



COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PHOENIX, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2020

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PHOENIX, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2020

Issued by
Administrative Services Department
Madison Elementary School District No. 38
5601 N 16th Street
Phoenix, AZ 85016

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MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	10
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	13
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	21
STATEMENT OF ACTIVITIES	22
BALANCE SHEET – GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	25
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE GOVERNMENTAL FUNDS	26
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	28
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES	29
NOTES TO BASIC FINANCIAL STATEMENTS	30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND PENSION CONTRIBUTIONS	51
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND	52

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND	53
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	54
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
COMBINING BALANCE SHEET	55
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE	57
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BOND BUILDING FUND	59
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	60
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – INSTRUCTIONAL IMPROVEMENT FUND	61
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – CLASSROOM SITE FUND	62
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL PROJECTS FUND	63
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND	64
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – ADJACENT WAYS FUND	65
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING RENEWAL FUND	66
AGENCY FUNDS	
COMBINING STATEMENT OF ASSETS AND LIABILITIES	67
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES	68
STATISTICAL SECTION (UNAUDITED)	
FINANCIAL TRENDS	
NET POSITION BY COMPONENT	69
CHANGE IN NET POSITION	70

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	72
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	73
REVENUE CAPACITY	
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	75
NET LIMITED PROPERTY VALUATION BY PROPERTY CLASSIFICATION	76
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	77
PRINCIPAL PROPERTY TAXPAYERS	78
PROPERTY TAX LEVIES AND COLLECTIONS	79
DEBT CAPACITY	
RATIO OF NET OUTSTANDING DEBT BY TYPE	80
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS	81
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	82
LEGAL DEBT MARGIN INFORMATION	83
CALCULATION OF LEGAL DEBT MARGIN	84
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHIC AND ECONOMIC STATISTICS	85
PRINCIPAL EMPLOYERS	86
OPERATING INFORMATION	87
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	87
OPERATING STATISTICS	88
SCHOOL BUILDING INFORMATION	89

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INTRODUCTORY SECTION

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5601 North 16th Street, Phoenix, AZ 85016 • (602) 664-7900 • madisonaz.org

Dr. Kenneth R. Baca
Superintendent

Lori Garvey, CPA
Deputy Superintendent

February 18, 2021

Governing Board and Citizens
Madison Elementary School District No. 38
5601 North 16th Street
Phoenix, Arizona 85016-2999

State law mandates school districts are required to undergo an annual single audit, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America, and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Madison Elementary School District No. 38 (District) for the fiscal year ended June 30, 2020.

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

The District's financial statements have been audited by 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, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.



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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 Uniform Grant Guidance designed to meet the special needs of federal grantor agencies. 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, and should be read in conjunction with, the MD&A. 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 pre-kindergarten through grade eight, with an estimated current enrollment of approximately 6,000 students.

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

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

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

The 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.



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The District's proposed expenditure budget is presented to the Governing Board for review prior to July 5. The Governing Board is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than July 15. The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General 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. 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. 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.

A schedule of revenues, expenditures and changes in fund balances - budget and actual is provided in this report for the General Fund and Other Special Revenue Fund. These schedules are presented as required supplementary information. For other Governmental Funds, these schedules are presented in the Combining and Individual Fund Financial Statements and Schedules section of this report.

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. Madison Elementary School District No. 38, three miles from downtown Phoenix in south-central Maricopa County, serves a population of about 63,800. The tax base has a large commercial and industrial property component representing 41% of secondary assessed valuation (AV). The leading 10 property taxpayers represent 13.45% of fiscal 2020 secondary AV and include several large office complexes as well as an upscale retail shopping center and resort. Residents have access to employers in the larger MSA. The area's deep and diverse economic base includes such major employers as Wal-Mart, Banner Health Systems, and Intel, as well as several large financial institutions and the significant public-sector opportunities typically found in a state capital. Maricopa County's 6.9% unemployment rate is slightly higher than the national level; however it remains lower than the state level.

Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,222 square miles. Its boundaries encompass the cities of Phoenix, Scottsdale, Mesa, Tempe, Glendale, Chandler, and such towns as Gilbert, Paradise Valley and Fountain Hills. Maricopa County is currently the nation's fourth largest county in terms of population size and the 14th in land area. The County's 2020 population was estimated at just over 4,500,000 and expected to reach 5.4 million by 2030. Maricopa County has a very wide range of economic sectors supporting its substantial growth.



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The Phoenix metropolitan area and the rest of Maricopa County have become one of the fastest growing regional markets in the United States. The County, with approximately 71% of the State's labor force in 2019, has an economic base composed of a variety of service companies, retail and wholesale trade outlets, high-technology manufacturing companies and construction firms. It is anticipated that as the County continues to grow in population and economic activity, the service industry (the largest employment component in the County comprising near 69% of the total wage and salary employment base as of April 2020) will continue to be a significant contributor. The \$12 billion per year tourism industry contributes significantly to service employment. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category, employing over a quarter million people.

Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors aiding economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well-developed and expanding transportation infrastructure.

Long-term Financial Planning. The Madison School District has experienced enrollment growth over the last five years. The District established the following signature programs: a Traditional School, two Science Technology Engineering Arts and Mathematics (STEAM) Schools, a Spanish Immersion School, two Visual and Performing Arts Schools, an International Baccalaureate (IB) Primary Years Programme School, and an IB Middle Years Programme School that has been a part of this growth.

In November 2019, the voters passed a \$90 million bond that will fund the rebuild of a school, the second phase of a rebuild of another school, safety and security measures, and capital projects that are not covered by the Arizona School Facilities Board. Age and major infrastructure needs of current buildings were criteria for the committee's evaluation of necessary projects. The second phase of the partial rebuild of the oldest school at 64 years is nearing completion and is projected to open in February 2021. The ages of the remaining schools vary greatly at 63 years, 50 years, 44 years, 24 years, 12 years, and 6 years. Planning is underway for rebuild of the school which is 63 years. It is projected that building will commence fall 2021 with an estimated completion date of summer 2023.

The state budget included increased funding for certified staff, inflation, and a continuation of the phase in of replacing District Additional Assistance (instructional capital items such as textbooks, computers, and library books) that had been significantly cut in prior years. The statewide elimination of building renewal funds made by the Arizona legislature reduced funding for building maintenance projects. The legislature did make funding available for grants to cover some of these projects, and the District will continue to evaluate needs and submit for grants. To cover the shortfall in capital funding, the District patrons approved an annual capital override in the amount of the lessor of 10% of the District's RCL or \$4,600,000 in November 2016. The override will be good for seven years beginning July 1, 2017 and will cover technology, preventative maintenance, and curriculum.

The District is presently operating on a 15% override for maintenance and operation funds for programming. In November 2019, the District patrons approved this additional funding for seven more years beginning July 1, 2020.



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AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty-ninth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for fiscal year 2019-20 certificates.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the administrative division. 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,



Kenneth Baca, Ed. D.
Superintendent



Lori Garvey
Deputy Superintendent



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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020**

GOVERNING BOARD

Scott Holcomb
President

Sarah Speer
Vice President

Matthew Gress
Member

Mitra Khazai
Member

Marcus Osborn Ph.D.
Member

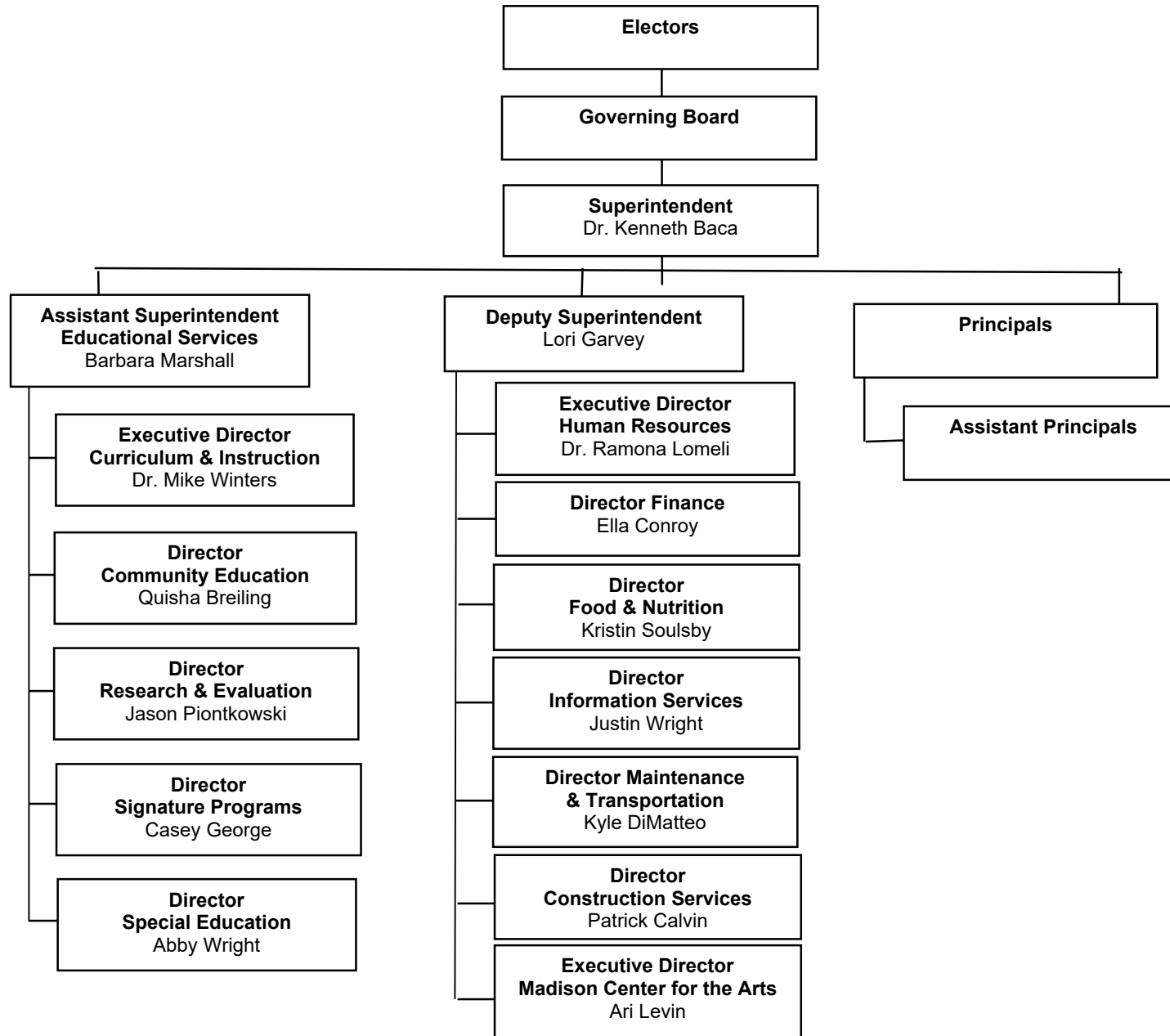
ADMINISTRATIVE STAFF

Dr. Kenneth Baca
Superintendent

Lori Garvey, CPA
Deputy Superintendent

Barbara Marshall
Assistant Superintendent for
Educational Services

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
ORGANIZATIONAL CHART
JUNE 30, 2020**





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

Madison Elementary School District No. 38

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

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



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

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Madison Elementary School District No. 38
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Madison Elementary School District No. 38
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Elementary School District No. 38, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Elementary School District No. 38 as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison Elementary School District No. 38's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration Madison Elementary School District No. 38'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 Madison Elementary School District No. 38'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 Madison Elementary School District No. 38's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
February 18, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

As management of the Madison Elementary School District No. 38 (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, 2020.

