
Scottsdale Unified School District No. 48

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



Scottsdale Unified School District No. 48

Scottsdale, Arizona

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

Issued by:
Finance Department

Scottsdale Unified School District No. 48

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Introductory Section

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Education Center
8500 E. Jackrabbit Rd.
Scottsdale, Arizona 85250

Telephone: 480-484-6200
Website: www.susd.org

January 27, 2024

Citizens and Governing Board
Scottsdale Unified School District No. 48
8500 E. Jackrabbit Rd.
Scottsdale, Arizona 85250

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Scottsdale Unified School District No. 48 (District) for the fiscal year ended June 30, 2023.

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

The District's financial statements have been audited by 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, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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 Pre-Kindergarten through grade twelve, with an estimated current enrollment of 21,508 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, the component unit combined with the District for financial statement purposes and the District are not included in any other governmental 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, food services, bookstore, and athletic functions.

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Scottsdale Unified School District No. 48 Insurance Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's Board of Directors. The Scottsdale Unified School District No. 48 Insurance Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

The District was founded in 1896 and encompasses approximately 120 square miles. The District is situated in the central portion of Maricopa County, Arizona in the east sector of the greater Phoenix metropolitan area. The estimated population within the District is 254,995.

The District has 29 brick and mortar schools as well 1 on-line learning school. The District is proud to say that in 2023 they earned Districtwide Cognia accreditation, becoming part of a global system of more than 36,000 schools and school systems in 85 countries that are dedicated to continuous improvement. Additionally, 28 of the 29 brick and mortar schools are “A” or “B” labeled schools in the Fall of 2023. More than 2,600 employees work in the District. The District has a sizable tax base of above-average income and housing values. Sixty-four percent of the District lies in the City of Scottsdale but does not include the entire City of Scottsdale. Almost all of the Town of Paradise Valley, a section of the City of Phoenix, and a small section of the City of Tempe are also included within the District boundaries. The District’s Northeast section includes the fastest growing area in Scottsdale in both population and housing.

The City of Scottsdale was founded in 1894 and incorporated in 1951. It is located in the northeastern portion of the “Valley of the Sun”. Scottsdale has an estimated population of 254,995. The Scottsdale economy today contains, in addition to its resorts, a diverse mix of financial services from banking to insurance and investments; business services from advertising and public relations to software development; computer service, professional services from major health care providers anchored by HonorHealth Scottsdale and the world-renowned Mayo clinic.

The Scottsdale Airpark is the 3rd largest employment center in the Valley. The Greater Scottsdale Airport Area is home to over 59,000 employees and more than 3,200 businesses. Strategically located along the loop 101 freeway, the Airpark is home to the Scottsdale Airpark. Downtown Scottsdale is considered by many as the Central Business District, featuring a roughly 2-mile square area. Visitors enjoy the close proximity to Scottsdale’s Downtown district which is home to world class shopping at Scottsdale Fashion Square, vibrant nightlife, and luxury resorts like the Hotel Valley Ho and the W Hotel.

The District maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions included in the annual expenditure budget adopted by the District’s Governing Board. The annual expenditure budget also serves as the foundation for the District’s financial planning and control. Activities of the general fund, special revenue funds, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total adopted expenditure budget. Arizona Revised Statutes permits the adopted expenditure budget to be revised annually. The District additionally exercises management control and oversight of the budget at the fund level. The District may have over expenditures of budgeted funds 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.

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

Despite the Global pandemic of 2020, Scottsdale remains a vital component of the State's economy. The City of Scottsdale retains fundamental economic strength due to its diversified employment base, attractiveness to new business, retail base, and strong tourism attraction. The City has seen an increase in both redevelopment in the Southern part of the City as well as continued growth in the housing and commercial sector.

Long-term Financial Planning

The Scottsdale Unified School District has on average seen student counts decline over the past several years. However, the District has comprehensive plans to mitigate and address the decline in student counts including marketing plans, signature educational programs, and site-specific community-based strategies.

The primary assessed value has grown at an average rate of 5.0 percent in the past eleven years. Due to the high primary assessed value, Scottsdale Unified School District has been able to maintain an attractively low tax rate for education. The Primary tax rate has been at 2.633 or below for the past four years, making it one of the lowest tax rates as compared to peer districts in the Valley.

In November of 2016, the voters of Scottsdale Unified School District approved a \$229 million bond authorization. The projects that this bond have provided include the rebuilding/remodeling of elementary schools, athletic field upgrades, security upgrades at all school sites, purchase of pupil transportation vehicles, and facilities maintenance improvements at all school sites. Most of these projects have already been completed. In November of 2022 the voters of Scottsdale approved the continuation and expansion of the District Capital Override, authorizing up to \$14.5 million starting in the 2023-2024 fiscal year and continuing for an additional seven years. The categories that these monies will be spent on include curriculum materials, school technology, furniture, fixtures, equipment, fine arts, athletics, library programs, playground equipment, and safety code compliance requirements. The average age of school buildings is 27 years.

In November of 2023, the voters of Scottsdale Unified School District approved the renewal of the Maintenance and Operations Override, which provides the District with an estimated \$23 million in additional funds. The additional funds allow the District to provide all day kindergarten, maintaining current class size ratios, music, art, world language, athletics, and co-curricular activities, as well as technology, staff professional development, and competitive teacher pay.

While the COVID-19 Pandemic did effect students nationwide, the District worked to address learning loss. In a recent review of the 2023 test scores, students attending Scottsdale Unified School District scored higher than the County and State average scores. Additionally, students from Scottsdale Unified School District also scored higher than those in peer districts.

Awards and Acknowledgment

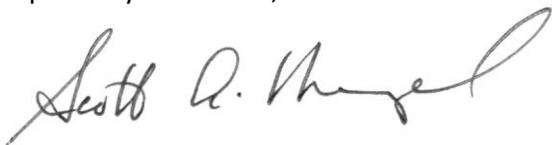
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fifteenth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2023 certificates.

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

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

Respectfully submitted,



Dr. Scott A. Menzel
Superintendent



Shannon Crosier
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Scottsdale Unified School District 48

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style with a horizontal line underneath.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style with a horizontal line underneath.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**



Government Finance Officers Association

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

Presented to

**Scottsdale Unified School District No. 48
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

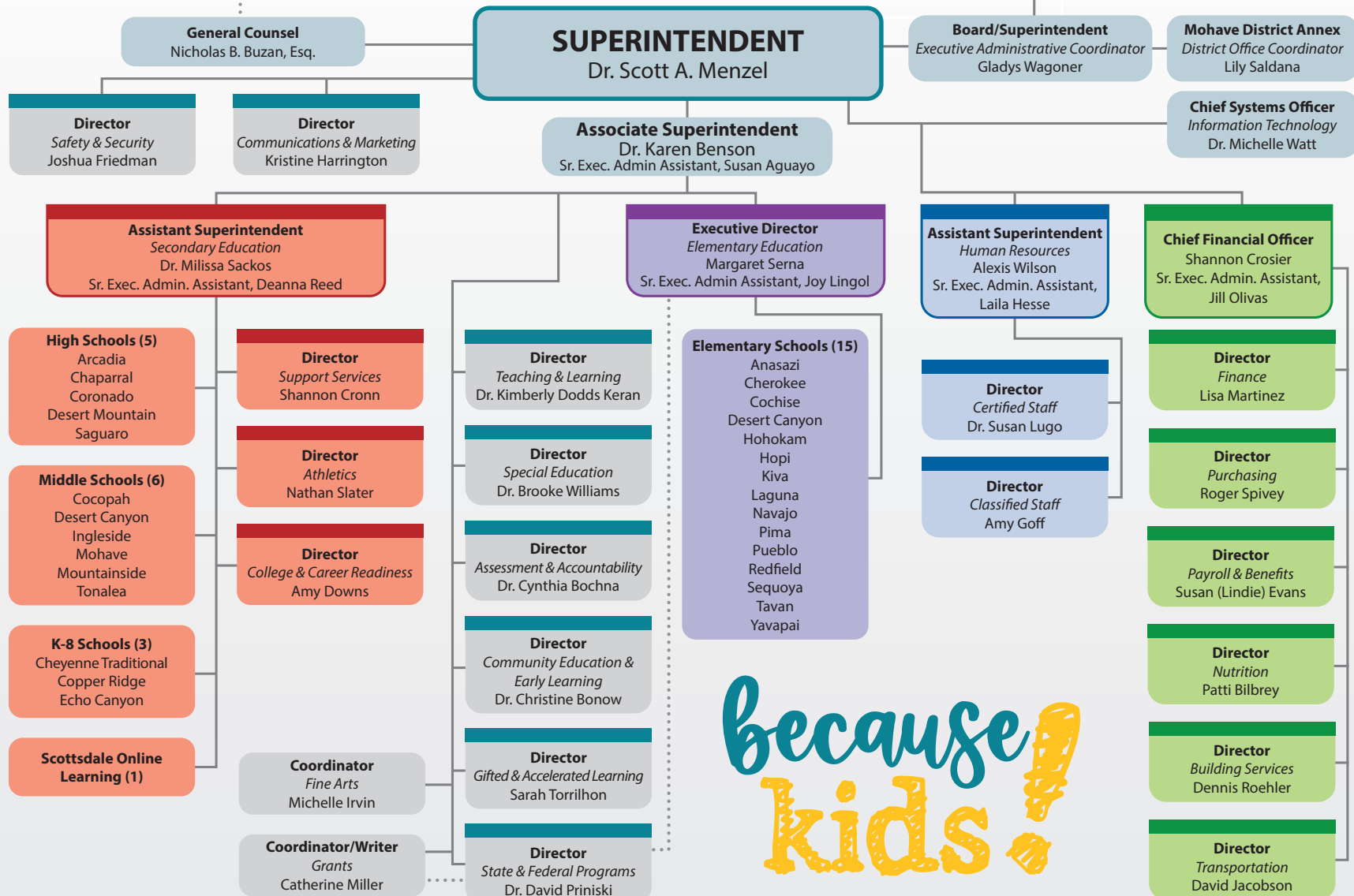
ORGANIZATIONAL CHART



2023 – 2024

GOVERNING BOARD

President Julie Cieniawski, **Vice President** Carine Werner, **Board Members** Dr. Libby Hart-Wells, Zach Lindsay, Amy Carney



because kids!

Scottsdale Unified School District No. 48

List of Principal Officials

Governing Board

Julie Cieniawski, President

Carine Werner, Vice President

Dr. Libby Hart-Wells, Member

Zach Lindsay, Member

Amy Carney, Member

Administrative Staff

Dr. Scott A. Menzel, Superintendent

Dr. Karen Benson, Associate Superintendent

Dr. Milissa Sackos, Assistant Superintendent, Secondary Education

Margaret Serna, Executive Director, Elementary Education

Alexis Wilson, Assistant Superintendent, Human Resources

Shannon Crosier, Chief Financial Officer

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Financial Section

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Independent Auditor's Report

Governing Board
Scottsdale Unified School District No. 48

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scottsdale Unified School District No. 48 (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scottsdale Unified School District No. 48, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Scottsdale Unified School District No. 48 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2024, on our consideration of Scottsdale Unified School District No. 48's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Scottsdale Unified School District No. 48's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scottsdale Unified School District No. 48's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 27, 2024

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Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

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Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

As management of the Scottsdale Unified School District No. 48 (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, 2023. 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 decreased \$5.0 million which represents a two percent decrease from the prior fiscal year as a result of various school renovations and improvements funded by bond proceeds.
- General revenues accounted for \$225.3 million in revenue, or 79 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$59.4 million or 21 percent of total current fiscal year revenues.
- The District had approximately \$289.7 million in expenses related to governmental activities, an increase of seven percent from the prior fiscal year.
- Among major funds, the General Fund had \$193.1 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$197.9 million in expenditures. The General Fund's fund balance decrease from \$67.3 million at the prior fiscal year end to \$62.5 million at the end of the current fiscal year was primarily due to an increase in expenditures for purchases of technology and software.
- Net position for the Internal Service Funds increased \$2.2 million from the prior fiscal year. Operating revenues of \$27.4 million exceeded operating expenses of \$20.3 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.

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.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of 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 two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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.

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.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Overview of Financial Statements

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, Federal and State Grants, Other Special Revenue, Debt Service, 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 is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its insurance trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Insurance Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund. Other internal service funds include (1) the Print Shop Fund which accounts for District charges to other departments for printing and copying services and (2) the Intergovernmental Agreements Fund which accounts for financial activities related to agreements with other governments where the District is the fiscal agent. Because these activities predominately benefit governmental functions, they have 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.

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 and major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

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 \$232.4 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.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	As of June 30, 2023	As of June 30, 2022
Current and other assets	\$ 251,985,133	\$ 304,467,327
Capital assets, net	533,686,987	515,550,386
Total assets	<u>785,672,120</u>	<u>820,017,713</u>
Deferred outflows	<u>29,343,130</u>	<u>42,814,958</u>
Current and other liabilities	24,165,875	27,655,340
Long-term liabilities	545,860,334	540,739,658
Total liabilities	<u>570,026,209</u>	<u>568,394,998</u>
Deferred inflows	<u>12,634,510</u>	<u>57,093,291</u>
Net position:		
Net investment in capital assets	198,544,599	190,447,507
Restricted	83,607,178	98,149,688
Unrestricted	(49,797,246)	(51,252,813)
Total net position	<u>\$ 232,354,531</u>	<u>\$ 237,344,382</u>

At the end of the current fiscal year, the District reported positive balances in two categories of net position however, unrestricted net position was in a deficit position. Unrestricted net position, which is normally used to meet the District's ongoing obligations reported a deficit of \$49.8 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.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

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.

