



ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PHOENIX, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2022

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PHOENIX, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2022

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

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INTRODUCTORY SECTION

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

Dr. Kimberly Guerin
Superintendent

Lori Garvey, CPA
Deputy Superintendent

March 28, 2023

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 annual comprehensive financial report of the Madison Elementary School District No. 38 (District) for the fiscal year ended June 30, 2022.

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

The District's financial statements have been audited by CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent 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 5,600 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 63,600. The tax base has a large commercial and industrial property component representing 41% of secondary assessed valuation (AV). The leading 10 property taxpayers represent 13.36% of fiscal 2022 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 2.9% 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 4,580,000 and expected to reach 5.2 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 66% 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 88% 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 65 years was completed and opened in February 2021. The ages of the remaining schools vary greatly at 65 years, 52 years, 46 years, 26 years, 14 years, and 8 years. Construction is underway for rebuild of the school which is 65 years. The building commenced the summer 2022 with an estimated completion date of summer 2024.

The state budget included increased funding for inflation and increased funding for District Additional Assistance (instructional capital items such as textbooks, computers, and library books). This was the first increase to District Additional Assistance in over twenty 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 2022. The override will be good for seven years beginning July 1, 2023 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the thirty-first 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for fiscal year 2021-22 certificates.

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



Kimberly Guerin, Ed. D.
Superintendent



Lori Garvey
Deputy Superintendent



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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022**

GOVERNING BOARD

Marcus Osborn Ph.D.
President

Scott Holcomb
Vice President

Karen Gresham
Member

Sarah Speer
Member

Mitra Khazai
Member

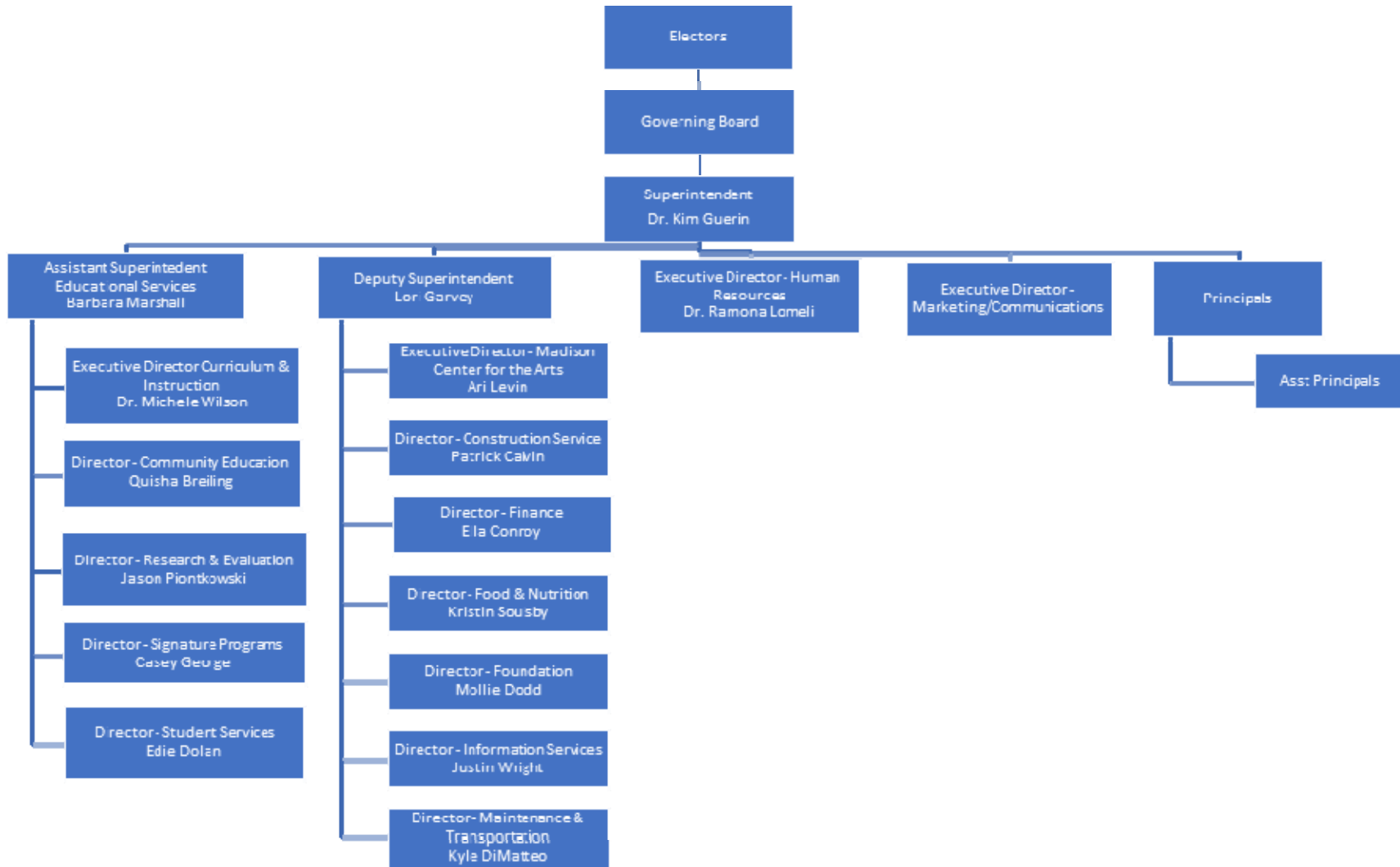
ADMINISTRATIVE STAFF

Kimberly Guerin, Ed.D.
Superintendent

Lori Garvey, CPA
Deputy Superintendent

Barbara Marshall
Assistant Superintendent for
Educational Services

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
ORGANIZATIONAL CHART
JUNE 30, 2022**





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Madison Elementary School District 38

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

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



A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading '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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Elementary School District No. 38, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 28, 2023

REQUIRED SUPPLEMENTARY INFORMATION

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**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$74,811,126 (net position).
- ◆ The District's total net position increased by \$13,796,391.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$62,888,504, a decrease of \$2,598,161 in comparison with the prior year. The most significant factor for the decrease was the expending of prior year bond proceeds for construction.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,229,662, or 64.0% of total General Fund expenditures.
- ◆ The District's total bonded debt decreased by \$13,205,000 (14.1 %) during the current fiscal year. The decrease was due to the 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, 2022**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

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

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

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

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

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

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

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

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 Special Projects 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 Special Projects Fund budgetary comparison schedules as required supplementary information.

Other Information

The combining and individual fund financial statements are presented immediately following the note to required supplementary information. Combining and individual fund statements and schedules can be found on pages 55 - 67 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 68 - 88 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 \$74,811,126 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, 2022**

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		Percent Change
	2022	2021	
Assets:			
Current and Other Assets	\$ 91,974,358	\$ 88,581,540	3.8 %
Capital Assets, Net	<u>144,822,138</u>	<u>144,027,668</u>	0.6
Total Assets	236,796,496	232,609,208	1.8
Deferred Outflows of Resources	10,407,954	12,089,747	(13.9)
Liabilities:			
Current and Other Liabilities	24,828,979	22,528,251	10.2
Long-Term Liabilities	<u>131,705,792</u>	<u>160,729,943</u>	(18.1)
Total Liabilities	<u>156,534,771</u>	<u>183,258,194</u>	(14.6)
Deferred Inflows of Resources	15,858,553	426,026	3622.4
Net Position:			
Net Investment in Capital Assets	67,678,364	73,088,054	(7.4)
Restricted	26,292,990	9,041,620	190.8
Unrestricted	<u>(19,160,228)</u>	<u>(21,114,939)</u>	9.3
Total Net Position	<u>\$ 74,811,126</u>	<u>\$ 61,014,735</u>	22.6

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

At the end of the current fiscal year, the District was able to report positive balances in the net investment of capital assets and restricted net position. Unrestricted net position reported a deficit of \$(19,160,228). 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 \$13,796,391 during the current fiscal year.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Net Position

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

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

	Governmental Activities		Percent Change
	2022	2021	
REVENUES			
Program Revenues:			
Charges for Services	\$ 7,268,267	\$ 3,724,249	95.2 %
Operating Grants and Contributions	17,933,396	11,082,328	61.8
Capital Grants and Contributions	-	24,456	100.0
General Revenues:			
Property Taxes	43,441,497	43,413,110	0.1
Unrestricted State, County and Federal Aid	15,960,694	14,215,528	12.3
Investment Earnings	605,659	677,301	(10.6)
Other	969,218	1,149,623	(15.7)
Total Revenues	<u>86,178,731</u>	<u>74,286,595</u>	16.0
EXPENSES			
Instruction	34,277,373	32,201,204	6.4
Support Services:			
Students and Staff	8,502,257	7,786,875	9.2
Administration	8,998,972	8,563,914	5.1
Operation and Maintenance of Plant	8,041,375	7,839,795	2.6
Student Transportation	2,171,908	1,926,810	12.7
Operation of Noninstructional Services	8,631,319	7,183,699	20.2
Interest on Long-Term Debt	1,759,136	1,946,239	(9.6)
Total Expenses	<u>72,382,340</u>	<u>67,448,536</u>	7.3
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS	13,796,391	6,838,059	101.8
Special Item - Loss on Disposal of Assets	-	-	100.0
Net Position - Beginning of Year	61,014,735	54,176,676	12.6
NET POSITION - END OF YEAR	<u>\$ 74,811,126</u>	<u>\$ 61,014,735</u>	22.6

Charges for Services increased \$3,544,018 (95.2%) mainly due to an increase in food service catering revenue and an increase in the community education program due to the District returning to pre-COVID-19 pandemic operations.

Operating Grants and Contributions increased \$6,851,068 (61.8%) due to the District receiving Elementary and Secondary School Emergency Relief funding during the year.

