

# TEMPE ELEMENTARY SCHOOL

## DISTRICT NO. 3

Tempe, AZ



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**

**TEMPE, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Issued by:  
Business and Finance Department

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## **INTRODUCTORY SECTION**

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November 28, 2016

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

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Tempe Elementary School District No. 3 (District) for the fiscal year ended June 30, 2016.

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

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, 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, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

**Governing Board**

Teresa Devine

Jim Lemmon

Patrick Morales

Evan Rogers

Rochelle L. Wells

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles & Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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

## **PROFILE OF THE DISTRICT**

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from preschool through grade eight, with an estimated current enrollment of 11,500 students.

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

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy.** The greater Phoenix area, which includes the city of Tempe, continues to be an attractive place to live and work. It has been one of the most rapidly growing metropolitan areas in the country in terms of population, employment, affordable housing and retail sales. This growth has been stimulated by a combination of warm climate, a substantial well-educated labor pool, a wide range of support industries, and a governmental climate that is supportive of economic growth and investment.

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

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

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

**Long-term Financial Planning.** The District's financial future looks positive as the economy continues to recover and student enrollment remains steady. The recent passage of Proposition 123, which provided an additional \$2.2 million to the District's budget, provides for annual inflation funding that will help with rising employee and benefit costs. In order to maintain student enrollment stability, the District continues to focus on the marketing of schools and expansion of academic programs. The District is currently exploring opening a Montessori program as another school choice for parents and students.

During fiscal year 2015-16, the District committed its remaining bond funds to the completion of Laird K-8 construction and the renovation of Arredondo School. In order to continue the recommendations set forth by the Long-Range Facility Committee, the District created a 10-year, \$165 million bond program. This program includes the complete renovation of seven schools, provides for critical maintenance activities at all District sites and replaces aging school transportation vehicles. On November 8, 2016, the voters approved a \$165 bond election to fund the 10-year plan and the District will begin planning for the renovation of the next two school sites.

## **AWARDS AND ACKNOWLEDGMENTS**

**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty-fourth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2016 certificates.

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

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

Respectfully submitted,



Christine Busch  
Superintendent



Elizabeth Yeskey, CPA  
Assistant Superintendent of Business  
and Support Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Tempe Elementary School District No. 3**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

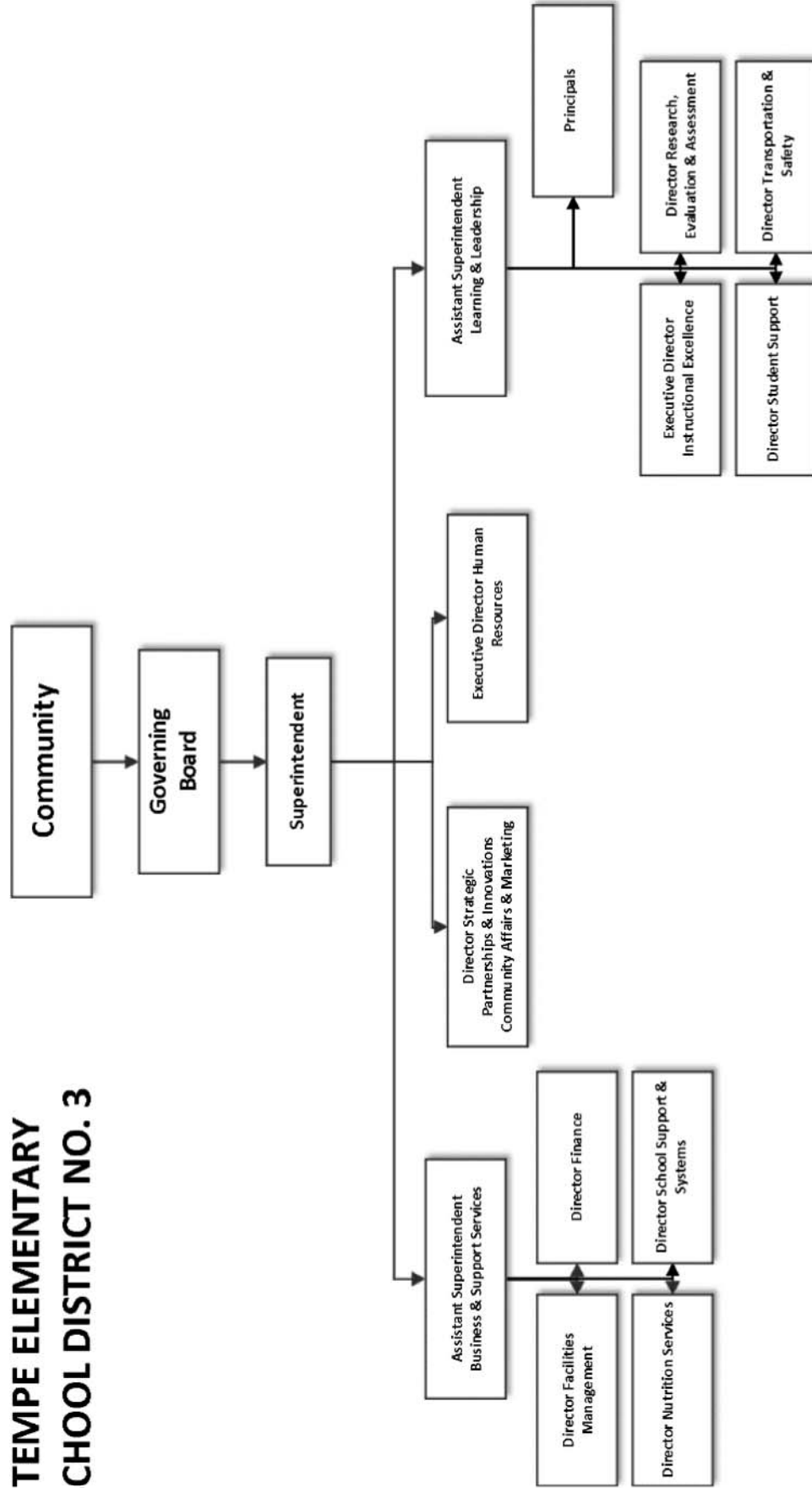
**Tempe Elementary School  
District No. 3, Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3



**TEMPE ELEMETARY SCHOOL DISTRICT NO. 3**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Rochelle L. Wells, President

Teresa Devine, Vice President

Jim Lemmon, Member

Patrick Morales, Member

Evan Rogers, Member

**ADMINISTRATIVE STAFF**

Christine Busch, Superintendent

Elizabeth Yeskey, CPA, Assistant Superintendent of Business and Support Services

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Tempe Elementary School District No. 3

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tempe Elementary School District No. 3 (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tempe Elementary School District No. 3, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

#### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of Tempe Elementary School District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tempe Elementary School District No. 3's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
November 28, 2016

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

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

As management of the Tempe Elementary School District No. 3 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$5.7 million from the prior fiscal year as a result of an increase in unrestricted state aid and efforts by the District in prior years to reduce overall expenses.
- General revenues accounted for \$103.6 million in revenue, or 85 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$18.4 million or 15 percent of total current fiscal year revenues.
- The District had approximately \$116.3 million in expenses related to governmental activities, a decrease of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$79.8 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$77.9 million in expenditures. The General Fund's fund balance increased from \$7.6 million at the prior fiscal year end, to \$8.7 million at the end of the current fiscal year.
- The Bond Building Fund's fund balance decreased \$18.7 million as a result of the utilization of prior year bond proceeds for the demolition and reconstruction of school sites.
- Net position for the Internal Service Funds increased \$3.4 from the prior fiscal year. Operating revenues of \$12.5 million exceeded operating expenses of \$11.7 million at the end of the current fiscal year.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**OVERVIEW OF 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 accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Unrestricted Capital Outlay, and Bond Building Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information. Schedules for the pension plan and other postemployment benefit information have been provided as required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$5.9 million at the current fiscal year end.

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
Current and other assets	\$ 73,008,586	\$ 88,158,966
Capital assets, net	160,465,040	151,170,608
Total assets	<u>233,473,626</u>	<u>239,329,574</u>
Deferred outflows	<u>13,088,219</u>	<u>15,814,044</u>
Current and other liabilities	6,657,899	6,231,854
Long-term liabilities	225,350,938	231,779,578
Total liabilities	<u>232,008,837</u>	<u>238,011,432</u>
Deferred inflows	<u>8,690,970</u>	<u>17,011,297</u>
Net position:		
Net investment in capital assets	68,816,757	78,080,726
Restricted	15,701,861	8,085,327
Unrestricted	(78,656,580)	(86,045,164)
Total net position	<u>\$ 5,862,038</u>	<u>\$ 120,889</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission reported a deficit of \$78.7 million. The deficit is due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The principal retirement of \$12.8 million of bonds and \$416,148 of bond premium.
- The addition of \$21.0 million in capital assets through the construction of new schools, and other school improvements and purchases of vehicles, furniture and equipment.
- The disposal of \$7.9 million of assets.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

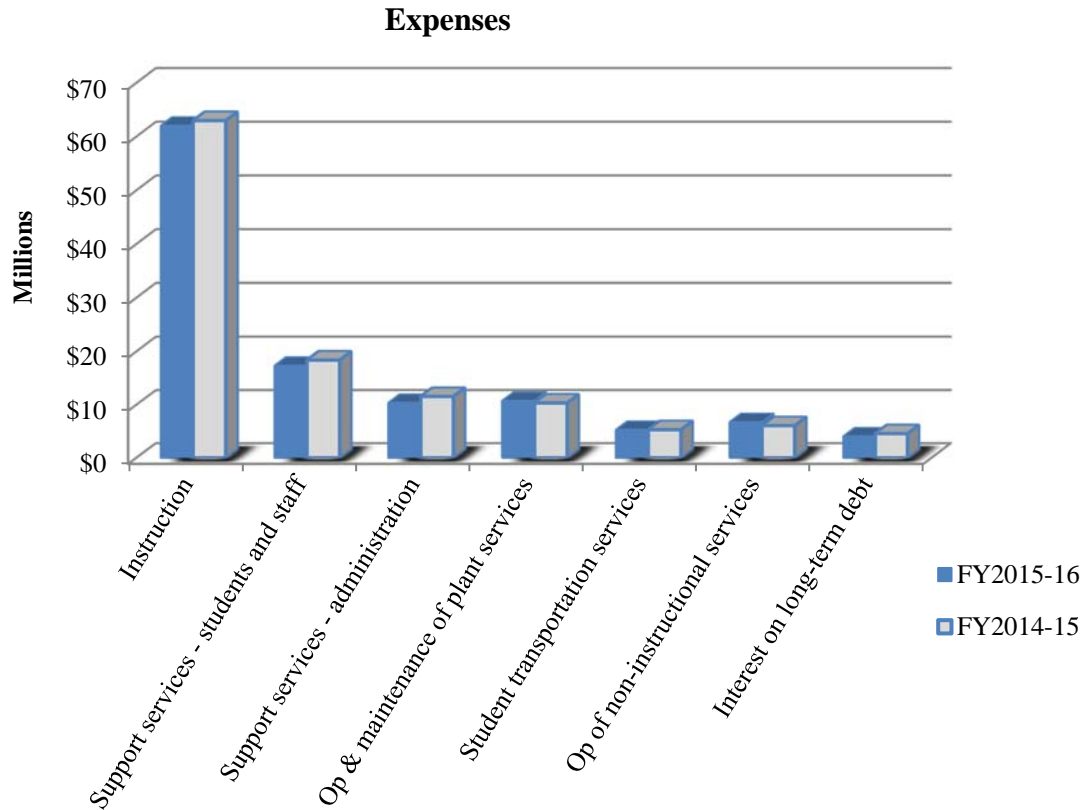
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in net position.** The District's total revenues for the current fiscal year were \$122.0 million. The total cost of all programs and services was \$115.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 2,936,449	\$ 1,420,971
Operating grants and contributions	15,050,097	19,660,855
Capital grants and contributions	416,099	
General revenues:		
Property taxes	68,974,354	75,063,132
Investment income	325,412	182,748
Unrestricted county aid	2,677,945	2,635,800
Unrestricted state aid	30,952,618	25,940,157
Unrestricted federal aid	707,835	983,827
Other		1,265,964
<b>Total revenues</b>	<u>122,040,809</u>	<u>127,153,454</u>
<b>Expenses:</b>		
Instruction	61,995,783	62,967,577
Support services – students and staff	17,314,563	18,370,386
Support services – administration	10,337,501	11,540,471
Operation and maintenance of plant services	10,706,868	10,308,661
Student transportation services	5,237,098	5,279,882
Operation of non-instructional services	6,696,722	6,036,209
Interest on long-term debt	4,011,125	4,534,064
<b>Total expenses</b>	<u>116,299,660</u>	<u>119,037,250</u>
<b>Changes in net position</b>	<u>5,741,149</u>	<u>8,116,204</u>
<b>Net position, beginning</b>	120,889	(7,995,315)
<b>Net position, ending</b>	<u>\$ 5,862,038</u>	<u>\$ 120,889</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- Property tax revenues decreased \$6.1 million due to a decrease of the District's primary and secondary tax rates.
- Operating grants and contributions decreased \$4.6 million due to a change in presentation of Classroom Site Fund revenues to unrestricted state aid.
- Unrestricted state aid increased by \$5.0 million due to additional funding from Proposition 123.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	<u>Year Ended June 30, 2016</u>		<u>Year Ended June 30, 2015</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Instruction	\$ 61,995,783	\$ (55,232,374)	\$ 62,967,577	\$ (53,309,476)
Support services – students and staff	17,314,563	(14,398,631)	18,370,386	(14,500,033)
Support services – administration	10,337,501	(10,300,171)	11,540,471	(11,540,471)
Operation and maintenance of plant services	10,706,868	(9,045,671)	10,308,661	(9,294,579)
Student transportation services	5,237,098	(5,172,785)	5,279,882	(5,223,567)
Operation of non-instructional services	6,696,722	(81,435)	6,036,209	98,750
Interest on long-term debt	4,011,125	(3,665,948)	4,534,064	(4,186,048)
Total	<u>\$116,299,660</u>	<u>\$ (97,897,015)</u>	<u>\$119,037,250</u>	<u>\$ (97,955,424)</u>

- The cost of all governmental activities this year was \$116.3 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$18.4 million.
- Net cost of governmental activities of \$97.9 million was financed by general revenues, which are made up of primarily property taxes of \$69.0 million and state and county aid of \$33.6 million.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$47.4 million, a decrease of \$17.7 million primarily due to school renovations.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

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

The General Fund comprises 18.3 percent of the total fund balance. Approximately \$8.6 million, or 99.4 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$1.1 million in the General Fund to \$8.7 million as of fiscal year end. General Fund revenues decreased \$126,378. General Fund expenditures decreased \$1.2 million, which is a 1.5 percent decrease from the prior year.

The Debt Service Fund's fund balance increased \$540,319 to \$3.4 million as of fiscal year end. Debt Service Fund revenues decreased \$4.0 million as a result of a decrease in the District's secondary tax rate. Debt Service Fund expenditures increased \$669,820, which is an increase of 4.1 percent from the prior year.

The Bond Building Fund's fund balance decreased \$18.7 million to \$23.7 million as of fiscal year end as a result of the utilization of prior year bond proceeds for the demolition of old buildings and the construction of new schools and renovations.