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 \$52,546,571 (net position).
- ◆ The District's total net position increased by \$4,824,749.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$76,613,282, an increase of \$22,113,852 in comparison with the prior year. The most significant factor for the increase was the issuance of additional bonds for construction.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,015,442, or 47.1% of total General Fund expenditures.
- ◆ The District's total bonded debt increased by \$14,150,000 (15.3%) during the current fiscal year. The increase was due to the issuance of new 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.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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 fiduciary funds.

- ◆ *Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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 ten 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, Other Special Revenue Fund, Bond Building Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other five 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 23 - 28 of this report.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

- ◆ *Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary fund includes the student activities and employee withholding funds reported as agency funds. Agency funds are custodial in nature and do not present results of operations or a measurement focus.

The basic fiduciary fund financial statement can be found on page 29 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 30 - 50 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 and the budgetary schedule of the General Fund and Other Special Revenue Fund. Required supplementary information may be found on pages 51 - 54.

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 Other Special Revenue 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 55 - 68 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 69 - 89 of this report.

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 \$52,546,571 at the close of the most recent fiscal year.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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		
	2020	2019	% Change
Assets:			
Current and Other Assets	\$ 101,548,144	\$ 76,297,528	33.1 %
Capital Assets, Net	138,996,117	133,553,002	4.1
Total Assets	240,544,261	209,850,530	14.6
Deferred Outflows of Resources	7,640,856	5,841,158	30.8
Liabilities:			
Current and Other Liabilities	24,509,071	21,427,333	14.4
Long-Term Liabilities	168,145,495	141,040,128	19.2
Total Liabilities	192,654,566	162,467,461	18.6
Deferred Inflows of Resources	2,983,980	5,502,405	(45.8)
Net Position:			
Net Investment in Capital Assets	62,640,532	57,279,443	9.4
Restricted	10,640,755	10,166,771	4.7
Unrestricted	(20,734,716)	(19,724,392)	(5.1)
Total Net Position	\$ 52,546,571	\$ 47,721,822	10.1

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 \$(20,734,716). 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 \$4,824,749 during the current fiscal year.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

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		
	2020	2019	% Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 6,427,349	\$ 7,698,967	(16.5)%
Operating Grants and Contributions	8,524,455	8,590,839	(0.8)
Capital Grants and Contributions	32,035	-	100.0
General Revenues:			
Property Taxes	42,512,628	38,387,816	10.7
Unrestricted State, County and Federal Aid	15,627,204	14,562,546	7.3
Investment Earnings	1,099,627	1,045,803	5.1
Other	1,025,417	1,053,821	(2.7)
Total Revenues	<u>75,248,715</u>	<u>71,339,792</u>	5.5
EXPENSES			
Instruction	34,150,236	28,683,960	19.1
Support Services:			
Students and Staff	7,551,536	6,406,290	17.9
Administration	8,467,544	6,830,135	24.0
Operation and Maintenance of Plant	7,438,146	6,825,244	9.0
Student Transportation	2,079,706	2,299,510	(9.6)
Operation of Noninstructional Services	7,838,617	7,479,698	4.8
Interest on Long-Term Debt	2,898,181	2,944,299	(1.6)
Total Expenses	<u>70,423,966</u>	<u>61,469,136</u>	14.6
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS	4,824,749	9,870,656	(51.1)
Net Position - Beginning of Year	47,721,822	37,851,166	26.1
NET POSITION - END OF YEAR	<u>\$ 52,546,571</u>	<u>\$ 47,721,822</u>	10.1

Charges for Services decreased \$1,271,618 (16.5%) mainly due to a decrease in food service catering revenue and a decrease in the community education program due to the COVID-19 pandemic.

Operating Grants and Contributions decreased \$66,384 (0.8%).

Capital Grants and Contributions increased \$32,035 due to the District receiving monies from the School Facilities Board for roof repair projects in the prior year.

Property tax revenues increased overall by \$4,124,812 (10.7%) mainly due to an increase in property tax assessed values and an increase in the secondary tax rates to pay debt service costs offset by the District setting up an allowance for uncollectible taxes in the current year.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

Investment Earnings increased \$53,824 (5.1%) due to higher average cash balances through the year as well as increased interest rates.

The change in Unrestricted State, County, and Federal Aid and Other Revenue of \$1,064,658 (7.3%) was due to increased state aid.

Expenses increased \$8,954,830 or 14.6% from increases in personnel costs for teacher compensation increase, increases in fuel costs and interest on long-term debt.

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 \$76,613,282, an increase of \$22,113,852 in comparison with the prior year. Approximately 26.1% of this total amount (\$20,015,442) constitutes unassigned fund balance, which is available for spending at the government's discretion. Additionally, 60.1 % (\$46,066,032) of fund balance is restricted in the Bond Building Fund from bond proceeds received. The remainder of spendable fund balance is restricted to indicate that is not available for new spending.

At June 30, 2020, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2018-19
General Fund	\$ 20,068,707	\$ 340,248
Other Special Revenue Funds	4,693,942	(452,667)
Bond Building Fund	46,066,032	21,314,621
Debt Service Fund	1,975,408	738,405
Nonmajor Governmental Funds	3,809,193	173,245

The General Fund increase of \$340,248 was primarily due to increases in property tax revenue and a slight decline in spending.

The Other Special Revenue Funds decrease of \$452,667 was mainly due to a decrease in the community education program activity.

The Bond Building increase of \$21,314,621 was primarily due to the issuance of new bonds for construction.

The Debt Service Fund increase of \$738,405 was a result of an increase in property tax revenue.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

The Nonmajor Governmental Funds increase of \$173,245 was mostly due to the District carrying over state grant funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$233,646. 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 factor for the increase in budgeted expenditures was an increase in Regular Education.

Actual expenditures of the General Fund were \$2,373,705 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, 2020, amounts to \$138,996,117 (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 4.1%.

Major capital asset events during the fiscal year included the following:

- ◆ Completion of #1 Field.
- ◆ Continued construction on Meadows School Phase II.
- ◆ HVAC replacements.
- ◆ Smartboard Refresh.
- ◆ Purchase of 3 school buses.

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

	Governmental Activities	
	2020	2019
Land	\$ 3,420,264	\$ 3,420,264
Construction in Progress	9,547,982	2,871,721
Land Improvements	5,433,639	4,179,236
Buildings and Improvements	118,367,555	120,581,782
Furniture, Equipment, and Vehicles	2,226,677	2,499,999
Total Capital Assets, Net	\$ 138,996,117	\$ 133,553,002

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

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2020**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$106,605,000. This debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Obligations**

	Governmental Activities	
	2020	2019
Bonds Payable	\$ 106,605,000	\$ 92,455,000
Premium on Bonds Payable	16,201,437	9,034,792
Total Outstanding Debt	\$ 122,806,437	\$ 101,489,792

The District's bonded debt increased by \$14,150,000 (15.3 %) during the current fiscal year. This change was due to the issuance of new bonds offset by regularly scheduled principal payments.

The District's general obligation bonds are subject to a Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15% of the net full cash value). The current total debt limitation for the District is \$218,217,334 which is more than the District's total outstanding general obligation bonded debt. At June 30, 2020 the District's net Class B bonded debt outstanding was \$106,605,000 which was below the Class B debt limit. Additional information on the legal debt limit can be found on page 84.

Additional information on the District's long-term debt can be found in Note 3.C. 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 2020-21 budget. Among them:

- ◆ Fiscal Year 2019-20 budget balance carry-forward (estimated \$2,000,000).
- ◆ Maintain current year enrollment.
- ◆ State budget funding increase of 3.74% in Maintenance & Operations (M&O) Fund.
- ◆ State budget funding increase of 32.5% in District Additional Assistance (Capital) Fund.
- ◆ State budget funding decrease of 2.0% in Classroom Site Funds (Teacher Base Pay and Pay for Performance).
- ◆ State grant for Results Based Funding awarded (estimated \$690,000).
- ◆ Employee salaries increase- 5% Certified.
- ◆ District-provided health insurance – 8.5% increase.
- ◆ Reserved \$500,000 in new funding due to budget uncertainty of COVID impact.

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 Madison Elementary School District No. 38 Business and Finance Department, 5601 North 16th Street, Phoenix, Arizona, 85016-2999.

BASIC FINANCIAL STATEMENTS

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 44,109,372
Restricted Assets	51,906,065
Receivables:	
Accounts Receivable	272,884
Property Taxes	759,784
Intergovernmental	4,399,649
Inventory, at Cost	100,390
Capital Assets:	
Nondepreciable	12,968,246
Depreciable, Net	126,027,871
Total Assets	240,544,261
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from Pensions	7,256,036
Deferred Outflows of Resources from Refunding	384,820
Total Deferred Outflows of Resources	7,640,856
LIABILITIES	
Accounts Payable	5,772,229
Accrued Wages and Benefits	3,344,674
Accrued Interest	1,646,979
Retainage Payable	821,277
Unearned Revenue	218,912
Matured Debt Principal Payable	12,705,000
Long-Term Liabilities:	
Due Within One Year	13,737,387
Due in More Than One Year	154,408,108
Total Liabilities	192,654,566
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources from Pensions	2,983,980
NET POSITION	
Net Investment in Capital Assets	62,640,532
Restricted for:	
Instructional Improvement	131,380
Classroom Site	771,217
Special Projects	292,853
Food Service	619,221
Debt Service	2,137,603
Adjacent Ways	1,994,539
Community Education	2,534,072
Noninstructional Programs	743,205
Civic Center	1,393,725
Other Special Revenue	22,940
Unrestricted	(20,734,716)
Total Net Position	\$ 52,546,571

See accompanying Notes to Basic Financial Statements.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 34,150,236	\$ 5,168,551	\$ 5,370,367	\$ 32,035	\$ (23,579,283)
Support Services:					
Students	4,544,241	-	736,910	-	(3,807,331)
Instructional Staff	3,007,295	-	584,761	-	(2,422,534)
General Administration	1,799,244	-	17,534	-	(1,781,710)
School Administration	2,528,826	-	-	-	(2,528,826)
Business and Other Support Services	4,139,474	-	270,126	-	(3,869,348)
Operation and Maintenance of Plant	7,438,146	-	88,861	-	(7,349,285)
Student Transportation	2,079,706	-	185	-	(2,079,521)
Operation of Noninstructional Services	7,838,617	1,258,798	1,455,711	-	(5,124,108)
Interest on Long-Term Debt	2,898,181	-	-	-	(2,898,181)
Total	<u>\$ 70,423,966</u>	<u>\$ 6,427,349</u>	<u>\$ 8,524,455</u>	<u>\$ 32,035</u>	<u>(55,440,127)</u>
General Revenues:					
Property Taxes					42,512,628
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization and Additional State Aid					14,196,526
County Equalization					1,115,123
Federal Aid, Not Restricted					315,555
Investment Earnings					1,099,627
Other					1,025,417
Total General Revenues					<u>60,264,876</u>
Change in Net Position					4,824,749
Net Position - Beginning					<u>47,721,822</u>
Net Position - Ending					<u>\$ 52,546,571</u>

