 (4.2%) 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, 2023**

Investment Earnings increased \$1,348,454 (201.7%) due to increased investment return rates offset the decline of the national market.

The change in Unrestricted State, County, and Federal Aid and Other Revenue of \$6,014,737 (15.6%) was due to increased state aid.

Expenses increased \$15,066,052 (10.1%) 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 \$72,272,928, a decrease of \$9,127,253 in comparison with the prior year. Approximately 44.2% of this total amount (\$31,911,467) constitutes unassigned fund balance, which is available for spending at the government's discretion. Additionally, 32.3% (\$23,478,333) 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, 2023, fund balances were as follows:

**Table A-3
Fund Balances (Deficits)**

Fund	Balance (Deficit)	Increase (Decrease) From 2021-22
General Fund	\$ 32,120,705	\$ 6,721,486
Special Projects Fund	(115,174)	4,089,473
Bond Building Fund	23,478,333	(20,263,362)
Debt Service Fund	1,927,819	985,632
Nonmajor Governmental Funds	14,861,245	(660,482)

The General Fund increase of \$6,721,486 was primarily due to increases in property tax revenue and state aid.

The Special Projects Fund increase of \$4,089,473 was mainly due to the District recognizing large prior year unavailable revenue balances in the current year.

The Bond Building Fund decrease of \$20,263,362 was primarily due to the spending of school improvement bonds in the current year.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

The Debt Service Fund increase of \$985,632 was a result of increased debt service requirements due to the issuance of new bonds.

The Nonmajor Governmental Funds decrease of \$660,482 was mostly due to less 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 \$4,214,376, which is a decrease of \$1,094,462 from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$8,648,122. 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 increase in budgeted expenditures were decreases in Regular Education and Pupil Transportation.

Actual expenditures of the General Fund were \$9,381,101 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, 2023, amounts to \$257,296,242 (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 12.5%.

The following schedule presents a summary of capital asset balances for the fiscal years ending June 30, 2023 and 2022:

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

	Governmental Activities	
	2023	2022
Land	\$ 1,748,080	\$ 1,748,080
Construction in Progress	48,630,549	9,914,111
Land Improvements	18,590,456	19,577,663
Buildings and Improvements	174,437,058	183,951,014
Intangible Assets	1,189,588	-
Furniture, Equipment, and Vehicles	12,700,511	13,606,923
Total Capital Assets, Net	\$ 257,296,242	\$ 228,797,791

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, 2023**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$158,935,000. This debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Obligations**

	Governmental Activities	
	2023	2022
Bonds Payable	\$ 158,935,000	\$ 154,515,000
Premium on Bonds Payable	14,737,579	18,342,702
Total Outstanding Debt	\$ 173,672,579	\$ 172,857,702

The District's bonded debt increased by \$4,420,000 (2.9 %) 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 \$429,037,403 which is more than the District's total outstanding general obligation bonded debt. At June 30, 2023 the District's net Class B bonded debt outstanding was \$158,935,000 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 2023-24 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, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 65,292,837
Restricted Assets	26,946,048
Receivables:	
Accounts Receivable	974,365
Property Taxes	1,316,874
Intergovernmental	14,235,362
Leases	9,366,315
Inventory, at Cost	216,005
Other Assets	100,552
OPEB Assets	3,906,128
Capital Assets:	
Nondepreciable	50,378,629
Depreciable, Net	206,917,613
Total Assets	379,650,728
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from Pensions	17,944,666
Deferred Outflows of Resources from Pension OPEB	340,553
Deferred Outflows of Resources from OPEB	4,414,537
Deferred Outflows of Resources from Refunding	811,689
Total Deferred Outflows of Resources	23,511,445
LIABILITIES	
Accounts Payable	7,144,965
Accrued Wages and Benefits	774,053
Accrued Interest	3,606,450
Intergovernmental Payable	44,290
Claims Payable	2,345,592
Matured Debt Principal Payable	16,950,000
Long-Term Liabilities:	
Due Within One Year	2,193,280
Due in More Than One Year	289,627,595
Total Liabilities	322,686,225
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources from Leases	9,366,315
Deferred Inflows of Resources from Pensions	3,476,021
Deferred Inflows of Resources from Pension OPEB	2,485,148
Deferred Inflows of Resources from OPEB	765,782
Total Deferred Inflows of Resources	16,093,266
NET POSITION	
Net Investment in Capital Assets	105,537,854
Restricted for:	
Instructional Improvement	843,361
Classroom Site	3,240,062
Special Projects	334,947
Food Service	1,563,208
Debt Service	2,142,124
Adjacent Ways	8,389,771
Community Education	696,563
Noninstructional Programs	811,816
Civic Center	723,226
Other Special Revenue	174,680
Other Postemployment Benefits	3,906,128
Unrestricted	(63,981,058)
Total Net Position	\$ 64,382,682

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 93,465,008	\$ 572,580	\$ 18,453,481	\$ 2,475,816	\$ (71,963,131)
Support Services:					
Students	13,113,761	-	1,093,283	-	(12,020,478)
Instructional Staff	15,108,398	-	7,123,058	-	(7,985,340)
General Administration	857,790	-	-	-	(857,790)
School Administration	5,739,910	-	195,519	-	(5,544,391)
Business and Other Support Services	6,411,669	-	40,651	-	(6,371,018)
Operation and Maintenance of Plant	12,841,586	-	991,816	-	(11,849,770)
Student Transportation	5,418,114	-	87,007	-	(5,331,107)
Operation of Noninstructional Services	8,035,887	576,684	6,837,852	-	(621,351)
Interest on Long-Term Debt	3,927,191	-	-	-	(3,927,191)
Total	<u>\$ 164,919,314</u>	<u>\$ 1,149,264</u>	<u>\$ 34,822,667</u>	<u>\$ 2,475,816</u>	(126,471,567)
General Revenues:					
Property Taxes					87,127,574
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization and Additional State Aid					41,959,395
County Equalization					896,699
Federal Aid, Not Restricted					1,610,794
Investment Earnings					2,017,021
Other					2,481,653
Total General Revenues					<u>136,093,136</u>
Change in Net Position					9,621,569
Net Position - Beginning of Year					<u>54,761,113</u>
Net Position - End of Year					<u>\$ 64,382,682</u>

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Projects	Bond Building
Assets			
Cash and Investments	\$ 21,201,137	\$ -	\$ -
Restricted Assets	-	-	26,946,048
Receivables:			
Accounts Receivable	845,025	-	-
Property Taxes	866,460	-	-
Intergovernmental	8,792,538	3,356,263	-
Lease Receivable	9,117,256	-	-
Inventory, at Cost	64,977	-	-
Due from Other Funds	2,515,283	-	-
Other Assets	-	-	-
Total Assets	\$ 43,402,676	\$ 3,356,263	\$ 26,946,048
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts Payable	\$ 818,096	\$ 60,090	\$ 3,467,715
Accrued Wages and Benefits	336,268	401,653	-
Accrued Interest	-	-	-
Intergovernmental Payable	-	44,290	-
Due to Other Funds	-	2,515,283	-
Matured Debt Principal Payable	-	-	-
Total Liabilities	1,154,364	3,021,316	3,467,715
Deferred Inflows of Resources:			
Unavailable Revenue	1,010,351	450,121	-
Lease Related	9,117,256	-	-
Total Deferred Inflows of Resources	10,127,607	450,121	-
Fund Balance:			
Nonspendable:			
Inventory	64,977	-	-
Restricted	-	-	23,478,333
Unassigned	32,055,728	(115,174)	-
Total Fund Balance	32,120,705	(115,174)	23,478,333
Total Liabilities, Deferred Inflows of Resources, and Fund Balance			
	\$ 43,402,676	\$ 3,356,263	\$ 26,946,048

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

Debt Service	Nonmajor Governmental Funds	Totals
\$ 22,338,379	\$ 15,277,716	\$ 58,817,232
-	-	26,946,048
-	-	845,025
360,195	90,219	1,316,874
-	2,086,561	14,235,362
-	249,059	9,366,315
-	151,028	216,005
-	-	2,515,283
-	100,552	100,552
<u>\$ 22,698,574</u>	<u>\$ 17,955,135</u>	<u>\$ 114,358,696</u>
\$ -	\$ 2,775,292	\$ 7,121,193
-	14,927	752,848
3,606,450	-	3,606,450
-	-	44,290
-	-	2,515,283
<u>16,950,000</u>	<u>-</u>	<u>16,950,000</u>
20,556,450	2,790,219	30,990,064
214,305	54,612	1,729,389
-	249,059	9,366,315
<u>214,305</u>	<u>303,671</u>	<u>11,095,704</u>
-	151,028	216,005
1,927,819	14,739,304	40,145,456
-	(29,087)	31,911,467
<u>1,927,819</u>	<u>14,861,245</u>	<u>72,272,928</u>
<u>\$ 22,698,574</u>	<u>\$ 17,955,135</u>	<u>\$ 114,358,696</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, 2023**

Total Fund Balances for Governmental Funds	\$ 72,272,928
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.	1,729,389
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	378,395,046
Less: Accumulated Depreciation/Amortization	<u>(121,098,804)</u>
Capital Assets Used in Governmental Activities	257,296,242
Net OPEB assets are not current resources and therefore are not reported in the governmental funds.	3,906,128
Deferred outflows relating to issuance of long term liabilities are not financial resources and therefore are not reported in the governmental funds.	811,689
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	17,944,666
Deferred Outflows of Resources from Pension OPEB	340,553
Deferred Outflows of Resources from OPEB	4,414,537
Deferred Inflows of Resources from Pensions	(3,476,021)
Deferred Inflows of Resources from Pension OPEB	(2,485,148)
Deferred Inflows of Resources from OPEB	(765,782)
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	(141,985,000)
Premium on Bonds Payable	(14,737,579)
Subscription Payables	(849,001)
Net OPEB Liability	(16,422,389)
Net Pension OPEB Liability	(64,449)
Net Pension Liability	(113,930,734)
Compensated Absences Payable	(3,831,723)
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>4,214,376</u>
Total Net Position of Governmental Activities	<u>\$ 64,382,682</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, 2023**