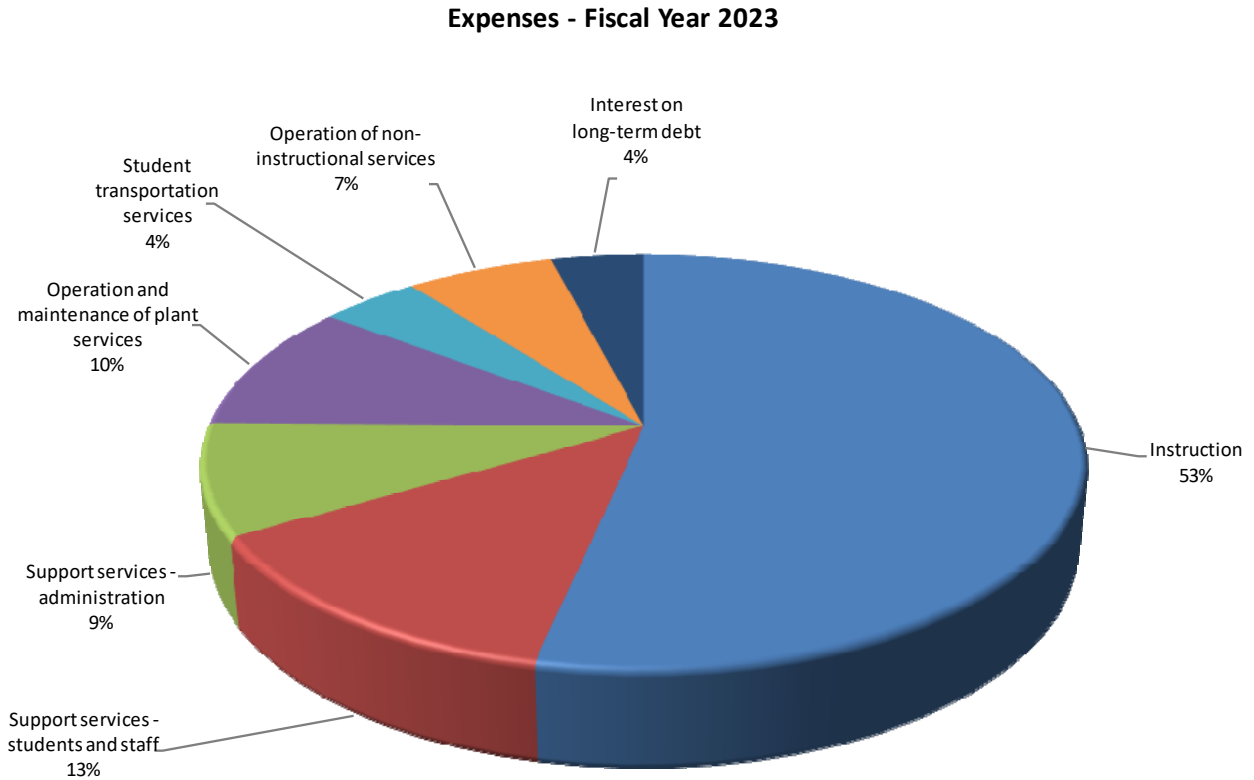
- The principal retirement of \$16.7 million of bonds and \$3.2 million of bond premium.
- The addition of \$18.1 million in capital assets through the rebuilding of schools, and other school improvements and purchases of vehicles, furniture and equipment.
- The increase of \$28.9 million in the net pension liability.

Changes in net position. The District's total revenues for the current fiscal year were \$284.7 million. The total cost of all programs and services was \$289.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Revenues:		
Program revenues:		
Charges for services	\$ 22,494,240	\$ 8,965,307
Operating grants and contributions	34,416,465	64,205,789
Capital grants and contributions	2,448,916	330,958
General revenues:		
Property taxes	172,197,060	186,118,790
Investment income	3,087,747	58,199
Unrestricted state aid	48,566,055	26,924,117
Unrestricted federal aid	1,478,186	5,278,744
Total revenues	284,688,669	291,881,904
Expenses:		
Instruction	154,521,670	150,224,646
Support services - students and staff	38,515,462	34,874,452
Support services - administration	24,968,638	22,806,692
Operation and maintenance of plant services	29,020,357	27,171,177
Student transportation services	12,490,641	8,404,572
Operation of non-instructional services	18,570,824	15,482,140
Interest on long-term debt	11,590,928	12,513,963
Total expenses	289,678,520	271,477,642
Changes in net position	(4,989,851)	20,404,262
Net position, beginning	237,344,382	216,940,120
Net position, ending	\$ 232,354,531	\$ 237,344,382

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis



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

- A decrease of \$29.8 million in operating grants and contributions was primarily due to a decrease in funding from grants in response to the COVID-19 pandemic.
- Unrestricted state aid revenues increased \$21.6 million due to an increase in state equalization funding from an increase in the funding formula adopted by the state legislature.

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.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Government-Wide Financial Analysis

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 154,521,670	\$ (126,730,502)	\$ 150,224,646	\$ (95,963,301)
Support services - students and staff	38,515,462	(31,082,323)	34,874,452	(26,148,932)
Support services - administration	24,968,638	(24,833,427)	22,806,692	(21,927,430)
Operation and maintenance of plant services	29,020,357	(26,379,903)	27,171,177	(23,621,911)
Student transportation services	12,490,641	(12,467,447)	8,404,572	(8,039,515)
Operation of non-instructional Services	18,570,824	850,435	15,482,140	(9,760,536)
Interest on long-term debt	11,590,928	(9,675,732)	12,513,963	(12,513,963)
Total	<u>\$ 289,678,520</u>	<u>\$ (230,318,899)</u>	<u>\$ 271,477,642</u>	<u>\$ (197,975,588)</u>

- The cost of all governmental activities this year was \$289.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$59.4 million.
- Net cost of governmental activities of \$230.3 million was financed by general revenues, which are made up of primarily property taxes of \$172.2 million and state aid of \$48.6 million. Investment earnings accounted for \$3.1 million of funding.

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 \$153.4 million, a decrease of \$32.5 million due primarily to the continued capital expenditures from bond proceeds for various school renovations and improvements.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Financial Analysis of the District's Funds

The General Fund comprises 41 percent of the total fund balance. Approximately \$56.9 million, or 91 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$4.8 million to \$62.5 million as of fiscal year end was primarily a result of increased expenditures during the fiscal year. General Fund revenues decreased \$1.5 million. General Fund expenditures increased \$16.6 million.

The Federal and State Grants Fund's fund balance decreased \$2.6 million primarily due to the timing of grant reimbursements.

The fund balance increased \$417,461 in the Other Special Revenue Fund to \$21.3 million as of fiscal year end. The increase was not significant.

The Debt Service Fund's fund balance increased \$1.4 million primarily due to an increase in property tax revenues due to an increase in the secondary assessed valuation.

The Bond Building Fund's fund balance decreased \$34.5 million primarily due to the utilization of \$34.5 million in bond proceeds in the Bond Building Fund, received in a prior year, primarily for the rebuild of Pueblo Elementary School .

Proprietary funds. Unrestricted net position of the Internal Service Funds at the end of the fiscal year amounted to \$47.3 million. The increase of \$2.2 million from the prior fiscal year was primarily due to an increase in medical contributions to the Insurance Trust as well as timing of payments received for intergovernmental agreements.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in salaries and wages. The difference between the original budget and the final amended budget was a \$6.2 million increase, or three percent.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Budgetary Highlights

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 expenditure variances are summarized as follows:

- The favorable variance of \$6.6 million in instruction expenditures and \$3.6 million in expenditures for operation and maintenance of plant services was a result of less than expected expenditures primarily due to vacancies.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$900.8 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 \$40.3 million from the prior fiscal year, primarily due to the rebuilding of various school sites. Total depreciation expense for the current fiscal year was \$26.5 million.

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

	As of June 30, 2023	As of June 30, 2022
Capital assets - non-depreciable	\$ 59,270,406	\$ 52,179,761
Capital assets - depreciable, net	474,416,581	463,370,625
Total	<u>\$ 533,686,987</u>	<u>\$ 515,550,386</u>

The estimated cost to complete current construction projects is \$7.9 million.

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

Debt Administration. At year end, the District had \$351.7 million in long-term debt outstanding, \$20.5 million due within one year. Long-term debt decreased by \$23.1 million due to the District meeting debt service requirements.

Scottsdale Unified School District No. 48
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Capital Assets and Debt Administration

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 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$2.5 billion and the Class B debt limit is \$1.6 billion, 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 Note 8-10.

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 2023-24 budget. Among them:

- Fiscal year 2022-23 budget balance carry forward (estimated \$14 million).
- District student population (estimated 19,842).
- Four percent increase in average teacher salary from the prior year.
- Actual 2022-23 expenditures for Desegregation and Dropout Prevention Programs.

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 five percent to \$192.3 million in fiscal year 2023-24. 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 2023-24 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 Finance Department, Scottsdale Unified School District No. 48, 7575 East Main Street, Scottsdale, Arizona 85251.

Basic Financial Statements

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Government-Wide Financial Statements

Scottsdale Unified School District No. 48
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 216,775,922
Deposits	201,642
Accounts receivable	1,561,978
Property taxes receivable	3,268,356
Due from governmental entities	12,221,529
Inventory	258,811
Leases receivable	2,223,903
Total current assets	<u>236,512,141</u>
Noncurrent assets:	
Cash and investments - restricted	15,472,992
Capital assets not being depreciated	59,270,406
Capital assets, net accumulated depreciation	474,416,581
Total noncurrent assets	<u>549,159,979</u>
Total assets	<u>785,672,120</u>
Deferred outflows of resources	
Deferred charge on refunding	1,215,834
Pension plan items	28,127,296
Total deferred outflows of resources	<u>29,343,130</u>
Liabilities	
Current liabilities:	
Accounts payable	13,176,163
Claims payable	67,263
Accrued payroll and employee benefits	3,158,291
Unearned revenues	1,093,441
Compensated absences payable	2,396,986
Financed purchases payable	3,103,301
Bonds payable	17,460,000
Accrued interest payable	6,737,980
Total current liabilities	<u>47,193,425</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	522,832,784
Total noncurrent liabilities	<u>522,832,784</u>
Total liabilities	<u>570,026,209</u>
Deferred inflows of resources	
Pension plan items	10,460,960
Leases	2,173,550
Total deferred inflows of resources	<u>12,634,510</u>
Net position	
Net investment in capital assets	198,544,599
Restricted for:	
Instruction	37,846,739
Food service	6,882,584
Non-instructional purposes	11,352,881
Debt service	20,900,630
Capital outlay	6,624,344
Unrestricted	(49,797,246)
Total net position	<u>\$ 232,354,531</u>

Scottsdale Unified School District No. 48
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Position
		Services			Governmental Activities
Governmental activities					
Instruction	\$ 154,521,670	\$ 9,126,616	\$ 17,693,502	\$ 971,050	\$ (126,730,502)
Support services - students and staff	38,515,462		7,433,139		(31,082,323)
Support services - administration	24,968,638		135,211		(24,833,427)
Operation and maintenance of plant services	29,020,357	1,128,060	34,528	1,477,866	(26,379,903)
Student transportation services	12,490,641		23,194		(12,467,447)
Operation of non-instructional services	18,570,824	12,239,564	7,181,695		850,435
Interest on long-term debt	11,590,928		1,915,196		(9,675,732)
Total governmental activities	<u>\$ 289,678,520</u>	<u>\$ 22,494,240</u>	<u>\$ 34,416,465</u>	<u>\$ 2,448,916</u>	<u>(230,318,899)</u>
General revenues					
Property taxes					172,197,060
Investment income					3,087,747
Unrestricted state aid					48,566,055
Unrestricted federal aid					1,478,186
Total general revenues					<u>225,329,048</u>
Changes in net position					(4,989,851)
Net position, beginning of year					<u>237,344,382</u>
Net position, end of year					<u>\$ 232,354,531</u>

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Fund Financial Statements

Scottsdale Unified School District No. 48

Balance Sheet

Governmental Funds

June 30, 2023

	General	Federal and State Grants	Other Special Revenue	Debt Service
Assets				
Cash and investments	\$ 61,683,399	\$ 6,028,056	\$ 21,204,375	\$ 29,113,511
Cash and investments - restricted				15,472,992
Deposits				
Accounts receivable				
Property taxes receivable	2,756,249			512,107
Due from governmental entities	5,641,163	4,317,874	648,657	
Due from other funds	642,656			
Inventory	31,739			
Leases receivable	2,082,819		141,084	
Total assets	<u>\$ 72,838,025</u>	<u>\$ 10,345,930</u>	<u>\$ 21,994,116</u>	<u>\$ 45,098,610</u>
Liabilities				
Accounts payable	\$ 5,481,772	\$ 256,528	\$ 254,452	\$
Due to other funds				
Accrued payroll and employee benefits	1,840,773	895,321	315,710	
Unearned revenues		599,910		
Bonds payable				17,460,000
Bond interest payable				6,737,980
Total liabilities	<u>7,322,545</u>	<u>1,751,759</u>	<u>570,162</u>	<u>24,197,980</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	1,041,878			208,241
Unavailable revenues - intergovernmental		3,981,250		
Leases	2,019,307		154,243	
Total deferred inflows of resources	<u>3,061,185</u>	<u>3,981,250</u>	<u>154,243</u>	<u>208,241</u>
Fund balances				
Nonspendable	31,739			
Restricted	5,557,063	4,612,921	21,269,711	20,692,389
Unassigned	56,865,493			
Total fund balances	<u>62,454,295</u>	<u>4,612,921</u>	<u>21,269,711</u>	<u>20,692,389</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,838,025</u>	<u>\$ 10,345,930</u>	<u>\$ 21,994,116</u>	<u>\$ 45,098,610</u>

Bond Building	Non-Major Governmental Funds	Total Governmental Funds
\$ 21,066,534	\$ 29,408,933	\$ 168,504,808
		15,472,992
	201,642	201,642
	113,558	113,558
		3,268,356
	1,613,835	12,221,529
		642,656
	227,072	258,811
		2,223,903
<u>\$ 21,066,534</u>	<u>\$ 31,565,040</u>	<u>\$ 202,908,255</u>
\$ 5,684,364	\$ 1,352,016	\$ 13,029,132
	642,656	642,656
	106,487	3,158,291
	493,531	1,093,441
		17,460,000
		6,737,980
<u>5,684,364</u>	<u>2,594,690</u>	<u>42,121,500</u>
		1,250,119
		3,981,250
		2,173,550
		<u>7,404,919</u>
	227,072	258,811
15,382,170	28,743,278	96,257,532
		56,865,493
<u>15,382,170</u>	<u>28,970,350</u>	<u>153,381,836</u>
<u>\$ 21,066,534</u>	<u>\$ 31,565,040</u>	<u>\$ 202,908,255</u>

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Scottsdale Unified School District No. 48
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds **\$ 153,381,836**

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	\$ 900,792,037	
Less accumulated depreciation/amortization	<u>(367,105,050)</u>	
		533,686,987

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

Property taxes	1,250,119	
Intergovernmental	<u>3,981,250</u>	
		5,231,369

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		1,215,834
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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	28,127,296	
Deferred inflows of resources related to pensions	<u>(10,460,960)</u>	
		17,666,336