See accompanying Notes to Basic Financial Statements.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Other Special Revenue	Bond Building	Debt Service
Assets				
Cash and Investments	\$ 18,495,159	\$ 4,912,016	\$ -	\$ 16,196,440
Restricted Assets	-	-	51,906,065	-
Receivables:				
Accounts Receivable	-	272,884	-	-
Property Taxes	466,625	-	-	293,142
Intergovernmental	3,693,845	-	-	-
Inventory, at Cost	53,265	-	-	-
Total Assets	\$ 22,708,894	\$ 5,184,900	\$ 51,906,065	\$ 16,489,582
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts Payable	\$ 632,031	\$ 37,107	\$ 5,010,329	\$ -
Accrued Wages and Benefits	1,744,577	234,939	8,427	-
Retainage Payable	-	-	821,277	-
Accrued Interest	-	-	-	1,646,979
Unearned Revenue	-	218,912	-	-
Matured Debt Principal Payable	-	-	-	12,705,000
Total Liabilities	2,376,608	490,958	5,840,033	14,351,979
Deferred Inflows of Resources:				
Unavailable Revenue	263,579	-	-	162,195
Fund Balance:				
Nonspendable:				
Inventory	53,265	-	-	-
Restricted	-	4,693,942	46,066,032	1,975,408
Unassigned	20,015,442	-	-	-
Total Fund Balance	20,068,707	4,693,942	46,066,032	1,975,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 22,708,894	\$ 5,184,900	\$ 51,906,065	\$ 16,489,582

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ 4,505,757	\$ 44,109,372
-	51,906,065
-	272,884
17	759,784
705,804	4,399,649
47,125	100,390
<u>\$ 5,258,703</u>	<u>\$ 101,548,144</u>

\$ 92,762	\$ 5,772,229
1,356,731	3,344,674
-	821,277
-	1,646,979
-	218,912
-	12,705,000
<u>1,449,493</u>	<u>24,509,071</u>

<u>17</u>	<u>425,791</u>
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47,125	100,390
3,762,068	56,497,450
-	20,015,442
<u>3,809,193</u>	<u>76,613,282</u>

<u>\$ 5,258,703</u>	<u>\$ 101,548,144</u>
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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balances for Governmental Funds	\$ 76,613,282
Amounts reported for governmental activities in the statement of activities are different because:	
Property taxes not collected within 60 days subsequent to fiscal year end are unavailable in the governmental funds.	425,791
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	209,938,213
Less: Accumulated Depreciation	<u>(70,942,096)</u>
Capital Assets Used in Governmental Activities	138,996,117
Deferred outflows relating to issuance of long term liabilities are not financial resources and therefore are not reported in the governmental funds.	384,820
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	7,256,036
Deferred Inflows of Resources Related to Pensions	(2,983,980)
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	(106,605,000)
Premium on Bonds Payable	(16,201,437)
Net Pension Liability	(42,258,034)
Compensated Absences Payable	<u>(3,081,024)</u>
Total Net Position of Governmental Activities	<u><u>\$ 52,546,571</u></u>

See accompanying Notes to Basic Financial Statements.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2020

	General	Other Special Revenue	Bond Building	Debt Service
Revenues:				
Property Taxes	\$ 26,071,832	\$ -	\$ -	\$ 16,385,773
Intergovernmental	15,627,204	-	-	190,377
Food Service Sales	-	-	-	-
Charges for Services	19,426	5,149,125	-	-
Contributions and Donations	109,048	565,602	-	-
Investment Earnings	242,343	103,100	-	623,780
Other	691,254	335,017	-	-
Total Revenues	<u>42,761,107</u>	<u>6,152,844</u>	<u>-</u>	<u>17,199,930</u>
Expenditures:				
Current:				
Instruction	22,809,794	479,092	800,379	-
Support Services:				
Students	3,625,598	1,778	-	-
Instructional Staff	2,293,214	80,809	-	-
General Administration	1,100,178	134,782	916	-
School Administration	2,447,114	-	-	-
Business and Other Support Services	2,240,105	1,034,414	122,486	-
Operation and Maintenance of Plant	5,989,704	139,117	96,274	-
Student Transportation	1,732,157	51,178	331,418	-
Operation of Noninstructional Services	112,653	4,684,341	-	-
Debt Service:				
Principal Retirement	-	-	-	12,705,000
Interest on Long-Term Debt	-	-	-	3,568,234
Issuance Costs	-	-	266,749	121,526
Capital Outlay:				
Facilities Acquisition	121,296	-	12,290,859	-
Total Expenditures	<u>42,471,813</u>	<u>6,605,511</u>	<u>13,909,081</u>	<u>16,394,760</u>
Excess (Deficiency) of Revenue Over Expenditures	289,294	(452,667)	(13,909,081)	805,170
Other Financing Sources (Uses):				
Transfers In	41,259	-	-	-
Transfers Out	-	-	-	-
Issuance of Long-Term Debt	-	-	27,705,000	-
Proceeds of Refunding Long-Term Debt	-	-	-	9,520,000
Payment to Refunding Bond Escrow Agent	-	-	-	(10,642,526)
Premium on Issuance of Long-Term Debt	-	-	7,518,702	1,055,761
Total Other Financing Sources (Uses)	<u>41,259</u>	<u>-</u>	<u>35,223,702</u>	<u>(66,765)</u>
Net Change in Fund Balance	330,553	(452,667)	21,314,621	738,405
Fund Balance:				
Beginning of Year	19,728,459	5,146,609	24,751,411	1,237,003
Increase in Inventories	9,695	-	-	-
End of Year	<u>\$ 20,068,707</u>	<u>\$ 4,693,942</u>	<u>\$ 46,066,032</u>	<u>\$ 1,975,408</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 42,457,605
7,691,463	23,509,044
1,258,798	1,258,798
-	5,168,551
-	674,650
129,547	1,098,770
-	1,026,271
9,079,808	75,193,689
4,345,285	28,434,550
722,434	4,349,810
570,053	2,944,076
17,032	1,252,908
-	2,447,114
262,392	3,659,397
118,352	6,343,447
180	2,114,933
2,832,565	7,629,559
-	12,705,000
-	3,568,234
-	388,275
20,000	12,432,155
8,888,293	88,269,458
191,515	(13,075,769)
-	41,259
(41,259)	(41,259)
-	27,705,000
-	9,520,000
-	(10,642,526)
-	8,574,463
(41,259)	35,156,937
150,256	22,081,168
3,635,948	54,499,430
22,989	32,684
\$ 3,809,193	\$ 76,613,282

See accompanying Notes to Basic Financial Statements.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances-Total Governmental Funds \$ 22,081,168

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

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

Expenditures for Capital Assets	11,870,896
Less: Current Year Depreciation	<u>(6,427,781)</u>
Excess Capital Expenditures Over Depreciation	5,443,115

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 55,026

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	12,432,474
Payment to Escrow Agent	10,642,526
Issuance of Long-Term Debt	(37,225,000)
Premium on Issuance of Bonds	(8,574,463)
Deferred Amount on Refunding	(76,964)
Amortization of Premium	1,407,818

Governmental funds report District pension contributions as expenditures when made. However in the Statement of Activities, pension 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 the investment experience.

Pension Contributions	3,717,333
Pension Expense	(4,807,594)

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	(303,374)
Change in Inventory Balances	32,684

Change in Net Position of Governmental Activities	<u>\$ 4,824,749</u>
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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020**

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 228,492
LIABILITIES	
Due to Student Groups	\$ 61,967
Deposits Held for Others	166,525
Total Liabilities	<u>\$ 228,492</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Madison Elementary School District No. 38 (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). A summary of the District's more significant accounting policies follows.

A. Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. In evaluating how to define the District, for financial reporting purposes, management has identified no potential component units. The decision to include a potential component unit in the reporting entity would have been made by applying criteria set forth in accounting principles generally accepted in the United States of America. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the District) are financially accountable. The primary government is financially accountable for a potential component unit if it: appoints a voting majority of the potential component unit's governing body; and, either is able to impose its will on the potential component unit or there is a possibility of the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. In addition, a primary government may be financially accountable for a potential component unit even though the potential component unit may have a separately elected governing board, a board appointed by another government, or a jointly appointed board if the potential component unit is fiscally dependent on the primary government (e.g., the primary government must approve the potential component unit's budget, tax rates, etc.). Because no potential component units were identified in defining the District's reporting entity, none have been included in the District's reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

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 District had no business-type activities during the fiscal year.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

The Fiduciary Funds include only agency funds. Agency funds are custodial in nature and do not present results of operations or a measurement focus. They are accounted for on the accrual basis of accounting.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 four subsections titled regular education programs, special education programs, pupil transportation, and special K-3 program override.

Other Special Revenue

The Other Special Revenue Fund is a special revenue fund which accounts for the revenues and expenditures of the following activities or objectives: community school, extracurricular activities fee tax credit, vocational education projects, insurance refunds, textbooks, and joint technological education.

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:

Agency Funds

The Agency Funds are custodial in nature and do not present results of operations or a measurement focus and are described as follows:

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

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major Governmental Funds (Continued)

Agency Funds (Continued)

The Employee Withholding Fund accounts for voluntary deductions and employee payroll checks temporarily held by the District until distributed.

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.

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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)

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.

6. 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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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. Capital Assets (Continued)

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

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

Land Improvements	5 to 20 Years
Buildings and Improvements	15 to 75 Years
Furniture, Equipment, and Vehicles	5 to 15 Years

7. Deferred Outflows of Resources

The District recognizes the consumption of net position 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 and deferred outflows from the refunding of bonds.

8. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Full-time certified employees earn 12 days of sick leave each contract year. Full-time classified employees earn sick leave at the rate of one day per month. Only employees who have been with the District for four years or more qualify to be reimbursed for accumulated sick leave. In the event of termination, an employee is reimbursed for accrued sick leave at varying rates depending on position of classified or certified and the number of sick days accumulated. All twelve-month classified employees earn vacation; however, vacation can be accumulated for a maximum of 2 years or it will be forfeited. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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. 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 straight-line 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.

10. 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.

11. 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, 2020 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 position 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 pensions.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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)

12. 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.

13. 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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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. 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 four subsections (see preceding description of General Fund), any of which may be overexpended 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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2020 consist of the following:

Deposits:	
Cash in Bank	\$ 2,067,862
Cash on Deposit with County Treasurer	94,176,067
Total Deposits	96,243,929
Less: Restricted Assets	(51,906,065)
Less: Fiduciary Funds	(228,492)
Total Cash and Investments	\$ 44,109,372

Deposits

The carrying amount on the District's deposits at June 30, 2020, was \$2,067,862 and the bank balance was \$2,071,204. Of the bank balance, \$1,000,000 was insured by federal depository insurance and the remainder (\$1,071,204) was insured by the statewide pooled collateral program.

Investments

At June 30, 2020, 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.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

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.

2. Restricted Assets

Restricted assets at June 30, 2020, consisted of the following:

	Bond Building	
	Fund	
Future Construction	\$ 51,906,065	

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Receivables (Continued)

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. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable:		
General Fund	\$ 263,579	\$ -
Debt Service Fund	162,195	-
Nonmajor Governmental Funds	17	-
Community Education Revenue:		
Other Special Revenue Fund	-	218,912
Total	\$ 425,791	\$ 218,912

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,420,264	\$ -	\$ -	\$ 3,420,264
Construction in Progress	2,871,721	10,632,081	(3,955,820)	9,547,982
Total Capital Assets, Not Being Depreciated	6,291,985	10,632,081	(3,955,820)	12,968,246
Capital Assets, Being Depreciated:				
Land Improvements	13,330,990	1,736,278	-	15,067,268
Buildings and Improvements	165,988,651	2,815,343	-	168,803,994
Vehicles, Furniture, and Equipment	12,511,610	643,014	(55,919)	13,098,705
Total Capital Assets, Being Depreciated	191,831,251	5,194,635	(55,919)	196,969,967
Accumulated Depreciation for:				
Land Improvements	(9,151,754)	(481,875)	-	(9,633,629)
Buildings and Improvements	(45,406,869)	(5,029,570)	-	(50,436,439)
Vehicles, Furniture, and Equipment	(10,011,611)	(916,336)	55,919	(10,872,028)
Total Accumulated Depreciation	(64,570,234)	(6,427,781)	55,919	(70,942,096)
Total Capital Assets, Being Depreciated, Net	127,261,017	(1,233,146)	-	126,027,871
Governmental Activities Capital Assets, Net	\$ 133,553,002	\$ 9,398,935	\$ (3,955,820)	\$ 138,996,117

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

Instruction	\$ 4,041,200
Support Services:	
Students and Staff	86,852
Instructional Staff	11,539
General Administration	509,377
Business and Other Support Services	418,834
Operation and Maintenance of Plant	1,013,163
Student Transportation	293,266
Operation of Noninstructional Services	53,550
Total Depreciation Expense	<u>\$ 6,427,781</u>

5. Construction Commitments

The District has active construction projects at June 30, 2020. At fiscal year-end the District's commitments with contractors were as follows:

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
Meadows Phase II	\$ 9,433,276	\$ 11,144,217
#1 Concession	17,290	300,000
District Office Boardroom	89,289	30,213
Various improvements	8,127	15,388
Totals	<u>\$ 9,547,982</u>	<u>\$ 11,489,818</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Transfers In	Transfers Out Nonmajor Governmental Funds
General Fund	\$ 41,259

Transfers were used to move grant and food service monies received for indirect costs to the District's indirect cost pool, within the General Fund.