	General	Special Projects	Bond Building
Revenues:			
Property Taxes	\$ 57,453,345	\$ -	\$ -
Intergovernmental	44,393,903	22,845,410	-
Food Service Sales	-	-	-
Charges for Services	-	-	-
Contributions and Donations	173,283	-	-
Investment Earnings	541,369	31,949	-
Other	1,678,223	-	-
Total Revenues	<u>104,240,123</u>	<u>22,877,359</u>	<u>-</u>
Expenditures:			
Current:			
Instruction	51,713,832	10,943,743	1,851,398
Support Services:			
Students	11,510,098	830,372	-
Instructional Staff	8,291,609	5,110,053	-
General Administration	746,749	-	-
School Administration	5,368,163	155,283	-
Business and Other Support Services	5,639,566	32,285	11,011
Operation and Maintenance of Plant	11,261,257	758,007	135,706
Student Transportation	3,791,799	69,102	43,212
Operation of Noninstructional Services	105,728	245,181	-
Debt Service:			
Principal Retirement	-	-	-
Interest on Long-Term Debt	-	-	-
Issuance Costs	-	-	177,026
Capital Outlay:			
Facilities Acquisition	2,880	5,157	38,195,885
Total Expenditures	<u>98,431,681</u>	<u>18,149,183</u>	<u>40,414,238</u>
Excess (Deficiency) of Revenue Over Expenditures	5,808,442	4,728,176	(40,414,238)
Other Financing Sources (Uses):			
Transfers In	888,703	-	-
Transfers Out	-	(638,703)	-
Issuance of Long-Term Debt	-	-	20,000,000
Premium on Issuance of Long-Term Debt	-	-	150,876
Proceeds from Subscription Assets	-	-	-
Total Other Financing Sources (Uses)	<u>888,703</u>	<u>(638,703)</u>	<u>20,150,876</u>
Net Change in Fund Balance	6,697,145	4,089,473	(20,263,362)
Fund Balance:			
Beginning of Year	25,399,219	(4,204,647)	43,741,695
Decrease in Inventories	24,341	-	-
End of Year	<u>\$ 32,120,705</u>	<u>\$ (115,174)</u>	<u>\$ 23,478,333</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, 2023**

Debt Service	Nonmajor Governmental Funds	Totals
\$ 24,005,817	\$ 5,857,180	\$ 87,316,342
-	17,920,528	85,159,841
-	576,684	576,684
-	572,580	572,580
-	493,601	666,884
1,135,918	307,785	2,017,021
-	314,265	1,992,488
<u>25,141,735</u>	<u>26,042,623</u>	<u>178,301,840</u>
-	10,884,414	75,393,387
-	222,068	12,562,538
-	1,394,404	14,796,066
-	12,672	759,421
-	1,193	5,524,639
-	2,215,083	7,897,945
-	632,918	12,787,888
-	139,891	4,044,004
-	7,987,993	8,338,902
16,950,000	-	16,950,000
7,206,103	-	7,206,103
-	-	177,026
-	4,134,690	42,338,612
<u>24,156,103</u>	<u>27,625,326</u>	<u>208,776,531</u>
985,632	(1,582,703)	(30,474,691)
-	-	888,703
-	(250,000)	(888,703)
-	-	20,000,000
-	-	150,876
-	1,103,986	1,103,986
-	853,986	21,254,862
985,632	(728,717)	(9,219,829)
942,187	15,521,727	81,400,181
-	68,235	92,576
<u>\$ 1,927,819</u>	<u>\$ 14,861,245</u>	<u>\$ 72,272,928</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, 2023**

Net Change in Fund Balances-Total Governmental Funds \$ (9,219,829)

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/amortization expense.

Expenditures for Capital Assets	44,767,963
Less: Current Year Depreciation/Amortization	(11,373,741)
Excess Capital Expenditures Over Depreciation/Amortization	33,394,222

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. (4,895,771)

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. (3,760,957)

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	16,950,000
Principal Payments on Subscription Payables	254,985
Issuance of Long-Term Debt	(20,000,000)
Proceeds from Subscription Payables	(1,103,986)
Premium on Issuance of Bonds	(150,876)
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	1,530,424
OPEB Expense	(865,763)
Pension Contributions	8,948,982
Pension Expense	(13,847,614)

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 Increase in Compensated Absences	(66,300)
Change in Inventory Balances	92,576

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.

	(1,094,462)
Change in Net Position of Governmental Activities	\$ 9,621,569

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2023**

	Governmental Activities: Internal Service Funds
ASSETS	
Current:	
Cash and Cash Equivalents	\$ 6,475,605
Receivables, Net	129,340
Total Assets	6,604,945
 LIABILITIES	
Current:	
Accounts Payable	23,772
Accrued Wages	21,205
Claims Payable	2,345,592
Total Liabilities	2,390,569
 NET POSITION	
Unrestricted	\$ 4,214,376

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, 2023**

	Governmental Activities: Internal Service Funds
OPERATING REVENUES	
Contributions	\$ 13,414,014
Charges for services	173,524
Other	48,535
Total Operating Revenues	13,636,073
OPERATING EXPENSES	
Claims	11,999,738
Premiums	1,190,316
Administrative fees	1,503,047
Cost of Services	142,302
Total Operating Expenses	14,835,403
OPERATING LOSS	(1,199,330)
NONOPERATING REVENUES	
Investment Income	104,868
CHANGE IN NET POSITION	(1,094,462)
Total Net Position - Beginning of Year	5,308,838
TOTAL NET POSITION - END OF YEAR	\$ 4,214,376

See accompanying Notes to Basic Financial Statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Governmental Activities: Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Contributions	\$ 13,404,546
Cash Received from Other Sources	222,059
Cash Payments for Claims and Administrative Fees	(13,156,784)
Cash Payments for Premiums	(1,176,075)
Cash Payments for Supplies for Goods and Services/Employees	(139,611)
Net Cash Used by Operating Activities	<u>(845,865)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	104,868
Net Cash Provided by Investing Activities	<u>104,868</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (740,997)
Cash and Cash Equivalents - Beginning of Year	<u>7,216,602</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 6,475,605</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,199,330)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Change in Accounts Receivable	(9,468)
Change in Accounts Payable	14,855
Change in Accrued Liabilities	2,077
Change in Claims Payable	346,001
Total Adjustments	<u>353,465</u>
 Net Cash Used by Operating Activities	 <u>\$ (845,865)</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, 2023

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).

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. After adoption, the reported amounts are not significant to the financial statements as a whole. As such, note disclosures have been omitted.

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, 2023

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 tax revenues and intergovernmental revenues to be available if they are collected within 60 and 180 days, respectively, 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, 2023

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 Fund

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund (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, 2023

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, 2023

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/amortization 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
Intangibles:	
Right-to-Use Subscription Assets	1 to 6 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.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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)

9. Compensated Absences (Continued)

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.

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, 2023 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, 2023

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, 2023

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 did not exceed appropriations in any individual funds in the current fiscal year.

C. Deficit Fund Balances

The District had a deficit fund balance of \$115,174 in its Special Projects Fund and \$29,087 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, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2023 consist of the following:

Deposits:	
Cash in Bank	\$ 346,823
Cash on Deposit with County Treasurer	91,892,062
Total Deposits	<u>92,238,885</u>
Less: Restricted Assets	(26,946,048)
Total Cash and Investments	<u><u>\$ 65,292,837</u></u>

Deposits

The carrying amount on the District's deposits at June 30, 2023, was \$346,823 and the bank balance was \$356,463. Of the bank balance, \$250,000 was insured by federal depository insurance and the remainder (\$106,463) was insured by the statewide pooled collateral program.

Investments

At June 30, 2023, 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, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Assets

Restricted assets at June 30, 2023 consisted of the following:

	Bond Building Fund
Future Construction	\$ 26,946,048

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	\$ 1,010,351
Debt Service Fund	214,305
Nonmajor Governmental Funds	54,612
Intergovernmental Revenue:	
Special Projects Fund	450,121
Total	\$ 1,729,389

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2023 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	9,914,111	39,489,755	(773,317)	48,630,549
Total Capital Assets, Not Being Depreciated/Amortized	11,662,191	39,489,755	(773,317)	50,378,629
Capital Assets, Being Depreciated/Amortized:				
Land Improvements	30,458,693	473,300	(243,994)	30,687,999
Buildings and Improvements	276,498,872	2,561,951	(13,259,379)	265,801,444
Vehicles, Furniture, and Equipment	30,693,141	1,466,841	(2,182,441)	29,977,541
Intangibles:				
Right-to-Use Assets:				
Subscription-Based IT Arrangements	-	1,549,433	-	1,549,433
Total Capital Assets, Being Depreciated/Amortized	337,650,706	6,051,525	(15,685,814)	328,016,417
Accumulated Depreciation/Amortization for:				
Land Improvements	(10,881,030)	(1,438,940)	222,427	(12,097,543)
Buildings and Improvements	(92,547,858)	(7,516,278)	8,699,750	(91,364,386)
Vehicles, Furniture, and Equipment	(17,086,218)	(2,058,678)	1,867,866	(17,277,030)
Intangibles:				
Right-to-Use Assets:				
Subscription-Based IT Arrangements	-	(359,845)	-	(359,845)
Total Accumulated Depreciation/Amortization	(120,515,106)	(11,373,741)	10,790,043	(121,098,804)
Total Capital Assets, Being Depreciated/Amortized, Net	217,135,600	(5,322,216)	(4,895,771)	206,917,613
Governmental Activities Capital Assets, Net	<u>\$ 228,797,791</u>	<u>\$ 34,167,539</u>	<u>\$ (5,669,088)</u>	<u>\$ 257,296,242</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities:

Instruction	\$ 8,456,536
Support Services:	
Students and Staff	395,985
Instructional Staff	48,032
General Administration	98,395
Business and Other Support Services	644,982
Operation and Maintenance of Plant	189,150
Student Transportation	1,281,100
Operation of Noninstructional Services	259,561
Total	<u>\$ 11,373,741</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

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 \$48.6 million on the projects and had estimated remaining contract commitments of \$13.5 million. These projects are being funded with adjacent ways funds, bond proceeds, and School Facilities Board grants.