Capital Grants and Contributions decreased \$24,456 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 \$28,387 (0.1%) mainly due to an increase in property tax assessed values.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

Investment Earnings decreased \$71,642 (10.6%) due to lower average cash balances throughout the year.

The change in Unrestricted State, County, and Federal Aid and Other Revenue of \$1,745,166 (12.3%) was due to increased state aid.

Expenses increased \$4,933,804 or 7.3% from overall increases in operations as the District returned to pre-pandemic levels.

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 \$62,888,504, a decrease of \$2,598,161 in comparison with the prior year. Approximately 41.0% of this total amount (\$25,771,276) constitutes unassigned fund balance, which is available for spending at the government's discretion. Additionally, 41.0 % (\$25,780,595) 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, 2022, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2020-21
General Fund	\$ 26,286,539	\$ 3,871,041
Special Projects Fund	(458,386)	(594,091)
Bond Building Fund	25,780,595	(8,595,424)
Debt Service Fund	949,644	(635,132)
Nonmajor Governmental Funds	10,330,112	3,355,445

The General Fund increase of \$3,871,041 was primarily due to increases in property tax revenue and a slight decline in spending.

The Special Projects Fund decrease of \$594,091 was mainly due to the District having unavailable revenues due to grant reimbursements not yet received.

The Bond Building decrease of \$8,595,424 was primarily due to the expending of prior year bond proceeds for construction.

The Debt Service Fund decrease of \$635,132 was a result of a decrease in property taxes and investment earnings.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2022**

The Nonmajor Governmental Funds increase of \$3,355,445 was mostly due to increased revenues in the food service and classroom site funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$743,147. 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 \$2,538,573 less than the final budget amounts due to the District reserving funds for future purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$144,822,138 (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 0.6%.

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

- ◆ Continued construction of #1 Field.
- ◆ Continued construction on Meadows School Phase II.
- ◆ Continued construction of Park Building.

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

	Governmental Activities	
	2022	2021
Land	\$ 3,420,264	\$ 3,420,264
Construction in Progress	26,096,617	19,685,254
Land Improvements	4,643,007	5,026,902
Buildings and Improvements	108,898,127	113,884,466
Furniture, Equipment, and Vehicles	1,764,123	2,010,782
Total Capital Assets, Net	\$ 144,822,138	\$ 144,027,668

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, 2022**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$80,670,000. This debt is backed by the full faith and credit of the District.

**Table A-5
Outstanding Obligations**

	Governmental Activities	
	2022	2021
Bonds Payable	\$ 80,670,000	\$ 93,875,000
Premium on Bonds Payable	9,280,261	11,748,489
Total Outstanding Debt	\$ 89,950,261	\$ 105,623,489

The District's bonded debt decreased by \$13,205,000 (14.1 %) during the current fiscal year. This change was due to the 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 \$259,784,301 which is more than the District's total outstanding general obligation bonded debt. At June 30, 2022 the District's net Class B bonded debt outstanding was \$80,670,000 which was below the Class B debt limit. Additional information on the legal debt limit can be found on page 83.

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 2022-23 budget. Among them:

- Fiscal Year 2021-22 budget balance carry-forward (estimated \$2,500,000)
- Maintain current year enrollment
- State budget funding increase of 7.42% in Maintenance & Operations (M&O) Fund
- State budget funding increase of 11.44% in District Additional Assistance (Capital) Fund
- State budget funding increase of 2.16% in Classroom Site FUNds (Teacher and Support Staff Pay and Teacher Pay for Performance)
- State grant for Results Based Funding awarded (estimated \$550,000)
- District-provided health insurance - 2.5% increase
- Staff salary increase - 7.1% increase
- Fiscal Year 2021-22 budget balance carry-forward in Elementary and Secondary School Emergency Relief Fund (ESSER) (estimated \$3,600,000)

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, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 52,519,498
Restricted Assets	28,928,314
Receivables:	
Lease Receivable	1,886,224
Property Taxes	552,791
Intergovernmental	6,600,099
Inventory, at Cost	69,851
OPEB Asset	1,417,581
Capital Assets:	
Nondepreciable	29,516,881
Depreciable, Net	115,305,257
Total Assets	236,796,496
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from Pensions	9,921,357
Deferred Outflow of Resources from OPEB	255,705
Deferred Outflows of Resources from Refunding	230,892
Total Deferred Outflows of Resources	10,407,954
LIABILITIES	
Accounts Payable	4,038,362
Accrued Wages and Benefits	4,792,714
Accrued Interest	2,074,450
Retainage Payable	232,552
Unearned Revenue	485,901
Matured Debt Principal Payable	13,205,000
Long-Term Liabilities:	
Due Within One Year	14,285,821
Due in More Than One Year	117,419,971
Total Liabilities	156,534,771
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources from Pensions	12,878,045
Deferred Inflows of Resources from OPEB	1,202,712
Deferred Inflows of Resources from Lease	1,777,796
Total Deferred Inflows of Resources	15,858,553
NET POSITION	
Net Investment in Capital Assets	67,678,364
Restricted for:	
OPEB Asset	1,417,581
Instructional Improvement	431,233
Classroom Site	1,773,232
Special Projects	262,800
Food Service	2,317,155
Debt Service	14,282,485
Capital Outlay	2,034,818
Community Education	1,009,830
Noninstructional Programs	932,592
Civic Center	1,743,426
Other Special Revenue	87,838
Unrestricted	(19,160,228)
Total Net Position	\$ 74,811,126

See accompanying Notes to Basic Financial Statements.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 34,277,373	\$ 6,697,240	\$ 8,618,836	\$ -	\$ (18,961,297)
Support Services:					
Students	5,087,277	-	1,407,068	-	(3,680,209)
Instructional Staff	3,414,980	-	663,105	-	(2,751,875)
General Administration	1,663,143	-	3,778	-	(1,659,365)
School Administration	2,555,458	-	19,686	-	(2,535,772)
Business and Other Support Services	4,780,371	-	541,189	-	(4,239,182)
Operation and Maintenance of Plant	8,041,375	-	1,412,472	-	(6,628,903)
Student Transportation	2,171,908	-	254,076	-	(1,917,832)
Operation of Noninstructional Services	8,631,319	571,027	5,013,186	-	(3,047,106)
Interest on Long-Term Debt	1,759,136	-	-	-	(1,759,136)
Total	<u>\$ 72,382,340</u>	<u>\$ 7,268,267</u>	<u>\$ 17,933,396</u>	<u>\$ -</u>	<u>(47,180,677)</u>
General Revenues:					
Property Taxes					43,441,497
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization and Additional State Aid					14,383,789
County Equalization					1,154,594
Federal Aid, Not Restricted					422,311
Investment Earnings					605,659
Other					969,218
Total General Revenues					<u>60,977,068</u>
Change in Net Position					<u>13,796,391</u>
Net Position - Beginning					<u>61,014,735</u>
Net Position - Ending					<u>\$ 74,811,126</u>

See accompanying Notes to Basic Financial Statements.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Special Projects	Bond Building	Debt Service
Assets				
Cash and Investments	\$ 24,028,423	\$ -	\$ -	\$ 16,148,513
Restricted Assets	-	-	28,928,314	-
Receivables:				
Lease Receivable	1,416,106	-	-	-
Property Taxes	344,357	-	-	208,422
Intergovernmental	4,040,175	2,424,372	-	-
Inventory, at Cost	56,877	-	-	-
Due from Other Funds	1,679,101	-	-	-
Total Assets	\$ 31,565,039	\$ 2,424,372	\$ 28,928,314	\$ 16,356,935
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts Payable	\$ 893,588	\$ 61,601	\$ 2,905,555	\$ -
Accrued Wages and Benefits	2,766,648	420,870	9,612	-
Retainage Payable	-	-	232,552	-
Accrued Interest	-	-	-	2,074,450
Due to Other Funds	-	1,679,101	-	-
Unearned Revenue	-	-	-	-
Matured Debt Principal Payable	-	-	-	13,205,000
Total Liabilities	3,660,236	2,161,572	3,147,719	15,279,450
Deferred Inflows of Resources:				
Unavailable Revenue - Grants	-	721,186	-	-
Unavailable Revenue - Lease	1,405,805	-	-	-
Unavailable Revenue - Property Tax	212,459	-	-	127,841
Total Deferred Inflows of Resources	1,618,264	721,186	-	127,841
Fund Balance:				
Nonspendable:				
Inventory	56,877	-	-	-
Restricted	-	-	25,780,595	949,644
Unassigned	26,229,662	(458,386)	-	-
Total Fund Balance	26,286,539	(458,386)	25,780,595	949,644
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 31,565,039	\$ 2,424,372	\$ 28,928,314	\$ 16,356,935

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ 12,342,562	\$ 52,519,498
-	28,928,314
470,118	1,886,224
12	552,791
135,552	6,600,099
12,974	69,851
-	1,679,101
<u>\$ 12,961,218</u>	<u>\$ 92,235,878</u>

\$ 177,618	\$ 4,038,362
1,595,584	4,792,714
-	232,552
-	2,074,450
-	1,679,101
485,901	485,901
-	13,205,000
<u>2,259,103</u>	<u>26,508,080</u>

-	721,186
371,991	1,777,796
12	340,312
<u>372,003</u>	<u>2,839,294</u>

12,974	69,851
10,317,138	37,047,377
-	25,771,276
<u>10,330,112</u>	<u>62,888,504</u>
<u>\$ 12,961,218</u>	<u>\$ 92,235,878</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, 2022**