C. 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. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

During the fiscal year ended June 30, 2020, the District issued \$9,520,000 in School Improvement Refunding Bonds, Series 2020. The proceeds (\$9,520,000) and premium (\$1,055,761) plus \$188,291 of District funds were used to refund \$10,370,000 of outstanding debt and pay issuance costs of \$121,526. The refunding resulted in a savings of \$833,341 and a net present value savings of \$808,548. The defeased debt is no longer considered outstanding debt of the District and has been removed from the District's long-term liabilities. The \$10,370,000 of defeased bonds were completely redeemed on July 1, 2020.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Long-Term Obligations (Continued)

Additionally, during the fiscal year ended June 30, 2020, the District issued \$27,705,000 in School Improvement Bonds, Series 2019. The proceeds of \$27,705,000 were deposited in the Bond Building Fund to pay for various school site improvements. The bonds were issued at a premium of \$7,518,702 with issuance costs of \$266,749. The School Improvement Bonds, Series 2019 have an interest rate of 4%-5% and will be retired in 2030.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Maturity Dates	Original Issue Amounts	Amount Outstanding	Due Within One Year
School Improvement Bonds, Series 2015A	2.00-3.25%	7/1/18-25	\$ 34,000,000	\$ 17,135,000	\$ 3,050,000
Refunding Bonds, Series 2015	2.00-3.25%	7/1/18-25	19,700,000	10,050,000	2,235,000
School Improvement Bonds, Series 2017B	5.00%	7/1/18-27	30,500,000	22,500,000	1,350,000
School Improvement Bonds, Series 2019C	2.25-5.00%	7/1/19-27	22,400,000	19,695,000	1,350,000
Refunding Bonds, Series 2020	3.00-5.00%	7/1/21/-27	9,520,000	9,520,000	3,845,000
School Improvement Bonds, Series 2019	4.00-5.00%	7/1/21/-30	27,705,000	27,705,000	900,000
Total General Obligation Bonds Payable			<u>\$ 143,825,000</u>	<u>\$ 106,605,000</u>	<u>\$ 12,730,000</u>

Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	July 1, 2019	Additions	Retirements	June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 92,455,000	\$ 37,225,000	\$ (23,075,000)	\$ 106,605,000	\$ 12,730,000
Premium on Bonds Payable	9,034,792	8,574,463	(1,407,818)	16,201,437	-
Total Bonds Payable	<u>101,489,792</u>	<u>45,799,463</u>	<u>(24,482,818)</u>	<u>122,806,437</u>	<u>12,730,000</u>
Other Liabilities:					
Compensated Absences	2,777,650	1,027,977	(724,603)	3,081,024	1,007,387
Net Pension Liability	36,772,686	5,485,348	-	42,258,034	-
Total Other Liabilities	<u>2,777,650</u>	<u>6,513,325</u>	<u>(724,603)</u>	<u>45,339,058</u>	<u>1,007,387</u>
Governmental Activities Long-Term Debt	<u>\$ 104,267,442</u>	<u>\$ 52,312,788</u>	<u>\$ (25,207,421)</u>	<u>\$ 168,145,495</u>	<u>\$ 13,737,387</u>

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2020.

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 12,730,000	\$ 4,691,218
2022	13,205,000	4,148,900
2023	12,745,000	3,638,800
2024	12,210,000	3,126,988
2025	12,570,000	2,646,912
2026-2030	43,145,000	4,872,350
Totals	<u>\$ 106,605,000</u>	<u>\$ 23,125,168</u>

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Fund Balance Classifications of Governmental Funds

The District has classified its fund balances as follows:

Fund Balances:	General Fund	Other Special Revenue Funds	Bond Building Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Nonspendable:						
Inventory	\$ 53,265	\$ -	\$ -	\$ -	\$ 47,125	\$ 100,390
Restricted:						
Classroom Site	-	-	-	-	771,217	771,217
Instructional Improvement	-	-	-	-	131,380	131,380
Special Projects	-	-	-	-	292,853	292,853
Food Service	-	-	-	-	572,096	572,096
Community Education	-	2,534,072	-	-	-	2,534,072
Noninstructional Programs	-	743,205	-	-	-	743,205
Civic Center	-	1,393,725	-	-	-	1,393,725
Other Special Revenues	-	22,940	-	-	-	22,940
Capital Projects	-	-	46,066,032	-	-	46,066,032
Adjacent Ways	-	-	-	-	1,994,522	1,994,522
Debt Service	-	-	-	1,975,408	-	1,975,408
Total Restricted	-	4,693,942	46,066,032	1,975,408	3,762,068	56,497,450
Unassigned	<u>20,015,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,015,442</u>
Total Fund Balance	<u>\$ 20,068,707</u>	<u>\$ 4,693,942</u>	<u>\$ 46,066,032</u>	<u>\$ 1,975,408</u>	<u>\$ 3,809,193</u>	<u>\$ 76,613,282</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's insurance protection is provided by the Arizona School Risk Retention Trust, of which the District is a participating member. The limit for basic coverage is \$5 million per occurrence on a claims made basis. Excess coverage is for an additional \$5 million per occurrence on a follow form, claims made basis.

The Arizona School Risk Retention Trust is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The District is insured by the Alliance, of which the District is a participating member, for potential worker related accidents. The Alliance is structured such that member premiums are a percentage of that member's salary expenditures. The percentage is based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool is secondarily insured by a commercial insurance carrier should reserves and annual premiums be insufficient to meet the pool's obligations.

The District did not have any reduction in their coverage for the current year or any settlements that exceeded the insurance coverage in the current or previous three fiscal years.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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, 2020, the District reported the following amounts related to ASRS:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net Pension Liability	\$ 42,258,034
Deferred Outflows of Resources	7,256,036
Deferred Inflows of Resources	2,983,980
Pension Expense	4,807,594

The District's accrued payroll and employee benefits included \$229,572 of outstanding pension contributions payable to ASRS for the year ended June 30, 2020.

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.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.94% of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.45% of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.29% 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.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The District's contributions to the pension plan for the year ended June 30, 2020, were \$3,717,333.

During the fiscal year ended June 30, 2020 the District paid for ASRS pension contributions as follows: 73% from the General Fund, 11% for the Other Special Revenue Fund and 16% from the Nonmajor Governmental Funds.

Pension Liability – The net asset and net liabilities were measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019, and the change from its proportions measured as of June 30, 2018.

The District's reported liability of \$42,258,034 at June 30, 2020, increased by \$5,485,348 from the District's prior year liability of \$36,772,686 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's FY 2019 contributions. The District's proportion measured as of June 30, 2019, was 0.29041%, which was an increase of 0.02674% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2020, the District recognized pension expense for ASRS of \$4,807,594. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 763,403	\$ 7,945
Changes of assumptions or other inputs	178,626	1,682,798
Net difference between projected and actual earnings on pension plan investments	-	949,815
Changes in proportion and differences between District's contributions and proportionate share of contributions	2,596,674	343,422
Contributions subsequent to the measurement date	3,717,333	-
Total	<u>\$ 7,256,036</u>	<u>\$ 2,983,980</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The \$3,717,333 reported as deferred outflows of resources related to ASRS pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:

Year Ended June 30,	Amount
2021	\$ 378,459
2022	104,283
2023	(182,405)
2024	254,386

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

Actuarial Valuation Date	June 30, 2018
Actuarial Roll Forward Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.50% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

Discount Rate – The discount rate used to measure the ASRS total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District’s proportionate share of the net pension liability	\$ 60,142,970	\$ 42,258,034	\$ 27,310,830

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. Contingencies

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated and is still developing.

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REQUIRED SUPPLEMENTARY INFORMATION

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MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND PENSION CONTRIBUTIONS
COST SHARING PENSION PLANS
JUNE 30, 2020

Schedule of the District's Proportionate Share of the Net Pension Liability	Reporting Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.29041%	0.26367%	0.26812%	0.27880%	0.28200%	0.28431%
District's proportionate share of the net pension liability	\$ 42,258,034	\$ 36,772,686	\$ 41,767,870	\$ 45,001,121	\$ 43,924,847	\$ 42,068,163
District's covered payroll	\$ 31,285,590	\$ 27,172,398	\$ 26,644,898	\$ 26,586,400	\$ 26,885,009	\$ 26,438,562
District's proportionate share of the net pension liability as a percentage of its covered payroll	135.07%	135.33%	156.76%	169.26%	163.38%	159.12%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Schedule of District Pension Contributions	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,717,333	\$ 3,393,244	\$ 2,836,085	\$ 2,764,167	\$ 3,028,208	\$ 2,967,713	\$ 2,861,292
Contributions in relation to the contractually required contribution	3,717,333	3,393,244	2,836,085	2,764,167	3,028,208	2,967,713	2,861,292
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 32,465,790	\$ 31,285,590	\$ 27,172,398	\$ 26,644,898	\$ 26,586,400	\$ 26,885,009	\$ 26,438,562
Contributions as a percentage of covered payroll	11.45%	10.85%	10.44%	10.37%	11.39%	11.04%	10.82%

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

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property Taxes	\$ -	\$ -	\$ 22,198,895	\$ 22,198,895
Intergovernmental	-	-	15,160,803	15,160,803
Investment Earnings	-	-	99,603	99,603
Other	-	-	79,337	79,337
Total Revenue	-	-	37,538,638	37,538,638
Expenditures:				
Current:				
Regular Education:				
Instruction	15,636,878	15,715,389	14,736,649	978,740
Support Services - Students	1,346,350	1,334,312	1,301,803	32,509
Support Services - Instructional Staff	1,448,191	1,546,968	1,443,186	103,782
Support Services - General Administration	1,141,393	1,145,127	1,125,852	19,275
Support Services - School Administration	2,355,332	2,355,332	2,444,149	(88,817)
Support Services - Business and Other	2,280,038	2,280,038	1,220,938	1,059,100
Operation and Maintenance of Plant	5,048,456	5,166,738	5,662,187	(495,449)
Operation of Noninstructional Services	58,884	58,884	112,653	(53,769)
Total Regular Education	29,315,522	29,602,788	28,047,417	1,555,371
Special Education:				
Instruction	5,233,839	5,182,584	4,569,913	612,671
Support Services - Students	2,016,468	2,016,468	2,042,811	(26,343)
Support Services - Instructional Staff	310,285	310,285	430,541	(120,256)
Total Special Education	7,560,592	7,509,337	7,043,265	466,072
Pupil Transportation:				
Student Transportation Services	2,007,377	2,007,377	1,655,117	352,260
Special K-3 Reading Program				
Instruction	390,028	387,663	387,661	2
Total Expenditures	39,273,519	39,507,165	37,133,460	2,373,705
Net Change in Fund Balance	(39,273,519)	(39,507,165)	405,178	39,912,343
Fund Balance - Beginning of Year	-	-	9,314,776	9,314,776
Increase in Inventories	-	-	9,695	9,695
Fund Balance - End of Year	\$ (39,273,519)	\$ (39,507,165)	\$ 9,729,649	\$ 49,236,814