B. Interfund Receivables, Payables and Transfers

Interfund receivables and payables for the year ended June 30, 2023, were made to eliminate deficit cash balances at year end and consisted of the following:

Due To	Due From Special Projects Fund
General Fund	\$ 2,515,283

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfers In	Transfers Out		Total
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 638,703	\$ 250,000	\$ 888,703

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, 2023, the District recognized \$258,679 and \$141,174 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Governmental Activities

Land lease. Annual installments totaling \$152,688 plus interest at an interest rate of 1.50%, due dates ranging from 2024 to 2060.

Building space leases. Annual installments totaling \$105,991 plus interest at rates ranging from 0.73% to 1.50%, due dates ranging from 2024 to 2060.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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%	7/1/23-25	\$ 16,550,000	\$ 8,905,000	\$ 125,000
School Improvement Bonds, Project of 2009, Series 2015C	2.00-3.00%	7/1/23	37,560,000	1,625,000	1,625,000
Refunding Bonds, Series 2015	3.00-4.00%	7/1/23-25	27,500,000	13,515,000	7,395,000
School Improvement Bonds, Project of 2016, Series 2017A	3.5-5.00%	7/1/23-30	47,875,000	32,925,000	1,150,000
School Improvement Bonds, Project of 2016, Series 2019B	3.00-5.00%	7/1/23-32	47,980,000	45,810,000	1,025,000
School Improvement Bonds, Project of 2016, Series 2021	4.00-5.00%	7/1/23-34	28,950,000	27,760,000	1,000,000
Refunding Bonds, Series 2020	4.00-5.00%	7/1/23-27	10,030,000	8,395,000	1,380,000
School Improvement Bonds, Project of 2016, Series 2022	3.00%	7/1/23-35	20,000,000	20,000,000	3,250,000
Total General Obligation Bonds Payable			<u>\$ 236,445,000</u>	<u>\$ 158,935,000</u>	<u>\$ 16,950,000</u>

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	July 1, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 154,515,000	\$ 20,000,000	\$ (15,580,000)	\$ 158,935,000	\$ 16,950,000
Premium on Bonds Payable	18,342,702	150,876	(3,755,999)	14,737,579	-
Total Bonds Payable	172,857,702	20,150,876	(19,335,999)	173,672,579	16,950,000
Other Liabilities:					
Subscription Payables	-	1,103,986	(254,985)	849,001	318,746
Compensated Absences	3,765,423	1,952,886	(1,886,586)	3,831,723	1,874,534
Net OPEB Liability	16,755,211	-	(332,822)	16,422,389	-
Net Pension OPEB Liability	139,235	-	(74,786)	64,449	-
Net Pension Liability	88,615,794	25,314,940	-	113,930,734	-
Total Other Liabilities	109,275,663	28,371,812	(2,549,179)	135,098,296	2,193,280
Governmental Activities Long-Term Debt	<u>\$ 282,133,365</u>	<u>\$ 48,522,688</u>	<u>\$ (21,885,178)</u>	<u>\$ 308,770,875</u>	<u>\$ 19,143,280</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2023.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 16,950,000	\$ 6,904,944
2025	15,335,000	6,248,007
2026	14,510,000	5,564,291
2027	14,480,000	4,873,489
2028	13,230,000	4,191,714
2029-2033	66,890,000	10,551,352
2034-2035	17,540,000	789,615
Totals	<u>\$ 158,935,000</u>	<u>\$ 39,123,412</u>

F. Fund Balance Classifications of Governmental Funds

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Fund Balances:						
Nonspendable:						
Inventory	\$ 64,977	\$ -	\$ -	\$ -	\$ 151,028	\$ 216,005
Restricted:						
Classroom Site	-	-	-	-	3,240,062	3,240,062
Instructional Improvement	-	-	-	-	843,361	843,361
Food Service	-	-	-	-	1,412,180	1,412,180
Community Education	-	-	-	-	696,563	696,563
Noninstructional Programs	-	-	-	-	811,816	811,816
Civic Center	-	-	-	-	723,226	723,226
Other Special Revenues	-	-	-	-	174,680	174,680
Capital Projects	-	-	23,478,333	-	6,409,654	29,887,987
Adjacent Ways	-	-	-	-	427,762	427,762
Debt Service	-	-	-	1,927,819	-	1,927,819
Total Restricted	-	-	23,478,333	1,927,819	14,739,304	40,145,456
Unassigned	<u>32,055,728</u>	<u>(115,174)</u>	<u>-</u>	<u>-</u>	<u>(29,087)</u>	<u>31,911,467</u>
Total Fund Balance	<u>\$ 32,120,705</u>	<u>\$ (115,174)</u>	<u>\$ 23,478,333</u>	<u>\$ 1,927,819</u>	<u>\$ 14,861,245</u>	<u>\$ 72,272,928</u>

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, 2023

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:

	2023	2022
Beginning Unpaid Claims	\$ 1,999,591	\$ 1,741,638
Claims Incurred and Changes in Estimate	11,999,738	11,255,027
Claims Paid	<u>(11,653,737)</u>	<u>(10,997,074)</u>
Ending Unpaid Claims	<u>\$ 2,345,592</u>	<u>\$ 1,999,591</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District reported the following amounts related to ASRS:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Health Insurance Premium (OPEB)</u>	<u>Long-Term Disability (OPEB)</u>
Net Pension/OPEB (Asset) Liability	\$ 113,930,734	\$ (3,906,128)	\$ 64,449
Deferred Outflows of Resources	17,944,666	149,324	191,229
Deferred Inflows of Resources	3,476,021	2,260,764	224,384
Pension/OPEB Expense	13,847,614	(579,289)	24,615

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, 2023**

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, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.17% of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.62% 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, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The District's contributions to the pension plan, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$9,136,670.

During the fiscal year ended June 30, 2023 the District paid for ASRS pension contributions as follows: 81% from the General Fund, 8% for the Special Projects Fund and 11% from the other governmental funds.

Liability – The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The District's proportion of the net asset or 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, 2022, and the change from its proportions measured as of June 30, 2021.

The District's proportion of the net pension/OPEB (asset) liability was based on the District's FY 2022 contributions. The District's proportion measured as of June 30, 2022, was 0.69801%, which was an increase of 0.02359% from its proportion measured as of June 30, 2021.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2023, the District recognized pension expense for ASRS of \$13,292,940 (\$13,847,614 for retirement, (\$579,289) for health insurance premium benefit, and \$24,615 for long-term disability).

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 970,758	\$ -
Changes of Assumptions or Other Inputs	5,654,603	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,001,046
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	2,370,323	474,975
Contributions Subsequent to the Measurement Date	8,948,982	-
Total	\$ 17,944,666	\$ 3,476,021

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Health Insurance Premium (OPEB)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,993,466
Changes of Assumptions or Other Inputs	63,396	106,533
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	131,579
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	3,345	29,186
Contributions Subsequent to the Measurement Date	82,583	
Total	<u>\$ 149,324</u>	<u>\$ 2,260,764</u>

Long-Term Disability (OPEB)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 33,545	\$ 60,053
Changes of Assumptions or Other Inputs	35,099	157,300
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,003
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	17,480	5,028
Contributions Subsequent to the Measurement Date	105,105	
Total	<u>\$ 191,229</u>	<u>\$ 224,384</u>

The amounts reported as deferred outflows of resources related to ASRS pension/OPEB 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, 2024. 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>Pension</u>	<u>Health Insurance Premium</u>	<u>Long-Term Disability</u>
2024	\$ 6,169,170	\$ (602,293)	\$ (11,117)
2025	(242,301)	(654,649)	(14,723)
2026	(5,210,521)	(717,057)	(29,815)
2027	4,803,315	(112,605)	(2,146)
2028	-	(107,419.00)	(29,957.00)
Thereafter	-	-	(50,502.00)

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

Actuarial Valuation Date	June 30, 2021
Actuarial Roll Forward Date	June 30, 2022
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, 2021 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Actuarial Valuation Date	June 30, 2021
Actuarial Roll Forward Date	June 30, 2022
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

Discount Rate – At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.00%. 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/OPEB liability.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension/OPEB (asset) 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.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability	\$ 168,101,412	\$ 113,930,734	\$ 68,760,853
Health Insurance Premium	\$ (2,808,720)	\$ (3,906,128)	\$ (4,837,260)
Long-Term Disability	\$ 106,839	\$ 64,449	\$ 23,368

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

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	235
Total	340

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.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits

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 \$1,342,736 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 \$16,422,389 had a measurement date of June 30, 2022, based on an actuarial valuation dated June 30, 2022.