Total Fund Balances for Governmental Funds	\$ 62,888,504
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.	340,312
Grants not collected within 180 days subsequent to fiscal year-end are unavailable in the governmental funds.	721,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	227,764,056
Less: Accumulated Depreciation	<u>(82,941,918)</u>
Capital Assets Used in Governmental Activities	144,822,138
Deferred outflows relating to issuance of long term liabilities are not financial resources and, therefore, are not reported in the governmental funds.	230,892
Net OPEB assets are not current resources and, therefore, are not reported in the governmental funds.	1,417,581
Deferred outflows and inflows of resources related to pension and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions and OPEB	10,177,062
Deferred Inflows of Resources Related to Pensions and OPEB	(14,080,757)
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	(80,670,000)
Premium on Bonds Payable	(9,280,261)
Net OPEB Liability	(59,830)
Net Pension Liability	(37,962,805)
Compensated Absences Payable	<u>(3,732,896)</u>
Total Net Position of Governmental Activities	<u><u>\$ 74,811,126</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, 2022

	General	Special Projects	Bond Building	Debt Service
Revenues:				
Property Taxes	\$ 27,170,654	\$ -	\$ -	\$ 16,285,330
Intergovernmental	15,960,694	7,049,675	-	91,820
Food Service Sales	-	-	-	-
Charges for Services	714,854	-	-	-
Contributions and Donations	73,453	-	-	-
Investment Earnings	172,852	5,893	-	343,118
Other	53,952	-	-	-
Total Revenues	<u>44,146,459</u>	<u>7,055,568</u>	<u>-</u>	<u>16,720,268</u>
Expenditures:				
Current:				
Instruction	21,665,307	3,271,488	1,827,961	-
Support Services:				
Students	3,743,752	1,053,170	-	-
Instructional Staff	2,503,248	557,350	-	-
General Administration	940,172	3,915	-	-
School Administration	2,361,956	20,398	-	-
Business and Other Support Services	2,781,031	558,958	-	-
Operation and Maintenance of Plant	5,211,735	1,458,482	67,085	-
Student Transportation	1,520,572	263,261	161,520	-
Operation of Noninstructional Services	161,987	117,504	-	-
Debt Service:				
Principal Retirement	-	-	-	13,205,000
Interest on Long-Term Debt	-	-	-	4,150,400
Capital Outlay:				
Facilities Acquisition	124,271	-	6,538,858	-
Total Expenditures	<u>41,014,031</u>	<u>7,304,526</u>	<u>8,595,424</u>	<u>17,355,400</u>
Excess (Deficiency) of Revenue Over Expenditures	3,132,428	(248,958)	(8,595,424)	(635,132)
Other Financing Sources (Uses):				
Transfers In	745,873	-	-	-
Transfers Out	-	(345,133)	-	-
Total Other Financing Sources (Uses)	<u>745,873</u>	<u>(345,133)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,878,301	(594,091)	(8,595,424)	(635,132)
Fund Balance:				
Beginning of Year	22,415,498	135,705	34,376,019	1,584,776
Increase (Decrease) in Inventories	(7,260)	-	-	-
End of Year	<u>\$ 26,286,539</u>	<u>\$ (458,386)</u>	<u>\$ 25,780,595</u>	<u>\$ 949,644</u>

See accompanying Notes to Basic Financial Statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 43,455,984
9,553,560	32,655,749
480,648	480,648
5,982,386	6,697,240
443,701	517,154
83,796	605,659
<u>1,005,646</u>	<u>1,059,598</u>
17,549,737	85,472,032
4,166,691	30,931,447
288,322	5,085,244
102,037	3,162,635
44,077	988,164
-	2,382,354
768,967	4,108,956
155,077	6,892,379
6,817	1,952,170
8,240,881	8,520,372
-	13,205,000
-	4,150,400
-	<u>6,663,129</u>
<u>13,772,869</u>	<u>88,042,250</u>
3,776,868	(2,570,218)
-	745,873
<u>(400,740)</u>	<u>(745,873)</u>
<u>(400,740)</u>	<u>-</u>
3,376,128	(2,570,218)
6,974,667	65,486,665
<u>(20,683)</u>	<u>(27,943)</u>
<u>\$ 10,330,112</u>	<u>\$ 62,888,504</u>

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, 2022**

Net Change in Fund Balances-Total Governmental Funds \$ (2,570,218)

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	6,886,779
Less: Current Year Depreciation	<u>(6,092,309)</u>
Excess Capital Expenditures Over Depreciation	794,470

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(14,487)
Grant Revenues	721,186

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	13,205,000
Deferred Amount on Refunding	(76,964)
Amortization of Premium	2,468,228

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

Pension Contributions	4,082,644
Pension Expense	(4,618,000)
OPEB Contributions	135,975
OPEB Expense	53,943

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	(357,443)
Change in Inventory Balances	(27,943)

Change in Net Position of Governmental Activities	<u>\$ 13,796,391</u>
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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, 2022

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).

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

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

A. Reporting Entity

The 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, 2022

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. 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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports the following major governmental funds:

Major Governmental Funds

General Fund

The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. It is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, pupil transportation, and special K-3 program override.

Special Projects Fund

The Special Projects Fund, a Special Revenue Fund, accounts for the revenues and expenditures of federal and state projects.

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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. Leases

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

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets

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

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

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

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

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 two 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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, 2022 or within 60 days of fiscal year-end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

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

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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, except for the Gifts and Donations Capital Projects Funds, 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.

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Student Activities Fund by \$9,022. The fund balance was sufficient to cover the excess expenditures.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

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

Deposits:	
Cash in Bank	\$ 2,907,691
Cash on Deposit with County Treasurer	78,540,121
Total Deposits	81,447,812
Less: Restricted Assets	(28,928,314)
Total Cash and Investments	\$ 52,519,498

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Deposits

The carrying amount on the District's deposits at June 30, 2022, was \$2,907,691 and the bank balance was 4,009,953. Of the bank balance, \$1,000,000 was insured by federal depository insurance and the remaining \$3,009,953 was insured by the statewide pooled collateral program.

Investments

At June 30, 2022, the District's investments were reported at fair value. The District's investments consisted of cash on deposit with the County Treasurer. The investment in the County Treasurer's pool is valued using the District's proportionate participation in the pool because the pool's structure does not provide for shares.

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 investments and is not subject to custodial credit risk.

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

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

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

2. Restricted Assets

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

	Bond Building Fund	
Future Construction	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 0 10px;">\$ 28,928,314</td> </tr> </table>	\$ 28,928,314
\$ 28,928,314		

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Receivables

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

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

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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	\$ 212,459	\$ -
Debt Service Fund	127,841	-
Nonmajor Governmental Funds	12	-
Grant Reimbursements:		
Special Projects Fund	721,186	-
Community Education Revenue:		
Nonmajor Governmental Funds	-	485,901
Total	\$ 1,061,498	\$ 485,901

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,420,264	\$ -	\$ -	\$ 3,420,264
Construction in Progress	19,685,254	6,439,163	(27,800)	26,096,617
Total Capital Assets, Not Being Depreciated	<u>23,105,518</u>	<u>6,439,163</u>	<u>(27,800)</u>	<u>29,516,881</u>
Capital Assets, Being Depreciated:				
Land Improvements	15,170,320	123,005	-	15,293,325
Buildings and Improvements	169,487,704	190,891	-	169,678,595
Vehicles, Furniture, and Equipment	13,126,098	161,520	(12,363)	13,275,255
Total Capital Assets, Being Depreciated	<u>197,784,122</u>	<u>475,416</u>	<u>(12,363)</u>	<u>198,247,175</u>
Accumulated Depreciation for:				
Land Improvements	(10,143,418)	(506,900)	-	(10,650,318)
Buildings and Improvements	(55,603,238)	(5,177,230)	-	(60,780,468)
Vehicles, Furniture, and Equipment	(11,115,316)	(408,179)	12,363	(11,511,132)
Total Accumulated Depreciation	<u>(76,861,972)</u>	<u>(6,092,309)</u>	<u>12,363</u>	<u>(82,941,918)</u>
Total Capital Assets, Being Depreciated, Net	<u>120,922,150</u>	<u>(5,616,893)</u>	<u>-</u>	<u>115,305,257</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,027,668</u>	<u>\$ 822,270</u>	<u>\$ (27,800)</u>	<u>\$ 144,822,138</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 3,802,179
Support Services:	
Students and Staff	86,852
Instructional Staff	11,539
General Administration	551,708
Business and Other Support Services	406,205
Operation and Maintenance of Plant	938,962
Student Transportation	259,040
Operation of Noninstructional Services	35,824
Total Depreciation Expense	<u>\$ 6,092,309</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Construction Commitments

The District has active construction projects at June 30, 2022. At fiscal year-end the District's commitments with contractors were as follows:

Project	Governmental Activities	
	Spent-to-Date	Estimated Remaining
Meadows Phase II	\$ 19,725,178	\$ 2,022,209
#1 Concession/Café Remodel	348,592	7,326,654
Park Building	5,276,982	40,359,516
Various improvements	745,865	3,561,570
Totals	<u>\$ 26,096,617</u>	<u>\$ 53,269,949</u>

6. Lease Receivable

The District, acting as lessor, leases (Building, Cell Towers, Ground Lease, and easement lease) under long-term, non-cancelable lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from 15-25 years. During the year ended June 30, 2022, the District recognized \$753,181 and \$26,707 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers

As of June 30, 2022, interfund receivables and payables were as follows:

Due To	Due From Special Projects Fund
General Fund	\$ 1,679,101

The above interfund receivables and payables are recorded to eliminate deficit cash balances for cash received immediately following the fiscal year-end.

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

Transfers In	Transfers Out		Total
	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ 345,133	\$ 400,740	\$ 745,873

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.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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.