**Proprietary funds.** Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$3.5 million. The increase of \$3.4 million from the prior fiscal year was primarily due to the establishment of the Insurance Benefit Fund. Funds from the governmental fund balance were transferred in of \$2.5 million during the year to fund first year expenses.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for additional revenues received from Proposition 123. The difference between the original budget and the final amended budget was a \$2.3 million increase, or 2.9 percent.

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

- The favorable variance of \$4.7 million in instruction expenditures was a result of the passage of Proposition 123 late in the fiscal year. The additional funds awarded are to be carried forward to fiscal year 2016-17 and used for employee salary increases.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$251.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$13.0 million from the prior fiscal year, primarily due to school renovations. Total depreciation expense for the current fiscal year was \$8.0 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2015.

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Capital assets – non-depreciable	\$ 3,337,180	\$ 3,782,834
Capital assets – depreciable, net	<u>157,127,860</u>	<u>147,387,774</u>
Total	<u>\$ 160,465,040</u>	<u>\$ 151,170,608</u>

The estimated cost to complete current construction projects is \$12.4 million.

Additional information on the District's capital assets can be found in Note 6.

**Debt Administration.** At year end, the District had \$118.0 million in long-term debt outstanding, \$12.8 million due within one year. Long-term debt decreased by \$12.0 million.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$221.3 million and the Class B debt limit is \$147.5 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 9 and 10.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2016**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-17 budget. Among them:

- Fiscal year 2015-16 budget balance carry forward (estimated \$4.0 million).
- District student population (estimated 11,500).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased 2.4 percent to \$83.1 million in fiscal year 2016-17. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2016-17 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Tempe Elementary School District No. 3, 3205 South Rural Road, Tempe, Arizona 85285-7708.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 58,159,530
Property taxes receivable	2,515,635
Deposits held by others	100,006
Accounts receivable	91,314
Due from governmental entities	12,008,274
Inventory	133,827
Total current assets	73,008,586
Noncurrent assets:	
Capital assets not being depreciated	3,337,180
Capital assets, net of accumulated depreciation	157,127,860
Total noncurrent assets	160,465,040
<b>Total assets</b>	<b>233,473,626</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred charge on refunding	2,610,683
Pension plan items	10,477,536
Total deferred outflows of resources	13,088,219
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	1,168,609
Construction contracts payable	2,117,798
Claims payable	925,000
Accrued payroll and employee benefits	361,950
Compensated absences payable	1,424,860
Accrued interest payable	2,076,275
Unearned revenues	8,267
Bonds payable	12,835,000
Total current liabilities	20,917,759
Noncurrent liabilities:	
Non-current portion of long-term obligations	211,091,078
Total noncurrent liabilities	211,091,078
<b>Total liabilities</b>	<b>232,008,837</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	8,690,970
 <b><u>NET POSITION</u></b>	
Net investment in capital assets	68,816,757
Restricted for:	
Voter approved initiatives	550,934
Federal and state projects	379,294
Food service	1,761,497
Civic center	340,388
Community school	448,639
Extracurricular activities fees tax credit	542,111
Other local initiatives	46,663
Debt service	3,620,807
Capital outlay	8,011,528
Unrestricted	(78,656,580)
<b>Total net position</b>	<b>\$ 5,862,038</b>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental activities:</b>						
Instruction	\$ 61,995,783	\$ 1,445,525	\$ 4,901,785	\$ 416,099		\$ (55,232,374)
Support services - students and staff	17,314,563		2,915,932			(14,398,631)
Support services - administration	10,337,501		37,330			(10,300,171)
Operation and maintenance of plant services	10,706,868	722,733	938,464			(9,045,671)
Student transportation services	5,237,098		64,313			(5,172,785)
Operation of non-instructional services	6,696,722	768,191	5,847,096			(81,435)
Interest on long-term debt	4,011,125		345,177			(3,665,948)
<b>Total governmental activities</b>	<u>\$ 116,299,660</u>	<u>\$ 2,936,449</u>	<u>\$ 15,050,097</u>	<u>\$ 416,099</u>		<u>(97,897,015)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	45,894,664
Property taxes, levied for debt service	16,847,311
Property taxes, levied for capital outlay	6,232,379
Investment income	325,412
Unrestricted county aid	2,677,945
Unrestricted state aid	30,952,618
Unrestricted federal aid	707,835
<b>Total general revenues</b>	<u>103,638,164</u>

**Changes in net position**

5,741,149

**Net position, beginning of year**

120,889

**Net position, end of year**

\$ 5,862,038

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

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**FUND FINANCIAL STATEMENTS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General	Debt Service	Unrestricted Capital Outlay
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 18,216,640	\$ 5,548,922
Property taxes receivable	2,050,572	315,442	105,698
Deposits held by others			
Accounts receivable			
Due from governmental entities	9,156,192		378
Due from other funds			1,980,102
Inventory	53,104		
<b>Total assets</b>	<b>\$ 11,259,868</b>	<b>\$ 18,532,082</b>	<b>\$ 7,635,100</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 515,939	\$	\$ 359,548
Construction contracts payable			
Due to other funds	90,373		
Accrued payroll and employee benefits	126,522		
Unearned revenues			
Bonds payable		12,835,000	
Bond interest payable		2,076,275	
<b>Total liabilities</b>	<b>732,834</b>	<b>14,911,275</b>	<b>359,548</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes	1,851,455	240,469	81,579
Unavailable revenues - intergovernmental			
<b>Total deferred inflows of resources</b>	<b>1,851,455</b>	<b>240,469</b>	<b>81,579</b>
Fund balances:			
Nonspendable	53,104		
Restricted		3,380,338	7,193,973
Unassigned	8,622,475		
<b>Total fund balances</b>	<b>8,675,579</b>	<b>3,380,338</b>	<b>7,193,973</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 11,259,868</b>	 <b>\$ 18,532,082</b>	 <b>\$ 7,635,100</b>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 25,704,031	\$ 4,283,901	\$ 53,753,494
	43,923	2,515,635
	100,006	100,006
	34,829	34,829
	2,851,704	12,008,274
		1,980,102
	80,723	133,827
<u>\$ 25,704,031</u>	<u>\$ 7,395,086</u>	<u>\$ 70,526,167</u>
\$ 1,993,634	\$ 276,650	\$ 1,152,137
	124,164	2,117,798
	1,889,729	1,980,102
	210,051	336,573
	8,267	8,267
		12,835,000
		2,076,275
<u>1,993,634</u>	<u>2,508,861</u>	<u>20,506,152</u>
	41,051	2,214,554
	379,294	379,294
	<u>420,345</u>	<u>2,593,848</u>
	80,723	133,827
23,710,397	4,385,157	38,669,865
		8,622,475
<u>23,710,397</u>	<u>4,465,880</u>	<u>47,426,167</u>
<u>\$ 25,704,031</u>	<u>\$ 7,395,086</u>	<u>\$ 70,526,167</u>

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**Total governmental fund balances** **\$ 47,426,167**

Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 251,144,311	
Less accumulated depreciation	<u>(90,679,271)</u>	160,465,040

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

Property taxes	2,214,554	
Intergovernmental	<u>379,294</u>	2,593,848

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. (2,723,680)

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

Deferred outflows of resources related to pensions	10,477,536	
Deferred inflows of resources related to pensions	<u>(8,690,970)</u>	1,786,566

The Internal Service Fund is used by management to charge the cost of insurance and transportation to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 3,495,672

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

Other postemployment benefits payable	(1,584,043)	
Compensated absences payable	(2,883,446)	
Net pension liability	(102,914,086)	
Bonds payable	<u>(99,800,000)</u>	<u>(207,181,575)</u>

**Net position of governmental activities** **\$ 5,862,038**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>
<b>Revenues:</b>			
Other local	\$ 4,259,665	\$ 38,063	\$ 40,224
Property taxes	47,104,652	16,930,816	5,252,313
State aid and grants	27,708,760		15,009
Federal aid, grants and reimbursements	707,835	345,177	
<b>Total revenues</b>	<u>79,780,912</u>	<u>17,314,056</u>	<u>5,307,546</u>
<b>Expenditures:</b>			
Current -			
Instruction	41,397,974		
Support services - students and staff	13,322,227		
Support services - administration	9,460,125		
Operation and maintenance of plant services	9,653,938		
Student transportation services	3,891,523		
Operation of non-instructional services	59,058		
Capital outlay	153,536		5,511,596
Debt service -			
Principal retirement		12,835,000	
Interest and fiscal charges		4,154,615	
<b>Total expenditures</b>	<u>77,938,381</u>	<u>16,989,615</u>	<u>5,511,596</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,842,531</u>	<u>324,441</u>	<u>(204,050)</u>
<b>Other financing sources (uses):</b>			
Transfer in	862,515	215,878	
Transfer out	(1,648,683)		
<b>Total other financing sources (uses):</b>	<u>(786,168)</u>	<u>215,878</u>	
<b>Changes in fund balances</b>	<u>1,056,363</u>	<u>540,319</u>	<u>(204,050)</u>
<b>Fund balances, beginning of year</b>	7,596,530	2,840,019	7,460,959
Increase (decrease) in reserve for prepaid items			(62,936)
Increase (decrease) in reserve for inventory	22,686		
<b>Fund balances, end of year</b>	<u>\$ 8,675,579</u>	<u>\$ 3,380,338</u>	<u>\$ 7,193,973</u>

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

<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 215,878	\$ 1,927,925	\$ 6,481,755
	963,941	70,251,722
	4,961,817	32,685,586
	13,899,953	14,952,965
<u>215,878</u>	<u>21,753,636</u>	<u>124,372,028</u>
	8,728,475	50,126,449
	3,321,316	16,643,543
	131,892	9,592,017
	666,440	10,320,378
	186,314	4,077,837
18,701,891	6,319,878	6,378,936
	1,095,234	25,462,257
		12,835,000
		4,154,615
<u>18,701,891</u>	<u>20,449,549</u>	<u>139,591,032</u>
<u>(18,486,013)</u>	<u>1,304,087</u>	<u>(15,219,004)</u>
		1,078,393
<u>(215,878)</u>	<u>(1,730,466)</u>	<u>(3,595,027)</u>
<u>(215,878)</u>	<u>(1,730,466)</u>	<u>(2,516,634)</u>
<u>(18,701,891)</u>	<u>(426,379)</u>	<u>(17,735,638)</u>
42,412,288	4,911,994	65,221,790
		(62,936)
	(19,735)	2,951
<u>\$ 23,710,397</u>	<u>\$ 4,465,880</u>	<u>\$ 47,426,167</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

**Changes in fund balances - total governmental funds** **\$ (17,735,638)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 20,967,190	
Less current year depreciation	<u>(7,967,686)</u>	12,999,504

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

Property taxes	(1,277,368)	
Intergovernmental	<u>(1,078,253)</u>	(2,355,621)

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

12,835,000

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

Current year pension contributions	6,535,636	
Pension expense	<u>(6,302,397)</u>	233,239

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

Prepaid items	(62,936)	
Inventory	2,951	
Deferred charges on issuance of debt	(272,658)	
Loss on disposal of assets	(3,705,072)	
Amortization of deferred bond items	416,148	
Other postemployment benefits	(138,780)	
Compensated absences	<u>160,193</u>	(3,600,154)

The Internal Service Fund is used by management to charge the cost of insurance and transportation to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

3,364,819

**Changes in net position in governmental activities** **\$ 5,741,149**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	Governmental Activities: Internal Service Funds
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 4,406,036
Accounts receivable	56,485
Total current assets	4,462,521
<b>Total assets</b>	4,462,521
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	16,472
Claims payable	925,000
Accrued payroll and employee benefits	25,377
Total current liabilities	966,849
<b>Total liabilities</b>	966,849
<b><u>NET POSITION</u></b>	
Unrestricted	3,495,672
<b>Total net position</b>	\$ 3,495,672

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities: Internal Service Funds
<b>Operating revenues:</b>	
Contributions	\$ 12,300,149
Charges for services	224,355
<b>Total operating revenues</b>	<u>12,524,504</u>
<b>Operating expenses:</b>	
Claims	8,787,263
Premiums	1,229,587
Administrative fees	1,550,343
Cost of services	133,528
<b>Total operating expenses</b>	<u>11,700,721</u>
<b>Operating income (loss)</b>	<u>823,783</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	24,402
<b>Total nonoperating revenues (expenses)</b>	<u>24,402</u>
<b>Income (loss) before transfers</b>	<u>848,185</u>
<b>Transfer in</b>	<u>2,516,634</u>
<b>Changes in net position</b>	<u>3,364,819</u>
<b>Total net position, beginning of year</b>	130,853
<b>Total net position, end of year</b>	<u>\$ 3,495,672</u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b><u>Governmental Activities: Internal Service Funds</u></b>
<b><u>Increase in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received for services	\$ 190,717
Cash received from contributions	12,277,302
Cash payments for claims	(7,862,263)
Cash payments to suppliers for goods and services	<u>(2,894,599)</u>
<b>Net cash provided by operating activities</b>	<u>1,711,157</u>
<b>Cash flows from non-capital financing activities:</b>	
Transfers in	<u>2,516,634</u>
<b>Net cash provided by non-capital financing activities</b>	<u>2,516,634</u>
<b>Cash flows from investing activities:</b>	
Investment income	<u>24,402</u>
<b>Net cash provided by investing activities</b>	<u>24,402</u>
<b>Net increase in cash and cash equivalents</b>	<u>4,252,193</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>153,843</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,406,036</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
<b>Operating income</b>	\$ 823,783
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) in accounts receivable	(56,485)
Increase in accounts payable	7,772
Increase in claims payable	925,000
Increase in accrued payroll and employee benefits	<u>11,087</u>
<b>Total adjustments</b>	<u>887,374</u>
<b>Net cash provided by operating activities</b>	<u>\$ 1,711,157</u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 79,668
<b>Total assets</b>	<u>\$ 79,668</u>
<b><u>LIABILITIES</u></b>	
Due to student groups	\$ 79,668
<b>Total liabilities</b>	<u>\$ 79,668</u>

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

During the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

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

**A. Reporting Entity**

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

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

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

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

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

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

Property taxes, state and county aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

Bond Building Fund – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Additionally, the District reports the following fund types:

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

Fiduciary Fund – The Fiduciary Fund is an Agency Fund which accounts for resources held by the District on behalf of others. This fund type includes the Student Activities Fund, which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service funds are charges for health and welfare benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency fund is custodial in nature and does not have a measurement focus and is reported on the accrual basis of accounting. The agency fund is reported by fund type.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**D. Cash and Investments**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank, cash held by trustee and cash and investments held by the County Treasurer.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

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

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

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

**G. Property Tax Calendar**

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

**H. Inventory**

Warehouse inventories are valued at cost using the average cost method. Food service inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**J. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**L. Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**M. Pensions**

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**P. Net Position Flow Assumption**

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**Q. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. No committed fund balance amounts are reported.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. No assigned fund balance amounts are reported.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Bond Building Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 53,104	\$	\$	\$	\$ 80,723
Restricted:					
Debt service		3,380,338			
Capital projects			7,193,973		694,925
Bond building projects				23,710,397	
Voter approved initiatives					550,934
Food service					1,761,497
Civic center					340,388
Community school					448,639
Extracurricular activities					542,111
Other purposes					46,663
Unassigned	<u>8,622,475</u>				
Total fund balances	<u>\$8,675,579</u>	<u>\$3,380,338</u>	<u>\$ 7,193,973</u>	<u>\$23,710,397</u>	<u>\$ 4,465,880</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$100,959 and the bank balance was \$103,485. At year end, \$103,485 of the District’s deposits were covered by collateral held by the pledging financial institution in the District’s name.