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, 2023, 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	3.54%
Health Care Trend Rates	7.50% graded down to 4.50% over 12 years.

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Mortality rates were based on the PubG-2010 Headcount Weighted General Employee Table, Projected to 2017 using the Ultimate MP 2020 unisex scales for active employees. Morality 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, 2023.

Balances at June 30, 2022		\$	16,755,211
Changes for the Year:			
Service Cost			332,433
Interest			356,157
Current-Period Benefit Changes			629,764
Change in Assumptions			(446,932)
Benefit Payments			(1,204,244)
Net Changes			(332,822)
Balances at June 30, 2023		\$	16,422,389

Discount Rate – The discount rate used to measure the OPEB liability was 2.16%. The discount rate increased from 2.16% to 3.54% based on changes to the Bond Buyer 20 index municipal bond rate from June 30, 2021 to June 30, 2022. 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, 2022.

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 (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	\$ 17,469,328	\$ 16,422,389	\$ 15,447,980

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:

	Healthcare Cost		
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability	\$ 15,370,692	\$ 16,422,389	\$ 17,580,200

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the District recognized OPEB expense of \$1,415,702. At June 30, 2023, 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	\$ 1,758,074	\$ 488,967
Differences Between Expected and Actual Experience	1,313,727	276,815
Employer Benefits Paid Subsequent to the Measurement Date	1,342,736	-
Total	<u>\$ 4,414,537</u>	<u>\$ 765,782</u>

The \$1,342,736 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, 2024. 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>
2024	\$ 967,219
2025	1,279,529
2026	59,271
2027	-

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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, 2023

Schedule of the District's Proportionate Share of the Net Pension Liability

	Reporting Year (Measurement Date)								
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's Proportion of the Net Pension Liability	0.70%	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	\$ 113,930,734	\$ 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	\$ 83,579,379	\$ 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	136.31%	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	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Schedule of District Pension Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 8,948,982	\$ 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	8,948,982	9,962,662	8,841,222	8,534,941	7,940,996	7,075,517	6,868,085	6,535,636	6,625,598
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 75,075,352	\$ 83,579,379	\$ 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	11.92%	11.92%	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 SIX FISCAL YEARS**

	Reporting Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB Liability						
Service Cost	\$ 332,433	\$ 351,348	\$ 208,743	\$ 203,938	\$ 302,810	\$ 428,845
Interest	356,157	396,945	421,254	467,503	582,440	521,599
Change of Benefit Terms	629,764	(894,470)	-	-	-	-
Differences Between Expected and Actual Experience	-	-	1,981,259	299,196	(2,663,170)	302,593
Changes of Assumptions	(446,932)	(99,706)	4,300,819	109,181	(1,099,131)	(1,765,095)
Benefit Payments	<u>(1,204,244)</u>	<u>(1,211,086)</u>	<u>(1,044,992)</u>	<u>(1,210,431)</u>	<u>(1,227,432)</u>	<u>(1,561,262)</u>
Net Change in Total OPEB Liability	(332,822)	(1,456,969)	5,867,083	(130,613)	(4,104,483)	(2,073,320)
Total OPEB Liability - Beginning	<u>18,212,180</u>	<u>18,212,180</u>	<u>12,345,097</u>	<u>12,475,710</u>	<u>16,580,193</u>	<u>18,653,513</u>
Total OPEB Liability - Ending (a)	<u>\$ 17,879,358</u>	<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	 \$ 14,658,297	 \$ 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	121.97%	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.
There are no assets accumulated in a trust to pay the related benefits for this plan.

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property Taxes	\$ -	\$ -	\$ 56,308,860	\$ 56,308,860
Intergovernmental	-	-	42,783,109	42,783,109
Investment Earnings	-	-	357,237	357,237
Other	-	-	1,147,159	1,147,159
Total Revenue	-	-	100,596,365	100,596,365
Expenditures:				
Current:				
Regular Education:				
Instruction	35,025,834	39,174,763	32,531,798	6,642,965
Support Services - Students	2,501,988	2,733,753	2,575,430	158,323
Support Services - Instructional Staff	3,689,008	4,012,583	3,661,672	350,911
Support Services - General Administration	523,263	556,966	604,826	(47,860)
Support Services - School Administration	4,366,311	4,778,383	4,303,369	475,014
Support Services - Business and Other	4,009,908	4,344,495	4,218,734	125,761
Operation and Maintenance of Plant	9,024,480	9,799,334	10,895,999	(1,096,665)
Operation of Noninstructional Services	144,037	157,602	105,587	52,015
School-Sponsored Cocurricular Activities	11,620	11,620	13,050	(1,430)
School-Sponsored Athletics	186,845	201,685	148,029	53,656
Total Regular Education	59,483,294	65,771,184	59,058,494	6,712,690
Special Education:				
Instruction	11,509,632	12,879,400	11,787,873	1,091,527
Support Services - Students	4,781,389	5,159,858	4,471,352	688,506
Support Services - Instructional Staff	1,462,736	1,550,374	1,127,172	423,202
Support Services - School Administration	174,244	190,799	168,615	22,184
Operation and Maintenance of Plant	173,116	181,311	194,073	(12,762)
Total Special Education	18,101,117	19,961,742	17,749,085	2,212,657
Pupil Transportation:				
Student Transportation Services	2,918,998	3,345,583	2,927,797	417,786
Desegregation	13,101,248	13,101,248	13,101,257	(9)
Special K-3 Reading Program				
Instruction	912,777	985,799	947,822	37,977
Total Expenditures	94,517,434	103,165,556	93,784,455	9,381,101
Net Change in Fund Balance	(94,517,434)	(103,165,556)	6,811,910	109,977,466
Fund Balance - Beginning of Year	-	-	20,655,762	20,655,762
Decrease in Inventories	-	-	24,341	24,341
Fund Balance - End of Year	<u>\$ (94,517,434)</u>	<u>\$ (103,165,556)</u>	<u>\$ 27,492,013</u>	<u>\$ 130,657,569</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 22,845,410	\$ 22,845,410
Investment Earnings	-	-	31,949	31,949
Total Revenue	-	-	22,877,359	22,877,359
Expenditures:				
Instruction	27,897,852	19,098,445	10,943,743	8,154,702
Support Services:				
Students	2,116,789	1,449,122	830,372	618,750
Instructional Staff	13,026,576	8,917,796	5,110,053	3,807,743
School Administration	395,848	270,992	155,283	115,709
Business and Other Support Services	82,301	56,342	32,285	24,057
Operation and Maintenance of Plant	1,932,316	1,322,834	758,007	564,827
Student Transportation	176,155	120,593	69,102	51,491
Operation of Noninstructional Services	625,017	427,877	245,181	182,696
Facilities Acquisition	13,146	9,000	5,157	3,843
Total Expenditures	46,266,000	31,673,000	18,149,183	13,523,817
Excess (Deficiency) of Revenue Over Expenditures	(46,266,000)	(31,673,000)	4,728,176	36,401,176
Other Financing Sources (Uses):				
Transfers Out	-	-	(638,703)	(638,703)
Net Change in Fund Balance	(46,266,000)	(31,673,000)	4,089,473	35,762,473
Fund Balance:				
Beginning of Year	-	-	(4,204,647)	(4,204,647)
End of Year	\$ (46,266,000)	\$ (31,673,000)	\$ (115,174)	\$ 31,557,826

See accompanying Notes to Required Supplementary Information.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

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.

	Total Revenues	Total Expenditures	Other Financing Sources/Uses	Beginning Fund Balance	Ending Fund Balance
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 104,240,123	\$ 98,431,681	\$ 888,703	\$ 25,399,219	\$ 32,120,705
Less: Non Maintenance and Operation Funds included in General Fund for GASB Statement No. 54 Purposes	(4,133,923)	(4,647,226)	(1,277,852)	(4,743,457)	(5,118,857)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Budgetary Basis	\$ 100,106,200	\$ 93,784,455	\$ (389,149)	\$ 20,655,762	\$ 27,001,848

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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, 2023**

	Special Revenue				
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities
Assets					
Cash and Investments	\$ 319,466	\$ 3,240,062	\$ 2,288,894	\$ 1,627,870	\$ 122,260
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental	524,691	-	-	103,879	-
Lease Receivable	-	-	249,059	-	-
Inventory, at Cost	-	-	-	151,028	-
Other Assets	-	-	-	100,552	-
Total Assets	<u>\$ 844,157</u>	<u>\$ 3,240,062</u>	<u>\$ 2,537,953</u>	<u>\$ 1,983,329</u>	<u>\$ 122,260</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts Payable	\$ 796	\$ -	\$ 4,950	\$ 405,113	\$ -
Accrued Wages and Benefits	-	-	(81)	15,008	-
Total Liabilities	<u>796</u>	<u>-</u>	<u>4,869</u>	<u>420,121</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	-
Lease Related	-	-	249,059	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>249,059</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	151,028	-
Restricted	843,361	3,240,062	2,284,025	1,412,180	122,260
Unassigned	-	-	\$ -	-	-
Total Fund Balance	<u>843,361</u>	<u>3,240,062</u>	<u>2,284,025</u>	<u>1,563,208</u>	<u>122,260</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 844,157</u>	<u>\$ 3,240,062</u>	<u>\$ 2,537,953</u>	<u>\$ 1,983,329</u>	<u>\$ 122,260</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