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	\$ 10,785,000	\$ 3,250,000
Refunding Bonds, Series 2015	2.00-3.25%	7/1/18-25	19,700,000	5,545,000	2,325,000
School Improvement Bonds, Series 2017B	5.00%	7/1/18-27	30,500,000	18,650,000	4,000,000
School Improvement Bonds, Series 2019C	2.25-5.00%	7/1/19-27	22,400,000	17,315,000	1,745,000
Refunding Bonds, Series 2020	3.00-5.00%	7/1/21-27	9,520,000	24,305,000	1,425,000
School Improvement Bonds, Series 2019	4.00-5.00%	7/1/21-30	27,705,000	4,070,000	-
Total General Obligation Bonds Payable			<u>\$ 143,825,000</u>	<u>\$ 80,670,000</u>	<u>\$ 12,745,000</u>

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

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 93,875,000	\$ -	\$ (13,205,000)	\$ 80,670,000	\$ 12,745,000
Premium on Bonds Payable	11,748,489	-	(2,468,228)	9,280,261	-
Total Bonds Payable	<u>105,623,489</u>	<u>-</u>	<u>(15,673,228)</u>	<u>89,950,261</u>	<u>12,745,000</u>
Other Liabilities:					
Compensated Absences	3,375,453	2,191,807	(1,834,364)	3,732,896	1,540,821
Net OPEB Liability	226,188	-	(166,358)	59,830	-
Net Pension Liability	51,504,813	-	(13,542,008)	37,962,805	-
Total Other Liabilities	<u>55,106,454</u>	<u>2,191,807</u>	<u>(15,542,730)</u>	<u>41,755,531</u>	<u>1,540,821</u>
Governmental Activities Long-Term Debt	<u>\$ 160,729,943</u>	<u>\$ 2,191,807</u>	<u>\$ (31,215,958)</u>	<u>\$ 131,705,792</u>	<u>\$ 14,285,821</u>

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 12,745,000	\$ 3,638,800
2024	12,210,000	3,126,988
2025	12,570,000	2,646,912
2026	13,415,000	2,136,600
2027	12,600,000	1,486,500
2028-2030	17,130,000	1,249,250
Totals	<u>\$ 80,670,000</u>	<u>\$ 14,285,050</u>

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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	Special Projects Fund	Bond Building Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Nonspendable:						
Inventory	\$ 56,877	\$ -	\$ -	\$ -	\$ 12,974	\$ 69,851
Restricted:						
Classroom Site	-	-	-	-	1,773,232	1,773,232
Instructional Improvement	-	-	-	-	431,233	431,233
Food Service	-	-	-	-	2,304,181	2,304,181
Community Education	-	-	-	-	1,009,830	1,009,830
Noninstructional Programs	-	-	-	-	932,592	932,592
Civic Center	-	-	-	-	1,743,426	1,743,426
Other Special Revenue	-	-	-	-	87,838	87,838
Capital Projects	-	-	25,780,595	-	4,212	25,784,807
Adjacent Ways	-	-	-	-	2,030,594	2,030,594
Debt Service	-	-	-	949,644	-	949,644
Total Restricted	-	-	25,780,595	949,644	10,317,138	37,047,377
Unassigned	26,229,662	(458,386)	-	-	-	25,771,276
Total Fund Balance	<u>\$ 26,286,539</u>	<u>\$ (458,386)</u>	<u>\$ 25,780,595</u>	<u>\$ 949,644</u>	<u>\$ 10,330,112</u>	<u>\$ 62,888,504</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, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans

Cost Sharing Employer Plans

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

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

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net Pension Liability	\$ 37,962,805
Deferred Outflows of Resources	9,921,357
Pension Expense	4,618,000
Deferred Inflows of Resources	12,878,045

The District's accrued payroll and employee benefits included \$265,442 of outstanding pension contributions payable to ASRS for the year ended June 30, 2022.

Disclosures related to the OPEB plans (health benefit supplement and long-term disability) for ASRS are not included as the net effect of the assets, liabilities, deferred inflows of resources, deferred outflows of resources, and OPEB expense is not significant to the District's financial statements.

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, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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

	Retirement	
	Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final Average Salary is Based On	Highest 36 Consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

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

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

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The District's contributions to the pension plan for the year ended June 30, 2022, were \$4,082,644.

During the fiscal year ended June 30, 2022 the District paid for ASRS pension contributions as follows: 65% from the General Fund, 11% for the Special Projects Fund and 24% from the Nonmajor Governmental Funds.

Pension Liability – The net liabilities were measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2020, including decreasing the discount rate from 7.5% to 7.0% and changing the projected salary increases from 2.7–7.2% to 2.9–8%. The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020.

The District's reported liability of \$37,962,805 at June 30, 2021, decreased by \$13,542,008 from the District's prior year liability of \$51,504,813 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's FY 2021 contributions. The District's proportion measured as of June 30, 2021 was 0.28892%, which was a decrease of 0.00834% from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2022, the District recognized pension expense for ASRS of \$4,618,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 578,708	\$ -
Changes of assumptions or other inputs	4,941,163	-
Net difference between projected and actual earnings on pension plan investments	-	12,027,952
Changes in proportion and differences between District's contributions and proportionate share of contributions	318,842	850,093
Contributions subsequent to the measurement date	4,082,644	-
Total	\$ 9,921,357	\$ 12,878,045

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The \$4,082,644 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 23,489
2024	(266,351)
2025	(2,651,547)
2026	(4,144,923)

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

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

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

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% 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:

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

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0%, which was a decrease of 0.5% from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District’s proportionate share of the net pension liability	\$ 59,712,313	\$ 37,962,805	\$ 19,829,734

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

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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, 2022**

Schedule of the District's Proportionate Share of the Net Pension Liability	Reporting Year (Measurement Date)								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.28892%	0.29726%	0.29041%	0.26367%	0.26812%	0.27880%	0.28200%	0.28431%	
District's proportionate share of the net pension liability	\$ 37,962,805	\$ 51,504,813	\$ 42,258,034	\$ 36,772,686	\$ 41,767,870	\$ 45,001,121	\$ 43,924,847	\$ 42,068,163	
District's covered payroll	\$ 32,977,416	\$ 32,465,790	\$ 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	115.12%	158.64%	135.07%	135.33%	156.76%	169.26%	163.38%	159.12%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
Schedule of District Pension Contributions									
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,082,644	\$ 3,841,869	\$ 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	<u>4,082,644</u>	<u>3,841,869</u>	<u>3,717,333</u>	<u>3,393,244</u>	<u>2,836,085</u>	<u>2,764,167</u>	<u>3,028,208</u>	<u>2,967,713</u>	<u>2,861,292</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,200,968	\$ 32,977,416	\$ 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	11.60%	11.65%	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.

See accompanying Notes to Required Supplementary Information.

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property Taxes	\$ -	\$ -	\$ 23,377,918	\$ 23,377,918
Intergovernmental	-	-	15,316,559	15,316,559
Investment Earnings	-	-	57,191	57,191
Other	-	-	25,626	25,626
Total Revenue	-	-	38,777,294	38,777,294
Expenditures:				
Current:				
Regular Education:				
Instruction	16,531,587	16,992,969	15,249,585	1,743,384
Support Services - Students	1,524,865	1,496,616	1,537,955	(41,339)
Support Services - Instructional Staff	1,633,154	1,585,698	1,832,801	(247,103)
Support Services - General Administration	1,347,022	1,347,022	1,214,394	132,628
Support Services - School Administration	2,085,727	2,175,727	2,357,752	(182,025)
Support Services - Business and Other	1,925,617	1,801,328	2,306,776	(505,448)
Operation and Maintenance of Plant	4,931,852	5,181,796	5,095,679	86,117
Operation of Noninstructional Services	65,000	63,159	156,583	(93,424)
Total Regular Education	30,044,824	30,644,315	29,751,525	892,790
Special Education:				
Instruction	4,957,812	4,957,812	3,910,242	1,047,570
Support Services - Students	2,183,824	2,231,280	2,151,678	79,602
Support Services - Instructional Staff	509,293	509,293	415,318	93,975
Support Services - Business and Other	-	-	220	(220)
Total Special Education	7,650,929	7,698,385	6,477,458	1,220,927
Pupil Transportation:				
Student Transportation Services	1,827,371	1,922,371	1,497,514	424,857
Special K-3 Reading Program				
Instruction	383,489	384,689	384,690	(1)
Total Expenditures	39,906,613	40,649,760	38,111,187	2,538,573
Net Change in Fund Balance	(39,906,613)	(40,649,760)	666,107	41,315,867
Fund Balance - Beginning of Year	-	-	9,807,716	9,807,716
Decrease in Inventories	-	-	(7,260)	(7,260)
Fund Balance - End of Year	\$ (39,906,613)	\$ (40,649,760)	\$ 10,466,563	\$ 51,116,323

See accompanying Notes to Required Supplementary Information.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 7,049,675	\$ 7,049,675
Investment Earnings	-	-	5,893	5,893
Total Revenue	-	-	7,055,568	7,055,568
Expenditures				
Instruction	4,115,938	4,115,938	3,271,488	844,450
Support Services				
Students	1,325,019	1,325,019	1,053,170	271,849
Instructional Staff	701,215	701,215	557,350	143,865
General Administration	4,926	4,926	3,915	1,011
School Administration	25,663	25,663	20,398	5,265
Business and Other Support Services	703,239	703,239	558,958	144,281
Operation and Maintenance of Plant	1,834,951	1,834,951	1,458,482	376,469
Student Transportation	331,215	331,215	263,261	67,954
Operation of Noninstructional Services	147,835	147,835	117,504	30,331
Total Expenditures	9,190,000	9,190,000	7,304,526	1,885,474
Excess (Deficiency) of Revenue Over Expenditures	(9,190,000)	(9,190,000)	(248,958)	8,941,042
Other Financing Sources (Uses)				
Transfers Out	-	-	(345,133)	(345,133)
Net Change in Fund Balance	(9,190,000)	(9,190,000)	(594,091)	8,595,909
Fund Balance				
Beginning of Year	-	-	135,705	135,705
End of Year	\$ (9,190,000)	\$ (9,190,000)	\$ (458,386)	\$ 8,731,614

See accompanying Notes to Required Supplementary Information.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 COST SHARING PENSION PLAN

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exceptions: fiscal year 2022-23 insurance payments were prepaid and budgeted in the fiscal year 2021-22 and fiscal year 2021-22 insurance payments were prepaid and budgeted in the fiscal year 2020-21. 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	\$ 44,146,459	\$ 41,014,031	\$ 745,873	\$ 22,415,498	\$ 26,286,539
Less: Non Maintenance and Operation Funds included in General Fund for GASB Statement No. 54 Purposes	(5,369,165)	(3,750,546)	(745,873)	(12,171,808)	(14,536,300)
Fiscal Year 2022-23 Insurance Budgeted in Fiscal Year 2021-22	-	1,283,676	-	-	(1,283,676)
Fiscal Year 2021-22 Insurance Budgeted in Fiscal Year 2020-21	-	(435,974)	-	(435,974)	-
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Budgetary Basis	<u>\$ 38,777,294</u>	<u>\$ 38,111,187</u>	<u>\$ -</u>	<u>\$ 9,807,716</u>	<u>\$ 10,466,563</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.