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

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

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

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	342 days	\$ 58,138,239

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

*Custodial Credit Risk - Investments.* The District’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 – RECEIVABLES**

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

	<u>General Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
Due from other governmental entities:			
Due from federal government	\$	\$	\$ 2,379,239
Due from state government	9,156,192	378	472,465
Net due from governmental entities	<u>\$ 9,156,192</u>	<u>\$ 378</u>	<u>\$ 2,851,704</u>

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,748,080	\$	\$	\$ 1,748,080
Construction in progress	2,034,754	15,568,351	16,014,005	1,589,100
Total capital assets, not being depreciated	<u>3,782,834</u>	<u>15,568,351</u>	<u>16,014,005</u>	<u>3,337,180</u>
Capital assets, being depreciated:				
Land improvements	13,676,716	2,231,941	35,954	15,872,703
Buildings and improvements	193,113,527	15,301,994	5,494,573	202,920,948
Vehicles, furniture and equipment	27,553,754	3,878,909	2,419,183	29,013,480
Total capital assets being depreciated	<u>234,343,997</u>	<u>21,412,844</u>	<u>7,949,710</u>	<u>247,807,131</u>
Less accumulated depreciation for:				
Land improvements	(5,613,915)	(650,430)	(5,243)	(6,259,102)
Buildings and improvements	(64,869,610)	(5,206,177)	(2,158,856)	(67,916,931)
Vehicles, furniture and equipment	(16,472,698)	(2,111,079)	(2,080,539)	(16,503,238)
Total accumulated depreciation	<u>(86,956,223)</u>	<u>(7,967,686)</u>	<u>(4,244,638)</u>	<u>(90,679,271)</u>
Total capital assets, being depreciated, net	<u>147,387,774</u>	<u>13,445,158</u>	<u>3,705,072</u>	<u>157,127,860</u>
Governmental activities capital assets, net	<u>\$ 151,170,608</u>	<u>\$ 29,013,509</u>	<u>\$ 19,719,077</u>	<u>\$ 160,465,040</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,942,215
Support services – students and staff	248,798
Support services – administration	344,257
Operation and maintenance of plant services	265,707
Student transportation services	957,850
Operation of non-instructional services	208,859
Total depreciation expense – governmental activities	<u>\$ 7,967,686</u>

**Construction Commitments** – At year end, the District had contractual commitments related to the demolition and reconstruction of Arredondo School. At year end, the District had spent \$1.6 million on the projects and had estimated remaining contractual commitments of \$12.4 million. These projects are being funded with bond proceeds.

**NOTE 7 – REVOLVING LINE OF CREDIT**

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. Short-term debt activity for the current fiscal year was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Revolving line of credit	\$	\$ 1,635,000	\$ 1,635,000	\$

**NOTE 8 – LEASE OF DISTRICT PROPERTY**

The District leases land to a third party under the provisions of a long-term lease agreement classified as an operating lease. Annual rental revenue from the lease is recognized in the General Fund. The lease has a remaining noncancelable lease term of 25 years through June 30, 2040. The lease has renewal options to extend the lease through June 30, 2050 and June 30, 2060. As of June 30, 2016, the renewal options have not been exercised.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 – LEASE OF DISTRICT PROPERTY**

The future minimum payments required under the lease at June 30, 2016 are as follows:

Year Ending June 30:		
2017	\$	264,000
2018		264,000
2019		264,000
2020		264,000
2021		286,000
2022-26		1,430,000
2027-31		1,452,000
2032-36		1,540,000
2037-40		1,232,000
Total minimum payments required		<u>\$ 6,996,000</u>

**NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. In addition, a portion of the District's school improvements bonds are Qualified Build America Bonds (BABS). The District receives a direct subsidy payment from the United States of America for a portion of the interest payment due on the bonds.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Refunding Bonds, Series 2004	\$ 9,925,000	4.0%	7/1/16	\$ 960,000	\$ 960,000
Refunding Bonds, Series 2004, 2nd	11,450,000	3.0-5.25%	7/1/16-17	2,960,000	1,835,000
Refunding Bonds, Series 2007	16,550,000	4.0-5.0%	7/1/16-25	11,895,000	1,210,000
School Improvement Bonds, (Project of 2005), Series C	25,215,000	3.0-4.0%	7/1/16-17	12,365,000	8,350,000
School Improvement Bonds, (Project of 2009), Series A	25,170,000	3.0-6.0%	7/1/16-27	19,395,000	400,000
School Improvement Bonds, (Project of 2010), Series C	37,560,000	2.0-4.0%	7/1/16-23	37,560,000	
Refunding Bonds, Series 2015	27,500,000	2.0-4.0%	7/1/16-25	27,500,000	80,000
Total				<u>\$ 112,635,000</u>	<u>\$ 12,835,000</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE**

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2017	\$ 12,835,000	\$ 3,887,100
2018	12,150,000	3,427,406
2019	12,680,000	3,045,862
2020	13,390,000	2,660,237
2021	8,775,000	2,317,444
2022-26	48,660,000	6,351,616
2027-28	4,145,000	238,050
Total	<u>\$ 112,635,000</u>	<u>\$ 21,927,715</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At year end, \$25.0 million of defeased bonds are still outstanding.

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 124,260,000	\$	\$ 11,625,000	\$ 112,635,000	\$ 12,835,000
Premium	5,750,511		416,148	5,334,363	
Total bonds payable	<u>130,010,511</u>		<u>12,041,148</u>	<u>117,969,363</u>	<u>12,835,000</u>
Other postemployment benefits	1,445,263	1,576,164	1,437,384	1,584,043	
Net pension liability	97,280,165	5,633,921		102,914,086	
Compensated absences payable	3,043,639	1,200,883	1,361,076	2,883,446	1,424,860
Governmental activity long-term liabilities	<u>\$ 231,779,578</u>	<u>\$ 8,410,968</u>	<u>\$ 14,839,608</u>	<u>\$ 225,350,938</u>	<u>\$ 14,259,860</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due to/from other funds:**

	Unrestricted Capital Outlay Fund
General Fund	\$ 90,373
Non-Major Governmental Funds	1,889,729
Total Due from Other Funds	<u>\$ 1,980,102</u>

At year end, several funds had negative cash balances in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

Transfers out	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental and Proprietary Funds	
General Fund	\$	\$	\$ 1,648,683	\$ 1,648,683
Bond Building Fund		215,878		215,878
Non-Major Governmental Funds	862,515		867,951	1,730,466
Total	<u>\$ 862,515</u>	<u>\$ 215,878</u>	<u>\$ 2,516,634</u>	<u>\$ 3,595,027</u>

Transfers between funds were used to (1) move investment income and premium earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, (2) to move federal grant funds restricted for indirect costs, and (3) to move cash balances to establish the Insurance Benefit Fund.

**NOTE 12 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 – CONTINGENT LIABILITIES**

**Lawsuits** – The District is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

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

**NOTE 13 – RISK MANAGEMENT**

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

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

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

The District established the Insurance Benefit Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to employee health. In addition, employee withholdings for other insurance coverages are processed through this fund. Under this program, the Fund provides coverage for up to a maximum of \$150,000 for each claim, not to exceed an annual aggregate amount of \$10,932,008. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 – RISK MANAGEMENT**

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended June 30, 2016
Incurred claims (including IBNRs)	\$ 8,787,263
Claim payments	(7,862,263)
Unpaid claims, end of fiscal year	\$ 925,000

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits

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

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2016 were \$6.5 million.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 for retirement and 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

The District’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2016	\$	301,181	\$	72,284
2015		348,213		70,823
2014		332,035		132,814

**Pension Liability.** At June 30, 2016, the District reported a liability of \$102.9 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 0.66 percent, which was the same as its proportion measured as of June 30, 2014.

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2016, the District recognized pension expense of \$6.3 million and 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	\$ 2,808,302	\$ 5,392,802
Net difference between projected and actual earnings on pension plan investments		3,298,168
Changes in proportion and differences between contributions and proportionate share of contributions	1,133,598	
Contributions subsequent to the measurement date	6,535,636	
Total	\$ 10,477,536	\$ 8,690,970

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2017	\$ (1,426,698)
	2018	(3,353,091)
	2019	(2,350,146)
	2020	2,380,865

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent 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.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The target allocation and best estimates of arithmetic 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 Real Rate of Return</u>
Equity	58%	6.79%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.93
Total	<u>100%</u>	

**Discount Rate.** The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Proportionate share of the net pension liability	\$134,852,621	\$102,914,086	\$81,025,722

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN**

**Plan Description.** Under authority of the Governing Board, the District provides postretirement insurance (health and dental) benefits, for certain retirees and their dependents, in accordance with the plan. The plan is a single-employer defined benefit plan administered by the District. The District contributes \$7,200 per employee per year of health premiums for employees who retire with 10 years of service and retires before July 1, 2009 or 20 years of service and retires on or after July 1, 2009 and has reached age 55. For the current fiscal year, the District contributed \$1.4 million for these benefits. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan. The number of participants as of the effective date of the biannual OPEB valuation follows:

	<u>Participants</u>
Active employees	1,336
Retired employees	<u>221</u>
Total	<u><u>1,557</u></u>

**Funding Policy.** The District currently pays for postemployment benefits on a pay-as-you-go basis. Generally, resources from the General Fund are used to pay for postemployment benefits.

**Annual OPEB Cost and Net OPEB Obligation.** The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation.

Annual required contribution	\$ 1,426,221
Interest on net OPEB obligation	65,037
Adjustment to annual required contribution	<u>84,906</u>
Annual OPEB cost (expense)	1,576,164
Contributions made	1,437,384
Increase in net OPEB obligation	<u>138,780</u>
Net OPEB obligation – beginning of year	<u>1,445,263</u>
Net OPEB obligation – end of year	<u><u>\$ 1,584,043</u></u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN**

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2016 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 1,576,164	\$ 1,437,384	91%	\$ 1,584,043
June 30, 2015	1,426,221	2,052,485	144	1,445,263
June 30, 2014	1,586,342	2,206,699	139	2,071,527

**Funded Status and Funding Progress.** As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$19.5 million, resulting in an unfunded actuarial liability (UAAL) of \$19.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$53.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 36.3 percent. The schedule of funding progress for the post employment defined benefit plan is disclosed immediately following the notes to the financial statements and includes multiyear trend information.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The projection of future benefit payments involves estimates of the value of reported amounts and assumptions about the probability of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Amounts determined and the funded status of the plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The more significant actuarial assumptions and methods used in the calculation of the employer contributions for the current fiscal year were as follows:

Valuation date	June 30, 2014
Actuarial cost method	Entry age normal, level dollar amount
Amortization method for	
actuarial accrued liabilities	30 years, level dollar amount
Remaining amortization period	29 years as of June 30, 2016
Interest rate	4.50%
Inflation rate	N/A
Projected salary increases	N/A
Health care cost trend rate:	
Medical and Prescription Drug	5%

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN**

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**NOTE 16 – SUBSEQUENT EVENT**

On November 8, 2016, voters authorized the District to issue \$165.0 million of school improvement bonds. The purpose of the bonds is primarily to demolish and rebuild several schools within the District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 3,404,958	\$ 3,404,958
Property taxes			47,104,652	47,104,652
State aid and grants			27,708,760	27,708,760
<b>Total revenues</b>			<u>78,218,370</u>	<u>78,218,370</u>
<b>Expenditures:</b>				
Current -				
Instruction	42,929,378	45,434,551	40,716,494	4,718,057
Support services - students and staff	13,394,209	13,262,403	12,961,330	301,073
Support services - administration	8,869,692	8,794,900	8,505,976	288,924
Operation and maintenance of plant services	9,471,753	9,406,978	9,445,911	(38,933)
Student transportation services	4,248,222	4,239,422	3,852,605	386,817
Operation of non-instructional services		59,069	59,058	11
<b>Total expenditures</b>	<u>78,913,254</u>	<u>81,197,323</u>	<u>75,541,374</u>	<u>5,655,949</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(78,913,254)</u>	<u>(81,197,323)</u>	<u>2,676,996</u>	<u>83,874,319</u>
<b>Other financing sources (uses):</b>				
Transfer out			(1,648,683)	(1,648,683)
<b>Total other financing sources (uses):</b>			<u>(1,648,683)</u>	<u>(1,648,683)</u>
<b>Changes in fund balances</b>	<u>(78,913,254)</u>	<u>(81,197,323)</u>	<u>1,028,313</u>	<u>82,225,636</u>
<b>Fund balances, beginning of year</b>			5,882,608	5,882,608
Increase (decrease) in reserve for inventory			22,686	22,686
<b>Fund balances (deficits), end of year</b>	<u>\$ (78,913,254)</u>	<u>\$ (81,197,323)</u>	<u>\$ 6,933,607</u>	<u>\$ 88,130,930</u>

See accompanying notes to this schedule.

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

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.66%	0.66%
District's proportionate share of the net pension liability (asset)	\$ 102,914,086	\$ 97,280,165
District's covered payroll	\$ 60,841,120	\$ 55,339,167
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.15%	175.79%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

**SCHEDULE OF CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,535,636	\$ 6,625,598
Contributions in relation to the actuarially determined contribution	<u>6,535,636</u>	<u>6,625,598</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 60,236,276	\$ 60,841,120
Contributions as a percentage of covered payroll	10.85%	10.89%

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

**See accompanying notes to this schedule.**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
LAST THREE ACTUARIAL VALUATIONS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2014	\$	\$ 19,512,177	\$19,512,177	%	\$ 53,711,444	36.33 %
2012		21,419,992	21,419,992		55,201,128	38.80
2010		29,895,965	29,895,965		56,125,335	53.27

**See accompanying notes to this schedule.**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 77,938,381	\$ 8,675,579
Activity budgeted as special revenue funds	(2,397,007)	(1,741,972)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 75,541,374	\$ 6,933,607

**NOTE 2 – PENSION PLAN SCHEDULES**

**Change in Accounting Principle.** For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

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

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2014, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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**GOVERNMENTAL FUNDS**

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 3,467,684	\$ 816,217	\$ 4,283,901
Property taxes receivable		43,923	43,923
Deposits held by others	100,006		100,006
Accounts receivable	34,829		34,829
Due from governmental entities	2,851,704		2,851,704
Inventory	80,723		80,723
<b>Total assets</b>	<b><u><u>\$ 6,534,946</u></u></b>	<b><u><u>\$ 860,140</u></u></b>	<b><u><u>\$ 7,395,086</u></u></b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 276,650	\$	\$ 276,650
Construction contracts payable		124,164	124,164
Due to other funds	1,889,729		1,889,729
Accrued payroll and employee benefits	210,051		210,051
Unearned revenues	8,267		8,267
<b>Total liabilities</b>	<b><u><u>2,384,697</u></u></b>	<b><u><u>124,164</u></u></b>	<b><u><u>2,508,861</u></u></b>
Deferred inflows of resources:			
Unavailable revenues - property taxes		41,051	41,051
Unavailable revenues - intergovernmental	379,294		379,294
<b>Total deferred inflows of resources</b>	<b><u><u>379,294</u></u></b>	<b><u><u>41,051</u></u></b>	<b><u><u>420,345</u></u></b>
Fund balances:			
Nonspendable	80,723		80,723
Restricted	3,690,232	694,925	4,385,157
<b>Total fund balances</b>	<b><u><u>3,770,955</u></u></b>	<b><u><u>694,925</u></u></b>	<b><u><u>4,465,880</u></u></b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b><u><u>\$ 6,534,946</u></u></b>	 <b><u><u>\$ 860,140</u></u></b>	 <b><u><u>\$ 7,395,086</u></u></b>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 1,924,539	\$ 3,386	\$ 1,927,925
Property taxes		963,941	963,941
State aid and grants	4,961,517	300	4,961,817
Federal aid, grants and reimbursements	<u>13,899,953</u>		<u>13,899,953</u>
<b>Total revenues</b>	<u>20,786,009</u>	<u>967,627</u>	<u>21,753,636</u>
<b>Expenditures:</b>			
Current -			
Instruction	8,728,475		8,728,475
Support services - students and staff	3,321,316		3,321,316
Support services - administration	131,892		131,892
Operation and maintenance of plant services	666,440		666,440
Student transportation services	186,314		186,314
Operation of non-instructional services	6,319,878		6,319,878
Capital outlay	591,786	503,448	1,095,234
<b>Total expenditures</b>	<u>19,946,101</u>	<u>503,448</u>	<u>20,449,549</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>839,908</u>	<u>464,179</u>	<u>1,304,087</u>
<b>Other financing sources (uses):</b>			
Transfer out	<u>(1,730,466)</u>		<u>(1,730,466)</u>
<b>Total other financing sources (uses):</b>	<u>(1,730,466)</u>		<u>(1,730,466)</u>
<b>Changes in fund balances</b>	<u>(890,558)</u>	<u>464,179</u>	<u>(426,379)</u>
<b>Fund balances, beginning of year</b>	4,681,248	230,746	4,911,994
Increase (decrease) in reserve for inventory	(19,735)		(19,735)
<b>Fund balances, end of year</b>	<u>\$ 3,770,955</u>	<u>\$ 694,925</u>	<u>\$ 4,465,880</u>

## **SPECIAL REVENUE FUNDS**

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

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

**County, City and Town Grants** - to account for monies received from county, city and town grants.

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

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

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

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

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

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

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

**Medicaid Reimbursement** - to account for reimbursements related to specific health services provided to eligible students.