Capital Projects					
Total Special Revenue Funds	Adjacent Ways	Building Renewal	Unrestricted Capital Outlay	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 7,598,552	\$ 976,823	\$ 39,752	\$ 6,662,589	\$ 7,679,164	\$ 15,277,716
-	12,130	-	78,089	90,219	90,219
628,570	-	1,457,991	-	1,457,991	2,086,561
249,059	-	-	-	-	249,059
151,028	-	-	-	-	151,028
100,552	-	-	-	-	100,552
<u>\$ 8,727,761</u>	<u>\$ 988,953</u>	<u>\$ 1,497,743</u>	<u>\$ 6,740,678</u>	<u>\$ 9,227,374</u>	<u>\$ 17,955,135</u>
\$ 410,859	\$ 554,196	\$ 1,526,830	\$ 283,407	\$ 2,364,433	\$ 2,775,292
14,927	-	-	-	-	14,927
425,786	554,196	1,526,830	283,407	2,364,433	2,790,219
-	6,995	-	47,617	54,612	54,612
249,059	-	-	-	-	249,059
249,059	6,995	-	47,617	54,612	303,671
151,028	-	-	-	-	151,028
7,901,888	427,762	-	6,409,654	6,837,416	14,739,304
-	-	(29,087)	-	(29,087)	(29,087)
<u>8,052,916</u>	<u>427,762</u>	<u>(29,087)</u>	<u>6,409,654</u>	<u>6,808,329</u>	<u>14,861,245</u>
<u>\$ 8,727,761</u>	<u>\$ 988,953</u>	<u>\$ 1,497,743</u>	<u>\$ 6,740,678</u>	<u>\$ 9,227,374</u>	<u>\$ 17,955,135</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2023**

	Special Revenue				
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities
Revenue:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	715,450	8,327,015	-	6,329,262	-
Food Service Sales	-	-	-	576,684	-
Charges for Services	-	-	572,580	-	-
Contributions and Donations	-	-	347,162	-	146,439
Investment Earnings	6,809	92,479	29,869	31,653	-
Other	-	-	267,952	28,385	-
Total Revenue	<u>722,259</u>	<u>8,419,494</u>	<u>1,217,563</u>	<u>6,965,984</u>	<u>146,439</u>
Expenditures:					
Current:					
Instruction	153,248	6,471,119	353,710	-	-
Support Services:					
Students	-	39,013	2,351	-	134,799
Instructional Staff	340,852	293,358	25,395	-	-
General Administration	-	-	2,257	-	-
School Administration	-	-	-	-	-
Business and Other Support Services	-	-	20,119	-	-
Operations and Maintenance of Plant	-	-	16,809	47,480	-
Student Transportation	-	-	122,899	-	144
Operation of Noninstructional Services	-	-	48	7,987,945	-
Capital Outlay:					
Facilities Acquisition	-	-	-	-	-
Total Expenditures	<u>494,100</u>	<u>6,803,490</u>	<u>543,588</u>	<u>8,035,425</u>	<u>134,943</u>
Excess (Deficiency) of Revenue Over Expenditures	228,159	1,616,004	673,975	(1,069,441)	11,496
Other Financing Sources (Uses):					
Transfers Out	-	-	-	(250,000)	-
Proceeds from Subscription Assets	-	-	-	175,266	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,734)</u>	<u>-</u>
Net Change in Fund Balance	228,159	1,616,004	673,975	(1,144,175)	11,496
Fund Balance:					
Beginning of Year	615,202	1,624,058	1,610,050	2,639,148	110,764
Decrease in Inventories	-	-	-	68,235	-
End of Year	<u>\$ 843,361</u>	<u>\$ 3,240,062</u>	<u>\$ 2,284,025</u>	<u>\$ 1,563,208</u>	<u>\$ 122,260</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Total Special Revenue Funds	Capital Projects			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Adjacent Ways	Building Renewal	Unrestricted Capital Outlay		
\$ -	\$ 905,135	\$ -	\$ 4,952,045	\$ 5,857,180	\$ 5,857,180
15,371,727	-	2,475,816	72,985	2,548,801	17,920,528
576,684	-	-	-	-	576,684
572,580	-	-	-	-	572,580
493,601	-	-	-	-	493,601
160,810	14,310	673	131,992	146,975	307,785
296,337	-	-	17,928	17,928	314,265
<u>17,471,739</u>	<u>919,445</u>	<u>2,476,489</u>	<u>5,174,950</u>	<u>8,570,884</u>	<u>26,042,623</u>
6,978,077	-	-	3,906,337	3,906,337	10,884,414
176,163	-	-	45,905	45,905	222,068
659,605	-	-	734,799	734,799	1,394,404
2,257	-	-	10,415	10,415	12,672
-	-	-	1,193	1,193	1,193
20,119	-	-	2,194,964	2,194,964	2,215,083
64,289	-	24,302	544,327	568,629	632,918
123,043	-	-	16,848	16,848	139,891
7,987,993	-	-	-	-	7,987,993
-	1,487,643	2,451,514	195,533	4,134,690	4,134,690
<u>16,011,546</u>	<u>1,487,643</u>	<u>2,475,816</u>	<u>7,650,321</u>	<u>11,613,780</u>	<u>27,625,326</u>
1,460,193	(568,198)	673	(2,475,371)	(3,042,896)	(1,582,703)
(250,000)	-	-	-	-	(250,000)
175,266	-	-	928,720	928,720	1,103,986
<u>(74,734)</u>	<u>-</u>	<u>-</u>	<u>928,720</u>	<u>928,720</u>	<u>853,986</u>
1,385,459	(568,198)	673	(1,546,651)	(2,114,176)	(728,717)
6,599,222	995,960	(29,760)	7,956,305	8,922,505	15,521,727
68,235	-	-	-	-	68,235
<u>\$ 8,052,916</u>	<u>\$ 427,762</u>	<u>\$ (29,087)</u>	<u>\$ 6,409,654</u>	<u>\$ 6,808,329</u>	<u>\$ 14,861,245</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Instruction	\$ 138,580	\$ 138,580	\$ 1,851,398	\$ (1,712,818)
Support Services				
Operation and Maintenance of Plant	-	-	135,706	(135,706)
Student Transportation	-	-	43,212	(43,212)
Debt Service:				
Issuance Costs	-	-	177,026	(177,026)
Facilities Acquisition	67,861,420	68,200,007	38,195,885	30,004,122
Total Expenditures	<u>68,000,000</u>	<u>68,338,587</u>	<u>40,414,238</u>	<u>27,924,349</u>
Excess (Deficiency) of Revenue Over Expenditures	(68,000,000)	(68,338,587)	(40,414,238)	27,924,349
Other Financing Sources (Uses):				
Proceeds of Issuance of Long-Term Debt	-	-	20,000,000	20,000,000
Premium on Issuance of Long-Term Debt	-	-	150,876	150,876
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,150,876</u>	<u>20,150,876</u>
Net Change in Fund Balance	(68,000,000)	(68,338,587)	(20,263,362)	48,075,225
Fund Balance:				
Beginning of Year	-	-	43,741,695	43,741,695
End of Year	<u>\$ (68,000,000)</u>	<u>\$ (68,338,587)</u>	<u>\$ 23,478,333</u>	<u>\$ 91,816,920</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, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:			
Property Taxes	\$ -	\$ 24,005,817	\$ 24,005,817
Investment Earnings	-	1,135,918	1,135,918
Total Revenue	<u>-</u>	<u>25,141,735</u>	<u>25,141,735</u>
Expenditures:			
Debt Service			
Principal Retirement	17,580,000	16,950,000	630,000
Interest on Long-Term Debt	7,420,000	7,206,103	213,897
Total Expenditures	<u>25,000,000</u>	<u>24,156,103</u>	<u>843,897</u>
Net Change in Fund Balance	(25,000,000)	985,632	25,985,632
Fund Balance:			
Beginning of Year	-	942,187	942,187
End of Year	<u>\$ (25,000,000)</u>	<u>\$ 1,927,819</u>	<u>\$ 26,927,819</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 715,450	\$ 715,450
Investment Earnings	-	-	6,809	6,809
Total Revenue	-	-	722,259	722,259
Expenditures:				
Instruction	159,148	159,148	153,248	5,900
Support Services:				
Instructional Staff	340,852	340,852	340,852	-
Total Expenditures	500,000	500,000	494,100	5,900
Net Change in Fund Balance	(500,000)	(500,000)	228,159	728,159
Fund Balance:				
Beginning of Year	-	-	615,202	615,202
End of Year	\$ (500,000)	\$ (500,000)	\$ 843,361	\$ 1,343,361

**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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 8,327,015	\$ 8,327,015
Investment Earnings	-	-	92,479	92,479
Total Revenue	-	-	8,419,494	8,419,494
Expenditures:				
Instruction	8,615,121	8,781,883	6,471,119	2,310,764
Support Services:				
Students	423,500	423,500	39,013	384,487
Instructional Staff	665,501	665,501	293,358	372,143
Total Expenditures	9,704,122	9,870,884	6,803,490	3,067,394
Net Change in Fund Balance	(9,704,122)	(9,870,884)	1,616,004	11,486,888
Fund Balance:				
Beginning of Year	-	-	1,624,058	1,624,058
End of Year	\$ (9,704,122)	\$ (9,870,884)	\$ 3,240,062	\$ 13,110,946