The Other Special Revenue Fund – accounts for the revenues and expenditures of the following activities or objectives: community school, extracurricular activities fee tax credit, vocational education projects, insurance refunds, and textbooks.

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

Student Activities Fund – accounts for all monies raised with approval of the governing board by the effort of students in pursuance of or in connection with all activities of student organizations, clubs, school plays, or other student entertainment other than Auxiliary Operations Fund monies.

CAPITAL PROJECTS FUNDS

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.

Gifts and Donations Fund – accounts for gifts and donations to be used for capital acquisitions.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue					Total Special Revenue Funds
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities	
Assets						
Cash and Investments	\$ 349,567	\$ 3,016,760	\$ 4,642,197	\$ 2,236,881	\$ 62,351	\$ 10,307,756
Receivables:						
Leases	-	-	374,924	95,194	-	470,118
Property Taxes	-	-	-	-	-	-
Intergovernmental	100,723	-	-	34,829	-	135,552
Inventory, at Cost	-	-	-	12,974	-	12,974
Total Assets	<u>\$ 450,290</u>	<u>\$ 3,016,760</u>	<u>\$ 5,017,121</u>	<u>\$ 2,379,878</u>	<u>\$ 62,351</u>	<u>\$ 10,926,400</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 148,237	\$ 29,381	\$ -	\$ 177,618
Accrued Wages and Benefits	19,057	1,243,528	299,657	33,342	-	1,595,584
Unearned Revenue	-	-	485,901	-	-	485,901
Total Liabilities	<u>19,057</u>	<u>1,243,528</u>	<u>933,795</u>	<u>62,723</u>	<u>-</u>	<u>2,259,103</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
Unavailable Revenue - Leases	-	-	371,991	-	-	371,991
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>371,991</u>	<u>-</u>	<u>-</u>	<u>371,991</u>
Fund Balance:						
Nonspendable	-	-	-	12,974	-	12,974
Restricted	431,233	1,773,232	3,711,335	2,304,181	62,351	8,282,332
Total Fund Balance	<u>431,233</u>	<u>1,773,232</u>	<u>3,711,335</u>	<u>2,317,155</u>	<u>62,351</u>	<u>8,295,306</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 450,290</u>	<u>\$ 3,016,760</u>	<u>\$ 5,017,121</u>	<u>\$ 2,379,878</u>	<u>\$ 62,351</u>	<u>\$ 10,926,400</u>

Capital Projects

Adjacent Ways	Building Renewal	Gifts and Donations	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 2,030,594	\$ 1,176	\$ 3,036	\$ 2,034,806	\$ 12,342,562
-	-	-	-	470,118
12	-	-	12	12
-	-	-	-	135,552
-	-	-	-	12,974
<u>\$ 2,030,606</u>	<u>\$ 1,176</u>	<u>\$ 3,036</u>	<u>\$ 2,034,818</u>	<u>\$ 12,961,218</u>
\$ -	\$ -	\$ -	\$ -	\$ 177,618
-	-	-	-	1,595,584
-	-	-	-	485,901
-	-	-	-	2,259,103
12	-	-	12	12
-	-	-	-	371,991
<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>372,003</u>
-	-	-	-	12,974
2,030,594	1,176	3,036	2,034,806	10,317,138
<u>2,030,594</u>	<u>1,176</u>	<u>3,036</u>	<u>2,034,806</u>	<u>10,330,112</u>
<u>\$ 2,030,606</u>	<u>\$ 1,176</u>	<u>\$ 3,036</u>	<u>\$ 2,034,818</u>	<u>\$ 12,961,218</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2022**

	Special Revenue					Total Special Revenue Funds
	Instructional Improvement	Classroom Site	Other Special Revenue	Food Service	Student Activities	
Revenue:						
Intergovernmental	\$ 309,665	\$ 4,500,951	\$ -	\$ 4,742,944	\$ -	\$ 9,553,560
Food Service Sales	-	-	-	480,648	-	480,648
Charges for Services	-	-	5,982,386	-	-	5,982,386
Contributions and Donations	-	-	443,701	-	-	443,701
Investment Earnings	1,298	27,913	32,807	4,931	-	66,949
Other	-	-	906,097	2,263	90,379	998,739
Total Revenue	<u>310,963</u>	<u>4,528,864</u>	<u>7,364,991</u>	<u>5,230,786</u>	<u>90,379</u>	<u>17,525,983</u>
Expenditures:						
Current:						
Instruction	105,120	2,933,875	1,043,674	-	84,022	4,166,691
Support Services:						
Students	-	287,595	727	-	-	288,322
Instructional Staff	-	92,174	6,874	-	-	99,048
General Administration	-	-	44,077	-	-	44,077
Business and Other Support Services	-	-	767,768	1,199	-	768,967
Operations and Maintenance of Plant	-	-	150,821	3,374	-	154,195
Student Transportation	-	-	6,817	-	-	6,817
Operation of Noninstructional Services	-	-	4,963,136	3,277,745	-	8,240,881
Total Expenditures	<u>105,120</u>	<u>3,313,644</u>	<u>6,983,894</u>	<u>3,282,318</u>	<u>84,022</u>	<u>13,768,998</u>
Excess (Deficiency) of Revenue Over Expenditures	205,843	1,215,220	381,097	1,948,468	6,357	3,756,985
Other Financing Sources (Uses):						
Transfers Out	-	-	-	(400,740)	-	(400,740)
Net Change in Fund Balance	205,843	1,215,220	381,097	1,547,728	6,357	3,356,245
Fund Balance:						
Beginning of Year	225,390	558,012	3,330,238	790,110	55,994	4,959,744
Decrease in Inventories	-	-	-	(20,683)	-	(20,683)
End of Year	<u>\$ 431,233</u>	<u>\$ 1,773,232</u>	<u>\$ 3,711,335</u>	<u>\$ 2,317,155</u>	<u>\$ 62,351</u>	<u>\$ 8,295,306</u>

Capital Projects

<u>Adjacent Ways</u>	<u>Building Renewal</u>	<u>Gifts and Donation</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,553,560
-	-	-	-	480,648
-	-	-	-	5,982,386
-	-	-	-	443,701
16,666	181	-	16,847	83,796
-	-	6,907	6,907	1,005,646
<u>16,666</u>	<u>181</u>	<u>6,907</u>	<u>23,754</u>	<u>17,549,737</u>
-	-	-	-	4,166,691
-	-	-	-	288,322
-	-	2,989	2,989	102,037
-	-	-	-	44,077
-	-	-	-	768,967
-	-	882	882	155,077
-	-	-	-	6,817
-	-	-	-	<u>8,240,881</u>
-	-	<u>3,871</u>	<u>3,871</u>	<u>13,772,869</u>
16,666	181	3,036	19,883	3,776,868
-	-	-	-	<u>(400,740)</u>
16,666	181	3,036	19,883	3,376,128
2,013,928	995	-	2,014,923	6,974,667
-	-	-	-	<u>(20,683)</u>
<u>\$ 2,030,594</u>	<u>\$ 1,176</u>	<u>\$ 3,036</u>	<u>\$ 2,034,806</u>	<u>\$ 10,330,112</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instruction	\$ -	\$ -	\$ 1,827,961	\$ (1,827,961)
Support Services				
Operations and Maintenance of Plant	134,000	134,000	67,085	66,915
Student Transportation	-	-	161,520	(161,520)
Facilities Acquisition	<u>36,666,000</u>	<u>36,666,000</u>	<u>6,538,858</u>	<u>30,127,142</u>
Total Expenditures	<u>36,800,000</u>	<u>36,800,000</u>	<u>8,595,424</u>	<u>28,204,576</u>
Excess (Deficiency) of Revenue Over Expenditures	(36,800,000)	(36,800,000)	(8,595,424)	28,204,576
Fund Balance				
Beginning of Year	-	-	<u>34,376,019</u>	<u>34,376,019</u>
End of Year	<u>\$ (36,800,000)</u>	<u>\$ (36,800,000)</u>	<u>\$ 25,780,595</u>	<u>\$ 62,580,595</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, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Property Taxes	\$ -	\$ 16,285,330	\$ 16,285,330
Intergovernmental	-	91,820	91,820
Investment Earnings	-	343,118	343,118
Total Revenue	<u>-</u>	<u>16,720,268</u>	<u>16,720,268</u>
Expenditures			
Debt Service			
Principal Retirement	13,205,000	13,205,000	-
Interest on Long-Term Debt	<u>4,195,000</u>	<u>4,150,400</u>	<u>44,600</u>
Total Expenditures	<u>17,400,000</u>	<u>17,355,400</u>	<u>44,600</u>
Excess (Deficiency) of Revenue Over Expenditures	(17,400,000)	(635,132)	(16,764,868)
Fund Balance			
Beginning of Year	-	1,584,776	1,584,776
End of Year	<u>\$ (17,400,000)</u>	<u>\$ 949,644</u>	<u>\$ 18,349,644</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 309,665	\$ 309,665
Investment Earnings	-	-	1,298	1,298
Total Revenue	-	-	310,963	310,963
Expenditures				
Instruction	300,000	525,000	105,120	419,880
Total Expenditures	300,000	525,000	105,120	419,880
Net Change in Fund Balance	(300,000)	(525,000)	205,843	730,843
Fund Balance				
Beginning of Year	-	-	225,390	225,390
End of Year	\$ (300,000)	\$ (525,000)	\$ 431,233	\$ 956,233