The Internal Service Fund is used by management to charge the cost of insurance and other services to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		47,328,698
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(9,587,942)	
Financed purchases payable	(20,933,105)	
Bonds payable	(313,347,287)	
Net pension liability	<u>(182,288,195)</u>	
		<u>(526,156,529)</u>

Net position of governmental activities **\$ 232,354,531**

Scottsdale Unified School District No. 48
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Federal and State Grants	Other Special Revenue	Debt Service
Revenues				
Other local	\$ 6,388,780	\$ 36,474	\$ 15,297,652	\$ 491,512
Property taxes	156,268,642			30,162,644
State aid and grants	28,977,027	3,206,319	60,204	
Federal aid, grants and reimbursements	<u>1,478,186</u>	<u>16,975,301</u>		<u>1,144,996</u>
Total revenues	<u>193,112,635</u>	<u>20,218,094</u>	<u>15,357,856</u>	<u>31,799,152</u>
Expenditures				
Current:				
Instruction	95,477,657	10,968,618	4,544,730	
Support services - students and staff	27,872,740	8,233,756	814,229	
Support services - administration	20,536,483	362,017	782,470	
Operation and maintenance of plant services	25,002,208	1,102,807	1,702,465	
Student transportation services	8,154,449	70,135	856,707	
Operation of non-instructional services	594,392	976,520	5,962,570	
Capital outlay	20,281,325	411,777	277,224	
Debt service:				
Principal retirement				17,460,000
Interest and fiscal charges				<u>13,479,360</u>
Total expenditures	<u>197,919,254</u>	<u>22,125,630</u>	<u>14,940,395</u>	<u>30,939,360</u>
Excess (deficiency) of revenues over expenditures	<u>(4,806,619)</u>	<u>(1,907,536)</u>	<u>417,461</u>	<u>859,792</u>
Other financing sources (uses)				
Transfers in	1,893,962			590,134
Transfers out	(2,447,256)	(706,086)		
Insurance recoveries	29,955			
Proceeds from sale of capital assets	<u>506,058</u>			
Total other financing sources (uses)	<u>(17,281)</u>	<u>(706,086)</u>		<u>590,134</u>
Changes in fund balances	<u>(4,823,900)</u>	<u>(2,613,622)</u>	<u>417,461</u>	<u>1,449,926</u>
Fund balances, beginning of year, as restated	<u>67,278,195</u>	<u>7,226,543</u>	<u>20,852,250</u>	<u>19,242,463</u>
Fund balances, end of year	<u>\$ 62,454,295</u>	<u>\$ 4,612,921</u>	<u>\$ 21,269,711</u>	<u>\$ 20,692,389</u>

Bond Building	Non-Major Governmental Funds	Total Governmental Funds
\$ 590,134	\$ 5,837,036	\$ 28,641,588
	2,000,596	188,431,882
	20,455,212	52,698,762
	<u>7,035,513</u>	<u>26,633,996</u>
<u>590,134</u>	<u>35,328,357</u>	<u>296,406,228</u>
	9,761,963	120,752,968
	872,438	37,793,163
	5,184	21,686,154
	53	27,807,533
		9,081,291
	9,609,583	17,143,065
34,526,920	4,654,015	60,151,261
	3,247,986	20,707,986
	<u>804,836</u>	<u>14,284,196</u>
<u>34,526,920</u>	<u>28,956,058</u>	<u>329,407,617</u>
<u>(33,936,786)</u>	<u>6,372,299</u>	<u>(33,001,389)</u>
	2,447,256	4,931,352
(590,134)	(1,187,876)	(4,931,352)
		29,955
		<u>506,058</u>
<u>(590,134)</u>	<u>1,259,380</u>	<u>536,013</u>
<u>(34,526,920)</u>	<u>7,631,679</u>	<u>(32,465,376)</u>
<u>49,909,090</u>	<u>21,338,671</u>	<u>185,847,212</u>
<u>\$ 15,382,170</u>	<u>\$ 28,970,350</u>	<u>\$ 153,381,836</u>

Scottsdale Unified School District No. 48
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds **\$ (32,465,376)**

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 and reported as depreciation/amortization expense.

Expenditures for capitalized assets	\$ 45,301,318	
Less current year depreciation/amortization	<u>(26,457,853)</u>	
		18,843,465

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

Property taxes	(16,234,822)	
Intergovernmental	<u>3,981,250</u>	
		(12,253,572)

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

Financed purchase principal retirement	3,247,986	
Bond principal retirement	<u>17,460,000</u>	
		20,707,986

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 items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	17,526,776	
Pension expense	<u>(20,733,046)</u>	
		(3,206,270)

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.

Deferred bond items on issuance of refunding debt	(503,002)	
Loss on disposal of assets	(706,864)	
Amortization of deferred bond items	3,196,270	
Compensated absences	<u>(779,533)</u>	
		1,206,871

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

2,177,045

Changes in net position in governmental activities **\$ (4,989,851)**

Scottsdale Unified School District No. 48
Statement of Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 48,271,114
Accounts receivable	<u>1,448,420</u>
Total current assets	<u>49,719,534</u>
Total assets	<u>49,719,534</u>
Liabilities	
Current liabilities:	
Accounts payable	147,031
Claims payable	<u>67,263</u>
Total current liabilities	<u>214,294</u>
Noncurrent liabilities:	
Non-current portion of long-term obligations	<u>2,176,542</u>
Total noncurrent liabilities	<u>2,176,542</u>
Total liabilities	<u>2,390,836</u>
Net position	
Unrestricted	<u>47,328,698</u>
Total net position	<u>\$ 47,328,698</u>

Scottsdale Unified School District No. 48
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Funds
Operating revenues	
Other local	\$ 1,404,242
Contributions	26,003,497
Total operating revenues	<u>27,407,739</u>
Operating expenses	
Claims	15,187,183
Adjustment to prior year claims reserves	(1,234,119)
Premiums	3,515,702
Administrative fees	1,312,853
Cost of services	1,064,733
Other	446,230
Total operating expenses	<u>20,292,582</u>
Operating income (loss)	<u>7,115,157</u>
Nonoperating revenues (expenses)	
Investment income	(4,938,112)
Total nonoperating revenue (expenses)	<u>(4,938,112)</u>
Changes in net position	2,177,045
Total net position, beginning of year, as restated	<u>45,151,653</u>
Total net position, end of year	<u><u>\$ 47,328,698</u></u>

Scottsdale Unified School District No. 48
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities	
Cash received from contributions	\$ 24,555,077
Cash received from other sources	1,404,242
Cash payments to suppliers for goods and services	(6,311,529)
Cash payments for claims	(15,119,920)
Net cash provided by/used for operating activities	4,527,870
Cash flows from investing activities	
Investment income	(4,938,112)
Proceeds from sales and maturities of investments	(15,557,891)
Net cash provided by/used for investing activities	(20,496,003)
Net increase/decrease in cash and cash equivalents	(15,968,133)
Cash and cash equivalents, beginning of year, as restated	28,023,811
Cash and cash equivalents, end of year	\$ 12,055,678
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 48,271,114
Less investments not maturing in less than three months	36,215,436
Total cash and cash equivalents	\$ 12,055,678
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ 7,115,157
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	(1,448,420)
Increase/decrease in accounts payable	39,808
Increase/decrease in claims payable	(1,166,856)
Increase/decrease in accrued payroll and employee benefits	(11,819)
Total adjustments	(2,587,287)
Net cash provided by/used for operating activities	\$ 4,527,870

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Scottsdale Unified School District No. 48 (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, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. This Statement also requires a government to disclose essential information about the arrangement. The District's analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

In addition, during the year the District consolidated individual reporting funds that were presented separately in the prior year financial statements. The consolidated funds include the Federal and State Grants Fund, Other Special Revenue Fund, and Other Capital Projects Fund.

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, the component unit combined with the District for financial statement presentation purposes, and the District, are 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, food services, bookstore, and athletic functions.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Scottsdale Unified School District No. 48 Insurance Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's Board of Directors. The Scottsdale Unified School District No. 48 Insurance Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB.

Complete audited financial statements for the component unit may be obtained at the Scottsdale Unified School District No. 48's administrative offices at 7575 East Main Street, Scottsdale, Arizona 85251.

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 and its component unit. 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 or fiduciary 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. The District does not allocate indirect expenses to programs of functions. 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 aid, and other items not included among program revenues are reported instead as general revenues.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

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. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Property taxes, state 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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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 and the Unrestricted Capital Outlay 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.

Federal and State Grants Fund – The Federal and State Grants Fund accounts for financial assistance received for federal and state grants and projects.

Other Special Revenue Fund – The Other Special Revenue Fund accounts for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, career technical education, and student activities.

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.

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 type:

Proprietary Funds – The Proprietary Funds are Internal Service Funds that account for activities related to the District’s self-insurance program, the operation of the print shop, and activities related to intergovernmental agreements.

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 insurance benefits and charges to District departments for goods and services. Operating expenses for internal service funds include the cost of goods and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

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, investments, 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 and Insurance Trust 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. 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 federal depository 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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Certain resources set aside for the repayment of debt are classified as cash and investments – restricted on the statement of net position/balance sheet, because their use is limited by applicable bond covenants. A trust account, recorded in the Debt Service Fund, is used to segregate resources accumulated for future debt service payments.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

H. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; construction in progress; and intangible right-to-use assets, 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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Land improvements	5 – 20 years
Buildings and improvements	7 – 75 years
Vehicles, furniture and equipment	5 – 20 years

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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 assets 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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, related deferred outflows of resources and deferred inflows of resources, 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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

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. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, 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. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 2 – Fund Balance Classifications

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	Federal and State Grants	Other Special Revenue	Debt Service	Bond Building	Non-Major Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$ 31,739	\$	\$	\$	\$	\$ 227,072
Restricted:						
Debt service				20,692,389		
Capital projects	3,872,316					2,752,028
Bond building projects					15,382,170	
Voter approved initiatives						19,335,738
Federal and state projects		4,612,921				
Food service						6,655,512
School plant			6,629,698			
Community schools			4,525,124			
Extracurricular activities			4,289,459			
Career technical education			2,933,740			
Student activities			2,020,520			
Other purposes	1,684,747		871,170			
Unassigned	56,865,493					
Total fund balances	<u>\$ 62,454,295</u>	<u>\$ 4,612,921</u>	<u>\$ 21,269,711</u>	<u>\$ 20,692,389</u>	<u>\$ 15,382,170</u>	<u>\$ 28,970,350</u>

Note 3 – 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 \$10,486,557 and the bank balance was \$13,244,512. At year end, \$12,994,512 of the District's deposits were covered by collateral held by the pledging financial institution in the District's name, \$11,284,692 was covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 3 – Cash and Investments

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

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the District's investments consisted of the following:

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
Money Market	Level 1	\$ 11,558,954	\$ 11,558,954	\$
U.S. Treasury Notes and Bonds	Level 1	16,681,465	1,482,735	15,198,730
U.S. Agencies	Level 2	9,664,244	5,954,872	3,709,372
Certificates of Deposit	Level 1	16,223,389	8,906,047	7,317,342
			<u>\$ 27,902,608</u>	<u>\$ 26,225,444</u>
County Treasurer's investment pool	Not applicable	165,845,740	469 days	
Kairos investment pool	Not applicable	1,788,565	.53 years	
Total		<u>\$ 221,762,357</u>		

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 3 – Cash and Investments

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. The District's investments in U.S. agencies were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's.

Custodial Credit Risk - Investments. The District's investment in the [State and] County Treasurer's investment pool(s) 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.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in U.S. Treasuries and Bonds, Certificates of Deposit, and Federal Home Loan Bank. These investments are 31 percent, 30 percent, and 11 percent of the District's total investments, respectively.

Note 4 – 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 funds in the aggregate were as follows:

	General	Federal and State Grants	Other Special Revenue	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$ 26,367	\$ 4,068,051	\$	\$ 227,281
Due from state government	5,614,796	249,823		1,386,554
Due from other districts			648,657	
Net due from governmental entities	<u>\$ 5,641,163</u>	<u>\$ 4,317,874</u>	<u>\$ 648,657</u>	<u>\$ 1,613,835</u>

Note 5 – Leases Receivable

The District leases telecommunication towers, land, and building space under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$451,637 and related interest revenue of \$36,013 are recorded as other local revenue in the General Fund and Other Special Revenue Fund.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 5 – Leases Receivable

Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

Year Ending June 30:	
2024	\$ 446,648
2025	250,456
2026	229,794
2027	185,501
2028	155,207
2029-33	671,621
2034-38	281,783
2039-43	123,135
2044-48	67,711
2049-53	<u>51,597</u>
Total	<u>\$ 2,463,453</u>

Note 6 – Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 25,458,720	\$	\$	\$ 25,458,720
Construction in progress	<u>26,721,041</u>	<u>32,396,807</u>	<u>25,306,162</u>	<u>33,811,686</u>
Total capital assets, not being depreciated	<u>52,179,761</u>	<u>32,396,807</u>	<u>25,306,162</u>	<u>59,270,406</u>
Capital assets, being depreciated:				
Land improvements	46,239,108	8,195,562	696,471	53,738,199
Buildings and improvements	729,255,241	26,873,782	2,476,865	753,652,158
Vehicles, furniture and equipment	<u>32,852,550</u>	<u>3,141,329</u>	<u>1,862,605</u>	<u>34,131,274</u>
Total capital assets being depreciated	<u>808,346,899</u>	<u>38,210,673</u>	<u>5,035,941</u>	<u>841,521,631</u>
Less accumulated depreciation for:				
Land improvements	(15,560,233)	(2,379,426)	(477,078)	(17,462,581)
Buildings and improvements	(304,155,661)	(22,272,622)	(1,998,641)	(324,429,642)
Vehicles, furniture and equipment	<u>(25,260,380)</u>	<u>(1,805,805)</u>	<u>(1,853,358)</u>	<u>(25,212,827)</u>
Total accumulated depreciation	<u>(344,976,274)</u>	<u>(26,457,853)</u>	<u>(4,329,077)</u>	<u>(367,105,050)</u>
Total capital assets, being depreciated, net	<u>463,370,625</u>	<u>11,752,820</u>	<u>706,864</u>	<u>474,416,581</u>
Governmental activities capital assets, net	<u>\$ 515,550,386</u>	<u>\$ 44,149,627</u>	<u>\$ 26,013,026</u>	<u>\$ 533,686,987</u>

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 6 – Capital Assets

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 24,531,887
Support services – students and staff	25,529
Support services – administration	303,083
Operation and maintenance of plant services	274,847
Student transportation services	611,552
Operation of non-instructional services	710,955
Total depreciation expense – governmental activities	<u>\$ 26,457,853</u>

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the rebuilding of various school sites. At year end the District had spent \$33.8 million on the projects and had estimated remaining contractual commitments of \$7.9 million. These projects are being funded with bond proceeds.