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Charges for Services	\$ -	\$ -	\$ 5,149,125	\$ 5,149,125
Contributions and Donations	-	-	565,602	565,602
Investment Earnings	-	-	103,100	103,100
Other	-	-	335,017	335,017
Total Revenue	-	-	6,152,844	6,152,844
Expenditures:				
Instruction	679,622	798,944	479,092	319,852
Support Services:				
Students	2,522	2,965	1,778	1,187
Instructional Staff	114,633	134,759	80,809	53,950
General Administration	191,197	224,765	134,782	89,983
Business and Other Support Services	1,467,381	1,725,010	1,034,414	690,596
Operations and Maintenance of Plant	197,346	231,994	139,117	92,877
Student Transportation	72,599	85,345	51,178	34,167
Operation of Noninstructional Services	6,645,032	7,811,703	4,684,341	3,127,362
Total Expenditures	9,370,332	11,015,485	6,605,511	4,409,974
Net Change in Fund Balance	(9,370,332)	(11,015,485)	(452,667)	10,562,818
Fund Balance				
Beginning of Year	-	-	5,146,609	5,146,609
End of Year	\$ (9,370,332)	\$ (11,015,485)	\$ 4,693,942	\$ 15,709,427

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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: fiscal year 2020-21 insurance payments were prepaid and budgeted in the fiscal year 2019-20 and fiscal year 2019-20 insurance payments were prepaid and budgeted in the fiscal year 2018-19. Consequently, the following adjustments are necessary to present actual expenditures and fund balances on a budgetary basis in order to provide a meaningful comparison. In addition, 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	\$ 42,761,107	\$ 42,471,813	\$ 41,259	\$ 19,728,459	\$ 20,068,707
Less: Non Maintenance and Operation Funds included in General Fund for GASB Statement No. 54 Purposes	(5,222,469)	(4,977,570)	(41,259)	(9,616,881)	(9,903,039)
Fiscal Year 2020-21 Insurance Budgeted in Fiscal Year 2019-20	-	436,019	-	-	(436,019)
Fiscal Year 2019-20 Insurance Budgeted in Fiscal Year 2018-19	-	(796,802)	-	(796,802)	-
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Budgetary Basis	<u>\$ 37,538,638</u>	<u>\$ 37,133,460</u>	<u>\$ -</u>	<u>\$ 9,314,776</u>	<u>\$ 9,729,649</u>

**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.

Special Projects Fund – accounts for the revenues and expenditures of federal and state projects.

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

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.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Special Revenue				
	Instructional Improvement	Classroom Site	Special Projects	Food Service	Total Special Revenue Funds
Assets					
Cash and Investments	\$ 4,122	\$ 1,749,139	\$ 150,203	\$ 607,771	\$ 2,511,235
Receivables:					
Property Taxes	-	-	-	-	-
Intergovernmental	141,514	237,239	311,311	15,740	705,804
Inventory, at Cost	-	-	-	47,125	47,125
Total Assets	\$ 145,636	\$ 1,986,378	\$ 461,514	\$ 670,636	\$ 3,264,164
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 74,427	\$ 18,335	\$ 92,762
Accrued Wages and Benefits	14,256	1,215,161	94,234	33,080	1,356,731
Total Liabilities	14,256	1,215,161	168,661	51,415	1,449,493
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	-
Fund Balance:					
Nonspendable	-	-	-	47,125	47,125
Restricted	131,380	771,217	292,853	572,096	1,767,546
Total Fund Balance	131,380	771,217	292,853	619,221	1,814,671
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 145,636	\$ 1,986,378	\$ 461,514	\$ 670,636	\$ 3,264,164

Capital Projects

<u>Adjacent Ways</u>	<u>Building Renewal</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,994,522	\$ -	\$ 1,994,522	\$ 4,505,757
17	-	17	17
-	-	-	705,804
-	-	-	47,125
<u>\$ 1,994,539</u>	<u>\$ -</u>	<u>\$ 1,994,539</u>	<u>\$ 5,258,703</u>
\$ -	\$ -	\$ -	\$ 92,762
-	-	-	1,356,731
-	-	-	1,449,493
<u>17</u>	<u>-</u>	<u>17</u>	<u>17</u>
-	-	-	47,125
<u>1,994,522</u>	<u>-</u>	<u>1,994,522</u>	<u>3,762,068</u>
<u>1,994,522</u>	<u>-</u>	<u>1,994,522</u>	<u>3,809,193</u>
<u>\$ 1,994,539</u>	<u>\$ -</u>	<u>\$ 1,994,539</u>	<u>\$ 5,258,703</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2020**

	Special Revenue				
	Instructional Improvement	Classroom Site	Special Projects	Food Service	Total Special Revenue Funds
Revenue:					
Intergovernmental	\$ 259,206	\$ 2,846,867	\$ 3,099,202	\$ 1,454,153	\$ 7,659,428
Food Service Sales	-	-	-	1,258,798	1,258,798
Investment Earnings (Loss)	-	70,290	13,634	6,948	90,872
Total Revenue	<u>259,206</u>	<u>2,917,157</u>	<u>3,112,836</u>	<u>2,719,899</u>	<u>9,009,098</u>
Expenditures:					
Current:					
Instruction	128,588	2,616,601	1,600,096	-	4,345,285
Support Services:					
Students	-	190,134	532,300	-	722,434
Instructional Staff	-	58,416	511,637	-	570,053
General Administration	-	-	17,032	-	17,032
Business and Other Support Services	-	-	262,392	-	262,392
Operations and Maintenance of Plant	-	-	86,317	-	86,317
Student Transportation	-	-	180	-	180
Operation of Noninstructional Services	-	-	513	2,832,052	2,832,565
Capital Outlay:					
Facilities Acquisition	-	-	20,000	-	20,000
Total Expenditures	<u>128,588</u>	<u>2,865,151</u>	<u>3,030,467</u>	<u>2,832,052</u>	<u>8,856,258</u>
Excess (Deficiency) of Revenue Over Expenditures	130,618	52,006	82,369	(112,153)	152,840
Other Financing Sources (Uses):					
Transfers Out	-	-	(41,259)	-	(41,259)
Net Change in Fund Balance	130,618	52,006	41,110	(112,153)	111,581
Fund Balance:					
Beginning of Year	762	719,211	251,743	708,385	1,680,101
Increase in Inventories	-	-	-	22,989	22,989
End of Year	<u>\$ 131,380</u>	<u>\$ 771,217</u>	<u>\$ 292,853</u>	<u>\$ 619,221</u>	<u>\$ 1,814,671</u>

Capital Projects

<u>Adjacent Ways</u>	<u>Building Renewal</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 32,035	\$ 32,035	\$ 7,691,463
-	-	-	1,258,798
<u>38,675</u>	<u>-</u>	<u>38,675</u>	<u>129,547</u>
38,675	32,035	70,710	9,079,808
-	-	-	4,345,285
-	-	-	722,434
-	-	-	570,053
-	-	-	17,032
-	-	-	262,392
-	32,035	32,035	118,352
-	-	-	180
-	-	-	2,832,565
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
<u>-</u>	<u>32,035</u>	<u>32,035</u>	<u>8,888,293</u>
38,675	-	38,675	191,515
<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,259)</u>
38,675	-	38,675	150,256
1,955,847	-	1,955,847	3,635,948
-	-	-	22,989
<u>\$ 1,994,522</u>	<u>\$ -</u>	<u>\$ 1,994,522</u>	<u>\$ 3,809,193</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
BOND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Instruction	\$ -	\$ -	\$ 800,379	\$ (800,379)
Support Services				
General Administration	-	-	916	(916)
Business and Other Support Services	-	-	122,486	(122,486)
Operations and Maintenance of Plant	-	-	96,274	(96,274)
Student Transportation	-	-	331,418	(331,418)
Debt Service				
Issuance Costs	-	-	266,749	(266,749)
Facilities Acquisition	20,327,982	24,772,749	12,290,859	12,481,890
Total Expenditures	<u>20,327,982</u>	<u>24,772,749</u>	<u>13,909,081</u>	<u>10,863,668</u>
Excess (Deficiency) of Revenue Over Expenditures	(20,327,982)	(24,772,749)	(13,909,081)	10,863,668
Other Financing Sources (Uses)				
Proceeds of Issuance of Long-term Debt	-	-	27,705,000	27,705,000
Premium on Issuance of Long-term Debt	-	-	7,518,702	7,518,702
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,223,702</u>	<u>35,223,702</u>
Net Change in Fund Balance	(20,327,982)	(24,772,749)	21,314,621	46,087,370
Fund Balance				
Beginning of Year	-	-	24,751,411	24,751,411
End of Year	<u>\$ (20,327,982)</u>	<u>\$ (24,772,749)</u>	<u>\$ 46,066,032</u>	<u>\$ 70,838,781</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Property Taxes	\$ -	\$ 16,385,773	\$ 16,385,773
Intergovernmental	-	190,377	190,377
Investment Earnings	-	623,780	623,780
Total Revenue	<u>-</u>	<u>17,199,930</u>	<u>17,199,930</u>
Expenditures			
Debt Service			
Principal Retirement	12,705,000	12,705,000	-
Interest on Long-Term Debt	4,189,009	3,568,234	620,775
Issuance Costs	-	121,526	(121,526)
Total Expenditures	<u>16,894,009</u>	<u>16,394,760</u>	<u>499,249</u>
Excess (Deficiency) of Revenue Over Expenditures	(16,894,009)	805,170	(17,699,179)
Other Financing Sources (Uses)			
Proceeds of Issuance of Long-term Debt	-	9,520,000	(9,520,000)
Premium on Issuance of Long-Term Debt	-	1,055,761	(1,055,761)
Payment to Escrow Agent	-	(10,642,526)	10,642,526
Total Other Finance Sources (Uses)	<u>-</u>	<u>(66,765)</u>	<u>66,765</u>
Net Change in Fund Balance	(16,894,009)	738,405	17,632,414
Fund Balance			
Beginning of Year	-	1,237,003	1,237,003
End of Year	<u>\$ (16,894,009)</u>	<u>\$ 1,975,408</u>	<u>\$ 18,869,417</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
INSTRUCTIONAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 259,206	\$ 259,206
Total Revenue	-	-	259,206	259,206
Expenditures				
Instruction	240,000	250,000	128,588	121,412
Total Expenditures	240,000	250,000	128,588	121,412
Net Change in Fund Balance	(240,000)	(250,000)	130,618	380,618
Fund Balance				
Beginning of Year	-	-	762	762
End of Year	\$ (240,000)	\$ (250,000)	\$ 131,380	\$ 381,380

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
CLASSROOM SITE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 2,846,867	\$ 2,846,867
Investment Earnings	-	-	70,290	70,290
Total Revenue	-	-	2,917,157	2,917,157
Expenditures				
Instruction	4,533,861	4,554,155	2,616,601	1,937,554
Support Services				
Students	-	-	190,134	(190,134)
Instructional Staff	-	-	58,416	(58,416)
Total Expenditures	4,533,861	4,554,155	2,865,151	1,689,004
Net Change in Fund Balance	(4,533,861)	(4,554,155)	52,006	4,606,161
Fund Balance				
Beginning of Year	-	-	719,211	719,211
End of Year	\$ (4,533,861)	\$ (4,554,155)	\$ 771,217	\$ 5,325,372