**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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ -	\$ -	\$ 4,500,951	\$ 4,500,951
Investment Earnings	-	-	27,913	27,913
Total Revenue	-	-	4,528,864	4,528,864
Expenditures				
Instruction	6,693,839	6,293,043	2,933,875	3,359,168
Support Services				
Students	-	-	287,595	(287,595)
Instructional Staff	-	-	92,174	(92,174)
Total Expenditures	6,693,839	6,293,043	3,313,644	2,979,399
Net Change in Fund Balance	(6,693,839)	(6,293,043)	1,215,220	7,508,263
Fund Balance				
Beginning of Year	-	-	558,012	558,012
End of Year	\$ (6,693,839)	\$ (6,293,043)	\$ 1,773,232	\$ 8,066,275

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Charges for Services	\$ -	\$ -	\$ 5,982,386	\$ 5,982,386
Contributions and Donations	-	-	443,701	443,701
Investment Earnings	-	-	32,807	32,807
Other	-	-	906,097	906,097
Total Revenue	-	-	7,364,991	7,364,991
Expenditures:				
Instruction	1,085,040	1,299,830	1,043,674	256,156
Support Services:				
Students	756	905	727	178
Instructional Staff	7,146	8,561	6,874	1,687
General Administration	45,824	54,895	44,077	10,818
Business and Other Support Services	798,198	956,207	767,768	188,439
Operations and Maintenance of Plant	156,799	187,838	150,821	37,017
Student Transportation	7,087	8,490	6,817	1,673
Operation of Noninstructional Services	5,159,849	6,181,273	4,963,136	1,218,137
Total Expenditures	7,260,700	8,698,000	6,983,894	1,714,106
Net Change in Fund Balance	(7,260,700)	(8,698,000)	381,097	9,079,097
Fund Balance				
Beginning of Year	-	-	3,330,238	3,330,238
End of Year	\$ (7,260,700)	\$ (8,698,000)	\$ 3,711,335	\$ 12,409,335

**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, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Intergovernmental	\$ -	\$ 4,742,944	\$ 4,742,944
Food Service Sales	-	480,648	480,648
Investment Earnings	-	4,931	4,931
Other	-	2,263	2,263
Total Revenue	<u>-</u>	<u>5,230,786</u>	<u>5,230,786</u>
Expenditures			
Business and Other Support Services	-	1,199	(1,199)
Operations and Maintenance of Plant	-	3,374	3,374
Operation of Noninstructional Services	<u>3,500,000</u>	<u>3,277,745</u>	<u>222,255</u>
Total Expenditures	<u>3,500,000</u>	<u>3,282,318</u>	<u>224,430</u>
Excess (Deficiency) of Revenue Over Expenditures	(3,500,000)	1,948,468	5,448,468
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>(400,740)</u>	<u>(400,740)</u>
Net Change in Fund Balance	(3,500,000)	1,547,728	5,047,728
Fund Balance			
Beginning of Year	-	790,110	790,110
Decrease in Inventories	-	(20,683)	(20,683)
End of Year	<u>\$ (3,500,000)</u>	<u>\$ 2,317,155</u>	<u>\$ 5,817,155</u>

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
 STUDENT ACTIVITIES FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Other	\$ -	\$ 90,379	\$ 90,379
Total Revenue	-	90,379	90,379
Expenditures			
Instruction	75,000	84,022	(9,022)
Total Expenditures	75,000	84,022	(9,022)
Excess (Deficiency) of Revenue Over Expenditures	(75,000)	6,357	81,357
Fund Balance			
Beginning of Year	-	55,994	55,994
End of Year	\$ (75,000)	\$ 62,351	\$ 137,351

**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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Investment Earnings	\$ -	\$ -	\$ 16,666	\$ 16,666
Expenditures				
Facilities Acquisition	<u>1,900,000</u>	<u>2,013,928</u>	<u>-</u>	<u>2,013,928</u>
Net Change in Fund Balance	(1,900,000)	(2,013,928)	16,666	1,916,666
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>2,013,928</u>	<u>2,013,928</u>
End of Year	<u>\$ (1,900,000)</u>	<u>\$ (2,013,928)</u>	<u>\$ 2,030,594</u>	<u>\$ 3,930,594</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, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue			
Investment Earnings	\$ -	\$ 181	\$ 181
Total Revenue	<u>-</u>	<u>181</u>	<u>181</u>
Expenditures			
Operations and Maintenance of Plant	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net Change in Fund Balance	(250,000)	181	250,181
Fund Balance			
Beginning of Year	-	995	995
End of Year	<u>\$ (250,000)</u>	<u>\$ 1,176</u>	<u>\$ 251,176</u>

STATISTICAL SECTION (UNAUDITED)

This section of the Madison Elementary School District No. 38's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Position:										
Net Investment in										
Capital Assets	\$ 28,886,447	\$ 33,223,823	\$ 36,479,785	\$ 41,702,942	\$ 41,487,673	\$ 49,400,667	\$ 57,279,443	\$ 62,640,532	\$ 73,088,054	\$ 67,678,364
Restricted	5,475,236	5,776,652	7,505,774	8,478,182	8,400,595	10,028,738	10,166,771	10,640,755	9,041,620	26,292,990
Unrestricted	8,552,604	10,007,561	(31,248,467)	(29,587,767)	(24,922,798)	(21,578,239)	(19,724,392)	(20,734,716)	(21,114,939)	(19,160,228)
Total Net Position	<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>	<u>\$ 61,014,735</u>	<u>\$ 74,811,126</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Instruction	\$ 22,444,370	\$ 23,916,409	\$ 26,043,027	\$ 26,284,948	\$ 24,529,178	\$ 25,519,103	\$ 28,683,960	\$ 34,150,236	\$ 32,201,204	\$ 34,277,373
Support Services:										
Students	2,682,780	2,894,968	2,943,669	3,081,917	3,010,161	3,144,314	3,784,512	4,544,241	4,740,142	5,087,277
Instructional Staff	2,326,828	2,683,268	2,547,724	2,637,401	2,286,689	2,446,633	2,621,778	3,007,295	3,046,733	3,414,980
General Administration	270,605	912,740	917,201	1,599,818	1,493,150	1,225,621	1,473,418	1,799,244	2,085,346	1,663,143
School Administration	2,000,959	2,249,903	2,347,131	2,202,798	2,191,100	2,158,640	2,215,940	2,528,826	2,425,142	2,555,458
Business and Other Support Services	4,959,115	2,761,291	3,305,329	3,146,252	2,697,745	2,371,792	3,140,777	4,139,474	4,053,426	4,780,371
Operation and Maintenance of Plant	7,682,311	7,288,686	6,675,133	7,098,016	6,660,994	6,912,434	6,825,244	7,438,146	7,839,795	8,041,375
Student Transportation	1,831,064	1,764,756	1,903,516	2,039,168	1,723,903	1,994,677	2,299,510	2,079,706	1,926,810	2,171,908
Operation of Noninstructional Services	5,112,071	5,198,686	5,666,565	6,207,372	6,425,419	6,542,419	7,479,698	7,838,617	7,183,699	8,631,319
Interest on Long-Term Debt	3,550,959	2,851,336	3,022,663	2,464,906	2,759,879	2,953,970	2,944,299	2,898,181	1,946,239	1,759,136
Total Governmental Activities	<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>	<u>67,448,536</u>	<u>72,382,340</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Instruction	3,869,773	4,101,212	5,213,521	5,447,725	5,688,882	5,529,413	6,133,436	5,168,551	3,356,306	6,697,240
Operation of Noninstructional services	951,644	983,217	1,002,700	1,104,413	1,059,846	1,331,647	1,565,531	1,258,798	367,943	571,027
Operating Grants and Contributions	6,829,037	7,421,966	7,078,859	7,124,468	7,695,717	8,551,032	8,590,839	8,524,455	11,082,328	17,933,396
Capital Grants and Contributions	92,825	-	-	-	-	225,085	-	32,035	24,456	-
Total Governmental Activities	<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>	<u>14,831,033</u>	<u>25,201,663</u>

(Continued)

(Concluded)	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (40,015,648)	\$ (42,076,878)	\$ (42,076,878)	\$ (43,085,990)	\$ (39,333,773)	\$ (45,179,330)	\$ (45,179,330)	\$ (55,440,127)	\$ (52,617,503)	\$ (47,180,677)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	33,347,420	34,355,152	36,084,922	36,946,942	37,395,083	39,282,450	38,387,816	42,512,628	43,413,110	43,441,497
Unrestricted Grants and Contributions	10,452,804	11,243,359	11,683,162	13,091,289	11,744,700	11,718,644	14,562,546	15,627,204	14,215,528	15,960,694
Investment earnings	117,377	107,118	156,966	260,628	272,318	649,434	1,045,803	1,099,627	677,301	605,659
Other	296,004	403,768	596,970	643,396	820,628	867,594	1,053,821	1,025,417	1,149,623	969,218
Total Governmental Activities	<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>	<u>59,455,562</u>	<u>60,977,068</u>
Special Item - Loss on Disposal of Assets	-	-	-	-	(6,526,843)	-	-	-	-	-
Change in Net Position										
Governmental Activities	<u>\$ 4,197,957</u>	<u>\$ 4,032,519</u>	<u>\$ 6,445,142</u>	<u>\$ 6,445,142</u>	<u>\$ 10,898,956</u>	<u>\$ 7,338,792</u>	<u>\$ 9,870,656</u>	<u>\$ 4,824,749</u>	<u>\$ 6,838,059</u>	<u>\$ 13,796,391</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable										
Prepaid Items	\$ 403,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	35,621	25,030	26,993	38,438	11,217	6,241	43,570	53,265	64,137	56,877
Unassigned	9,053,530	10,955,935	12,259,273	13,717,929	18,218,494	19,365,303	19,684,889	20,015,442	22,351,361	26,229,662
Total General Fund	<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>	<u>\$ 22,415,498</u>	<u>\$ 26,286,539</u>
All Other Governmental Funds:										
Nonspendable/										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,136	\$ 47,125	\$ 33,657	\$ 12,974
Restricted	12,176,673	9,212,033	41,680,967	24,836,972	48,051,134	20,715,689	34,746,835	56,497,450	43,037,510	37,047,377
Unassigned	-	-	-	-	(28,377)	-	-	-	-	(458,386)
Total All Other Governmental Funds	<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>\$ 34,770,971</u>	<u>\$ 56,544,575</u>	<u>\$ 43,071,167</u>	<u>\$ 36,601,965</u>

Source: District's Business and Finance Department.