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, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:			
Charges for Services	\$ -	\$ 572,580	\$ 572,580
Contributions and Donations	-	347,162	347,162
Investment Earnings	-	29,869	29,869
Other	-	267,952	267,952
Total Revenue	<u>-</u>	<u>1,217,563</u>	<u>1,217,563</u>
Expenditures:			
Instruction	1,262,348	353,710	908,638
Support Services:			
Students	8,390	2,351	6,039
Instructional Staff	90,632	25,395	65,237
General Administration	8,055	2,257	5,798
Business and Other Support Services	71,802	20,119	51,683
Operations and Maintenance of Plant	59,989	16,809	43,180
Student Transportation	438,612	122,899	315,713
Operation of Noninstructional Services	171	48	123
Total Expenditures	<u>1,940,000</u>	<u>543,588</u>	<u>1,396,412</u>
Net Change in Fund Balance	(1,940,000)	673,975	2,613,975
Fund Balance:			
Beginning of Year	<u>-</u>	<u>1,610,050</u>	<u>1,610,050</u>
End of Year	<u>\$ (1,940,000)</u>	<u>\$ 2,284,025</u>	<u>\$ 4,224,025</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 6,329,262	\$ 6,329,262
Food Service Sales	-	-	576,684	576,684
Investment Earnings (Loss)	-	-	31,653	31,653
Other	-	-	28,385	28,385
Total Revenue	-	-	6,965,984	6,965,984
Expenditures:				
Operation of Noninstructional Services	6,548,000	8,000,000	7,987,945	12,055
Excess (Deficiency) of Revenue Over Expenditures	(6,548,000)	(8,000,000)	(1,069,441)	6,930,559
Other Financing Sources (Uses):				
Transfers Out	-	-	(250,000)	(250,000)
Net Change in Fund Balance	(6,548,000)	(8,000,000)	(1,144,175)	6,855,825
Fund Balance:				
Beginning of Year	-	-	2,639,148	2,639,148
Decrease in Inventories	-	-	68,235	68,235
End of Year	<u>\$ (6,548,000)</u>	<u>\$ (8,000,000)</u>	<u>\$ 1,563,208</u>	<u>\$ 9,563,208</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, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue:			
Contributions and Donations	\$ -	\$ 146,439	\$ 146,439
Total Revenue	-	146,439	146,439
Expenditures:			
Support Services:			
Students	200,000	134,799	65,201
Total Expenditures	200,000	134,943	65,057
Net Change in Fund Balance	(200,000)	11,496	211,496
Fund Balance:			
Beginning of Year	-	110,764	110,764
End of Year	\$ (200,000)	\$ 122,260	\$ 322,260

**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, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue:			
Property Taxes	\$ -	\$ 905,135	\$ 905,135
Investment Earnings	-	14,310	14,310
Total Revenue	-	919,445	919,445
Expenditures:			
Facilities Acquisition	2,000,000	1,487,643	512,357
Net Change in Fund Balance	(2,000,000)	(568,198)	1,431,802
Fund Balance:			
Beginning of Year	-	995,960	995,960
End of Year	\$ (2,000,000)	\$ 427,762	\$ 2,427,762

**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, 2023**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue:			
Intergovernmental	\$ -	\$ 2,475,816	\$ 2,475,816
Investment Earnings	-	673	673
Total Revenue	-	2,476,489	2,476,489
Expenditures:			
Facilities Acquisition	3,500,000	2,451,514	1,048,486
Net Change in Fund Balance	(3,500,000)	673	3,500,673
Fund Balance:			
Beginning of Year	-	(29,760)	(29,760)
End of Year	\$ (3,500,000)	\$ (29,087)	\$ 3,470,913

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property Taxes	\$ -	\$ -	\$ 4,952,045	\$ 4,952,045
Intergovernmental	-	-	72,985	72,985
Investment Earnings	-	-	131,992	131,992
Total Revenue	-	-	5,174,950	5,174,950
Expenditures:				
Instruction	10,148,774	11,005,653	3,906,337	7,099,316
Support Services:				
Students	3,162,056	3,874,235	45,905	3,828,330
Instructional Staff	467,846	467,846	734,799	(266,953)
General Administration	333,764	733,764	10,415	723,349
School Administration	1,193	1,193	1,193	-
Business and Other Support Services	1,533,197	1,533,197	2,194,964	(661,767)
Operations and Maintenance of Plant	635,000	735,000	544,327	190,673
Student Transportation	370,000	370,000	16,848	353,152
Operation of Noninstructional Services	500,000	200,000	-	200,000
Facilities Acquisition	1,243,000	800,000	195,533	604,467
Total Expenditures	18,394,830	19,720,888	7,650,321	12,070,567
Excess (Deficiency) of Revenue Over Expenditures	(18,394,830)	(19,720,888)	(2,475,371)	17,245,517
Fund Balance:				
Beginning of Year	-	-	7,956,305	7,956,305
End of Year	\$ (18,394,830)	\$ (19,720,888)	\$ 6,409,654	\$ 26,130,542

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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, 2023

	Transportation Services	Insurance Benefit	Totals
ASSETS			
Current:			
Cash and Investments	\$ 353,042	\$ 6,122,563	\$ 6,475,605
Accounts Receivable	-	129,340	129,340
Total Assets	353,042	6,251,903	6,604,945
LIABILITIES			
Accounts Payable	1,913	21,859	23,772
Accrued Wages	21,205	-	21,205
Claims Payable	-	2,345,592	2,345,592
Total Liabilities	23,118	2,367,451	2,390,569
NET POSITION			
Unrestricted	\$ 329,924	\$ 3,884,452	\$ 4,214,376

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Transportation Services	Insurance Benefit	Totals
OPERATING REVENUES			
Contributions	\$ -	\$ 13,414,014	\$ 13,414,014
Charges for services	173,524	-	173,524
Other	-	48,535	48,535
Total Revenues	<u>173,524</u>	<u>13,462,549</u>	<u>13,636,073</u>
OPERATING EXPENSES			
Claims	-	11,999,738	11,999,738
Premiums	-	1,190,316	1,190,316
Administrative fees	-	1,503,047	1,503,047
Cost of Services	142,302	-	142,302
Total Expenditures	<u>142,302</u>	<u>14,693,101</u>	<u>14,835,403</u>
OPERATING INCOME (LOSS)	31,222	(1,230,552)	(1,199,330)
NONOPERATING REVENUES			
Investment Income	4,531	100,337	104,868
CHANGE IN NET POSITION	35,753	(1,130,215)	(1,094,462)
Net Position - Beginning of Year	<u>294,171</u>	<u>5,014,667</u>	<u>5,308,838</u>
NET POSITION - END OF YEAR	<u>\$ 329,924</u>	<u>\$ 3,884,452</u>	<u>\$ 4,214,376</u>

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Transportation Services	Insurance Benefit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Contributions	\$ -	\$ 13,404,546	\$ 13,404,546
Cash Received from Other Sources	173,524	48,535	222,059
Cash Payments for Claims and Administrative Fees	-	(13,156,784)	(13,156,784)
Cash Payments for Premiums	-	(1,176,075)	(1,176,075)
Cash Payments for Supplies for Goods and Services/Employees	(139,611)	-	(139,611)
Net Cash Provided (Used) by Operating Activities	33,913	(879,778)	(845,865)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	4,531	100,337	104,868
Net Cash Provided by Investing Activities	4,531	100,337	104,868
NET CHANGE IN CASH AND CASH EQUIVALENTS	38,444	(779,441)	(740,997)
Cash and Cash Equivalents - Beginning of Year	314,598	6,902,004	7,216,602
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 353,042</u>	<u>\$ 6,122,563</u>	<u>\$ 6,475,605</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 31,222	\$ (1,230,552)	\$ (1,199,330)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Change in Accounts Receivable	-	(9,468)	(9,468)
Change in Accounts Payable	614	14,241	14,855
Change in Accrued Liabilities	2,077	-	2,077
Change in Claims Payable	-	346,001	346,001
Total Adjustments	2,691	350,774	353,465
Net Cash Used by Operating Activities	<u>\$ 33,913</u>	<u>\$ (879,778)</u>	<u>\$ (845,865)</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Position:										
Net Investment in										
Capital Assets	\$ 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	\$ 105,537,854
Restricted	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	18,919,758
Unrestricted	<u>(90,967,307)</u>	<u>(86,045,164)</u>	<u>(78,656,580)</u>	<u>(72,713,490)</u>	<u>(85,234,179)</u>	<u>(72,803,645)</u>	<u>(72,834,757)</u>	<u>(88,650,391)</u>	<u>(78,702,418)</u>	<u>(63,981,058)</u>
Total Net Position	<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>	<u>\$ 60,476,554</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 93,465,008
Support Services:										
Students	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	13,113,761
Instructional Staff	-	-	-	-	-	-	-	11,698,478	10,723,503	15,108,398
General Administration	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	857,790
School Administration	-	-	-	-	-	-	-	5,594,161	5,487,563	5,739,910
Business and Other Support Services	-	-	-	-	-	-	-	6,219,024	6,994,318	6,411,669
Operation and Maintenance of Plant	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	12,841,586
Student Transportation	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	5,418,114
Operation of Noninstructional Services	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	8,035,887
Interest on Long-Term Debt	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	3,927,191
Total Governmental Activities	<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>	<u>164,919,314</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	717,343	750,044	1,445,525	1,464,610	3,034,762	2,090,632	2,107,095	268,771	471,072	572,580
Operation of Noninstructional services	670,855	670,927	1,490,924	1,297,180	1,581,192	1,483,457	1,261,515	20,594	66,085	576,684
Operating Grants and Contributions	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	34,822,667
Capital Grants and Contributions	-	-	416,099	985,385	559,304	1,351,053	2,189,807	2,815,445	578,007	2,475,816
Total Governmental Activities										
Program Revenues	<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>	<u>38,447,747</u>