**E-Rate** - to account for financial assistance received for broadband internet and telecommunication costs.

**Other Federal Projects** - to account for financial assistance received for other supplemental federal projects.

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

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

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

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

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

**Extracurricular Activities Fees Tax Credit** - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

**Gifts and Donations** - to account for activity related to gifts, donations, bequests and private grants made to the District.

**Fingerprint** - to account for activity of fingerprinting employees as mandated by the State.

**Insurance Proceeds** - to account for the monies received from insurance claims.

**Textbooks** - to account for monies received from students to replace or repair lost or damaged textbooks.

**Litigation Recovery** - to account for monies received for and derived from litigation.

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

**Insurance Refund** - to account for insurance premium payments that are refunded to the District.

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	Classroom Site	Instructional Improvement	Title I Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 244,090	\$
Deposits held by others			
Accounts receivable			
Due from governmental entities	351,113	121,352	1,499,412
Inventory			
<b>Total assets</b>	<b>\$ 351,113</b>	<b>\$ 365,442</b>	<b>\$ 1,499,412</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 56,950
Due to other funds	165,621		1,363,367
Accrued payroll and employee benefits			79,095
Unearned revenues			
<b>Total liabilities</b>	<b>165,621</b>		<b>1,499,412</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances:			
Nonspendable			
Restricted	185,492	365,442	
<b>Total fund balances</b>	<b>185,492</b>	<b>365,442</b>	
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 351,113</b>	<b>\$ 365,442</b>	<b>\$ 1,499,412</b>

<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>	<u>Johnson O'Malley</u>
\$	\$	\$	\$	\$	\$
141,393	14,899	1,220	11,621	77,426	9,146
<u>\$ 141,393</u>	<u>\$ 14,899</u>	<u>\$ 1,220</u>	<u>\$ 11,621</u>	<u>\$ 77,426</u>	<u>\$ 9,146</u>
\$ 24,297 88,726 28,370	\$ 14,899	\$ 1,220	\$ 11,621	\$ 77,426	\$ 9,146
<u>141,393</u>	<u>14,899</u>	<u>1,220</u>	<u>11,621</u>	<u>77,426</u>	<u>9,146</u>
<u>\$ 141,393</u>	<u>\$ 14,899</u>	<u>\$ 1,220</u>	<u>\$ 11,621</u>	<u>\$ 77,426</u>	<u>\$ 9,146</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2016**

	E-Rate	Other Federal Projects	Other State Projects
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$ 3,103	\$ 5,164
Deposits held by others			
Accounts receivable			
Due from governmental entities	536,997		
Inventory			
<b>Total assets</b>	<b>\$ 536,997</b>	<b>\$ 3,103</b>	<b>\$ 5,164</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds	157,703		
Accrued payroll and employee benefits			
Unearned revenues		3,103	5,164
<b>Total liabilities</b>	<b>157,703</b>	<b>3,103</b>	<b>5,164</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	379,294		
Fund balances:			
Nonspendable			
Restricted			
<b>Total fund balances</b>			
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 536,997</b>	<b>\$ 3,103</b>	<b>\$ 5,164</b>

<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>	<u>Textbooks</u>
\$ 1,759,748	\$ 385,755	\$ 481,050	\$ 542,111	\$ 33	\$ 46,630
100,006	10,212	24,617			
87,125					
80,723					
<u>\$ 2,027,602</u>	<u>\$ 395,967</u>	<u>\$ 505,667</u>	<u>\$ 542,111</u>	<u>\$ 33</u>	<u>\$ 46,630</u>
\$ 157,062	\$ 15,863	\$ 22,478	\$	\$	\$
28,320	39,716	34,550			
<u>185,382</u>	<u>55,579</u>	<u>57,028</u>			
80,723					
1,761,497	340,388	448,639	542,111	33	46,630
<u>1,842,220</u>	<u>340,388</u>	<u>448,639</u>	<u>542,111</u>	<u>33</u>	<u>46,630</u>
<u>\$ 2,027,602</u>	<u>\$ 395,967</u>	<u>\$ 505,667</u>	<u>\$ 542,111</u>	<u>\$ 33</u>	<u>\$ 46,630</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016**

	Totals
<b><u>ASSETS</u></b>	
Cash and investments	\$ 3,467,684
Deposits held by others	100,006
Accounts receivable	34,829
Due from governmental entities	2,851,704
Inventory	80,723
<b>Total assets</b>	<b>\$ 6,534,946</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>	
Liabilities:	
Accounts payable	\$ 276,650
Due to other funds	1,889,729
Accrued payroll and employee benefits	210,051
Unearned revenues	8,267
<b>Total liabilities</b>	<b>2,384,697</b>
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	379,294
Fund balances:	
Nonspendable	80,723
Restricted	3,690,232
<b>Total fund balances</b>	<b>3,770,955</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 6,534,946</b>

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Classroom Site	Instructional Improvement	County, City, and Town Grants
<b>Revenues:</b>			
Other local	\$ 5,940	\$ 686	\$
State aid and grants	4,213,358	472,738	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	4,219,298	473,424	
<b>Expenditures:</b>			
Current -			
Instruction	3,969,724	306,099	
Support services - students and staff	234,599	145,882	103
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	4,204,323	451,981	103
<b>Excess (deficiency) of revenues over expenditures</b>	14,975	21,443	(103)
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	14,975	21,443	(103)
<b>Fund balances, beginning of year</b>	170,517	343,999	103
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	\$ 185,492	\$ 365,442	\$

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$	\$	\$	\$	\$	\$
4,262,471	648,342	88,097	236,803	236,778	2,086,477
<u>4,262,471</u>	<u>648,342</u>	<u>88,097</u>	<u>236,803</u>	<u>236,778</u>	<u>2,086,477</u>
1,999,136	92,877	63,287	1,688	127,133	1,579,617
1,526,183	512,632	17,861	230,599	73,118	337,448
3,059					31,900
57,406		369			
		2,080			
395,207				20,892	
<u>3,980,991</u>	<u>605,509</u>	<u>83,597</u>	<u>232,287</u>	<u>221,143</u>	<u>1,948,965</u>
<u>281,480</u>	<u>42,833</u>	<u>4,500</u>	<u>4,516</u>	<u>15,635</u>	<u>137,512</u>
(281,480)	(42,833)	(4,500)	(4,516)	(15,635)	(137,512)
<u>(281,480)</u>	<u>(42,833)</u>	<u>(4,500)</u>	<u>(4,516)</u>	<u>(15,635)</u>	<u>(137,512)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Johnson O'Malley	E-Rate	Other Federal Projects
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements	9,146	462,543	22,200
<b>Total revenues</b>	9,146	462,543	22,200
<b>Expenditures:</b>			
Current -			
Instruction	7,800		
Support services - students and staff			21,765
Support services - administration		5,040	
Operation and maintenance of plant services		457,503	
Student transportation services	742		
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	8,542	462,543	21,765
<b>Excess (deficiency) of revenues over expenditures</b>	604		435
<b>Other financing sources (uses):</b>			
Transfer out	(604)		(435)
<b>Total other financing sources (uses):</b>	(604)		(435)
<b>Changes in fund balances</b>			
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	\$	\$	\$

<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>	<u>Fingerprint</u>
\$ 275,421	\$ 903,106	\$ 146,773	\$ 533,229	\$ 328,502	\$ 1,408
	5,847,096				
<u>275,421</u>	<u>6,750,202</u>	<u>146,773</u>	<u>533,229</u>	<u>328,502</u>	<u>1,408</u>
188,532		3,000	165,022	224,560	
11,121		6,839	192,956	4,949	
	1,141		89,322		1,430
90,121		116,029	2,418		
	6,310,070	6,009	38,142	87,944	
	170,372		3,799		
<u>289,774</u>	<u>6,481,583</u>	<u>131,877</u>	<u>495,834</u>	<u>318,593</u>	<u>1,430</u>
<u>(14,353)</u>	<u>268,619</u>	<u>14,896</u>	<u>37,395</u>	<u>9,909</u>	<u>(22)</u>
	(375,000)				
	<u>(375,000)</u>				
<u>(14,353)</u>	<u>(106,381)</u>	<u>14,896</u>	<u>37,395</u>	<u>9,909</u>	<u>(22)</u>
14,353	1,968,336	325,492	411,244	532,202	55
	(19,735)				
<u>\$</u>	<u>\$ 1,842,220</u>	<u>\$ 340,388</u>	<u>\$ 448,639</u>	<u>\$ 542,111</u>	<u>\$ 33</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Textbooks	Insurance Refund	Totals
<b>Revenues:</b>			
Other local	\$ 4,895	\$	\$ 1,924,539
State aid and grants			4,961,517
Federal aid, grants and reimbursements			13,899,953
<b>Total revenues</b>	4,895		20,786,009
<b>Expenditures:</b>			
Current -			
Instruction			8,728,475
Support services - students and staff	5,261		3,321,316
Support services - administration			131,892
Operation and maintenance of plant services			666,440
Student transportation services			186,314
Operation of non-instructional services			6,319,878
Capital outlay			591,786
<b>Total expenditures</b>	5,261		19,946,101
<b>Excess (deficiency) of revenues over expenditures</b>	(366)		839,908
<b>Other financing sources (uses):</b>			
Transfer out		(867,951)	(1,730,466)
<b>Total other financing sources (uses):</b>		(867,951)	(1,730,466)
<b>Changes in fund balances</b>	(366)	(867,951)	(890,558)
<b>Fund balances, beginning of year</b>	46,996	867,951	4,681,248
Increase (decrease) in reserve for inventory			(19,735)
<b>Fund balances, end of year</b>	\$ 46,630	\$	\$ 3,770,955

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 5,940	\$ 5,940
State aid and grants		4,213,358	4,213,358
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>4,219,298</u>	<u>4,219,298</u>
<b>Expenditures:</b>			
Current -			
Instruction	4,928,076	3,969,724	958,352
Support services - students and staff	253,800	234,599	19,201
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>5,181,876</u>	<u>4,204,323</u>	<u>977,553</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(5,181,876)</u>	<u>14,975</u>	<u>5,196,851</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(5,181,876)</u>	<u>14,975</u>	<u>5,196,851</u>
<b>Fund balances (deficits), beginning of year</b>		170,517	170,517
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (5,181,876)</u>	<u>\$ 185,492</u>	<u>\$ 5,367,368</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 686 472,738	\$ 686 472,738	\$	\$	\$
	<u>473,424</u>	<u>473,424</u>			
325,000	306,099	18,901			
150,000	145,882	4,118		103	(103)
<u>475,000</u>	<u>451,981</u>	<u>23,019</u>		<u>103</u>	<u>(103)</u>
<u>(475,000)</u>	<u>21,443</u>	<u>496,443</u>		<u>(103)</u>	<u>(103)</u>
<u>(475,000)</u>	<u>21,443</u>	<u>496,443</u>		<u>(103)</u>	<u>(103)</u>
	343,999	343,999		103	103
<u>\$ (475,000)</u>	<u>\$ 365,442</u>	<u>\$ 840,442</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		4,262,471	4,262,471
<b>Total revenues</b>		<u>4,262,471</u>	<u>4,262,471</u>
<b>Expenditures:</b>			
Current -			
Instruction	2,950,000	1,999,136	950,864
Support services - students and staff	1,750,000	1,526,183	223,817
Support services - administration		3,059	(3,059)
Operation and maintenance of plant services			
Student transportation services		57,406	(57,406)
Operation of non-instructional services			
Capital outlay		395,207	(395,207)
<b>Total expenditures</b>	<u>4,700,000</u>	<u>3,980,991</u>	<u>719,009</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,700,000)</u>	<u>281,480</u>	<u>4,981,480</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(281,480)	(281,480)
<b>Total other financing sources (uses):</b>		<u>(281,480)</u>	<u>(281,480)</u>
<b>Changes in fund balances</b>	<u>(4,700,000)</u>		<u>4,700,000</u>
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,700,000)</u>	<u>\$</u>	<u>\$ 4,700,000</u>

Professional Development and Technology Grants			Title IV Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	648,342	648,342		88,097	88,097
	648,342	648,342		88,097	88,097
720,000	92,877 512,632	(92,877) 207,368	90,000	63,287 17,861	26,713 (17,861)
				369 2,080	(369) (2,080)
<u>720,000</u>	<u>605,509</u>	<u>114,491</u>	<u>90,000</u>	<u>83,597</u>	<u>6,403</u>
<u>(720,000)</u>	<u>42,833</u>	<u>762,833</u>	<u>(90,000)</u>	<u>4,500</u>	<u>94,500</u>
	(42,833)	(42,833)		(4,500)	(4,500)
	(42,833)	(42,833)		(4,500)	(4,500)
<u>(720,000)</u>		<u>720,000</u>	<u>(90,000)</u>		<u>90,000</u>
<u>\$ (720,000)</u>	<u>\$</u>	<u>\$ 720,000</u>	<u>\$ (90,000)</u>	<u>\$</u>	<u>\$ 90,000</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		236,803	236,803
<b>Total revenues</b>		236,803	236,803
<b>Expenditures:</b>			
Current -			
Instruction		1,688	(1,688)
Support services - students and staff	270,000	230,599	39,401
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	270,000	232,287	37,713
<b>Excess (deficiency) of revenues over expenditures</b>	(270,000)	4,516	274,516
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(4,516)	(4,516)
<b>Total other financing sources (uses):</b>		(4,516)	(4,516)
<b>Changes in fund balances</b>	(270,000)		270,000
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (270,000)	\$	\$ 270,000