Note 7 – Short Term Debt – 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. At year end, the District had \$24.0 million in unused line of credit.

Note 8 – Financed Purchases Payable

The District has acquired energy upgrades under the provisions of contracts classified as financed purchases payables. Revenues from the General Fund are transferred to the Other Capital Projects Fund to pay the debt obligations when due. The District also receives a federal interest subsidy to fund the interest payments for the District-wide energy project.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 3,103,301	\$ 676,229
2025	2,913,820	557,432
2026	2,769,215	453,989
2027	2,872,489	354,284
2028	2,959,828	251,426
2029-32	<u>6,314,452</u>	<u>343,932</u>
Total	<u>\$ 20,933,105</u>	<u>\$ 2,637,292</u>

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 9 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District's legal debt limit is \$2.5 billion and the available margin is \$2.1 billion. 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.

Purpose	Original	Interest	Remaining	Outstanding	Due Within
	Amount Issued	Rates	Maturities	Principal June 30, 2023	One Year
Governmental activities:					
Refunding Bonds, Series 2007	\$ 100,600,000	5.00%	7/1/23	\$ 2,500,000	\$ 2,500,000
School Improvement Bonds, Project of 2010 Series A-2	25,000,000	6.21%	7/1/28	25,000,000	
School Improvement Bonds, Project of 2010 Series A-3	24,000,000	5.73-6.41%	7/1/25-30	24,000,000	
Refunding Bonds, Series 2016	28,050,000	1.75-3.00%	7/1/23-24	10,680,000	7,550,000
School Improvement Bonds, Project of 2016, Series A	39,635,000	2.50-5.00%	7/1/23-31	32,585,000	1,200,000
School Improvement Bonds, Project of 2016, Series B	42,745,000	2.00-5.00%	7/1/23-33	35,045,000	3,000,000
Refunding Bonds, Series 2017	47,080,000	2.00-4.00%	7/1/23-31	45,820,000	1,340,000
School Improvement Bonds, Project of 2016, Series C	54,490,000	2.00-5.00%	7/1/24-38	54,490,000	
Refunding Bonds, Series 2020	9,020,000	5.00%	7/1/23-24	9,020,000	870,000
School Improvement Bonds, Project of 2016, Series D	61,655,000	3.00-4.00%	7/1/23-37	61,655,000	1,000,000
Total				<u>\$ 300,795,000</u>	<u>\$ 17,460,000</u>

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
2024	\$ 17,460,000	\$ 13,147,810
2025	18,080,000	12,458,460
2026	16,470,000	11,684,330
2027	17,005,000	10,841,595
2028	17,760,000	9,989,560
2029-33	133,310,000	27,854,145
2034-38	80,710,000	5,763,400
Total	<u>\$ 300,795,000</u>	<u>\$ 91,739,300</u>

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 9 – General Obligation Bonds Payable

The School Improvement Bonds, Project of 2010, Series A-2 has a sinking fund requirement annually through July 1, 2028. The District is required to contribute \$1,481,250 (less any interest earned) to the sinking fund annually. The sinking fund is held in investments in the District's name and, therefore, the balance of those investments is reported in the Statement of Net Position and the Balance Sheet of the Governmental Funds as restricted assets. The principal balance (\$25,000,000) is reported as a long-term liability in the Statement of Net Position, until the bonds mature and are redeemed (July 1, 2028). Interest on the outstanding principal balance is due semi-annually (January 1 and July 1).

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
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 317,465,000	\$	\$ 16,670,000	\$ 300,795,000	\$ 17,460,000
Premium	33,208,557		3,196,270	30,012,287	
Total bonds payable	<u>350,673,557</u>		<u>19,866,270</u>	<u>330,807,287</u>	<u>17,460,000</u>
Financed purchases payable	24,181,091		3,247,986	20,933,105	3,103,301
Net pension liability	153,426,653	28,861,542		182,288,195	
Claims payable	3,410,661	15,187,183	16,354,039	2,243,805	67,263
Compensated absences payable	<u>8,808,409</u>	<u>3,096,580</u>	<u>2,317,047</u>	<u>9,587,942</u>	<u>2,396,986</u>
Total long-term liabilities	<u>\$ 540,500,371</u>	<u>\$ 47,145,305</u>	<u>\$ 41,785,342</u>	<u>\$ 545,860,334</u>	<u>\$ 23,027,550</u>

Note 11 – Interfund Receivables, Payables, and Transfers

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the Other Capital Projects Fund, a non-major governmental fund, had a negative cash balance of \$642,656 in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 11 – Interfund Receivables, Payables, and Transfers

Interfund transfers:

	Transfers in			
	Non-Major Governmental			
Transfers out	General	Debt Service	Funds	Total
General	\$	\$	\$ 2,447,256	\$ 2,447,256
Federal and State Grants	706,086			706,086
Bond Building		590,134		590,134
Non-Major Governmental Funds	<u>1,187,876</u>	<u></u>	<u></u>	<u>1,187,876</u>
Total	<u>\$ 1,893,962</u>	<u>\$ 590,134</u>	<u>\$ 2,447,256</u>	<u>\$ 4,931,352</u>

Transfers between funds were used to (1) move investment income 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 transfer savings from companies providing utility, energy and water services as required by statute.

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.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 13 – Prior Period Adjustment

The July 1, 2022, fund balance of the General, Federal and State Grants, Other Special Revenue, and Non-Major Governmental and Other Funds do not agree to the prior year financial statements due to a correction of an error. The prior year financial statements were not inclusive of all accounting data. In addition, certain activity was reclassified for financial statement presentation and an error related to telecommunication activity was corrected.

	General	Federal and State Grants	Other Special Revenue	Non-Major Governmental and Other Funds
Fund balance, June 30, 2022 as previously reported	\$ 71,214,607	\$ 5,125,694	\$ 20,020,073	\$ 65,358,230
Activity not included in prior financial statements	(9,324,766)	375,465	832,177	8,245,832
Correction of telecommunication activity	(1,725,384)	1,725,384		
Reclassification of fund presentation	7,113,738			(7,113,738)
Fund balance, July 1, 2022, as restated	<u>\$ 67,278,195</u>	<u>\$ 7,226,543</u>	<u>\$ 20,852,250</u>	<u>\$ 66,490,324</u>

Note 14 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District established an Insurance Trust Fund (an Internal Service Fund) to account for risk financing of certain benefits and losses through combinations of cost-reimbursement, self – insurance for losses above certain limits, and the purchase of insurance for losses above the limits. In June 2019, the District amended the previous Trust Agreement to include employee medical, dental, disability and/or life insurance programs, and other employee benefit programs as deemed appropriate.

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) for property and liability claims up to \$10,000 and for claims in varying amounts. 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. Under this program, the fund provides coverage for up to a maximum of \$10,000 for each claim, not to exceed an annual aggregate of \$10,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 14 – Risk Management

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 has not exceeded this coverage in any of the past three fiscal years.

The District established a self-insured health care program through the Kairos Health Arizona, Inc. program. Kairos Health is a public employee benefit pool formed under Arizona Revised Statute Section 11-952.01. The Insurance Trust pays claims and other costs. All claims handling procedures are performed by a third-party claim's administrator. The District has reinsurance that limits exposure of any single claim to \$300,000.

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 two years are as follows:

	Claims Payable at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
2022-23	\$ 3,410,661	\$ 13,953,064	\$ 15,119,920	\$ 2,243,805
2021-22	3,263,379	16,248,320	16,101,038	3,410,661

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

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.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District's financial statements.

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.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

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 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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, 2023 were \$17,526,776.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 for retirement and 0.06 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension plan contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2022. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2022.

At June 30, 2023, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2022, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2021 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 182,288,195	1.117	(0.051)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2023 was \$19,156,635.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,553,204	\$
Changes of assumptions or other inputs	9,047,316	
Net difference between projected and actual earnings on pension investments		4,801,647
Changes in proportion and differences between contributions and proportionate share of contributions		5,659,313
Contributions subsequent to the measurement date	17,526,776	
Total	<u>\$ 28,127,296</u>	<u>\$ 10,460,960</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2024. 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:		
2024	\$	5,411,254
2025		(4,620,169)
2026		(8,336,788)
2027		7,685,263

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. 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, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.0 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 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Scottsdale Unified School District No. 48
Notes to Financial Statements
June 30, 2023

Note 15 – Pensions

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 7.0 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:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 268,960,814	\$ 182,288,195	\$ 110,016,774

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.

Note 16 – Subsequent Event

In November of 2023, the voters of Scottsdale approved the renewal of the Maintenance and Operations Override, which provides the District with an estimated \$23.0 million in additional funds.

Required Supplementary Information

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 1,137,995	\$ 1,137,995
Property taxes			147,736,757	147,736,757
State aid and grants			22,724,099	22,724,099
Federal aid, grants and reimbursements			74	74
Total revenues			<u>171,598,925</u>	<u>171,598,925</u>
Expenditures				
Current:				
Instruction	99,450,096	98,735,580	92,144,467	6,591,113
Support services - students and staff	25,916,384	27,567,290	25,932,086	1,635,204
Support services - administration	17,445,758	19,296,502	17,342,828	1,953,674
Operation and maintenance of plant services	26,789,199	29,589,987	25,984,714	3,605,273
Student transportation services	7,544,346	8,057,007	7,844,682	212,325
Operation of non-instructional services	455,561	561,115	568,364	(7,249)
Total expenditures	<u>177,601,344</u>	<u>183,807,481</u>	<u>169,817,141</u>	<u>13,990,340</u>
Excess (deficiency) of revenues over expenditures	<u>(177,601,344)</u>	<u>(183,807,481)</u>	<u>1,781,784</u>	<u>185,589,265</u>
Other financing sources (uses)				
Transfers out			(2,447,256)	(2,447,256)
Total other financing sources (uses)			<u>(2,447,256)</u>	<u>(2,447,256)</u>
Changes in fund balances	<u>(177,601,344)</u>	<u>(183,807,481)</u>	<u>(665,472)</u>	<u>183,142,009</u>
Fund balances, beginning of year			<u>16,442,471</u>	<u>16,442,471</u>
Fund balances, end of year	<u>\$ (177,601,344)</u>	<u>\$ (183,807,481)</u>	<u>\$ 15,776,999</u>	<u>\$ 199,584,480</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 36,474	\$ 36,474
State aid and grants			3,206,319	3,206,319
Federal aid, grants and reimbursements			16,975,301	16,975,301
Total revenues			20,218,094	20,218,094
Expenditures				
Current:				
Instruction	15,841,753	20,568,863	10,968,618	9,600,245
Support services - students and staff	11,891,847	15,440,322	8,233,756	7,206,566
Support services - administration	522,854	678,871	362,017	316,854
Operation and maintenance of plant services	1,592,762	2,068,035	1,102,807	965,228
Student transportation services	101,295	131,520	70,135	61,385
Operation of non-instructional services	1,410,368	1,831,216	976,520	854,696
Capital outlay	594,721	772,183	411,777	360,406
Total expenditures	31,955,600	41,491,011	22,125,630	19,365,381
Excess (deficiency) of revenues over expenditures	(31,955,600)	(41,491,011)	(1,907,536)	39,583,475
Other financing sources (uses)				
Transfers out			(706,086)	(706,086)
Total other financing sources (uses)			(706,086)	(706,086)
Changes in fund balances	(31,955,600)	(41,491,011)	(2,613,622)	38,877,389
Fund balances, beginning of year			7,226,543	7,226,543
Fund balances, end of year	\$ (31,955,600)	\$ (41,491,011)	\$ 4,612,921	\$ 46,103,932

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 15,297,652	\$ 15,297,652
State aid and grants			60,204	60,204
Total revenues			<u>15,357,856</u>	<u>15,357,856</u>
Expenditures				
Current:				
Instruction	7,248,718	7,856,243	4,544,730	3,311,513
Support services - students and staff	1,298,673	1,407,516	814,229	593,287
Support services - administration	1,248,018	1,352,616	782,470	570,146
Operation and maintenance of plant services	2,715,384	2,942,965	1,702,465	1,240,500
Student transportation services	1,366,424	1,480,946	856,707	624,239
Operation of non-instructional services	9,510,133	10,307,191	5,962,570	4,344,621
Capital outlay	442,165	479,223	277,224	201,999
Total expenditures	<u>23,829,514</u>	<u>25,826,700</u>	<u>14,940,395</u>	<u>10,886,305</u>
Excess (deficiency) of revenues over expenditures	<u>(23,829,514)</u>	<u>(25,826,700)</u>	<u>417,461</u>	<u>26,244,161</u>
Changes in fund balances	<u>(23,829,514)</u>	<u>(25,826,700)</u>	<u>417,461</u>	<u>26,244,161</u>
Fund balances, beginning of year			<u>20,852,250</u>	<u>20,852,250</u>
Fund balances, end of year	<u>\$ (23,829,514)</u>	<u>\$ (25,826,700)</u>	<u>\$ 21,269,711</u>	<u>\$ 47,096,411</u>

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Scottsdale Unified School District No. 48
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
District's proportion of the net pension (assets) liability	1.12%	1.17%	1.18%	1.14%
District's proportionate share of the net pension (assets) liability	\$ 182,288,195	\$ 153,426,653	\$ 204,154,920	\$ 165,653,356
District's covered payroll	\$ 132,945,296	\$ 131,149,167	\$ 123,428,535	\$ 119,892,075
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	137.12%	116.99%	165.40%	138.17%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%

Schedule of Pension Contributions
Arizona State Retirement System
Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 17,526,776	\$ 15,966,730	\$ 15,278,878	\$ 14,132,567
Contributions in relation to the actuarially determined contribution	<u>17,526,776</u>	<u>15,966,730</u>	<u>15,278,878</u>	<u>14,132,567</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 147,036,711	\$ 132,945,296	\$ 131,149,167	\$ 123,428,535
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
1.13%	1.17%	1.22%	1.17%	1.24%
\$ 157,146,156	\$ 181,834,797	\$ 196,352,093	\$ 181,977,042	\$ 183,082,840
\$ 110,776,716	\$ 113,657,811	\$ 113,755,493	\$ 104,304,527	\$ 111,900,215
141.86%	159.98%	172.61%	174.47%	163.61%
73.40%	69.92%	67.06%	68.35%	69.49%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 13,403,934	\$ 12,074,662	\$ 12,252,312	\$ 12,342,471	\$ 11,358,763
13,403,934	12,074,662	12,252,312	12,342,471	11,358,763
\$	\$	\$	\$	\$
\$ 119,892,075	\$ 110,776,716	\$ 113,657,811	\$ 113,755,493	\$ 104,304,527
11.18%	10.90%	10.78%	10.85%	10.89%

Scottsdale Unified School District No. 48
Notes to Required Supplementary Information
June 30, 2023

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 items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

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	\$ 197,919,254	\$ 62,454,295
Activity budgeted as special revenue funds	(9,909,210)	(23,996,087)
Activity budgeted as capital projects funds	(19,692,920)	(21,180,191)
Current-year prepaid items	1,500,000	(1,500,000)
Employee insurance account	<u>17</u>	<u>(1,018)</u>
Schedule of Revenue, Expenditures and Changes in		
Fund Balances – Budget and Actual - General Fund	<u>\$ 169,817,141</u>	<u>\$ 15,776,999</u>

Note 2 – Pension Plan Schedules

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, 2021, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. 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, 2020, actuarial valuation.