(Continued)

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

	Fiscal Year									
(Concluded)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (95,166,197)	\$ (97,955,424)	\$ (97,897,015)	\$ (94,880,312)	\$ (95,041,767)	\$ (103,363,152)	\$ (118,798,788)	\$ (114,619,789)	\$ (106,408,029)	\$ (126,471,567)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	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	87,127,574
Unrestricted Grants and Contributions	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	44,466,888
Investment earnings	137,039	182,748	325,412	406,246	987,543	1,975,737	2,101,479	703,245	668,567	2,017,021
Other	1,279,210	1,265,964	-	-	-	-	-	2,272,444	2,289,344	2,481,653
Total Governmental Activities	<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>	<u>136,093,136</u>
Change in Net Position										
Governmental Activities	<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>	<u>\$ 9,621,569</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 5,024,218	\$ 30,418	\$ 53,104	\$ 30,994	\$ 67,650	\$ 38,954	\$ 81,758	\$ 111,250	\$ 40,636	\$ 64,977
Assigned	1,635,019	1,648,683	-	-	-	-	-	-	-	-
Unassigned	(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	32,055,728
Total General Fund	<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>	<u>\$ 32,120,705</u>
All Other Governmental Funds:										
Nonspendable	\$ 272,223	\$ 163,394	\$ 80,723	\$ 98,841	\$ 151,175	\$ 124,236	\$ 236,599	\$ 194,697	\$ 82,793	\$ 151,028
Restricted	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	40,145,456
Assigned	8,579,362	7,398,023	-	-	-	-	-	-	-	-
Unassigned	(4,491,064)	-	-	-	(1,110,489)	(928,292)	(1,918,979)	-	(4,234,407)	(144,261)
Total All Other Governmental Funds	<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>	<u>\$ 40,152,223</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property Taxes	\$ 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	\$ 87,316,342
Intergovernmental:										
Federal Aid and Grants	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	7,940,056
State Aid and Grants	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	76,323,086
County aid and grants	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	896,699
Food Services Sales	323,772	318,624	768,191	736,772	789,090	799,386	611,788	20,594	66,085	576,684
Charges for Services	393,571	431,420	-	-	-	-	-	268,771	471,072	572,580
Contributions and Donations	517,725	507,797	-	-	-	-	-	411,936	513,741	666,884
Investment Earnings	137,039	182,748	301,010	376,670	949,357	1,850,852	1,948,062	702,706	668,567	2,017,021
Other	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	1,992,488
Total Revenues	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	178,301,840
Expenditures										
Current:										
Instruction	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	75,393,387
Support Services:										
Students	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	12,562,538
Instructional Staff	-	-	-	-	-	-	-	11,278,820	10,817,356	14,796,066
General Administration	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	759,421
School Administration	-	-	-	-	-	-	-	5,322,096	5,474,711	5,524,639
Business and Other	-	-	-	-	-	-	-	5,927,101	7,742,456	7,897,945
Operation/Maintenance of Plant	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	12,787,888
Student Transportation	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	4,044,004
Operation of Noninstructional Services	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	8,338,902
Capital Outlay:										
Facilities										
Acquisition/Construction	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	42,338,612
Debt Service:										
Principal	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	16,950,000
Interest and Fiscal Charges	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	7,206,103
Bond Issuance Costs	-	583,911	-	432,013	-	393,981	152,808	-	281,532	177,026
Total Expenditures	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	208,776,531

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Concluded)										
Excess of Revenues										
Over (Under) Expenditures	<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>	<u>\$ (30,474,691)</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	20,000,000
Proceeds from Subscription Assets	-	-	-	-	-	-	-	-	-	1,103,986
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	150,876
Payment to Refunded Bond										
Escrow Agent	-	(30,053,852)	-	-	-	-	(11,572,717)	-	-	-
Transfers In	3,358,368	761,323	1,078,393	841,410	1,509,082	4,014,326	1,877,621	593,800	1,277,852	888,703
Transfers Out	(3,358,368)	(761,323)	(3,595,027)	(841,410)	(1,509,082)	(4,014,326)	(1,877,621)	(593,800)	(1,277,852)	(888,703)
Total Other Financing Sources (Uses)	<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>	<u>21,254,862</u>
Net Change in Fund Balance	<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>	<u>\$ (9,219,829)</u>
Debt Service as a Percentage of Noncapital Expenditures	16%	13%	15%	16%	15%	15%	15%	14%	14%	15%

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			
	2014	2015	2016	2017
Mining, Utility, Telecommunications, Commercial, and Industrial	\$ 734,721,015	\$ 718,421,648	\$ 728,372,625	\$ 745,160,300
Agricultural and Vacant Land	29,363,034	28,702,080	28,648,961	25,329,026
Residential (Owner Occupied)	227,868,770	238,170,353	242,406,047	252,589,951
Residential (Rental)	193,859,471	228,803,484	243,399,914	273,930,023
Railroad, Private Car Companies and Flight Property	2,505,119	2,654,097	2,480,172	2,240,326
Historic Property	5,453,696	5,657,136	5,487,552	5,316,652
Improvements on Federal, State, County or Municipal Property	28,495	30,141	34,160	38,964
	<u>\$ 1,193,799,600</u>	<u>\$ 1,222,438,939</u>	<u>\$ 1,250,829,431</u>	<u>\$ 1,304,605,242</u>
Gross Full Cash Value	\$ 12,941,693,279	\$ 13,867,445,296	\$ 15,999,520,131	\$ 18,376,484,607
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	8%	7%
Total Direct Rate	6.16	5.75	5.47	5.29

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									
		2018	2019	2020	2021	2022	2023				
\$	783,383,606	\$	809,612,473	\$	871,493,556	\$	909,538,270	\$	995,895,142	\$	1,021,985,352
	25,388,890		27,340,780		29,421,400		27,271,278		26,243,902		36,978,083
	263,571,607		277,023,176		287,108,929		305,418,247		320,638,736		338,356,554
	303,170,419		330,145,037		371,583,426		411,652,213		438,241,053		477,050,547
	2,270,572		2,096,760		2,137,105		2,110,000		2,262,696		2,837,456
	5,391,485		3,218,352		5,449,362		5,524,113		5,665,576		5,863,738
	39,895		23,942		25,139		26,396		27,716		29,102
\$	<u>1,383,216,474</u>	\$	<u>1,449,460,520</u>	\$	<u>1,567,218,917</u>	\$	<u>1,661,540,517</u>	\$	<u>1,788,974,821</u>	\$	<u>1,883,100,832</u>
\$	20,077,779,677	\$	21,702,277,454	\$	24,024,741,237	\$	27,068,972,333	\$	30,124,996,206	\$	32,317,587,433
	7%		7%		7%		6%		6%		6%
	5.05		4.9		4.71		4.47		4.45		4.48

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

Description	Fiscal Year			
	2014	2015	2016	2017
Mining, Utility, Telecommunications, Commercial and Industrial	\$ 738,213,770	\$ 727,469,438	\$ 798,328,358	\$ 901,977,115
Agricultural and Vacant Land	30,123,518	30,215,489	32,999,881	30,989,118
Residential (Owner Occupied)	228,032,466	258,594,273	315,592,574	347,072,484
Residential (Rental)	199,931,466	261,177,465	319,103,325	386,872,145
Railroad, Private Car Companies and Flight Property	2,529,484	2,679,973	2,529,283	2,403,955
Historic Property	7,001,051	7,113,525	6,434,518	6,489,499
Improvements on Federal, State, County or Municipal Property	28,495	30,141	34,682	41,531
	<u>\$ 1,205,860,250</u>	<u>\$ 1,287,280,304</u>	<u>\$ 1,475,022,621</u>	<u>\$ 1,675,845,847</u>
Gross Full Cash Value	\$ 12,941,693,279	\$ 13,867,445,296	\$ 15,999,520,131	\$ 18,376,484,607
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	9%
Total Direct Rate	6.16	5.75	5.47	5.29

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					
		2018	2019	2020	2021	2022	2023
\$	979,872,909	\$ 1,034,794,904	\$ 1,143,359,490	\$ 1,240,815,516	\$ 1,355,673,489	\$ 1,353,009,099	
	35,138,313	38,115,320	43,086,115	41,683,753	41,024,162	52,176,429	
	358,121,756	389,881,828	414,496,770	457,153,921	497,814,522	537,963,142	
	440,405,986	507,707,050	595,960,219	695,209,259	811,168,462	906,612,394	
	2,659,239	2,542,905	2,657,076	2,689,670	2,957,208	3,760,017	
	5,961,240	3,871,735	6,210,410	6,267,465	6,464,275	6,697,005	
	43,895	28,898	29,413	30,128	29,758	31,266	
\$	<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>	<u>\$ 2,860,249,352</u>	
\$	20,077,779,677	\$ 21,702,277,454	\$ 24,024,741,237	\$ 27,068,972,333	\$ 30,124,996,206	\$ 32,317,587,433	
	9%	9%	9%	9%	9%	9%	
	5.05	4.9	4.71	4.47	4.45	4.48	

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

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

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					
2018	2019	2020	2021	2022	2023
18 %	18 %	18 %	18 %	18 %	18 %
15	15	15	15	15	15
10	10	10	10	10	10
10	10	10	10	10	10
15	14	15	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
2023	2.51	1.97	4.48	1.25	0.06	0.16	1.19	0.01	0.14	2.38	0.05	2.45	2.11	0.92	0.91
2022	2.61	1.84	4.45	1.35	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	1.40	0.06	0.18	1.23	0.01	0.14	2.37	0.05	2.5	2.12	1.13	1.01
2020	2.71	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	1.1
2018	2.96	2.09	5.05	1.40	0.06	0.18	1.41	0.01	0.14	2.49	0.05	2.66	2.16	1.1	1.09
2017	3.09	2.2	5.29	1.40	0.06	0.18	1.47	0.01	0.14	2.52	0.05	2.9	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