Indian Education			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	236,778	236,778		2,086,477	2,086,477
	236,778	236,778		2,086,477	2,086,477
160,000	127,133	32,867	2,050,000	1,579,617	470,383
100,000	73,118	26,882	350,000	337,448	12,552
				31,900	(31,900)
	20,892	(20,892)			
260,000	221,143	38,857	2,400,000	1,948,965	451,035
(260,000)	15,635	275,635	(2,400,000)	137,512	2,537,512
	(15,635)	(15,635)		(137,512)	(137,512)
	(15,635)	(15,635)		(137,512)	(137,512)
(260,000)		260,000	(2,400,000)		2,400,000
\$ (260,000)	\$	\$ 260,000	\$ (2,400,000)	\$	\$ 2,400,000

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Johnson O'Malley		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		9,146	9,146
<b>Total revenues</b>		<u>9,146</u>	<u>9,146</u>
<b>Expenditures:</b>			
Current -			
Instruction	15,000	7,800	7,200
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services		742	(742)
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>15,000</u>	<u>8,542</u>	<u>6,458</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(15,000)</u>	<u>604</u>	<u>15,604</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(604)	(604)
<b>Total other financing sources (uses):</b>		<u>(604)</u>	<u>(604)</u>
<b>Changes in fund balances</b>	<u>(15,000)</u>		<u>15,000</u>
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (15,000)</u>	<u>\$</u>	<u>\$ 15,000</u>

Medicaid Reimbursement			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	707,835	707,835		462,543	462,543
	707,835	707,835		462,543	462,543
500,000	437,995	62,005			
200,000	188,752	11,248			
	71,832	(71,832)		5,040	(5,040)
	9,029	(9,029)	1,000,000	457,503	542,497
700,000	707,608	(7,608)	1,000,000	462,543	537,457
(700,000)	227	700,227	(1,000,000)		1,000,000
(700,000)	227	700,227	(1,000,000)		1,000,000
	(505,177)	(505,177)			
\$ (700,000)	\$ (504,950)	\$ 195,050	\$ (1,000,000)	\$	\$ 1,000,000

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Other Federal Projects		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		22,200	22,200
<b>Total revenues</b>		22,200	22,200
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	40,000	21,765	18,235
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	40,000	21,765	18,235
<b>Excess (deficiency) of revenues over expenditures</b>	(40,000)	435	40,435
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(435)	(435)
<b>Total other financing sources (uses):</b>		(435)	(435)
<b>Changes in fund balances</b>	(40,000)		40,000
<b>Fund balances (deficits), beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (40,000)	\$	\$ 40,000

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	275,421	275,421		583,196	583,196
	<u>275,421</u>	<u>275,421</u>		<u>583,196</u>	<u>583,196</u>
400,000	188,532	211,468	315,500	93,518	221,982
	11,121	(11,121)	150,000	79,443	70,557
	90,121	(90,121)	150,000	65,715	84,285
				798	(798)
				14,725	(14,725)
			<u>300,000</u>	<u>90,596</u>	<u>209,404</u>
<u>400,000</u>	<u>289,774</u>	<u>110,226</u>	<u>915,500</u>	<u>344,795</u>	<u>570,705</u>
<u>(400,000)</u>	<u>(14,353)</u>	<u>385,647</u>	<u>(915,500)</u>	<u>238,401</u>	<u>1,153,901</u>
<u>(400,000)</u>	<u>(14,353)</u>	<u>385,647</u>	<u>(915,500)</u>	<u>238,401</u>	<u>1,153,901</u>
	14,353	14,353		685,521	685,521
<u>\$ (400,000)</u>	<u>\$</u>	<u>\$ 400,000</u>	<u>\$ (915,500)</u>	<u>\$ 923,922</u>	<u>\$ 1,839,422</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Food Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 903,106	\$ 903,106
State aid and grants			
Federal aid, grants and reimbursements		5,847,096	5,847,096
<b>Total revenues</b>		<u>6,750,202</u>	<u>6,750,202</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		1,141	(1,141)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	6,425,000	6,310,070	114,930
Capital outlay	175,000	170,372	4,628
<b>Total expenditures</b>	<u>6,600,000</u>	<u>6,481,583</u>	<u>118,417</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,600,000)</u>	<u>268,619</u>	<u>6,868,619</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out	(400,000)	(375,000)	25,000
<b>Total other financing sources (uses):</b>	<u>(400,000)</u>	<u>(375,000)</u>	<u>25,000</u>
<b>Changes in fund balances</b>	<u>(7,000,000)</u>	<u>(106,381)</u>	<u>6,893,619</u>
<b>Fund balances (deficits), beginning of year</b>		1,968,336	1,968,336
Increase (decrease) in reserve for inventory		(19,735)	(19,735)
<b>Fund balances (deficits), end of year</b>	<u>\$ (7,000,000)</u>	<u>\$ 1,842,220</u>	<u>\$ 8,842,220</u>

Civic Center			Community School		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 146,773	\$ 146,773	\$	\$ 533,229	\$ 533,229
	<u>146,773</u>	<u>146,773</u>		<u>533,229</u>	<u>533,229</u>
	3,000	(3,000)	200,000	165,022	34,978
	6,839	(6,839)	200,000	192,956	7,044
150,000	116,029	33,971	150,000	89,322	60,678
	6,009	(6,009)	50,000	2,418	(2,418)
				38,142	11,858
				3,799	(3,799)
				4,175	(4,175)
<u>150,000</u>	<u>131,877</u>	<u>18,123</u>	<u>600,000</u>	<u>495,834</u>	<u>104,166</u>
<u>(150,000)</u>	<u>14,896</u>	<u>164,896</u>	<u>(600,000)</u>	<u>37,395</u>	<u>637,395</u>
<u>(150,000)</u>	<u>14,896</u>	<u>164,896</u>	<u>(600,000)</u>	<u>37,395</u>	<u>637,395</u>
	325,492	325,492		411,244	411,244
<u>\$ (150,000)</u>	<u>\$ 340,388</u>	<u>\$ 490,388</u>	<u>\$ (600,000)</u>	<u>\$ 448,639</u>	<u>\$ 1,048,639</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 328,502	\$ 328,502
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		328,502	328,502
<b>Expenditures:</b>			
Current -			
Instruction	400,000	224,560	175,440
Support services - students and staff		4,949	(4,949)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	100,000	87,944	12,056
Operation of non-instructional services			
Capital outlay		1,140	(1,140)
<b>Total expenditures</b>	500,000	318,593	181,407
<b>Excess (deficiency) of revenues over expenditures</b>	(500,000)	9,909	509,909
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(500,000)	9,909	509,909
<b>Fund balances (deficits), beginning of year</b>		532,202	532,202
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (500,000)	\$ 542,111	\$ 1,042,111

Gifts and Donations			Fingerprint		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 240,812	\$ 240,812	\$	\$ 1,408	\$ 1,408
	<u>240,812</u>	<u>240,812</u>		<u>1,408</u>	<u>1,408</u>
200,000	149,967	50,033			
100,000	92,702	7,298			
	1,151	(1,151)	2,500	1,430	1,070
	829	(829)			
	11,194	(11,194)			
	<u>27,263</u>	<u>(27,263)</u>			
<u>300,000</u>	<u>283,106</u>	<u>16,894</u>	<u>2,500</u>	<u>1,430</u>	<u>1,070</u>
<u>(300,000)</u>	<u>(42,294)</u>	<u>257,706</u>	<u>(2,500)</u>	<u>(22)</u>	<u>2,478</u>
<u>(300,000)</u>	<u>(42,294)</u>	<u>257,706</u>	<u>(2,500)</u>	<u>(22)</u>	<u>2,478</u>
	554,048	554,048		55	55
<u>\$ (300,000)</u>	<u>\$ 511,754</u>	<u>\$ 811,754</u>	<u>\$ (2,500)</u>	<u>\$ 33</u>	<u>\$ 2,533</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Insurance Proceeds		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 30,330	\$ 30,330
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>20,000</u>	<u>30,330</u>	<u>30,330</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services	20,000	3,970	16,030
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>20,000</u>	<u>3,970</u>	<u>16,030</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,000)</u>	<u>26,360</u>	<u>46,360</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>	<u></u>	<u></u>	<u></u>
<b>Changes in fund balances</b>	<u>(20,000)</u>	<u>26,360</u>	<u>46,360</u>
<b>Fund balances (deficits), beginning of year</b>		22,034	22,034
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (20,000)</u>	<u>\$ 48,394</u>	<u>\$ 68,394</u>

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 4,895	\$ 4,895	\$	\$ 20,927	\$ 20,927
	<u>4,895</u>	<u>4,895</u>		<u>20,927</u>	<u>20,927</u>
7,500	5,261	2,239			
<u>7,500</u>	<u>5,261</u>	<u>2,239</u>	<u>40,000</u>	<u>21,105</u>	<u>18,895</u>
<u>(7,500)</u>	<u>(366)</u>	<u>7,134</u>	<u>(40,000)</u>	<u>(178)</u>	<u>39,822</u>
<u>(7,500)</u>	<u>(366)</u>	<u>7,134</u>	<u>(40,000)</u>	<u>(178)</u>	<u>39,822</u>
	46,996	46,996		31,522	31,522
<u>\$ (7,500)</u>	<u>\$ 46,630</u>	<u>\$ 54,130</u>	<u>\$ (40,000)</u>	<u>\$ 31,344</u>	<u>\$ 71,344</u>

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Other local	\$	\$ 889	\$ 889
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>889</u>	<u>889</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	900,000	815,451	84,549
Operation and maintenance of plant services	200,000	175,200	24,800
Student transportation services			
Operation of non-instructional services			
Capital outlay		14,572	(14,572)
<b>Total expenditures</b>	<u>1,100,000</u>	<u>1,005,223</u>	<u>94,777</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,100,000)</u>	<u>(1,004,334)</u>	<u>95,666</u>
<b>Other financing sources (uses):</b>			
Transfer in		862,515	862,515
Transfer out			
<b>Total other financing sources (uses):</b>		<u>862,515</u>	<u>862,515</u>
<b>Changes in fund balances</b>	<u>(1,100,000)</u>	<u>(141,819)</u>	<u>958,181</u>
<b>Fund balances (deficits), beginning of year</b>		750,466	750,466
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,100,000)</u>	<u>\$ 608,647</u>	<u>\$ 1,708,647</u>

Insurance Refund			Advertisement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 108	\$ 108
				108	108
				108	108
				108	108
	(867,951)	(867,951)			
	(867,951)	(867,951)			
	(867,951)	(867,951)		108	108
	867,951	867,951		20,251	20,251
\$	\$	\$	\$	\$ 20,359	\$ 20,359

(Continued)

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Intergovernmental Agreements		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 31,848	\$ 31,848
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		31,848	31,848
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	75,000	31,200	43,800
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	75,000	31,200	43,800
<b>Excess (deficiency) of revenues over expenditures</b>	(75,000)	648	75,648
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(75,000)	648	75,648
<b>Fund balances (deficits), beginning of year</b>		101,854	101,854
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (75,000)	\$ 102,502	\$ 177,502

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 2,832,649	\$ 2,832,649
	4,961,517	4,961,517
	14,607,788	14,607,788
	<u>22,401,954</u>	<u>22,401,954</u>
12,533,576	9,409,955	3,123,621
4,291,300	3,682,213	609,087
1,202,500	1,086,041	116,459
1,425,000	874,467	550,533
170,000	225,232	(55,232)
6,425,000	6,319,878	105,122
515,000	745,322	(230,322)
<u>26,562,376</u>	<u>22,343,108</u>	<u>4,219,268</u>
<u>(26,562,376)</u>	<u>58,846</u>	<u>26,621,222</u>
	862,515	862,515
<u>(400,000)</u>	<u>(1,730,466)</u>	<u>(1,330,466)</u>
<u>(400,000)</u>	<u>(867,951)</u>	<u>(467,951)</u>
<u>(26,962,376)</u>	<u>(809,105)</u>	<u>26,153,271</u>
	6,341,767	6,341,767
	(19,735)	(19,735)
<u>\$ (26,962,376)</u>	<u>\$ 5,512,927</u>	<u>\$ 32,475,303</u>

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## **DEBT SERVICE FUND**

**Debt Service** - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 38,063	\$ 38,063
Property taxes		16,930,816	16,930,816
Federal aid, grants and reimbursements		345,177	345,177
<b>Total revenues</b>		<u>17,314,056</u>	<u>17,314,056</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	12,835,000	12,835,000	
Interest and fiscal charges	7,165,000	4,154,615	3,010,385
<b>Total expenditures</b>	<u>20,000,000</u>	<u>16,989,615</u>	<u>3,010,385</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,000,000)</u>	<u>324,441</u>	<u>20,324,441</u>
<b>Other financing sources (uses):</b>			
Transfer in		215,878	215,878
<b>Total other financing sources (uses):</b>		<u>215,878</u>	<u>215,878</u>
<b>Changes in fund balances</b>	<u>(20,000,000)</u>	<u>540,319</u>	<u>20,540,319</u>
<b>Fund balances, beginning of year</b>		2,840,019	2,840,019
<b>Fund balances (deficits), end of year</b>	<u>\$ (20,000,000)</u>	<u>\$ 3,380,338</u>	<u>\$ 23,380,338</u>

## CAPITAL PROJECTS FUNDS

**Unrestricted Capital Outlay** - to account for transactions relating to the acquisition of capital items.

**Adjacent Ways** - to account for monies received to finance improvements of public ways adjacent to school property.

**Bond Building** - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

**Emergency Deficiencies Correction** - to account for monies received from the School Facilities Board to correct emergency deficiencies.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2016**

	Adjacent Ways	Totals
<b><u>ASSETS</u></b>		
Cash and investments	\$ 816,217	\$ 816,217
Property taxes receivable	43,923	43,923
<b>Total assets</b>	<b>\$ 860,140</b>	<b>\$ 860,140</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>		
Liabilities:		
Construction contracts payable	\$ 124,164	\$ 124,164
<b>Total liabilities</b>	<b>124,164</b>	<b>124,164</b>
Deferred inflows of resources:		
Unavailable revenues - property taxes	41,051	41,051
Fund balances:		
Restricted	694,925	694,925
<b>Total fund balances</b>	<b>694,925</b>	<b>694,925</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 860,140</b>	 <b>\$ 860,140</b>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2016**

	<u>Adjacent Ways</u>	<u>Emergency Deficiencies Correction</u>	<u>Totals</u>
<b>Revenues:</b>			
Other local	\$ 3,386	\$	\$ 3,386
Property taxes	963,941		963,941
State aid and grants		300	300
<b>Total revenues</b>	<u>967,327</u>	<u>300</u>	<u>967,627</u>
<b>Expenditures:</b>			
Capital outlay	<u>503,148</u>	300	<u>503,448</u>
<b>Total expenditures</b>	<u>503,148</u>	<u>300</u>	<u>503,448</u>
<b>Changes in fund balances</b>	<u>464,179</u>		<u>464,179</u>
<b>Fund balances, beginning of year</b>	230,746		230,746
<b>Fund balances, end of year</b>	<u>\$ 694,925</u>	<u>\$</u>	<u>\$ 694,925</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 40,224	\$ 40,224
Property taxes		5,252,313	5,252,313
State aid and grants		15,009	15,009
<b>Total revenues</b>		<u>5,307,546</u>	<u>5,307,546</u>
<b>Expenditures:</b>			
Capital outlay	12,329,417	5,511,596	6,817,821
<b>Total expenditures</b>	<u>12,329,417</u>	<u>5,511,596</u>	<u>6,817,821</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(12,329,417)</u>	<u>(204,050)</u>	<u>12,125,367</u>
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(12,329,417)</u>	<u>(204,050)</u>	<u>12,125,367</u>
<b>Fund balances, beginning of year</b>		7,460,959	7,460,959
Increase (decrease) in reserve for prepaid items		(62,936)	(62,936)
<b>Fund balances (deficits), end of year</b>	<u>\$ (12,329,417)</u>	<u>\$ 7,193,973</u>	<u>\$ 19,523,390</u>