**Combining and Individual
Fund Financial Statements and Schedules**

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Governmental Funds

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Non-Major Governmental Funds

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.

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.

Capital Projects Funds

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

Other Capital Projects Funds – to account for the revenues and expenditures of other capital projects activities, including the following: energy and water savings and building renewal grant.

Scottsdale Unified School District No. 48
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds			Capital Projects Funds
	Classroom Site	Instructional Improvement	Food Service	Adjacent Ways
Assets				
Cash and investments	\$ 18,074,810	\$ 184,218	\$ 7,050,098	\$ 1,810,746
Deposits			201,642	
Accounts receivable			113,558	
Due from governmental entities		1,076,710	227,281	
Inventory			227,072	
Total assets	<u>\$ 18,074,810</u>	<u>\$ 1,260,928</u>	<u>\$ 7,819,651</u>	<u>\$ 1,810,746</u>
Liabilities				
Accounts payable	\$	\$	\$ 337,049	\$ 900,517
Due to other funds				
Accrued payroll and employee benefits			106,487	
Unearned revenues			493,531	
Total liabilities			<u>937,067</u>	<u>900,517</u>
Fund balances				
Nonspendable			227,072	
Restricted	18,074,810	1,260,928	6,655,512	910,229
Total fund balances	<u>18,074,810</u>	<u>1,260,928</u>	<u>6,882,584</u>	<u>910,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,074,810</u>	<u>\$ 1,260,928</u>	<u>\$ 7,819,651</u>	<u>\$ 1,810,746</u>

Capital Projects**Funds**

Other Capital Projects		Total Non-Major Governmental Funds	
\$	2,289,061	\$	29,408,933
			201,642
			113,558
	309,844		1,613,835
			227,072
\$	2,598,905	\$	31,565,040

\$	114,450	\$	1,352,016
	642,656		642,656
			106,487
			493,531
	757,106		2,594,690

			227,072
	1,841,799		28,743,278
	1,841,799		28,970,350

\$	2,598,905	\$	31,565,040
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Scottsdale Unified School District No. 48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Capital Projects Funds
	Classroom Site	Instructional Improvement	Food Service	Adjacent Ways
Revenues				
Other local	\$ 234,363	\$ 9,474	\$ 4,857,428	\$ 20,270
Property taxes				2,000,596
State aid and grants	17,727,131	1,861,897		
Federal aid, grants and reimbursements			6,265,313	
Total revenues	<u>17,961,494</u>	<u>1,871,371</u>	<u>11,122,741</u>	<u>2,020,866</u>
Expenditures				
Current:				
Instruction	8,772,815	989,148		
Support services - students and staff	704,979	167,459		
Support services - administration		5,184		
Operation and maintenance of plant services		53		
Operation of non-instructional services	52,329	53	9,557,201	
Capital outlay			580,404	2,428,013
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>9,530,123</u>	<u>1,161,897</u>	<u>10,137,605</u>	<u>2,428,013</u>
Excess (deficiency) of revenues over expenditures	<u>8,431,371</u>	<u>709,474</u>	<u>985,136</u>	<u>(407,147)</u>
Other financing sources (uses)				
Transfers in				
Transfers out			(1,187,876)	
Total other financing sources (uses)			<u>(1,187,876)</u>	
Changes in fund balances	<u>8,431,371</u>	<u>709,474</u>	<u>(202,740)</u>	<u>(407,147)</u>
Fund balances, beginning of year, as restated	<u>9,643,439</u>	<u>551,454</u>	<u>7,085,324</u>	<u>1,317,376</u>
Fund balances, end of year	<u>\$ 18,074,810</u>	<u>\$ 1,260,928</u>	<u>\$ 6,882,584</u>	<u>\$ 910,229</u>

Capital Projects	
Funds	
Other Capital Projects	Total Non-Major Governmental Funds
\$ 715,501	\$ 5,837,036
	2,000,596
866,184	20,455,212
770,200	7,035,513
<u>2,351,885</u>	<u>35,328,357</u>
	9,761,963
	872,438
	5,184
	53
	9,609,583
1,645,598	4,654,015
3,247,986	3,247,986
804,836	804,836
<u>5,698,420</u>	<u>28,956,058</u>
<u>(3,346,535)</u>	<u>6,372,299</u>
2,447,256	2,447,256
	<u>(1,187,876)</u>
<u>2,447,256</u>	<u>1,259,380</u>
<u>(899,279)</u>	<u>7,631,679</u>
<u>2,741,078</u>	<u>21,338,671</u>
<u>\$ 1,841,799</u>	<u>\$ 28,970,350</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 234,363	\$ 234,363
State aid and grants			17,727,131	17,727,131
Total revenues			17,961,494	17,961,494
Expenditures				
Current:				
Instruction	24,209,025	30,867,316	8,772,815	22,094,501
Support services - students and staff	310,335	654,240	704,979	(50,739)
Support services - administration				
Operation of non-instructional services		43,478	52,329	(8,851)
Total expenditures	24,519,360	31,565,034	9,530,123	22,034,911
Changes in fund balances	(24,519,360)	(31,565,034)	8,431,371	39,996,405
Fund balances, beginning of year			9,643,439	9,643,439
Fund balances, end of year	<u>\$ (24,519,360)</u>	<u>\$ (31,565,034)</u>	<u>\$ 18,074,810</u>	<u>\$ 49,639,844</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 9,474	\$ 9,474
State aid and grants			1,861,897	1,861,897
Total revenues			1,871,371	1,871,371
Expenditures				
Current:				
Instruction	1,865,677	1,277,929	989,148	288,781
Support services - students and staff	315,852	216,349	167,459	48,890
Support services - administration	9,778	6,697	5,184	1,513
Operation and maintenance of plant services	100	68	53	15
Operation of non-instructional services	100	68	53	15
Total expenditures	2,191,507	1,501,112	1,161,897	339,215
Changes in fund balances	(2,191,507)	(1,501,112)	709,474	2,210,586
Fund balances, beginning of year			551,454	551,454
Fund balances, end of year	<u>\$ (2,191,507)</u>	<u>\$ (1,501,112)</u>	<u>\$ 1,260,928</u>	<u>\$ 2,762,040</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 4,857,428	\$ 4,857,428
Federal aid, grants and reimbursements		6,265,313	6,265,313
Total revenues		<u>11,122,741</u>	<u>11,122,741</u>
Expenditures			
Current:			
Operation of non-instructional services	11,784,343	9,557,201	2,227,142
Capital outlay	715,657	580,404	135,253
Total expenditures	<u>12,500,000</u>	<u>10,137,605</u>	<u>2,362,395</u>
Excess (deficiency) of revenues over expenditures	<u>(12,500,000)</u>	<u>985,136</u>	<u>13,485,136</u>
Other financing sources (uses)			
Transfers out		(1,187,876)	(1,187,876)
Total other financing sources (uses)		<u>(1,187,876)</u>	<u>(1,187,876)</u>
Changes in fund balances	<u>(12,500,000)</u>	<u>(202,740)</u>	<u>12,297,260</u>
Fund balances, beginning of year		<u>7,085,324</u>	<u>7,085,324</u>
Fund balances, end of year	<u>\$ (12,500,000)</u>	<u>\$ 6,882,584</u>	<u>\$ 19,382,584</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2023

	<u>Budget</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other local	\$	\$ 491,512	\$ 491,512
Property taxes		30,162,644	30,162,644
Federal aid, grants and reimbursements		1,144,996	1,144,996
Total revenues		<u>31,799,152</u>	<u>31,799,152</u>
Expenditures			
Debt service:			
Principal retirement	17,460,000	17,460,000	
Interest and fiscal charges	14,957,210	13,479,360	1,477,850
Total expenditures	<u>32,417,210</u>	<u>30,939,360</u>	<u>1,477,850</u>
Excess (deficiency) of revenues over expenditures	<u>(32,417,210)</u>	<u>859,792</u>	<u>33,277,002</u>
Other financing sources (uses)			
Transfers in		590,134	590,134
Total other financing sources (uses)		<u>590,134</u>	<u>590,134</u>
Changes in fund balances	<u>(32,417,210)</u>	<u>1,449,926</u>	<u>33,867,136</u>
Fund balances, beginning of year		<u>19,242,463</u>	<u>19,242,463</u>
Fund balances, end of year	<u>\$ (32,417,210)</u>	<u>\$ 20,692,389</u>	<u>\$ 53,109,599</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 20,270	\$ 20,270
Property taxes			2,000,596	2,000,596
Total revenues			2,020,866	2,020,866
Expenditures				
Capital outlay	2,600,000	3,317,376	2,428,013	889,363
Total expenditures	2,600,000	3,317,376	2,428,013	889,363
Changes in fund balances	(2,600,000)	(3,317,376)	(407,147)	2,910,229
Fund balances, beginning of year			1,317,376	1,317,376
Fund balances, end of year	<u>\$ (2,600,000)</u>	<u>\$ (3,317,376)</u>	<u>\$ 910,229</u>	<u>\$ 4,227,605</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2023

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Other local	\$	\$	\$ 590,134	\$ 590,134
Total revenues			590,134	590,134
Expenditures				
Capital outlay	42,601,710	46,476,620	34,526,920	11,949,700
Total expenditures	42,601,710	46,476,620	34,526,920	11,949,700
Excess (deficiency) of revenues over expenditures	(42,601,710)	(46,476,620)	(33,936,786)	12,539,834
Other financing sources (uses)				
Transfers out			(590,134)	(590,134)
Total other financing sources (uses)			(590,134)	(590,134)
Changes in fund balances	(42,601,710)	(46,476,620)	(34,526,920)	11,949,700
Fund balances, beginning of year			49,909,090	49,909,090
Fund balances, end of year	<u>\$ (42,601,710)</u>	<u>\$ (46,476,620)</u>	<u>\$ 15,382,170</u>	<u>\$ 61,858,790</u>

Scottsdale Unified School District No. 48
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local	\$	\$	\$ 715,501	\$ 715,501
State aid and grants			866,184	866,184
Federal aid, grants and reimbursements			770,200	770,200
Total revenues			<u>2,351,885</u>	<u>2,351,885</u>
Expenditures				
Capital outlay	499,998	2,560,699	1,645,598	915,101
Debt service:				
Principal retirement	3,247,986	3,247,986	3,247,986	
Interest and fiscal charges	804,836	804,836	804,836	
Total expenditures	<u>4,552,820</u>	<u>6,613,521</u>	<u>5,698,420</u>	<u>915,101</u>
Excess (deficiency) of revenues over expenditures	<u>(4,552,820)</u>	<u>(6,613,521)</u>	<u>(3,346,535)</u>	<u>3,266,986</u>
Other financing sources (uses)				
Transfers in			2,447,256	2,447,256
Total other financing sources (uses)			<u>2,447,256</u>	<u>2,447,256</u>
Changes in fund balances	<u>(4,552,820)</u>	<u>(6,613,521)</u>	<u>(899,279)</u>	<u>5,714,242</u>
Fund balances, beginning of year			<u>2,741,078</u>	<u>2,741,078</u>
Fund balances, end of year	<u>\$ (4,552,820)</u>	<u>\$ (6,613,521)</u>	<u>\$ 1,841,799</u>	<u>\$ 8,455,320</u>

Internal Service Funds

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

Print Shop - to account for charges to other departments for printing and copying services.

Insurance Trust - to account for the financial activity associated with the District's self-insurance program for employee workers' compensation and for property and casualty losses.