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property Taxes	\$ 32,692,483	\$ 34,961,246	\$ 36,017,231	\$ 36,280,473	\$ 37,377,781	\$ 39,328,787	\$ 40,604,197	\$ 42,457,605	\$ 43,484,102	\$ 43,455,984
Intergovernmental:										
Federal Aid and Grants	6,269,374	6,926,596	4,262,804	4,248,937	4,590,357	5,185,037	4,977,928	5,059,287	8,018,465	5,257,075
State Aid and Grants	9,610,384	10,107,095	12,856,726	14,305,083	13,144,332	13,533,621	16,230,021	17,334,634	15,872,595	26,244,080
County aid and grants	877,635	900,356	911,107	895,811	880,839	894,346	1,079,883	1,115,123	1,070,290	1,154,594
Food Services Sales	951,644	983,217	1,002,700	1,104,413	1,059,846	1,331,647	1,565,531	1,258,798	298,856	480,648
Charges for Services	3,869,773	4,101,212	5,213,521	5,447,725	5,688,882	5,529,413	6,133,436	5,168,551	3,356,306	6,697,240
Contributions and Donations	705,996	731,276	731,384	765,927	824,889	881,757	865,553	674,650	360,962	517,154
Investment Earnings	117,079	106,832	156,702	260,341	272,318	649,434	1,045,719	1,098,770	677,301	605,659
Other	296,010	403,768	596,970	643,396	820,628	867,594	1,053,821	1,026,271	1,218,710	1,059,598
Total Revenues	55,390,378	59,221,598	61,749,145	63,952,106	64,659,872	68,201,636	73,556,089	75,193,689	74,357,587	85,472,032
Expenditures										
Current:										
Instruction	20,435,699	21,571,526	22,997,355	23,511,724	22,090,820	23,551,435	27,116,197	28,434,550	27,145,890	30,931,447
Support Services:										
Students	2,574,348	2,756,656	2,793,841	2,996,762	2,918,074	3,209,854	3,992,146	4,349,810	4,439,269	5,085,244
Instructional Staff	2,290,256	2,631,040	2,493,254	2,606,856	2,256,673	2,371,308	2,780,623	2,944,076	2,915,469	3,162,635
General Administration	674,763	761,509	680,331	1,356,076	1,219,008	970,521	1,248,656	1,252,908	1,503,367	988,164
School Administration	1,996,203	2,239,411	2,304,873	2,203,824	2,216,968	2,290,542	2,429,806	2,447,114	2,248,297	2,382,354
Business and Other	4,647,885	3,187,962	3,513,578	3,599,482	2,841,321	2,493,674	3,292,301	3,659,397	3,719,767	4,108,956
Operation/Maintenance of Plant	5,627,167	6,016,058	5,380,864	5,915,974	5,692,886	5,959,603	6,025,449	6,343,447	6,660,786	6,892,379
Student Transportation	1,722,277	1,562,252	1,889,057	2,104,368	1,986,481	2,062,426	2,232,135	2,114,933	1,613,198	1,952,170
Operation of Noninstructional Services	5,110,047	5,364,711	5,697,978	6,198,277	6,686,039	6,753,757	7,851,127	7,629,559	6,783,475	8,520,372
Capital Outlay:										
Facilities										
Acquisition/Construction	3,936,419	4,124,081	4,418,941	17,325,778	13,010,048	29,342,330	11,287,666	12,432,155	11,029,972	6,663,129
Debt Service:										
Principal	6,490,000	7,540,000	8,425,000	8,810,000	8,840,000	11,625,000	12,665,000	12,705,000	12,730,000	13,205,000
Interest and Fiscal Charges	3,245,639	2,929,076	2,616,133	2,714,276	2,732,740	3,732,694	3,703,934	3,568,234	4,692,118	4,150,400
Bond Issuance Costs	-	-	484,269	-	276,509	-	210,412	388,275	-	-
Total Expenditures	58,750,703	60,684,282	63,695,474	79,343,397	72,767,567	94,363,144	84,835,452	88,269,458	85,481,608	88,042,250

(continued)

(Concluded)	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess of Revenues Over (Under) Expenditures	\$ (3,360,325)	\$ (1,462,684)	\$ (1,946,329)	\$ (15,391,291)	\$ (8,107,695)	\$ (26,161,508)	\$ (11,279,363)	\$ (13,075,769)	\$ (11,124,021)	\$ (2,570,218)
Other Financing Sources (Uses)										
Proceeds of Issuance of Long-Term Debt	-	-	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	-	-	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	413,127	382,397	404,539	328,461	383,782	214,381	259,772	41,259	240,955	745,873
Transfers Out	(413,127)	(382,397)	(404,539)	(328,461)	(383,782)	(214,381)	(259,772)	(41,259)	(240,955)	(745,873)
Total Other Financing Sources (Uses)	-	-	35,716,293	-	35,793,548	-	25,652,494	35,156,937	-	-
Net Change in Fund Balance	\$ (3,360,325)	\$ (1,462,684)	\$ 33,769,964	\$ (15,391,291)	\$ 27,685,853	\$ (26,161,508)	\$ 14,373,131	\$ 22,081,168	\$ (11,124,021)	\$ (2,570,218)
Debt Service as a Percentage of Noncapital Expenditures	18%	19%	19%	19%	19%	24%	22%	22%	23%	21%

Source: District's Business and Finance Department.

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
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
2021	1,597,453,863	1.83	14,162,717,110	11.28
2022	1,731,895,341	1.83	15,276,426,717	11.34

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
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
2021	1,128,046,521	2.03	9,946,318,194	11.34
2022	1,192,160,446	2.03	10,493,798,555	11.36

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

Note: Information for secondary assessed values by major component were not available.

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
NET LIMITED PROPERTY VALUATION BY PROPERTY CLASSIFICATION
2022 AND 2021
(UNAUDITED)

Description	Net Limited Property Valuation	As Percent of District's Total Net Limited Property Valuation
<u>Fiscal Year Ended June 30, 2022</u>		
Mining, Utility, Telecommunications, Commercial and Industrial	\$ 462,040,269	38.76 %
Agricultural and Vacant	16,838,323	1.41
Residential (owner occupied)	482,531,620	40.48
Residential (rental)	226,059,995	18.96
Historic property	4,677,508	0.39
Improvements on Federal, State, County or Municipal Property	12,731	0.00
Total	<u>\$ 1,192,160,446</u>	<u>100.00 %</u>
<u>Fiscal Year Ended June 30, 2021</u>		
Mining, Utility, Telecommunications, Commercial and Industrial	\$ 436,700,365	36.63 %
Agricultural and Vacant	16,199,298	1.36
Residential (owner occupied)	458,111,484	38.43
Residential (Rental)		
Residential (rental)	212,675,863	17.84
Historic property	4,347,386	0.36
Improvements on Federal, State, County or Municipal Property	12,125	0.00
Total	<u>\$ 1,128,046,521</u>	<u>94.62 %</u>

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

**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
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
2021	1.35	1.23	4.72	2.12	1.83	2.03	3.86
2022	1.35	1.23	4.72	2.12	1.83	2.03	3.86

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

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2022 AND 2013
(UNAUDITED)**

Taxpayer	2022		Taxpayer	2013	
	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	\$ 34,167,288	2.87 %	Metropolitan Life Insurance Co.	\$ 47,910,762	3.51 %
Bre Iconic Abr Owner LLC	21,339,843	1.79	KSL Biltmore Resort Inc.	30,675,530	2.25
Biltmore Shopping Center Owner LLC	20,196,513	1.69	East Camelback Road, Inc.	26,489,522	1.94
Biltmore Shopping Center Partners	15,038,143	1.26	Biltmore Shopping Center Partners	18,814,833	1.38
Arizona Public Service Company	13,396,495	1.12	Camelback Colonnade SPE LLC	16,816,537	1.23
FR Camelback Colonnade LLC	12,393,229	1.04	KBS TRS Fund IV	16,162,637	1.18
REEP-IMPIC OFC 24th Camelback AZ LLC	11,848,901	0.99	GLL Properties I LP	16,009,521	1.17
24th and Camelback Phase II LLC	11,053,837	0.93	Teachers Insurance and Annuity Association	15,471,401	1.13
3131 Camelback Road LLC	10,255,457	0.86	Camelback Properties Trust Number 2	15,182,095	1.11
Anchor Centre LLC	9,583,101	0.80	Transwestern Anchor Center LLC	14,280,488	1.05
Total	<u>\$ 159,272,807</u>	<u>13.36 %</u>	Total	<u>\$ 217,813,326</u>	<u>15.95 %</u>

Source: Maricopa County Assessor's records.