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 3,386 963,941	\$ 3,386 963,941	\$	\$ 215,878	\$ 215,878
	<u>967,327</u>	<u>967,327</u>		<u>215,878</u>	<u>215,878</u>
1,200,000	503,148	696,852	41,371,606	18,701,891	22,669,715
<u>1,200,000</u>	<u>503,148</u>	<u>696,852</u>	<u>41,371,606</u>	<u>18,701,891</u>	<u>22,669,715</u>
(1,200,000)	464,179	1,664,179	(41,371,606)	(18,486,013)	22,885,593
			(1,000,000)	(215,878)	784,122
			<u>(1,000,000)</u>	<u>(215,878)</u>	<u>784,122</u>
(1,200,000)	464,179	1,664,179	(42,371,606)	(18,701,891)	23,669,715
	230,746	230,746		42,412,288	42,412,288
<u>\$ (1,200,000)</u>	<u>\$ 694,925</u>	<u>\$ 1,894,925</u>	<u>\$ (42,371,606)</u>	<u>\$ 23,710,397</u>	<u>\$ 66,082,003</u>

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Emergency Deficiencies Correction		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
Property taxes			
State aid and grants		300	300
<b>Total revenues</b>		300	300
<b>Expenditures:</b>			
Capital outlay	500	300	200
<b>Total expenditures</b>	500	300	200
<b>Excess (deficiency) of revenues over expenditures</b>	(500)		500
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(500)		500
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ (500)	\$	\$ 500

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 259,488	\$ 259,488
	6,216,254	6,216,254
	15,309	15,309
	<u>6,491,051</u>	<u>6,491,051</u>
54,901,523	24,716,935	30,184,588
<u>54,901,523</u>	<u>24,716,935</u>	<u>30,184,588</u>
(54,901,523)	(18,225,884)	36,675,639
(1,000,000)	(215,878)	784,122
<u>(1,000,000)</u>	<u>(215,878)</u>	<u>784,122</u>
(55,901,523)	(18,441,762)	37,459,761
	50,103,993	50,103,993
	(62,936)	(62,936)
<u>\$ (55,901,523)</u>	<u>\$ 31,599,295</u>	<u>\$ 87,500,818</u>

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## **INTERNAL SERVICE FUNDS**

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

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF NET POSITION -**  
**ALL INTERNAL SERVICE FUNDS**  
**JUNE 30, 2016**

	Transportation Services	Insurance Benefit	Totals
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 224,161	\$ 4,181,875	\$ 4,406,036
Accounts receivable	33,638	22,847	56,485
Total current assets	257,799	4,204,722	4,462,521
<b>Total assets</b>	257,799	4,204,722	4,462,521
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	9,891	6,581	16,472
Claims payable		925,000	925,000
Accrued payroll and employee benefits	25,377		25,377
Total current liabilities	35,268	931,581	966,849
<b>Total liabilities</b>	35,268	931,581	966,849
<b><u>NET POSITION</u></b>			
Unrestricted	222,531	3,273,141	3,495,672
<b>Total net position</b>	\$ 222,531	\$ 3,273,141	\$ 3,495,672

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Transportation Services</u>	<u>Insurance Benefit</u>	<u>Totals</u>
<b>Operating revenues:</b>			
Contributions	\$	\$ 12,300,149	\$ 12,300,149
Charges for services	224,355		224,355
<b>Total operating revenues</b>	<u>224,355</u>	<u>12,300,149</u>	<u>12,524,504</u>
<b>Operating expenses:</b>			
Claims		8,787,263	8,787,263
Premiums		1,229,587	1,229,587
Administrative fees		1,550,343	1,550,343
Cost of services	133,528		133,528
<b>Total operating expenses</b>	<u>133,528</u>	<u>11,567,193</u>	<u>11,700,721</u>
<b>Operating income (loss)</b>	<u>90,827</u>	<u>732,956</u>	<u>823,783</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	851	23,551	24,402
<b>Total nonoperating revenues (expenses)</b>	<u>851</u>	<u>23,551</u>	<u>24,402</u>
<b>Income (loss) before transfers</b>	<u>91,678</u>	<u>756,507</u>	<u>848,185</u>
<b>Transfer in</b>		<u>2,516,634</u>	<u>2,516,634</u>
<b>Changes in net position</b>	<u>91,678</u>	<u>3,273,141</u>	<u>3,364,819</u>
<b>Total net position, beginning of year</b>	130,853		130,853
<b>Total net position, end of year</b>	<u>\$ 222,531</u>	<u>\$ 3,273,141</u>	<u>\$ 3,495,672</u>

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Transportation Services</b>	<b>Insurance Benefit</b>	<b>Totals</b>
<b><u>Increase in Cash and Cash Equivalents</u></b>			
<b>Cash flows from operating activities:</b>			
Cash received for services	\$ 190,717	\$	\$ 190,717
Cash received from contributions		12,277,302	12,277,302
Cash payments for claims		(7,862,263)	(7,862,263)
Cash payments to suppliers for goods and services	(121,250)	(2,773,349)	(2,894,599)
	69,467	1,641,690	1,711,157
<b>Cash flows from non-capital financing activities:</b>			
Transfers in		2,516,634	2,516,634
		2,516,634	2,516,634
<b>Cash flows from investing activities:</b>			
Investment income	851	23,551	24,402
	851	23,551	24,402
<b>Net increase in cash and cash equivalents</b>	<b>70,318</b>	<b>4,181,875</b>	<b>4,252,193</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>153,843</b>		<b>153,843</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 224,161</b>	<b>\$ 4,181,875</b>	<b>\$ 4,406,036</b>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>			
<b>Operating income</b>	\$ 90,827	\$ 732,956	\$ 823,783
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable	(33,638)	(22,847)	(56,485)
Increase in accounts payable	1,191	6,581	7,772
Increase in claims payable		925,000	925,000
Increase in accrued payroll and employee benefits	11,087		11,087
	(21,360)	908,734	887,374
<b>Total adjustments</b>	<b>(21,360)</b>	<b>908,734</b>	<b>887,374</b>
<b>Net cash provided by operating activities</b>	<b>\$ 69,467</b>	<b>\$ 1,641,690</b>	<b>\$ 1,711,157</b>

## **AGENCY FUND**

**Student Activities** - to account for monies raised by students to finance student clubs and organizations but held by the District as an agent.

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**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>STUDENT ACTIVITIES FUND</u></b>				
<u>Assets</u>				
Cash and investments	\$ 57,915	\$ 190,682	\$ 168,929	\$ 79,668
Total assets	<u>\$ 57,915</u>	<u>\$ 190,682</u>	<u>\$ 168,929</u>	<u>\$ 79,668</u>
<u>Liabilities</u>				
Due to student groups	\$ 57,915	\$ 190,682	\$ 168,929	\$ 79,668
Total liabilities	<u>\$ 57,915</u>	<u>\$ 190,682</u>	<u>\$ 168,929</u>	<u>\$ 79,668</u>
 <b><u>EMPLOYEE INSURANCE CLEARING</u></b>				
<u>Assets</u>				
Cash and investments	\$ 23,003	\$ _____	\$ 23,003	\$ _____
Total assets	<u>\$ 23,003</u>	<u>\$ _____</u>	<u>\$ 23,003</u>	<u>\$ _____</u>
<u>Liabilities</u>				
Deposits held for others	\$ 23,003	\$ _____	\$ 23,003	\$ _____
Total liabilities	<u>\$ 23,003</u>	<u>\$ _____</u>	<u>\$ 23,003</u>	<u>\$ _____</u>
 <b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 80,918	\$ 190,682	\$ 191,932	\$ 79,668
Total assets	<u>\$ 80,918</u>	<u>\$ 190,682</u>	<u>\$ 191,932</u>	<u>\$ 79,668</u>
<u>Liabilities</u>				
Deposits held for others	\$ 23,003	\$ _____	\$ 23,003	\$ _____
Due to student groups	\$ 57,915	\$ 190,682	\$ 168,929	\$ 79,668
Total liabilities	<u>\$ 80,918</u>	<u>\$ 190,682</u>	<u>\$ 191,932</u>	<u>\$ 79,668</u>

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## STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

### **Financial Trends**

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

### **Debt Capacity**

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

### **Demographic and Economic Information**

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

### **Operating Information**

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

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

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 68,816,757	\$ 78,080,726	\$ 78,019,640	\$ 68,675,552	\$ 57,157,119
Restricted	15,701,861	8,085,327	4,952,352	5,667,460	5,170,348
Unrestricted	(78,656,580)	(86,045,164)	(90,967,307)	8,413,547	5,027,588
Total net position	\$ 5,862,038	\$ 120,889	\$ (7,995,315)	\$ 82,756,559	\$ 67,355,055
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 45,739,194	\$ 41,041,242	\$ 41,077,197	\$ 46,251,741	\$ 36,137,650
Restricted	10,293,717	14,807,177	14,901,562	12,852,618	9,351,536
Unrestricted	18,726,945	18,036,057	15,801,367	14,934,380	21,416,749
Total net position	\$ 74,759,856	\$ 73,884,476	\$ 71,780,126	\$ 74,038,739	\$ 66,905,935

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

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Expenses</b>					
Instruction	\$ 61,995,783	\$ 62,967,577	\$ 61,862,648	\$ 57,664,627	\$ 57,699,104
Support services - students and staff	17,314,563	18,370,386	16,570,731	15,962,390	18,352,932
Support services - administration	10,337,501	6,208,030	5,630,548	5,268,355	5,452,650
Operation and maintenance of plant services	10,706,868	15,461,439	15,720,736	15,896,301	17,199,143
Student transportation services	5,237,098	5,279,882	5,034,220	5,024,477	5,369,070
Operation of non-instructional services	6,696,722	6,036,209	5,936,758	5,686,639	5,216,035
Interest on long-term debt	4,011,125	4,534,064	4,530,676	5,101,573	5,825,321
Other		179,663			343,972
Total expenses	<u>116,299,660</u>	<u>119,037,250</u>	<u>115,286,317</u>	<u>110,604,362</u>	<u>115,458,227</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	1,445,525	750,044	717,343	729,458	676,882
Operation of non-instructional services	768,191	670,927	670,855	695,661	764,867
Other activities	722,733				
Operating grants and contributions	15,050,097	19,660,855	18,731,922	20,151,116	21,072,908
Capital grants and contributions	416,099				
Total program revenues	<u>18,402,645</u>	<u>21,081,826</u>	<u>20,120,120</u>	<u>21,576,235</u>	<u>22,514,657</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (97,897,015)</u>	<u>\$ (97,955,424)</u>	<u>\$ (95,166,197)</u>	<u>\$ (89,028,127)</u>	<u>\$ (92,943,570)</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>					
Instruction	\$ 60,774,087	\$ 66,664,625	\$ 71,077,676	\$ 67,808,730	\$ 67,866,548
Support services - students and staff	16,088,591	17,771,407	19,725,454	19,413,028	16,275,823
Support services - administration	6,074,838	10,748,676	11,264,105	13,148,066	10,635,506
Operation and maintenance of plant services	16,064,280	11,756,100	11,257,578	11,544,181	12,839,620
Student transportation services	7,803,814	5,608,001	5,005,466	5,137,429	5,704,331
Operation of non-instructional services	5,208,339	5,369,044	5,994,624	6,016,607	5,215,386
Interest on long-term debt	6,513,784	4,989,671	6,753,593	5,846,811	5,813,230
Other					
Total expenses	<u>118,527,733</u>	<u>122,907,524</u>	<u>131,078,496</u>	<u>128,914,852</u>	<u>124,350,444</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	755,835	336,339	942,878	1,379,126	1,204,013
Operation of non-instructional services	998,929	893,309	1,052,604	1,075,894	1,139,973
Other activities		393,419	405,280	350,424	162,415
Operating grants and contributions	20,941,187	16,180,948	15,728,796	16,356,748	15,573,177
Capital grants and contributions		719,303	2,874,355	3,575,408	260,713
Total program revenues	<u>22,695,951</u>	<u>18,523,318</u>	<u>21,003,913</u>	<u>22,737,600</u>	<u>18,340,291</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (95,831,782)</u>	<u>\$ (104,384,206)</u>	<u>\$ (110,074,583)</u>	<u>\$ (106,177,252)</u>	<u>\$ (106,010,153)</u>

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

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Net (Expense)/Revenue</b>	\$ (97,897,015)	\$ (97,955,424)	\$ (95,166,197)	\$ (89,028,127)	\$ (92,943,570)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	45,894,664	75,063,132	76,222,294	77,664,135	61,817,645
Property taxes, levied for debt service	16,847,311				
Property taxes, levied for capital outlay	6,232,379				
Investment income	325,412	182,748	137,039	147,521	112,122
Unrestricted county aid	2,677,945	2,635,800	2,469,097	2,346,167	2,197,380
Unrestricted state aid	30,952,618	25,940,157	24,467,591	22,713,466	19,496,611
Unrestricted federal aid	707,835	983,827	832,147	989,849	519,680
Other		1,265,964	1,279,210	1,480,370	1,395,331
<b>Total general revenues</b>	<u>103,638,164</u>	<u>106,071,628</u>	<u>105,407,378</u>	<u>105,341,508</u>	<u>85,538,769</u>
<b>Changes in Net Position</b>	<u>\$ 5,741,149</u>	<u>\$ 8,116,204</u>	<u>\$ 10,241,181</u>	<u>\$ 16,313,381</u>	<u>\$ (7,404,801)</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Net (Expense)/Revenue</b>	\$ (95,831,782)	\$ (104,384,206)	\$ (110,074,583)	\$ (106,177,252)	\$ (106,010,153)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	70,333,636	67,105,096	66,451,898	64,341,784	58,913,641
Property taxes, levied for debt service					
Property taxes, levied for capital outlay					
Investment income	553,503	404,971	1,665,988	2,254,940	2,136,673
Unrestricted county aid	2,497,969	2,826,270			31,093
Unrestricted state aid	23,919,752	31,990,282	39,698,084	46,713,332	43,759,916
Unrestricted federal aid	3,268,034	4,161,937			
Other	1,657,939				
<b>Total general revenues</b>	<u>102,230,833</u>	<u>106,488,556</u>	<u>107,815,970</u>	<u>113,310,056</u>	<u>104,841,323</u>
<b>Changes in Net Position</b>	<u>\$ 6,399,051</u>	<u>\$ 2,104,350</u>	<u>\$ (2,258,613)</u>	<u>\$ 7,132,804</u>	<u>\$ (1,168,830)</u>

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

- Note:** 1) The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.  
2) Property tax revenue detail is not available for fiscal years prior to 2016