Scottsdale Unified School District No. 48
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	<u>Intergovernmental</u> <u>Agreements</u>	<u>Print Shop</u>	<u>Insurance Trust</u>	<u>Total Internal</u> <u>Service Funds</u>
Assets				
Current assets:				
Cash and investments	\$ 1,880,955	\$ 59,035	\$ 46,331,124	\$ 48,271,114
Accounts receivable	<u>1,448,420</u>	<u>1,448,420</u>	<u>1,448,420</u>	<u>1,448,420</u>
Total current assets	<u>1,880,955</u>	<u>59,035</u>	<u>47,779,544</u>	<u>49,719,534</u>
 Total assets	 <u>1,880,955</u>	 <u>59,035</u>	 <u>47,779,544</u>	 <u>49,719,534</u>
 Liabilities				
Current liabilities:				
Accounts payable	38,209		108,822	147,031
Claims payable	<u>67,263</u>	<u>67,263</u>	<u>67,263</u>	<u>67,263</u>
Total current liabilities	<u>38,209</u>	<u>176,085</u>	<u>176,085</u>	<u>214,294</u>
Noncurrent liabilities:				
Non-current portion of long-term obligations	<u>2,176,542</u>	<u>2,176,542</u>	<u>2,176,542</u>	<u>2,176,542</u>
Total noncurrent liabilities	<u>2,176,542</u>	<u>2,176,542</u>	<u>2,176,542</u>	<u>2,176,542</u>
Total liabilities	<u>38,209</u>	<u>2,352,627</u>	<u>2,352,627</u>	<u>2,390,836</u>
 Net position				
Restricted for:				
Unrestricted	1,842,746	59,035	45,426,917	47,328,698
Total net position	<u>\$ 1,842,746</u>	<u>\$ 59,035</u>	<u>\$ 45,426,917</u>	<u>\$ 47,328,698</u>

Scottsdale Unified School District No. 48
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Intergovernmental			Total Internal
	Agreements	Print Shop	Insurance Trust	Service Funds
Operating revenues				
Other local	\$ 1,337,211	\$ 67,031	\$	\$ 1,404,242
Contributions			26,003,497	26,003,497
Total operating revenues	<u>1,337,211</u>	<u>67,031</u>	<u>26,003,497</u>	<u>27,407,739</u>
Operating expenses				
Claims			15,187,183	15,187,183
Adjustment to prior year claims reserves			(1,234,119)	(1,234,119)
Premiums			3,515,702	3,515,702
Administrative fees			1,312,853	1,312,853
Cost of services	1,017,758	46,975		1,064,733
Other			446,230	446,230
Total operating expenses	<u>1,017,758</u>	<u>46,975</u>	<u>19,227,849</u>	<u>20,292,582</u>
Operating income (loss)	<u>319,453</u>	<u>20,056</u>	<u>6,775,648</u>	<u>7,115,157</u>
Nonoperating revenues (expenses)				
Investment income			(4,938,112)	(4,938,112)
Total nonoperating revenue (expenses)			<u>(4,938,112)</u>	<u>(4,938,112)</u>
Changes in net position	319,453	20,056	1,837,536	2,177,045
Total net position, beginning of year	<u>1,523,293</u>	<u>38,979</u>	<u>43,589,381</u>	<u>45,151,653</u>
Total net position, end of year	<u><u>\$ 1,842,746</u></u>	<u><u>\$ 59,035</u></u>	<u><u>\$ 45,426,917</u></u>	<u><u>\$ 47,328,698</u></u>

Scottsdale Unified School District No. 48
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Intergovernmental Agreements	Print Shop	Insurance Trust	Total Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities				
Cash received from contributions	\$	\$	\$ 24,555,077	\$ 24,555,077
Cash received from other sources	1,337,211	67,031		1,404,242
Cash payments to suppliers for goods and services	(986,176)	(55,426)	(5,269,927)	(6,311,529)
Cash payments for claims			(15,119,920)	(15,119,920)
Net cash provided by/used for operating activities	<u>351,035</u>	<u>11,605</u>	<u>4,165,230</u>	<u>4,527,870</u>
Cash flows from investing activities				
Investment income			(4,938,112)	(4,938,112)
Proceeds from sales and maturities of investments			(15,557,891)	(15,557,891)
Net cash provided by/used for investing activities			<u>(20,496,003)</u>	<u>(20,496,003)</u>
Net increase/decrease in cash and cash equivalents	351,035	11,605	(16,330,773)	(15,968,133)
Cash and cash equivalents, beginning of year, as restated	<u>1,529,920</u>	<u>47,430</u>	<u>26,446,461</u>	<u>28,023,811</u>
Cash and cash equivalents, end of year	<u>\$ 1,880,955</u>	<u>\$ 59,035</u>	<u>\$ 10,115,688</u>	<u>\$ 12,055,678</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and investments	\$ 1,880,955	\$ 59,035	\$ 46,331,124	\$ 48,271,114
Less investments not maturing in less than three months			36,215,436	36,215,436
Total cash and cash equivalents	<u>\$ 1,880,955</u>	<u>\$ 59,035</u>	<u>\$ 10,115,688</u>	<u>\$ 12,055,678</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>				
Operating income/loss	\$ 319,453	\$ 20,056	\$ 6,775,648	\$ 7,115,157
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:				
Changes in assets and liabilities:				
Increase/decrease in accounts receivable			(1,448,420)	(1,448,420)
Increase/decrease in accounts payable	38,209	(5,833)	7,432	39,808
Increase/decrease in claims payable			(1,166,856)	(1,166,856)
Increase/decrease in accrued payroll and employee benefits	(6,627)	(2,618)	(2,574)	(11,819)
Total adjustments	<u>31,582</u>	<u>(8,451)</u>	<u>(2,610,418)</u>	<u>(2,587,287)</u>
Net cash provided by/used for operating activities	<u>\$ 351,035</u>	<u>\$ 11,605</u>	<u>\$ 4,165,230</u>	<u>\$ 4,527,870</u>

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.

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

Note: 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 five 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.

Scottsdale Unified School District No. 48
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Position:					
Net investment in capital assets	\$ 198,544,599	\$ 190,447,507	\$ 186,588,859	\$ 185,921,421	\$ 205,777,662
Restricted	83,607,178	98,149,688	88,375,866	71,564,455	45,963,153
Unrestricted	<u>(49,797,246)</u>	<u>(51,252,813)</u>	<u>(58,024,605)</u>	<u>(46,589,259)</u>	<u>(47,491,788)</u>
Total net position	<u><u>\$ 232,354,531</u></u>	<u><u>\$ 237,344,382</u></u>	<u><u>\$ 216,940,120</u></u>	<u><u>\$ 210,896,617</u></u>	<u><u>\$ 204,249,027</u></u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position:					
Net investment in capital assets	\$ 200,147,334	\$ 185,095,984	\$ 197,944,820	\$ 195,006,815	\$ 192,343,223
Restricted	39,392,475	47,244,196	34,030,712	33,068,218	26,778,930
Unrestricted	<u>(90,052,804)</u>	<u>(115,306,113)</u>	<u>(136,001,313)</u>	<u>(145,194,347)</u>	<u>63,559,012</u>
Total net position	<u><u>\$ 149,487,005</u></u>	<u><u>\$ 117,034,067</u></u>	<u><u>\$ 95,974,219</u></u>	<u><u>\$ 82,880,686</u></u>	<u><u>\$ 282,681,165</u></u>

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

Scottsdale Unified School District No. 48
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses					
Instruction	\$ 154,521,670	\$ 150,224,646	\$ 153,859,210	\$ 140,233,685	\$ 126,532,534
Support services - students and staff	38,515,462	34,874,452	31,495,867	29,211,095	24,942,534
Support services - administration	24,968,638	22,806,692	20,798,801	24,026,490	17,969,937
Operation and maintenance of plant services	29,020,357	27,171,177	28,583,792	24,233,561	25,162,453
Student transportation services	12,490,641	8,404,572	7,774,511	8,415,215	10,355,487
Operation of non-instructional services	18,570,824	15,482,140	10,618,761	12,863,278	13,194,920
Interest on long-term debt	11,590,928	12,513,963	12,779,702	13,206,889	11,773,097
Total expenses	<u>289,678,520</u>	<u>271,477,642</u>	<u>265,910,644</u>	<u>252,190,213</u>	<u>229,930,962</u>
Program Revenues					
Charges for services:					
Instruction	9,126,616	2,349,540	1,040,426	1,316,929	5,481,648
Operation of non-instructional services	12,239,564	4,342,009	1,739,291	7,444,024	10,679,837
Other activities	1,128,060	2,273,758	827,819	997,561	1,938,700
Operating grants and contributions	34,416,465	64,205,789	48,406,468	36,130,209	22,217,379
Capital grants and contributions	2,448,916	330,958	701,551	1,144,466	1,056,170
Total program revenues	<u>59,359,621</u>	<u>73,502,054</u>	<u>52,715,555</u>	<u>47,033,189</u>	<u>41,373,734</u>
Net (Expense)/Revenue	<u>\$ (230,318,899)</u>	<u>\$ (197,975,588)</u>	<u>\$ (213,195,089)</u>	<u>\$ (205,157,024)</u>	<u>\$ (188,557,228)</u>

(Continued)

Scottsdale Unified School District No. 48
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Instruction	\$ 109,056,406	\$ 114,725,348	\$ 109,188,667	\$ 117,541,974	\$ 125,817,758
Support services - students and staff	23,410,915	23,957,599	25,098,967	25,599,028	21,387,477
Support services - administration	18,747,241	16,718,363	15,709,948	15,332,132	16,360,490
Operation and maintenance of plant services	26,256,972	24,672,485	25,141,793	24,099,572	24,043,217
Student transportation services	9,508,767	8,610,273	9,149,102	10,208,578	10,812,339
Operation of non-instructional services	12,933,229	14,015,044	13,583,555	12,657,613	13,437,529
Interest on long-term debt	11,747,055	11,199,596	11,449,356	12,745,183	13,853,807
Total expenses	<u>211,660,585</u>	<u>213,898,708</u>	<u>209,321,388</u>	<u>218,184,080</u>	<u>225,712,617</u>
Program Revenues					
Charges for services:					
Instruction	4,760,850	4,225,553	4,491,538	7,082,919	7,601,228
Operation of non-instructional services	10,698,997	12,116,940	11,284,312	10,293,195	10,216,320
Other activities	1,844,729	2,387,873	3,524,872	2,305,074	1,117,379
Operating grants and contributions	23,335,702	19,060,061	21,841,876	18,437,093	17,700,029
Capital grants and contributions	1,072,584	239,802	606,750	455,734	482,642
Total program revenues	<u>41,712,862</u>	<u>38,030,229</u>	<u>41,749,348</u>	<u>38,574,015</u>	<u>37,117,598</u>
Net (Expense)/Revenue	<u>\$ (169,947,723)</u>	<u>\$ (175,868,479)</u>	<u>\$ (167,572,040)</u>	<u>\$ (179,610,065)</u>	<u>\$ (188,595,019)</u>

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

(Concluded)

Scottsdale Unified School District No. 48
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net (Expense)/Revenue	\$ (230,318,899)	\$ (197,975,588)	\$ (213,195,089)	\$ (205,157,024)	\$ (188,557,228)
General Revenues:					
Property taxes	172,197,060	186,118,790	185,426,941	176,201,500	174,189,796
Investment income	3,087,747	5,278,744	3,633,561	4,261,245	3,499,775
Unrestricted state aid	48,566,055	26,924,117	26,695,531	25,639,104	38,172,517
Unrestricted federal aid	1,478,186	58,199	1,620,530	4,791,794	1,591,132
Total general revenues	<u>225,329,048</u>	<u>218,379,850</u>	<u>217,376,563</u>	<u>210,893,643</u>	<u>217,453,220</u>
Changes in Net Position	<u>\$ (4,989,851)</u>	<u>\$ 20,404,262</u>	<u>\$ 4,181,474</u>	<u>\$ 5,736,619</u>	<u>\$ 28,895,992</u>

(Continued)

Scottsdale Unified School District No. 48
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (Expense)/Revenue	\$ (169,947,723)	\$ (175,868,479)	\$ (167,572,040)	\$ (179,610,065)	\$ (188,595,019)
General Revenues:					
Property taxes	161,311,581	158,846,492	143,185,550	156,639,720	167,267,632
Investment income	1,566,478	574,560	732,065	404,459	493,122
Unrestricted state aid	38,140,470	36,282,702	35,297,650	35,007,040	34,191,280
Unrestricted federal aid	1,352,372	1,224,573	1,450,308	1,300,326	667,006
Total general revenues	<u>202,370,901</u>	<u>196,928,327</u>	<u>180,665,573</u>	<u>193,351,545</u>	<u>202,619,040</u>
Changes in Net Position	<u>\$ 32,423,178</u>	<u>\$ 21,059,848</u>	<u>\$ 13,093,533</u>	<u>\$ 13,741,480</u>	<u>\$ 14,024,021</u>

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

(Concluded)

Scottsdale Unified School District No. 48
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund:					
Nondisposable	\$ 31,739	\$	\$	\$	\$
Restricted	5,557,063	7,845,867	7,586,978	7,187,850	6,807,952
Unassigned	56,865,493	63,368,740	48,847,728	44,879,930	35,164,590
Total General Fund	<u>\$ 62,454,295</u>	<u>\$ 71,214,607</u>	<u>\$ 56,434,706</u>	<u>\$ 52,067,780</u>	<u>\$ 41,972,542</u>
All Other Governmental Funds:					
Nondisposable	\$ 227,072	\$ 263,868	\$ 202,983	\$ 195,635	\$ 158,885
Restricted	90,700,469	116,406,491	137,304,810	110,955,692	73,438,469
Unassigned		(2,051,184)			(1,201,279)
Total all other governmental funds	<u>\$ 90,927,541</u>	<u>\$ 114,619,175</u>	<u>\$ 137,507,793</u>	<u>\$ 111,151,327</u>	<u>\$ 72,396,075</u>

(Continued)

Scottsdale Unified School District No. 48
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Nondisposable	\$	\$ 2,153,417	\$ 2,206,022	\$ 86,878	\$ 25,774
Restricted		856,913	722,228	555,684	459,665
Unassigned	44,535,635	24,257,608	17,636,814	15,550,600	14,984,466
Total General Fund	<u>\$ 44,535,635</u>	<u>\$ 27,267,938</u>	<u>\$ 20,565,064</u>	<u>\$ 16,193,162</u>	<u>\$ 15,469,905</u>
All Other Governmental Funds:					
Nondisposable	\$ 148,554	\$ 132,688	\$ 218,936	\$ 196,020	\$ 186,147
Restricted	89,664,704	84,040,300	29,835,903	31,030,425	27,216,620
Unassigned	(1,384,638)		(8,100)	(34,833)	(45,894)
Total all other governmental funds	<u>\$ 88,428,620</u>	<u>\$ 84,172,988</u>	<u>\$ 30,046,739</u>	<u>\$ 31,191,612</u>	<u>\$ 27,356,873</u>

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

(Concluded)

Scottsdale Unified School District No. 48
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal sources:					
Federal grants	\$ 20,368,683	\$ 27,857,090	\$ 24,722,772	\$ 15,451,548	\$ 17,919,278
National School Lunch Program	6,265,313	12,684,021	7,262,986	4,060,658	4,762,414
Total federal sources	<u>26,633,996</u>	<u>40,541,111</u>	<u>31,985,758</u>	<u>19,512,206</u>	<u>22,681,692</u>
State sources:					
State equalization assistance	27,568,313	26,924,118	26,695,531	25,639,104	25,535,891
State grants	2,274,898	2,509,888	2,595,761	2,661,148	2,029,341
School Facilities Oversight Board					142,747
Other revenues	<u>22,855,551</u>	<u>18,579,138</u>	<u>12,179,424</u>	<u>12,492,882</u>	<u>12,493,879</u>
Total state sources	<u>52,698,762</u>	<u>48,013,144</u>	<u>41,470,716</u>	<u>40,793,134</u>	<u>40,201,858</u>
Local sources:					
Property taxes	188,431,882	185,464,208	178,729,699	183,360,459	171,852,169
Food service sales	4,734,782	986,611	252,394	3,428,550	4,622,098
Investment income	3,087,747	1,110,196	1,444,793	3,474,797	3,049,008
Other revenues	<u>20,819,059</u>	<u>16,164,049</u>	<u>9,335,382</u>	<u>14,400,927</u>	<u>17,527,681</u>
Total local sources	<u>217,073,470</u>	<u>203,725,064</u>	<u>189,762,268</u>	<u>204,664,733</u>	<u>197,050,956</u>
Total revenues	<u><u>\$ 296,406,228</u></u>	<u><u>\$ 292,279,319</u></u>	<u><u>\$ 263,218,742</u></u>	<u><u>\$ 264,970,073</u></u>	<u><u>\$ 259,934,506</u></u>