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 3,099,202	\$ 3,099,202
Investment Earnings	-	-	13,634	13,634
Total Revenue	-	-	3,112,836	3,112,836
Expenditures				
Instruction	2,194,893	2,658,822	1,600,096	1,058,726
Support Services				
Students	730,170	884,504	532,300	352,204
Instructional Staff	701,826	850,169	511,637	338,532
General Administration	23,363	28,301	17,032	11,269
Business and Other Support Services	359,930	436,007	262,392	173,615
Operation and Maintenance of Plant	118,403	143,430	86,317	57,113
Student Transportation	247	299	180	119
Operation of Noninstructional Services	704	852	513	339
Facilities Acquisition	27,435	33,233	20,000	13,233
Total Expenditures	4,156,969	5,035,618	3,030,467	2,005,151
Excess (Deficiency) of Revenue Over Expenditures	(4,156,969)	(5,035,618)	82,369	5,117,987
Other Financing Sources (Uses)				
Transfers Out	-	-	(41,259)	(41,259)
Net Change in Fund Balance	(4,156,969)	(5,035,618)	41,110	5,076,728
Fund Balance				
Beginning of Year	-	-	251,743	251,743
End of Year	\$ (4,156,969)	\$ (5,035,618)	\$ 292,853	\$ 5,328,471

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
FOOD SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Intergovernmental	\$ -	\$ 1,454,153	\$ 1,454,153
Food Service Sales	-	1,258,798	1,258,798
Investment Earnings (Loss)	-	6,948	6,948
Total Revenue	<u>-</u>	<u>2,719,899</u>	<u>2,719,899</u>
Expenditures			
Operation of Noninstructional Services	<u>3,200,000</u>	<u>2,832,052</u>	<u>367,948</u>
Excess (Deficiency) of Revenue Over Expenditures	(3,200,000)	(112,153)	3,087,847
Fund Balance			
Beginning of Year	-	708,385	708,385
Increase in Inventories	-	22,989	22,989
End of Year	<u>\$ (3,200,000)</u>	<u>\$ 619,221</u>	<u>\$ 3,819,221</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 ADJACENT WAYS FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Investment Earnings	\$ -	\$ -	\$ 38,675	\$ 38,675
Expenditures				
Facilities Acquisition	1,914,765	1,955,846	-	1,955,846
Net Change in Fund Balance	(1,914,765)	(1,955,846)	38,675	1,953,440
Fund Balance				
Beginning of Year	-	-	1,955,847	1,955,847
End of Year	<u>\$ (1,914,765)</u>	<u>\$ (1,955,846)</u>	<u>\$ 1,994,522</u>	<u>\$ 3,909,287</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
BUILDING RENEWAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Intergovernmental	\$ -	\$ 32,035	\$ 32,035
Expenditures			
Support Services			
Operations and Maintenance of Plant	1,000,000	32,035	967,965
Total Expenditures	<u>1,000,000</u>	<u>32,035</u>	<u>967,965</u>
Net Change in Fund Balance	(1,000,000)	-	1,000,000
Fund Balance			
Beginning of Year	-	-	-
End of Year	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

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AGENCY FUNDS

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

Employee Withholding Fund – accounts for voluntary deductions and employee payroll checks temporarily held by the District until distributed.

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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 JUNE 30, 2020**

	Student Activities	Employee Withholding	Totals
ASSETS			
Cash and Investments	\$ 61,967	\$ 166,525	\$ 228,492
LIABILITIES			
Due to Student Groups	\$ 61,967	\$ -	\$ 61,967
Deposits Held for Others	-	166,525	166,525
Total Liabilities	\$ 61,967	\$ 166,525	\$ 228,492

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2020**

	Beginning Balance	Additions	Deletions	Ending Balance
Student Activities Fund				
Assets:				
Cash and Investments	\$ 59,690	\$ 74,729	\$ (72,452)	\$ 61,967
Liabilities:				
Due to Student Groups	\$ 59,690	\$ 74,729	\$ (72,452)	\$ 61,967
Employee Withholding				
Assets:				
Cash and Investments	\$ 121,552	\$ 38,058,801	\$ (38,013,828)	\$ 166,525
Liabilities:				
Due to Other Entities	\$ 121,552	\$ 38,058,801	\$ (38,013,828)	\$ 166,525
Total Agency Funds				
Assets:				
Cash and Investments	\$ 181,242	\$ 38,133,530	\$ (38,086,280)	\$ 228,492
Liabilities:				
Due to Student Groups	\$ 59,690	\$ 74,729	\$ (72,452)	\$ 61,967
Due to Other Entities	121,552	38,058,801	(38,013,828)	166,525
Total Liabilities	\$ 181,242	\$ 38,133,530	\$ (38,086,280)	\$ 228,492

STATISTICAL SECTION (UNAUDITED)

This section of the Madison Elementary School District No. 38's comprehensive annual 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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MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Position:										
Net Investment in										
Capital Assets	\$ 14,778,740	\$ 25,767,112	\$ 28,886,447	\$ 33,223,823	\$ 36,479,785	\$ 41,702,942	\$ 41,487,673	\$ 49,400,667	\$ 57,279,443	\$ 62,640,532
Restricted	6,538,443	6,392,785	5,475,236	5,776,652	7,505,774	8,478,182	8,400,595	10,028,738	10,166,771	10,640,755
Unrestricted	12,555,215	8,349,844	8,552,604	10,007,561	(31,248,467)	(29,587,767)	(24,922,798)	(21,578,239)	(19,724,392)	(20,734,716)
Total Net Position	<u>\$ 33,872,398</u>	<u>\$ 40,509,741</u>	<u>\$ 42,914,287</u>	<u>\$ 49,008,036</u>	<u>\$ 12,737,092</u>	<u>\$ 20,593,357</u>	<u>\$ 24,965,470</u>	<u>\$ 37,851,166</u>	<u>\$ 47,721,822</u>	<u>\$ 52,546,571</u>

Source: District's Business and Finance Department

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Instruction	\$ 22,591,904	\$ 22,639,395	\$ 22,444,370	\$ 23,916,409	\$ 26,043,027	\$ 26,284,948	\$ 24,529,178	\$ 25,519,103	\$ 28,683,960	\$ 34,150,236
Support Services:										
Students	2,728,521	2,547,576	2,682,780	2,894,968	2,943,669	3,081,917	3,010,161	3,144,314	3,784,512	4,544,241
Instructional Staff	3,122,676	2,091,493	2,326,828	2,683,268	2,547,724	2,637,401	2,286,689	2,446,633	2,621,778	3,007,295
General Administration	395,523	700,584	270,605	912,740	917,201	1,599,818	1,493,150	1,225,621	1,473,418	1,799,244
School Administration	1,872,182	1,926,011	2,000,959	2,249,903	2,347,131	2,202,798	2,191,100	2,158,640	2,215,940	2,528,826
Business and Other Support Services	2,328,707	4,719,596	4,959,115	2,761,291	3,305,329	3,146,252	2,697,745	2,371,792	3,140,777	4,139,474
Operation and Maintenance of Plant	7,559,089	6,101,997	7,682,311	7,288,686	6,675,133	7,098,016	6,660,994	6,912,434	6,825,244	7,438,146
Student Transportation	1,705,419	1,793,104	1,831,064	1,764,756	1,903,516	2,039,168	1,723,903	1,994,677	2,299,510	2,079,706
Operation of Noninstructional Services	4,414,195	4,470,255	5,112,071	5,198,686	5,666,565	6,207,372	6,425,419	6,542,419	7,479,698	7,838,617
Interest on Long-Term Debt	3,374,864	3,420,621	3,550,959	2,851,336	3,022,663	2,464,906	2,759,879	2,953,970	2,944,299	2,898,181
Total Governmental Activities	<u>50,093,080</u>	<u>50,410,632</u>	<u>52,861,062</u>	<u>52,522,043</u>	<u>55,371,958</u>	<u>56,762,596</u>	<u>53,778,218</u>	<u>55,269,603</u>	<u>61,469,136</u>	<u>70,423,966</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	18,137	16,577	3,869,773	4,101,212	5,213,521	5,447,725	5,688,882	5,529,413	6,133,436	5,168,551
Students	-	-	-	-	-	-	-	-	-	-
Instructional Staff	198,663	192,736	-	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-
Business and other support services	12	141	-	-	-	-	-	-	-	-
Operation and Maintenance of Plant	2,536	25	-	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-
Operation of Noninstructional services	3,505,431	3,505,692	951,644	983,217	1,002,700	1,104,413	1,059,846	1,331,647	1,565,531	1,258,798
Operating Grants and Contributions	6,892,557	9,696,296	6,829,037	7,421,966	7,078,859	7,124,468	7,695,717	8,551,032	8,590,839	8,524,455
Capital Grants and Contributions	-	-	92,825	-	-	-	-	225,085	-	32,035
Total Governmental Activities	<u>10,617,336</u>	<u>16,309,648</u>	<u>11,743,279</u>	<u>12,506,395</u>	<u>13,295,080</u>	<u>13,676,606</u>	<u>14,444,445</u>	<u>15,637,177</u>	<u>16,289,806</u>	<u>14,983,839</u>

(Continued)

(Concluded)	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (39,475,744)	\$ (34,100,984)	\$ (41,117,783)	\$ (40,015,648)	\$ (42,076,878)	\$ (43,085,990)	\$ (39,333,773)	\$ (39,632,426)	\$ (45,179,330)	\$ (55,440,127)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	34,241,489	33,222,129	33,347,420	34,355,152	36,084,922	36,946,942	37,395,083	39,282,450	38,387,816	42,512,628
Unrestricted Grants and Contributions	8,188,846	9,063,617	10,452,804	11,243,359	11,683,162	13,091,289	11,744,700	11,718,644	14,562,546	15,627,204
Investment earnings	320,812	170,753	117,377	107,118	156,966	260,628	272,318	649,434	1,045,803	1,099,627
Other	504,238	271,186	296,004	403,768	596,970	643,396	820,628	867,594	1,053,821	1,025,417
Total Governmental Activities	<u>43,255,385</u>	<u>42,727,685</u>	<u>44,213,605</u>	<u>46,109,397</u>	<u>48,522,020</u>	<u>50,942,255</u>	<u>50,232,729</u>	<u>52,518,122</u>	<u>55,049,986</u>	<u>60,264,876</u>
Special Item - Loss on Disposal of Assets	-	-	-	-	-	-	(6,526,843)	-	-	-
Change in Net Position										
Governmental Activities	<u>\$ 3,779,641</u>	<u>\$ 8,626,701</u>	<u>\$ 3,095,822</u>	<u>\$ 6,093,749</u>	<u>\$ 6,445,142</u>	<u>\$ 7,856,265</u>	<u>\$ 4,372,113</u>	<u>\$ 12,885,696</u>	<u>\$ 9,870,656</u>	<u>\$ 4,824,749</u>

Source: District's Business and Finance Department

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MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable										
Prepaid Items	\$ 514,610	\$ 4,048,538	\$ 403,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	60,658	67,103	35,621	25,030	26,993	38,438	11,217	6,241	43,570	53,265
Unassigned	6,274,243	5,171,019	9,053,530	10,955,935	12,259,273	13,717,929	18,218,494	19,365,303	19,684,889	20,015,442
Total General Fund	<u>\$ 6,849,511</u>	<u>\$ 9,286,660</u>	<u>\$ 9,492,277</u>	<u>\$ 10,980,965</u>	<u>\$ 12,286,266</u>	<u>\$ 13,756,367</u>	<u>\$ 18,229,711</u>	<u>\$ 19,371,544</u>	<u>\$ 19,728,459</u>	<u>\$ 20,068,707</u>
All Other Governmental Funds:										
Nonspendable/										
Restricted	\$ 10,334,518	\$ 16,461,827	\$ 12,176,673	\$ 9,212,033	\$ 41,680,967	\$ 24,836,972	\$ 48,051,134	\$ 20,715,689	\$ 34,746,835	\$ 56,497,450
Unassigned	-	-	-	-	-	-	(28,377)	-	-	-
Total All Other Governmental Funds	<u>\$ 10,334,518</u>	<u>\$ 16,461,827</u>	<u>\$ 12,176,673</u>	<u>\$ 9,212,033</u>	<u>\$ 41,680,967</u>	<u>\$ 24,836,972</u>	<u>\$ 48,022,757</u>	<u>\$ 20,715,689</u>	<u>\$ 34,746,835</u>	<u>\$ 56,544,575</u>

Source: District's Business and Finance Department.