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
General Fund:					
Nonspendable	\$ 53,104	\$ 30,418	\$ 5,024,218	\$ 10,065,687	\$ 10,589,564
Restricted					
Committed					
Assigned		1,648,683	1,635,019	1,678,355	1,365,972
Unassigned	8,622,475	5,917,429	(587,720)	788,757	(2,017,689)
Reserved					
Unreserved					
Total General Fund	<u>\$ 8,675,579</u>	<u>\$ 7,596,530</u>	<u>\$ 6,071,517</u>	<u>\$ 12,532,799</u>	<u>\$ 9,937,847</u>
All Other Governmental Funds:					
Nonspendable	\$ 80,723	\$ 163,394	\$ 272,223	\$ 229,846	\$ 107,489
Restricted	38,669,865	50,063,843	13,044,837	16,212,566	17,388,410
Committed					
Assigned		7,398,023	8,579,362	7,057,416	5,442,438
Unassigned			(4,491,064)	(10,008,224)	(9,921,627)
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service fund					
Total all other governmental funds	<u>\$ 38,750,588</u>	<u>\$ 57,625,260</u>	<u>\$ 17,405,358</u>	<u>\$ 13,491,604</u>	<u>\$ 13,016,710</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 136,351	\$	\$	\$	\$
Restricted					
Committed					
Assigned	2,168,287				
Unassigned	10,570,052				
Reserved		1,151,677	202,796	742,091	237,978
Unreserved		1,174,385	783,622	3,807,382	3,159,797
Total General Fund	<u>\$ 12,874,690</u>	<u>\$ 2,326,062</u>	<u>\$ 986,418</u>	<u>\$ 4,549,473</u>	<u>\$ 3,397,775</u>
All Other Governmental Funds:					
Nonspendable	\$ 96,096	\$	\$	\$	\$
Restricted	29,543,168				
Committed					
Assigned	6,350,485				
Unassigned	(591,705)				
Reserved		103,931	112,231	106,773	108,129
Unreserved, reported in:					
Special revenue funds		5,552,472	6,973,918	9,164,841	9,288,441
Capital projects funds		36,638,299	20,709,266	42,841,175	41,968,156
Debt service fund		2,607,854	1,367,270	2,426,198	929,188
Total all other governmental funds	<u>\$ 35,398,044</u>	<u>\$ 44,902,556</u>	<u>\$ 29,162,685</u>	<u>\$ 54,538,987</u>	<u>\$ 52,293,914</u>

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

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 9,105,869	\$ 14,494,914	\$ 13,612,091	\$ 15,556,724	\$ 12,630,396
National School Lunch Program	5,847,096	5,756,068	5,403,372	5,343,219	5,157,270
Total federal sources	<u>14,952,965</u>	<u>20,250,982</u>	<u>19,015,463</u>	<u>20,899,943</u>	<u>17,787,666</u>
<b>State sources:</b>					
State equalization assistance	27,723,769	25,940,157	24,467,591	22,713,466	22,991,595
State grants	275,421				
School Facilities Board	300				
Other revenues	4,686,096				
Total state sources	<u>32,685,586</u>	<u>25,940,157</u>	<u>24,467,591</u>	<u>22,713,466</u>	<u>22,991,595</u>
<b>Local sources:</b>					
Property taxes	70,251,722	75,403,212	76,131,981	77,446,061	62,021,415
County aid	2,677,945	2,635,800	2,469,097	2,346,167	2,197,380
Food service sales	768,191	670,927	670,855	695,661	764,867
Investment income	301,010	182,748	137,039	147,521	112,122
Other revenues	2,734,609	2,016,008	1,996,553	2,269,823	2,155,655
Total local sources	<u>76,733,477</u>	<u>80,908,695</u>	<u>81,405,525</u>	<u>82,905,233</u>	<u>67,251,439</u>
<b>Total revenues</b>	<u><u>\$ 124,372,028</u></u>	<u><u>\$ 127,099,834</u></u>	<u><u>\$ 124,888,579</u></u>	<u><u>\$ 126,518,642</u></u>	<u><u>\$ 108,030,700</u></u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Federal sources:</b>					
Federal grants	\$ 15,535,795	\$ 14,665,837	\$ 12,656,749	\$ 14,802,697	\$ 10,594,632
National School Lunch Program	4,941,653	5,059,608	4,961,363	4,638,385	4,372,221
Total federal sources	<u>20,477,448</u>	<u>19,725,445</u>	<u>17,618,112</u>	<u>19,441,082</u>	<u>14,966,853</u>
<b>State sources:</b>					
State equalization assistance	27,644,668	28,651,057	35,992,207	38,303,681	36,419,195
State grants		529,163	987,231	835,114	867,037
School Facilities Board				798,117	1,595,240
Other revenues		3,332,502	4,050,478	7,264,741	5,745,481
Total state sources	<u>27,644,668</u>	<u>32,512,722</u>	<u>41,029,916</u>	<u>47,201,653</u>	<u>44,626,953</u>
<b>Local sources:</b>					
Property taxes	71,098,996	65,803,748	64,874,153	64,406,974	59,192,233
County aid	2,497,969	2,826,270			31,093
Food service sales	998,929	879,043	1,040,576	1,075,894	1,137,670
Investment income	553,503	422,608	1,665,988	2,253,032	2,135,514
Other revenues	2,428,774	1,599,016	1,415,546	1,783,111	2,288,085
Total local sources	<u>77,578,171</u>	<u>71,530,685</u>	<u>68,996,263</u>	<u>69,519,011</u>	<u>64,784,595</u>
<b>Total revenues</b>	<u>\$ 125,700,287</u>	<u>\$ 123,768,852</u>	<u>\$ 127,644,291</u>	<u>\$ 136,161,746</u>	<u>\$ 124,378,401</u>

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

**Note:** The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 50,126,449	\$ 54,945,194	\$ 56,055,007	\$ 51,520,535	\$ 52,914,460
Support services - students and staff	16,643,543	18,129,398	16,575,040	16,208,624	18,478,613
Support services - administration	9,592,017	6,095,443	5,573,515	5,162,848	5,684,127
Operation and maintenance of plant services	10,320,378	15,422,661	15,406,689	15,930,949	16,911,597
Student transportation services	4,077,837	4,386,114	4,226,158	4,170,482	6,779,883
Operation of non-instructional services	6,378,936	5,928,638	6,120,854	5,535,048	5,079,401
Capital outlay	25,462,257	3,989,349	3,715,178	3,131,222	6,673,987
Debt service -					
Claims and judgements					
Interest and fiscal charges	4,154,615	4,134,823	9,178,339	5,100,591	5,678,455
Principal retirement	12,835,000	11,625,000	10,530,000	16,780,000	15,190,000
Bond issuance costs		583,911			
Payment to refunded bond escrow agent					
<b>Total expenditures</b>	<u><u>\$ 139,591,032</u></u>	<u><u>\$ 125,240,531</u></u>	<u><u>\$ 127,380,780</u></u>	<u><u>\$ 123,540,299</u></u>	<u><u>\$ 133,390,523</u></u>
Expenditures for capitalized assets	\$ 20,967,190	\$ 4,836,612	\$ 4,423,938	\$ 4,301,983	\$ 11,739,867
Debt service as a percentage of noncapital expenditures	14%	14%	16%	18%	17%

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 51,789,821	\$ 55,341,318	\$ 58,161,972	\$ 58,580,431	\$ 57,116,691
Support services - students and staff	16,277,924	16,879,596	17,388,686	16,752,444	15,648,705
Support services - administration	5,936,344	9,965,828	10,118,726	10,473,314	9,859,063
Operation and maintenance of plant services	15,222,306	11,724,134	10,615,913	11,565,113	11,964,797
Student transportation services	7,055,416	4,265,480	4,303,236	4,392,085	4,226,993
Operation of non-instructional services	5,054,413	5,063,007	5,343,164	5,411,236	4,947,890
Capital outlay	20,577,401	18,685,884	37,408,550	40,703,338	15,048,655
Debt service -					
Claims and judgements			726,623		
Interest and fiscal charges	6,305,204	4,943,241	6,753,593	6,074,223	5,875,909
Principal retirement	9,920,000	6,885,000	5,229,250	4,757,960	4,903,467
Bond issuance costs	110,145	335,190		226,062	377,402
Payment to refunded bond escrow agent					1,450,000
<b>Total expenditures</b>	<u>\$ 138,248,974</u>	<u>\$ 134,088,678</u>	<u>\$ 156,049,713</u>	<u>\$ 158,936,206</u>	<u>\$ 131,419,572</u>
Expenditures for capitalized assets	\$ 20,464,545	\$ 10,841,649	\$ 28,886,347	\$ 34,309,994	\$ 7,040,018
Debt service as a percentage of noncapital expenditures	14%	10%	10%	9%	10%

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

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (15,219,004)	\$ 1,859,303	\$ (2,492,201)	\$ 2,978,343	\$ (25,359,823)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds		37,560,000			
Refunding bonds issued		27,500,000			
Premium on sale of bonds		4,875,508			
Capital lease agreements					
Transfers in	1,078,393	761,323	3,358,368	947,022	2,373,008
Transfers out	(3,595,027)	(761,323)	(3,358,368)	(947,022)	(2,373,008)
Payment to refunded bond escrow agent		(30,053,852)			
Proceeds from sale of capital assets				65,383	117,966
Total other financing sources (uses)	<u>(2,516,634)</u>	<u>39,881,656</u>	<u>                  </u>	<u>65,383</u>	<u>117,966</u>
<b>Changes in fund balances</b>	<u>\$ (17,735,638)</u>	<u>\$ 41,740,959</u>	<u>\$ (2,492,201)</u>	<u>\$ 3,043,726</u>	<u>\$ (25,241,857)</u>
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (12,548,687)	\$ (10,319,826)	\$ (28,405,422)	\$ (22,774,460)	\$ (7,041,171)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds	14,270,000	25,170,000		25,215,000	25,000,000
Refunding bonds issued					16,550,000
Premium on sale of bonds	644,332	288,760		453,474	1,388,383
Capital lease agreements					
Transfers in	1,022,025	2,459,529	1,096,886	1,898,890	1,724,773
Transfers out	(1,022,025)	(2,459,529)	(1,096,886)	(1,898,890)	(1,724,773)
Payment to refunded bond escrow agent					(17,402,415)
Total other financing sources (uses)	<u>14,914,332</u>	<u>25,458,760</u>	<u>                  </u>	<u>25,668,474</u>	<u>25,535,968</u>
<b>Changes in fund balances</b>	<u>\$ 2,365,645</u>	<u>\$ 15,138,934</u>	<u>\$ (28,405,422)</u>	<u>\$ 2,894,014</u>	<u>\$ 18,494,797</u>

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

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 728,372,625	\$ 718,421,648	\$ 734,721,015	\$ 843,246,237	\$ 926,146,378
Agricultural and Vacant	28,648,961	28,702,080	29,363,034	34,280,734	50,559,704
Residential (Owner Occupied)	242,406,047	238,170,353	227,868,770	282,964,272	363,840,816
Residential (Rental)	243,399,914	228,803,484	193,859,471	180,019,866	216,411,501
Railroad, Private Cars and Airlines	2,480,172	2,654,097	2,505,119	2,774,441	2,439,358
Historical Property	5,487,552	5,657,136	5,453,696	5,625,266	5,865,162
Certain Government Property Improvements	34,160	30,141	28,495	23,265	25,627
<b>Total</b>	<b>\$ 1,250,829,431</b>	<b>\$ 1,222,438,939</b>	<b>\$ 1,193,799,600</b>	<b>\$ 1,348,934,081</b>	<b>\$ 1,565,288,546</b>
Gross Full Cash Value	\$ 15,999,520,131	\$ 13,867,445,296	\$ 12,941,693,279	\$ 12,805,976,115	\$ 14,750,511,727
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	9%	11%	11%
Total Direct Rate	5.47	5.75	6.16	3.99	3.99

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 1,191,614,489	\$ 1,196,466,884	\$ 1,109,717,097	\$ 1,093,396,158	\$ 1,054,312,318
Agricultural and Vacant	44,562,202	46,224,092	35,674,293	38,605,543	29,039,511
Residential (Owner Occupied)	451,138,198	472,817,179	423,135,953	363,107,045	324,015,960
Residential (Rental)	251,328,984	228,125,339	194,869,836	171,627,041	155,060,509
Railroad, Private Cars and Airlines	2,507,266	2,644,376	3,062,280	3,282,659	3,024,718
Historical Property	6,310,817	5,747,512	5,983,212	5,681,714	1,329,477
Certain Government Property Improvements	13,320	16,635	14,610	12,745	
<b>Total</b>	<b>\$ 1,947,475,276</b>	<b>\$ 1,952,042,017</b>	<b>\$ 1,772,457,281</b>	<b>\$ 1,675,712,905</b>	<b>\$ 1,566,782,493</b>
Gross Full Cash Value	\$ 18,048,236,187	\$ 18,772,588,894	\$ 17,291,410,019	\$ 14,930,836,441	\$ 12,214,625,152
Ratio of Net Limited Assessed Value to Gross Full Cash Value	11%	10%	10%	11%	13%
Total Direct Rate	3.60	3.28	3.51	3.82	3.99

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 798,328,358	\$ 727,469,438	\$ 738,213,770	\$ 847,650,659	\$ 936,163,779
Agricultural and Vacant	32,999,881	30,215,489	30,123,518	35,317,591	53,804,313
Residential (Owner Occupied)	315,592,574	258,594,273	228,032,466	283,156,861	364,199,081
Residential (Rental)	319,103,325	261,177,465	199,931,466	180,071,284	217,196,383
Railroad, Private Cars and Airlines	2,529,283	2,679,973	2,529,484	2,829,080	2,731,403
Historical Property	6,434,518	7,113,525	7,001,051	7,148,235	8,001,541
Certain Government Property Improvements	34,682	30,141	28,495	23,265	25,627
<b>Total</b>	<b>\$ 1,475,022,621</b>	<b>\$ 1,287,280,304</b>	<b>\$ 1,205,860,250</b>	<b>\$ 1,356,196,975</b>	<b>\$ 1,582,122,127</b>
Gross Full Cash Value	\$ 15,999,520,131	\$ 13,867,445,296	\$ 12,941,693,279	\$ 12,805,976,115	\$ 14,750,511,727
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	9%	9%	9%	11%	11%
Total Direct Rate	5.47	5.75	6.16	5.57	3.99

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	\$ 1,285,752,889	\$ 1,383,889,715	\$ 1,265,051,911	\$ 1,194,738,419	\$ 1,130,033,165
Agricultural and Vacant	53,341,019	63,066,483	47,990,241	50,513,692	39,600,519
Residential (Owner Occupied)	454,708,597	537,314,621	565,881,178	476,296,270	331,101,512
Residential (Rental)	270,972,472	281,967,850	260,637,400	215,681,552	161,537,614
Railroad, Private Cars and Airlines	3,007,466	3,134,640	3,467,610	3,636,545	3,208,008
Historical Property	9,188,578	7,468,356	8,126,996	6,989,422	1,434,961
Certain Government Property Improvements	13,320	16,635	14,610	12,745	
<b>Total</b>	<b>\$ 2,076,984,341</b>	<b>\$ 2,276,858,300</b>	<b>\$ 2,151,169,946</b>	<b>\$ 1,947,868,645</b>	<b>\$ 1,666,915,779</b>
Gross Full Cash Value	\$ 18,048,236,187	\$ 18,772,588,894	\$ 17,291,410,019	\$ 14,930,836,441	\$ 12,214,625,152
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	12%	12%	12%	13%	14%
Total Direct Rate	3.60	3.28	3.51	3.82	3.99

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	16	15	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commercial, Industrial, Utilities and Mining	21 %	22 %	23 %	24 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	17	18	20	21	22