(Continued)

Scottsdale Unified School District No. 48
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal sources:					
Federal grants	\$ 19,930,968	\$ 13,946,836	\$ 13,200,035	\$ 17,554,507	\$ 12,844,506
National School Lunch Program	4,725,622	4,532,738	4,523,402	4,219,458	4,229,244
Total federal sources	<u>24,656,590</u>	<u>18,479,574</u>	<u>17,723,437</u>	<u>21,773,965</u>	<u>17,073,750</u>
State sources:					
State equalization assistance	26,360,969	25,651,137	23,640,801	24,598,190	24,021,433
State grants	2,126,238	121,881	148,868	89,285	132,901
School Facilities Oversight Board	186,044	184,934	423,506	820,397	84,509
Other revenues	11,593,457	10,446,631	11,233,343	9,588,453	10,169,847
Total state sources	<u>40,266,708</u>	<u>36,404,583</u>	<u>35,446,518</u>	<u>35,096,325</u>	<u>34,408,690</u>
Local sources:					
Property taxes	161,593,653	158,319,968	151,538,134	156,732,246	167,395,323
Food service sales	4,600,324	4,570,267	4,665,826	4,344,038	4,583,563
Investment income	1,506,837	526,224	346,431	231,665	210,236
Other revenues	16,751,786	17,459,861	17,218,897	16,550,558	15,846,567
Total local sources	<u>184,452,600</u>	<u>180,876,320</u>	<u>173,769,288</u>	<u>177,858,507</u>	<u>188,035,689</u>
Total revenues	<u><u>\$ 249,375,898</u></u>	<u><u>\$ 235,760,477</u></u>	<u><u>\$ 226,939,243</u></u>	<u><u>\$ 234,728,797</u></u>	<u><u>\$ 239,518,129</u></u>

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

(Concluded)

Scottsdale Unified School District No. 48
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenditures:					
Current -					
Instruction	\$ 120,752,968	\$ 123,866,382	\$ 123,781,497	\$ 119,300,332	\$ 107,635,988
Support services - students and staff	37,793,163	35,045,667	30,953,109	29,984,142	26,562,948
Support services - administration	21,686,154	22,882,968	20,547,226	25,113,049	17,013,228
Operation and maintenance of plant services	27,807,533	27,231,667	28,643,643	24,978,029	24,903,619
Student transportation services	9,081,291	8,925,809	8,335,703	8,593,360	7,800,074
Operation of non-instructional services	17,143,065	15,258,073	10,284,699	13,086,827	13,240,016
Capital outlay	60,151,261	32,217,209	51,855,822	33,744,593	43,972,466
Debt service -					
Principal retirement	20,707,986	19,813,914	19,984,327	19,924,047	21,017,806
Interest and fiscal charges	14,284,196	15,190,732	14,596,451	14,353,317	13,252,976
Bond issuance costs		16,500	556,877	658,012	
Total expenditures	<u>\$ 329,407,617</u>	<u>\$ 300,448,921</u>	<u>\$ 309,539,354</u>	<u>\$ 289,735,708</u>	<u>\$ 275,399,121</u>
Expenditures for capitalized assets	\$ 45,301,318	\$ 34,765,571	\$ 55,699,036	\$ 34,088,105	\$ 31,556,448
Debt service as a percentage of noncapital expenditures	12%	13%	14%	13%	14%

(Continued)

Scottsdale Unified School District No. 48
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures:					
Current -					
Instruction	\$ 91,143,801	\$ 96,656,781	\$ 94,081,688	\$ 94,441,929	\$ 101,379,242
Support services - students and staff	24,775,840	25,183,090	26,100,469	25,795,471	20,455,887
Support services - administration	17,076,219	18,406,546	16,440,773	15,081,500	16,017,580
Operation and maintenance of plant services	24,723,888	25,205,052	26,253,354	24,019,553	22,147,180
Student transportation services	7,045,142	7,634,586	8,148,491	8,259,803	8,379,493
Operation of non-instructional services	13,059,082	14,236,998	13,992,011	12,719,706	13,215,555
Capital outlay	60,062,523	13,956,840	10,297,860	11,472,270	13,834,099
Debt service -					
Principal retirement	20,884,510	23,236,023	21,118,256	21,206,218	24,471,196
Interest and fiscal charges	13,226,934	11,309,720	11,730,035	13,025,861	14,134,485
Bond issuance costs	669,590	310,586	243,100		
Total expenditures	<u><u>\$ 272,667,529</u></u>	<u><u>\$ 236,136,222</u></u>	<u><u>\$ 228,406,037</u></u>	<u><u>\$ 226,022,311</u></u>	<u><u>\$ 234,034,717</u></u>
Expenditures for capitalized assets	\$ 49,372,784	\$ 9,280,224	\$ 3,919,439	\$ 3,962,060	\$ 6,003,112
Debt service as a percentage of noncapital expenditures	15%	15%	15%	15%	17%

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

(Concluded)

Scottsdale Unified School District No. 48
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Excess (deficiency) of revenues over expenditures	\$ (33,001,389)	\$ (8,169,602)	\$ (46,320,612)	\$ (24,765,635)	\$ (15,464,615)
Other financing sources (uses):					
Issuance of school improvement bonds			61,655,000		
Issuance of refunding bonds				63,510,000	
Premium on sale of bonds			13,519,287	7,237,452	
Payment to refunded bond escrow agent				(10,247,798)	
Insurance recoveries	29,955				
Proceeds from sale of capital assets	506,058				4,299,551
Transfers in	4,931,352	2,416,965	3,154,055	4,880,825	6,054,202
Transfers out	(4,931,352)	(2,416,965)	(3,154,055)	(4,880,825)	(8,732,693)
Total other financing sources (uses)	<u>536,013</u>	<u></u>	<u>75,174,287</u>	<u>60,499,654</u>	<u>1,621,060</u>
Changes in fund balances	<u>\$ (32,465,376)</u>	<u>\$ (8,169,602)</u>	<u>\$ 28,853,675</u>	<u>\$ 35,734,019</u>	<u>\$ (13,843,555)</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (deficiency) of revenues over expenditures	\$ (23,291,631)	\$ (375,745)	\$ (1,466,794)	\$ 8,706,486	\$ 5,483,412
Other financing sources (uses):					
Issuance of school improvement bonds	42,745,000	39,635,000			
Issuance of refunding bonds	47,080,000		28,050,000		
Premium on sale of bonds	16,786,411	6,150,446	1,122,540		
Payment to refunded bond escrow agent	(54,960,331)		(28,639,830)		
Financed purchase agreements		15,558,275			
Proceeds from sale of capital assets	27,053		2,019,053		
Transfers in	6,878,267	4,329,327	4,076,854	3,844,475	10,016,556
Transfers out	(6,878,267)	(4,349,327)	(4,076,854)	(3,844,475)	(10,016,556)
Total other financing sources (uses)	<u>51,678,133</u>	<u>61,323,721</u>	<u>2,551,763</u>	<u></u>	<u></u>
Changes in fund balances	<u>\$ 28,386,502</u>	<u>\$ 60,947,976</u>	<u>\$ 1,084,969</u>	<u>\$ 8,706,486</u>	<u>\$ 5,483,412</u>

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

Scottsdale Unified School District No. 48
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 1,243,561,683	\$ 1,235,283,289	\$ 1,189,361,024	\$ 1,152,415,845	\$ 1,097,366,510
Agricultural and Vacant	129,416,134	129,798,893	129,295,509	147,162,757	150,702,297
Residential (Owner Occupied)	3,380,800,807	3,237,922,371	3,085,311,367	2,932,912,548	2,851,039,875
Residential (Rental)	1,651,273,134	1,520,874,113	1,434,586,178	1,346,017,764	1,205,948,606
Historical Property	1,739,247	1,557,989	1,475,438	1,356,907	1,230,806
Certain Government Property Improvements	26,781	26,133	20,425	19,976	38,773
Total	<u>\$ 6,406,817,786</u>	<u>\$ 6,125,462,788</u>	<u>\$ 5,840,049,941</u>	<u>\$ 5,579,885,797</u>	<u>\$ 5,306,326,867</u>
Gross Full Cash Value	\$ 80,157,861,674	\$ 75,530,144,838	\$ 70,995,356,361	\$ 66,412,132,392	\$ 62,457,343,421
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	8%	8%	8%	8%
Total Direct Rate	2.43	2.53	2.63	2.59	2.57

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 1,022,425,765	\$ 983,200,972	\$ 972,696,552	\$ 990,499,452	\$ 1,024,532,175
Agricultural and Vacant	136,672,073	129,084,361	139,211,449	140,688,195	148,742,499
Residential (Owner Occupied)	2,720,008,880	2,587,628,373	2,501,359,331	2,446,660,111	2,423,307,221
Residential (Rental)	1,117,746,555	1,039,863,452	906,403,894	779,123,703	588,050,363
Historical Property	1,200,567	1,144,681	1,087,411	849,921	809,815
Certain Government Property Improvements	42,018	74,307	70,768	67,399	68,646
Total	<u>\$ 4,998,095,858</u>	<u>\$ 4,740,996,146</u>	<u>\$ 4,520,829,405</u>	<u>\$ 4,357,888,781</u>	<u>\$ 4,185,510,719</u>
Gross Full Cash Value	\$ 59,191,385,923	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	9%	10%	11%
Total Direct Rate	3.08	2.86	2.83	3.11	3.35

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.

Scottsdale Unified School District No. 48
Net Full Cash Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	\$ 1,550,707,933	\$ 1,638,214,640	\$ 1,560,309,135	\$ 1,485,423,926	\$ 1,389,585,680
Agricultural and Vacant	200,020,980	203,872,837	204,546,799	227,034,741	228,532,459
Residential (Owner Occupied)	4,139,086,077	3,877,826,451	3,657,399,356	3,432,210,369	3,308,251,881
Residential (Rental)	2,322,660,514	2,078,594,501	1,905,864,069	1,732,463,897	1,535,753,529
Historical Property	2,661,538	2,282,642	2,237,567	1,945,825	1,748,264
Certain Government Property Improvements	28,518	28,158	20,515	20,183	41,946
Total	\$ 8,215,165,560	\$ 7,800,819,229	\$ 7,330,377,441	\$ 6,879,098,941	\$ 6,463,913,759
Gross Full Cash Value	\$ 80,157,861,674	\$ 75,530,144,838	\$ 70,995,356,361	\$ 66,412,132,392	\$ 62,457,343,421
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	72,997,656,227	68,250,176,363	63,948,236,201	59,854,248,214	56,200,703,548
Total Direct Rate	2.43	2.53	2.63	2.59	2.57

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	\$ 1,290,333,619	\$ 1,143,780,546	\$ 1,048,494,743	\$ 1,002,917,989	\$ 1,028,997,896
Agricultural and Vacant	207,424,819	180,917,658	177,452,588	159,863,729	152,661,736
Residential (Owner Occupied)	3,180,784,049	3,026,658,003	2,944,151,295	2,550,276,824	2,427,195,332
Residential (Rental)	1,408,905,237	1,288,017,388	1,109,586,552	842,264,959	596,144,005
Historical Property	1,657,055	1,497,862	1,392,146	928,541	851,441
Certain Government Property Improvements	95,055	81,443	72,225	67,399	68,646
Total	\$ 6,089,199,834	\$ 5,640,952,900	\$ 5,281,149,549	\$ 4,556,319,441	\$ 4,205,919,056
Gross Full Cash Value	\$ 59,191,385,923	\$ 54,895,716,821	\$ 50,881,041,132	\$ 43,446,311,231	\$ 39,594,749,637
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	11%
Estimated Net Full Cash Value	52,987,393,741	49,391,906,908	45,981,463,434	39,038,479,809	35,392,685,330
Total Direct Rate	3.08	2.86	2.83	3.11	3.35

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.

Scottsdale Unified School District No. 48
Property Tax Assessment Ratios
Last Ten Fiscal Years

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	15	14

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	15	16	15

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.

Scottsdale Unified School District No. 48
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State	County	Community	Community	City of Scottsdale	City of Phoenix	City of Tempe	EVIT	Primary	Secondary	Total
	Equalization		College District	Facilities Districts							
2023	0.00	1.25	1.19	4.34	0.91	2.11	2.38	0.05	2.43	0.92	3.34
2022	0.43	1.35	1.23	0.19	0.91	2.11	2.38	0.05	2.53	0.93	3.46
2021	0.43	1.35	1.23	0.53	1.01	2.12	2.37	0.05	2.63	0.99	3.62
2020	0.46	1.40	1.33	1.58	1.04	2.22	2.40	0.05	2.59	1.05	3.64
2019	0.47	1.40	1.38	0.06	1.10	2.14	2.42	0.05	2.57	1.14	3.70
2018	0.49	1.40	1.20	0.38	1.08	2.16	2.49	0.05	3.08	0.89	3.97
2017	0.50	1.40	1.24	1.35	1.13	2.17	2.53	0.05	2.86	1.00	3.86
2016	0.51	1.36	1.49	0.82	1.15	1.82	2.52	0.05	2.83	1.00	3.84
2015	0.51	1.32	1.52	0.76	1.24	1.82	2.44	0.05	3.11	1.00	4.11
2014	0.51	1.28	1.53	0.76	1.29	1.82	2.49	0.05	3.35	1.22	4.58

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

Scottsdale Unified School District No. 48
Principal Property Taxpayers
Current Fiscal Year and Fiscal Year Nine Years Prior

Taxpayer	2023			2014		
	Net Limited Assessed Valuation	Percentage of District's Net Limited Assessed Valuation		Net Full Cash Assessed Valuation	Percentage of District's Net Full Cash Assessed Valuation	
Arizona Public Service Company	\$ 58,302,042	0.91	%	\$ 39,535,639	0.94	%
Host Camelback I LLC	32,674,771	0.51				
Scottsdale Fashion Square LLC	31,393,407	0.49		42,059,191	1.00	
XHR Scottsdale Ranch LLC	19,220,453	0.30				
Scottsdale Fashion Square LLC	17,298,408	0.27		11,355,981	0.27	
Portales Corporation Center LLC	17,298,408	0.27		11,776,573	0.28	
Weingarten Nostat Inc.	16,657,726	0.26				
Stockdale Galleria Project Owner LLC	14,094,999	0.22				
Omni Montelucia LLC	13,454,317	0.21				
Sonoran Village LLC	12,813,636	0.20				
Starwood Phoenician CMBA LLC				21,029,595	0.50	
Qwest Corporation				16,823,676	0.40	
General Dynamics System				13,038,349	0.31	
W J Small Grandchildren Trust				12,617,757	0.30	
M I Resort Holding LLC				11,355,981	0.27	
Drug (AZ) QRS 14-42 Inc.				10,514,798	0.25	
Total	<u>\$ 233,208,167</u>	<u>3.64</u>	<u>%</u>	<u>\$ 190,107,540</u>	<u>4.52</u>	<u>%</u>

Source: The source of this information is the Maricopa County Assessor's records.