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

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2023 AND 2014
(UNAUDITED)

Taxpayer	2023		2014	
	Total Assessed Value	Percentage of District's Assessed Valuation	Total Assessed Value	Percentage of District's Assessed Valuation
Arizona Public Service Company	\$ 82,622,532	3.64 %	\$ 22,154,504	0.93 %
Verizon Wireless	24,966,093	1.10	16,681,774	0.70
Arizona Mills Mall LLC	22,076,872	0.97	24,609,104	1.04
JP Morgan Chase Bank NA	21,206,769	0.93	-	-
Iridium Satellite LLC	16,827,403	0.74	-	-
Honeywell International Inc	13,876,080	0.61	9,966,855	0.42
Cousins Fund II Phoenix IV LLC	10,895,850	0.48	-	-
JDM II Tempe OC LLC	9,953,418	0.44	-	-
Cousins Fund II Phoenix II LLC	9,881,370	0.44	-	-
KM Sonoma LLC/MT Sonoma LLC	9,219,673	0.41	-	-
Qwest Communications	-	-	12,794,159	0.54
KBSII Fountainhead LLC	-	-	10,878,779	0.46
Tempe Fountainhead Corporate LLC	-	-	9,243,000	0.39
State Farm Insurance	-	-	7,285,008	0.31
BreofBnk2 Southwest LLC	-	-	7,005,964	0.30
T-Mobile	-	-	6,606,203	0.28
Total	\$ 221,526,060	9.76 %	\$ 127,225,350	5.37 %

Source: Maricopa County Assessor's records. 2023 data was not available. 2022 data is presented.

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
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	2,152,108	73,765,565	99.96
2021	74,168,345	72,959,359	98.37	1,162,707	74,122,066	99.94
2022	80,109,780	78,993,084	98.61	1,099,540	80,092,624	99.98
2023	84,380,146	82,654,745	97.96	-	82,654,745	97.96

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
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%
2023	173,672,579	(1,927,819)	171,744,760	0.53%	164,856	1,042	173,672,579	0.54%	1,053	0.04%

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, 2023
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable to School District	Estimated Share of Overlapping Debt Applicable to School District
Maricopa Community College District	\$ 135,585,000	3.65%	\$ 4,948,853
Maricopa County Special Health Care District	600,335,000	3.65%	21,912,228
City of Phoenix	815,395,000	1.79%	14,595,571
City of Mesa	357,025,000	0.52%	1,856,530
City of Tempe	450,485,000	66.60%	300,023,010
Tempe Union High School District No. 213	71,410,000	42.72%	<u>30,506,352</u>
Subtotal, Overlapping Debt			<u>373,842,543</u>
Tempe Elementary School District No. 3 Direct Debt			<u>173,672,579</u>
Total Direct and Overlapping Debt			<u><u>\$ 547,515,122</u></u>

Direct and Overlapping General Obligation Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		6.07%
Net Direct and Overlapping General Bonded Debt		
Per Capita		\$ 3,321
As a Percentage of Net Limited Assessed Valuation		19.14%
As a Percentage of Gross Full Cash Value		1.69%

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022	2023
Debt Limit	\$ 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	\$ 429,037,403
Total Applicable to Limit	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	171,744,760
Legal Debt Margin	<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>	<u>\$ 257,292,643</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	48%	48%	58%	58%	51%	62%	46%	51%	42%	42%	40%
Total Class B Debt Limit	\$ 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	\$ 286,024,935
Total Applicable to Limit	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	171,744,760
Class B Legal debt Margin	<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>	<u>\$ 114,280,175</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	71.69%	71.90%	87.50%	87.50%	76.36%	92.60%	69.32%	75.75%	62.37%	63.32%	60.05%

Source: The District's Business and Finance Department

TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2023
(UNAUDITED)

Net Assessed Full Cash Value		<u>\$ 2,860,249,352</u>
<hr/>		
Legal Debt Margin		
Debt Limitation - 15% of Assessed Value		\$ 429,037,403
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 158,935,000	
Premium	14,737,579	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(1,927,819)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>171,744,760</u>
Legal Debt Margin		<u>\$ 257,292,643</u>
<hr/>		
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		\$ 286,024,935
\$1,500 Per Student (ADM)		14,760,675
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 158,935,000	
Premium	14,737,579	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(1,927,819)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>171,744,760</u>
Class B Legal Debt Margin		<u>\$ 114,280,175</u>

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
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
2022	4,551,524	288,842,282	63,461	3.42%	164,856

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, 2023 AND 2014
(UNAUDITED)**

Employer	2023		2014	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Arizona State University	8,330	22.8 %	11,185	27.7 %
State Farm	7,540	20.6	-	-
Amazon	3,920	10.7	-	-
Association	3,320	9.1	2,377	5.9
SRP	3,010	8.1	4,374	10.8
Wells Fargo	2,410	6.6	3,576	8.8
Kyrene School District	2,330	6.4	2,401	5.9
City of Tempe	2,171	5.9	-	-
ABM Industries	2,000	5.5	-	-
Freedom Financial Network	1,580	4.3	-	-
Honeywell	-	-	3,000	7.4
Maricopa County Community Colleges	-	-	4,611	11.4
Safeway Inc.	-	-	3,996	9.9
Motorola	-	-	3,000	7.4
US Airways	-	-	1,898	4.7
Total	36,611	100.0 %	40,418	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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrative:										
District	9	9	9	10	11	12	13	8	8	8
Principals	20	21	21	21	22	23	23	23	23	24
Assistant Principals	13	13	13	12	11	9	13	8	8	7
Total Supervisory	<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>	<u>39</u>
Specialists:										
Guidance Counselors	20	21	21	21	21	30	24	22	25	23
Librarians	16	16	17	17	17	18	16	15	17	15
Psychologist	17	17	18	18	17	19	17	19	20	33
Other	29	29	45	49	49	24	45	41	48	96
Total Specialist	<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>	<u>167</u>
Teachers:										
Regular Education	604	604	600	590	592	723	613	614	647	640
Special Education	114	114	112	108	115	126	109	109	117	116
Total Teachers	<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>	<u>756</u>
Support and Administration:										
Instructional Aides	191	191	187	172	183	248	196	174	180	190
Office Staff	100	100	102	106	106	139	80	81	90	97
Managers/Directors	22	22	27	24	24	13	22	29	24	21
Student Support	55	55	59	59	65	53	58	55	60	83
Plant Operations Staff	113	113	113	112	112	141	108	107	104	106
Other	187	187	171	170	164	200	194	221	242	146
Total support and administration	<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>	<u>643</u>
Total	<u>1,510</u>	<u>1,512</u>	<u>1,515</u>	<u>1,489</u>	<u>1,509</u>	<u>1,778</u>	<u>1,531</u>	<u>1,526</u>	<u>1,613</u>	<u>1,605</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
2014	11,045	\$ 103,957,263	\$ 9,412	6.30%	\$ 115,286,317	\$ 10,438	3.50%	718	15.4	74.2
2015	11,115	104,907,448	9,438	0.28	119,037,250	10,710	2.60	718	15.5	73.8
2016	11,030	97,139,160	8,807	(6.7)	116,299,660	10,544	(1.5)	712	15.5	74.0
2017	10,915	100,763,507	9,232	4.82	114,581,926	10,498	(0.4)	698	15.6	67.0
2018	10,770	102,651,662	9,531	3.25	115,765,329	10,749	2.39	707	15.2	65.0
2019	10,905	111,516,816	10,226	7.29	126,679,711	11,617	8.07	849	12.8	72.4
2020	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	16.18	175,411,703	17,270	9.59	944	10.8	65.2
2023	9,840	142,104,790	14,441	5.14	208,776,531	21,216	22.85	962	10.2	58.0

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Schools										
Elementary										
Buildings	57	57	63	61	63	62	60	60	60	60
Square Feet	883,446	883,446	956,962	978,653	978,653	978,653	983,664	983,664	983,664	983,664
Capacity	8,755	8,755	9,521	9,654	9,682	9,682	9,682	9,682	9,682	9,682
Enrollment	8,052	8,052	7,534	7,390	7,265	7,351	7,187	6,780	6,780	6,780
Middle										
Buildings	35	36	38	38	38	38	38	38	38	38
Square Feet	490,485	498,931	519,742	519,742	519,742	519,742	519,742	519,742	519,742	519,742
Capacity	3,693	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Enrollment	2,931	3,098	3,135	3,081	3,154	3,156	3,244	3,181	3,181	3,181
K-8										
Buildings	10	10	3	7	7	8	8	8	8	8
Square Feet	95,960	95,960	43,991	118,203	118,203	132,996	132,996	132,996	132,996	132,996
Capacity	1,079	1,079	504	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Enrollment	946	901	905	962	1,030	1,046	974	908	908	908
Administrative										
Buildings	4	4	3	2	2	2	2	2	2	2
Square Feet	95,301	95,301	77,348	94,371	94,371	94,371	94,371	94,371	94,371	94,371
Maintenance										
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
Other										
Buildings	20	15	7	7	6	6	6	6	6	6
Square Feet	172,605	120,288	25,961	25,961	23,521	23,521	23,521	23,521	23,521	23,521
Capacity	1,675	1,020	293	293	265	265	265	265	265	265

Source: The District's facilities records.

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