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**Note:** Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

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

Fiscal Year Ended June 30	Overlapping Rates												District Direct Rates		
	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	City of Tempe	East Valley Inst. Of Technology	Tempe Union High School District No. 213	City of Phoenix	City of Scottsdale	Primary	Secondary	Total
2016	0.51	1.36	0.06	0.16	1.49	0.01	0.14	2.52	0.05	3.22	3.22	3.22	3.22	2.25	5.47
2015	0.51	1.32	0.06	0.14	1.52	0.01	0.14	2.44	0.05	3.06	1.82	1.24	3.30	2.45	5.75
2014	0.51	1.28	0.04	0.14	1.53	0.01	0.14	2.49	0.05	2.66	1.82	1.29	3.22	2.94	6.16
2013	0.47	1.24	0.05	0.18	1.21	0.01	0.10	1.79	0.05	2.57	1.82	1.09	3.18	2.39	5.57
2012	0.43	1.24	0.05	0.18	1.21	0.01	0.10	1.79	0.05	2.57	1.82	1.09	2.65	1.34	3.99
2011	0.36	1.05	0.04	0.15	0.97	0.01	0.10	1.40	0.05	2.30	1.82	0.75	2.31	1.29	3.60
2010	0.33	0.99	0.04	0.14	0.88	0.01	0.10	1.40	0.05	2.24	1.82	0.75	2.14	1.14	3.28
2009		1.03	0.04	0.14	0.94	0.01	0.10	1.40	0.05	2.28	1.82	0.78	2.43	1.08	3.51
2008		1.10	0.04	0.15	0.98	0.01	0.10	1.40	0.05	2.51	1.82	0.79	2.59	1.23	3.82
2007		1.18	0.05	0.20	1.06	0.01	0.12	1.40	0.05	2.63	1.82	0.97	2.61	1.38	3.99

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

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

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Arizona Mills Mall LLC	\$ 26,368,205	2.11 %	\$ 31,937,563	2.04 %
Arizona Public Service Company	25,479,567	2.04	26,153,813	1.67
Verizon Wireless	25,180,513	2.01		
Qwest Corporation	11,240,146	0.90	30,103,780	1.92
KBSII Fountainhead LLC	10,920,803	0.87		
Honeywell International Inc	8,817,697	0.70		
Tempe Campus SPV LLC	7,909,650	0.63		
JDM II Tempe Oc LLC	7,798,764	0.62		
JP Morgan Chase Bank NA	6,853,312	0.55		
Pky W Rio Salado LLC/AWHQ LLC	6,659,109	0.53		
Wells Fargo Bank NA			17,957,644	1.15
AT&T			15,395,355	0.98
Allied Signal			15,202,114	0.97
Papago Buttes Corporate LLC			12,980,573	0.83
Freescale Semiconductor Inc			11,518,321	0.74
State Farm Mutual Auto Insurance			9,767,072	0.62
Wells Fargo Bank			9,519,797	0.61
Total	<u>\$ 137,227,766</u>	<u>10.96 %</u>	<u>\$ 180,536,032</u>	<u>11.53 %</u>

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 69,034,706	\$ 68,103,388	98.65 %	\$	\$ 68,103,388	98.65 %
2015	72,270,506	70,609,571	97.70	1,609,907	72,219,478	99.93
2014	74,144,209	72,125,687	97.28	1,959,285	74,084,972	99.92
2013	75,738,125	73,653,381	97.25	2,059,583	75,712,964	99.97
2012	62,608,613	60,348,216	96.39	1,896,286	62,244,502	99.42
2011	71,851,994	69,254,353	96.38	2,582,556	71,836,909	99.98
2010	67,600,501	64,255,782	95.05	2,092,227	66,348,009	98.15
2009	67,013,757	63,873,929	95.31	2,699,846	66,573,775	99.34
2008	65,922,838	64,374,725	97.65	1,539,565	65,914,290	99.99
2007	62,107,694	60,576,283	97.53	1,531,411	62,107,694	100.00

**Source:** The source of this information is the 2015 Maricopa County Treasurer's records.

**Notes:** 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2016	\$ 117,969,363	\$ 3,620,807	\$ 114,348,556	0.71 %	\$ 724	\$	\$ 117,969,363	0.74 %	\$ 746	0.07 %
2015	130,010,511	2,840,019	127,170,492	0.92	861		130,010,511	0.94	880	0.08
2014	88,216,801		88,216,801	0.68	597		88,216,801	0.68	597	0.05
2013	103,583,363		103,583,363	0.81	701		103,583,363	0.81	701	0.07
2012	119,386,865		119,386,865	0.81	808		119,386,865	0.81	808	0.08
2011	131,907,655	2,168,287	129,739,368	0.72	878		131,907,655	0.73	893	0.09
2010	132,888,610	6,885,000	126,003,610	0.67	853		132,888,610	0.71	900	0.09
2009	112,947,860	5,229,250	107,718,610	0.62	653		112,947,860	0.65	685	0.08
2008	117,586,777	4,757,960	112,828,817	0.76	684		117,586,777	0.79	713	0.08
2007	97,394,287	4,903,467	92,490,820	0.76	558		97,394,287	0.80	587	0.07

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

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa Community College District	\$ 712,760,000	3.68 %	\$ 26,229,568
City of Phoenix	2,126,137,000	1.73	36,782,170
City of Mesa	336,716,000	0.25	841,790
City of Tempe	386,875,000	66.40	256,885,000
Tempe Union High School District No. 213	105,000,000	42.05	44,152,500
Subtotal, Overlapping Debt			<u>364,891,028</u>
Direct:			
Tempe Elementary School District No. 3			<u>117,969,363</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 482,860,391</u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		9.14 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,033	
As a Percentage of Net Limited Assessed Valuation		38.31 %
As a Percentage of Gross Full Cash Value		3.00 %

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

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
  - 2) Outstanding debt as of June 30, 2015 is presented for the overlapping governments as this is the most recent available information.

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

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2016:**

Net full cash assessed valuation	\$ 1,475,022,621
Debt limit (10% of assessed value)	147,502,262
Debt applicable to limit	<u>112,635,000</u>
Legal debt margin	<u><u>\$ 34,867,262</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2016:**

Net full cash assessed valuation	\$ 1,475,022,621
Debt limit (15% of assessed value)	221,253,393
Debt applicable to limit	<u>112,635,000</u>
Legal debt margin	<u><u>\$ 108,618,393</u></u>

**Fiscal Year Ended June 30**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 221,253,393	\$ 193,092,046	\$ 180,879,038	\$ 203,429,546	\$ 237,318,319
Total net debt applicable to limit	<u>112,635,000</u>	<u>112,635,000</u>	<u>86,700,000</u>	<u>97,230,000</u>	<u>114,010,000</u>
Legal debt margin	<u><u>\$ 108,618,393</u></u>	<u><u>\$ 80,457,046</u></u>	<u><u>\$ 94,179,038</u></u>	<u><u>\$ 106,199,546</u></u>	<u><u>\$ 123,308,319</u></u>
Total net debt applicable to the limit as a percentage of debt limit	51%	58%	48%	48%	48%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 311,547,651	\$ 341,528,745	\$ 322,668,967	\$ 292,180,297	\$ 250,037,367
Total net debt applicable to limit	<u>114,010,000</u>	<u>126,003,610</u>	<u>107,718,610</u>	<u>112,828,817</u>	<u>92,490,820</u>
Legal debt margin	<u><u>\$ 197,537,651</u></u>	<u><u>\$ 215,525,135</u></u>	<u><u>\$ 214,950,357</u></u>	<u><u>\$ 179,351,480</u></u>	<u><u>\$ 157,546,547</u></u>
Total net debt applicable to the limit as a percentage of debt limit	37%	37%	33%	39%	37%

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

**Notes:** 1) The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds and the statutory debt limit on Class B bonds. The calculations of the debt margins are presented in detail for the current fiscal year only.

2) Bond premium is not subject to the statutory debt limit.

**TEMPE ELEMENTARY SCHOOL DISTRICT NO. 3  
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2015	4,076,438	\$ 168,483,421	\$ 41,222	5.5 %	158,032
2014	4,087,191	168,483,421	41,222	5.9	147,734
2013	4,009,412	160,497,824	40,030	6.6	147,734
2012 *	3,884,705	154,926,697	39,300	7.1	147,734
2011	3,880,244	147,724,392	38,071	8.4	147,734
2010	3,817,117	140,351,646	36,695	9.1	147,734
2009	4,023,331	142,091,618	35,319	8.3	147,734
2008	3,987,942	147,122,078	37,168	5.1	165,000
2007	3,907,492	139,665,253	36,135	3.2	165,000
2006	3,792,675	132,423,154	35,046	3.5	165,890

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2006 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2015, the source of the information is the Arizona Office of Employment and Population Statistics.

**Note:** Income amounts for 2014 is the most recent information available.

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

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Arizona State University	11,185	14.49 %	12,569	11.46 %
Maricopa Community Colleges	4,611	5.97		
SRP	4,374	5.66		
Safeway Inc.	3,996	5.17		
Wells Fargo Banking Division	3,576	4.63		
Motorola	3,000	3.88	3,510	3.20
Honeywell	3,000	3.88		
Kyrene School District	2,401	3.11		
Chase Manhattan Corporation	2,377	3.08	2,300	2.10
US Airways	1,898	2.46	3,916	3.57
City of Tempe			1,977	1.80
Medtronic Microelectronics			1,363	1.24
State Farm			1,149	1.05
Bank One Telephone Banking Division			1,000	0.91
Financial & Credit Services Group			914	0.83
Wilson Electric			850	0.78
<b>Total</b>	<u>40,418</u>	<u>52.33 %</u>	<u>29,548</u>	<u>26.94 %</u>
<b>Total employment</b>	<u>77,236</u>		<u>109,677</u>	

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

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

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Supervisory</b>					
District	9	9	9	9	7
Principals	21	21	20	20	19
Assistant principals	13	13	13	13	12
Total supervisory	<u>43</u>	<u>43</u>	<u>42</u>	<u>42</u>	<u>38</u>
<b>Student services</b>					
Guidance Counselors	21	21	20	20	20
Librarians	17	16	16	15	16
Psychologists	18	17	17	17	16
Other	45	29	29	37	23
Total student services	<u>101</u>	<u>83</u>	<u>82</u>	<u>89</u>	<u>75</u>
<b>Instruction</b>					
Regular education	600	604	604	601	599
Special education	112	114	114	104	112
Total instruction	<u>712</u>	<u>718</u>	<u>718</u>	<u>705</u>	<u>711</u>
<b>Support &amp; administration</b>					
Instructional aides	187	191	191	178	199
Office staff	102	100	100	100	101
Managers/directors	27	22	22	22	24
Student support	59	55	55	54	54
Plant operations staff	113	113	113	111	108
Other	171	187	187	174	172
Total support and administration	<u>659</u>	<u>668</u>	<u>668</u>	<u>639</u>	<u>658</u>
<b>Total</b>	<u><u>1,515</u></u>	<u><u>1,512</u></u>	<u><u>1,510</u></u>	<u><u>1,475</u></u>	<u><u>1,482</u></u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Supervisory</b>					
District	8	10	11	11	10
Principals	22	22	25	24	24
Assistant principals	11	11	10	10	10
Total supervisory	<u>41</u>	<u>43</u>	<u>46</u>	<u>45</u>	<u>44</u>
<b>Student services</b>					
Guidance Counselors	24	25	24	25	25
Librarians	17	23	16	20	20
Psychologists	18	19	15	16	16
Other	27	25	27	24	24
Total student services	<u>86</u>	<u>92</u>	<u>82</u>	<u>85</u>	<u>85</u>
<b>Instruction</b>					
Regular education	677	689	749	763	755
Special education	109	110	122	131	139
Total instruction	<u>786</u>	<u>799</u>	<u>871</u>	<u>894</u>	<u>894</u>
<b>Support &amp; administration</b>					
Instructional aides	220	220	202	176	176
Office staff	112	113	113	117	117
Managers/directors	19	19	19	19	19
Student support	58	65	64	80	80
Plant operations staff	126	120	136	135	135
Other	195	198	193	192	192
Total support and administration	<u>730</u>	<u>735</u>	<u>727</u>	<u>719</u>	<u>719</u>
<b>Total</b>	<u><u>1,643</u></u>	<u><u>1,669</u></u>	<u><u>1,726</u></u>	<u><u>1,743</u></u>	<u><u>1,742</u></u>

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

(Concluded)

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

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2016	11,030	\$ 97,139,160	\$ 8,807	(6.69) %	\$ 116,299,660	\$ 10,544	(1.55) %	712	15.5	74.0 %
2015	11,115	104,907,448	9,438	0.28	119,037,250	10,710	2.60	718	15.5	73.8
2014	11,045	103,957,263	9,412	4.70	115,286,317	10,438	3.43	718	15.4	74.2
2013	10,960	98,528,486	8,990	(6.28)	110,604,362	10,092	(3.55)	705	15.5	74.6
2012	11,035	105,848,081	9,592	6.54	115,458,227	10,463	(0.64)	711	15.5	75.0
2011	11,256	101,336,224	9,003	2.47	118,527,733	10,530	0.68	786	14.3	72.2
2010	11,751	103,239,363	8,786	(0.26)	122,907,524	10,459	(4.04)	799	14.7	72.2
2009	12,026	105,931,697	8,809	2.83	131,078,496	10,900	5.78	871	13.8	69.0
2008	12,511	107,174,623	8,566	2.87	128,914,852	10,304	3.26	894	14.0	65.4
2007	12,461	103,764,139	8,327	6.21	124,350,444	9,979	13.54	894	13.9	63.6

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

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

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

	<b>Fiscal Year Ended June 30</b>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b><u>Schools</u></b>										
<b><u>Elementary</u></b>										
Buildings	63	57	57	58	58	74	73	87	115	109
Square feet	956,962	883,446	883,446	884,047	884,047	884,047	941,396	972,149	948,809	930,063
Capacity	9,521	8,755	8,755	8,755	8,755	8,755	9,481	9,972	10,088	10,113
Enrollment	7,534	8,052	8,052	7,879	7,912	7,912	7,988	8,584	8,744	8,581
<b><u>Middle</u></b>										
Buildings	38	36	35	32	30	30	41	43	43	43
Square feet	519,742	498,931	490,485	455,684	556,388	556,388	566,388	566,447	469,882	569,882
Capacity	4,100	4,100	3,693	3,318	4,288	4,288	4,288	4,348	4,348	4,200
Enrollment	3,135	3,098	2,931	3,001	2,994	2,994	3,173	3,400	3,454	3,581
<b><u>K-8</u></b>										
Buildings	3	10	10	10	10	10	10	10	10	10
Square feet	43,991	95,960	9,560	95,960	95,960	95,960	95,960	95,960	101,978	100,978
Capacity	504	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,025
Enrollment	905	901	946	981	991	991	955	966	940	953
<b><u>Administrative</u></b>										
Buildings	3	4	4	4	1	1	1	1	1	1
Square feet	77,348	95,301	95,301	95,301	57,194	57,194	57,194	57,194	57,194	57,194
<b><u>Maintenance</u></b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	77,348	77,348	77,348	77,348	77,348	77,348	77,348	48,865	48,865	48,865
<b><u>Other</u></b>										
Buildings	7	15	20	23	28	9	7			
Square feet	25,961	120,288	172,605	207,219	255,385	60,181	50,122			
Capacity	293	1,020	1,675	2,050	2,436	610	550			

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