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.

Scottsdale Unified School District No. 48
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
2023	\$ 214,831,285	\$ 206,179,691	95.97 %	\$	\$ 206,179,691	95.97 %
2022	212,361,921	202,327,702	95.27	9,987,435	212,315,137	99.98
2021	211,548,363	209,085,670	98.84	2,420,583	211,506,253	99.98
2020	202,026,680	191,661,774	94.87	10,316,103	201,977,877	99.98
2019	195,501,329	186,037,202	95.16	9,435,686	195,472,888	99.99
2018	187,082,999	176,777,893	94.49	10,269,161	187,047,054	99.98
2017	183,177,675	172,416,394	94.13	10,705,902	183,122,296	99.97
2016	174,672,995	171,784,675	98.35	2,846,113	174,630,788	99.98
2015	180,985,544	170,131,504	94.00	10,834,069	180,965,573	99.99
2014	191,253,984	180,236,461	94.24	11,005,154	191,241,615	99.99

Source: The source of this information is the 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.

Scottsdale Unified School District No. 48
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	Per Capita	Financed Purchases	Total	Percentage of	Per Capita	Percentage of Personal Income
				Estimated				Estimated		
				Actual Value (Full Cash Value)				Actual Value (Full Cash Value)		
2023	\$ 330,807,287	\$ 20,900,630	\$ 309,906,657	0.39 %	\$ 1,285	\$ 20,933,105	\$ 351,740,392	0.44 %	\$ 1,459	N/A %
2022	350,673,557	19,242,463	331,431,094	0.44	1,365	24,181,094	374,854,651	0.50	1,544	0.14
2021	370,809,828	19,958,383	350,851,445	0.49	1,355	27,325,005	398,134,833	0.56	1,537	0.15
2020	314,987,169	17,483,178	297,503,991	0.45	1,197	30,369,332	345,356,501	0.52	1,389	0.15
2019	263,222,969	1,274,508	261,948,461	0.42	1,054	33,318,379	296,541,348	0.47	1,193	0.15
2018	283,098,204	2,969,923	280,128,281	0.47	995	36,444,935	319,543,139	0.54	1,135	0.17
2017	252,171,253	6,516,362	245,654,891	0.45	874	39,478,195	291,649,448	0.53	1,038	0.16
2016	225,533,675	5,972,699	219,560,976	0.43	781	26,079,693	251,613,368	0.49	895	0.14
2015	243,725,829	4,556,953	239,168,876	0.55	852	28,466,699	272,192,528	0.63	970	0.16
2014	262,078,750	4,340,944	257,737,806	0.65	920	30,871,667	292,950,417	0.74	1,046	0.20

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

Note: N/A indicates that the information is not available.

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2014-2021 information within this column relates to the transactions previously designated as capital leases.

Scottsdale Unified School District No. 48
Direct and Overlapping Governmental Activities Debt
June 30, 2023

<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 County Community College District	\$ 135,585,000	12.92 %	\$ 17,517,582
Maricopa County Special Health Care District	600,335,000	12.92	77,563,282
DC Ranch Communities Facilities District	4,740,000	100.00	4,740,000
Waterfront Community Facilities District	1,843,000	100.00	1,843,000
City of Scottsdale	419,615,000	69.79	292,849,309
City of Phoenix	740,890,000	5.89	43,638,421
City of Tempe	421,175,000	0.73	3,074,578
Subtotal, Overlapping Debt			<u>441,226,172</u>
Direct:			
Scottsdale Unified School District No. 48			<u>351,740,392</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 792,966,564</u>

Direct and Overlapping General Bonded Debt Ratios

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.84 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 3,115	
As a Percentage of Net Limited Assessed Valuation		11.72 %
As a Percentage of Gross Full Cash Value		0.94 %

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.

Scottsdale Unified School District No. 48
Legal Debt Margin Information
Last Ten Fiscal Years

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 8,215,165,560
Debt limit (20% of assessed value)	1,643,033,112
Debt applicable to limit	<u>333,828,230</u>
Legal debt margin	<u><u>\$ 1,309,204,882</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2023:

Net full cash assessed valuation	\$ 8,215,165,560
Debt limit (30% of assessed value)	2,464,549,668
Debt applicable to limit (total)	<u>333,828,230</u>
Legal debt margin	<u><u>\$ 2,130,721,438</u></u>

	Fiscal Year Ended June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 2,464,549,668	\$ 2,340,245,769	\$ 2,199,113,232	\$ 2,063,729,682	\$ 1,939,174,128
Total net debt applicable to limit	<u>333,828,230</u>	<u>298,222,537</u>	<u>314,446,617</u>	<u>271,741,822</u>	<u>258,116,724</u>
Legal debt margin	<u><u>\$ 2,130,721,438</u></u>	<u><u>\$ 2,042,023,232</u></u>	<u><u>\$ 1,884,666,615</u></u>	<u><u>\$ 1,791,987,860</u></u>	<u><u>\$ 1,681,057,404</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14%	13%	14%	13%	13%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 1,826,759,950	\$ 1,692,285,870	\$ 1,056,229,910	\$ 1,366,895,832	\$ 1,261,775,717
Total net debt applicable to limit	<u>276,353,750</u>	<u>247,430,000</u>	<u>225,533,675</u>	<u>243,725,829</u>	<u>262,078,750</u>
Legal debt margin	<u><u>\$ 1,550,406,200</u></u>	<u><u>\$ 1,444,855,870</u></u>	<u><u>\$ 830,696,235</u></u>	<u><u>\$ 1,123,170,003</u></u>	<u><u>\$ 999,696,967</u></u>
Total net debt applicable to the limit as a percentage of debt limit	15%	15%	21%	18%	21%

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 outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

Scottsdale Unified School District No. 48
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>
2022	4,586,431	\$ 268,713,717	\$ 59,759	3.0 %	254,995
2021	4,496,588	249,677,860	56,255	5.2	242,753
2020	4,439,220	262,362,901	59,101	7.3	258,953
2019	4,485,414	222,943,072	49,704	3.6	248,643
2018	4,294,460	196,286,191	45,573	4.1	248,643
2017	4,221,684	185,613,641	43,845	4.4	281,500
2016	4,137,076	185,111,698	43,628	4.5	281,000
2015	4,087,191	175,437,829	42,092	5.5	281,200
2014	4,008,651	168,483,421	41,222	5.1	280,750
2013	4,009,412	147,700,000	27,552	6.2	280,000

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 is the Arizona Office of Employment and Population Statistics.

Scottsdale Unified School District No. 48
Principal Employers
Current Fiscal Year and Fiscal Year Nine Years Prior

Employer	2023			2014	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Banner Health Systems	28,740	1.56 %		25,270	1.33 %
State of Arizona	25,640	1.39		49,278	2.59
Wal-Mart Stores Inc.	20,080	1.09		32,169	1.69
Amazon	18,780	1.02			
Frys Food Stores	15,620	0.85			
Wells Fargo Company	13,960	0.76		14,713	0.77
Maricopa County	12,730	0.69		12,698	0.67
Intel Corporation	11,810	0.64			
Arizona State University	11,360	0.62		12,222	0.64
City of Phoenix	10,430	0.57		14,983	0.79
Apollo Group Inc.				10,000	0.53
Bank of America				11,000	0.58
Honeywell				10,000	0.53
Total	<u>169,150</u>	<u>9.19 %</u>		<u>192,333</u>	<u>10.12 %</u>
Total employment	<u>1,845,910</u>			<u>1,903,173</u>	

Source: The source of this information for 2023 is the Maricopa Association of Governments and for 2014 is the Business Journal Book of Lists

Scottsdale Unified School District No. 48
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Supervisory					
Consultants/supervisors of instruction	16	16	15	16	16
Principals	29	28	29	29	29
Assistant principals	39	40	39	39	39
Total supervisory	<u>84</u>	<u>84</u>	<u>83</u>	<u>84</u>	<u>84</u>
Instruction					
Teachers	1,285	1,257	1,283	1,276	1,276
Other professionals (instructional)	104	83	81	61	61
Aides	261	290	328	346	346
Total instruction	<u>1,650</u>	<u>1,630</u>	<u>1,692</u>	<u>1,683</u>	<u>1,683</u>
Student Services					
Librarians	11	10	11	11	11
Technicians	97	103	91	75	75
Total student services	<u>108</u>	<u>113</u>	<u>102</u>	<u>86</u>	<u>86</u>
Support and Administration					
Service Workers	302	301	297	469	469
Other Laborers	338	311	359	330	330
Total support and administration	<u>640</u>	<u>612</u>	<u>656</u>	<u>799</u>	<u>799</u>
Total	<u><u>2,482</u></u>	<u><u>2,439</u></u>	<u><u>2,533</u></u>	<u><u>2,652</u></u>	<u><u>2,652</u></u>

(Continued)

Scottsdale Unified School District No. 48
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Supervisory					
Consultants/supervisors of instruction	16	15	15	15	15
Principals	30	30	29	29	30
Assistant principals	39	42	36	36	36
Total supervisory	<u>85</u>	<u>87</u>	<u>80</u>	<u>80</u>	<u>81</u>
Instruction					
Teachers	1,276	1,299	1,213	1,256	1,308
Other professionals (instructional)	42	45	47	48	51
Aides	341	294	306	353	368
Total instruction	<u>1,659</u>	<u>1,638</u>	<u>1,566</u>	<u>1,657</u>	<u>1,727</u>
Student Services					
Librarians	9	30	29	29	28
Technicians	54	59	60	60	60
Total student services	<u>63</u>	<u>89</u>	<u>89</u>	<u>89</u>	<u>88</u>
Support and Administration					
Service Workers	441	414	431	440	442
Other Laborers	316	334	386	384	402
Total support and administration	<u>757</u>	<u>748</u>	<u>817</u>	<u>824</u>	<u>844</u>
Total	<u><u>2,564</u></u>	<u><u>2,562</u></u>	<u><u>2,552</u></u>	<u><u>2,650</u></u>	<u><u>2,740</u></u>

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

(Concluded)

Scottsdale Unified School District No. 48
Operating Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Free/Reduced Students
2023	21,508	\$ 234,264,174	\$ 10,892	(4.55) %	\$ 289,678,520	\$ 13,468	1.40 %	1,285	16.7	26.9 %
2022	20,438	233,210,566	11,411	(0.28)	271,477,642	13,283	(2.85)	1,257	16.3	86.0
2021	19,448	222,545,877	11,443	11.58	265,910,644	13,673	16.86	1,283	15.2	86.0
2020	21,555	221,055,739	10,255	11.85	252,190,213	11,700	9.42	1,276	16.9	86.0
2019	21,503	197,155,873	9,169	14.23	229,930,962	10,693	11.93	1,276	16.9	28.0
2018	22,155	177,823,972	8,026	(3.58)	211,660,585	9,554	0.51	1,276	17.4	24.7
2017	22,502	187,323,053	8,325	2.06	213,898,708	9,506	3.01	1,299	17.3	26.7
2016	22,684	185,016,786	8,156	3.22	209,321,388	9,228	(3.49)	1,213	18.7	26.8
2015	22,820	180,317,962	7,902	3.40	218,184,080	9,561	0.65	1,256	18.2	27.5
2014	23,762	181,594,937	7,642	(3.29)	225,712,617	9,499	(1.18)	1,308	18.2	31.0

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

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

Scottsdale Unified School District No. 48
Capital Assets Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schools</u>										
Elementary										
Buildings	129	136	154	154	154	154	163	163	163	163
Square feet	1,439,130	1,331,027	1,383,237	1,383,237	1,383,237	1,383,237	1,427,918	1,427,918	1,427,918	1,427,918
Capacity	14,472	14,692	14,692	14,692	14,692	14,692	15,336	15,336	15,336	15,336
Enrollment	11,284	8,892	9,241	9,241	9,241	9,241	11,845	11,845	11,845	11,845
Middle										
Buildings	55	68	62	62	62	62	62	62	62	62
Square feet	774,814	1,018,988	960,988	960,988	960,988	960,988	960,988	960,988	960,988	960,988
Capacity	10,667	9,608	9,608	9,608	9,608	9,608	9,608	9,608	9,608	9,608
Enrollment	3,940	5,658	5,336	5,336	5,336	5,336	5,813	5,813	5,813	5,813
High										
Buildings	66	49	48	48	48	48	48	48	48	48
Square feet	1,649,181	1,734,640	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392	1,729,392
Capacity	12,844	11,884	11,784	11,784	11,784	11,784	11,784	11,784	11,784	11,784
Enrollment	6,006	8,226	8,202	8,202	8,202	8,202	8,551	8,551	8,551	8,551
Other										
Buildings	31	4	4	4	4	4	4	4	4	4
Square feet	135,785	33,998	33,998	33,998	33,998	33,998	33,998	33,998	33,998	33,998
Capacity	250	250	250	250	250	250	250	250	250	250
Enrollment	0	59	59	59	59	59	59	59	59	59
<u>Administrative</u>										
Buildings	5	5	5	5	5	5	5	5	4	4
Square feet	45,655	49,760	49,760	49,760	49,760	49,760	49,760	49,760	36,651	36,651
<u>Transportation</u>										
Garages	2	2	2	2	2	2	2	2	2	2
Buses	217	217	217	217	217	217	226	226	226	226
<u>Athletics</u>										
Football fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	7	7	7	7	7	7	7	7	7	7
Running tracks	5	5	5	5	5	5	5	5	5	5
Baseball/softball	62	62	62	62	62	62	62	62	62	62
Playgrounds	67	67	67	67	67	67	67	67	67	67

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