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
2013	\$ 35,374,708	\$ 34,912,688	98.69 %	\$ 462,020	\$ 35,374,708	100.00 %
2014	37,251,039	36,853,087	98.93	397,952	37,251,039	100.00
2015	38,534,454	36,017,231	93.47	2,514,314	38,531,545	99.99
2016	39,512,888	36,280,473	91.82	3,231,332	39,511,805	100.00
2017	39,902,702	37,377,781	93.67	2,522,503	39,900,284	99.99
2018	41,765,612	40,604,197	97.22	1,158,419	41,762,616	99.99
2019	43,932,565	43,365,819	98.71	563,731	43,929,550	99.99
2020	45,027,439	44,296,040	98.38	723,822	45,019,862	99.98
2021	46,051,768	45,475,472	98.75	567,389	46,042,861	99.98
2022	46,077,162	45,552,484	98.86	-	45,552,484	98.86

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 OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Estimated Net Value	Per Capita Bonded Debt	Per Capita Total Debt	Percentage of Personal Income
	General Obligation Bonds	Capital Leases					
2013	\$ 64,173,664	\$ -	\$ 64,173,664	0.86 %	\$ 1,125	\$ 1,125	0.03 %
2014	56,555,924	-	56,555,924	0.81	975	975	0.02
2015	84,539,117	-	84,539,117	1.25	1,430	1,430	0.03
2016	75,402,783	-	75,402,783	0.85	1,251	1,251	0.03
2017	102,029,997	-	102,029,997	1.03	1,662	1,662	0.03
2018	89,549,309	-	89,549,309	0.83	1,437	1,437	0.03
2019	101,489,792	-	101,489,792	0.87	1,591	1,591	0.03
2020	122,806,437	-	122,806,437	0.96	1,925	1,925	0.03
2021	105,623,489	-	105,623,489	0.75	1,628	1,628	0.03
2022	89,950,261	-	89,950,261	0.59	1,413	1,413	0.02

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
JUNE 30, 2022 AND 2021
(UNAUDITED)

<u>For Fiscal Year Ended June 30, 2021</u>	Per Capita Bonded Debt Population Estimated at 64,879	As Percent of District's Total 2020/21 Net Assessed Limited Property Value	As Percent of District's 2020/21 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 1,628.01	9.36%	6.61%
Net Direct and Overlapping General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 230,607.50	1326.33%	936.59%
<u>For Fiscal Year Ended June 30, 2022</u>	Per Capita Bonded Debt Population Estimated at 63,651	As Percent of District's Total 2021/22 Net Assessed Limited Property Value	As Percent of District's 2021/22 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 1,413.18	7.55%	5.19%
Net Direct and Overlapping General Obligation Bonded Debt Outstanding and to be Outstanding	\$ 234,810.31	1253.68%	862.98%

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 GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable to School District	Estimated Share of Overlapping Debt Applicable to School District
Maricopa County Community College District	\$ 184,715,000	2.47 %	\$ 456,246,050
Maricopa Special Health Care District	640,695,000	2.47	1,582,516,650
City of Phoenix	618,905,000	8.08	5,000,752,400
Phoenix Union High School District No. 210	386,570,000	20.22	<u>7,816,445,400</u>
Subtotal, Overlapping Debt			14,855,960,500
Madison Elementary School District No. 38 Direct Debt			<u>89,950,261</u>
Total Direct and Overlapping Debt			<u><u>\$ 14,945,910,761</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
CALCULATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 134,452,960	\$ 123,457,658	\$ 127,445,710	\$ 151,711,082	\$ 168,237,663	\$ 181,237,579	\$ 196,310,916	\$ 218,217,334	\$ 239,618,079	\$ 259,784,301
Total Applicable to Limit	<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>	<u>104,038,713</u>	<u>89,000,617</u>
Legal Debt Margin	<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>	<u>\$ 135,579,366</u>	<u>\$ 170,783,684</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	47%	45%	63%	47%	56%	45%	51%	55%	43%	34%

Source: The District's Business and Finance Department

MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2022
(UNAUDITED)

Net Assessed Full Cash Value		\$ 1,731,895,341
<hr/>		
Legal Debt Margin		
Debt Limitation - 15% of Assessed Value		\$ 259,784,301
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 80,670,000	
Premium	9,280,261	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(949,644)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>89,000,617</u>
Legal Debt Margin		<u>\$ 170,783,684</u>
<hr/>		
Class B Legal Debt Margin		
Debt Limit - the greater of 10% of the net secondary assessed valuation or \$1,500 per student (ADM)		
10% of Net Secondary Assessed Valuation		\$ 173,189,534
\$1,500 Per Student (ADM)		7,989,000
Amount of Debt Applicable to Debt Limit:		
Class B General Obligation and Refunding Bonds Outstanding	\$ 80,670,000	
Premium	9,280,261	
Less: Assets in Debt Service Fund Available for Payment of Principal	<u>(949,644)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>89,000,617</u>
Class B Legal Debt Margin		<u>\$ 84,188,917</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
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
2021	7,278,717	363,274,200,000	48,950	6.80%	64,879	N/A
2022	7,359,197	408,435,433,500	55,500	4.00%	63,651	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 Five-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

Note: N/A indicates the data is not available.

**MADISON ELEMENTARY SCHOOL DISTRICT NO. 38
PRINCIPAL EMPLOYERS
JUNE 30, 2022 AND 2013
(UNAUDITED)**

Employer	2022		2013	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Banner Health	45,918	1.86 %	11,100	0.56 %
State of Arizona	41,606	1.68	32,600	1.63
Walmart, Inc.	36,995	1.50	12,700	0.60
Arizona State University	35,474	1.44	19,600	0.98
Fry's Food Stores	20,235	0.82	-	-
City of Phoenix	16,432	0.67	-	-
University of Arizona	16,021	0.65	9,100	0.46
Wells Fargo & Co.	16,000	0.65	16,006	0.80
Dignity Health Arizona	15,403	0.62	14,100	0.70
Maricopa County	13,648	0.55	10,100	0.50
Total	<u>257,732</u>	10.4 %	<u>125,306</u>	6.2 %
Total Employment	<u>2,470,000</u>		<u>1,995,000</u>	

Source: The Business Journal, *The Book of Lists 2021-22* and the District's AFR for the year ending June 30, 2013.

Note: The information presented is county-wide.

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

Full-Time Equivalent Employees										
Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Supervisory										
Directors/Supervisors of Instruction	13	13	14	15	15	8	10	10	11	6
Principals	8	8	8	8	8	8	8	8	6	8
Assistant Principals	5	7	8	6	6	6	7	6	5	6
Total Supervisory	<u>26</u>	<u>28</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>22</u>	<u>25</u>	<u>24</u>	<u>22</u>	<u>20</u>
Instruction										
Teachers	292	291	290	282	280	280	283	284	288	326
Other Teachers (Adult)	13	11	11	12	10	7	8	14	15	9
Other Professionals (Instructional)	16	20	21	15	17	16	21	22	24	23
Aides	57	82	82	76	84	84	80	107	86	54
Total Instruction	<u>378</u>	<u>404</u>	<u>404</u>	<u>385</u>	<u>391</u>	<u>387</u>	<u>392</u>	<u>427</u>	<u>413</u>	<u>412</u>
Student Services										
Psychologist	-	-	-	8	7	7	8	8	8	7
Librarians	9	9	9	9	8	8	8	8	9	8
Total Student Services	<u>9</u>	<u>9</u>	<u>9</u>	<u>17</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>15</u>
Support and Administration										
Service Workers	237	234	243	248	243	296	294	262	281	308
Total	<u>650</u>	<u>684</u>	<u>695</u>	<u>688</u>	<u>693</u>	<u>735</u>	<u>743</u>	<u>745</u>	<u>750</u>	<u>770</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
2013	5,528	\$ 44,878,259	\$ 8,118	0.89 %	\$ 79,343,397	\$ 14,353	18.04 %	292	18.9	46.0 %
2014	5,571	46,091,125	8,273	1.91	58,544,587	10,509	(26.78)	291	19.1	43.5
2015	5,522	46,218,497	8,370	1.17	60,684,282	10,990	4.57	290	19.0	43.1
2016	5,614	50,493,343	8,994	7.46	63,695,474	11,346	3.24	282	19.9	39.2
2017	5,533	47,915,198	8,660	(3.72)	79,343,397	14,340	26.39	280	19.8	38.2
2018	5,529	49,663,120	8,982	3.72	72,214,272	13,061	(8.92)	280	19.7	34.8
2019	5,661	56,968,440	10,063	12.04	94,363,144	16,669	27.62	283	20.0	34.8
2020	5,594	59,175,794	10,578	5.12	84,835,452	15,165	(9.02)	284	19.7	34.8
2021	5,309	58,029,518	10,930	3.33	85,481,608	16,101	6.17	288	18.4	30.4
2022	5,326	64,023,721	12,021	9.98	88,042,250	16,531	2.67	326	16.3	30.4

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schools										
Elementary										
Buildings	32	32	32	32	32	32	32	27	27	27
Square Feet	393,997	393,997	393,997	406,456	406,456	424,649	424,649	334,748	362,841	362,841
Enrollment	3,563	3,563	3,563	3,549	3,548	3,537	3,428	2,990	2,667	2,429
Middle										
Buildings	33	33	33	33	33	33	33	23	21	21
Square Feet	323,784	323,784	323,784	323,784	323,184	323,184	323,184	337,994	377,768	377,768
Enrollment	2,414	2,414	2,414	2,414	2,366	2,808	2,233	2,604	2,431	2,890
Other										
Buildings	4	4	4	4	4	4	5	6	7	7
Square Feet	44,570	44,570	44,570	44,570	50,370	50,370	50,370	83,644	190,482	190,482

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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