Note: The District implemented the provisions of GASB statement No. 54 during the fiscal year 2011.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Taxes	\$ 34,132,146	\$ 33,470,870	\$ 32,692,483	\$ 34,961,246	\$ 36,017,231	\$ 36,280,473	\$ 37,377,781	\$ 39,328,787	\$ 40,604,197	\$ 42,457,605
Intergovernmental:										
Federal Aid and Grants	5,247,243	6,845,205	6,269,374	6,926,596	4,262,804	4,248,937	4,590,357	5,185,037	4,977,928	5,059,287
State Aid and Grants	8,695,494	9,998,626	9,610,384	10,107,095	12,856,726	14,305,083	13,144,332	13,533,621	16,230,021	17,334,634
County aid and grants	632,063	784,233	877,635	900,356	911,107	895,811	880,839	894,346	1,079,883	1,115,123
Food Services Sales	932,083	888,341	951,644	983,217	1,002,700	1,104,413	1,059,846	1,331,647	1,565,531	1,258,798
Charges for Services	2,792,696	2,826,831	3,869,773	4,101,212	5,213,521	5,447,725	5,688,882	5,529,413	6,133,436	5,168,551
Contributions and Donations	506,603	1,043,126	705,996	731,276	731,384	765,927	824,889	881,757	865,553	674,650
Investment Earnings	320,812	170,466	117,079	106,832	156,702	260,341	272,318	649,434	1,045,719	1,098,770
Other	504,238	271,186	296,010	403,768	596,970	643,396	820,628	867,594	1,053,821	1,026,271
Total Revenues	53,763,378	56,298,884	55,390,378	59,221,598	61,749,145	63,952,106	64,659,872	68,201,636	73,556,089	75,193,689
Expenditures										
Current:										
Instruction	20,458,565	20,492,518	20,435,699	21,571,526	22,997,355	23,511,724	22,090,820	23,551,435	27,116,197	28,434,550
Support Services:										
Students	2,566,893	2,487,600	2,574,348	2,756,656	2,793,841	2,996,762	2,918,074	3,209,854	3,992,146	4,349,810
Instructional Staff	3,021,379	2,151,898	2,290,256	2,631,040	2,493,254	2,606,856	2,256,673	2,371,308	2,780,623	2,944,076
General Administration	644,369	763,287	674,763	761,509	680,331	1,356,076	1,219,008	970,521	1,248,656	1,252,908
School Administration	1,978,082	1,916,983	1,996,203	2,239,411	2,304,873	2,203,824	2,216,968	2,290,542	2,429,806	2,447,114
Business and Other	2,507,076	5,015,599	4,647,885	3,187,962	3,513,578	3,599,482	2,841,321	2,493,674	3,292,301	3,659,397
Operation/Maintenance of Plant	6,125,989	5,366,991	5,627,167	6,016,058	5,380,864	5,915,974	5,692,886	5,959,603	6,025,449	6,343,447
Student Transportation	1,826,849	1,775,574	1,722,277	1,562,252	1,889,057	2,104,368	1,986,481	2,062,426	2,232,135	2,114,933
Operation of Noninstructional Services	4,384,503	4,512,476	5,110,047	5,364,711	5,697,978	6,198,277	6,686,039	6,753,757	7,851,127	7,629,559
Capital Outlay:										
Facilities										
Acquisition/Construction	13,226,025	7,290,247	3,936,419	4,124,081	4,418,941	17,325,778	13,010,048	29,342,330	11,287,666	12,432,155
Debt Service:										
Principal	7,103,650	6,545,000	6,490,000	7,540,000	8,425,000	8,810,000	8,840,000	11,625,000	12,665,000	12,705,000
Interest and Fiscal Charges	3,376,803	3,471,000	3,245,639	2,929,076	2,616,133	2,714,276	2,732,740	3,732,694	3,703,934	3,568,234
Bond Issuance Costs	-	164,292	-	-	484,269	-	276,509	-	210,412	388,275
Total Expenditures	67,220,183	61,953,465	58,750,703	60,684,282	63,695,474	79,343,397	72,767,567	94,363,144	84,835,452	88,269,458

(continued)

	Fiscal Year									
(Concluded)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess of Revenues										
Over (Under) Expenditures	\$ (13,456,805)	\$ (5,654,581)	\$ (3,360,325)	\$ (1,462,684)	\$ (1,946,329)	\$ (15,391,291)	\$ (8,107,695)	\$ (26,161,508)	\$ (11,279,363)	\$ (13,075,769)
Other Financing Sources (Uses)										
Proceeds of Issuance of										
Long-Term Debt	-	12,000,000	-	-	19,700,000	-	30,500,000	-	22,400,000	27,705,000
Proceeds of Refunding Debt										
Issuance	-	-	-	-	34,000,000	-	-	-	-	9,520,000
Premium on Issuance of										
Long-Term Debt	-	593,916	-	-	2,485,933	-	5,293,548	-	3,252,494	8,574,463
Payment to Refunded Bond										
Escrow Agent	-	-	-	-	(20,469,640)	-	-	-	-	(10,642,526)
Transfers In	472,249	1,296,842	413,127	382,397	404,539	328,461	383,782	214,381	259,772	41,259
Transfers Out	(472,249)	(1,296,842)	(413,127)	(382,397)	(404,539)	(328,461)	(383,782)	(214,381)	(259,772)	(41,259)
Total Other Financing Sources										
(Uses)	-	12,593,916	-	-	35,716,293	-	35,793,548	-	25,652,494	35,156,937
Net Change in Fund Balance	\$ (13,456,805)	\$ 6,939,335	\$ (3,360,325)	\$ (1,462,684)	\$ 33,769,964	\$ (15,391,291)	\$ 27,685,853	\$ (26,161,508)	\$ 14,373,131	\$ 22,081,168
Debt Service as a Percentage of										
Noncapital Expenditures	19%	18%	18%	19%	19%	19%	19%	24%	22%	21%

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Net Assessed Full Cash Value	Total Direct Rate	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
2011	\$ 1,366,106,799	1.50	\$ 10,056,818,042	13.58 %
2012	1,033,622,409	1.79	7,874,516,512	13.13
2013	896,353,066	1.99	7,425,483,752	12.07
2014	823,051,054	2.25	7,012,081,728	11.74
2015	849,638,069	2.37	6,748,971,877	12.59
2016	1,011,407,213	2.40	8,883,800,443	11.38
2017	1,121,584,421	2.37	9,930,593,790	11.29
2018	1,208,250,529	2.09	10,765,008,766	11.22
2019	1,308,739,441	2.03	11,645,960,273	11.24
2020	1,454,782,228	1.95	12,819,552,745	11.35

Fiscal Year Ended June 30,	Net Assessed Limited Property Value	Total Direct Rate	Estimated Total Value Limited Property	Ratio of Net Assessed to Estimated Actual Value
2011	\$ 1,292,140,638	1.31	\$ 10,407,569,393	12.42 %
2012	1,029,586,947	1.72	8,490,020,403	12.13
2013	892,787,267	1.98	7,392,360,800	12.08
2014	815,177,932	2.30	6,926,679,053	11.77
2015	819,677,639	2.23	7,077,585,702	11.58
2016	848,358,517	2.25	7,392,071,547	11.48
2017	877,131,838	2.19	7,745,518,813	11.32
2018	930,449,054	2.39	8,227,845,266	11.31
2019	994,162,991	2.33	8,751,288,966	11.36
2020	1,069,029,412	2.29	9,358,616,472	11.42

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NET LIMITED PROPERTY VALUATION BY PROPERTY CLASSIFICATION
2020 AND 2019
(UNAUDITED)

Description	Net Limited Property Valuation	As Percent of District's Total Net Limited Property Valuation
<u>Fiscal Year Ended June 30, 2020</u>		
Mining, Utility, Telecommunications,		
Commercial and Industrial	\$ 435,786,997	40.76 %
Agricultural and Vacant	12,473,560	1.17
Residential (owner occupied)	421,389,295	39.42
Residential (rental)	195,402,301	18.28
Historic property	3,965,712	0.37
Improvements on Federal, State, County or Municipal Property	11,547	0.00
Total	<u>\$ 1,069,029,412</u>	<u>100.00 %</u>
<u>Fiscal Year Ended June 30, 2019</u>		
Mining, Utility, Telecommunications,		
Commercial and Industrial	\$ 401,312,465	37.54 %
Agricultural and Vacant	10,717,146	1.00
Residential (owner occupied)	403,136,792	37.71
Residential (rental)	175,233,795	16.39
Historic property	3,754,105	0.35
Improvements on Federal, State, County or Municipal Property	8,688	0.00
Total	<u>\$ 994,162,991</u>	<u>93.00 %</u>

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Overlapping Rates				District Direct Rates		
	Maricopa County	Community College District	Phoenix Union High School District No. 210	City of Phoenix	Primary	Secondary	Total
2011	1.05	0.97	3.25	1.82	1.50	1.31	2.81
2012	1.24	1.21	3.76	1.82	1.79	1.72	3.51
2013	1.24	1.21	4.27	1.82	1.99	1.98	3.97
2014	1.28	1.29	3.25	1.82	2.25	2.30	4.55
2015	1.32	1.28	4.62	1.82	2.37	2.23	4.60
2016	1.36	1.25	4.96	1.82	2.40	2.25	4.65
2017	1.40	1.24	5.07	2.17	2.37	2.19	4.56
2018	1.40	1.41	5.03	2.16	2.09	2.39	4.48
2019	1.40	1.38	5.20	2.14	2.03	2.33	4.36
2020	1.40	1.32	4.98	2.12	1.95	2.29	4.24

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

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PRINCIPAL PROPERTY TAXPAYERS
2020 AND 2006
(UNAUDITED)

Taxpayer	2020		2006*	
	Net Assessed Full Cash Value	Percentage of District's Net Assessed Valuation	Net Assessed Full Cash Value	Percentage of District's Net Assessed Valuation
Esplanade Owner LP	\$ 30,990,738	2.90 %	\$ 37,414,514	3.79 %
BRE Iconic ABR Owner LLC	19,355,867	1.81	-	-
AB/VWP PFC Owner LLP	18,318,833	1.71	-	-
Biltmore Shopping Center Partners	12,537,097	1.17	12,860,491	1.30
Arizona Public Service Company	12,511,926	1.17	-	-
Camelback Colonnade SPE LLC	11,252,907	1.05	19,433,332	1.97
REEP-IMPIC OFC 24th Camelback AZ LLC	10,747,303	1.01	-	-
24th and Camelback Phase II LLC	10,026,156	0.94	10,750,946	1.09
3131 Camelback Road LLC	9,302,002	0.87	11,245,597	1.14
KBSIII Anchor Center LLC	8,692,155	0.81	-	-
Total	\$ 143,734,984	13.44 %	\$ 91,704,880	9.29 %

Source: Maricopa County Assessor's records.

* Information for 2011 information was not available for the top 10 taxpayers.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
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
2011	\$ 37,335,821	\$ 35,736,903	95.72 %	\$ 1,107,332	\$ 36,844,235	98.68 %
2012	35,828,042	34,425,212	96.08	797,066	35,222,278	98.31
2013	35,374,708	34,912,688	98.69	143,607	35,056,295	99.10
2014	37,251,039	36,853,087	98.93	255,420	37,108,507	99.62
2015	38,534,454	36,017,231	93.47	2,315,721	38,332,952	99.48
2016	39,512,888	36,280,473	91.82	3,013,684	39,294,157	99.45
2017	39,902,702	37,377,781	93.67	2,521,617	39,899,398	99.99
2018	41,765,612	40,604,197	97.22	1,158,856	41,763,053	99.99
2019	43,932,565	43,365,819	98.71	557,902	43,923,721	99.98
2020	45,027,439	44,296,040	98.38	-	44,296,040	98.38

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
RATIO OF NET OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Restricted for Principal Repayment	Percentage of Estimated Net Value	Per Capita Bond Debt	Per Capita Total Debt	Percentage of Personal Income
	General Obligation Bonds	Capital Leases	Total Primary Government					
2011	\$ 64,495,000	\$ -	\$ 64,495,000	\$ 923,507	0.63 %	\$ 854	\$ 842	0.05 %
2012	69,950,000	-	69,950,000	1,005,907	0.88	1,263	1,245	0.03
2013	64,173,664	-	64,173,664	344,737	0.86	1,143	1,137	0.03
2014	56,555,924	-	56,555,924	748,711	0.80	992	979	0.02
2015	84,539,117	-	84,539,117	1,756,374	1.23	1,458	1,427	0.03
2016	75,402,783	-	75,402,783	1,153,922	0.84	1,275	1,256	0.03
2017	102,029,997	-	102,029,997	609,705	1.02	1,692	1,682	0.04
2018	89,549,309	-	89,549,309	1,162,970	0.82	1,459	1,440	0.03
2019	101,489,792	-	101,489,792	1,237,003	0.86	1,591	1,571	0.03
2020	122,806,437	-	122,806,437	1,975,408	0.94	1,925	1,894	0.03

Sources: The District's Business and Finance Department for long-term debt. Population and personal income prepared in cooperation with the U.S. Department of Labor and Bureau of Labor Statistics.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
2019 AND 2020
(UNAUDITED)

<u>For Fiscal Year Ended June 30, 2019</u>	Per Capita Bonded Debt Population Estimated at 63,800	As Percent of District's Total 2018/19 Net Assessed Limited Property Value	As Percent of District's 2018/19 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 1,687.29	10.57%	0.99%
Net Direct and Overlapping General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 4,215.50	26.42%	2.47%
<u>For Fiscal Year Ended June 30, 2020</u>	Per Capita Bonded Debt Population Estimated at 62,044	As Percent of District's Total 2019/20 Net Assessed Limited Property Value	As Percent of District's 2019/20 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 1,870.06	11.16%	1.01%
Net Direct and Overlapping General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 4,931.93	29.43%	2.66%

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable to School District	Estimated Share of Overlapping Debt Applicable to School District
Maricopa County Community College District	\$ 312,450,000	2.47%	\$ 7,717,515
Maricopa Special Health Care District	459,125,000	2.47%	11,340,388
City of Phoenix	1,085,050,000	8.08%	87,672,040
Phoenix Union High School District No. 210	438,265,000	20.22%	88,617,183
Subtotal, Overlapping Debt			<u>195,347,126</u>
Madison Elementary School District No. 38 Direct Debt			<u>122,806,437</u>
Total Direct and Overlapping Debt			<u><u>\$ 318,153,563</u></u>

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 204,916,020	\$ 155,043,361	\$ 134,452,960	\$ 123,457,658	\$ 127,445,710	\$ 151,711,082	\$ 168,237,663	\$ 181,237,579	\$ 196,310,916	\$ 218,217,334
Total Applicable to Limit	<u>63,571,493</u>	<u>68,944,093</u>	<u>63,115,263</u>	<u>55,171,289</u>	<u>79,738,626</u>	<u>71,531,078</u>	<u>93,735,295</u>	<u>81,557,030</u>	<u>100,252,789</u>	<u>120,831,029</u>
Legal Debt Margin	<u>\$ 141,344,527</u>	<u>\$ 86,099,268</u>	<u>\$ 71,337,697</u>	<u>\$ 68,286,369</u>	<u>\$ 47,707,084</u>	<u>\$ 80,180,004</u>	<u>\$ 74,502,368</u>	<u>\$ 99,680,549</u>	<u>\$ 96,058,127</u>	<u>\$ 97,386,305</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	31%	44%	47%	45%	63%	47%	56%	45%	51%	55%

Source: The District's Business and Finance Department

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2020
(UNAUDITED)

Net Assessed Full Cash Value		\$ 1,454,782,228
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Legal Debt Margin

Debt Limitation - 15% of Assessed Value		\$ 218,217,334
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 106,605,000	
Premium	16,201,437	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(1,975,408)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>120,831,029</u>
Legal Debt Margin		<u>\$ 97,386,305</u>

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		\$ 145,478,223
\$1,500 Per Student (ADM)		8,391,000
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 106,605,000	
Premium	16,201,437	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(1,975,408)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>120,831,029</u>
Class B Legal Debt Margin		<u>\$ 24,647,194</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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Estimated District Population	Aggregate Income within the District in past 12 months
2011	6,472,867	\$ 222,976,996,000	\$ 42,414	9.93%	55,364	\$ 2,378,264,900
2012	6,498,569	243,828,721,000	40,507	8.93%	56,129	2,215,027,100
2013	6,634,997	248,576,282,000	40,844	8.03%	57,025	2,213,424,900
2014	6,667,241	260,858,403,000	39,680	7.30%	57,994	2,197,566,300
2015	6,828,065	274,228,047,000	40,644	6.42%	59,119	2,283,846,000
2016	6,927,347	281,696,153,000	41,209	5.70%	60,287	2,376,498,600
2017	6,927,347	296,648,900,000	44,063	5.14%	61,373	2,622,826,900
2018	6,965,897	312,930,800,000	47,179	4.73%	62,301	2,783,013,500
2019	7,187,990	335,111,100,000	47,694	4.20%	63,800	N/A
2020	7,421,401	369,563,300,000	49,823	3.40%	63,800	N/A

Source: Estimated District Population Source: U.S. Census Bureau, Small Area income and Poverty Program (SAIPE)
Personal Income Source: University of Arizona, Eller Economic and Business Research Center
Per Capita Income Source: U.S. Census Bureau, 2009-2017 American Community Survey 5-Year Estimates
Unemployment Rate Source: Arizona Office of Employment and Population Statistics, in cooperation with the U.S. Dept of Labor, Bureau of Labor Statistics

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PRINCIPAL EMPLOYERS
2020 AND 2009
(UNAUDITED)**

Employer	2020		2009	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
State of Arizona	37,655	1.8 %	32,600	1.6 %
Banner Health Systems	36,213	1.7	11,100	0.6
Wal-Mart Stores, Inc.	33,814	1.6	19,600	1.0
Wells Fargo Bank	15,062	0.7	9,100	0.5
City of Phoenix	13,894	0.7	16,006	0.8
Arizona State University	13,480	0.6	12,700	0.6
Raytheon Missile Systems	12,000	0.6	-	-
HonorHealth	11,308	0.5	-	-
Dignity Health	11,206	0.5	-	-
University of Arizona	10,659	0.5	-	-
JP Morgan Chase			7,000	0.4
Maricopa County			14,100	0.7
Intel Corp.			10,100	0.5
American Airlines***			10,400	0.5
American Express			5,500	0.3
Total	<u>195,291</u>	9.2 %	<u>148,206</u>	7.4 %
Total Employment	<u>2,073,908</u>		<u>1,995,000</u>	

Source: The Business Journal, *The Book of Lists 2019-20* and the District's AFR for the year ending June 30, 2009.

Note: The information presented is county-wide.

***Note that in 2009, data was presented as U.S. Airways. 2011 information was not available.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Full-Time Equivalent Employees										
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Supervisory										
Directors/Supervisors of Instruction	13	13	13	13	14	15	15	8	10	10
Principals	8	8	8	8	8	8	8	8	8	8
Assistant Principals	5	6	5	7	8	6	6	6	7	6
Total Supervisory	<u>26</u>	<u>27</u>	<u>26</u>	<u>28</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>22</u>	<u>25</u>	<u>24</u>
Instruction										
Teachers	289	290	292	291	290	282	280	280	283	284
Other Teachers (Adult)	25	13	13	11	11	12	10	7	8	14
Other Professionals (Instructional)	18	16	16	20	21	15	17	16	21	22
Aides	52	54	57	82	82	76	84	84	80	107
Total instruction	<u>384</u>	<u>373</u>	<u>378</u>	<u>404</u>	<u>404</u>	<u>385</u>	<u>391</u>	<u>387</u>	<u>392</u>	<u>427</u>
Student Services										
Psychologist	-	-	-	-	-	8	7	7	8	8
Librarians	-	-	9	9	9	9	8	8	8	8
Support and Administration										
Service Workers	240	221	237	234	243	248	243	296	294	262
Total	<u><u>650</u></u>	<u><u>621</u></u>	<u><u>650</u></u>	<u><u>675</u></u>	<u><u>686</u></u>	<u><u>679</u></u>	<u><u>678</u></u>	<u><u>720</u></u>	<u><u>727</u></u>	<u><u>729</u></u>

Source: District information.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
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
2011	5,461	\$ 43,513,705	\$ 7,968	(0.28)%	\$ 67,220,183	\$ 12,309	23.44 %	289	18.9	44.0 %
2012	5,528	44,482,926	8,047	0.99	79,343,397	14,353	16.60	290	19.1	45.0
2013	5,528	44,878,259	8,118	0.89	58,544,587	10,591	(26.21)	292	18.9	46.0
2014	5,571	46,091,125	8,273	1.91	60,684,282	10,893	2.85	291	19.1	43.5
2015	5,522	46,218,497	8,370	1.17	63,695,474	11,535	5.89	290	19.0	43.1
2016	5,614	50,493,343	8,994	7.46	79,343,397	14,133	22.53	282	19.9	39.2
2017	5,533	47,915,198	8,660	(3.72)	72,214,272	13,052	(7.65)	280	19.8	38.2
2018	5,529	49,663,120	8,982	3.72	94,363,144	17,067	30.77	280	19.7	34.8
2019	5,661	56,968,440	10,063	12.04	84,835,452	14,986	(12.2)	283	20.0	34.8
2020	5,594	59,175,794	10,578	22.15	88,269,458	15,779	20.90	284	19.7	34.8

Source: District's financial records.

Notes: 1) Operating expenditures are total expenditures less debt service and capital outlay.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Schools										
Elementary										
Buildings	32	32	32	32	32	32	32	32	32	27
Square Feet	335,548	393,997	393,997	393,997	393,997	406,456	406,456	424,649	424,649	334,748
Enrollment	3,516	3,563	3,563	3,563	3,563	3,549	3,548	3,537	3,428	2,990
Middle										
Buildings	33	33	33	33	33	33	33	33	33	23
Square Feet	303,013	323,784	323,784	323,784	323,784	323,784	323,184	323,184	323,184	337,994
Enrollment	2,292	2,414	2,414	2,414	2,414	2,414	2,366	2,808	2,233	2,604
Other										
Buildings	4	4	4	4	4	4	4	4	5	6
Square Feet	44,570	44,570	44,570	44,570	44,570	44,570	50,370	50,370	50,370	83,644

Source: The District's facilities records.

Note: Enrollment data can vary from Average Daily Membership (ADM), therefore enrollment will not always equal ADM reported.

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